

Encina Wastewater Authority

Comprehensive Annual Financial Report
Year Ended June 30, 2015



6200 Avenida Encinas
Carlsbad, CA 92011

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MISSION STATEMENT

AS AN ENVIRONMENTAL LEADER, EWA PROVIDES RELIABLE AND FISCALLY RESPONSIBLE WATER RESOURCE RECOVERY SERVICES TO THE COMMUNITIES OF NORTHWEST SAN DIEGO COUNTY.

PROUDLY SERVING

CITY OF VISTA

CITY OF CARLSBAD

CITY OF ENCINITAS

VALLECITOS WATER DISTRICT

BUENA SANITATION DISTRICT

LEUCADIA WASTEWATER DISTRICT

TABLE *of* CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	3
List of Officials	10
Service Area Map	10
Organization Chart	11
Government Finance Officers Association Award	12

FINANCIAL SECTION

Independent Auditors’ Report	15
Management’s Discussion and Analysis	19
Financial Statements	
<i>Statement of Net Position</i>	25
<i>Statement of Revenues, Expenses and Changes in Net Position</i>	27
<i>Statement of Cash Flows</i>	28
<i>Notes to Financial Statements</i>	30
Required Supplementary Information	
<i>Schedule of Proportionate Share of the Net Pension Liability</i>	56
<i>Schedule of Plan Contributions</i>	57
Supplementary Schedules	
<i>Investment in Capital Assets</i>	58
<i>Summary of Operating Program Amount Due From/(To) Member Agencies</i>	59
<i>Detail of Operating Program Amount Due From/(To) Member Agencies</i>	60
<i>Operating Program Expense Summary by Member Agency</i>	61
<i>Operating Program Expense Summary by Cost Center</i>	64
<i>Changes in Net Position Restricted - Capital Improvement Program</i>	67
<i>Net Position Restricted by Project - Capital Improvement Program</i>	68
<i>Net Position Restricted by Member Agency - Capital Improvement Program</i>	69

STATISTICAL SECTION

Overview 73

Net Position 74

Changes in Net Position..... 75

Net Investment in Capital Assets..... 77

Demographic and Economic Information..... 79

Facts and Figures 80

Full-time Equivalent Employees by Function 81

Operating Revenues and Expenses by Member Agency 82

Operating Revenues and Expenses by Major Source and Use 83

Operating Expenses per Million Gallons..... 86

BUDGET PERFORAMCE SECTION

Operating Program Budget Performance..... 91

Operating Expenses by Major Category 91

Personnel Expense by Program 92

Continuing Capital Improvement Program Appropriations 93

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

LIST OF OFFICIALS

SERVICE AREA MAP

ORGANIZATIONAL CHART

GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

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ENCINA WASTEWATER AUTHORITY

A PUBLIC AGENCY

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 Carlsbad, CA 92011-1095
 Telephone (760) 438-3941
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December 16, 2015

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

We are pleased and proud to submit the Comprehensive Annual Financial Report (Report) of the Encina Wastewater Authority (EWA) for the fiscal year ended June 30, 2015. 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, Leaf & Cole, LLP, and accounting staff prepared the data in this Report. White Nelson Diehl Evans 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, 2015. We believe that this Report contains all information and disclosures needed to clearly understand EWA's Fiscal Year 2015 financial activities.

White Nelson Diehl Evans LLP has issued an unmodified ("clean") opinion on EWA's financial statements for the fiscal year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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.

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.

Completed 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 solid bowl 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 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, 2015 were:

Member Agency	Representative	Representative
Leucadia Wastewater District	Elaine Sullivan, Chair	Allan Juliussen
City of Carlsbad	Keith Blackburn, Vice Chair	Michael Schumacher
City of Vista & Buena Sanitation District	Judy Ritter	Amanda Rigby
Vallecitos Water District	Craig Elitharp	Jim Hernandez
City of Encinitas	Kristin Gaspar	Mark Muir

CURRENT SERVICES

EWA's service area is comprised of approximately 123 square miles of coastal north San Diego County with a population of roughly 360,000. 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, 2015, the EWPCF treated, recycled, or disposed of 7.68 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 restricted by U.S. Environmental Protection Agency (EPA) regulations.

With the Phase V expansion project, a triple-pass rotary drum heat dryer was placed in service. 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 Class A biosolids. The system normally operates five days per week and produces about 25 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. During fiscal year 2015, 84% was sold as PureGreen® organic nitrogen fertilizer, 13% to local nurseries for plant application, and the rest was land applied (3%).

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 600,000 cubic feet of digester gas daily to fuel the engine generators. This power system produces over 79% of the electricity used at the EWPCF.

In April 2015, the Alternative Fuel Receiving Facility was completed moving the EWPCF towards energy independence. The project involved the construction of facilities to receive fats, oils and grease (FOG) and other high 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 biosolids dryer.

Equalization basins optimize outfall operations and a bottom feed cylindrical sand filter produces Title 22 compliant recycled water for use in irrigation, engine cooling, odor reduction, and other EWPCF processes. 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 33,600 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.

MAJOR SERVICE INITIATIVES

EWA's 2020 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 Business Plan links the key issues identified by the Board of Directors with management strategies and objectives to address those key issues. The key issues are:

1. Modernize liquid treatment infrastructure.
2. Develop technical assessment of the local ocean environment.
3. Remain engaged in industry associations and advocacy.
4. Local energy reliability initiative.
5. Collaborate to optimize biosolids program performance.
6. Actively support member agency water recycling programs.
7. Implement technology master plan.
8. CMWD – EWA water reuse strategic plan.
9. EWPCF ocean discharge & air emissions permit renewal.
10. Develop nutrient management plan.
11. Manage the south parcel.
12. Create regional solutions for our partners.
13. Hold annual performance and efficiency summit.
14. Business values and standards based communications.
15. Communications integration.
16. Co-brand with member agencies.
17. Expand use of EWA's comprehensive asset management planning process.
18. Employer of choice initiative.
19. Continue Board of Directors culture and orientation process.

FUTURE PLANS

Energy and Emissions

The Board of Directors received and filed an Energy and Emissions Strategic Plan (EESP) in April 2011. The EESP identifies improvement projects that will move the EWPCF toward energy independence. The Alternative Fuel Receiving Facility, completed in April 2015, receives fats, oils and grease (FOG) and other high organic waste products that are converted into biogas to offset natural gas usage in the biosolids dryer. Future energy independence projects may include the installation of gas conditioning systems and engine generator exhaust catalyst to lower emissions, thus enabling increased engine run time, and the production of more site-generated electricity.

Digester Interior Coating

Many of the EWPCF major assets are more than 30 years old. EWA has been systematically conducting condition assessments of major assets to determine the necessary rehabilitation or replacement needs. A condition assessment of the three large biosolids digesters determined that the internal protective coating needs to be replaced. This project is currently in design with re-coating scheduled to occur in the near future.

Monitoring, Control and Business Technology Upgrades

EWA recently completed a Technology Master Plan that addresses process monitoring and control, and business management systems. Both hardware and software needs were assessed and upgrades planned. The Technology Master Plan found plant facilities to be lacking in terms of data collection and monitoring, process automation, and major communication and control platforms. A multi-year improvement program has been initiated to design and implement modern hardware and software, and increase the level of process control automation.

Aeration Efficiency Improvement

The secondary treatment aeration process, which is key to permit compliance, produces the highest energy demand at the EWPCF. Electricity is used to compress air for delivery to the aeration basins. EWA is focused on improving the efficiency of the aeration air delivery system, thereby reducing electricity usage. A project to increase aeration efficiency will make improvements in air delivery, air diffusion efficiency, and dissolved oxygen measurement accuracy. This project is in the design phase.

Primary Sedimentation Basin Rehabilitation

Primary sedimentation basins are high value assets, which provide significant treatment at a low operating cost. Condition assessments have determined that the tanks are in need of mechanical equipment replacement, structural repairs and re-coating. This project is currently in a study phase with design and construction scheduled in the near future.

Biosolids Management

The production of Class A biosolids pellets by the Phase V facilities gives the Authority opportunities for beneficial reuse in markets that are not available to Class B biosolids products. EWA's Biosolids Management Plan (BMP) establishes long-term strategies that ensure EWA successfully manages the reuse and disposal of Class A biosolids pellets and Class B biosolids cake as operating and/or market conditions change over time.

The BMP identifies two tiers of markets. EWA initially implemented Tier 1 options in 2009, after the heat dryer came online, with contracts for biofuel and land application. For the past three years, EWA has been actively marketing Class A biosolids to Tier 2 markets (fertilizer distributors, soil blenders, specialty agriculture, local communities, and golf courses/turf management) under the name PureGreen®. Sales revenue was \$84,138 during fiscal year 2015 and is expected to increase in the coming years.

FINANCE AND HUMAN RESOURCES

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 conformity 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. 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.

Debt Administration

EWA has no long-term debt or any contracts granting access to debt facilities of any kind.

Cash Management

EWA retrospectively bills member agencies and maintains appropriate cash reserves in accordance with the Financial Reserve Policy adopted by Resolution No. 08-9. 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 California Asset Management Program.

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, White Nelson Diehl Evans LLP, Certified Public Accountants, is included in this Report.

Human Resources

Federal and state law, EWA ordinance and resolution establish employee wages, hours and working conditions. EWA contributes to the California Public Employees Retirement System (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

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

This report has been a joint effort by each of EWA’s sixty-seven staff through unwavering dedication to their profession and by helping 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 Brad Silva and Mike Zizzi from Leaf & Cole, LLP; LeeAnn Warchol, EWA’s Administrative Services Manager; Joseph Spence, EWA’s Management Analyst; Sally Samra and Claudia Barranon, EWA’s Accounting Technicians; the Member Agency Finance Officers; and David Forman, Partner, White Nelson Diehl Evans 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.



Kevin M. Hardy
General Manager



Michael F. Steinlicht
Assistant General Manager,
Treasurer/Auditor

LIST of OFFICIALS

BOARD OF DIRECTORS AND OFFICERS

- Elaine Sullivan**, Chair, Leucadia Wastewater District
- Keith Blackburn**, Vice Chair, City of Carlsbad
- Michael Schumacher**, City of Carlsbad
- Allan Juliussen**, Leucadia Wastewater District
- Amanda Rigby**, City of Vista and Buena Sanitation District
- Judy Ritter**, City of Vista and Buena Sanitation District
- Craig Elitharp**, Vallecitos Water District
- Jim Hernandez**, Vallecitos Water District
- Kristin Gaspar**, City of Encinitas
- Mark Muir**, City of Encinitas
- Michael F. Steinlicht**, Treasurer/Auditor
- Paula Clowar**, Executive Assistant/Board Secretary

MANAGEMENT

- Kevin M. Hardy**, MPA, JD, General Manager
- Michael F. Steinlicht**, Assistant General Manager
- Debra Biggs**, Director of Operations
- Garry Parker**, MBA, Director of General Services
- Doug Campbell**, Director of Environmental Compliance
- Debbie Allen**, MLRHR, Human Resources Manager
- LeeAnn Warchol**, Administrative Services Manager

GENERAL COUNSEL

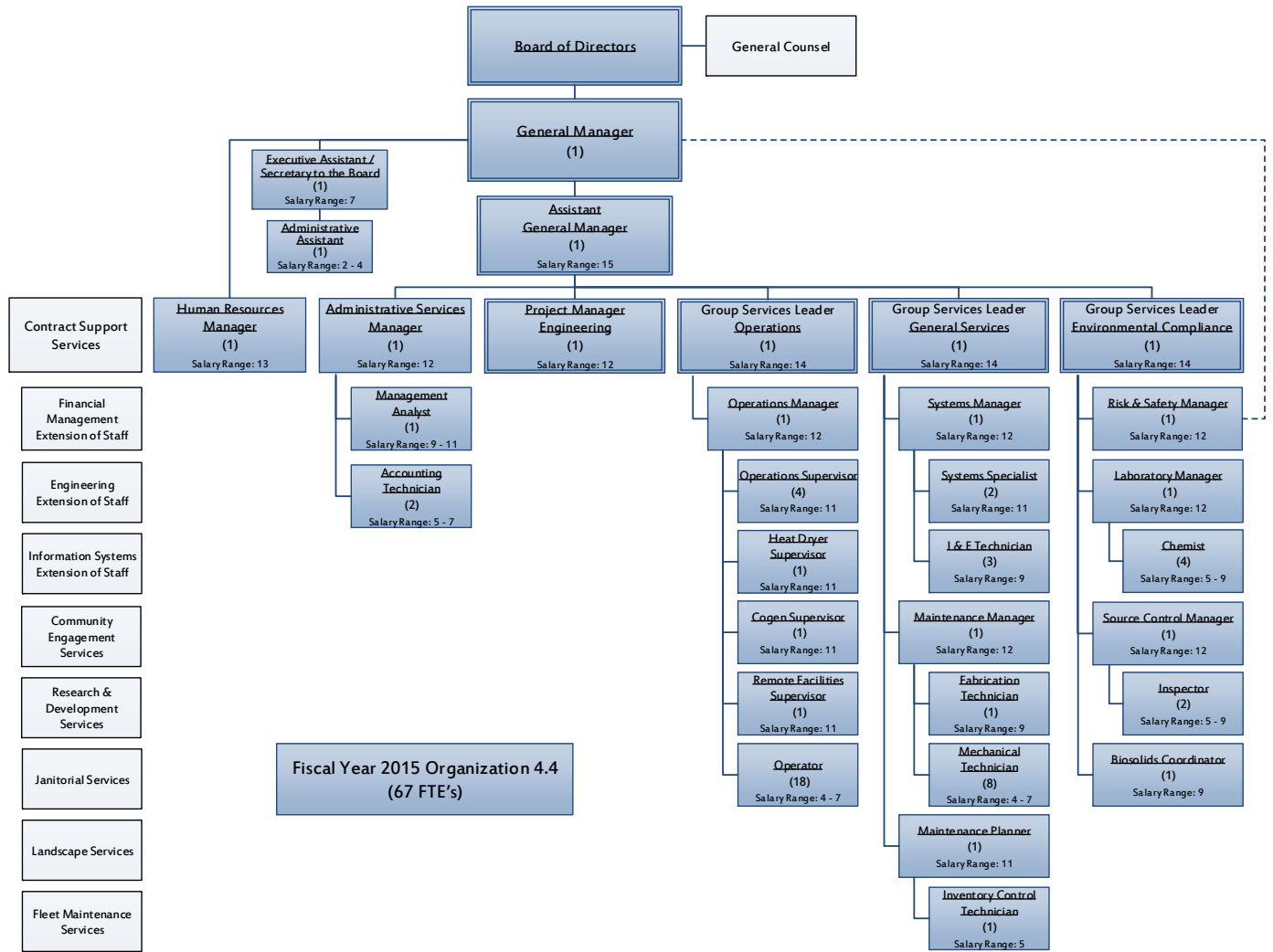
- Gregory V. Moser**, Procopio Cory Hargreaves & Savitch, LLP

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

SERVICE AREA



ORGANIZATION CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Encina Wastewater Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SUPPLEMENTARY SCHEDULES

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The logo for White Nelson Diehl Evans LLP is centered in a dark blue rectangular box. It features the company name in a white, serif font, with "WHITE NELSON DIEHL EVANS LLP" on the top line and "Certified Public Accountants & Consultants" on the bottom line. Behind the text, the letters "W N D E" are faintly visible in a larger, light blue font.

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Encina Wastewater Authority
Carlsbad, California

Report on the Financial Statements

We have audited the accompanying financial statements of Encina Wastewater Authority (the Authority) as of and for the year ended June 30, 2015, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit 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 auditors consider internal control relevant to the Authority'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 Authority'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.

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Offices located in Orange and San Diego Counties

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Encina Wastewater Authority as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the California Controller's Office and California Regulations governing Special Districts.

Emphasis of a Matter

As discussed in Notes 1 and 7 to the financial statements, the Authority adopted Governmental Accounting Standards Board's Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27", and Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68". Our opinion is not modified with respect to this matter.

Other Matters:*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of plan contributions, as identified in the accompanying table of contents, 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Encina Wastewater Authority's basic financial statements. The introductory section, the supplementary information 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 basic financial statements.

The supplementary information in the financial section is the responsibility of management and was derived from and relates 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 information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters (Continued):*Other Information (Continued)*

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



Carlsbad, California
November 20, 2015

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MANAGEMENT'S DISCUSSION *and* ANALYSIS

Our discussion and analysis of the financial performance of Encina Wastewater Authority (the "Authority") provides an overview of the Authority's financial activities for the year ended June 30, 2015. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL STATEMENTS

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

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

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

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents 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 statement of revenues, expenses and changes in net position measures 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 statement of cash flows provides information regarding the Authority's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operations
- Capital and related financing
- Noncapital financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement of cash flows only accounts 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 net position increased by \$3,599,598 to \$122,712,777 for the year ended June 30, 2015. This increase was the result of capital improvements and an increase in capital reserve requirements.
- The Authority's total revenues increased from \$13,454,851 for the year ended June 30, 2014, to \$13,956,322 for the year ended June 30, 2015, primarily as a result of increased member agency assessments.
- The Authority's total expenses increased from \$22,757,039 for the year ended June 30, 2014, to \$23,429,685 for the year ended June 30, 2015. The increase is driven by operating costs, such as utilities and other non-personnel costs, and non-operating costs including EWPCF condition assessments, plant studies and project design 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>2015</u>	<u>2014⁽¹⁾</u>	<u>2013⁽¹⁾</u>
<u>Assets:</u>			
Current and other assets	\$ 22,480,117	\$ 11,023,519	\$ 12,599,771
Capital assets	<u>113,689,724</u>	<u>111,134,272</u>	<u>113,943,637</u>
Total Assets	<u>\$ 136,169,841</u>	<u>\$ 122,157,791</u>	<u>\$ 126,543,408</u>
<u>Deferred Outflows of Resources</u>	<u>\$ 1,399,418</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities:</u>			
Noncurrent liabilities	10,877,302	1,076,691	1,078,580
Other liabilities	<u>1,996,184</u>	<u>1,967,921</u>	<u>1,529,596</u>
Total Liabilities	<u>\$ 12,873,486</u>	<u>\$ 3,044,612</u>	<u>\$ 2,608,176</u>
<u>Deferred Inflows of Resources</u>	<u>\$ 1,982,996</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Position:</u>			
Invested in capital assets	113,689,724	111,134,272	113,943,637
Restricted for capital program	7,023,053	5,978,907	7,991,595
Unrestricted	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total Net Position	<u>\$ 122,712,777</u>	<u>\$ 119,113,179</u>	<u>\$ 123,935,232</u>

- ⁽¹⁾ 2014 and 2013 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the years ended June 30, 2014 and 2013.

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

Net Position (Continued)

As you can see from the table above, net position increased by \$3,599,598 from fiscal year 2014 to 2015. Net investment in capital assets increased \$2,555,452 as a result of the amount spent on capital improvements exceeding depreciation expense and the discontinued projects, studies and assessments. Restricted net position increased \$1,044,146, primarily as a result of the Authority raising the Member Agencies capital reserve by \$1,000,000.

Unrestricted net position (those that can be used to finance day-to-day operations) were unchanged and, in accordance with the Authority's financial reserve policy, is assigned as follows:

Operating Reserve	\$ 1,000,000	Unit I weighted ownership
Inventory Reserve	850,000	Unit I weighted ownership
Remote Facility Reserve	150,000	Specific ownership
	<u>\$ 2,000,000</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>2015</u>	<u>2014⁽¹⁾</u>	<u>2013⁽¹⁾</u>
Operating revenue	\$ 13,950,886	\$ 13,446,624	\$ 12,993,314
Nonoperating revenue	5,436	8,227	10,352
Total Revenues	<u>13,956,322</u>	<u>13,454,851</u>	<u>13,003,666</u>
Depreciation	7,903,842	7,724,810	7,916,713
Unit I - EWPCF usage costs	6,219,094	6,288,600	5,909,835
Unit I - EWPCF ownership costs	4,277,609	4,138,478	3,935,587
Pump station facilities	1,997,362	1,769,918	1,933,315
Other operating expense	1,456,821	1,249,628	1,214,577
Nonoperating expense	1,574,957	1,585,605	1,328,207
Total Expenses	<u>23,429,685</u>	<u>22,757,039</u>	<u>22,238,234</u>
Loss Before Contributions and Distributions	(9,473,363)	(9,302,188)	(9,234,568)
Capital Contributions	<u>13,072,961</u>	<u>4,480,135</u>	<u>9,652,498</u>
Change in Net Position	3,599,598	(4,822,053)	417,930
Total Net Position at Beginning of Year	<u>119,113,179</u>	<u>123,935,232</u>	<u>123,517,302</u>
Total Net Position at End of Year	<u>\$ 122,712,777</u>	<u>\$ 119,113,179</u>	<u>\$ 123,935,232</u>

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

- (1) 2014 and 2013 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the years ended June 30, 2014 and 2013.

A closer examination of the source of changes in net position reveals the Authority's operating revenues increased by \$504,262 in fiscal year 2015. Operating revenues represent assessments to member agencies for reimbursement of operating expenses, as well as revenues from laboratory services, insurance dividends and industrial environmental compliance activities. The fluctuation in operating revenues is primarily driven by operating costs.

Operating costs, exclusive of depreciation, increased \$504,262 in fiscal year 2015 as a result of increased personnel, primarily overtime, and other non-personnel costs including information system costs, insurance and planned repairs and maintenance.

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 expense the capital project in accordance with generally accepted accounting principles (GAAP). For the years ended June 30, 2015 and 2014, the loss on disposal of capital assets was \$-0-. For the years ended June 30, 2015 and 2014, discontinued projects, studies, and assessments totaled \$1,574,957 and \$1,585,605, respectively. The fiscal year 2015 discontinued projects, studies, and assessments includes the 2040 Facility Master Plan Study, IT Technology Master Plan Update, Electronic Operating & Maintenance Manual and Document Management Update, and other various capital designs, studies and Plant Rehabilitation Projects.

Capital contributions increased by \$6,297,640 in fiscal year 2015. The increased contributions principally supported the liquid process improvements and funded an additional \$1,000,000 in capital reserves.

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>2015</u>	<u>2014</u>	<u>2013</u>
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,598,173	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	157,990	2,025,302	3,075,422
Total Capital Assets Not Being Depreciated	<u>3,756,163</u>	<u>5,623,475</u>	<u>6,673,595</u>
<u>Capital Assets Being Depreciated:</u>			
Joint wastewater treatment (Unit I)	219,293,160	212,138,613	209,110,243
Joint ocean outfall (Unit J)	14,115,650	14,115,650	14,115,650
Furnishings and office equipment	3,900,554	3,328,489	2,821,468
Pump station facilities	7,069,872	7,026,591	6,860,710
Flow metering system	314,269	314,269	314,269
Total Capital Assets Being Depreciated	<u>244,693,505</u>	<u>236,923,612</u>	<u>233,222,340</u>
Less: Accumulated depreciation	<u>(134,759,944)</u>	<u>(131,412,815)</u>	<u>(125,952,298)</u>
Net Capital Assets Being Depreciated	<u>109,933,561</u>	<u>105,510,797</u>	<u>107,270,042</u>
Net Capital Assets	<u>\$ 113,689,724</u>	<u>\$ 111,134,272</u>	<u>\$ 113,943,637</u>

The total additions of capital assets being depreciated for fiscal year 2015 totaled \$7,769,893. Capital asset additions consisted of the Alternative Fuel Receiving Facility and other Major Plant Rehabilitation Projects.

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, EWA'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 EWA'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 2016 operating budget is \$15,205,395, an increase of approximately 4.6% from fiscal year 2015. The fiscal year 2016 budget reflects EWA's continuing commitment to provide sustainable and fiscally responsible wastewater services to the communities it serves. Notable increases reflect: Personnel Salaries and Benefits (\$328,362); Electricity and Natural Gas (\$121,324); and Information System Upgrades (\$93,572). The fiscal year 2016 operating budget amount includes \$250,000 in contingency funding for EWA's operations as part of their annual budgeting processes. The fiscal year 2016 Appropriation Resolution #2015-04 requires Board of Directors approval to expend the recommended contingency account.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The Capital Improvement Program for fiscal year 2016 is budgeted at \$15,096,330, with an additional \$6,122,055 in appropriations continued from fiscal year 2015 for on-going projects, for a total fiscal year 2016 capital budget of \$21,218,385.

The fiscal year 2016 budgets reflect 67 authorized positions supporting EWA facilities and five regional facilities totaling more than \$248 million in investments in regional clean water infrastructure. EWA 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 website at www.encinajpa.com.

STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets: (Notes 1, 2 and 3)

Unrestricted Assets:

Cash equivalents - operating	\$	200,000
Member receivables - operating billed		2,224,045
Other receivables		417,408
Prepaid expenses		56,714
Inventory		1,245,751
Total unrestricted assets		4,143,918

Restricted Assets:

Cash equivalents - capital program		2,491,912
Member receivables - capital program		5,683,882
Interest receivable - capital program		1,346
Total restricted assets		8,177,140

Total Current Assets		12,321,058
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Noncurrent Assets: (Notes 1 and 4)

Capital Assets:

Nondepreciable		3,756,163
Depreciable, net of accumulated depreciation		109,933,561
Total Capital Assets, Net		113,689,724

Other Assets:

Member receivable - pension		10,159,059
Total Noncurrent Assets		123,848,783

TOTAL ASSETS		136,169,841
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DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 7 and 12)

Deferred outflows related to contributions		1,398,994
Deferred outflows related to pensions		424
Total deferred outflows of resources		1,399,418

See accompanying independent auditors' report and notes to the financial statements.

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

LIABILITIES

Current Liabilities: (Notes 1 and 5)

Accounts payable - operating	\$ 394,371
Accounts payable - capital program, payable from restricted assets	1,028,792
Retentions payable - capital program, payable from restricted assets	125,295
Accrued liabilities	283,731
Amounts due to member agencies - operating	24,449
Compensated absences	139,546
Total Current Liabilities	<u>1,996,184</u>

Noncurrent Liabilities: (Notes 1, 5, 6 and 7)

Net pension liability	9,575,481
Net OPEB obligation	307,469
Compensated absences	994,352
Total Noncurrent Liabilities	<u>10,877,302</u>

TOTAL LIABILITIES	<u>12,873,486</u>
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DEFERRED INFLOWS OF RESOURCES: (Notes 1, 7 and 12)

Deferred inflows related to pensions	<u>1,982,996</u>
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Commitments and Contingencies (Note 9)

NET POSITION: (Notes 1, 4 and 12)

Investment in capital assets	113,689,724
Restricted for capital program	7,023,053
Unrestricted	2,000,000
TOTAL NET POSITION	\$ <u><u>122,712,777</u></u>

See accompanying independent auditors' report and notes to the financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues:

Member agency assessments	\$ 13,637,230
Other operating revenues	313,656
Total Operating Revenues	<u>13,950,886</u>

Operating Expenses:

Depreciation	7,903,842
Unit I - EWPCF usage costs	6,219,094
Unit I - EWPCF ownership costs	4,277,609
Unit J - Encina ocean outfall	523,026
Directors meetings	73,808
Flow metering	272,007
Source control	587,980
Agua Hedionda pump station	286,446
Buena Vista pump station	406,595
Buena sanitation district facilities	310,637
Carlsbad water reclamation facilities	810,972
Raceway Basin pump station	182,712
Total Operating Expenses	<u>21,854,728</u>

Operating (Loss)	<u>(7,903,842)</u>
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Nonoperating Revenues (Expenses):

Investment & other capital income	5,436
Discontinued projects, studies and assessments	(1,574,957)
Total Nonoperating Revenues (Expenses)	<u>(1,569,521)</u>

Loss Before Capital Contributions	(9,473,363)
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Capital Contributions:

Capital Contributions	12,072,961
Capital Reserve Contribution	1,000,000
Total Capital Contributions	<u>13,072,961</u>

Change in Net Position	3,599,598
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Total Net Position at Beginning of Year	<u>119,113,179</u>
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TOTAL NET POSITION AT END OF YEAR	\$ <u><u>122,712,777</u></u>
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See accompanying independent auditors' report and notes to the financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

Cash Flows From Operating Activities:

Cash received from Member Agencies	\$ 13,801,243
Cash received from other operating activities	353,530
Cash payments to suppliers for goods and services	(8,813,452)
Cash payments to employees for services	<u>(5,341,321)</u>
Net Cash Provided by Operating Activities	<u>-</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(11,991,395)
Capital contributions	<u>11,532,881</u>
Net Cash Used in Capital and Related Financing Activities	<u>(458,514)</u>

Cash Flows From Investing Activities:

Investment income	<u>5,422</u>
Net Cash Provided by Investing Activities	<u>5,422</u>

Net Decrease in Cash and Cash Equivalents	(453,092)
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Cash and Cash Equivalents at Beginning of Year	<u>3,145,004</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,691,912</u></u>
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See accompanying independent auditors' report and notes to the financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of Operating Loss to Net**Cash Provided by Operating Activities:**

Operating (loss)	\$ (7,903,842)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	7,903,842
Change in current assets and liabilities:	
Member receivables - operating billed	85,651
Amounts due from member agencies - operating unbilled	53,913
Member receivables - pensions	320,654
Other receivables	(331,226)
Prepaid expenses	(9,943)
Deferred outflows related to contributions	(97,310)
Deferred outflows related to pensions	(424)
Inventory	(8,932)
Accounts payable - operating	(122,553)
Accrued liabilities	95,192
Amounts due to member agencies - operating	24,449
Net pension liability	(2,205,916)
Net OPEB obligation	67,916
Compensated absences	145,533
Deferred inflows related to pensions	1,982,996
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>

Cash and Cash Equivalents:**Financial Statement Classification:**

Cash and cash equivalents	\$ 200,000
Restricted cash and cash equivalents	2,491,912
Total Cash and Cash Equivalents	<u><u>\$ 2,691,912</u></u>

Supplemental Disclosures of Cash Flow Information:

Net effect of acquisition and construction of capital assets held in accounts payable	<u><u>\$ (24,357)</u></u>
Net effect of acquisition and construction of capital assets held in retention payable	<u><u>\$ 67,213</u></u>

See accompanying independent auditors' report and notes to the financial statements.

NOTES *to the* FINANCIAL STATEMENTS

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. On December 17, 1990, the basic agreement and supplemental was amended and rewritten.

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. A Revised Established Document was entered into on August 1, 1988 creating the Encina Administrative Agency. The Agency was assigned the duties previously performed by the District. 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 and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement 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.

The Authority has not elected to apply the option allowed in GASB Cod. Sec. P80.103 “Proprietary Fund Accounting and Financial Reporting” and as a consequence will continue to apply GASB statements and interpretations.

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 interest revenue 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 receivables were fully collectible; therefore no allowance for doubtful accounts was recorded at June 30, 2015.

Member Receivable - Pension

The Revised Basic Agreement 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 employees. Under this agreement the participants are required to fund the net pension liability. Because the allocation of the funding of the pension 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 EWA has recorded a member receivable - pension equal to the net pension liability net of any related deferred outflows of resources and deferred inflows of resources. The member receivable - pension totaled \$10,159,059 at June 30, 2015.

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

Significant Accounting Policies (Continued)

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 fair market 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. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Joint wastewater treatment (Unit I)	7 - 40 years
Joint ocean outfall (Unit J)	25 - 75 years
Furnishings and office equipment	3 - 7 years
Pump station facilities	7 - 40 years
Flow metering system	10 years

Depreciation totaled \$7,903,842 for the year ended June 30, 2015.

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 \$1,133,898 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2015.

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 assets by the government that is applicable to a future period and an acquisition of net assets by the government that is applicable to a future reporting period respectively. Deferred outflows of resources include a deferred amount on refunding. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 7.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**Significant Accounting Policies (Continued)****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.

The Authority's participation in the general liability program of CSRMA provides coverage up to \$15,500,000 with a \$25,000 deductible. Excess insurance of \$10,000,000 has been purchased. The Authority's participation in the workers' compensation program of CSRMA provides coverage up to \$1,000,000 with no deductible. CSRMA has a self-insured retention of \$750,000 and excess insurance for workers' compensation statutory limits have been purchased.

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 \$367,935, for the year ended June 30, 2015. 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, 2015, 2014 and 2013.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 CalPERS. 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 CalPERS website.

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.

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

Significant Accounting Policies (Continued)

Reserves

In accordance with the revised basic agreement, 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 July 23, 2008 and provides the following:

- Operating reserve amount of \$1,000,000 allocated on the basis of Weighted Unit I Ownership (see Note 8).
- Remote facility reserve amount of \$50,000 from each member agency that owns, in whole or in part, a remote facility or facilities operated and maintained by the Authority.
- Inventory reserve amount of \$850,000 allocated on the basis of Weighted Unit I Ownership.
- Capital reserve amount not to exceed \$10,000,000 or less than \$3,000,000 as established in the annual budget appropriation resolution.

The total operating, remote facility, and inventory reserve of \$2,000,000 is reported as unrestricted net position. The capital reserve is reported as a component of net position restricted for capital program.

<u>Member Agency</u>	<u>Operating Reserve</u>	<u>Remote Facility Reserve</u>	<u>Inventory Reserve</u>	<u>Capital Reserve</u>	<u>Total 2015</u>	<u>Total 2014</u>
Buena Agency	\$ 70,900	\$ 50,000	\$ 60,265	\$ 496,300	\$ 677,465	\$ 606,565
City of Carlsbad	242,400	50,000	206,040	1,696,800	2,195,240	1,952,840
City of Encinitas	42,500	-	36,125	297,500	376,125	333,625
Leucadia Wastewater District	168,000	-	142,800	1,176,000	1,486,800	1,318,800
Vallecitos Water District	224,200	-	190,570	1,569,400	1,984,170	1,759,970
City of Vista	252,000	50,000	214,200	1,764,000	2,280,200	2,028,200
Total Reserves	\$ 1,000,000	\$ 150,000	\$ 850,000	\$ 7,000,000	\$ 9,000,000	\$ 8,000,000

See accompanying independent auditors' report.

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 November 20, 2015, 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:

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Bankers’ Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

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.

NOTE 2 - CASH AND INVESTMENTS: (CONTINUED)

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

Cash and equivalents held by the Authority were comprised of the following at June 30, 2015:

	Maturity in Years	
	<u>1 Year or Less</u>	<u>Total</u>
Petty cash	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	1,828,381	1,828,381
California Asset Management Program (CAMP)	616,793	616,793
Deposits with financial institutions	245,738	245,738
Total Cash and Investments	<u>\$ 2,691,912</u>	<u>\$ 2,691,912</u>
Financial Statement Classification:		
Current:		
Cash equivalents - operating		\$ 200,000
Restricted:		
Cash equivalents - capital program		2,491,912
Total Cash and Investments		<u>\$ 2,691,912</u>

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, 2015.

NOTE 2 - CASH AND INVESTMENTS: (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the 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)	AAA

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 California Local Agency Investment Fund, the California Asset Management Fund 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, 2015.

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 counter-party (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, 2015, \$31,247, of the Authority's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

See accompanying independent auditors' report.

NOTE 2 - CASH AND INVESTMENTS: (CONTINUED)

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code 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

The Authority is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management Inc. CAMP was established under provisions of the California Joint Exercise of Powers Act. 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 CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

The statement of cash flows has been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail:

California Local Agency Investment Fund (LAIF)	\$ 1,828,381
California Asset Management Program (CAMP)	616,793
Deposits with financial institutions	245,738
Petty cash	1,000
Total	<u>\$ 2,691,912</u>

NOTE 3 - RESTRICTED ASSETS:

Restricted assets were provided by and are to be used for the following at June 30, 2015:

<u>Funding Source</u>	<u>Use</u>	
Capital contributions from member agencies and interest earnings	Capital program	<u>\$ 8,177,140</u>

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as necessary.

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30, 2015:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 3,598,173	\$ -	\$ -	\$ 3,598,173
Construction in progress	2,025,302	9,776,092	(11,643,404)	157,990
Total Capital Assets Not Being Depreciated	<u>5,623,475</u>	<u>9,776,092</u>	<u>(11,643,404)</u>	<u>3,756,163</u>
Capital Assets Being Depreciated:				
Joint wastewater treatment (Unit I)	212,138,613	11,635,173	(4,480,626)	219,293,160
Joint ocean outfall (Unit J)	14,115,650	-	-	14,115,650
Furnishings and office equipment	3,328,489	572,065	-	3,900,554
Pump station facilities	7,026,591	119,368	(76,087)	7,069,872
Flow metering system	314,269	-	-	314,269
Total Capital Assets Being Depreciated	<u>236,923,612</u>	<u>12,326,606</u>	<u>(4,556,713)</u>	<u>244,693,505</u>
Less Accumulated Depreciation For:				
Joint wastewater treatment (Unit I)	(112,447,204)	(6,795,405)	4,480,626	(114,761,983)
Joint wastewater treatment (Unit J)	(11,958,556)	(296,557)	-	(12,255,113)
Furnishings and office equipment	(2,259,827)	(457,259)	-	(2,717,086)
Pump station facilities	(4,463,528)	(349,162)	76,087	(4,736,603)
Flow metering system	(283,700)	(5,459)	-	(289,159)
Total Accumulated Depreciation	<u>(131,412,815)</u>	<u>(7,903,842)</u>	<u>4,556,713</u>	<u>(134,759,944)</u>
Net Capital Assets Being Depreciated	<u>105,510,797</u>	<u>4,422,764</u>	<u>-</u>	<u>109,933,561</u>
Net Capital Assets	<u>\$ 111,134,272</u>	<u>\$ 14,198,856</u>	<u>\$ (11,643,404)</u>	<u>\$ 113,689,724</u>

NOTE 5 - NONCURRENT LIABILITIES:

Noncurrent liabilities consist of the following at June 30, 2015:

	Balance at June 30, 2014 as Restated	Additions	Deletions	Balance at June 30, 2015	Amount due within one year
Net pension liability (Note 7)	\$ 11,781,397	\$ 1,730,588	\$ (3,936,504)	\$ 9,575,481	\$ -
Net OPEB obligation (Note 6)	239,553	70,567	(2,651)	307,469	-
Compensated absences (Note 1)	988,365	767,662	(622,129)	1,133,898	139,546
Total Noncurrent Liabilities	<u>\$ 13,009,315</u>	<u>\$ 2,568,817</u>	<u>\$ (4,561,284)</u>	<u>\$ 11,016,848</u>	<u>\$ 139,546</u>

NOTE 6 - POSTRETIREMENT BENEFITS:

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 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 \$42.70 per retiree who elects to continue coverage. There are five retirees receiving the monthly contribution for the year ended June 30, 2015. The monthly contribution is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

Funding Policy and Annual OPEB Costs

The contribution requirements of the Authority are established and may be amended annually by the Board of Directors. The Authority’s annual other post-employment benefit (OPEB) cost (expense) for the Plan is calculated based on the annual required contribution of the Authority (ARC), an amount actuarially determined in accordance with Cod. Sec. P50, “Postemployment Benefits Other Than Pension Benefits - Employer Reporting”. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years using the level-dollar method on a closed-basis. The Authority’s Board of Directors has established a policy to contribute on a “pay as you go” basis. The following table shows the components of the Authority’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the Plan including benefits paid to retirees, and changes in the Authority’s net OPEB obligation:

Annual required contribution	\$ 61,031
Interest on net OPEB obligation	11,978
Adjustment to annual required contribution	<u>(2,442)</u>
Annual OPEB cost	70,567
Contributions (including benefits paid)	<u>(2,651)</u>
Increase in net OPEB obligation	67,916
Net OPEB obligation - Beginning of Year	239,553
Net OPEB obligation - End of Year	<u><u>\$ 307,469</u></u>

NOTE 6 - POSTRETIREMENT BENEFITS: (CONTINUED)

Funding Policy and Annual OPEB Costs (Continued)

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the four preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 37,559	0.9%	\$ 73,469
June 30, 2012	38,822	1.7%	111,639
June 30, 2013	57,608	2.3%	67,907
June 30, 2014	59,278	3.1%	239,553
June 30, 2015	70,567	3.8%	307,469

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the Plan was not yet funded. The Authority’s actuarial accrued liability for benefits at July 1, 2012 was \$354,564 and the covered payroll (annual payroll of active employees covered by the Plan) was \$5,798,143, with a ratio of the UAAL to the covered payroll of 6.12%. The normal cost payments made during the year ended June 30, 2015 of \$2,651 funded 4.3% of the annual required contribution (ARC) leaving a net OPEB obligation of \$307,469.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Status (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll [(B-A)/C]</u>
July 1, 2009	N/A	\$ 188,983	\$ 188,983	0.0%	\$ 5,498,944	3.44%
July 1, 2012	N/A	354,564	354,564	0.0%	5,798,143	6.12%

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 6 - POSTRETIREMENT BENEFITS: (CONTINUED)**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits and costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions included a 5 percent investment rate of return, which is the expected long-term investment return on plan assets, a projected salary increase assumption rate of 3.25 percent, an inflation rate of 3 percent, and an annual healthcare cost trend rate of 5 to 8 percent. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

NOTE 7 - DEFINED BENEFIT PENSION PLAN:**General Information About the Pension Plans**

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Encina Wastewater Authority, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans 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. The Authority participates in the miscellaneous 2.7 percent at 55 pool, for those employees hired before January 1, 2013. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired after January 1, 2013 participate in the miscellaneous 2 percent at 62 pool. Employees hired after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2 percent at 60 pool.

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

General Information About the Pension Plans (Continued)

Benefits Provided (Continued) - The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.5%
Required employer contribution rates	24.131%	6.5%

Contributions - Section 20814(c) of the California Public Employees’ Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions

As of June 30, 2015, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
2.7% @ 55	\$ 9,575,103
2.0% @ 62	378
Total Net Pension Liability	<u>\$ 9,575,481</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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

The Authority’s net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30 2014 using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority’s proportionate share of the net pension liability for each Plan as of June 2013 and 2014 was as follows:

	<u>2.7% @ 55</u>	<u>2% @ 62</u>
Proportion - June 30, 2013	N/A	N/A
Proportion - June 30, 2014	0.15388%	0.00001%
Change - Increase (Decrease)	N/A	N/A

For the year ended June 30, 2015, the Authority recognized pension expense of \$1,078,340. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,398,994	\$ -
Change in employer’s proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions	424	126,950
Additional Deferral	-	(326,124)
Net difference between projected and actual earnings on plan investments	-	2,182,170
Total	<u>\$ 1,399,418</u>	<u>\$ 1,982,996</u>

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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

The \$1,398,994 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30	
2016	\$ (474,257)
2017	(474,257)
2018	(488,517)
2019	(545,541)
2020	-
Thereafter	-
Total	<u>\$ (1,982,572)</u>

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>2.7% @ 55</u>	<u>2% @ 62</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%(1)	3.3% - 14.2%(1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	CalPERS Specific	CalPERS Specific

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

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details for the Experience Study can be found on the CalPERS website.

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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

Actuarial Assumptions (Continued) -The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11 + (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017 - 18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of each Plan, as of the measurement date calculated using the discount rate of 7.5%, as well as what 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:

	<u>2.7% @ 55</u>	<u>2.0% @ 62</u>
1% Decrease	6.5%	6.5%
Net Pension Liability	\$ 15,059,683	\$ 673
Current Discount Rate	7.5%	7.5%
Net Pension Liability	\$ 9,575,103	\$ 378
1% Increase	8.5%	8.5%
Net Pension Liability	\$ 5,023,423	\$ 133

See accompanying independent auditors' report.

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the Authority reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS:

Phase V Ownership

All of the 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	%
Vista	10.67	26.34	10.67	24.64	10.67	24.63
Carlsbad	10.26	25.33	10.26	23.68	10.26	23.69
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

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS: (CONTINUED)

Phase V Ownership (Continued)

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

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

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, 2015 and 2014 are as follows:

<u>Agency</u>	<u>MGD ADF UNIT I</u>					
	<u>2015</u>		<u>2014</u>		<u>Increase (Decrease)</u>	
	<u>MGD</u>	<u>% of Total</u>	<u>MGD</u>	<u>% of Total</u>	<u>MGD</u>	<u>%</u>
Vista	5.45	26.11 %	5.42	25.85 %	0.03	0.55 %
Carlsbad	6.17	29.55	5.90	28.13	0.27	4.58
Buena	1.51	7.24	1.56	7.44	(0.05)	(3.21)
Vallecitos	2.85	13.66	2.99	14.26	(0.14)	(4.68)
Leucadia	3.91	18.74	4.08	19.46	(0.17)	(4.17)
Encinitas	0.98	4.70	1.02	4.86	(0.04)	(3.92)
Total	20.87	100.00 %	20.97	100.00 %	(0.10)	(0.48) %

See accompanying independent auditors' report.

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, 2015 and 2014 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2015		2014		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Vista	13,430	23.56 %	12,554	22.84 %	876	6.98 %
Carlsbad	14,492	25.42	14,114	25.69	378	2.68
Buena	5,861	10.28	5,770	10.50	91	1.58
Vallecitos	11,609	20.37	11,036	20.08	573	5.19
Leucadia	8,496	14.90	8,463	15.40	33	0.39
Encinitas	3,116	5.47	3,017	5.49	99	3.28
Total	57,004	100.00 %	54,954	100.00 %	2,050	3.73 %

Suspended solids are averaged on a three year basis. The usage and percentage of total SS by member agency for the fiscal years ended June 30, 2015 and 2014 are as follows:

Agency	SS LBS/Day Unit I					
	2015		2014		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Vista	10,515	16.77 %	10,095	16.96 %	420	4.16 %
Carlsbad	20,130	32.11	17,494	29.38	2,636	15.07
Buena	4,039	6.44	4,051	6.81	(12)	(0.30)
Vallecitos	16,460	26.25	16,013	26.90	447	2.79
Leucadia	8,005	12.77	8,457	14.21	(452)	(5.34)
Encinitas	3,551	5.66	3,416	5.74	135	3.95
Total	62,700	100.00 %	59,526	100.00 %	3,174	5.33 %

Treated wastewater flow discharged through Unit J is averaged on an annual basis. The change for the fiscal years ended June 30, 2015 and 2014 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2015		2014		Increase (Decrease)	
	MGD	% of total	MGD	% of total	MGD	%
Vista	5.45	27.46 %	5.43	27.69 %	0.02	0.37 %
Carlsbad	4.79	24.13	4.69	23.91	0.10	2.13
Buena	1.52	7.66	1.56	7.96	(0.04)	(2.56)
Vallecitos	3.46	17.43	3.21	16.37	0.25	7.79
Leucadia	3.65	18.39	3.70	18.87	(0.05)	(1.35)
Encinitas	.98	4.94	1.02	5.2	(0.04)	(3.92)
Total	19.85	100.00 %	19.61	100.00 %	0.24	1.22 %

See accompanying independent auditors' report.

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS: (CONTINUED)

Other Cost Allocations

The expenses for the Agua Hedionda pump station, the Buena Sanitation District facilities, the Buena Vista pump station, the Carlsbad Water Recycling Facility and the Raceway Basin pump station, and 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, number of industrial waste users and on flow for Unit J. Flow metering costs are allocated based on the number and types of meters and on Unit J ownership.

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, 2015:

Alternative Fuel Receiving Facilities	\$ 253,741
Fiscal Year 2015 Plant Rehabilitation - Engine Services	194,199
General Process Improvements Engine Services	181,789
Fiscal Year 2015 Extension of Staff	129,390
Dryer Safety Improvements Phase II and III	85,648
Drying Safety Project Engineering	62,124
Aeration and Concepts Study	30,004
Ocean Outfall Bathymetric Survey	29,336
Energy Program Support	24,690
APCD Air Permitting Support	18,175
Odor Reduction Facility III Technology Evaluation	6,989
Asset Management Systems and Maintenance Planning Strategies	6,904
Alternative Fuel Receiving Project	4,000
SCADA Software Upgrade Project	2,831
Digester Management and Optimization Study	2,658
Total Construction Commitments	<u>\$ 1,032,478</u>

Contingencies

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

NOTE 10 - SUBSEQUENT EVENTS:**Fiscal Year 2016 Budget**

On July 22, 2015, the Board of Directors adopted Resolution 2015-04 to appropriate funds for fiscal year 2016 Operating \$(15,205,395) and Capital Improvement Program \$(15,096,330) budgets. Unexpended fiscal year 2015 capital improvement projects of \$6,122,055 were also appropriated in fiscal year 2016.

NOTE 11 - NEW GOVERNMENTAL ACCOUNTING STANDARDS:**GASB No. 68**

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement is effective for periods beginning after June 15, 2013. This pronouncement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The effects of this pronouncement on the financial statements of the Authority in the year of implementation are more fully described in Note 12.

GASB No. 69

In January 2013, The Governmental Accounting Standard Board issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This pronouncement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, this statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This pronouncement did not have a material effect on the financial statements of the Authority in the year of implementation.

NOTE 11 - NEW GOVERNMENTAL ACCOUNTING STANDARDS: (CONTINUED)**GASB No. 70**

In April 2013, The Governmental Accounting Standard Board issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This pronouncement is effective for financial reporting periods beginning after June 15, 2013. Earlier application is encouraged. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that the government will be required to make a payment on the guarantee. The Government that issued the obligation guaranteed in a nonexchange transaction should recognize revenue to the extent that its guaranteed obligations have been reduced. If that government is required to repay a guarantor for making a payment, they should continue to reflect the liability until legally released as an obligor. The Authority has not extended any nonexchange financial guarantees at the date of these financial statements.

GASB No. 71

In November 2013, The Governmental Accounting Standards Board issue Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This pronouncement is effective simultaneously with the implementation of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The effects of this pronouncement on the financial statements of the Authority in the year of implementation are more fully described in Note 12.

GASB No. 72

In February 2015, The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application." This pronouncement provides guidance for determining fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Governments are required to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Required disclosures include the level of fair value hierarchy and valuation techniques and should be organized by type of asset or liability. This pronouncement is effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District has not yet determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

NOTE 11 - NEW GOVERNMENTAL ACCOUNTING STANDARDS: (CONTINUED)

GASB No. 73

In June 2015, The Governmental Accounting Standards Board issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” This pronouncement establishes requirements for defined benefit pension plans that are not with the scope of Statement No. 68, as well as assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pension plans that are not within the scope of Statement No. 68 and amends certain provisions of Statement No. 67. The pronouncement extends the approach to accounting and financial reporting established in Statement 68 to all pensions with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in the notes and required supplementary information by all similarly situated employers and nonemployer contributing entities. The requirements of this statement addressing accounting and financial reporting for employers that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016. All other provisions are effective for periods beginning after June 15, 2015. This pronouncement is not anticipated to have a material effect on the financial statements of the District.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE:

Effective July 1, 2014, the Authority changed its method of accounting for retirement expense and the related pension liability as well any deferred inflows of resources and deferred outflows of resources in order to conform with Governmental Accounting Standards Board Statement No. 68, “Accounting and Financial Reporting for Pensions”, as amended by Governmental Accounting Standards Board Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”.

This Statement requires cost-sharing employers such as the Authority to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability are also required to be reported as deferred outflows related to pensions. As a result, the Authority established the following net pension liability and deferred outflow of resources and a corresponding net pension receivable at June 30, 2014:

Net pension liability	\$ (11,781,397)
Deferred outflows related to contributions	1,301,684
Net Pension Receivable	<u>10,479,713</u>
Net Effect of a Change in Accounting Principle	<u><u>\$ -</u></u>

See accompanying independent auditors’ report.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Miscellaneous Plan:

Agency's proportion of the net pension liability (asset)	0.15388%
Agency's proportionate share of the net pension liability (asset)	\$ 9,575,103
Agency's covered-employee payroll	\$ 5,780,668
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.64%
Plan fiduciary net position as a percentage of the total pension	76.84%

Miscellaneous PEPRA Plan:

Agency's proportion of the net pension liability (asset)	0.00001%
Agency's proportionate share of the net pension liability (asset)	\$ 378
Agency's covered-employee payroll	\$ 98,571
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%
Plan fiduciary net position as a percentage of the total pension	83.00%

See accompanying independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS**

Miscellaneous Plan:

Contractually required contribution	\$ 1,288,594
Contributions in relation to the contractually required contribution	\$ <u>(1,288,594)</u>
Contribution deficiency (excess)	\$ <u>-</u>
Agency's covered-employee payroll	\$ 5,780,668
Contributions as a percentage of covered-employee payroll	22.29%

Miscellaneous PEPR Plan:

Contractually required contribution	\$ 13,834
Contributions in relation to the contractually required contribution	\$ <u>(13,834)</u>
Contribution deficiency (excess)	\$ <u>-</u>
Agency's covered-employee payroll	\$ 98,571
Contributions as a percentage of covered-employee payroll	14.03%

See accompanying independent auditors' report.

**SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2015**

ASSET	PERCENTAGE OF OWNERSHIP						TOTAL	MEMBER AGENCY OWNERSHIP AT COST					
	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	June 30, 2015	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas
PLANT													
Joint Wastewater Treatment (Unit I - Weighted)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	\$ 219,293,160	\$ 59,561,709	\$ 51,750,774	\$ 13,362,305	\$ 53,029,124	\$ 33,160,104	\$ 8,429,144
Joint Wastewater Disposal (Unit J)	24.63%	23.69%	6.93%	24.17%	16.42%	4.16%	14,115,650	2,989,695	3,432,926	1,304,286	2,800,545	2,919,116	669,082
Furnishings and Office Equipment (Unit I)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	3,900,554	881,648	961,577	306,739	812,996	755,174	182,420
Buena Vista Pump Station (BVPS)	89.60%	10.40%	-	-	-	-	4,114,608	3,686,689	427,919	-	-	-	-
Agua Hedionda Pump Station (AHPS)	69.10%	30.90%	-	-	-	-	2,124,108	1,467,759	656,349	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	-	100.00%	-	-	-	-	373,539	-	373,539	-	-	-	-
Buena Sanitation District Facilities (BSDF)	-	-	100.00%	-	-	-	350,406	-	-	350,406	-	-	-
Raceway Basin Pump Station (RBPS)	100.00%	-	-	-	-	-	107,211	107,211	-	-	-	-	-
Flow Metering System						(Based on Type and Location of Required Meters)	314,269	104,337	65,682	61,597	22,942	23,130	36,581
						SUB-TOTAL: PLANT	244,693,505	68,799,048	57,668,766	15,385,333	56,665,607	36,857,524	9,317,227
REAL PROPERTY													
South Parcel (Unit I)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	3,412,173	737,371	846,560	278,433	690,624	694,036	165,149
Encina Water Pollution Control Facilities (Unit I)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	186,000	40,195	46,147	15,178	37,646	37,832	9,002
						SUB-TOTAL: REAL PROPERTY	3,598,173	777,566	892,707	293,611	728,270	731,868	174,151
CONSTRUCTION IN PROGRESS													
Major Plant Rehab (Unit I)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	157,990	39,814	38,297	11,201	35,421	26,542	6,715
						SUB-TOTAL: CONSTRUCTION IN PROGRESS	157,990	39,814	38,297	11,201	35,421	26,542	6,715
TOTAL INVESTMENT IN CAPITAL ASSETS							\$ 248,449,668	\$ 69,616,428	\$ 58,599,770	\$ 15,690,145	\$ 57,429,298	\$ 37,615,934	\$ 9,498,093
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I - Weighted)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	\$ (114,761,983)	\$ (26,778,555)	\$ (28,039,026)	\$ (8,625,772)	\$ (24,635,857)	\$ (21,483,826)	\$ (5,198,947)
Joint Wastewater Disposal (Unit J)	24.63%	23.69%	6.93%	24.17%	16.42%	4.16%	(12,255,113)	(2,595,631)	(2,980,444)	(1,132,373)	(2,431,415)	(2,534,357)	(580,893)
Furnishings and Office Equipment (Unit I)	25.20%	24.24%	7.09%	22.42%	16.80%	4.25%	(2,717,086)	(600,299)	(672,024)	(217,798)	(557,915)	(539,702)	(129,348)
Buena Vista Pump Station (BVPS)	89.60%	10.40%	-	-	-	-	(2,339,427)	(2,096,127)	(243,300)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	69.10%	30.90%	-	-	-	-	(1,862,310)	(1,286,856)	(575,454)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	-	100.00%	-	-	-	-	(251,964)	-	(251,964)	-	-	-	-
Buena Sanitation District Facilities (BSDF)	-	-	100.00%	-	-	-	(222,290)	-	-	(222,290)	-	-	-
Raceway Basin Pump Station (RBPS)	100.00%	-	-	-	-	-	(60,612)	(60,612)	-	-	-	-	-
Flow Metering System						(Based on Type and Location of Required Meters)	(289,159)	(96,078)	(60,356)	(56,675)	(21,110)	(21,283)	(33,657)
						TOTAL ACCUMULATED DEPRECIATION	(134,759,944)	(33,514,158)	(32,822,568)	(10,254,908)	(27,646,297)	(24,579,168)	(5,942,845)
INVESTMENT IN CAPITAL ASSETS							\$ 113,689,724	\$ 36,102,270	\$ 25,777,202	\$ 5,435,237	\$ 29,783,001	\$ 13,036,766	\$ 3,555,248

See accompanying independent auditor's report and notes to the financial statements.

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
OPERATING REVENUES		
Member Assessments Billed	\$ 13,661,679	\$ 12,951,038
CSRMA Dividends (Unit I Ownership)	47,202	81,042
PureGreen® Sales	84,138	131,141
Alternative Fuels Tipping Fees	14,806	-
Lab Contract Services Receipts (Unit I Ownership)	131,738	207,365
Environmental Enforcement Receipts (Jurisdiction)	9,150	10,731
Miscellaneous Receipts (Unit I Ownership)	<u>26,622</u>	<u>11,394</u>
TOTAL OPERATING REVENUES - BILLED	<u>\$ 13,975,335</u>	<u>\$ 13,392,711</u>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	6,219,094	6,288,598
Unit I - Treatment Plant Ownership	4,277,609	4,138,477
Unit J - Ocean Outfall	523,026	267,542
Board of Directors	73,808	56,802
Flow Metering	<u>272,007</u>	<u>261,079</u>
Encina Wastewater Pollution Control Facilities Sub-Total	<u>\$ 11,365,544</u>	<u>\$ 11,012,498</u>
Source Control	587,980	664,209
Agua Hedionda Pump Station	286,446	269,050
Buena Vista Pump Station	406,595	395,013
Buena Sanitation District Facilities	310,637	297,139
Carlsbad Water Recycling Facility	810,972	650,499
Raceway Basin Pump Station	<u>182,712</u>	<u>158,216</u>
TOTAL OPERATING EXPENSES INCURRED	<u>\$ 13,950,886</u>	<u>\$ 13,446,624</u>
OPERATING REVENUES BILLED (OVER) UNDER EXPENSES INCURRED DUE FROM/(TO) MEMBER AGENCIES	<u>\$ (24,449)</u>	<u>\$ 53,913</u>
AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF YEAR	<u>\$ (24,449)</u>	<u>\$ 53,913</u>

See accompanying independent auditors' report and notes to the financial statements.

**SUPPLEMENTARY DETAIL SCHEDULE OF OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Totals</u>	<u>Vista</u>	<u>Carlsbad</u>	<u>Buena</u>	<u>Vallecitos</u>	<u>Leucadia</u>	<u>Encinitas</u>
OPERATING REVENUES - BILLED							
Member Assessments Billed	\$13,661,679	\$3,449,741	\$4,019,241	\$1,312,694	\$2,585,275	\$1,737,362	\$557,366
CSRMA Dividends (Unit I Ownership)	47,202	11,895	11,441	3,347	10,583	7,930	2,006
PureGreen® Sales	84,138	14,110	27,013	5,420	22,088	10,742	4,765
Alternative Fuels Tipping Fees	14,806	3,731	3,589	1,050	3,320	2,487	629
Lab Contract Services Billed (Unit I Ownership)	131,738	33,198	31,933	9,340	29,536	22,132	5,599
Environmental Enforcement Actions Billed (Jurisdiction)	9,150	5,600	2,800	-	750	-	-
Miscellaneous Receipts (Unit I Ownership)	26,622	6,709	6,455	1,887	5,968	4,472	1,131
TOTAL OPERATING REVENUES - BILLED	<u>\$13,975,335</u>	<u>\$3,524,984</u>	<u>\$4,102,472</u>	<u>\$1,333,738</u>	<u>\$2,657,520</u>	<u>\$1,785,125</u>	<u>\$571,496</u>
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Plant-Unit I Usage	\$6,219,094	\$1,350,417	\$1,720,876	\$556,404	\$1,347,938	\$902,979	\$340,480
Plant-Unit I Ownership	4,277,609	1,077,958	1,036,893	303,282	959,040	718,638	181,798
Outfall-Unit J	523,026	143,582	126,159	39,988	91,137	96,322	25,838
Board of Directors	73,808	7,627	14,422	7,445	15,040	15,752	13,522
Flow Metering	272,007	70,435	56,765	52,320	37,993	36,759	17,735
Encina Water Pollution Control Facilities Sub-Total	<u>\$11,365,544</u>	<u>\$2,650,019</u>	<u>\$2,955,115</u>	<u>\$959,439</u>	<u>\$2,451,148</u>	<u>\$1,770,450</u>	<u>\$579,373</u>
Source Control							
Agua Hedionda Pump Station	\$587,980	\$168,201	\$184,902	\$69,046	\$97,554	\$52,079	\$16,198
Buena Vista Pump Station	286,446	197,934	88,512	-	-	-	-
Buena Sanitation District Facilities	406,595	364,309	42,286	-	-	-	-
Carlsbad Water Recycling Facility	310,637	-	-	310,637	-	-	-
Raceway Basin Pump Station	810,972	-	810,972	-	-	-	-
	<u>182,712</u>	<u>182,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>\$13,950,886</u>	<u>\$3,563,175</u>	<u>\$4,081,787</u>	<u>\$1,339,122</u>	<u>\$2,548,702</u>	<u>\$1,822,529</u>	<u>\$595,571</u>
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2015	<u>(\$24,449)</u>	<u>\$38,191</u>	<u>(\$20,685)</u>	<u>\$5,384</u>	<u>(\$108,818)</u>	<u>\$37,404</u>	<u>\$24,075</u>
PHASE V OPERATING RESERVE REALLOCATION	-	66,415	(10,545)	(19,795)	40,330	(65,490)	(10,915)
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2015	<u>(\$24,449)</u>	<u>\$104,606</u>	<u>(\$31,230)</u>	<u>(\$14,411)</u>	<u>(\$68,488)</u>	<u>(\$28,086)</u>	<u>\$13,160</u>

See accompanying independent auditors' report and notes to the financial statements.

**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

CITY OF VISTA	June 30, 2015	% of Total	June 30, 2014	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$1,350,417	37.9%	\$1,337,242	\$13,175	1.0%
Unit I Encina Treatment Plant Ownership	1,077,958	30.3%	1,042,896	35,062	3.4%
Unit J Encina Ocean Outfall	143,582	4.0%	74,089	69,493	93.8%
Board of Directors	7,627	0.2%	5,433	2,194	40.4%
Flow Metering	70,435	2.0%	67,606	2,829	4.2%
Source Control	168,201	4.7%	190,050	(21,849)	-11.5%
Agua Hedionda Pump Station	197,934	5.6%	185,914	12,020	6.5%
Buena Vista Pump Station	364,309	10.2%	353,932	10,377	2.9%
Raceway Basin Pump Station	182,712	5.1%	158,216	24,496	15.5%
TOTALS	\$3,563,175	100.0%	\$3,415,378	\$147,797	4.3%

CITY OF CARLSBAD					
Unit I Encina Treatment Plant Usage	\$1,720,876	42.2%	\$1,694,354	\$26,522	1.6%
Unit I Encina Treatment Plant Ownership	1,036,893	25.4%	1,003,167	33,726	3.4%
Unit J Encina Ocean Outfall	126,159	3.1%	63,916	62,243	97.4%
Board of Directors	14,422	0.4%	11,251	3,171	28.2%
Flow Metering	56,765	1.4%	54,484	2,281	4.2%
Source Control	184,902	4.5%	199,818	(14,916)	-7.5%
Agua Hedionda Pump Station	88,512	2.2%	83,136	5,376	6.5%
Buena Vista Pump Station	42,286	1.0%	41,081	1,205	2.9%
Carlsbad Water Recycling Facility	810,972	19.9%	650,499	160,473	24.7%
TOTALS	\$4,081,787	100.0%	\$3,801,706	\$280,081	7.4%

Continued

See accompanying independent auditors' report and notes to financial statements.

**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>% of Total</u>	<u>June 30, 2014</u>	<u>Change \$</u>	<u>Change %</u>
BUENA SANITATION DISTRICT					
Unit I Encina Treatment Plant Usage	\$556,404	41.5%	\$578,923	(\$22,519)	-3.9%
Unit I Encina Treatment Plant Ownership	303,282	22.6%	293,418	9,864	3.4%
Unit J Encina Ocean Outfall	39,988	3.0%	21,298	18,690	87.8%
Board of Directors	7,445	0.6%	5,433	2,012	37.0%
Flow Metering	52,320	3.9%	50,218	2,102	4.2%
Source Control	69,046	5.2%	91,964	(22,918)	-24.9%
Buena Sanitation District Facilities	310,637	23.2%	297,139	13,498	4.5%
TOTALS	<u>\$1,339,122</u>	<u>100.0%</u>	<u>\$1,338,393</u>	<u>\$729</u>	<u>0.1%</u>
VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$1,347,938	52.9%	\$1,368,993	(\$21,055)	-1.5%
Unit I Encina Treatment Plant Ownership	959,040	37.6%	927,847	31,193	3.4%
Unit J Encina Ocean Outfall	91,137	3.6%	43,789	47,348	108.1%
Board of Directors	15,040	0.6%	11,861	3,179	26.8%
Flow Metering	37,993	1.5%	36,467	1,526	4.2%
Source Control	97,554	3.8%	110,450	(12,896)	-11.7%
TOTALS	<u>\$2,548,702</u>	<u>100.0%</u>	<u>\$2,499,407</u>	<u>\$49,295</u>	<u>2.0%</u>

Continued

See accompanying independent auditors' report and notes to financial statements.

**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>% of Total</u>	<u>June 30, 2014</u>	<u>Change \$</u>	<u>Change %</u>
LEUCADIA WASTEWATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$902,979	49.5%	\$961,559	(\$58,580)	-6.1%
Unit I Encina Treatment Plant Ownership	718,638	39.4%	695,264	23,374	3.4%
Unit J Encina Ocean Outfall	96,322	5.3%	50,494	45,828	90.8%
Board of Directors	15,752	0.9%	10,907	4,845	44.4%
Flow Metering	36,759	2.0%	35,282	1,477	4.2%
Source Control	52,079	2.9%	51,009	1,070	2.1%
TOTALS	<u>\$1,822,529</u>	<u>100.0%</u>	<u>\$1,804,515</u>	<u>\$18,014</u>	<u>1.0%</u>
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$340,480	57.2%	\$347,527	(\$7,047)	-2.0%
Unit I Encina Treatment Plant Ownership	181,798	30.5%	175,885	5,913	3.4%
Unit J Encina Ocean Outfall	25,838	4.3%	13,956	11,882	85.1%
Board of Directors	13,522	2.3%	11,917	1,605	13.5%
Flow Metering	17,735	3.0%	17,022	713	4.2%
Source Control	16,198	2.7%	20,918	(4,720)	-22.6%
TOTALS	<u>\$595,571</u>	<u>100.0%</u>	<u>\$587,225</u>	<u>\$8,346</u>	<u>1.4%</u>
Total Operating Expense All Member Agencies	<u>\$13,950,886</u>		<u>\$13,446,624</u>	<u>\$504,262</u>	<u>3.8%</u>

See accompanying independent auditors' report and notes to financial statements.

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>% of Total</u>	<u>June 30, 2014</u>	<u>Change \$</u>	<u>Change %</u>
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Vista	\$1,350,417	21.7%	\$1,337,242	\$13,175	1.0%
City of Carlsbad	1,720,876	27.7%	1,694,354	26,522	1.6%
Buena Sanitation District	556,404	8.9%	578,923	(22,519)	-3.9%
Vallecitos Water District	1,347,938	21.7%	1,368,993	(21,055)	-1.5%
Leucadia Wastewater District	902,979	14.5%	961,559	(58,580)	-6.1%
City of Encinitas	340,480	5.5%	347,527	(7,047)	-2.0%
TOTALS	<u>\$6,219,094</u>	<u>100.0%</u>	<u>\$6,288,598</u>	<u>(\$69,504)</u>	<u>-1.1%</u>
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Vista	\$1,077,958	25.3%	\$1,042,896	\$35,062	3.4%
City of Carlsbad	1,036,893	24.2%	1,003,167	33,726	3.4%
Buena Sanitation District	303,282	7.1%	293,418	9,864	3.4%
Vallecitos Water District	959,040	22.4%	927,847	31,193	3.4%
Leucadia Wastewater District	718,638	16.8%	695,264	23,374	3.4%
City of Encinitas	181,798	4.2%	175,885	5,913	3.4%
TOTALS	<u>\$4,277,609</u>	<u>100.0%</u>	<u>\$4,138,477</u>	<u>\$139,132</u>	<u>3.4%</u>
UNIT J: ENCINA OCEAN OUTFALL					
City of Vista	\$143,582	27.6%	\$74,089	\$69,493	93.8%
City of Carlsbad	126,159	24.1%	63,916	62,243	97.4%
Buena Sanitation District	39,988	7.6%	21,298	18,690	87.8%
Vallecitos Water District	91,137	17.4%	43,789	47,348	108.1%
Leucadia Wastewater District	96,322	18.4%	50,494	45,828	90.8%
City of Encinitas	25,838	4.9%	13,956	11,882	85.1%
TOTALS	<u>\$523,026</u>	<u>100.0%</u>	<u>\$267,542</u>	<u>\$255,484</u>	<u>95.5%</u>
BOARD OF DIRECTORS					
City of Vista	\$7,627	10.4%	\$5,433	\$2,194	40.4%
City of Carlsbad	14,422	19.5%	11,251	3,171	28.2%
Buena Sanitation District	7,445	10.1%	5,433	2,012	37.0%
Vallecitos Water District	15,040	20.4%	11,861	3,179	26.8%
Leucadia Wastewater District	15,752	21.3%	10,907	4,845	44.4%
City of Encinitas	13,522	18.3%	11,917	1,605	13.5%
TOTALS	<u>\$73,808</u>	<u>100.0%</u>	<u>\$56,802</u>	<u>\$17,006</u>	<u>29.9%</u>

Continued

See accompanying independent auditors' report and notes to the financial statements.

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>% of Total</u>	<u>June 30, 2014</u>	<u>Change \$</u>	<u>Change %</u>
FLOW METERING PROGRAM					
City of Vista	\$70,435	25.9%	\$67,606	\$2,829	4.2%
City of Carlsbad	56,765	20.9%	54,484	2,281	4.2%
Buena Sanitation District	52,320	19.2%	50,218	2,102	4.2%
Vallecitos Water District	37,993	14.0%	36,467	1,526	4.2%
Leucadia Wastewater District	36,759	13.5%	35,282	1,477	4.2%
City of Encinitas	17,735	6.5%	17,022	713	4.2%
TOTALS	<u>\$272,007</u>	<u>100.0%</u>	<u>\$261,079</u>	<u>\$10,928</u>	<u>4.2%</u>
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Vista	\$2,650,019	23.3%	\$2,527,266	\$122,753	4.9%
City of Carlsbad	2,955,115	26.0%	2,827,172	127,943	4.5%
Buena Sanitation District	959,439	8.4%	949,290	10,149	1.1%
Vallecitos Water District	2,451,148	21.6%	2,388,957	62,191	2.6%
Leucadia Wastewater District	1,770,450	15.6%	1,753,506	16,944	1.0%
City of Encinitas	579,373	5.1%	566,307	13,066	2.3%
TOTALS	<u>\$11,365,544</u>	<u>100.0%</u>	<u>\$11,012,498</u>	<u>\$353,046</u>	<u>3.2%</u>
SOURCE CONTROL PROGRAM					
City of Vista	\$168,201	28.6%	\$190,050	(\$21,849)	-11.5%
City of Carlsbad	184,902	31.4%	199,818	(14,916)	-7.5%
Buena Sanitation District	69,046	11.7%	91,964	(22,918)	-24.9%
Vallecitos Water District	97,554	16.6%	110,450	(12,896)	-11.7%
Leucadia Wastewater District	52,079	8.9%	51,009	1,070	2.1%
City of Encinitas	16,198	2.8%	20,918	(4,720)	-22.6%
TOTALS	<u>\$587,980</u>	<u>100.0%</u>	<u>\$664,209</u>	<u>(\$76,229)</u>	<u>-11.5%</u>
AGUA HEDIONDA PUMP STATION					
City of Vista	\$197,934	69.1%	\$185,914	\$12,020	6.5%
City of Carlsbad	88,512	30.9%	83,136	5,376	6.5%
TOTALS	<u>\$286,446</u>	<u>100.0%</u>	<u>\$269,050</u>	<u>\$17,396</u>	<u>6.5%</u>

Continued

See accompanying independent auditors' report and notes to the financial statements.

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>% of Total</u>	<u>June 30, 2014</u>	<u>Change \$</u>	<u>Change %</u>
BUENA VISTA PUMP STATION					
City of Vista	\$364,309	89.6%	\$353,932	\$10,377	2.9%
City of Carlsbad	42,286	10.4%	41,081	1,205	2.9%
TOTALS	<u>\$406,595</u>	<u>100.0%</u>	<u>\$395,013</u>	<u>\$11,582</u>	<u>2.9%</u>
BUENA SANITATION DISTRICT FACILITIES					
Buena Sanitation District	\$310,637	100.0%	\$297,139	\$13,498	4.5%
TOTALS	<u>\$310,637</u>	<u>100.0%</u>	<u>\$297,139</u>	<u>\$13,498</u>	<u>4.5%</u>
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$810,972	100.0%	\$650,499	\$160,473	24.7%
TOTALS	<u>\$810,972</u>	<u>100.0%</u>	<u>\$650,499</u>	<u>\$160,473</u>	<u>24.7%</u>
RACEWAY BASIN PUMP STATION					
City of Vista	\$182,712	100.0%	\$158,216	\$24,496	15.5%
TOTALS	<u>\$182,712</u>	<u>100.0%</u>	<u>\$158,216</u>	<u>\$24,496</u>	<u>15.5%</u>
TOTAL OPERATING EXPENSE					
City of Vista	\$3,563,175	25.5%	\$3,415,378	\$147,797	4.3%
City of Carlsbad	4,081,787	29.3%	3,801,706	280,081	7.4%
Buena Sanitation District	1,339,122	9.6%	1,338,393	729	0.1%
Vallecitos Water District	2,548,702	18.3%	2,499,407	49,295	2.0%
Leucadia Wastewater District	1,822,529	13.1%	1,804,515	18,014	1.0%
City of Encinitas	595,571	4.3%	587,225	8,346	1.4%
TOTALS	<u>\$13,950,886</u>	<u>100.0%</u>	<u>\$13,446,624</u>	<u>\$504,262</u>	<u>3.8%</u>

See accompanying independent auditors' report and notes to the financial statements.

**SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESTRICTED -
CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 12,072,961	\$ 4,480,135
Capital Reserve Contribution	<u>1,000,000</u>	<u>-</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>13,072,961</u>	<u>4,480,135</u>
CAPITAL EXPENSES (CREDITS)		
Encina Water Pollution Control Facility (EWPCF) Capital Acquisitions	523,401	393,164
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	45,953	24,886
Buena Vista Pump Station (BVPS) Capital Acquisitions	64,821	34,312
Buena Sanitation District (BSD) Capital Acquisitions	49,570	101,257
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	7,547	45,064
Raceway Basin Pump Station (RBPS) Capital Acquisitions	-	18,020
EWPCF Planned Asset Replacement	1,566,867	1,136,463
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	4,467,756	1,619,310
Solids Process Improvements	162,628	170,321
Energy Management	3,318,212	-
General Improvements	15,503	419,339
Engineering Services	1,759,537	1,893,755
Professional Services	<u>52,456</u>	<u>645,159</u>
TOTAL CAPITAL EXPENSES	<u>12,034,251</u>	<u>6,501,050</u>
CAPITAL CONTRIBUTIONS OVER (UNDER) CAPITAL EXPENSES	1,038,710	(2,020,915)
NON-OPERATING INCOME (EXPENSE)		
Investment Income & Other	<u>5,436</u>	<u>8,227</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>5,436</u>	<u>8,227</u>
NET POSITION RESTRICTED FOR CIP, BEGINNING OF FISCAL YEAR	<u>5,978,907</u>	<u>7,991,595</u>
NET POSITION RESTRICTED FOR CIP, END OF FISCAL YEAR	<u><u>\$ 7,023,053</u></u>	<u><u>\$ 5,978,907</u></u>

See accompanying independent auditors' report and notes to the financial statements.

**SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY PROJECT - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

<u>PROJECTS</u>	<u>Balance June 30, 2014</u>	<u>Member Billings</u>	<u>Income</u>	<u>Capital Expenses</u>	<u>Balance June 30, 2015</u>
<u>CONTINUING PROJECTS</u>					
EWPCF MAJOR PLANT REHABILITATION PROGRAM					
LIQUID PROCESS IMPROVEMENTS	\$ -	\$ (4,467,756)	\$ -	\$ 4,467,756	\$ - *
OUTFALL	-	-	-	162,628	162,628 *
ENERGY MANAGEMENT	-	(3,318,212)	-	3,318,212	- *
GENERAL IMPROVEMENTS	29,320	(229,019)	-	15,503	(184,196) *
ENGINEERING SERVICES	-	(1,759,537)	-	1,759,537	- *
PROFESSIONAL SERVICES	-	(52,456)	-	52,456	- *
SUB TOTAL CONTINUING PROJECTS	<u>29,320</u>	<u>(9,826,980)</u>	<u>-</u>	<u>9,776,092</u>	<u>(21,568)</u>
<u>OTHER</u>					
CAPITAL ACQUISITIONS					
EWPCF	-	(523,401)	-	523,401	-
REMOTE FACILITIES	-	(167,891)	-	167,891	-
PLANNED ASSET REPLACEMENT	-	(1,562,916)	-	1,566,867	3,951 *
CAPITAL RESERVE	(6,000,000)	(1,000,000)	-	-	(7,000,000)
INCOME ON CAPITAL RESERVE FUNDS	(8,227)	8,227	(5,436)	-	(5,436) *
SUB TOTAL OTHER	<u>(6,008,227)</u>	<u>(3,245,981)</u>	<u>(5,436)</u>	<u>2,258,159</u>	<u>(7,001,485)</u>
TOTAL CAPITAL IMPROVEMENT PROGRAM	<u>\$ (5,978,907)</u>	<u>\$ (13,072,961)</u>	<u>\$ (5,436)</u>	<u>\$ 12,034,251</u>	<u>\$ (7,023,053)</u>

* Indicates amounts due from/(to) Member Agencies

\$ (23,053) *

See accompanying independent auditors' report and the notes to the financial statements.

**SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY MEMBER AGENCY - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

PROJECTS	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2015
CONTINUING PROJECTS							
MAJOR PLANT REHABILITATION PROGRAM							
OUTFALL	\$ 40,055	\$ 38,527	\$ 11,270	\$ 39,307	\$ 26,704	\$ 6,765	\$ 162,628 *
GENERAL IMPROVEMENTS	(46,417)	(44,650)	(13,059)	(41,297)	(30,945)	(7,828)	(184,196) *
SUB TOTAL CONTINUING PROJECTS	<u>(6,362)</u>	<u>(6,123)</u>	<u>(1,789)</u>	<u>(1,990)</u>	<u>(4,241)</u>	<u>(1,063)</u>	<u>(21,568)</u>
OTHER							
PLANNED ASSET REPLACEMENT	996	957	280	886	664	168	3,951 *
CAPITAL RESERVE	(1,764,000)	(1,696,800)	(496,300)	(1,569,400)	(1,176,000)	(297,500)	(7,000,000)
INCOME ON CAPITAL RESERVE FUNDS	<u>(1,370)</u>	<u>(1,318)</u>	<u>(385)</u>	<u>(1,219)</u>	<u>(913)</u>	<u>(231)</u>	<u>(5,436) *</u>
SUB TOTAL OTHER	<u>(1,764,374)</u>	<u>(1,697,161)</u>	<u>(496,405)</u>	<u>(1,569,733)</u>	<u>(1,176,249)</u>	<u>(297,563)</u>	<u>(7,001,485)</u>
TOTAL CAPITAL IMPROVEMENT PROGRAM	<u>\$ (1,770,736)</u>	<u>\$ (1,703,284)</u>	<u>\$ (498,194)</u>	<u>\$ (1,571,723)</u>	<u>\$ (1,180,490)</u>	<u>\$ (298,626)</u>	<u>(7,023,053)</u>
REFUND OF MEMBER AGENCY BILLING	\$ (6,736)	\$ (6,484)	\$ (1,894)	\$ (2,323)	\$ (4,490)	\$ (1,126)	\$ (23,053) *
CAPITAL RESERVE REALLOCATION	(520,447)	129,794	212,550	(397,086)	477,441	97,748	- **
	<u>\$ (527,183)</u>	<u>\$ 123,310</u>	<u>\$ 210,656</u>	<u>\$ (399,409)</u>	<u>\$ 472,951</u>	<u>\$ 96,622</u>	<u>\$ (23,053)</u>

* Indicates amounts due from/(to) Member Agencies

** Indicates additional amount to be billed/(credited) to Member Agencies as a result of capital reserve reallocation

See accompanying independent auditors' report and the notes to the financial statements.

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STATISTICAL SECTION

FINANCIAL TRENDS

DEMOGRAPHIC AND ECONOMIC INFORMATION

OPERATING INFORMATION

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STATISTICAL SECTION

This part of the Encina Wastewater Authority's comprehensive annual 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 is 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

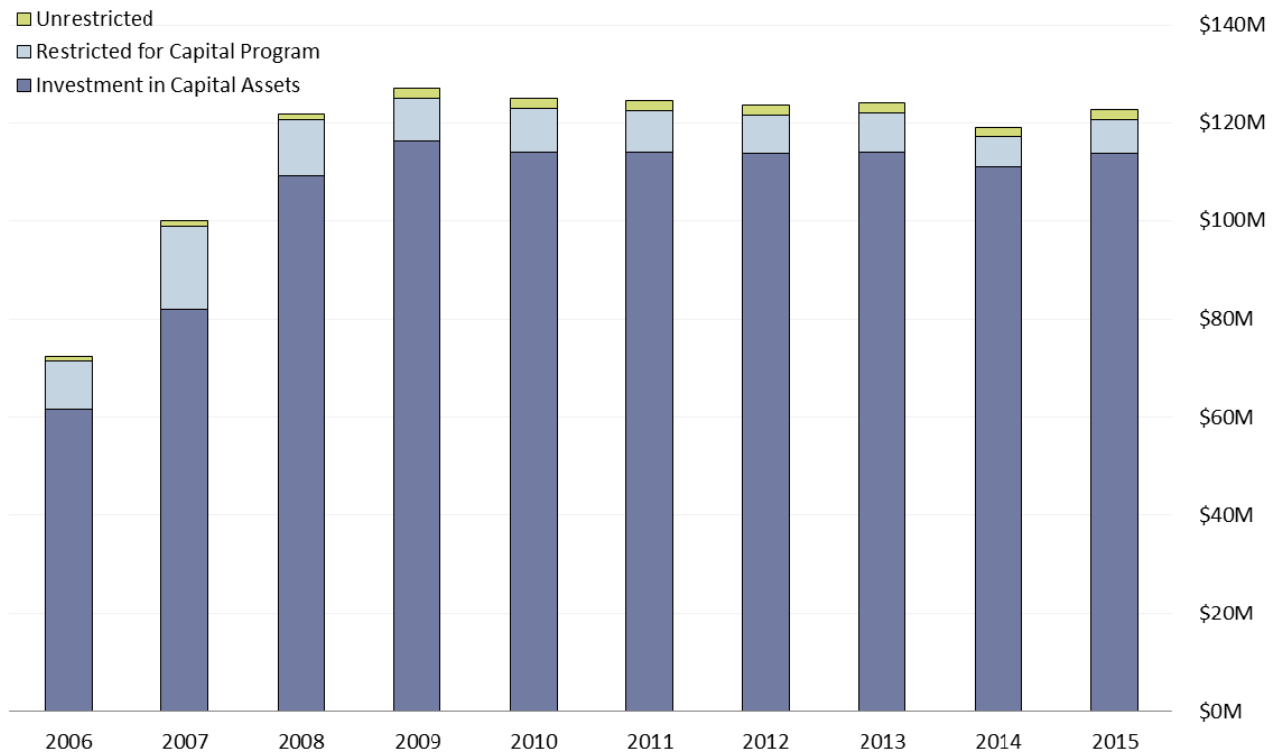
Operating Information

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
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
2011	114,067,928	8,366,771	2,000,000	124,434,699
2010	114,030,234	8,811,243	2,000,000	124,841,477
2009	116,243,485	8,735,897	2,000,000	126,979,382
2008	109,246,020	11,447,317	1,150,000	121,843,337
2007	82,063,943	16,843,037	1,150,000	100,056,980
2006	61,493,550	9,840,344	950,000	72,283,894

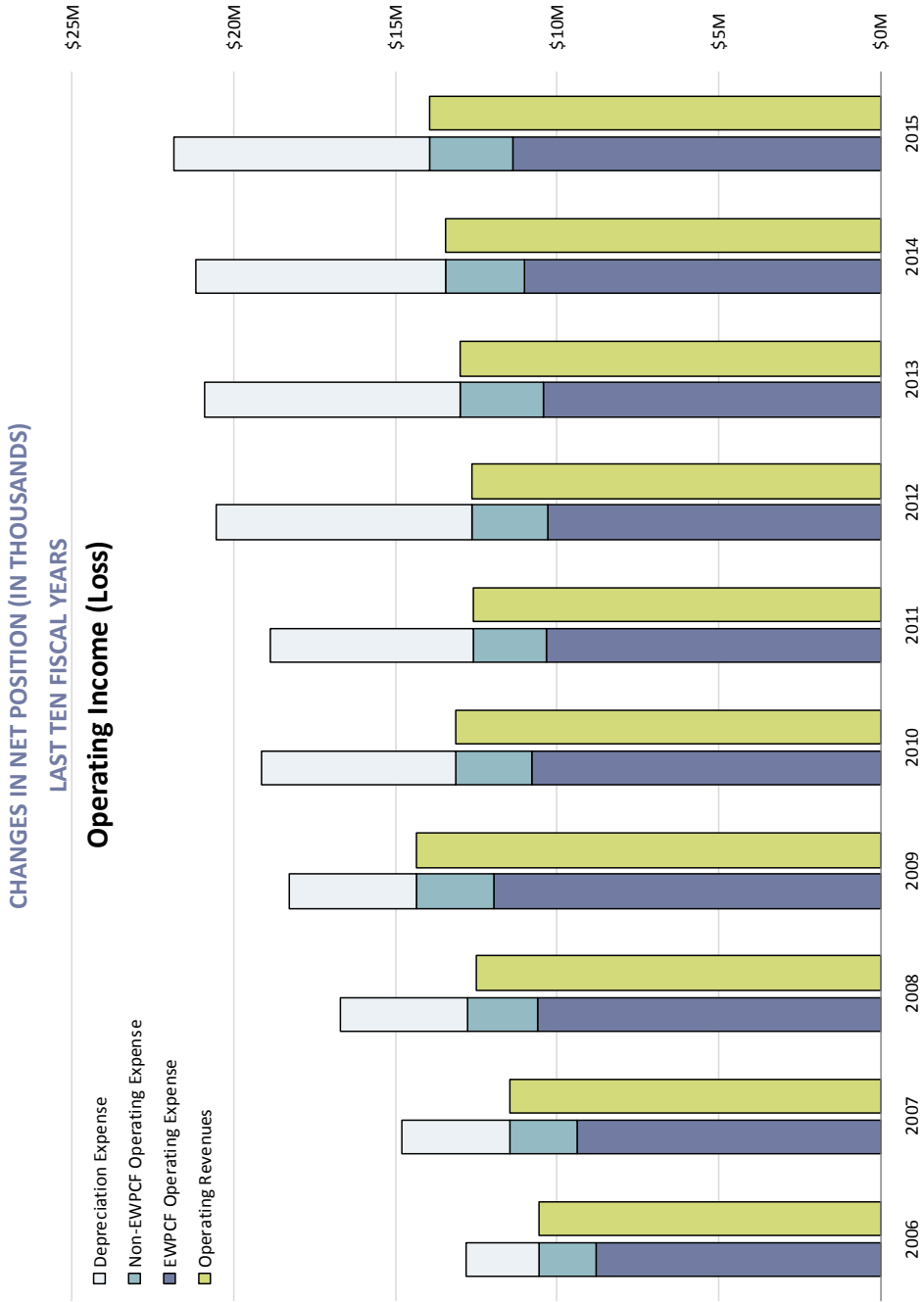


Source: Encina Wastewater Authority

- ▶ FY2015 reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility in addition to increased capital reserves.
- ▶ FY2014 reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▶ FY2013 reflects blower electrical improvements and natural gas pipeline replacement
- ▶ FY2012 reflects increasing depreciation and a loss on disposal of capital assets
- ▶ FY2010 & 2011 reflect higher depreciation resulting from significant capital assets additions in FY2008 & 2009
- ▶ FY2010 reflects Phase V Expansion, Major Plant Rehabilitation, and Enterprise Software Capital Projects
- ▶ FY2009 reflects Phase V Expansion Capital Project and \$850k addition to unrestricted
- ▶ FY2006 - FY2008 reflects Building Program & Phase V Expansion Capital Projects and \$200k addition to unrestricted

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Member Agency Assessments	\$ 13,637	\$ 13,005	\$ 12,646	\$ 12,384	\$ 12,249	\$ 12,863	\$ 14,103	\$ 12,121	\$ 10,958	\$ 10,314
Other Operating Revenues	314	442	347	266	354	286	266	376	492	259
Total Operating Revenues	13,951	13,447	12,993	12,650	12,603	13,149	14,368	12,497	11,449	10,573
Operating Expenses										
Unit I - Encina Plant Usage Costs	6,219	6,289	5,910	5,904	5,810	5,868	7,157	6,365	5,780	5,344
Unit I - Encina Plant Ownership Costs	4,278	4,138	3,936	3,754	3,800	4,265	4,098	3,560	3,018	3,022
Unit J - Encina Ocean Outfall	523	268	265	308	368	357	414	249	233	237
Director's Meetings	74	57	65	57	70	59	61	56	40	40
Flow Metering	272	261	264	273	274	256	246	368	299	141
Subtotal Encina Wastewater										
Pollution Control Facilities (EWPCF)	11,366	11,012	10,440	10,296	10,323	10,805	11,975	10,598	9,369	8,785
Source Control	588	664	620	623	592	588	517	458	383	450
Aqua Hedionda Pump Station	286	269	259	247	202	239	244	207	275	245
Buena Vista Pump Station	407	395	386	348	343	335	370	340	379	294
Buena Sanitation District Facilities	311	297	296	215	314	322	355	321	338	294
Carlsbad Water Reclamation Facilities	811	650	844	772	703	733	740	694	607	506
Raceway Basin Pump Station	183	158	147	147	126	127	167	139	97	-
Depreciation	7,904	7,725	7,917	7,900	6,260	5,986	3,897	3,938	3,380	2,260
Total Operating Expenses	21,855	21,171	20,910	20,549	18,863	19,135	18,265	16,694	14,829	12,833
Operating Income (Loss)	(7,904)	(7,725)	(7,917)	(7,900)	(6,260)	(5,986)	(3,897)	(4,197)	(3,380)	(2,260)
Nonoperating Revenues (Expenses)										
Net Gain (Loss) on Disposal of Capital Assets	(1,575)	(1,586)	(1,328)	(841)	(50)	(849)	(281)	75	(172)	(223)
Investment & Other Capital Income	5	8	10	17	25	40	146	369	387	172
Other Nonoperating Revenues	-	-	-	-	-	-	850	-	200	-
Total Nonoperating Revenues (Expenses)	(1,569)	(1,577)	(1,318)	(824)	(25)	(809)	715	445	415	(51)
Income (Loss) Before Contributions and Distributions	(9,473)	(9,302)	(9,235)	(8,724)	(6,285)	(6,796)	(3,182)	(3,752)	(2,964)	(2,311)
Capital Contributions and Distributions										
Member Agency Assessments	13,073	6,775	9,652	7,806	5,878	4,658	8,318	29,539	30,737	11,757
Distributions to Member Agencies	-	(2,295)	-	-	-	-	-	(4,000)	-	-
Total Capital Contributions	13,073	4,480	9,652	7,806	5,878	4,658	8,318	25,539	30,737	11,757
Increase (Decrease) in Net Position	\$ 3,600	\$ (4,822)	\$ 418	\$ (917)	\$ (407)	\$ (2,138)	\$ 5,136	\$ 21,786	\$ 27,773	\$ 9,446



Source: Encina Wastewater Authority

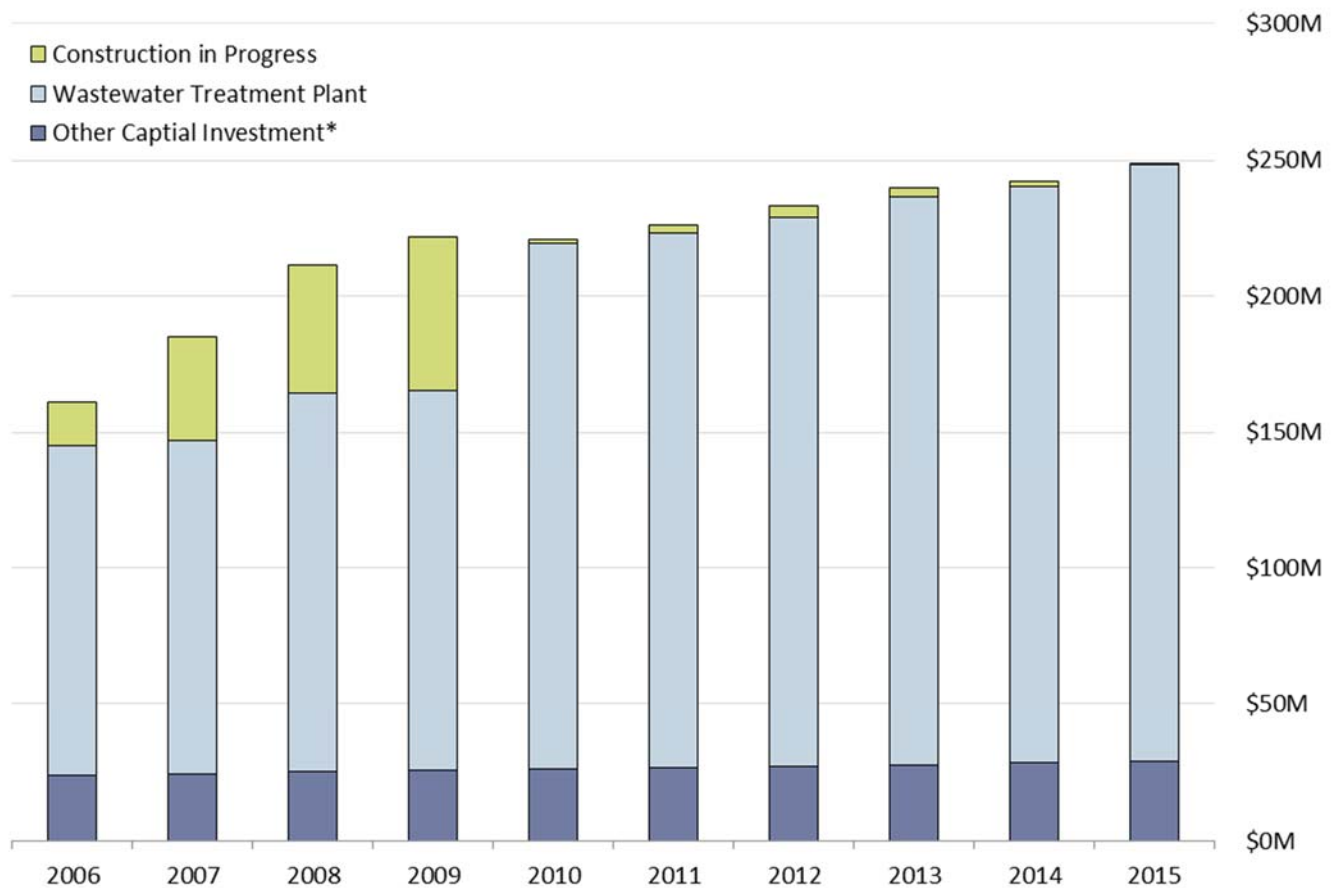
- ▲ FY 2015 reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility
- ▲ FY 2014 reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▲ FY 2013: Capital expense increased from designs 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.
- ▲ FY 2010: Capital Revenues decreased from prior year due to Phase V Expansion project completion. Depreciation expense doubled from prior years due to capitalization of Phase V Expansion construction.
- ▲ FY 2009: EWPCF operating expense higher than usual due to Phase V Expansion project start-up activities.
- ▲ FY 2009: Capital Revenues decreased from prior year resulting from substantial completion of Phase V Expansion project
- ▲ FY 2008: Capital Revenues decreased from prior year resulting from completion of the Building Program
- ▲ FY 2007: Capital Revenues increased from prior years due to commencement of two large capital facility projects
- ▲ FY 2007: Depreciation increased from prior years due to completion and capitalization of the Flow Equalization facility.
- ▲ Other Nonoperating Revenues in FY 2009 and FY 2007 represent Financial Reserve Contributions

**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
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)	113,893,325
2013	209,110,243	14,115,650	6,860,710	2,821,468	314,269	3,598,173	3,075,422	(125,952,298)	114,067,928
2012	202,104,971	14,102,005	6,749,955	2,341,392	299,059	3,598,173	4,054,328	(119,356,558)	114,030,233
2011	196,253,370	14,102,005	6,581,287	2,112,950	299,059	3,598,173	3,509,708	(112,388,624)	116,243,485
2010	192,795,916	14,102,005	6,433,787	1,884,990	299,059	3,598,173	1,658,195	(106,741,892)	109,246,019
2009	139,467,581	13,766,644	6,384,089	1,704,956	299,059	3,598,173	56,596,253	(105,573,270)	82,063,943
2008	139,229,814	13,766,644	6,103,717	1,502,840	299,059	3,598,173	46,749,390	(102,003,617)	61,493,550
2007	122,413,852	13,766,644	5,959,437	815,938	299,059	3,598,173	38,017,368	(102,806,528)	53,395,006
2006	120,811,650	13,766,644	5,716,899	701,756	280,466	3,598,173	16,344,456	(99,726,495)	45,048,381

Investment in Capital Assets by Category Excluding Depreciation



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

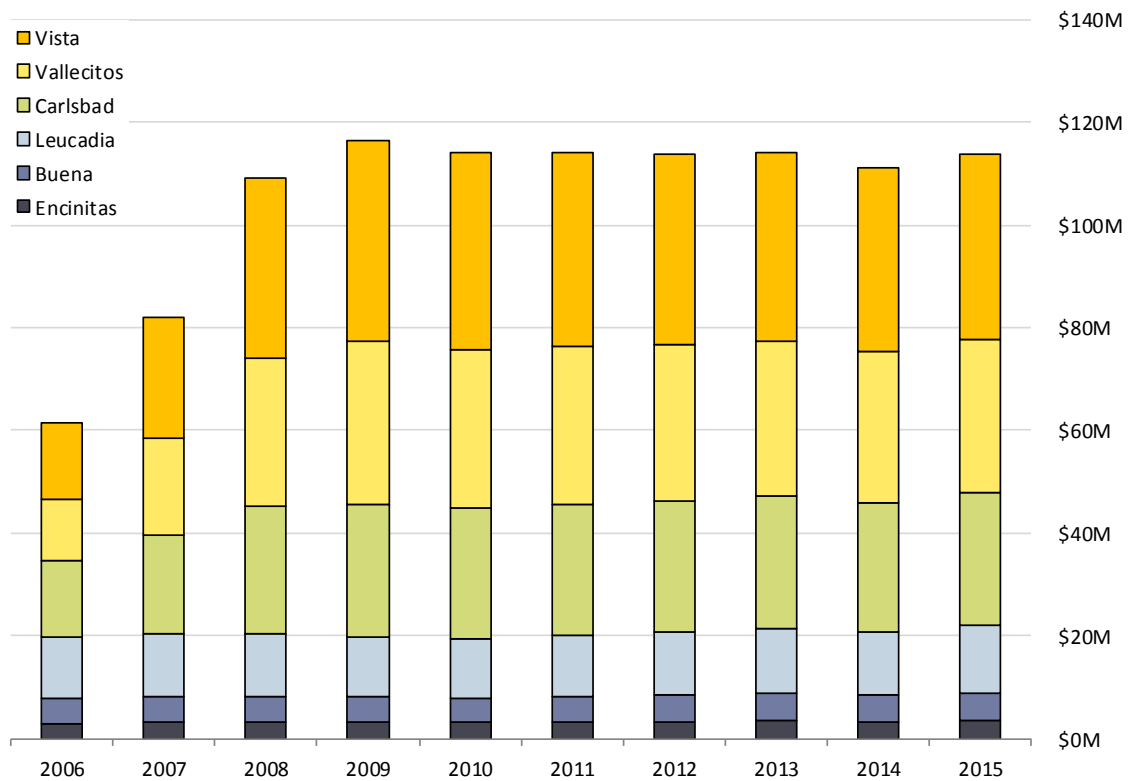
Source: Encina Wastewater Authority

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

By Member Agency

Fiscal Year	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	Total
2015	\$ 36,102,270	\$ 25,777,202	\$ 5,435,237	\$ 29,783,001	\$ 13,036,766	\$ 3,555,248	\$ 113,689,724
2014	35,757,254	25,096,031	5,181,764	29,347,614	12,360,296	3,391,313	111,134,272
2013	36,685,069	25,726,787	5,255,587	30,063,361	12,731,372	3,481,461	113,943,637
2012	37,154,594	25,612,883	5,084,767	30,362,230	12,285,583	3,393,268	113,893,325
2011	37,687,907	25,537,838	4,915,342	30,714,365	11,893,406	3,319,070	114,067,928
2010	38,173,642	25,445,003	4,709,713	31,017,162	11,451,647	3,233,072	114,030,239
2009	38,917,534	25,916,556	4,832,144	31,571,047	11,704,705	3,301,500	116,243,486
2008	35,362,569	24,557,479	5,011,463	28,745,540	12,229,771	3,339,199	109,246,021
2007	23,457,660	19,146,400	5,007,909	18,900,822	12,369,231	3,111,921	81,993,943
2006	14,949,461	14,918,740	4,899,249	11,893,673	11,988,501	2,843,926	61,493,550

Investment in Capital Assets by Member Agency



Source: Encina Wastewater Authority

2015 capital assets include:

- ▶ FY12 and FY13 major plant rehabilitation projects
- ▶ Alternative fuel receiving facility
- ▶ Cogeneration engine frame overhaul
- ▶ Influent junction structure and piping
- ▶ Dryer drum rehabilitation
- ▶ Drying safety upgrades

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)
2014	360,000	0.6%	\$ 17,690	\$ 49,140	5.5%	\$ 58,612
2013	358,000	1.0%	\$ 13,729	\$ 38,348	7.0%	\$ 54,186
2012	354,290	0.8%	\$ 16,477	\$ 46,508	8.4%	\$ 52,780
2011	351,348	0.8%	\$ 15,502	\$ 44,121	9.4%	\$ 52,754
2010	348,420	0.1%	\$ 18,368	\$ 52,718	9.6%	\$ 53,488
2009	347,943	0.6%	\$ 18,298	\$ 52,590	9.0%	\$ 54,553
2008	345,880	1.8%	\$ 18,284	\$ 52,862	5.6%	\$ 52,271
2007	339,639	2.1%	\$ 17,406	\$ 51,248	4.3%	\$ 48,335
2006	332,732	2.5%	\$ 16,382	\$ 49,235	3.8%	\$ 42,644
2005	324,505	N/A	\$ 15,324	\$ 47,222	4.0%	\$ 37,542

* prior year information revised from earlier reports due to more accurate data becoming available

Principal Employers

Employer	Business Category	Number of Employees	Percent of Total Employment**	Member Agency
ViaSat, Inc.	Communications	1,700	1.88%	Carlsbad
Callaway Golf	Sporting Good Equipment	1,637	1.81%	Carlsbad
Hunter Industries	Manufacturing	756	2.54%	San Marcos
United Parcel Service	Shipping	438	1.47%	San Marcos
Vista Unified School District	Education	2,350	4.74%	Vista
Watkins Manufacturing Corp.	Manufacturing	511	1.03%	Vista
	(data not available)			Encinitas

** within specified member agency jurisdiction

Principal Property Taxpayers

Taxpayer	2014 Assessed Taxable Value	Member Agency
La Costa Glen Retirement Community	\$ 237,951,989	Carlsbad
The Forum Shopping Center	183,294,000	Carlsbad
World Premier Investments	126,020,953	San Marcos
Urban Villages San Marcos LLC	83,163,160	San Marcos
Shadowridge Vista Apartments LLC	81,716,409	Vista
Vista Bella Terra LP	72,825,270	Vista
TRC Encinitas Village	79,605,220	Encinitas
Belmont Village Tenant LLC	69,272,280	Encinitas

- ▶ Data presented is a composite of data from FY 2014 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

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 by Revised Basic Agreement	August 1988
Encina Administrative Agency renamed Encina Wastewater Authority	December 1991
Revised Establishment Document approved by Member Agencies	November 1994
Revised Establishment Document approved by Member Agencies	October 2014











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	360,000
Wastewater Treatment & Disposal Capacity (permitted)	43.30 MGD
Average Daily Wastewater Flow	20.88 MGD
Average Daily Biochemical Oxygen Demand (influent)	57,004 PPD
Average Suspended Solids (influent)	62,700 PPD
Average Treated Wastewater Reclaimed	2.25 MGD
Average Treated Wastewater Disposal	18.72 MGD
Average Years of Employee Service	9.10 years

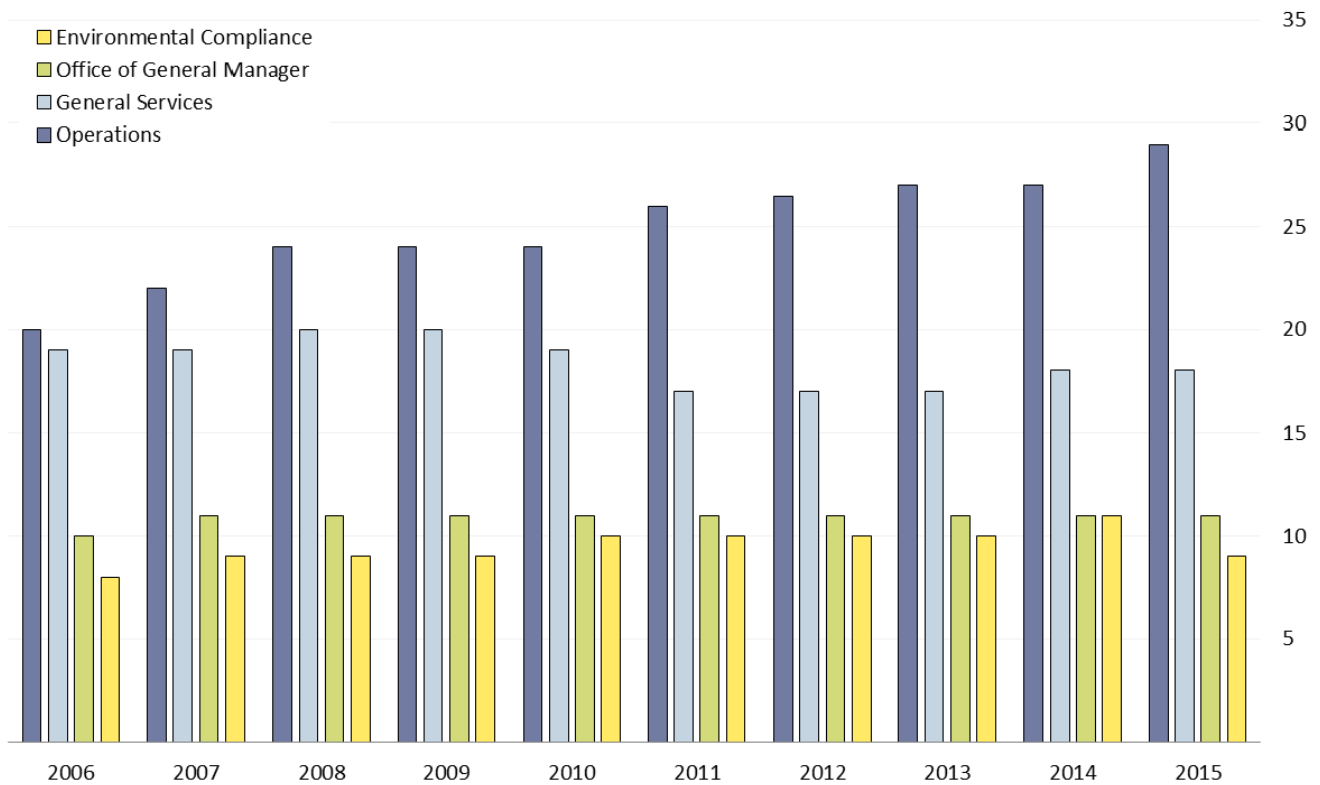
Top 10 Source Permits (Gallons per Day)

Cintas Corporation	Industrial laundry	55,000	
Prudential Overall Supply	Industrial laundry	54,000	
Hollandia Dairy	Beverage producer	38,000	
GE Osmonics, Inc.	Manufacturing	25,000	
Fresh Creative Foods	Food Processing	14,700	
Hughes Circuits, Inc.	Manufacturing	9,200	
J&D Laboratories, Inc.	Manufacturing	6,500	
Jif-Pak Manufacturing, Inc.	Manufacturing	4,900	
Signet Armorlite, Inc.	Manufacturing	4,475	
Vista Industrial Products, Inc.	Manufacturing	3,000	

- ▶ MGD = million gallons per day
- ▶ PPD = pounds per day

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Operations	General Services	Office of General Manager	Environmental Compliance	Total FTE
2015	29.00	18.00	11.00	9.00	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
2011	26.00	17.00	11.00	10.00	64.00
2010	24.00	19.00	11.00	10.00	64.00
2009	24.00	20.00	11.00	9.00	64.00
2008	24.00	20.00	11.00	9.00	64.00
2007	22.00	19.00	11.00	9.00	61.00
2006	20.00	19.00	10.00	8.00	57.00



Source: Encina Wastewater Authority

- ▶ FY 2015 : Unfilled staffing positions reorganized to operations
- ▶ 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
- ▶ FY 2009: Maintenance function retitled General Services
- ▶ FY 2008: Two Shift Supervisor and one Mechanical Technician positions added
- ▶ FY 2007: One Chemist, one Shift Supervisor, one Operator Grade II, one Support Specialist positions added
- ▶ FY 2006: One Engineering Manager, one Financial Services Manager, one Maintenance Planner, and one Electrical Instrumentation Specialist positions added

**OPERATING REVENUE AND EXPENSE 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	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2015	\$ 3,524,984	\$ 4,102,472	\$ 1,333,738	\$ 2,657,520	\$ 1,785,125	\$ 571,496	\$ 13,975,335	4.4%
2014	3,330,764	3,836,196	1,324,208	2,591,053	1,746,870	563,620	13,392,711	5.4%
2013	2,916,646	3,827,257	1,223,734	2,364,992	1,828,803	546,491	12,707,922	4.1%
2012	2,894,508	3,677,363	1,122,452	2,211,874	1,780,750	525,297	12,212,244	-2.5%
2011	2,944,497	3,713,809	1,257,548	2,236,119	1,836,606	537,555	12,526,134	-4.4%
2010	3,042,873	3,961,372	1,322,605	2,260,092	1,929,239	582,692	13,098,870	-7.9%
2009	3,354,891	4,190,425	1,422,809	2,594,083	2,051,872	613,734	14,227,814	13.3%
2008	2,895,678	3,819,522	1,280,944	2,305,224	1,753,873	502,210	12,557,451	9.2%
2007	2,798,871	3,192,274	1,170,638	2,260,439	1,666,198	414,273	11,502,693	8.1%
2006	2,509,016	2,926,479	1,053,386	2,163,780	1,609,737	374,399	10,636,797	

Operating Expenses, excluding Depreciation

Fiscal Year	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2015	\$ 3,563,175	\$ 4,081,787	\$ 1,339,122	\$ 2,548,702	\$ 1,822,529	\$ 595,571	\$ 13,950,886	3.8%
2014	3,415,378	3,801,706	1,338,393	2,499,407	1,804,515	587,225	13,446,624	3.5%
2013	3,028,237	3,929,390	1,308,964	2,328,462	1,834,336	563,925	12,993,314	2.7%
2012	2,972,735	3,854,579	1,219,645	2,267,470	1,787,779	547,312	12,649,520	0.4%
2011	3,010,991	3,820,570	1,303,867	2,162,596	1,773,223	532,034	12,603,281	-4.1%
2010	3,091,124	3,999,304	1,360,071	2,193,064	1,915,895	589,325	13,148,783	-8.5%
2009	3,415,783	4,235,589	1,458,870	2,553,589	2,049,814	654,522	14,368,167	12.6%
2008	2,967,030	3,853,390	1,282,977	2,333,837	1,795,076	524,056	12,756,366	11.4%
2007	2,825,776	3,230,255	1,184,857	2,104,831	1,689,485	414,105	11,449,309	8.3%
2006	2,529,655	2,935,272	1,044,667	2,057,769	1,625,863	380,032	10,573,258	

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

Fiscal Year	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	Total
2015	\$ (38,191)	\$ 20,685	\$ (5,384)	\$ 108,818	\$ (37,404)	\$ (24,075)	\$ 24,449
2014	(84,614)	34,490	(14,185)	91,646	(57,645)	(23,605)	(53,913)
2013	(111,591)	(102,133)	(85,230)	36,530	(5,533)	(17,434)	(285,391)
2012	78,227	177,216	97,193	55,596	7,029	22,015	437,276
2011	66,494	106,761	46,319	(73,523)	(63,383)	(5,521)	77,147
2010	48,250	37,934	37,466	(67,028)	(13,343)	6,632	49,911
2009	60,893	45,165	36,063	(40,492)	(2,057)	40,786	140,358
2008	71,352	33,868	2,033	28,613	41,203	21,846	198,915
2007	26,905	37,981	14,219	(155,608)	23,287	(168)	(53,384)
2006	20,639	8,793	(8,719)	(106,011)	16,126	5,633	(63,539)

Source: Encina Wastewater Authority

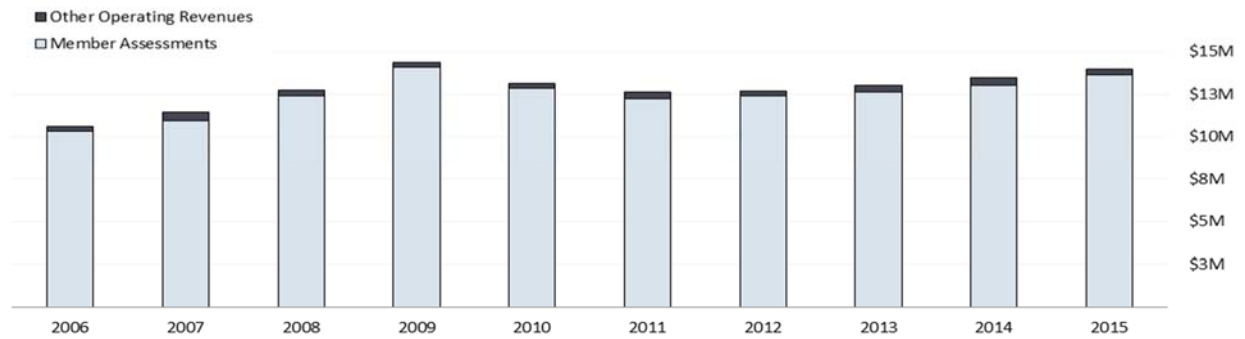
- ▶ Member billing methodology changed from estimated budget to actuals beginning FY 2003.
- ▶ A variance is expected due to the fiscal year's close taking place subsequent to the fiscal year end Member Agency billing.

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

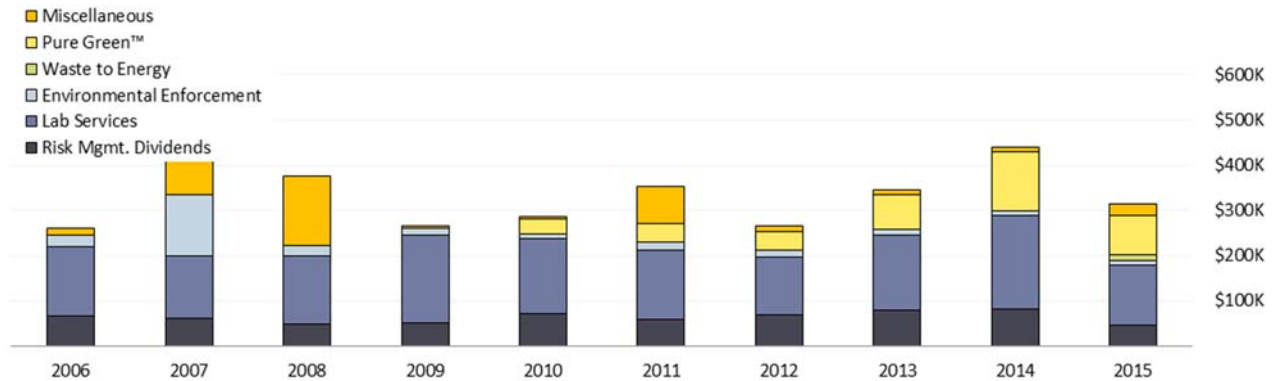
Operating Revenues

Fiscal Year	Member Assessments	Waste to Energy	Risk Mgmt. Dividends	Pure Green™	Lab Services	Environmental Enforcement	Miscellaneous	Total
2015	\$ 13,637,230	\$ 14,806	\$ 47,203	\$ 84,138	\$ 131,738	\$ 9,150	\$ 26,621	\$ 13,950,886
2014	13,004,951	-	81,042	131,141	207,365	10,731	11,394	13,446,624
2013	12,646,345	-	80,662	75,646	163,918	12,888	13,855	12,993,314
2012	12,383,770	-	70,388	42,937	125,404	14,830	12,191	12,649,519
2011	12,249,355	-	58,772	40,448	154,245	16,970	83,492	12,603,282
2010	12,863,097	-	71,669	31,534	166,648	9,490	6,345	13,148,783
2009	14,102,534	-	52,366	-	193,478	14,985	4,803	14,368,167
2008	12,380,505	-	48,672	-	150,346	21,872	154,971	12,756,366
2007	10,957,510	-	60,804	-	138,945	134,110	157,940	11,449,309
2006	10,314,124	-	65,839	-	153,102	26,037	14,156	10,573,258

Total Operating Revenues



Other Operating Revenues



Source: Encina Wastewater Authority

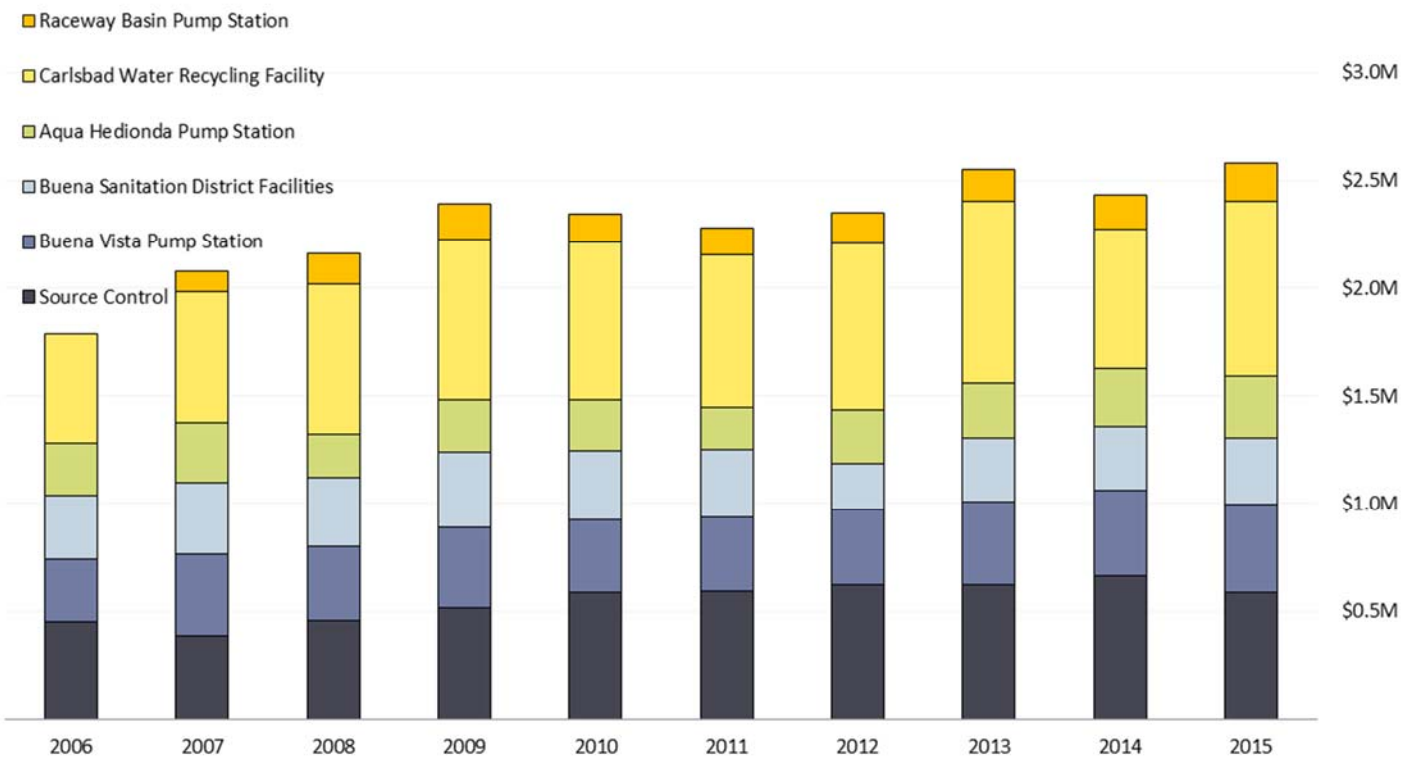
- ▶ FY2015: Waste to Energy Revenue generated from receipt of fats, oils, grease and other organics into the alternative fuel receiving facility
- ▶ Miscellaneous Revenue includes Sale of Scrap, Refunds, and Incentives
- ▶ FY2011: Miscellaneous Revenue includes \$78k retroactive utility rate adjustment from San Diego Gas & Electric
- ▶ FY2010: Pure Green™ marketing initiated
- ▶ FY2008: Non-operating Revenue of \$259,066 was applied to offset Operating Expenses
- ▶ FY2006: Septage Hauler Domestic Waste program discontinued

**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 Sanitation District Facilities	Carlsbad Water Recycling Facility	Raceway Basin Pump Station	Total
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	12,649,521
2011	10,322,743	591,609	201,953	343,044	314,303	703,253	126,375	12,603,280
2010	10,805,156	587,541	238,499	335,451	321,524	733,358	127,254	13,148,783
2009	11,974,772	517,222	244,177	370,135	354,886	739,851	167,124	14,368,167
2008	10,597,845	457,500	206,733	340,290	320,629	693,992	139,377	12,756,366
2007	9,369,179	383,060	275,102	379,484	337,799	607,207	97,478	11,449,309
2006	8,784,969	449,814	244,939	293,613	294,416	505,507	-	10,573,258

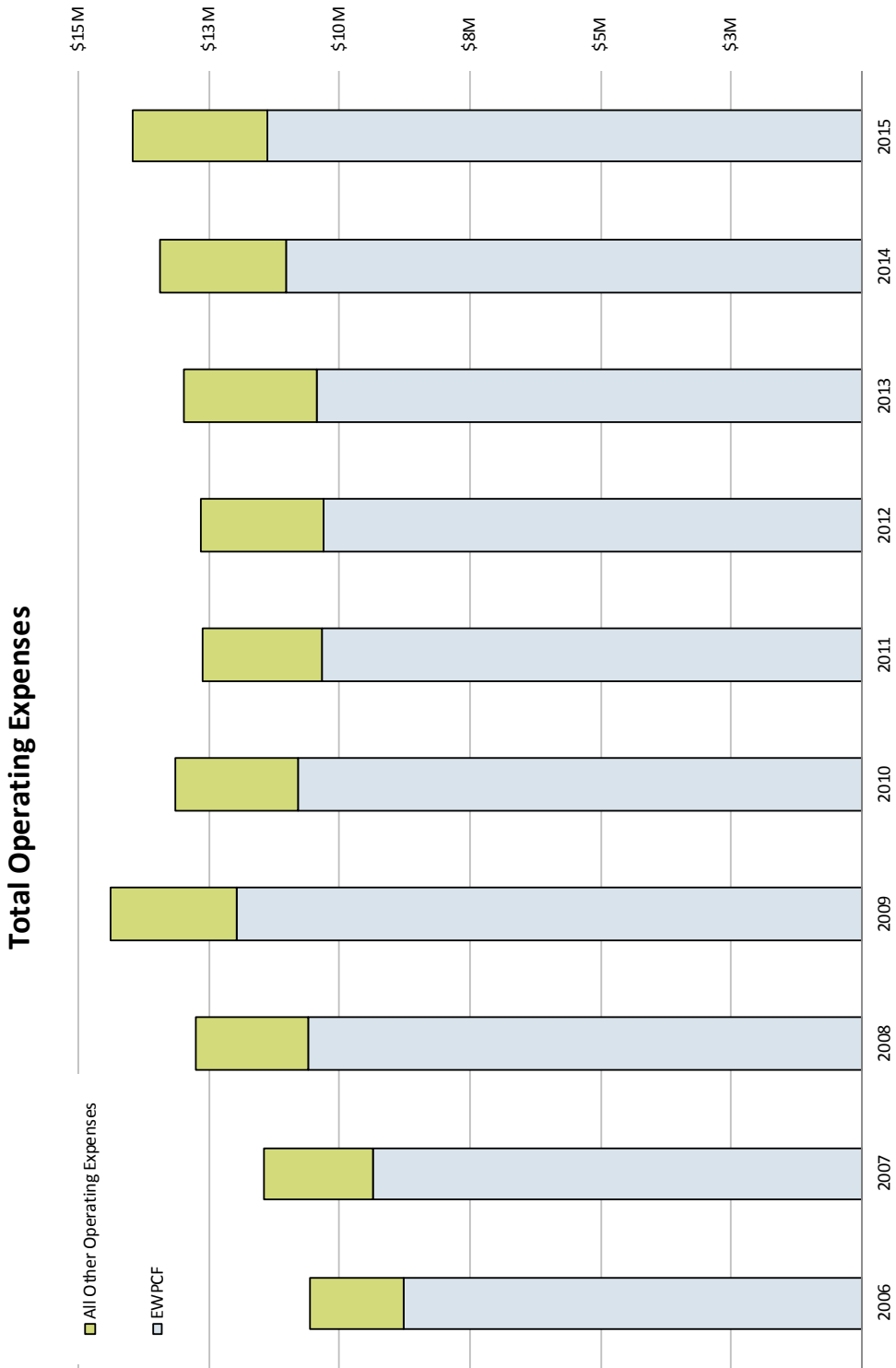
Other Operating Expenses



Source: Encina Wastewater Authority

- ▶ Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues
- ▶ FY 2009: Phase V Expansion substantially complete and on-line. Variance in operating costs result of start-up activities
- ▶ FY 2007: EWA assumed operation of City of Vista's Raceway Basin Pump Station Facility
- ▶ FY 2005: Carlsbad Water Recycling Facility commenced operations

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



Source: Encina Wastewater Authority

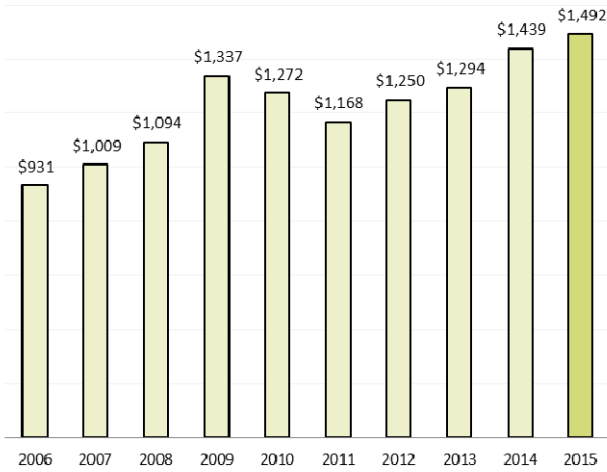
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**OPERATING EXPENSE PER MILLION GALLONS (MG)
LAST TEN FISCAL YEARS**

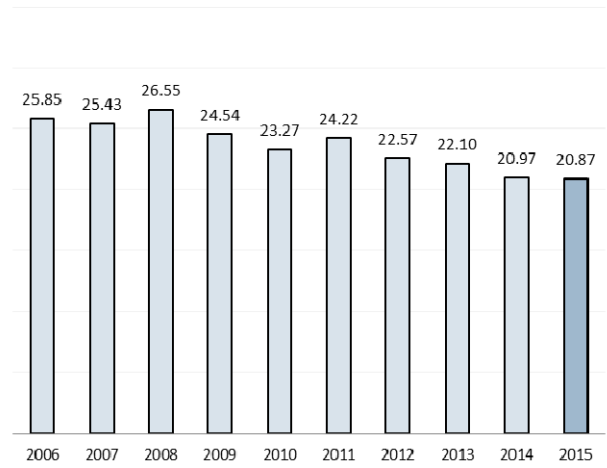
Year Ended	Vista	Carlsbad	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2015							
Operating Expenses	\$ 2,650,019	\$ 2,955,115	\$ 959,439	\$ 2,451,148	\$ 1,770,450	\$ 579,373	\$ 11,365,544
Avg. Daily Flow in MG	5.45	6.17	1.51	2.85	3.91	0.98	20.87
Annualized Flow in MG	1989.25	2252.05	551.15	1040.25	1427.15	357.70	7617.55
Cost Per MG	\$ 1,332.17	\$ 1,312.19	\$ 1,740.79	\$ 2,356.31	\$ 1,240.55	\$ 1,619.72	\$ 1,492.02
% change from prior year	4.28%	-0.05%	4.42%	7.64%	5.36%	6.48%	3.70%
June 30, 2014							
Operating Expenses	\$ 2,527,266	\$ 2,827,172	\$ 949,290	\$ 2,388,957	\$ 1,753,506	\$ 566,307	\$ 11,012,498
Avg. Daily Flow in MG	5.42	5.90	1.56	2.99	4.08	1.02	20.97
Annualized Flow in MG	1978.30	2153.50	569.40	1091.35	1489.20	372.30	7654.05
Cost Per MG	\$ 1,277.49	\$ 1,312.83	\$ 1,667.18	\$ 2,188.99	\$ 1,177.48	\$ 1,521.10	\$ 1,438.78
% change from prior year	14.10%	12.76%	6.37%	24.70%	-1.84%	6.67%	11.17%
June 30, 2013							
Operating Expenses	\$ 2,186,301	\$ 2,774,976	\$ 932,447	\$ 2,204,088	\$ 1,795,180	\$ 546,527	\$ 10,439,519
Avg. Daily Flow in MG	5.35	6.53	1.63	3.44	4.10	1.05	22.10
Annualized Flow in MG	1952.75	2383.45	594.95	1255.60	1496.50	383.25	8066.50
Cost Per MG	\$ 1,119.60	\$ 1,164.27	\$ 1,567.27	\$ 1,755.41	\$ 1,199.59	\$ 1,426.03	\$ 1,294.18
% change from prior year	1.22%	5.33%	2.39%	3.28%	2.91%	6.48%	3.55%
June 30, 2012							
Operating Expenses	\$ 2,164,079	\$ 2,792,012	\$ 910,702	\$ 2,152,635	\$ 1,748,725	\$ 527,935	\$ 10,296,088
Avg. Daily Flow in MG	5.36	6.92	1.63	3.47	4.11	1.08	22.57
Annualized Flow in MG	1956.40	2525.80	594.95	1266.55	1500.15	394.20	8238.05
Cost Per MG	\$ 1,106.15	\$ 1,105.40	\$ 1,530.72	\$ 1,699.61	\$ 1,165.70	\$ 1,339.26	\$ 1,249.82
% change from prior year	7.95%	7.27%	7.07%	9.87%	2.45%	-1.87%	7.03%
June 30, 2011							
Operating Expenses	\$ 2,273,903	\$ 2,847,328	\$ 892,275	\$ 2,055,254	\$ 1,735,905	\$ 518,079	\$ 10,322,744
Avg. Daily Flow in MG	6.08	7.57	1.71	3.64	4.18	1.04	24.22
Annualized Flow in MG	2219.20	2763.05	624.15	1328.60	1525.70	379.60	8840.30
Cost Per MG	\$ 1,024.65	\$ 1,030.50	\$ 1,429.58	\$ 1,546.93	\$ 1,137.78	\$ 1,364.80	\$ 1,167.69
% change from prior year	-7.89%	-10.49%	-9.29%	-1.67%	-9.29%	-9.65%	-8.21%
June 30, 2010							
Operating Expenses	\$ 2,334,760	\$ 2,983,569	\$ 966,403	\$ 2,084,517	\$ 1,867,994	\$ 567,912	\$ 10,805,155
Avg. Daily Flow in MG	5.75	7.10	1.68	3.63	4.08	1.03	23.27
Annualized Flow in MG	2098.75	2591.50	613.20	1324.95	1489.20	375.95	8493.55
Cost Per MG	\$ 1,112.45	\$ 1,151.29	\$ 1,576.00	\$ 1,573.28	\$ 1,254.36	\$ 1,510.61	\$ 1,272.16
% change from prior year	-5.82%	-8.48%	-4.77%	5.17%	-5.77%	-3.41%	-4.84%
June 30, 2009							
Operating Expenses	\$ 2,578,159	\$ 3,264,462	\$ 1,051,098	\$ 2,440,780	\$ 2,006,657	\$ 633,616	\$ 11,974,772
Avg. Daily Flow in MG	5.98	7.11	1.74	4.47	4.13	1.11	24.54
Annualized Flow in MG	2182.70	2595.15	635.10	1631.55	1507.45	405.15	8957.10
Cost Per MG	\$ 1,181.18	\$ 1,257.91	\$ 1,655.01	\$ 1,495.99	\$ 1,331.16	\$ 1,563.91	\$ 1,336.90
% change from prior year	21.70%	24.53%	18.55%	24.33%	16.11%	29.99%	22.25%
June 30, 2008							
Operating Expenses	\$ 2,253,155	\$ 2,934,738	\$ 912,076	\$ 2,230,966	\$ 1,757,509	\$ 509,401	\$ 10,597,845
Avg. Daily Flow in MG	6.36	7.96	1.79	5.08	4.20	1.16	26.55
Annualized Flow in MG	2321.40	2905.40	653.35	1854.20	1533.00	423.40	9690.75
Cost Per MG	\$ 970.60	\$ 1,010.10	\$ 1,396.00	\$ 1,203.20	\$ 1,146.45	\$ 1,203.12	\$ 1,093.60
% change from prior year	10.24%	3.06%	16.00%	5.36%	14.36%	11.17%	8.34%
June 30, 2007							
Operating Expenses	\$ 2,104,941	\$ 2,393,225	\$ 808,215	\$ 2,017,472	\$ 1,650,313	\$ 395,013	\$ 9,369,179
Avg. Daily Flow in MG	6.55	6.69	1.84	4.84	4.51	1.00	25.43
Annualized Flow in MG	2390.75	2441.85	671.60	1766.60	1646.15	365.00	9281.95
Cost Per MG	\$ 880.45	\$ 980.09	\$ 1,203.42	\$ 1,142.01	\$ 1,002.53	\$ 1,082.23	\$ 1,009.40
% change from prior year	10.48%	7.26%	15.09%	9.48%	2.04%	14.14%	8.41%
June 30, 2006							
Operating Expenses	\$ 1,975,084	\$ 2,221,305	\$ 713,689	\$ 1,926,565	\$ 1,581,498	\$ 366,828	\$ 8,784,969
Avg. Daily Flow in MG	6.79	6.66	1.87	5.06	4.41	1.06	25.85
Annualized Flow in MG	2478.35	2430.90	682.55	1846.90	1609.65	386.90	9435.25
Cost Per MG	\$ 796.94	\$ 913.78	\$ 1,045.62	\$ 1,043.13	\$ 982.51	\$ 948.12	\$ 931.08

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

Operating Expense per Million Gallons

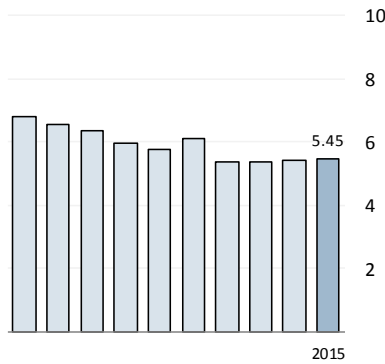


Total Average Daily Flow (MGD)

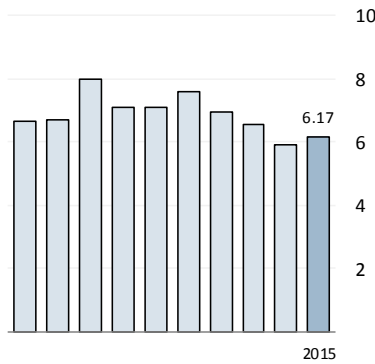


Average Daily Flow (MGD) by Member Agency

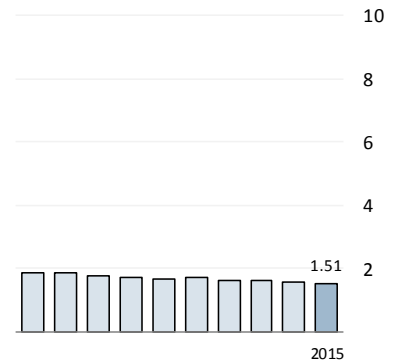
Vista



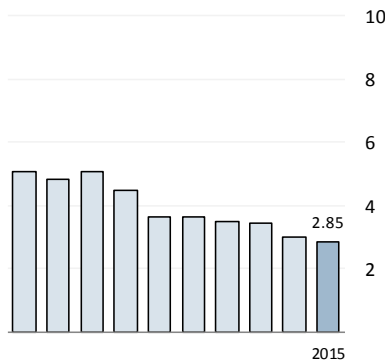
Carlsbad



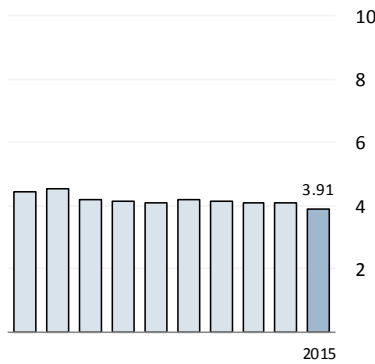
Buena



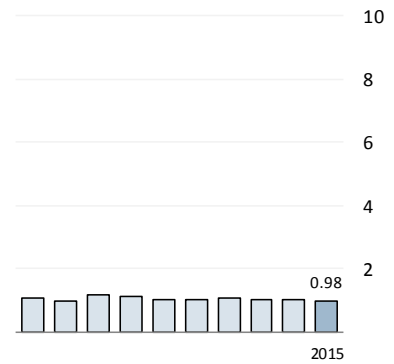
Vallecitos



Leucadia



Encinitas



Source: Encina Wastewater Authority

- ▶ 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.
- ▶ FY 2005 reflects impact of inflow and infiltration caused by high precipitation levels

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BUDGET PERFORMANCE SECTION

OPERATING PROGRAM

PERSONNEL EXPENSES

CAPITAL PROGRAM

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**SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Actual to Budget</u>
Revenues:					
Member Assessments	\$14,152,686	\$14,152,686	\$13,637,230	\$515,456	96.4%
Other	381,200	401,350	313,656	87,694	78.2%
Total Revenues	<u>\$14,533,886</u>	<u>\$14,554,036</u>	<u>\$13,950,886</u>	<u>\$603,150</u>	<u>95.9%</u>
Expenses:					
Personnel Expense	\$7,565,645	\$7,565,645	\$7,646,681	(\$81,036)	101.1%
Chemicals	1,392,463	1,387,955	1,312,423	75,532	94.6%
Biosolids	293,172	402,451	379,989	22,462	94.4%
Utilities	2,047,899	1,950,760	1,843,218	107,542	94.5%
Other Non-Personnel	2,970,707	2,983,225	2,768,575	214,650	92.8%
Contingency	264,000	264,000	-	264,000	0.0%
Total Expenses	<u>\$14,533,886</u>	<u>\$14,554,036</u>	<u>\$13,950,886</u>	<u>\$603,150</u>	<u>95.9%</u>

**SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel Expense	\$7,646,681	\$7,248,435	\$398,246	5.5%
Chemicals	1,312,423	1,214,614	97,809	8.1%
Biosolids	379,989	282,316	97,673	34.6%
Utilities	1,843,218	2,090,927	(247,709)	-11.8%
Other Non-Personnel	2,768,575	2,610,332	158,243	6.1%
Total	<u>\$13,950,886</u>	<u>\$13,446,624</u>	<u>\$504,262</u>	<u>3.8%</u>

**SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Actual to Budget</u>
Programs					
EWPCF	\$ 5,788,153	\$ 5,788,153	\$ 6,011,582	\$ (223,429)	-3.7%
Source Control	622,897	622,897	527,992	94,905	18.0%
Remote Facilities					
Agua Hedionda Pump Station	168,940	168,940	156,799	12,141	7.7%
Buena Vista Pump Station	178,374	178,374	166,307	12,067	7.3%
Buena Creek Pump Station	173,747	173,747	155,399	18,348	11.8%
Carlsbad Water Reclamation Facilities	509,336	509,336	519,588	(10,252)	-2.0%
Raceway Basin Pump Station	124,198	124,198	109,014	15,184	13.9%
Total Remote Facilities	<u>1,154,595</u>	<u>1,154,595</u>	<u>1,107,107</u>	<u>47,488</u>	<u>4.3%</u>
Subtotal Operating Program	<u>7,565,645</u>	<u>7,565,645</u>	<u>7,646,681</u>	<u>(81,036)</u>	<u>-1.1%</u>
Capital Program	2,013,213	2,013,213	1,912,042	101,171	5.3%
Total Personnel	<u>\$ 9,578,858</u>	<u>\$ 9,578,858</u>	<u>\$ 9,558,723</u>	<u>\$ 20,135</u>	<u>0.2%</u>

**SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

BY PROJECT	CONTINUING APPROPRIATIONS BEGINNING OF YEAR REPORTED	FY 2015 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2015	CONTINUING APPROPRIATIONS JULY 1, 2015
SALARIES & BENEFITS	\$ -	\$ 2,013,213	\$ -	\$ (1,915,493)	\$ -	\$ 97,720	\$ -
EWPCF CAPITAL ACQUISITIONS	8,694	660,235	(46,742)	-	(523,401)	98,786	-
AHPS CAPITAL ACQUISITIONS	-	36,000	-	-	(45,953)	(9,953) *	-
BVPS CAPITAL ACQUISITIONS	-	79,520	-	-	(64,821)	14,699	-
BSD CAPITAL ACQUISITIONS	-	77,000	-	-	(49,570)	27,430	-
CWRF CAPITAL ACQUISITIONS	-	18,500	-	-	(7,547)	10,953	-
RBPS CAPITAL ACQUISITIONS	-	33,000	-	-	-	33,000	33,000
PLANNED ASSET REPLACEMENT	163,492	831,350	61,591	741,457	(1,566,867)	231,023	-
MAJOR PLANT REHAB PROGRAM							
Liquid Process Improvements	6,242,755	2,240,000	(2,245,114)	536,544	(4,467,756)	2,306,429	2,306,429
Outfall	-	255,000	-	19,530	(162,628)	111,902	111,902
Solids Process Improvements	301	-	-	-	-	301	301
Energy Management	-	740,000	2,240,530	398,493	(3,318,212)	60,811	60,811
General Improvements	24,986	15,000	(21,585)	1,862	(15,503)	4,760	4,760
Engineering Services	1,118,000	3,864,000	24,764	211,307	(1,759,537)	3,458,534	3,457,813
Professional Services	206,639	-	(13,444)	6,300	(52,456)	147,039	147,039
Total Major Plant Rehab Program	7,592,681	7,114,000	(14,849)	1,174,036	(9,776,092)	6,089,776	6,089,055
TOTAL	\$ 7,764,867	\$ 10,862,818	\$ -	\$ -	\$ (12,034,251)	\$ 6,593,434	\$ 6,122,055

* Overage resulted from emergency drive replacement

Continued

SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

<u>BY MEMBER AGENCY</u>	<u>VISTA</u>	<u>CARLSBAD</u>	<u>BUENA</u>	<u>VALLECITOS</u>	<u>LEUCADIA</u>	<u>ENCINITAS</u>	<u>TOTAL</u>
RACEWAY BASIN PS	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,000
MAJOR PLANT REHAB PROGRAM							
Liquid Process Improvements	581,220	559,079	163,526	517,101	387,480	98,023	2,306,429
Outfall	28,199	27,125	7,934	25,088	18,800	4,756	111,902
Solids Process Improvements	76	73	21	67	51	13	301
Energy Management	15,324	14,742	4,311	13,634	10,216	2,584	60,811
General Improvements	1,200	1,154	337	1,067	800	202	4,760
Engineering Services	871,369	838,173	245,159	775,242	580,913	146,957	3,457,813
Professional Services	37,054	35,642	10,425	32,966	24,703	6,249	147,039
Total Major Plant Rehab Program	1,534,442	1,475,988	431,713	1,365,165	1,022,963	258,784	6,089,055
TOTAL	<u>\$ 1,567,442</u>	<u>\$ 1,475,988</u>	<u>\$ 431,713</u>	<u>\$ 1,365,165</u>	<u>\$ 1,022,963</u>	<u>\$ 258,784</u>	<u>\$ 6,122,055</u>