

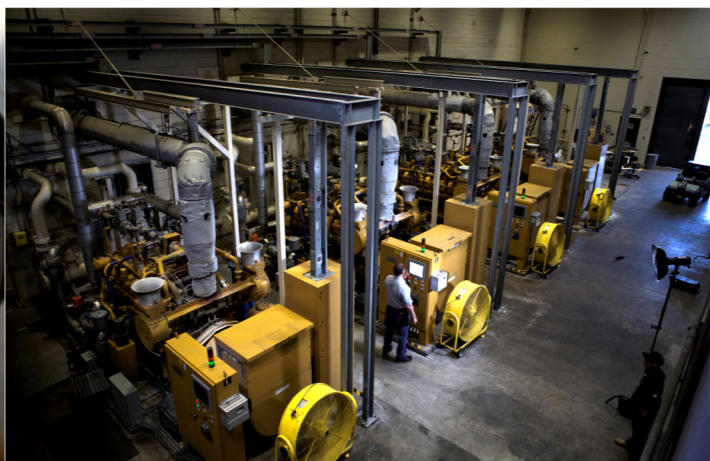


ENCINA
WASTEWATER
AUTHORITY

Comprehensive Annual Financial Report

Years ended
June 30, 2020 and 2019

6200 Avenida Encinas
Carlsbad, CA 92001
(760) 438-3941
www.EncinaJPA.com



MISSION STATEMENT

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

PROUDLY SERVING

City of Carlsbad

City of Encinitas

Buena Sanitation District

City of Vista

Vallecitos Water District

Leucadia Wastewater District

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

LIST OF OFFICIALS

SERVICE AREA MAP

ORGANIZATIONAL CHART

GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

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ENCINA WASTEWATER AUTHORITY

A Public Agency

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December 1, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (Report) of the Encina Wastewater Authority (EWA or the Authority) for the fiscal year ended June 30, 2020. 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, White Nelson Diehl Evans LLP, and EWA accounting staff prepared the data in this Report. Vasquez & Company LLP independently audited the financial statements and related notes. Nonetheless, EWA bears the responsibility for the accuracy of all data presented in this Report. We, EWA's chief executive and financial officers, assume the responsibility for the Report's completeness and fairness of presentation including all disclosures. We affirm that, to the best of our knowledge and belief, information in this Report provides an accurate and fair representation of EWA's financial position and the status of its operations during the fiscal year ended June 30, 2020. We believe that this Report contains all information and disclosures needed to clearly understand EWA's Fiscal Year 2020 financial activities.

Vasquez & Company LLP has issued an unmodified ("clean") opinion on EWA's financial statements for the fiscal year ended June 30, 2020. 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. In addition, the Report includes a statistical and budget performance section which provides information on financial trends, demographic trends, operating and budget activities. These two sections reflect common inquiries by the Member Agencies and serve to provide additional transparency and an easy form of reference.

BACKGROUND

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

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

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

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

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

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

ORGANIZATION AND GOVERNANCE

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

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

Members and officers of the Board of Directors on June 30, 2020 were:

Member Agency	Representative	Representative
Leucadia Wastewater District	Allan Juliussen, Chair	Elaine Sullivan
City of Carlsbad	Keith Blackburn, Vice Chair	Cori Schumacher
City of Vista & Buena Sanitation District	Amanda Rigby	Judy Ritter
Vallecitos Water District	Jim Hernandez	Hal Martin
City of Encinitas	Catherine Blakespear	Joe Mosca

CURRENT SERVICES

EWA’s service area is comprised of approximately 123 square miles of coastal north San Diego County with a population of roughly 377,000. Wastewater is collected from the six districts and arrives at the EWPCF through gravity and force main piping manifolds. During the fiscal year ended June 30, 2020, the EWPCF treated, recycled, or disposed of 8.85 billion gallons of wastewater. EWA also enforces industrial pretreatment regulations in the Encina service area. Additionally, EWA produces tactical and business planning documents that ensure the Encina Joint Facilities continue to meet Member Agency needs in compliance with local, state, and federal regulations.

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

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

The Phase V expansion project also incorporated an upgrade to the Authority’s cogeneration facility, including four 1,000hp Caterpillar engines driving 750kW generators. The engines can be fueled by either biogas or natural gas and recovered engine heat is used to heat the plant’s anaerobic digesters. These anaerobic digesters produce up to 900,000 cubic feet of digester gas daily to fuel the engine generators. This power system produces over 84.0% of the electricity used at the EWPCF.



In April 2015, the Alternative Fuel Receiving Facility was completed moving the EWPCF closer to energy independence. The project involved the construction of facilities to receive fats, oils and grease (FOG), brewery waste and other high strength organic waste products. This material is fed to existing digesters where it is converted into biogas, which is then used to offset natural gas usage in the cogeneration facility and the biosolids dryer. During fiscal year 2020, EWA received 5.70 million gallons of FOG and brewery waste and earned \$181,750 in alternative fuels tipping fees. The volume and related revenue has decreased slightly from the previous fiscal year due to major rehabilitation work being performed on the Digesters requiring one digester to be out of service continuously for the next three years. This temporarily reduces the volume of high strength organic waste products that can be accepted at the EWPCF.

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

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

A routine condition assessment of EWPCF structures uncovered what were believed to be minor failures of the stucco coating on the West wall of the Cogeneration (Cogen) Building. The Cogen Building houses critical infrastructure that generates power for onsite use and provides process air for the Secondary Treatment System. As the damage was further investigated it was found that failure was much larger than anticipated and could lead to catastrophic failure of the building in a seismic event. In September 2019 the Board of Directors authorized the General Manager to engage Filanc Construction to begin Emergency Cogeneration Building Structural Repair activities. Upon completion of the shoring system design, the General Manager, under emergency authority, authorized the award of Task Order No.1 for the installation of the building shoring system to stabilize the wall prior to demolition and construction of the new wall. On April 22, 2020, in accordance with the EWA Purchasing Policy this authorization was cured by the Board of Directors. On June 8, 2020 to expedite project schedule the General Manager again utilized emergency authority to execute Task Order No.2 for the demolition and installation of the west wall. Construction activities for this phase of the project has begun and is expected to continue through mid-November 2020. In total, the repairs to the Cogen Building will total approximately \$4.5 million and will be completed in FY 2021.

The unanticipated expense to address the Cogen Building issue had a significant impact on the Capital Improvements Projects in the design phase and their progression toward completion. To accommodate the emergency action to stabilize and repair the Cogen Building it was determined the Solids Thickening Project construction would be deferred by at least 2 years. This allowed staff, with Board approval, to reallocate CIP funds to the Cogen Building project. The Solids Thickening Project has wrapped up the Preliminary Design effort and the project construction costs have come in higher than expected. Because of this, the CIP staff and the Solids Thickening design consultant have begun the process of rescoping the project to better align with budget expectations and still meet the intended purpose of the project.

STRATEGIC BUSINESS PLAN

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

The strategic initiatives are:

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

FUTURE PLANS

Primary Area Improvement Project

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

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

The PAIP will require careful sequencing of construction activities to maintain treatment and minimize impacts to plant process. Due to the overall complexity of the PAIP, the work requires demonstrated expertise to facilitate successful integration of new facilities into existing systems that is well coordinated and does not inhibit ongoing EWPCF operations.

Construction is currently in progress with the project nearing 50% completion.

Digester Rehabilitation and Improvements

The EWPCF has three anaerobic digesters (Digester Nos. 4, 5, and 6) in service. The digesters are operated as a conventional, mesophilic anaerobic digestion (MAD) process. Assessments recently performed on Digester Nos. 4, 5, and 6 have identified that the coatings need to be replaced and that the mixing, heating, and dewatering systems need improvements. As a part of this effort, the digesters will be cleaned again to facilitate the improvements.

Various improvements for the digester have been recommended by recent studies and condition assessments which has led to the digester rehabilitation efforts being broken out into two elements:

1. The Digester Cleaning and Coating Project will clean, coat, and make interior structural repairs to Digester No. 6. The digesters were last cleaned in 2012 and will be cleaned again to facilitate these improvements. This effort is currently in construction.
2. The Digester Rehabilitation and Improvements Project will clean digesters Nos. 4 and 5 and replace the gas mixing system for Digester No. 4, constructed in 1982 during the Phase III expansion with a pump mixing system, and rehabilitate the pump mixing system for Digester Nos. 5 and 6 which were constructed in 1992 during the Phase IV expansion. In addition, other recommended improvements to

the digesters including improvements to the heating systems, transfer pumps, electrical and instrumentation systems, and waste gas flare system will be made.

This effort is currently in its design phase.

SCADA Network and Infrastructure Improvement Project

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

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

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

The Network Improvements have been split the into two distinct design packages (Phase 1 and Phase 2), based on time sensitivity. The SCADA Network Infrastructure Improvement Project – Phase 1 focuses on earlier elements that are necessary to migrate the Primaries area to the new SCADA system under the Primary Area improvement Project (PAIP). This phase is currently in construction. Phase 2 work will commence approximately 6 months following the completion of Phase 1 and is currently in its design phase.

Climate Change Action Plan

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

This effort is currently in progress.

Biosolids Management Plan

EWA completed a Biosolids Management Plan (BMP) in 2008. In the October 2019 Policy Workshop, the Board of Directors requested an update to the 2008 BMP be undertaken. The 2008 BMP was primarily directed at the EWPCF Phase V expansion and the beneficial use of the Class A biosolids pellets with the addition of the heat dryer system. In the 12 years since the original BMP Plan was completed, changes in the regulatory climate, disposal options and a comprehensive understanding of the operation and maintenance required to optimize the solids handling systems at the EWPCF, have contributed to the need to update the 2008 BMP.

The update to the BMP will focus on the following objectives:

- Identify biosolids reuse goals and decision factors to include expanded local beneficial reuse strategies and potential regional solutions for biosolids processing.
- Evaluate EWA's existing biosolids management program, current regulatory landscape, and biosolids management trends and future outlook.
- Identify biosolids management alternatives and provide an analysis comparing EWA and third party contracted operated biosolids management programs.
- Identify potential teaming partners for biosolids processing at the Encina treatment facility.
- Determine infrastructure improvements required including an economic and sustainability analysis necessary to achieve biosolids reuse goals.

This project is scheduled to begin in early FY 2021.

Secondary Clarifiers and Strainers Improvements Project

The secondary clarifiers are used as the final step in wastewater treatment at the EWPCF prior to ocean discharge. The Secondary Clarifiers and Strainers Improvements Project will complete rehabilitation in all seven active clarifiers, including coatings, gate rehabilitation and replacement, and minor structural, electrical, and controls improvements. In addition, the project will replace the entire mechanical systems in Clarifiers 5, 6, and 8, which have been in service for nearly 30 years, as well as two strainers for the plant water strainers, which have been in service for nearly 40 years. This project entered the construction phase in early FY2021.

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 accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Budgetary Controls

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

Accounting Method

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

Cash Management

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

Debt Administration

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

Pension Obligation Administration

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

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

Independent Audit

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

Human Resources

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

AWARDS AND ACKNOWLEDGEMENTS

<p>Government Finance Officers Association</p> <p>“Certificate of Achievement for Excellence in Financial Reporting” for fiscal year 2019</p>	<p>California Water Environment Association</p> <ul style="list-style-type: none"> • 2020 Plant of the Year – Large • 2020 Safety Plant of the Year – Medium • 2020 Electrical Instrumentation Person of the Year – Yani Jovenal • 2020 Operator of the Year – Santiago Resendiz 	<p>American Society of Civil Engineers</p> <p>Outstanding Water Wastewater Treatment Project for the Encina Primary Effluent Conveyance System Upgrades</p>
<p>Environmental Protection Agency</p> <p>Peak Performance, Gold Award Recipient for 2019</p>	<p>National Association of Clean Water Agencies</p> <p>Peak Performance, Gold Award Recipient for 2019</p>	

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to EWA for its comprehensive annual financial report for the fiscal year ended June 30, 2019. 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.

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

On a final note, the COVID-19 Pandemic struck the EWA service area in early March 2020. Staff immediately responded to the situation by establishing modified shift schedules, dedicated work zones, additional sanitation, temperature screening and social distancing procedures. Staff also worked with legal counsel to prepare the COVID-19 Preparedness and Response Plan and the Exposure Control Plan. The cost impacts of the pandemic have not yet been determined but staff has prepared the initial application for FEMA assistance. That initial application has been approved and the final documented cost will be submitted for reimbursement when required.

This report has been a joint effort by each of EWA's seventy-one staff through unwavering dedication to their profession and by helping to create an environment that stimulates and values teamwork. Together, we are a model of excellence and innovation. Additionally, a special note of appreciation goes to EWA's Assistant to the General Manager, Joseph Spence; EWA's Director of Administrative Services, LeeAnn Warchol; Lindsey Guidice, Daniel Langlois and David Forman from White Nelson Diehl Evans LLP; the Member Agency Finance Officers; and Roger Martinez from Vasquez & Company LLP for their assistance and counsel. Finally, this Report would not be possible without the continuing support of EWA's Board of Directors whose leadership and commitment serve as the foundation for our accomplishments.



Michael Steinlicht
General Manager



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

LIST of OFFICIALS

BOARD OF DIRECTORS AND OFFICERS

- Allan Juliussen**, Chair, Leucadia Wastewater District
- Keith Blackburn**, Vice Chair, City of Carlsbad
- Cori Schumacher**, City of Carlsbad
- Amanda Rigby**, City of Vista and Buena Sanitation District
- Judy Ritter**, City of Vista and Buena Sanitation District
- Jim Hernandez**, Vallecitos Water District
- Hal Martin**, Vallecitos Water District
- Elaine Sullivan**, Leucadia Wastewater District
- Catherine Blakespear**, City of Encinitas
- Joe Mosca**, City of Encinitas
- LeeAnn Warchol**, Treasurer/Auditor
- Michael Steinlicht**, Board Secretary

MANAGEMENT

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

GENERAL COUNSEL

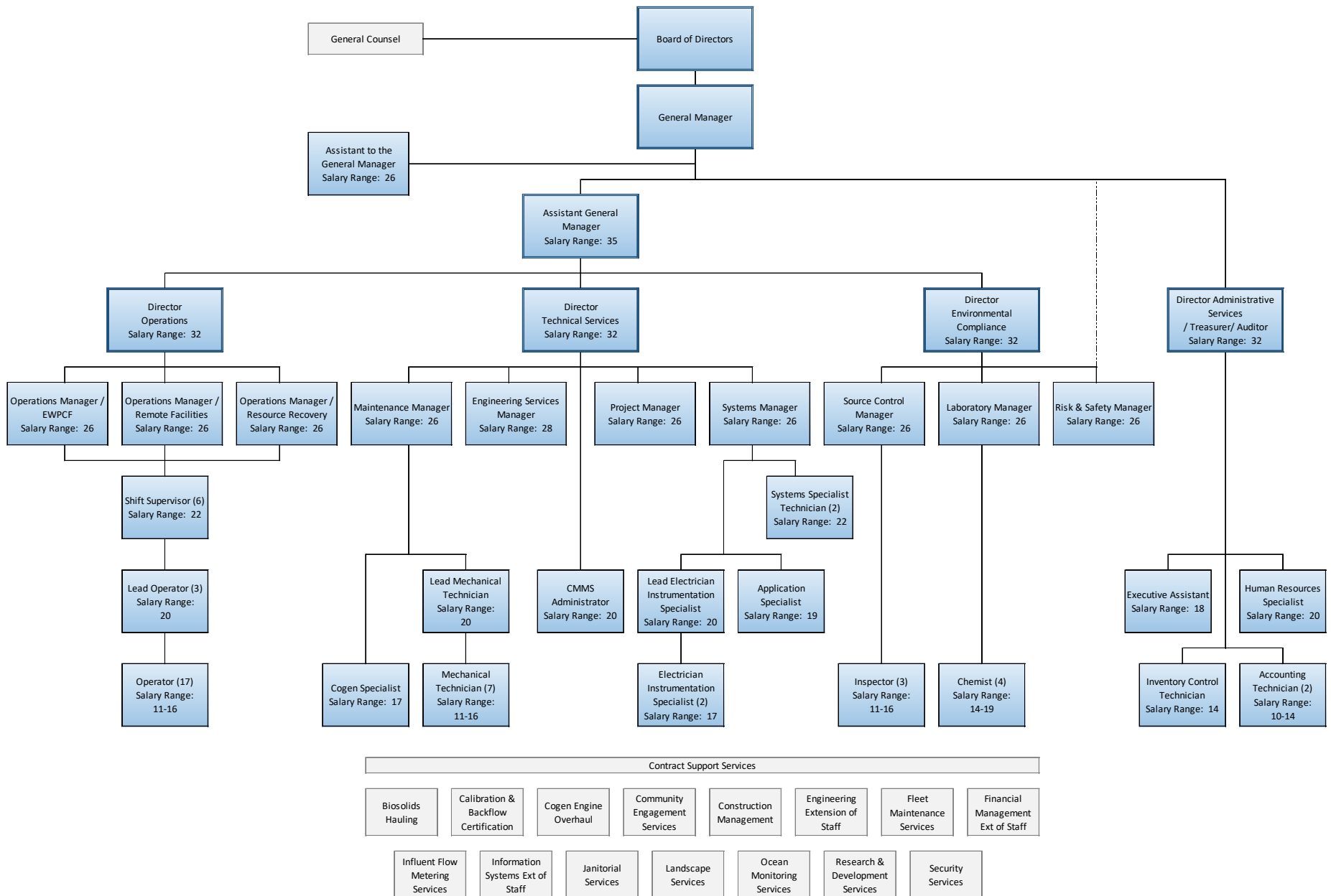
- Gregory Moser**, Procopio Cory Hargreaves & Savitch, LLP
- Adriana Ochoa**, Procopio Cory Hargreaves & Savitch, LLP
- Tracie Stender**, Procopio Cory Hargreaves & Savitch, LLP

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

SERVICE AREA



FISCAL YEAR 2020 ORGANIZATION CHART (71 FTEs)





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, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

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

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Report of Independent Auditors

The Honorable Members of the Board of Directors Encina Wastewater Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Encina Wastewater Authority (the Authority) which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 23 through 28, the Schedules of Pension Plan's Proportionate Share of the Net Pension Liability and Pension Plan Contributions on pages 66 to 67 and the Schedules of Changes in the Net OPEB Liability and Related Ratios and OPEB Contributions on pages 68 to 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



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

Vaughan & Company LLP

**Glendale, California
December 1, 2020**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Encina Wastewater Authority (EWA or the "Authority") provides an overview of the Authority's financial activities for the years ended June 30, 2020 and 2019. Please read it in conjunction with the Authority's financial statements, which follows this section.

FINANCIAL STATEMENTS

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

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

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

- Investment in Capital Assets
- Restricted
- Unrestricted

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- The Authority's total assets increased by \$8,066,462 from fiscal year 2019 to 2020. This is primarily the result of the Authority reinvesting in its capital infrastructure and rehabilitating many aged assets with capital contributions from its Member Agencies. Deferred outflows of resources are related to the Authority's defined benefits plans, and have increased by \$3,753,838 from fiscal year 2019 to 2020 as a result of increased contributions being made to the plan. Total liabilities and deferred inflows of resources have decreased by \$721,216 from fiscal year 2019 to 2020 as a result of the Authority reducing vendor liabilities.
- The Authority's net position increased by \$12,541,516 to \$148,843,223 for the year ended June 30, 2020. This increase was the result of increased capital contributions being earned and applied towards capital rehabilitation efforts.
- The Authority's operating revenues increased from \$16,165,889 for the year ended June 30, 2019, to \$17,517,982 for the year ended June 30, 2020, primarily as a result of increased Member Agency assessments earned.
- The Authority's operating expenses increased from \$25,494,025 for the year ended June 30, 2019, to \$26,786,995 for the year ended June 30, 2020. The increase is driven by increased personnel and chemical costs along with additional bio-solid loads being dispersed.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Assets:</u>			
Current and other assets	\$ 24,046,864	\$ 28,596,438	\$ 22,458,744
Capital assets	136,520,458	123,904,422	118,467,691
Total Assets	<u>160,567,322</u>	<u>152,500,860</u>	<u>140,926,435</u>
<u>Deferred Outflows of Resources</u>	<u>7,802,458</u>	<u>4,048,620</u>	<u>6,659,307</u>
<u>Liabilities:</u>			
Current liabilities	1,169,228	1,394,804	1,152,277
Noncurrent liabilities	17,503,880	18,052,526	18,272,563
Total Liabilities	<u>18,673,108</u>	<u>19,447,330</u>	<u>19,424,840</u>
<u>Deferred Inflows of Resources</u>	<u>853,449</u>	<u>800,443</u>	<u>593,211</u>
<u>Net Position:</u>			
Investment in capital assets	136,520,458	123,904,422	118,467,691
Restricted for capital program	8,022,765	8,097,285	7,000,000
Unrestricted	4,300,000	4,300,000	2,100,000
Total Net Position	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>	<u>\$ 127,567,691</u>

FINANCIAL ANALYSIS OF THE AUTHORITY (CONTINUED)

Net Position (Continued)

As you can see from the table above, net position increased by \$12,541,516 from fiscal year 2019 to 2020. Investment in capital assets increased by \$12,616,036 as a result of the amount spent on capital improvements exceeding depreciation expense and the discontinued projects, studies and assessments. Restricted net position decreased by \$74,520 primarily as a result of the Authority temporarily spending additional Capital Reserves prior to seeking reimbursement from the Member Agencies. The Authority will replenish its Capital Reserve balance using the Capital Due from Member Agency billing process.

Unrestricted net position (those that can be used to finance day-to-day operations) remained at \$4,300,000 throughout fiscal year 2020 and, in accordance with the Authority's financial reserve policy, is assigned as follows:

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

Revenues, Expenses and Changes in Net Position

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 17,517,982	\$ 16,165,889	\$ 15,266,926
Nonoperating revenues	66,359	2,319,895	35,831
Total Revenues	<u>17,584,341</u>	<u>18,485,784</u>	<u>15,302,757</u>
Depreciation expense	9,269,013	9,328,136	7,936,596
Unit I - EWPCF usage costs	7,459,178	6,776,634	6,575,100
Unit I - EWPCF ownership costs	5,058,889	4,723,281	4,629,234
Pump station facilities	3,076,230	2,937,079	2,494,000
Other operating expenses	1,923,685	1,728,895	1,568,592
Nonoperating expenses	1,835,100	1,406,703	2,364,975
Total Expenses	<u>28,622,095</u>	<u>26,900,728</u>	<u>25,568,497</u>
Loss Before Capital Contributions	(11,037,754)	(8,414,944)	(10,265,740)
Capital Contributions	<u>23,579,270</u>	<u>17,148,960</u>	<u>16,675,741</u>
Changes in Net Position	12,541,516	8,734,016	6,410,001
Total Net Position at Beginning of Year	<u>136,301,707</u>	<u>127,567,691</u>	<u>121,157,690</u>
Total Net Position at End of Year	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>	<u>\$ 127,567,691</u>

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

A closer examination of the sources of changes in net position reveals the Authority's operating revenues increased by \$1,352,093 in fiscal year 2020. Total revenues represent assessments to Member Agencies for reimbursement of operating expenses, as well as revenues from south parcel leasing, laboratory services, alternative fuel tipping fees, and other environmental compliance activities.

Total operating expenses, exclusive of depreciation, increased by \$1,352,093 in fiscal year 2020 as a result of increased personnel costs and chemical costs along with additional bio-solid loads being dispersed.

A loss on disposal of capital assets results when capital items are replaced before they are fully depreciated. Discontinued projects, studies, and assessments result when capital funds have been used towards early development or construction of a capital project, but management has subsequently determined to discontinue the project or has determined there is no future value to the funds expended and must therefore expense the capital project in accordance with generally accepted accounting principles (GAAP). The fiscal year 2020 discontinued projects, studies, and assessments includes projects such as the EWPCF Asset Condition Assessments, Research and Development Services, Water Wise Drought Land Plan, CMMS Asset Management Development and general plant or remote facility repairs.

Capital contributions increased by \$6,430,310 in fiscal year 2020. The increased contributions were primarily driven from increased construction in progress activity attributable to the Primary Area Improvements Project, Digester Rehabilitation and Improvements Project, SCADA Network and Infrastructure Improvement Project, Primary Effluent Pipeline Rehabilitation Project, and the Cogen Wall Repair Project.

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>2020</u>	<u>2019</u>	<u>2018</u>
<u>Capital Assets Not Being Depreciated:</u>			
Land	\$ 3,598,173	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	<u>26,051,795</u>	<u>15,093,501</u>	<u>21,288,567</u>
Total Capital Assets Not Being Depreciated	<u>29,649,968</u>	<u>18,691,674</u>	<u>24,886,740</u>
<u>Capital Assets Being Depreciated:</u>			
Joint wastewater treatment (Unit I)	236,893,992	229,172,451	221,355,330
Joint ocean outfall (Unit J)	14,517,397	14,115,650	14,115,650
Furnishings and office equipment	5,517,037	5,210,372	4,794,834
Pump station facilities	8,111,258	7,928,581	7,603,411
Flow metering system	<u>344,945</u>	<u>344,945</u>	<u>344,945</u>
Total Capital Assets Being Depreciated	<u>265,384,629</u>	<u>256,771,999</u>	<u>248,214,170</u>
Less: Accumulated depreciation	<u>(158,514,139)</u>	<u>(151,559,251)</u>	<u>(154,633,219)</u>
Net Capital Assets Being Depreciated	<u>106,870,490</u>	<u>105,212,748</u>	<u>93,580,951</u>
Net Capital Assets	<u><u>\$ 136,520,458</u></u>	<u><u>\$ 123,904,422</u></u>	<u><u>\$ 118,467,691</u></u>

The total additions to capital assets for fiscal year 2020, net of removed assets, amounted to \$19,570,924. Capital Asset additions consisted of the Primary Area Improvements Project, Digester Rehabilitation and Improvements Project, SCADA Network and Infrastructure Improvement Project, Primary Effluent Pipeline Rehabilitation Project, and the Cogen Wall Repair Project. Additional details regarding capital assets can be found in note 4 to the basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The recommended fiscal year 2021 budget reflects the Authority's continuing commitment to provide reliable and fiscally responsible wastewater services to the community it serves while optimizing the use of renewable resources. The recommended fiscal year 2021 budget was developed and approved with the guidance and collaboration of the Authority's Board of Directors and Member Agencies and includes a CalPERS Pension Funding Policy budget of \$4,096,100 which will be used in an effort to aggressively pay down the Authority's pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The fiscal year 2021 Recommended Operating Budget is \$18,211,359, which includes \$250,000 in contingency funding for the Authority's normal operations.

The fiscal year 2021 Recommended Capital Improvement Budget is \$24,249,023, with an additional \$18,088,821 in appropriations continued from fiscal year 2020 for on-going projects, for a total fiscal year 2021 capital program budget of \$42,337,844.

The fiscal year 2021 budget reflects 71 authorized positions supporting EWA facilities and five regional facilities totaling more than \$295 million in investments in regional clean water infrastructure. The Authority's employees' proven ability to provide sustainable wastewater services in a cost-effective manner demonstrates their commitment to maintain a workplace based on excellence and innovation.

CONTACTING THE AUTHORITY

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

STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents - operating (Note 2)	\$ 200,000	\$ 200,000
Member receivables - operating billed	4,847,244	3,984,004
Member receivables - operating unbilled	47,551	13,039
Other receivables	89,329	118,170
Prepaid expenses	65,566	56,199
Inventory	835,444	778,030
Total Unrestricted Assets	6,085,134	5,149,442
Restricted Assets (Note 3):		
Restricted cash and cash equivalents - capital program (Note 2)	851,980	6,359,120
Member receivables - capital program	9,846,841	7,183,054
Interest receivables - capital program	4,504	10,829
Total Restricted Assets	10,703,325	13,553,003
Total Current Assets	16,788,459	18,702,445
Noncurrent Assets:		
Capital Assets		
Nondepreciable capital assets (Note 4)	29,649,968	18,691,674
Depreciable capital assets, net of accumulated depreciation (Note 4)	106,870,490	105,212,748
Total Capital Assets, Net	136,520,458	123,904,422
Other Assets		
Member receivables - pension (Note 1)	7,019,035	9,616,437
Member receivables - other postemployment benefits (Note 1)	239,370	277,556
Total Other Assets	7,258,405	9,893,993
Total Noncurrent Assets	143,778,863	133,798,415
Total Assets	160,567,322	152,500,860
Deferred Outflows of Resources		
Deferred outflows related to pension contributions (Note 7)	5,829,358	1,510,585
Deferred outflows related to pensions (Note 7)	1,788,398	2,420,223
Deferred outflows related to other postemployment benefits (Note 6)	184,702	117,812
Total Deferred Outflows of Resources	7,802,458	4,048,620

(Continued)

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities:		
Accounts payable - operating	\$ 454,106	\$ 704,547
Accrued liabilities	508,778	455,638
Unearned revenue	23,795	44,659
Long-term liabilities - due within one year:		
Compensated absences (Note 5)	<u>182,549</u>	<u>189,960</u>
Total Current Liabilities	<u>1,169,228</u>	<u>1,394,804</u>
Noncurrent Liabilities:		
Liabilities Payable From Restricted Assets		
Accounts payable - capital program, payable from restricted assets	1,909,665	3,647,664
Retentions payable - capital program, payable from restricted assets	<u>90,188</u>	<u>224,380</u>
Total Liabilities Payable from Restricted Assets	<u>1,999,853</u>	<u>3,872,044</u>
Other Noncurrent Liabilities		
Net pension liability (Note 7)	13,783,340	12,756,065
Net other postemployment benefits liability (Note 6)	424,072	386,105
Compensated absences (Note 5)	<u>1,296,615</u>	<u>1,038,312</u>
Total Other Noncurrent Liabilities	<u>15,504,027</u>	<u>14,180,482</u>
Total Liabilities	<u>18,673,108</u>	<u>19,447,330</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 7)	853,449	791,180
Deferred inflows related to other postemployment benefits (Note 6)	<u>-</u>	<u>9,263</u>
Total Deferred Inflows of Resources	<u>853,449</u>	<u>800,443</u>
NET POSITION		
Investment in capital assets	136,520,458	123,904,422
Restricted for capital program	8,022,765	8,097,285
Unrestricted	<u>4,300,000</u>	<u>4,300,000</u>
Total Net Position	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Member agency assessments	\$ 16,722,370	\$ 15,416,312
Other operating revenues	795,612	749,577
	<u>17,517,982</u>	<u>16,165,889</u>
OPERATING EXPENSES		
Depreciation expense	9,269,013	9,328,136
Unit I - EWPCF usage costs	7,459,178	6,776,634
Unit I - EWPCF ownership costs	5,058,889	4,723,281
Unit J - Encina ocean outfall	613,708	589,330
Directors meetings	66,358	63,943
Flow metering	322,688	304,780
Source control	920,931	770,842
Agua Hedionda pump station	656,183	672,563
Buena Vista pump station	653,866	579,628
Buena Creek pump station	390,416	367,226
Carlsbad water reclamation facilities	1,151,086	1,107,357
Raceway basin pump station	224,679	210,305
	<u>26,786,995</u>	<u>25,494,025</u>
Total Operating Expenses	<u>26,786,995</u>	<u>25,494,025</u>
Operating Loss	<u>(9,269,013)</u>	<u>(9,328,136)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	66,359	119,895
Discontinued projects, studies and assessments	(1,835,100)	(1,406,703)
Operating, remote facility and inventory reserve contributions	-	2,200,000
	<u>(1,768,741)</u>	<u>913,192</u>
Total Nonoperating Revenues (Expenses)	<u>(1,768,741)</u>	<u>913,192</u>
Loss Before Capital Contributions	<u>(11,037,754)</u>	<u>(8,414,944)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	23,579,270	16,048,960
Reserve contributions	-	1,100,000
	<u>23,579,270</u>	<u>17,148,960</u>
Total Capital Contributions	<u>23,579,270</u>	<u>17,148,960</u>
Changes in Net Position	12,541,516	8,734,016
Total Net Position, Beginning of Year	<u>136,301,707</u>	<u>127,567,691</u>
Total Net Position, End of Year	<u>\$ 148,843,223</u>	<u>\$ 136,301,707</u>

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 15,824,618	\$ 15,579,772
Cash receipts from other operating activities	803,589	814,098
Cash payments to suppliers for goods and services	(8,363,639)	(7,259,429)
Cash payments to employees for services	<u>(9,167,535)</u>	<u>(8,574,414)</u>
Net Cash Provided by (Used in) by Operating Activities	<u>(902,967)</u>	<u>560,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(25,592,340)	(14,632,516)
Proceeds from capital contributions	<u>20,915,483</u>	<u>17,660,883</u>
Net Cash Provided by (Used in) by Capital and Related Financing Activities	<u>(4,676,857)</u>	<u>3,028,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>72,684</u>	<u>109,588</u>
Cash Provided by Investing Activities	<u>72,684</u>	<u>109,588</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,507,140)	3,697,982
Cash and Cash Equivalents at Beginning of Year	<u>6,559,120</u>	<u>2,861,138</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,051,980</u></u>	<u><u>\$ 6,559,120</u></u>

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) by Operating Activities:		
Operating loss	\$ (9,269,013)	\$ (9,328,136)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) by Operating Activities:		
Depreciation expense	9,269,013	9,328,136
Changes in assets and liabilities		
Member receivables - operating billed	(863,240)	176,053
Member receivables - operating unbilled	(34,512)	(12,593)
Member receivables - pensions	2,597,402	(1,114,185)
Member receivables - other post employment benefits	38,186	82,014
Other receivables	28,841	19,863
Prepaid expenses	(9,367)	(12,467)
Deferred outflows related to pension contributions	(4,318,773)	1,051,995
Deferred outflows related to pensions	631,825	1,600,152
Deferred outflows related to other post employment benefits	(66,890)	(41,460)
Inventory	(57,414)	119,987
Accounts payable - operating	(250,441)	81,425
Accrued liabilities	53,140	100,453
Unearned revenue	(20,864)	44,659
Net pension liability	1,027,275	(1,746,218)
Net other postemployment benefits liability	37,967	(39,529)
Compensated absences	250,892	42,646
Deferred inflows related to pensions	62,269	208,257
Deferred inflows related to other post employment benefits	(9,263)	(1,025)
Total Adjustments	<u>8,366,046</u>	<u>9,888,163</u>
Net Cash Provided by (Used in) by Operating Activities	<u>\$ (902,967)</u>	<u>\$ 560,027</u>
Cash and Cash Equivalents		
Financial Statement Classification:		
Cash and cash equivalents	\$ 200,000	\$ 200,000
Restricted cash and cash equivalents	851,980	6,359,120
Total Cash and Cash Equivalents	<u>\$ 1,051,980</u>	<u>\$ 6,559,120</u>
Supplemental Disclosures of Cash Flow Information:		
Net effect of acquisition and construction of capital assets held in accounts payable	<u>\$ (1,737,999)</u>	<u>\$ 1,868,530</u>
Net effect of acquisition and construction of capital assets held in retentions payable	<u>\$ (134,192)</u>	<u>\$ (329,476)</u>
Net effect of change in receivable related to capital contributions	<u>\$ (2,663,787)</u>	<u>\$ (1,688,077)</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization

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

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

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

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

Significant Accounting Policies

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

Method of Accounting

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

Method of Accounting (Continued)

The Authority has not elected to apply the option allowed in GASB Cod. Sec. P80.103 "Proprietary Fund Accounting and Financial Reporting" and will therefore continue to apply GASB statements and interpretations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

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

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2020 and 2019.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Significant Accounting Policies (Continued)

Member Receivable – Pension and Other Postemployment Benefits (OPEB)

The Revised Basic Agreement (RBA) requires the Member Agencies to pay the Authority only the actual costs of materials and supplies used or purchased for the operation, maintenance, administration, or capital improvement of the joint system, contracts awarded by the Authority for the performance of budgeted operations and maintenance work, or capital improvement projects and the salaries and wages of employees. Under this agreement the participants are required to fund the net pension liability and net OPEB liability. Because the allocation of the funding of the pension and net OPEB liability is contingent upon future events (i.e.: strength and volume of flows), it does not qualify as a “Special Funding Situation” as defined by the Governmental Accounting Standards Board. As such, the Authority has recorded a member receivable – pension and OPEB equal to the net pension liability and net OPEB liability net of any related deferred outflows of resources and deferred inflows of resources. The member receivable - pension totaled \$7,019,035 and \$9,616,437 and the member-receivable – other postemployment benefits totaled \$239,370 and \$277,556 at June 30, 2020 and 2019, respectively.

Inventory

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

Capital Assets

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

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

Depreciation expense totaled \$9,269,013 and \$9,328,136 for the years ended June 30, 2020 and 2019, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

Classification of Liabilities

Certain liabilities which are currently payable could be classified as noncurrent because they will be funded from restricted assets. Liabilities are shown as noncurrent unless due within one year (See Note 5).

Compensated Absences

Accumulated and unpaid vacation and sick leave totaling \$1,479,164 and \$1,228,272 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2020 and 2019, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool. The Authority pays a deposit to cover estimated losses for a fiscal year. CSRMA also serves as a joint insurance purchasing entity with respect to certain coverage. Based on pool performance, CSRMA makes additional assessments or refunds excess pool deposits to its members based on a retrospective risk rating adjustment.

At June 30, 2020, the Authority participated in CSRMA as follows:

Property Loss - Insured by Alliant Property Insurance Program with a total insurable value \$291,013,916 with \$50,000 deductible.

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

Auto Physical Damage Policy - Insured up to \$330,843 total value with a \$1,000 deductible.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Significant Accounting Policies (Continued)

Risk Management (Continued)

Public Official’s Liability - Insured up to \$100,000; the Authority currently has seven (6) public official bonds in place for officials.

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

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

The Authority pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Authority’s insurance expense and workers compensation insurance expense was \$465,262 and \$368,351, for the years ended June 30, 2020 and 2019, respectively. There were no instances in the past three years where a settlement exceeded the Authority’s coverage and there were no reductions in the Authority’s insurance coverage during the years ended June 30, 2020, 2019, and 2018.

Pensions

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

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Significant Accounting Policies (Continued)

Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Fair Value Measurements

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

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

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

Allocation of Costs

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

Reserves

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

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

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

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

Member Agency	Operating Reserve	Remote Facility	Inventory Reserve	Capital Reserve	2020 Total	2019 Total
City of Carlsbad	\$ 666,600	\$ 70,650	\$ 315,120	\$ 1,963,440	\$ 3,015,810	\$ 3,015,810
City of Vista	693,000	129,350	327,600	2,041,200	3,191,150	3,191,150
Buena Sanitation District	194,975	50,000	92,170	574,290	911,435	911,435
Vallecitos Water District	616,550	-	291,460	1,816,020	2,724,030	2,724,030
Leucadia Wastewater District	462,000	-	218,400	1,360,800	2,041,200	2,041,200
City of Encinitas	116,875	-	55,250	344,250	516,375	516,375
Total Reserves	<u>\$ 2,750,000</u>	<u>\$ 250,000</u>	<u>\$ 1,300,000</u>	<u>\$ 8,100,000</u>	<u>\$ 12,400,000</u>	<u>\$ 12,400,000</u>

The capital reserve balance above has been reduced by the due from member agencies balance of \$77,235.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

Budgetary Controls

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

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

Cash and Cash Equivalents

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

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 1, 2020, the date the financial statements were available to be issued. See also subsequent events discussed in Note 10.

NOTE 2 - CASH AND INVESTMENTS:

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
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
U.S 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
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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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:

	Maturity in Years	2020	2019
	1 Year or Less		
Petty cash	\$ 1,000	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	279,131	279,131	1,957,832
California Asset Management Program (CAMP)	95,792	95,792	4,241,407
Deposits with financial institutions	676,057	676,057	358,881
Total Cash and Investments	<u>\$ 1,051,980</u>	<u>\$ 1,051,980</u>	<u>\$ 6,559,120</u>
Financial Statement Classification:			
Current:			
Cash and cash equivalents - operating	\$ 200,000	\$ 200,000	\$ 200,000
Restricted:			
Cash and cash equivalents - capital program	851,980	851,980	6,359,120
Total Cash and Investments	<u>\$ 1,051,980</u>	<u>\$ 1,051,980</u>	<u>\$ 6,559,120</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, 2020.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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)	AAAm

Concentration of Credit Risk

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

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except that the Authority's investment policy restricts the Authority to only investing in the LAIF, CAMP, and Certificates of Deposit that are collateralized by U.S. Treasury obligations. The Authority holds no investments in any one issuer (other than external investment pools) that represent 5% or more of total Authority investments at June 30, 2020 and 2019.

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, 2020 and 2019, all of the Authority's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool

The Authority is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in California Asset Management Program (CAMP)

The Authority is a voluntary participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The Authority reports its investment in CAMP at the fair value amounts provided by CAMP, which is the same value of the pool share. At June 30, 2020 and 2019 the fair value of the investment approximated the Authority’s cost.

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

	2020	2019
California Local Agency Investment Fund (LAIF)	\$ 279,131	\$ 1,957,832
California Asset Management Program (CAMP)	95,792	4,241,407
Deposits with financial institutions	676,057	358,881
Petty cash	1,000	1,000
Total	\$ 1,051,980	\$ 6,559,120

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 - RESTRICTED ASSETS:

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

<u>Funding Source</u>	<u>Use</u>	<u>2020</u>	<u>2019</u>
Capital contributions from Member Agencies and interest earnings	Capital program	<u>\$ 10,703,325</u>	<u>\$ 13,553,003</u>

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	2019			
	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
Capital Assets Not Being Depreciated:				
Land	\$ 3,598,173	\$ -	\$ -	\$ 3,598,173
Construction in progress	21,288,567	13,873,425	(20,068,491)	15,093,501
Total Capital Assets Not Being Depreciated	<u>24,886,740</u>	<u>13,873,425</u>	<u>(20,068,491)</u>	<u>18,691,674</u>
Capital Assets Being Depreciated:				
Joint wastewater treatment (Unit I)	221,355,330	20,161,335	(12,344,214)	229,172,451
Joint wastewater disposal (Unit J)	14,115,650	-	-	14,115,650
Furnishings and office equipment	4,794,834	415,538	-	5,210,372
Pump station facilities	7,603,411	383,062	(57,892)	7,928,581
Flow metering system	344,945	-	-	344,945
Total Capital Assets Being Depreciated	<u>248,214,170</u>	<u>20,959,935</u>	<u>(12,402,106)</u>	<u>256,771,999</u>
Less Accumulated Depreciation For:				
Joint wastewater treatment (Unit I)	(131,841,669)	(8,414,099)	12,344,214	(127,911,554)
Joint wastewater disposal (Unit J)	(12,858,064)	(170,295)	-	(13,028,359)
Furnishings and office equipment	(3,886,521)	(389,583)	-	(4,276,104)
Pump station facilities	(5,766,529)	(343,224)	57,892	(6,051,861)
Flow metering system	(280,436)	(10,937)	-	(291,373)
Total Accumulated Depreciation	<u>(154,633,219)</u>	<u>(9,328,138)</u>	<u>12,402,106</u>	<u>(151,559,251)</u>
Net Capital Assets Being Depreciated	<u>93,580,951</u>	<u>11,631,797</u>	<u>-</u>	<u>105,212,748</u>
Net Capital Assets	<u>\$ 118,467,691</u>	<u>\$ 25,505,222</u>	<u>\$ (20,068,491)</u>	<u>\$ 123,904,422</u>

NOTE 5 - NONCURRENT LIABILITIES:

Noncurrent liabilities consist of the following at June 30:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 - NONCURRENT LIABILITIES (CONTINUED):

Noncurrent liabilities consist of the following at June 30:

	2019				Amount Due Within One Year
	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	
Compensated absences (Note 1)	\$ 1,185,626	\$ 719,133	\$ (676,487)	\$ 1,228,272	\$ 189,960
Total Noncurrent Liabilities	<u>\$ 1,185,626</u>	<u>\$ 719,133</u>	<u>\$ (676,487)</u>	<u>\$ 1,228,272</u>	<u>\$ 189,960</u>

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. General Information about the OPEB Plan:

Plan Description

The Authority provides retiree medical (including prescription drug benefits) coverage to eligible employees and their eligible dependents through the CalPERS Health Program, a cost-sharing multiple-employer defined benefit plan. Eligible employees are employees who retire under the California Public Employees’ Retirement System (CalPERS) on or after age 50, with at least 5 years of service. The Authority’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse. The Authority currently provides a monthly contribution of \$83.40. In April 2016, the Authority established an irrevocable trust fund through the California Employers’ Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS.

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

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

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

Contributions

The OPEB Plan and its contribution requirements are established by the Authority’s policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the Authority’s cash contributions were \$30,000 in payments to the trust and the estimated implied subsidy was \$70,172 resulting in payments of \$100,712.

B. Net OPEB Liability:

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

C. Total OPEB Liability:

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	2.75% per annum, in aggregate
Expected long term investment rate of return	7.00%
Healthcare Cost Trend Rates	6.50% HMO/6.50% PPO, decreasing to 4.50%HMO/4.50% PPO
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the Authority.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

C. Total OPEB Liability (Continued):

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of the measurement date June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that Authority’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

D. Changes in the net OPEB Liability:

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Measurement Date			
Balance at June 30, 2018	\$ 935,848	\$ 549,743	\$ 386,105
Changes in the Year:			
Service cost	36,418	-	36,418
Interest on the total OPEB liability	66,700	-	66,700
Contribution - employer	-	117,812	(117,812)
Difference Between Expected & Actual			
Experience	59,429	-	59,429
Changes of Assumptions	27,669	-	27,669
Net investment income	-	34,555	(34,555)
Administrative expenses	-	(118)	118
Benefit payments	(38,812)	(38,812)	-
Net Changes	151,404	113,437	37,967
Measurement Date			
Balance at June 30, 2019	\$ 1,087,252	\$ 663,180	\$ 424,072

Change of Assumptions

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

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

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

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	\$ 563,816	\$ 424,072	\$ 308,525

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

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.50% HMO/5.50% PPO decreasing to 3.50% HMO/3.50% PPO) or 1-percentage point higher (7.50% HMO/7.50% PPO decreasing to 5.50% HMO/5% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.50% HMO/ 5.50% PPO decreasing to 3.50% HMO/ 3.50% PPO)	Current Healthcare Cost Trend Rates (6.50% HMO/ 6.50% PPO decreasing to 4.50% HMO/ 4.50% PPO)	1% Increase (7.50% HMO/ 7.50% PPO decreasing to 5.50% HMO/ 5.50% PPO)
Net OPEB Liability	\$ 296,172	\$ 424,072	\$ 582,530

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

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

For the years ended June 30, 2020 and 2019, the Authority recognized OPEB expense of \$71,249 and \$61,933 respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 117,812	\$ -
Differences between projected and actual earnings	-	9,263
Total	\$ 117,812	\$ 9,263

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

The \$100,172 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ 9,256
2022	9,256
2023	9,256
2024	9,254
2025	7,918
Thereafter	39,590
	\$ 84,530

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

F. Payable to the OPEB Plan:

At June 30, 2020, the Authority had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

A. General Information About the Pension Plan

Plan Description:

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

Benefits Provided:

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

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Classic and PEPPRA	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	13.473%	7.026%

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information About the Pension Plan (Continued)

Contribution Description:

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

As of June 30, 2020 and 2019, the Authority reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	2020	2019
Classic & PEPRAs Plans	\$ 13,783,340	\$ 12,756,065

The Authority’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The Authority’s proportionate share of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined.

The Authority’s proportionate share of the net pension liability as of June 30, 2020 and 2019 was as follows:

	Classic & PEPRAs
Proportion - June 30, 2019	0.338470%
Proportion - June 30, 2020	0.344200%
Change - Increase (Decrease)	0.005730%

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of \$3,231,955 and \$2,624,766, respectively for the Plan. As of June 30, 2020 and 2019, the Authority reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 5,829,358	\$ -
Differences between actual and expected experience	957,311	(74,172)
Changes in assumptions	657,253	(232,991)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	173,834	(305,310)
Net difference between projected and actual earnings on pension plan investments	-	(240,976)
Total	\$ 7,617,756	\$ (853,449)

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,510,585	\$ -
Differences between actual and expected experience	489,427	(166,550)
Changes in assumptions	1,454,229	(356,403)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	413,505	(268,227)
Net difference between projected and actual earnings on pension plan investments	63,062	-
Total	\$ 3,930,808	\$ (791,180)

The \$5,829,358 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

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

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,044,775
2022	(234,678)
2023	76,159
2024	48,693
2025	-
Thereafter	-
Total	\$ 934,949

Actuarial Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

	Classic & PEPRA Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)Actuarial Assumptions Used to Determine Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS' website under Forms and Publications.

Long-term Expected Rate of Return

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

Discount Rate

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

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

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

		Classic & PEPR A
1% Decrease		6.15%
Net Pension Liability	\$	21,745,242
Current Discount Rate		7.15%
Net Pension Liability	\$	13,783,340
1% Increase		8.15%
Net Pension Liability	\$	7,211,352

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2020, the Authority has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS:

Phase V Ownership

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Wastewater Flow and Usage Allocation - Unit I Treatment Plant

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

Wastewater flow usage is averaged on an annual basis. The usage and percentage of total flow by Member Agency for the fiscal year ended June 30, 2020 and 2019 are as follows:

Agency	MGD ADF UNIT I					
	2020		2019		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	6.32	26.72%	6.02	26.34%	0.30	0.38%
Vista	6.32	26.71%	6.43	28.14%	(0.11)	-1.43%
Buena	1.92	8.11%	1.87	8.18%	0.05	-0.07%
Vallecitos	4.30	18.17%	3.76	16.46%	0.54	1.71%
Leucadia	3.85	16.27%	3.79	16.59%	0.06	-0.32%
Encinitas	0.95	4.02%	0.98	4.29%	(0.03)	-0.27%
Total	<u>23.66</u>	<u>100.00%</u>	<u>22.85</u>	<u>100.00%</u>	<u>0.81</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 2020 and 2019 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2020		2019		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Carlsbad	19,538	26.16%	19,225	27.10%	313	-0.94%
Vista	17,388	23.29%	17,399	24.52%	(11)	-1.23%
Buena	8,645	11.58%	8,138	11.47%	507	0.11%
Vallecitos	16,352	21.90%	13,641	19.22%	2,711	2.68%
Leucadia	9,212	12.34%	9,063	12.77%	149	-0.43%
Encinitas	3,531	4.73%	3,494	4.92%	37	-0.19%
Total	74,666	100.00%	70,960	100.00%	3,706	

Suspended solids (SS) are averaged on a three-year basis. The usage and percentage of total SS by Member Agency for the fiscal years ended June 30, 2020 and 2019 are as follows:

Agency	SS LBS/Day Unit I					
	2020		2019		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Carlsbad	24,128	33.34%	21,777	32.74%	2,351	0.60%
Vista	12,637	17.46%	12,747	19.16%	(110)	-1.70%
Buena	5,146	7.11%	5,116	7.69%	30	-0.58%
Vallecitos	18,047	24.94%	15,204	22.85%	2,843	2.09%
Leucadia	9,088	12.56%	8,467	12.73%	621	-0.17%
Encinitas	3,318	4.59%	3,214	4.83%	104	-0.24%
Total	72,364	100.00%	66,525	100.00%	5,839	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 8 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Wastewater Flow and Usage Allocation – Unit J Treatment Plant

Treated wastewater flow discharged through Unit J is averaged on an annual basis. The changes for the fiscal years ended June 30, 2020 and 2019 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2020		2019		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	4.49	20.40%	4.41	20.29%	0.08	0.11%
Vista	6.32	28.73%	6.43	29.59%	(0.11)	-0.86%
Buena	1.92	8.73%	1.87	8.61%	0.05	0.12%
Vallecitos	4.69	21.32%	4.24	19.51%	0.45	1.81%
Leucadia	3.63	16.50%	3.80	17.49%	(0.17)	-0.99%
Encinitas	0.95	4.32%	0.98	4.51%	(0.03)	-0.19%
Total	<u>22.00</u>	<u>100.00%</u>	<u>21.73</u>	<u>100.00%</u>	<u>0.27</u>	

Other Cost Allocations

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020:

Primary Area Improvement Project	\$ 8,362,427
Secondary Clarifiers and Strainers Improvements Project	7,348,934
Digester Rehabilitation and Improvements Project	2,636,220
Cogeneration Building Structural Repair Project	2,095,330
SCADA Network Infrastructure Improvements Project	1,829,616
Engineering Planning, Modeling and Support Services	660,253
Land Outfall Rehabilitation Projects	445,127
HVAC Upgrade Design-Build Project	311,399
Other Construction Support Services	200,647
Odor Reduction Facility Rehabilitation and Services	141,984
Flow Equalization Basin Settlement Project	57,768
Computerized Maintenance Management System Project	53,257
Heat Dryer Projects	51,845
Solids Thickening and RTO Projects	34,408
	\$ 24,229,215

Contingencies

Litigation

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

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that it posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority’s financial condition and the Authority cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 - SUBSEQUENT EVENTS:

Fiscal Year 2021 Budget

On July 22, 2020, the Board of Director's adopted Resolution 2020-04 to appropriate for the fiscal year 2021 Pension Policy Budget (\$4,096,100), the Operating Program Budget (\$18,211,359), the Capital Program Budget (\$24,249,023), and the Continuing Capital Program Budget (\$18,088,821) from unexpended fiscal year 2020 funds.

NOTE 11 – NEW GOVERNMENTAL ACCOUNTING STANDARDS:

GASB Current Year Standards

GASB No. 95

The Governmental Accounting Standards Board issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authority Guidance*" to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Pending Accounting Standards

GASB No. 84

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, "*Fiduciary Activities*". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority has not determined the effects of this pronouncement on the financial statements of the Authority in the year of implementation.

GASB No. 87

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, "*Leases*". The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 92

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "*Omnibus 2020*". The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. The Authority has not determined the effects of this pronouncement on the financial statements of the Authority in the year of implementation.

GASB No. 97

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*" The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The Authority has not determined the effects of this pronouncement on the financial statements of the Authority in the year of implementation.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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

Fiscal year ended	Miscellaneous					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 5,829,358	\$ 1,510,585	\$ 2,562,580	\$ 2,339,966	\$ 1,543,996	\$ 1,398,994
Contributions in relation to the actuarially determined contributions	<u>(5,829,358)</u>	<u>(1,510,585)</u>	<u>(2,562,580)</u>	<u>(2,339,966)</u>	<u>(1,543,996)</u>	<u>(1,398,994)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482	\$ 6,523,691	\$ 6,078,845
Contributions as a percentage of covered payroll	76.50%	20.67%	37.47%	35.73%	23.67%	23.01%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

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

(4) 55 for classic and 62 for PEPRA

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

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

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN YEARS***

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 79,146	\$ 78,011	\$ 57,445
Contributions in relation to the actuarially determined contributions	<u>(117,812)</u>	<u>(102,487)</u>	<u>(49,970)</u>
Contribution deficiency (excess)	<u>\$ (38,666)</u>	<u>\$ (24,476)</u>	<u>\$ 7,475</u>
Covered payroll	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096
Contributions as a percentage of covered payroll	1.55%	1.40%	0.73%

Notes to Schedule:

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

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

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

**SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2020**

ASSET	TOTAL						MEMBER AGENCY OWNERSHIP AT COST						
	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	June 30, 2020	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas
PLANT													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	\$ 236,893,992	\$ 56,355,768	\$ 62,566,801	\$ 15,175,833	\$ 55,913,643	\$ 37,441,319	\$ 9,440,628
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	14,517,397	3,528,100	3,088,645	1,332,127	2,897,647	2,985,083	685,795
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	5,517,037	1,353,411	1,289,003	421,348	1,175,412	1,026,742	251,121
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	4,268,717	443,947	3,824,770	-	-	-	-
Agua Hedionda Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	2,165,574	669,162	1,496,412	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	773,996	773,996	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	580,425	-	-	580,425	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	322,546	-	322,546	-	-	-	-
Flow Metering System						(Based on Type and Location of Required Meters)	344,945	74,761	106,616	59,806	34,007	34,242	35,513
SUB-TOTAL: PLANT							265,384,629	63,199,145	72,694,793	17,569,539	60,020,709	41,487,386	10,413,057
REAL PROPERTY													
South Parcel (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	3,412,173	846,560	737,371	278,433	690,624	694,036	165,149
Encina Water Pollution Control Facilities (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	186,000	46,147	40,195	15,178	37,646	37,832	9,002
SUB-TOTAL: REAL PROPERTY							3,598,173	892,707	777,566	293,611	728,270	731,868	174,151
CONSTRUCTION IN PROGRESS													
Major Plant Rehab (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	26,051,795	6,314,955	6,565,053	1,847,072	5,840,812	4,376,702	1,107,201
SUB-TOTAL: CONSTRUCTION IN PROGRESS							26,051,795	6,314,955	6,565,053	1,847,072	5,840,812	4,376,702	1,107,201
TOTAL INVESTMENT IN CAPITAL ASSETS							295,034,597	70,406,807	80,037,412	19,710,222	66,589,791	46,595,956	11,694,409
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(134,102,052)	(32,707,722)	(31,589,983)	(9,979,012)	(28,984,702)	(24,816,940)	(6,023,693)
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	(13,218,742)	(3,214,671)	(2,800,423)	(1,220,948)	(2,623,468)	(2,732,780)	(626,452)
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(4,569,929)	(1,123,628)	(1,051,619)	(353,814)	(963,852)	(866,359)	(210,657)
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	(3,020,354)	(314,117)	(2,706,237)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	(2,033,891)	(628,472)	(1,405,419)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	(549,344)	(549,344)	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	(454,224)	-	-	(454,224)	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	(263,293)	-	(263,293)	-	-	-	-
Flow Metering System						(Based on Type and Location of Required Meters)	(302,310)	(64,336)	(96,948)	(55,878)	(25,886)	(26,079)	(33,183)
TOTAL ACCUMULATED DEPRECIATION							(158,514,139)	(38,602,290)	(39,913,922)	(12,063,876)	(32,597,908)	(28,442,158)	(6,893,985)
INVESTMENT IN CAPITAL ASSETS							\$ 136,520,458	\$ 31,804,517	\$ 40,123,490	\$ 7,646,346	\$ 33,991,883	\$ 18,153,798	\$ 4,800,424

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Member Assessments Billed	\$ 16,674,819	\$ 15,403,273
CSRMA Dividends (Unit I Ownership)	43,024	40,409
PureGreen Sales	41,399	46,940
Alternative Fuels Tipping Fees	144,581	241,108
Lab Contract Services Receipts (Unit I Ownership)	191,224	192,940
Environmental Enforcement Receipts (Jurisdiction)	16,664	20,100
Miscellaneous Receipts (Unit I Ownership)	<u>358,720</u>	<u>208,080</u>
 TOTAL OPERATING REVENUES - BILLED	 <u>\$ 17,470,431</u>	 <u>\$ 16,152,850</u>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	\$ 7,459,178	\$ 6,776,634
Unit I - Treatment Plant Ownership	5,058,889	4,723,281
Unit J - Ocean Outfall	613,708	589,330
Board of Directors	66,358	63,943
Flow Metering	<u>322,688</u>	<u>304,780</u>
Encina Water Pollution Control Facilities Sub-Total	<u>\$ 13,520,821</u>	<u>\$ 12,457,968</u>
 Source Control	 \$ 920,931	 \$ 770,842
Agua Hedionda Pump Station	656,183	672,563
Buena Vista Pump Station	653,866	579,628
Buena Creek Pump Station	390,416	367,226
Carlsbad Water Recycling Facility	1,151,086	1,107,357
Raceway Basin Pump Station	<u>224,679</u>	<u>210,305</u>
 TOTAL OPERATING EXPENSES INCURRED	 <u>\$ 17,517,982</u>	 <u>\$ 16,165,889</u>
 OPERATING REVENUES BILLED (OVER)/UNDER EXPENSES INCURRED	 <u>\$ 47,551</u>	 <u>\$ 13,039</u>
 AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF YEAR	 <u>\$ 47,551</u>	 <u>\$ 13,039</u>

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

	<u>Totals</u>	<u>Carlsbad</u>	<u>Vista</u>	<u>Buena</u>	<u>Vallecitos</u>	<u>Leucadia</u>	<u>Encinitas</u>
OPERATING REVENUES - BILLED							
Member Assessments Billed	\$ 16,674,819	\$ 5,010,126	\$ 4,504,785	\$ 1,670,464	\$ 2,991,703	\$ 1,882,463	\$ 615,278
CSRMA Dividends (Unit I Ownership)	43,024	10,429	10,842	3,050	9,646	7,228	1,829
PureGreen Sales	41,399	13,803	7,230	2,944	10,325	5,199	1,898
Alternative Fuels Tipping Fees	144,581	35,046	36,434.00	10,251	32,415	24,290	6,145
Lab Contract Services Billed (Unit I Ownership)	191,224	46,353	48,188	13,558	42,872	32,126	8,127
Environmental Enforcement Actions Billed (Jurisdiction)	16,664	1,450	8,600	-	6,614	-	-
Miscellaneous Receipts (Unit I Ownership)	358,720	86,955	90,397	25,433	80,425	60,265	15,245
TOTAL OPERATING REVENUES - BILLED	17,470,431	5,204,162	4,706,476	1,725,700	3,174,000	2,011,571	648,522
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Unit I - Treatment Plant Usage	7,459,178	2,115,416	1,621,920	747,582	1,684,817	943,177	346,266
Unit I - Treatment Plant Ownership	5,058,889	1,226,275	1,274,840	358,675	1,134,203	849,893	215,003
Ocean Outfall	613,708	125,308	176,365	53,567	130,768	101,161	26,539
Board of Directors	66,358	12,615	7,398	7,398	13,360	13,293	12,294
Flow Metering	322,688	82,398	78,628	58,260	42,551	41,080	19,771
Encina Water Pollution Control Facilities Sub-Total	13,520,821	3,562,012	3,159,151	1,225,482	3,005,699	1,948,604	619,873
Source Control	920,931	234,793	299,971	114,465	172,217	68,569	30,916
Agua Hedionda Pump Station	656,183	202,760	453,423	-	-	-	-
Buena Vista Pump Station	653,866	68,002	585,864	-	-	-	-
Buena Creek Pump Station	390,416	-	-	390,416	-	-	-
Carlsbad Water Recycling Facility	1,151,086	1,151,086	-	-	-	-	-
Raceway Basin Pump Station	224,679	-	224,679	-	-	-	-
TOTAL OPERATING EXPENSES	17,517,982	5,218,653	4,723,088	1,730,363	3,177,916	2,017,173	650,789
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2020	\$ 47,551	\$ 14,491	\$ 16,612	\$ 4,663	\$ 3,916	\$ 5,602	\$ 2,267

**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

CITY OF CARLSBAD	2020	% of Total	2019	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 2,115,416	40.5%	\$ 1,948,121	\$ 167,295	8.6%
Unit I Encina Treatment Plant Ownership	1,226,275	23.5%	1,144,923	81,352	7.1%
Unit J Encina Ocean Outfall	125,308	2.4%	123,940	1,368	1.1%
Board of Directors	12,615	0.2%	12,274	341	2.8%
Flow Metering	82,398	1.6%	74,437	7,961	10.7%
Source Control	234,793	4.5%	225,962	8,831	3.9%
Agua Hedionda Pump Station	202,760	3.9%	207,822	(5,062)	-2.4%
Buena Vista Pump Station	68,002	1.3%	60,281	7,721	12.8%
Carlsbad Water Recycling Facility	1,151,086	22.1%	1,107,357	43,729	3.9%
TOTALS	\$ 5,218,653	100.0%	\$ 4,905,117	\$ 313,536	6.4%
CITY OF VISTA					
Unit I Encina Treatment Plant Usage	\$ 1,621,920	34.2%	\$ 1,566,475	\$ 55,445	3.5%
Unit I Encina Treatment Plant Ownership	1,274,840	27.0%	1,190,267	84,573	7.1%
Unit J Encina Ocean Outfall	176,365	3.7%	180,907	(4,542)	-2.5%
Board of Directors	7,398	0.2%	7,290	108	1.5%
Flow Metering	78,628	1.7%	75,373	3,255	4.3%
Source Control	299,971	6.4%	249,401	50,570	20.3%
Agua Hedionda Pump Station	453,423	9.6%	464,741	(11,318)	-2.4%
Buena Vista Pump Station	585,864	12.4%	519,347	66,517	12.8%
Raceway Basin Pump Station	224,679	4.8%	210,305	14,374	6.8%
TOTALS	\$ 4,723,088	100.0%	\$ 4,464,106	\$ 244,608	5.5%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>Change \$</u>	<u>Change %</u>
BUENA SANITATION DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 747,582	43.2%	\$ 687,286	\$ 60,296	8.8%
Unit I Encina Treatment Plant Ownership	358,675	20.7%	334,881	23,794	7.1%
Unit J Encina Ocean Outfall	53,567	3.1%	52,702	865	1.6%
Board of Directors	7,398	0.4%	7,057	341	4.8%
Flow Metering	58,260	3.4%	55,848	2,412	4.3%
Source Control	114,465	6.6%	65,663	48,802	74.3%
Buena Creek Pump Station	390,416	22.6%	367,226	23,190	6.3%
TOTALS	\$ 1,730,363	100.0%	\$ 1,570,663	\$ 159,700	10.2%
VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 1,684,817	53.1%	\$ 1,365,933	\$ 318,884	23.3%
Unit I Encina Treatment Plant Ownership	1,134,203	35.7%	1,058,960	75,243	7.1%
Unit J Encina Ocean Outfall	130,768	4.1%	105,826	24,942	23.6%
Board of Directors	13,360	0.4%	13,006	354	2.7%
Flow Metering	42,551	1.3%	40,790	1,761	4.3%
Source Control	172,217	5.4%	114,252	57,965	50.7%
TOTALS	\$ 3,177,916	100.0%	\$ 2,698,767	\$ 479,149	17.8%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

LEUCADIA WASTEWATER DISTRICT	2020	% of Total	2019	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 943,177	46.9%	\$ 879,516	\$ 63,661	7.2%
Unit I Encina Treatment Plant Ownership	849,893	42.1%	793,511	56,382	7.1%
Unit J Encina Ocean Outfall	101,161	5.0%	98,280	2,881	2.9%
Board of Directors	13,293	0.7%	12,502	791	6.3%
Flow Metering	41,080	2.0%	39,379	1,701	4.3%
Source Control	68,569	3.4%	80,403	(11,834)	-14.7%
TOTALS	\$ 2,017,173	100.1%	\$ 1,903,591	\$ 113,582	6.0%
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$ 346,266	53.2%	\$ 329,303	\$ 16,963	5.2%
Unit I Encina Treatment Plant Ownership	215,003	33.0%	200,739	14,264	7.1%
Unit J Encina Ocean Outfall	26,539	4.1%	27,675	(1,136)	-4.1%
Board of Directors	12,294	1.9%	11,814	480	4.1%
Flow Metering	19,771	3.0%	18,953	818	4.3%
Source Control	30,916	4.8%	35,161	(4,245)	-12.1%
TOTALS	\$ 650,789	100.0%	\$ 623,645	\$ 27,144	4.4%
Total Operating Expense All Member Agencies	\$ 17,517,982		\$ 16,165,889	\$ 1,337,719	8.3%

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	% of Total	2019	Change \$	Change %
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Carlsbad	\$ 2,115,416	28.5%	\$ 1,948,121	\$ 167,295	8.6%
City of Vista	1,621,920	21.7%	1,566,475	55,445	3.5%
Buena Sanitation District	747,582	10.0%	687,286	60,296	8.8%
Vallecitos Water District	1,684,817	22.6%	1,365,933	318,884	23.3%
Leucadia Wastewater District	943,177	12.6%	879,516	63,661	7.2%
City of Encinitas	346,266	4.6%	329,303	16,963	5.2%
TOTALS	\$ 7,459,178	100.0%	\$ 6,776,634	\$ 682,544	10.1%
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Carlsbad	\$ 1,226,275	24.2%	\$ 1,144,923	\$ 81,352	7.1%
City of Vista	1,274,840	25.2%	1,190,267	84,573	7.1%
Buena Sanitation District	358,675	7.1%	334,881	23,794	7.1%
Vallecitos Water District	1,134,203	22.4%	1,058,960	75,243	7.1%
Leucadia Wastewater District	849,893	16.8%	793,511	56,382	7.1%
City of Encinitas	215,003	4.3%	200,739	14,264	7.1%
TOTALS	\$ 5,058,889	100.0%	\$ 4,723,281	\$ 335,608	7.1%
UNIT J: ENCINA OCEAN OUTFALL					
City of Carlsbad	\$ 125,308	20.4%	\$ 123,940	\$ 1,368	1.1%
City of Vista	176,365	28.7%	180,907	(4,542)	-2.5%
Buena Sanitation District	53,567	8.7%	52,702	865	1.6%
Vallecitos Water District	130,768	21.3%	105,826	24,942	23.6%
Leucadia Wastewater District	101,161	16.5%	98,280	2,881	2.9%
City of Encinitas	26,539	4.3%	27,675	(1,136)	-4.1%
TOTALS	\$ 613,708	100.0%	\$ 589,330	\$ 24,378	4.1%
BOARD OF DIRECTORS					
City of Carlsbad	\$ 12,615	19.0%	\$ 12,274	\$ 341	2.8%
City of Vista	7,398	11.1%	7,290	108	1.5%
Buena Sanitation District	7,398	11.1%	7,057	341	4.8%
Vallecitos Water District	13,360	20.1%	13,006	354	2.7%
Leucadia Wastewater District	13,293	20.0%	12,502	791	6.3%
City of Encinitas	12,294	18.5%	11,814	480	4.1%
TOTALS	\$ 66,358	100.0%	\$ 63,943	\$ 2,415	3.8%

Continued

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

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>Change \$</u>	<u>Change %</u>
FLOW METERING PROGRAM					
City of Carlsbad	\$ 82,398	25.5%	\$ 74,437	\$ 7,961	10.7%
City of Vista	78,628	24.4%	75,373	3,255	4.3%
Buena Sanitation District	58,260	18.1%	55,848	2,412	4.3%
Vallecitos Water District	42,551	13.2%	40,790	1,761	4.3%
Leucadia Wastewater District	41,080	12.7%	39,379	1,701	4.3%
City of Encinitas	19,771	6.1%	18,953	818	4.3%
TOTALS	<u>\$ 322,688</u>	<u>100.0%</u>	<u>\$ 304,780</u>	<u>\$ 17,908</u>	<u>5.9%</u>
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Carlsbad	\$ 3,562,012	26.2%	\$ 3,303,695	\$ 258,317	7.8%
City of Vista	3,159,151	23.5%	3,020,312	138,839	4.6%
Buena Sanitation District	1,225,482	9.1%	1,137,774	87,708	7.7%
Vallecitos Water District	3,005,699	22.2%	2,584,515	421,184	16.3%
Leucadia Wastewater District	1,948,604	14.4%	1,823,188	125,416	6.9%
City of Encinitas	619,873	4.6%	588,484	31,389	5.3%
TOTALS	<u>\$ 13,520,821</u>	<u>100.0%</u>	<u>\$ 12,457,968</u>	<u>\$ 1,062,853</u>	<u>8.5%</u>
SOURCE CONTROL PROGRAM					
City of Carlsbad	\$ 234,793	25.5%	\$ 225,962	\$ 8,831	3.9%
City of Vista	299,971	32.6%	249,401	50,570	20.3%
Buena Sanitation District	114,465	12.4%	65,663	48,802	74.3%
Vallecitos Water District	172,217	18.7%	114,252	57,965	50.7%
Leucadia Wastewater District	68,569	7.4%	80,403	(11,834)	-14.7%
City of Encinitas	30,916	3.4%	35,161	(4,245)	-12.1%
TOTALS	<u>\$ 920,931</u>	<u>100.0%</u>	<u>\$ 770,842</u>	<u>\$ 150,089</u>	<u>19.5%</u>
AGUA HEDIONDA PUMP STATION					
City of Carlsbad	\$ 202,760	30.9%	\$ 207,822	\$ (5,062)	-2.4%
City of Vista	453,423	69.1%	464,741	(11,318)	-2.4%
TOTALS	<u>\$ 656,183</u>	<u>100.0%</u>	<u>\$ 672,563</u>	<u>\$ (16,380)</u>	<u>-2.4%</u>

Continued

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

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>Change \$</u>	<u>Change %</u>
BUENA VISTA PUMP STATION					
City of Carlsbad	\$ 68,002	10.4%	\$ 60,281	\$ 7,721	12.8%
City of Vista	585,864	89.6%	519,347	66,517	12.8%
TOTALS	<u>\$ 653,866</u>	<u>100.0%</u>	<u>\$ 579,628</u>	<u>\$ 74,238</u>	<u>12.8%</u>
BUENA CREEK PUMP STATION					
Buena Sanitation District	\$ 390,416	100.0%	\$ 367,226	\$ 23,190	6.3%
TOTALS	<u>\$ 390,416</u>	<u>100.0%</u>	<u>\$ 367,226</u>	<u>\$ 23,190</u>	<u>6.3%</u>
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$ 1,151,086	100.0%	\$ 1,107,357	\$ 43,729	3.9%
TOTALS	<u>\$ 1,151,086</u>	<u>100.0%</u>	<u>\$ 1,107,357</u>	<u>\$ 43,729</u>	<u>3.9%</u>
RACEWAY BASIN PUMP STATION					
City of Vista	\$ 224,679	100.0%	\$ 210,305	\$ 14,374	6.8%
TOTALS	<u>\$ 224,679</u>	<u>100.0%</u>	<u>\$ 210,305</u>	<u>\$ 14,374</u>	<u>6.8%</u>
TOTAL OPERATING EXPENSES					
City of Carlsbad	\$ 5,218,653	29.8%	\$ 4,905,117	\$ 313,536	6.4%
City of Vista	4,723,088	27.0%	4,464,106	258,982	5.8%
Buena Sanitation District	1,730,363	9.9%	1,570,663	159,700	10.2%
Vallecitos Water District	3,177,916	18.1%	2,698,767	479,149	17.8%
Leucadia Wastewater District	2,017,173	11.5%	1,903,591	113,582	6.0%
City of Encinitas	650,789	3.7%	623,645	27,144	4.4%
TOTALS	<u>\$ 17,517,982</u>	<u>100.0%</u>	<u>\$ 16,165,889</u>	<u>\$ 1,352,093</u>	<u>8.4%</u>

SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESTRICTED -

CAPITAL IMPROVEMENT PROGRAM

AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 23,579,270	\$ 16,048,960
Remote Facility Reserve Contribution	-	1,100,000
TOTAL CAPITAL CONTRIBUTIONS	23,579,270	17,148,960
CAPITAL EXPENDITURES		
Encina Water Pollution Control Facility (EWPCF) Capital Acquisitions	402,000	410,240
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	149,077	58,816
Buena Vista Pump Station (BVPS) Capital Acquisitions	132,559	41,173
Buena Creek Pump Station (BCPS) Capital Acquisitions	98,951	104,013
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	163,407	223,907
Raceway Basin Pump Station (RBPS) Capital Acquisitions	62,233	60,395
EWPCF Planned Asset Replacement	1,744,966	1,399,602
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	9,752,127	7,528,948
Outfall	387,669	32,606
Solids Process Improvements	3,231,476	2,694,348
Energy Management	1,927,868	1,048,760
General Improvements	1,458,597	202,930
Engineering Services	1,193,444	615,649
Technology Master Plan	3,015,774	1,733,086
Remotes	-	17,097
TOTAL CAPITAL EXPENDITURES	23,720,148	16,171,570
CAPITAL CONTRIBUTIONS OVER/(UNDER) CAPITAL EXPENDITURES	(140,878)	977,390
NONOPERATING REVENUES		
Investment and other capital income	66,358	119,895
TOTAL NONOPERATING REVENUES	66,358	119,895
NET POSITION RESTRICTED FOR CIP, BEGINNING OF FISCAL YEAR	8,097,285	7,000,000
NET POSITION RESTRICTED FOR CIP, END OF FISCAL YEAR	\$ 8,022,765	\$ 8,097,285

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY PROJECT - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

<u>PROJECTS</u>	<u>Balance June 30, 2019</u>	<u>Member Billings</u>	<u>Income</u>	<u>Capital Expenditures</u>	<u>Balance June 30, 2020</u>
<u>Continuing Projects</u>					
EWPCF Major Plant Rehabilitation Program					
Liquid Process Improvements	\$ -	\$ (9,752,127)	\$ -	\$ 9,752,127	\$ -
Outfall	32,606	(32,606)	-	387,669	387,669 *
Solids Process Improvements	-	(3,231,476)	-	3,231,476	-
Energy Management	-	(1,927,868)	-	1,927,868	-
General Improvements	(46,988)	(1,722,043)	-	1,458,597	(310,434) *
Engineering Services	-	(1,193,444)	-	1,193,444	-
Technology Master Plan	-	(3,015,774)	-	3,015,774	-
Remote Facilities	17,097	(17,097)	-	-	-
Sub Total Continuing Projects	<u>2,715</u>	<u>(20,892,435)</u>	<u>-</u>	<u>20,966,955</u>	<u>77,235 *</u>
<u>Other</u>					
Capital Acquisitions					
EWPCF	-	(402,000)	-	402,000	-
Remote Facilities	-	(606,227)	-	606,227	-
Planned Asset Replacement	-	(1,744,966)	-	1,744,966	-
Capital Reserve	(8,100,000)	-	-	-	(8,100,000)
Income On Capital Reserve Funds	-	66,358	(66,358)	-	-
Sub Total Other	<u>(8,100,000)</u>	<u>(2,686,835)</u>	<u>(66,358)</u>	<u>2,753,193</u>	<u>(8,100,000)</u>
Total Capital Improvement Program	<u>\$ (8,097,285)</u>	<u>\$ (23,579,270)</u>	<u>\$ (66,358)</u>	<u>\$ 23,720,148</u>	<u>\$ (8,022,765)</u>

* Indicates amounts due from/(to) Member Agencies

\$ 77,235 *

SUPPLEMENTARY SCHEDULE OF NET POSITION RESTRICTED BY MEMBER AGENCY - CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

PROJECTS	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2020
<u>Continuing Projects</u>							
Major Plant Rehabilitation Program							
Outfall	\$ 91,839	\$ 95,483	\$ 26,865	\$ 93,700	\$ 63,655	\$ 16,127	\$ 387,669 *
General Improvements	(75,250)	(78,229)	(22,010)	(69,599)	(52,153)	(13,193)	(310,434) *
Sub Total Continuing Projects	<u>16,589</u>	<u>17,254</u>	<u>4,855</u>	<u>24,101</u>	<u>11,502</u>	<u>2,934</u>	<u>77,235</u>
<u>Other</u>							
Capital Reserve	(1,963,440)	(2,041,200)	(574,290)	(1,816,020)	(1,360,800)	(344,250)	(8,100,000)
Sub Total Other	<u>(1,963,440)</u>	<u>(2,041,200)</u>	<u>(574,290)</u>	<u>(1,816,020)</u>	<u>(1,360,800)</u>	<u>(344,250)</u>	<u>(8,100,000)</u>
 Total Capital Improvement Program	 <u>\$ (1,946,851)</u>	 <u>\$ (2,023,946)</u>	 <u>\$ (569,435)</u>	 <u>\$ (1,791,919)</u>	 <u>\$ (1,349,298)</u>	 <u>\$ (341,316)</u>	 <u>\$ (8,022,765)</u>
 Member Agency Billing, Net	 \$ 16,589	 \$ 17,254	 \$ 4,855	 \$ 24,101	 \$ 11,502	 \$ 2,934	 \$ 77,235 *
	<u>\$ 16,589</u>	<u>\$ 17,254</u>	<u>\$ 4,855</u>	<u>\$ 24,101</u>	<u>\$ 11,502</u>	<u>\$ 2,934</u>	<u>\$ 77,235</u>

* Indicates amounts due from/(to) Member Agencies

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STATISTICAL SECTION (Unaudited)

**FINANCIAL TRENDS
DEMOGRAPHIC AND ECONOMIC INFORMATION
OPERATING INFORMATION**

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STATISTICAL SECTION

This part of the Encina Wastewater Authority's 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 are presented in this section under Operating Information.

Debt Capacity

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

Demographic and Economic Information

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

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

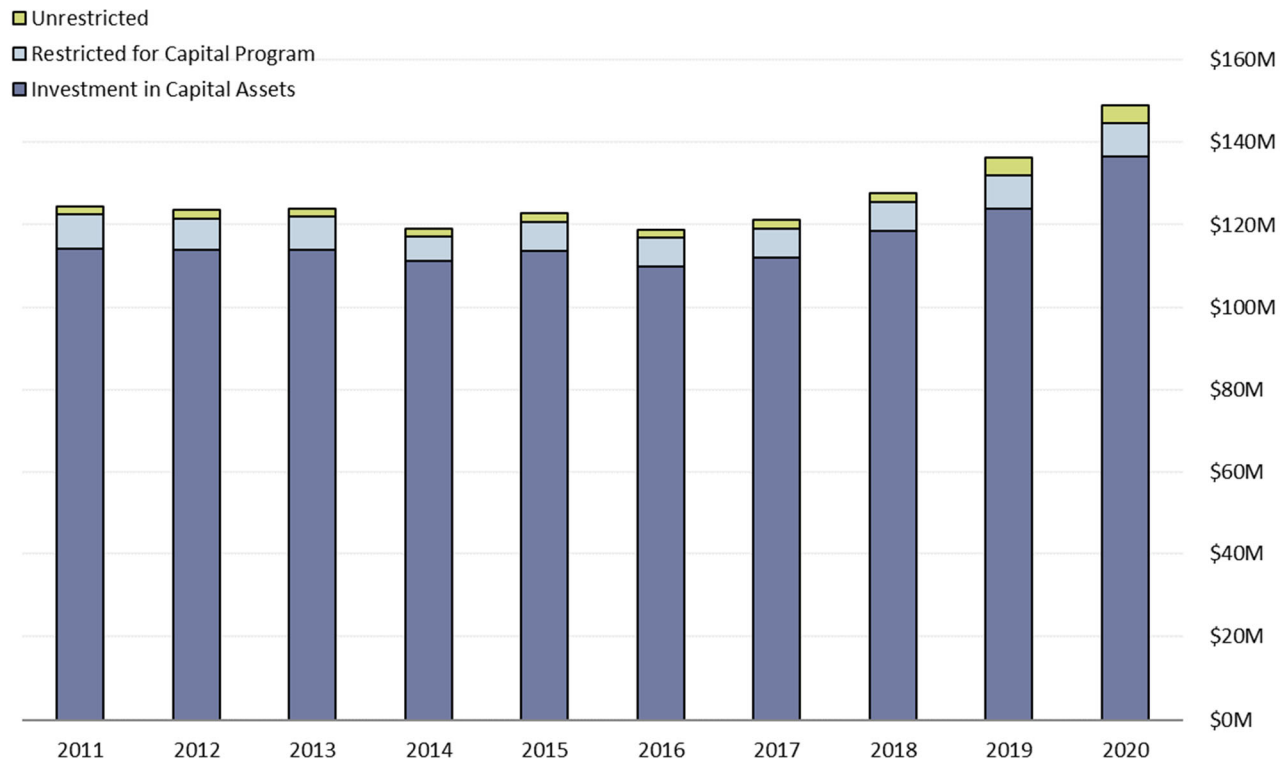
Operating Information

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

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

**NET POSITION
LAST TEN FISCAL YEARS**

Fiscal Year	Investment in Capital Assets	Restricted for Capital Program	Unrestricted	Total
2020	\$ 136,520,458	\$ 8,022,765	\$ 4,300,000	\$ 148,843,223
2019	123,904,422	8,097,285	4,300,000	136,301,707
2018	118,467,691	7,000,000	2,100,000	127,567,691
2017	112,047,443	7,010,247	2,100,000	121,157,690
2016	109,764,177	7,003,009	2,000,000	118,767,186
2015	113,689,724	7,023,053	2,000,000	122,712,777
2014	111,134,272	5,978,907	2,000,000	119,113,179
2013	113,943,637	7,991,595	2,000,000	123,935,232
2012	113,893,325	7,623,977	2,000,000	123,517,302
2011	114,067,928	8,366,771	2,000,000	124,434,699



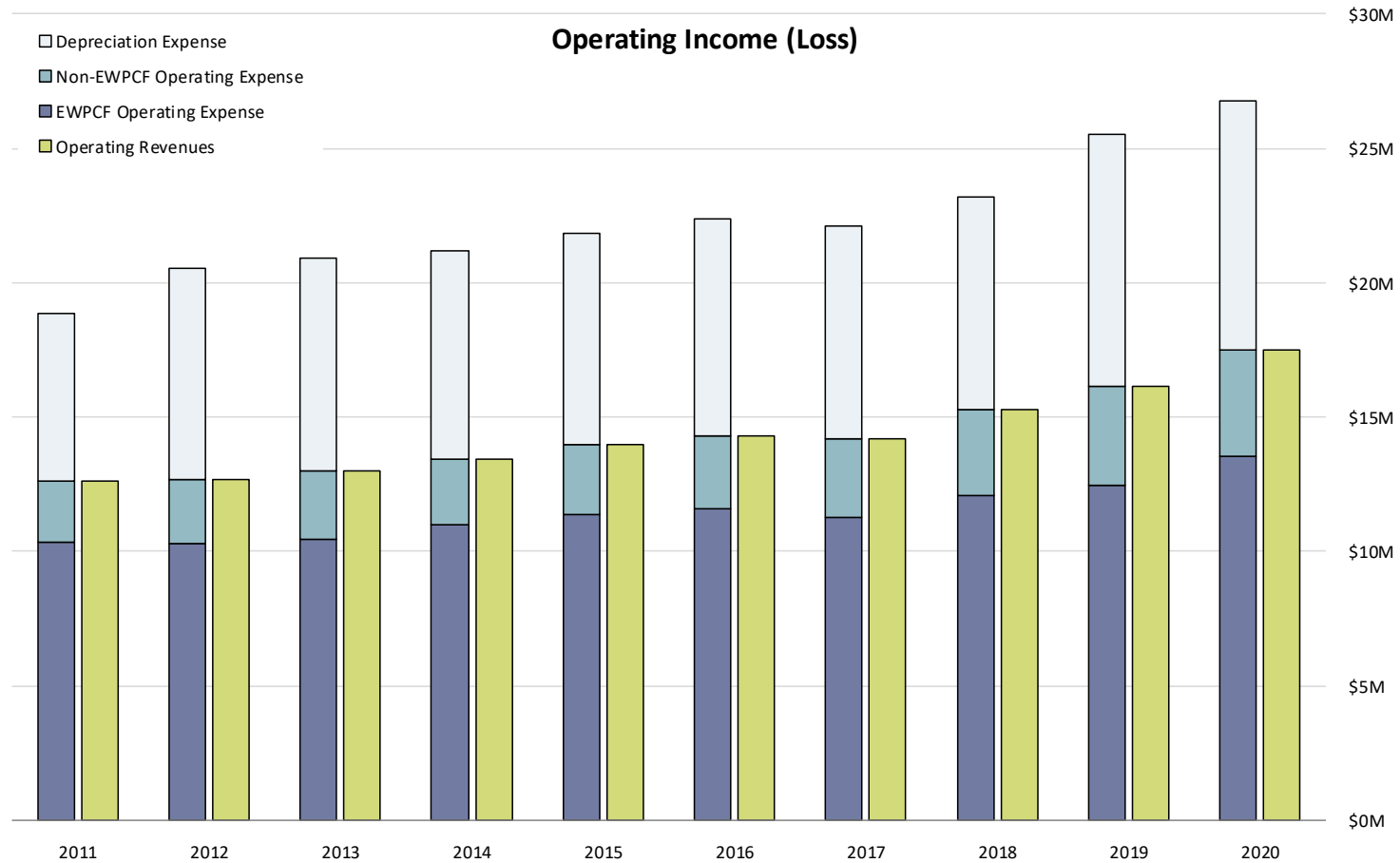
- ▶ FY 2020 reflects increased investments in capital improvement projects including the Primary Area Improvements Project, Digester Rehab and Improvements Project and the SCADA Network and Infrastructure Improvement Project.
- ▶ FY 2019 reflects increased investment in rehabilitating the capital infrastructure along with an increase in the Reserve balances.
- ▶ FY 2018 reflects increased construction in progress activities attributed to the FY15 Major Plant Rehab Project efforts.
- ▶ FY 2017 reflects increased construction in progress activities and a \$100K increase to the Unrestricted - Remote Facility Reserve
- ▶ FY 2016 reflects increased depreciation exceeding the year's investment in capital assets and construction in progress.
- ▶ FY 2015 reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility in addition to \$1M increase in capital reserves.
- ▶ FY 2014 reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▶ FY 2013 reflects blower electrical improvements and natural gas pipeline replacement
- ▶ FY 2012 reflects increasing depreciation and a loss on disposal of capital assets
- ▶ FY 2010 & 2011 reflect higher depreciation resulting from significant capital assets additions in FY 2008 & 2009

Source: Encina Wastewater Authority

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues										
Member Agency Assessments	\$ 16,722	\$ 15,416	\$ 14,719	\$ 13,614	\$ 13,515	\$ 13,637	\$ 13,005	\$ 12,646	\$ 12,384	\$ 12,249
Other Operating Revenues	796	750	548	561	793	314	442	347	266	353
Total Operating Revenues	17,518	16,166	15,268	14,174	14,308	13,951	13,447	12,993	12,650	12,603
Operating Expenses										
Unit I - EWPCF Usage Costs	7,459	6,777	6,575	6,020	6,356	6,219	6,289	5,910	5,904	5,810
Unit I - EWPCF Ownership Costs	5,059	4,723	4,629	4,405	4,335	4,278	4,138	3,936	3,754	3,800
Unit J - Encina Ocean Outfall	614	589	497	495	523	523	268	265	308	368
Directors Meetings	66	64	63	57	52	74	57	65	57	70
Flow Metering	323	305	316	295	332	272	261	265	273	274
Subtotal Encina Wastewater Pollution Control Facilities (EWPCF)	13,521	12,458	12,081	11,272	11,598	11,367	11,012	10,440	10,296	10,323
Source Control	921	771	692	688	638	588	664	620	623	592
Aqua Hedionda Pump Station	656	673	315	297	303	286	269	259	247	202
Buena Vista Pump Station	654	580	627	427	438	407	395	386	348	343
Buena Creek Pump Station	390	367	334	330	328	311	297	296	215	314
Carlsbad Water Reclamation Facilities	1,151	1,107	1,028	979	831	811	650	844	772	703
Raceway Basin Pump Station	225	210	189	182	172	183	158	147	147	126
Depreciation expense	9,269	9,328	7,937	7,907	8,043	7,904	7,725	7,917	7,900	6,260
Total Operating Expenses	26,787	25,494	23,205	22,081	22,351	21,856	21,171	20,910	20,549	18,863
Operating Loss	(9,269)	(9,328)	(7,937)	(7,907)	(8,043)	(7,904)	(7,725)	(7,917)	(7,900)	(6,260)
Nonoperating Revenues (Expenses)										
Net Loss on Disposal of Capital Assets	(1,835)	(1,407)	(2,365)	(1,285)	(2,327)	(1,575)	(1,586)	(1,328)	(841)	(50)
Investment & Other Capital Income	66	120	36	27	17	5	8	10	17	25
Other Nonoperating Revenues	-	2,200	-	100	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(1,769)	913	(2,329)	(1,159)	(2,310)	(1,569)	(1,577)	(1,318)	(824)	(25)
Loss Before Contributions and Distributions	(11,038)	(8,415)	(10,266)	(9,066)	(10,354)	(9,473)	(9,302)	(9,235)	(8,724)	(6,285)
Capital Contributions and Distributions										
Member Agency Assessments	23,579	16,049	16,676	11,456	6,408	13,073	6,775	9,652	7,806	5,878
Contributions (Distributions) from (to) Member Agencies	-	1,100	-	-	-	-	(2,295)	-	-	-
Total Capital Contributions	23,579	17,149	16,676	11,456	6,408	13,073	4,480	9,652	7,806	5,878
Increase (Decrease) in Net Position	\$ 12,542	\$ 8,734	\$ 6,409	\$ 2,391	\$ (3,946)	\$ 3,600	\$ (4,822)	\$ 418	\$ (917)	\$ (407)

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



- ▶ FY2020: reflects increased personnel and chemical costs along with additional biosolid loads being dispersed.
- ▶ FY2019: reflects significant energy cost increases
- ▶ FY2018: reflects increased personnel costs, information technology costs and a general improvement of budget execution
- ▶ FY2017: reflects operational savings through reduced energy consumption, chemical contract negotiations and select services being brought back in-house
- ▶ FY2016: non-EWPCF Operating Expense captures Process Master Plan and increased studies and designs
- ▶ FY2015: reflects significant FY12 major plant rehabilitation projects and alternative fuel receiving facility
- ▶ FY2014: reflects 3rd centrifuge engine project, FY12 major plant rehabilitation projects and influent junction structure improvements
- ▶ FY2013: Capital expense increased from designs and studies, Energy Strategic Plan, 2040 Facility Master Plan Study and Record Drawings & Manuals Project.
- ▶ FY2012: Depreciation increased as a result of aeration pipeline infrastructure completion, replacement of a waste digester gas flare system and rehab of aging clarifiers.

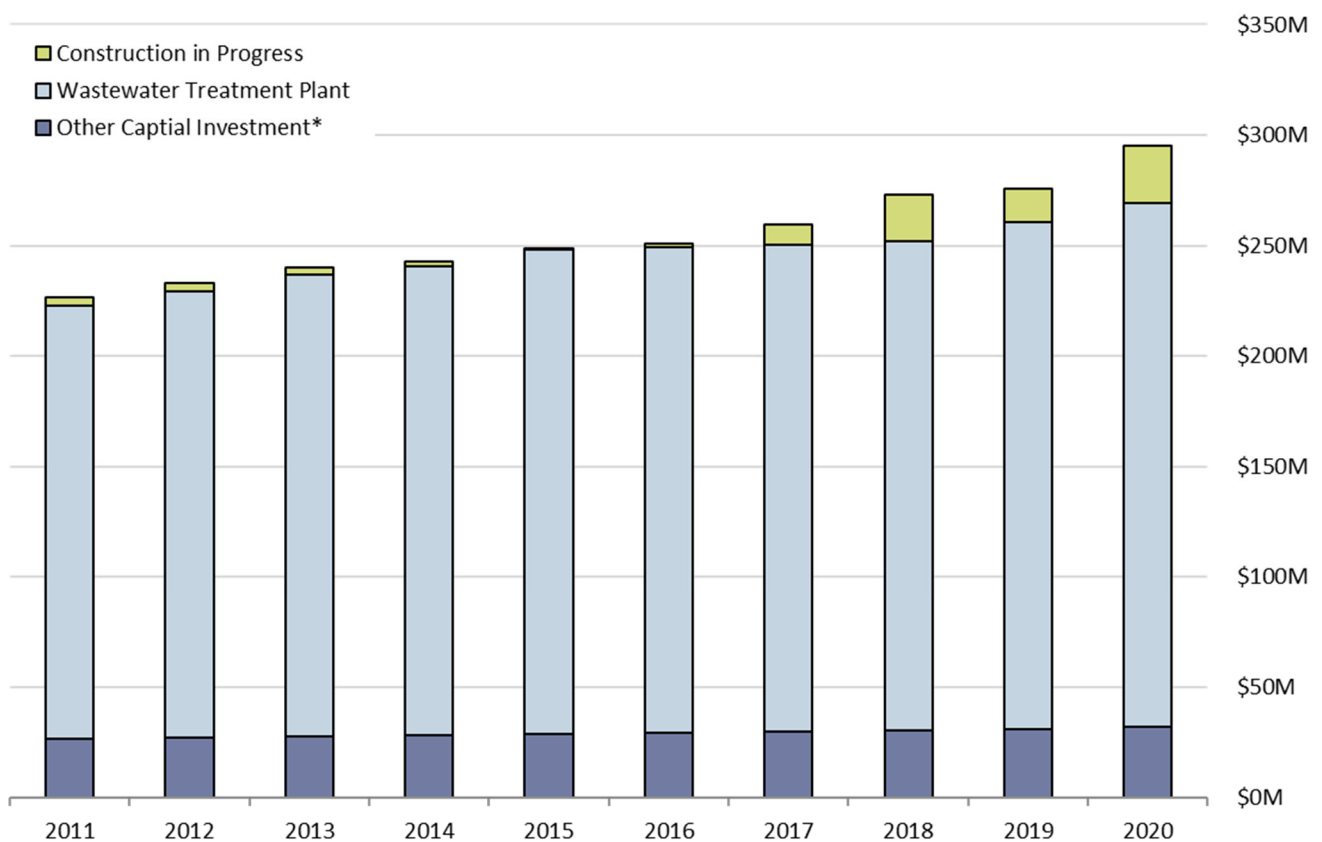
Source: Encina Wastewater Authority

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

By Function

Fiscal Year	Wastewater Treatment Plant	Ocean Outfall	Pump Station Facilities	Furnishings and Office Equipment	Flow Metering System	Real Property	Construction in Progress	Accumulated Depreciation	Total
2020	\$ 236,893,992	\$ 14,517,397	\$ 8,111,258	\$ 5,517,037	\$ 344,945	\$ 3,598,173	\$ 26,051,795	\$ (158,514,139)	\$ 136,520,458
2019	229,172,451	14,115,650	7,928,581	5,210,372	344,945	3,598,173	15,093,501	(151,559,251)	123,904,422
2018	221,355,330	14,115,650	7,603,411	4,794,834	344,945	3,598,173	21,288,567	(154,633,219)	118,467,691
2017	220,536,997	14,115,650	7,506,388	4,397,250	344,945	3,598,173	9,116,097	(147,568,057)	112,047,443
2016	219,644,465	14,115,650	7,235,023	4,236,888	340,489	3,598,173	1,555,579	(140,962,090)	109,764,177
2015	219,293,160	14,115,650	7,069,872	3,900,554	314,269	3,598,173	157,990	(134,759,944)	113,689,724
2014	212,138,613	14,115,650	7,026,591	3,328,489	314,269	3,598,173	2,025,302	(131,412,815)	111,134,272
2013	209,110,243	14,115,650	6,860,710	2,821,468	314,269	3,598,173	3,075,422	(125,952,298)	113,943,637
2012	202,104,971	14,102,005	6,749,955	2,341,392	299,059	3,598,173	4,054,328	(119,356,558)	113,893,325
2011	196,253,370	14,102,005	6,581,287	2,112,950	299,059	3,598,173	3,509,708	(112,388,624)	114,067,928

Investment in Capital Assets by Category Excluding Depreciation



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

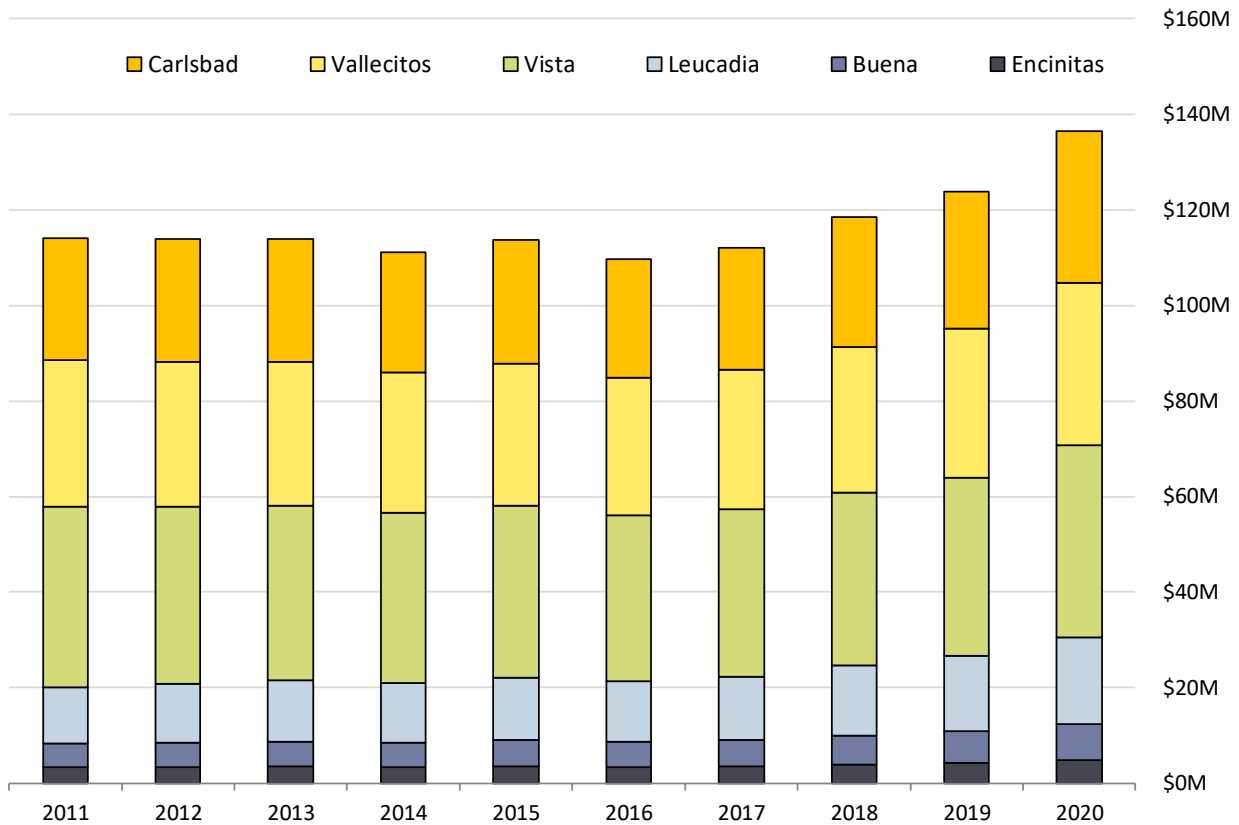
Source: Encina Wastewater Authority

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

By Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2020	\$ 31,804,517	\$ 40,123,490	\$ 7,646,346	\$ 33,991,883	\$ 18,153,798	\$ 4,800,424	\$ 136,520,458
2019	28,657,855	37,301,026	6,631,957	31,345,588	15,759,863	4,208,134	123,904,422
2018	27,202,591	36,284,780	6,101,920	30,350,470	14,601,267	3,926,664	118,467,691
2017	25,574,386	35,044,264	5,523,537	29,067,979	13,243,432	3,593,845	112,047,443
2016	24,878,977	34,865,953	5,228,868	28,735,212	12,612,139	3,443,028	109,764,177
2015	25,777,202	36,102,270	5,435,237	29,783,001	13,036,766	3,555,248	113,689,724
2014	25,096,031	35,757,254	5,181,764	29,347,614	12,360,296	3,391,313	111,134,272
2013	25,726,787	36,685,069	5,255,587	30,063,361	12,731,372	3,481,461	113,943,637
2012	25,612,883	37,154,594	5,084,767	30,362,230	12,285,583	3,393,268	113,893,325
2011	25,537,838	37,687,907	4,915,342	30,714,365	11,893,406	3,319,070	114,067,928

Investment in Capital Assets by Member Agency



Fiscal year 2020 activity reflects an increase in construction-in-progress activity driven by the following projects:

- ▶ Primary Area Improvements Project
- ▶ Digester Rehabilitation and Improvements Project
- ▶ SCADA Network and Infrastructure Improvement Project
- ▶ Primary Effluent Pipeline Rehabilitation Project
- ▶ Cogen Wall Repair Project

Source: Encina Wastewater Authority

DEMOGRAPHIC & ECONOMIC INFORMATION
LAST TEN FISCAL YEARS

Population & Property Data

Fiscal Year	Population	% Change from previous year	Personal Income (in millions)	Personal Income (Per Capita)	Unemployment Rate*	Assessed Value of Taxable Property (in millions)*
2019	377,000	0.0%	\$ 23,365	\$ 61,976	12.9%	\$ 72,711
2018	377,000	0.0%	\$ 22,451	\$ 59,552	3.4%	\$ 64,947
2017	377,000	1.3%	\$ 21,555	\$ 57,175	4.0%	\$ 61,504
2016	372,000	1.4%	\$ 20,446	\$ 54,961	4.7%	\$ 58,409
2015	367,000	1.9%	\$ 19,055	\$ 51,921	4.5%	\$ 55,239
2014	360,000	0.6%	\$ 17,842	\$ 49,560	5.6%	\$ 51,050
2013	358,000	1.0%	\$ 16,809	\$ 46,952	7.0%	\$ 49,511
2012	354,290	0.8%	\$ 16,529	\$ 46,653	8.2%	\$ 49,370
2011	351,348	0.8%	\$ 15,589	\$ 44,368	9.2%	\$ 49,357
2010	348,420	0.1%	\$ 18,357	\$ 52,686	9.2%	\$ 49,938

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

Principal Employers

Employer	Business Category	Number of Employees	Percent of Total Employment**	Member Agency
Legoland California, LLC	Hospitality/Tourism	2,300	3.26%	Carlsbad
ViaSat, Inc.	Information Technology	2,153	3.05%	Carlsbad
Palomar Community College	Education	2,485	6.10%	San Marcos
San Marcos Unified School District	Education	2,464	6.05%	San Marcos
Vista Unified School District	Education	2,344	5.15%	Vista
Watkins Manufacturing Corp.	Manufacturing	781	1.72%	Vista

** within specified Member Agency jurisdiction

Principal Property Taxpayers

Taxpayer	2019 Assessed Taxable Value	Member Agency
Poseidon Resources	\$ 544,402,445	Carlsbad
La Costa Glen Retirement Community	260,922,718	Carlsbad
Prominence Willmark Communities	97,373,070	San Marcos
Camden USA, Inc.	94,692,538	San Marcos
MG Preserve of Melrose Apartment	135,456,000	Vista
MG Waterleafe Apartments SHL	117,044,000	Vista
Scripps Health	166,475,379	Encinitas
TRC Encinitas Village	86,242,451	Encinitas

- ▶ Data presented is a composite of data from FY 2019 CAFRs of EWA Member Agencies or their representative cities
- ▶ Data for the City of Vista is representative of the Buena Sanitation District
- ▶ Data for the City of San Marcos is representative of the Vallecitos Water District
- ▶ Data for the City of Encinitas is representative of the Leucadia Wastewater District
- ▶ Unemployment data was gathered from the U.S. Bureau of Labor Statistics

Source: Encina Wastewater Authority

FACTS & FIGURES

Establishment History

City of Carlsbad and Vista Sanitation District (City of Vista) formed Joint Powers Authority	July 1961
Buena Sanitation District joined JPA	January 1964
Vallecitos Water District joined JPA	March 1965
Leucadia Wastewater District joined JPA	August 1971
Encinitas Sanitary District (City of Encinitas) joined JPA	August 1971
Encina Administrative Agency created	August 1988
Revised Establishment Document and Revised Basic Agreement approved by Member Agencies	October 1990
Encina Administrative Agency renamed Encina Wastewater Authority	December 1991
Revised Establishment Document amendment approved by Member Agencies	November 2019
Revised Basic Agreement 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	377,000	
Wastewater Treatment & Disposal Capacity (permitted)	43.30	MGD
Average Daily Wastewater Flow	23.66	MGD
Average Daily Biochemical Oxygen Demand (influent)	74,666	PPD
Average Suspended Solids (influent)	72,364	PPD
Average Treated Wastewater Reclaimed	2.77	MGD
Average Treated Wastewater Disposal	21.42	MGD
Average Years of Employee Service	9.16	years

Top 10 Source Permits (Gallons per Day)

Cintas Corporation	Industrial laundry	49,599	
Hollandia Dairy	Beverage producer	43,515	
Prudential Overall Supply	Industrial laundry	30,619	
Fresh Creative Foods	Food Processing	18,468	
Hughes Circuits, Inc.	Manufacturing	13,109	
Pizza Port Brewing Company	Brewery	10,000	
Poseidon Resources (Channelside) LP	Desalination plant	8,750	
Captek Softgel (formerly J&D Labs)	Manufacturing	8,200	
Versum Materials US, LLC	Manufacturing	4,520	
Select Supplements, Inc.	Manufacturing	3,760	

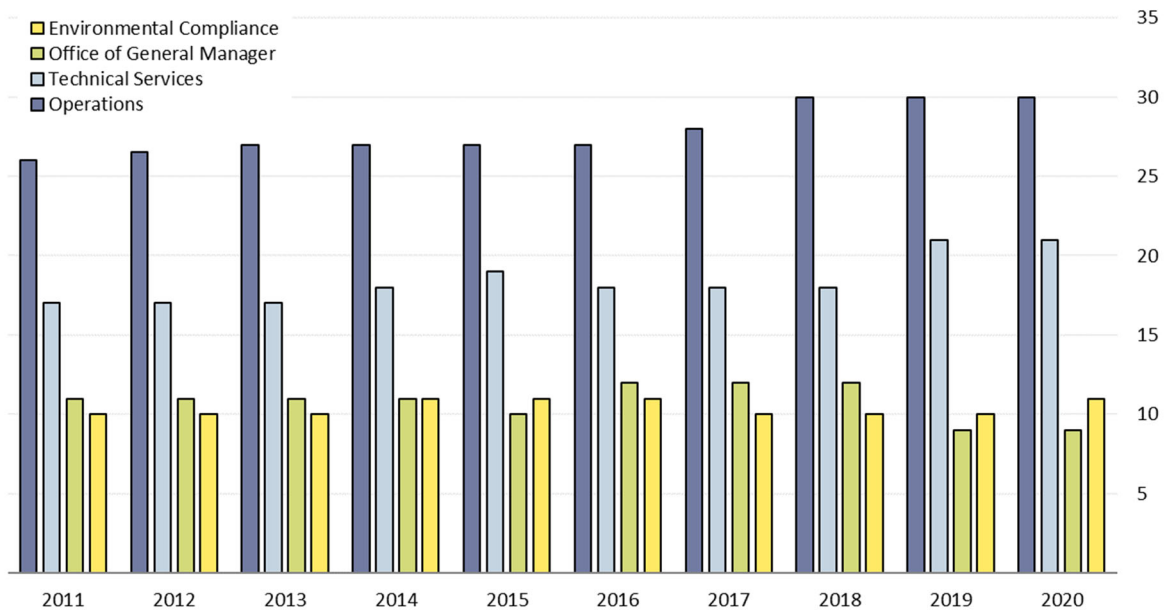
► MGD = million gallons per day

► PPD = pounds per day

Source: Encina Wastewater Authority

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Operations	Technical Services	Office of General Manager	Environmental Compliance	Total FTE
2020	30.00	21.00	9.00	11.00	71.00
2019	30.00	21.00	9.00	10.00	70.00
2018	30.00	18.00	12.00	10.00	70.00
2017	28.00	18.00	12.00	10.00	68.00
2016	27.00	18.00	12.00	11.00	68.00
2015	27.00	19.00	10.00	11.00	67.00
2014	27.00	18.00	11.00	11.00	67.00
2013	27.00	17.00	11.00	10.00	65.00
2012	26.50	17.00	11.00	10.00	64.50
2011	26.00	17.00	11.00	10.00	64.00



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

Source: Encina Wastewater Authority

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

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

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2020	\$ 5,204,162	\$ 4,706,476	\$ 1,725,700	\$ 3,174,000	\$ 2,011,571	\$ 648,522	\$ 17,470,431	14.4%
2019	4,901,586	4,460,937	1,569,679	2,696,066	1,901,533	623,049	16,152,850	14.0%
2018	4,723,102	4,112,520	1,512,951	2,499,448	1,840,725	577,734	15,266,480	7.7%
2017	4,374,908	3,496,760	1,444,634	2,524,071	1,735,485	593,079	14,168,937	-1.0%
2016	4,118,055	3,685,592	1,363,951	2,735,673	1,791,922	615,451	14,310,644	2.4%
2015	4,102,472	3,524,984	1,333,738	2,657,520	1,785,125	571,496	13,975,335	4.4%
2014	3,836,196	3,330,764	1,324,208	2,591,053	1,746,870	563,620	13,392,711	5.4%
2013	3,827,257	2,916,646	1,223,734	2,364,992	1,828,803	546,491	12,707,923	4.1%
2012	3,677,363	2,894,508	1,122,452	2,211,874	1,780,750	525,297	12,212,244	-2.5%
2011	3,713,809	2,944,497	1,257,548	2,236,119	1,836,606	537,555	12,526,134	-4.4%
2010	3,961,372	3,042,873	1,322,605	2,260,092	1,929,239	582,692	13,098,873	-7.9%
2009	4,190,425	3,354,891	1,422,809	2,594,083	2,051,872	613,734	14,227,814	

Operating Expenses, excluding Depreciation

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2020	\$ 5,218,653	\$ 4,723,088	\$ 1,730,363	\$ 3,177,916	\$ 2,017,173	\$ 650,789	\$ 17,517,982	14.7%
2019	4,905,117	4,464,106	1,570,663	2,698,767	1,903,591	623,645	16,165,889	14.1%
2018	4,723,232	4,112,639	1,512,988	2,499,530	1,840,787	577,750	15,266,926	7.7%
2017	4,376,266	3,497,640	1,445,321	2,525,408	1,736,273	593,413	14,174,321	-0.9%
2016	4,131,572	3,679,177	1,363,235	2,729,669	1,789,303	614,878	14,307,834	2.6%
2015	4,081,787	3,563,175	1,339,122	2,548,702	1,822,529	595,571	13,950,886	3.8%
2014	3,801,706	3,415,378	1,338,393	2,499,407	1,804,515	587,225	13,446,624	3.5%
2013	3,929,390	3,028,237	1,308,964	2,328,462	1,834,336	563,925	12,993,314	2.7%
2012	3,854,579	2,972,735	1,219,645	2,267,470	1,787,779	547,312	12,649,520	0.4%
2011	3,820,570	3,010,991	1,303,867	2,162,596	1,773,223	532,034	12,603,281	-4.1%
2010	3,999,304	3,091,124	1,360,071	2,193,064	1,915,895	589,325	13,148,783	-8.5%
2009	4,235,589	3,415,783	1,458,870	2,553,589	2,049,814	654,522	14,368,167	

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

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2020	\$ 14,491	\$ 16,612	\$ 4,663	\$ 3,916	\$ 5,602	\$ 2,267	\$ 47,551
2019	3,531	3,169	984	2,701	2,058	596	13,039
2018	130	119	37	82	62	16	446
2017	1,358	880	687	1,337	788	334	5,384
2016	13,517	(6,415)	(716)	(6,004)	(2,619)	(573)	(2,810)
2015	(20,685)	38,191	5,384	(108,818)	37,404	24,075	(24,449)
2014	(34,490)	84,614	14,185	(91,646)	57,645	23,605	53,913
2013	102,133	111,591	85,230	(36,530)	5,533	17,434	285,391
2012	177,216	78,227	97,193	55,596	7,029	22,015	437,276
2011	106,761	66,494	46,319	(73,523)	(63,383)	(5,521)	77,147

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

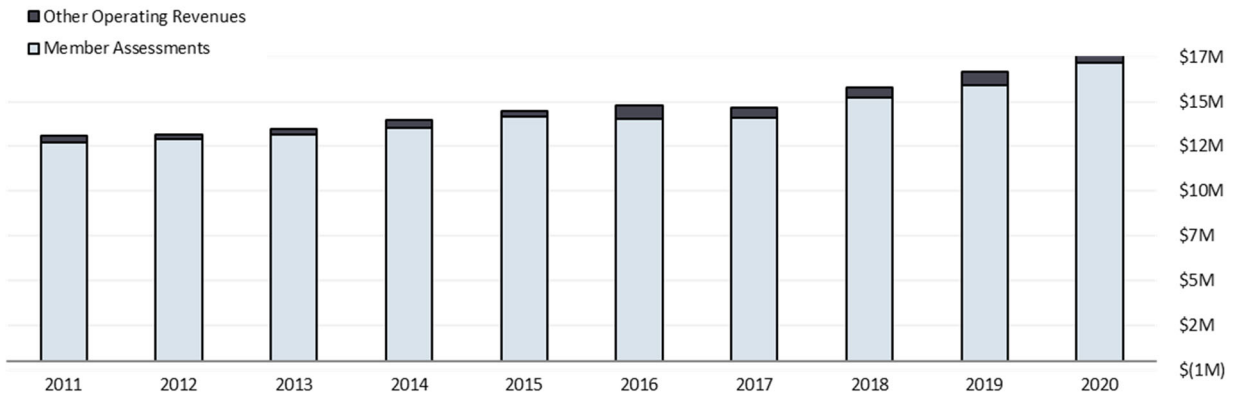
Source: Encina Wastewater Authority

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

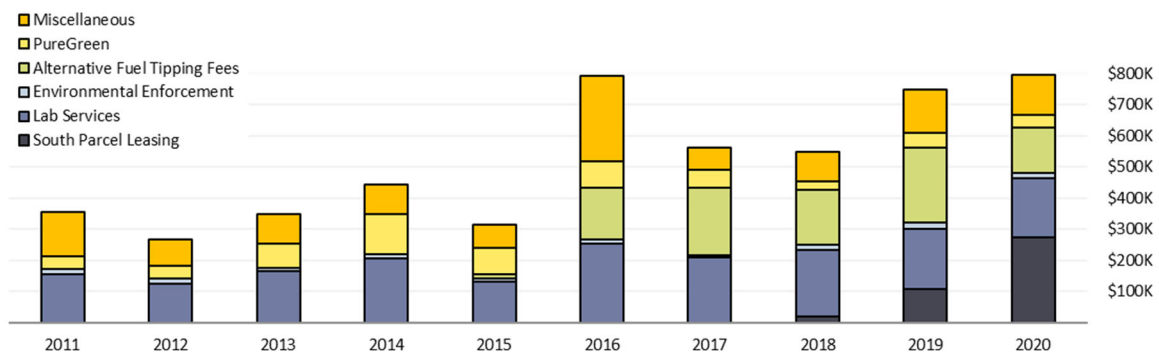
Operating Revenues

Fiscal Year	Member Assessments	Alternative Fuel Tipping Fees	South Parcel Leasing	PureGreen	Lab Services	Environmental Enforcement	Miscellaneous	Total
2020	\$ 16,674,819	\$ 144,581	\$ 273,009	\$ 41,399	\$ 191,224	\$ 16,664	\$ 128,735	\$ 17,470,431
2019	15,416,312	241,108	106,319	46,940	192,940	20,100	142,170	16,165,889
2018	14,718,859	177,113	18,436	26,239	215,347	14,500	96,432	15,266,926
2017	13,613,755	216,909	-	57,925	207,972	9,150	68,610	14,174,321
2016	13,515,144	167,689	-	83,956	253,526	12,150	275,369	14,307,834
2015	13,637,230	14,806	-	84,138	131,738	9,150	73,824	13,950,886
2014	13,004,951	-	-	131,141	207,365	10,731	92,436	13,446,623
2013	12,646,345	-	-	75,646	163,918	12,888	94,517	12,993,314
2012	12,383,770	-	-	42,937	125,404	14,830	82,579	12,649,520
2011	12,249,355	-	-	40,448	154,245	16,970	142,264	12,603,282

Total Operating Revenues



Other Operating Revenues



- ▶ FY 2020: South Parcel leasing revenue increasing as a result of temporary construction easements. Alternative fuels tipping fees slowing down due to Digester Improvements project.
- ▶ FY 2019: Misc income includes the benefit of a settlement from a class action lawsuit in which EWA did not have any direct involvement in
- ▶ FY 2018: South parcel leasing revenue initiated
- ▶ FY 2016: First full year of the Alternative Fuel Receiving Facility being live. Misc revenues captures a one-time \$150K award from SDG&E.
- ▶ FY 2015: Alternative fuel tipping fees generated from receipt of fats, oils, grease and other organics into the Alternative Fuel Receiving Facility
- ▶ FY 2011: Miscellaneous revenue includes \$78k retroactive utility rate adjustment from San Diego Gas & Electric

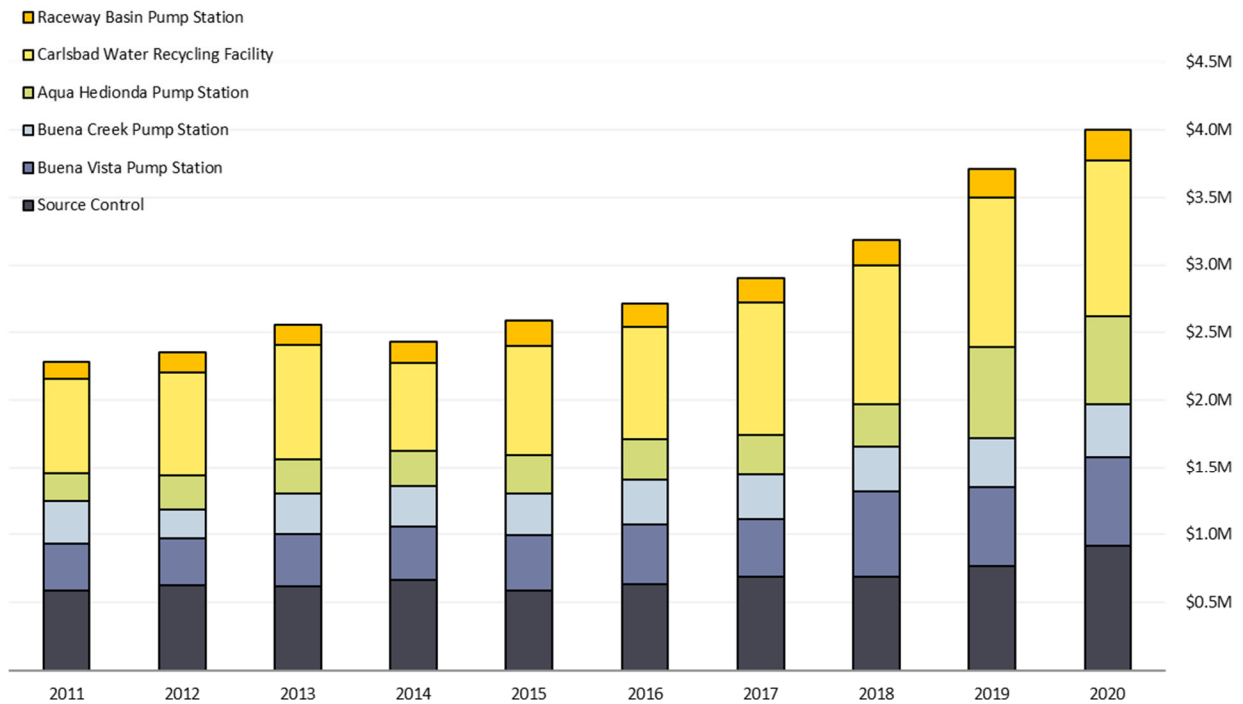
Source: Encina Wastewater Authority

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

Operating Expenses

Fiscal Year	EWPCF	Source Control	Aqua Hedionda Pump Station	Buena Vista Pump Station	Buena Creek Pump Station	Carlsbad Water Recycling Facility	Raceway Basin Pump Station	Total
2020	\$ 13,520,821	\$ 920,931	\$ 656,183	\$ 653,866	\$ 390,416	\$ 1,151,086	\$ 224,679	\$ 17,517,982
2019	12,457,968	770,842	672,563	579,628	367,226	1,107,357	210,305	16,165,889
2018	12,080,625	692,301	315,269	627,262	334,278	1,028,469	188,722	15,266,926
2017	11,272,007	687,678	297,059	427,136	329,876	978,967	181,598	14,174,321
2016	11,597,641	637,700	302,966	438,134	328,200	830,701	172,492	14,307,834
2015	11,365,544	587,980	286,446	406,595	310,637	810,972	182,712	13,950,886
2014	11,012,498	664,209	269,050	395,013	297,139	650,499	158,216	13,446,624
2013	10,439,519	620,480	259,394	386,485	296,435	843,994	147,007	12,993,314
2012	10,296,088	623,461	247,392	348,184	215,234	772,107	147,054	12,649,520
2011	10,322,743	591,609	201,953	343,044	314,303	703,253	126,375	12,603,280

Other Operating Expenses

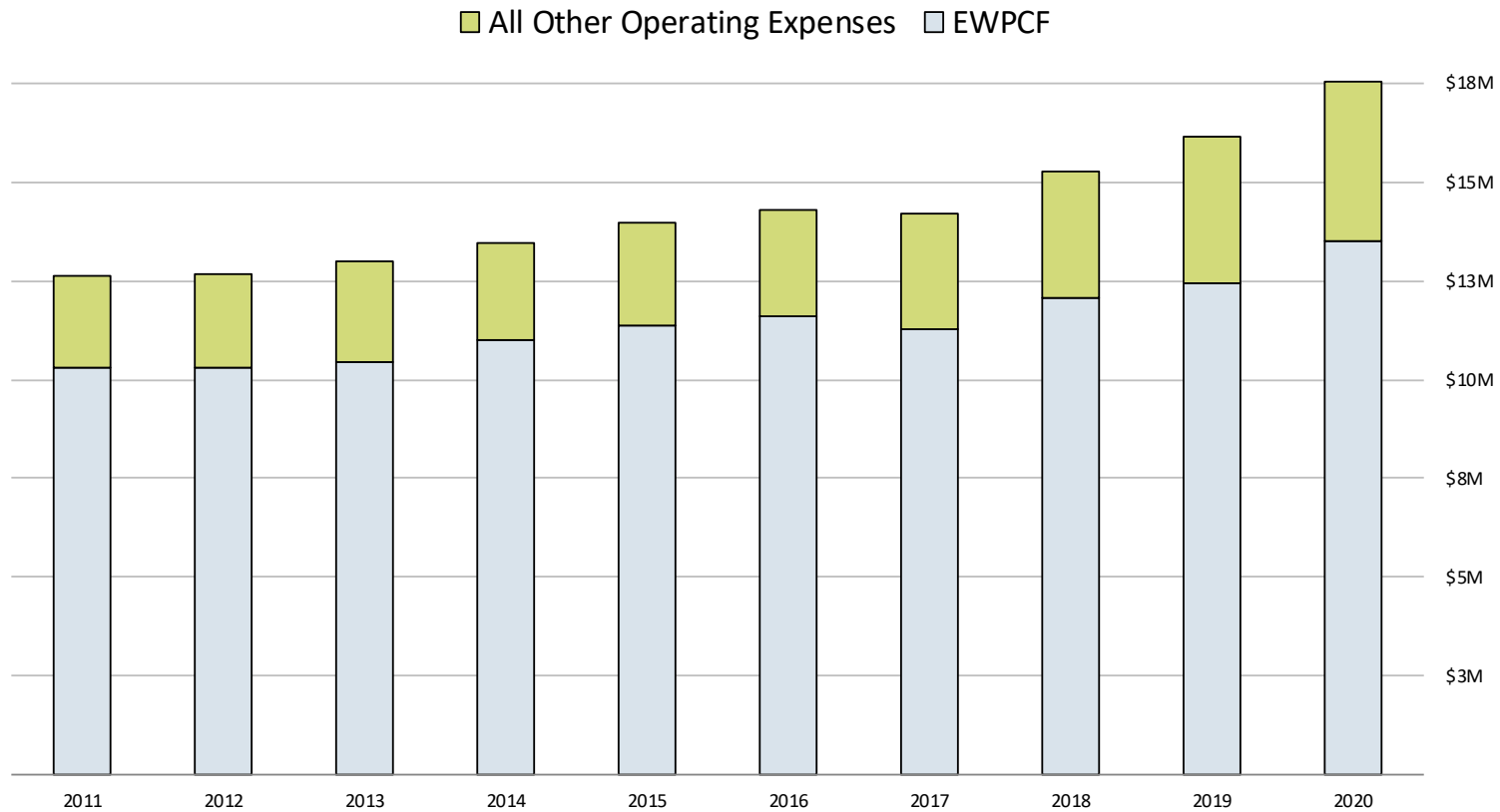


- ▶ FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- ▶ FY2019: Operating costs reflect significant electricity and natural gas price & usage increases. In addition, AHPS witnessed a bar screen failure mid-year leading to a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

Source: Encina Wastewater Authority

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

Operating Expenses



- ▶ FY2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- ▶ FY2019: Operating costs reflect significant electricity and natural gas price & usage increases throughout EWPCF and the Remote Facilities. In addition, AHPS witnessed a bar screen failure mid-year leading to a shift of labor costs from EWPCF to AHPS.
- ▶ FY2018: Operating costs reflect the addition of two operators to assist with heat dryer operations, increased information technology costs and improved budget execution.
- ▶ FY 2017: EWPCF reflects significant energy savings captured from the Aeration Basin & Diffuser Replacement Project being completed. Increased activity occurring at CWRF.
- ▶ Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues
- ▶ FY 2009: Phase V Expansion substantially complete and on-line. Variance in operating costs result of start-up activities

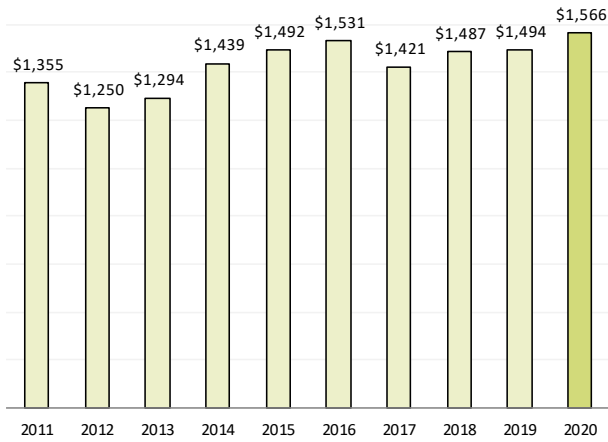
Source: Encina Wastewater Authority

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

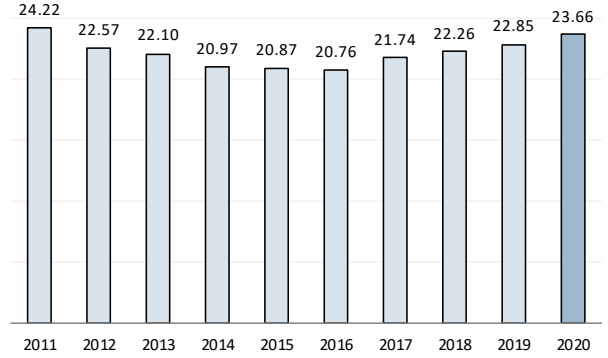
Year Ended	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2020							
Operating Expenses	\$ 3,562,012	\$ 3,159,151	\$ 1,225,482	\$ 3,005,699	\$ 1,948,604	\$ 619,873	\$ 13,520,821
Avg. Daily Flow in MG	6.32	6.32	1.92	4.30	3.85	0.95	23.66
Annualized Flow in MG	2306.80	2306.80	700.80	1569.50	1405.25	346.75	8635.90
Cost Per MG	\$ 1,544.14	\$ 1,369.49	\$ 1,748.69	\$ 1,915.07	\$ 1,386.66	\$ 1,787.67	\$ 1,565.65
MG cost change from prior year	2.70%	6.42%	4.90%	1.69%	5.21%	8.66%	4.82%
June 30, 2019							
Operating Expenses	\$ 3,303,695	\$ 3,020,312	\$ 1,137,774	\$ 2,584,515	\$ 1,823,188	\$ 588,484	\$ 12,457,968
Avg. Daily Flow in MG	6.02	6.43	1.87	3.76	3.79	0.98	22.85
Annualized Flow in MG	2197.30	2346.95	682.55	1372.40	1383.35	357.70	8340.25
Cost Per MG	\$ 1,503.52	\$ 1,286.91	\$ 1,666.95	\$ 1,883.21	\$ 1,317.95	\$ 1,645.19	\$ 1,493.72
MG cost change from prior year	2.92%	-0.50%	0.81%	-5.38%	1.25%	3.41%	0.46%
June 30, 2018							
Operating Expenses	\$ 3,295,342	\$ 2,945,663	\$ 1,110,530	\$ 2,389,949	\$ 1,781,655	\$ 557,486	\$ 12,080,625
Avg. Daily Flow in MG	6.18	6.24	1.84	3.29	3.75	0.96	22.26
Annualized Flow in MG	2255.70	2277.60	671.60	1200.85	1368.75	350.40	8124.90
Cost Per MG	\$ 1,460.90	\$ 1,293.32	\$ 1,653.56	\$ 1,990.21	\$ 1,301.67	\$ 1,591.00	\$ 1,486.86
MG cost change from prior year	11.09%	-1.77%	9.16%	3.12%	8.06%	3.15%	4.67%
June 30, 2017							
Operating Expenses	\$ 3,033,663	\$ 2,551,773	\$ 1,056,083	\$ 2,409,195	\$ 1,675,199	\$ 546,094	\$ 11,272,007
Avg. Daily Flow in MG	6.32	5.31	1.91	3.42	3.81	0.97	21.74
Annualized Flow in MG	2306.80	1938.15	697.15	1248.30	1390.65	354.05	7935.10
Cost Per MG	\$ 1,315.10	\$ 1,316.60	\$ 1,514.86	\$ 1,929.98	\$ 1,204.62	\$ 1,542.42	\$ 1,420.52
MG cost change from prior year	-4.77%	-5.03%	-15.80%	-11.02%	-5.11%	-6.77%	-7.19%
June 30, 2016							
Operating Expenses	\$ 2,973,999	\$ 2,712,247	\$ 971,876	\$ 2,628,340	\$ 1,737,527	\$ 573,651	\$ 11,597,640
Avg. Daily Flow in MG	5.90	5.36	1.48	3.32	3.75	0.95	20.76
Annualized Flow in MG	2153.50	1956.40	540.20	1211.80	1368.75	346.75	7577.40
Cost Per MG	\$ 1,381.01	\$ 1,386.35	\$ 1,799.10	\$ 2,168.96	\$ 1,269.43	\$ 1,654.36	\$ 1,530.56
MG cost change from prior year	5.24%	4.07%	3.35%	-7.95%	2.33%	2.14%	2.58%
June 30, 2015							
Operating Expenses	\$ 2,955,115	\$ 2,650,019	\$ 959,439	\$ 2,451,148	\$ 1,770,450	\$ 579,373	\$ 11,365,544
Avg. Daily Flow in MG	6.17	5.45	1.51	2.85	3.91	0.98	20.87
Annualized Flow in MG	2252.05	1989.25	551.15	1040.25	1427.15	357.70	7617.55
Cost Per MG	\$ 1,312.19	\$ 1,332.17	\$ 1,740.79	\$ 2,356.31	\$ 1,240.55	\$ 1,619.72	\$ 1,492.02
MG cost change from prior year	-0.05%	4.28%	4.42%	7.64%	5.36%	6.48%	3.70%
June 30, 2014							
Operating Expenses	\$ 2,827,172	\$ 2,527,266	\$ 949,290	\$ 2,388,957	\$ 1,753,506	\$ 566,307	\$ 11,012,498
Avg. Daily Flow in MG	5.90	5.42	1.56	2.99	4.08	1.02	20.97
Annualized Flow in MG	2153.50	1978.30	569.40	1091.35	1489.20	372.30	7654.05
Cost Per MG	\$ 1,312.83	\$ 1,277.49	\$ 1,667.18	\$ 2,188.99	\$ 1,177.48	\$ 1,521.10	\$ 1,438.78
MG cost change from prior year	12.76%	14.10%	6.37%	24.70%	-1.84%	6.67%	11.17%
June 30, 2013							
Operating Expenses	\$ 2,774,976	\$ 2,186,301	\$ 932,447	\$ 2,204,088	\$ 1,795,180	\$ 546,527	\$ 10,439,519
Avg. Daily Flow in MG	6.53	5.35	1.63	3.44	4.10	1.05	22.10
Annualized Flow in MG	2383.45	1952.75	594.95	1255.60	1496.50	383.25	8066.50
Cost Per MG	\$ 1,164.27	\$ 1,119.60	\$ 1,567.27	\$ 1,755.41	\$ 1,199.59	\$ 1,426.03	\$ 1,294.18
MG cost change from prior year	5.33%	1.22%	2.39%	3.28%	2.91%	6.48%	3.55%
June 30, 2012							
Operating Expenses	\$ 2,792,012	\$ 2,164,079	\$ 910,702	\$ 2,152,635	\$ 1,748,725	\$ 527,935	\$ 10,296,088
Avg. Daily Flow in MG	6.92	5.36	1.63	3.47	4.11	1.08	22.57
Annualized Flow in MG	2525.80	1956.40	594.95	1266.55	1500.15	394.20	8238.05
Cost Per MG	\$ 1,105.40	\$ 1,106.15	\$ 1,530.72	\$ 1,699.61	\$ 1,165.70	\$ 1,339.26	\$ 1,249.82
MG cost change from prior year	7.27%	7.95%	7.07%	9.87%	2.45%	-1.87%	-7.73%
June 30, 2011							
Operating Expenses	\$ 2,847,328	\$ 2,273,903	\$ 892,275	\$ 2,055,254	\$ 1,735,905	\$ 518,079	\$ 11,974,772
Avg. Daily Flow in MG	7.57	6.08	1.71	3.64	4.18	1.04	24.22
Annualized Flow in MG	2763.05	2219.20	624.15	1328.60	1525.70	379.60	8840.30
Cost Per MG	\$ 1,030.50	\$ 1,024.65	\$ 1,429.58	\$ 1,546.93	\$ 1,137.78	\$ 1,364.80	\$ 1,354.57

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

Operating Expenses per Million Gallons

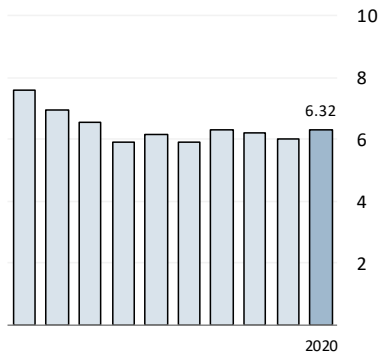


Total Average Daily Flow (MGD)

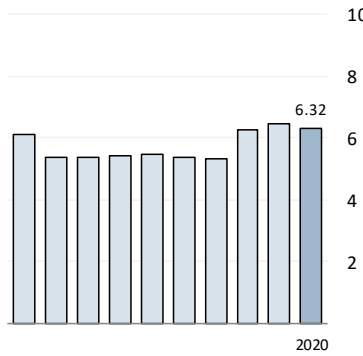


Average Daily Flow (MGD) by Member Agency

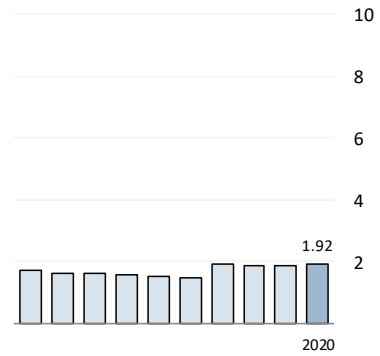
Carlsbad



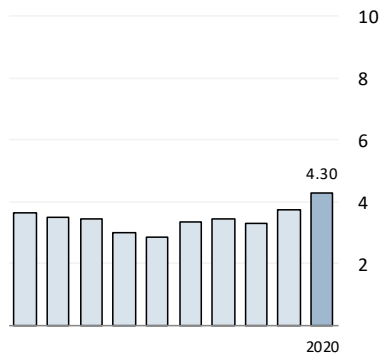
Vista



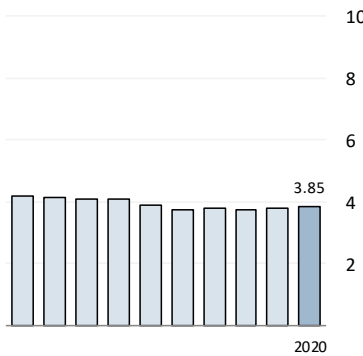
Buena



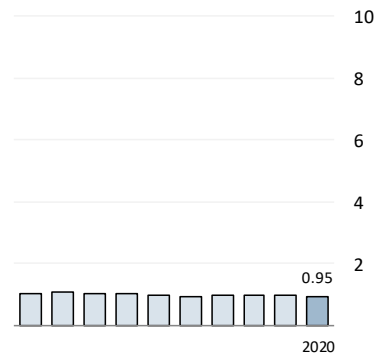
Vallecitos



Leucadia



Encinitas



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

Source: Encina Wastewater Authority

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The background of the page is a photograph of industrial machinery, specifically a complex network of metal pipes, valves, and gauges. The pipes are made of a light-colored metal, possibly stainless steel or aluminum, and show signs of wear and rust. A prominent valve in the center has a white label that reads "Gas Blow Valve". To the left, another valve has a label that says "Flow". The overall scene is brightly lit, suggesting an outdoor or well-lit industrial environment. The text is overlaid on a semi-transparent white oval in the upper center and a semi-transparent white rectangle in the middle.

**BUDGET PERFORMANCE SECTION
(UNAUDITED)**

**OPERATING PROGRAM
PERSONNEL EXPENSES
CAPITAL PROGRAM**

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**SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Actual to Budget</u>
Revenues:					
Member Assessments	\$ 17,225,483	\$ 17,225,483	\$ 16,722,370	\$ (503,113)	97.1%
Other	555,200	626,200	795,612	169,412	127.1%
Total Revenues	<u>\$ 17,780,683</u>	<u>\$ 17,851,683</u>	<u>\$ 17,517,982</u>	<u>\$ (333,701)</u>	<u>98.1%</u>
Expenses:					
Personnel Expense	\$ 9,369,984	\$ 9,369,984	\$ 9,565,967	\$ (195,983)	102.1%
Chemicals	1,601,650	1,676,344	1,533,085	\$143,259	91.5%
Biosolids	552,700	575,500	646,104	(\$70,604)	112.3%
Utilities	2,607,600	2,774,325	2,673,473	\$100,852	96.4%
Other Non-Personnel	3,398,749	3,455,530	3,099,353	356,177	89.7%
Contingency	250,000	-	-	-	-
Total Expenses	<u>\$ 17,780,683</u>	<u>\$ 17,851,683</u>	<u>\$ 17,517,982</u>	<u>\$ 333,701</u>	<u>98.1%</u>

**SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel Expense	\$ 9,565,967	\$ 8,816,780	\$ 749,187	8.5%
Chemicals	1,533,085	1,269,277	263,808	20.8%
Biosolids	646,104	423,531	222,573	52.6%
Utilities	2,673,473	2,519,837	153,636	6.1%
Other Non-Personnel	3,099,353	3,136,464	(37,111)	-1.2%
Total	<u>\$ 17,517,982</u>	<u>\$ 16,165,889</u>	<u>\$ 1,352,093</u>	<u>8.4%</u>

Source: Encina Wastewater Authority

**SUPPLEMENTARY SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020**

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Programs					
EWPCF	\$ 6,909,831	\$ 6,909,831	\$ 7,069,349	\$ (159,518)	102.3%
Source Control	820,262	820,262	838,283	(18,021)	102.2%
Remote Facilities					
Agua Hedionda Pump Station	309,238	309,238	396,961	(87,723)	128.4%
Buena Vista Pump Station	237,187	237,187	232,821	4,366	98.2%
Buena Creek Pump Station	216,381	216,381	203,556	12,825	94.1%
Carlsbad Water Reclamation Facility	703,239	703,239	662,854	40,385	94.3%
Raceway Basin Pump Station	173,846	173,846	162,143	11,703	93.3%
Total Remote Facilities	<u>1,639,891</u>	<u>1,639,891</u>	<u>1,658,335</u>	<u>(18,444)</u>	<u>101.1%</u>
Subtotal Operating Program	<u>9,369,984</u>	<u>9,369,984</u>	<u>9,565,967</u>	<u>(195,983)</u>	<u>102.1%</u>
Capital Program	2,665,096	2,665,096	2,725,860	(60,764)	102.3%
Total Personnel	<u>\$ 12,035,080</u>	<u>\$ 12,035,080</u>	<u>\$ 12,291,827</u>	<u>\$ (256,747)</u>	<u>102.1%</u>

Source: Encina Wastewater Authority

**SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

BY PROJECT	CONTINUING APPROPRIATIONS BEGINNING OF YEAR REPORTED	FY 2020 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	ACTUAL DIRECT COSTS AS OF JUNE 30, 2020	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2020	CONTINUING APPROPRIATIONS JULY 1, 2020
SALARIES & BENEFITS	\$ -	\$ 2,665,096		\$ (2,725,860)	\$ -	\$ -	\$ (60,764)	\$ -
EWPCF CAPITAL ACQUISITIONS	-	341,100	29,300	-	402,000	(402,000)	(31,600)	-
AHPS CAPITAL ACQUISITIONS	47,000	108,000	-	-	149,077	(149,077)	5,923.00	-
BVPS CAPITAL ACQUISITIONS	-	256,000	-	-	132,559	(132,559)	123,441	65,000
BCPS CAPITAL ACQUISITIONS	-	226,000	-	-	98,951	(98,951)	127,049	-
CWRF CAPITAL ACQUISITIONS	-	202,800	-	-	163,407	(163,407)	39,393	-
RBPS CAPITAL ACQUISITIONS	-	127,500	-	-	62,233	(62,233)	65,267	-
PLANNED ASSET REPLACEMENT	75,800	969,600	(1,300)	715,194	1,029,772	(1,744,966)	14,328	-
MAJOR PLANT REHAB PROGRAM								-
Liquid Process Improvements	5,613,267	7,602,220	304,670	879,168	8,872,959	(9,752,127)	4,647,198	4,647,198
Outfall	172,678	567,000	(49,948)	33,791	353,878	(387,669)	335,852	335,852
Solids Process Improvements	3,362,300	3,661,560	122	281,673	2,949,803	(3,231,476)	4,074,179	4,074,179
Energy Management	2,628,852	1,942,000	(1,626,508)	197,717	1,730,151	(1,927,868)	1,214,193	1,214,193
General Improvements	3,526,249	2,721,700	(798,446)	137,458	1,321,139	(1,458,597)	4,128,364	4,128,364
Engineering Services	1,181,655	900,000	(234,108)	57,049	1,136,395	(1,193,444)	711,152	711,152
Technology Master Plan	2,955,628	200,000	2,376,218	423,810	2,591,964	(3,015,774)	2,939,882	2,912,883
Total Major Plant Rehab Program	19,440,629	17,594,480	(28,000)	2,010,666	18,956,289	(20,966,955)	18,050,820	18,023,821
TOTAL	\$ 19,563,429	\$ 22,490,576	\$ -	\$ -	\$ 20,994,288	\$ (23,720,148)	\$ 18,333,857	\$ 18,088,821

Source: Encina Wastewater Authority

SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

<u>BY MEMBER AGENCY</u>	<u>CARLSBAD</u>	<u>VISTA</u>	<u>BUENA</u>	<u>VALLECITOS</u>	<u>LEUCADIA</u>	<u>ENCINITAS</u>	<u>TOTAL</u>
BVPS CAPITAL ACQUISITIONS	\$ 6,760	\$ 58,240	\$ -	\$ -	\$ -	\$ -	\$ 65,000
MAJOR PLANT REHAB PROGRAM							
Liquid Process Improvements	1,126,481	1,171,094	329,486	1,041,902	780,729	197,506	4,647,198
Outfall	79,564	82,720	23,275	81,175	55,147	13,971	335,852
Solids Process Improvements	987,581	1,026,693	288,859	913,431	684,462	173,153	4,074,179
Energy Management	294,321	305,977	86,086	272,222	203,984	51,603	1,214,193
General Improvements	1,000,716	1,040,348	292,701	925,579	693,565	175,455	4,128,364
Engineering Services	172,383	179,210	50,421	159,440	119,474	30,224	711,152
Technology Master Plan	<u>706,083</u>	<u>734,047</u>	<u>206,523</u>	<u>653,068</u>	<u>489,364</u>	<u>123,798</u>	<u>2,912,883</u>
Total Major Plant Rehab Program	<u>4,367,129</u>	<u>4,540,089</u>	<u>1,277,351</u>	<u>4,046,817</u>	<u>3,026,725</u>	<u>765,710</u>	<u>18,023,821</u>
TOTAL	<u>\$ 4,373,889</u>	<u>\$ 4,598,329</u>	<u>\$ 1,277,351</u>	<u>\$ 4,046,817</u>	<u>\$ 3,026,725</u>	<u>\$ 765,710</u>	<u>\$ 18,088,821</u>

Source: Encina Wastewater Authority