



**ENCINA
WASTEWATER
AUTHORITY**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30



Encina Wastewater Authority
6200 Avenida Encinas
Carlsbad, CA 92011



www.encinajpa.com



760-438-3941

**20
25**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025

PREPARED BY THE



**ENCINA
WASTEWATER
AUTHORITY**

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



MISSION STATEMENT

To provide reliable, resilient and sustainable wastewater services to North San Diego County while optimizing the use of renewable resources.

PROUDLY SERVING

City of Carlsbad

City of Vista

Buena Sanitation District

Vallecitos Water District

City of Encinitas

Leucadia Wastewater District

BOARD OF DIRECTORS

CALENDAR YEAR 2025

CHAIR

Rolando Saldana

VICE-CHAIR

Keith Blackburn

CITY OF CARLSBAD

Keith Blackburn

CITY OF VISTA & BUENA SANITATION DISTRICT

John Franklin

VALLECITOS WATER DISTRICT

Jim Hernandez

CITY OF ENCINITAS

Bruce Ehlers

LEUCADIA WASTEWATER DISTRICT

Chris Roesink

CITY OF CARLSBAD

Kevin Shin

CITY OF VISTA & BUENA SANITATION DISTRICT

Dan O'Donnell

VALLECITOS WATER DISTRICT

Jim Pennock

CITY OF ENCINITAS

Joy Lyndes

LEUCADIA WASTEWATER DISTRICT

Rolando Saldana

EXECUTIVE LEADERSHIP TEAM

General Manager

Scott McClelland, PE, BCEE, MBA

Assistant General Manager

Treasurer | Auditor

Jennifer Sabine

General Counsel

Nicholaus Norvell

Director of Operations

Octavio Navarrete

Director of Technical Services

Dimitris Papachristoforou

Director of Environmental Compliance

Alicia Appel

Director of Finance

Aaron Beanan

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	3
List of Officials	13
Service Area Map	13
Organization Chart	14
Government Finance Officers Association Award	15

FINANCIAL SECTION

Independent Auditor's Report	19
Management's Discussion and Analysis	23
Basic Financial Statements	
<i>Statements of Net Position</i>	29
<i>Statements of Revenues, Expenses, and Changes in Net Position</i>	31
<i>Statements of Cash Flows</i>	32
<i>Notes to the Financial Statements</i>	35
Required Supplementary Information (Unaudited)	
<i>Schedule of Pension Plan's Proportionate Share of the Net Pension Liability</i>	66
<i>Schedule of Contributions – Defined Benefit Pension Plan</i>	67
<i>Schedule of Changes in the Net OPEB Liability and Related Ratios</i>	68
<i>Schedule of Contributions – OPEB</i>	69
Supplementary Schedules	
<i>Investment in Capital Assets</i>	70
<i>Summary of Operating Program Amount Due From/(To) Member Agencies</i>	71
<i>Detail of Operating Program Amount Due From/(To) Member Agencies</i>	72
<i>Operating Program Expense Summary by Member Agency</i>	73
<i>Operating Program Expense Summary by Cost Center</i>	76
<i>Changes in Net Position Reserved - Capital Improvement Program</i>	79
<i>Net Position Reserved by Project - Capital Improvement Program</i>	80
<i>Net Position Reserved by Member Agency - Capital Improvement Program</i>	81

STATISTICAL SECTION (UNAUDITED)

Overview 85

Net Position 86

Changes in Net Position..... 87

Investment in Capital Assets 89

Demographic and Economic Information..... 91

Facts and Figures 92

Full-time Equivalent Employees by Function 93

Operating Revenues and Expenses by Member Agency with Amount Due to (from) Member Agencies..... 94

Operating Revenues and Expenses by Major Source and Use 95

Operating Expenses per Million Gallons..... 98

BUDGET PERFORMANCE SECTION (UNAUDITED)

Operating Program Budget Performance 103

Operating Expenses by Major Category 104

Personnel Expense by Program 105

Continuing Capital Improvement Program Appropriations 106



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

6200 Avenida Encinas
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December 2, 2025

The Board of Directors

and Residents of Encina's Member Agencies

Encina Wastewater Authority

6200 Avenida Encinas

Carlsbad, CA 92011-1095

Dear Chair and Members of the Board,

We are pleased to submit the Annual Comprehensive Financial Report (Report) of the Encina Wastewater Authority (Encina or the Authority) for the fiscal year ended June 30, 2025. Encina staff remains committed to reaching and maintaining the highest possible standards in financial reporting now and in the future.

Encina's Certified Public Accounting firm, Clifton Larson Allen LLP, and Encina accounting staff prepared the data in this Report. Moss, Levy, & Hartzheim, LLP independently audited the financial statements and related notes. Nonetheless, Encina bears the responsibility for the accuracy of all data presented in this Report. We, Encina's chief executive and financial officers, assume responsibility for the Report's completeness and fairness of presentation including all disclosures. We affirm that, to the best of our knowledge and belief, information in this Report provides an accurate and fair representation of Encina's financial position and the status of its operations during the fiscal year ended June 30, 2025. We believe that this Report contains all information and disclosures needed to clearly understand Encina's Fiscal Year 2024-25 financial activities.

Moss, Levy, & Hartzheim, LLP has issued an unmodified ("clean") opinion on Encina's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

BACKGROUND

On July 13, 1961 the City of Carlsbad and Vista Sanitation District entered into a Basic Agreement to create a joint powers authority (JPA) for the purpose of acquiring and constructing a joint sewer system. In 1963, the City of Vista incorporated and assumed membership in the JPA. Between 1964 and 1971, additional partners became members of the JPA including: the Buena Sanitation District (January 1964); the Vallecitos Water District (March 1965); and the Leucadia Wastewater District and City of Encinitas (August 1971). These six Member Agencies remain Encina's partners. There are no current plans to alter the Encina 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, Encina 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. Water conservation, water reuse, water regulatory mandates, and other similar factors which impact wastewater flows may impact the timing of plant expansion to handle increased flows. 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

Encina 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 Encina as the Operator/Administrator of the Encina Joint Powers and (b) reestablish the organization, administration, rules and specific powers of Encina.”

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 Encina’s governance by two elected officials appointed to Encina’s Board of Directors at the discretion of each Member Agency.

Members and officers of the Board of Directors on June 30, 2025 were:

Member Agency	Representative	Representative
City of Carlsbad	Keith Blackburn, Vice Chair	Kevin Shin
City of Vista & Buena Sanitation District	John Franklin	Dan O’Donnell
Vallecitos Water District	Jim Hernandez	Jim Pennock
City of Encinitas	Joy Lyndes	Bruce Ehlers
Leucadia Wastewater District	Chris Roesink	Rolando Saldana, Chair

CURRENT SERVICES

Encina’s service area is comprised of approximately 125 square miles of coastal north San Diego County with a population of almost 400,000. Wastewater is collected from the six districts and arrives at the EWPCF through gravity and force main piping manifolds. During the fiscal year ended June 30, 2025, the EWPCF treated, recycled, or disposed of 8 billion gallons of wastewater. Encina also enforces industrial pretreatment regulations in the Encina service area. Additionally, Encina 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 23% solids, is considered Class B biosolids. Uses for Class B biosolids are regulated by U.S. Environmental Protection Agency (EPA).

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

system normally operates eleven days per two-week period and produces about 24 tons of Class A biosolids pellets per day. During Fiscal Year 2024-25 the dryer was offline for a month and a half for routine maintenance requirements and two and one half months for repair work related to equipment failures.

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 81% 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 2024-25 Encina received 4 million gallons of FOG and brewery waste and earned \$118,856 in alternative fuels tipping fees.

When necessary, equalization basins store high quality secondary effluent water. Flow from the outfall operations is processed through a bottom feed cylindrical sand filter system that produces Title 22 compliant recycled water for use in irrigation, engine cooling, odor reduction, and other EWPCF processes. Secondary treated wastewater not beneficially reused is discharged into the Pacific Ocean through the Encina Ocean Outfall pipe, which extends 1.5 miles offshore. Encina's Laboratory conducts approximately 25,000 tests annually to support Encina'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.

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

STRATEGIC PLAN

Encina's 2024-2029 Five-Year Strategic Business Plan serves as the road map to accomplish the Board of Director's policy goals and establishes the basis for Encina'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. Protect public and environmental health.
2. Remain employer of choice.
3. Ensure administrative effectiveness.
4. Maintain infrastructure reliability.
5. Pursue resource recovery.
6. Optimize operational performance.

ORGANIZATIONAL INITIATIVES

Renewable Energy Solutions

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



The EWPCF has reached a point where easy-to-realize gains have already been made. Future power generation will need to come from alternative sources that due to emissions controls limitations and the pending regulations from APCD will impose reduced permit limits for CO and formaldehyde on Encina's operations. The impacts of this potential change along with an energy resilience assessment to identify alternative energy sources were assessed during Fiscal Year 2023-24 and Fiscal Year 2024-25. In February of 2025, the Board of Directors approved staff recommendations and decided to move forward with the CLEAR project. This will provide Encina with energy resources and will also meet the new air quality requirements. The current EWPCF power management system relies on two power sources. One from cogeneration using biogas and the other from SDGE, or "grid" power. EWPCF operations have optimized these two sources to work in conjunction with each other to minimize the cost to Member Agencies. In July 2021 staff was also successful in transitioning the EWPCF to net energy metering

with SDGE. This change in the metering tariff has created substantial annual savings for the cost of grid supplied electricity.

CAPITAL PROGRAM INITIATIVES

Primary Sedimentation Basin Project

Primary treatment at the Encina Water Pollution Control Facility (EWPCF) includes ten Primary Sedimentation Basins (PSBs). The main purpose of primary treatment system is to remove as many solids as possible, thereby reducing loadings to the secondary treatment process. A functional primary treatment system is also a requirement of Encina's wastewater treatment facility operating permit. Previous reports and condition assessments have documented the condition of the PSBs and recommended a phased approach for repair and rehabilitation to minimize operational impacts and manage the change order risks associated with unforeseen conditions of the basins during concrete rehabilitation. Through a three-phase approach the Project will rehabilitate all ten PSBs to accommodate operational constraints and incorporate lessons learned from Phase 1 into future projects. Phase 1 will include two of the oldest tanks (PSB No.1 & 2) and one of the newer tanks (PSB No.7) so that subsequent phases can be adaptively managed to mitigate risk. The Project will complete several improvements covering multiple disciplines, including repairs to the concrete structures, coatings, replacement of longitudinal sludge collector mechanisms, primary effluent channel improvements and basin safety and access improvements. This project is expected to be completed by the end of December 2025.

Dissolved Air Flotation Tanks Repair Project

The dissolved air flotation tanks (DAFT) are used to thicken waste activated sludge (WAS) from the secondary treatment process prior to digestion. The DAFT Repair Project was originally anticipated to be a replacement project in which the DAFTs were supplanted by rotary drum thickeners. However, staff reevaluated this approach given the DAFTs were near the end of useful life and found opportunities to conduct strategic repairs to maintain safe and reliable operations of this critical plant process. The opportunities identified from the condition assessment are projected to extend the DAFTs useful operating life by another 5-7 years.

Aeration Basin Diffuser Project

In the Secondary Treatment Process, pressurized air from the aeration blowers is introduced through membrane diffusers submerged in wastewater that transfer oxygen into the wastewater creating an aerobic environment for microbial degradation of organic matter. Three of the four basins (basins 1,2 and 3) are used for treatment purposes while the fourth (Basin 4) provides process flow equalization. These three basins are equipped with a fine bubble membrane diffuser system installed during the Aeration Basin Rehabilitation Project completed in 2015. Membrane diffuser systems typically have an economical life of 5 to 7 years with a maximum up to 10 years. After several years of consistent use while submerged in wastewater membranes begin to lose their flexibility. The decrease in flexibility makes the membrane more brittle producing larger bubble size and diminishing oxygen transfer efficiency leading to increased demand for oxygen and therefore increased energy consumption by the aeration blowers. A project to replace the membrane diffuser system was completed at the end of May 2025.

Cogeneration Low-Emission Augmentation and Retrofit (CLEAR) Project

Energy assets at Encina Water Pollution Control Facility (EWPCF) include electricity, biogas, and thermal energy. The EWPCF currently balances energy demands by generating electricity from biogas at the cogeneration (Cogen) facility and by purchasing electricity and natural gas from SDG&E to operate the treatment plant. The waste heat from the Cogen engines is used to heat the digesters. Exhaust emissions from the engines have been identified as the main contributor of pollutants in the health risk model results as regulated by the San Diego County Air Pollution Control District (APCD). Encina staff and consultants have developed a plan to meet current regulatory requirements. With direction from the Board, the Cogeneration Low-Emission Augmentation and Retrofit (CLEAR) Project began. In November and December 2024, staff coordinated the start of construction on the CLEAR Project using the As-Needed contractor to secure qualification for the investment tax credit. The revised scope includes a progressive design build delivery of biogas treatment facilities, emission controls for the existing cogeneration engines, a battery system, and linear generators. The CLEAR Project includes an entirely new biogas treatment system designed to meet linear generator specifications as well as the specifications for compatibility with the existing cogeneration engines and the emissions controls. This project will be ongoing through June 2028.

FINANCE AND HUMAN RESOURCE ENVIRONMENT**Internal Controls**

Encina'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 Encina policies and are recorded properly to allow preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Budgetary Controls

Each fiscal year, Encina 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

Encina operates on the accrual method of accounting. Funds are encumbered as each purchase is authorized in conformance with Encina policies and procedures. Encumbered funds are carried forward in accordance with the budgetary appropriation and control resolution.

Cash Management

Encina began a trial billing methodology during Fiscal Year 2022-23 in accordance with Resolution No. 2022-08. This trial billing methodology was created to help more effectively manage cash flow and consists of quarterly projection billings with retrospective true ups to actuals. The trial billing methodology ended June 30, 2025. After discussion, Encina and its Member Agencies agreed the methodology was not as effective as desired. As such,

Encina adopted a new temporary Working Capital Policy in March 2025 that will become effective July 2025. This methodology involves an estimated two-month working capital level and monthly billing, in arrears, based on actuals. If the Member Agencies and Encina decide to formalize this approach, the Revised Basic Agreement will be officially amended. Any temporary 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, Encina 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 Encina's Board of Directors and Member Agencies, Encina implemented a pension funding policy in August 2024. The goal of the policy was to ensure the effective long-term management of Encina's CalPERS pension obligations. The primary tenants of the policy include a target funding range of 90% to 105% with payment guidance depending on the relationship of the actual funding level to the target funding range. Per the policy, when Encina is below the target funding range, Encina will make an additional discretionary payment (ADPs) equal to the 15-year amortization horizon until its actual funding level is within the target range. When Encina is within the target funding level, it will make ADPs equal to the amount necessary to avoid negative amortization. When Encina is above the target funding level, it will only make the CalPERS required contributions.

Independent Audit

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

Human Resources

Federal and state law, Encina ordinance and resolutions establish employee wages, hours and working conditions. Encina 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, Encina offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is optional and Encina has no fiduciary responsibility for the deferred compensation plan.

AWARDS AND ACKNOWLEDGEMENTS

**CALIFORNIA WATER
ENVIRONMENT ASSOCIATION**

- 2025 Plant of the Year - Large (State & Local)
- 2025 Safety Plant of the Year - Large
- 2025 Supervisor of the Year - Blake Bechtold
- 2025 Operator of the Year - Mark Nunez
- 2025 Laboratory Person of the Year - Adam Powell
- 2024 Operator of the Year (Local Chapter) - Adam Dzwigalski
- 2020 Award of Excellence for Innovation & Resiliency for the Primary Effluent Conveyance Rehabilitation Project

**GOVERNMENT FINANCE
OFFICERS ASSOCIATION**

- Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2023-24

**AMERICAN SOCIETY OF CIVIL
ENGINEERS**

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

**ENVIRONMENTAL PROTECTION
AGENCY**

- Green Power Partnership Top 30 On-Site Generation

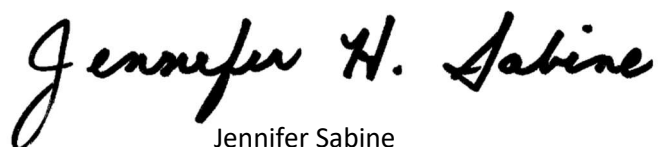
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Encina for its annual comprehensive financial report for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report has been a joint effort by each of Encina's seventy-eight 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 Encina's Aaron Beanan and Clifton Larson Allen LLP's Daniel Langlois. Finally, this Report would not be possible without the continuing support of Encina's Board of Directors whose leadership and commitment serve as the foundation for our accomplishments.



Scott McClelland, P.E., BCEE
General Manager



Jennifer Sabine
Assistant General Manager

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LIST OF OFFICIALS

BOARD OF DIRECTORS AND OFFICERS

Rolando Saldana, Chair, Leucadia Wastewater District
Keith Blackburn, Vice Chair, City of Carlsbad
Kevin Shin, City of Carlsbad
John Franklin, City of Vista and Buena Sanitation District
Dan O'Donnell, City of Vista and Buena Sanitation District
Jim Hernandez, Vallecitos Water District
Jim Pennock, Vallecitos Water District
Bruce Ehlers, City of Encinitas
Joy Lyndes, City of Encinitas
Chris Roesink, Leucadia Wastewater District
Jennifer Sabine, Treasurer/Auditor
Jennifer Basco, Board Secretary

MANAGEMENT

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

GENERAL COUNSEL

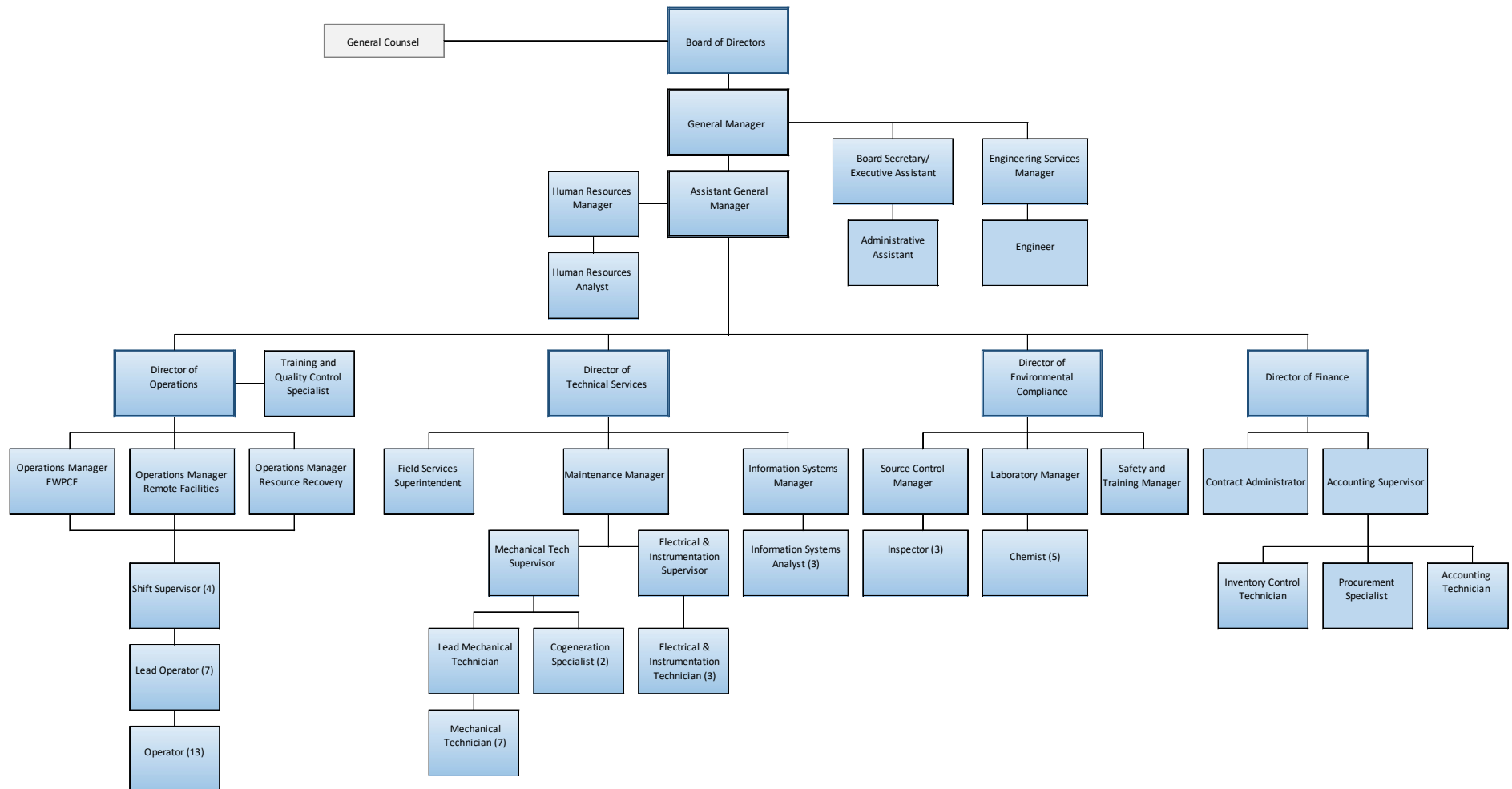
Nicholaus Norvell, Best Best & Krieger, LLP

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

SERVICE AREA



FISCAL YEAR 2024-25 ORGANIZATION (78 FTEs)





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Encina Wastewater Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
CRAIG A HARTZHEIM, CPA
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TRAVIS J HOLE, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Encina Wastewater Authority
Carlsbad, California

Report on Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Encina Wastewater Authority (Authority) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2025, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2025 the Authority adopted new accounting guidance, GASB No. 100, Accounting Changes and Error Corrections, and GASB No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures response to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The individual supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 individual supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

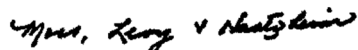
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the supplementary schedules in the financial section, the statistical section, and the budget performance section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 2, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Encina Wastewater Authority (EWA or the "Authority") provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Authority's financial statements, which follows this section.

FINANCIAL STATEMENTS

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

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

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

- Net Investment in Capital Assets
- Restricted
- Unrestricted

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- The Authority's total assets increased by \$1,638,380 from fiscal year 2024 to 2025. 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 and deferred inflows of resources have increased (decreased) by (\$1,728,080) and \$1,166,455, respectively, from fiscal year 2024 to 2025 as a result of changes in actuarial assumptions related to the Authority's defined benefit pension plans and other postemployment benefits.
- The Authority's net position increased by \$242,282 to \$183,270,127 for the fiscal year ended June 30, 2025. The increase was driven primarily by member capital contributions, reflecting ongoing investments in infrastructure and the rehabilitation of aging assets, offset by the distribution of capital reserve funds to member agencies. A new capital reserve will be established in the fiscal year ending June 30, 2026.
- The Authority's operating revenues increased from \$24,091,121 for the fiscal year ended June 30, 2024, to \$26,554,395 for the fiscal year ended June 30, 2025, primarily due to increased Member Agency assessments in reimbursement of higher operating costs experienced during the fiscal year. No operating reserve funds were used during the fiscal year ended June 30, 2025.
- The Authority's operating expenses increased from \$37,814,871 for the fiscal year ended June 30, 2024, to \$42,019,054 for the fiscal year ended June 30, 2025. The increase is primarily driven by increased Unit I operating costs due to increased labor costs, biosolids costs, chemical costs, and electricity costs.

FINANCIAL ANALYSIS OF THE AUTHORITY**Net Position**

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

	2025	2024
<u>Assets:</u>		
Current and other assets	\$ 15,100,281	\$ 16,345,167
Capital assets	<u>183,011,110</u>	<u>180,127,844</u>
Total Assets	<u>198,111,391</u>	<u>196,473,011</u>
 <u>Deferred Outflows of Resources</u>	 <u>3,460,752</u>	 <u>5,188,832</u>
 <u>Liabilities:</u>		
Current liabilities	2,815,741	3,453,446
Noncurrent liabilities	<u>12,322,399</u>	<u>13,183,131</u>
Total Liabilities	<u>15,138,140</u>	<u>16,636,577</u>
 <u>Deferred Inflows of Resources</u>	 <u>3,163,876</u>	 <u>1,997,421</u>
 <u>Net Position:</u>		
Net Investment in capital assets	179,411,528	176,772,355
Restricted for capital program	3,868,259	7,111,560
Unrestricted	<u>(9,660)</u>	<u>(856,070)</u>
Total Net Position	<u>\$ 183,270,127</u>	<u>\$ 183,027,845</u>

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

Net position increased by \$242,282 from fiscal year 2024 to 2025. Net investment in capital assets increased by \$2,639,173 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 \$3,243,301 primarily as a result of increased spending of restricted capital cash balances on capital activities, and the distribution of the capital reserve balance of \$2,650,000 back to the member agencies.

The accumulated deficit in unrestricted net position (those funds that can be used to finance day-to-day operations) decreased from (\$856,070) in fiscal year 2024 to (\$9,660) in fiscal year 2025.

The Authority maintains an internal reserve balance of net position designated in accordance with the Authority's financial reserve policy, which is assigned as follows:

Remote Facility Reserve	\$ 250,000	Specific ownership
	<u>\$ 250,000</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>2025</u>	<u>2024</u>
Member agency assessments	\$ 25,839,613	\$ 23,313,929
Other operating revenues	714,782	777,192
Investment income	<u>429,892</u>	<u>479,786</u>
Total Revenues	<u>26,984,287</u>	<u>24,570,907</u>
Depreciation expense	15,464,659	13,723,750
Unit I - EWPCF usage costs	11,927,812	11,017,052
Unit I - EWPCF ownership costs	7,858,351	7,063,171
Pump station facilities	4,347,568	4,009,328
Other operating expenses	2,420,664	2,001,570
Nonoperating expenses	<u>4,082,520</u>	<u>3,924,282</u>
Total Expenses	<u>46,101,574</u>	<u>41,739,153</u>
Loss before capital contributions and special item	(19,117,287)	(17,168,246)
Capital Contributions	21,895,963	26,657,414
Grant revenues	113,606	376,563
Special item - capital reserve distribution	<u>(2,650,000)</u>	<u>-</u>
Changes in Net Position	242,282	9,865,731
Total Net Position at Beginning of Fiscal Year	<u>183,027,845</u>	<u>173,162,114</u>
Total Net Position at End of Fiscal Year	<u><u>\$ 183,270,127</u></u>	<u><u>\$ 183,027,845</u></u>

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

Total revenues represent assessments to Member Agencies for reimbursement of operating expenses, as well as revenues from south parcel leasing, laboratory services, alternative fuel tipping fees, other environmental compliance activities, investment income, and grant revenues. A trial Member Agency billing methodology was temporarily adopted with an expiration date June 30, 2024. The trial billing methodology was extended to June 30, 2025 for further analysis. Designed to help more effectively manage cash flow, this methodology involves quarterly projection billings with retrospective adjustments to actuals. After discussion, Encina and its Member Agencies agreed the methodology was not as effective as desired. As such, Encina adopted a new temporary Working Capital Policy in March 2025 that will become effective July 2025. This methodology involves an estimated two-month working capital level and monthly billing, in arrears, based on actuals. If the Member Agencies and Encina decide to formalize this approach, the Revised Basic Agreement will be officially amended.

Total operating expenses, exclusive of depreciation, increased by \$2,463,274 in fiscal year 2025. This increase was predominantly driven by increased labor costs, commodity costs for process chemicals, increased biosolids hauling costs, and increased electrical costs.

A loss on disposal of capital assets results when capital items are replaced before they are fully depreciated. Discontinued projects, studies, and assessments occur 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 accounting principles generally accepted in the United States of America (GAAP). The fiscal year 2025 discontinued projects, studies, and assessments includes projects such as the Biosolids Management Plan Update, the EWPCF Comprehensive Asset Management Plan Update, Plant Wide Asset Paint and Protection Project, Odor Reduction Facility Carbon Media Replacement, and other general plant or remote facility repairs.

Capital contributions decreased by \$4,761,451 in fiscal year 2025. The decrease in contributions was primarily driven by the ongoing advancement of major projects, such as the Digester Rehabilitation and Primary Sedimentation Projects, and the completion of several large projects, such as the Secondary Clarifiers and Strainers Project, the year before.

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:

	2025	2024
<u>Capital Assets Not Being Depreciated:</u>		
Land	\$ 3,598,173	\$ 3,598,173
Construction-in-progress	<u>34,434,262</u>	<u>39,122,234</u>
Total Capital Assets Not Being Depreciated	<u>38,032,435</u>	<u>42,720,407</u>
<u>Capital Assets Being Depreciated:</u>		
Joint wastewater treatment (Unit I)	279,636,113	269,041,439
Joint ocean outfall (Unit J)	14,838,944	14,751,348
Furnishings and office equipment	6,825,489	6,459,702
Pump station facilities	13,768,022	13,028,433
Flow metering system	<u>344,945</u>	<u>344,945</u>
Total Capital Assets Being Depreciated	315,413,513	303,625,867
Less: Accumulated depreciation	<u>(170,434,838)</u>	<u>(166,218,430)</u>
Net Capital Assets Being Depreciated	<u>144,978,675</u>	<u>137,407,437</u>
Net Capital Assets	<u><u>\$ 183,011,110</u></u>	<u><u>\$ 180,127,844</u></u>

The total additions to capital assets for fiscal year 2025, net of removed assets, amounted to \$7,099,674. Capital asset additions primarily consisted of Dissolved Air Flotation Thickening (DAFT) system repairs, Admin Building & HVAC Improvements, Building Roof Replacements, Drying Safety Improvements, Solids Thickening Improvements, and various rehabilitation and system upgrades. Additional details regarding capital assets can be found in note 4 to the basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Global volatility and uncertainty continue to be consistent themes that are putting significant upward pressure on the cost of providing wastewater services. For example, January 2025 wildfires in the Los Angeles area are anticipated to boost demand for construction materials and construction labor during post-wildfire rebuilding efforts. The increased demand is expected to drive up prices and put additional pressure on supply chains. United States policy decisions on tariffs are anticipated to increase prices in a variety of sectors. Lumber, gypsum, metals, and electronics are expected to be impacted, all of which are used in Encina's construction projects and throughout the plant. Increasing the adaptability, sustainability, and resiliency of operations and finances will become important for all public utilities.

The recommended Fiscal Year 2025-26 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. This budget continues implementation of a comprehensive plan focused on aging infrastructure renewal, increasing solids management capacity due to growth, and adapting to a more stringent regulatory environment. The recommended Fiscal Year 2025-26 budget was developed and approved with the guidance and collaboration of the Authority's Board of Directors and Member Agencies.

The fiscal year 2026 Recommended Operating Budget is \$28,699,044 with an additional \$147,963 carryforward from fiscal year 2025 for on-going projects, for a total fiscal year 2026 operating budget of \$28,847,007.

The fiscal year 2026 Recommended Capital Program budget is \$24,382,029, with an additional \$17,400,152 in appropriations continued from fiscal year 2025 for on-going projects, for a total fiscal year 2026 capital program budget of \$41,782,181.

The fiscal year 2026 budget reflects 78 authorized positions supporting EWA facilities and five regional facilities with a replacement value totaling approximately \$808 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, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents - operating (Note 2)	\$ 200,000	\$ 200,000
Member receivables - operating billed	-	1,642,603
Member receivables - operating unbilled	1,096,647	108,273
Other receivables	358,579	405,586
Prepaid expenses	236,242	81,956
Inventory	1,404,291	1,332,965
Total Unrestricted Assets	3,295,759	3,771,383
Restricted Assets (Note 3):		
Restricted cash and cash equivalents - capital program (Note 2)	3,031,339	6,186,659
Member receivables - capital program	806,804	918,751
Interest receivables - capital program	30,116	6,150
Total Restricted Assets	3,868,259	7,111,560
Total Current Assets	7,164,018	10,882,943
Noncurrent Assets:		
Capital Assets		
Nondepreciable capital assets (Note 4)	38,032,435	42,720,407
Depreciable capital assets, net of accumulated depreciation (Note 4)	144,978,675	137,407,437
Total Capital Assets, Net	183,011,110	180,127,844
Other Assets		
Member receivables - pension (Note 1)	7,899,914	5,462,224
Net other postemployment benefits asset (Note 7)	36,349	-
Total Other Assets	7,936,263	5,462,224
Total Noncurrent Assets	190,947,373	185,590,068
Total Assets	198,111,391	196,473,011
Deferred Outflows of Resources		
Deferred outflows related to pension contributions (Note 8)	1,239,778	1,166,173
Deferred outflows related to pensions (Note 8)	1,904,887	3,625,456
Deferred outflows related to other postemployment benefits (Note 7)	316,087	397,203
Total Deferred Outflows of Resources	3,460,752	5,188,832

(Continued)

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
LIABILITIES		
Current Liabilities:		
Accounts payable - operating	\$ 919,206	\$ 931,925
Accrued liabilities	471,234	335,999
Amounts due to member agencies - operating	112,838	29,572
Amounts due to member agencies - capital program	180,872	-
Unearned revenue	-	1,882,806
Long-term liabilities - due within one year:		
Compensated absences (Note 6)	1,131,591	273,144
Total Current Liabilities	2,815,741	3,453,446
Noncurrent Liabilities:		
Liabilities Payable From Restricted Assets		
Accounts payable - capital program, payable from restricted assets	3,218,570	2,855,392
Retentions payable - capital program, payable from restricted assets	200,140	500,097
Total Liabilities Payable from Restricted Assets	3,418,710	3,355,489
Other Noncurrent Liabilities		
Net pension liability (Note 8)	7,968,721	8,355,414
Amounts due to member agencies - other postemployment benefits (Note 1)	264,418	98,475
Net other postemployment benefits liability (Note 7)	-	199,746
Compensated absences (Note 6)	670,550	1,174,007
Total Other Noncurrent Liabilities	8,903,689	9,827,642
Total Liabilities	15,138,140	16,636,577
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 8)	3,075,858	1,898,439
Deferred inflows related to other postemployment benefits (Note 7)	88,018	98,982
Total Deferred Inflows of Resources	3,163,876	1,997,421
NET POSITION		
Net Investment in capital assets	179,411,528	176,772,355
Restricted for capital program	3,868,259	7,111,560
Unrestricted	(9,660)	(856,070)
Total Net Position	\$ 183,270,127	\$ 183,027,845

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Member agency assessments	\$ 25,839,613	\$ 23,313,929
Other operating revenues	<u>714,782</u>	<u>777,192</u>
Total Operating Revenues	<u>26,554,395</u>	<u>24,091,121</u>
OPERATING EXPENSES		
Depreciation expense	15,464,659	13,723,750
Unit I - EWPCF usage costs	11,927,812	11,017,052
Unit I - EWPCF ownership costs	7,858,351	7,063,171
Unit J - Encina ocean outfall	760,062	568,374
Directors' meetings	112,108	109,846
Flow metering	280,682	240,419
Source control	1,267,812	1,082,931
Agua Hedionda pump station	660,728	659,604
Buena Vista pump station	862,164	835,114
Buena Creek pump station	558,114	599,241
Carlsbad water reclamation facilities	1,995,216	1,698,053
Raceway basin pump station	<u>271,346</u>	<u>217,316</u>
Total Operating Expenses	<u>42,019,054</u>	<u>37,814,871</u>
Operating Loss	<u>(15,464,659)</u>	<u>(13,723,750)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	429,892	479,786
Gain/(Loss) on Disposals of Capital Assets	9,017	-
Discontinued projects, studies, and assessments	<u>(4,091,537)</u>	<u>(3,924,282)</u>
Total Nonoperating Revenues (Expenses)	<u>(3,652,628)</u>	<u>(3,444,496)</u>
Loss Before Capital Contributions	<u>(19,117,287)</u>	<u>(17,168,246)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	21,895,963	26,657,414
Grant revenues	<u>113,606</u>	<u>376,563</u>
Total Capital Contributions	<u>22,009,569</u>	<u>27,033,977</u>
SPECIAL ITEM - CAPITAL RESERVE DISTRIBUTION	<u>(2,650,000)</u>	<u>-</u>
Changes in Net Position	242,282	9,865,731
Total Net Position, Beginning of Fiscal Year	<u>183,027,845</u>	<u>173,162,114</u>
Total Net Position, End of Fiscal Year	<u>\$ 183,270,127</u>	<u>\$ 183,027,845</u>

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

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 25,609,084	\$ 22,028,672
Cash receipts from other operating activities	746,322	477,380
Cash payments to suppliers for goods and services	(13,671,710)	(12,885,620)
Cash payments to employees for services	<u>(12,630,791)</u>	<u>(11,186,324)</u>
Net Cash Provided by (Used in) Operating Activities	<u>52,905</u>	<u>(1,565,892)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(22,367,224)	(27,343,271)
Capital reserve distribution to member agencies	(2,650,000)	-
Proceeds from capital contributions	21,289,467	23,965,810
Proceeds from federal grants	<u>113,606</u>	<u>376,563</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,614,151)</u>	<u>(3,000,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>405,926</u>	<u>473,636</u>
Cash Provided by Investing Activities	<u>405,926</u>	<u>473,636</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,155,320)	(4,093,154)
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>6,386,659</u>	<u>10,479,813</u>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 3,231,339</u>	<u>\$ 6,386,659</u>

(Continued)

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:		
Operating loss	\$ (15,464,659)	\$ (13,723,750)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) in Operating Activities:		
Depreciation expense	15,464,659	13,723,750
Changes in assets and liabilities		
Member receivables - operating billed	1,642,603	(1,503,688)
Member receivables - operating unbilled	(988,374)	50,767
Member receivables - pensions	(2,437,690)	(3,682,637)
Net other postemployment benefits asset	(36,349)	-
Other receivables	47,007	(268,877)
Prepaid expenses	(154,286)	9,136
Deferred outflows related to pension contributions	(73,605)	(215,336)
Deferred outflows related to pensions	1,720,569	666,663
Deferred outflows related to other post employment benefits	81,116	50,403
Inventory	(71,326)	(217,351)
Accounts payable - operating	(12,719)	89,700
Accrued liabilities	135,235	73,278
Unearned revenue	(900,225)	136,729
Amounts due to Member Agencies - other post employment benefits	165,943	78,458
Net pension liability	(386,693)	1,428,939
Net other postemployment benefits liability	(199,746)	(178,790)
Compensated absences	354,990	64,414
Deferred inflows related to pensions	1,177,419	1,802,371
Deferred inflows related to other post employment benefits	(10,964)	49,929
Total Adjustments	<u>15,517,564</u>	<u>12,157,858</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ 52,905</u>	<u>\$ (1,565,892)</u>
Cash and Cash Equivalents		
Financial Statement Classification:		
Cash and cash equivalents	\$ 200,000	\$ 200,000
Restricted cash and cash equivalents	<u>3,031,339</u>	<u>6,186,659</u>
Total Cash and Cash Equivalents	<u>\$ 3,231,339</u>	<u>\$ 6,386,659</u>
Supplemental Disclosures of Cash Flow Information:		
Net effect of acquisition and construction of capital assets held in accounts payable	<u>\$ 363,178</u>	<u>\$ 128,348</u>
Net effect of acquisition and construction of capital assets held in retentions payable	<u>\$ (299,957)</u>	<u>\$ 42,143</u>
Net effect of change in receivable related to capital contributions	<u>\$ 111,947</u>	<u>\$ (918,751)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS**JUNE 30, 2025****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, 2025

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

Significant Accounting Policies (Continued)

Estimates

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

Revenue Recognition

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

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

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

The Revised Basic Agreement (RBA) requires the Member Agencies to pay the Authority only the actual costs of materials and supplies used or purchased for the operation, maintenance, administration, or capital improvement of the joint system, contracts awarded by the Authority for the performance of budgeted operations and maintenance work, or capital improvement projects and the salaries and wages of employees. Under this agreement the participants are required to fund the net pension liability and net OPEB liability. Because the allocation of the funding of the pension and net OPEB liability is contingent upon future events (i.e. strength and volume of flows), it does not qualify as a “Special Funding Situation” as defined by the Governmental Accounting Standards Board. As such, the Authority has recorded a member receivable – pension and OPEB equal to the net pension liability and net OPEB liability net of any related deferred outflows of resources and deferred inflows of resources. The Authority had an amount receivable related to the pension activities in the amount of \$7,899,914 at June 30, 2025. The Authority had an amount payable to member agencies related to other postemployment benefits totaling \$264,418 at June 30, 2025.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued at 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 \$15,464,659 for the fiscal year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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 otherwise shown as noncurrent unless due within one year (See Note 6).

Compensated Absences

Accumulated and unpaid vacation and sick leave totaling \$1,802,141 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2025.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources represent a consumption of net assets, and an acquisition of net assets that applies to future periods, respectively. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 8 and the deferred outflows of resources and deferred inflows of resources related to other postemployment benefits are more fully described in Note 7.

Risk Management

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

At June 30, 2025, the Authority participated in CSRMA as follows:

Property Loss - Insured by Alliant Property Insurance Program with a total insurable value \$408,960,576 with \$50,000 deductible.

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

Auto Physical Damage Policy - Insured up to \$390,000 total value with a \$1,000 deductible.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

Risk Management (Continued)

Cyber Liability Coverage – Insured up to \$2,000,000 with a \$100,000 retention.

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

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

Crime and Theft Coverage – Insured up to \$1,000,000 with a \$2,500 deductible.

The Authority pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The Authority’s insurance expense and workers compensation insurance expense was \$824,740 for the fiscal year ended June 30, 2025. There were no instances in the past three fiscal years where a settlement exceeded the Authority’s coverage and there were no reductions in the Authority’s insurance coverage during the fiscal year ended June 30, 2025.

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Fair Value Measurements

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

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

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

Allocation of Costs

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

Significant Accounting Policies (Continued)

Reserves

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

The Reserve Policy amended on June 27, 2018 with Resolution 2018-05 was temporarily rescinded on May 25, 2022 by Resolution 2022-08. This temporary rescission was done in conjunction with a temporary revised billing approach aimed at increasing cash flow frequency. Reserve levels could be lowered under this temporary billing approach because of the increased cash flow frequency. Prior to the expiration of the temporary Reserve Policy on June 30, 2024, the Board authorized an extension in conjunction with the extension of the trial billing methodology. That new extension was set to expire June 30, 2025. However, as shown in an analysis provided to the Board of Directors (Board) on March 26, 2025, the trial billing methodology and Reserve Policy did not meet the objectives of both Encina and its member agencies. Those objectives were to ensure cash flow sufficiency while minimizing idle cash held at Encina. As such, the Board adopted a new monthly trial billing methodology, eliminated the Reserve Policy via adoption of Resolution 2025-03 and approved a new Working Capital Policy that identifies the working capital for the ensuing fiscal year during the budgeting process. It provides the following:

- Remote facility reserve amount of \$250,000 from each Member Agency that owns a remote facility operated and maintained by the Authority based on ownership percentage and governed by specific memorandums of understanding between Encina and applicable Member Agency(ies).
- An annually adjusted budget-based operating and capital working capital calculation allocated by Unit I ownership shares.
- The capital reserve, previously established at the average one-month cash flow requirement of the capital program, was distributed to member agencies during the fiscal year ended June 30, 2025.

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

Member Agency	Remote Facility Reserve	2025 Total	2024 Total
City of Carlsbad	\$ 70,650	\$ 70,650	\$ 713,050
City of Vista	129,350	129,350	797,150
Buena Sanitation District	50,000	50,000	237,900
Vallecitos Water District	-	-	594,100
Leucadia Wastewater District	-	-	445,200
City of Encinitas	-	-	112,600
Total Reserves	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 2,900,000</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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 \$100,000 per transfer, approve change orders up to \$100,000 on any particular contract or agreement, and may also authorize expenditures up to \$100,000. The Board of Directors must approve any expenditure or transfer in excess of \$100,000 and any transfer between operating and capital programs.

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

Cash and Cash Equivalents

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

New Governmental Accounting Standards – Current Year

The Authority has implemented the following GASB pronouncements this fiscal year:

- Statement No. 101, *Compensated Absences* - Effective for fiscal years beginning after December 15, 2023. This statement establishes a single model for the recognition and measurement of liabilities for compensated absences, including vacation, sick leave, and other paid time off. It requires recognition of a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or otherwise paid or settled. In implementing this Statement, the Authority evaluated all categories of compensated leave, including accrual and usage policies, historical usage patterns, and payout provisions. GASB 101 requires retroactive application; however, the Authority determined that retroactive application was not practicable due to the unavailability of sufficient historical information necessary to estimate the portion of accumulated leave that would have been “more likely than not” to be used or otherwise settled in prior periods. As permitted by the Statement, the Authority applied GASB 101 prospectively beginning July 1, 2024. The implementation did not result in a restatement of beginning net position. See notes 6 for more information.
- Statement No. 102, *Certain Risk Disclosures* - Effective for fiscal years beginning after June 15, 2024. This statement requires governments to disclose essential information about risks related to vulnerabilities from certain concentrations or constraints that could have a substantial impact on operations or financial condition. No disclosure was required for the fiscal year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

Significant Accounting Policies (Continued)

Upcoming GASB Pronouncements

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

- The provisions of Statement No. 103, *Financial Reporting Model Improvements*, are effective for fiscal years beginning after June 15, 2025.
- The provisions of Statement No. 104, *Disclosure of Certain Capital Assets*, are effective for fiscal years beginning after June 15, 2025.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 - CASH AND INVESTMENTS:

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

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

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

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

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

	Maturity in Years		
	1 Year or Less	2025	2024
Petty cash	\$ 1,000	\$ 1,000	\$ 1,000
California Local Agency Investment Fund (LAIF)	256,702	256,702	220,404
California Asset Management Program (CAMP)	16,702	16,702	3,611,322
Deposits with financial institutions	2,956,935	2,956,935	2,553,933
Total Cash and Investments	<u>\$ 3,231,339</u>	<u>\$ 3,231,339</u>	<u>\$ 6,386,659</u>
Financial Statement Classification:			
Current:			
Cash and cash equivalents - operating	\$ 200,000	\$ 200,000	\$ 200,000
Restricted:			
Cash and cash equivalents - capital program	3,031,339	3,031,339	6,186,659
Total Cash and Investments	<u>\$ 3,231,339</u>	<u>\$ 3,231,339</u>	<u>\$ 6,386,659</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by purchasing shorter term investments in order to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority’s investments to market interest rate fluctuations is provided in the previous table that shows the distribution of the Authority’s investments by maturity as of June 30, 2025.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the fiscal year end for each investment type.

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

Concentration of Credit Risk

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

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except that the Authority’s investment policy restricts the Authority to only investing in the LAIF, CAMP, and Certificates of Deposit that are collateralized by U.S. Treasury obligations. The Authority holds no investments in any one issuer (other than external investment pools) that represent 5% or more of total Authority investments at June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS**JUNE 30, 2025****NOTE 2 - CASH AND INVESTMENTS (CONTINUED):****Custodial Credit Risk**

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

As of June 30, 2025, all of the Authority's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

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

Investment in California Asset Management Program (CAMP)

The Authority is a voluntary participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The Authority reports its investment in CAMP at the fair value amounts provided by CAMP, which is the same value of the pool share. At June 30, 2025, the fair value of the investment approximated the Authority's cost.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

Classification of Cash and Cash Equivalents

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:

	2025
California Local Agency Investment Fund (LAIF)	\$ 256,702
California Asset Management Program (CAMP)	16,702
Deposits with financial institutions	2,956,935
Petty cash	1,000
Total	<u>\$ 3,231,339</u>

NOTE 3 - RESTRICTED ASSETS:

The Authority restricts certain contributions from its member agencies for use in capital projects only. As of June 30, 2025, the amount of restricted contributions for capital projects received or receivable on the statement of net position was \$3,868,259.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

	2025				Balance at June 30, 2025
	Balance at June 30, 2024	Additions	Deletions	Transfers	
Capital Assets Not Being Depreciated:					
Land	\$ 3,598,173	\$ -	\$ -	\$ -	\$ 3,598,173
Construction in progress	39,122,234	22,439,462	(4,091,537)	(23,035,897)	34,434,262
Total Capital Assets Not Being Depreciated	42,720,407	22,439,462	(4,091,537)	(23,035,897)	38,032,435
Capital Assets Being Depreciated:					
Joint wastewater treatment (Unit I)	269,041,439	-	(11,016,181)	21,610,855	279,636,113
Joint ocean outfall (Unit J)	14,751,348	-	-	87,596	14,838,944
Furnishings and office equipment	6,459,702	-	-	365,787	6,825,489
Pump station facilities	13,028,433	-	(232,070)	971,659	13,768,022
Flow metering system	344,945	-	-	-	344,945
Total Capital Assets Being Depreciated	303,625,867	-	(11,248,251)	23,035,897	315,413,513
Less Accumulated Depreciation For:					
Joint wastewater treatment (Unit I)	(137,527,321)	(14,096,671)	11,016,181	-	(140,607,811)
Joint ocean outfall (Unit J)	(13,895,929)	(60,257)	-	-	(13,956,186)
Furnishings and office equipment	(5,967,778)	(293,686)	-	-	(6,261,464)
Pump station facilities	(8,491,110)	(1,006,530)	232,070	-	(9,265,570)
Flow metering system	(336,292)	(7,515)	-	-	(343,807)
Total Accumulated Depreciation	(166,218,430)	(15,464,659)	11,248,251	-	(170,434,838)
Net Capital Assets Being Depreciated	137,407,437	(15,464,659)	-	23,035,897	144,978,675
Net Capital Assets	\$ 180,127,844	\$ 6,974,803	\$ (4,091,537)	\$ -	\$ 183,011,110

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - LEASES:

The Authority, acting as lessor, leases portions of its “South Parcel property” which consists of approximately 29 acres of vacant land adjacent to the Authority’s main office, under long-term non-cancelable lease agreements and short-term cancelable lease agreements. During the fiscal year ended June 30, 2025, the Authority recognized \$15,467 in lease revenue. The Authority did not recognize any interest revenue related to its leasing activities during the fiscal year ended June 30, 2025. As of June 30, 2025, the Authority did not have any outstanding long-term lease contracts, acting as lessor. During the fiscal year ended June 30, 2025, the Authority's sole leasing activity as lessor was a prepaid right-of-way contract with the State of California Department of Transportation, active from June 1, 2022 to December 31, 2024.

NOTE 6 – COMPENSATED ABSENCES:

The Authority provides compensated absences in the form of vacation, sick leave, and other paid time off benefits. A liability for compensated absences is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using employees’ pay rates in effect at the reporting date and includes salary-related payments (such as the employer’s share of payroll taxes).

Compensated absences consist of the following at June 30:

	Balance at June 30, 2024	Net Change	Balance at June 30, 2025	Amount Due Within One Year
Compensated absences (Note 1)	\$ 1,447,151	\$ 354,990	\$ 1,802,141	\$ 1,131,591

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. General Information about the OPEB Plan:

Plan Description

The Authority provides retiree medical (including prescription drug benefits) coverage to eligible employees and their eligible dependents through the CalPERS’ Health Program, a cost-sharing multiple-employer defined benefit plan. Eligible employees are employees who retire under the California Public Employees’ Retirement System (CalPERS) on or after age 50, with at least 5 years of service. The Authority’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse. For the calendar year 2024 the Authority provided a monthly contribution of \$125.60. For the calendar year 2025 the Authority provides a monthly contribution of \$134.30. In April 2016, the Authority established an irrevocable trust fund through the California Employers’ Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS.

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

Employees Covered

As of the June 30, 2023 actuarial valuation for Fiscal Year End June 30, 2025, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	<u>70</u>
Total	<u><u>84</u></u>

Contributions

The OPEB Plan and its contribution requirements are established by the Authority’s policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2025, the Authority’s cash contributions were \$104,631 in payments to the trust and the estimated implied subsidy was \$57,480 resulting in payments of \$162,111.

B. Net OPEB Liability (Asset):

The Authority’s net OPEB asset was measured as of June 30, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB asset is shown below.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

C. Total OPEB Liability (Asset):

Actuarial Assumptions

The total OPEB asset in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.75% (net of expenses)
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Expected long term investment rate of return	6.75%
Healthcare Cost Trend Rates	4%
Pre-retirement Turnover	Derived from CalPERS' pension plan
Mortality	The mortality assumptions are based on the 2021 CalPERS' Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS.

The actuarial assumptions used in the June 30, 2023 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the Authority.

Actuarial Assumptions (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, 2024 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT		
All Equities	49.00%	7.25%
All Fixed Income	23.00%	4.25%
Real Estate Investment Trusts	20.00%	7.25%
All Commodities	3.00%	7.25%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.00%
Total	100.00%	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

C. Total OPEB Liability (Asset) (Continued):

Discount Rate

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

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

The changes in the net OPEB liability (asset) during the measurement period ending June 30, 2024 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Measurement Date			
Balance at June 30, 2023	\$ 1,325,623	\$ 1,125,877	\$ 199,746
Changes in the Fiscal Year:			
Service cost	61,570	-	61,570
Interest on the total OPEB liability	88,838	-	88,838
Contribution - employer	-	256,178	(256,178)
Difference between expected & actual experience	-	-	-
Changes of assumptions	-	-	-
Net investment income	-	130,715	(130,715)
Administrative expenses	-	(390)	390
Benefit payments	(80,582)	(80,582)	-
Net Changes	69,826	305,921	(236,095)
Measurement Date			
Balance at June 30, 2024	\$ 1,395,449	\$ 1,431,798	\$ (36,349)

Change of Assumptions

There were no assumption changes since the prior measurement date.

Change of Benefit Terms

There were no changes of benefit terms since the prior measurement date.

Subsequent Events

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

The following presents the net OPEB liability (asset) of the Authority as of June 30, 2025, as well as what the Authority’s net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	\$ 135,644	\$ (36,349)	\$ (180,112)

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

The following presents the net OPEB liability (asset) of the Authority as of June 30, 2025, as well as what the Authority’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3%) or 1-percentage point higher (5%) than the current healthcare cost trend rates:

	1% Decrease 3.0%	Current Healthcare Cost Trend Rates 4.0%	1% Increase 5.0%
Net OPEB Liability (Asset)	\$ (222,879)	\$ (36,349)	\$ 195,038

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

For the fiscal year ended June 30, 2025, the Authority recognized OPEB expense of \$84,222. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 162,111	\$ -
Differences between expected and actual experience	126,680	(53,906)
Changes of assumptions	12,577	(34,112)
Net differences between projected and actual earnings on plan investments	14,719	-
Total	\$ 316,087	\$ (88,018)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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 \$162,111 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
<u>2026</u>	\$ 13,578
2027	42,956
2028	1,518
2029	1,430
2030	11,191
Thereafter	(4,715)
	<u>\$ 65,958</u>

F. Payable to the OPEB Plan:

At June 30, 2025, the Authority had no outstanding amount of contributions to the OPEB plan required for the fiscal year ended June 30, 2025.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. General Information About the Pension Plan

Plan Description:

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Authority, a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on 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, 2025, are summarized as follows:

	Classic and PEPR	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.96%	8.00%
Required employer contribution rates	16.31%	7.94%

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - 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 Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority’s contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions are classified as plan member contributions.

As of June 30, 2025 and 2024, the Authority reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	2025	2024
Classic & PEPRA Plans	\$ 7,968,721	\$ 8,355,414

The Authority’s net pension asset for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, 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.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

A. General Information About the Pension Plan (Continued)

The Authority’s proportionate share of the net pension liability as of June 30, 2024 and 2023 was as follows:

	Classic & PEPRA
Proportion - June 30, 2023	0.167090%
Proportion - June 30, 2024	0.164760%
Change - Increase (Decrease)	-0.002330%

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

For the fiscal year ended June 30, 2025, the Authority recognized pension expense of \$3,677,468 for the Plan. As of June 30, 2025, the Authority reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,239,778	\$ -
Differences between actual and expected experience	688,975	(26,883)
Changes in assumptions	204,815	-
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	552,343	(3,048,975)
Net difference between projected and actual earnings on pension plan investments	458,754	-
Total	\$ 3,144,665	\$ (3,075,858)

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

The \$1,239,778 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (309,075)
2027	(180,155)
2028	(524,532)
2029	(157,209)
2030	-
Thereafter	-
	<u>\$ (1,170,971)</u>

Actuarial Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The total pension liability was based on the following assumptions:

Valuation Date	Classic & PEPRA Plans June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)
(1)	Varies by entry age and service
(2)	The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
(3)	Contract COLA up to 2.30% annually until the Purchasing Power Protection Allowance (PPPA) floor applies; 2.30% thereafter. PPPA is a benefit designed to restore the original purchasing power of CalPERS retirees to a predetermined limit.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

Long-term Expected Rate of Return

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

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

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

- (a) An expected inflation of 2.30% used for this period.
- (b) Figures are based on the 2021-22 Asset Liability Management study

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority’s proportionate share of the net pension liability (asset) for the Plan as of June 30, 2025, calculated using the discount rate for the Plan, as well as what the Authority’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	<u>Classic & PEPR</u>
1% Decrease	5.90%
Net Pension Liability	\$ 19,020,788
Current Discount Rate	6.90%
Net Pension Liability	\$ 7,968,721
1% Increase	7.90%
Net Pension Liability (Asset)	\$ (1,128,758)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

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

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

C. Payable to the Pension Plan

At June 30, 2025, the Authority has no outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2025.

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS:

Phase V Ownership

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Phase V Ownership (Continued)

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

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

Wastewater Flow and Usage Allocation - Unit I Treatment Plant

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

Wastewater flow usage is averaged on an annual basis. The usage and percentage of total flow by Member Agency for the fiscal year ended June 30, 2025 and 2024 are as follows:

Agency	MGD ADF UNIT I					
	2025		2024		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	5.85	24.97%	5.90	24.60%	(0.05)	0.37%
Vista	6.42	27.40%	6.85	28.57%	(0.43)	-1.17%
Buena	1.96	8.37%	2.00	8.34%	(0.04)	0.03%
Vallecitos	4.55	19.42%	4.52	18.85%	0.03	0.57%
Leucadia	3.78	16.13%	3.78	15.76%	-	0.37%
Encinitas	0.87	3.71%	0.93	3.88%	(0.06)	-0.17%
Total	<u>23.43</u>	<u>100.00%</u>	<u>23.98</u>	<u>100.00%</u>	<u>(0.55)</u>	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

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

Biochemical oxygen demand usage is averaged on a three-year basis. The usage and percentage of total BOD by Member Agency for the fiscal years ended June 30, 2025 and 2024 are as follows:

Agency	BOD LBS/DAY UNIT I					
	2025		2024		Increase (Decrease)	
	BOD	% of Total	BOD	% of Total	BOD	%
Carlsbad	16,427	23.66%	17,232	23.66%	(805)	0.00%
Vista	17,796	25.63%	19,451	26.71%	(1,655)	-1.08%
Buena	8,757	12.61%	9,136	12.54%	(379)	0.07%
Vallecitos	14,196	20.44%	14,584	20.02%	(388)	0.42%
Leucadia	9,289	13.38%	9,276	12.74%	13	0.64%
Encinitas	2,977	4.28%	3,157	4.33%	(180)	-0.05%
Total	69,442	100.00%	72,836	100.00%	(3,394)	

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, 2025 and 2024 are as follows:

Agency	SS LBS/Day Unit I					
	2025		2024		Increase (Decrease)	
	SS	% of Total	SS	% of Total	SS	%
Carlsbad	19,379	30.13%	20,963	30.69%	(1,584)	-0.56%
Vista	12,767	19.84%	14,173	20.74%	(1,406)	-0.90%
Buena	5,728	8.90%	5,992	8.77%	(264)	0.13%
Vallecitos	14,282	22.20%	14,685	21.49%	(403)	0.71%
Leucadia	9,355	14.54%	9,494	13.89%	(139)	0.65%
Encinitas	2,827	4.39%	3,021	4.42%	(194)	-0.03%
Total	64,338	100.00%	68,328	100.00%	(3,990)	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 - OWNERSHIP AND USAGE ALLOCATIONS (CONTINUED):

Wastewater Flow and Usage Allocation – Unit J Treatment Plant

Treated wastewater flow discharged through Unit J is averaged on an annual basis. The changes for the fiscal years ended June 30, 2025 and 2024 for Unit J are as follows:

Agency	Outfall MGD ADF Unit J					
	2025		2024		Increase (Decrease)	
	MGD	% of Total	MGD	% of Total	MGD	%
Carlsbad	6.81	26.80%	4.64	20.47%	2.17	6.33%
Vista	6.43	25.30%	6.86	30.26%	(0.43)	-4.96%
Buena	1.82	7.16%	1.99	8.78%	(0.17)	-1.62%
Vallecitos	4.84	19.05%	4.80	21.17%	0.04	-2.12%
Leucadia	4.51	17.75%	3.45	15.22%	1.06	2.53%
Encinitas	1.00	3.94%	0.93	4.10%	0.07	-0.16%
Total	25.41	100.00%	22.67	100.00%	2.74	

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, 2025

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Construction Commitments

The Authority had contractual agreements with outside firms for capital program construction and professional services as follows at June 30, 2025:

Project	Balance
SEIBC	9,550,295
Primary Sedimentation Basin	2,403,078
Digester Improvements	1,995,004
CLEAR Project	875,685
Engineering Planning, Modeling, and Support Services	532,275
DAFT Repairs Phase II	495,339
Engine Overhaul	413,731
Cogen Improvements	254,498
Existing Dryer Major Rehab	162,909
Roofing and HVAC Rehabilitation Projects	123,530
Control Strategies Improvements	106,417
Painting & Coating	65,000
Energy Resilience Assessment	55,382
RAS Box/IJS Rehabilitation	51,533
Heat Dryer Controls Upgrades	45,267
Odor Control Projects	42,796
Network Improvements Projects/Information Technology	42,037
Water Reuse Projects	37,566
Aeration Basin Minor Repairs	4,304
	17,256,646

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.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Plan's Proportion of the Net Pension Liability	0.164760%	0.167090%	0.148030%	(0.117070%)	0.255690%	0.134510%	0.132380%	0.146233%	0.156650%	0.165626%
Plan's Proportionate Share of the Net Pension Liability	\$ 7,968,721	\$ 8,355,414	\$ 6,926,475	\$ (2,222,882)	\$ 10,785,249	\$ 13,783,340	\$ 12,756,065	\$ 14,502,283	\$ 13,555,110	\$ 11,368,400
Plan's Covered Payroll	\$ 9,106,177	\$ 8,109,024	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482	\$ 6,523,691	\$ 6,078,845
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	87.51%	103.04%	92.16%	(29.37%)	141.54%	188.58%	186.52%	221.43%	207.78%	187.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	90.27%	89.34%	90.56%	103.31%	82.96%	75.26%	75.26%	72.12%	70.65%	73.83%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 2,822,089	\$ 2,912,382	\$ 3,445,444	\$ 2,732,585	\$ 2,345,251	\$ 1,881,676	\$ 1,614,558	\$ 1,419,358	\$ 1,214,854	\$ 1,109,229

Notes to Schedule

Benefit Changes: There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

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

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

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

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

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

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

The inflation rate was decreased from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

	Miscellaneous									
Fiscal year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution (actuarially determined)	\$ 1,239,778	\$ 1,166,173	\$ 950,837	\$ 3,594,737	\$ 5,151,786	\$ 5,829,358	\$ 1,510,585	\$ 2,562,580	\$ 2,339,966	\$ 1,543,996
Contributions in relation to the actuarially determined contributions	(1,239,778)	(1,166,173)	(950,837)	(3,594,737)	(5,151,786)	(5,829,358)	(1,510,585)	(2,562,580)	(2,339,966)	(1,543,996)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,106,177	\$ 8,109,024	\$ 7,516,092	\$ 7,569,061	\$ 7,619,948	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482	\$ 6,523,691	\$ 6,078,845
Contributions as a percentage of covered payroll	13.61%	14.38%	12.65%	47.49%	67.61%	79.76%	22.09%	39.13%	35.87%	25.40%
Notes to Schedule:										
Valuation Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Methods and Assumptions Used to Determine Contribution Rates:										
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

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

(4) 55 for classic and 62 for PEPRA

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

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Fiscal year end	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:								
Service cost	\$ 61,570	\$ 55,064	\$ 53,590	\$ 43,245	\$ 42,088	\$ 36,418	\$ 35,357	\$ 33,044
Interest on total OPEB liability	88,838	88,858	85,585	77,810	76,609	66,700	62,221	57,799
Differences between expected and actual experience	-	(57,237)	-	156,620	(12,465)	59,429	-	-
Changes of assumptions	-	(3,656)	-	(48,876)	-	27,669	-	-
Benefit payments	(80,582)	(92,563)	(90,300)	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Net Change in Total OPEB Liability	69,826	(9,534)	48,875	163,860	35,170	151,404	67,091	61,373
Total OPEB Liability - Beginning of Year	1,325,623	1,335,157	1,286,282	1,122,422	1,087,252	935,848	868,757	807,384
Total OPEB Liability - End of Year (a)	1,395,449	1,325,623	1,335,157	1,286,282	1,122,422	1,087,252	935,848	868,757
Plan Fiduciary Net Position:								
Contributions	256,178	194,563	273,300	64,939	101,062	117,812	102,487	49,970
Net investment income	130,715	67,563	(139,379)	197,034	23,636	34,555	35,444	40,344
Administrative expenses	(390)	(307)	(255)	(271)	(324)	(118)	(237)	(205)
Benefit payments	(80,582)	(92,563)	(90,300)	(64,939)	(71,062)	(38,812)	(30,487)	(29,470)
Other expense	-	-	-	-	-	-	(587)	-
Net Change in Plan Fiduciary Net Position	305,921	169,256	43,366	196,763	53,312	113,437	106,620	60,639
Plan Fiduciary Net Position - Beginning of Year	1,125,877	956,621	913,255	716,492	663,180	549,743	443,123	382,484
Plan Fiduciary Net Position - End of Year (b)	1,431,798	1,125,877	956,621	913,255	716,492	663,180	549,743	443,123
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (36,349)	\$ 199,746	\$ 378,536	\$ 373,027	\$ 405,930	\$ 424,072	\$ 386,105	\$ 425,634
Plan fiduciary net position as a percentage of the total OPEB liability	102.60%	84.93%	71.65%	71.00%	63.83%	61.00%	58.74%	51.01%
Covered payroll	\$ 9,106,177	\$ 8,109,024	\$ 7,516,092	\$ 7,619,948	\$ 7,308,947	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482
Net OPEB liability as percentage of covered payroll	-0.40%	2.46%	5.04%	4.90%	5.55%	5.80%	5.65%	6.50%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

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

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS***

	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 79,172	\$ 80,582	\$ 73,139	\$ 92,563	\$ 88,783	\$ 87,535	\$ 78,011	\$ 57,445
Contributions in relation to the actuarially determined contributions	<u>(162,111)</u>	<u>(165,116)</u>	<u>(175,557)</u>	<u>(166,724)</u>	<u>(154,939)</u>	<u>(100,172)</u>	<u>(102,487)</u>	<u>(49,970)</u>
Contribution deficiency (excess)	<u>\$ (82,939)</u>	<u>\$ (84,534)</u>	<u>\$ (102,418)</u>	<u>\$ (74,161)</u>	<u>\$ (66,156)</u>	<u>\$ (12,637)</u>	<u>\$ (24,476)</u>	<u>\$ 7,475</u>
Covered payroll	\$ 9,106,177	\$ 8,109,024	\$ 7,516,092	\$ 7,619,948	\$ 7,308,947	\$ 7,308,947	\$ 6,839,096	\$ 6,549,482
Contributions as a percentage of covered payroll	1.78%	2.04%	2.34%	2.19%	2.12%	1.37%	1.50%	0.76%

Notes to Schedule:

Valuation Date	6/30/2023	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Discount rate	6.75%
Inflation	2.50%
Salary increases	2.75% plus merit scale
Mortality	CalPERS Pension Plan

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

SUPPLEMENTARY SCHEDULE OF INVESTMENT IN CAPITAL ASSETS
AT JUNE 30, 2025

	<u>Carlsbad</u>	<u>Vista</u>	<u>Buena</u>	<u>Vallecitos</u>	<u>Leucadia</u>	<u>Encinitas</u>	<u>June 30, 2025</u>	<u>Carlsbad</u>	<u>Vista</u>	<u>Buena</u>	<u>Vallecitos</u>	<u>Leucadia</u>	<u>Encinitas</u>
PLANT													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	\$ 279,636,113	\$ 67,783,792	\$ 70,468,301	\$ 19,826,201	\$ 62,694,417	\$ 46,978,867	\$ 11,884,535
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	14,838,944	3,515,346	3,654,831	1,028,339	3,586,573	2,436,555	617,300
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	6,825,489	1,654,499	1,720,023	483,927	1,530,275	1,146,682	290,083
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	4,797,487	498,939	4,298,548	-	-	-	-
Agua Hedionda Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	2,622,489	810,349	1,812,140	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	4,187,417	4,187,417	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	1,391,505	-	-	1,391,505	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	769,124	-	769,124	-	-	-	-
Flow Metering System	(Based on Type and Location of Required Meters)						344,945	85,580	74,543	28,148	69,817	70,162	16,695
SUB-TOTAL: PLANT							<u>315,413,513</u>	<u>78,535,922</u>	<u>82,797,510</u>	<u>22,758,120</u>	<u>67,881,082</u>	<u>50,632,266</u>	<u>12,808,613</u>
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							<u>3,598,173</u>	<u>892,707</u>	<u>777,566</u>	<u>293,611</u>	<u>728,270</u>	<u>731,868</u>	<u>174,151</u>
CONSTRUCTION IN PROGRESS													
Major Plant Rehab (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	34,434,262	8,346,861	8,677,435	2,441,390	7,720,163	5,784,957	1,463,456
SUB-TOTAL: CONSTRUCTION IN PROGRESS							<u>34,434,262</u>	<u>8,346,861</u>	<u>8,677,435</u>	<u>2,441,390</u>	<u>7,720,163</u>	<u>5,784,957</u>	<u>1,463,456</u>
TOTAL INVESTMENT IN CAPITAL ASSETS							<u>353,445,948</u>	<u>87,775,490</u>	<u>92,252,511</u>	<u>25,493,121</u>	<u>76,329,515</u>	<u>57,149,091</u>	<u>14,446,220</u>
ACCUMULATED DEPRECIATION													
Joint Wastewater Treatment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(140,607,812)	(34,083,334)	(35,433,169)	(9,969,094)	(31,524,271)	(23,622,112)	(5,975,832)
Joint Wastewater Disposal (Unit J)	23.69%	24.63%	6.93%	24.17%	16.42%	4.16%	(13,956,189)	(3,306,222)	(3,437,409)	(967,164)	(3,373,211)	(2,291,606)	(580,577)
Furnishings and Office Equipment (Unit I)	24.24%	25.20%	7.09%	22.42%	16.80%	4.25%	(6,261,463)	(1,517,778)	(1,577,889)	(443,938)	(1,403,820)	(1,051,926)	(266,112)
Buena Vista Pump Station (BVPS)	10.40%	89.60%	-	-	-	-	(3,619,911)	(376,471)	(3,243,440)	-	-	-	-
Agua Hedionda Vista Pump Station (AHPS)	30.90%	69.10%	-	-	-	-	(2,203,948)	(681,020)	(1,522,928)	-	-	-	-
Carlsbad Water Reclamation Facility (CWRF)	100.00%	-	-	-	-	-	(1,982,061)	(1,982,061)	-	-	-	-	-
Buena Creek Pump Station (BCPS)	-	-	100.00%	-	-	-	(930,395)	-	-	(930,395)	-	-	-
Raceway Basin Pump Station (RBPS)	-	100.00%	-	-	-	-	(529,253)	-	(529,253)	-	-	-	-
Flow Metering System	(Based on Type and Location of Required Meters)						(343,806)	(85,298)	(74,297)	(28,055)	(69,586)	(69,930)	(16,640)
TOTAL ACCUMULATED DEPRECIATION							<u>(170,434,838)</u>	<u>(42,032,184)</u>	<u>(45,818,385)</u>	<u>(12,338,646)</u>	<u>(36,370,888)</u>	<u>(27,035,574)</u>	<u>(6,839,161)</u>
INVESTMENT IN CAPITAL ASSETS							<u>\$ 183,011,110</u>	<u>\$ 45,743,306</u>	<u>\$ 46,434,126</u>	<u>\$ 13,154,475</u>	<u>\$ 39,958,627</u>	<u>\$ 30,113,517</u>	<u>\$ 7,607,059</u>

**SUPPLEMENTARY SUMMARY SCHEDULE OF
OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	2025	2024
OPERATING REVENUES		
Member Assessments Billed	\$ 25,242,285	\$ 23,343,501
South Parcel Leasing	15,467	35,936
PureGreen Sales	13,782	22,100
Alternative Fuels Tipping Fees	144,617	160,023
Lab Contract Services Receipts (Unit I Ownership)	205,560	231,337
Insurance Proceeds	229,460	256,409
Environmental Enforcement Receipts (Jurisdiction)	202,450	63,700
Miscellaneous Receipts (Unit I Ownership)	(96,554)	7,687
	<hr/>	<hr/>
TOTAL OPERATING REVENUES - BILLED	25,957,067	24,120,693
	<hr/>	<hr/>
OPERATING EXPENSES INCURRED		
Encina Water Pollution Control Facilities		
Unit I - Treatment Plant Usage	11,927,812	11,017,052
Unit I - Treatment Plant Ownership	7,858,351	7,063,171
Unit J - Ocean Outfall	760,062	568,374
Board of Directors	112,108	109,846
Flow Metering	280,682	240,419
	<hr/>	<hr/>
Encina Water Pollution Control Facilities Subtotal	20,939,015	18,998,862
	<hr/>	<hr/>
Source Control	1,267,812	1,082,931
Agua Hedionda Pump Station	660,728	659,604
Buena Vista Pump Station	862,164	835,114
Buena Creek Pump Station	558,114	599,241
Carlsbad Water Recycling Facility	1,995,216	1,698,053
Raceway Basin Pump Station	271,346	217,316
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES INCURRED	26,554,395	24,091,121
	<hr/>	<hr/>
OPERATING REVENUES BILLED (OVER)/UNDER EXPENSES INCURRED	597,328	(29,572)
	<hr/>	<hr/>
AMOUNT DUE FROM/(TO) MEMBER AGENCIES END OF YEAR	\$ 597,328	\$ (29,572)
	<hr/>	<hr/>

**SUPPLEMENTARY DETAIL SCHEDULE OF OPERATING PROGRAM AMOUNT DUE FROM/(TO) MEMBER AGENCIES
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<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	\$ 25,242,285	\$ 7,635,468	\$ 6,519,356	\$ 2,561,341	\$ 4,500,679	\$ 3,109,452	\$ 915,989
South Parcel Lease Revenue	15,467	3,748	3,898	1,097	3,468	2,599	657
PureGreen Sales	13,782	4,151	2,735	1,227	3,059	2,004	606
Alternative Fuels Tipping Fees	144,617	35,055	36,444	10,253	32,423	24,296	6,146
Lab Contract Services Receipts (Unit I Ownership)	205,560	49,828	51,801	14,574	46,087	34,534	8,736
Insurance Proceeds	229,460	55,621	57,824	16,269	51,445	38,549	9,752
Environmental Enforcement Actions Billed (Jurisdiction)	202,450	6,050	196,400	-	-	-	-
Miscellaneous Receipts (Unit I Ownership)	(96,554)	(23,405)	(24,330)	(6,846)	(21,648)	(16,221)	(4,104)
TOTAL OPERATING REVENUES - BILLED	25,957,067	7,766,516	6,844,128	2,597,915	4,615,513	3,195,213	937,782
OPERATING EXPENSES							
Encina Water Pollution Control Facilities							
Plant-Unit I Usage	11,927,812	3,183,866	2,750,928	1,274,789	2,528,222	1,676,352	513,655
Plant-Unit I Ownership	7,858,351	1,904,865	1,980,304	557,157	1,761,842	1,320,203	333,980
Outfall-Unit J	760,062	104,430	244,763	74,403	173,470	129,825	33,171
Board of Directors	112,108	24,032	8,962	8,962	24,728	23,216	22,208
Flow Metering	280,682	71,571	68,407	50,076	37,605	35,932	17,091
Encina Water Pollution Control Facilities Sub-Total	20,939,015	5,288,764	5,053,364	1,965,387	4,525,867	3,185,528	920,105
Source Control	1,267,812	342,384	444,020	127,740	214,464	97,380	41,824
Agua Hedionda Pump Station	660,728	204,165	456,563	-	-	-	-
Buena Vista Pump Station	862,164	89,664	772,500	-	-	-	-
Buena Creek Pump Station	558,114	-	-	558,114	-	-	-
Carlsbad Water Recycling Facility	1,995,216	1,995,216	-	-	-	-	-
Raceway Basin Pump Station	271,346	-	271,346	-	-	-	-
TOTAL OPERATING EXPENSES	26,554,395	7,920,193	6,997,793	2,651,241	4,740,331	3,282,908	961,929
DUE FROM (TO) MEMBER AGENCIES JUNE 30, 2025	\$ 597,328	\$ 153,677	\$ 153,665	\$ 53,326	\$ 124,818	\$ 87,695	\$ 24,147

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	2025	% of Total	2024	Change \$	Change %
CITY OF CARLSBAD					
Unit I Encina Treatment Plant Usage	\$ 3,183,866	40.2%	\$ 2,970,820	\$ 213,046	7.2%
Unit I Encina Treatment Plant Ownership	1,904,865	24.1%	1,712,112	192,753	11.3%
Unit J Encina Ocean Outfall	104,430	1.3%	116,344	(11,914)	-10.2%
Board of Directors	24,032	0.3%	23,614	418	1.8%
Flow Metering	71,571	0.9%	61,304	10,267	16.7%
Source Control	342,384	4.3%	347,807	(5,423)	-1.6%
Agua Hedionda Pump Station	204,165	2.6%	203,818	347	0.2%
Buena Vista Pump Station	89,664	1.1%	86,852	2,812	3.2%
Carlsbad Water Recycling Facility	1,995,216	25.2%	1,698,053	297,163	17.5%
TOTALS	\$ 7,920,193	100.0%	\$ 7,220,724	\$ 699,469	9.7%
CITY OF VISTA					
Unit I Encina Treatment Plant Usage	\$ 2,750,928	39.4%	\$ 2,648,494	\$ 102,434	3.9%
Unit I Encina Treatment Plant Ownership	1,980,304	28.3%	1,779,919	200,385	11.3%
Unit J Encina Ocean Outfall	244,763	3.5%	171,906	72,857	42.4%
Board of Directors	8,962	0.1%	10,000	(1,038)	-10.4%
Flow Metering	68,407	1.0%	58,594	9,813	16.7%
Source Control	444,020	6.3%	348,725	95,295	27.3%
Agua Hedionda Pump Station	456,563	6.5%	455,786	777	0.2%
Buena Vista Pump Station	772,500	11.0%	748,262	24,238	3.2%
Raceway Basin Pump Station	271,346	3.9%	217,316	54,030	24.9%
TOTALS	\$ 6,997,793	100.0%	\$ 6,439,002	\$ 558,791	8.7%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

BUENA SANITATION DISTRICT	2025	% of Total	2024	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 1,274,789	48.1%	\$ 1,164,195	\$ 110,594	9.5%
Unit I Encina Treatment Plant Ownership	557,157	21.0%	500,779	56,378	11.3%
Unit J Encina Ocean Outfall	74,403	2.8%	49,961	24,442	48.9%
Board of Directors	8,962	0.3%	10,000	(1,038)	-10.4%
Flow Metering	50,076	1.9%	42,893	7,183	16.7%
Source Control	127,740	4.8%	96,492	31,248	32.4%
Buena Creek Pump Station	558,114	21.1%	599,241	(41,127)	-6.9%
TOTALS	\$ 2,651,241	100.0%	\$ 2,463,561	\$ 187,680	7.6%
VALLECITOS WATER DISTRICT					
Unit I Encina Treatment Plant Usage	\$ 2,528,222	53.3%	\$ 2,274,048	\$ 254,174	11.2%
Unit I Encina Treatment Plant Ownership	1,761,842	37.2%	1,583,563	178,279	11.3%
Unit J Encina Ocean Outfall	173,470	3.7%	120,357	53,113	44.1%
Board of Directors	24,728	0.5%	23,357	1,371	5.9%
Flow Metering	37,605	0.8%	32,211	5,394	16.7%
Source Control	214,464	4.5%	167,286	47,178	28.2%
TOTALS	\$ 4,740,331	100.0%	\$ 4,200,822	\$ 539,509	12.8%

Continued

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY MEMBER AGENCY

(CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

LEUCADIA WASTEWATER DISTRICT	2025	% of Total	2024	Change \$	Change %
Unit I Encina Treatment Plant Usage	\$ 1,676,352	51.0%	\$ 1,480,232	\$ 196,120	13.2%
Unit I Encina Treatment Plant Ownership	1,320,203	40.2%	1,186,613	133,590	11.3%
Unit J Encina Ocean Outfall	129,825	4.0%	86,549	43,276	50.0%
Board of Directors	23,216	0.7%	19,759	3,457	17.5%
Flow Metering	35,932	1.1%	30,777	5,155	16.7%
Source Control	97,380	3.0%	82,886	14,494	17.5%
TOTALS	\$ 3,282,908	100.0%	\$ 2,886,816	\$ 396,092	13.7%
CITY OF ENCINITAS					
Unit I Encina Treatment Plant Usage	\$ 513,655	53.5%	\$ 479,263	\$ 34,392	7.2%
Unit I Encina Treatment Plant Ownership	333,980	34.7%	300,185	33,795	11.3%
Unit J Encina Ocean Outfall	33,171	3.4%	23,257	9,914	42.6%
Board of Directors	22,208	2.3%	23,116	(908)	-3.9%
Flow Metering	17,091	1.8%	14,640	2,451	16.7%
Source Control	41,824	4.3%	39,735	2,089	5.3%
TOTALS	\$ 961,929	100.0%	\$ 880,196	\$ 81,733	9.3%
Total Operating Expense All Member Agencies	\$ 26,554,395		\$ 24,091,121	\$ 2,409,244	10.0%

SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM EXPENSE - SUMMARY BY COST CENTER

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	2025	% of Total	2024	Change \$	Change %
UNIT I: ENCINA TREATMENT PLANT USAGE					
City of Carlsbad	\$ 3,183,866	26.6%	\$ 2,970,820	\$ 213,046	7.2%
City of Vista	2,750,928	23.1%	2,648,494	102,434	3.9%
Buena Sanitation District	1,274,789	10.7%	1,164,195	110,594	9.5%
Vallecitos Water District	2,528,222	21.2%	2,274,048	254,174	11.2%
Leucadia Wastewater District	1,676,352	14.1%	1,480,232	196,120	13.2%
City of Encinitas	513,655	4.3%	479,263	34,392	7.2%
TOTALS	\$ 11,927,812	100.0%	\$ 11,017,052	\$ 910,760	8.3%
UNIT I: ENCINA TREATMENT PLANT OWNERSHIP					
City of Carlsbad	\$ 1,904,865	24.2%	\$ 1,712,112	\$ 192,753	11.3%
City of Vista	1,980,304	25.2%	1,779,919	200,385	11.3%
Buena Sanitation District	557,157	7.1%	500,779	56,378	11.3%
Vallecitos Water District	1,761,842	22.4%	1,583,563	178,279	11.3%
Leucadia Wastewater District	1,320,203	16.8%	1,186,613	133,590	11.3%
City of Encinitas	333,980	4.3%	300,185	33,795	11.3%
TOTALS	\$ 7,858,351	100.0%	\$ 7,063,171	\$ 795,180	11.3%
UNIT J: ENCINA OCEAN OUTFALL					
City of Carlsbad	\$ 104,430	13.7%	\$ 116,344	\$ (11,914)	-10.2%
City of Vista	244,763	32.2%	171,906	72,857	42.4%
Buena Sanitation District	74,403	9.8%	49,961	24,442	48.9%
Vallecitos Water District	173,470	22.8%	120,357	53,113	44.1%
Leucadia Wastewater District	129,825	17.1%	86,549	43,276	50.0%
City of Encinitas	33,171	4.4%	23,257	9,914	42.6%
TOTALS	\$ 760,062	100.0%	\$ 568,374	\$ 191,688	33.7%
BOARD OF DIRECTORS					
City of Carlsbad	\$ 24,032	21.4%	\$ 23,614	\$ 418	1.8%
City of Vista	8,962	8.0%	10,000	(1,038)	-10.4%
Buena Sanitation District	8,962	8.0%	10,000	(1,038)	-10.4%
Vallecitos Water District	24,728	22.1%	23,357	1,371	5.9%
Leucadia Wastewater District	23,216	20.7%	19,759	3,457	17.5%
City of Encinitas	22,208	19.8%	23,116	(908)	-3.9%
TOTALS	\$ 112,108	100.0%	\$ 109,846	\$ 2,262	2.1%

Continued

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	2025	% of Total	2024	Change \$	Change %
FLOW METERING PROGRAM					
City of Carlsbad	\$ 71,571	25.5%	\$ 61,304	\$ 10,267	16.7%
City of Vista	68,407	24.4%	58,594	9,813	16.7%
Buena Sanitation District	50,076	17.8%	42,893	7,183	16.7%
Vallecitos Water District	37,605	13.4%	32,211	5,394	16.7%
Leucadia Wastewater District	35,932	12.8%	30,777	5,155	16.7%
City of Encinitas	17,091	6.1%	14,640	2,451	16.7%
TOTALS	\$ 280,682	100.0%	\$ 240,419	\$ 40,263	16.7%
TOTAL ENCINA WATER POLLUTION CONTROL FACILITIES					
City of Carlsbad	\$ 5,288,764	25.2%	\$ 4,884,194	\$ 404,570	8.3%
City of Vista	5,053,364	24.2%	4,668,913	384,451	8.2%
Buena Sanitation District	1,965,387	9.4%	1,767,828	197,559	11.2%
Vallecitos Water District	4,525,867	21.6%	4,033,536	492,331	12.2%
Leucadia Wastewater District	3,185,528	15.2%	2,803,930	381,598	13.6%
City of Encinitas	920,105	4.4%	840,461	79,644	9.5%
TOTALS	\$ 20,939,015	100.0%	\$ 18,998,862	\$ 1,940,153	10.2%
SOURCE CONTROL PROGRAM					
City of Carlsbad	\$ 342,384	27.0%	\$ 347,807	\$ (5,423)	-1.6%
City of Vista	444,020	35.0%	348,725	95,295	27.3%
Buena Sanitation District	127,740	10.1%	96,492	31,248	32.4%
Vallecitos Water District	214,464	16.9%	167,286	47,178	28.2%
Leucadia Wastewater District	97,380	7.7%	82,886	14,494	17.5%
City of Encinitas	41,824	3.3%	39,735	2,089	5.3%
TOTALS	\$ 1,267,812	100.0%	\$ 1,082,931	\$ 184,881	17.1%
AGUA HEDIONDA PUMP STATION					
City of Carlsbad	\$ 204,165	30.9%	\$ 203,818	\$ 347	0.2%
City of Vista	456,563	69.1%	455,786	777	0.2%
TOTALS	\$ 660,728	100.0%	\$ 659,604	\$ 1,124	0.2%

Continued

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	2025	% of Total	2024	Change \$	Change %
BUENA VISTA PUMP STATION					
City of Carlsbad	\$ 89,664	10.4%	\$ 86,852	\$ 2,812	3.2%
City of Vista	772,500	89.6%	748,262	24,238	3.2%
TOTALS	\$ 862,164	100.0%	\$ 835,114	\$ 27,050	3.2%
BUENA CREEK PUMP STATION					
Buena Sanitation District	\$ 558,114	100.0%	\$ 599,241	\$ (41,127)	-6.9%
TOTALS	\$ 558,114	100.0%	\$ 599,241	\$ (41,127)	-6.9%
CARLSBAD WATER RECYCLING FACILITY					
City of Carlsbad	\$ 1,995,216	100.0%	\$ 1,698,053	\$ 297,163	17.5%
TOTALS	\$ 1,995,216	100.0%	\$ 1,698,053	\$ 297,163	17.5%
RACEWAY BASIN PUMP STATION					
City of Vista	\$ 271,346	100.0%	\$ 217,316	\$ 54,030	24.9%
TOTALS	\$ 271,346	100.0%	\$ 217,316	\$ 54,030	24.9%
TOTAL OPERATING EXPENSE					
City of Carlsbad	\$ 7,920,193	29.7%	\$ 7,220,724	\$ 699,469	9.7%
City of Vista	6,997,793	26.4%	6,439,002	558,791	8.7%
Buena Sanitation District	2,651,241	10.0%	2,463,561	187,680	7.6%
Vallecitos Water District	4,740,331	17.9%	4,200,822	539,509	12.8%
Leucadia Wastewater District	3,282,908	12.4%	2,886,816	396,092	13.7%
City of Encinitas	961,929	3.6%	880,196	81,733	9.3%
TOTALS	\$ 26,554,395	100.0%	\$ 24,091,121	\$ 2,463,274	10.2%

**SUPPLEMENTARY SCHEDULE OF CHANGES IN NET POSITION RESERVED FOR
CAPITAL IMPROVEMENT PROGRAM
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024)**

	<u>2025</u>	<u>2024</u>
CAPITAL CONTRIBUTIONS		
Member Assessments	\$ 21,895,962	\$ 26,657,414
Grant Revenues	<u>113,606</u>	<u>376,563</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>22,009,568</u>	<u>27,033,977</u>
CAPITAL EXPENDITURES		
Encina Water Pollution Control Facility (EWPCF) Capital Acquisitions	217,762	82,982
Agua Hedionda Pump Station (AHPS) Capital Acquisitions	348,784	307,313
Buena Vista Pump Station (BVPS) Capital Acquisitions	295,126	245,153
Buena Creek Pump Station (BCPS) Capital Acquisitions	325,786	155,815
Carlsbad Water Reclamation Facility (CWRF) Capital Acquisitions	408,623	417,203
Raceway Basin Pump Station (RBPS) Capital Acquisitions	122,166	134,806
EWPCF Planned Asset Replacement	2,008,826	1,910,436
EWPCF Major Plant Rehabilitation Program		
Liquid Process Improvements	3,633,002	578,053
Outfall	114,071	77,448
Solids Process Improvements	4,954,740	12,121,653
Energy Management	1,343,332	861,138
General Improvements	3,411,189	6,681,179
Engineering Services	1,158,977	1,480,181
Technology Master Plan	<u>4,097,078</u>	<u>2,460,403</u>
TOTAL CAPITAL EXPENDITURES	<u>22,439,462</u>	<u>27,513,763</u>
CAPITAL CONTRIBUTIONS OVER/(UNDER) CAPITAL EXPENDITURES	(429,894)	(479,786)
NONOPERATING REVENUES		
Investment and other capital income	<u>429,894</u>	<u>479,786</u>
TOTAL NONOPERATING REVENUES	<u>429,894</u>	<u>479,786</u>
NET POSITION RESERVED FOR CIP, BEGINNING OF FISCAL YEAR	<u>2,650,000</u>	<u>2,650,000</u>
CAPITAL RESERVE DISTRIBUTION	<u>(2,650,000)</u>	<u>-</u>
NET POSITION RESERVED FOR CIP, END OF FISCAL YEAR	<u>\$ -</u>	<u>\$ 2,650,000</u>

SUPPLEMENTARY SCHEDULE OF NET POSITION RESERVED FOR CAPITAL IMPROVEMENT PROGRAM BY PROJECT
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>PROJECTS</u>	<u>Balance June 30, 2024</u>	<u>Member Billings</u>	<u>Member Distributions</u>	<u>Other Income</u>	<u>Capital Expenditures</u>	<u>Balance June 30, 2025</u>
<u>Continuing Projects</u>						
EWPCF Major Plant Rehabilitation Program						
Liquid Process Improvements	\$ -	\$ (3,633,002)	\$ -	\$ -	\$ 3,633,002	\$ -
Outfall	-	(114,071)	-	-	114,071	-
Solids Process Improvements	-	(4,954,740)	-	-	4,954,740	-
Energy Management	-	(1,343,332)	-	-	1,343,332	-
General Improvements	-	(3,411,189)	-	-	3,411,189	-
Engineering Services	-	(1,158,977)	-	-	1,158,977	-
Technology Master Plan	-	(4,097,078)	-	-	4,097,078	-
Sub Total Continuing Projects	-	(18,712,389)	-	-	18,712,389	-
<u>Other</u>						
Capital Acquisitions						
EWPCF	-	(217,762)	-	-	217,762	-
Remote Facilities	-	(1,500,485)	-	-	1,500,485	-
Planned Asset Replacement	-	(2,008,826)	-	-	2,008,826	-
Capital Reserve	(2,650,000)	-	2,650,000	-	-	-
Income On Capital Reserve Funds	-	429,894	-	(429,894)	-	-
Grant Revenues	-	113,606	-	(113,606)	-	-
Sub Total Other	(2,650,000)	(3,183,573)	2,650,000	(543,500)	3,727,073	-
Total Capital Improvement Program	\$ (2,650,000)	\$ (21,895,962)	\$ 2,650,000	\$ (543,500)	\$ 22,439,462	\$ -
						\$ - *

* Indicates amounts due from/(to) Member Agencies unbilled as of fiscal year-end

SUPPLEMENTARY SCHEDULE OF NET POSITION RESERVED FOR CAPITAL IMPROVEMENT PROGRAM BY MEMBER AGENCY

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

PROJECTS	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Balance June 30, 2025
<u>Other</u>							
Capital Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Improvement Program	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATISTICAL SECTION

Financial Trends

Demographic and Economic Information

Operating Information

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

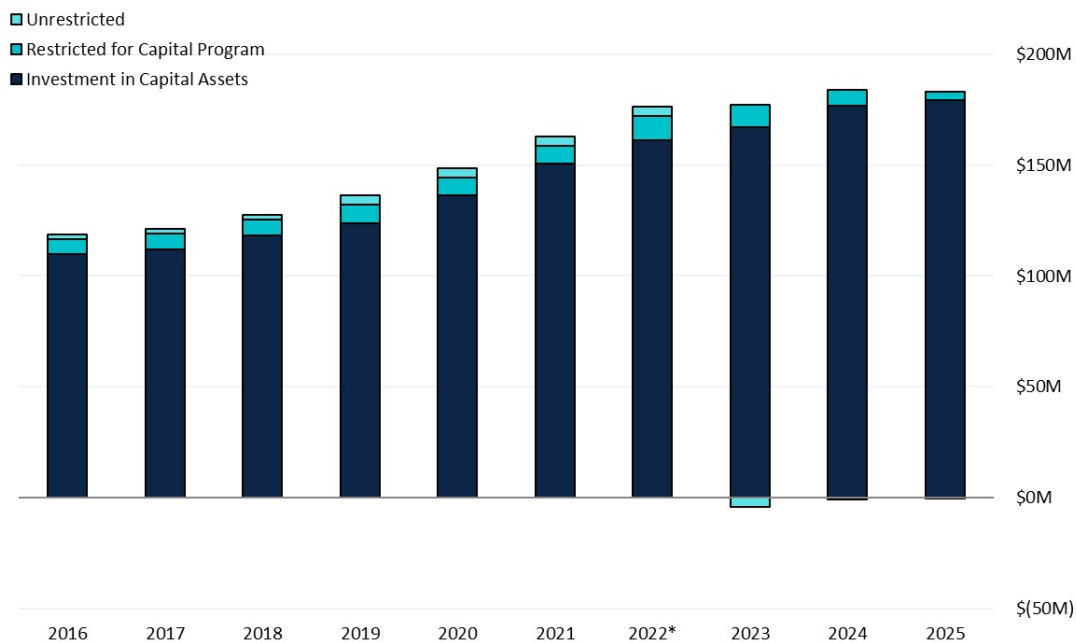
Operating Information

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

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

NET POSITION
LAST TEN FISCAL YEARS

Fiscal Year	Investment in Capital Assets	Restricted for Capital Program	Unrestricted	Total
2025	\$ 179,411,528	\$ 3,868,259	\$ (9,660)	\$ 183,270,127
2024	176,772,355	7,111,560	(856,070)	183,027,845
2023	167,077,116	10,279,813	(4,194,815)	173,162,114
2022*	161,161,542	11,031,506	4,300,000	176,493,048
2021	150,718,023	8,036,026	4,300,000	163,054,049
2020	136,520,458	8,022,765	4,300,000	148,843,223
2019	123,904,422	8,097,285	4,300,000	136,301,707
2018	118,467,691	7,000,000	2,100,000	127,567,691
2017	112,047,443	7,010,247	2,100,000	121,157,690
2016	109,764,177	7,003,009	2,000,000	118,767,186



- FY 2025 reflects reinvestments in capital infrastructure and rehabilitating many aged assets as well as a distribution of the capital reserve funds back to the member agencies.
- FY 2024 reflects increased investments in capital improvement projects including the Secondary Clarifiers and Strainers Project, the Digester Rehabilitation & Improvements Project and Cogeneration Project.
- FY 2023 reflects increased investments in capital improvement projects including the Secondary Clarifiers and Strainers Project, the Digester Rehabilitation & Improvements Project and Admin Building HVAC Project.
- FY 2022 reflects increased investments in capital improvement projects including the Secondary Clarifiers and Strainers Project
- FY 2021 & 2020 reflects increased investments in capital improvement projects including the Primary Area Improvements Project, Digester Rehab and Improvements Project, the SCADA Network and Infrastructure Improvement Project, and Secondary Clarifiers & Strainers Project.
- FY 2019 reflects increased investment in rehabilitating the capital infrastructure along with an increase in the Reserve balances.
- FY 2018 reflects increased construction in progress activities attributed to the FY15 Major Plant Rehab Project efforts.
- FY 2017 reflects increased construction in progress activities and a \$100K increase to the Unrestricted - Remote Facility Reserve

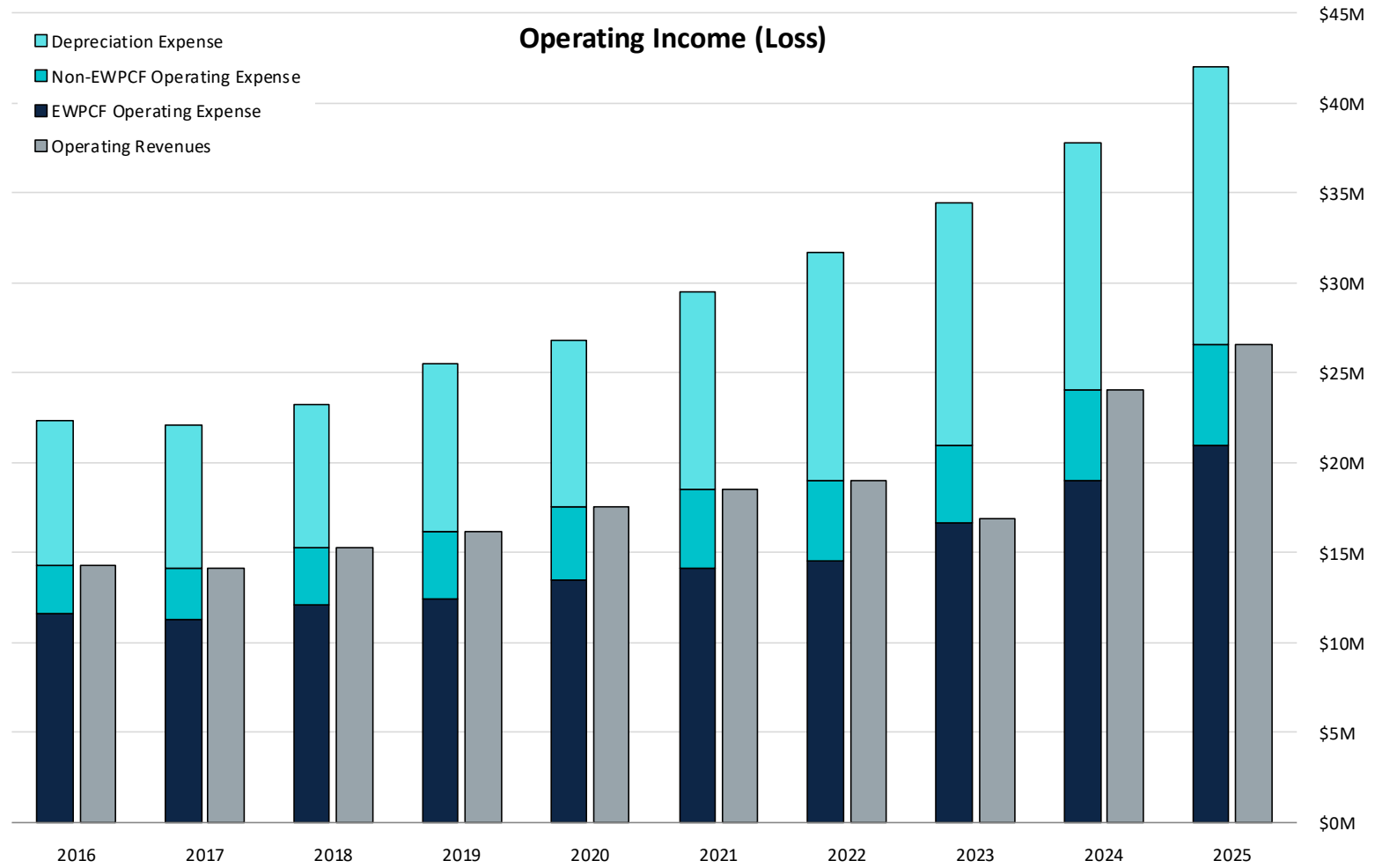
* As restated.

Source: Encina Wastewater Authority

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Revenues										
Member Agency Assessments	\$ 25,840	\$ 23,314	\$ 16,247	\$ 18,061	\$ 17,415	\$ 16,722	\$ 15,416	\$ 14,719	\$ 13,614	\$ 13,515
Other Operating Revenues	715	777	681	965	1,113	796	750	548	561	793
Total Operating Revenues	26,554	24,091	16,928	19,026	18,528	17,518	16,166	15,267	14,715	14,308
Operating Expenses										
Unit I - EWPCF Usage Costs	11,928	11,017	9,271	7,388	7,171	7,459	6,777	6,575	6,020	6,356
Unit I - EWPCF Ownership Costs	7,858	7,063	6,070	5,661	5,808	5,059	4,723	4,629	4,405	4,335
Unit J - Encina Ocean Outfall	760	568	821	979	760	614	589	497	495	523
Directors Meetings	112	110	109	137	91	66	64	63	57	52
Flow Metering	281	240	345	402	342	323	305	316	295	332
Subtotal Encina Wastewater Pollution Control Facilities (EWPCF)	20,939	18,998	16,616	14,567	14,172	13,521	12,458	12,080	11,272	11,598
Source Control	1,268	1,083	863	889	1,037	921	771	692	688	638
Aqua Hedionda Pump Station	661	660	563	618	599	656	673	315	297	303
Buena Vista Pump Station	862	835	782	712	705	654	580	627	427	438
Buena Creek Pump Station	558	599	563	577	537	390	367	334	330	328
Carlsbad Water Reclamation Facilities	1,995	1,698	1,344	1,414	1,226	1,151	1,107	1,028	979	831
Raceway Basin Pump Station	271	217	246	247	251	225	210	189	182	172
Depreciation expense	15,465	13,724	13,445	12,699	10,937	9,269	9,328	7,937	7,907	8,043
Total Operating Expenses	42,019	37,814	34,422	31,723	29,464	26,787	25,494	23,202	22,082	22,351
Operating Loss	(15,465)	(13,723)	(17,494)	(12,697)	(10,936)	(9,269)	(9,328)	(7,935)	(7,908)	(8,043)
Nonoperating Revenues (Expenses)										
Discontinued Projects, Studies and Assessments	(4,083)	(3,924)	(2,529)	(2,596)	(1,817)	(1,835)	(1,407)	(2,365)	(1,286)	(2,327)
Investment & Other Capital Income	430	480	268	3	6	66	120	36	27	17
Other Nonoperating Revenues	114	377	319	-	-	-	2,200	-	100	-
Total Nonoperating Revenues (Expenses)	(3,539)	(3,067)	(1,942)	(2,593)	(1,811)	(1,769)	913	(2,329)	(1,158)	(2,310)
Loss Before Contributions and Distributions	(19,002)	(16,790)	(19,436)	(15,290)	(12,747)	(11,038)	(8,415)	(10,264)	(9,066)	(10,353)
Capital Contributions and Distributions										
Member Agency Assessments	21,896	26,657	16,106	28,731	26,959	23,579	16,049	16,676	11,456	6,408
Contributions (Distributions) from (to) Mem. Agen.	(2,650)	-	-	-	-	-	1,100	-	-	-
Total Capital Contributions	19,246	26,657	16,106	28,731	26,959	23,579	17,149	16,676	11,456	6,408
Increase (Decrease) in Net Position	\$ 243	\$ 9,867	\$ (3,330)	\$ 13,439	\$ 14,212	\$ 12,541	\$ 8,734	\$ 6,412	\$ 2,390	\$ (3,945)

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



- FY 2025: reflects higher unit operating costs due to increased labor, biosolids, chemical and electricity costs.
- FY 2024: reflects higher utility, chemical, and insurance costs along with higher personnel costs and a labor reallocation from capital to operating.
- FY 2023: reflects higher utility, chemical, and insurance costs along with higher personnel costs.
- FY 2022 & 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY 2020: reflects increased personnel and chemical costs along with additional biosolid loads being dispersed.
- FY 2019: reflects significant energy cost increases
- FY 2018: reflects increased personnel costs, information technology costs and a general improvement of budget execution
- FY 2017: reflects operational savings through reduced energy consumption, chemical contract negotiations and select services being brought back in-house
- FY 2016: non-EWPCF Operating Expense captures Process Master Plan and increased studies and designs

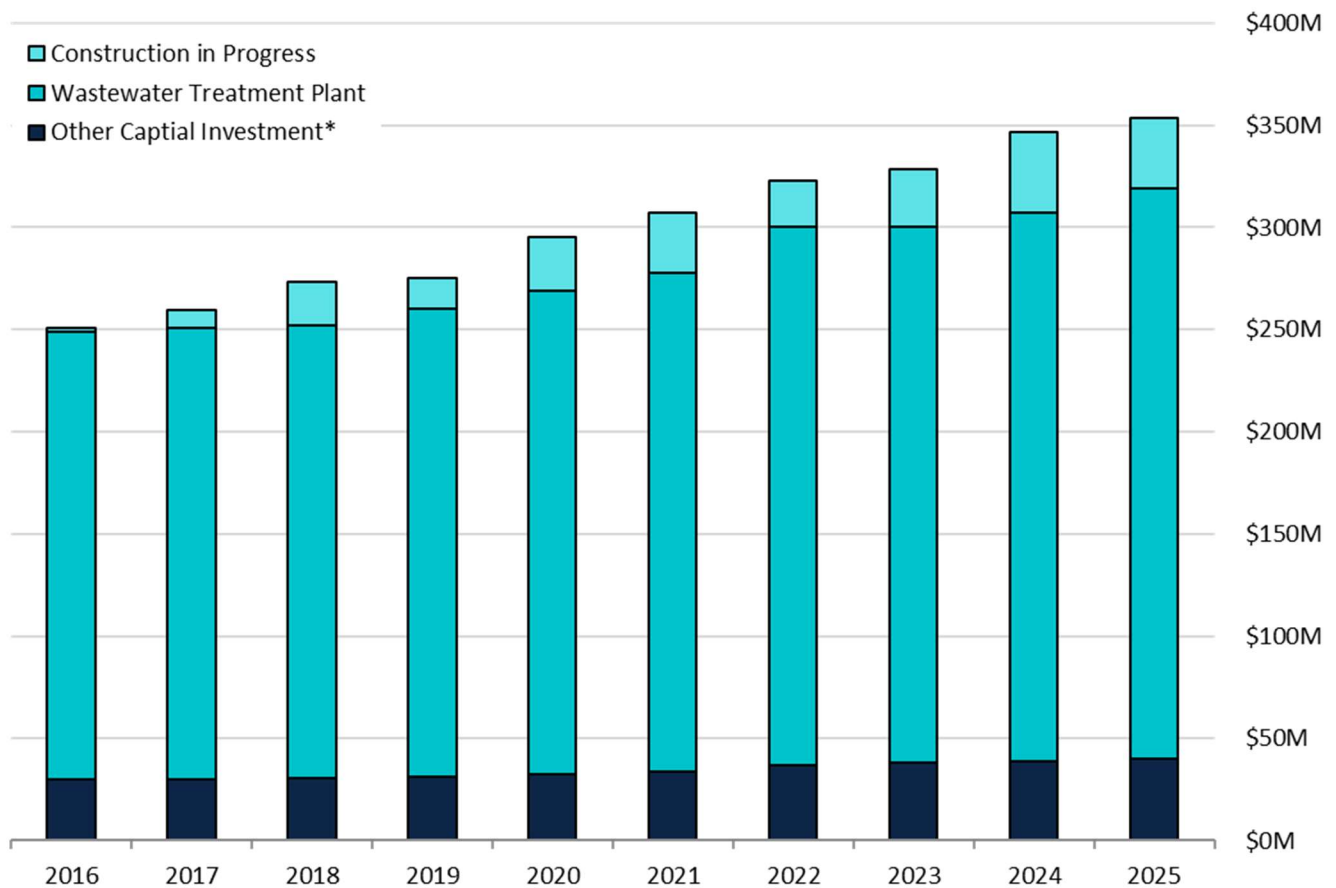
Source: Encina Wastewater Authority

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
2025	\$ 279,636,113	\$ 14,838,944	\$ 13,768,022	\$ 6,825,489	\$ 344,945	\$ 3,598,173	\$ 34,434,262	\$ (170,434,838)	\$ 183,011,110
2024	269,041,440	14,751,348	13,028,433	6,459,702	344,945	3,598,173	39,122,234	(166,218,431)	180,127,844
2023	262,482,723	14,751,348	12,519,334	6,369,987	344,945	3,598,173	28,524,252	(158,328,648)	170,262,114
2022	263,692,494	14,751,348	11,638,785	6,209,667	344,945	3,598,173	22,436,250	(158,578,614)	164,093,048
2021	244,516,945	14,751,348	8,615,722	6,002,407	344,945	3,598,173	29,330,263	(156,441,780)	150,718,023
2020	236,893,992	14,517,397	8,111,258	5,517,037	344,945	3,598,173	26,051,795	(158,514,139)	136,520,458
2019	229,172,451	14,115,650	7,928,581	5,210,372	344,945	3,598,173	15,093,501	(151,559,251)	123,904,422
2018	221,355,330	14,115,650	7,603,411	4,794,834	344,945	3,598,173	21,288,567	(154,633,219)	118,467,691
2017	220,536,997	14,115,650	7,506,388	4,397,250	344,945	3,598,173	9,116,097	(147,568,057)	112,047,443
2016	219,644,465	14,115,650	7,235,023	4,236,888	340,489	3,598,173	1,555,579	(140,962,090)	109,764,177

Investment in Capital Assets by Category Excluding Depreciation



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

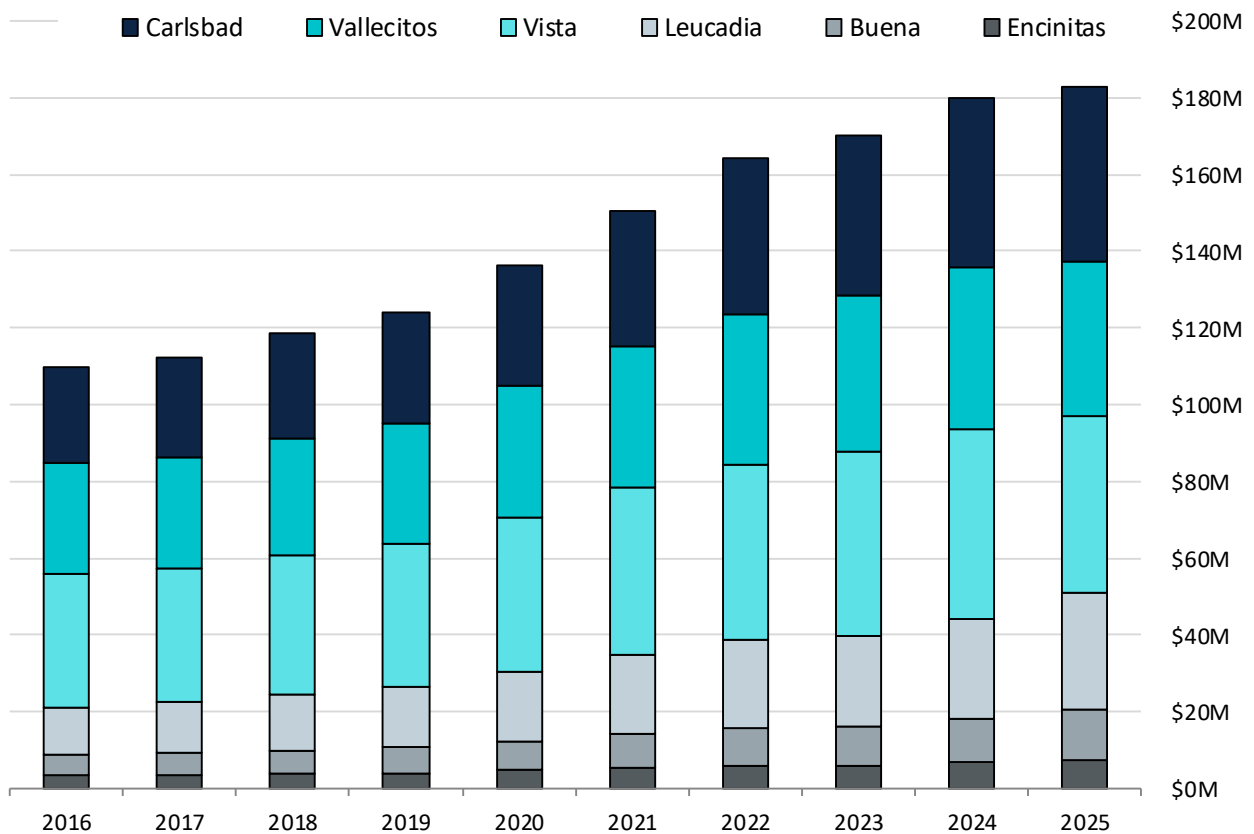
Source: Encina Wastewater Authority

INVESTMENT IN CAPITAL ASSETS LAST TEN FISCAL YEARS

By Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2025	\$ 45,743,306	\$ 46,434,126	\$ 13,154,475	\$ 39,958,627	\$ 30,113,517	\$ 7,607,059	\$ 183,011,110
2024	44,226,304	49,556,172	11,246,252	42,252,341	26,088,428	6,758,347	180,127,844
2023	41,727,631	48,091,805	10,089,777	40,819,394	23,401,316	6,132,191	170,262,114
2022	40,512,887	45,890,459	9,749,656	39,126,468	22,848,856	5,964,722	164,093,048
2021	35,372,696	43,425,435	8,811,287	36,909,653	20,752,426	5,446,526	150,718,023
2020	31,804,517	40,123,490	7,646,346	33,991,883	18,153,798	4,800,424	136,520,458
2019	28,657,855	37,301,026	6,631,957	31,345,588	15,759,863	4,208,134	123,904,423
2018	27,202,591	36,284,780	6,101,920	30,350,470	14,601,267	3,926,664	118,467,692
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

Investment in Capital Assets by Member Agency



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)*
2024	378,000	2.2%	\$ 32,992	\$ 87,281	4.3%	\$ 98,595
2023	372,000	-1.3%	\$ 30,375	\$ 81,654	3.9%	\$ 91,971
2022	370,000	-1.9%	\$ 27,926	\$ 75,476	5.1%	\$ 85,041
2021	370,000	-1.9%	\$ 26,277	\$ 71,020	6.0%	\$ 81,982
2020	377,000	0.0%	\$ 23,623	\$ 62,661	9.9%	\$ 78,163
2019	377,000	0.0%	\$ 23,402	\$ 62,075	2.9%	\$ 73,894
2018	377,000	0.0%	\$ 22,449	\$ 59,547	3.4%	\$ 65,857
2017	377,000	1.4%	\$ 21,494	\$ 57,013	4.0%	\$ 62,174
2016	371,860	3.3%	\$ 20,463	\$ 55,028	4.4%	\$ 58,929
2015	360,000	1.0%	\$ 19,055	\$ 52,930	4.3%	\$ 55,705

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

Principal Employers

Employer	Business Category	Number of Employees	Percent of Total Employment**	Member Agency
ViaSat, Inc.	Information Technology	4,135	5.23%	Carlsbad
Legoland California, LLC	Hospitality/Tourism	2,300	2.91%	Carlsbad
Thermo Fisher Scientific	Life Sciences	1,982	2.51%	Carlsbad
San Marcos Unified School District	Education	3,239	7.00%	San Marcos
California State University San Marcos	Education	2,873	6.21%	San Marcos
Vista Unified School District	Education	2,568	5.83%	Vista
Cue Health Inc	Healthcare	1,515	3.44%	Vista
Scripps Memorial Hospital	Healthcare	1,300	3.91%	Encinitas
Encinitas Union School District	Education	630	1.89%	Encinitas

** within specified Member Agency jurisdiction

Principal Property Taxpayers

Taxpayer	2024 Assessed Taxable Value	Member Agency
Poseidon Water Desalination Plant	369,871,049	Carlsbad
Legoland California, LLC	344,202,475	Carlsbad
Park Center Industrial ILP LLC	169,830,000	Vista
BCI IV North County Commerce Center LP	150,450,000	Vista
Encinitas Beach Hotel Venture LLC	129,911,424	Encinitas
TRC Encinitas Village LLC	108,718,719	Encinitas

- ▶ Data presented is a composite of data from FY 2023-24 ACFRs of Encina Member Agencies or their representative cities
- ▶ Data for the City of Vista is representative of the Buena Sanitation District
- ▶ Data for the City of Encinitas is representative of the Leucadia Wastewater District
- ▶ Unemployment data was gathered from the U.S. Bureau of Labor Statistics or respective Member Agencies

Source: Encina Wastewater Authority

FACTS & FIGURES

Establishment History

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

Member Agencies

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

Statistics

Encina Wastewater Pollution Control Facility Area	25	acres
System Service Area	123	sq.mi.
Population of Service Area	378,000	
Wastewater Treatment & Disposal Capacity (permitted)	43.30	MGD
Average Daily Wastewater Flow	23.45	MGD
Average Daily Biochemical Oxygen Demand (influent)	69,441	PPD
Average Suspended Solids (influent)	64,337	PPD
Average Treated Wastewater Reclaimed (excl. plant use)	4.61	MGD
Average Treated Wastewater Disposal	19.29	MGD
Average Years of Employee Service	8.34	years

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

Prudential Overall Supply	Industrial Laundry	80,000	
Cintas Corporation	Industrial Laundry	75,000	
Hollandia Dairy	Beverage Producer	55,000	
Palomar Laundry	Industrial Laundry	46,399	
Javo Beverage Company	Beverage Producer	43,000	
Captek Softgel (formerly J&D Labs)	Pharmaceutical Manufacturing	30,000	
AlSCO Uniforms	Industrial Laundry	30,000	
Fresh Creative Foods	Food Processing	18,000	
Hughes Circuits, Inc.	Metal Finisher	14,500	
Pizza Port Brewing Company Bressi Ranch Brewery		10,000	

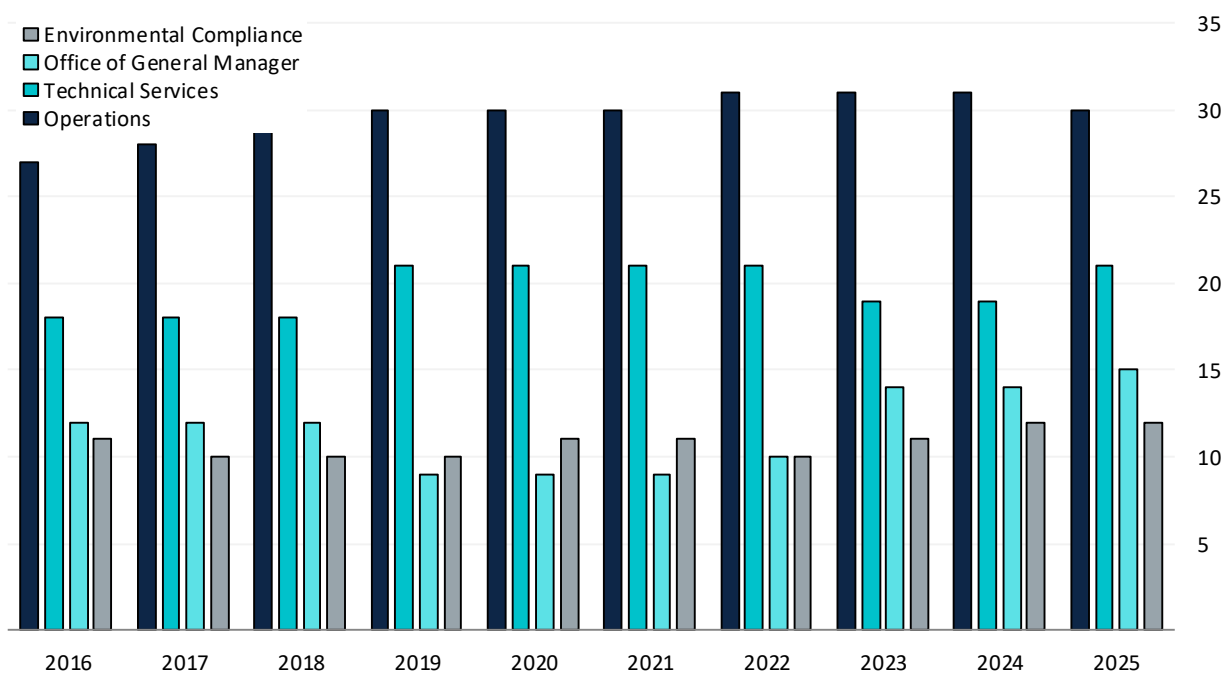
► MGD = million gallons per day

► PPD = pounds per day

Source: Encina Wastewater Authority

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Operations	Technical Services	Office of General Manager	Environmental Compliance	Total FTE
2025	30.00	21.00	15.00	12.00	78.00
2024	31.00	19.00	14.00	12.00	76.00
2023	31.00	19.00	14.00	11.00	75.00
2022	31.00	21.00	10.00	10.00	72.00
2021	30.00	21.00	9.00	11.00	71.00
2020	30.00	21.00	9.00	11.00	71.00
2019	30.00	21.00	9.00	10.00	70.00
2018	30.00	18.00	12.00	10.00	70.00
2017	28.00	18.00	12.00	10.00	68.00
2016	27.00	18.00	12.00	11.00	68.00



- FY 2025 : Cogeneration Specialist and Shift Supervisor positions added.
- FY 2024 : Chemist I position added.
- FY 2023 : Various transfers between groups. Administrative Assistant, Contract Administrator, and Procurement Specialist positions added.
- FY 2022 : Safety Specialist transferred to General Manager. Operations Trainer position added
- FY 2020 : Industrial Waste Control Inspector I position added
- FY 2019 : Project Manager position replaced with CMMS Administrator
- FY 2018 : Two operator positions added to Heat Dryer operations for safety purposes
- FY 2017 : Biosolids Coordinator position converted to Operator
- FY 2016 : Director of Engineering position added, Inventory Control Technician moved from GS to OGM

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
2025	\$ 7,765,706	\$ 6,844,864	\$ 2,597,666	\$ 4,615,544	\$ 3,195,524	\$ 937,763	\$ 25,957,067	7.6%
2024	7,229,738	6,445,673	2,466,351	4,206,801	2,890,699	881,431	24,120,693	43.8%
2023	5,289,969	4,632,917	1,874,304	2,531,950	1,833,445	605,703	16,768,288	-11.8%
2022	5,674,411	5,056,588	2,029,149	3,139,613	2,373,843	747,127	19,020,731	3.9%
2021	5,538,148	4,737,295	1,933,453	3,191,013	2,189,226	717,175	18,306,310	4.8%
2020	5,204,162	4,706,476	1,725,700	3,174,000	2,011,571	648,522	17,470,431	8.2%
2019	4,901,586	4,460,937	1,569,679	2,696,066	1,901,533	623,049	16,152,850	5.8%
2018	4,723,102	4,112,520	1,512,951	2,499,448	1,840,725	577,734	15,266,480	7.7%
2017	4,374,908	3,496,760	1,444,634	2,524,071	1,735,485	593,079	14,168,937	-1.0%
2016	4,118,055	3,685,592	1,363,951	2,735,673	1,791,922	615,451	14,310,644	12.6%

Operating Expenses, excluding Depreciation

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total	YOY Change
2025	\$ 7,920,193	\$ 6,997,793	\$ 2,651,241	\$ 4,740,331	\$ 3,282,908	\$ 961,929	\$ 26,554,395	10.2%
2024	7,220,724	6,439,002	2,463,561	4,200,822	2,886,816	880,196	24,091,121	14.8%
2023	6,267,132	5,683,360	2,183,968	3,545,893	2,516,807	780,168	20,977,328	10.3%
2022	5,702,480	5,038,348	2,027,685	3,142,576	2,366,885	748,035	19,026,009	2.7%
2021	5,587,638	4,814,181	1,955,094	3,226,688	2,218,853	725,150	18,527,604	5.8%
2020	5,218,653	4,723,088	1,730,363	3,177,916	2,017,173	650,789	17,517,982	8.4%
2019	4,905,117	4,464,106	1,570,663	2,698,767	1,903,591	623,645	16,165,889	5.9%
2018	4,723,232	4,112,639	1,512,988	2,499,530	1,840,787	577,750	15,266,926	7.7%
2017	4,376,266	3,497,640	1,445,321	2,525,408	1,736,273	593,413	14,174,321	-0.9%
2016	4,131,572	3,679,177	1,363,235	2,729,669	1,789,303	614,878	14,307,834	10.1%

Operating Revenues (Over) Under Operating Expenses

Amount Due (To) From by Member Agency

Fiscal Year	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	Total
2025	\$ 154,487	\$ 152,929	\$ 53,575	\$ 124,787	\$ 87,384	\$ 24,166	\$ 597,328
2024	(9,014)	(6,671)	(2,790)	(5,979)	(3,883)	(1,235)	(29,572)
2023	977,163	1,050,443	309,664	1,013,943	683,362	174,465	4,209,040
2022	28,069	(18,240)	(1,464)	2,963	(6,958)	908	5,278
2021	49,490	76,886	21,641	35,675	29,627	7,975	221,294
2020	14,491	16,612	4,663	3,916	5,602	2,267	47,551
2019	3,531	3,169	984	2,701	2,058	596	13,039
2018	130	119	37	82	62	16	446
2017	1,358	880	687	1,337	788	334	5,384
2016	13,517	(6,415)	(716)	(6,004)	(2,619)	(573)	(2,810)

- Amounts Due (To) From arise from the fiscal year's close taking place subsequent to the fiscal year's 4th quarter billing to the Member Agencies.
- Fiscal Year 2024-25 included the distribution of capital reserves via Resolution 2025-03.
- Fiscal Year 2024-25 included the adoption of new Working Capital Policy that provides the following:
 - Remote facility reserve amount of \$250k from each Member Agency that owns a remote facility operated and maintained by the Authority based on ownership percentage.
 - An annually adjusted budget-based operating and capital working calculation by Unit I ownership shares.

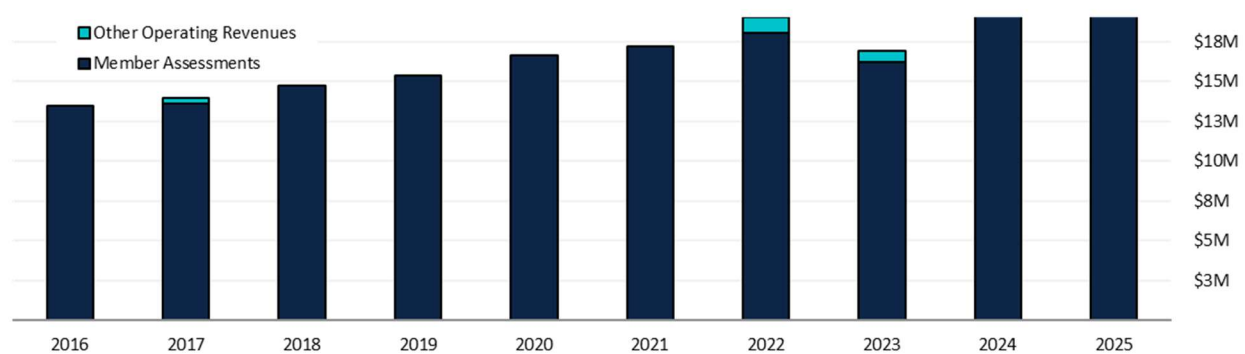
Source: Encina Wastewater Authority

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

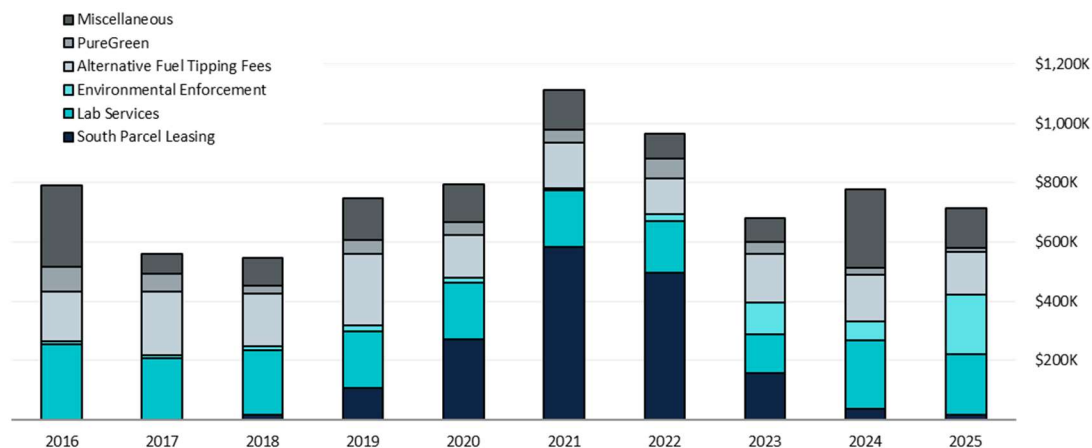
Operating Revenues

Fiscal Year	Member Assessments	Alternative Fuel Tipping Fees	South Parcel Leasing	PureGreen	Lab Services	Environmental Enforcement	Miscellaneous	Total
2025	\$ 25,839,613	\$ 144,617	\$ 15,467	\$ 13,782	\$ 205,560	\$ 202,450	\$ 132,906	\$ 26,554,395
2024	23,313,929	160,023	35,936	22,100	231,337	63,700	264,096	24,091,121
2023	16,246,784	166,011	159,313	40,923	128,174	106,850	79,273	16,927,328
2022	18,061,001	119,747	494,933	69,139	176,633	22,650	81,906	19,026,009
2021	17,193,454	155,309	583,363	41,124	190,328	7,750	134,982	18,306,310
2020	16,674,819	144,581	273,009	41,399	191,224	16,664	128,735	17,470,431
2019	15,416,312	241,108	106,319	46,940	192,940	20,100	142,170	16,165,889
2018	14,718,859	177,113	18,436	26,239	215,347	14,500	96,432	15,266,926
2017	13,613,755	216,909	-	57,925	207,972	9,150	68,610	14,174,321
2016	13,515,144	167,689	-	83,956	253,526	12,150	275,369	14,307,834

Total Operating Revenues



Other Operating Revenues



- ▶ FY 2023: Revenues are lower as a trial billing methodology resulted in the return of previously held reserves. These were net with revenues.
- ▶ FY 2020 & 2021: South Parcel leasing revenue increasing as a result of temporary construction easements. Alternative fuels tipping fees reduced due to Digester Improvements project.
- ▶ FY 2019: Misc income includes the benefit of a settlement from a class action lawsuit in which EWA did not have any direct involvement in
- ▶ FY 2018: South parcel leasing revenue initiated
- ▶ FY 2016: First full year of the Alternative Fuel Receiving Facility being live. Misc revenues captures a one-time \$150K award from SDG&E.

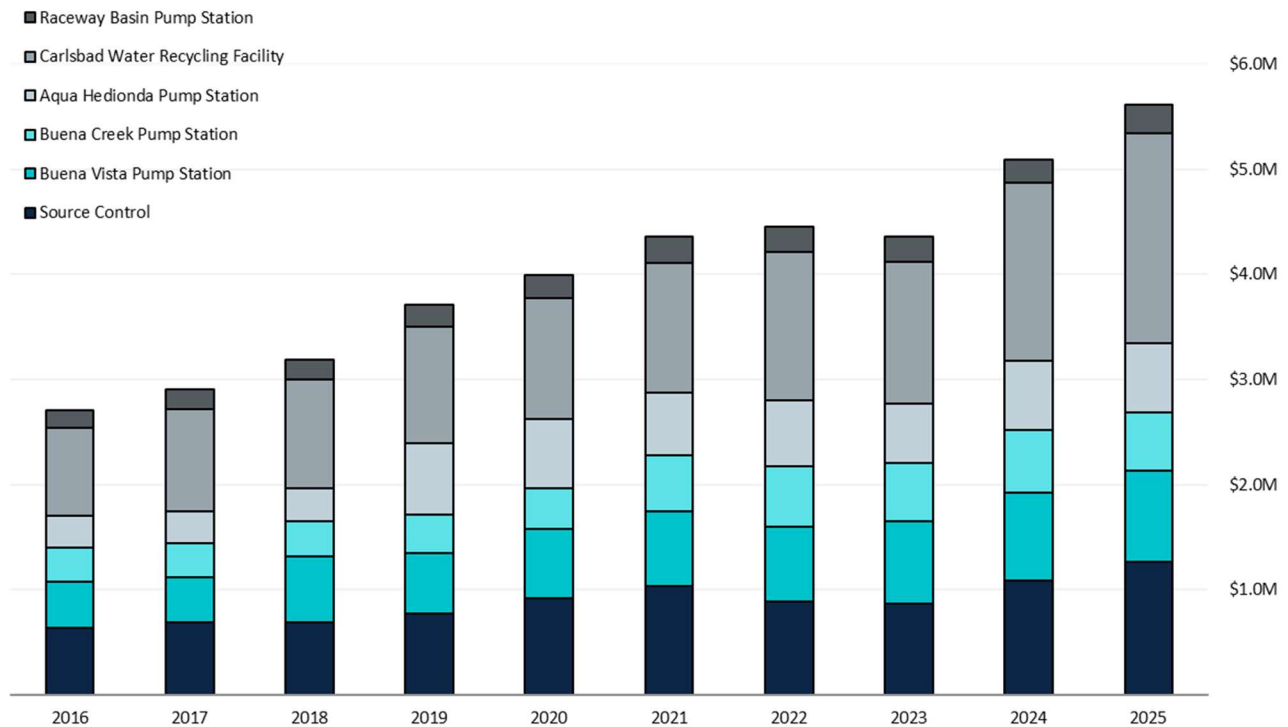
Source: Encina Wastewater Authority

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

Operating Expenses

Fiscal Year	EWPCF	Source Control	Aqua Hedionda Pump Station	Buena Vista Pump Station	Buena Creek Pump Station	Carlsbad Water Recycling Facility	Raceway Basin Pump Station	Total
2025	\$ 20,939,015	\$ 1,267,812	\$ 660,728	\$ 862,164	\$ 558,114	\$ 1,995,216	\$ 271,346	\$ 26,554,395
2024	18,998,862	1,082,931	659,604	835,114	599,241	1,698,053	217,316	24,091,121
2023	16,615,645	863,252	563,100	782,492	563,322	1,343,528	245,989	20,977,328
2022	14,568,036	889,245	618,495	711,712	577,412	1,414,009	247,100	19,026,009
2021	14,172,954	1,036,871	599,217	705,363	536,675	1,225,786	250,738	18,527,604
2020	13,520,821	920,931	656,183	653,866	390,416	1,151,086	224,679	17,517,982
2019	12,457,968	770,842	672,563	579,628	367,226	1,107,357	210,305	16,165,889
2018	12,080,625	692,301	315,269	627,262	334,278	1,028,469	188,722	15,266,926
2017	11,272,007	687,678	297,059	427,136	329,876	978,967	181,598	14,174,321
2016	11,597,641	637,700	302,966	438,134	328,200	830,701	172,492	14,307,834

Other Operating Expenses

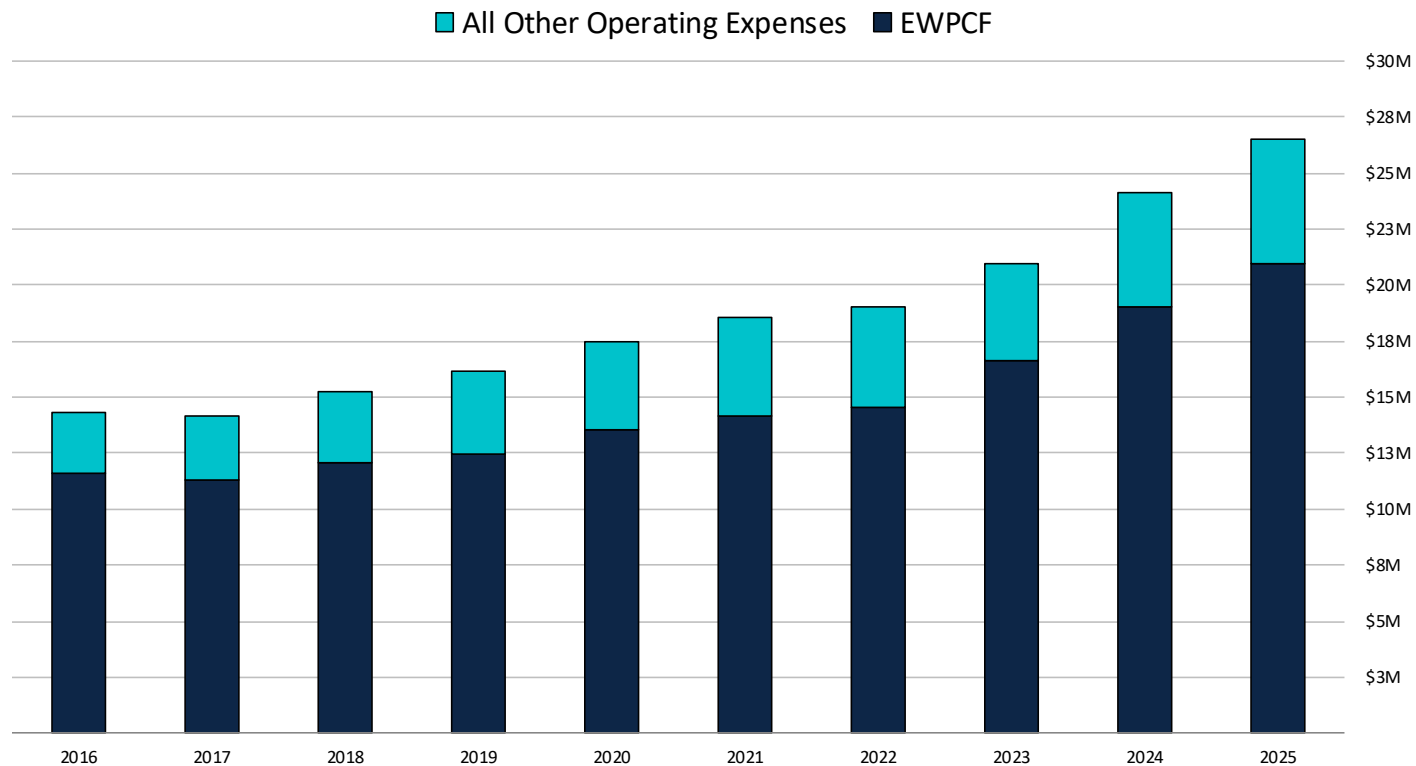


- FY 2025: Reflects increased unit operating costs due to increased labor, biosolids, chemical and electricity costs.
- FY 2024: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses and a labor reallocation from capital to operating.
- FY 2023: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses.
- FY 2021: Reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY 2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- FY 2019: 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.
- 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 FISCAL YEARS**

Operating Expenses



- FY 2025: Reflects increased unit I operating costs due to increased labor, biosolids, chemical and electricity costs.
- FY 2024: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses and a labor reallocation from capital to operating.
- FY 2023: Reflects increased utility, chemical, and insurance costs, along with higher personnel expenses.
- FY 2021: reflects increased professional services along with higher personnel, chemical, and insurance costs.
- FY 2020: Operating costs reflect increased personnel and chemical costs, along with additional biosolid loads being dispersed.
- FY 2019: 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.
- Member Agencies are billed the amount of Operating Expenses less Other Operating Revenues

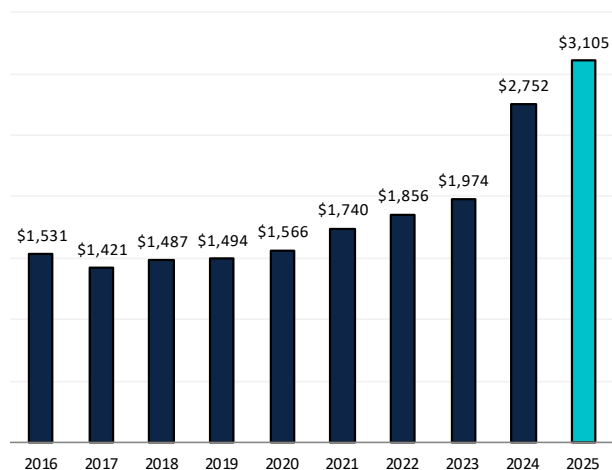
Source: Encina Wastewater Authority

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

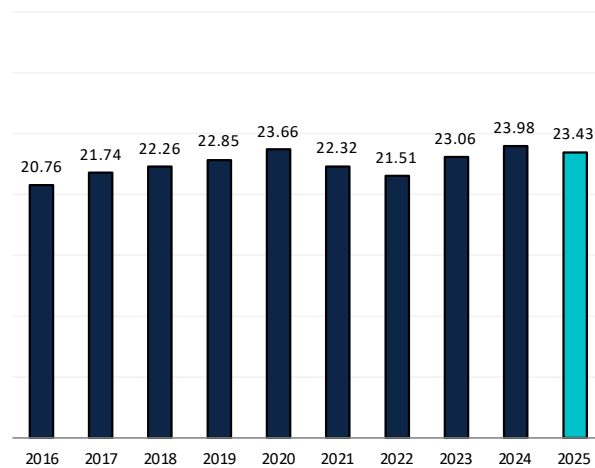
Year Ended	Carlsbad	Vista	Buena	Vallecitos	Leucadia	Encinitas	EWPCF Totals
June 30, 2025							
Operating Expenses	\$ 7,920,193	\$ 6,997,793	\$ 2,651,241	\$ 4,740,331	\$ 3,282,908	\$ 961,929	\$ 26,554,395
Avg. Daily Flow in MG	5.85	6.42	1.96	4.55	3.78	0.87	23.43
Annualized Flow in MG	2135.25	2343.30	715.40	1660.75	1379.70	317.55	8551.95
Cost Per MG	\$ 3,709.26	\$ 2,986.30	\$ 3,705.96	\$ 2,854.33	\$ 2,379.44	\$ 3,029.22	\$ 3,105.07
MG cost change from prior year	10.62%	15.96%	9.81%	12.10%	13.72%	16.82%	12.81%
June 30, 2024							
Operating Expenses	\$ 7,220,724	\$ 6,439,002	\$ 2,463,561	\$ 4,200,822	\$ 2,886,816	\$ 880,196	\$ 24,091,121
Avg. Daily Flow in MG	5.90	6.85	2.00	4.52	3.78	0.93	23.98
Annualized Flow in MG	2153.50	2500.25	730.00	1649.80	1379.70	339.45	8752.70
Cost Per MG	\$ 3,353.02	\$ 2,575.34	\$ 3,374.74	\$ 2,546.26	\$ 2,092.35	\$ 2,593.01	\$ 2,752.42
MG cost change from prior year	71.01%	48.05%	55.39%	6.10%	15.23%	20.46%	39.43%
June 30, 2023							
Operating Expenses	\$ 4,422,771	\$ 4,082,654	\$ 1,561,633	\$ 3,328,722	\$ 2,465,600	\$ 754,264	\$ 16,615,644
Avg. Daily Flow in MG	6.18	6.43	1.97	3.80	3.72	0.96	23.06
Annualized Flow in MG	2255.70	2346.95	719.05	1387.00	1357.80	350.40	8416.90
Cost Per MG	\$ 1,960.71	\$ 1,739.56	\$ 2,171.80	\$ 2,399.94	\$ 1,815.88	\$ 2,152.58	\$ 1,974.08
MG cost change from prior year	7.22%	4.73%	9.97%	3.31%	9.85%	7.56%	6.39%
June 30, 2022							
Operating Expenses	\$ 3,831,389	\$ 3,467,879	\$ 1,362,414	\$ 2,984,778	\$ 2,220,322	\$ 701,254	\$ 14,568,036
Avg. Daily Flow in MG	5.74	5.72	1.89	3.52	3.68	0.96	21.51
Annualized Flow in MG	2095.10	2087.80	689.85	1284.80	1343.20	350.40	7851.15
Cost Per MG	\$ 1,828.74	\$ 1,661.02	\$ 1,974.94	\$ 2,323.15	\$ 1,653.01	\$ 2,001.30	\$ 1,855.53
MG cost change from prior year	11.83%	3.47%	5.10%	5.59%	8.05%	3.48%	6.66%
June 30, 2021							
Operating Expenses	\$ 3,813,977	\$ 3,193,229	\$ 1,296,296	\$ 3,051,604	\$ 2,133,102	\$ 684,746	\$ 14,172,954
Avg. Daily Flow in MG	6.39	5.45	1.89	3.80	3.82	0.97	22.32
Annualized Flow in MG	2332.35	1989.25	689.85	1387.00	1394.30	354.05	8146.80
Cost Per MG	\$ 1,635.25	\$ 1,605.24	\$ 1,879.10	\$ 2,200.15	\$ 1,529.87	\$ 1,934.04	\$ 1,739.70
MG cost change from prior year	5.90%	17.21%	7.46%	14.89%	10.33%	8.19%	11.12%
June 30, 2020							
Operating Expenses	\$ 3,562,012	\$ 3,159,151	\$ 1,225,482	\$ 3,005,699	\$ 1,948,604	\$ 619,873	\$ 13,520,821
Avg. Daily Flow in MG	6.32	6.32	1.92	4.30	3.85	0.95	23.66
Annualized Flow in MG	2306.80	2306.80	700.80	1569.50	1405.25	346.75	8635.90
Cost Per MG	\$ 1,544.14	\$ 1,369.49	\$ 1,748.69	\$ 1,915.07	\$ 1,386.66	\$ 1,787.67	\$ 1,565.65
MG cost change from prior year	2.70%	6.42%	4.90%	1.69%	5.21%	8.66%	4.82%
June 30, 2019							
Operating Expenses	\$ 3,303,695	\$ 3,020,312	\$ 1,137,774	\$ 2,584,515	\$ 1,823,188	\$ 588,484	\$ 12,457,968
Avg. Daily Flow in MG	6.02	6.43	1.87	3.76	3.79	0.98	22.85
Annualized Flow in MG	2197.30	2346.95	682.55	1372.40	1383.35	357.70	8340.25
Cost Per MG	\$ 1,503.52	\$ 1,286.91	\$ 1,666.95	\$ 1,883.21	\$ 1,317.95	\$ 1,645.19	\$ 1,493.72
MG cost change from prior year	2.92%	-0.50%	0.81%	-5.38%	1.25%	3.41%	0.46%
June 30, 2018							
Operating Expenses	\$ 3,295,342	\$ 2,945,663	\$ 1,110,530	\$ 2,389,949	\$ 1,781,655	\$ 557,486	\$ 12,080,625
Avg. Daily Flow in MG	6.18	6.24	1.84	3.29	3.75	0.96	22.26
Annualized Flow in MG	2255.70	2277.60	671.60	1200.85	1368.75	350.40	8124.90
Cost Per MG	\$ 1,460.90	\$ 1,293.32	\$ 1,653.56	\$ 1,990.21	\$ 1,301.67	\$ 1,591.00	\$ 1,486.86
MG cost change from prior year	11.09%	-1.77%	9.16%	3.12%	8.06%	3.15%	4.67%
June 30, 2017							
Operating Expenses	\$ 3,033,663	\$ 2,551,773	\$ 1,056,083	\$ 2,409,195	\$ 1,675,199	\$ 546,094	\$ 11,272,007
Avg. Daily Flow in MG	6.32	5.31	1.91	3.42	3.81	0.97	21.74
Annualized Flow in MG	2306.80	1938.15	697.15	1248.30	1390.65	354.05	7935.10
Cost Per MG	\$ 1,315.10	\$ 1,316.60	\$ 1,514.86	\$ 1,929.98	\$ 1,204.62	\$ 1,542.42	\$ 1,420.52
MG cost change from prior year	-4.77%	-5.03%	-15.80%	-11.02%	-5.11%	-6.77%	-7.19%
June 30, 2016							
Operating Expenses	\$ 2,973,999	\$ 2,712,247	\$ 971,876	\$ 2,628,340	\$ 1,737,527	\$ 573,651	\$ 11,597,640
Avg. Daily Flow in MG	5.90	5.36	1.48	3.32	3.75	0.95	20.76
Annualized Flow in MG	2153.50	1956.40	540.20	1211.80	1368.75	346.75	7577.40
Cost Per MG	\$ 1,381.01	\$ 1,386.35	\$ 1,799.10	\$ 2,168.96	\$ 1,269.43	\$ 1,654.36	\$ 1,530.56

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

Operating Expenses per Million Gallons

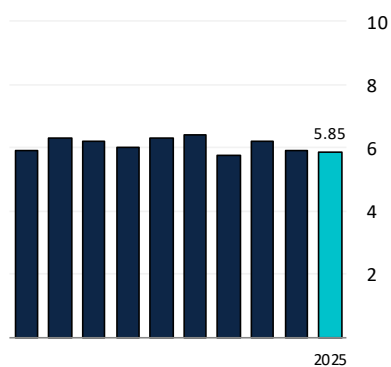


Total Average Daily Flow (MGD)

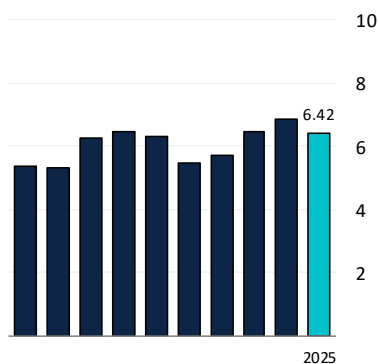


Average Daily Flow (MGD) by Member Agency

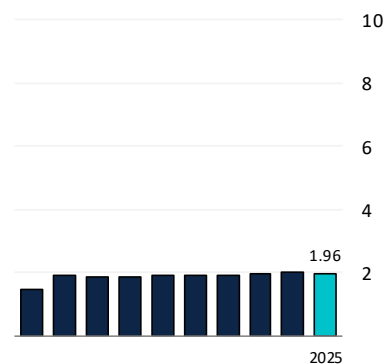
Carlsbad



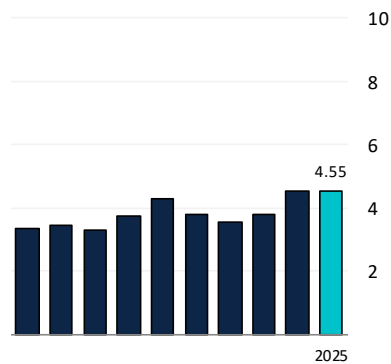
Vista



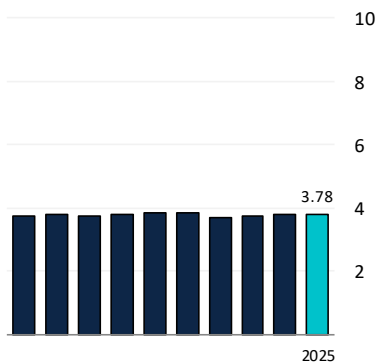
Buena



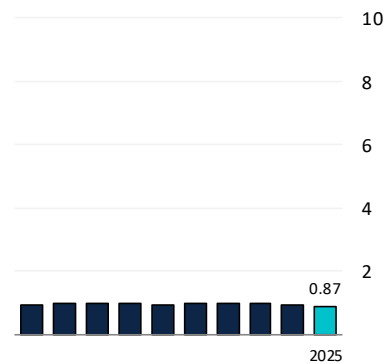
Vallecitos



Leucadia



Encinitas



- FY 2018 reflects the first year of flows from City of Oceanside beginning to be routed into Encina through Vista channels
- FY 2016 reflects impact of CA three year drought

Source: Encina Wastewater Authority

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BUDGET PERFORMANCE SECTION

Operating Program
Personnel Expenses
Capital Program

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SUPPLEMENTARY SCHEDULE OF OPERATING PROGRAM BUDGET PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Revenues:					
Member Assessments	\$ 26,149,922	\$ 26,149,922	\$ 25,839,613	\$ (310,309)	98.8%
Other	474,800	708,964	714,782	5,818	100.8%
Total Revenues	\$26,624,722	\$ 26,858,886	\$26,554,395	(\$304,491)	98.9%
Expenses:					
Personnel Expense	\$ 12,688,816	\$ 12,688,816	\$ 13,391,713	\$ (702,897)	105.5%
Chemicals	3,807,240	3,629,658	3,198,846	430,812	88.1%
Biosolids	1,050,400	1,434,693	1,432,552	2,141	99.9%
Utilities	3,666,823	3,521,134	3,243,846	277,288	92.1%
Other Non-Personnel	5,411,443	5,798,873	5,287,438	511,435	91.2%
Total Expenses	\$ 26,624,722	\$ 27,073,174	\$ 26,554,395	\$518,779	98.1%

SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES BY MAJOR CATEGORY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024)

	June 30, 2025	June 30, 2024	\$ Variance	% Variance
Personnel Expense	\$ 13,391,713	\$ 11,425,711	\$ 1,966,002	17.2%
Chemicals	3,198,846	3,026,081	172,765	5.7%
Biosolids	1,432,552	1,195,572	236,980	19.8%
Utilities	3,243,846	2,983,743	260,103	8.7%
Other Non-Personnel	5,287,438	5,460,014	(172,576)	-3.2%
Total	\$ 26,554,395	\$ 24,091,121	\$ 2,463,274	10.2%

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF PERSONNEL EXPENSE BY PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Adopted Budget	Revised Budget	Actual	\$ Variance	% Actual to Budget
Programs					
EWPCF	\$ 9,991,367	\$ 9,991,367	\$ 10,686,152	\$ (694,785)	107.0%
Source Control	1,001,585	1,001,585	1,044,566	(42,981)	104.3%
Remote Facilities					
Agua Hedionda Pump Station	337,748	337,748	308,959	28,789	91.5%
Buena Vista Pump Station	262,007	262,007	255,532	6,475	97.5%
Buena Creek Pump Station	290,637	290,637	241,071	49,566	82.9%
Carlsbad Water Reclamation Facility	631,105	631,105	699,455	(68,350)	110.8%
Raceway Basin Pump Station	174,367	174,367	155,978	18,389	89.5%
Total Remote Facilities	1,695,864	1,695,864	1,660,995	34,869	97.9%
Subtotal Operating Program	12,688,816	12,688,816	13,391,713	(702,897)	105.5%
Capital Program	2,347,080	2,347,080	1,493,498	853,582	63.6%
Total Personnel Expense by Program	<u>\$ 15,035,896</u>	<u>\$ 15,035,896</u>	<u>\$ 14,885,211</u>	<u>\$ 150,685</u>	<u>99.0%</u>

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

BY PROJECT	APPROPRIATIONS BEGINNING OF FISCAL YEAR REPORTED	FY 2025 NEW APPROPRIATIONS	TRANSFERS IN(OUT)	ALLOCATED PERSONNEL EXPENSE	TOTAL CAPITAL EXPENSES	APPROPRIATION BALANCES ON JUNE 30, 2025	CONTINUING APPROPRIATIONS JULY 1, 2025
SALARIES & BENEFITS	\$ -	\$ 2,872,080	\$ 426,409	\$ (1,861,316)	\$ -	\$ 1,437,173	\$ -
EWPCF CAPITAL ACQUISITIONS	28,660	720,000	-	-	(745,820)	2,840	-
AHPS CAPITAL ACQUISITIONS	162,271	309,500	-	-	(348,784)	122,987	47,048
BVPS CAPITAL ACQUISITIONS	15,390	341,250	53,937	-	(295,126)	115,451	41,934
BCPS CAPITAL ACQUISITIONS	41,058	285,250	(53,937)	-	(325,786)	(53,415)	-
CWRF CAPITAL ACQUISITIONS	52,799	448,000	-	-	(408,623)	92,176	65,000
RBPS CAPITAL ACQUISITIONS	40	165,500	-	-	(122,166)	43,374	-
PLANNED ASSET REPLACEMENT	42,829	1,729,000	-	283,048	(2,008,826)	46,051	37,580
MAJOR PLANT REHAB PROGRAM	9,694,062	24,547,000	(426,409)	1,578,268	(18,184,331)	17,208,590	17,208,590
TOTAL	\$ 10,037,109	\$ 31,417,580	\$ -	\$ -	\$ (22,439,462)	\$ 19,015,227	\$ 17,400,152

Source: Encina Wastewater Authority

SUPPLEMENTARY SCHEDULE OF CONTINUING CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (CONTINUED)
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<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>
AHPS CAPITAL ACQUISITIONS	\$ 14,538	\$ 32,510	\$ -	\$ -	\$ -	\$ -	\$ 47,048
BVPS CAPITAL ACQUISITIONS	4,361	37,573	-	-	-	-	41,934
CWRF CAPITAL ACQUISITIONS	65,000	-	-	-	-	-	65,000
PLANNED ASSET REPLACEMENT	9,111	9,470	2,664	8,425	6,313	1,597	37,580
MAJOR PLANT REHAB PROGRAM	<u>4,171,362</u>	<u>4,336,565</u>	<u>1,220,089</u>	<u>3,858,166</u>	<u>2,891,043</u>	<u>731,365</u>	<u>17,208,590</u>
TOTAL	<u>\$ 4,264,372</u>	<u>\$ 4,416,118</u>	<u>\$ 1,222,753</u>	<u>\$ 3,866,591</u>	<u>\$ 2,897,356</u>	<u>\$ 732,962</u>	<u>\$ 17,400,152</u>

Source: Encina Wastewater Authority