SAN ELIJO JOINT POWERS AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2024

Leaf & Cole, LLP
Certified Public Accountants

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FINANCIAL STATEMENTS
JUNE 30, 2024

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007-7077

Opinion

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the San Elijo Joint Powers Authority ("SEJPA"), as of and for the year June 30, 2024, and the related notes to the 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 financial position of the San Elijo Joint Powers Authority, as of June 30, 2024, and the changes in its financial position and cash flows for the 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 State Controller's minimum audit requirements for California Special Districts. 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 San Elijo Joint Powers 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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 opinion. 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Elijo Joint Powers 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.

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 and the required supplementary information on pages 43 to 46 as identified in the accompanying table of contents 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 Government Accounting Standards Board, who considers it to be an essential part of the 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 an opinion on the financial statements that collectively comprise San Elijo Joint Powers Authority's basic financial statements. The combining schedule of net position, the combining schedule of revenues, expenses and changes in net position, and the combining schedule of cash flows 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 combining schedule of net position, combining schedule of revenues, expenses, and changes in net position and combining schedule of cash flows 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 Schedule of Operating Budget Comparison - Wastewater and the Schedule of Operating Budget Comparison - Recycled but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do 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 otherwise appears to be material misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to described it in our report.

Leaf & Cole LLP

San Diego, California
November 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of San Elijo Joint Powers Authority ("SEJPA") provides an overview of SEJPA's financial activities for the year ended June 30, 2024. Please read it in conjunction with SEJPA's financial statements which begin on page 9.

Financial Statements

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

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

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

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

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

The statement of revenues, expense and changes in net position and statement of changes in fiduciary net position present information which shows how SEJPA's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position and statement of changes in fiduciary net position measure the results of SEJPA's operations over the past year and determines whether SEJPA has recovered its costs through user charges for services and other revenues.

The statement of cash flows provides information regarding SEJPA's cash receipts and cash disbursements in its business-type activities during the year. This statement may report cash activity in four categories:

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

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

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

Financial Statements (Continued)

Financial Highlights

Net position increased by $1,478,533 in the business-type activities and $83,975 in the fiduciary fund for the year ended June 30, 2024.

Revenues totaled $15,776,095 in the business-type activities and $88,328 in the fiduciary fund for the year ended June 30, 2024, an increase of $1,876,235 in the business-type activities resulting from increases in operating contributions from members, federal and state grants, and investment income.

Expenses totaled $14,297,562 in the business-type activities for the year ended June 30, 2024. Expenses increased $1,585,479 or 12.47% over the previous year primarily due to in increases contracted services and personnel.

Financial Analysis of SEJPA

Net Position

The following is a summary of the statements of net position for the business-type activities at June 30:

	2024	2023	Dollar Change	Percentage Change
Assets:				
Current and other assets	$ 52,606,797	$ 53,184,664	$ (577,867)	(1.08)%
Capital assets	64,025,656	63,312,465	713,191	1.12%
Total Assets	116,632,453	116,497,129	135,324	0.11%
Deferred Outflows of Resources	2,215,024	2,246,837	(31,813)	(1.42) %
Liabilities:				
Current liabilities	4,871,816	5,189,863	(318,047)	(6.13)%
Noncurrent liabilities	37,524,193	38,418,708	(894,515)	(2.33)%
Total Liabilities	42,396,009	43,608,571	(1,212,562)	(2.78)%
Deferred Inflows of Resources	863,803	1,026,263	(162,460)	(15.83)%
Net Position:				
Net investment in capital assets	41,482,866	39,274,730	2,208,136	5.62%
Unrestricted	34,104,799	34,834,402	(729,603)	(2.10)%
Total Net Position	$ 75,587,665	$ 74,109,132	$ 1,478,533	2.00%

Net position increased by $1,478,533 in the business-type activities from fiscal year 2023 to 2024. Net investment in capital assets increased $2,208,136 in fiscal year 2024. This increase is the result of depreciation expense being less than the amount spent on capital assets. In addition, in the current year, the SEJPA paid down it's long-term debt by nearly $1 million.

Unrestricted net position (those resources that can be used to finance day-to-day operations) decreased $729,603 primarily due to the funds expended for capital assets and long-term debt exceeding the amount generated from operations and capital contributions.

Financial Analysis of SEJPA (Continued)

Revenues, Expenses and Change in Net Position

The following is a summary of revenues, expenses and changes in net position in the business-type activities for the years ended June 30:

	2024	2023	Dollar Change	Percentage Change
Revenues:				
Operating contributions from members	$ 5,058,703	$ 4,367,172	$ 691,531	15.83%
Charges for services to other government agencies	5,914,230	5,611,922	302,308	5.38%
Other nonoperating revenue	2,213,821	1,430,273	783,548	54.78%
Member agency assessments	1,819,884	2,369,487	(549,603)	(23.19)%
Federal and state grants	769,457	121,006	648,451	538.88%
Total Revenues	15,776,095	13,899,860	1,876,235	13.50%
Expenses:				
Operating expenses	13,011,403	11,718,136	1,293,267	11.03%
Nonoperating expenses	1,286,159	993,947	292,212	29.39%
Total Expenses	14,297,562	12,712,083	1,585,479	12.47%
Increase in Net Position	$ 1,478,533	$ 1,187,777	$ 290,756	24.48%

Capital Assets

Capital assets consist of the following at June 30:

	2024	2023	Dollar Change	Percentage Change
Construction in progress	$ 5,042,068	$ 1,807,214	$ 3,234,854	178.99%
Plant equipment	108,410,985	108,381,890	29,095	0.02%
Lab equipment	36,742	67,811	(31,069)	(45.81)%
Office equipment	21,497	55,091	(33,594)	(60.97)%
Vehicles	500,851	488,234	12,617	2.58%
Subtotal	114,012,143	110,800,240	3,211,903	2.89%
Accumulated depreciation	(49,986,487)	(47,487,775)	(2,498,712)	5.26%
Total Capital Assets, Net	$ 64,025,656	$ 63,312,465	$ 713,191	1.12%

The net change to capital assets for fiscal year 2024 totaled $713,191 as depreciation expense was exceeded by capital additions related to such projects as the biosolids dewatering, the biological treatment improvement and the Moonlight Beach pump station rehabilitation.

Financial Analysis of the SEJPA (Continued)

Long-Term Debt

The following is a summary of long-term debt at June 30:

		2024		2023		Dollar Change	Percentage Change
2017 Revenue Bonds	$	21,420,151	$	21,980,375	$	(560,224)	(2.54)%
Loan payable		9,810,000		10,120,000		(310,000)	(3.06)%
Private placement loan payable		946,510		1,052,086		(105,576)	(10.03)%
SFID Reimbursement Agreement		237,093		262,681		(25,588)	(9.74)%
Solana Beach Reimbursement Agreement		424,544		424,544		-	(0.00)%
SDG&E financing agreement		160,165		213,553		(53,388)	(24.99)%
Total Long-Term Debt	$	32,998,463	$	34,053,239	$	(1,054,776)	(3.09)%

The total long-term debt decreased by $1,054,776 primarily due to principal payments on the 2017 Revenue Bonds, the loan payable and the private placement loan payable.

Economic Factors

For the upcoming fiscal year 2024-25, SEJPA has adopted a sanitary fund operations and maintenance budget of $7,887,757. Included in this budget amount are costs associated with the production and sale of reclaimed water. Sales of reclaimed water are budgeted to be 1,605 acre feet in the upcoming year.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is $224,430, which is $15,430 or 7.4% higher than prior year to account for inflationary adjustments for potential contingency needs.

In addition to SEJPA's operations and maintenance budget, a capital project program budget has also been adopted in the amount of $3,666,000 to support projects for both the sanitary and reclaimed water programs in the amount of $1,938,000 and $1,728,000, respectively.

Operational and maintenance costs of sanitary services are allocated based on a percentage of use basis, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDUs) for wastewater treatment provided to the member agencies, the budgeted cost is approximately $248 per EDU for fiscal year 2024-2025. This represents a 9.1% increase from fiscal year 2023-24. The Encinitas Ranch Golf Course pays a set annual price for interruptible reclaimed water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rates. These recycled water revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

On October 8, 2012, the Board adopted a resolution to amend the contract between CalPERS and SEJPA. This resolution amended the contract to include Section 20475 (Difference Level of Benefits) for new Miscellaneous Members of the Public Employees' Retirement System, Section 21353 (2% at 60 Full Formula), and Section 20037 (Three-Year Final Compensation). This resolution is applicable to all SEJPA employees entering membership for the first time in the miscellaneous classification after June 30, 2012. The lower benefit payout will result in a lower contribution rate for the SEJPA workforce. All employees will pay the full employee portion of the CalPERS retirement benefit contribution.

Contacting the Authority's Financial Manager

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of SEJPA's finances and to demonstrate SEJPA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contract SEJPA, at (760) 753-6203, ext. 73.

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets: (Notes 1, 2, 3 and 4)		
Cash and cash equivalents	$	18,507,721
Due from other governmental agencies		2,812,142
Accrued interest receivable		485,055
Prepaid expenses		116,906
Current portion of loans receivable		510,000
Total Current Assets		22,431,824
Noncurrent Assets: (Notes 1, 2, 4, 5 and 13)		
Restricted Assets:		
Cash and cash equivalents		10,455,673
Total Restricted Assets		10,455,673
Lease receivable		424,300
Loans receivable, net of current portion		19,295,000
Capital Assets:		
Nondepreciable		5,042,068
Depreciable, net of accumulated depreciation		58,983,588
Total Capital Assets		64,025,656
Total Noncurrent Assets		94,200,629
TOTAL ASSETS		116,632,453
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 11 and 12)		
Deferred outflows related to pensions		2,154,229
Deferred outflows related to OPEB		60,795
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	2,215,024

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024

LIABILITIES	
Current Liabilities: (Notes 3, 6, 7, 8, 9 and 10)	
Accounts payable	$ 1,398,011
Accrued liabilities	88,262
Accrued interest payable	316,907
Unearned revenue	1,736,702
Current portion of revenue bonds	510,000
Current portion loan payable	333,000
Current portion of private placement loan payable	110,003
Current portion of Solana Beach reimbursement agreement payable	9,000
Current portion of SDG&E financing agreement	53,388
Current portion of compensated absences	316,543
Total Current Liabilities	4,871,816
Noncurrent Liabilities: (Notes 1, 6, 7, 8, 9, 10, 11 and 12)	
Long-Term Debt:	
Revenue bonds, net of current portion	20,910,151
Loan payable	9,477,000
Private placement loan payable, net of current portion	836,507
SFID reimbursement agreement payable	237,093
Solana Beach reimbursement agreement payable	415,544
SDG&E financing agreement, net of current portion	106,777
Total Long-Term Debt	31,983,072
Other Noncurrent Liabilities:	
Net pension liability	4,752,677
Net OPEB obligation	479,186
Compensated absences, net of current portion	309,258
Total Other Noncurrent Liabilities	5,541,121
Total Noncurrent Liabilities	37,524,193
Total Liabilities	42,396,009
DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 11, 12 and 13)	
Deferred inflows related to pensions	346,115
Deferred inflows related to OPEB	126,542
Deferred inflows related to leases	391,146
TOTAL DEFERRED INFLOWS OF RESOURCES	863,803
Commitments and Contingencies (Notes 11, 12 and 13)	
NET POSITION:	
Net investment in capital assets	41,482,866
Unrestricted	34,104,799
Total Net Position	$ 75,587,665

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Operating Revenues:	
Charges for services to other government agencies	$ 5,914,230
Contributions from City of Encinitas	2,865,817
Contributions from City of Solana Beach	2,192,886
Total Operating Revenues	10,972,933
Operating Expenses:	
Personnel costs	4,957,180
Depreciation and amortization	2,882,451
Contracted services	1,423,362
Utilities	1,304,367
Supplies	1,061,009
Repair parts expense	470,963
Disposal services	277,867
Permit/purveyor fees	182,150
Insurance	170,764
Rent	108,455
Miscellaneous	172,835
Total Operating Expenses	13,011,403
Operating Loss	(2,038,470)
Nonoperating Revenues (Expenses):	
Investment income	2,155,466
Federal Grants	548,266
State grants	221,191
Other	14,590
Rental income	43,765
Interest expense	(1,286,159)
Total Nonoperating Revenues (Expenses)	1,697,119
Loss Before Capital Contributions	(341,351)
Capital Contributions:	
Member agency assessments	1,819,884
Total Capital Contributions	1,819,884
Change in Net Position	1,478,533
Net Position at Beginning of Year	74,109,132
NET POSITION AT END OF YEAR	$ 75,587,665

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities:	
Cash received from customers	$ 7,966,316
Cash payments to suppliers for goods and services	(4,138,824)
Cash payments to employees for services	(5,321,479)
Net Cash Used in Operating Activities	(1,493,987)
Cash Flows From Noncapital and Related Financing Activities:	
Rental and other nonoperating income	58,355
Net Cash Provided by Noncapital and Related Financing Activities	58,355
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(3,595,642)
Principal paid on long-term debt	(984,552)
Interest paid on long-term debt	(1,365,966)
Proceeds of state grants	769,457
Capital contributions	1,819,884
Net Cash Used in Capital and Related Financial Activities	(3,356,819)
Cash Flows From Investing Activities:	
Proceeds from loans receivable	490,000
Investment income	2,135,154
Net Cash Provided by Investing Activities	2,625,154
Net Decrease in Cash and Cash Equivalents	(2,167,297)
Cash and Cash Equivalents at Beginning of Year	31,130,691
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 28,963,394

(Continued)

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of Operating Loss to		
Net Cash Used in Operating Activities:		
Operating loss	$	(2,038,470)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		2,882,451
Change in assets and liabilities:		
Due from other governmental agencies		(2,059,293)
Prepaid expenses		(19,069)
Lease receivable		19,244
Deferred outflows related to pensions		(421,966)
Deferred outflows related to OPEB		(152,404)
Accounts payable		1,052,017
Accrued liabilities		(391,206)
Due to other government agencies		(106,434)
Due to PARS Trust fund		(309,000)
Unearned revenue		(831,200)
Net pension liability		387,186
Net OPEB obligation		27,760
Compensated absences		22,674
Deferred inflows related to pensions		346,115
Deferred Inflows related to OPEB		126,542
Deferred inflows related to leases		(28,934)
Net Cash Used in Operating Activities	$	(1,493,987)

Cash and Cash Equivalents:		
Financial Statement Classification		
Cash and cash equivalents	$	18,507,721
Restricted cash and cash equivalents		10,455,673
Total Cash and Cash Equivalents	$	28,963,394

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Post-Employment Benefits Trust
ASSETS	
Cash	$ 1,002,682
Total Assets	$ 1,002,682
NET POSITION	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	$ 1,002,682

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Post-Employment Benefits Trust
ADDITIONS:	
Investment Income	$ 88,328
Total Additions	88,328
DEDUCTIONS:	
Administative fees	4,353
Total deductions	4,353
Change in Net Assets	83,975
Net Position - Beginning of Year - Restated	918,707
Net Position - End of year	$ 1,002,682

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

Note 1 - Organization and Significant Accounting Policies:

Organization

San Elijo Joint Powers Authority (SEJPA) was established on June 17, 1987 with the power to own, operate, maintain and upgrade the San Elijo Water Reclamation Facility (WRF) through an agreement between the Cardiff Sanitation District (Cardiff) and the Solana Beach Sanitation District (Solana Beach) (the member agencies). SEJPA which is governed by a board consisting of four members, two from each member agency; serves as a wastewater treatment facility for the member agencies as well as portions of Rancho Santa Fe Community Services District, Improvement Areas 2 and 3, the City of Del Mar and portions of the City of San Diego. On July 1, 1990, the City of Solana Beach succeeded to the powers and responsibilities of the Solana Beach Sanitation District; and on October 18, 2001, the City of Encinitas succeeded to the powers and responsibilities of the Cardiff Sanitation District.

Under the agreement establishing SEJPA, Cardiff retained its right to 56% of the available treatment capacity of the plant, and Solana Beach retained its right to the remaining 44%. In May 1989 through an agreement between SEJPA and the member agencies to upgrade and expand the WRF; Solana Beach paid Cardiff to increase its ownership percentage and capacity rights to 50%.

SEJPA and the City of Escondido are joint owners and users, 21% and 79% respectively, of the San Elijo Ocean Outfall which is generally comprised of a regulator station, effluent pump station, and piping extending from an on-shore location out into the ocean.

SEJPA adopted resolution 2019-001 creating Employment Benefits Trust, San Elijo Joint Powers Authority. Funding of the irrevocable trust provides restricted funds that may be used at the Board’s discretion to smooth the pension expense that can fluctuate due to changes in investment market conditions and CalPERS policies, in addition to making additional contributions to reduce the Unfunded Actuarial Liability (UAL).

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

Significant Accounting Policies

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

Method of Accounting

SEJPA utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statement of net position and the statement of revenues, expenses, and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The Post-Employment Benefits Trust is used to account for contributions and distributions, related to the miscellaneous plan of San Elijo Joint Powers Authority.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Method of Accounting (Continued)

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

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 and 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

SEJPA recognizes revenue from charges for services to other government agencies and contributions from its members when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, SEJPA considers charges for services to other government agencies and contributions from the cities to be operating revenues.

Unearned Revenue

Unearned revenues include advance grant payments received, but not yet earned by SEJPA or earned but not yet disbursed to other government agencies participating in grant consortiums, for which SEJPA is the grant manager.

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 amounts due from other government agencies and loans receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2024.

Leases

SEJPA is a lessor as detailed in Note 13. SEJPA recognizes a lease receivable and a deferred inflow of resources.

At the commencement of the lease, SEJPA initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflows of resources is recognized as revenue over the lease term.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Key estimates and judgments include how SEJPA determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- SEJPA used the 3% annual increase in the lease as the discount rate.

- The lease term includes the noncancellable period of the lease as well as any extensions available to the lessee. SEJPA expects that the lessee will exercise those options, fully. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Capital Assets

Capital assets purchased or acquired with a cost exceeding $15,000 and an estimated useful life of more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. 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. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Plant equipment	5 - 50 years
Lab equipment	5 - 40 years
Office equipment	5 - 20 years
Vehicles	5 years

Depreciation totaled $2,882,451 for the year ended June 30, 2024.

Amortization

2017 Revenue Bonds

The original issue premium on the 2017 Revenue bonds is being amortized on the straight-line method over 30 years. Amortization expense totaled $70,224 for the year ended June 30, 2024 and is included in interest expense.

Compensated Absences

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance accrued falls below the maximum accumulation (208 - 368 hours, depending on length of service). Upon separation of employment, accrued vacation benefits that have not been used are paid to the employee. Sick leave benefits may be accrued up to a maximum of 1,000 hours after which accrual ceases. Employees who are not terminated for cause and have given SEPJA 14 calendar days written notice are paid for 50% of the sick leave balance upon separation. Accumulated and unpaid vacation and sick leave totaling $625,801 is accrued when incurred and included in noncurrent liabilities at June 30, 2024.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. SEJPA has the following items that qualify for reporting in this category:

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to differences between actual and expected experience and adjustments due to difference in proportions.

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected experience, and adjustment due to differences in proportions.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. SEJPA has the following that qualify for reporting in this category:

- Deferred inflows related to OPEB resulting from the net difference between expected and actual experience and adjustments due to differences in proportions.

- Deferred inflows related to pensions resulting from the net difference between projected and actual earnings on pension plan investments, and differences between actual and required contributions.

- Deferred inflows related to leases resulting from the net differences between the amounts collected and the revenue recognized under the lease.

Risk Management

SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2024, SEJPA participated in the programs of CSRMA as follows:

General Liability including Bodily Injury, Property Damage, Public Entity Errors and Omissions, Employment Practices Liability and Automobile Liability - The CSRMA Pooled Liability (shared risk) Program provides $25,750,000 per occurrence and in aggregate. CSRMA is self-insured up to $15,750,000 and additional $10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to $25,750,000. SEJPA has a $100,000 deductible in the CSRMA Pooled Liability Program.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Risk Management (Continued)

Property Damage - $76,729,162 in scheduled values through the APIP Property Program with a $1,000,000,000 shared loss limit per occurrence with a $25,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. SEJPA has a $25,000 deductible for boiler and machinery coverage.

Faithful Performance/Employee Dishonesty Bond - Insured up to $2,000,000 with a $2,500 deductible. Coverage includes: employee dishonesty, faithful performance forgery or alteration, computer fraud, money and securities theft, disappearance and destruction.

Workers' Compensation - SEJPA participates in CSRMA's Workers' Compensation Program, which currently self-insures the first $750,000 of each claim. The members have no deductible or self-insured retention. Excess insurance provides statutory limits for Workers' Compensation and $750,000 for each accident or each employee for disease in limits for Employers Liability.

SEJPA 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. SEJPA's insurance expense totaled $170,764 for the year ended June 30, 2024. There were no instances in the past three years where a settlement exceeded SEJPA's coverage.

Pensions

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of San Elijo Joint Powers Authority (OPEB Plan), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 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.

SEJPA's statement of net position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided by LAIF.
- Investment in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Economic Dependency

SEJPA received approximately 46% of its operating revenues from its member agencies for the year ended June 30, 2024.

Cash and Cash Equivalents

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

Subsequent Events

In preparing these financial statements, SEJPA has evaluated events and transactions for potential recognition or disclosure through November 19, 2024 the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents:

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

The table below identifies the investment types that are authorized for SEJPA 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. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of SEJPA, rather than the general provision of the California Government Code or SEJPA's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple

Note 2 - Cash and Cash Equivalents: (Continued)

Investments Authorized by the California Government Code and SEJPA's Investment Policy (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

SEJPA's Investment Policy is more restrictive than the California Government Code. SEJPA may invest in the California Local Agency Investment Fund and the San Diego County Pooled Money Investment account.

Cash and cash equivalents held by the SEJPA were comprised of the following at June 30, 2024:

	Maturity in Years 1 Year or Less	Total
California Local Agency Investment Fund (LAIF)	$ 12,461,208	$ 12,461,208
Deposits with financial institutions	861,221	861,221
Open-ended money market funds	15,640,964	15,640,964
Mutual funds	1,002,682	1,002,682
Total Cash and Cash Equivalents	$ 29,966,075	$ 29,966,075
Statement of Net Position:		
Cash and cash equivalents	$ 18,507,721	$ 18,507,721
Restricted cash and cash equivalents	10,455,673	10,455,673
Total Statement of Net Position	28,963,394	28,963,394
Statement of Fiduciary Net Position:		
Cash	1,002,682	1,002,682
Total Statement of Fiduciary Net Position	1,002,682	1,002,682
Total Cash and Cash Equivalents	$ 29,966,076	$ 29,966,076

Note 2 - Cash and Cash Equivalents: (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. SEJPA manages its exposure to interest rate risk by purchasing shorter term investments so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of SEJPA's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of SEJPA's investments by maturity at June 30, 2024.

Disclosures Relating to Credit Risk

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

	Rating as of Year End Standard & Poor's
California Local Agency Investment Fund	Not Rated
Mutual Funds	Not Rated

Concentration of Credit Risk

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

The investment policy of SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of SEJPA's total investments at June 30, 2024.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SEJPA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) SEJPA 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 SEJPA'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 SEJPA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Note 2 - Cash and Cash Equivalents: (Continued)

Custodial Credit Risk (Continued)

At June 30, 2024, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2024, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by SEJPA to buy the securities.

Investment in State Investment Pool

SEJPA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of SEJPA's investment in this pool is reported in the accompanying financial statements at amounts based upon SEJPA'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.

The statement of cash flows has been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30, 2024:

California Local Agency Investment Fund (LAIF)	$ 12,461,208
Open-ended money market mutual funds	15,640,964
Deposits with financial institutions	861,222
Total	$ 28,963,394

Note 3 - Due From Other Government Agencies:

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. In addition, the SEJPA is owed funding from several agencies under various regional grants. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2024:

San Diego County Water Authority	$ 265,185
Santa Fe Irrigation District	100,225
Olivenhain Municipal Water District	724,722
San Dieguito Water District	81,468
City of Del Mar	100,867
City of Encinitas	1,411,991
22nd District Agricultural Association	33,851
Rancho Santa Fe Community Services District #2 and #3	57,557
City of Solana Beach	101,453
City of Escondido	(84,880)
Other	19,703
Total	$ 2,812,142
Financial Statement Classification:	
Due from other government agencies	$ 2,812,142
Total	$ 2,812,142

Note 4 - Loans Receivable:

The City of Encinitas and the City of Solana Beach have entered into the fourth amendment and restated loan agreements with SEJPA. The loans bear interest from 2% to 4%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide SEJPA with sufficient funds to service the debt on the 2017 Revenue Bonds (See Note 7). Loans receivable consist of the following at June 30:

	2024	2023
City of Solana Beach	$ 9,902,500	$ 10,147,500
City of Encinitas	9,902,500	10,147,500
Subtotal	19,805,000	20,295,000
Less current portion	(510,000)	(490,000)
Total	$ 19,295,000	$ 19,805,000

Note 5 - Capital Assets:

Capital assets consist of the following at June 30:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets Not Being Depreciated:				
Construction in progress	$ 1,807,214	$ 3,581,334	$ (346,480)	$ 5,042,068
Capital Assets Being Depreciated:				
Plant equipment	108,381,890	343,368	(314,273)	108,410,985
Lab equipment	67,811	-	(31,069)	36,742
Office equipment	55,091	-	(33,594)	21,497
Vehicles	488,234	17,420	(4,803)	500,851
Total Capital Assets Being Depreciated	108,993,026	360,788	(383,739)	108,970,075
Less: Accumulated Depreciation For:				
Plant equipment	(47,021,614)	(2,819,439)	314,273	(49,526,780)
Lab equipment	(60,314)	(2,375)	31,069	(31,620)
Office equipment	(55,091)	-	33,594	(21,497)
Vehicles	(350,756)	(60,637)	4,803	(406,590)
Net Capital Assets Being Depreciated	61,505,251	(2,521,663)	-	58,983,588
Net Capital Assets	$ 63,312,465	$ 1,059,671	$ (346,480)	$ 64,025,656

Note 6 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2024:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year	Due in More Than One year
Long-Term Debt:						
2017 Revenue Bonds	$ 20,295,000	$ -	$ (490,000)	$ 19,805,000	$ 510,000	$ 19,295,000
Loan payable	10,120,000	-	(310,000)	9,810,000	333,000	9,477,000
Original issue premium	1,685,375	-	(70,224)	1,615,151	-	1,615,151
Private placement loan payable	1,052,086	-	(105,576)	946,510	110,003	836,507
Reimbursement agreements payable:						
Solana Beach	424,544	-	-	424,544	9,000	415,544
Santa Fe Irrigation	262,681	-	(25,588)	237,093	-	237,093
SDG&E financing agreement	213,553	-	(53,388)	160,165	53,388	106,777
Total Long-Term Debt	34,053,239	-	(1,054,776)	32,998,463	1,015,391	31,983,072
Other Noncurrent Liabilities:						
Net pension liability	4,365,491	985,461	(598,275)	4,752,677	-	4,752,677
Total OPEB liability	451,426	69,992	(42,232)	479,186	-	479,186
Compensated absences	603,127	339,218	(316,544)	625,801	316,543	309,258
Total Other Noncurrent Liabilities	5,420,044	1,394,671	(957,051)	5,857,664	316,543	5,541,121
Total Noncurrent Liabilities	$ 39,473,283	$ 1,394,671	$ (2,011,827)	$ 38,856,127	$ 1,331,934	$ 37,524,193

Note 7 - Revenue Bonds:

2017 Revenue Bonds

On June 21, 2017, SEJPA issued $22,115,000 of 2017 Revenue Bonds (Clean Water Projects) (the “Bonds”) that were funded on July 6, 2017. The Bonds were issued for the purpose of funding facilities and improvements as part of SEJPA’s capital improvement plan. SEJPA entered into *Series 2017 Loan Agreements* with the City of Encinitas and the City of Solana Beach (together the “Cities”) to assist in the financing of the Cities’ respective shares of the Bond. Each *Series 2017 Loan Agreement* is an absolute and unconditional obligation of the City of Encinitas and the City of Solana Beach, respectively, to make payments from and secured by a pledge of system revenues and other funds of each respective City lawfully available therefore and does not constitute an obligation of the other City. Each of the Cities has agreed to pay its respective loan installments from its system comprised of gross revenues derived from its respective wastewater collection and disposal system (including SEJPA’s treatment of wastewater collected by its system) after the deduction of operation and maintenance expenses, in an amount sufficient to pay the annual principal and interest due under its respective *Series 2017 Loan Agreement.* In addition, each City has made covenants under its respective *Series 2017 Loan Agreement* regarding the collection of its System Revenues, and SEJPA has made certain covenants with respect to the operation and maintenance of its facilities.

The 2017 Revenue Bonds are payable in annual principal installments from $435,000 to $1,285,000 beginning March 1, 2020 through March 1, 2047. Interest payments are due semi-annually on September 1 and March 1 beginning September 1, 2017. Interest rates on the on the revenue bonds range from 3% to 5%. The revenue bonds outstanding totaled $19,805,000 and accrued interest totaled $276,192 at June 30, 2024, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues.

Note 7 - Revenue Bonds: (Continued)

2017 Revenue Bonds (Continued)

The Loan Installments paid by Encinitas would pay approximately 50% of the total debt service on the Bonds and the Loan Installments paid by Solana Beach would pay approximately 50% of the debt service on the Bonds.

Debt service requirements of the Revenue Bonds are as follows:

Years Ended June 30	Principal	Interest
2025	$ 510,000	$ 828,575
2026	535,000	803,075
2027	560,000	776,325
2028	590,000	748,325
2029	620,000	718,825
2030 - 2034	3,570,000	3,113,125
2035 - 2039	4,420,000	2,268,438
2040 - 2044	5,290,000	1,393,800
2045 - 2047	3,710,000	300,600
Total	$ 19,805,000	$ 10,951,088

Note 8 - Loan Agreement:

In May 2023, SEJPA entered into a Loan Agreement with Webster Bank National Association in the amount of $10,120,000, to provide funds to finance capital improvements and pay costs of issuance of the Loan Agreement. Interest accrues at 4.58% on the unpaid balance and is payable in forty (40) semi-annual payments of principal ranging from $154,000 to $376,000 plus interest. The Loan Agreement outstanding at June 30, 2024 totaled $9,810,000. Accrued interest totaled $37,442 at June 30, 2024. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the Loan Agreement. SEJPA has covenanted that it will fix, prescribe, and collect rates, fees, and charges sufficient to generate net revenues at least equal to 115% of the loan repayments and the principal of and interest on all outstanding parity obligations coming due and payable during such fiscal year.

Note 8 - Loan Agreement: (Continued)

Debt service requirements on the Loan Agreement are as follows:

Years Ended June 30:	Principal	Interest
2025	$ 333,000	$ 445,497
2026	349,000	430,039
2027	365,000	413,895
2028	382,000	396,972
2029	399,000	379,293
2030 - 2034	2,292,000	1,601,237
2035 - 2039	2,874,000	1,018,775
2040 - 2043	2,816,000	297,540
	$ 9,810,000	$ 4,983,248

Note 9 - Private Placement Loan Payable:

In November 2011, SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of $2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of $74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled $946,510 at June 30, 2024. Accrued interest totaled $3,273 at June 30, 2024. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

Debt service requirements on the private placement loan payable are as follows:

Years Ended June 30	Principal	Interest
2025	$ 110,003	$ 38,151
2026	114,615	33,538
2027	119,421	28,732
2028	124,428	23,725
2029	129,645	18,507
2030 - 2032	348,398	21,986
	$ 946,510	$ 164,639

Note 10 - Reimbursement Agreements Payable:

SFID

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of $526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of $450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of $50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50 acre feet annually. Future payments on the SFID reimbursement agreement payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated and the agreement is considered noncurrent. The SFID reimbursement agreement payable totaled $237,093 at June 30, 2024.

Solana Beach

Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of $478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of $450 per acre foot of recycled water delivered to any customers through the extension. The payment due for fiscal 2023-24 water sales is $9,000 and has been included in the current liabilities section of the statement of net position. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated past fiscal year 2024-25. The Solana Beach Reimbursement Agreement Payable, including both the current portion of $9,000, along with the noncurrent portion of $415,544, totaled $424,544 at June 30, 2024.

San Diego Gas & Electric Financing Agreement

On July 3, 2017, SEJPA entered into an on-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of $533,883 in order to retrofit certain electric equipment. SEJPA will pay an additional $4,449 on their monthly SDG&E bills. This retrofitting is expected to save SEJPA $68,120 per year and be paid off in under five years. The San Diego Gas & Electric Financing Agreement payable totaled $160,165 at June 30, 2024.

Note 10 - Reimbursement Agreements Payable: (Continued)

San Diego Gas & Electric Financing Agreement (Continued)

Debt service requirements on the SDG&E loan payable are as follows:

Years Ended June 30	Principal	Interest	Total
2025	$ 53,388	$ -	$ 53,388
2026	53,388	-	53,388
2027	53,389	-	53,389
Total	$ 160,165	$ -	$ 160,165

Note 11 - Postemployment Benefits:

Plan Description

SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA's vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by SEJPA to the retiree is $157 per month, which is the minimum amount set by CalPERS.

Eligibility

Employees of SEJPA are eligible for retiree health benefits if they retire within 120 days of their separation date. Membership in the plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Active plan members	26
Retirees	6
Total	32

Contributions

The obligation of SEJPA to contribute to the plan is established and may be amended by the Board of Directors. The Board of Directors has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis.

Net OPEB Liability

SEJPA's OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023 and projected to June 30, 2024.

Note 11 - Postemployment Benefits: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Discount Rate	4.21%
Inflation	2.75%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	N/A
Mortality	General SOA Pub-210 General total data set headcount weighted mortality table fully generational using scale MP 2021.
Pre-retirement turnover	Termination rates used are according to the termination rates under the 2021 CalPERS pension plan experience study.
Healthcare Trend Rate	The fiscal year 2023/2024 Healthcare Trend Rates are based on the actual rate of increase from the medical premium rates from, 2023/2024 to 2024/2025.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2024. SEJPA completes a new actuarial valuation every two years. The next valuation will be dated June 30, 2025 and will be used for financial reporting for fiscal years ending June 30, 2025 and 2026.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21% as of June 30, 2024 and 4.13% as of June 30, 2023. This discount rate is the mid-point, rounded to five basis points, of the range of 3 - 20 year municipal bond rate indices; S&P Municipal bond 20-Year High Grade Rate Index, Bond Buyer GO 20-Bond Municipal Bond Index, and Fidelity 20-Year Go Municipal Bond Index.

Note 11 - Postemployment Benefits: (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 20233	$ 451,426	$ -	$ 451,426
Changes Recognized for the Measurement Period:			
Service cost	30,478	-	30,478
Interest	19,104	-	19,104
Change in assumptions	20,410	-	20,410
Difference between expected and actual experience	(3,166)	-	(3,166)
Contributions - Employer	-	39,066	(39,066)
Benefit payments	(39,066)	(39,066)	-
Net Changes	27,760	-	27,760
Balance at June 30, 2024	$ 479,186	$ -	$ 479,186

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

The following presents the total OPEB liability of SEJPA, as well as what SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

	Plan's Total OPEB Liability/(Asset)		
	Discount Rate - 1% (3.21%)	Current Discount Rate (4.21%)	Discount Rate +1% (5.21%)
Net OPEB Liability	$ 540,819	$ 479,186	$ 428,358

Change in Assumptions

For the measurement period ended June 30, 2024, the discount rate used to calculate the net OPEB liability changed from 4.13% to 4.21%.

Note 11 - Postemployment Benefits: (Continued)

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

The following presents the total OPEB liability of SEJPA, as well as what SEJPA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 3.50 percent) or 1 percentage point higher (7.50 percent decreasing to 4.50 percent) than the current healthcare cost trend rates:

	Plan's Total OPEB Liability		
	Discount Rate - 1% (5.50% Decreasing to 3.5%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.5%)	Discount Rate +1% (7.50% Decreasing to 5.5%)
Net OPEB Liability	$ 416,010	$ 479,186	$ 558,387

OPEB Expense

For the fiscal year ended June 30, 2024, SEJPA recognized OPEB expense of $40,965.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2024 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 5,803	$ (24,148)
Changes of assumptions	54,992	(102,394)
Total	$ 60,795	$ (126,542)

These deferred outflows or deferred inflows related to OPEB will be recognized as OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2025	$ (7,293)
2026	(7,287)
2027	(9,171)
2028	(9,168)
2029	(14,696)
Thereafter	(18,132)
Total	$ (65,747)

Note 12 - Defined Benefit Pension Plan:

General Information About the Pension Plans

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

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. SEJPA participates in the miscellaneous 2.5% at 55 pool, for those employees hired before July 1, 2012. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired on or after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired on or after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool.

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous		
	Prior to	On or After July 1, 2012	
	July 1, 2012	Second Tier	PEPRA
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52*
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.96%	6.93%	7.75%
Required employer contribution rates	14.06%	10.10%	7.68%

* Minimum retirement age is 50 years when participant has combined classic and PEPRA services

In addition to the contribution rates above, SEJPA was required to make payments of $302,541 toward the unfunded actuarial liability during the year ended June 30, 2024. The miscellaneous 2.5% at 55 pool is closed to new members that are not already CalPERS eligible participants and existing members hired on or after July 1, 2012.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SEJPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 12 - Defined Benefit Pension Plan: (Continued)

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

SEJPA reported the following net pension liability for its proportionate share of the net pension liability of the risk pool at June 30, 2024:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	$ 4,752,677

SEJPA's net pension liability for the risk pool is measured as the proportionate share of the risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

SEJPA's proportionate share of the net pension liability as of June 30, 2024, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2023, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2023, was computed by subtracting the respective risk pool's fiduciary net pension from its total pension liability.

- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2023, was calculated by applying SEJPA's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2023. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

Note 12 - Defined Benefit Pension Plan: (Continued)

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

The District's proportionate share percentage of the net position liability as of June 30, 2022 and 2023 was as follows:

	Miscellaneous Risk Pool
Proportionate at Measurement Date - June 30, 2022	0.093295
Proportionate at Measurement Date - June 30, 2023	0.095046
Change - Increase (Decrease)	0.001751

For the year ended June 30, 2024, SEJPA recognized pension expense of $899,994. At June 30, 2024, SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 588,658	$ -
Changes in assumptions	286,940	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	120,517	(260,984)
Changes in proportions	183,484	(85,131)
Differences between actual and expected experience	205,130	-
Net difference between projected and actual earnings on plan investments	769,500	-
Total	$ 2,154,229	$ (346,115)

The $588,658 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30	
2025	$ 363,275
2026	247,191
2027	586,910
2028	22,080
Total	$ 1,219,456

Note 12 - Defined Benefit Pension Plan: (Continued)

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	2.5% @ 55	2% @ 60	2% @ 62
Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	6.9%	6.9%	6.9%
Inflation	2.3%	2.3%	2.3%
Payroll Growth	3.0%	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%(1)	3.3% - 14.2%(1)	3.3% - 14.2%(1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	CalPERS Specific	CalPERS Specific	CalPERS Specific

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2023 based on June 30, 2022 Valuations,* that can be obtained from the CalPERS' website.

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

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

Note 12 - Defined Benefit Pension Plan: (Continued)

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

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

Asset Class	Assumed Asset Allocation	Real Return[1, 2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.27%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporations	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%)

(1) An expected price inflation of 2.3% used for this period
(2) Figures are based on 2021-22 Asset Liability Management study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the risk pool, as of the measurement date calculated using the discount rate as well as what SEJPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
SEJPA's proportionate share of the miscellaneous risk pool's pension liability	$ 7,341,832	$ 4,752,677	$ 2,621,580

Note 13 - Commitments and Contingencies:

Contracts

SEJPA has entered into various contracts for the purchase of materials and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2024, the total unpaid amount on these contracts is approximately $11,029,683.

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 SEJPA's financial position.

Cell Site Lease

The SEJPA has entered into a Communications Site License Agreement as lessor with an initial five-year renewal lease term, with five (5) five-year options to renew. The lessees are required to make annual fixed payments starting at $20,400 and increasing 3% annually. At June 30, 2024, the lease receivable totaled $424,300 and deferred inflows related to leases totaled $391,146. The District recognized $28,933 in lease revenue during the year ended June 30, 2024.

Assignment and Assumption Agreement

In June 2022, the Authority entered into an Assignment and Assumption Agreement ("Agreement") with the San Dieguito Water District ("San Dieguito") which was consented to by Olivenhain Municipal Water District. Per the Agreement, San Dieguito assigns to the Authority all rights, title, and interest to its 1/3 capacity of the J.C. Wanket Reservoir, an approximately 3 million gallon tank, in exchange for the Authority fully and forever waiving and discharging the $136,796 owed by San Dieguito for annual minimum recycled water purchases for fiscal year 2019-20. This Assignment effectuated by this Agreement may be revoked by Olivenhain and San Dieguito if the Authority abandons or ceases to maintain and operate the reservoir for any consecutive period of seven years or more. In the event of such revocation, all rights, title, and interest to the Authority's capacity in the reservoir shall revert to San Dieguito.

Note 14 - New Governmental Accounting Standards:

GASB No. 94

In March 2020, the Governmental Accounting Standards Board issued Statement No. 94 "Public - Private and Public - Public Partnerships and Availability Payment Arrangements". The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. As used in this pronouncement these Partnerships are an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset such as infrastructure or other capital assets for a period of time in an exchange or an exchange-like transaction. The statement also provides guidance on accounting and financial reporting for availability payment arrangements in which the government compensates the operator for services that may include the designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

Note 14 - New Governmental Accounting Standards: (Continued)

GASB No. 99

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99 “Omnibus 2022”. This statement enhances the comparability in accounting and financial reporting and improves consistency in authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this pronouncement are effective on various dates ranging from upon issuance through fiscal years beginning through fiscal years beginning after June 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 100

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100 “Accounting Changes and Error Corrections an amendment of GASB Statement No. 62”. This statement defined accounting changes. This statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement effective for fiscal years ending after June 15, 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 101

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101 “Compensated Absences”. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this statement effective for fiscal years ending after December 15, 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 102

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102 “Certain Risk Disclosures.” This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources; and defines a constraint as a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Under this standard, if a government determines that the criteria for disclosure have been met for a concentration or constraint; it should disclose information in the notes to the financial statements in sufficient detail to enable users to understand the nature and circumstances disclosed and the vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

Note 14 - New Governmental Accounting Standards: (Continued)

GASB No. 103

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103 "Financial Reporting Model Improvements." In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB No. 104

In September 2024, the Governmental Accounting Standards Board issued Statement No. 103 "Disclosure of Certain Capital Assets." This Statement requires certain types of capital assets to be disclosed separately in the capital assets note, including Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
Proportion of the Net Pension Liability	0.095046%	0.093295%	0.099195%	0.085799%	0.082537%
Proportionate Share of the Net Pension Liability	$ 4,752,677	$ 4,365,491	$ 1,883,516	$ 3,619,079	$ 3,305,214
Covered Payroll - Measurement Period	$ 2,572,479	$ 2,420,193	$ 2,286,481	$ 2,118,208	$ 2,072,596
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	184.75%	180.38%	82.38%	170.86%	159.47%
Plan's Fiduciary Net Position	$ 14,391,401	$ 13,770,398	$ 14,615,225	$ 11,895,680	$ 11,362,690
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.17%	75.93%	88.58%	76.67%	77.47%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 598,275	$ 714,281	$ 574,840	$ 531,495	$ 470,825

	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
Proportion of the Net Pension Liability	0.079550%	0.081861%	0.079200%	0.089800%	0.081140%
Proportionate Share of the Net Pension Liability	$ 2,998,025	$ 3,227,017	$ 2,924,994	$ 2,463,640	$ 1,937,636
Covered Payroll - Measurement Period	$ 1,930,102	$ 1,916,333	$ 1,829,430	$ 1,718,001	$ 1,707,696
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	155.33%	168.40%	159.89%	143.40%	113.46%
Plan's Fiduciary Net Position	$ 10,450,711	$ 9,717,557	$ 8,477,710	$ 8,203,952	$ 7,976,883
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.71%	75.07%	74.35%	76.91%	80.46%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 398,079	$ 367,677	$ 315,703	$ 308,067	$ 215,709

Notes to Schedules:

Change in Benefit Terms - In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year.

Changes in Assumptions - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

Omitted Years - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

*Fiscal year 2015 was the first year of implementation.

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS

	Fiscal Year 2023- 2024	Fiscal Year 2022 - 2023	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021	Fiscal Year 2019 - 2020
Actuarially Determined Contribution	$ 588,658	$ 561,778	$ 511,854	$ 466,121	$ 403,880
Contributions in Relation to the Actuarially Determined Contributions	(588,658)	(561,778)	(511,854)	(466,121)	(404,110)
Contributions Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (230)
Covered Payroll - Fiscal Year	$ 2,983,713	$ 2,572,479	$ 2,420,193	$ 2,286,481	$ 2,118,208
Contributions as a Percentage of Covered Payroll	19.73%	21.84%	21.15%	20.39%	19.08%
Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	Fiscal Year 2018 - 2019	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016	Fiscal Year 2014 - 2015
Actuarially Determined Contribution	$ 356,338	$ 302,451	$ 302,683	$ 286,852	$ 267,504
Contributions in Relation to the Actuarially Determined Contributions	(356,338)	(302,451)	(437,683)	(441,852)	(267,504)
Contributions Deficiency (Excess)	$ -	$ -	$ (135,000)	$ (125,000)	$ -
Covered Payroll - Fiscal Year	$ 2,072,596	$ 1,930,102	$ 1,916,333	$ 1,829,430	$ 1,718,001
Contributions as a Percentage of Covered Payroll	17.19%	15.67%	22.84%	22.51%	15.57%
Valuation Date	June 30, 2017	June 30, 2016	June 20, 2015	June 20, 2014	

<u>Notes to Schedules:</u>

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Market Value
Discount Rate	6.9%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.3%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%

Omitted Years - GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

Measurement Period	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service cost	$ 30,478	$ 21,712	$ 32,952	$ 27,919	$ 23,405	$ 19,445	$ 18,879	$ 18,267	$ N/A	$ N/A
Interest	19,104	19,564	13,498	13,759	15,314	15,625	14,565	13,926	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	-	-	N/A	N/A
Differences between expected and actual experience	(3,166)	(21,354)	(6,277)	6,728	-	8,259	-	-	N/A	N/A
Changes of assumptions	20,410	(10,789)	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A	N/A
Benefit payments	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A
Net Change in Total OPEB Liability	27,760	(19,237)	(124,876)	52,605	71,910	38,004	10,000	18,951	N/A	N/A
Total OPEB Liability - Beginning	451,426	470,663	595,539	542,934	471,024	433,020	423,020	404,069	N/A	N/A
Total OPEB Liability - Ending (a)	$ 479,186	$ 451,426	$ 470,663	$ 595,539	$ 542,934	$ 471,024	$ 433,020	$ 423,020	$ N/A	$ N/A
Plan Fiduciary Net Position										
Contributions - Employer	$ 39,066	$ 28,370	$ 24,405	$ 18,556	$ 16,528	$ 12,096	$ 14,170	$ 13,242	$ N/A	$ N/A
Net investment income	-	-	-	-	-	-	-	-	N/A	N/A
Benefit payments	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A
Administrative expense	-	-	-	-	-	-	-	-	N/A	N/A
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	N/A	N/A
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ N/A	$ N/A
District's Net OPEB Liability - Ending (a) - (b)	$ 479,186	$ 451,426	$ 470,663	$ 595,539	$ 542,934	$ 471,024	$ 433,020	$ 423,020	$ N/A	$ N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Covered Employee Payroll - Measurement Period	$ 3,303,416	$ 2,869,777	$ 2,420,193	$ 2,188,001	$ 2,104,992	$ 2,043,682	$ N/A	$ 1,856,890	$ N/A	$ N/A
Net OPEB Liability as a Percentage of Covered - Employee Payroll	14.50%	15.70%	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A	N/A

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

Notes to Schedules:

Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Period - Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Period - Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017

Benefit Changes - None

Changes in Assumptions - During 2018, the discount rate was changed from 7.5% to 7.0%

Omitted Years - GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024

ASSETS

	Wastewater	Recycled	Total
Current Assets:			
Cash and cash equivalents	$ 14,116,194	$ 4,391,527	$ 18,507,721
Due from other government agencies	1,685,388	1,126,754	2,812,142
Accrued interest receivable	396,358	88,697	485,055
Prepaid expenses	84,644	32,262	116,906
Current portion of loan receivable	510,000	-	510,000
Total Current Assets	16,792,584	5,639,240	22,431,824
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	1,909	10,453,764	10,455,673
Total Restricted Assets	1,909	10,453,764	10,455,673
Lease receivable	424,300	-	424,300
Loans receivable, net of current portion	19,295,000	-	19,295,000
Capital Assets:			
Nondepreciable	3,670,650	1,371,418	5,042,068
Depreciable, net of accumulated depreciation	43,152,212	15,831,376	58,983,588
Total Capital Assets	46,822,862	17,202,794	64,025,656
TOTAL ASSETS	83,336,655	33,295,798	116,632,453
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,806,794	347,435	2,154,229
Deferred outflows related to OPEB	52,146	8,649	60,795
Total Deferred Outflows of Resources	$ 1,858,940	$ 356,084	$ 2,215,024

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2024

LIABILITIES

	Wastewater	Recycled	Total
Current Liabilities:			
Accounts payable	$ 799,514	$ 598,497	$ 1,398,011
Accrued liabilities	68,325	19,937	88,262
Accrued interest payable	276,192	40,715	316,907
Unearned revenue	-	1,736,702	1,736,702
Current portion of noncurrent liabilities	879,931	452,003	1,331,934
Total Current Liabilities	2,023,962	2,847,854	4,871,816
Noncurrent Liabilities:			
Long-Term Debt:			
Revenue bonds, net of current portion	20,910,151	-	20,910,151
Loan payable	-	9,477,000	9,477,000
Private placement loan payable, net of current portion	-	836,507	836,507
SFID reimbursement agreement payable	-	237,093	237,093
Solana Beach reimbursement agreement payable	-	415,544	415,544
SDG&E financing agreement, net of current portion	106,777	-	106,777
Total Long-Term Debt	21,016,928	10,966,144	31,983,072
Other Noncurrent Liabilities:			
Net pension liability	3,984,999	767,678	4,752,677
Net OPEB obligation	403,882	75,304	479,186
Compensated absences, net of current portion	217,019	92,239	309,258
Total Other Noncurrent Liabilities	4,605,900	935,221	5,541,121
Total Noncurrent Liabilities	25,622,828	11,901,365	37,524,193
Total Liabilities	27,646,790	14,749,219	42,396,009
DEFERRED INFLOWSOF RESOURCES:			
Deferred inflows related to pensions	290,737	55,378	346,115
Deferred inflows related to OPEB	107,561	18,981	126,542
Deferred inflows related to leases	391,146	-	391,146
Total Deferred Inflows of Resources	789,444	74,359	863,803
NET POSITION:			
Net investment in capital assets	25,244,455	16,238,411	41,482,866
Unrestricted	31,514,906	2,589,893	34,104,799
Total Net Position	$ 56,759,361	$ 18,828,304	$ 75,587,665

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Wastewater	Recycled	Total
Operating Revenues:			
Charges for services to other government agencies	$ 2,716,001	$ 3,198,229	$ 5,914,230
Contributions from City of Encinitas	2,865,817	-	2,865,817
Contributions from City of Solana Beach	2,192,886	-	2,192,886
Total Operating Revenues	7,774,704	3,198,229	10,972,933
Operating Expenses:			
Personnel costs	3,979,615	977,565	4,957,180
Depreciation and amortization	2,125,749	756,702	2,882,451
Contracted services	1,023,702	399,660	1,423,362
Utilities	849,533	454,834	1,304,367
Supplies	783,237	277,772	1,061,009
Repair parts expense	387,844	83,119	470,963
Disposal services	277,867	-	277,867
Permit/purveyor fees	112,101	70,049	182,150
Insurance	140,368	30,396	170,764
Rent	13,847	94,608	108,455
Miscellaneous	142,618	30,217	172,835
Total Operating Expenses	9,836,481	3,174,922	13,011,403
Operating Loss	(2,061,777)	23,307	(2,038,470)
Nonoperating Revenues (Expenses):			
Investment income	1,484,917	670,549	2,155,466
Federal grants	44,313	503,953	548,266
State grants	98,481	122,710	221,191
Other	8,561	6,029	14,590
Rental income	43,765	-	43,765
Interest expense	(771,418)	(514,741)	(1,286,159)
Total Nonoperating Revenues (Expenses)	908,619	788,500	1,697,119
Loss Before Capital Contributions	(1,153,158)	811,807	(341,351)
Capital Contributions:			
Member agency assessments	1,819,884	-	1,819,884
Total Capital Contributions	1,819,884	-	1,819,884
Change in Net Position	666,726	811,807	1,478,533
Net Position at Beginning of Year	56,092,635	18,016,497	74,109,132
NET POSITION AT END OF YEAR	$ 56,759,361	$ 18,828,304	$ 75,587,665

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Wastewater	Recycled	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 6,044,378	$ 1,921,938	$ 7,966,316
Cash payments to suppliers for goods and services	(3,084,115)	(1,054,709)	(4,138,824)
Cash payments to employees for services	(4,383,386)	(938,093)	(5,321,479)
Net Cash Used in Operating Activities	(1,423,123)	(70,864)	(1,493,987)
Cash Flows From Noncapital and Related Financing Activities:			
Rental and other nonoperating income	52,326	6,029	58,355
Net Cash Provided by Noncapital and Related Financing Activities	52,326	6,029	58,355
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,421,509)	(1,174,133)	(3,595,642)
Principal paid on long-term debt	(543,388)	(441,164)	(984,552)
Interest paid on long-term debt	(848,175)	(517,791)	(1,365,966)
Proceeds of federal and state grants	142,794	626,663	769,457
Capital contributions	1,819,884	-	1,819,884
Net Cash Used in Capital and Related Financial Activities	(1,850,394)	(1,506,425)	(3,356,819)
Cash Flows From Investing Activities:			
Proceeds from loans receivable	490,000	-	490,000
Investment income	1,518,622	616,532	2,135,154
Net Cash Provided by Investing Activities	2,008,622	616,532	2,625,154
Net Decrease in Cash and Cash Equivalents	(1,212,569)	(954,728)	(2,167,297)
Cash and Cash Equivalents at Beginning of Year	15,330,672	15,800,019	31,130,691
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 14,118,103	$ 14,845,291	$ 28,963,394

(Continued)

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

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

	Wastewater	Recycled	Total
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating loss	$ (2,061,777)	$ 23,307	$ (2,038,470)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	2,125,749	756,702	2,882,451
Change in assets and liabilities:			
Due from other governmental agencies	(1,613,002)	(446,291)	(2,059,293)
Prepaid expenses	(21,265)	2,196	(19,069)
Lease receivable	19,244	-	19,244
Deferred outflows related to pensions	(346,497)	(75,469)	(421,966)
Deferred outflows related to OPEB	(129,372)	(23,032)	(152,404)
Accounts payable	668,267	383,750	1,052,017
Accrued liabilities	(369,744)	(21,462)	(391,206)
Due to other government agencies	(106,434)	-	(106,434)
Due to PARS Trust fund	(302,819)	(6,181)	(309,000)
Unearned revenue	(1,200)	(830,000)	(831,200)
Net pension liability	304,890	82,296	387,186
Net OPEB obligation	23,330	4,430	27,760
Compensated absences	18,143	4,531	22,674
Deferred inflows related to pensions	290,737	55,378	346,115
Deferred inflows related to OPEB	107,561	18,981	126,542
Deferred inflows related to leases	(28,934)	-	(28,934)
Net Cash Used in Operating Activities	$ (1,423,123)	$ (70,864)	$ (1,493,987)

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

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF OPERATING BUDGET COMPARISON - WASTEWATER
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance
Operating Revenues:			
Charges for services to other government agencies	$ 2,632,774	$ 2,716,001	$ 83,227
Contributions from the City of Encinitas	2,774,858	2,865,817	90,959
Contributions from the City of Solana Beach	2,091,435	2,192,886	101,451
Total Operating Revenues	7,499,067	7,774,704	275,637
Operating Expenses:			
Personnel costs	3,665,007	3,979,615	(314,608)
Utilities	810,821	849,533	(38,712)
Contracted services	1,147,287	1,023,702	123,585
Miscellaneous	232,253	142,618	89,635
Supplies	504,575	783,237	(278,662)
Rent	9,443	13,847	(4,404)
Repair parts expense	185,400	387,844	(202,444)
Insurance	137,600	140,368	(2,768)
Disposal services	304,455	277,867	26,588
Permit/purveyor fees	98,650	112,101	(13,451)
Contingency	159,000	-	159,000
Total Operating Expenses	7,254,491	7,710,732	(456,241)
Depreciation and Amortization	-	2,125,749	(2,125,749)
Operating Expenses, Net	7,254,491	9,836,481	(2,581,990)
Operating Income (Loss)	$ 244,576	$ (2,061,777)	$ (2,306,353)

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF OPERATING BUDGET COMPARISON - RECYCLED
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance
Operating Revenues:			
Charges for services to other government agencies	$ 4,803,713	$ 3,198,229	$ (1,605,484)
Total Operating Revenues	4,803,713	3,198,229	(1,605,484)
Operating Expenses:			
Personnel costs	945,399	977,565	(32,166)
Utilities	490,940	454,834	36,106
Contracted services	421,676	399,660	22,016
Miscellaneous	39,362	30,217	9,145
Supplies	508,455	277,772	230,683
Rent	127,350	94,608	32,742
Repair parts expense	55,000	83,119	(28,119)
Insurance	29,500	30,396	(896)
Permit/purveyor fees	52,450	70,049	(17,599)
Contingency	50,000	-	50,000
Total Operating Expenses	2,720,132	2,418,220	301,912
Depreciation and Amortization	-	756,702	(756,702)
Operating Expenses, Net	2,720,132	3,174,922	(454,790)
Operating Income (Loss)	$ 2,083,581	$ 23,307	$ (2,060,274)