SAN ELIJO JOINT POWERS AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2022

Leaf & Cole, LLP
Certified Public Accountants

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FINANCIAL STATEMENTS
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TABLE OF CONTENTS

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, 2022, 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, 2022, 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 with auditing standards generally accepted in the United States of America. 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 42 to 45 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 operating budget comparison schedule - wastewater and the operating budget comparison schedule - 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
December 13, 2022

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, 2022. 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.

Financial Statements (Continued)

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

Financial Highlights

Net position increased by $1,759,967 in the business-type activities and $127,427 in the fiduciary fund for the year ended June 30, 2022.

Revenues totaled $12,785,244 in the business-type activities and $129,615 in the fiduciary fund for the year ended June 30, 2022, an increase of $672,112 in the business-type activities resulting from a significant increase in charges for services to other governmental agencies and plume tracking study income.

Expenses totaled $11,025,277 in the business-type activities for the year ended June 30, 2022. Expense increase $186,113 or 1.72% over the previous year primarily due to increases in engineering and professional services as well as gas and electric costs.

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:

	2022	2021	Dollar Change	Percentage Change
Assets:				
Current and other assets	$ 40,843,633	$ 40,388,410	$ 455,223	1.13%
Capital assets	65,425,121	64,163,664	1,261,457	1.97%
Total Assets	106,268,754	104,552,074	1,716,680	1.64%
Deferred Outflows of Resources	923,666	815,911	107,755	13.21%
Liabilities:				
Current liabilities	4,861,288	4,548,974	312,314	6.87%
Noncurrent liabilities	27,005,689	29,596,906	(2,591,217)	(8.76)%
Total Liabilities	31,866,977	34,145,880	(2,278,903)	(6.67)%
Deferred Inflows of Resources	2,404,088	60,717	2,343,371	3.859%
Net Position:				
Net investment in capital assets	40,652,157	38,679,158	1,972,999	5.10%
Unrestricted	32,269,198	32,482,230	(213,032)	(0.66)%
Total Net Position	$ 72,921,355	$ 71,161,388	$ 1,759,967	2.47%

Financial Analysis of SEJPA (Continued)

Net Position (Continued)

Net position increased by $1,759,967 in the business-type activities from fiscal year 2021 to 2022. Net investment in capital assets increased $1,972,999 in fiscal year 2022. This increase is the result of principal paid on long-term debt, and the investment in capital assets, net of depreciation expense including the Water Campus Improvement Project.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased $213,032 primarily due to funding for the Water Campus Improvement Project.

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:

	2022	2021	Dollar Change	Percentage Change
Revenues:				
Operating contributions from members	$ 3,858,608	$ 3,705,549	$ 153,059	4.13%
Charges for services to other government agencies	5,471,608	5,088,992	382,616	7.52%
Other nonoperating revenue	1,307,331	1,155,994	151,337	13.09%
Member agency assessments	1,436,701	1,157,490	279,211	24.12%
State grants	710,996	1,005,107	(294,111)	(29.26)%
Total Operating Revenues	12,785,244	12,113,132	672,112	5.55%
Expenses:				
Operating expenses	10,164,493	9,957,449	207,044	2.08%
Nonoperating expenses	860,784	881,715	(20,931)	(2.37)%
Total Expenses	11,025,277	10,839,164	186,113	1.72%
Increase in Net Position	$ 1,759,967	$ 1,273,968	$ 485,999	38.15%

Capital Assets

Capital assets consist of the following at June 30:

	2022	2021	Dollar Change	Percentage Change
Construction in progress	$ 1,500,754	$ 15,520,248	$ (14,019,494)	(90.33)%
Plant equipment	107,952,404	90,434,314	17,518,090	19.37%
Lab equipment	74,584	81,270	(6,686)	(8.23)%
Office equipment	76,136	76,136	-	0.00%
Vehicles	488,234	488,234	-	0.00%
Subtotal	110,092,112	106,600,202	3,491,910	3.28%
Less: Accumulated depreciation	(44,666,991)	(42,436,538)	2,230,453	5.26%
Total Capital Assets, Net	$ 65,425,121	$ 64,163,664	$ 1,261,457	1.97%

Financial Analysis of the SEJPA (Continued)

Capital Assets (Continued)

The net additions to capital assets for fiscal year 2022 totaled $1,261,457. Capital asset additions are primarily related to the Water Campus Improvement project.

Long-Term Debt

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

	2022	2021	Dollar Change	Percentage Change
2017 Revenue Bonds	$ 22,525,600	$ 23,055,823	$ (530,223)	(2.30)%
Private placement loan payable	1,153,413	1,250,662	(97,249)	(7.78)%
SFID Reimbursement Agreement	394,456	415,508	(21,052)	(5.07)%
Solana Beach Reimbursement Agreement	432,554	442,184	(9,630)	(2.18)%
SDG&E financing agreement	266,941	320,329	(53,388)	(16.67)%
Total Long-Term Debt	$ 24,772,964	$ 25,484,506	$ (711,542)	(2.79)%

The total long-term debt decreased by $711,542 primarily due to principal payments on the 2017 Revenue Bonds and the private placement loan payable.

Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2022-23 sanitary fund operations and maintenance budget is $2,562,032. The water reclamation budget is $2,349,413. Sales of reclaimed water are budgeted to be 1,637 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 $209,000 and is $50,000 higher than last year's budget levels due to increase to the recycled water program.

The capital project program will have a budget of $3,180,000 during the upcoming year. This is primarily for improvements to the wastewater, ocean outfall, pump stations, and reclamation programs.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) for wastewater treatment provided to the member agencies, the budgeted cost is approximately $201 per EDU per year for 2022-23. This represents a 9.5% increase from 2021-22. The Encinitas Ranch Golf Course pays a set annual price for interruptible 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 revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

Economic Factors (Continued)

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.

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, 2022

ASSETS		
Current Assets: (Notes 1, 2, 3 and 4)		
Cash and cash equivalents	$	17,557,317
Due from other governmental agencies		1,654,430
Accrued interest receivable		318,273
Prepaid expenses		78,171
Current portion of loans receivable		475,000
Total Current Assets		20,083,191
Noncurrent Assets: (Notes 1, 2, 4 and 5)		
Restricted Assets:		
Cash and cash equivalents		2,589
Total Restricted Assets		2,589
Lease receivable		462,853
Loans receivable, net of current portion		20,295,000
Capital Assets:		
Nondepreciable		1,500,754
Depreciable, net of accumulated depreciation		63,924,367
Total Capital Assets		65,425,121
Total Noncurrent Assets		86,185,563
TOTAL ASSETS		106,268,754
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 11 and 12)		
Deferred outflows related to pensions		860,070
Deferred outflows related to OPEB		63,596
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	923,666

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

LIABILITIES		
Current Liabilities: (Notes 3, 6, 7 and 9)		
Accounts payable	$	866,018
Accrued liabilities		153,364
Accrued interest payable		291,464
Due to other government agencies		183,013
Due to other funds		185,000
Unearned revenue		2,477,271
Current portion of revenue bonds		475,000
Current portion of private placement loan payable		101,327
Current portion of SDG&E financing agreement		53,388
Current portion of compensated absences		75,443
Total Current Liabilities		4,861,288
Noncurrent Liabilities: (Notes 1, 6, 7, 8, 9, 10, 11 and 12)		
Long-Term Debt:		
Revenue bonds, net of current portion		22,050,600
Private placement loan payable, net of current portion		1,052,086
SFID reimbursement agreement payable		394,456
Solana Beach reimbursement agreement payable		432,554
SDG&E financing agreement, net of current portion		213,553
Total Long-Term Debt		24,143,249
Other Noncurrent Liabilities:		
Net pension liability		1,883,516
Net OPEB obligation		470,663
Compensated absences, net of current portion		508,261
Total Other Noncurrent Liabilities		2,862,440
Total Noncurrent Liabilities		27,005,689
Total Liabilities		31,866,977
DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 12)		
Deferred inflows related to pensions		1,807,989
Deferred inflows related to OPEB		133,246
Deferred inflows related to leases		462,853
TOTAL DEFERRED INFLOWS OF RESOURCES		2,404,088
Commitments and Contingencies (Notes 11, 12 and 13)		
NET POSITION:		
Net investment in capital assets		40,652,157
Unrestricted		32,269,198
Total Net Position	$	72,921,355

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, 2022

Operating Revenues:	
Charges for services to other government agencies	$ 5,471,608
Contributions from City of Encinitas	2,175,358
Contributions from City of Solana Beach	1,683,250
Total Operating Revenues	9,330,216
Operating Expenses:	
Personnel costs	3,718,257
Depreciation and amortization	2,252,609
Contracted services	1,434,041
Utilities	1,021,976
Supplies	742,864
Disposal services	271,742
Repair parts expense	225,364
Rent	143,729
Permit/purveyor fees	136,237
Miscellaneous	109,949
Insurance	107,725
Total Operating Expenses	10,164,493
Operating Loss	(834,277)
Nonoperating Revenues (Expenses):	
Investment income	946,457
State grants	710,996
Other	344,396
Rental income	16,478
Loss on disposal of capital assets	(4,722)
Interest expense	(856,062)
Total Nonoperating Revenues (Expenses)	1,157,543
Income Before Capital Contributions	323,266
Capital Contributions:	
Member agency assessments	1,436,701
Total Capital Contributions	1,436,701
Change in Net Position	1,759,967
Net Position at Beginning of Year, Restated	71,161,388
NET POSITION AT END OF YEAR	$ 72,921,355

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, 2022

Cash Flows From Operating Activities:	
Cash received from customers	$ 11,449,759
Cash payments to suppliers for goods and services	(4,809,733)
Cash payments to employees for services	(3,903,831)
Net Cash Provided by Operating Activities	2,736,195
Cash Flows From Noncapital and Related Financing Activities:	
Rental and other nonoperating income	360,874
Net Cash Provided by Noncapital and Related Financing Activities	360,874
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(3,518,788)
Principal paid on long-term debt	(641,319)
Interest paid on long-term debt	(931,221)
Proceeds of state grants	710,996
Capital contributions	1,436,701
Net Cash Used in Capital and Related Financial Activities	(2,943,631)
Cash Flows From Investing Activities:	
Proceeds from loans receivable	460,000
Investment income	931,461
Net Cash Provided by Investing Activities	1,391,461
Net Increase in Cash and Cash Equivalents	1,544,899
Cash and Cash Equivalents at Beginning of Year	16,015,007
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 17,559,906

(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, 2022

Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities:	
Operating loss	$ (834,277)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,252,609
Change in assets and liabilities:	
Due from other governmental agencies	1,139,359
Prepaid expenses	(31,834)
Deferred outflows related to pensions	18,864
Deferred outflows related to OPEB	6,704
Accounts payable	(584,272)
Accrued liabilities	(151,095)
Due to other government agencies	(188,240)
Due to other funds	80,000
Unearned revenue	1,168,424
Net pension liability	(1,735,563)
Net OPEB obligation	(124,876)
Compensated absences	(26,803)
Deferred inflows related to pensions	1,613,949
Deferred Inflows related to OPEB	133,246
Net Cash Provided by Operating Activities	$ 2,736,195

Cash and Cash Equivalents:	
Financial Statement Classification	
Cash and cash equivalents	$ 17,557,317
Restricted cash and cash equivalents	2,589
Total Cash and Cash Equivalents	$ 17,559,906

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, 2022

		Post-Employment Benefits Trust
ASSETS		
Cash	$	392,737
Due from other funds		185,000
Total Assets	$	577,737
NET POSITION		
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	$	577,737

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, 2022

		Post-Employment Benefits Trust
ADDITIONS:		
Contributions	$	185,000
Investment loss		(55,385)
Total Additions		129,615
DEDUCTIONS:		
Administative fees		2,188
Total deductions		2,188
Change in Net Assets		127,427
Net Position - Beginning of Year - Restated		450,310
Net Position - End of year	$	577,737

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, 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.

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, 2022.

Leases

SEJPA is a lessor as detailed in Note 12. 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.

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 is composed of fixed payments from the lessee.

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

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 $2,252,609 for the year ended June 30, 2022.

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 $70,223 for the year ended June 30, 2022 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 $583,704 is accrued when incurred and included in noncurrent liabilities at June 30, 2022.

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 outflows 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.

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, 2022, 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 $25,000,000 per occurrence and in aggregate. CSRMA is self-insured up to $15,500,000 and additional $10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to $25,500,000. 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 - $62,615,596 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 $25,000 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 $107,725 for the year ended June 30, 2022. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

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

Significant Accounting Policies (Continued)

Postemployment 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, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

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 41% of its operating revenues from its member agencies for the year ended June 30, 2022.

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 December 13bv , 2022, the date the financial statements were available to be issued.

Reclassification

SEJPA has reclassified certain prior year information to conform with the current year presentation.

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

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

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, 2022:

	Maturity in Years 1 Year or Less	Total
Cash on hand	$ 177	$ 177
California Local Agency Investment Fund (LAIF)	16,097,365	16,097,365
Deposits with financial institutions	1,462,364	1,462,364
Mutual funds	392,737	392,737
Total Cash and Cash Equivalents	$ 17,952,643	$ 17,952,643
Statement of Net Position:		
Cash and cash equivalents	$ 17,557,317	$ 17,557,317
Restricted cash and cash equivalents	2,589	2,589
Total Statement of Net Position	17,559,906	17,559,906
Statement of Fiduciary Net Position:		
Cash	392,737	392,737
Total Statement of Fiduciary Net Position	392,737	392,737
Total Cash and Cash Equivalents	$ 17,952,643	$ 17,952,643

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, 2022.

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, 2022.

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, 2022, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2022, 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. 2022:

California Local Agency Investment Fund (LAIF)	$ 16,097,365
Deposits with financial institutions	1,462,364
Cash on hand	177
Total	$ 17,559,906

Note 3 - Due From Other Government Agencies:

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2022:

San Diego County Water Authority	$ 1,144,013
San Dieguito Water District	235,628
Santa Fe Irrigation District	150,804
Encina Wastewater Authority	78,720
Olivenhain Municipal Water District	58,447
Other	17,100
City of Del Mar	5,699
Encinitas Ranch Golf Authority	2,912
City of Solana Beach	(24,711)
Rancho Santa Fe CSD No. 2 and No. 3	(28,769)
City of Escondido	(43,817)
City of Encinitas	(124,609)
Total	$ 1,471,417

Financial Statement Classification:	
Due from other government agencies	$ 1,654,430
Due to other government agencies	(183,013)
Total	$ 1,471,417

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:

	2022	2021
City of Solana Beach	$ 10,385,000	$ 10,615,000
City of Encinitas	10,385,000	10,615,000
Subtotal	20,770,000	21,230,000
Less current portion	(475,000)	(460,000)
Total	$ 20,295,000	$ 20,770,000

Note 5 - Capital Assets:

Capital assets consist of the following at June 30:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets Not Being Depreciated:				
Construction in progress	$ 15,520,248	$ 5,800,665	$ (19,820,159)	$ 1,500,754
Capital Assets Being Depreciated:				
Plant equipment	90,434,314	17,538,282	(20,192)	107,952,404
Lab equipment	81,270	-	(6,686)	74,584
Office equipment	76,136	-	-	76,136
Vehicles	488,234	-	-	488,234
Total Capital Assets Being Depreciated	91,079,954	17,538,282	(26,878)	108,591,358
Less: Accumulated depreciation for:				
Plant equipment	(42,060,819)	2,191,838	17,476	(44,235,181)
Lab equipment	(73,166)	(2,418)	4,680	(66,068)
Office equipment	(74,490)	981	-	(75,471)
Vehicles	(228,063)	62,208	-	(290,271)
Net Capital Assets Being Depreciated	48,643,416	15,285,673	(4,722)	63,924,367
Net Capital Assets	$ 64,163,664	$ 21,086,338	$ (19,824,881)	$ 65,425,121

Note 6 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2022:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year	Due in More Than One year
Long-Term Debt:						
2017 Revenue Bonds	$ 21,230,000	$ -	$ (460,000)	$ 20,770,000	$ 475,000	$ 20,295,000
Original issue premium	1,825,823	-	(70,223)	1,755,600	-	1,755,600
Private placement loan payable	1,250,662	-	(97,249)	1,153,413	101,327	1,052,086
Reimbursement agreements payable:						
Santa Fe Irrigation	415,508	-	(21,052)	394,456	-	394,456
Solana Beach	442,184	-	(9,630)	432,554	-	432,554
SDG&E financing agreement	320,329	-	(53,388)	266,941	53,388	213,553
Total Long-Term Debt	25,484,506	-	(711,542)	24,772,964	629,715	24,143,249
Other Noncurrent Liabilities:						
Compensated absences	610,507	255,120	(281,923)	583,704	75,443	508,261
Total OPEB liability	595,539	46,450	(171,326)	470,663	-	470,663
Net pension liability	3,619,079	-	(1,735,563)	1,883,516	-	1,883,516
Total Other Noncurrent Liabilities	4,825,125	301,570	(2,188,812)	2,937,883	75,443	2,862,440
Total Noncurrent Liabilities	$ 30,309,631	$ 301,570	$ (2,900,354)	$ 27,710,847	$ 705,158	$ 27,005,689

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 $20,770,000 and accrued interest totaled $287,475 at June 30, 2022, 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
2023	$ 475,000	$ 862,425
2024	490,000	848,175
2025	510,000	828,575
2026	535,000	803,075
2027	560,000	776,325
2028-2032	3,255,000	3,431,625
2033-2037	4,085,000	2,605,925
2038-2042	4,905,000	1,772,562
2043-2047	5,955,000	733,000
Total	$ 20,770,000	$ 12,661,687

Note 8 - 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 $1,153,413 at June 30, 2022. Accrued interest totaled $3,989 at June 30, 2022. 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
2023	$ 101,327	$ 46,826
2024	105,576	42,577
2025	110,003	38,151
2026	114,615	33,538
2027	119,421	28,732
2028-2032	602,471	64,218
	$ 1,153,413	$ 254,042

Note 9 - 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 at a monthly 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 $394,456 at June 30, 2022.

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 of the extension to SEJPA. SEJPA shall reimburse Solana Beach at a monthly rate of $450 per acre foot of recycled water delivered to any customers through the extension. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated and the agreement is considered noncurrent. The Solana Beach Reimbursement Agreement Payable totaled $432,554 at June 30, 2022.

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.

Note 9 - Reimbursement Agreement Payable: (Continued)

San Diego Gas & Electric Loan (Continued)

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

Years Ended June 30	Principal	Interest	Total
2023	$ 53,388	$ -	$ 53,388
2024	53,388	-	53,388
2025	53,388	-	53,388
2026	53,388	-	53,388
2027	53,389	-	53,389
Total	$ 266,941	$ -	$ 266,941

Note 10 - 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 $149 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, 2022, the date of the latest actuarial valuation:

Active plan members	18
Retirees	6
Total	24

Contributions

The obligations 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.

Note 10 - Postemployment Benefits: (Continued)

Net OPEB Liability

SEJPA's OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Discount Rate	4.09%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	N/A
Mortality, Termination, and Disability	Most recent CalPERS pension plan experience study.
Mortality Improvement Scale	Modified MP-2020, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension Plan
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.25% initially reduced by decrements to an ultimate of 4.5% therefore.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2021. SEJPA completes a new actuarial valuation every two years. The next valuation will be dated June 30, 2023 and will be used for financial reporting for fiscal years ending June 30, 2023 and 2024.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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 20-Bond GO Index, and Fidelity 20-Year Go Municipal Bond Index.

Note 10 - Postemployment Benefits: (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 595,539	$ -	$ 595,539
Changes Recognized for the Measurement Period:			
Service cost	32,952	-	32,952
Interest	13,498	-	13,498
Change in assumptions	(140,644)	-	(140,644)
Difference between expected and actual experience	(6,277)	-	(6,277)
Contributions - Employer	-	24,405	(24,405)
Benefit payments	(24,405)	(24,405)	-
Net Changes	(124,876)	-	(124,876)
Balance at June 30, 2022	$ 470,663	$ -	$ 470,663

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 (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

	Plan's Total OPEB Liability/(Asset)		
	Discount Rate - 1% (3.09%)	Current Discount Rate (4.09%)	Discount Rate +1% (5.09%)
Net OPEB Liability	$ 537,438	$ 470,663	$ 416,352

Change in Assumptions

For the measurement period ended June 30, 2022, the discount rate used to calculate the net OPEB liability changed from 2.19% to 4.09%.

Note 10 - 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 (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	Plan's Total OPEB Liability		
	Discount Rate - 1% (5.25% Decreasing to 3.5%)	Healthcare Cost Trend Rates (6.25% Decreasing to 4.5%)	Discount Rate +1% (7.25% Decreasing to 5.5%)
Net OPEB Liability	$ 405,207	$ 470,663	$ 553,310

OPEB Expense

For the fiscal year ended June 30, 2022, SEJPA recognized OPEB expense of $39,479.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2022 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 9,363	$ (5,580)
Changes of assumptions	54,233	(127,666)
Total	$ 63,596	$ (133,246)

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
2023	$ (6,971)
2024	(6,970)
2025	(5,646)
2026	(5,640)
2027	(7,524)
Thereafter	(36,899)
Total	$ (69,650)

Note 11 - 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, 2022, are summarized as follows:

	Miscellaneous		
	Prior to	On or After July 1, 2012	
Hire date	July 1, 2012	Second Tier	PEPRA
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	8.00%	7.00%	6.75%
Required employer contribution rates	12.20%	8.65%	7.59%

* 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 $270,625 toward the unfunded actuarial liability during the year ended June 30, 2022. 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.

Note 11 - Defined Benefit Pension Plan: (Continued)

General Information About the Pension Plans (Continued)

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.

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, 2022:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	$ 1,883,516

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, 2021, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2021, 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, 2020, 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, 2021, 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, 2021, to obtain the total pension liability and fiduciary net position as of June 30, 2021. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

Note 11 - 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, 2020 and 2021 was as follows:

	Miscellaneous Risk Pool
Proportionate at Measurement Date - June 30, 2020	0.085799
Proportionate at Measurement Date - June 30, 2021	0.099195
Change - Increase (Decrease)	0.013396

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

For the year ended June 30, 2022, SEJPA recognized pension expense of $419,778. At June 30, 2022, 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	$ 511,854	$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(163,779)
Changes in proportions	137,000	-
Differences between actual and expected experience	211,216	-
Net difference between projected and actual earnings on plan investments	-	(1,644,210)
Total	$ 860,070	$ (1,807,989)

The $511,854 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30	
2023	$ (308,851)
2024	(328,216)
2025	(368,334)
2026	(454,374)
2027	-
Total	$ (1,459,775)

Note 11 - 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, 2020 actuarial valuations were determined using the following actuarial assumptions:

	2.5% @ 55	2% @ 60	2% @ 62
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%
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 7.15%. 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 7.15% 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, 2021 based on June 30, 2020 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 11 - 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	New Strategy Allocation	Real Return Years 1 - 10[a]	Real Return Years 11 +[b]
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)
	100.0%		

[a]An expected inflation of 2.0% used for this period
[b]An expected inflation of 2.92% used for this period

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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
SEJPA's proportionate share of the miscellaneous risk pool's pension liability	$ 4,061,859	$ 1,883,516	$ 82,710

Note 12 - 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, 2022, the total unpaid amount on these contracts is approximately $2,103,591.

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.

Note 12 - Commitments and Contingencies: (Continued)

Cell Site Lease

The SEJPA has entered into a Communications Site License Agreement as lessor with a five-year renewal options lease term. The lessees are required to make annual fixed payments staring at $20,400 and increasing 3% annually. At June 30, 2022; the lease receivable totaled $462,853 and deferred inflow of resources totaled $462,853. The District recognized $29,086 in lease revenue during the year ended June 30, 2022.

Coronavirus Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SEJPA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on SEJPA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on SEJPA's customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact SEJPA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 13 - New Governmental Accounting Standards:

GASB No. 91

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91 "Conduit Debt Obligations". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. SEJPA has not determined the effects of this pronouncement on the financial statements of SEJPA in the year of implementation.

GASB No. 92

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92 "Omnibus 2020". The requirements of this statement are effective at various dates up to and including fiscal years and reporting periods beginning after June 15, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not and is not expected to have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 93

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93 "Replacement of Interbank Offered Rates". The requirements of this statement are effective at various dates up to and including reporting periods ending after December 31, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement is not expected to have a material effect on the financial statements of SEJPA in the year of implementation.

Note 13 - 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. SEJPA has not yet determined the effects of this pronouncement on the financial statements in the year of implementation.

GASB No. 95

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing for one year the effective dates of GASB Statements 83, 84, 88 – 93 as well as implementation guides 2018-1, 2019-1 and 2019-2. In addition, the effective dates of GASB Statement 87 and Implementation Guide 2019-3 have been postponed by 18 months.

GASB No. 96

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA's). This Statement (1) defines SBITA's (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. SEJPA has not determined the effects of this pronouncement on the financial statements of SEJPA in the year of implementation.

GASB No. 97

In June 2020, the Governmental Accounting Standards issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84 and Supersession of GASB Statement No. 32". This statement requires that for purposes of determining whether a primary government is financial accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority. The statement requires that a Section 457 plan be classified as either pension or other employee benefit plan depending on whether the plan meets the definition of a pension plan. This statement supersedes the remaining provisions of GASB Statement No. 32.

Note 13 - New Governmental Accounting Standards: (Continued)

GASB No. 98

In October 2021 Governmental Accounting Standards Board issued Statement No. 98 “The Annual Comprehensive Financial Report”. The statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. Application of this statement did not have a material effect on SEJPA’s financial statements for the fiscal year ending June 30, 2022.

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 GAB 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 and is not expected to 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 is not anticipated to 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 is not anticipated to have a material effect on the financial statements of SEJPA in the year of implementation.

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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

	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017
Proportion of the Net Pension Liability	0.099195%	0.085799%	0.082537%	0.079550%	0.081861%
Proportionate Share of the Net Pension Liability	$ 1,883,516	$ 3,619,079	$ 3,305,214	$ 2,998,025	$ 3,227,017
Covered Payroll - Measurement Period	$ 2,286,481	$ 2,118,208	$ 2,072,596	$ 1,930,102	$ 1,916,333
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	82.38%	170.86%	159.47%	155.33%	168.40%
Plan's Fiduciary Net Position	$ 14,615,225	$ 11,895,680	$ 11,362,690	10,450,711	$ 9,717,557
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	88.58%	76.67%	77.47%	77.71%	75.07%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 574,840	$ 531,495	$ 470,825	$ 398,079	$ 367,677

	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014	Measurement Date June 30, 2013	Measurement Date June 30, 2012
Proportion of the Net Pension Liability	0.079200%	0.089800%	0.081140%	N/A	N/A
Proportionate Share of the Net Pension Liability	$ 2,924,994	$ 2,463,640	$ 1,937,636	$ N/A	$ N/A
Covered Payroll - Measurement Period	$ 1,829,430	$ 1,718,001	$ 1,707,696	$ N/A	$ N/A
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	159.89%	143.40%	113.46%	N/A	N/A
Plan's Fiduciary Net Position	$ 8,477,710	$ 8,203,952	$ 7,976,883	$ N/A	$ N/A
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.35%	76.91%	80.46%	N/A	N/A
Plan's Proportionate Share of Aggregate Employer Contributions	$ 315,703	$ 308,067	$ 215,709	$ N/A	$ N/A

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, 2022

SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS

	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021	Fiscal Year 2019 - 2020	Fiscal Year 2018 - 2019	Fiscal Year 2017 - 2018
Actuarially Determined Contribution	$ 511,854	$ 466,121	$ 403,880	$ 356,338	$ 302,451
Contributions in Relation to the Actuarially Determined Contributions	(511,854)	(466,121)	(404,110)	(356,338)	(302,451)
Contributions Deficiency (Excess)	$ -	$ -	$ (230)	$ -	$ -
Covered Payroll - Fiscal Year	$ 2,420,193	$ 2,286,481	$ 2,118,208	$ 2,072,596	$ 1,930,102
Contributions as a Percentage of Covered Payroll	21.15%	20.39%	19.08%	17.19%	15.67%
Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016

	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016	Fiscal Year 2014 - 2015	Fiscal Year 2013 - 2014	Fiscal Year 2012 - 2013
Actuarially Determined Contribution	$ 302,683	$ 286,852	$ 267,504	$ 256,232	$ N/A
Contributions in Relation to the Actuarially Determined Contributions	(437,683)	(441,852)	(267,504)	(256,232)	N/A
Contributions Deficiency (Excess)	$ (135,000)	$ (125,000)	$ -	$ -	$ N/A
Covered Payroll - Fiscal Year	$ 1,916,333	$ 1,829,430	$ 1,718,001	$ 1,707,696	$ N/A
Contributions as a Percentage of Covered Payroll	22.84%	22.51%	15.57%	15.00%	N/A
Valuation Date	June 30, 2015	June 30, 2014	June 20, 2013	June 20, 2012	

<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	7.15%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
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, 2022

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

Measurement Period	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	$ 32,952	$ 27,919	$ 23,405	$ 19,445	$ 18,879	$ 18,267	$ N/A	$ N/A	$ N/A	$ N/A
Interest	13,498	13,759	15,314	15,625	14,565	13,926	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Differences between expected and actual experience	(6,277)	6,728	-	8,259	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A	N/A	N/A	N/A
Benefit payments	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A	N/A	N/A
Net Change in Total OPEB Liability	(124,876)	52,605	71,910	38,004	10,000	18,951	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	595,539	542,934	471,024	433,020	423,020	404,069	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	$ 470,663	$ 595,539	$ 542,934	$ 471,024	$ 433,020	$ 423,020	$ N/A	$ N/A	$ N/A	$ N/A
Plan Fiduciary Net Position										
Contributions - Employer	$ 24,405	$ 18,556	$ 16,528	$ 12,096	$ 14,170	$ 13,242	$ N/A	$ N/A	$ N/A	$ N/A
Net investment income	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Benefit payments	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A	N/A	N/A
Administrative expense	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A	$ N/A
District's Net OPEB Liability - Ending (a) - (b)	$ 470,663	$ 595,539	$ 542,934	$ 471,024	$ 433,020	$ 423,020	$ N/A	$ N/A	$ 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%	N/A	N/A	N/A	N/A
Covered Employee Payroll - Measurement Period	$ 2,420,193	$ 2,188,001	$ 2,104,992	$ 2,043,682	$ N/A	$ 1,856,890	$ N/A	$ N/A	$ N/A	$ N/A
Net OPEB Liability as a Percentage of Covered - Employee Payroll	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A	N/A	N/A	N/A

SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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

Notes to Schedules:

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement Period - Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Valuation Date	June 30, 2016
Measurement Period - Fiscal Year Ended	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, 2022

ASSETS

	Wastewater	Recycled	Total
Current Assets:			
Cash and cash equivalents	$ 13,244,827	$ 4,312,490	$ 17,557,317
Due from other government agencies	13,256	1,641,174	1,654,430
Accrued interest receivable	314,979	3,294	318,273
Prepaid expenses	60,478	17,693	78,171
Current portion of loan receivable	475,000	-	475,000
Total Current Assets	14,108,540	5,974,651	20,083,191
Noncurrent Assets:			
Cash and cash equivalents	2,589	-	2,589
Total Restricted Assets	2,589	-	2,589
Lease receivable	462,853	-	462,853
Loans receivable, net of current portion	20,295,000	-	20,295,000
Capital Assets:			
Nondepreciable	856,425	644,329	1,500,754
Depreciable, net of accumulated depreciation	47,080,372	16,843,995	63,924,367
Total Capital Assets	47,936,797	17,488,324	65,425,121
TOTAL ASSETS	82,805,779	23,462,975	106,268,754
Deferred Outflows of Resources			
Deferred outflows related to pensions	725,039	135,031	860,070
Deferred outflows related to OPEB	53,611	9,985	63,596
Total Deferred Outflows of Resources	778,650	145,016	923,666

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2022

LIABILITIES

	Wastewater	Recycled	Total
Current Liabilities:			
Accounts payable	$ 556,492	$ 309,526	$ 866,018
Accrued liabilities	120,433	32,931	153,364
Accrued interest payable	287,475	3,989	291,464
Due to other government agencies	183,013	-	183,013
Due to other funds	185,000	-	185,000
Unearned revenue	640	2,476,631	2,477,271
Current portion of noncurrent liabilities	592,982	112,176	705,158
Total Current Liabilities	1,926,035	2,935,253	4,861,288
Noncurrent Liabilities:			
Long-Term Debt:			
Revenue bonds, net of current portion	22,050,600	-	22,050,600
Private placement loan payable, net of current portion	-	1,052,086	1,052,086
SFID reimbursement agreement payable	-	394,456	394,456
Solana Beach reimbursement agreement payable	-	432,554	432,554
SDG&E financing agreement, net of current portion	213,553	-	213,553
Total Long-Term Debt	22,264,153	1,879,096	24,143,249
Other Noncurrent Liabilities:			
Net pension liability	1,587,804	295,712	1,883,516
Net OPEB obligation	396,769	73,894	470,663
Compensated absences, net of current portion	435,195	73,066	508,261
Total Other Noncurrent Liabilities	2,419,768	442,672	2,862,440
Total Noncurrent Liabilities	24,683,921	2,321,768	27,005,689
Total Liabilities	26,609,956	5,257,021	31,866,977
DEFERRED INFLOWSOF RESOURCES: (Notes 1 and 9)			
Deferred inflows related to pensions	1,524,135	283,854	1,807,989
Deferred inflows related to OPEB	112,326	20,920	133,246
Deferred inflows related to leases	462,853	-	462,853
Total Deferred Inflows of Resources	2,099,314	304,774	2,404,088
NET POSITION:			
Net investment in capital assets	25,144,256	15,507,901	40,652,157
Unrestricted	29,730,903	2,538,295	32,269,198
Total Net Position	$ 54,875,159	$ 18,046,196	$ 72,921,355

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Wastewater	Recycled	Total
Operating Revenues:			
Charges for services to other government agencies	$ 2,153,247	$ 3,318,361	$ 5,471,608
Contributions from City of Encinitas	2,175,358	-	2,175,358
Contributions from City of Solana Beach	1,683,250	-	1,683,250
Total Operating Revenues	6,011,855	3,318,361	9,330,216
Operating Expenses:			
Personnel costs	3,021,555	696,702	3,718,257
Depreciation and amortization	1,541,133	711,476	2,252,609
Contracted services	1,209,313	224,728	1,434,041
Utilities	594,839	427,137	1,021,976
Supplies	491,796	251,068	742,864
Disposal services	271,742	-	271,742
Repair parts expense	162,977	62,387	225,364
Rent	18,086	125,643	143,729
Permit/purveyor fees	84,233	52,004	136,237
Miscellaneous	68,664	41,285	109,949
Insurance	90,258	17,467	107,725
Total Operating Expenses	7,554,596	2,609,897	10,164,493
Operating (Loss)	(1,542,741)	708,464	(834,277)
Nonoperating Revenues (Expenses):			
Investment income	940,042	6,415	946,457
State grants	-	710,996	710,996
Other	308,996	35,400	344,396
Rental income	16,478	-	16,478
Loss on disposal of capital assets	(4,722)	-	(4,722)
Interest expense	(801,401)	(54,661)	(856,062)
Total Nonoperating Revenues (Expenses)	459,393	698,150	1,157,543
(Loss) Before Capital Contributions	(1,083,348)	1,406,614	323,266
Capital Contributions:			
Member agency assessments	1,436,701	-	1,436,701
Total Capital Contributions	1,436,701	-	1,436,701
Change in Net Position	353,353	1,406,614	1,759,967
Net Position at Beginning of Year, Restated	54,521,807	16,639,581	71,161,388
NET POSITION AT END OF YEAR	$ 54,875,160	$ 18,046,195	$ 72,921,355

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Wastewater	Recycled	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 6,399,272	$ 5,050,487	$ 11,449,759
Cash payments to suppliers for goods and services	(2,932,000)	(1,797,733)	(4,729,733)
Cash payments to employees for services	(3,235,277)	(748,554)	(3,983,831)
Net Cash Provided by Operating Activities	231,995	2,504,200	2,736,195
Cash Flows From Noncapital and Related Financing Activities:			
Rental and other nonoperating income	325,474	35,400	360,874
Net Cash Provided by Noncapital and Related Financing Activities	325,474	35,400	360,874
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(3,160,467)	(358,321)	(3,518,788)
Principal paid on long-term debt	(513,388)	(127,931)	(641,319)
Interest paid on long-term debt	(876,224)	(54,997)	(931,221)
Proceeds of state grants	-	710,996	710,996
Capital contributions	1,436,701	-	1,436,701
Net Cash Used in Capital and Related Financial Activities	(3,113,378)	169,747	(2,943,631)
Cash Flows From Investing Activities:			
Proceeds from loans receivable	460,000	-	460,000
Investment income	928,385	3,076	931,461
Net Cash Provided by Investing Activities	1,388,385	3,076	1,391,461
Net (Decrease) Increase in Cash and Cash Equivalents	(1,167,524)	2,712,423	1,544,899
Cash and Cash Equivalents at Beginning of Year	14,414,940	1,600,067	16,015,007
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 13,247,416	$ 4,312,490	$ 17,559,906

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Wastewater	Recycled	Total
Reconciliation of Operating (Loss) Income to			
Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (1,542,741)	$ 708,464	$ (834,277)
Adjustments to reconcile operating income (loss) to			
net cash provided by operating activities:			
Depreciation	1,541,133	711,476	2,252,609
Change in assets and liabilities:			
Due from other governmental agencies	575,017	564,342	1,139,359
Prepaid expenses	(31,554)	(280)	(31,834)
Deferred outflows related to pensions	15,902	2,962	18,864
Deferred outflows related to OPEB	5,652	1,052	6,704
Accounts payable	11,462	(595,734)	(584,272)
Accrued liabilities	(117,741)	(33,354)	(151,095)
Due to other government agencies	(188,240)	-	(188,240)
Due to other funds	80,000	-	80,000
Unearned revenue	640	1,167,784	1,168,424
Net pension liability	(1,463,080)	(272,483)	(1,735,563)
Net OPEB obligation	(105,270)	(19,606)	(124,876)
Compensated absences	(22,070)	(4,733)	(26,803)
Deferred inflows related to pensions	1,360,559	253,390	1,613,949
Deferred inflows related to OPEB	112,326	20,920	133,246
Net Cash Provided by Operating Activities	$ 231,995	$ 2,504,200	$ 2,736,195

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

Schedule 4

SAN ELIJO JOINT POWERS AUTHORITY
SCHDULE OF OPERATING BUDGET COMPARISON - WASTEWATER
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance
Operating Revenues:			
Charges for services to other government agencies	$ 2,246,069	$ 2,153,247	$ 92,822
Contributions from the City of Encinitas	2,299,968	2,175,358	124,610
Contributions from the City of Solana Beach	1,707,961	1,683,250	24,711
Total Operating Revenues	6,253,998	6,011,855	242,143
Operating Expenses:			
Personnel costs	3,065,319	3,021,555	43,764
Utilities	558,190	594,839	(36,649)
Contracted services	1,138,533	1,209,313	(70,780)
Miscellaneous	189,283	68,664	120,619
Supplies	386,099	491,796	(105,697)
Rent	12,913	18,086	(5,173)
Repair parts expense	153,900	162,977	(9,077)
Insurance	90,767	90,258	509
Disposal services	267,900	271,742	(3,842)
Permit/purveyor fees	97,509	84,233	13,276
Contingency	159,000	-	159,000
Total Operating Expenses	6,119,413	6,013,463	105,950
Depreciation and Amortization	-	1,541,133	(1,541,133)
Operating Expenses, Net	6,119,413	7,554,596	(1,435,183)
Operating Income (Loss)	$ 134,585	$ (1,542,741)	$ 1,677,326

Schedule 5

SAN ELIJO JOINT POWERS AUTHORITY
SCHDULE OF OPERATING BUDGET COMPARISON - RECYCLED
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance
Operating Revenues:			
Charges for services to other government agencies	$ 3,843,407	$ 3,318,361	$ 525,046
Total Operating Revenues	3,843,407	3,318,361	525,046
Operating Expenses:			
Personnel costs	658,874	696,702	(37,828)
Utilities	351,750	427,137	(75,387)
Contracted services	324,294	224,728	99,566
Miscellaneous	33,997	41,286	(7,289)
Supplies	298,275	251,068	47,207
Rent	117,100	125,643	(8,543)
Repair parts expense	50,000	62,387	(12,387)
Insurance	16,816	17,467	(651)
Permit/purveyor fees	32,594	52,004	(19,410)
Total Operating Expenses	1,883,700	1,898,422	(14,722)
Depreciation and Amortization	-	711,475	(711,475)
Operating Expenses, Net	1,883,700	2,609,897	(726,197)
Operating Income	$ 1,959,707	$ 708,464	$ 1,251,243