

**SAN ELIJO JOINT POWERS AUTHORITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023**



Leaf & Cole, LLP  
*Certified Public Accountants*

**SAN ELIJO JOINT POWERS AUTHORITY  
FINANCIAL STATEMENTS  
JUNE 30, 2023**

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*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, 2023, 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, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Elijo Joint Powers Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Elijo Joint Powers Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 43 to 46 as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise San Elijo Joint Powers Authority's basic financial statements. The combining schedule of net position, the combining schedule of revenues, expenses and changes in net position, and the combining schedule of cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of net position, combining schedule of revenues, expenses, and changes in net position and combining schedule of cash flows are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the 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 describe it in our report.

*Leaf & Cole LLP*

San Diego, California  
December 12, 2023

## 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, 2023. Please read it in conjunction with SEJPA’s financial statements which begin on page 9.

### **Financial Statements**

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

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

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

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

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

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Statements (Continued)

#### Financial Highlights

Net position increased by \$1,187,777 in the business-type activities and \$340,970 in the fiduciary fund for the year ended June 30, 2023.

Revenues totaled \$13,899,860 in the business-type activities and \$343,430 in the fiduciary fund for the year ended June 30, 2023, an increase of \$1,114,616 in the business-type activities resulting from a significant increase in member agency assessments and operating contributions from members offset by a decrease in state grants.

Expenses totaled \$12,712,083 in the business-type activities for the year ended June 30, 2023. Expense increased \$1,692,806 or 15.29% over the previous year primarily due to increases depreciation, personnel, and utilities.

#### 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:

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current and other assets	\$ 53,184,664	\$ 40,843,633	\$ 12,341,031	30.21%
Capital assets	63,312,465	65,425,121	(2,112,656)	(3.23)%
Total Assets	<u>116,497,129</u>	<u>106,268,754</u>	<u>10,228,375</u>	9.62%
<u>Deferred Outflows of Resources</u>	<u>2,246,837</u>	<u>923,666</u>	<u>1,323,171</u>	43.25%
<u>Liabilities:</u>				
Current liabilities	5,189,863	4,861,288	328,575	6.75%
Noncurrent liabilities	38,418,708	27,005,689	11,413,019	42.26%
Total Liabilities	<u>43,608,571</u>	<u>31,866,977</u>	<u>11,741,594</u>	36.84%
<u>Deferred Inflows of Resources</u>	<u>1,026,263</u>	<u>2,404,088</u>	<u>(1,377,825)</u>	(34.25)%
<u>Net Position:</u>				
Net investment in capital assets	39,274,730	40,652,157	(1,377,427)	(3.50)%
Unrestricted	34,834,402	32,269,198	2,565,204	7.94%
Total Net Position	<u>\$ 74,109,132</u>	<u>\$ 72,921,355</u>	<u>\$ 1,187,777</u>	1.62%

Net position increased by \$1,187,777 in the business-type activities from fiscal year 2022 to 2023. Net investment in capital assets decreased \$1,377,427 in fiscal year 2023. This decrease is the result of depreciation expense exceeding the amount spent on capital assets. In addition, in the current year, the SEJPA issued \$10,120,000 in long-term debt.

Unrestricted net position (those that can be used to finance day-to-day operations) increased \$2,565,204 primarily due to the change in net position and the decrease in net investment in capital assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of SEJPA (Continued)

#### Revenues, Expenses and Change in Net Position

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

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b><u>Revenues:</u></b>				
Operating contributions from members	\$ 4,367,172	\$ 3,858,608	\$ 508,564	13.17%
Charges for services to other government agencies	5,611,922	5,471,608	140,314	2.56%
Other nonoperating revenue	1,430,273	1,307,331	122,942	9.40%
Member agency assessments	2,369,487	1,436,701	932,786	64.92%
State grants	121,006	710,996	(589,990)	(87.57)%
Total Operating Revenues	<u>13,899,860</u>	<u>12,785,244</u>	<u>1,114,616</u>	8.71%
<b><u>Expenses:</u></b>				
Operating expenses	11,718,136	10,164,493	1,553,643	15.28%
Nonoperating expenses	993,947	860,784	133,163	15.46%
Total Expenses	<u>12,712,083</u>	<u>11,025,277</u>	<u>1,686,806</u>	15.29%
Increase in Net Position	<u>\$ 1,187,777</u>	<u>\$ 1,759,967</u>	<u>\$ (572,190)</u>	48.17%

#### Capital Assets

Capital assets consist of the following at June 30:

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Construction in progress	\$ 1,807,214	\$ 1,500,754	\$ 306,460	20.42%
Plant equipment	108,381,890	107,952,404	429,486	0.39%
Lab equipment	67,811	74,584	(6,773)	(9.98)%
Office equipment	55,091	76,136	(21,045)	(38.20)%
Vehicles	488,234	488,234	-	0.00%
Subtotal	110,800,240	110,092,112	708,128	0.64%
Accumulated depreciation	<u>(47,487,775)</u>	<u>(44,666,991)</u>	<u>(2,820,784)</u>	6.31%
Total Capital Assets, Net	<u>\$ 63,312,465</u>	<u>\$ 65,425,121</u>	<u>\$ (2,112,656)</u>	(3.33)%

The net change to capital assets for fiscal year 2023 totaled \$(2,112,656) as depreciation expense exceeded capital additions such as the solid treatment process, the emergency generator and other projects.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the SEJPA (Continued)

#### Long-Term Debt

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

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
2017 Revenue Bonds	\$ 21,980,375	\$ 22,525,600	\$ (545,225)	2.48%
Loan payable	10,120,000	-	10,120,000	100.00%
Private placement loan payable	1,052,086	1,153,413	(101,327)	9.63%
SFID Reimbursement Agreement	262,681	394,456	(131,775)	50.16%
Solana Beach Reimbursement Agreement	424,544	432,554	(8,010)	1.88%
SDG&E financing agreement	213,553	266,941	(53,388)	24.99%
Total Long-Term Debt	<u>\$ 34,053,239</u>	<u>\$ 24,772,964</u>	<u>\$ 9,280,275</u>	37.47%

The total long-term debt increased by \$9,280,725 primarily due to the issuance of a \$10,120,000 loan agreement offset by principal payments on the 2017 Revenue Bonds and the private placement loan payable.

#### Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2023-24 sanitary fund operations and maintenance budget is \$7,254,491. The water reclamation budget is \$2,720,132. 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, which is the same as last year's budget levels.

The capital project program will have a budget of \$6,570,000 during the upcoming year. This is primarily for improvements to the reclamation program.

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 \$227 per EDU per year for 2023-24. This represents a 12.6% increase from 2022-23. 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.

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **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, contact SEJPA, at (760) 753-6203, ext. 73.

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

**ASSETS**

**Current Assets:** (Notes 1, 2, 3 and 4)

Cash and cash equivalents	\$ 21,115,187
Due from other governmental agencies	752,849
Accrued interest receivable	464,743
Prepaid expenses	97,837
Current portion of loans receivable	490,000
Total Current Assets	22,920,616

**Noncurrent Assets:** (Notes 1, 2, 4, 5 and 13)

Restricted Assets:	
Cash and cash equivalents	10,015,504
Total Restricted Assets	10,015,504
Lease receivable	443,544
Loans receivable, net of current portion	19,805,000
Capital Assets:	
Nondepreciable	1,807,214
Depreciable, net of accumulated depreciation	61,505,251
Total Capital Assets	63,312,465
Total Noncurrent Assets	93,576,513
<b>TOTAL ASSETS</b>	<b>116,497,129</b>

**DEFERRED OUTFLOWS OF RESOURCES:** (Notes 1, 11 and 12)

Deferred outflows related to pensions	2,193,920
Deferred outflows related to OPEB	52,917
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,246,837</b>

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

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2023**

**LIABILITIES**

**Current Liabilities:** (Notes 3, 6, 7, 8, 9 and 10)

Accounts payable	\$ 345,994
Accrued liabilities	479,468
Accrued interest payable	326,490
Due to other government agencies	106,434
Due to other funds	309,000
Unearned revenue	2,567,902
Current portion of revenue bonds	490,000
Current portion loan payable	310,000
Current portion of private placement loan payable	105,576
Current portion of SDG&E financing agreement	53,388
Current portion of compensated absences	95,611
Total Current Liabilities	5,189,863

**Noncurrent Liabilities:** (Notes 1, 6, 7, 8, 9, 10, 11 and 12)

**Long-Term Debt:**

Revenue bonds, net of current portion	21,490,375
Loan payable	9,810,000
Private placement loan payable, net of current portion	946,510
SFID reimbursement agreement payable	262,681
Solana Beach reimbursement agreement payable	424,544
SDG&E financing agreement, net of current portion	160,165
Total Long-Term Debt	33,094,275

**Other Noncurrent Liabilities:**

Net pension liability	4,365,491
Net OPEB obligation	451,426
Compensated absences, net of current portion	507,516
Total Other Noncurrent Liabilities	5,324,433

Total Noncurrent Liabilities	38,418,708
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Total Liabilities	43,608,571
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**DEFERRED INFLOWS OF RESOURCES:** (Notes 1 and 11, 12 and 13)

Deferred inflows related to pensions	461,657
Deferred inflows related to OPEB	144,526
Deferred inflows related to leases	420,080
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,026,263</b>

**Commitments and Contingencies** (Notes 11, 12 and 13)

**NET POSITION:**

Net investment in capital assets	39,274,730
Unrestricted	34,834,402
Total Net Position	\$ 74,109,132

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, 2023**

**Operating Revenues:**

Charges for services to other government agencies	\$ 5,611,922
Contributions from City of Encinitas	2,494,938
Contributions from City of Solana Beach	1,872,234
Total Operating Revenues	<u>9,979,094</u>

**Operating Expenses:**

Personnel costs	4,152,052
Depreciation and amortization	2,872,927
Contracted services	1,386,457
Utilities	1,329,018
Supplies	889,711
Repair parts expense	343,807
Disposal services	252,807
Permit/purveyor fees	147,322
Insurance	137,912
Rent	103,349
Miscellaneous	102,774
Total Operating Expenses	<u>11,718,136</u>

Operating Loss (1,739,042)

**Nonoperating Revenues (Expenses):**

Investment income	1,349,667
State grants	121,006
Other	39,675
Rental income	40,931
Loss on disposal of capital assets	(1,248)
Interest expense	(992,699)
Total Nonoperating Revenues (Expenses)	<u>557,332</u>

Loss Before Capital Contributions (1,181,710)

**Capital Contributions:**

Member agency assessments	2,369,487
Total Capital Contributions	<u>2,369,487</u>

Change in Net Position 1,187,777

Net Position at Beginning of Year, Restated 72,921,355

**NET POSITION AT END OF YEAR** **\$ 74,109,132**

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, 2023**

**Cash Flows From Operating Activities:**

Cash received from customers	\$ 10,871,263
Cash payments to suppliers for goods and services	(5,232,847)
Cash payments to employees for services	(3,878,010)
Net Cash Provided by Operating Activities	1,760,406

**Cash Flows From Noncapital and Related Financing Activities:**

Rental and other nonoperating income	80,606
Net Cash Provided by Noncapital and Related Financing Activities	80,606

**Cash Flows From Capital and Related Financing Activities:**

Acquisition and construction of capital assets	(761,519)
Proceeds from long-term debt	10,120,000
Principal paid on long-term debt	(769,500)
Interest paid on long-term debt	(1,027,898)
Proceeds of state grants	121,006
Capital contributions	2,369,487
Net Cash Provided by Capital and Related Financial Activities	10,051,576

**Cash Flows From Investing Activities:**

Proceeds from loans receivable	475,000
Investment income	1,203,197
Net Cash Provided by Investing Activities	1,678,197

Net Increase in Cash and Cash Equivalents 13,570,785

Cash and Cash Equivalents at Beginning of Year 17,559,906

**CASH AND CASH EQUIVALENTS AT END OF THE YEAR** **\$ 31,130,691**

(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, 2023**

**Reconciliation of Operating Loss to**

**Net Cash Provided by Operating Activities:**

Operating loss	\$ (1,739,042)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
Depreciation	2,872,927
<b>Change in assets and liabilities:</b>	
Due from other governmental agencies	901,581
Prepaid expenses	(19,666)
Lease receivable	19,309
Deferred outflows related to pensions	(1,333,850)
Deferred outflows related to OPEB	10,679
Accounts payable	(520,024)
Accrued liabilities	326,104
Due to other government agencies	(76,579)
Due to other funds	124,000
Unearned revenue	90,631
Net pension liability	2,481,975
Net OPEB obligation	(19,237)
Compensated absences	19,423
Deferred inflows related to pensions	(1,346,332)
Deferred Inflows related to OPEB	11,280
Deferred inflows related to leases	(42,773)
Net Cash Provided by Operating Activities	<u>\$ 1,760,406</u>

**Cash and Cash Equivalents:**

**Financial Statement Classification**

Cash and cash equivalents	\$ 21,115,187
Restricted cash and cash equivalents	<u>10,015,504</u>
Total Cash and Cash Equivalents	<u>\$ 31,130,691</u>

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, 2023**

	<u>Post-Employment Benefits Trust</u>
<b>ASSETS</b>	
Cash	\$ 609,707
Due from other funds	<u>309,000</u>
Total Assets	<u><u>\$ 918,707</u></u>
 <b>NET POSITION</b>	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	<u><u>\$ 918,707</u></u>

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, 2023**

	<u>Post-Employment Benefits Trust</u>
<b>ADDITIONS:</b>	
Contributions	\$ 309,000
Investment income	<u>34,430</u>
Total Additions	<u>343,430</u>
<b>DEDUCTIONS:</b>	
Administrative fees	<u>2,460</u>
Total deductions	<u>2,460</u>
Change in Net Assets	340,970
Net Position - Beginning of Year - Restated	<u>577,737</u>
Net Position - End of year	<u><u>\$ 918,707</u></u>

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023.

**Leases**

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

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

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.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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 \$2,872,927 for the year ended June 30, 2023.

**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 \$70,225 for the year ended June 30, 2023 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 \$603,127 is accrued when incurred and included in noncurrent liabilities at June 30, 2023.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**Risk Management**

SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2023, SEJPA participated in the programs of CSRMA as follows:

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

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

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

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

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

SEJPA pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. SEJPA's insurance expense totaled \$137,912 for the year ended June 30, 2023. 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, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

**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.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Significant Accounting Policies (Continued)**

**Economic Dependency**

SEJPA received approximately 43% of its operating revenues from its member agencies for the year ended June 30, 2023.

**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 12, 2023, the date the financial statements were available to be issued.

**Note 2 - Cash and Cash Equivalents:**

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

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Quality Requirements</b>
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

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 2 - Cash and Cash Equivalents: (Continued)**

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Quality Requirements</b>
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, 2023:

	<b>Maturity in Years</b>	
	<b>1 Year or Less</b>	<b>Total</b>
Cash on hand	\$ 180	\$ 180
California Local Agency Investment Fund (LAIF)	21,517,782	21,517,782
Deposits with financial institutions	(400,231)	(400,231)
Open-ended money market funds	10,012,960	10,012,960
Mutual funds	609,706	609,706
Total Cash and Cash Equivalents	<u>\$ 31,740,397</u>	<u>\$ 31,740,397</u>
<b>Statement of Net Position:</b>		
Cash and cash equivalents	\$ 21,115,187	\$ 21,115,187
Restricted cash and cash equivalents	10,015,504	10,015,504
Total Statement of Net Position	<u>31,130,691</u>	<u>31,130,691</u>
<b>Statement of Fiduciary Net Position:</b>		
Cash	609,706	609,706
Total Statement of Fiduciary Net Position	<u>609,706</u>	<u>609,706</u>
Total Cash and Cash Equivalents	<u>\$ 31,740,397</u>	<u>\$ 31,740,397</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023.

**Disclosures Relating to Credit Risk**

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

	<u>Rating as of Year End Standard &amp; Poor's</u>
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, 2023.

**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 counterparty (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.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Cash and Cash Equivalents: (Continued)**

**Custodial Credit Risk (Continued)**

At June 30, 2023, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2023, 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, 2023:

California Local Agency Investment Fund (LAIF)	\$ 21,517,782
Open-ended money market mutual funds	10,012,960
Deposits with financial institutions	(400,231)
Cash on hand	180
Total	<u>\$ 31,130,691</u>

**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, 2023:

San Diego County Water Authority	\$ 327,805
Santa Fe Irrigation District	103,368
Olivenhain Municipal Water District	93,235
San Dieguito Water District	76,464
Other	62,811
City of Del Mar	21,535
City of Encinitas	7,933
22 <sup>nd</sup> District Agricultural Association	2,212
Rancho Santa Fe Community Services District #2 and #3	(874)
City of Solana Beach	(11,298)
City of Escondido	(36,776)
Total	<u>\$ 646,415</u>

**Financial Statement Classification:**

Due from other government agencies	\$ 752,849
Due to other government agencies	(106,434)
Total	<u>\$ 646,415</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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:

	<u>2023</u>	<u>2022</u>
City of Solana Beach	\$ 10,147,500	\$ 10,385,000
City of Encinitas	10,147,500	10,385,000
Subtotal	<u>20,295,000</u>	<u>20,770,000</u>
Less current portion	<u>(490,000)</u>	<u>(475,000)</u>
Total	<u>\$ 19,805,000</u>	<u>\$ 20,295,000</u>

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
<b>Capital Assets Not Being Depreciated:</b>				
Construction in progress	\$ 1,500,754	\$ 456,226	\$ (149,766)	\$ 1,807,214
<b>Capital Assets Being Depreciated:</b>				
Plant equipment	107,952,404	455,057	(25,571)	108,381,890
Lab equipment	74,584	-	(6,773)	67,811
Office equipment	76,136	-	(21,045)	55,091
Vehicles	488,234	-	-	488,234
Total Capital Assets Being Depreciated	<u>108,591,358</u>	<u>455,057</u>	<u>(53,389)</u>	<u>108,993,026</u>
<b>Less: Accumulated depreciation for:</b>				
Plant equipment	(44,235,181)	(2,811,007)	24,574	(47,021,614)
Lab equipment	(66,068)	(1,019)	6,773	(60,314)
Office equipment	(75,471)	(415)	20,795	(55,091)
Vehicles	(290,271)	(60,485)	-	(350,756)
Net Capital Assets Being Depreciated	<u>63,924,367</u>	<u>(2,417,869)</u>	<u>(1,247)</u>	<u>61,505,251</u>
<b>Net Capital Assets</b>	<u>\$ 65,425,121</u>	<u>\$ (1,961,643)</u>	<u>\$ (151,013)</u>	<u>\$ 63,312,465</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 6 - Noncurrent Liabilities:**

Noncurrent liabilities consist of the following at June 30, 2023:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year	Due in More Than One year
Long-Term Debt:						
2017 Revenue Bonds	\$ 20,770,000	\$ -	\$ (475,000)	\$ 20,295,000	\$ 490,000	\$ 19,805,000
Original issue premium	1,755,600	-	(70,225)	1,685,375	-	1,685,375
Loan payable	-	10,120,000	-	10,120,000	310,000	9,810,000
Private placement loan payable	1,153,413	-	(101,327)	1,052,086	105,576	946,510
Reimbursement agreements payable:						
Santa Fe Irrigation	394,456	-	(131,775)	262,681	-	262,681
Solana Beach	432,554	-	(8,010)	424,544	-	424,544
SDG&E financing agreement	266,941	-	(53,388)	213,553	53,388	160,165
Total Long-Term Debt	<u>24,772,964</u>	<u>10,120,000</u>	<u>(839,725)</u>	<u>34,053,239</u>	<u>958,964</u>	<u>33,094,275</u>
Other Noncurrent Liabilities:						
Compensated absences	583,704	291,007	(271,584)	603,127	95,611	507,516
Total OPEB liability	470,663	41,276	(60,513)	451,426	-	451,426
Net pension liability	1,883,516	3,196,256	(714,281)	4,365,491	-	4,365,491
Total Other Noncurrent Liabilities	<u>2,937,883</u>	<u>3,528,539</u>	<u>(1,046,378)</u>	<u>5,420,044</u>	<u>95,611</u>	<u>5,324,433</u>
Total Noncurrent Liabilities	<u>\$ 27,710,847</u>	<u>\$ 13,648,539</u>	<u>\$ (1,886,103)</u>	<u>\$ 39,473,283</u>	<u>\$ 1,054,575</u>	<u>\$ 38,418,708</u>

**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 \$20,295,000 and accrued interest totaled \$282,725 at June 30, 2023, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 490,000	\$ 848,175
2025	510,000	828,575
2026	535,000	803,075
2027	560,000	776,325
2028	590,000	748,325
2029 - 2033	3,415,000	3,268,875
2034 - 2038	4,250,000	2,440,800
2039 - 2043	5,090,000	1,590,313
2044 - 2047	4,855,000	494,800
Total	<u>\$ 20,295,000</u>	<u>\$ 11,799,263</u>

**Note 8 - Loan Agreement:**

In May 2023, SEJPA entered into a Loan Agreement with Webster Bank National Association in the amount of \$10,120,000, to provide funds to finance capital improvements and pay costs of issuance of the Loan Agreement. Interest accrues at 4.58% on the unpaid balance and is payable in forty (40) semi-annual payments of principal ranging from \$154,000 to \$376,000 plus interest. The Loan Agreement outstanding at June 30, 2023 totaled \$10,120,000. Accrued interest totaled \$40,127 at June 30, 2023. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the Loan Agreement. SEJPA has covenanted that it will fix, prescribe, and collect rates, fees, and charges sufficient to generate net revenues at least equal to 115% of the loan repayments and the principal of and interest on all outstanding parity obligations coming due and payable during such fiscal year.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 8 - Loan Agreement: (Continued)**

Debt service requirements on the Loan Agreement are as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 310,000	\$ 468,982
2025	333,000	445,497
2026	349,000	430,039
2027	365,000	413,895
2028	382,000	396,972
2029 - 2033	2,190,000	1,702,730
2034 - 2038	2,747,000	1,146,031
2039 - 2043	3,444,000	448,084
	<u>\$ 10,120,000</u>	<u>\$ 5,452,230</u>

**Note 9 - Private Placement Loan Payable:**

In November 2011, SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of \$2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of \$74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled \$1,052,086 at June 30, 2023. Accrued interest totaled \$3,638 at June 30, 2023. 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:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 105,576	\$ 42,577
2025	110,003	38,151
2026	114,615	33,538
2027	119,421	28,732
2028	124,428	23,725
2029 -2032	478,043	40,493
	<u>\$ 1,052,086</u>	<u>\$ 207,216</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 10 - Reimbursement Agreements Payable:**

**SFID**

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of \$526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1<sup>st</sup> by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20<sup>th</sup> 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 \$262,681 at June 30, 2023.

**Solana Beach**

Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of \$478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of \$450 per acre foot of recycled water delivered to any customers through the extension. 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 \$424,544 at June 30, 2023.

**San Diego Gas & Electric Financing Agreement**

On July 3, 2017, SEJPA entered into an on-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of \$533,883 in order to retrofit certain electric equipment. SEJPA will pay an additional \$4,449 on their monthly SDG&E bills. This retrofitting is expected to save SEJPA \$68,120 per year and be paid off in under five years. The San Diego Gas & Electric Financing Agreement payable totaled \$213,553 at June 30, 2023.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 10 - Reimbursement Agreements Payable: (Continued)**

**San Diego Gas & Electric Financing Agreement (Continued)**

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

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 53,388	\$ -	\$ 53,388
2025	53,388	-	53,388
2026	53,388	-	53,388
2027	53,389	-	53,389
Total	<u>\$ 213,553</u>	<u>\$ -</u>	<u>\$ 213,553</u>

**Note 11 - Postemployment Benefits:**

**Plan Description**

SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA’s vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by SEJPA to the retiree is \$151 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, 2023, the date of the latest actuarial valuation:

Active plan members	28
Retirees	<u>6</u>
Total	<u>34</u>

**Contributions**

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

**Net OPEB Liability**

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

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 11 - Postemployment Benefits: (Continued)**

**Actuarial Assumptions**

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

Actuarial Assumptions:

Discount Rate	4.13%
Inflation	2.75%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	N/A
Mortality	General SOA Pub-210 General total data set headcount weighted mortality table fully generational using scale MP 2021.
Pre-retirement turnover	Termination rates used are according to the termination rates under the 2021 CalPers pension plan experience study.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.50% initially reduced by decrements to an ultimate of 4.5% therefore.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2023. SEJPA completes a new actuarial valuation every two years. The next valuation will be dated June 30, 2025 and will be used for financial reporting for fiscal years ending June 30, 2025 and 2026.

**Discount Rate**

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

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 11 - Postemployment Benefits: (Continued)**

**Change in the Total OPEB Liability**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2022	\$ 470,663	\$ -	\$ 470,663
<u>Changes Recognized for the Measurement Period:</u>			
Service cost	21,712	-	21,712
Interest	19,564	-	19,564
Change in assumptions	(10,789)	-	(10,789)
Difference between expected and actual experience	(21,354)	-	(21,354)
Contributions - Employer	-	28,370	(28,370)
Benefit payments	(28,370)	(28,370)	-
Net Changes	<u>(19,237)</u>	<u>-</u>	<u>(19,237)</u>
Balance at June 30, 2023	<u>\$ 451,426</u>	<u>\$ -</u>	<u>\$ 451,426</u>

**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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	<u>Plan's Total OPEB Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate +1%</u>
	<u>(3.13%)</u>	<u>Rate (4.13%)</u>	<u>(5.13%)</u>
Net OPEB Liability	<u>\$ 508,372</u>	<u>\$ 451,426</u>	<u>\$ 404,572</u>

**Change in Assumptions**

For the measurement period ended June 30, 2023, the discount rate used to calculate the net OPEB liability changed from 4.09% to 4.13%.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 11 - Postemployment Benefits: (Continued)**

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

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

	Plan’s Total OPEB Liability		
	Discount Rate - 1% (5.50% Decreasing to 3.5% )	Healthcare Cost Trend Rates (6.50% Decreasing to 4.5%)	Discount Rate +1% (7.50% Decreasing to 5.5%)
Net OPEB Liability	\$ <u>398,222</u>	\$ <u>451,426</u>	\$ <u>517,320</u>

**OPEB Expense**

For the fiscal year ended June 30, 2023, SEJPA recognized OPEB expense of \$31,091.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2023 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 7,582	\$ (24,102)
Changes of assumptions	45,335	(120,424)
Total	\$ 52,917	\$ (144,526)

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
2024	\$ (10,184)
2025	(8,860)
2026	(8,854)
2027	(10,738)
2028	(10,735)
Thereafter	(42,238)
Total	\$ (91,609)

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 12 - Defined Benefit Pension Plan:**

**General Information About the Pension Plans**

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

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

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Prior to July 1, 2012	Miscellaneous	
		On or After July 1, 2012 Second Tier	PEPRA
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52*
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	12.21%	8.63%	7.47%

\* 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 \$312,580 toward the unfunded actuarial liability during the year ended June 30, 2023. The miscellaneous 2.5% at 55 pool is closed to new members that are not already CalPERS eligible participants and existing members hired on or after July 1, 2012.

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

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

SEJPA reported the following net pension liability for its proportionate share of the net pension liability of the risk pool at June 30, 2023:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ <u>4,365,491</u>

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, 2023, the measurement date, was calculated as follows:

- Each risk pool’s total pension liability was computed at the measurement date, June 30, 2022, 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, 2021, 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, 2022, to obtain the total pension liability and fiduciary net position as of June 30, 2022. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District’s proportionate share percentage of the net position liability as of June 30, 2021 and 2022 was as follows:

	<u>Miscellaneous Risk Pool</u>
Proportionate at Measurement Date - June 30, 2021	0.099195
Proportionate at Measurement Date - June 30, 2022	<u>0.093295</u>
Change - Increase (Decrease)	<u>0.005900</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

For the year ended June 30, 2023, SEJPA recognized pension expense of \$363,568. At June 30, 2023, 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	\$ 561,778	\$ -
Changes in assumptions	447,335	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	141,719	(366,206)
Changes in proportions	214,496	(95,451)
Differences between actual and expected experience	28,951	-
Net difference between projected and actual earnings on plan investments	799,641	-
Total	\$ 2,193,920	\$ (461,657)

The \$561,778 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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		
2024	\$	290,024
2025		252,516
2026		138,856
2027		489,089
2028		-
Total	\$	1,170,485

**SAN ELIJO JOINT POWERS AUTHORITY  
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**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2021 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 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 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.

**SAN ELIJO JOINT POWERS AUTHORITY  
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JUNE 30, 2023**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return<sup>1, 2</sup></u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.27%
Treasury	5.00%	.027%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporations	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

<sup>(1)</sup> An expected price inflation of 2.3% used for this period

<sup>(2)</sup> Figures are based on 2021-22 Asset Liability Management study

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

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
SEJPA's proportionate share of the miscellaneous risk pool's pension liability	\$ <u>6,837,740</u>	\$ <u>4,365,491</u>	\$ <u>2,331,444</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 13 - Commitments and Contingencies:**

**Contracts**

SEJPA has entered into various contracts for the purchase of materials and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2023, the total unpaid amount on these contracts is approximately \$11,029,683.

**Litigation**

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

**Cell Site Lease**

The SEJPA has entered into a Communications Site License Agreement as lessor with an initial five-year renewal lease term, with five (5) five-year options to renew. The lessees are required to make annual fixed payments starting at \$20,400 and increasing 3% annually. At June 30, 2023, the lease receivable totaled \$443,544 and deferred inflows related to leases totaled \$420,080. The District recognized \$28,933 in lease revenue during the year ended June 30, 2023.

**Assignment and Assumption Agreement**

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

**Note 14 - New Governmental Accounting Standards:**

**GASB No. 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. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

**SAN ELIJO JOINT POWERS AUTHORITY**  
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**JUNE 30, 2023**

**Note 14 - New Governmental Accounting Standards: (Continued)**

**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 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 did not have a material effect on the financial statements of SEJPA in the year of implementation.

**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. 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. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 14 - New Governmental Accounting Standards: (Continued)**

**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.

**GASB No. 99**

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

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

	Measurement Date <u>June 30, 2022</u>	Measurement Date <u>June 30, 2021</u>	Measurement Date <u>June 30, 2020</u>	Measurement Date <u>June 30, 2019</u>	Measurement Date <u>June 30, 2018</u>
Proportion of the Net Pension Liability	0.093295%	0.099195%	0.085799%	0.082537%	0.079550%
Proportionate Share of the Net Pension Liability	\$ 4,365,491	\$ 1,883,516	\$ 3,619,079	\$ 3,305,214	\$ 2,998,025
Covered Payroll - Measurement Period	\$ 2,420,193	\$ 2,286,481	\$ 2,118,208	\$ 2,072,596	\$ 1,930,102
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	180.38%	82.38%	170.86%	159.47%	155.33%
Plan's Fiduciary Net Position	\$ 13,770,398	\$ 14,615,225	\$ 11,895,680	\$ 11,362,690	\$ 10,450,711
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.93%	88.58%	76.67%	77.47%	77.71%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 714,281	\$ 574,840	\$ 531,495	\$ 470,825	\$ 398,079
	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2014</u>	Measurement Date <u>June 30, 2013</u>
Proportion of the Net Pension Liability	0.081861%	0.079200%	0.089800%	0.081140%	N/A
Proportionate Share of the Net Pension Liability	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640	\$ 1,937,636	\$ N/A
Covered Payroll - Measurement Period	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001	\$ 1,707,696	\$ N/A
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	168.40%	159.89%	143.40%	113.46%	N/A
Plan's Fiduciary Net Position	\$ 9,717,557	\$ 8,477,710	\$ 8,203,952	\$ 7,976,883	\$ N/A
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.07%	74.35%	76.91%	80.46%	N/A
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 367,677	\$ 315,703	\$ 308,067	\$ 215,709	\$ 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, 2023**

**SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN  
LAST TEN YEARS**

	Fiscal Year 2022 - 2023	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021	Fiscal Year 2019 - 2020	Fiscal Year 2018 - 2019
Actuarially Determined Contribution	\$ 561,778	\$ 511,854	\$ 466,121	\$ 403,880	\$ 356,338
Contributions in Relation to the Actuarially Determined Contributions	<u>(561,778)</u>	<u>(511,854)</u>	<u>(466,121)</u>	<u>(404,110)</u>	<u>(356,338)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230)</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	<u>\$ 2,572,479</u>	<u>\$ 2,420,193</u>	<u>\$ 2,286,481</u>	<u>\$ 2,118,208</u>	<u>\$ 2,072,596</u>
Contributions as a Percentage of Covered Payroll	21.84%	21.15%	20.39%	19.08%	17.19%
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016	Fiscal Year 2014 - 2015	Fiscal Year 2013 - 2014
Actuarially Determined Contribution	\$ 302,451	\$ 302,683	\$ 286,852	\$ 267,504	\$ 256,232
Contributions in Relation to the Actuarially Determined Contributions	<u>(302,451)</u>	<u>(437,683)</u>	<u>(441,852)</u>	<u>(267,504)</u>	<u>(256,232)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (125,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	<u>\$ 1,930,102</u>	<u>\$ 1,916,333</u>	<u>\$ 1,829,430</u>	<u>\$ 1,718,001</u>	<u>\$ 1,707,696</u>
Contributions as a Percentage of Covered Payroll	15.67%	22.84%	22.51%	15.57%	15.00%
Valuation Date	June 30, 2016	June 30, 2015	June 20, 2014	June 20, 2013	

**Notes to Schedules:**

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, 2023**

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

Measurement Period	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total OPEB Liability</b>										
Service cost	\$ 21,712	\$ 32,952	\$ 27,919	\$ 23,405	\$ 19,445	\$ 18,879	\$ 18,267	\$ N/A	\$ N/A	\$ N/A
Interest	19,564	13,498	13,759	15,314	15,625	14,565	13,926	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	-	N/A	N/A	N/A
Differences between expected and actual experience	(21,354)	(6,277)	6,728	-	8,259	-	-	N/A	N/A	N/A
Changes of assumptions	(10,789)	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A	N/A	N/A
Benefit payments	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A	N/A
<b>Net Change in Total OPEB Liability</b>	<u>(19,237)</u>	<u>(124,876)</u>	<u>52,605</u>	<u>71,910</u>	<u>38,004</u>	<u>10,000</u>	<u>18,951</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Total OPEB Liability - Beginning</b>	470,663	595,539	542,934	471,024	433,020	423,020	404,069	N/A	N/A	N/A
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 451,426</u>	<u>\$ 470,663</u>	<u>\$ 595,539</u>	<u>\$ 542,934</u>	<u>\$ 471,024</u>	<u>\$ 433,020</u>	<u>\$ 423,020</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 28,370	\$ 24,405	\$ 18,556	\$ 16,528	\$ 12,096	\$ 14,170	\$ 13,242	\$ N/A	\$ N/A	\$ N/A
Net investment income	-	-	-	-	-	-	-	N/A	N/A	N/A
Benefit payments	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A	N/A
Administrative expense	-	-	-	-	-	-	-	N/A	N/A	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Plan Fiduciary Net Position - Beginning</b>	-	-	-	-	-	-	-	N/A	N/A	N/A
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>				
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 451,426</u>	<u>\$ 470,663</u>	<u>\$ 595,539</u>	<u>\$ 542,934</u>	<u>\$ 471,024</u>	<u>\$ 433,020</u>	<u>\$ 423,020</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A
Covered Employee Payroll - Measurement Period	<u>\$ 2,869,777</u>	<u>\$ 2,420,193</u>	<u>\$ 2,188,001</u>	<u>\$ 2,104,992</u>	<u>\$ 2,043,682</u>	<u>\$ N/A</u>	<u>\$ 1,856,890</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<b>Net OPEB Liability as a Percentage of Covered - Employee Payroll</b>	15.70%	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A	N/A	N/A

**SAN ELIJO JOINT POWERS AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Notes to Schedules:**

Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Period - Fiscal Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2017	June 30, 2016			
Measurement Period - Fiscal Year Ended	June 30, 2018	June 30, 2017			

**Benefit Changes** - None

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

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

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
JUNE 30, 2023**

**ASSETS**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Current Assets:</u></b>			
Cash and cash equivalents	\$ 15,328,128	\$ 5,787,059	\$ 21,115,187
Due from other government agencies	72,386	680,463	752,849
Accrued interest receivable	430,063	34,680	464,743
Prepaid expenses	63,379	34,458	97,837
Current portion of loan receivable	490,000	-	490,000
Total Current Assets	<u>16,383,956</u>	<u>6,536,660</u>	<u>22,920,616</u>
<b><u>Noncurrent Assets:</u></b>			
<b>Restricted Assets:</b>			
Cash and cash equivalents	<u>2,544</u>	<u>10,012,960</u>	<u>10,015,504</u>
Total Restricted Assets	<u>2,544</u>	<u>10,012,960</u>	<u>10,015,504</u>
Lease receivable	443,544	-	443,544
Loans receivable, net of current portion	<u>19,805,000</u>	-	<u>19,805,000</u>
	<u>20,248,544</u>	<u>-</u>	<u>20,248,544</u>
<b>Capital Assets:</b>			
Nondepreciable	1,323,836	483,378	1,807,214
Depreciable, net of accumulated depreciation	<u>45,203,266</u>	<u>16,301,985</u>	<u>61,505,251</u>
Total Capital Assets	<u>46,527,102</u>	<u>16,785,363</u>	<u>63,312,465</u>
<b>TOTAL ASSETS</b>	<u>83,162,146</u>	<u>33,334,983</u>	<u>116,497,129</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	1,849,474	344,446	2,193,920
Deferred outflows related to OPEB	44,610	8,307	52,917
Total Deferred Outflows of Resources	<u>\$ 1,894,084</u>	<u>\$ 352,753</u>	<u>\$ 2,246,837</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMBINING SCHEDULE OF NET POSITION (CONTINUED)**  
**JUNE 30, 2023**

**LIABILITIES**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Current Liabilities:</u></b>			
Accounts payable	\$ 131,247	\$ 214,747	\$ 345,994
Accrued liabilities	438,069	41,399	479,468
Accrued interest payable	282,725	43,765	326,490
Due to other government agencies	106,434	-	106,434
Due to other funds	302,819	6,181	309,000
Unearned revenue	1,200	2,566,702	2,567,902
Current portion of noncurrent liabilities	638,999	415,576	1,054,575
Total Current Liabilities	<u>1,901,493</u>	<u>3,288,370</u>	<u>5,189,863</u>
<b><u>Noncurrent Liabilities:</u></b>			
<b>Long-Term Debt:</b>			
Revenue bonds, net of current portion	21,490,375	-	21,490,375
Loan payable		9,810,000	9,810,000
Private placement loan payable, net of current portion	-	946,510	946,510
SFID reimbursement agreement payable	-	262,681	262,681
Solana Beach reimbursement agreement payable	-	424,544	424,544
SDG&E financing agreement, net of current portion	160,165	-	160,165
Total Long-Term Debt	<u>21,650,540</u>	<u>11,443,735</u>	<u>33,094,275</u>
<b>Other Noncurrent Liabilities:</b>			
Net pension liability	3,680,109	685,382	4,365,491
Net OPEB obligation	380,552	70,874	451,426
Compensated absences, net of current portion	419,808	87,708	507,516
Total Other Noncurrent Liabilities	<u>4,480,469</u>	<u>843,964</u>	<u>5,324,433</u>
Total Noncurrent Liabilities	<u>26,131,009</u>	<u>12,287,699</u>	<u>38,418,708</u>
Total Liabilities	<u>28,032,502</u>	<u>15,576,069</u>	<u>43,608,571</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred inflows related to pensions	389,177	72,480	461,657
Deferred inflows related to OPEB	121,836	22,690	144,526
Deferred inflows related to leases	420,080	-	420,080
Total Deferred Inflows of Resources	<u>931,093</u>	<u>95,170</u>	<u>1,026,263</u>
<b><u>NET POSITION:</u></b>			
Net investment in capital assets	24,335,718	14,939,012	39,274,730
Unrestricted	31,756,917	3,077,485	34,834,402
Total Net Position	<u>\$ 56,092,635</u>	<u>\$ 18,016,497</u>	<u>\$ 74,109,132</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 2,511,553	\$ 3,100,369	\$ 5,611,922
Contributions from City of Encinitas	2,494,938	-	2,494,938
Contributions from City of Solana Beach	1,872,234	-	1,872,234
Total Operating Revenues	<u>6,878,725</u>	<u>3,100,369</u>	<u>9,979,094</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	3,408,446	743,606	4,152,052
Depreciation and amortization	2,126,784	746,143	2,872,927
Contracted services	780,930	605,527	1,386,457
Utilities	888,300	440,718	1,329,018
Supplies	563,143	326,568	889,711
Repair parts expense	255,641	88,166	343,807
Disposal services	252,807	-	252,807
Permit/purveyor fees	102,630	44,692	147,322
Insurance	117,152	20,760	137,912
Rent	8,972	94,377	103,349
Miscellaneous	79,840	22,934	102,774
Total Operating Expenses	<u>8,584,645</u>	<u>3,133,491</u>	<u>11,718,136</u>
Operating Loss	<u>(1,705,920)</u>	<u>(33,122)</u>	<u>(1,739,042)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Investment income	1,246,359	103,308	1,349,667
State grants	16,112	104,894	121,006
Other	39,206	469	39,675
Rental income	40,931	-	40,931
Loss on disposal of capital assets	(1,248)	-	(1,248)
Interest expense	(787,451)	(205,248)	(992,699)
Total Nonoperating Revenues (Expenses)	<u>553,909</u>	<u>3,423</u>	<u>557,332</u>
Loss Before Capital Contributions	<u>(1,152,011)</u>	<u>(29,699)</u>	<u>(1,181,710)</u>
<b><u>Capital Contributions:</u></b>			
Member agency assessments	2,369,487	-	2,369,487
Total Capital Contributions	<u>2,369,487</u>	<u>-</u>	<u>2,369,487</u>
Change in Net Position	1,217,476	(29,699)	1,187,777
Net Position at Beginning of Year, Restated	<u>54,875,159</u>	<u>18,046,196</u>	<u>72,921,355</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 56,092,635</u></u>	<u><u>\$ 18,016,497</u></u>	<u><u>\$ 74,109,132</u></u>

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from customers	\$ 6,720,112	\$ 4,151,151	\$ 10,871,263
Cash payments to suppliers for goods and services	(3,477,561)	(1,755,286)	(5,232,847)
Cash payments to employees for services	<u>(3,122,155)</u>	<u>(755,855)</u>	<u>(3,878,010)</u>
Net Cash Provided by Operating Activities	<u>120,396</u>	<u>1,640,010</u>	<u>1,760,406</u>
<b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b>			
Rental and other nonoperating income	<u>80,137</u>	<u>469</u>	<u>80,606</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>80,137</u>	<u>469</u>	<u>80,606</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(718,337)	(43,182)	(761,519)
Proceeds from long-term debt	-	10,120,000	10,120,000
Principal paid on long-term debt	(528,388)	(241,112)	(769,500)
Interest paid on long-term debt	(862,426)	(165,472)	(1,027,898)
Proceeds of state grants	16,112	104,894	121,006
Capital contributions	<u>2,369,487</u>	<u>-</u>	<u>2,369,487</u>
Net Cash Provided by Capital and Related Financial Activities	<u>276,448</u>	<u>9,775,128</u>	<u>10,051,576</u>
<b><u>Cash Flows From Investing Activities:</u></b>			
Proceeds from loans receivable	475,000	-	475,000
Investment income	<u>1,131,275</u>	<u>71,922</u>	<u>1,203,197</u>
Net Cash Provided by Investing Activities	<u>1,606,275</u>	<u>71,922</u>	<u>1,678,197</u>
Net Increase in Cash and Cash Equivalents	2,083,256	11,487,529	13,570,785
Cash and Cash Equivalents at Beginning of Year	<u>13,247,416</u>	<u>4,312,490</u>	<u>17,559,906</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>\$ 15,330,672</u></b>	<b><u>\$ 15,800,019</u></b>	<b><u>\$ 31,130,691</u></b>

(Continued)

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

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Reconciliation of Operating Loss to Net Cash</u></b>			
<b><u>Provided by Operating Activities:</u></b>			
Operating loss	\$ (1,705,920)	\$ (33,122)	\$ (1,739,042)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>			
Depreciation	2,126,784	746,143	2,872,927
<b>Change in assets and liabilities:</b>			
Due from other governmental agencies	(59,130)	960,711	901,581
Prepaid expenses	(2,901)	(16,765)	(19,666)
Lease receivable	19,309	-	19,309
Deferred outflows related to pensions	(1,124,435)	(209,415)	(1,333,850)
Deferred outflows related to OPEB	9,001	1,678	10,679
Accounts payable	(425,245)	(94,779)	(520,024)
Accrued liabilities	317,636	8,468	326,104
Due to other government agencies	(76,579)	-	(76,579)
Due to other funds	117,819	6,181	124,000
Unearned revenue	560	90,071	90,631
Net pension liability	2,092,305	389,670	2,481,975
Net OPEB obligation	(16,217)	(3,020)	(19,237)
Compensated absences	15,630	3,793	19,423
Deferred inflows related to pensions	(1,134,958)	(211,374)	(1,346,332)
Deferred inflows related to OPEB	9,510	1,770	11,280
Deferred inflows related to leases	(42,773)	-	(42,773)
Net Cash Provided by Operating Activities	<u>\$ 120,396</u>	<u>\$ 1,640,010</u>	<u>\$ 1,760,406</u>

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**SCHEDULE OF OPERATING BUDGET COMPARISON - WASTEWATER**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 2,477,419	\$ 2,511,553	\$ 34,134
Contributions from the City of Encinitas	2,487,005	2,494,938	7,933
Contributions from the City of Solana Beach	1,883,372	1,872,234	(11,138)
Total Operating Revenues	<u>6,847,796</u>	<u>6,878,725</u>	<u>30,929</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	3,451,405	3,408,446	42,959
Utilities	615,342	892,749	(277,407)
Contracted services	1,031,291	780,930	250,361
Miscellaneous	200,847	79,840	121,007
Supplies	439,374	563,143	(123,769)
Rent	12,913	8,972	3,941
Repair parts expense	169,040	255,641	(86,601)
Insurance	102,451	117,152	(14,701)
Disposal services	272,660	252,807	19,853
Permit/purveyor fees	107,709	102,630	5,079
Contingency	159,000	-	159,000
Total Operating Expenses	<u>6,562,032</u>	<u>6,462,310</u>	<u>99,722</u>
Depreciation and Amortization	-	2,126,784	(2,126,784)
Operating Expenses, Net	<u>6,562,032</u>	<u>8,589,094</u>	<u>(2,027,062)</u>
Operating Income (Loss)	<u>\$ 285,764</u>	<u>\$ (1,710,369)</u>	<u>\$ (1,996,133)</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
SCHEDULE OF OPERATING BUDGET COMPARISON - RECYCLED  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 4,236,796	\$ 3,100,369	\$ (1,136,427)
Total Operating Revenues	<u>4,236,796</u>	<u>3,100,369</u>	<u>(1,136,427)</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	874,202	743,606	130,596
Utilities	363,600	440,718	(77,118)
Contracted services	351,529	605,527	(253,998)
Miscellaneous	33,997	22,934	11,063
Supplies	440,763	326,568	114,195
Rent	124,750	94,377	30,373
Repair parts expense	55,000	88,166	(33,166)
Insurance	18,978	20,760	(1,782)
Permit/purveyor fees	36,594	44,692	(8,098)
Contingency	50,000	-	50,000
Total Operating Expenses	<u>2,349,413</u>	<u>2,387,348</u>	<u>(37,935)</u>
Depreciation and Amortization	-	746,143	(746,143)
Operating Expenses, Net	<u>2,349,413</u>	<u>3,133,491</u>	<u>(784,078)</u>
Operating Income (Loss)	<u>\$ 1,887,383</u>	<u>\$ (33,122)</u>	<u>\$ (1,920,505)</u>