

AGENDA
REGULAR BOARD MEETING OF THE
SAN ELIJO JOINT POWERS AUTHORITY
DECEMBER 09, 2025 AT 8:30 A.M.
SAN ELIJO WATER CAMPUS – BOARD MEETING ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD (NON-ACTION ITEM)
5. NEW HIRES, AWARDS AND RECOGNITION

Recognition of Recent Achievement –

Casey Larsen – Retirement from San Elijo Joint Powers Authority

Winston Friedly – California Water Environment Association (CWEA) –
Electrical and Instrumentation Certification - Grade II

6. * **CONSENT CALENDAR**
7. * [APPROVAL OF MINUTES FOR NOVEMBER 21, 2025 MEETING](#)
8. * [APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS – NOVEMBER 2025](#)
9. * [WASTEWATER TREATMENT REPORT – OCTOBER 2025](#)
10. * [RECYCLED WATER REPORT – OCTOBER 2025](#)
11. * [REPORTABLE MEETINGS](#)
12. * [SUPERVISORY CONTROL AND DATA ACQUISITION \(SCADA\) SERVICES CONTRACT AMENDMENT](#)
13. * [PURPOSELY LEFT BLANK](#)

14. * [PURPOSELY LEFT BLANK](#)

15. * ITEMS REMOVED FROM CONSENT CALENDAR

Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.

REGULAR AGENDA

16. [FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE](#)

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the FY 2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate

Staff Reference: Director of Finance and Administration

17. [SAN ELIJO JOINT POWERS AUTHORITY FY 2024-25 FINANCIAL PERFORMANCE REVIEW](#)

No action required. This memorandum is submitted for information only.

Staff Reference: Director of Finance and Administration

18. [GENERAL MANAGER'S REPORT](#)

Informational report by the General Manager on items not requiring Board action.

19. [GENERAL COUNSEL'S REPORT](#)

Informational report by the General Counsel on items not requiring Board action.

20. [BOARD MEMBER COMMENTS](#)

This item is placed on the agenda to allow individual Board Members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board Members.

21. CLOSED SESSION

The Board will adjourn to Closed Session to discuss item(s) identified below. Closed Session is not open to the public; however, an opportunity will be provided at this time if

members of the public would like to comment on any item listed below. (Three-minute limit.) A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".

PUBLIC EMPLOYEE APPOINTMENT (Government Code Section 54957 (b)(1), Title:
General Manager – Succession Planning

22. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, January 20, 2026 at 8:30 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings comply with the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors, may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board are available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The 2025 SEJPA Board meetings schedule, adopted following the January 2025 SEJPA Board Meeting, is available at [SEJPA Board Meeting Dates](#).

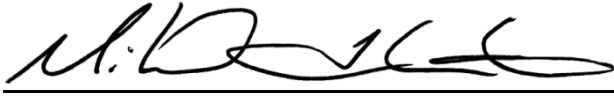
AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda on the SEJPA website at www.sejpa.org, and in the following locations:

- San Elijo Water Campus (formerly known as San Elijo Water Reclamation Facility), 2695 Manchester Avenue, Encinitas, California
- City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
- City of Solana Beach, 635 South Highway 101, Solana Beach, California

The original agenda was published on Thursday, December 04, 2025, at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: December 09, 2025

A handwritten signature in black ink, appearing to read 'M. Thornton', is written over a solid black horizontal line.

Michael T. Thornton, P.E.
Secretary / General Manager

Agenda Item No. 07

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON NOVEMBER 18, 2025
AT THE SAN ELIJO WATER CAMPUS

Kristi Becker, Chair

Luke Shaffer, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, November 18, 2025, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

Board Chair Becker called the meeting to order at 8:32 a.m.

2. ROLL CALL

Directors Present:

Board Chair

Kristi Becker

Vice Chair

Luke Shaffer

Board Member

David Zito

Board Member

Jim O'Hara (arrived 8:36 a.m.)

Others Present:

General Manager

Michael Thornton

Director of Operations

Christopher Trees

Director of Infrastructure and Sustainability

Thomas Falk

Director of Finance and Administration

Kevin Lang

Administrative Coordinator

Vanessa Hackney

SEJPA Counsel:

Snell and Wilmer

Adriana Ochoa

City of Encinitas/San Dieguito Water District

General Manager

Isam Hireish

Principal Engineer

Elmer Alex

City of Solana Beach:

Public Works Director

Orelia DeBaal

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Recognition of Service to SEJPA:

Daniel Verdon– 5 Years

Recognition of Recent Achievement -

Evan Fox – State Water Resources Control Board – Wastewater Treatment Plant Operator
Grade III

6. CONSENT CALENDAR

Agenda Item No. 7	Approval of Minutes for the October 21, 2025 Board Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report – October 2025
Agenda Item No. 9	Wastewater Treatment Report – September 2025
Agenda Item No. 10	Recycled Water Report – September 2025
Agenda Item No. 11	Reportable Meetings
Agenda Item No. 12	San Elijo Joint Powers Authority Financial Policies
Agenda Item No. 13	Purposely Left Blank
Agenda Item No. 14	Purposely Left Blank

Moved by Board Member Zito and seconded by Board Member O'Hara to approve the Consent Calendar.

Motion carried with the following vote of approval:

AYES:	Becker, Shaffer, O'Hara, Zito
NOES:	None
ABSENT:	None
ABSTAIN:	None

16. CAPITAL PROGRAM UPDATE & FACILITY PLAN

General Manager Michael Thornton, along with Director of Infrastructure and Sustainability Thomas Falk, provided a presentation to the Board on the development of the SEJPA 2025 Facility Plan (Plan). Their presentation included background on SEJPA's capital program and an overview of the current Plan development process. The Plan is intended to serve as the guiding document for SEJPA's long-term infrastructure planning, identifying and prioritizing the next generation of capital investments and related operational strategies.

The intent of the Plan is to provide a framework for aligning infrastructure renewal with financial planning, enhancing communication with customer agencies, and pursuing external funding to maximize the value of local resources. It will establish SEJPA's capital priorities across the Water Campus, Recycled Water System, Ocean Outfall, and remote pump station facilities.

Over the past year, SEJPA has worked closely with its consultants to conduct condition assessments throughout its owned and managed assets to identify existing and future infrastructure requirements and opportunities. This assessment work, along with supporting studies and documentation, is nearing completion. Once finalized and a full list of projects is developed, SEJPA will prioritize these projects using a triple-bottom-line approach that evaluates social, financial, and environmental benefits. The resulting capital program will guide SEJPA's infrastructure reinvestment strategy for the next decade (2026–2035).

Representative project areas include:

- **Asset Renewal:** Rehabilitation and replacement of aging mechanical, electrical, and structural systems, along with deployment of advanced SCADA, automation, and control technologies to improve process performance, energy efficiency, and system reliability.
- **Mission-Critical Facilities:** Modernization of laboratory and maintenance facilities to enhance operational readiness, regulatory compliance, and workforce effectiveness, including consolidated warehousing, improved inventory control, modern tools, and ergonomic workspaces.
- **Resiliency and Sustainability:** Hardening of facilities against wildfire and severe weather; expansion of renewable energy resources such as solar and biogas; and upgrades to treatment and recycled water systems to improve reliability, maximize resource recovery, and reduce environmental impact.
- **Regulatory Compliance:** Infrastructure and process improvements required to maintain compliance with evolving water, air, and biosolids regulations.

The workshop was conducted in an interactive format to solicit Board input and ensure alignment as the Plan development proceeds.

No action required. This item was submitted for information only.

17. GENERAL MANAGER'S REPORT

General Manager, Michael Thornton, reported that on Wednesday October 22, 2025, in cooperation with Leucadia Wastewater District and Olivenhain Municipal Water District, SEJPA hosted the 2nd annual Water Career Day at the San Elijo Water Campus. The event was a success with roughly 100 local high school and college students.

General Manager Thornton also reported that SEJPA reaffirmed its AA+ S&P Global Debt Rating on the agency's 2017 Wastewater Revenue Bonds.

18. GENERAL COUNSEL'S REPORT

General Counsel Adriana Ochoa reported that she is preparing a memorandum summarizing recent legislative updates relevant to the member agencies, which will be distributed to the Board next week. She also noted updates to the Form 700 Statement of Economic Interests filing requirements under California Senate Bill 852. Effective January 1, 2026, officials who handle public investments will be required to file annually with the Fair Political Practices Commission (FPPC) rather than with their local jurisdiction.

19. BOARD MEMBER COMMENTS

None.

20. ADJOURNMENT

The meeting adjourned at 9:55 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, December 09, 2025 at 8:30 a.m.

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of NOVEMBER 2025**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
45876	Sterling Infosystems, Inc	Preemployment Screening	New hire employee background investigations	\$ 505.72
45877	Adam Kaye	Services - Professional	Public communications	2,300.00
45878	Advanced Air & Vacuum	Services - Maintenance	RW air compressor service	797.88
45879	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling and reuse - Oct	17,655.72
45880	Akeso Occupation Health	Services - Medical	Physical	115.00
45881	Ardurra Group, Inc	Services - Engineering	Wanket tank refurbish support from Jul - Sep	25,271.54
45882	AT&T	Utilities - Internet	Internet service - Oct	2,183.33
45883	Black & Veatch	Services - Engineering	Dewatering facilities upgrades through 10/03/25	43,323.75
45884	CA. Office Cleaning, Inc.	Services - Janitorial	Office and window cleaning	3,390.00
45885	Caltrol, Inc.	Repair Parts Expense	RO actuator	2,134.64
45886	CDM Smith	Services - Engineering	Services for Wanket Tank	72,748.60
45887	The Reinalt-Thomas Corp.	Vehicle Maintenance	Lab vehicle tires	913.68
45888	Dixieline Lumber Company	Shop Tools and Equip., Supplies - Shop & Field, Repair Parts Exp.	Various supplies	359.40
45889	Dudek & Associates	Services - Engineering	Stormwater capture and reuse site water quality improvements	15,704.19
45890	Eide Bailly LLP	Services - Professional	Single audit prep services	26,260.70
45891	eMaint Enterprises, LLC	Licenses	Software for maintenance management - 11/01/25 - 10/31/26	9,652.27
45892	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	1,408.50
45893	J.R. Filanc Construction Co.	Services - Contractors	Wanket Tank Refurbishment - Sep	182,409.50
45894	Firehawk Fire & Safety	Training - Safety	Fire demonstration class	795.00
45895	Winston Friedly	Seminars/Education	Employee reimbursement - CWEA training class	40.00
45896	gafcon	Services - Contractors, Professional	Labor compliance for SW Capture & Wanket Tank - Sep	2,694.93
45897	Global Power Group Inc.	Services - Maintenance	As needed generator repair service - Solana Beach Fire Station	1,417.50
45898	Grainger, Inc.	Supplies - Shop & Field	Various supplies	1,061.20
45899	Hardy Diagnostics	Supplies - Lab	Various lab supplies	1,448.09
45900	Harrington Industrial Plastics	Repair Parts Expense	Various supplies	337.57
45901	Hoch Consulting, APC	Services - Professional	Prop 1 Rd 1 Project 6 and 7 - Jul through Sep	8,583.75
45902	Idexx Distribution, Inc.	Supplies - Lab	Various supplies	1,418.26
45903	Jackson & Blanc	Services - Maintenance	AC service	1,475.04
45904	Kooltronic Inc.	Repair Parts Expense	AC Unit - RO B	1,926.43
45905	Kevin R. Lang	Supplies - Office	Employee reimbursement - Various expenses	248.11
45906	Lawson Products Inc.	Supplies - Shop & Field	Various supplies	321.99
45907	Void	(blank)	(blank)	-
45908	Liquid Environmental Solution	Services - Grease & Scum, Grit & Screenings	Roll off box and pumping service	6,703.78
45909	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Safety, Shop Tools and Equip.	Various supplies	3,431.51
45910	Void			-
45911	Cosby Oil Company, Inc	Fuel	Fuel - Oct	527.14
45912	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	22,696.38
45913	Olivenhain Municipal Water Dis	Services - Professional, Maintenance	Rincon NSDWRC support svcs., Wanket reservoir, Woodward & Curran	7,439.24
45914	OneSource Distributors, Inc.	Repair Parts Expense	Moonlight Beach Pump Station #2 VFD card	813.00
45915	Otis Elevator Company	Services - Maintenance	Elevator maintenance - Nov	221.62
45916	Polydyne Inc.	Supplies - Chem - Polymer	Clarifloc WE - 2970 and WE - 2942	17,149.50
45917	Rising Tide Partners, LLC	Services - Professional	Communications and event service	4,098.75
45918	Rusty Wallis, Inc.	Supplies - Shop & Field	Water softener, tank service and salt bags	438.60
45919	San Dieguito Water District	Utilities - Water	Water	3,601.41
45920	Sloan Electric Company	Services - Maintenance	VFD repair	600.00
45921	Transcat, Inc	Services - Maintenance	Pipette calibration	288.00

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS

For the Month of NOVEMBER 2025

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
45922	Trussell Technologies, Inc	Services - Professional	T1 - Operational and Coliform support - Sep	6,922.00
45923	Unifirst Corporation	Services - Uniforms	Uniform service	495.53
45924	Underground Service Alert/SC	Services - Alarm	Dig alert and safe excavation board	166.78
45925	USA Bluebook	Supplies - Lab	Various lab supplies	3,021.91
45926	VWR International, Inc.	Supplies - Lab	Various lab supplies	1,101.53
45927	Water Environment Federation	Dues & Memberships	WEF Membership renewal - M. Thornton	383.00
45928	Aflac	EE Deduction Benefits Payable	Aflac - Nov	717.16
45929	Brax Process and Pump Equip.	Services - Contractors	Effluent pump #2 rebuild	2,949.33
45930	City National Bank	AWT Loan	Loan agreement payment (principal + interest)	74,076.57
45931	MetLife - Group Benefits	Dental/Vision	Dental - Dec	3,094.01
45932	Cosby Oil Company, Inc	Fuel	Fuel - Nov	808.44
45933	Verizon Wireless	Utilities - Telephone	10/11/25 - 11/10/25	617.17
45934	Verizon Wireless	Utilities - Telephone	Cell phone service - 10/08/25 - 11/07/25	785.93
45935	Webster Bank, N.A.	2023 RW Loan Payable	2023 Recycled water loan - payment #5	392,023.30
45936	Spex CertPrep, LLC	Supplies - Lab	Test standard	129.27
45937	Abila	Licenses	Accounting software support and subscription	394.32
45938	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - 11/22/25 - 12/19/25	359.89
45939	AT&T	Utilities - Telephone	Phone service - Sep and Oct	1,545.47
45940	Atlas Copco Compressors LLC	Repair Parts Expense	Various supplies	3,147.61
45941	Miguel A Becerra	Seminars/Education	Employee reimbursement - Tuition fees	2,300.00
45942	Scott Best	Subsistence - Travel/Rm & Bd	Employee reimbursement - Mileage	127.96
45943	Boot World, Inc.	Uniforms - Boots	Safety boots - Bandyopadhyay, Best, McTaggart, Dautremont and Henke	1,046.29
45944	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride solution	12,124.14
45945	Corodata	Rent	Record storage - Sep and Oct	247.75
45946	CWEA	Dues & Memberships	Certificate renewal - J. Perez Gutierrez	114.00
45947	D&H Water Systems	Supplies - Chemicals	Acetate buffer solution	600.51
45948	Del Mar Blue Print	Printing	Stormwater capture and reuse printing	26.10
45949	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Oct	12,449.12
45950	E & M Electric & Machinery, In	Prepaid - Other	SCADA software support renewal	31,195.00
45951	City of Encinitas	Service - IT Support	Outsourced IT Support - Nov	6,860.00
45952	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	356.50
45953	Firehawk Fire & Safety	Services - Maintenance	Annual fire extinguisher service	1,312.56
45954	Evan E Fox	Subsistence - Travel/Rm & Bd	Employee reimbursement - Mileage	26.74
45955	FRS Environmental	Services - Maintenance	Parts washer service	291.00
45956	Hach Company	Services - Maintenance	Sample controller repair	2,698.07
45957	Hardy Diagnostics	Supplies - Lab	Various lab supplies	831.90
45958	Housing &Community Development	Fees - Permits	Modular registration renewal	42.00
45959	Leaf & Cole, LLP	Services - Accounting	Audit services - FY 2024/25	10,145.00
45960	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Safety, Shop Tools and Equip.	Various supplies	3,437.78
45961	Midas Shop	Vehicle Maintenance	Lab vehicle service	669.47
45962	Olivenhain Municipal Water Dis	Rent	Pipeline rental payment - Oct	11,295.00
45963	Pacific Pipeline Supply	Repair Parts Expense	Various supplies	4,581.34
45964	Pencco Inc.	Supplies - Chem - Odor	Liquid calcium nitrate	8,672.02
45965	RingCentral, Inc	Utilities - Telephone	Phone service	532.36
45966	RSF Security Systems	Services - Alarm	Security - Sep through Nov	69.00
45967	Santa Fe Irrigation District	Utilities - Water, SFID Distribution Pipeline	Water and pipeline purchase payment	4,123.80

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of NOVEMBER 2025**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
45968	San Dieguito Water District	Utilities - Water	Water	1,864.68
45969	Snell & Wilmer L.L.P	Services - Legal	General counsel through Oct	3,432.25
45970	Southern Contracting Comp.	Services - Contractors	Cardiff Pump Station repairs	5,933.94
45971	Southwest Valve & Equip.	Repair Parts Expense	Olivenhain Pump Station valves	5,430.83
45972	State Water Resources Control	Fees - Permits, Prepaid - Other	Annual permit fee	32,505.00
45973	State Water Resources Control	Fees - Permits, Prepaid - Other	Annual permit fee	37,325.00
45974	Terminix Processing Center	Services - Maintenance	Pest control service	1,258.52
45975	Thatcher Company of Nevada	Supplies - Chemicals	Aluminum sulfate	7,442.08
45976	Unifirst Corporation	Services - Uniforms	Uniform service	545.62
45977	USA Bluebook	Supplies - Lab	Various lab supplies	2,916.09
45978	Volt Management Corp	Services - Temp	Internship program and temp service	1,584.00
45979	VWR International, Inc.	Supplies - Lab	Arrium comfort softener	230.03
45980	WageWorks	Payroll Processing Fees	Admin fee - Nov	170.75
45981	The Water Research Foundation	Dues & Memberships	WRFMBR - Utility membership	2,521.00
On-line 1161	BankCard Center	Repair Parts Expense, Supplies - Safety, Supplies Lab	Various supplies	22,090.71
On-line 1162	Home Depot Credit Services	Capital Outlay, Supplies - Shop & Field	Various supplies	2,215.57
On-line 1163	Mission Square	ICMA Retirement	ICMA - 401a	16,035.67
On-line 1164	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	18,625.32
On-line 1165	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Nov Pay Period	25,986.84
On-line 1166	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 10/08/25 - 11/06/25	99,017.49
On-line 1167	WM Corporate Services, Inc.	Services - Sediment Disposal	Roll off bins - Oct	25,078.98
On-line 1168	Sun Life Financial	Life Insurance/Disability	Life and disability - Dec	3,178.74
On-line 1169	Mission Square	ICMA Retirement	ICMA - 401 a	8,001.07
On-line 1170	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	9,317.87
On-line 1171	P.E.R.S.	Medical Insurance - Pers	Health - Dec	52,849.90
On-line 1172	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Nov Pay Period	25,481.72
On-line 1173	Blue Triton Brands Inc	Supplies - Lab	Kitchen and lab supplies	500.78
On-line 1174	UPS	Postage/Shipping	Shipping	766.32
On-line 1175	WM Corporate Services, Inc.	Services - Sediment Disposal	Roll off bins - Oct and Nov	16,372.29
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 11/14/2025	134,713.30
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 11/25/2025	12,654.40
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 11/28/2025	144,551.59
				<u><u>\$ 1,826,424.20</u></u>

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS SUMMARY**

**For the Month of NOVEMBER 2025
As of NOVEMBER 30, 2025**

PAYMENT OF WARRANTS

\$ 1,826,424.20

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of SEJPA, including the Member Agency commitment in their operating budgets to support the operations of SEJPA, are expected to be adequate to meet SEJPA's obligations over the next six months. I also certify that SEJPA's investment portfolio complies with the SEJPA's investment policy.



Kevin Lang
Director of Finance and Administration

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION

As of NOVEMBER 30, 2025

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(NOVEMBER 2025 YIELD 4.150%)</i>	\$ 4,974,822.56
CALIFORNIA BANK AND TRUST <i>(NOVEMBER 2025 YIELD 0.01%)</i>	660,755.81
U.S. Bank <i>(NOVEMBER 2025 YIELD 4.40%)</i>	13,094,707.43
PARS <i>(OCTOBER 2025 YIELD 1.22%)</i>	1,157,776.68
TOTAL RESOURCES	<u>\$ 19,888,062.48</u>

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: WASTEWATER TREATMENT REPORT – OCTOBER 2025

RECOMMENDATION

No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Facility Performance and Evaluation

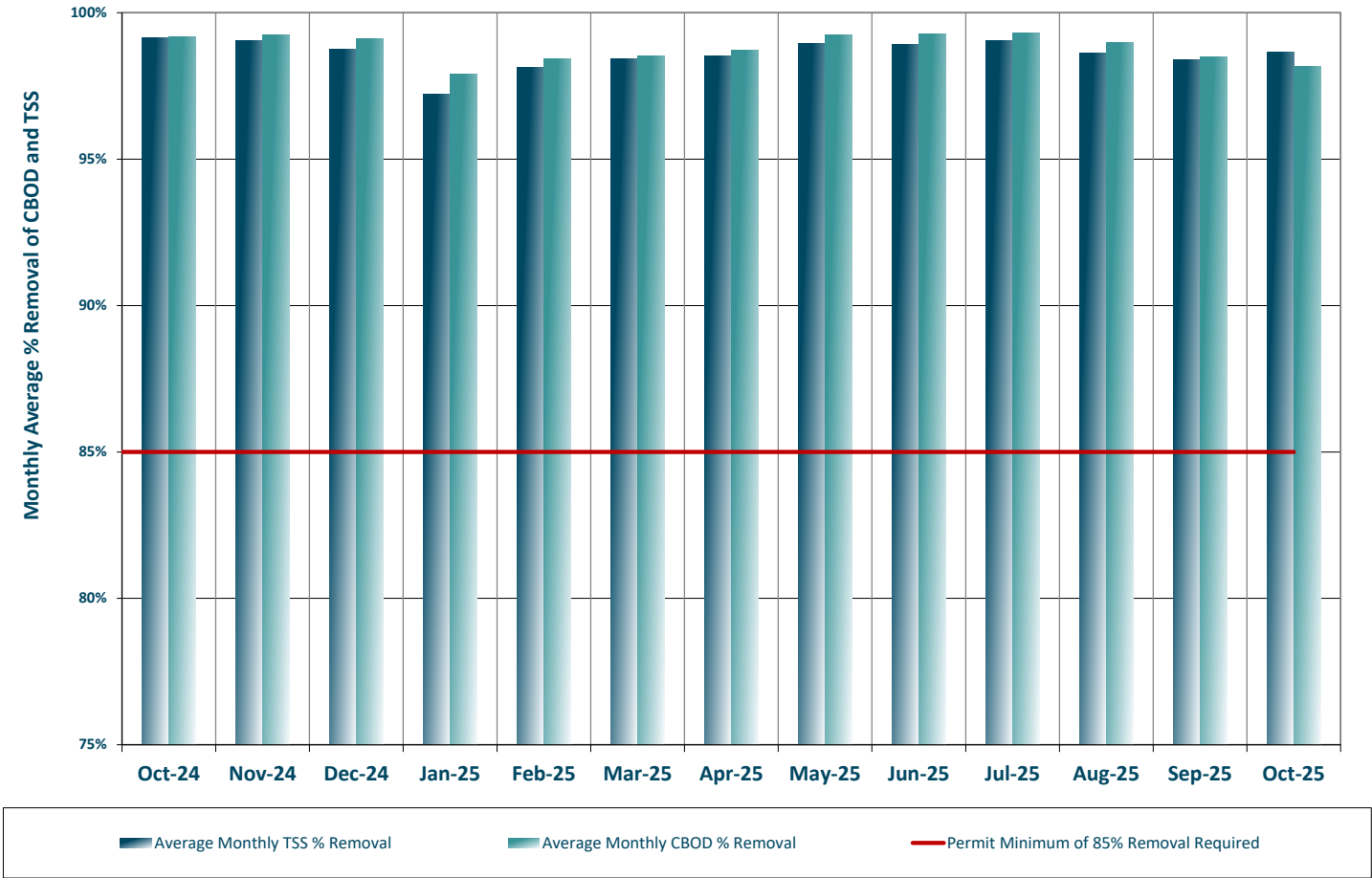
Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of October 2025. The primary indicators of treatment performance include the removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD). SEJPA is required to remove a minimum of 85 percent of the TSS and CBOD from the wastewater. Treatment levels for **TSS** and **CBOD** were **98.6** and **98.2** percent removal, respectively, during the month of October.

Exceptional Water Treatment



Figure 1 (below) shows historic treatment performance trends for the removal of TSS and CBOD over the last 13 months compared to the permit minimum removal requirement of 85%.

Figure 1: Wastewater Treatment Performance of the SEJPA % Removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD)



Figures 2 and 3 (below) show historic influent vs effluent TSS and CBOD concentration fluctuations in the strength of the wastewater being received and discharged by the SEJPA.

FIGURE 2: TREATED EFFLUENT FLOWS REMOVAL OF TSS

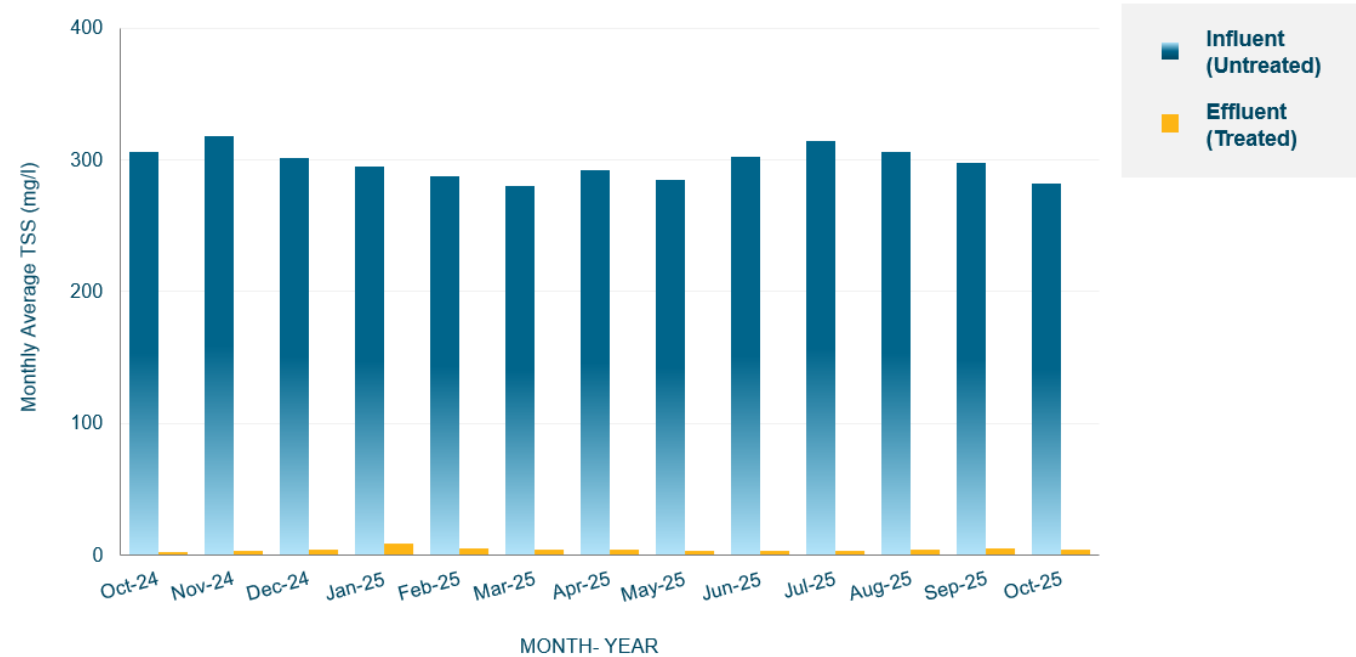
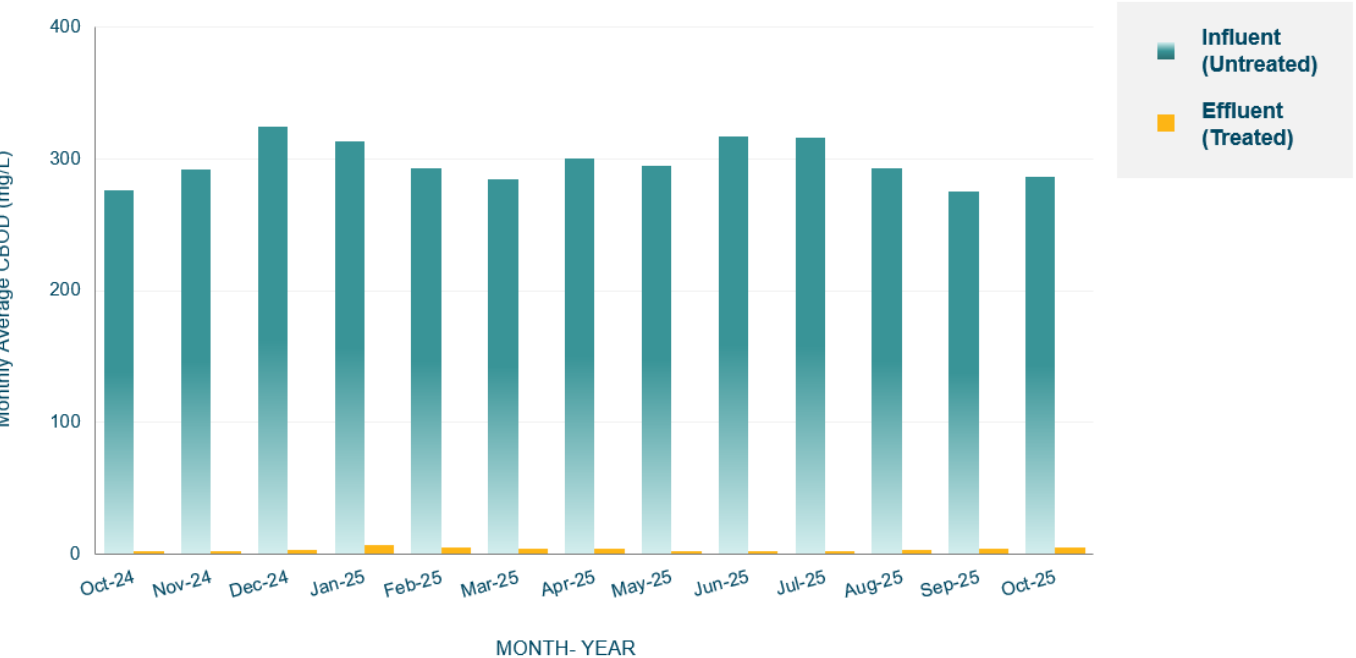


FIGURE 3: TREATED EFFLUENT FLOWS REMOVAL OF CBOD



Member Agency Flows

Table 1 provides a summary of influent and effluent flows for October. Average daily influent volumes were measured for each contributing agency. During this reporting period, roughly 55% of the influent was treated and beneficially reused as recycled water, while the balance was conveyed to the ocean outfall.

TABLE 1 – INFLUENT AND EFFLUENT FLOWS IN OCTOBER

	Influent (mad)	Recycled Water (mad)	Effluent (mad)*
Cardiff Sanitaru Division	1.234	0.683	0.551
City of Solana Beach	1.039	0.575	0.464
Rancho Santa Fe SID	0.176	0.098	0.078
City of Del Mar	0.378	0.209	0.169
Total San Elijo Water Campus Flow	2.827	1.565	1.262

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 2 (below) presents the historical average and unit influent rates per month for each of the contributing agencies during the past 3 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each agency during this same time. The annual update in July 2025 for the City of Solana Beach shows a decrease in EDUs due to reconstruction of the Solana Highlands apartment complex.

TABLE 2 - SAN ELJO WATER CAMPUS MONTHLY REPORT - FLOWS AND EDUS

	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)				
MONTH	CSD	RSF	SB	DM	TOTAL DESIGN	CSD	RSF	SB	DM	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Nov-22	1.205	0.124	0.879	0.336	2.544	8,557	585	8,142	2,616	19,900	141	212	108	138	128
Dec-22	1.186	0.133	0.906	0.374	2.599	8,557	585	8,142	2,616	19,900	139	228	111	151	131
Jan-23	1.630	0.200	0.979	0.379	3.188	8,557	585	8,142	2,616	19,900	190	342	120	153	160
Feb-23	1.323	0.167	0.930	0.371	2.791	8,557	585	8,142	2,616	19,900	155	286	114	149	140
Mar-23	1.892	0.255	1.044	0.392	3.583	8,557	585	8,142	2,616	19,900	221	436	128	154	180
Apr-23	1.244	0.187	0.915	0.303	2.649	8,557	586	8,142	2,616	19,901	145	319	112	123	133
May-23	1.184	0.167	0.879	0.295	2.525	8,557	586	8,142	2,616	19,901	138	285	108	120	127
Jun-23	1.185	0.144	0.891	0.413	2.633	8,557	586	8,142	2,616	19,901	136	282	109	171	132
Jul-23	1.160	0.146	0.949	0.446	2.701	8,557	586	8,166	2,616	19,925	136	249	116	182	136
Aug-23	1.242	0.177	0.954	0.494	2.867	8,559	586	8,166	2,622	19,933	145	302	117	200	144
Sep-23	1.161	0.161	0.885	0.371	2.578	8,559	586	8,166	2,622	19,933	136	275	108	152	129
Oct-23	1.125	0.163	0.870	0.308	2.466	8,559	587	8,166	2,622	19,934	131	278	107	125	124
Nov-23	1.246	0.186	0.961	0.409	2.802	8,559	588	8,166	2,622	19,935	146	317	118	149	141
Dec-23	1.313	0.173	1.011	0.377	2.874	8,559	588	8,166	2,622	19,935	153	294	124	133	144
Jan-24	1.416	0.190	1.055	0.380	3.041	8,569	588	8,166	2,622	19,945	165	323	129	134	152
Feb-24	1.788	0.256	1.099	0.422	3.565	8,569	588	8,166	2,622	19,945	209	436	135	151	179
Mar-24	1.395	0.200	1.061	0.352	3.008	8,616	588	8,166	2,639	20,009	162	340	130	125	150
Apr-24	1.313	0.216	1.036	0.368	2.933	8,620	588	8,166	2,639	20,013	152	368	127	130	147
May-24	1.294	0.196	1.017	0.349	2.856	8,620	588	8,166	2,639	20,013	150	334	125	125	143
Jun-24	1.275	0.191	1.058	0.508	3.032	8,620	588	8,166	2,639	20,013	148	325	130	184	152
Jul-24	1.310	0.185	1.076	0.494	3.065	8,620	588	8,166	2,639	20,013	152	315	132	182	153
Aug-24	1.279	0.166	1.090	0.512	3.047	8,621	588	8,178	2,639	20,025	148	283	133	188	152
Sep-24	1.278	0.165	1.034	0.399	2.876	8,621	588	8,178	2,657	20,043	148	281	126	147	143
Oct-24	1.296	0.160	1.019	0.340	2.815	8,621	591	8,178	2,657	20,046	150	271	125	122	140
Nov-24	1.250	0.184	0.967	0.482	2.883	8,621	591	8,178	2,657	20,046	145	312	118	165	144
Dec-24	1.231	0.182	1.079	0.408	2.900	8,621	593	8,178	2,657	20,048	143	307	132	134	145
Jan-25	1.242	0.187	1.105	0.381	2.915	8,621	593	8,178	2,657	20,048	144	316	135	124	145
Feb-25	1.321	0.186	1.120	0.408	3.035	8,621	593	8,178	2,657	20,048	153	314	137	134	151
Mar-25	1.374	0.214	1.133	0.390	3.111	8,621	593	8,178	2,657	20,048	159	361	139	129	155
Apr-25	1.221	0.210	1.084	0.367	2.882	8,621	593	8,178	2,657	20,048	142	354	133	122	144
May-25	1.220	0.202	1.071	0.371	2.864	8,621	593	8,178	2,657	20,048	142	341	131	123	143
Jun-25	1.204	0.190	1.071	0.524	2.989	8,621	593	8,178	2,657	20,048	140	321	131	175	149
Jul-25	1.206	0.204	1.109	0.502	3.021	8,621	593	8,126	2,657	19,996	140	344	136	168	151
Aug-25	1.227	0.213	1.090	0.556	3.086	8,621	594	8,126	2,680	20,020	142	359	134	187	154
Sep-25	1.230	0.187	1.050	0.426	2.893	8,623	596	8,126	2,680	20,025	143	314	129	142	144
Oct-25	1.234	0.176	1.039	0.378	2.827	8,627	596	8,126	2,680	20,029	143	296	128	126	141

CSD: Cardiff Sanitary Division

RSF: Ranch Santa Fe Community Service District

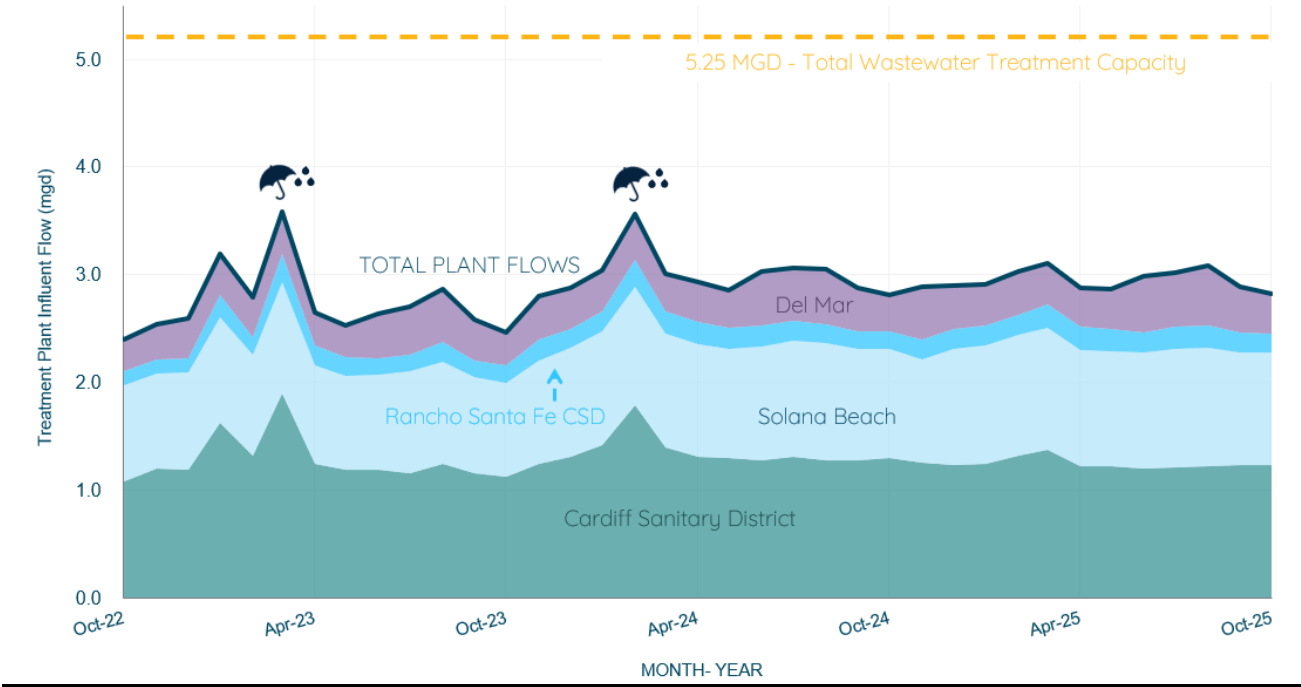
SB: Solana Beach

DM: City of Del Mar

EDU: Equivalent Dwelling Unit

Figure 4 (below) presents the 3-year historical average daily flows per month for each contributing agency. This is to provide a historical overview of the average flow treated for each agency. Also shown in Figure 4 is the total wastewater treatment capacity of the water campus, 5.25 mgd, of which the Cities of Encinitas and Solana Beach each have the right to 2.2 mgd, Rancho Santa Fe Community Service District leases 0.25 mgd, and the City of Del Mar leases 0.60 mgd.

FIGURE 4: SEJPA AVERAGE DAILY FLOWS OVER THE PAST 3 YEARS



City of Escondido Flows

The average and peak daily flow rate for the month of October 2025 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below in Table 3.

TABLE 3 – CITY OF ESCONDIDO DAILY FLOWS

	Flow (mgd)
Escondido (Average flow rate)	8.6
Escondido (Peak flow rate)	17.9

Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the number of connected EDUs reported to the SEJPA in September 2025, memorializing updates effective July 1, 2025. The connected EDUs for Solana Beach were reduced due to the reconstruction of Solana Highlands apartments. The City of Encinitas and Rancho Santa Fe CSD update their connected EDUs report every month. The number of EDUs connected for each of the Member Agencies and lease agencies is reported in Table 4 below.

TABLE 4 – CONNECTED EDUs BY AGENCY

	Connected (EDU)
Cardiff Sanitary Division	8,627
Rancho Santa Fe SID	596
City of Solana Beach	7,789
San Diego (to Solana Beach)	337
City of Del Mar	2,680
Total EDUs to System	20,029

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RECYCLED WATER REPORT – OCTOBER 2025

RECOMMENDATION

No action required. This memorandum is submitted for information only.

DISCUSSION

Recycled Water Production

In October 2025, recycled water demand totaled 151.6 acre-feet (AF), supplied by 151.6 AF of recycled water and no supplemental potable water. Demand was 4.6% above the budgeted projection of 145 AF.

In October, operational adjustments were required to manage intermittent coliform detections linked to the integration of new centrifuge equipment. By modifying chemical dosing and treatment processes, staff successfully kept all effluent within compliance limits. To ensure long-term stability, staff is evaluating capital solutions to manage centrifuge centrate flows, which will be presented for Board consideration in the 2025 Facility Plan.

Figure 1 (attached) provides a ten-year history of annual recycled water demand and rainfall, illustrating the correlation between precipitation and irrigation demand. Figure 2 compares October recycled water use over the past ten years, and Figure 3 shows budgeted versus actual recycled water sales for FY 2025-26.



Michael T. Thornton, P.E.
General Manager

FIGURE 1: RECYCLED WATER DEMAND AND RAINFALL COMPARISON

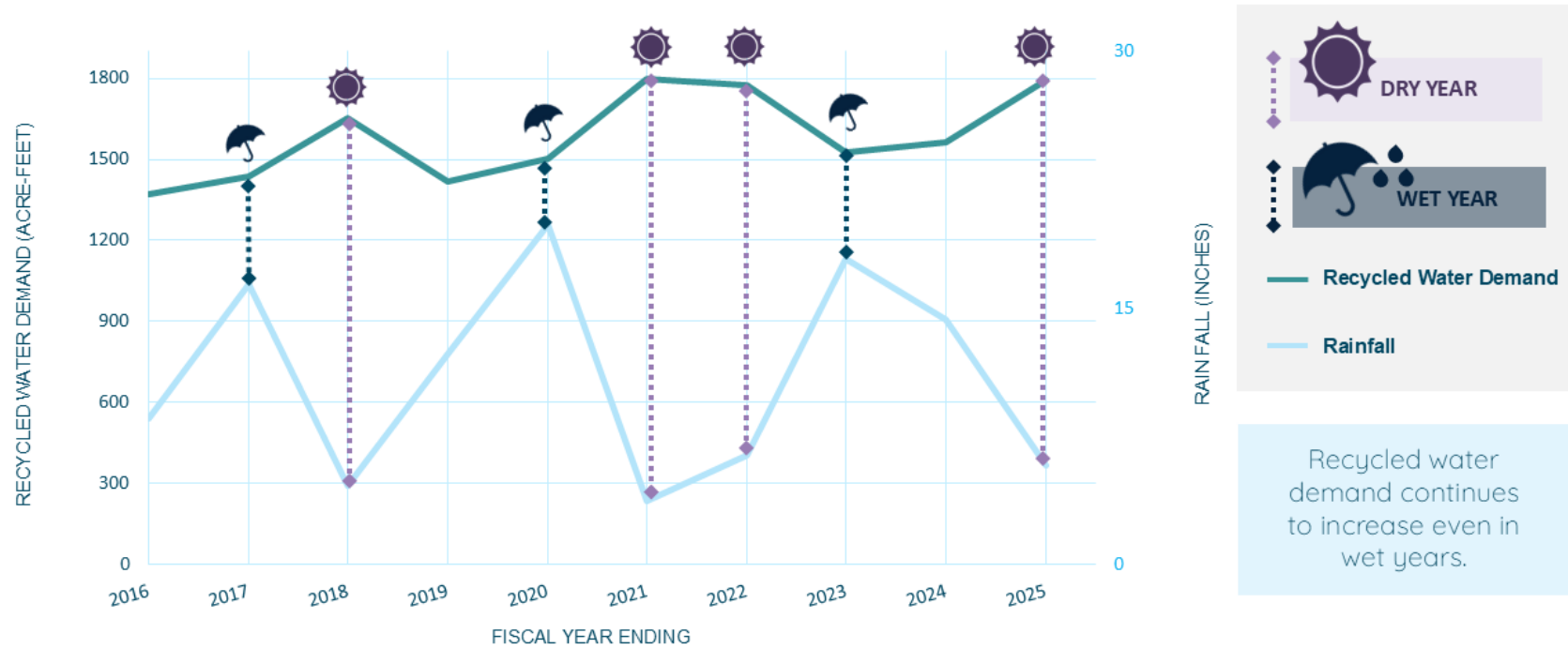


FIGURE 2: OCTOBER RECYCLED WATER DEMAND

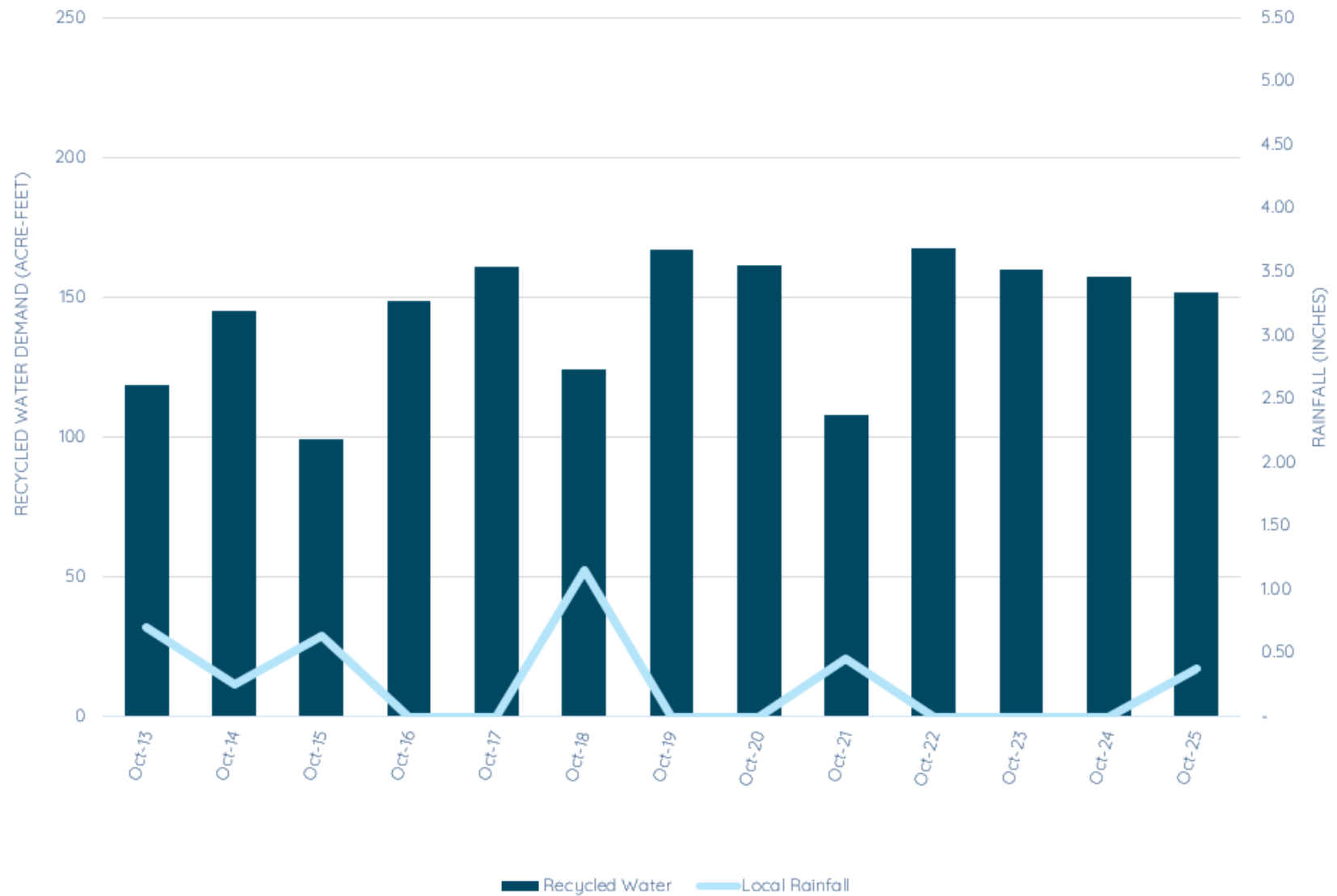
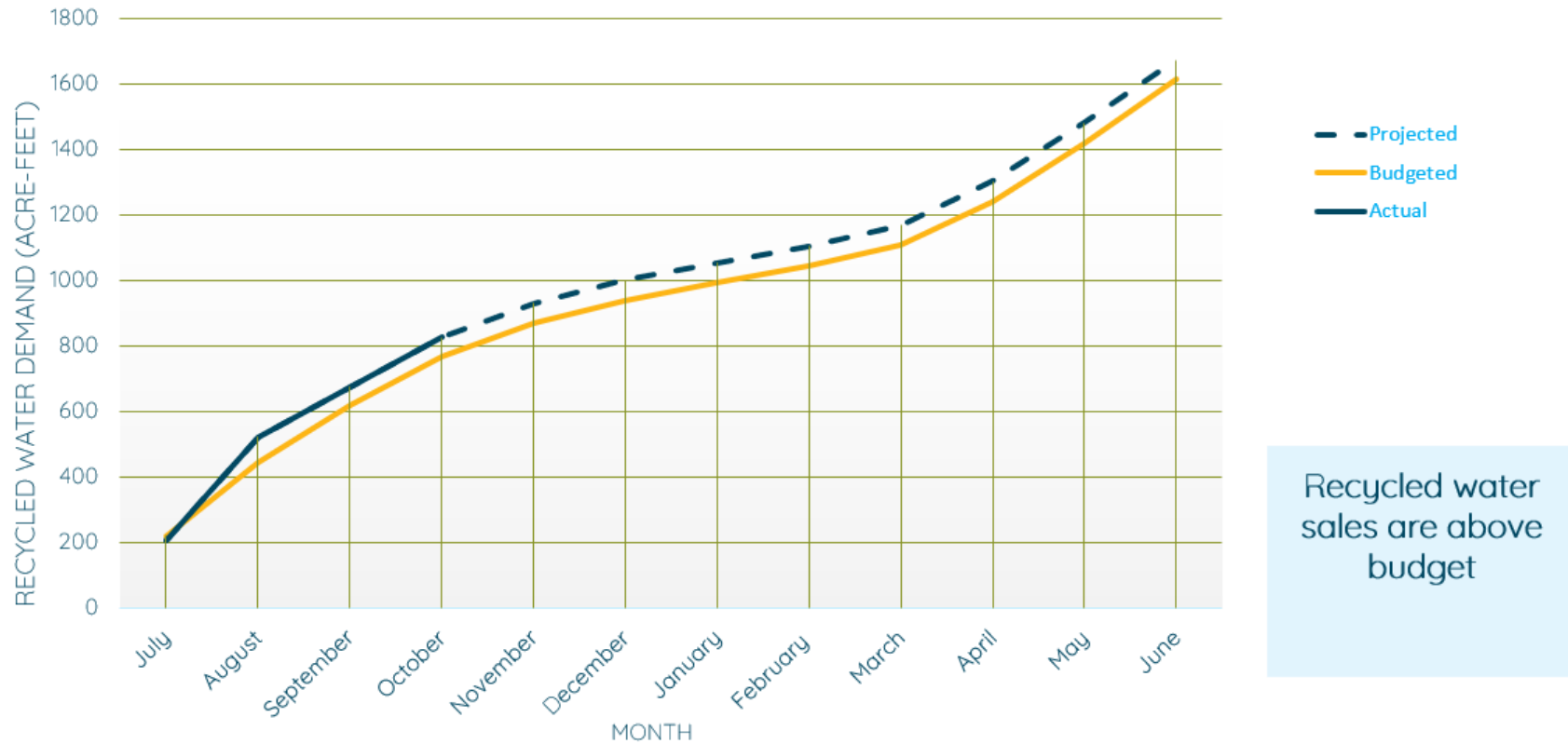


FIGURE 3: FY2024/25 CUMULATIVE DEMAND VS BUDGET



*

AGENDA ITEM NO. 11

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: REPORTABLE MEETINGS

RECOMMENDATION

No action required. This memorandum is submitted for information only.

BACKGROUND

The General Manager or his designee may meet monthly with one or more Board Members in preparation for the Board Meeting.

DISCUSSION

The following meetings have taken place since previously reported:

- Meeting to review Board Meeting Agenda with Chairperson Becker on November 17, 2025

FINANCIAL IMPACT

Per the SEJPA Restatement Agreement, SEJPA offers the Board Member \$160 for each reportable meeting, which the Board Member may choose to accept or reject. These meetings are accounted for in our annual budget.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Infrastructure and Sustainability

SUBJECT: SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SERVICES
CONTRACT AMENDMENT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to amend the SCADA Services Agreement with Tesco Controls, Inc., increasing the contract amount by \$130,000 and extending the period of service through December 31, 2026; and
2. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) uses a Supervisory Control and Data Acquisition (SCADA) system to monitor and control the treatment plant at the San Elijo Water Campus, as well as remote sewer pump stations and recycled water distribution facilities. SCADA provides real-time operational visibility and process control, both onsite and remotely, and is essential to meeting regulatory, safety, and process reliability standards.

In 2018, SEJPA retained TESCO through a competitive qualifications and proposal process to complete the SCADA System Upgrade Project, a nearly \$600,000 capital investment funded through the 2017 Clean Water Bond. The work included installing new servers, data historians, controllers, panels, software, cybersecurity improvements, system programming, testing, commissioning, and staff training.

Following successful completion of that project in early 2020, SEJPA entered into a professional SCADA Support Services Agreement with TESCO for as-needed programming, minor upgrades, and emergency support. Amendments were subsequently approved to address planned enhancements and on-call needs, bringing the current agreement value to \$164,430 (approximately \$145,000 spent through November 2025). This consultant support has complemented SEJPA's in-house SCADA Manager, and together they have supported routine maintenance and integration of new capital projects for the past five years.

DISCUSSION

SEJPA relies on both internal and external expertise to maintain and improve its critical SCADA infrastructure. While this combination of in-house and external professionals has been effective over the past five years, SEJPA is now preparing for an anticipated change to in-house SCADA staff beginning in January 2026 (planned retirement).

In preparation for this staffing change, SEJPA and TESCO conducted a joint assessment of the existing SCADA system. This effort included reviewing system condition, updating as-built documentation, and developing procedures for routine testing, maintenance, and updates. These materials now provide a clearer understanding of system requirements, existing vulnerabilities, and the level of effort needed to reliably operate and maintain the SCADA environment.

To ensure uninterrupted operations during the transition period—and to avoid operational, regulatory, or cybersecurity risks—SEJPA proposes to expand TESCO's scope of services to allow TESCO to assume broader responsibilities including assignments that previously were handled by the in-house SCADA Manager. Expected services include:

- Routine preventive maintenance of SCADA hardware and software, both remote and onsite;
- Troubleshooting and resolving issues identified by operations staff;
- Software updates, integrations, and migrations needed to support plant operations;
- Emergency on-call support, system repairs, and restoring service after outages.

This temporary consultant-focused model will allow SEJPA to:

- Maintain operational reliability during the recruitment period;
- Identify the technical skillsets required in the next SCADA professional;
- Understand workload distribution between staff and consultants;
- Evaluate long-term staffing strategies and system risk areas; and
- Inform future budgeting for SCADA labor, tools, and outside services.

This amendment is therefore intended to ensure continuity of service, reduce system risk exposure, and support an informed selection process for SEJPA's recruitment process.

FINANCIAL IMPACT

The FY 2025-26 Budget includes funding for both SCADA professional consulting services and a full-time SCADA staff position, with expenses allocated across the Wastewater, Ocean Outfall, Recycled Water, and Capital Programs.

The proposed contract amendment for an additional \$130,000 is anticipated to support 6–9 months of expanded professional services during the staffing transition. This temporary increase in consultant costs is expected to be largely cost neutral, offset by reduced personnel expenses from the SCADA Manager vacancy.

No additional budget adjustment is requested at this time. Consultant costs will be billed by routine maintenance tasks, as-needed assignments, and emergency response activities in alignment with currently approved billing rates.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to amend SCADA Services Agreement with Tesco Controls, Inc., increasing the contract amount by \$130,000 and extending the period of service through December 31, 2026; and
2. Discuss and take action as appropriate.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Tom Falk', is written over a horizontal line.

Thomas (Tom) C. Falk, P.E., PMP
Director of Infrastructure and Sustainability

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the FY 2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code, its debt agreements, and Board policy to conduct an annual audit of its financial records. Leaf & Cole, LLP was originally awarded a three (3) year professional service agreement at the May 18, 2021 Board meeting, with an optional two (2) year extension. On May 21, 2024, the two-year extension was exercised. The agreement provides for the performance of an audit of the financial records, to express an opinion on the financial statements, and to attend a Board meeting to present the year-end audit report to SEJPA's Board of Directors.

DISCUSSION

The financial audit of SEJPA for FY 2024-25 has been completed and it is the auditor's opinion that SEJPA's June 30, 2025 financial statements are presented fairly in all material respects, as evidenced by their unqualified opinion. The audit was performed 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. As part of the audit, Leaf & Cole, LLP is required by professional standards to communicate specific information related to the audit to the Board of Directors. This communication to those charged with governance (auditor's SAS 114 letter) includes information related to accounting practices, audit difficulties, disagreements with management (if any), management representations, corrected and uncorrected misstatements, and other audit findings, issues, or matters. Upon completion of the

audit, Leaf & Cole, LLP stated that no transactions were noted where there was a lack of authoritative guidance or consensus. In addition, there were no difficulties or disagreements with management in performing and completing the audit.

The audited financial statements include the following sections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statement
- Required Supplementary Information
- Supplementary Information
- Other Information

Mr. Michael Zizzi, CPA, a Partner for Leaf & Cole, LLP, will present a summary of audit findings to the Board of Directors and answer questions.

RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the FY2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

Respectfully submitted,



Kevin Lang
Director of Finance & Administration

Attachments:

Attachment 1: San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025

Attachment 2: FY2024-25 SEJPA Audit Conclusion Letter (SAS 114)

No. 16 Attachment 1

SAN ELIJO JOINT POWERS AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2025



Leaf & Cole, LLP
Certified Public Accountants

**SAN ELIJO JOINT POWERS AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the San Elijo Joint Powers Authority ("SEJPA"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Elijo Joint Powers Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, remaining fund information of the San Elijo Joint Powers Authority, as of June 30, 2025, and the respective changes in 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Elijo Joint Powers Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Operating Budget Comparison - Wastewater and the Schedule of Operating Budget Comparison - Recycled but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Leaf & Cole LLP

San Diego, California
December 3, 2025

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, 2025. 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 \$397,954 in the business-type activities and \$194,941 in the fiduciary fund for the year ended June 30, 2025.

Revenues totaled \$17,387,726 in the business-type activities and \$201,063 in the fiduciary fund for the year ended June 30, 2025, an increase of \$1,611,631 in the business-type activities resulting from increases in operating contributions from members, federal and state grants, and investment income.

Expenses and transfers out of capital assets totaled \$16,989,772 in the business-type activities for the year ended June 30, 2025. Expenses increased \$498,322 or 3.49% over the previous year primarily due to an increase in personnel costs and contracted services. Transfers out of capital assets increased \$2,193,888 over the previous year due to the completed Moonlight Beach Pump Station upgrade project being contributed to the City of Encinitas.

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>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current and other assets	\$ 42,496,260	\$ 52,606,797	\$ (10,110,537)	(19.22)%
Capital assets	74,228,833	64,025,656	10,203,177	15.94%
Total Assets	<u>116,725,093</u>	<u>116,632,453</u>	<u>92,640</u>	.08%
<u>Deferred Outflows of Resources</u>	<u>1,748,149</u>	<u>2,215,024</u>	<u>(466,875)</u>	(21.08)%
<u>Liabilities:</u>				
Current liabilities	5,428,073	4,871,816	556,257	11.42%
Noncurrent liabilities	36,273,743	37,524,193	(1,250,450)	(3.33)%
Total Liabilities	<u>41,701,816</u>	<u>42,396,009</u>	<u>(694,193)</u>	(1.64)%
<u>Deferred Inflows of Resources</u>	<u>785,807</u>	<u>863,803</u>	<u>(77,996)</u>	(9.03)%
<u>Net Position:</u>				
Net investment in capital assets	49,869,159	41,482,866	8,386,293	20.22%
Unrestricted	26,116,460	34,104,799	(7,988,339)	(23.42)%
Total Net Position	<u>\$ 75,985,619</u>	<u>\$ 75,587,665</u>	<u>\$ 397,954</u>	.53%

Net position increased by \$397,954 in the business-type activities from fiscal year 2024 to 2025. Net investment in capital assets increased \$8,386,293 in fiscal year 2025. This increase is the result of depreciation expense being less than the amount spent on capital assets. In addition, in the current year, the SEJPA paid down its long-term debt by more than \$1 million.

Unrestricted net position (those resources that can be used to finance day-to-day operations) decreased \$7,988,339 primarily due to the funds expended for capital assets and long-term debt exceeding the amount generated from operations and capital contributions.

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>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Revenues:</u>				
Operating contributions from members	\$ 5,307,261	\$ 5,058,703	\$ 248,558	4.91%
Charges for services to other government agencies	6,639,906	5,914,230	725,676	12.27%
Other nonoperating revenue	1,969,423	2,213,821	(244,398)	(11.04)%
Member agency assessments	1,579,158	1,819,884	(240,726)	(13.23)%
Federal and state grants	1,891,978	769,457	1,122,521	145.88%
Total Revenues	<u>17,387,726</u>	<u>15,776,095</u>	<u>1,611,631</u>	10.22%
<u>Expenses:</u>				
Operating expenses	13,558,626	13,011,403	547,223	4.21%
Nonoperating expenses	1,237,258	1,286,159	(48,901)	(3.80)%
Transfer out of capital asset	<u>2,193,888</u>	<u>-</u>	<u>2,193,888</u>	0.00%
Total Expenses and Transfers Out of Capital Assets	<u>16,989,772</u>	<u>14,297,562</u>	<u>2,692,210</u>	18.83%
Increase in Net Position	<u>\$ 397,954</u>	<u>\$ 1,478,533</u>	<u>\$ (1,080,579)</u>	(73.08)%

Capital Assets

Capital assets consist of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Construction in progress	\$ 17,273,725	\$ 5,042,068	\$ 12,231,657	242.59%
Plant equipment	109,177,723	108,410,985	766,738	0.71%
Lab equipment	36,742	36,742	-	0.00%
Office equipment	21,497	21,497	-	0.00%
Vehicles	<u>475,038</u>	<u>500,851</u>	<u>(25,813)</u>	(5.15)%
Subtotal	126,984,725	114,012,143	12,972,582	11.38%
Accumulated depreciation	<u>(52,755,892)</u>	<u>(49,986,487)</u>	<u>(2,769,405)</u>	5.54%
Total Capital Assets, Net	<u>\$ 74,228,833</u>	<u>\$ 64,025,656</u>	<u>\$ 10,203,177</u>	15.94%

The net change to capital assets for fiscal year 2025 totaled \$10,203,177 as depreciation expense was exceeded by capital additions related to such projects as the biosolids dewatering, the Wanket reservoir refurbishment, the stormwater capture and reuse improvements, and Wanket pipeline.

The Moonlight beach pump station (MBPS) is owned by the City of Encinitas but operated and maintained by SEJPA. From fiscal year 2021-22 through 2024-25 the rehabilitation of MBPS has been funded with capital contributions from the City of Encinitas and included in construction in progress by SEJPA. At the conclusion of the rehabilitation of MBPS in fiscal 2024-25 the asset has been contributed back to the City of Encinitas and reported as a transfer out of capital assets in the statement of revenues, expenses, and changes in net position.

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>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
2017 Revenue Bonds	\$ 20,839,927	\$ 21,420,151	\$ (580,224)	(2.71)%
Loan payable	9,477,000	9,810,000	(333,000)	(3.39)%
Private placement loan payable	836,508	946,510	(110,002)	(11.62)%
Solana Beach Reimbursement Agreement	402,584	424,544	(21,960)	(5.17)%
SFID Reimbursement Agreement	202,703	237,093	(34,390)	(14.50)%
SDG&E financing agreement	124,573	160,165	(35,592)	(22.22)%
Total Long-Term Debt	<u>\$ 31,883,295</u>	<u>\$ 32,998,463</u>	<u>\$ (1,115,168)</u>	(3.38)%

The total long-term debt decreased by \$1,115,168 primarily due to principal payments on the 2017 Revenue Bonds, the loan payable and the private placement loan payable.

Economic Factors

For the upcoming fiscal year 2025-26, SEJPA has adopted a sanitary fund operations and maintenance budget of \$8,480,591. Included in this budget amount are costs associated with the production and sale of reclaimed water. Sales of reclaimed water are budgeted to be 1,613 acre feet in the upcoming year.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is \$224,430 which is at the same level as prior year.

In addition to SEJPA's operations and maintenance budget, a capital project program budget has also been adopted in the amount of \$3,941,368 to support projects for both the sanitary and reclaimed water programs in the amount of \$2,485,368 and \$1,456,000, respectively.

Operational and maintenance costs of sanitary services are allocated based on a percentage of use basis, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDUs) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$261 per EDU for fiscal year 2025-26. This represents a 5.2% increase from fiscal year 2024-25. The Encinitas Ranch Golf Course pays a set annual price for interruptible reclaimed water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rates. From 2020 through August of 2025 these recycled water revenues were supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority. Following 25 years, fiscal year 2025-26 will include the two months of incentive revenues prior to the program sunseting

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

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, 2025

ASSETS

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

Cash and cash equivalents	\$ 12,777,377
Due from other government agencies	2,005,262
Accrued interest receivable	394,934
Prepaid expenses	96,578
Current portion of loans receivable	535,000
Total Current Assets	<u>15,809,151</u>

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

Restricted Assets:

Cash and cash equivalents	7,523,621
Total Restricted Assets	<u>7,523,621</u>

Lease receivable	403,488
Loans receivable, net of current portion	18,760,000

Capital Assets:

Nondepreciable	17,273,725
Depreciable, net of accumulated depreciation	56,955,108
Total Capital Assets	<u>74,228,833</u>

Total Noncurrent Assets	<u>100,915,942</u>
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TOTAL ASSETS	<u>116,725,093</u>
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DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 11 and 12)

Deferred outflows related to pensions	1,699,887
Deferred outflows related to OPEB	48,262

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,748,149</u>
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The accompanying notes are an integral part of the financial statements.

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

LIABILITIES

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

Accounts payable	\$ 2,956,594
Accrued liabilities	351,264
Accrued interest payable	306,756
Due to other funds	100,000
Unearned revenue	286,702
Current portion of revenue bonds	535,000
Current portion loan payable	349,000
Current portion of private placement loan payable	114,615
Current portion of SDG&E financing agreement	53,388
Current portion of compensated absences	374,754
Total Current Liabilities	<u>5,428,073</u>

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

Long-Term Debt:

Revenue bonds, net of current portion	20,304,927
Loan payable, net of current portion	9,128,000
Private placement loan payable, net of current portion	721,893
Solana Beach reimbursement agreement payable	402,584
SFID reimbursement agreement payable	202,703
SDG&E financing agreement, net of current portion	71,185
Total Long-Term Debt	<u>30,831,292</u>

Other Noncurrent Liabilities:

Net pension liability	4,724,597
Net OPEB obligation	379,754
Compensated absences, net of current portion	338,100
Total Other Noncurrent Liabilities	<u>5,442,451</u>

Total Noncurrent Liabilities	<u>36,273,743</u>
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Total Liabilities	<u>41,701,816</u>
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DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 11, 12 and 13)

Deferred inflows related to pensions	200,105
Deferred inflows related to OPEB	223,489
Deferred inflows related to leases	362,213
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>785,807</u>

Commitments and Contingencies (Notes 11, 12 and 13)

NET POSITION:

Net investment in capital assets	49,869,159
Unrestricted	26,116,460
Total Net Position	<u>\$ 75,985,619</u>

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, 2025

Operating Revenues:

Charges for services to other government agencies	\$ 6,639,906
Contributions from City of Encinitas	3,020,003
Contributions from City of Solana Beach	2,287,258
Total Operating Revenues	<u>11,947,167</u>

Operating Expenses:

Personnel costs	5,821,920
Depreciation and amortization	2,795,219
Utilities	1,405,322
Contracted services	1,142,352
Supplies	1,060,470
Repair parts expense	378,448
Disposal services	271,021
Permit/purveyor fees	219,026
Insurance	184,931
Rent	144,711
Miscellaneous	135,206
Total Operating Expenses	<u>13,558,626</u>

Operating Loss	<u>(1,611,459)</u>
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Nonoperating Revenues (Expenses):

Investment income	1,888,828
Federal grants	947,480
State grants	944,498
Rental income	70,332
Other	10,263
Interest expense	(1,237,258)
Total Nonoperating Revenues (Expenses)	<u>2,624,143</u>

Income Before Capital Contributions and Transfers	<u>1,012,684</u>
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Capital Contributions and Transfers:

Member agency assessments	1,579,158
Transfer out of capital asset	(2,193,888)
Total Capital Contributions and Transfers	<u>(614,730)</u>

Change in Net Position	397,954
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Net Position at Beginning of Year	<u>75,587,665</u>
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NET POSITION AT END OF YEAR	<u>\$ 75,985,619</u>
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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, 2025**

Cash Flows From Operating Activities:

Cash received from customers	\$ 11,295,926
Cash payments to suppliers for goods and services	(3,362,576)
Cash payments to employees for services	(5,081,565)
Net Cash Provided by Operating Activities	<u>2,851,785</u>

Cash Flows From Noncapital and Related Financing Activities:

Rental and other nonoperating income	80,595
Net Cash Provided by Noncapital and Related Financing Activities	<u>80,595</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(15,192,284)
Principal paid on long-term debt	(1,044,944)
Interest paid on long-term debt	(1,317,633)
Proceeds from federal and state grants	1,891,978
Capital contributions	1,579,158
Net Cash Used in Capital and Related Financial Activities	<u>(14,083,725)</u>

Cash Flows From Investing Activities:

Proceeds from loans receivable	510,000
Investment income	1,978,949
Net Cash Provided by Investing Activities	<u>2,488,949</u>

Net Decrease in Cash and Cash Equivalents	(8,662,396)
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Cash and Cash Equivalents at Beginning of Year	<u>28,963,394</u>
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 20,300,998</u>
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(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, 2025**

Reconciliation of Operating Loss to

Net Cash Provided by Operating Activities:

Operating loss \$ (1,611,459)

**Adjustments to reconcile operating loss to
net cash provided by operating activities:**

Depreciation 2,795,219

Change in assets and liabilities:

Due from other governmental agencies 806,880

Prepaid expenses 20,328

Lease receivable 20,812

Deferred outflows related to pensions 454,342

Deferred outflows related to OPEB 12,533

Accounts payable 1,558,583

Accrued liabilities 263,002

Due to PARS Trust fund 100,000

Unearned revenue (1,450,000)

Net pension liability (28,080)

Net OPEB obligation (99,432)

Compensated absences 87,053

Deferred inflows related to pensions (146,010)

Deferred Inflows related to OPEB 96,947

Deferred inflows related to leases (28,933)

Net Cash Provided by Operating Activities \$ 2,851,785

Cash and Cash Equivalents:

Financial Statement Classification

Cash and cash equivalents \$ 12,777,377

Restricted cash and cash equivalents 7,523,621

Total Cash and Cash Equivalents \$ 20,300,998

Noncash Investing, Capital and Financing Activities

Transfer out of capital asset \$ (2,193,888)

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, 2025**

	<u>Post-Employment Benefits Trust</u>
ASSETS	
Cash	\$ 1,097,623
Due from other funds	<u>100,000</u>
Total Assets	<u>\$ 1,197,623</u>
 NET POSITION	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	 <u>\$ 1,197,623</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, 2025**

	<u>Post-Employment Benefits Trust</u>
ADDITIONS:	
Contribution	\$ 100,000
Investment income	<u>101,063</u>
Total Additions	<u>201,063</u>
DEDUCTIONS:	
Administrative fees	<u>6,122</u>
Total Deductions	<u>6,122</u>
Change in Net Assets	194,941
Net Position - Beginning of Year	<u>1,002,682</u>
Net Position - End of year	<u><u>\$ 1,197,623</u></u>

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Organization and Significant Accounting Policies:

Organization

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

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

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

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

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

Significant Accounting Policies

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

Method of Accounting

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

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

Method of Accounting (Continued)

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

Estimates

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

Revenue Recognition

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

Unearned Revenue

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

Allowance for Doubtful Accounts

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

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.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Significant Accounting Policies (Continued)

Leases (Continued)

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

- SEJPA used the 3% annual increase in the lease as the discount rate.
- The lease term includes the noncancellable period of the lease as well as any extensions available to the lessee. SEJPA expects that the lessee will exercise those options, fully. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Capital Assets

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

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

Depreciation totaled \$2,795,219 for the year ended June 30, 2025.

Amortization

2017 Revenue Bonds

The original issue premium on the 2017 Revenue bonds is being amortized on the straight-line method over 30 years. Amortization expense totaled \$70,224 for the year ended June 30, 2025 and is included in interest expense.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

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 - 370 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 SEJPA 14 calendar days written notice are paid for 50% of the sick leave balance upon separation. Accumulated and unpaid vacation and sick leave totaling \$712,854 is accrued when incurred with \$374,754 and \$338,100 and included in current and noncurrent liabilities, respectively, at June 30, 2025.

Deferred Outflows/Inflows of Resources

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

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to differences between actual and expected experience and adjustments due to difference in proportions.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected experience, and adjustment due to differences in proportions.

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

- Deferred inflows related to OPEB resulting from the net difference between expected and actual experience and adjustments due to differences in proportions.
- Deferred inflows related to pensions resulting from the net difference between projected and actual earnings on pension plan investments, and differences between actual and required contributions.
- Deferred inflows related to leases resulting from the net differences between the amounts collected and the revenue recognized under the lease.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

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, 2025, 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.

Property Damage - \$89,758,041 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 \$1,000,000 of each claim. The members have no deductible or self-insured retention. Excess insurance provides statutory limits for Workers' Compensation and \$1,000,000 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 \$184,931 for the year ended June 30, 2025. There were no instances in the past three years where a settlement exceeded SEJPA's coverage.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Significant Accounting Policies (Continued)

Pensions

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

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

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

Post-Employment Benefits (OPEB)

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

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

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	June 30, 2024 to June 30, 2025

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Significant Accounting Policies (Continued)

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:

- 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.
- 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.

Economic Dependency

SEJPA received approximately 44% of its operating revenues from its member agencies for the year ended June 30, 2025.

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 3, 2025 the date the financial statements were available to be issued.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Cash Equivalents:

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Cash Equivalents: (Continued)

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

Cash and cash equivalents held by the SEJPA were comprised of the following at June 30, 2025:

	Maturity in Years	
	1 Year or Less	Total
California Local Agency Investment Fund (LAIF)	\$ 3,771,084	\$ 3,771,084
Deposits with financial institutions	3,622,277	3,622,277
Open-ended money market funds	12,907,637	12,907,637
Mutual funds	1,097,623	1,097,623
Total Cash and Cash Equivalents	<u>\$ 21,398,621</u>	<u>\$ 21,398,621</u>
Statement of Net Position:		
Cash and cash equivalents	\$ 12,777,377	\$ 12,777,377
Restricted cash and cash equivalents	7,523,621	7,523,621
Total Statement of Net Position	<u>20,300,998</u>	<u>20,300,998</u>
Statement of Fiduciary Net Position:		
Cash	1,097,623	1,097,623
Total Statement of Fiduciary Net Position	<u>1,097,623</u>	<u>1,097,623</u>
Total Cash and Cash Equivalents	<u>\$ 21,398,621</u>	<u>\$ 21,398,621</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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, 2025.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Cash Equivalents: (Continued)

Disclosures Relating to Credit Risk

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

	<u>Rating as of Year End Standard & 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, 2025.

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.

At June 30, 2025, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2025, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by SEJPA to buy the securities.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Cash Equivalents: (Continued)

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, 2025:

California Local Agency Investment Fund (LAIF)	\$ 3,771,084
Open-ended money market mutual funds	12,907,637
Deposits with financial institutions	3,622,277
Total	<u>\$ 20,300,998</u>

Note 3 - Due From/To Other Government Agencies:

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. In addition, the SEJPA is owed funding from several agencies under various regional grants. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2025:

Olivenhain Municipal Water District	\$ 896,864
San Diego County Water Authority	794,548
San Dieguito Water District	188,663
Santa Fe Irrigation District	117,623
City of Del Mar	47,311
Other	23,251
City of Encinitas	19,854
Rancho Santa Fe Community Services District #2 and #3	6,150
22 nd District Agricultural Association	4,377
City of Solana Beach	(14,564)
City of Escondido	(78,815)
Total	<u>\$ 2,005,262</u>

Financial Statement Classification:

Due from other government agencies	\$ 2,005,262
Total	<u>\$ 2,005,262</u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Loans Receivable:

The City of Encinitas and the City of Solana Beach have entered into the fourth amended and restated loan agreements with SEJPA. The loans bear interest from 3% to 5%. 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, 2025:

City of Solana Beach	\$ 9,647,500
City of Encinitas	9,647,500
Subtotal	<u>19,295,000</u>
Less current portion	(535,000)
Total	<u><u>\$ 18,760,000</u></u>

Note 5 - Capital Assets:

Capital assets consist of the following at June 30:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 5,042,068	\$ 15,192,282	\$ (2,960,625)	\$ 17,273,725
Capital Assets Being Depreciated:				
Plant equipment	108,410,985	766,739	-	109,177,724
Lab equipment	36,742	-	-	36,742
Office equipment	21,497	-	-	21,497
Vehicles	500,851	-	(25,813)	475,038
Total Capital Assets Being Depreciated	<u>108,970,075</u>	<u>766,739</u>	<u>(25,813)</u>	<u>109,711,001</u>
Less: Accumulated Depreciation For:				
Plant equipment	(49,526,780)	(2,757,551)	-	(52,284,331)
Lab equipment	(31,620)	(1,019)	-	(32,639)
Office equipment	(21,497)	-	-	(21,497)
Vehicles	(406,590)	(36,649)	25,813	(417,426)
Net Capital Assets Being Depreciated	<u>58,983,588</u>	<u>(2,028,480)</u>	<u>-</u>	<u>56,955,108</u>
Net Capital Assets	<u><u>\$ 64,025,656</u></u>	<u><u>\$ 13,163,802</u></u>	<u><u>\$ (2,960,625)</u></u>	<u><u>\$ 74,228,833</u></u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Due Within One Year	Due in More Than One year
Long-Term Debt:						
2017 Revenue Bonds	\$ 19,805,000	\$ -	\$ (510,000)	\$ 19,295,000	\$ 535,000	\$ 18,760,000
Loan payable	9,810,000	-	(333,000)	9,477,000	349,000	9,128,000
Original issue premium	1,615,151	-	(70,224)	1,544,927	-	1,544,927
Private placement loan payable	946,510	-	(110,002)	836,508	114,615	721,893
Reimbursement agreements payable:						
Solana Beach	424,544	-	(21,960)	402,584	-	402,584
Santa Fe Irrigation	237,093	-	(34,390)	202,703	-	202,703
SDG&E financing agreement	160,165	-	(35,592)	124,573	53,388	71,185
Total Long-Term Debt	<u>32,998,463</u>	<u>-</u>	<u>(1,115,168)</u>	<u>31,883,295</u>	<u>1,052,003</u>	<u>30,831,292</u>
Other Noncurrent Liabilities:						
Net pension liability	4,752,677	561,749	(589,829)	4,724,597	-	4,724,597
Total OPEB liability	479,186	55,202	(154,634)	379,754	-	379,754
Compensated absences	625,801	461,807	(374,754)	712,854	374,754	338,100
Total Other Noncurrent Liabilities	<u>5,857,664</u>	<u>1,078,758</u>	<u>(1,119,217)</u>	<u>5,817,205</u>	<u>374,754</u>	<u>5,442,451</u>
Total Noncurrent Liabilities	<u>\$ 38,856,127</u>	<u>\$ 1,078,758</u>	<u>\$ (2,234,385)</u>	<u>\$ 37,700,500</u>	<u>\$ 1,426,757</u>	<u>\$ 36,273,743</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.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 7 - Revenue Bonds: (Continued)

2017 Revenue Bonds (Continued)

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 revenue bonds range from 3% to 5%. The revenue bonds outstanding totaled \$19,295,000 and accrued interest totaled \$267,692 at June 30, 2025, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues.

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>
2026	\$ 535,000	\$ 803,075
2027	560,000	776,325
2028	590,000	748,325
2029	620,000	718,825
2030	650,000	687,825
2031 - 2035	3,735,000	2,949,625
2036 - 2040	4,580,000	2,104,113
2041 - 2045	5,505,000	1,182,200
2046 - 2048	2,520,000	152,200
Total	<u>\$ 19,295,000</u>	<u>\$ 10,122,513</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, 2025 totaled \$9,477,000. Accrued interest totaled \$36,171 at June 30, 2025. 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, 2025

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>
2026	\$ 349,000	\$ 430,039
2027	365,000	413,895
2028	382,000	396,972
2029	399,000	379,293
2030	418,000	360,812
2031 - 2035	2,398,000	1,495,049
2036 - 2040	3,007,000	885,612
2041 - 2043	2,159,000	176,078
Total	<u>\$ 9,477,000</u>	<u>\$ 4,537,750</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 \$836,508 at June 30, 2025. Accrued interest totaled \$2,893 at June 30, 2025. 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>
2026	\$ 114,615	\$ 33,538
2027	119,421	28,732
2028	124,428	23,725
2029	129,646	18,508
2030	135,082	13,071
2031 - 2032	213,316	8,914
Total	<u>\$ 836,508</u>	<u>\$ 126,488</u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 10 - Reimbursement Agreements Payable:

SFID

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of \$526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50 acre feet annually. Future payments on the SFID reimbursement agreement payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated and the agreement is considered noncurrent. The SFID reimbursement agreement payable totaled \$202,703 at June 30, 2025.

Solana Beach

Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of \$478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of \$450 per acre foot of recycled water delivered to any customers through the extension. The payment due for fiscal 2024-25 water sales is \$12,960 and has been included in the current liabilities section of the statement of net position. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated past fiscal year 2025-26. The Solana Beach Reimbursement Agreement Payable, including both the current portion of \$-0-, along with the noncurrent portion of \$402,584, totaled \$402,584 at June 30, 2025.

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 \$124,573 at June 30, 2025.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 53,388	\$ -	\$ 53,388
2027	53,388	-	53,388
2028	17,797	-	17,797
Total	<u>\$ 124,573</u>	<u>\$ -</u>	<u>\$ 124,573</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 \$158 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, 2025, the date of the latest actuarial valuation:

Active plan members	34
Retirees	<u>6</u>
Total	<u>40</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, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2025.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Postemployment Benefits: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	5.20%
Inflation	2.80%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	N/A
Mortality	General SOA Pub-216 General total data set headcount weighted mortality table fully generational using scale MP 2021.
Pre-retirement turnover	Termination rates used are according to the termination rates under the 2021 CalPERS pension plan experience study.
Healthcare Trend Rate	The fiscal year 2024/2025 Healthcare Cost Trend Rates are based on the rate of change in the per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments.

Actuarial assumptions used in the June 30, 2025 valuation were determined through several different methods which include SEJPA-specific information, results of the 2021 CalPERS Experience Study and Review of Actuarial Assumptions, and other publicly-available financial and non-financial data. As permitted, SEJPA conducts a full actuarial valuation every two years, with limited-scope updates performed in the interim years. For the fiscal year ending June 30, 2026, a limited-scope update will be prepared, and the next full valuation will be completed and utilized for the fiscal year ending June 30, 2027.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% as of June 30, 2025 and 4.21% as of June 30, 2024. 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, 2025

Note 11 - Postemployment Benefits: (Continued)

Change in the Total OPEB Liability

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance at June 30, 2024	\$ 479,186	\$ -	\$ 479,186
<u>Changes Recognized for the Measurement Period:</u>			
Service cost	34,158	-	34,158
Interest	21,044	-	21,044
Change in assumptions	(39,107)	-	(39,107)
Difference between expected and actual experience	(88,282)	-	(88,282)
Contributions - Employer	-	27,245	(27,245)
Benefit payments	(27,245)	(27,245)	-
Net Changes	<u>(99,432)</u>	<u>-</u>	<u>(99,432)</u>
Balance at June 30, 2025	<u>\$ 379,754</u>	<u>\$ -</u>	<u>\$ 379,754</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 (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	Plan's Total OPEB Liability/(Asset)		
	Discount Rate - 1% <u>(4.20%)</u>	Current Discount Rate (5.20%)	Discount Rate +1% <u>(6.20%)</u>
Net OPEB Liability	<u>\$ 427,195</u>	<u>\$ 379,754</u>	<u>\$ 340,364</u>

Change in Assumptions

For the measurement period ended June 30, 2025, the discount rate used to calculate the net OPEB liability changed from 4.21% to 5.20%.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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% (7.00% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.00% Decreasing to 4.5%)	Discount Rate +1% (9.00% Decreasing to 5.5%)
Net OPEB Liability	\$ <u>332,754</u>	\$ <u>379,754</u>	\$ <u>438,595</u>

OPEB Expense

For the fiscal year ended June 30, 2025, SEJPA recognized OPEB expense of \$37,293.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2025 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 4,023	\$ (101,953)
Changes of assumptions	44,239	(121,536)
Total	\$ <u>48,262</u>	\$ <u>(223,489)</u>

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
2026	\$ (17,903)
2027	(19,787)
2028	(19,784)
2029	(25,312)
2030	(28,592)
Thereafter	(63,849)
Total	\$ <u>(175,227)</u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, are summarized as follows:

Hire Date	Prior to July 1, 2012	Miscellaneous	
		On or After July 1, 2012 Second Tier	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52*
Monthly benefits, as a % of eligible compensation	1.10% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	14.20%	10.20%	7.90%

* 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 \$362,493 toward the unfunded actuarial liability during the year ended June 30, 2025. 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, 2025

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, 2025:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ <u>4,724,597</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, 2025, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2024, 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, 2024, 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, 2025, 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, 2024, to obtain the total pension liability and fiduciary net position as of June 30, 2024. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 12 - Defined Benefit Pension Plan: (Continued)

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

The District's proportionate share percentage of the net position liability as of June 30, 2023 and 2024 was as follows:

	<u>Miscellaneous Risk Pool</u>
Proportionate at Measurement Date - June 30, 2023	0.095046
Proportionate at Measurement Date - June 30, 2024	<u>0.097684</u>
Change - Increase (Decrease)	<u>(0.002638)</u>

For the year ended June 30, 2025, SEJPA recognized pension expense of \$990,498. At June 30, 2025, SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 710,247	\$ -
Changes in assumptions	121,432	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	85,189	(141,638)
Changes in proportions	118,487	(58,467)
Differences between actual and expected experience	392,546	-
Net difference between projected and actual earnings on plan investments	<u>271,989</u>	<u>-</u>
Total	<u>\$ 1,699,890</u>	<u>\$ (200,105)</u>

The \$710,247 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years Ended June 30</u>	
2026	\$ 262,060
2027	610,591
2028	10,095
2029	<u>(93,208)</u>
Total	<u>\$ 789,538</u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<u>2.5% @ 55</u>	<u>2% @ 60</u>	<u>2% @ 62</u>
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Payroll Growth	3.00%	3.00%	3.00%
Projected Salary Increase	Varies (1)	Varies (1)	Varies (1)
Investment Rate of Return	6.90% (2)	6.90% (2)	6.90% (2)
Mortality	CalPERS Specific	CalPERS Specific	CalPERS Specific

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

(2) Net of pension plan investment expenses, including inflation

Discount Rate

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

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

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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^{1, 2}</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%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporations	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

⁽¹⁾ An expected price inflation of 2.3% used for this period

⁽²⁾ Figures are based on 2021 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>7,447,325</u>	\$ <u>4,724,597</u>	\$ <u>2,483,391</u>

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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, 2025, the total unpaid amount on these contracts is approximately \$2,660,863.

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, 2025, the lease receivable totaled \$403,488 and deferred inflows related to leases totaled \$362,213. The District recognized \$28,933 in lease revenue during the year ended June 30, 2025.

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. 102

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 14 - New Governmental Accounting Standards: (Continued)

GASB No. 103

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

GASB No. 104

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

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

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

	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020
Proportion of the Net Pension Liability	0.097684%	0.095046%	0.093295%	0.099195%	0.085799%
Proportionate Share of the Net Pension Liability	\$ 4,724,597	\$ 4,752,677	\$ 4,365,491	\$ 1,883,516	\$ 3,619,079
Covered Payroll - Measurement Period	\$ 2,983,713	\$ 2,572,479	\$ 2,420,193	\$ 2,286,481	\$ 2,118,208
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	158.35%	184.75%	180.38%	82.38%	170.86%
Plan's Fiduciary Net Position	\$ 15,452,670	\$ 14,391,401	\$ 13,770,398	\$ 14,615,225	\$ 11,895,680
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.58%	75.17%	75.93%	88.58%	76.67%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 589,829	\$ 598,275	\$ 714,281	\$ 574,840	\$ 531,495
	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Proportion of the Net Pension Liability	0.082537%	0.079550%	0.081861%	0.079200%	0.089800%
Proportionate Share of the Net Pension Liability	\$ 3,305,214	\$ 2,998,025	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640
Covered Payroll - Measurement Period	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	159.47%	155.33%	168.40%	159.89%	143.40%
Plan's Fiduciary Net Position	\$ 11,362,690	\$ 10,450,711	\$ 9,717,557	\$ 8,477,710	\$ 8,203,952
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.47%	77.71%	75.07%	74.35%	76.91%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 470,825	\$ 398,079	\$ 367,677	\$ 315,703	\$ 308,067

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, 2025**

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

	Fiscal Year 2024 - 2025	Fiscal Year 2023 - 2024	Fiscal Year 2022 - 2023	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021
Actuarially Determined Contribution	\$ 710,247	\$ 589,829	\$ 561,778	\$ 511,854	\$ 466,121
Contributions in Relation to the Actuarially Determined Contributions	<u>(710,247)</u>	<u>(588,658)</u>	<u>(561,778)</u>	<u>(511,854)</u>	<u>(466,121)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ (1,171)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	<u>\$ 3,607,357</u>	<u>\$ 2,983,713</u>	<u>\$ 2,572,479</u>	<u>\$ 2,420,193</u>	<u>\$ 2,286,481</u>
Contributions as a Percentage of Covered Payroll	19.69%	19.73%	21.84%	21.15%	20.39%
Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	Fiscal Year 2019 - 2020	Fiscal Year 2018 - 2019	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016
Actuarially Determined Contribution	\$ 403,880	\$ 356,338	\$ 302,451	\$ 302,683	\$ 286,852
Contributions in Relation to the Actuarially Determined Contributions	<u>(404,110)</u>	<u>(356,338)</u>	<u>(302,451)</u>	<u>(437,683)</u>	<u>(441,852)</u>
Contributions Deficiency (Excess)	<u>\$ (230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (125,000)</u>
Covered Payroll - Fiscal Year	<u>\$ 2,118,208</u>	<u>\$ 2,072,596</u>	<u>\$ 1,930,102</u>	<u>\$ 1,916,333</u>	<u>\$ 1,829,430</u>
Contributions as a Percentage of Covered Payroll	19.08%	17.19%	15.67%	22.84%	22.51%
Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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	6.9%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.3%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%

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

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

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

Measurement Period	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability										
Service cost	\$ 34,158	\$ 30,478	\$ 21,712	\$ 32,952	\$ 27,919	\$ 23,405	\$ 19,445	\$ 18,879	\$ 18,267	\$ N/A
Interest	21,044	19,104	19,564	13,498	13,759	15,314	15,625	14,565	13,926	N/A
Change of benefit terms	-	-	-	-	-	-	-	-	-	N/A
Differences between expected and actual experience	(88,282)	(3,166)	(21,354)	(6,277)	6,728	-	8,259	-	-	N/A
Changes of assumptions	(39,107)	20,410	(10,789)	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A
Benefit payments	<u>(27,245)</u>	<u>(39,066)</u>	<u>(28,370)</u>	<u>(24,405)</u>	<u>(18,556)</u>	<u>(16,528)</u>	<u>(12,096)</u>	<u>(14,170)</u>	<u>(13,242)</u>	<u>N/A</u>
Net Change in Total OPEB Liability	<u>(99,432)</u>	<u>27,760</u>	<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>
Total OPEB Liability - Beginning	<u>479,186</u>	<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>404,069</u>	<u>N/A</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 379,754</u></u>	<u><u>\$ 479,186</u></u>	<u><u>\$ 451,426</u></u>	<u><u>\$ 470,663</u></u>	<u><u>\$ 595,539</u></u>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>	<u><u>\$ N/A</u></u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 27,245	\$ 39,066	\$ 28,370	\$ 24,405	\$ 18,556	\$ 16,528	\$ 12,096	\$ 14,170	\$ 13,242	\$ N/A
Net investment income	-	-	-	-	-	-	-	-	-	N/A
Benefit payments	(27,245)	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ N/A</u></u>
District's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 379,754</u></u>	<u><u>\$ 479,186</u></u>	<u><u>\$ 451,426</u></u>	<u><u>\$ 470,663</u></u>	<u><u>\$ 595,539</u></u>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>	<u><u>\$ N/A</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Covered Employee Payroll - Measurement Period	<u><u>\$ 3,621,898</u></u>	<u><u>\$ 3,303,416</u></u>	<u><u>\$ 2,869,777</u></u>	<u><u>\$ 2,420,193</u></u>	<u><u>\$ 2,188,001</u></u>	<u><u>\$ 2,104,992</u></u>	<u><u>\$ 2,043,682</u></u>	<u><u>\$ N/A</u></u>	<u><u>\$ 1,856,890</u></u>	<u><u>\$ N/A</u></u>
Net OPEB Liability as a Percentage of Covered - Employee Payroll	10.48%	14.50%	15.70%	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

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

Notes to Schedules:

Valuation Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period - Fiscal Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

Benefit Changes - None

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

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

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2025**

ASSETS

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 8,788,592	\$ 3,988,785	\$ 12,777,377
Due from other government agencies	737,101	1,268,161	2,005,262
Accrued interest receivable	327,403	67,531	394,934
Prepaid expenses	66,638	29,940	96,578
Current portion of loan receivable	535,000	-	535,000
Total Current Assets	<u>10,454,734</u>	<u>5,354,417</u>	<u>15,809,151</u>
<u>Noncurrent Assets:</u>			
Restricted Assets:			
Cash and cash equivalents	<u>3,971</u>	<u>7,519,650</u>	<u>7,523,621</u>
Total Restricted Assets	<u>3,971</u>	<u>7,519,650</u>	<u>7,523,621</u>
Lease receivable	403,488	-	403,488
Loans receivable, net of current portion	18,760,000	-	18,760,000
Capital Assets:			
Nondepreciable	12,584,742	4,688,983	17,273,725
Depreciable, net of accumulated depreciation	<u>41,330,210</u>	<u>15,624,898</u>	<u>56,955,108</u>
Total Capital Assets	<u>53,914,952</u>	<u>20,313,881</u>	<u>74,228,833</u>
TOTAL ASSETS	<u>83,537,145</u>	<u>33,187,948</u>	<u>116,725,093</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,419,649	280,238	1,699,887
Deferred outflows related to OPEB	40,645	7,617	48,262
Total Deferred Outflows of Resources	<u>\$ 1,460,294</u>	<u>\$ 287,855</u>	<u>\$ 1,748,149</u>

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2025**

LIABILITIES

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Current Liabilities:</u>			
Accounts payable	\$ 2,172,617	\$ 783,977	\$ 2,956,594
Accrued liabilities	234,502	116,762	351,264
Accrued interest payable	267,692	39,064	306,756
Due to other funds	100,000	-	100,000
Unearned revenue	-	286,702	286,702
Current portion of noncurrent liabilities	905,492	521,265	1,426,757
Total Current Liabilities	<u>3,680,303</u>	<u>1,747,770</u>	<u>5,428,073</u>
<u>Noncurrent Liabilities:</u>			
Long-Term Debt:			
Revenue bonds, net of current portion	20,304,927	-	20,304,927
Loan payable	-	9,128,000	9,128,000
Private placement loan payable, net of current portion	-	721,893	721,893
SFID reimbursement agreement payable	-	202,703	202,703
Solana Beach reimbursement agreement payable	-	402,584	402,584
SDG&E financing agreement, net of current portion	71,185	-	71,185
Total Long-Term Debt	<u>20,376,112</u>	<u>10,455,180</u>	<u>30,831,292</u>
Other Noncurrent Liabilities:			
Net pension liability	3,945,740	778,857	4,724,597
Net OPEB obligation	319,783	59,971	379,754
Compensated absences, net of current portion	286,088	52,012	338,100
Total Other Noncurrent Liabilities	<u>4,551,611</u>	<u>890,840</u>	<u>5,442,451</u>
Total Noncurrent Liabilities	<u>24,927,723</u>	<u>11,346,020</u>	<u>36,273,743</u>
Total Liabilities	<u>28,608,026</u>	<u>13,093,790</u>	<u>41,701,816</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred inflows related to pensions	167,108	32,997	200,105
Deferred inflows related to OPEB	188,200	35,289	223,489
Deferred inflows related to leases	362,213	-	362,213
Total Deferred Inflows of Resources	<u>717,521</u>	<u>68,286</u>	<u>785,807</u>
<u>NET POSITION:</u>			
Net investment in capital assets	32,954,423	16,914,736	49,869,159
Unrestricted	22,717,469	3,398,991	26,116,460
Total Net Position	<u>\$ 55,671,892</u>	<u>\$ 20,313,727</u>	<u>\$ 75,985,619</u>

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 2,844,367	\$ 3,795,539	\$ 6,639,906
Contributions from City of Encinitas	3,020,003	-	3,020,003
Contributions from City of Solana Beach	2,287,258	-	2,287,258
Total Operating Revenues	<u>8,151,628</u>	<u>3,795,539</u>	<u>11,947,167</u>
<u>Operating Expenses:</u>			
Personnel costs	4,688,259	1,133,661	5,821,920
Depreciation and amortization	2,011,213	784,006	2,795,219
Utilities	871,482	533,840	1,405,322
Contracted services	792,453	349,899	1,142,352
Supplies	779,594	280,876	1,060,470
Repair parts expense	279,762	98,686	378,448
Disposal services	271,021	-	271,021
Permit/purveyor fees	157,459	61,567	219,026
Insurance	152,014	32,917	184,931
Rent	8,997	135,714	144,711
Miscellaneous	109,977	25,229	135,206
Total Operating Expenses	<u>10,122,231</u>	<u>3,436,395</u>	<u>13,558,626</u>
Operating Loss	<u>(1,970,603)</u>	<u>359,144</u>	<u>(1,611,459)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Investment income	1,326,943	561,885	1,888,828
Federal grants	41,418	906,062	947,480
State grants	799,453	145,045	944,498
Rental income	70,332	-	70,332
Other	9,569	694	10,263
Interest expense	(749,851)	(487,407)	(1,237,258)
Total Nonoperating Revenues (Expenses)	<u>1,497,864</u>	<u>1,126,279</u>	<u>2,624,143</u>
Loss Before Capital Contributions and Transfers	<u>(472,739)</u>	<u>1,485,423</u>	<u>1,012,684</u>
<u>Capital Contributions and Transfers:</u>			
Member agency assessments	1,579,158	-	1,579,158
Transfer out of capital asset	(2,193,888)	-	(2,193,888)
Total Capital Contributions and Transfers	<u>(614,730)</u>	<u>-</u>	<u>(614,730)</u>
Change in Net Position	(1,087,469)	1,485,423	397,954
Net Position at Beginning of Year	<u>56,759,361</u>	<u>18,828,304</u>	<u>75,587,665</u>
NET POSITION AT END OF YEAR	<u><u>\$ 55,671,892</u></u>	<u><u>\$ 20,313,727</u></u>	<u><u>\$ 75,985,619</u></u>

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>			
Cash received from customers	\$ 9,091,794	\$ 2,204,132	\$ 11,295,926
Cash payments to suppliers for goods and services	(2,031,650)	(1,330,926)	(3,362,576)
Cash payments to employees for services	(4,120,154)	(961,411)	(5,081,565)
Net Cash Provided by (Used in) Operating Activities	<u>2,939,990</u>	<u>(88,205)</u>	<u>2,851,785</u>
<u>Cash Flows From Noncapital and Related Financing Activities:</u>			
Rental and other nonoperating income	79,901	694	80,595
Net Cash Provided by Noncapital and Related Financing Activities	<u>79,901</u>	<u>694</u>	<u>80,595</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and construction of capital assets	(11,297,191)	(3,895,093)	(15,192,284)
Principal paid on long-term debt	(545,592)	(499,352)	(1,044,944)
Interest paid on long-term debt	(828,575)	(489,058)	(1,317,633)
Proceeds of federal and state grants	840,871	1,051,107	1,891,978
Capital contributions	1,579,158	-	1,579,158
Net Cash Used in Capital and Related Financial Activities	<u>(10,251,329)</u>	<u>(3,832,396)</u>	<u>(14,083,725)</u>
<u>Cash Flows From Investing Activities:</u>			
Proceeds from loans receivable	510,000	-	510,000
Investment income	1,395,898	583,051	1,978,949
Net Cash Provided by Investing Activities	<u>1,905,898</u>	<u>583,051</u>	<u>2,488,949</u>
Net Decrease in Cash and Cash Equivalents	(5,325,540)	(3,336,856)	(8,662,396)
Cash and Cash Equivalents at Beginning of Year	<u>14,118,103</u>	<u>14,845,291</u>	<u>28,963,394</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 8,792,563</u>	<u>\$ 11,508,435</u>	<u>\$ 20,300,998</u>

(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, 2025**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used in) Operating Activities:</u>			
Operating income (loss)	\$ (1,970,603)	\$ 359,144	\$ (1,611,459)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,011,213	784,006	2,795,219
Change in assets and liabilities:			
Due from other governmental agencies	948,287	(141,407)	806,880
Prepaid expenses	18,006	2,322	20,328
Lease receivable	20,812	-	20,812
Deferred outflows related to pensions	387,145	67,197	454,342
Deferred outflows related to OPEB	11,501	1,032	12,533
Accounts payable	1,373,103	185,480	1,558,583
Accrued liabilities	166,177	96,825	263,002
Due to PARS Trust fund	100,000	-	100,000
Unearned revenue	-	(1,450,000)	(1,450,000)
Net pension liability	(39,259)	11,179	(28,080)
Net OPEB obligation	(84,099)	(15,333)	(99,432)
Compensated absences	69,630	17,423	87,053
Deferred inflows related to pensions	(123,629)	(22,381)	(146,010)
Deferred inflows related to OPEB	80,639	16,308	96,947
Deferred inflows related to leases	(28,933)	-	(28,933)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,939,990</u>	<u>\$ (88,205)</u>	<u>\$ 2,851,785</u>
<u>Noncash Investing, Capital and Financing Activities</u>			
Transfer out of capital asset	<u>\$ (2,193,888)</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 2,875,806	\$ 2,844,367	\$ (31,439)
Contributions from the City of Encinitas	3,022,053	3,020,003	(2,050)
Contributions from the City of Solana Beach	2,301,816	2,287,258	(14,558)
Total Operating Revenues	<u>8,199,675</u>	<u>8,151,628</u>	<u>(48,047)</u>
<u>Operating Expenses:</u>			
Personnel costs	4,147,185	4,688,259	(541,074)
Utilities	838,760	871,482	(32,722)
Contracted services	927,580	792,453	135,127
Miscellaneous	322,383	109,977	212,406
Supplies	558,869	779,594	(220,725)
Rent	9,443	8,997	446
Repair parts expense	235,307	279,762	(44,455)
Insurance	165,300	152,014	13,286
Disposal services	402,900	271,021	131,879
Permit/purveyor fees	105,600	157,459	(51,859)
Contingency	174,430	-	174,430
Total Operating Expenses	<u>7,887,757</u>	<u>8,111,018</u>	<u>(223,261)</u>
Depreciation and Amortization	<u>-</u>	<u>2,011,213</u>	<u>(2,011,213)</u>
Operating Expenses, Net	<u>7,887,757</u>	<u>10,122,231</u>	<u>(2,234,474)</u>
Operating Income (Loss)	<u>\$ 311,918</u>	<u>\$ (1,970,603)</u>	<u>\$ (2,282,521)</u>

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF OPERATING BUDGET COMPARISON - RECYCLED
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 3,691,767	\$ 3,795,539	\$ 103,772
Total Operating Revenues	<u>3,691,767</u>	<u>3,795,539</u>	<u>103,772</u>
<u>Operating Expenses:</u>			
Personnel costs	1,053,396	1,133,661	(80,265)
Utilities	501,540	533,840	(32,300)
Contracted services	377,382	349,899	27,483
Miscellaneous	57,977	25,229	32,748
Supplies	330,430	280,876	49,554
Rent	117,300	135,714	(18,414)
Repair parts expense	55,000	98,686	(43,686)
Insurance	35,810	32,917	2,893
Permit/purveyor fees	54,850	61,567	(6,717)
Contingency	50,000	-	50,000
Total Operating Expenses	<u>2,633,685</u>	<u>2,652,389</u>	<u>(18,704)</u>
Depreciation and Amortization	-	784,006	(784,006)
Operating Expenses, Net	<u>2,633,685</u>	<u>3,436,395</u>	<u>(802,710)</u>
Operating Income (Loss)	<u>\$ 1,058,082</u>	<u>\$ 359,144</u>	<u>\$ (698,938)</u>



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

To the Board of Directors
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff By The Sea, California 92007

We have audited the financial statements of the business-type activities, and the aggregate remaining fund information of San Elijo Joint Powers Authority ("SEJPA") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2024. Professional standards also required that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SEJPA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by SEJPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting SEJPA's financial statements were:

- Management's estimate of the useful lives assigned to capital assets are based upon the intended use of the assets as well as management's experience with similar assets.
- Management's estimate that no long-lived assets have been impaired is based upon their assessment of currently known facts which could have an effect on the value of long-lived assets.
- The fair value of investments is reported to SEJPA on the valuation methodologies deemed appropriate by the California Local Agency Investment Fund (LAIF) and the fund managers. SEJPA reviews and evaluates the values provided by the LAIF and the fund managers.

- Management's estimate of the net OPEB obligation is based upon an actuarial study performed by the actuarial consultant.
- Management's estimate of the net pension liability is based upon the actuarial study performed by CalPERS.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Cash and Cash Equivalents (Note 2)
- Due From Other Government Agencies (Note 3)
- Capital Assets (Note 5)
- Revenue Bonds (Note 7)
- Loan Agreement (Note 8)
- Postemployment Benefits (Note 11)
- Defined Benefit Pension Plan (Note 12)

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. (See Attached)

Disagreements With Management

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2025.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to SEJPA’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SEJPA’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI) as described in the table of contents to the audited financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules and budget comparisons, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of San Elijo Joint Powers Authority and is not intended to be and should not be used by anyone other than these specified parties.

Leaf & Cole LLP

San Diego, California
December 3, 2025

Client:
Report:

SAN ELIJO JOINT POWE
Adjusting Journal Entries
6-30-25

Account	Description	Debit	Credit	Net Income Effect
AJE 01				
To adjust fund 10 expenses for misposting of contribution to PARS from City of Encinitas and Solana Beach.				
10-5153	Contribution to PARS Trust	100,000.00	0.00	
10-5418	Services - Alarm	0.00	100,000.00	
Total		100,000.00	100,000.00	0.00
AJE 02				
To adjust 2017 bond interest income and related interest expense to actual.				
10-4982	2017 Bond Inter From Bond Rec.	8,500.00	0.00	
10-5806	Interest Expense - 2017 Bond	0.00	8,500.00	
Total		8,500.00	8,500.00	0.00
GRAND TOTAL		108,500.00	108,500.00	0.00

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 9, 2025

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY FY 2024-25 FINANCIAL
PERFORMANCE REVIEW

RECOMMENDATION

No action required. This memorandum is submitted for information only.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) owns and operates the San Elijo Water Campus and the San Elijo Recycled Water Utility, and is a co-owner of the San Elijo Ocean Outfall. SEJPA also manages several related service programs that support the cities of Encinitas, Solana Beach, and Del Mar, as well as other local public agencies.

Operational programs include:

- Wastewater Treatment
- Laboratory Services
- Ocean Outfall
- Cardiff Sanitary Division Pump Stations
- Encinitas Sanitary Division Pump Station
- City of Encinitas Urban & Stormwater Services
- City of Solana Beach Pump Stations
- City of Solana Beach Generator Maintenance Services
- City of Del Mar Pump Station
- 22nd District Agricultural Association (Fairgrounds)
- Leucadia Wastewater District Technical Support Services
- Recycled Water

In providing these services, SEJPA seeks to accomplish its mission in an environmentally, socially, and fiscally responsible manner. Each of the above programs is funded by the customer base served. Cost allocations are applied based on actual flows treated or level of effort provided. The total operating budget across all programs for FY 2024-25 was \$10,521,443.

DISCUSSION

The following information represents the audited operating and debt service expenses for FY 2024-25, which ended June 30, 2025.

SUMMARY OF EXPENSES

The table below summarizes program expenses and corresponding budget variances for FY 2024-25. Overall, SEJPA programs finished the year \$96,973 or 1% under budget. The Wastewater Treatment and Disposal programs, including pump stations and related services, were collectively \$78,892 or 1% under budget, while the Recycled Water Program also ended the year \$39,296 or 1% under budget. A detailed discussion of each program follows.

Across the organization, SEJPA continued to experience upward pressure on personnel costs, driven by competitive hiring conditions for operators and other technical staff, as well as an increase in employees electing agency-provided benefits. Additional cost pressures included ongoing price escalation for repair parts and contracted services.

Despite these challenges, SEJPA effectively managed expenses by postponing or reducing reliance on outside consultants and other professional service providers. As a result, four programs concluded the year under budget, while remaining programs were either supported by offsetting revenues for additional services or experienced budget variances that were relatively immaterial.

Program	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Wastewater Treatment	\$ 4,306,993	\$ 4,250,035	\$ 56,958	99%
Laboratory Services	1,050,739	1,066,583	(15,844)	102%
Ocean Outfall	1,070,305	989,453	80,852	92%
Cardiff Sanitary Division Pump Stations	405,554	427,413	(21,859)	105%
Encinitas Sanitary Division Pump Station	185,448	196,579	(11,131)	106%
City of Encinitas Urban & Stormwater	61,805	60,178	1,627	97%
City of Solana Beach Pump Stations	512,799	518,010	(5,211)	101%
City of Solana Beach Generator Services	17,556	17,967	(411)	102%
City of Del Mar Pump Station	75,981	77,829	(1,848)	102%
22nd District Agricultural Association (Fairgrounds)	172,608	176,849	(4,241)	102%
Leucadia Wastewater District Technical Support Services	27,600	27,600	-	100%
Total Wastewater Programs	\$ 7,887,388	\$ 7,808,496	\$ 78,892	99%
Recycled Water Program	2,633,683	2,594,387	39,296	99%
Total All Programs	\$ 10,521,071	\$ 10,402,883	\$ 96,973	99%

WASTEWATER TREATMENT

This program is the cost center for operations and maintenance activities for wastewater treatment at the San Elijo Water Campus. Activities include primary and secondary wastewater treatment for the cities of Encinitas, Solana Beach, and Del Mar as well as the Rancho Santa Fe Community Services Districts. Wastewater biosolids are treated and dewatered, then hauled by a contractor to Arizona for beneficial reuse through land application.

Wastewater Treatment finished the fiscal year under budget by \$56,958, or 1%. This result includes a \$100,000 discretionary contribution to SEJPA's irrevocable Post-Employment Benefits Trust (PARS), allocated evenly between Encinitas and Solana Beach. Excluding this elective contribution, Wastewater Treatment would have ended the year \$156,958 under budget, or 3.6%. Personnel expenses, after applying \$76,000 in budgeted contingency funds, were \$95,418 or 5% over budget, driven by ongoing wage competition and labor supply pressures. Supplies & Services ended the year \$152,376 or 7% below budget, reflecting the net impact of higher-than-expected repair part and maintenance service costs, offset by lower-than-anticipated expenditures on multi-year engineering service contracts.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel*	\$ 2,001,530	\$ 2,096,948	\$ (95,418)	105%
Supplies & Services	2,305,463	2,153,087	152,376	93%
Total Wastewater Treatment	\$ 4,306,993	\$ 4,250,035	\$ 56,958	99%

* Personnel line item includes application of \$76,000 in budgeted contingency funds.

LABORATORY SERVICES

The laboratory located at the San Elijo Water Campus provides analytical laboratory services for the SEJPA Wastewater Treatment, Ocean Outfall, and Recycled Water programs as well as to other entities through contract agreements. For FY 2024-25, contract agreements include the Fairbanks Ranch Community Services District, the Nature Collective, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, San Ysidro Point of Entry treatment facility, Del Mar Fairgrounds, and the Whispering Palms Community Services District.

Laboratory Services expenses exceeded budget by \$15,844 (2%). However, higher-than-anticipated lab work for external customers will generate an additional \$19,351 in revenue, offsetting the shortfall. Personnel ended the year higher than budget by \$74,114, following the application of \$9,000 in budgeted contingency funds due to the conversion of a temporary lab intern into a full-time Lab Analyst I. Supplies and Services costs ended the year below budget by \$58,270 due to savings on professional services, which offsets the overage in labor.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 753,493	\$ 827,607	\$ (74,114)	110%
Supplies & Services	297,246	238,976	58,270	80%
Total Laboratory Services	\$ 1,050,739	\$ 1,066,583	\$ (15,844)	102%

* Personnel line item includes application of \$9,000 in budgeted contingency funds.

OCEAN OUTFALL

This program captures costs for all operation and maintenance services related to the ocean outfall system. These activities include secondary effluent pump station operations and maintenance; ocean monitoring; sampling and testing; and biannual outfall inspection. As the outfall capacity is shared through an agreement with the City of Escondido, all operations and maintenance costs are shared on the basis of actual usage measured by discharged flow to the outfall (for FY 2024-25 cost share was 85% City of Escondido and 15% SEJPA).

The Ocean Outfall program ended the year under budget by \$80,852 or 8%. Personnel costs were below budget by \$4,908, following the application of \$25,000 of budgeted contingency. Supplies and services were below anticipated spending levels due to lower than anticipated spending on multi-year engineering, professional service, and maintenance contracts.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 632,301	\$ 627,393	\$ 4,908	99%
Supplies & Services	438,004	362,060	75,944	83%
Total Ocean Outfall	\$ 1,070,305	\$ 989,453	\$ 80,852	92%

* Personnel line item includes application of \$25,000 in budgeted contingency funds.

CARDIFF SANITARY DIVISION PUMP STATIONS

This program reflects pump station maintenance and operation services provided by SEJPA to the City of Encinitas' Cardiff Sanitary Division (CSD). These facilities include the Cardiff, Coast Highway, and Olivenhain pump stations. All costs incurred are borne solely by CSD.

Overall, the CSD pump stations came in higher than budget by a combined \$21,859. Personnel costs for the programs came in on budget. Supplies and services include repair parts and contracted services which ended over budget due to unanticipated expenses including replacement and upsizing of electrical conduits to allow removal of pump cables at the Coast Highway Pump Station and rental of a temporary emergency generator at Olivenhain Pump Station to accommodate unanticipated repairs to the permanent generator.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 214,223	\$ 213,624	\$ 599	100%
Supplies & Services	191,331	213,789	(22,458)	112%
Total Cardiff Sanitary Division Pump Stations	\$ 405,554	\$ 427,413	\$ (21,859)	105%

* Supplies and Services line item includes application of \$17,500 in budgeted contingency funds.

ENCINITAS SANITARY DIVISION PUMP STATION

Pump station maintenance and operation services are provided to the City of Encinitas' Encinitas Sanitary Division (ESD) for the Moonlight Beach pump station. All actual costs incurred through this program are fully reimbursable and are the sole responsibility of ESD. The program ended the year \$11,131 over budget, or 6%. The variance is primarily due to higher-than-expected personnel costs of \$2,990, net of \$10,000 in applied budget contingency funds, as well as increased Supplies and Services expenses associated with generator and fuel tank maintenance.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 112,288	\$ 115,278	\$ (2,990)	103%
Supplies & Services	73,160	81,302	(8,142)	111%
Total Encinitas Sanitary Division Pump Station	\$ 185,448	\$ 196,579	\$ (11,131)	106%

* Personnel line item includes application of \$10,000 in budgeted contingency funds.

CITY OF ENCINITAS URBAN & STORMWATER

SEJPA provides maintenance and operation services to the City of Encinitas for the Urban Runoff Treatment Facility, the Phoebe Stormwater Pump Station, the Cardiff Stormwater Diversion Structure, and the Storm Drain Sediment Drying and Disposal Program. All actual costs incurred under this program are fully reimbursable and are the sole responsibility of the City of Encinitas. The program ended the year \$1,627 under budget, or 3%, due to savings in both personnel and Supplies and Services. These savings reflect the application of \$2,010 in budgeted contingency funds to personnel costs.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 41,628	\$ 40,646	\$ 982	98%
Supplies & Services	20,177	19,531	646	97%
Total City of Encinitas Urban & Stormwater	\$ 61,805	\$ 60,178	\$ 1,627	97%

* Personnel line item includes application of \$2,010 in budgeted contingency funds.

CITY OF SOLANA BEACH PUMP STATIONS

This program provides pump station operations and maintenance services to the City of Solana Beach, serving the Eden Gardens, Solana Beach, San Elijo Hills, and Fletcher Cove pump stations, as well as the Storm Drain Sediment Drying & Disposal Program. All costs incurred are fully reimbursable and are the sole responsibility of the City of Solana Beach. The program ended the year \$5,211 over budget, or 1%, primarily due to higher-than-anticipated personnel costs. To help offset increased repair part expenses at two pump stations, \$20,000 in budgeted contingency funds were applied to Supplies and Services. Key repairs included replacement of

PLC components and related supplies, as well as compressor and PLC module upgrades at pump station facilities.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 281,722	\$ 286,384	\$ (4,662)	102%
Supplies & Services*	231,077	231,625	(548)	100%
Total City of Solana Beach Pump Stations	\$ 512,799	\$ 518,010	\$ (5,211)	101%

* Supplies and Services line item includes application of 20,000 in budgeted contingency funds.

CITY OF SOLANA BEACH GENERATOR SERVICES

This program provides generator services to Solana Beach City Hall and the Lomas Santa Fe Fire Station. Costs incurred through this program are fully reimbursable and are the sole responsibility of the City of Solana Beach. The program ended the year relatively flat, finishing \$411 over budget, or 2%, due to minor overages in personnel and Supplies and Services costs, after application of budgeted contingency funds.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 9,292	\$ 9,468	\$ (176)	102%
Supplies & Services	8,264	8,499	(235)	103%
Total City of Solana Beach Generator Services	\$ 17,556	\$ 17,967	\$ (411)	102%

* Personnel line item includes application of \$820 in budgeted contingency funds.

DEL MAR PUMP STATION SERVICES

Under this program, SEJPA provides pump station operations and maintenance services to the City of Del Mar. All costs incurred are fully reimbursable and are the sole responsibility of the City of Del Mar. For FY 2024-25, expenses were \$1,848 over budget, or 2%. The variance was relatively immaterial, reflecting slightly higher personnel costs, after application of budgeted contingency funds, partially offset by savings in Supplies and Services.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 54,641	\$ 58,125	\$ (3,484)	106%
Supplies & Services	21,340	19,703	1,637	92%
Total City of Del Mar Pump Station	\$ 75,981	\$ 77,829	\$ (1,848)	102%

* Personnel line item includes application of \$2,100 in budgeted contingency funds.

22ND DISTRICT AGRICULTURAL ASSOCIATION (FAIRGROUNDS)

Under this program, SEJPA provides support to the Fairgrounds with their Stormwater Treatment system, as well as additional services requested by the Fairgrounds which are billed separately. Actual costs incurred are paid by the Fairgrounds. This program ended the year \$4,241 over budget, or 2%, which includes additional services requested in the amount of \$10,699. Personnel costs, after applying \$12,000 in budgeted contingency, finished essentially on budget. All contracted and additional work costs are the sole responsibility of the Fairgrounds.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 155,528	\$ 153,561	\$ 1,967	99%
Supplies & Services	17,080	23,288	(6,208)	136%
Total 22nd District Agricultural Association	\$ 172,608	\$ 176,849	\$ (4,241)	102%

* Personnel line item includes application of \$12,000 in budgeted contingency funds.

LEUCADIA WASTEWATER DISTRICT TECHNICAL SUPPORT SERVICES

This relatively new program continues in FY2024-25 to support Leucadia Wastewater District (LWD) with Technical Support Services for the Forest R. Gafner Water Reclamation Facility (Gafner Facility). The actual costs incurred are borne solely by the Leucadia Wastewater District.

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 27,100	\$ 26,925	\$ 175	99%
Supplies & Services	500	675	(175)	135%
Total Leucadia WD Technical Support Services	\$ 27,600	\$ 27,600	\$ -	100%

RECYCLED WATER

SEJPA owns and operates a recycled water utility that wholesales recycled water to the Santa Fe Irrigation District, the San Dieguito Water District, the City of Del Mar, and the Olivenhain Municipal Water District, and, also, provides interruptible direct water sales to the Encinitas Ranch Golf Authority (ERGA). The SEJPA recycled water utility produces high quality water for irrigation and industrial uses. It is a locally produced, drought resistant water supply, that helps support a diversified regional water portfolio. SEJPA's recycled water program typically delivers between 1,400 and 1,600 acre-feet per year (AFY) of recycled water to its retail partners.

Total operating expenses for the Recycled Water Program in FY 2024-25 (excluding debt service) were \$2,594,387, finishing \$39,296 under budget, or 1%.

As mentioned earlier, SEJPA continues to experience wage and benefit pressures necessary to attract and retain best-in-class staff. Despite these challenges, personnel costs for the Recycled Water Utility ended the year on budget, supported by a temporary vacancy in a Mechanic position and the application of \$22,000 in budgeted contingency funds.

Supplies and Services also finished at budget after applying \$28,000 of budgeted contingency. Activity in this category included additional rent payments to Olivenhain Municipal Water District for recycled water infrastructure, which are volume-based. Repair parts and contracted services exceeded budget by a combined \$82,000, driven primarily by price inflation for repair materials and the emergency repair of the recycled water pipeline following a rupture in May 2025. Significant savings of approximately \$76,000 were realized in engineering services due to lower-than-anticipated consulting needs for treatment support and technology services. Capital Outlay expenses were recorded as zero, as several repair or replacement items did not meet SEJPA's capitalization threshold and were instead charged to Repair Parts, including replacement of flow meter displays, sensors, and transmitters, which contributed to the budget overage in that category.

Total revenue for the Recycled Water program was approximately \$4.4 million, including San Diego County Water Authority and Metropolitan Water District incentive revenues and interest income. SEJPA recycled water sales were budgeted at 1,605 acre feet (AF) but ended the year with 1,794 AF of actual water sales. Recycled water sales increased during the year as a result of dry conditions that created additional demand among customers seeking reliable, drought-resilient supplies. Overall, revenue collected exceeded the anticipated budget, driven both by this increased recycled water demand and by higher-than-expected usage.

Program revenues exceeded total operational expenditures and debt service by \$281,637. This positive variance resulted from several factors: contributions that were higher than budgeted revenues (\$103,774), higher-than-anticipated interest income from investable funds (\$136,135), operational expenses coming in below budget (\$39,297), and debt service differences attributed to interest accruals (\$2,431). The resulting surplus has been retained in the Recycled Water Utility Reserve.

Below are tables showing Recycled Water expenses, revenues, and total revenue over expenses.

FY 2024-25 Recycled Water Expenses

Expense Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Personnel	\$ 1,075,396	\$ 1,075,660	\$ (264)	100%
Supplies & Services	1,518,287	1,518,727	(440)	100%
Capital Outlay	40,000	-	40,000	0%
Total Recycled Water	\$ 2,633,683	\$ 2,594,387	\$ 39,296	99%

* Personnel and Supplies and Services line items includes application of \$22,000 & \$28,000 in budgeted contingency funds, respectively.

FY 2024-25 Recycled Water Revenues

Revenue Category	Budget FY 2024-25	Actual FY 2024-25	(Over)/Under Budget	% Budget Spent
Sante Fe Irrigation District	\$ 1,108,380	\$ 1,150,793	\$ (42,413)	104%
San Dieguito Water District	810,264	783,175	27,089	97%
City of Del Mar	162,435	159,730	2,705	98%
Encinitas Ranch Golf Authority	412,938	412,938	-	100%
Olivenhain Municipal Water District	477,750	568,905	(91,155)	119%
Total Customer Revenue	\$ 2,971,767	\$ 3,075,541	\$ (103,774)	103%
MWD/CWA Incentives	720,000	720,000	-	100%
Interest Income	425,750	561,885	(136,135)	0%
Total Revenues	\$ 4,117,517	\$ 4,357,426	\$ (239,909)	106%

FY 2024-25 Net Recycled Water Revenues over Cash Expenses

Category	Budget FY 2024-25	Actual FY 2024-25
Revenue	\$ 4,117,517	\$ 4,357,426
Operating Expenses	(2,633,683)	(2,594,387)
Debt Service	(981,641)	(979,210)
Net Recycled Water Revenue	\$ 502,193	\$ 783,830

Net Recycled Water Revenues ended the year \$281,637 above budget, driven by higher water sales, increased interest earnings, and lower operating expenses. The \$783,830 generated is reported prior to capital project expenditures and contributes to available funding for current and future capital needs of the Recycled Water Utility.

DEBT SERVICE

SEJPA's long-term debt service requirements include one bond issuance, four capital loans, and one financing program.

Wastewater Long-Term Debt

- **2017 Revenue Bonds (Clean Water Bonds)** were issued in FY 2016-17 to provide the primary funding source for SEJPA's Capital Improvement Program needs at the time.
- **SDG&E On-Bill Financing** is an interest free loan that financed energy efficiency improvements to reduce energy consumption. The payments are included in the monthly billing and the debt will be paid in full during FY 2026-27.

Wastewater Revenue Credit Agreements (Non-debt)

- **Del Mar Infrastructure Credit** is an annual credit of \$60,000 to the City of Del Mar against revenue charges for the payback of a portion of costs incurred for the construction of infrastructure built by Del Mar to connect to SEJPA's wastewater facilities. This credit is anticipated to be exhausted in FY 2035-36.

Recycled Water Utility Long-Term Debt

- **2023 Recycled Water Loan** in the amount of \$10,120,000 was issued in May 2023 to fund Recycled Water capital program projects and is scheduled to be paid off in FY 2042-43.
- **Private Placement Loan** provided funding for the construction of advanced water purification and is scheduled for retirement in FY 2031-32.
- **Santa Fe Irrigation District (SFID) Loan** funded the purchase of a recycled water pipeline that expanded the distribution system. Repayment of the SFID loan is tied to the volume of recycled water sold through the pipeline, so the debt does not have a fixed payoff date. Based on historical usage trends, the loan is projected to be retired in FY 2031-32.
- **City of Solana Beach Loan** funded the purchase of a recycled water distribution pipeline designed along the southern border of the City to service the Coastal Rail Trail through Solana Beach. Repayment of this loan is likewise tied to the volume of recycled water sold through the pipeline, so it does not have a fixed payoff date. Based on historical usage trends, the loan is projected to be retired in FY 2066-67.

All SEJPA's loans and bonds were paid timely and in accordance with the agreement provisions. SEJPA's Standard & Poor's bond credit rating is AA+. Below is a table showing the principal balances paid during FY 2024-25 on each loan.

Revenue Category	Original Balance	Principal Paid In Prior Years	Principal Paid in 2024-25	Unpaid Balance 6/30/2025
<i>Wastewater Debt</i>				
2017 Revenue Bonds (Clean Water)	\$ 22,115,000	\$ 2,310,000	\$ 510,000	\$ 19,295,000
SDG&E On-bill Financing	533,883	373,717	35,593	124,573
Total Wastewater Debt	\$ 22,648,883	\$ 2,683,717	\$ 545,593	\$ 19,419,573
<i>Recycled Water Debt</i>				
2023 Recycled Water Loan	\$ 10,120,000	\$ 310,000	\$ 333,000	\$ 9,477,000
Private Placement Loan (AWP)	2,000,000	1,053,490	110,003	836,507
Santa Fe Irrigation District Loan	526,149	289,056	39,801	197,292
Solana Beach Pipeline Reimbursement	1,191,652	767,108	21,960	402,584
Total Recycled Water Debt	\$ 13,837,801	\$ 2,419,654	\$ 504,764	\$ 10,913,383
Total SEJPA Debt	\$ 36,486,684	\$ 5,103,371	\$ 1,050,357	\$ 30,332,956
<i>Other Agreements</i>				
Del Mar WW Infrastructure Credit	\$ 1,082,247	\$ 381,683	\$ 60,000	\$ 640,564

CalPERS UNFUNDED LIABILITY

SEJPA's combined CalPERS Unfunded Accrued Liability (UAL), measured as of June 30, 2024, is summarized below. The UAL represents the portion of pension obligations not currently funded and can be viewed as long-term employer debt.

In 2019, the SEJPA Board established an irrevocable pension reserve, referred to as the PARS Trust, to help address this unfunded liability. The PARS Trust balance as of June 30, 2024, was \$1,002,682. During the current year ending June 30, 2025, the PARS Trust value increased by \$194,940, consisting of a \$100,000 contribution accrued as of June 30, 2025, and \$94,940 in investment earnings. This results in an ending balance of \$1,197,622 as of June 30, 2025. When the PARS Trust balance is considered in conjunction with the CalPERS UAL, the net unfunded liability and funding percentage are adjusted as follows:

Plan	Unfunded Accrued Liability (UAL)*/**	Funded Ratio	PARS Trust Value***	UAL Less PARS	Funded Ratio with PARS
SEJPA CalPERS Plans (Tier 1/Tier 2/PEPRA)	\$ 5,205,096	75.6%	\$ 1,197,622	\$ 4,007,474	81.2%

* - Beginning for valuation plan years as of June 30, 2024, UAL information is no longer prepared by Calpers on an individual Tier-Plan level.

** - UAL Value as of June 30, 2024 per CalPERS Actuarial Report dated July 2025.

*** - PARS Trust Value as of June 30, 2025 per PARS statement plus accrued contributions of \$100,000 for FY 2024-25.

OVERALL SUMMARY

In summary, San Elijo's major programs, including Wastewater Treatment, Ocean Outfall, and Recycled Water Utility, ended the year collectively under budget by \$177,106, or 2.2%. Laboratory expenditures exceeded the budget by \$15,844; however, this overage was partially offset by additional revenue generated from higher-than-anticipated testing volumes. Pump station operations were over budget by \$40,049, or 3.4%, including \$10,500 relating to additional requested out-of-scope services which were billed separately to pump station owners with the remainder of the overage due to higher-than-expected repair parts costs.

On a total basis, SEJPA concluded the year \$96,973 or 1% under budget. In addition, all debt service payments were made in full and in accordance with the respective loan agreements. Lastly, SEJPA's pension plan is appropriately funded, with a funded ratio of pre-PARS funding level of 75% to a post-PARS funding level of 81%, reflecting prudent fiscal oversight and ongoing progress toward full funding.

RECOMMENDATION

No action required. This memorandum is submitted for information only.

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration