SAN ELIJO JOINT POWERS AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2015

Leaf & Cole, LLP
Certified Public Accountants

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FINANCIAL STATEMENTS
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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of San Elijo Joint Powers Authority, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Elijo Joint Powers Authority as of June 30, 2015, and the 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.

Other Matters

Change in Accounting Principle

As described in Note 17 to the financial statements, the San Elijo Joint Powers Authority changed its method of accounting and financial reporting for pensions in order to conform with "Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions." Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and the schedule of proportionate share of the net pension liability and the schedule of Plan contributions, as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of San Elijo JPA. The supplementary combining schedule of net position, combining schedule of revenues, expenses, and changes in net position, the operating budget comparison schedule - wastewater, and the operating budget comparison schedule - reclamation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary combining schedule of net position and combining schedule of revenues, expenses, and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

The operating budget comparison schedule - wastewater and the operating budget comparison schedule - reclamation have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or any assurance on them.

Leaf & Cole LLP

San Diego, California
October 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the San Elijo Joint Powers Authority's (SEJPA) provides an overview of the SEJPA's financial activities as of and for the year ended June 30, 2015. Please read it in conjunction with the SEJPA's financial statements which begin on page 9.

Financial Statements

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

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

The statement of net position includes all of the 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 provides the basis for computing rate of return evaluating the capital structure of the SEJPA and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents information which shows how the 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 measures the success of the SEJPA's operations over the past year and determines whether the SEJPA has recovered its costs through charges for services and other charges.

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

- Operations
- Capital and related financing
- Noncapital 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

Financial Highlights

- The SEJPA's net position increased by $600,438 to $37,715,634 for the year ended June 30, 2015, after adjusting for the effects of the implementation of GASB 68, (See Note 17).
- The SEJPA's revenues totaled $7,811,839 for the year ended June 30, 2015, a decrease of $755,663 resulting principally from a decrease in state grants.
- The SEJPA's expenses totaled $7,211,401 for the year ended June 30, 2015. Nearly half of the 3% increase from the previous year can be found in depreciation and amortization.

Financial Analysis of the SEJPA

Net Position

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

	2015	2014 [1]	Change
Assets:			
Current and other assets	$ 13,756,350	$ 15,435,274	$ (1,678,924)
Capital assets	39,778,414	39,607,816	170,598
Total Assets	53,534,764	55,043,090	(1,508,326)
Deferred Outflows of Resources	469,877	237,396	232,481
Liabilities:			
Current liabilities	2,542,516	2,609,352	(66,836)
Noncurrent liabilities	13,130,919	13,295,622	(164,703)
Total Liabilities	15,673,435	15,904,974	(231,539)
Deferred Inflows of Resources	615,572	-	615,572
Net Position:			
Net investment in capital assets	32,631,542	31,647,687	983,855
Restricted	630,000	630,000	-
Unrestricted	4,454,092	7,097,825	(2,643,733)
Total Net Position	$ 37,715,634	$ 39,375,512	$ (1,659,878)

[1] 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

Net position increased by $600,438 from fiscal year 2014 to 2015. Net investment in capital assets increased $983,555 in fiscal year 2015. This increase is the result of principal paid on the SEJPA's long-term debt and the increase in investment in capital assets, net of depreciation expense.

Financial Analysis of the SEJPA (Continued)

Net Position (Continued)

Restricted net position is unchanged for the year ended June 30, 2015 as funds restricted for reserves remain in place.

Unrestricted net assets (those that can be used to finance day-to-day operations) decreased $383,417 after adjusting for the effects of the implementation of GASB 68, (See Note 17) due to unrestricted funds being used to fund debt service.

Revenues, Expenses and Changes in Net Position

The following is a summary of the SEJPA's revenues, expenses and changes in net position for the years ended June 30:

	2015	2014 [1]	Change
Operating contributions from members	$ 3,094,069	$ 3,035,502	$ 58,567
Charges for services to other government agencies	3,430,206	3,464,930	(34,724)
Other nonoperating revenue	285,019	322,764	(37,745)
Member agency assessments	903,806	952,381	(48,575)
State grants	98,739	791,925	(693,186)
Total Revenues	7,811,839	8,567,502	(755,663)
Operating expenses	6,815,073	6,529,633	285,440
Interest expense	396,328	448,098	(51,770)
Total Expenses	7,211,401	6,977,731	233,670
Increase in Net Position	$ 600,438	$ 1,589,771	$ (989,333)

(1) 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

A closer examination of the source of changes in net position reveals that the SEJPA's total revenues decreased by $755,663 in fiscal year 2015. Over 91% of this decrease is attributable to a decrease in state grants. As noted previously, total costs grew by 3% with nearly half of that increase attributable to depreciation and amortization.

Financial Analysis of the SEJPA (Continued)

Capital Assets

Capital assets consist of the following at June 30:

	2015	2014 [(1)]	Change
Plant equipment	$ 67,832,748	$ 66,699,808	$ 1,132,940
Lab equipment	110,294	130,340	(20,046)
Office equipment	79,786	117,476	(37,690)
Vehicles	289,287	302,543	(13,256)
Construction-in-progress	1,124,406	446,311	678,095
Subtotal	69,436,521	67,696,478	1,740,043
Less: Accumulated depreciation	(29,658,107)	(28,088,662)	(1,569,445)
Net Capital Assets	$ 39,778,414	$ 39,607,816	$ 170,598

(1) 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

The net additions to capital assets for fiscal year 2015 totaled $170,598. Capital asset additions included the emergency generator replacement, the OMWD pipeline and the bio-solids conveyor project as well as several smaller projects.

Long-Term Debt

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

	2015	2014 [(1)]	Change
2011 Refunding Revenue Bonds	$ 5,585,000	$ 6,820,000	$ (1,235,000)
Original Issue Premium, net	379,276	459,123	(79,847)
2011 Refunding Revenue Bonds, Net	5,964,276	7,279,123	(1,314,847)
State Loan Payable	4,597,496	5,299,679	(702,183)
Private Placement Loan Payable	1,757,268	1,830,216	(72,948)
SFID Reimbursement Agreement	453,493	463,815	(10,322)
Total Long-Term Debt	12,772,533	14,872,833	(2,100,300)
Less: Current Portion	(2,060,745)	(2,010,131)	(50,614)
	$ 10,711,788	$ 12,862,702	$ (2,150,914)

(1) 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2015-16 sanitary fund operations and maintenance budget is $4,322,203. The water reclamation budget is 1,363,948. Sales of reclaimed water are budgeted to be approximately 1,530 acre feet in the upcoming year. Only a minor increase in revenue is anticipated due to changes in the reclamation sales agreements.

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 $129,900 and is $4,900 higher than last year's budget levels.

The capital project program will have a budget of $1,597,000 during the upcoming year. This is primarily for improvements to the wastewater, ocean outfall, and reclamation programs.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) for wastewater treatment provided to the member agencies, the budgeted cost is approximately $164 per EDU per year for 2015-16. This represents a 0% increase from 2014-2015. The Encinitas Ranch Golf Course pays a set annual price for interruptible water service, which increases 5% annually. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rate prices. These fees are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

On October 8, 2012, the Board adopted a resolution to amend the contract between CalPERS and the SEJPA. This resolution amended the contract to include Section 20475 (Different 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 will be applicable to all SEJPA employees entering membership for the first time in the miscellaneous classification after June 30, 2015. The lower benefit payout will result in a lower contribution rate for the SEJPA in the future as new employees enter the SEJPA workforce. All employees will pay the full employee portion of the CalPERS retirement benefit.

Contacting the Authority's Financial Manager

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Current Assets: (Notes 1, 2, 3 and 5)	
Cash and cash equivalents	$ 6,776,783
Due from other government agencies	593,767
Accrued interest receivable	74,909
Prepaid expenses	19,026
Current portion of loans receivable	1,265,000
Total Current Assets	8,729,485
Noncurrent Assets: (Notes 1, 2, 4, 5, 6, 7 and 10)	
Restricted Assets:	
Cash and cash equivalents	630,004
Total Restricted Assets	630,004
Loans Receivable, net of current portion	4,320,000
Capital Assets:	
Nondepreciable	1,124,406
Depreciable, net of accumulated depreciation	38,654,008
Total Capital Assets	39,778,414
Other Assets:	
Retrofit loans receivable	52,644
Bond insurance costs	24,217
Total Other Assets	76,861
Total Noncurrent Assets	44,805,279
TOTAL ASSETS	53,534,764
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 9 and 17)	
Deferred amount on refunding	196,110
Deferred outflows related to contributions	269,023
Deferred outflows related to pensions	4,744
Total Deferred Outflows of Resources	469,877

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

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

LIABILITIES	
Current Liabilities: (Notes 1, 8, 9, 10 and 11)	
Accounts payable	$ 172,427
Accrued liabilities	84,622
Accrued interest payable	175,920
Retention payable	48,802
Current portion of refunding revenue bonds	1,265,000
Current portion of state loan payable	719,738
Current portion of private placement loan payable	76,007
Total Current Liabilities	2,542,516
Noncurrent Liabilities: (Notes 1, 4, 8, 9, 10, 11, 12, 13 and 14)	
Payable From Restricted Assets:	
Due to member agencies payable from restricted assets	4
Long-Term Debt:	
Refunding revenue bonds, net of current portion	4,699,276
State loan payable, net of current portion	3,877,758
Private placement loan payable, net of current portion	1,681,261
SFID reimbursement agreement payable	453,493
Total Long-Term Debt	10,711,788
Other Noncurrent Liabilities:	
Net pension liability	1,937,636
Net OPEB obligation	137,538
Compensated absences	343,953
Total Other Noncurrent Liabilities	2,419,127
Total Noncurrent Liabilities	13,130,919
Total Liabilities	15,673,435
DEFERRED INFLOWS OF RESOURCES (Notes 1, 14 and 17)	
Deferred inflows related to pensions	615,572
Commitments and Contingencies (Notes 13, 14 and 15)	
NET POSITION: (Note 17)	
Net investment in capital assets	32,631,542
Restricted	630,000
Unrestricted	4,454,092
Total Net Position	$ 37,715,634

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, 2015

Operating Revenues:	
Charges for services to other government agencies	$ 3,430,206
Contributions from City of Encinitas	1,646,210
Contributions from City of Solana Beach	1,447,859
Total Operating Revenues	6,524,275
Operating Expenses:	
Personnel costs	2,670,636
Depreciation and amortization	1,831,903
Utilities	811,032
Contracted services	590,388
Supplies	267,493
Disposal services	208,836
Miscellaneous	178,541
Repair parts expense	118,632
Permit/purveyor fees	81,337
Insurance	56,275
Total Operating Expenses	6,815,073
Operating Loss	(290,798)
Nonoperating Revenues (Expenses):	
Investment income	255,283
State grants	98,739
Rental income	25,091
Other	4,421
Gain on disposal of capital assets	224
Interest expense	(396,328)
Total Nonoperating Revenues (Expenses)	(12,570)
Loss Before Capital Contributions	(303,368)
Capital Contributions:	
Member agency assessments	903,806
Total Capital Contributions	903,806
Change in Net Position	600,438
Net Position at Beginning of Year, as Restated (Note 17)	37,115,196
NET POSITION AT END OF YEAR	$ 37,715,634

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, 2015

Cash Flows From Operating Activities:	
Cash received from customers	$ 6,468,416
Cash payments to suppliers for goods and services	(2,299,245)
Cash payments to employees for services	(2,570,574)
Net Cash Provided by Operating Activities	1,598,597
Cash Flows From Noncapital and Related Financing Activities:	
Rental and other nonoperating income	29,512
Net Cash Provided by Noncapital and Related Financing Activities	29,512
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,977,444)
Proceeds from sale of capital assets	1,115
Principal paid on long-term debt	(2,020,453)
Interest paid on long-term debt	(457,331)
Proceeds of state grants	95,839
Capital contributions	903,806
Net Cash Used in Capital and Related Financing Activities	(3,454,468)
Cash Flows From Investing Activities:	
Proceeds from loans receivable	1,235,000
Proceeds from retrofit loans receivable	30,539
Investment income	265,360
Net Cash Provided by Investing Activities	1,530,899
Net Decrease in Cash and Cash Equivalents	(295,460)
Cash and Cash Equivalents at Beginning of Year	7,702,247
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 7,406,787
Cash and Cash Equivalents:	
Financial Statement Classification:	
Cash and cash equivalents	$ 6,776,783
Restricted cash and cash equivalents	630,004
Total Cash and Cash Equivalents	$ 7,406,787

(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, 2015

Reconciliation of Operating Loss to		
Net Cash Provided by Operating Activities:		
Operating loss	$	(290,798)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		1,831,903
Change in assets and liabilities:		
Due from other government agencies		105,531
Prepaid expenses		(2,782)
Deferred outflows related to contributions		(11,609)
Deferred outflows related to pensions		(4,744)
Accounts payable		16,071
Accrued liabilities		32,362
Due to other government agencies		(161,390)
Net pension liability		(580,094)
Net OPEB obligation		35,275
Compensated absences		13,300
Deferred inflows related to pensions		615,572
Net Cash Provided by Operating Activities	$	1,598,597

Supplemental Disclosure of Cash Flow Information:		
Capital assets acquired with retention payable	$	20,849
Amortization of deferred amount on refunding	$	41,286

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

Note 1 - Organization and Significant Accounting Policies:

Organization

The 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). The 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, 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 the 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 the 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%.

The 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 and piping extending from an on-shore location out into the ocean.

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". The SEJPA is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the 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 the SEJPA. The SEJPA has no component units.

Significant Accounting Policies

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

Method of Accounting

The 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 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.

Note 1 - Organization and Accounting Policies: (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities 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

The 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, the SEJPA considers charges for services to other government agencies and contributions from the cities to be operating revenues.

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all amounts due from other government agencies, loans receivable and the retrofit loans receivable were fully collectible; therefore no allowance for doubtful accounts was recorded at June 30, 2015.

Capital Assets

Capital assets purchased or acquired with a cost exceeding $2,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. 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 $1,826,804 for the year ended June 30, 2015.

Note 1 - Organization and Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Interest

The SEJPA incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the year ended June 30, 2015.

Amortization

Bond insurance costs are being amortized on the straight-line method over periods not to exceed the debt maturities. Amortization expense totaled $5,099 for the year ended June 30, 2015.

The original issue premium is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the original issue premium totaled $79,847 for the year ended June 30, 2015 and is included in interest expense.

The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization expense totaled $41,826 for the year ended June 30, 2015, and is included in interest expense.

Classification of Liabilities

Certain liabilities which are currently payable have been classified as noncurrent because they will be funded from restricted assets.

Compensated Absences

Accumulated and unpaid vacation and sick-leave totaling $343,953 is accrued when incurred and included in noncurrent liabilities at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future period and an acquisition of net assets by the government that is applicable to a future reporting period respectively. Deferred outflows of resources include a deferred amount on refunding. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 14.

Risk Management

The 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, 2015, the SEJPA participated in the programs of CSRMA as follows:

Note 1 - Organization and Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Risk Management (Continued)

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 \$25,500,000 per occurrence and in aggregate. CSRMA is self-insured up to \$15,500,000 and additional \$10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to \$25,500,000. SEJPA has a \$100,000 deductible in the CSRMA Pooled Liability Program.

Property Damage - \$56,191,022 in scheduled values through the APIP Property Program with a \$1,000,000,000 shared loss limit per occurrence with a \$5,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. The SEJPA has a \$5,000 to \$350,000 deductible for boiler and machinery coverage depending on the size of the machinery.

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

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

The 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. The SEJPA's insurance expense totaled \$56,275 for the year ended June 30, 2015. There were no instances in the past three years where a settlement exceeded the SEJPA's coverage.

Pensions

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

Economic Dependency

The SEJPA received approximately 47% of its operating revenues from its member agencies for the year ended June 30, 2015.

Note 1 - Organization and Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows the 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, the SEJPA has evaluated events and transactions for potential recognition or disclosure through October 21, 2015, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents:

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

The table below identifies the investment types that are authorized for the 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 the SEJPA, rather than the general provision of the California Government Code or the 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
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

Note 2 - Cash and Cash Equivalents: (Continued)

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

The SEJPA's Investment Policy is more restrictive than the California Government Code. The SEJPA may invest in the California Local Agency Investment Fund and the San Diego County Pooled Money Investment account. Open ended money market mutual funds are being held by the bond trustee.

Cash and cash equivalents held by the SEJPA were comprised of the following at June 30, 2015:

	Maturity in Years 1 Year or Less	Total
Cash on hand	$ 200	$ 200
California Local Agency Investment Fund (LAIF)	7,356,518	7,356,518
Deposits with financial institutions	50,065	50,065
Open ended money market mutual funds	4	4
Total Cash and Cash Equivalents	$ 7,406,787	7,406,787

Financial Statement Classification:	
Current:	
Cash and cash equivalents	$ 6,776,783
Restricted:	
Cash and cash equivalents	630,004
Total Cash and Investments	$ 7,406,787

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The 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 the SEJPA's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the SEJPA's investments by maturity at June 30, 2015.

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:

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

Concentration of Credit Risk

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

The investment policy of the SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The 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 the SEJPA's total investments at June 30, 2015.

Custodial Credit Risk

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

At June 30, 2015, none of the SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2015, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by the SEJPA to buy the securities.

Note 2 - Cash and Cash Equivalents: (Continued)

Investment in State Investment Pool

The 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 the SEJPA's investment in this pool is reported in the accompanying financial statements at amounts based upon the 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, 2015:

California Local Agency Investment Fund (LAIF)	$ 7,356,518
Deposits with financial institutions	50,065
Open ended money market mutual funds	4
Cash on hand	200
Total	$ 7,406,787

Note 3 - Due From Other Government Agencies:

The SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. The following is a detail of amounts owed to/from the SEJPA by these agencies at June 30, 2015:

City of Solana Beach	$ 436,977
San Dieguito Water District	95,856
Santa Fe Irrigation District	86,893
City of Del Mar	83,701
San Diego County Water Authority	77,940
Rancho Santa Fe CSD No. 2 and No. 3	72,237
Olivenhain Municipal Water District	19,047
Other	3,422
Encinitas Ranch Golf Course	(59,256)
City of Escondido	(77,198)
City of Encinitas	(145,852)
Total	$ 593,767

Financial Statement Classification:	
Due from other government agencies	$ 593,767

Note 4 - Restricted Assets:

Restricted assets were provided by and are to be used for the following at June 30, 2015:

Funding Source	Use		
Receipts from customers	State loan reserve requirement	$	630,000
Debt proceeds and interest earned	Debt service - Solana Beach		1
Debt proceeds and interest earned	Debt service - Encinitas		3
		$	630,004

When both restricted and unrestricted resources are available for use, it is the SEJPA's policy to use restricted resources first, and then unrestricted resources as necessary.

Note 5 - Loans Receivable:

The City of Encinitas and the City of Solana Beach have entered into the third amendment and restated loan agreements with the SEJPA. The loans bear interest from 2% to 4%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide the SEJPA with sufficient funds to service the debt on the Refunding Revenue Bonds (See Note 9). Loans receivable consist of the following at June 30, 2015:

City of Solana Beach	$	2,957,581
City of Encinitas		2,627,419
Subtotal		5,585,000
Less current portion		(1,265,000)
Total	$	4,320,000

Note 6 - Retrofit Loans Receivable:

The SEJPA has entered into agreements with certain reclaimed water users whereby the SEJPA reimbursed the reclaimed water users for reasonable costs incurred for the retrofitting of the water user's facilities in order for them to accept and use reclaimed water for nonpotable purposes. The water users agreed to repay the SEJPA the aggregate amount of the retrofit work together with interest ranging from 3.5% to 4.5%. Reclaimed water is purchased at the potable water rate with the difference between the two rates being considered repayment of the reimbursed costs with the payment first applied to interest. Retrofit loans receivable consist of the following at June 30, 2015:

22nd District Agricultural Association	$	47,192
Oak Crest Park		3,352
Cardiff Cove Homeowners Association		2,100
Total	$	52,644

Note 7 - Capital Assets:

Capital assets consist of the following at June 30, 2015:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital Assets Not Being Depreciated:				
Construction in progress	$ 446,311	$ 1,860,165	$ (1,182,070)	$ 1,124,406
Capital Assets Being Depreciated:				
Plant equipment	66,699,808	1,296,438	(163,498)	67,832,748
Lab equipment	130,340	-	(20,046)	110,294
Office equipment	117,476	-	(37,690)	79,786
Vehicles	302,543	23,760	(37,016)	289,287
Total Capital Assets Being Depreciated	67,250,167	1,320,198	(258,250)	68,312,115
Less: Accumulated depreciation	(28,088,662)	(1,826,804)	257,359	(29,658,107)
Net Capital Assets Being Depreciated	39,161,505	(506,606)	(891)	38,654,008
Net Capital Assets	$ 39,607,816	$ 1,353,559	$ (1,182,961)	$ 39,778,414

Note 8 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2015:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Due within one year	Due After One year
Payable from Restricted Assets:						
Due to member agencies payable from restricted assets	$ 4	$ -	$ -	$ 4	$ -	$ 4
Long-Term Debt:						
Refunding Revenue Bonds (Note 9)	6,820,000	-	(1,235,000)	5,585,000	1,265,000	4,320,000
Original issue premium	459,123	-	(79,847)	379,276	-	379,276
Subtotal	7,279,123	-	(1,314,847)	5,964,276	1,265,000	4,699,276
State loan payable (Note 10)	5,299,679	-	(702,183)	4,597,496	719,738	3,877,758
Private placement loan payable (Note 11)	1,830,216	-	(72,948)	1,757,268	76,007	1,681,261
SFID Reimbursement Agreement payable (Note 12)	463,815	-	(10,322)	453,493	-	453,493
Total Long-Term Debt	14,872,833	-	(2,100,300)	12,772,533	2,060,745	10,711,788
Other Noncurrent Liabilities:						
Net pension liability	2,517,730	288,149	(868,243)	1,937,636	-	1,937,636
Net OPEB obligation (Note 13)	102,263	42,415	(7,140)	137,538	-	137,538
Compensated absences (Note 1)	330,653	170,831	(157,531)	343,953	-	343,953
Total Other Noncurrent Liabilities	2,950,646	501,395	1,032,914	2,419,127	-	2,419,127
Total Noncurrent Liabilities	$ 17,823,483	$ 501,395	$ (3,133,214)	$ 15,191,664	$ 2,060,745	$ 13,130,919

Note 9 - Refunding Revenue Bonds:

In December 2011, the SEJPA issued the 2011 Revenue Refunding Bonds in the amount of $9,235,000 for the purpose of refunding its 2003 Refunding Revenue Bonds and prepaying a note to the California Energy Commission. The 2003 Refunding Revenue Bonds had been issued to refund the 1993 Refunding Revenue Bonds, the proceeds of which had been loaned to its two member agencies to finance the upgrade and expansion of the water pollution control facility.

Although the refunding resulted in a deferred amount on refunding of $340,611, the SEJPA in effect reduced the aggregate debt service payments by approximately $222,000 each year over the next seven years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of $1,251,450. The deferred amount on refunding totaled $196,130 at June 30, 2015.

The 2011 Refunding Revenue Bonds are payable in annual principal installments ranging from $50,000 to $1,415,000 through March 1, 2021. Interest payments are due semiannually on September 1, and March 1. Interest rates on the bonds range from 2% to 4%. The 2011 Refunding Revenue Bonds outstanding total $5,585,000 at June 30, 2015. Accrued interest totaled $69,273 at June 30, 2015. The member agencies have covenanted to make payments of loan installments in each year from net revenues derived from the operation of each Agency's respective wastewater collection system.

Debt service requirements on the Refunding Revenue Bonds are as follows:

Years Ended June 30	Principal	Interest
2016	$ 1,265,000	$ 207,817
2017	1,305,000	169,867
2018	1,365,000	117,668
2019	1,415,000	63,068
2020	115,000	6,468
2021	120,000	3,420
	$ 5,585,000	$ 568,308

Note 10 - State Loan Payable:

In March 1998, the SEJPA entered into an agreement with the State Water Resources Control Board for funding of the San Elijo Water Reclamation System. The loan was funded through the State Revolving Fund loan program administered by the State of California in the amount of $12,633,522. The State Revolving Fund loan program provides funding for water reclamation projects at a reduced interest rate of 2.5%. The state loan payable outstanding totaled $4,597,496 at June 30, 2015. Accrued interest totaled $100,570 at June 30, 2015. The San Elijo Water Reclamation Project represented the construction of tertiary treatment, operational storage facilities, effluent pump stations and a reclaimed water distribution system. Annual loan payments are made by the SEJPA in the amount of $834,675 and continue through August 2020. The SEJPA has agreed to maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of the loan.

Note 10 - State Loan Payable: (Continued)

The terms of the state loan payable require the SEJPA to place $63,000 into a reserve fund each year for ten (10) years, beginning with the issuance of the loan. The reserve fund balance was $630,000 at June 30, 2015 (See Note 4).

Debt service requirements on the State Loan Payable are as follows:

Years Ended June 30	Principal	Interest
2016	$ 719,738	$ 114,937
2017	737,731	96,944
2018	756,175	78,500
2019	775,079	59,596
2020	794,456	40,219
2021	814,317	20,358
	$ 4,597,496	$ 410,554

Note 11 - Private Placement Loan Payable:

In November 2011, the SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of $2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of $74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled $1,757,268 at June 30, 2015. Accrued interest totaled $6,077 at June 30, 2015. The SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. The SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

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

Years Ended June 30	Principal	Interest
2016	$ 76,007	$ 75,205
2017	79,194	72,146
2018	82,515	68,959
2019	85,975	65,638
2020	89,580	58,574
2021-2025	507,490	232,276
2026-2030	623,191	117,574
2031-2032	213,316	8,913
	$ 1,757,268	$ 699,285

Note 12 - SFID Reimbursement Agreement Payable:

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to the 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 the SFID at a monthly rate of $450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial downpayment 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 $453,493 at June 30, 2015.

Note 13 - Postemployment Benefits:

Plan Description

The 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 the SEJPA to the retiree is $122 per month, which is set by CalPERS.

Funding Policy and Annual OPEB Costs

The contribution requirements of the SEJPA are established and may be amended annually by the Board of Directors. The SEJPA's annual other post-employment benefit (OPEB) cost (expense) for the Plan is calculated based on the annual required contribution of the SEJPA (ARC), an amount actuarially determined in accordance with GASB Cod. Sec. P50, "Postemployment Benefits Other Than Pension Benefits - Employer Reporting." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The SEJPA's Board of Directors has established a policy of funding the ARC on a pay as you go basis. The current ARC rate is 1.93% of annual covered payroll. The following table shows the components of the SEJPA's annual OPEB cost, the amount actually contributed to the Plan including benefits paid to retirees, and changes in the SEJPA's net OPEB obligation for the year ended June 30, 2015:

Note 13 - Postemployment Benefits: (Continued)

Funding Policy and Annual OPEB Costs (Continued)

Annual required contribution	$	37,634
Interest on net OPEB obligation		4,782
Adjustment to annual required contribution		-
Annual OPEB cost		42,416
Contributions (including benefits paid)		(7,141)
Increase in net OPEB obligation		35,275
Net OPEB obligation - Beginning of Year		102,263
Net OPEB obligation - End of Year	$	137,538

The SEJPA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the four preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of ARC Contributed	Net Pension Obligation
June 30, 2011	$ 22,275	15.33%	$ 34,591
June 30, 2012	23,965	16.52%	54,596
June 30, 2013	23,554	19.30%	73,604
June 30, 2014	34,275	16.38%	102,263
June 30, 2015	42,416	16.83%	137,538

Funding Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the Plan was not yet funded. The SEJPA's actuarial accrued liability for benefits at June 30, 2014 was $291,746 and the covered payroll (annual payroll of active employees covered by the Plan) was $1,940,742, with a ratio of the UAAL to the covered payroll of 15.0%. The normal cost payments made during the year of $7,141 funded 16.83% of the annual required contribution (ARC) leaving an unfunded actuarial liability (UAAL) of $327,021 and a funded ratio of 0.0%.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability Entry Age	Unfunded AAL (UAAL)	Funded Status	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	(C)	[(B-A)/C]
June 30, 2011	$ -	$ 149,480	$ 149,880	0.0%	$ 1,623,768	9.2%
June 30, 2014	-	291,746	291,746	0.0%	1,940,742	15.0%

Note 13 - Postemployment Benefits: (Continued)

Funding Status and Funding Progress (Continued)

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the formal Plan document and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits and costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.0% discount rate, which assumes the SEJPA continues to maintain the retiree health benefits program as an unfunded plan. The amount represents the present value of all contributions for retiree health benefits projected to be paid by the SEJPA for current and future retirees; and an annual healthcare cost trend rate of 3.5%. The UAAL is being amortized as a level percentage of projected payroll over 17 years.

Note 14 - 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 the 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.

Note 14 - Defined Benefit Pension Plan: (Continued)

General Information About the Pension Plans (Continued)

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. The 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 after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired 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, 2015, are summarized as follows:

	Miscellaneous		
	Prior to	On or After July 1, 2012	
	July 1, 2012	Second Tier	PEPRA
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.000%	6.25%
Required employer contribution rates	9.671%	6.709%	6.237%

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. The SEJPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 14 - Defined Benefit Pension Plan: (Continued)

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

As of June 30, 2015, the SEJPA reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
2.5% @ 55	$ 1,937,481
2.0% @ 60	133
2.0% @ 62	22
Total Net Pension Liability	$ 1,937,636

The SEJPA's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30 2014 using standard update procedures. The SEJPA's proportion of the net pension liability was based on a projection of the SEJPA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The SEJPA's proportionate share of the net pension liability for each Plan as of June 2013 and 2014 was as follows:

	2.5% @ 55	2% @ 60	2% @ 62
Proportion - June 30, 2013	N/A	N/A	N/A
Proportion - June 30, 2014	.03114%	-	-
Change - Increase (Decrease)	N/A	N/A	N/A

For the year ended June 30, 2015, the SEJPA recognized pension expense of $288,149. At June 30, 2015, the SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 269,023	$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	4,744	28,369
Differences between actual and expected experience	-	39,282
Net difference between projected and actual earnings on plan investments	-	547,921
Total	$ 273,767	$ 615,572

Note 14 - Defined Benefit Pension Plan: (Continued)

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

The $269,023 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30	
2016	$ (159,448)
2017	(159,448)
2018	(154,951)
2019	(136,981)
2020	-
Thereafter	-
Total	$ (610,828)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	2.5% @ 55	2% @ 60	2% @ 62
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	7.5%	7.5%	7.5%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	3.0%	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%(1)	3.3% - 14.2%(1)	3.3% - 14.2%(1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	CalPERS Specific	CalPERS Specific	CalPERS Specific

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

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details for the Experience Study can be found on the CalPERS website.

Note 14 - Defined Benefit Pension Plan: (Continued)

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

Actuarial Assumptions (Continued) -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.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11 + (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Note 14 - Defined Benefit Pension Plan: (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans 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 plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017 - 18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of each Plan, as of the measurement date calculated using the discount rate of 7.5%, as well as what 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:

	2.0% @ 60	2.0% @ 62	2.5% @ 55
1% Decrease	6.5%	6.5%	6.5%
Net Pension Liability	$ 237	$ 40	$ 3,252,647
Current Discount Rate	7.5%	7.5%	7.5%
Net Pension Liability	$ 133	$ 22	$ 1,937,481
1% Increase	8.5%	8.5%	8.5%
Net Pension Liability	$ 47	$ 8	$ 846,018

Note 14 - Defined Benefit Pension Plan: (Continued)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the SEJPA reported a payable of $-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 15 - Commitments and Contingencies:

Contracts

The SEJPA has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2015, the total unpaid amount on these contracts is approximately $366,398.

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.

Operating Leases

Under an agreement dated April 11, 1991 the SEJPA leases a maintenance facility to the City of Encinitas for $1 per year for an initial term of 30 years. The lease may be renewed or extended at the expiration of the initial term at a rate mutually agreed upon. In addition to the annual payment of $1, the City agreed to reimburse the SEJPA within 30 days for all engineering and inspection costs incurred as a result of the engineering and construction of the maintenance facility. The City also agreed to reimburse the SEJPA for all construction costs incurred by the SEJPA as a result of the construction of the maintenance facility in 30 equal annual installments at an interest rate equal to the interest rate on the bonds issued for construction of the upgrade and expansion of the Water Pollution Control Facility. The lease payments collected are then remitted directly to the member agencies.

Note 15 - Commitments and Contingencies: (Continued)

Operating Leases (Continued)

In January 2007 the SEJPA entered into a Communications Site License Agreement as lessor with Omnipoint Communications, Inc. which was subsequently conveyed to T-Mobile West, LLC. The initial term of the agreement, which calls for an annual payment of $20,400 and increasing 3% annually, is for 5 years commencing the earlier of the date the licensees intend to commence construction or October 1, 2007. This lease agreement may be extended automatically for five additional five-year terms on the same terms and conditions at the election of Omnipoint. The lease is currently extended through October 1, 2017. The SEJPA recognized rental income in the amount of $25,091 for the year ended June 30, 2015.

Note 16 - New Governmental Accounting Standards:

GASB No. 68

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, “Accounting and Financial Reporting for Pensions”. This pronouncement is effective for periods beginning after June 15, 2014. This pronouncement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The effects of this pronouncement on the financial statements of the SEJPA in the year of implementation are more fully described in Note 17.

GASB No. 69

In January 2013, The Governmental Accounting Standard Board issued Statement No. 69, “Government Combinations and Disposals of Government Operations.” This pronouncement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2014 and should be applied on a prospective basis. Earlier application is encouraged. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, this statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This pronouncement did not have a material effect on the financial statements of the SEJPA in the year of implementation.

Note 16 - New Governmental Accounting Standards: (Continued)

GASB No. 70

In April 2013, The Governmental Accounting Standard Board issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This pronouncement is effective for financial reporting periods beginning after June 15, 2014. Earlier application is encouraged. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that the government will be required to make a payment on the guarantee. The Government that issued the obligation guaranteed in a nonexhange transaction should recognize revenue to the extent that its guaranteed obligations have been reduced. If that government is required to repay a guarantor for making a payment, they should continue to reflect the liability until legally released as an obligor. The SEJPA has not extended any nonexchange financial guarantees at the date of these financial statements.

GASB No. 71

In November 2013, The Governmental Accounting Standards Board issue Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This pronouncement is effective simultaneously with the implementation of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The effects of this pronouncement on the financial statements of the SEJPA in the year of implementation are more fully described in Note 17.

GASB No. 72

In February 2015, The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application." This pronouncement provides guidance for determining fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Governments are required to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Required disclosures include the level of fair value hierarchy and valuation techniques and should be organized by type of asset or liability. This pronouncement is effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District has not yet determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

Note 16 - New Governmental Accounting Standards: (Continued)

GASB No. 73

In June 2015, The Governmental Accounting Standards Board issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This pronouncement establishes requirements for defined benefit pension plans that are not with the scope of Statement No. 68, as well as assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pension plans that are not within the scope of Statement No. 68 and amends certain provisions of Statement No. 67. The pronouncement extends the approach to accounting and financial reporting established in Statement 68 to all pensions with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in the notes and required supplementary information by all similarly situated employers and nonemployer contributing entities. The requirements of this statement addressing accounting and financial reporting for employers that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016. All other provisions are effective for periods beginning after June 15, 2015. This pronouncement is not anticipated to have a material effect on the financial statements of the District.

Note 17 - Change in Accounting Principle:

Effective July 1, 2014, the SEJPA changed its method of accounting for retirement expense and the related pension liability as well any deferred inflows of resources and deferred outflows of resources in order to conform with Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions", as amended by Governmental Accounting Standards Board Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

This Statement requires cost-sharing employers such as the SEJPA to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability are also required to be reported as deferred outflows related to pensions. As a result, the District established the following net pension liability and deferred outflow of resources resulting in a reduction in net position reported at June 30, 2014:

Net pension liability	$ (2,517,730)
Deferred outflows related to contributions	257,414
Net Effect of a Change in Accounting Principle	(2,260,316)
Net Position as Originally Stated	39,375,512
Net Position as Restated	$ 37,115,196

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

		2014
Miscellaneous Plan:		
SEJPA's proportion of the net pension liability (asset)		0.03114%
SEJPA's proportionate share of the net pension liability (asset)	$	1,937,481
SEJPA's covered-employee payroll	$	1,568,564
SEJPA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		123.52%
Plan fiduciary net position as a percentage of the total pension liability		80.46%

Miscellaneous Second Tier Plan:		
SEJPA's proportion of the net pension liability (asset)		0.00000%
SEJPA's proportionate share of the net pension liability (asset)	$	133
SEJPA's covered-employee payroll	$	42,312
SEJPA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		0.31%
Plan fiduciary net position as a percentage of the total pension liability		82.99%

Miscellaneous PEPRA Plan:		
SEJPA's proportion of the net pension liability (asset)		0.00000%
SEJPA's proportionate share of the net pension liability (asset)	$	22
SEJPA's covered-employee payroll	$	96,820
SEJPA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		0.02%
Plan fiduciary net position as a percentage of the total pension liability		83.08%

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF PLAN CONTRIBUTIONS
JUNE 30, 2015

		2014
Miscellaneous Plan:		
Contractually required contribution	$	235,844
Contributions in relation to the contractually required contribution	$	(235,844)
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	1,568,564
Contributions as a percentage of covered-employee payroll		15.04%

Miscellaneous Second Tier Plan:		
Contractually required contribution	$	14,207
Contributions in relation to the contractually required contribution	$	(14,207)
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	42,312
Contributions as a percentage of covered-employee payroll		33.58%

Miscellaneous PEPRA Plan:		
Contractually required contribution	$	6,181
Contributions in relation to the contractually required contribution	$	(6,181)
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	96,820
Contributions as a percentage of covered-employee payroll		6.38%

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2015

	Wastewater	Reclamation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 5,427,492	$ 1,349,291	$ 6,776,783
Due from other government agencies	289,585	304,182	593,767
Accrued interest receivable	72,690	2,219	74,909
Prepaid expenses	14,244	4,782	19,026
Current portion of loan receivable	1,265,000	-	1,265,000
Total Current Assets	7,069,011	1,660,474	8,729,485
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	4	630,000	630,004
Total Restricted Assets	4	630,000	630,004
Loans Receivable, net of current portion	4,320,000	-	4,320,000
Capital Assets:			
Nondepreciable	339,611	784,795	1,124,406
Depreciable, net of accumulated depreciation	22,293,855	16,360,153	38,654,008
Total Capital Assets	22,633,466	17,144,948	39,778,414
Other Assets:			
Retrofit loan recievable		52,644	52,644
Bond issuance costs	24,217	-	24,217
Total Other Assets	24,217	52,644	76,861
Total Noncurrent Assets	26,977,687	17,827,592	44,805,279
TOTAL ASSETS	34,046,698	19,488,066	53,534,764
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	196,110	-	196,110
Deferred outflows related to contributions	225,869	43,154	269,023
Deferred outflows related to pensions	4,055	689	4,744
Total Deferred Outflows of Resources	426,034	43,843	469,877

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2015

LIABILITIES	Wastewater	Reclamation	Total
Current Liabilities:			
Accounts payable	$ 122,525	$ 49,902	$ 172,427
Accrued liabilities	45,955	38,667	84,622
Accrued interest payable	69,273	106,647	175,920
Retentions payable	48,802	-	48,802
Current portion of refunding revenue bonds	1,265,000	-	1,265,000
Current portion of state loan payable	-	719,738	719,738
Current portion of private placement loan payable	-	76,007	76,007
Total Current Liabilities	1,551,555	990,961	2,542,516
Noncurrent Liabilities:			
Payable From Restricted Assets:			
Due to member agencies payable from restricted assets	4	-	4
Long-Term Debt:			
Refunding revenue bonds, net of current portion	4,699,276	-	4,699,276
State loan payable, net of current portion	-	3,877,758	3,877,758
Private placement loan, net of current portion	-	1,681,261	1,681,261
SFID reimbursement agreement payable	-	453,493	453,493
Total Long-Term Debt	4,699,276	6,012,512	10,711,788
Other Noncurrent Liabilities:			
Net pension liability	1,664,040	273,596	1,937,636
Net OPEB obligation	114,586	22,952	137,538
Compensated absences	296,060	47,893	343,953
Total Other Noncurrent Liabilities	2,074,686	344,441	2,419,127
Total Noncurrent Liabilities	6,773,966	6,356,953	13,130,919
Total Liabilities	8,325,521	7,347,914	15,673,435
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	526,212	89,360	615,572
NET POSITION:			
Net investment in capital assets	22,401,498	10,230,044	32,631,542
Restricted	-	630,000	630,000
Unrestricted	3,219,501	1,234,591	4,454,092
Total Net Position	$ 25,620,999	$ 12,094,635	$ 37,715,634

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Wastewater	Reclamation	Total
Operating Revenues:			
Charges for services to other government agencies	$ 894,418	$ 2,535,788	$ 3,430,206
Contributions from City of Encinitas	1,646,210	-	1,646,210
Contributions from City of Solana Beach	1,447,859	-	1,447,859
Total Operating Revenues	3,988,487	2,535,788	6,524,275
Operating Expenses:			
Personnel costs	2,195,777	474,859	2,670,636
Depreciation and amortization	1,251,560	580,343	1,831,903
Utilities	539,541	271,491	811,032
Contracted services	410,697	179,691	590,388
Supplies	191,145	76,348	267,493
Disposal services	208,836	-	208,836
Miscellaneous	98,073	80,468	178,541
Repair parts expense	99,495	19,137	118,632
Permit/purveyor fees	54,537	26,800	81,337
Insurance	39,393	16,882	56,275
Total Operating Expenses	5,089,054	1,726,019	6,815,073
Operating Income (Loss)	(1,100,567)	809,769	(290,798)
Nonoperating Revenues (Expenses):			
Investment income	244,806	10,477	255,283
State Grants	-	98,739	98,739
Rental income	25,091	-	25,091
Other	4,421	-	4,421
Gain on disposal of capital assets	224	-	224
Interest expense	(194,122)	(202,206)	(396,328)
Total Nonoperating Revenues (Expenses)	80,420	(92,990)	(12,570)
Income (Loss) Before Capital Contributions	(1,020,147)	716,779	(303,368)
Capital Contributions:			
Member agency assessments	903,806	-	903,806
Total Capital Contributions	903,806	-	903,806
Change in Net Position	(116,341)	716,779	600,438
Net Position at Beginning of Year, as Restated	25,737,340	11,377,856	37,115,196
NET POSITION AT END OF YEAR	$ 25,620,999	$ 12,094,635	$ 37,715,634

SAN ELIJO JOINT POWERS AUTHORITY
OPERATING BUDGET COMPARISON SCHEDULE - WASTEWATER
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance
Operating Expenses:			
Personnel costs	$ 2,294,692	$ 2,195,777	$ 98,915
Utilities	521,181	539,541	(18,360)
Contracted services	505,904	410,697	95,207
Miscellaneous	97,186	98,073	(887)
Supplies	190,784	191,145	(361)
Repair parts expense	138,350	99,495	38,855
Insurance	43,115	39,393	3,722
Disposal services	205,140	208,836	(3,696)
Permit/purveyor fees	52,688	54,537	(1,849)
Contingency	125,000	-	125,000
Capital outlay	35,000	-	35,000
Total Operating Expenses	4,209,040	3,837,494	371,546
Depreciation and Amortization	-	1,251,560	(1,251,560)
Operating Expenses, Net	$ 4,209,040	$ 5,089,054	$ (880,014)

SAN ELIJO JOINT POWERS AUTHORITY
OPERATING BUDGET COMPARISON SCHEDULE - RECLAMATION
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance
Operating Expenses:			
Personnel costs	$ 480,050	$ 474,859	$ 5,191
Utilities	229,348	271,491	(42,143)
Contracted services	139,670	179,691	(40,021)
Miscellaneous	64,147	80,468	(16,321)
Supplies	104,813	76,348	28,465
Repair parts expense	42,000	19,137	22,863
Insurance	19,000	16,882	2,118
Permit/purveyor fees	30,926	26,800	4,126
Capital outlay	5,000	-	5,000
Total Operating Expenses	1,114,954	1,145,676	(30,722)
Depreciation and Amortization	-	580,343	(580,343)
Operating Expenses, Net	$ 1,114,954	$ 1,726,019	$ (611,065)