LEUCADIA WASTEWATER DISTRICT

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

1960 La Costa Avenue
Carlsbad, CA 92009
(760) 753-0155

# 2023

www.lwwd.org

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# Annual Comprehensive Financial Report

## For the Year Ended

## June 30, 2023


**LEUCADIA WASTEWATER DISTRICT**
**1960 La Costa Avenue**
**Carlsbad, California 92009**

**Prepared by:**
***Paul J. Bushee, General Manager***
***Ryan Green, Finance & Administration Director***


**Cover photo taken by Mark Hilton**

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# LEUCADIA WASTEWATER DISTRICT

**Annual Comprehensive Financial Report**
**For the Year Ended June 30, 2023**

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# Introductory Section

October 23, 2023

To the Honorable President and Members of the Board of Directors and Customers of the Leucadia Wastewater District:

State law requires that all general-purpose local governments and special districts publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State law requires that the report be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants each fiscal year. The Annual Comprehensive Financial Report (ACFR) of the Leucadia Wastewater District (District) for fiscal year ended June 30, 2023 is hereby submitted as required. Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants, has audited the Leucadia Wastewater District's financial statements.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Leucadia Wastewater District for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

## PROFILE OF THE DISTRICT

The District was formed in April 1959 pursuant to the County Water District Law (Division 12, Section 30000 et seq. of the California Water Code). Established as an Independent Enterprise Special District, the District is authorized to provide wastewater collection and treatment services and to levy rates and fees to support those services. The District is located in coastal northern San Diego County and is approximately 30 miles north of the City of San Diego.

The District provides wastewater service to the Leucadia and Village Park areas of Encinitas, and the La Costa area of Carlsbad. The District encompasses 16 square miles and serves over 60,000 residents. Wastewater from the District's service area is transported to the Encina Water Pollution Control Facility, where it is treated to federally mandated standards to protect the public health. The Encina plant is a regional facility located in Carlsbad that is jointly owned by the District and five other public entities.

The District also owns and operates the Gafner Water Reclamation Facility, which has a treatment capacity of one million gallons per day. Recycled water produced at the Gafner Facility is used for irrigation on the Omni La Costa Resort & Spa golf course.

### *Governance*

A five-member Board of Directors, who were elected by electoral voters of the District, direct the affairs of the District. The directors, who serve four-year staggered terms, are residents responsible for establishing policies and ordinances, adopting the annual budget, and hiring the District's General Manager. The General Manager is responsible for carrying out the policies and ordinances of the District Board of Directors and for overseeing the day-to-day operations of the District.

### *Mission and Vision*

The mission of the Leucadia Wastewater District is:

> To serve the public by collecting, transporting, recycling and treating wastewater in a safe, reliable, efficient, cost effective, and environmentally responsive manner, while providing excellent service to our customers.

The District's vision is:

> To be a recognized leader in wastewater services, water recycling, and environmental protection.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

### *Local Economy*

The District's service area is primarily residential, serving as a bedroom community for the greater San Diego area. The local economic landscape encompasses commercial activities, tourism, and some horticulture, with no significant presence of heavy industry. The District is at approximately 90% build-out, and it is anticipated that remaining growth will occur slowly over the next 10 to 20 years.

San Diego Association of Government's (SANDAG) 2050 Regional Growth Forecast, adopted in 2021, estimates that by 2050 the region's population will grow by about half a million people, jobs will also increase by half a million, and housing units will increase by almost 300,000. There is an increasing trend for more housing and job growth to occur in the existing urbanized areas and along transportation corridors.

During fiscal year 2023, the District experienced the impacts of high inflationary levels and a strong national and local economy. Inflation remained well above historical norms, despite decreasing throughout the fiscal year from its peak in May 2022 of 8.3% to 4.3% in July 2023. These abnormal levels impacted costs of goods and services, in particular increases in utilities and fuel costs.

The Federal Reserve responded by increasing the interest rates seven times, from 2.5% to 5.5%, over the fiscal year. Potential recessionary concerns lingered throughout the year due to the impacts of interest rate increases. However, concerns were not realized due largely to the strong jobs market that yielded a low U.S. unemployment rate of 3.6% in June 2023.

The local economy, mirroring the national economy, experienced a robust jobs market and across-the-board price increases. In June 2023, the unemployment rate in San Diego County was 4.0%, well below California's unemployment rate of 4.6%.

Price increases were also seen in the local housing market, helping boost the District's property tax revenues. The California Association of Realtors published that the median price of an existing detached single-family home in San Diego County in June 2022 was 3% higher than a year ago.

As an independent enterprise special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. Other than by service rate adjustment, the District's operating revenues tend to increase with growth periods and stabilize during non-growth periods. Conceivably, the greatest threat to operating revenues will be from a significant reduction in the service area population or from the inability of the ratepayers to pay their property taxes. (The majority of the sewer service charges are collected through the property tax rolls.) As the District reaches build-out, it is anticipated that growth in District revenues will be slow but remain stable.

Capacity fees are collected as new units are connected to the District. During the housing boom of the early 2000's the District experienced very strong revenues from capacity fees. Capacity fee revenue has generally slowed as the District approaches build-out.

Property taxes accounted for approximately 14% of the District's total revenue for fiscal year 2023. Due to the recent increase in home values and high rate of property transactions, property tax revenues increased by almost 8% when compared to the prior fiscal year.

### *Long-Term Financial Planning*

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's 2023 Wastewater Financial Plan that forecasts the District's expenditures and revenue needs for the next 20 years. The District utilizes this information to anticipate future expense obligations and to ensure these expense obligations are fully funded. The District comprehensively updates the plan every five-years and annually reviews the District's performance against the plan.

### *Public Employees' Pension Reform*

On September 12, 2012, Governor Brown signed Assembly Bill 340 creating the Public Employees' Pension Reform Act (PEPRA). This law created a new benefit tier for members entering public agency employment and the public retirement system for the first time on or after January 1, 2013. This new tier has a single general member benefit formula that has both a lower normal cost and a lower benefit factor at normal retirement age than the plan for Classic members (those that entered the public retirement system prior to 2013). It is anticipated that PEPRA will lower future retirement costs for the District over the next 20 years. The District currently employs nine Classic members and nine PEPRA employees.

## RELEVANT FINANCIAL POLICIES

### *Reserve Policy*

The District established a Reserve Fund Policy to anticipate and prepare for future funding requirements as well as for unforeseen events. The Reserve Fund Policy defines restricted and unrestricted reserves and describes the flow of funds to and from the various reserves. For information on District reserves, refer to footnotes 1 and 9 of the Financial Statements.

### *Investment Policy*

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives, in priority order, of the District's investment activities are the following: 1) Safety, 2) Liquidity, and 3) Yield. The District's funds are invested in a variety of investments, in accordance with California government code, as described in footnote 2 of the Basic Financial Statements. The District minimizes interest rate risk by investing a greater portion of funds in short-term investments. Credit risk is minimized by investing a majority of funds in the highest rated investments or in diversified investment pools.

## INTERNAL CONTROLS

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

## MAJOR INITIATIVES

The District completed and initiated several major projects to upgrade infrastructure and ensure the adequacy of its facilities.

1) The District's asset management plan update was completed in May 2023. The asset management plan identifies near-term projects and associated cost estimates for upcoming capital improvement and predicts long-term expenditures for integration into the District's Financial Plan. The plan update cost $149,000 to complete.
2) The Village Park 7 pump station was replaced with a submersible pump station. The District invested $900,000 for this project which was placed in service in June 2023.
3) The B1 recycled water force main was repaired in fiscal year 2023. A portion of the cost is projected to be reimbursed in fiscal year 2024.
4) The District invested $64,000 to upgrade its existing SCADA system in fiscal year 2023.
5) The 27-year old Rancho Verde pump station has been allocated a total of $1.1 million to rehabilitate the submersible pump station with a planned completion date in fiscal year 2024.
6) With ongoing CCTV inspections of the collection systems, additional defects were discovered. As a result, the fiscal year 2022 and 2023 Gravity Pipeline Rehabilitation Projects consisted of correcting defects and rehabilitating manholes. Total funding appropriated for these two projects was $1.1 million, and much of the work is completed or underway.
7) The Miscellaneous Pipeline Rehabilitation account is used to rehabilitate, re-line or replace pipelines and manholes that require immediate attention. The necessary repairs are identified through the District's CCTV inspections. The District incurred $77,000 in pipeline rehabilitation costs under this account during fiscal year 2022, and has budgeted $185,000 in fiscal year 2024 for this effort.
8) The District maintains a Lateral Grant Program to assist with repairs or replacement of damaged private laterals. The program reimburses ratepayers, on a 50/50 basis, up to $3,000, for lateral replacement and backflow prevention installation. The goal of this program is encourage District customers to maintain their private laterals. During fiscal year 2023, the District contributed $59,000 for the replacement and/or repair of twenty-five damaged private laterals. The District budgeted $100,000 in fiscal year 2024 for the Lateral Grant Program.

## INDEPENDENT AUDIT

The Government Code requires an annual audit of the District's financial records by a Certified Public Accountant. The District selected, through a competitive process, the firm of Rogers, Anderson, Malody & Scott, LLP to conduct the audit. The auditors' report on the financial statements and schedules are included in the financial section of this report.

## AWARDS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Leucadia Wastewater District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we will submit it to GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGEMENTS

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. A special note of appreciation goes to Ryan Green, the District's Finance and Administration Director, and Kelly Gil, the District's Accounting Technician, and Trisha Hill, the District's Administrative Supervisor, for their assistance with developing this report. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Leucadia Wastewater District's fiscal policies.

Best regards,

Paul J. Bushee
General Manager

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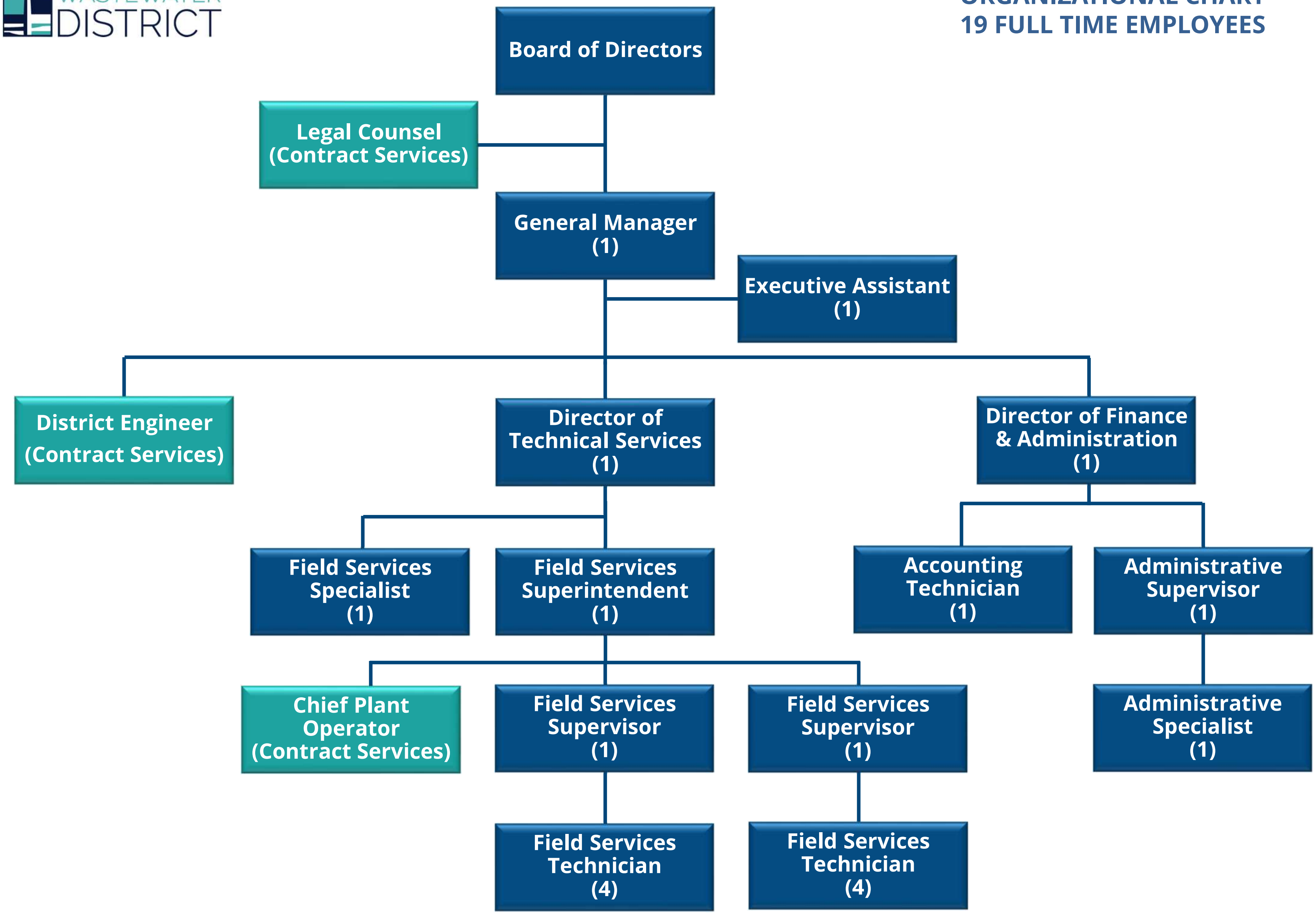
LEUCADIA WASTEWATER DISTRICT

# FY 2023 ORGANIZATIONAL CHART 19 FULL TIME EMPLOYEES



## List of Principal Officials

## Board of Directors as of June 30, 2023

| Name | Title | Elected/Appointed | Current Term |
|---|---|---|---|
| Elaine Sullivan | President | Elected | 12/22-12/26 |
| Chris Roesink | Vice President | Elected | 12/22-12/26 |
| Judy Hanson | Director | Elected | 12/20-12/24 |
| Donald Omsted | Director | Elected | 12/20-12/24 |
| Rolando Saldana | Director | Appointed | 12/22-12/26 |

Leucadia Wastewater District
Paul J. Bushee, General Manager
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Carlsbad, California 9200
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Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Leucadia Wastewater District**
**California**

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

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# Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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*Independent Auditor's Report*

Board of Directors
Leucadia Wastewater District
Carlsbad, California

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Leucadia Wastewater District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2023, 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, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 the District 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 opinion.

### *Other Matters*

As discussed in Note 7 to the financial statements, in the year ended June 30, 2023, the District early adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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

The District's 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.

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 District'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 GAAS and *Government 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 GAAS and *Government 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 the District'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 Analysis*, the *Schedule of the Plan's Proportionate Share of the Net Pension Liability, the Schedule of Contributions-Defined Benefit Pension Plan*, *Schedule of Changes in Net OPEB Liabilit*y *and Related Ratios* and *Schedule of OPEB Contributions* be presented to supplement the basic 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 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 District's basic financial statements. The *supplementary information* in the financial section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information in the financial section 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. 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 supplementary information in the financial section is 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 comprehensive financial report. The other information comprises the *introductory section* and the *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 23, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## For the Year Ended June 30, 2023

Management's Discussion and Analysis (MD&A) offers readers of the Leucadia Wastewater District's (District) financial statements a narrative overview and analysis of the District's financial activities for the fiscal year (FY) ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### FINANCIAL HIGHLIGHTS for fiscal year ended June 30, 2023

- The primary driver of a 9% increase in operating revenues was the 10% increase of the District's wastewater service charge in fiscal year 2023 to $415.84 per EDU per year. Recycled water revenues decreased significantly due to an abnormally wet winter season in the region.
- Operating expenses (before depreciation expense) increased by 4%. The increase was largely due to inflationary increases combines with increased pension plan costs due to unfavorable returns on pension investments managed by CalPERS.
- During the current fiscal year, the District added 154 new equivalent dwelling units (EDU's), bringing the total connected EDU's to 28,782. Outlook for growth remains small and sporadic as the District approaches build-out.
- Development activity in the District's service area resulted in capacity charges totaling $782,788. Major collections came from a 72 EDU apartment complex project on the N. Vulcan and a 42 EDU annexation of single-family homes at The Cove development on La Costa Ave.
- Capital construction and acquisition costs for the year ended June 30, 2023 amounted to $6.6 million. During the year, the District and Encina Wastewater Authority completed the construction of several capital projects and is in design or construction on several more. See the Financial Position section and the Capital Asset section presented below for more information on these capital projects.
- Investment income improved over the prior year due to eight federal funds rate increases by the Federal Reserve during the fiscal year.
- Investment in capital assets increased $1.5 million while unrestricted reserves increased $0.9 million.
- The District's net position for the fiscal year ending June 30, 2023 increased by $2,391,425 or 1.6% from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements. In addition to the basic financial statements, supplemental information is also provided.

The financial statements accompanying this MD&A present the financial position, results of operations, and changes in cash flow during the fiscal years ending June 30, 2023 and June 30, 2022. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

***Statement of Net Position***

The Statement of Net Position presents information on the District's *assets*, *deferred outflows of resources, liabilities*, *deferred inflows of resources,* and *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when establishing financial position.

***Statement of Revenues, Expenses, and Changes in Net Position***

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges.

Operating revenues and expenses are related to the District's core activities (providing wastewater services, and processing and delivering recycled water). Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, property taxes, gain or loss on sale of assets). The sum of the prior year's net position balance and the current year's change in net position equals the ending net position balance.

***Statement of Cash Flows***

The Statement of Cash Flows provides information about the District's cash receipts, cash payments and the changes in the District's cash and cash equivalents during the year, resulting from the operating, non-capital financing, capital and related financing, and investing activities of the District. The Statement of Cash Flows provides information on the sources and uses of the District's cash. It shows how the District is able to meet its cash outlay obligations.

Cash equivalents managed directly by the District consist of investments in the California Local Agency Investment Fund (LAIF), the California Asset Management Program (CAMP), and the San Diego County Investment Pool.

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

An essential question regarding the District's finances is whether its overall financial health improved or deteriorated as a result of the year's operations. Drawing insights from the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, it's evident that the District's financial condition experienced a slight improvement, maintaining a robust financial standing as of June 30, 2023. Further analysis is provided below.

### *Financial Position*

Net position serves as a useful indicator of an organization's financial strength. Table 1 provides a two-year summary of the District's net position.

**TABLE 1. CONDENSED STATEMENT OF NET POSITION**

| | FY 2023 | FY 2022 | FY 2023-2022 Change | |
|---|---|---|---|---|
| | | | Amount | % |
| **ASSETS** | | | | |
| Current assets | $ 9,846,813 | $ 8,224,900 | $ 1,621,913 | 19.7% |
| Non-current assets | 19,024,518 | 20,036,435 | (1,011,917) | -5.1% |
| Capital assets, net | 124,232,576 | 122,704,891 | 1,527,685 | 1.2% |
| **Total assets** | **153,103,907** | **150,966,226** | **2,137,681** | **1.4%** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred amounts on pensions | 2,452,372 | 1,274,038 | 1,178,334 | 92.5% |
| Deferred amounts on OPEB | 111,455 | 74,182 | 37,273 | 50.2% |
| **Total deferred outflows** | **2,563,827** | **1,348,220** | **1,215,607** | **90.2%** |
| **LIABILITIES** | | | | |
| Current liabilities | 1,688,739 | 1,654,582 | 34,157 | 2.1% |
| Non-current liabilities | 4,906,967 | 2,152,380 | 2,754,587 | 128.0% |
| **Total liabilities** | **6,595,706** | **3,806,962** | **2,788,744** | **73.3%** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred amounts on pensions | 247,136 | 2,004,660 | (1,757,524) | -87.7% |
| Deferred amounts on OPEB | 77,393 | 146,751 | (69,358) | -47.3% |
| **Total deferred inflows** | **324,529** | **2,151,411** | **(1,826,882)** | **-84.9%** |
| **NET POSITION** | | | | |
| Investment in capital assets | 124,238,636 | 122,704,750 | 1,533,886 | 1.3% |
| Restricted | 445,200 | 445,200 | - | 0.0% |
| Unrestricted | 24,063,663 | 23,206,123 | 857,540 | 3.7% |
| **Total net position** | **$ 148,747,499** | **$ 146,356,073** | **$ 2,391,426** | **1.6%** |

The District's financial position remains strong with a $148.7 million net position and with $6.6 million in total liabilities at June 30, 2023.

Total assets increased by $2 million or 1.4% during the fiscal year ending June 30, 2023. The increase was primarily driven by increases in net capital assets of $1.5 million and cash and investments of $1.6 million, offset by a decrease in investment of $900,000. The District incurred $6.6 million in expenditures for the acquisition and construction of capital assets, primarily for the: Encina Joint System projects, Recycled Water Force Main (B1) North Section Replacement project, Village Park No. 7 Pump Station Rehabilitation project, Gravity Pipeline Rehabilitation project, 2023 Asset Management Plan update and various pipeline segment rehabilitations and repairs. The District received $783,000 in capacity fees to partially help fund these expenditures. Capacity fees represent a system buy-in charge and are collected in the Capital Replacement Reserve for construction of facilities and improvements identified in the 2023 Asset Management Master Plan. Net Capital Assets were reduced by depreciation expense and net capital asset deletions of $5.1 million for the year.

Total liabilities increased by $2.8 million or 73% during the year, mainly due to an increase in net pension liability.

The District's Net Position as of June 30, 2023 totaled $148.7 million compared with $146.4 million as of June 30, 2022, an increase of 1.6%. Net position is accumulated from revenues, expenses, and capital contributions combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses, and Changes in Net Position.

Deferred outflows, although similar to "assets," are set apart because these items do not meet the technical definition of being a District asset. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflows of resources will become an expense in future years. Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the District. When all the recognition criteria are met, the deferred inflows of resources will become revenue in future years. The District's deferred outflows of resources and deferred inflows of resources are related to the District's Pension and Other Post-Employment Benefits (OPEB) programs.

Total deferred outflows of resources of $2.6 million as of June 30, 2023 are comprised of deferred amounts relating to pensions of $2.5 million and deferred amounts relating to OPEB of $111,000. Total deferred outflows increased by $1.2 million during fiscal year 2023 due primarily to the updated actuary report relating to the District's pension.

Total deferred inflows of resources of $325,000 as of June 30, 2023 are comprised of deferred amounts relating to pensions of $247,000 and deferred amounts relating to OPEB of $78,000. Total deferred inflows decreased by $1.8 million during fiscal year 2023. The significant decrease is attributable to the negative 6.1% investment yield realized by CalPERS during fiscal year 2022.

Refer to Note 10 "Defined Benefit Pension Plan" and Note 11 "Other Post-Employment Benefits" (OPEB) for more information on deferred outflows of resources and deferred inflows of resources from pension liability reporting and from OPEB liability reporting, respectively.

***Results of Operations***

A comparison of the District's revenues, expenses, and changes in net position is presented in Table 2.

**TABLE 2.**

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

| | FY 2023 | FY 2022 | FY 2023-2022 Change | |
|---|---|---|---|---|
| | | | Amount | % |
| **OPERATIONS** | | | | |
| Operating revenues | | | | |
| Wastewater service charges | $ 11,996,035 | $ 10,879,815 | $ 1,116,220 | 10.3% |
| Recycled water sales | 298,307 | 408,839 | (110,532) | -27.0% |
| Other charges & services | 154,548 | 150,067 | 4,481 | 3.0% |
| Total operating revenues | 12,448,890 | 11,438,721 | 1,010,169 | 8.8% |
| Operating expenses | 8,299,263 | 7,954,183 | 345,080 | 4.3% |
| Operating income before depreciation | 4,149,627 | 3,484,538 | 665,089 | 19.1% |
| Depreciation expense | 5,050,451 | 4,919,137 | 131,314 | 2.7% |
| Operating income/(loss) | (900,824) | (1,434,599) | 533,775 | -37.2% |
| **NON-OPERATIONS** | | | | |
| Non-operating revenues/(expenses) | | | | |
| Property tax revenue | 2,129,874 | 1,967,574 | 162,300 | 8.2% |
| Investment income/(loss) | 371,575 | (1,156,695) | 1,528,270 | -132.1% |
| Gain/(loss) on disposition of assets | (1,712) | (72,829) | 71,117 | -97.6% |
| Other non-operating income | 9,725 | 18,237 | (8,512) | -46.7% |
| Total non-operating revenues, net | 2,509,462 | 756,287 | 1,753,175 | 231.8% |
| Income/(loss) before capital contributions | 1,608,638 | (678,312) | 2,286,950 | -337.2% |
| **CAPITAL CONTRIBUTIONS** | 782,788 | 366,675 | 416,113 | 113.5% |
| **Changes in net position** | **2,391,426** | **(311,637)** | **2,703,063** | **-867.4%** |
| Beginning net position | 146,647,472 | 146,959,109 | (311,637) | -0.2% |
| **ENDING NET POSITION** | **$ 149,038,898** | **$ 146,647,472** | **$ 2,391,426** | 1.6% |

Highlights of the fiscal year ending June 30, 2023 are discussed below:

- Net position increased $2.4 million or 1.6%, which is added to the District's beginning net position of $146.6 million to arrive at ending total net position of $149 million. The District incurred an operating loss of $901,000 (which includes non-cash depreciation expense of $5.1 million). This operating loss was offset by non-operating property tax revenue, investment income and other items totaling $2.5 million.

- The District's total operating revenue increased by $1 million. Total wastewater service charges increased 10% due to a 10% increase in the sewer service rate and a slight increase in the customer base. A wet winter season caused decrease in recycled water consumption and was the primary driver of the 27% decrease in recycled water revenues.

- Total operating expenses (before depreciation) increased $345,000 or 4%. The increase was largely due to inflationary increases combines with increased pension plan costs due to unfavorable returns on pension investments managed by CalPERS.

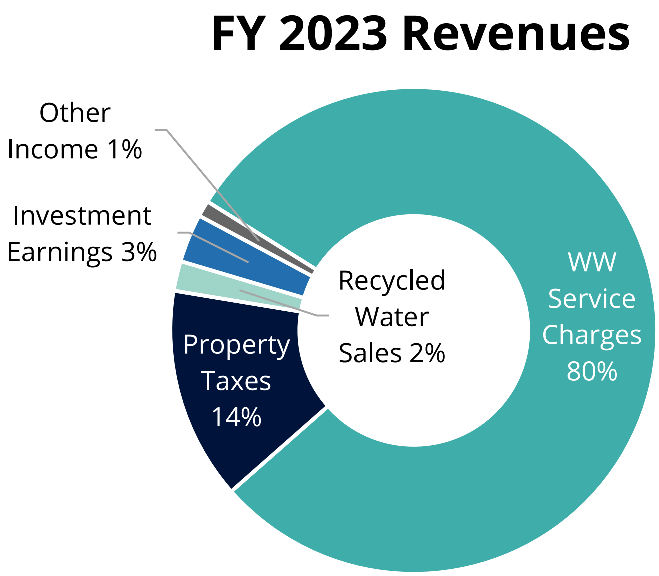
- The District participates in three different investment pools and in the CAMP Individual Portfolio program. It also deposits funds in a bank reserve and purchases investments directly through two broker/dealers. As of June 30, 2023, the District's investments contained laddered investments in US treasury notes, US government sponsored agency bonds/notes, corporate notes, insured certificates of deposits, and municipal bonds, for a total of $18.4 million.

  In total, investment earnings were significantly higher than the prior year. Investment earnings include not only interest income, which was $483,000 for the fiscal year, but also changes in the fair-value of investments. The fair-value adjustment, which has an inverse relationship with the interest rate, resulted in a $112,000 adjustment during the fiscal year. The District typically holds investments to maturity, making fair-value adjustments temporary in nature.

- Capacity fees were up by 114% due to two large developments: a 72 EDU apartment complex project on the N. Vulcan and a 42 EDU annexation of single-family homes at The Cove development on La Costa Ave.

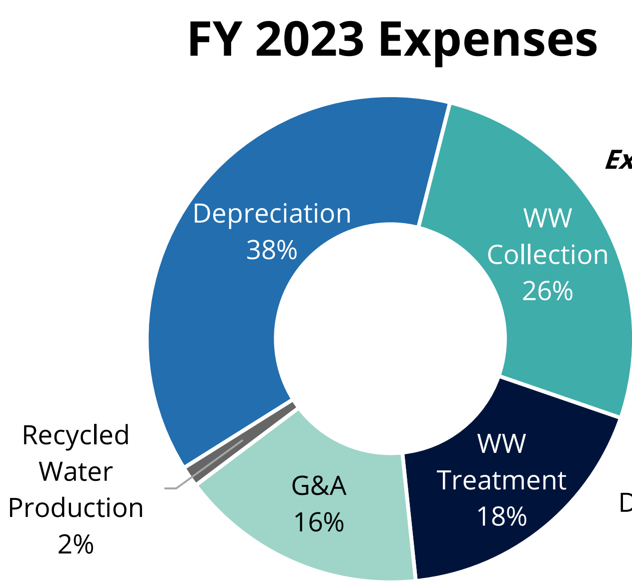
- Property taxes increased by 8% due to increases in assessed valuations drive by significant turnover in the local housing market.

- The District continues to provide core services to its customers at one of the lowest unit costs in the region. The District's wastewater service charge increased by 10%, from $31.50 per EDU per month in fiscal year 2022 to $34.65 per EDU per month in fiscal year 2023.




***Revenues**:*

Excluding the investment adjustment to fair market value ($112,000), revenues for fiscal year 2023 totaled $15.1 million and are presented here in graphical format. As the chart to the left shows, wastewater service charges continue to be a major funding source representing 80% of the District's revenues. The second largest source of revenue is property tax at 14%.




***Expenses**:*

Expenses for fiscal year 2023 totaled $13.3 million. Depreciation represents the largest component at 38% of total expenses. Wastewater Collection (26%), Wastewater Treatment (18%), and General and Administrative (16%) are the next largest expenses. The Wastewater Treatment component represents the costs for wastewater treatment at the Encina Joint System based on the District's ownership and usage of those facilities.

### *Cash Flows*

District cash flows, for the fiscal year ended June 30, 2023, have been categorized into one of the following four activities: operating, noncapital financing, capital and related financing, and investing. The total of these categories resulted in an increase in cash and cash equivalents of $1.6 million which is added from beginning cash and cash equivalents of $6.1 million, to arrive at ending cash and cash equivalents of $7.7 million. Increases in cash and cash equivalents were primarily from operating activities of $3.8 million, proceeds from property taxes of $2.1 million, $783,000 in capacity fee collections, and the net investments activity of $1.3 million. The acquisition and construction of capital assets in the amount of $6.4 million offset the increases in cash and cash equivalents. The ending cash and cash equivalents are represented on the Statement of Net Position as the following: unrestricted cash and cash equivalents of $7,608,105, current restricted cash and cash equivalents of $71,500, and noncurrent restricted cash and cash equivalents of $47,882.

### *Financial Ratios*

Table 3 lists several ratios to help measure the District's financial position and financial resources and uses for the year.

***TABLE 3. SELECTED FINANCIAL RATIOS***

| Ratio | FY 2023 | FY 2022 |
|---|---|---|
| Current ratio | 5.8 | 5.0 |
| Operating margin ratio (before depreciation expense) | 1.5 / 1 | 1.4 / 1 |
| Total margin (total revenues / expenses) | 112% | 95% |
| Capital asset condition ratio | 36% | 36% |
| Total debt to equity | 1 / 23 | 1 / 38 |

The **current ratio** *(current assets divided by current liabilities)* indicates the District can pay 5.8 times its current liabilities from current assets. The District's current ratio indicates a strong ability to meet its short-term obligations. The **operating margin ratio** *(operating revenues divided by operating expenses, before depreciation expense)* measures the extent to which service charges cover operating expenses *(excluding depreciation expense)*. An operating margin ratio of 1.5 indicates very good coverage of the operating expenses, excluding depreciation. *(Depreciation expense is a non-cash systematic write down of existing capital assets).* If depreciation expense and non-operating items are included, the result is the **total margin ratio**, which measures the coverage of total revenues to total expense, including depreciation expense. The District's total margin ratio of 112% indicates the District is living within its financial means and is covering its expenses including depreciation expense. Another ratio, the **capital asset condition ratio** *(accumulated depreciation divided by depreciable capital assets)* reflects the age and use of the capital assets. A capital condition ratio of 36% shows that about a third of the capital asset value has been depreciated and will have to be replaced in a future period.

The District routinely updates its 20-year Comprehensive Financial Plan and its 20-year Asset Management Plan to address the replacement and financing of these depreciated capital assets. The District maximizes a pay-as-you-go method and minimizes the use of debt to finance capital projects. Another key indicator that the District's financial position is strong is that the **debt-to-equity ratio** continues to be favorable. For every $1 of debt at June 30, 2023 the District had $23 in net position (equity). This low ratio indicates a high degree of solvency and is favorable if the District needed to obtain financing.

## RESTRICTIONS, COMMITMENTS, AND LIMITATIONS

***District Reserves:***

In February 2005, the District adopted its Reserve Fund Policy, which was last revised in February 2023. This policy categorizes District reserves into two general types: 1) Restricted Reserves and 2) Unrestricted Reserves. The policy also established target amounts for the reserves and described the flow of funding to and from the reserves. A brief overview of the various reserve designations is provided as follows:

***Restricted Reserves:***

Restricted reserves are those that have conditions or restrictions placed on their use by outside sources such as creditors, grantors, contributions, or laws or regulations of other governments. The District has one restricted reserve, the Encina Wastewater Authority (EWA) Reserve. The restricted reserve balance as of year-end is as follows:

| Restricted Reserve Designation | June 30, 2023 | June 30, 2022 |
|---|---|---|
| EWA Reserve | $445,200 | $445,200 |

***Unrestricted Reserves:***

Unrestricted reserves have no outside restrictions or conditions, and the use of these funds is at the discretion of the Board of Directors. The District maintained four separate unrestricted reserve designations covering wastewater operations, wastewater capital replacement, recycled water, and a wastewater emergency.

During fiscal year 2023, the Wastewater Replacement Reserve increased by $1.4 million due to $4.1 million of net transfers from other reserves, $2.1 million in property tax revenues, $783,000 from capacity fees, and $138,000 in investment income. Those increases were partially offset by $5.7 million of net capital replacement additions during the year. The decrease in the Recycled Water Reserve was primarily driven by capital project that replaced of a portion of force main near the Encina Effluent Pump Station. The unrestricted reserve balances are as follows:

| **Reserve Designation** | **June 30, 2023** | **June 30, 2022** |
|---|---|---|
| Wastewater Operating Reserve | $ 2,984,725 | $ 2,759,669 |
| Wastewater Replacement Reserve | 12,824,585 | 11,386,723 |
| Recycled Water Reserve | 754,353 | 1,559,731 |
| Wastewater Emergency Reserve | 7,500,000 | 7,500,000 |
| Unrestricted subtotal | 24,063,663 | 23,135,876 |
| Restricted EWA Reserve | 445,200 | 445,200 |
| Total | $24,508,663 | $23,651,323 |

Overall, the District's restricted and unrestricted reserves totaled $24.5 million as of June 30, 2023. This is an increase of $928,000 from the prior year. Positive operating income (before depreciation expense), property tax revenue, and capacity fees were partially offset by capital expenditures. The remaining reserve balances show that the District remains in a strong financial position to fund the remaining balance of its estimated $168 million in capital projects over the next 20 years as identified in the District's 2023 Wastewater Financial Plan.

## CASH AND INVESTMENTS

The District's cash and investments were valued at $26.1 million as of June 30, 2023. This was an increase of $680,000 or 3%, from the prior year and was due to normal operations, property tax and capacity fee collections, and investing activities, offset by spending on capital replacement additions during the year.

## CAPITAL ASSETS AND LONG-TERM DEBT

### *Capital Assets:*

At June 30, 2023, the District's investment in capital assets amounted to $124.2 million, net of accumulated depreciation of $67.7 million. This investment in capital assets includes land, buildings, donated subsurface lines, collection facilities and pump stations, equipment, vehicles, construction-in-progress, and the District's share of treatment and disposal facilities of the Encina Joint System. Development activity in the District's service area and implementation of the Capital Improvement Program projects identified in the Asset Management Plan resulted in contributions to the District's infrastructure. The following list provides a summary of significant additions to capital assets during the fiscal year ending June 30, 2023:

| | |
|---|---|
| Encina Joint System | $ 4,281,824 |
| Pipeline Rehabilitation Projects | 1,911,997 |
| Pump Station Rehabilitation Projects | 1,197,112 |
| Vehicles and Equipment | 288,079 |
| Building and Grounds | 61,867 |

Additional information on the District's capital assets can be found in note 4 "Capital Assets" of this report.

### *Long-Term Debt:*

During fiscal years ending June 30, 2023 and June 30, 2022, the District's only debt related to a five-year lease for office copy machines.

## CURRENTLY KNOWN FACTS, CONDITIONS, OR DECISIONS

The District considered the recommendations from the 2023 Wastewater Financial Plan, the 2023 Asset Management Plan, and the following economic factors in establishing the fiscal year 2024 budget amounts and fees:

- A declining level of growth within the District, estimating the addition of 30 equivalent dwelling units (EDU) in fiscal year 2024.
- The need to replace or rehabilitate existing, aging District infrastructure.
- Rising costs due to inflationary pressures.
- Emerging regulatory and environmental pressures.

As a result of these factors, the fiscal year 2024 budget includes:

- An increase in annual wastewater service charges which are $457.42 per EDU per year.
- Capacity fee increase from $5,089 to $6,240 per EDU.
- Appropriations for capital improvement and replacement projects totaling $7,853,668.
- A 2% increase in personnel costs which includes a $250,000 additional discretionary PERS payment to help paydown the PERS unfunded pension liability.
- An 8.6% increase in overall operating costs, primarily driven by increased costs at EWA.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our Board of Directors, District residents, customers, ratepayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, contact the District's Director of Finance & Administration at the Leucadia Wastewater District, 1960 La Costa Avenue, Carlsbad, California 92009, (760) 753-0155, or info@lwwd.org, or visit our website at www.lwwd.org.

# LEUCADIA WASTEWATER DISTRICT

**Statement of Net Position**
**June 30, 2023**
**(with comparative information for prior year)**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents (Note 2) | $ 7,608,105 | $ 6,014,942 |
| Restricted cash and cash equivalents (Note 2) | 71,500 | 70,205 |
| Accrued interest receivable | 104,763 | 85,589 |
| Accounts receivable - wastewater service charges | 69,921 | 87,511 |
| Accounts receivable - property taxes | 47,094 | 46,227 |
| Accounts receivable - due from other governments | 49,872 | 28,320 |
| Prepaid expenses and other deposits | 1,895,558 | 1,892,106 |
| Total current assets | 9,846,813 | 8,224,900 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents (Note 2) | 47,882 | 83,223 |
| Investments (Note 2) | 18,369,455 | 19,248,373 |
| Encina Wastewater Authority reserve deposits (Note 6) | 445,200 | 445,200 |
| Net OPEB asset (Note 12) | 149,103 | 246,761 |
| Land (Note 4) | 12,878 | 12,878 |
| Construction in progress (Note 4) | 4,011,776 | 5,164,305 |
| Capital assets, net of depreciation (Note 4) | 120,220,800 | 117,540,586 |
| Total noncurrent assets | 143,257,094 | 142,741,326 |
| Total assets | 153,103,907 | 150,966,226 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred amounts on pension (Note 11) | 2,452,372 | 1,274,038 |
| Deferred amounts on OPEB (Note 12) | 111,455 | 74,182 |
| Total deferred outflows of resources | 2,563,827 | 1,348,220 |

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

# LEUCADIA WASTEWATER DISTRICT

**Statement of Net Position (continued)**
**June 30, 2023**
**(with comparative information for prior year)**

| | 2023 | 2022 |
|---|---|---|
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 1,240,480 | $ 1,204,779 |
| Accrued salaries and wages | 55,850 | 43,110 |
| Restricted accounts payable | 47,882 | 83,223 |
| Restricted developer deposits | 71,500 | 70,205 |
| Long-term liabilities - due within one year: | | |
| Leases (Note 8) | 6,290 | 6,201 |
| Compensated absences (Note 7) | 266,737 | 247,064 |
| Total current liabilities | 1,688,739 | 1,654,582 |
| Noncurrent liabilities: | | |
| Long-term liabilities - due in more than one year: | | |
| Net pension liability (Note 11) | 4,848,371 | 2,094,667 |
| Leases (Note 8) | 528 | 6,818 |
| Compensated absences (Note 7) | 58,068 | 50,895 |
| Total noncurrent liabilities | 4,906,967 | 2,152,380 |
| Total liabilities | 6,595,706 | 3,806,962 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred amounts on pension (Note 11) | 247,136 | 2,004,660 |
| Deferred amounts on OPEB (Note 12) | 77,393 | 146,751 |
| Total deferred inflows of resources | 324,529 | 2,151,411 |
| **NET POSITION (Note 9)** | | |
| Net Investment in capital assets | 124,238,636 | 122,704,750 |
| Restricted for Encina Wastewater Authority deposit reserves | 445,200 | 445,200 |
| Unrestricted | 24,063,663 | 23,206,123 |
| Total net position | $ 148,747,499 | $ 146,356,073 |

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

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# LEUCADIA WASTEWATER DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position**
**For the Year Ended June 30, 2023**
**(with comparative information for prior year)**

| | 2023 | 2022 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Wastewater service charges | $ 11,996,035 | $ 10,879,815 |
| Recycled water sales | 298,307 | 408,839 |
| Other charges and services | 154,548 | 150,067 |
| Total operating revenues | 12,448,890 | 11,438,721 |
| **OPERATING EXPENSES** | | |
| Wastewater collection | 3,515,827 | 3,191,343 |
| Wastewater treatment - Encina Joint System | 2,411,905 | 2,599,925 |
| Recycled water production | 185,200 | 212,042 |
| General and administrative | 2,186,331 | 1,950,873 |
| Total operating expenses | 8,299,263 | 7,954,183 |
| Operating income before depreciation expense | 4,149,627 | 3,484,538 |
| Depreciation expense | (5,050,451) | (4,919,137) |
| Operating income (loss) | (900,824) | (1,434,599) |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Property taxes | 2,129,874 | 1,967,574 |
| Interest and investment income (loss) | 371,575 | (1,156,695) |
| Gain/(loss) on disposition of capital assets | (1,712) | (72,829) |
| Other nonoperating revenues | 9,725 | 18,237 |
| Total nonoperating revenues (expenses) | 2,509,462 | 756,287 |
| Income (loss) before capital contributions | 1,608,638 | (678,312) |
| **CAPITAL CONTRIBUTIONS** | | |
| Capacity charges | 782,788 | 138,675 |
| Developers | - | 228,000 |
| Total capital contributions | 782,788 | 366,675 |
| Changes in net position | 2,391,426 | (311,637) |
| Net position, beginning of year | 146,356,073 | 146,667,710 |
| Net position, end of year | $148,747,499 | $146,356,073 |

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

# LEUCADIA WASTEWATER DISTRICT

## Statement of Cash Flows
## For the Year Ended June 30, 2023
## (with comparative information for prior year)

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash receipts from customers for wastewater sales and service | $ 12,435,479 | $ 11,620,388 |
| Cash paid to vendors and suppliers for materials and services | (5,902,410) | (5,227,252) |
| Cash paid for employee wages, benefits and related costs | (2,739,388) | (3,023,851) |
| Net cash provided by operating activities | 3,793,681 | 3,369,285 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Proceeds from property taxes | 2,129,007 | 1,953,402 |
| Net cash provided by noncapital financing activities | 2,129,007 | 1,953,402 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Acquisition and construction of capital assets | (6,399,153) | (10,446,481) |
| Proceeds from sale of capital assets | 8,502 | 129,574 |
| Proceeds from capacity fees | 782,788 | 138,675 |
| Lease payments | (6,201) | (6,102) |
| Net cash used for capital and related financing activities | (5,614,064) | (10,184,334) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale and maturities of investments | 3,102,000 | 4,048,000 |
| Purchases of investments | (2,466,065) | (5,576,752) |
| Interest and investment earnings | 614,558 | 199,424 |
| Net cash provided by (used) for for investing activities | 1,250,493 | (1,329,328) |
| Net increase (decrease) in cash and cash equivalents | 1,559,117 | (6,190,975) |
| Cash and cash equivalents, beginning of year | 6,168,370 | 12,359,345 |
| Cash and cash equivalents, end of year | $ 7,727,487 | $ 6,168,370 |
| **Financial statement classification** | | |
| **Cash and cash equivalents** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 7,608,105 | $ 6,014,942 |
| Restricted cash and cash equivalents - Current | 71,500 | 70,205 |
| Non-current assets: | | |
| Restricted cash and cash equivalents - Non-current | 47,882 | 83,223 |
| Total cash and cash equivalents, end of year | $ 7,727,487 | $ 6,168,370 |

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

# LEUCADIA WASTEWATER DISTRICT

**Statement of Cash Flows (continued)**
**For the Year Ended June 30, 2023**
**(with comparative information for prior year)**

| | 2023 | 2022 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:** | | |
| Operating income (loss) | $ (900,824) | $ (1,434,599) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation | 5,050,451 | 4,919,137 |
| Other nonoperating revenues (expenses) | 9,725 | 18,237 |
| Changes in operating assets, deferred outflows, operating liabilities and deferred inflows: | | |
| (Increase) decrease in operating assets and deferred outflows: | | |
| Accounts receivable - wastewater service charges | 17,590 | 133,620 |
| Accounts receivable - due from other governments | (21,552) | 29,918 |
| Accounts receivable - other | (19,174) | (108) |
| Net OPEB asset | 97,658 | (173,385) |
| Prepaid expenses and other deposits | (89,579) | 956,778 |
| Deferred outflows - pension | (1,178,334) | 70,956 |
| Deferred outflows - OPEB | (37,273) | 12,327 |
| Increase (decrease) in operating liabilities and deferred inflows: | | |
| Accounts payable and accrued expenses | (102,710) | (647,959) |
| Accrued salaries and wages | 12,740 | (19,635) |
| Compensated absences | 26,846 | (46,501) |
| Restricted developer deposits | 1,295 | 16,622 |
| Deferred inflows - pension | (1,757,524) | 1,823,177 |
| Deferred inflows - OPEB | (69,358) | 139,957 |
| Net pension liability | 2,753,704 | (2,429,257) |
| Total adjustments | 4,694,505 | 4,803,884 |
| Net cash provided by operating activities | $ 3,793,681 | $ 3,369,285 |
| **Supplemental disclosures:** | | |
| Noncash investing and financing activities: | | |
| Capital assets contributed by developers and others | $ - | $ 228,000 |
| Capital assets included in accounts payable and prepaids | $ 189,197 | $ - |

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Operations of the Reporting Entity

Leucadia Wastewater District (formerly known as Leucadia County Water District) was formed in 1959. The District provides sewer collection and treatment services to portions of the incorporated cities of Encinitas and Carlsbad. The District provides recycled water for use as irrigation on the Omni La Costa Resort & Spa's Legends Golf Course. The District serves a land area of approximately sixteen square miles.

B) Measurement Focus, Basis of Accounting and Financial Statements Presentation

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges for wastewater services and recycled water sales. Operating expenses also include management, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing wastewater services to its customers on a continuing basis be financed or recovered primarily through user charges (wastewater service charges), capital grants and similar funding.

The basic financial statements of the Leucadia Wastewater District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) Measurement Focus, Basis of Accounting and Financial Statements Presentation (continued)

Net position of the District is classified into three components: (1) investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets.

Restricted Net Position

Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position

Unrestricted Net Position is the remaining portion of net position that is not restricted to use.

When both restricted and unrestricted resources are available for use, it is the District’s practice to use restricted resources first, then unrestricted resources as they are needed.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C) New Accounting Pronouncements

Current Year Standards

- GASB Statement No. 91 – "Conduit Debt Obligations," effective for reporting period beginning after December 15, 2022.
- GASB Statement No. 94 – "Public-Private and Public-Public partnerships and Availability Payment Arrangements," effective for reporting period beginning after June 15, 2022.
- GASB Statement No. 96 – "Subscription-Based Information Technology Arrangements," effective for reporting period beginning after June 15, 2022.
- GASB Statement No. 99 – "Omnibus 2022", various implementation dates with the earliest being effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 101 – "Compensated Absences", effective for reporting periods beginning after December 15, 2023.

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- GASB Statement No. 100 – "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62", effective for reporting periods beginning after June 15, 2023.

D) Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to pensions and OPEB in this category. See notes 11 and 12 for further information.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D) Deferred Outflows / Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pensions and OPEB in this category. See notes 11 and 12 for further information.

E) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E) Fair Value Measurements (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

F) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G) Investments and Investment Policy

The District has adopted an investment policy authorizing the District's General Manager to deposit funds in financial institutions. Investments are recorded at fair value. Certain investments are reported at amortized cost, which approximates fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

H) Accounts Receivable

The District has made no provision for uncollectible receivables as all accounts are considered collectible as of June 30, 2023.

I) Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J) Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and accordingly are shown as restricted assets on the accompanying Statement of Net Position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

K) Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000 if they have an expected useful life of more than one year. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Buildings | 10-50 years |
| Subsurface lines | 50-150 years |
| Sewage collection facilities | 2-150 years |
| Sewage treatment facilities | 10-40 years |
| Sewage transmission facilities | 5-100 years |
| Water reclamation facilities | 3-50 years |
| Equipment | 3-15 years |

L) Ownership in Encina Joint System

The District records ownership in the Encina Joint System as a component of capital assets. Investment in the Encina Joint System is broken down into completed plant and equipment and construction in progress. Completed plant and equipment is capitalized at a percentage of ownership of accumulated expenditures made by the Encina Joint System.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L) Ownership in Encina Joint System (continued)

Ownership percentages are determined by joint agreement at the time the assets are acquired. Construction in progress is recorded as the accumulation of actual payments made by the District. Depreciation is calculated on the same basis as Note 1.k. See notes 4 and 5 for further information.

M) Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are fully vested. Cash payments of unused vacation hours and unused sick leave hours are available to those qualified employees when retired or terminated. Unused sick leave hours are paid at the rate of 75% of the employee's final rate of pay at the time of separation.

N) Developer Deposits

Developer deposits are received from developers during construction of new sewer connections for inspection fees and plan checks. Any deposits held at the completion of the construction are refunded to the developer.

O) Wastewater Service

Wastewater service revenues are collected by the County of San Diego through an assessment on customers' property tax bills.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P) Property Taxes

Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. The District's property tax calendar for the fiscal year ended June 30, 2023 was as follows:

| | |
|---|---|
| Lien date | January 1 |
| Levy date | July 1 |
| Due date: | |
| First installment | November 1 |
| Second installment | February 1 |
| Delinquent date: | |
| First installment | December 10 |
| Second installment | April 10 |

Q) Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment. Donated assets are capitalized at their approximate acquisition value on the date contributed.

R) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S) Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

T) Pensions

For purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) 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 currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|---|---|
| Valuation Date (VD) | June 30, 2021 |
| Measurement Date (MD) | June 30, 2022 |
| Measurement Period (MP) | July 1, 2021 to June 30, 2022 |

U) Other 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 District's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U) Other Post-Employment Benefits (OPEB) (continued)

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

| | |
|---|---|
| Valuation Date (VD) | July 1, 2021 |
| Measurement Date (MD) | June 30, 2022 |
| Measurement Period (MP) | July 1, 2021 to June 30, 2022 |

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Cash and investments | $ 7,608,105 |
| Restricted cash and cash equivalents | 71,500 |
| Restricted cash and cash equivalents - noncurrent | 47,882 |
| Investments - noncurrent | 18,369,455 |
| Total cash and investments | $ 26,096,942 |

Cash and investments as of June 30, 2023 consist of the following:

| | |
|---|---|
| Cash on hand | $ 500 |
| Deposits with financial institutions | 431,682 |
| Investments | 25,664,760 |
| Total cash and investments | $ 26,096,942 |

2) CASH AND INVESTMENTS (continued)

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit 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 District, rather than the general provisions of the California Government Code or the District's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| U.S. Treasury Obligations | 5 years* | 100% | None |
| U.S. Government Sponsored Entities | 5 years* | 75% | None |
| State and Local Agency Debt | 5 years* | 10% | None |
| Other 49 States Debt | 5 years* | 5% | None |
| Negotiable Certificates of Deposit - Uninsured | 5 years* | 10% | None |
| Bank Deposits | 5 years* | 30% | None |
| Bank Certificates of Deposit - Insured | 5 years* | 30% | None |
| Medium-Term Notes | 5 years | 25% | None |
| Placement Service Deposits | 5 years* | 20% | None |
| Commercial Paper | 270 days | 10% | 10% |
| Banker's Acceptances | 180 days | 10% | 30% |
| Money Market Mutual funds | N/A | 20% | None |
| California Local Agency Investment Fund (LAIF) | N/A | 75% | None |
| California Asset Management Program (CAMP) | N/A | 75% | None |
| San Diego County Pooled Investment Fund | N/A | 75% | None |

*Except when authorized by the District's legislative body in accordance with the District's legislative body in accordance with Government Code Section 53601.

2) CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Local Agency Investment Fund).

The California Government Code and the District'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 fair 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, the District's deposit in collateralized accounts with financial institutions exceeded Federal depository insurance limits.

Investment in State Investment Pool

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

2) CASH AND INVESTMENTS (continued)

Investment in State Investment Pool (continued)

Currently, LAIF does not have an investment rating. LAIF has a minimum $5,000 transaction amount in increments of $1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of $10 million or more.

Investment in California Asset Management Program

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool ("Participants") purchase shares of beneficial interest. CAMP also offers an investment which allows Participants to invest in a fixed-rate, fixed term investment over a specified timeframe, determined by the Participate ("Term"). Participants may also establish individual, professionally managed investment accounts ("Individual Portfolios") by separate agreement with the Investment Advisor. The District participates in the Cash Reserve Portfolio and has also established a professionally managed individual portfolio through CAMP. Investments in the pools and individual portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a participant's account.

The pool seeks to maintain, but does not guarantee, a constant net asset value of $1.00 per share. A participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Requests for wire transfers must be made by 9:00 AM that day. The pool is valued at amortized cost, which approximates fair value.

2) CASH AND INVESTMENTS (continued)

Investment in San Diego County Investment Pool

The District is a voluntary participant in the San Diego County Treasurer's Pooled Money Fund which is managed by San Diego County Treasurer-Tax Collector's office on behalf of the County of San Diego, school districts, colleges, special districts, and local agencies in San Diego. Permissible investments in the Pool are made in accordance with California State law. The maximum effective duration for the portfolio is 1.5 years. Before a participant can withdraw funds from the Pool it must submit a withdrawal request 2 working days prior to its desired withdrawal date. Also, the County Treasurers' Office must ensure that any withdrawals will not adversely affect the interest of all other depositors in the Pool.

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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

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2) CASH AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

| | | Remaining Maturity (in Months) | | |
|---|---|---|---|---|
| Investment Type | Total | 12 Months or Less | 13 to 24 Months | 25 to 60 Months |
| CAMP Pool | $ 6,888,769 | $ 6,888,769 | $ - | $ - |
| Corporate Notes | 4,163,228 | 1,482,039 | - | 2,681,189 |
| Federal Agency Securities (FFCB) | 1,091,772 | - | 275,271 | 816,501 |
| Federal Agency Securities (FHLB) | 1,217,321 | - | - | 1,217,321 |
| Federal Agency Securities (FHLMC) | 491,954 | 491,954 | - | - |
| Insured Certificates of Deposit | 7,434,466 | 1,452,783 | 2,336,631 | 3,645,052 |
| Municipal Bonds | 2,511,776 | 298,818 | 1,700,967 | 511,991 |
| SD County Pool | 10,000 | 10,000 | - | - |
| State of California LAIF | 396,535 | 396,535 | - | - |
| Treasury Securities | 1,458,939 | 245,040 | 523,273 | 690,626 |
| Total | $ 25,664,760 | $ 11,265,938 | $ 4,836,142 | $ 9,562,680 |

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 minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating by Moody's as of June 30, 2023 for each investment type (CAMP and the San Diego County Pool are rated by Standard and Poor's and Fitch, respectively).

2) CASH AND INVESTMENTS (continued)

Credit Risk (continued)

| Investment Type | Total | Minimum Legal Rating | Exempt From Disclosure | Ratings as of Year End AAA | AA | A | Not Rated |
|---|---|---|---|---|---|---|---|
| CAMP Pool | $ 6,888,769 | N/A | $ - | $ 6,888,769 | $ - | $ - | $ - |
| Corporate Notes | 4,163,227 | A | - | 246,258 | 2,682,178 | 1,234,791 | - |
| Federal Agency Securities (FFCB) | 1,091,772 | N/A | - | 1,091,772 | - | - | - |
| Federal Agency Securities (FHLB) | 1,217,321 | N/A | - | 1,217,321 | - | - | - |
| Federal Agency Securities (FHLMC) | 491,954 | N/A | - | 491,954 | - | - | - |
| Insured Certificates of Deposit | 7,434,466 | N/A | - | 7,434,466 | - | - | - |
| Municipal Bonds | 2,511,776 | A | - | - | 2,511,776 | - | - |
| SD County Pool | 10,000 | N/A | - | 10,000 | - | - | - |
| State of California LAIF | 396,535 | N/A | - | - | - | - | 396,535 |
| Treasury Securities | 1,458,940 | N/A | - | 1,458,940 | - | - | - |
| Total | $25,664,760 | | $ - | $18,839,480 | $ 5,193,954 | $ 1,234,791 | $ 396,535 |

Concentration of Credit Risk

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code.

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3) FAIR VALUE MEASUREMENT

The District categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2023:

| | | Fair Value Hierarchy | | |
|---|---|---|---|---|
| Investment Type | Total | Level 1 | Level 2 | Level 3 |
| Investments measured at fair value | | | | |
| Corporate Notes | $ 4,163,227 | $ - | $ 4,163,227 | $ - |
| Federal Agency Securities (FFCB) | 1,091,772 | - | 1,091,772 | - |
| Federal Agency Securities (FHLB) | 1,217,321 | - | 1,217,321 | - |
| Federal Agency Securities (FHLMC) | 491,954 | - | 491,954 | - |
| Insured Certificate of Deposit | 7,434,466 | - | 7,434,466 | - |
| Municipal Bonds | 2,511,776 | - | 2,511,776 | - |
| Treasury Securities | 1,458,940 | - | 1,458,940 | - |
| Total investments measured at fair value | 18,369,456 | $ - | 18,369,456 | $ - |
| Investments not subject to fair value hierarchy | | | | |
| State of California LAIF | 396,535 | | | |
| CAMP Pool | 6,888,769 | | | |
| SD County Pool | 10,000 | | | |
| | 7,295,304 | | | |
| | $ 25,664,760 | | | |

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4) CAPITAL ASSETS

Capital assets consists of the following at June 30, 2023:

| | Balance June 30, 2022* | Additions/ Transfers | Deletions/ Transfers | Balance June 30, 2023 |
|---|---|---|---|---|
| Non-depreciable assets: | | | | |
| Land | $ 12,878 | $ - | $ - | $ 12,878 |
| Construction-in-progress - Encina | 4,270,520 | 3,388,111 | (4,269,848) | 3,388,783 |
| Construction-in-progress | 893,785 | 2,685,361 | (2,956,153) | 622,993 |
| Total non-depreciable assets | 5,177,183 | 6,073,472 | (7,226,001) | 4,024,654 |
| Depreciable assets: | | | | |
| Sewer collection facilities | 43,857,606 | 328,491 | (313,325) | 43,872,772 |
| Sewer pump stations | 25,264,575 | 1,197,112 | - | 26,461,687 |
| Advanced water treatment facility | 8,274,833 | 1,583,506 | - | 9,858,339 |
| Subsurface lines | 36,037,802 | - | - | 36,037,802 |
| Vulcan sewer line | 210,889 | - | - | 210,889 |
| Site buildings and grounds | 14,346,746 | 61,867 | - | 14,408,613 |
| Equipment | 3,135,658 | 288,079 | (115,511) | 3,308,226 |
| Leased equipment | 30,590 | - | - | 30,590 |
| Encina joint system | 51,647,510 | 4,281,824 | (2,171,738) | 53,757,596 |
| Total depreciable assets | 182,806,209 | 7,740,879 | (2,600,574) | 187,946,514 |
| Accumulated depreciation: | | | | |
| Sewer collection facilities | (16,821,263) | (1,126,830) | 303,113 | (17,644,980) |
| Sewer pump stations | (10,838,047) | (1,194,747) | - | (12,032,794) |
| Advanced water treatment facility | (4,222,324) | (276,066) | - | (4,498,390) |
| Subsurface lines | (13,111,773) | (491,194) | - | (13,602,967) |
| Vulcan sewer line | (137,529) | (4,218) | - | (141,747) |
| Site buildings and grounds | (4,192,185) | (314,884) | - | (4,507,069) |
| Equipment | (1,424,697) | (325,718) | 115,510 | (1,634,905) |
| Leased equipment | (17,850) | (6,119) | - | (23,969) |
| Encina joint system | (14,499,955) | (1,310,675) | 2,171,737 | (13,638,893) |
| Total accumulated depreciation | (65,265,623) | (5,050,451) | 2,590,360 | (67,725,714) |
| Total depreciable assets, net | 117,540,586 | 2,690,428 | (10,214) | 120,220,800 |
| Total capital assets, net | $ 122,717,769 | $ 8,763,900 | $ (7,236,215) | $ 124,245,454 |

* Some beginning balances were reclassified, beginning net position was not restated as a result of these reclassifications.

During the fiscal year ended June 30, 2023, major capital assets additions included the replacement of the north section of the Recycled Water Force Main, Village Park 7 Pump Station Rehabilitation Project, and Encina Joint System projects.

## 4) CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2023 was $5,050,451.

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at June 30, 2023 are as follows:

| | |
|---|---|
| Misc. line repairs | $ 20,685 |
| Diana pump station upgrade | 129,677 |
| FY 2023 Gravity Pipeline Repair Project | 236,632 |
| Rancho Verde Pump Station Rehab | 162,252 |
| BPS Basin Inspection | 73,747 |
| Total construction-in-progress | $ 622,993 |

## 5) ENCINA JOINT SYSTEM

The Encina Joint System is a sewage treatment and ocean outfall disposal facility owned jointly by the Cities of Carlsbad, Encinitas, and Vista, the Buena Sanitation District, the Vallecitos Water District, and the Leucadia Wastewater District. The District's share of the Encina Joint System is recorded as a component of the District's capital assets (see note 4). Ownership percentages are determined by joint agreement at the time the assets are acquired. As of June 30, 2023, the Member Agencies have the following approximate ownership interest:

| | |
|---|---|
| City of Vista | 25.20% |
| City of Carlsbad | 24.24% |
| Vallecitos Water District | 22.42% |
| Leucadia Wastewater District | 16.80% |
| Buena Vista Sanitation District | 7.09% |
| City of Encinitas | 4.25% |

## 6) ENCINA WASTEWATER AUTHORITY

The Encina Wastewater Authority (EWA) is a Joint Powers Authority formed by the Member Agencies to operate and administer the Encina Joint System and is responsible for the management, maintenance and operations of the joint system. EWA may be terminated as the operator and administrator at the discretion of the member agencies.

As the operator and administrator, EWA bills the member agencies for its share of the operating costs of the Encina Joint System based on its ownership and usage. The Encina Wastewater Authority does not recognize any operating income or loss (before depreciation). Net operating expenditures in excess of users' assessments are treated as accounts receivable on the EWA's books and charged to users' accounts in the following year. In addition, EWA requires member agencies to maintain various reserves on deposit with EWA.

At June 30, 2023, Leucadia Wastewater District was required to maintain a capital reserve of $445,200.

The latest available financial statements of the Encina Wastewater Authority can be obtained at 6200 Avenida Encinas, Carlsbad, California 92011 or www.encinajpa.com.

## 7) COMPENSATED ABSENCES

Compensated absences are comprised of unpaid vacation leave, sick leave and compensating time off which are accrued when benefits are fully vested. The District's liability for compensated absences is determined annually.

| Balance June 30, 2022 | Net Change | Balance June 30, 2023 | Due Within One Year | Due in More Than One Year |
|---|---|---|---|---|
| $ 297,959 | $ 26,846 | $ 324,805 | $ 266,737 | $ 58,068 |

8) LONG-TERM LIABILITIES

A summary of long-term liabilities of the District at June 30, 2023 is as follows:

| Description | Outstanding Beginning of Year | Additions | Deletions | Outstanding End of Year | Due Within One Year |
|---|---|---|---|---|---|
| Lease Payable - Copiers | $ 13,019 | $ - | $ 6,201 | $ 6,818 | $ 6,290 |

In August 2019, the District entered into a five-year lease agreement with Aztec Leasing in the amount of $31,853 for the rental of office copy machines. The lease is paid in monthly installments of $531 and bears an implicit interest rate of 1.6%. The outstanding balance of this lease at June 30, 2023 is reported $6,818. The value of the right to use asset as of June 30, 2023 of $30,590 with an accumulated amortization of $23,969 is included with equipment in the Note 4.

*Debt service requirements to maturity:*

| | Lease Payable - Copiers | | |
|---|---|---|---|
| June 30, | Principal | Interest | Total |
| 2024 | $ 6,290 | $ 80 | $ 6,370 |
| 2025 | 528 | 2 | 530 |
| Total | $ 6,818 | $ 82 | $ 6,900 |

*The remainder of this page is left intentionally blank*

9) NET POSITION

Calculation of net position as of June 30, 2023 was as follows:

| | |
|---|---|
| Net Investment in capital assets: | |
| Land | $ 12,878 |
| Construction in progress | 4,011,776 |
| Capital assets, net of depreciation | 120,220,800 |
| Leases payable | (6,818) |
| Total investment in capital assets | 124,238,636 |
| Restricted net position: | |
| Restricted for Encina Wastewater Authority reserves | 445,200 |
| Total restricted net position | 445,200 |
| Unrestricted net position: | |
| Wastewater operating reserve | 2,984,725 |
| Wastewater replacement reserve | 12,824,585 |
| Recycled water reserve | 754,353 |
| Emergency reserve | 7,500,000 |
| Total unrestricted net position | 24,063,663 |
| Total net position | $ 148,747,499 |

For internal purposes, the Board of Directors adopted a reserve policy to reserve Unrestricted Net Position. The reserves are meant to reflect the intentions of the Board and are not legally restricted. Encina Wastewater Authority Reserves on Deposit are restricted by the Encina Wastewater Authority.

10) DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The District currently matches up to 2% of the employees' compensation up to a maximum of 2% of the Social Security wage base limit.

10) DEFERRED COMPENSATION SAVINGS PLAN (continued)

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Fair value of all plan assets held in trust by the District's two deferred compensation plans at June 30, 2023 amounted to $3,251,519.

Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the Statement of Net Position in accordance with Generally Accepted Accounting Principles.

11) DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District 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 at www.calpers.ca.gov.

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

11) DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided (continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

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

| | Classic Miscellaneous Plan | PEPRA Miscellaneous Plan |
|---|---|---|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 3.0% at 60 | 2.0% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-60 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 3.0% | 1.0% to 2.5% |
| Required employee contribution rates | 8.000% | 6.750% |
| Required employer contribution rates | 15.250% | 7.470% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

11) DEFINED BENEFIT PENSION PLAN (continued)

Contributions (continued)

Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were $885,375. The actual employer payments of $874,006 made to CalPERS by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of $868,255 by $5,751, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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11) DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability (continued)

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Acturial Cost Method |
| Asset Valuation Method | Fair Value of Assets |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table [1] | Derived using CalPERS' membership data for all funds |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter. |

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

11) DEFINED BENEFIT PENSION PLAN (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

| Asset Class(1) | Assumed Asset Allocation | Real Return[1, 2] |
|---|---|---|
| Global Equity - cap-weighted | 30.00% | 4.54% |
| Global Equity - non-cap-weighted | 12.00% | 3.84% |
| Private equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed securities | 5.00% | 0.50% |
| Investment grade corporates | 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 inflation of 2.30% used for this period.

[2] Figures are based on the 2021 Asset Liability Management study.

11) DEFINED BENEFIT PENSION PLAN (continued)

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board made its final decision on the asset allocation in November 2021.

11) DEFINED BENEFIT PENSION PLAN (continued)

Subsequent Events (continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at the CalPERS' website, www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability

The following table shows the District's proportionate share of the net pension liability over the measurement period:

| | Total Pension Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Pension Liability (c)=(a)-(b) |
|---|---|---|---|
| Balance at June 30, 2021 (VD) | $ 20,010,513 | $ 17,915,846 | $ 2,094,667 |
| Balance at June 30, 2022 (MD) | 21,587,178 | 16,738,807 | 4,848,371 |
| Net changes during 2021-22 | $ 1,576,665 | $ (1,177,039) | $ 2,753,704 |

Valuation Date (VD), Measurement Date (MD)

11) DEFINED BENEFIT PENSION PLAN (continued)

Proportionate Share of Net Pension Liability (continued)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the plan as of June 30, 2021 and 2022 measurement dates was as follows:

| | Miscellaneous Plan |
|---|---|
| Proportion - June 30, 2021 | 0.1103% |
| Proportion - June 30, 2022 | 0.1036% |
| Change - Increase (decrease) | -0.0067% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.9 percent) or one percentage-point higher (7.9 percent) than the current rate:

| | Discount Rate - 1% 5.90% | Current Discount Rate 6.90% | Discount Rate +1% 7.90% |
|---|---|---|---|
| Net pension liability | $ 7,791,092 | $ 4,848,371 | $ 2,427,241 |

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

11) DEFINED BENEFIT PENSION PLAN (continued)

Deferred Outflows and Deferred Inflows of Resources (continued)

The amortization period differs depending on the source of the gain or loss:

| | |
|---|---|
| Net difference between projected and actual earnings on pension plan investments | 5-year straight-line amortization |
| All other amounts | Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period |

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2021), the District's net pension liability was $2,094,667. For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension expense of $703,223.

11) DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to the measurement date | $ 885,375 | $ - |
| Differences between actual contributions made and proportionate share of contributions | 84,722 | - |
| Differences between expected and actual experience | 97,365 | 65,211 |
| Changes of assumptions | 496,817 | - |
| Net difference between project and actual earnings on pension plan investments | 888,093 | - |
| Adjustments due to differences in proportions | - | 181,925 |
| Total | $ 2,452,372 | $ 247,136 |

11) DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

The amounts on the previous page are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of $885,375 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Fiscal Year Ended June 30: | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 333,431 |
| 2025 | 286,390 |
| 2026 | 156,853 |
| 2027 | 543,187 |
| 2028 | - |
| Thereafter | - |

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of $5,650 for the outstanding amount of contributions to the pension plan required for the year then ended.

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12) OTHER POST-EMPLOYMENT BENEFITS

Plan Description – Benefits

The District provides post-retirement health care benefits under a defined benefit retiree healthcare plan (Plan).

The Plan is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions and all other requirements are established by State statute and the Board. Copies of CalPERS' annual financial report may be found on the CalPERS website at www.calpers.ca.gov under investments, about the investment office and investment & financial reports.

Funding Policy

The District provides the minimum required employer contribution under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement from the District. Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree. Board Members during or prior to 1994 may also be eligible for a District contribution at retirement.

Employees Covered

As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the plan:

| | |
|---|---|
| Active plan members | 20 |
| Retirees and beneficiaries receiving benefits | 3 |
| Total plan membership | 23 |

12) OTHER POST-EMPLOYMENT BENEFITS (continued)

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the District's cash contributions were $7,955 in payments to the trust and the estimated implied subsidy was $11,655, resulting in total payments of $19,610.

Net OPEB Asset

The District's net OPEB asset was measured as of June 30, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated July 1, 2021, based on the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial Cost Method: | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount rate | 6.50% |
| Inflation | 2.50% |
| Salary increases | 2.75% per annum, plus merit increases based on Miscellaneous rates from CalPERS 2017 Pension Plan Experience Study |
| Investment rate of return | 6.5%, assuming actuarially determined contributions funded into CERBT Investment Strategy |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation of 2.50%.

12) OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Asset (continued)

The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Gross Rate of Return (11+ years)* |
|---|---|---|
| Global Equity | 59.00% | N/A |
| Fixed Income | 25.00% | N/A |
| Treasury Inflation-Protected Security | 5.00% | N/A |
| Commodities | 3.00% | N/A |
| REITs | 8.00% | N/A |
| Total | 100.00% | 6.50% |

*Long-term expected rate of return is assumed to be 6.50%

Change of Assumptions

There were no changes of assumptions.

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12) OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate

The discount rate used to measure the total OPEB asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Changes in the OPEB Asset

The changes in the net OPEB asset for the Plan are as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total (OPEB Liability) (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c)=(a)-(b) |
| Balance at June 30, 2022 (Measurement Date: June 30, 2021) | $ 349,933 | $ 596,694 | $ (246,761) |
| Changes recognized for the measurement period: | | | |
| Service cost | 17,950 | - | 17,950 |
| Interest | 23,383 | - | 23,383 |
| Difference in experience | (7,259) | - | (7,259) |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 16,610 | (16,610) |
| Net investment income | - | (79,841) | 79,841 |
| Benefit payments | (16,547) | (16,547) | - |
| Administrative expense | - | (353) | 353 |
| Net Changes | 17,527 | (80,131) | 97,658 |
| Balance at June 30, 2023 (Measurement Date: June 30, 2022) | $ 367,460 | $ 516,563 | $ (149,103) |

12) OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

| | 1% Decrease 5.50% | Discount Rate Current (6.50%) | 1% Increase 7.50% |
|---|---|---|---|
| Net OPEB Liability (Asset) | $ (100,298) | $ (149,103) | $ (189,661) |

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB asset of the District if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

| | 1% Decrease (5.5% to 3.5%) | Current Healthcare Cost Trend Rate (6.5% to 4.5%) | 1% Increase (7.5% to 5.5%) |
|---|---|---|---|
| Net OPEB Liability (Asset) | $ (200,193) | $ (149,103) | $ (85,288) |

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

12) OTHER POST-EMPLOYMENT BENEFITS (continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources (continued)

The recognition period differs depending on the source of the gain or loss:

| | |
|---|---|
| Net difference between project and actual earnings on OPEB plan investments | 5 years |
| All other amounts | Expected average remaining service lifetime (EARSL) |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $10,700. As of fiscal year ended June 30, 2023, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| OPEB contributions subsequent to measurement date | $ 19,610 | $ - |
| Changes of assumptions | 32,623 | - |
| Differences between expected and actual experiences | 14,897 | 77,393 |
| Net difference between projected and actual earnings on OPEB plan investments | 44,325 | - |
| Total | $ 111,455 | $ 77,393 |

12) OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The $19,610 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as expense as follows:

| Fiscal Year Ended June 30: | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 8,549 |
| 2025 | 7,843 |
| 2026 | 4,709 |
| 2027 | 23,887 |
| 2028 | (8,179) |
| Thereafter | (22,357) |

13) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the California Sanitation Risk Management Authority (CSRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for 59 California sanitation districts. The District pays an annual premium to CSRMA for its public liability and workers compensation risk coverage.

The agreement for formation of the CSRMA provides that CSRMA will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. The CSRMA can make additional assessments to its members based on a retrospective premium adjustment process. At June 30, 2023, the District participated in the self-insurance programs of the CSRMA as follows:

13) RISK MANAGEMENT (continued)

General and Automotive Liability - Including errors and omission (E&O) and employment practices liability (EPL): The District is self-insured through CSRMA through a combination of a pool layer, reinsurance, and excess insurance. The self-insured pool layer is $750,000 with a $50,000 deductible ($25,000 for EPL and $2,500 for E&O). In addition, $15,500,000 of commercial reinsurance is purchased above the pool layer with an additional $10,000,000 in excess insurance above the reinsurance layer for a total maximum coverage of $25,500,000.

Workers' Compensation and Employer's Liability - The District is self-insured through CSRMA through a combination of a pooled layer and excess insurance. The pooled layer is $750,000 with no deductible. The excess insurance is purchased above the pooled layer and is set at the statutory limit for Workers Compensation and at $1,000,000 for Employers Liability.

Special Form Property Coverage - Up to $101,989,150 with a deductible of $5,000 per claim.

Public Entity Physical Damage - For the replacement cost up to $916,043 subject to a deductible of $2,000 per claim.

Public Officials Personal Liability - Up to $100,000 each occurrence, with an annual aggregate of $100,000 per each elected/appointed official to which this coverage applies, subject to the terms.

Public Entity Pollution Liability - As part of the purchase of the general liability policy, the District acquired a $25,000,000 public entity pollution liability policy, with $2,000,000 per pollution condition and a $300,000 per condition retention.

Cyber Liability Coverage - Up to $2,000,000 for third party coverage and $2,000,000 for first party coverage for computer security with a $50,000 retention.

Master Crime Coverage - The District purchased a master crime policy, first with a $2,000,000 limit and a $2,500 deductible. The District also purchased an ID Fraud Master Identity Theft policy with a $25,000 limit and $0 deductible.

Deadly Weapons Response - Up to $500,000 per event with an annual aggregate of $2,500,000. This policy has various sublimits of $250,000.

13) RISK MANAGEMENT (continued)

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022 and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no claims payable as of June 30, 2023 and 2022.

14) COMMITMENTS AND CONTINGENCIES

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of wastewater facilities and collection systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserve.

The District has committed to approximately $370,106 in open construction contracts as of June 30, 2023. These include the following:

| Project Name | Total Approved Contracts | Construction Costs to Date | Remaining Obligation |
|---|---|---|---|
| FY2023 Gravity Pipeline Repair Project | $ 524,366 | $ (167,522) | $ 356,844 |
| Rancho Verde Pump Station Rehab | 109,880 | (96,618) | 13,262 |
| Total | $ 634,246 | $ (264,140) | $ 370,106 |

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

# Required Supplementary Information

## LEUCADIA WASTEWATER DISTRICT

### Required Supplementary Information
### Schedule of the Plan's Proportionate Share of Net Pension Liability
### Last Ten Fiscal Years*

| Measurement Date | Employer's Proportion of the Collective Net Pension Liability[1] | Employer's Proportionate Share of the Collective Net Pension Liability | Covered Payroll | Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Covered Payroll | Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 6/30/2014 | 0.0351% | $ 2,277,414 | $ 1,511,503 | 150.67% | 83.03% |
| 6/30/2015 | 0.0379% | 2,604,135 | 1,537,839 | 169.34% | 81.30% |
| 6/30/2016 | 0.0400% | 3,466,620 | 1,664,178 | 208.31% | 76.68% |
| 6/30/2017 | 0.0411% | 4,074,562 | 1,757,813 | 231.80% | 75.82% |
| 6/30/2018 | 0.0415% | 4,000,889 | 1,798,709 | 222.43% | 76.65% |
| 6/30/2019 | 0.0428% | 4,386,823 | 1,926,315 | 227.73% | 75.79% |
| 6/30/2020 | 0.0416% | 4,523,924 | 2,009,625 | 225.11% | 76.43% |
| 6/30/2021 | 0.0387% | 2,094,667 | 2,055,804 | 101.89% | 89.53% |
| 6/30/2022 | 0.0420% | 4,848,371 | 2,037,012 | 238.01% | 77.54% |

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

# LEUCADIA WASTEWATER DISTRICT

## Required Supplementary Information
## Schedule of Contributions – Defined Benefit Pension Plan
## Last Ten Fiscal Years*

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6/30/2015 | $ 242,055 | $ (242,055) | $ - | $ 1,537,839 | 15.74% |
| 6/30/2016 | 229,609 | (229,609) | - | 1,664,178 | 13.80% |
| 6/30/2017 | 338,782 | (338,782) | - | 1,757,813 | 19.27% |
| 6/30/2018 | 373,044 | (373,044) | - | 1,798,709 | 20.74% |
| 6/30/2019 | 442,015 | (442,015) | - | 1,926,315 | 22.95% |
| 6/30/2020 | 513,576 | (753,534) | (239,958) | 2,009,626 | 37.50% |
| 6/30/2021 | 561,027 | (834,916) | (273,889) | 2,055,804 | 40.61% |
| 6/30/2022 | 587,418 | (874,006) | (286,588) | 2,037,012 | 42.91% |
| 6/30/2023 | 617,208 | (885,375) | (268,167) | 2,164,299 | 40.91% |

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

***Notes to Schedule:***

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

# LEUCADIA WASTEWATER DISTRICT

## Required Supplementary Information
## Schedule of Changes in Net OPEB Liability and Related Ratios
## Last Ten Fiscal Years*

| Measurement Date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
|---|---|---|---|---|---|---|
| Total OPEB liability: | | | | | | |
| Service cost | $ 17,950 | $ 17,723 | $ 17,276 | $ 11,652 | $ 11,313 | $ 10,573 |
| Interest | 23,383 | 27,992 | 26,943 | 20,703 | 19,426 | 18,533 |
| Actual and expected experience difference | (7,259) | (82,510) | (7,765) | 29,797 | - | - |
| Changes in assumptions | - | 17,661 | - | 36,990 | - | - |
| Changes in benefit terms | - | - | - | - | - | - |
| Benefit payments | (16,547) | (25,748) | (18,210) | (13,349) | (12,324) | (21,841) |
| Net change in total OPEB liability | 17,527 | (44,882) | 18,244 | 85,793 | 18,415 | 7,265 |
| Total OPEB liability - beginning | 349,933 | 394,815 | 376,571 | 290,778 | 272,363 | 265,098 |
| Total OPEB liability - ending (a) | 367,460 | 349,933 | 394,815 | 376,571 | 290,778 | 272,363 |
| Plan fiduciary net position: | | | | | | |
| Contribution - employer | 16,610 | 25,748 | $ 18,210 | $ 13,349 | $ 12,324 | $ 27,373 |
| Net interest income | (79,841) | 128,680 | 15,982 | 26,298 | 31,467 | 37,240 |
| Benefit payments | (16,547) | (25,748) | (18,210) | (13,349) | (12,324) | (21,841) |
| Administrative expense | (353) | (177) | (221) | (91) | (734) | (189) |
| Net change in plan fiduciary net position | (80,131) | 128,503 | 15,761 | 26,207 | 30,733 | 42,583 |
| Plan fiduciary net position - beginning | 596,694 | 468,191 | 452,430 | 426,223 | 395,490 | 352,907 |
| Plan fiduciary net position - ending (b) | 516,563 | 596,694 | 468,191 | 452,430 | 426,223 | 395,490 |
| Net OPEB liability (asset) - ending (a)-(b) | $ (149,103) | $ (246,761) | $ (73,376) | $ (75,859) | $ (135,445) | $ (123,127) |
| Plan fiduciary net position as a percentage of the total OPEB liability | 140.58% | 170.52% | 118.58% | 120.14% | 146.58% | 145.21% |
| Covered-employee payroll | $ 2,140,654 | $ 2,260,140 | $ 2,197,527 | $ 2,112,219 | $ 1,960,900 | $ 1,922,264 |
| Net OPEB liability (asset) as a percentage of covered-employee payroll | -6.97% | -10.92% | -3.34% | -3.59% | -6.91% | -6.41% |

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

# LEUCADIA WASTEWATER DISTRICT

## Required Supplementary Information
## Schedule of OPEB Contributions
## Last Ten Fiscal Years*

| Fiscal Year Ended June 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Actuarially Determined Contribution (ADC) | $ - | $ - | $ - | $ - | $ - | $ - |
| Contributions in relation to the ADC | (19,610) | (16,547) | (25,748) | (18,210) | (13,349) | (12,324) |
| Contribution deficiency (excess) | $ (19,610) | $ (16,547) | $ (25,748) | $ (18,210) | $ (13,349) | $ (12,324) |
| Covered-employee payroll | $ 2,265,828 | $ 2,140,654 | $ 2,260,140 | $ 2,197,527 | $ 2,112,219 | $ 1,960,900 |
| Contributions as a percentage of Covered-employee payroll | -0.87% | -0.77% | -1.14% | -0.83% | -0.63% | -0.63% |

Notes to Schedule:

Actuarially methods and assumptions used to set the actuarially determined contributions for fiscal year 2023 were form the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contributions:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method/Period | Level percent of payroll over a closed rolling 15-year period |
| Asset Valuation Method | Fair value |
| Inflation | 2.50% per annum |
| Payroll Growth | 2.75% per annum, plus merit increases based on Miscellaneous rates from the CalPERS 2017 Pension Plan Experience Study |
| Investment Rate of Return | 6.50% per annum. Assumes investing in California Employers' Retiree Benefit Trust asset allocation. |
| Healthcare cost-trend rates | 6.25% initial, decreasing to an ultimate rate of 4.50% |
| Mortality | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 |

**Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

# Supplementary Information

# LEUCADIA WASTEWATER DISTRICT

## Supplementary Information
## Combining Schedule of Changes in Net Position
## For the Year Ended June 30, 2023

| | | Restricted | Unrestricted, Reserved For | | | | |
|---|---|---|---|---|---|---|---|
| | Net Investment in Capital Assets | EWA Reserve | Wastewater Operating | Wastewater Replacement | Recycled Water | Emergency | Total Net Position |
| Balance, June 30, 2022 | $ 122,704,750 | $ 445,200 | $ 2,770,758 | $ 11,375,633 | $ 1,559,732 | $ 7,500,000 | $ 146,356,073 |
| Net operating income (loss) | - | - | (688,629) | - | (212,195) | | (900,824) |
| Contribute capital, sewer lines | - | - | - | - | - | - | - |
| Capacity fees (buy-in) | - | - | - | 782,788 | - | - | 782,788 |
| Net additions to utility plant and equipment | 6,578,136 | - | - | (5,685,445) | (894,403) | | (1,712) |
| Depreciation charged to net income | (5,050,451) | - | 4,774,385 | - | 276,066 | | - |
| Interest income allocated | - | - | 83,231 | 138,444 | 19,900 | 130,000 | 371,575 |
| Property taxes | - | - | - | 2,129,874 | - | - | 2,129,874 |
| Miscellaneous non-operating income | - | - | - | 4,472 | 5,253 | - | 9,725 |
| Reduction of lease payables | 6,201 | - | - | (6,201) | - | - | - |
| Transfers | - | - | (3,955,020) | 4,085,020 | - | (130,000) | - |
| Balance, June 30, 2023 | $ 124,238,636 | $ 445,200 | $ 2,984,725 | $ 12,824,585 | $ 754,353 | $ 7,500,000 | $ 148,747,499 |

# Statistical Section

## TABLE OF CONTENTS

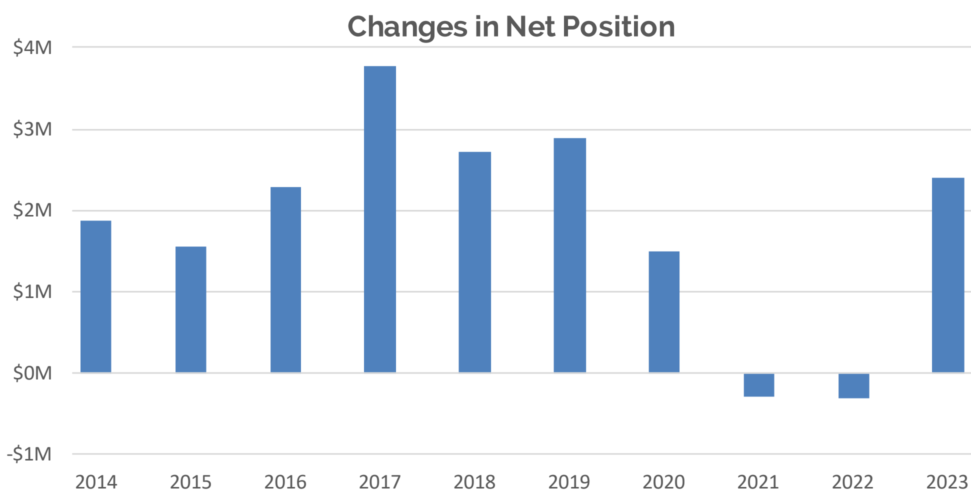
This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

# LEUCADIA WASTEWATER DISTRICT

## Changes in Net Position by Component
## Last Ten Fiscal Years

**Schedule 1**

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** |
| Changes in net position | | | | |
| Operating revenues (See schedule 2) | $ 7,958,080 | $ 8,497,441 | $ 9,365,918 | $ 10,285,854 |
| Operating expenses (See schedule 3) | (5,878,182) | (6,142,492) | (6,260,595) | (6,508,623) |
| Depreciation & amortization | (3,527,059) | (3,693,901) | (3,766,355) | (3,831,850) |
| **Operating Income(loss)** | (1,447,161) | (1,338,952) | (661,032) | (54,619) |
| Non-operating revenues (expenses) | | | | |
| Property taxes | 1,263,119 | 1,382,197 | 1,482,357 | 1,554,673 |
| Investment income (loss) | 213,607 | 255,144 | 243,702 | 224,064 |
| Gain/(Loss) on sale/disposition of assets | (146,913) | (185,686) | (500,547) | (149,481) |
| Other revenue/(expense), net | 1,911 | 16,054 | 10,911 | 10,697 |
| Total non-operating revenues/(expenses) net | 1,331,724 | 1,467,709 | 1,236,423 | 1,639,953 |
| **Net income before capital contributions** | (115,437) | 128,757 | 575,391 | 1,585,334 |
| Capital contributions | 1,989,096 | 1,419,831 | 1,718,556 | 2,191,251 |
| **Changes in net position** | $ 1,873,659 | $ 1,548,588 | $ 2,293,947 | $ 3,776,585 |
| Net position by component | | | | |
| Net investment in capital assets | $ 98,011,150 | $ 102,080,041 | $ 103,352,670 | $ 106,913,511 |
| Restricted | 2,118,651 | 1,595,655 | 2,155,040 | 2,131,849 |
| Unrestricted | 35,458,358 | 28,188,300 | 30,466,533 | 30,705,468 |
| **Total net position** | $ 135,588,159 | $ 131,863,996 | $ 135,974,243 | $ 139,750,828 |

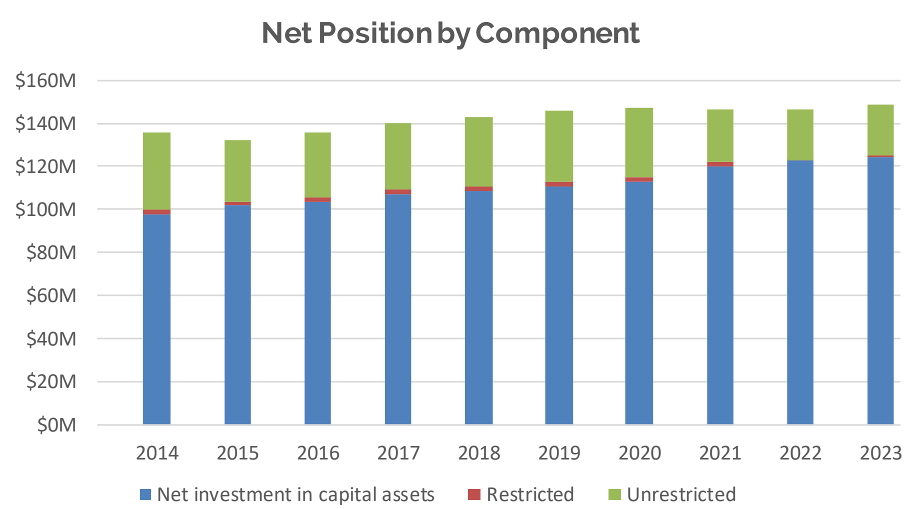



**Source:** Leucadia Wastewater District Accounting Department

# LEUCADIA WASTEWATER DISTRICT

## Changes in Net Position by Component (continued)
## Last Ten Fiscal Years — Schedule 1

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
| $ 10,290,586 | $ 10,322,518 | $ 10,327,319 | $ 10,457,885 | $ 11,438,721 | $ 12,448,890 |
| (6,788,292) | (6,921,833) | (8,039,129) | (8,575,326) | (7,954,183) | (8,299,263) |
| (3,953,584) | (4,081,876) | (4,101,468) | (4,289,042) | (4,919,137) | (5,050,451) |
| (451,290) | (681,191) | (1,813,278) | (2,406,483) | (1,434,599) | (900,824) |
| 1,622,117 | 1,706,279 | 1,781,657 | 1,862,453 | 1,967,574 | 2,129,874 |
| 406,296 | 1,059,467 | 1,125,662 | 127,624 | (1,156,695) | 371,575 |
| (77,433) | 10,051 | (186,406) | (72,587) | (72,829) | (1,712) |
| 3,148 | 5,172 | 28,664 | 6,669 | 18,237 | 9,725 |
| 1,954,128 | 2,780,969 | 2,749,577 | 1,924,159 | 756,287 | 2,509,462 |
| 1,502,838 | 2,099,778 | 936,299 | (482,324) | (678,312) | 1,608,638 |
| 1,211,964 | 797,994 | 568,963 | 191,039 | 366,675 | 782,788 |
| $ 2,714,802 | $ 2,897,772 | $ 1,505,262 | $ (291,285) | $ (311,637) | $ 2,391,426 |
| $ 108,555,413 | $ 110,480,355 | $ 112,718,595 | $ 119,956,316 | $ 122,704,750 | $ 124,238,637 |
| 2,044,897 | 2,258,975 | 2,143,622 | 2,041,200 | 445,200 | 445,200 |
| 31,955,912 | 32,714,664 | 32,097,039 | 24,670,455 | 23,206,123 | 24,063,662 |
| $ 142,556,222 | $ 145,453,994 | $ 146,959,256 | $ 146,667,971 | $ 146,356,073 | $ 148,747,499 |

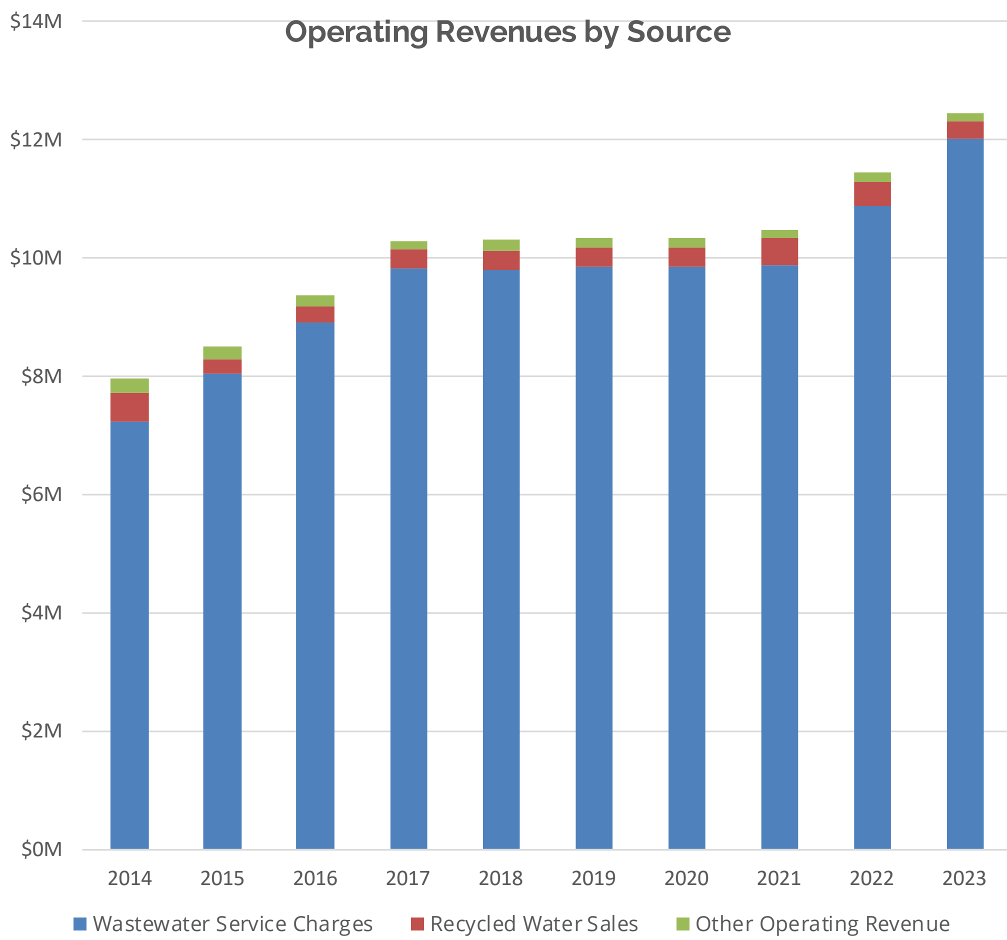


# LEUCADIA WASTEWATER DISTRICT

## Operating Revenue By Source
## Last Ten Fiscal Years

Schedule 2

| Fiscal Year | Wastewater Service Charges | Recycled Water Sales | Other Operating Revenue | Total Operating Revenue |
|---|---|---|---|---|
| 2014 | $ 7,218,040 | $ 492,421 | $ 247,619 | $ 7,958,080 |
| 2015 | 8,029,799 | 254,427 | 213,215 | 8,497,441 |
| 2016 | 8,897,385 | 279,064 | 189,469 | 9,365,918 |
| 2017 | 9,816,627 | 330,306 | 138,921 | 10,285,854 |
| 2018 | 9,787,703 | 315,118 | 187,765 | 10,290,586 |
| 2019 | 9,850,635 | 315,379 | 156,504 | 10,322,518 |
| 2020 | 9,833,533 | 325,469 | 168,317 | 10,327,319 |
| 2021 | 9,879,710 | 449,997 | 128,178 | 10,457,885 |
| 2022 | 10,879,815 | 408,839 | 150,067 | 11,438,721 |
| 2023 | 11,996,035 | 298,307 | 154,548 | 12,448,890 |



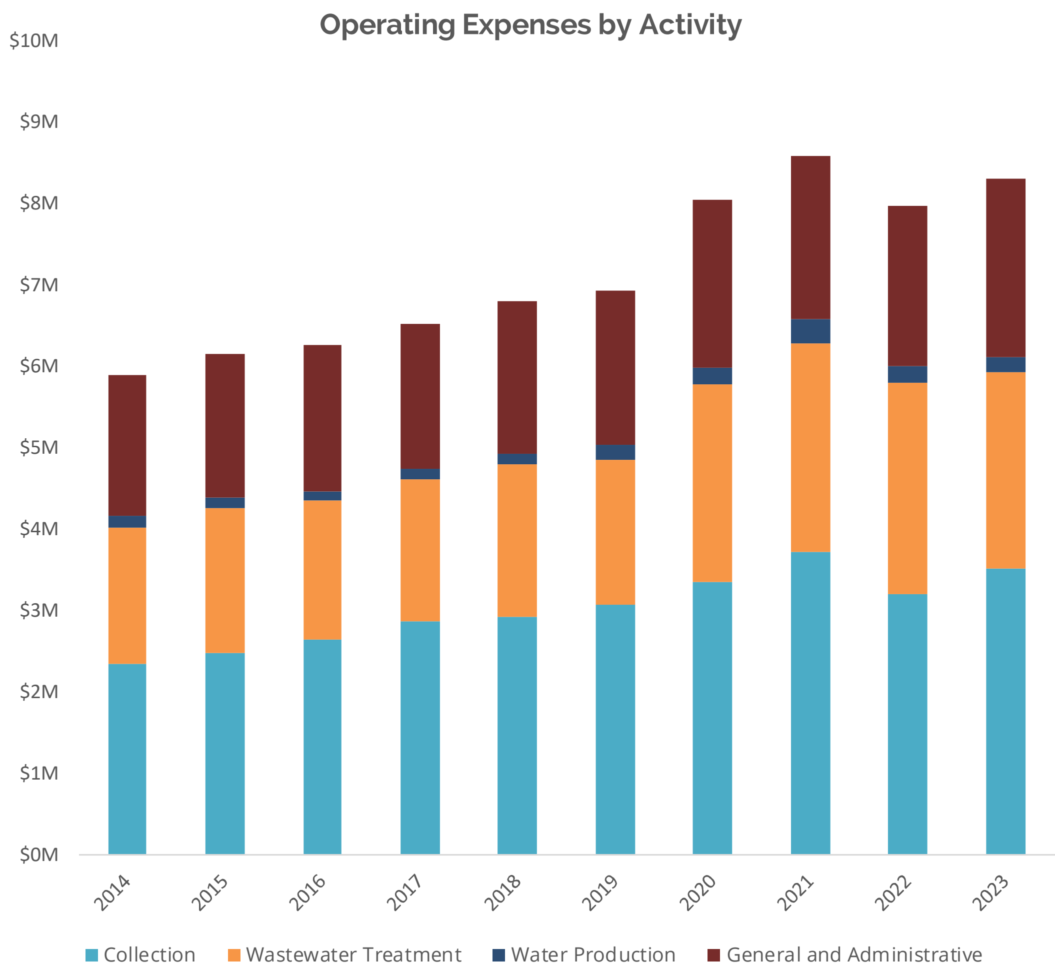

**Source:** Leucadia Wastewater District Accounting Department

# LEUCADIA WASTEWATER DISTRICT

## Operating Expenses by Activity
## Last Ten Fiscal Years

**Schedule 3**

| Fiscal Year | Wastewater Collection | Wastewater Treatment | Recycled Water Production | General and Administrative | Total Operating Expenses |
|---|---|---|---|---|---|
| 2014 | $ 2,337,530 | $ 1,683,406 | $ 140,209 | $ 1,717,037 | $ 5,878,182 |
| 2015 | 2,465,884 | 1,795,007 | 130,879 | 1,750,722 | 6,142,492 |
| 2016 | 2,639,345 | 1,701,954 | 124,822 | 1,794,474 | 6,260,595 |
| 2017 | 2,866,367 | 1,735,063 | 132,554 | 1,774,639 | 6,508,623 |
| 2018 | 2,911,285 | 1,874,335 | 139,662 | 1,863,010 | 6,788,292 |
| 2019 | 3,069,899 | 1,780,954 | 173,567 | 1,897,413 | 6,921,833 |
| 2020 | 3,351,640 | 2,432,147 | 189,000 | 2,066,342 | 8,039,129 |
| 2021 | 3,717,785 | 2,558,112 | 291,074 | 2,008,355 | 8,575,326 |
| 2022 | 3,191,343 | 2,599,925 | 212,042 | 1,950,873 | 7,954,183 |
| 2023 | 3,515,827 | 2,411,905 | 185,200 | 2,186,331 | 8,299,263 |



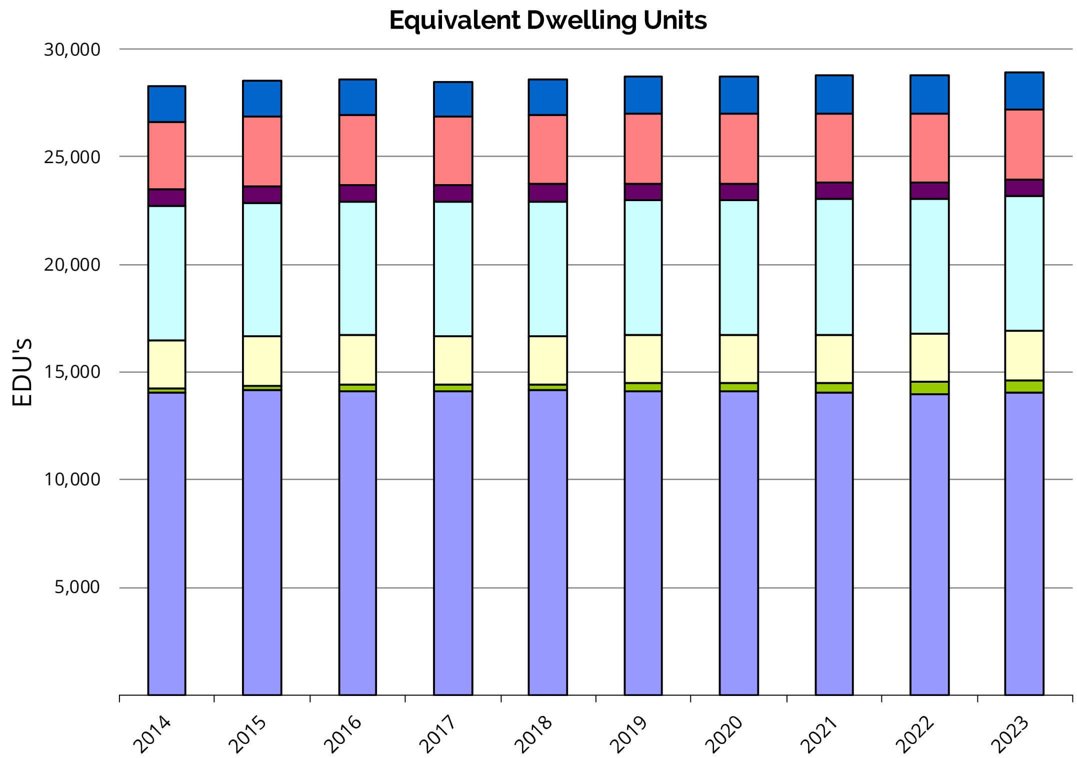

**Source:** Leucadia Wastewater District Accounting Department

# LEUCADIA WASTEWATER DISTRICT

## Equivalent Dwelling Units by Type at Fiscal Year-End
## Last Ten Fiscal Years

Schedule 4

| | Customer Type | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Single Family Residential | Single Fam with Access Unit | Apart-ments | Condos and Duplexes | Senior Care Facilities | Commer-cial | Other (3) | Total |
| 2014 | 14,055.53 | 188.02 | 2,246.62 | 6,213.20 | 780.73 | 3,153.30 | 1,640.41 | 28,277.81 |
| 2015 | 14,171.53 | 204.52 | 2,250.62 | 6,231.20 | 780.73 | 3,234.93 | 1,642.41 | 28,515.94 |
| 2016 | 14,107.00 | 328.72 | 2,250.62 | 6,232.20 | 780.73 | 3,218.13 | 1,642.81 | 28,560.21 |
| 2017 | 14,124.50 | 277.00 | 2,246.52 | 6,241.00 | 779.74 | 3,164.17 | 1,636.88 | 28,469.81 |
| 2018 | 14,136.00 | 312.00 | 2,236.52 | 6,248.00 | 779.74 | 3,207.70 | 1,641.78 | 28,561.74 |
| 2019 | 14,105.00 | 362.50 | 2,236.52 | 6,260.00 | 779.74 | 3,219.10 | 1,758.58 | 28,721.44 |
| 2020 | 14,083.00 | 391.00 | 2,237.27 | 6,263.25 | 779.74 | 3,224.60 | 1,759.68 | 28,738.54 |
| 2021 | 14,042.00 | 462.75 | 2,238.77 | 6,267.00 | 779.74 | 3,224.40 | 1,759.68 | 28,774.34 |
| 2022 | 14,004.00 | 532.75 | 2,241.27 | 6,259.75 | 779.74 | 3,205.40 | 1,759.18 | 28,782.09 |
| 2023 | 14,013.50 | 583.50 | 2,316.27 | 6,258.75 | 779.74 | 3,224.59 | 1,759.68 | 28,936.03 |




**Notes:**
(1) The District charges its customers a flat rate per equivalent dwelling unit (EDU) and the fee appears on the customers' annual property tax bills.
(2) Number of customers as of June 30 of fiscal year.
(3) Other category includes mobile homes.
**Source:** Leucadia Wastewater District Operations Department

# LEUCADIA WASTEWATER DISTRICT

## Wastewater Service Charges
## Last Ten Fiscal Years

**Schedule 5**

**Price Per EDU Per Month/Per Fiscal Year (1)**

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|
| 21.52 | 23.67 | 26.04 | 28.64 | 28.64 | 28.64 | 28.64 | 28.64 | 31.50 | 34.65 |

| **Wastewater Use Categories** | **EDU Factors (2)** |
|---|---|
| Single Family Residence | 1.0 |
| Accessory Dwelling Units & Junior Accessory Dwelling Units (3) | |
| Accessory Dwelling Unit 500 square feet or smaller | 0.25 |
| Accessory Dwelling Unit between 501-1,000 square feet | 0.50 |
| Accessory Dwelling Unit 1,001 square feet or larger | 0.75 |
| Multiple Dwelling (Apartments, condominiums, duplexes and townhouses) | 1.0 per living unit |
| Mobile Home or Trailer Park | 1.0 per space |
| Motel or Hotel without Kitchen | 0.33 per living unit |
| Hotel or Motel with Kitchen | 0.55 per living unit |
| Medical Care or Elder Care Facilities: | |
| Minimum | 1.0 |
| Multiple dwelling without kitchen but with community eating facilities | 0.4 per individual bed |
| Multiple dwelling with kitchen and with community eating facilities | 0.8 per living unit |
| Multiple dwelling with kitchen but with no community eating facilities | 1.0 per living unit |
| Single dwelling with kitchen regardless of community eating facilities | 1.0 per living unit |
| Churches and Theaters, per 115 seating capacity, or fraction thereof | 1.0 |
| Schools | |
| Elementary Schools, per 60 pupils or fraction thereof | 1.0 |
| Junior High Schools, per 50 pupils or fraction thereof | 1.0 |
| High Schools, per 30 pupils or fraction thereof | 1.0 |
| Each Trade, Vocational, University or College per 30 pupils or fraction thereof | 1.0 |
| Self-service Laundries, per wash machine | 0.75 |
| Food Services Establishments | |
| Low Food Preparation Establishments | |
| Minimum up to 14 seats w/ multi-use utensils or up to 30 seats with single-use | 2.0 |
| Establishments with multi-use utensils | 1.0 per each add'l 7 seats |
| Establishments with single-use utensils | 1.0 per each add'l 15 seats |
| High Food Preparation Establishments | |
| Minimum up to 21 seats w/ multi-use utensils or up to 45 seats with single-use | 3.0 |
| Establishments with multi-use utensils | 1.0 per each add'l 7 seats |
| Establishments with single-use utensils | 1.0 per each add'l 15 seats |
| Ballrooms, Banquet Facilities and Convention Facilities, per block of 40 seats | 1.0 |
| Automobile Service Stations | |
| Auto service stations with 4 or less gas pumps | 2.0 |
| Auto service stations with more than 4 gas pumps | 3.0 |
| Washing rack, pit, or floor drain (additional) | 2.0 per each |
| Car washes | Per review |
| Banks, per 3,000 square foot or fraction thereof | 1.0 |
| Other Commercial and Industrial Users (Including Limited Food Preparation Establishments) | |
| First 1,000 square feet | 1.0 |
| Each additional 1,000 up to 5,000 square feet | 0.6 |
| Each additional 1,000 over 5,000 square feet | 0.4 |
| Establishments with unusual sewer characteristics or not described above | Per case |

**Notes:**

(1) Rates are as of June 30 of each fiscal year.

(2) EDU = Equivalent Dwelling Unit.

(3) Certain Accessory Dwelling Units & Junior Accessory Dwelling Units are exempt from capacity charges under state law

**Source:** Leucadia Wastewater District Board of Directors approved rate ordinances and resolutions.

# LEUCADIA WASTEWATER DISTRICT

## Principal Customers
## Current Fiscal Year and Ten Years Ago — Schedule 6

| Customer | 2023 EDU's (1) | 2023 Percentage of Total | 2014 EDU's (1) | 2014 Percentage of Total |
|---|---|---|---|---|
| La Costa Glen | 723 | 2.54% | 723 | 2.59% |
| La Costa Resort & Spa | 498 | 1.75% | 474 | 1.70% |
| Encinitas Town Center | 324 | 1.14% | 305 | 1.09% |
| La Costa Racquet Club | 320 | 1.12% | 320 | 1.15% |
| The Forum @ Carlsbad | 234 | 0.82% | 233 | 0.83% |
| La Costa Town Square Commercial | 215 | 0.75% | 194 | 0.69% |
| Mission Ridge Apartments | 196 | 0.69% | 196 | 0.70% |
| La Costa Affordable Housing | 185 | 0.65% | 185 | 0.66% |
| Encinitas Village | 180 | 0.63% | 182 | 0.65% |
| Camino Village Plaza | 177 | 0.62% | 186 | 0.67% |
| Riviera Mobile Home Park | 158 | 0.55% | 158 | 0.57% |
| La Costa Shopping Center | 150 | 0.53% | 131 | 0.47% |
| Colonial Apartments | 145 | 0.51% | 145 | 0.52% |
| Weigand Plaza II | 135 | 0.47% | 130 | 0.47% |
| Encinitas Heights Apartments | 122 | 0.43% | 122 | 0.44% |
| Total EDU's: Principal customers | 3,762 | 13.21% | 3,684 | 13.19% |
| Total Equivalent Dwelling Units | 28,470 | 100.00% | 27,936 | 100.00% |

**Notes:**
(1) EDU's = Equivalent Dwelling Units.

**Source:** Leucadia Wastewater District Operations Department

# LEUCADIA WASTEWATER DISTRICT

## Assessed Value of Taxable Property
## Last Ten Years

**Schedule 7**

| Fiscal Year | Secured | Unsecured | Total Assessed Value |
|---|---|---|---|
| 2014 | $ 11,283,103,814 | $ 110,452,174 | $ 11,393,555,988 |
| 2015 | 12,266,748,094 | 137,361,541 | 12,404,109,635 |
| 2016 | 13,067,537,215 | 115,068,809 | 13,182,606,024 |
| 2017 | 13,688,462,176 | 113,692,139 | 13,802,154,315 |
| 2018 | 14,342,252,801 | 114,042,989 | 14,456,295,790 |
| 2019 | 15,063,864,539 | 125,962,401 | 15,189,826,940 |
| 2020 | 15,778,407,531 | 126,132,812 | 15,904,540,343 |
| 2021 | 16,498,444,974 | 135,408,142 | 16,633,853,116 |
| 2022 | 17,285,985,770 | 116,996,553 | 17,402,982,323 |
| 2023 | 18,534,065,260 | 151,900,210 | 18,685,965,470 |

**Note:** In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of properties may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the property value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual fair value of taxable property and is subject to the limitations described above.

**Source:** County of San Diego Tax Assessor

# LEUCADIA WASTEWATER DISTRICT

## Property Tax Levies and Collections
## Last Ten Fiscal Years

**Schedule 8**

| Fiscal Year | Current Tax Levy | Current Tax Collections | Percent of Current Taxes | Prior Year Tax Collections | Percent of Current Taxes | Net Collections |
|---|---|---|---|---|---|---|
| 2014 | $ 1,296,442 | $ 1,277,325 | 98.5% | $ 14,771 | 1.2% | $ 1,292,096 |
| 2015 | 1,417,195 | 1,396,032 | 98.5% | 17,411 | 1.2% | 1,413,443 |
| 2016 | 1,513,344 | 1,491,352 | 98.5% | 18,398 | 1.2% | 1,509,750 |
| 2017 | 1,571,940 | 1,553,390 | 98.8% | 22,042 | 1.4% | 1,575,432 |
| 2018 | 1,643,629 | 1,622,138 | 98.7% | 24,589 | 1.5% | 1,646,727 |
| 2019 | 1,726,734 | 1,703,258 | 98.6% | 23,487 | 1.4% | 1,726,745 |
| 2020 | 1,809,075 | 1,782,337 | 98.5% | 22,916 | 1.3% | 1,805,253 |
| 2021 | 1,888,061 | 1,858,958 | 98.5% | 23,129 | 1.2% | 1,882,087 |
| 2022 | 1,993,417 | 1,952,291 | 97.9% | 27,605 | 1.4% | 1,979,896 |
| 2023 | 2,163,554 | 2,115,034 | 97.8% | 50,169 | 2.4% | 2,165,203 |

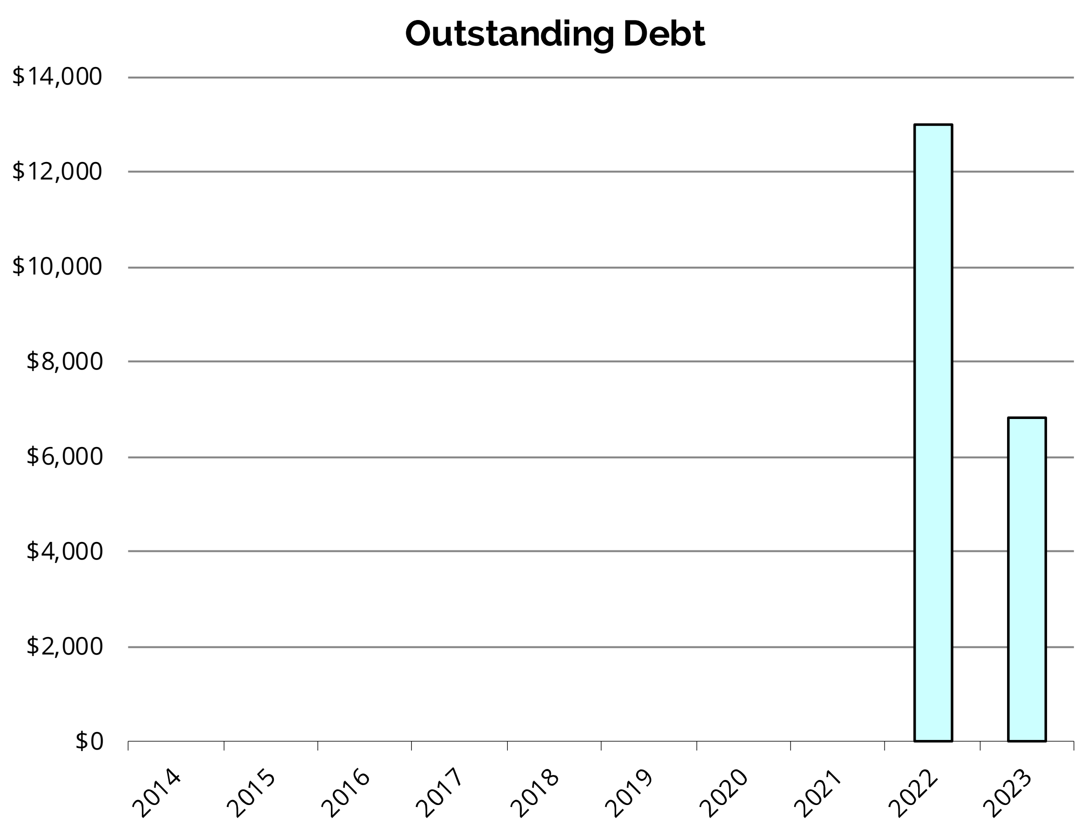
**Source:** County of San Diego, California "Tax/Revenue Accountability Report"

# LEUCADIA WASTEWATER DISTRICT

## Ratios of Outstanding Debt by Type
## Last Ten Fiscal Years

**Schedule 9**

| Fiscal Year | Bonds Payable | Leases Payable | Total Debt | Total Per Capita | Total As a Share of Personal Income |
|---|---|---|---|---|---|
| 2014 | $ - | $ - | $ - | $ - | 0.00% |
| 2015 | - | - | - | - | 0.00% |
| 2016 | - | - | - | - | 0.00% |
| 2017 | - | - | - | - | 0.00% |
| 2018 | - | - | - | - | 0.00% |
| 2019 | - | - | - | - | 0.00% |
| 2020 | - | - | - | - | 0.00% |
| 2021 | - | - | - | - | 0.00% |
| 2022 | - | 13,019 | 13,019 | 0.21 | 0.00% |
| 2023 | - | 6,818 | 6,818 | 0.11 | 0.00% |




**Source:** Leucadia Wastewater District Accounting Department

# LEUCADIA WASTEWATER DISTRICT

## Debt Coverage
## Last Ten Fiscal Years

**Schedule 10**

| Fiscal Year | Net Revenues[1] | Operating Expenses[2] | Net Available Revenues | Debt Service[3] Principal | Debt Service[3] Interest | Debt Service[3] Total | Coverage Ratio |
|---|---|---|---|---|---|---|---|
| 2014 | $9,289,804 | $ (5,878,182) | $ 3,411,622 | - | - | - | - |
| 2015 | 9,965,150 | (6,142,492) | 3,822,658 | - | - | - | - |
| 2016 | 10,600,341 | (6,260,595) | 4,339,746 | - | - | - | - |
| 2017 | 11,925,807 | (6,508,623) | 5,417,184 | - | - | - | - |
| 2018 | 12,244,714 | (6,788,292) | 5,456,422 | - | - | - | - |
| 2019 | 13,103,487 | (6,921,833) | 6,181,654 | - | - | - | - |
| 2020 | 13,076,896 | (8,033,666) | 5,043,230 | 5,463 | 377 | 5,840 | 864 |
| 2021 | 12,382,044 | (8,569,320) | 3,812,724 | 6,006 | 364 | 6,370 | 599 |
| 2022 | 12,195,008 | (7,954,183) | 4,240,825 | 6,102 | 268 | 6,370 | 666 |
| 2023 | 14,960,064 | (8,299,263) | 6,660,801 | 6,201 | 169 | 6,370 | 1,046 |

**Notes:**

(1) Net revenues include all operating revenues of the District as well as non-operating revenues, net of non-operating expenses.

(2) Operating expenses exclude depreciation expense.

(3) Debt includes Aztec leased copiers implemented in FY2022 in accordance with GASB 87.

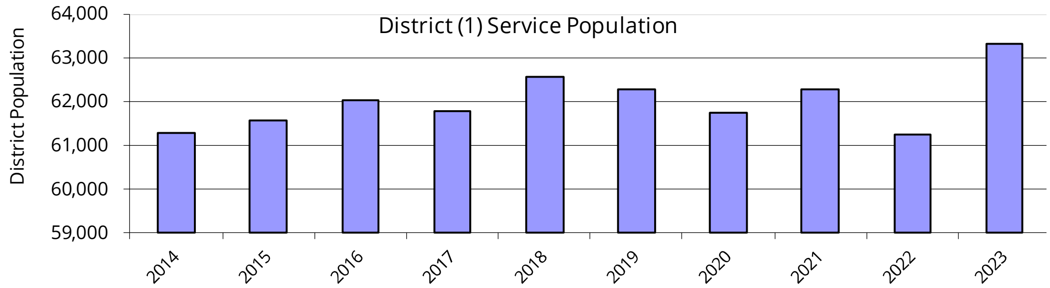
**Source:** Leucadia Wastewater District Accounting Department

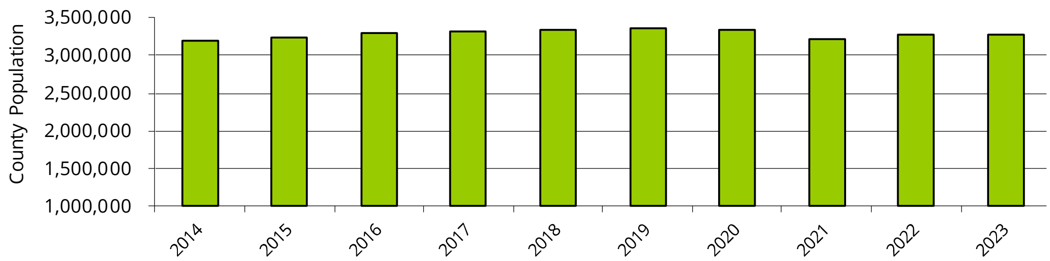
# LEUCADIA WASTEWATER DISTRICT

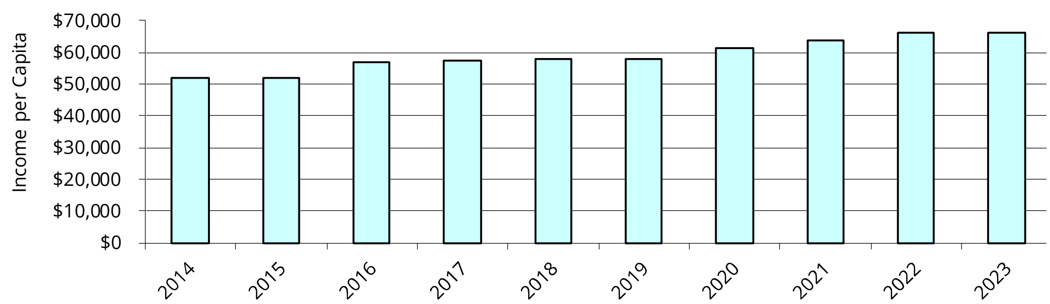
## Demographics and Economic Statistics
## Last Ten Fiscal Years

**Schedule 11**

| Fiscal Year | District (1) Service Population | County of San Diego (2) (3) Unemployment Rate | (4) Population | Personal Income (thousands of dollars) (5) | Personal Income per Capita (5) |
|---|---|---|---|---|---|
| 2014 | 61,294 | 6.4% | 3,194,362 | $ 165,535,033 | $ 51,821 |
| 2015 | 61,585 | 5.2% | 3,227,496 | 167,252,070 | 51,821 |
| 2016 | 62,042 | 5.1% | 3,288,612 | 186,900,000 | 56,832 |
| 2017 | 61,779 | 4.3% | 3,316,192 | 190,500,000 | 57,445 |
| 2018 | 62,565 | 3.7% | 3,337,458 | 192,681,910 | 57,733 |
| 2019 | 62,310 | 3.3% | 3,351,786 | 194,111,983 | 57,913 |
| 2020 | 61,763 | 13.8% | 3,343,355 | 205,235,190 | 61,386 |
| 2021 | 62,310 | 5.9% | 3,223,583 | 205,435,721 | 63,729 |
| 2022 | 61,257 | 3.2% | 3,287,306 | 217,836,619 | 66,266 |
| 2023 | 63,338 | 3.5% | 3,269,755 | 216,673,585 | 66,266 |




**Notes:**

(1) Estimated population of Leucadia Wastewater District. Source: GANN Limit, SANDAG and Census

(2) County of San Diego data is updated annually. Therefore, the District uses County data because it most accurately represents the conditions and experiences of the District.

(3) Source: US Bureau of Labor Statistics.

(4) Source: California Department of Finance.

(5) Sources: California Department of Finance and California Labor Market Info, US Bureau of Labor Statistics, Los Angeles County Economic Development Corporation, and Federal Reserve Bank of St. Louis Economic Research.

# LEUCADIA WASTEWATER DISTRICT

## Principal Employers – City of Carlsbad
## Last Ten Fiscal Years

**Schedule 12**

| | 2023 | | | 2014 | | |
|---|---|---|---|---|---|---|
| Employer | Rank | Number of Employees | % of Total Employ-ment | Rank | Number of Employees | % of Total Employ-ment |
| ViaSat, Inc | 1 | 4,213 | 5.4% | 2 | 1,510 | 2.4% |
| Legoland California | 2 | 2,300 | 2.9% | 4 | 1,422 | 2.3% |
| Thermo Fisher Scientific | 3 | 2,332 | 3.0% | | | |
| Carlsbad Unified School District | 4 | 1,094 | 1.4% | 7 | 903 | 1.5% |
| Omni La Costa Resort & Spa | 5 | 900 | 1.2% | 6 | 932 | 1.5% |
| City of Carlsbad | 6 | 783 | 1.0% | 9 | 675 | 1.1% |
| Gemological Institute of America | 7 | 771 | 1.0% | 8 | 794 | 1.3% |
| Ionis Pharmaceuticals | 8 | 671 | 0.9% | | | |
| Park Hyatt Aviara | 9 | 648 | 0.8% | | | |
| Taylor Made Golf Company | 10 | 514 | 0.7% | 5 | 954 | 1.5% |
| Callaway Golf Company | | | | 1 | 1,637 | 2.6% |
| Life Technologies | | | | 3 | 1,454 | 2.3% |
| Zimmer Dental, Inc | | | | 10 | 673 | 1.1% |
| Subtotal | | 14,226 | 18.2% | | 10,954 | 17.7% |
| Total Estimated Employees | | 78,000 | | | 62,000 | |

**Sources:**
Most recently published City of Carlsbad Annual Comprehensive Financial Report

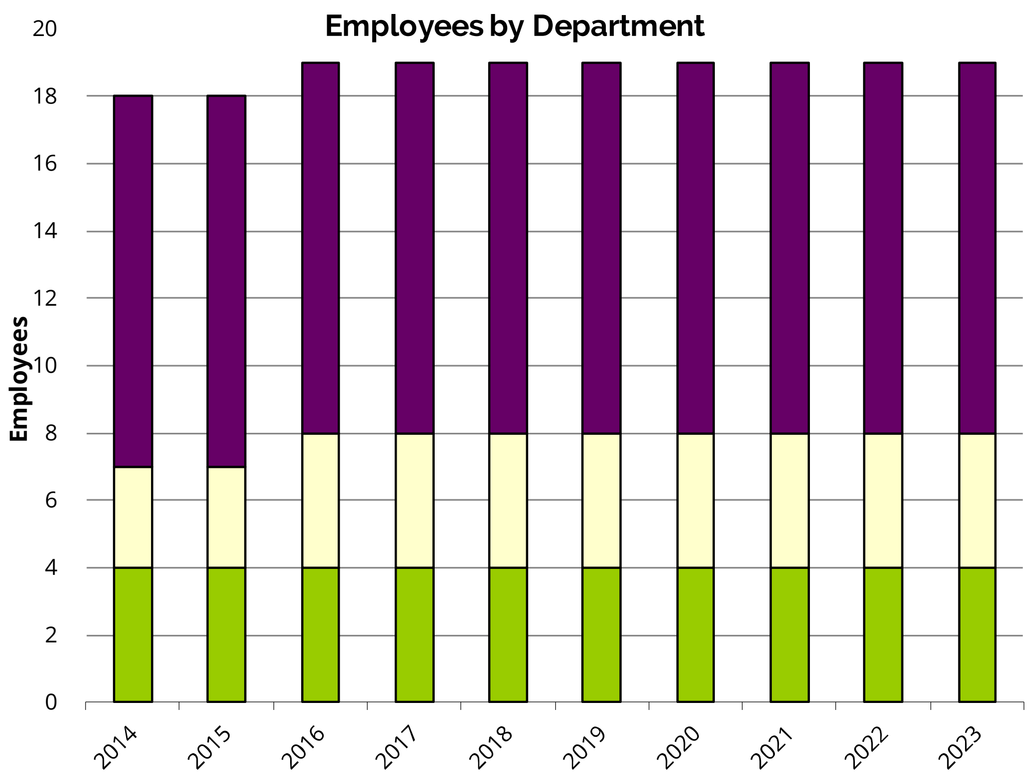
# LEUCADIA WASTEWATER DISTRICT

## Operating and Capacity Indicators
## Last Ten Fiscal Years

**Schedule 13**

**Employees**

| | **Fiscal Year** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Department** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Management** | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Administration | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Field Services | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Total | 18 | 18 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |




**Source:** Leucadia Wastewater District Operations and Accounting Departments

**Other Operating and Capacity Indicators**

| Fiscal Year | Miles of Sewer Lines | Number of of Pump Stations | Average Dry Weather Flow (MGD) (2) | Treatment Capacity (MGD) Liquids | Treatment Capacity (MGD) Solids & Outfall | Total Annual Treatment (MG) (1) |
|---|---|---|---|---|---|---|
| 2014 | 206 | 10 | 4.14 | 7.11 | 7.11 | 1,488 |
| 2015 | 207 | 10 | 4.17 | 7.11 | 7.11 | 1,418 |
| 2016 | 208 | 10 | 3.99 | 7.11 | 7.11 | 1,376 |
| 2017 | 209 | 10 | 3.80 | 7.11 | 7.11 | 1,392 |
| 2018 | 210 | 10 | 3.76 | 7.11 | 7.11 | 1,374 |
| 2019 | 210 | 10 | 3.84 | 7.11 | 7.11 | 1,386 |
| 2020 | 210 | 10 | 3.77 | 7.11 | 7.11 | 1,408 |
| 2021 | 210 | 10 | 3.73 | 7.11 | 7.11 | 1,400 |
| 2022 | 210 | 10 | 3.91 | 7.11 | 7.11 | 1,369 |
| 2023 | 210 | 10 | 3.81 | 7.11 | 7.11 | 1,409 |

**Notes:**
(1) MG - Millions of Gallons
(2) MGD - Millions of Gallons per Day

**Sources:** Leucadia Wastewater District Operations and Accounting Departments