



CITY OF ENCINITAS, CALIFORNIA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022





# City of Encinitas

Encinitas, California

## **Annual Comprehensive Financial Report and Independent Auditor's Reports**

*For the Year Ended June 30, 2022*

Supported by the Finance Department

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## INTRODUCTORY SECTION

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**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**

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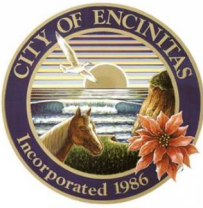
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## TRANSMITTAL LETTER • INTRODUCTORY SECTION

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December 22, 2022

Honorable Mayor, City Council and Citizens of the City of Encinitas, California:

It is a pleasure to present the Fiscal Year 2021-22 *Annual Comprehensive Financial Report* (ACFR) for the City of Encinitas and its related entities. This report was prepared to assist those interested in understanding the financial condition and results of City operations for the fiscal year ended June 30, 2022 and includes financial information for the City of Encinitas (“City”), the San Dieguito Water District, the Encinitas Housing Authority, and the Encinitas Public Financing Authority. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

To provide a reasonable basis for making the presentations shown in this report and to compile sufficient reliable information for the preparation of the City’s financial statements, the management of the City has established a comprehensive internal control framework designed to protect the City’s assets from loss, theft, or misuse. Because the cost of internal controls should not exceed their benefits, the City’s internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City’s financial statements have been audited by Davis Farr LLP, certified public accountants. The independent auditor concluded based on the audit, that there was reasonable basis for rendering an unmodified opinion (or a “clean audit”) on the City’s financial statements for the fiscal year ended June 30, 2022 which means that in the auditor’s opinion, the financial statements accurately present the City’s financial position.

Management’s Discussion & Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **CITY PROFILE AND BACKGROUND**

The City of Encinitas was incorporated in October 1986 as a general law city, bringing together the communities of New and Old Encinitas, Cardiff-by-the-Sea, Leucadia, and Olivenhain. Encinitas is located in northern San Diego County approximately 25 miles north of downtown San Diego on the Southern California coast. The City with an estimated population of 62,000 covers approximately 21 square miles and is predominately residential with two major commercial corridors.

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### **GOVERNANCE**

The City is governed by a City Council consisting of a Mayor and four Council members under the Council-Manager form of government. The Mayor is elected at-large for a two-year term of office. The City of Encinitas has transitioned to a system where City Council members are elected by district instead of serving "at large" with the sequence of elections for district elections in Council Districts 3 and 4 in 2018, and district elections in Council Districts 1 and 2 in 2020. The transition to district-based elections was completed in 2020.

The City Council appoints the City Manager and City Attorney. All other staff positions are appointed by the City Manager or her designee. The City Council acts as the Board of Directors for the San Dieguito Water District, the Encinitas Housing Authority, and the Encinitas Public Financing Authority.

### **MUNICIPAL SERVICES**

The City provides a full range of municipal services such as:

Fire and paramedic services  
Marine safety  
Development services  
Street maintenance and construction  
Wastewater services

Law enforcement (contract)  
Parks, beaches and trails  
Recreation services  
Traffic control  
Water services

### **CITY FACILITIES**

City Hall is located on Vulcan Avenue between D and E Streets, adjacent to the Encinitas Train Station and downtown. The City maintains an active Community and Senior Center located at Encinitas Boulevard and Balour Drive; the 44-acre Encinitas Community Park located at 425 Santa Fe Drive along with 20 other park sites. The City's Moonlight Beach located at 400 B Street attracts an estimated three million visitors annually. There are six fire stations located throughout the city as well as one sheriff substation which is owned and operated by the County of San Diego. The corporate yard for both the City of Encinitas and San Dieguito Water District is located on Calle Magdalena near Encinitas Boulevard. The Wastewater Collections division is located at the San Elijo Water Reclamation Facility located in Cardiff. The former Pacific View Elementary School site purchased by the City is located at 608 Third Street and is undergoing renovation for future use as a community cultural arts center.

### **BUDGETING OVERVIEW**

The City develops and adopts both an operating and a capital budget on a two-year budget cycle. Amounts are appropriated for the first year only, with the amounts for the second year subject to revision before appropriation. Any changes to the operating or capital budgets must be approved by the City Council. The City also publishes a six-year capital improvement program and financial plan which is updated as part of the two-year budget cycle. This document provides management and the City Council with long-term financial planning information and tools. Online access to detailed City financial information is available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

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The City uses a web-based tool that allows the user to sort and filter City financial information to obtain the specific financial information desired. This tool may be found on the City's website at <https://stories.opengov.com/encinitasca/published/YrCg4GPpU>.

### FACTORS AFFECTING FINANCIAL CONDITION OF THE CITY

*Local Economy* – Encinitas enjoys a strong and well diversified tax base and over the years, the property values and personal income levels within the City have generated tax revenues sufficient to support the level of municipal services and facilities for the community to enjoy. In the past, the tax base has performed well in good economic times and has also been able to weather the financial impacts during slower economic times. The City's property tax and sales tax revenue has remained strong and increased as the pandemic continued this year. The net taxable assessed value of property in the City has grown 65 percent since Fiscal Year 2011-12 (ten years ago). For Fiscal Years 2020-21 and 2021-22 taxable values increased 5.4 percent and 4.9 percent, respectively. Also, Encinitas has over 3,300 businesses reporting retail sales within the City. The top 100 sales tax producers include a wide variety of businesses such as car dealers, home improvement stores, big box retail, gas stations, grocery stores and restaurants.

Revenue from both transient occupancy taxes (TOT) and charges for services increased significantly. Along with the opening of a new resort hotel, tourism rebounded, and recreation programs resumed as restrictions were lifted, contributing to an increase in hotel and short-term vacation rental occupancies and participation in recreation and other city programs. Additional development related revenues (collected from planning, building, and engineering fees) also increased as the economy reopened, and new application fees were collected for cannabis businesses licenses.

Modest growth is anticipated in FY 2022-23 as the housing market cools and inflationary price increases limit consumer spending. However, should the modest growth trend continue, the City's long term fiscal health must be addressed through more sustainable approaches to address the community's service and, more concerning due to aging and increasing costs to repair, the City's capital improvement plan (CIP) priorities into the future. Given the forecast of modest growth in revenues, Council requested the establishment of a Blue Ribbon Task Force on Infrastructure to study the City's aging infrastructure and funding opportunities in the future

*General Fund Revenue* - Property tax, and sales and use tax revenue represent approximately 89 percent of the City's total General Fund revenue. Property tax revenue in FY 2021-2022 totaled \$55.5 million which was an increase of \$3.0 million, or 5.7 percent, compared to FY 2020-21. Sales and use tax revenue in FY 2021-22 increased by \$2.1 million, or 13.3 percent, to \$17.5 million compared to FY 2020-21. TOT totaled approximately \$4.4 million an increase of approximately \$2.2 million or 95.8 percent compared to FY 2020-21. Total General Fund revenues for FY 2021-22 of \$92.3 million increased by approximately \$8.9 million or 10.5 percent compared to revenues in FY 2020-21 of \$83.3 million.

*Financial Strength and Sustainability* – Due to the City's conservative budgeting, strong reserves, and re-evaluation of its CIP program, the City of Encinitas continues to be well positioned to weather economic fluctuations. The City has been evaluated and rated by internationally recognized third party reviewers. On June 29, 2021, Standard & Poor's Rating Services (S&P) affirmed its 'AAA' issuer credit rating (ICR) for the City of Encinitas. According to S&P, the 'AAA' ICR reflects the City's:

- i Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);

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- i Very strong management, with strong financial policies and practices under S&P's Financial Management Assessment (FMA) methodology;
- i Strong budgetary performance;
- i Very strong budgetary flexibility;
- i Very strong liquidity; and
- i Very strong debt and contingent liability profile.

The City had approximately \$40.5 million of general fund bonded debt and financed purchases outstanding at June 30, 2022, with scheduled payments of principal and interest of \$3.6 million in FY 2021-22. This debt service as a percentage of the General Fund budget is 5.0 percent, which is well below the City's debt service policy which states that debt service paid each year shall not exceed 15 percent of the General Fund budget.

*Development and Maintenance of Financial Reserves* - The City has an established financial policy regarding maintenance of adequate financial reserves. The City sets aside 20 percent of General Fund operating expenditures for contingencies (unanticipated events that could negatively impact the City's financial condition). The City has never had occasion to draw on this reserve, since its inception in the early 1990's. The City also maintains a General Fund budget stabilization reserve, established in 2007 in anticipation of the ensuing recession. This reserve is funded at a minimum of two percent of operating revenues. The City has not had any need to draw on this reserve. Any amounts remaining after these two reserves are fully funded are considered available for City Council directed use, primarily for future funding of capital improvements. General Fund reserves for contingencies and budget stabilization total \$18.4 million and funding available for capital improvements was \$20.5 million as of June 30, 2022.

### ACCOMPLISHMENTS –

Based on direction by the City Council, highlighted below are the City's accomplishments this fiscal year.

**Response to COVID-19** - In March 2021, the American Rescue Plan Act (ARPA) was signed into law. The City received \$4.1 million of its \$8.1 million allocation for use towards the funding of COVID-19 related expenditures.

**Financing for Leucadia Streetscape Project, Segment C** – During the year, the City applied and received approval of a \$20 million loan from the California Infrastructure and Economic Development Bank (I Bank) to finance the Leucadia Streetscape, Segment C Westside Improvements Project. The project is a major streetscape project which will improve mobility, accessibility, and parking conditions in addition to installing traffic calming measures along the North Coast Highway 101. The loan will be repaid at a rate of 3.3 percent over 15 years.

**Homelessness Programs** - The Homeless Outreach Program for Empowerment (HOPE) began in 2020 as a partnership between the City, County, Sheriff's Department and the Community Resource Center to outreach to individuals that are living on our streets. The program has served over 598 individuals and has housed 132. Another program of note is the Safe Parking Program run by Jewish Family Service that provides individuals living in their vehicles a safe place to park at night where they can receive services. Since 2020 the program has served over 140 individuals, 43% of which have had positive exits to housing or reunification with family.

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ADU Program - The City's award-winning Permit Ready Accessory Dwelling Unit (PRADU) program was launched in April 2019, and over the last two years, residents have submitted 293 accessory dwelling unit permits, 40 of which were pre-approved plans provided by the PRADU program. These units, perhaps better known as granny-fats, continue to be an integral part of Encinitas' housing conversation.

San Diego County Coastal Storm Damage Reduction Project – Encinitas is part of a collaborative coastal storm damage reduction project with the U.S. Army Corps of Engineers and the City of Solana Beach. Its goal is to reduce storm and sea level rise related to coastal damage and erosion by adding sand along 7,800 feet of coastline. Funding is comprised of local, state and federal sources, and the project is currently in the pre-construction, engineering and design phase. Baseline monitoring will begin in fall 2022 and initial construction is expected to begin in late 2023/early 2024.

Beacon's Beach Coastal Bluff Restoration Project - In February 2021, the Planning Commission approved the installation of the Beacon's Coastal Bluff Restoration Project. The primary objective of the project is to stabilize surface soils using native vegetation to protect the access trail, while increasing coastal bluff habitat. The restoration program began in fall 2021, which included the removal of non-natives and planting of native species along the bluff. An additional round of planting is anticipated to occur in fall 2022.

Encinitas Buildings Go Green - In 2021, the City adopted an ordinance which requires new homes and businesses constructed in Encinitas to install advanced green building and energy efficiency measures. Climate-conscious measures will now be installed in all applicable homes and businesses in Encinitas requesting a building permit, including all electric appliances, energy efficiency components, electric vehicle charging equipment, greywater plumbing, and solar panels. These measures help to "decarbonize" buildings, reducing the amount of greenhouse gas emissions generated by natural gas appliances and regional power generation facilities.

BCycle Bikeshare Program Launched - In 2021, the City partnered with BCycle, one of the largest and longest operating bikeshare companies in the United States, to launch the City's first bikeshare program. In coordination with the City, BCycle kicked off their pilot bikeshare program in January 2022. BCycle will install up to 500 docking stations to serve up to 250 shared electric bikes throughout the City. Increased access to an affordable and clean transportation alternative encourages locals and tourists to avoid driving and opt for biking.

Encinitas Provided with 100% Renewable Energy - One of the key goals in the City's Climate Action Plan (CAP) is to launch a Community Choice Energy (CCE) program that serves 100% renewable electricity to customers by 2030. CCE programs are not-for-profit, locally controlled energy agencies that purchase clean electrical power on behalf of residents and businesses. In 2019, the City of Encinitas, along with the cities of San Diego, Chula Vista, La Mesa, and Imperial Beach, formed San Diego Community Power (SDCP). SDCP began serving power to Encinitas customers in March 2021 and completed its service roll out in April 2022.

Curbside Collection of Organic Waste Rolled Out - In 2021, residential and commercial organics recycling began in Encinitas in accordance with California Senate Bill 1383. The bill requires all homes and certain businesses to recycle food waste and landscape waste. Single-family residences were provided with a kitchen caddy and bags to collect food waste. Organics are collected curbside by the City's waste hauler, EDCO, which built an Anaerobic Digestion Facility to process the material. Methane, a potent greenhouse gas, is captured and extracted from the material during processing and reused to fuel collection trucks. The leftover processed solid material can be used to make nutrient-rich fertilizer. In 2021, the City also enacted regulations increasing the amount of

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construction waste that must be recycled during construction projects and requiring all food waste generators to donate any excess food that is still edible. All of these measures help the City reduce greenhouse gas emissions and achieve its zero waste goals.

Transition to Zero-Emission Municipal Fleet - The City's Climate Action Plan set a goal of transitioning the municipal fleet to "zero emission" vehicles by 2030. Since the development of the City's ZEV Fleet Conversion Plan in 2018, more than 20 fleet vehicles have been converted to alternative fueled vehicles. In 2021, the City's fleet included 11 battery-electric vehicles, 10 hybrid vehicles, and 1 plug-in hybrid for a total of 22 alternative fuel vehicles, 41% of the light duty fleet.

Wildlife Protected Against Discarded Balloons - In 2022, the City adopted an ordinance regulating the sale, use, distribution, and release of balloons filled with a gas lighter than air, making Encinitas the first city in San Diego County to regulate balloons. This ordinance was adopted to effectively address local impacts from balloons including plastic pollution, marine debris, marine life, land animal, and bird impacts, and wildfire dangers.

Encinitas Habitat Stewardship Program - The Encinitas Habitat Stewardship Program (EHSP) was created by the City in 2020 to help with the upkeep of City-owned properties that contain sensitive habitat. The first site was at Cottonwood Creek, where the program was launched in partnership with the San Diego Botanic Garden. To date, Garden staff and volunteers have removed over three acres of invasive ice plant and replanted the area with native species. Establishment and plantings are ongoing and will continue into 2023. EHSP will be expanded to additional sites, including the MLB Parcel along B Street between 3rd and South Coast Highway 101. Efforts will focus on invasive removal, slope stabilization and planting native species.

The Return of Live Special Events - In 2021–22, many of the community's most cherished seasonal events returned. The community enjoyed the Encinitas Holiday Parade in December, Cyclovia Encinitas – Open Street Event in January, the City's popular Egg Hunt event in April and the Summer Concert series in summer 2022. These events were carefully planned and executed to meet the ever-changing health guidelines and guidance to ensure public safety. The return of these community favorite events saw participation and attendance at near or exceeding pre-pandemic levels, a testament to their popularity and value in the community.

Olympus Park Awards - Olympus Park opened to the public May 1, 2021. The park includes two shade structures, various playground equipment, zip line, skate and pump track, sport court and a dog park with shade structures. There is also extensive new landscaping with large shade trees and grass for the enjoyment of the community. Olympus Park was honored as the 2022 project of the year by the American Public Works Association along with the 2022 Outstanding Parks and Recreation Project by the American Society of Civil Engineers and 2021 Award of Excellence in Design for Parks Planning by the California Parks & Recreation Society.

Services, Programming and Safety at the Encinitas Community And Senior Center - Providing exceptional customer service and ensuring safety of guests is a high priority. Beginning in Summer 2022, the Center began a sign-in process to track participation in drop-in programs. In addition, staff were trained in CPR/ First Aid and an audit of emergency equipment and supplies was completed. Staffing levels and programming operations returned back to pre-pandemic levels in Summer 2022. Many programs returned that had been suspended during COVID, and new programs were introduced including STEM camps for kids and a variety of new programs for participants 50+. Registration across all programming areas increased over 35% from 2021 to 2022.



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**Community Safety** - The City of Encinitas earned the rank of 28th safest City in California for the recent fiscal year (7/1/21–6/30/22), according to the Safewise Safest Cities Report. The San Diego Sheriff's North Coastal COPPS, Crime Prevention Unit, and Command staff have participated in numerous community events, including Coffee with the Community, town hall meetings, National Night Out, Taste of Encinitas, and other special events. The North Coastal deputies have greatly increased their Deputy Initiated Activities in areas of concern identified by Crime Analysts.

**Public Safety Improvements, Planning and Training** - The Fire Department completed a Standards of Coverage report, updated the Emergency Operations Plan, and Olivenhain Evacuation Plan. The Fire Prevention Division organized its second drive-thru Open House for Fire Prevention Week at the Del Mar Fairgrounds. Additionally, they reinstituted in-person annual inspections in July, filled a Deputy Fire Marshal position, recorded three new fire safety videos that can be found on the city website, implemented AB 38 compliant defensible space inspection program, conducted fuel management inspections with HOA's, San Diego Parks and Recreation and San Elijo Lagoon State Rangers, and participated in a wildfire safety event at the Olivenhain Town Hall with the Olivenhain Fire Safe Council.

The Fire and Marine Safety Department responded to the 2021 Orange County oil spill that also affected the beaches in Encinitas. The incident lasted for over two months and consisted of beach clean ups, animal rescues, and natural habitat preservation.

**Tree City USA** - In the last fiscal year, the City was awarded the designation of Tree City USA for the 11th year in a row. This is a testimony to the City's commitment to maintaining and expanding a healthy urban forest. During a successful Arbor Day event in April 2022, 100 volunteers joined the City in planting 50 new trees in Cottonwood Creek Park thanks to a generous donation by SDG&E. Additionally, the Public Works team planted 430 new trees within the public right of way. The total number of trees in the public right of way is now 22,001.

**San Dieguito Water District 100 Year Anniversary** - This year marked a major milestone in the history of the San Dieguito Water District. The District, formed on March 18, 1922, celebrated its centennial anniversary. During the past 100 years the District provided a stable water supply to the area, and reliable and safe water to its customers. On May 10, 2022, the District celebrated its 100 year anniversary along with its Board of Directors, City officials, local water industry leaders partnering agencies, and current and former staff.

**Water Conservation** - Efforts to help residents conserve water continued in 2022 with 13 free irrigation audits completed. These checkups provide residents with information about any potential leaks or breaks in their irrigation system, which are a key source of water waste. San Dieguito customers have been taking advantage of available rebates and incentives. The District has enacted Level 1 of their Water Shortage Contingency Plan and have also implemented the Level 2 Demand Reduction Actions and Communications Actions in order to respond to the drought and the Governor's call for conservation. Level 2 Demand Reduction Actions include a customer demand reduction of up to 20% by requiring customers to repair all leaks within 72 hours of notification, limit landscape irrigation to no more than 3 assigned days per week, and limit landscape irrigation to no more than 10 minutes per station per day. Level 2 Communications Actions require the District to increase its public education and outreach efforts; such as social media, bill messages, and quarterly newsletter.

**Water System Planning** - District staff completed the District's 2022 Water System Master Plan. The Master Plan provides an overall picture of the District's distribution system by evaluating items such as existing and projected water demands, fire flow requirements, and existing and emergency storage

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capacity. District staff also completed a Risk and Resilience Assessment (RRA) and developed a corresponding Emergency Response Plan (ERP). The U.S. Environmental Protection Agency (U.S. EPA) certified both the District's RRA and ERP. The District's ERP includes strategies and resources to improve the resilience of the water distribution system, plans and procedures that can be implemented in the event of a malevolent act or natural hazard that threatens the ability to deliver safe drinking water, and actions and procedures that can significantly lessen the impact of that event on public health and the safety.

Cybersecurity Intrusion Prevention Using Artificial Intelligence - The City provides 24/7 monitoring and defense to mitigate cyber-risk as part of layered defense that utilizes proactive best practices to minimize risk along with reactive responses to combat attempts to impact critical technical infrastructure. Over the past year, a new intrusion prevention system that uses artificial intelligence to identify and isolate malicious code was implemented to assist with the reactive response to breach attempts within milliseconds. Because the threat landscape is constantly evolving, Encinitas Information Technology (IT) continues to remain vigilant when protecting IT infrastructure.

Work Order System Facilities Maintenance - In our ongoing efforts to improve efficiency, a new work management system was implemented for public works and parks for facility maintenance. The new work order system ties into other cross department systems such as our reporting dashboards and financial system to assist with workload management and planning.

Reimagined Data Center - To support an exponential increase in online services, the data center was overhauled to increase network speed and storage. Hybrid architecture was implemented when appropriate to leverage both onsite and cloud resources to improve performance and provide redundancy in case of an outage. Cost savings per device were realized as the City implemented virtualized computer and storage resources leveraging state of the art technology to support uninterrupted availability to ensure public access to government resources and information.

City Hall Exterior Renovation - Phase two of the City Hall improvements began in January 2022 to provide much needed deferred maintenance to the building exterior. A major part of these much-needed improvements includes concrete replacement to correct drainage issues as water ponded in the courtyard during rain events. While the concrete is being replaced for practical purposes, it is being replaced with a decorative design along with the walkways that extend from north to south along the front of the building. In addition to the redesigned courtyard, phase two includes new wayfinding signs, landscaping enhancements, replacement of the metal portion of the roof, and electric vehicle chargers.

El Portal Undercrossing Construction on the City's second rail undercrossing project at El Portal Street was nearly complete at the end of the fiscal year. It is creating a new pedestrian and cyclist crossing under the railway to provide a safe connection between the neighborhoods, school, residences and businesses of the area.

Leucadia Streetscape: Segment A North - The first segment of the long-awaited Leucadia Streetscape project between Marcheta Street and Basil Street was completed this year. This segment included wider sidewalks, green separate bike lanes, enhanced crosswalks, a DG pedestrian path, a roundabout at El Portal, new stormwater infrastructure, more parking, new landscaped medians, new trees and landscaping, and a connection to the new El Portal Undercrossing.

Leucadia At-Grade Rail Crossings - Initial analysis is underway for two new at-grade rail crossings for pedestrians and cyclists in Leucadia. Concept designs will be prepared for rail crossings at Glaucus Street and at Hillcrest Drive/Grandview Street.

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Scott Valley Park Playground Replacement Grant Funding - The City of Encinitas was awarded \$216,695 from the State of California Department of Parks and Recreation Office of Grants and Local Assistance (OGALS) Per Capita and Heavily Urbanized Grants for the Scott Valley Park Playground Replacement Project. The project will replace the existing playground equipment with new equipment designed for children of all abilities to play together. The project is currently being designed and will be completed in 2023.

The following CIP and Work Program projects were completed during FY 2021-22:

Mackinnon Avenue Sidewalk - The City completed the MacKinnon Avenue Sidewalk Improvements Project in January 2022. This project was partially funded via a Community Development Block Grant and reconstructed the sidewalk to meet ADA standards from Birmingham Drive to Interstate 5.

Annual Street Resurfacing Program - Improving pavement condition citywide is an ongoing goal of the City of Encinitas. Each year an annual list of streets to resurface is prepared based on existing condition, need and available funding. This past year, resurfacing was completed on 27 streets including: North Coast Highway 101, El Camino Real, Quail Gardens Drive and Willowspring Court.

Cottonwood Creek Basin & La Costa Basin Maintenance Projects - As part of the Public Works Department's ongoing drainage infrastructure maintenance program, the Cottonwood Creek Basin maintenance project was completed in January 2022. Following over a year of resource agency coordination, approximately 2,150 cubic yards of sediment and debris were removed from the Cottonwood Creek Basin, adjacent to Cottonwood Creek Park. This effort included cutting back vegetation surrounding the basin and the restoration of critical flood capacity within the basin and larger drainage area.

Public Art Pedestals - The Encinitas Public Art Collection includes the Sculpture Installation Program, a series of sculptures in City parks and along major roadways. Construction of five concrete sculpture pedestals was completed in summer 2021. The site- specific outdoor public art will be exhibited at five highly visible locations within the communities of Leucadia, Cardiff-by-the Sea, Old Encinitas, New Encinitas, and Olivenhain.

El Camino Del Norte (Trail 95) - The Trail 95 project is part of the Recreational Trails Master Plan. Construction began in August 2021 and was completed in September 2022. It provides a trail on El Camino Del Norte from Lucille Lane to the County of San Diego bridge over Escondido Creek. The improvements included approximately 950 linear feet of decomposed granite trail, composite fencing, and ADA curb ramps.

### **MAJOR INITIATIVES AND PROJECTS**

Highlighted below are the projects that the City is working on as they relate to the City Council's vision:

- i QUALITY TRANSPORTATION Provide effective, safe, and easy transportation for all modes of movement and for all demographics.
- i RECREATION Promote active lifestyles and community health by furthering access to trails, parks, beaches, and other recreational opportunities.

## TRANSMITTAL LETTER • INTRODUCTORY SECTION

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- i ECONOMIC DEVELOPMENT Create economic opportunities through innovation, financial stability, and fiscal responsibility.
- i ENVIRONMENT Be good stewards of open spaces, beaches, parks, and the natural environment.
- i ARTS & CULTURE Embrace great places to showcase the City's arts and culture, history, community charm and character.
- i PUBLIC SAFETY Create a safe and secure environment for residents, visitors, and businesses throughout the City.
- i COMMUNITY PLANNING Maintain safe and livable communities through well maintained infrastructure and facilities, strong public safety, and significant environmental standards while achieving diverse and affordable housing for present and future generations.

Housing in Encinitas - On July 13, 2021, the State of California's Department of Housing and Community Development approved the City's Sixth Cycle Housing Element (2021–2029). As part of the Housing Element, the City has identified programs and activities to implement over the next four years to identify and address constraints on development as well as affirmatively furthering fair housing opportunities and promoting housing throughout the community for all persons. The Housing Element also identified 14 sites for future housing that would be available to lower income households.

Rail Corridor Cross-Connect Implementation Plan – This plan builds on the recommendations presented in the Rail Corridor Vision Study and Active Transportation Plan, approved by City Council in February 2018. The Rail Corridor Vision Study is the centerpiece of the *Coastal Mobility and Livability Study (CMLS)*, a broad effort to examine mobility issues and opportunities in the Encinitas coastal rail corridor. Using a Caltrans Sustainable Communities Transportation, the Cross Connect Plan was adopted by City Council on December 16, 2020.

Mobility Element of the General Plan - The Mobility Element is a section of the City's General Plan that identifies a multimodal transportation network to serve the community's needs. The last comprehensive update to the Mobility Element was in 1989, when the population was lower and transportation options were very different. Since then, Encinitas has grown to nearly 62,000 residents and transportation options continue to expand. In Spring 2021, the City began a project to update its Mobility Element—previously known as the Circulation Element—and create a framework to implement Senate Bill 743 (SB 743), a new state law governing transportation analysis. The City has held two community workshops to discuss the Element's proposed goals and street network. The project is expected to be completed in FY 2023–2024.

Modal Alternatives Project Implementation Plan (MAP Encinitas) – The City received Caltrans grant funding in the amount of \$200,000 and matched \$50,000 from the General Fund in August 2020. The intent of the grant is to address local and regional transportation needs and issues through planning documents that promote a balanced, sustainable, and comprehensive multimodal transportation system.

El Camino Real Specific Plan - The El Camino Real corridor is the City's busiest and most vibrant commercial corridor and serves as a major thoroughfare within the community. In the future, the City's General Plan envisions more connection, and walkable areas throughout the City that support a mixture of land uses, including retail, office and neighborhood-friendly housing in the right locations. The development of a specific plan for the El Camino Real Corridor will provide the necessary development standards to further implement a blueprint for the community. The City has

## **TRANSMITTAL LETTER • INTRODUCTORY SECTION**

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held two community workshops to discuss the vision and proposed land uses for the future of the corridor. The project is expected to be completed in FY 2023–2024.

**Leucadia 101 Streetscape** - This corridor project provides streetscape improvements along North Coast Highway 101 from A Street to La Costa Avenue. The project includes pedestrian and bicycle improvements, roundabouts, road lane narrowing and tree plantings throughout the entire corridor. Design began on the next segment of Leucadia Streetscape at the north end of the corridor between Jupiter Street and La Costa Avenue. This segment will include new wider sidewalks, green separate bike lanes, enhanced crosswalks, roundabouts at Grandview and Jupiter, more parking and new trees. This project focuses on the west side of the 101 and retains the existing medians.

**Santa Fe Drive South Sidewalk and San Dieguito Academy Frontage Improvements** - This project involves construction of curb, gutter, and sidewalk on the south side of Santa Fe Drive from Gardena Road to Mackinnon Avenue. In addition, accessible curb ramps will be provided on both sides of the Santa Fe Drive/Mackinnon Avenue intersection, and landscaping improvements will be provided on the north side of the street, fronting San Dieguito Academy School. The project has been split into an east and west phase. Construction of the west phase is scheduled to begin in summer 2022. Construction of the east phase is targeted for fall 2023, pending funding availability.

**Rancho Santa Fe (Trail 82) Design and Construction** - Design is nearly complete for Trail 82. Once the final design is 100 percent completed, the design will go to the utility providers along the trail to redesign their facilities to accommodate the new trail.

**Climate Action Plan** - The updated Climate Action Plan (CAP) was adopted by Council on January 17, 2018. City staff continues to implement projects, programs, and initiatives that support the goals of the CAP and reduce greenhouse gas (GHG) emissions. The CAP was updated on November 18, 2020.

**Pacific View Site Project** – On September 6, 2022, the City Council approved plans and specifications for the project and authorized construction bids. Design is complete on the Pacific View Site project. The site and building improvements include: replacing existing roofing, electrical panels, wiring, restrooms, light fixtures, ceilings, glass, doors, frames, finishes, and new fire sprinkler service and structural upgrades to the building.

Detailed information regarding these city projects and others can be found on the City’s website at <https://www.encinitasca.gov/government/city-projects>.

### **AWARDS AND ACKNOWLEDGEMENTS**

During 2021, the City was awarded a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its FY 2021–2022 and 2022–2023 budget. The City meets the program criteria of publishing a budget document as a policy document, as a financial plan, as an operations guide and as a communications device. This award is the highest form of recognition in governmental budgeting.

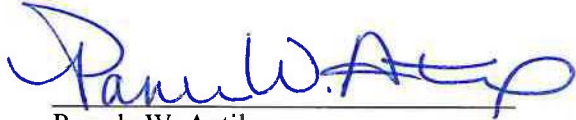
The Government Finance Officers Association (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting to the City of Encinitas for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The City believes that the FY 2021-22 Annual Comprehensive Financial Report continues to meet the GFOA criteria for the award.

## **TRANSMITTAL LETTER • INTRODUCTORY SECTION**

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Lastly, we deeply appreciate the dedication and leadership of the Mayor and Council Members who have consistently supported our goal of excellence in all aspects of financial management. The completion of this report could not have been accomplished without the dedication and hard work of the entire staff in the Finance Department. Special recognition goes to the Finance Reporting team, Monica Attili, Stella Huang, Alexis Angelini, Catherine Wong and Jenarae Benavente for their work with the auditors and the coordination of the preparation of this report.

Respectfully submitted,



Pamela W. Antil  
City Manager



Teresa S. McBroome  
Director of Finance/City Treasurer

## **LIST OF CITY OFFICIALS As of June 30, 2022**

### **CITY COUNCIL**

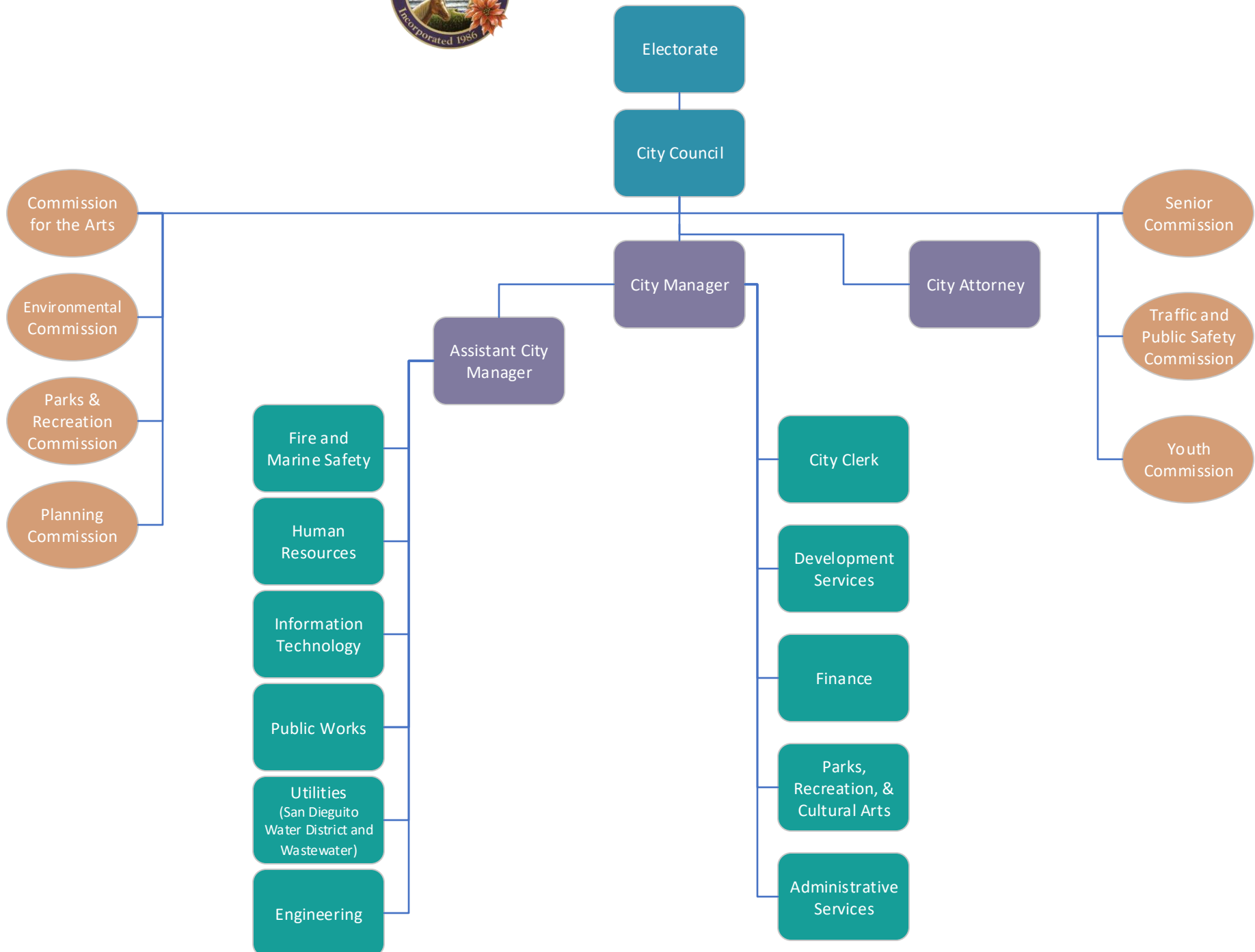
Mayor	Catherine S. Blakespear	
Deputy Mayor	Joe Mosca	District 4
Council Member	Tony Kranz	District 1
Council Member	Kellie Shay Hinze	District 2
Council Member	Joy Lyndes	District 3

### **EXECUTIVE TEAM MEMBERS**

City Manager	Pamela Antil
Assistant City Manager	Jennifer Campbell
Director of Administrative Services	Jace Schwarm
Director of City Clerk/Legislative Services	Kathy Hollywood
Director of Development Services	Roy Sapa'u
Director of Engineering	Jill Bankston
Director of Finance/City Treasurer	Teresa S. McBroome
Director of Human Resources/Workers' Compensation	Tom Bokosky
Director of Information and Technology	Jessica Contreras
Director of Parks, Recreation & Cultural Arts	Travis Karlen
Fire Chief	Michael Stein



## City of Encinitas Organization Chart







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Encinitas  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



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## FINANCIAL SECTION

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## **Independent Auditor's Report**

City Council  
City of Encinitas  
Encinitas, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Encinitas, California, (City) as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the R.E. Badger Joint Powers Authority, R.E. Badger Financing Authority, San Elijo Joint Powers Authority, and Encina Wastewater Authority, which collectively represent the following percentages of assets, net position and expenses of the following opinion units:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position</u>	<u>Expenses</u>
Business-type Activities	13.64%	18.41%	4.02%
Each Major Enterprise Fund:			
Cardiff Sanitary District	53.08%	64.02%	42.83%
San Dieguito Water District	34.74%	43.26%	12.46%
Encinitas Sanitary Division	21.76%	21.94%	26.35%

Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for R.E. Badger Joint Powers Authority, R.E. Badger Financing Authority, San Elijo Joint Powers Authority, and Encina Wastewater Authority, is based solely on the report of the other auditors.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As described further in Note 7 to the financial statements, during the year ended June 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No.87, Lease Accounting. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***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 opinions. 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 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, 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 City'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 City'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, Budgetary Comparison Schedule for the General Fund and the Infrastructure Improvements Special Revenue Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedules of Contributions – Pensions, Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements and budget to actual schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and budget to actual schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and budget to actual schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the 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.

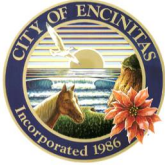
### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the City'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 the effectiveness of 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 City's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California  
December 22, 2022





## **City of Encinitas**

### **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2022**

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The Management's Discussion and Analysis ("MD&A") provides a narrative overview and analysis of the financial activities of the City of Encinitas ("City") for the fiscal year ended June 30, 2022. The City's financial statements include the accounts of the City, the Encinitas Public Financing Authority (EPFA), the Encinitas Housing Authority (EHA), and the San Dieguito Water District (SDWD). Please read the MD&A in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

#### **FINANCIAL HIGHLIGHTS**

- i The City's total assets increased overall by \$7.4 million. This is due to a \$7.7 million increase in governmental activities and a \$0.3 million decrease in business-type activities.
- i The City's total net position increased overall by \$18.8 million compared to the previous year. The governmental activities increased \$18.1 million and business-type activities increased \$0.7 million. Total assets increased \$7.4 million, total liabilities decreased \$41.1 million, deferred outflows increased \$0.8 million, and deferred inflows increased \$30.5 million.
- i The City's total revenues increased \$7.8 million from 2021.
  - Governmental activities revenues increased \$10.3 million
  - Business-type activities revenues decreased \$2.5 million
- i The City's total expenses decreased \$0.1 million from 2021.
  - Governmental activities expenses decreased \$4.2 million
  - Business-type activities expenses increased \$4.1 million
- i The City's total net pension liability decreased \$29.3 million from 2021.
  - Governmental liability decreased \$26.4 million
  - Business-type liability decreased \$2.9 million
- i The City's total OPEB liability decreased \$1.8 million from 2021.
  - Governmental liability decreased \$1.7 million
  - Business-type liability decreased \$0.1 million

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

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The financial statements presented herein include all the activities of the City and the component unit of San Dieguito Water District (SDWD) using the integrated approach as prescribed by GASB Statement No. 34. The City includes accounts for the Encinitas Public Financing Authority (EPFA) and the Encinitas Housing Authority (EHA).

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City including infrastructure as well as all liabilities including long-term debt. Certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables and receivables.

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

The government-wide financial statements provide a long-term view of the City's activities as a whole, and are composed of the statement of net position and the statement of activities and changes in net position. These statements are prepared on the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Revenues and expenses for the current fiscal year are recorded, regardless of when cash is received or paid.

The statement of net position presents information on all the City's assets, deferred outflows-inflows and liabilities, with the difference between the four reported as net position, which is one way to measure the City's financial health. Over time, increases or decreases in the net position is one indicator of whether the financial condition of the City is improving or declining.

The statement of activities and changes in net position presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples include revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

In both the statement of net position and the statement of activities and changes in net position, the City activities are separated as follows:

**Governmental Activities** – Property, sales and use taxes, user fees, franchise fees, investment earnings, and state and federal grants revenues finance the governmental activities. Most of the City's basic services are reported in this category, including:



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

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- General Government
- Public Safety
- Public Works
- Planning
- Engineering
- Parks, Recreation and Cultural Arts

**Business-type Activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. These activities include the water and wastewater operations and a portion of the City's affordable housing program.

### Reporting the City's Most Significant Funds

The fund financial statements include statements for each of the three categories of activities: governmental, business-type (proprietary) and fiduciary. The governmental activities, other than internal service activities, are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources management focus and the accrual basis of accounting. The fiduciary activities include custodial funds that are prepared using the economic resources management focus and the accrual basis of accounting.

**Fund Financial Statements** – The City's fund financial statements provide a greater level of detail regarding the City's governmental activities and include the General Fund, Capital Improvements Capital Projects Fund, Infrastructure Improvements Special Revenue Fund and other non-major governmental funds. The City reports the General Fund, the Capital Improvements Capital Projects Fund, and the Infrastructure Improvements Special Revenues Fund as major funds, under the guidance provided by GASB No. 34. All other governmental funds are considered non-major funds and are reported as one group.

The General Fund is the largest and most discretionary source of funding for operations, debt service and capital improvements, via both direct expenditures and transfers to other City funds. The Capital Improvements Capital Projects Fund accounts for all governmental fund capital improvements, as well as work projects such as long-term consultant studies. The Infrastructure Improvements Special Revenue Fund accounts for financial resources from local, state and federal grants which are used primarily to fund capital improvements. All these expenditures are categorized as capital outlay.

The City's Major Funds include:

- i General Fund
- i Capital Improvements Capital Projects Fund
- i Infrastructure Improvements Special Revenue Fund
- i City's Water and Wastewater Enterprises
  - San Dieguito Water District
  - Cardiff Sanitary Division
  - Encinitas Sanitary Division

Type of Activity:

- Governmental Activities
- Governmental Activities
- Governmental Activities
- Business-type Activities



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

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**Governmental Funds** – Most of the City's basic services are reported in governmental funds. Unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's capacity to finance its programs in the near future. These funds are reported by using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance present information separately for the General Fund, the Capital Improvements Capital Projects Fund, and the Infrastructure Improvements Special Revenue Fund, which are all classified as major funds. These statements also report several individual governmental funds classified as non-major funds, such as Special Revenue and Debt Service Funds, which are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the supplementary information section.

**Proprietary Funds** - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds, like government-wide financial statements, are presented on an accrual basis of accounting. There are two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report activities for which external users are charged a fee for goods or services. Internal service funds are used to report activities that provide supplies and services to other City programs and activities. The internal service funds are reported with governmental activities in the government-wide financial statements.

**Fiduciary Funds** – The City is the trustee, or *fiduciary*, for certain funds held on behalf of the Community Facilities District No. 1- the Encinitas Ranch Development and the Encinitas Ranch Golf Course pooled cash investment funds. The City's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Financial Analysis of the City Overall**

**Net Position** – The City of Encinitas' combined net position (i.e. inclusive of all City funds) for the fiscal year ended June 30, 2022 is compared to the results for 2021 in **Table 1**.



# City of Encinitas

## Management's Discussion and Analysis (Continued)

### For the Year Ended June 30, 2022

Table 1  
Statement of Net Position  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Changes
	CY 2022	PY 2021	CY 2022	PY 2021	CY 2022	PY 2021	%
Current assets	\$ 90.8	\$ 91.1	\$ 47.3	\$ 51.2	\$ 138.1	\$ 142.3	-3.0%
Capital assets (net)	237.6	231.9	59.9	59.8	297.5	291.7	2.0%
Other non-current assets	2.8	0.5	72.1	68.6	74.9	69.1	8.4%
<b>Total assets</b>	<b>331.2</b>	<b>323.5</b>	<b>179.3</b>	<b>179.6</b>	<b>510.5</b>	<b>503.1</b>	<b>1.5%</b>
Deferred outflows	14.8	13.8	1.7	1.9	16.5	15.7	5.1%
Current liabilities	20.5	24.0	3.7	6.5	24.2	30.5	-20.7%
Long-term liabilities	72.4	102.4	18.3	23.1	90.7	125.5	-27.7%
<b>Total liabilities</b>	<b>92.9</b>	<b>126.4</b>	<b>22.0</b>	<b>29.6</b>	<b>114.9</b>	<b>156.0</b>	<b>-26.3%</b>
Deferred inflows	26.7	2.6	7.2	0.8	33.9	3.4	897.1%
<b>Net position:</b>							
Net investment in capital assets	196.8	190.0	43.8	42.6	240.6	232.6	3.4%
Restricted	20.4	19.4	0.4	0.4	20.8	19.8	5.1%
Unrestricted	9.2	(1.1)	107.6	108.1	116.8	107.0	9.2%
<b>Total net position</b>	<b>\$ 226.4</b>	<b>\$ 208.3</b>	<b>\$ 151.8</b>	<b>\$ 151.1</b>	<b>\$ 378.2</b>	<b>\$ 359.4</b>	<b>5.2%</b>

Net position represents the simplest test of financial health for the City, indicating the excess or deficit of assets, and deferred outflows of resources, over liabilities and deferred inflows of resources. Net position for the City as a whole increased 5.2 percent from \$359.4 million on June 30, 2021, to \$378.2 million at June 30, 2022.

- i The overall increase in total assets is \$7.4 million when compared to the previous year. The governmental activities total assets increased \$7.7 million compared to the previous year with an increase in lease receivables and capital assets offset by a decrease in cash and investments as well as inventory and prepaid items. The business-type activities total assets decreased \$0.3 million compared to the previous year with primary increases in inventory and prepaid items, investment in joint ventures, and lease receivables offset by decreases in cash and investments.
- i The overall decrease in total liabilities is \$41.1 million when compared to the previous year. This is primarily attributable to a decrease in long-term liabilities, net pension and other postemployment benefit (OPEB) liabilities.
- i The increase in total assets of \$7.4 million, decrease in total liabilities of \$41.1 million, offset by the increase in deferred inflows of \$30.5 million and deferred outflows of \$0.8 million results in an increase in the City's total net position of \$18.8 million, or approximately 5.2 percent, compared to 2021. See **Table 1**.



# City of Encinitas

## Management's Discussion and Analysis (Continued)

### For the Year Ended June 30, 2022

Table 2

#### Statement of Activities and Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	CY 2022	PY 2021	CY 2022	PY 2021	CY 2022	PY 2021
<b>Program revenues:</b>						
Charges for services	\$ 12.4	\$ 8.4	\$ 26.1	\$ 27.2	\$ 38.5	\$ 35.6
Operating grants	8.8	6.1	1.4	1.4	10.2	7.5
Capital grants	5.4	6.9	0.2	0.5	5.6	7.4
<b>General revenues:</b>						
Property taxes	57.7	54.8	1.3	1.2	59.0	56.0
Sales and use taxes	17.5	15.4	-	-	17.5	15.4
Other taxes	8.8	5.4	-	-	8.8	5.4
Intergovernmental	0.1	0.1	-	-	0.1	0.1
Other general revenue	(2.1)	1.2	(0.3)	0.9	(2.4)	2.1
<b>Total revenues</b>	<b>108.6</b>	<b>98.3</b>	<b>28.7</b>	<b>31.2</b>	<b>137.3</b>	<b>129.5</b>
<b>Program expenses:</b>						
General government	12.0	18.7	-	-	12.0	18.7
Public safety	36.3	37.4	-	-	36.3	37.4
Public works	12.3	11.4	-	-	12.3	11.4
Planning and building	16.2	7.4	-	-	16.2	7.4
Engineering services	2.4	9.2	-	-	2.4	9.2
Parks and recreation	10.2	9.2	-	-	10.2	9.2
Interest on long-term debt	1.2	1.5	-	-	1.2	1.5
Cardiff Sanitary Division	-	-	4.8	3.1	4.8	3.1
San Dieguito Water District	-	-	18.7	16.2	18.7	16.2
Encinitas Sanitary Division	-	-	2.7	2.8	2.7	2.8
Affordable housing	-	-	1.8	1.8	1.8	1.8
<b>Total expenses</b>	<b>90.6</b>	<b>94.8</b>	<b>28.0</b>	<b>23.9</b>	<b>118.6</b>	<b>118.7</b>
<b>Change in net position</b>	<b>18.0</b>	<b>3.5</b>	<b>0.7</b>	<b>7.3</b>	<b>18.7</b>	<b>10.8</b>
Net position - beginning	208.4	204.8	151.1	143.8	359.4	348.6
Net position - ending	\$ 226.4	\$ 208.3	\$ 151.8	\$ 151.1	\$ 378.1	\$ 359.4

### Governmental Activities

**Chart 1** reflects the financial impact of the various City programs or the extent to which these programs generate revenue from fees and grants. The City's programs include General Government, Public Safety (Fire and Law Enforcement), Public Works, Development Services (Planning and Engineering) and Parks, Recreation and Cultural Arts. Each program's net cost (total cost less revenues generated by the activities) is presented in the Statement of Activities and Changes in Net Position.

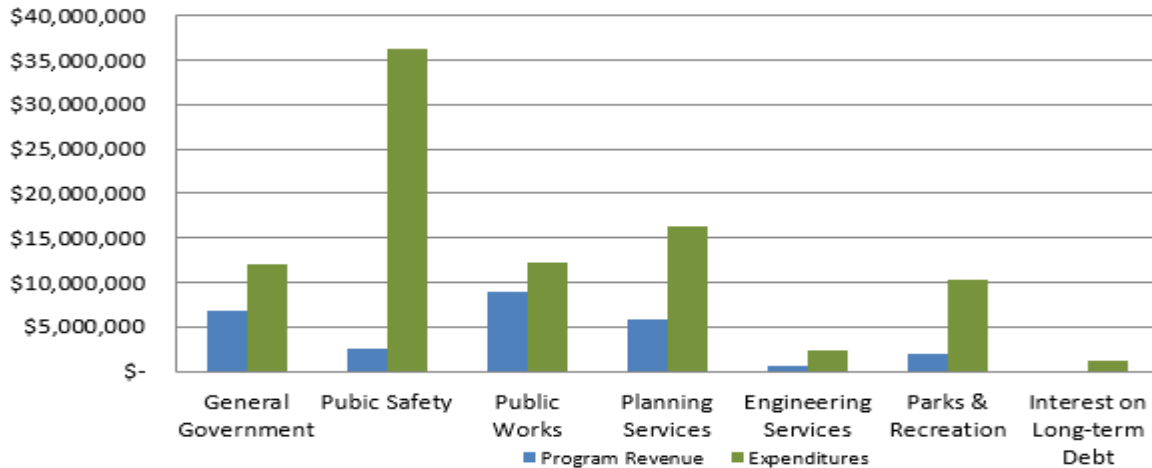




# City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

Chart 1

## Expenditures vs. Program Revenue (Governmental Activities)

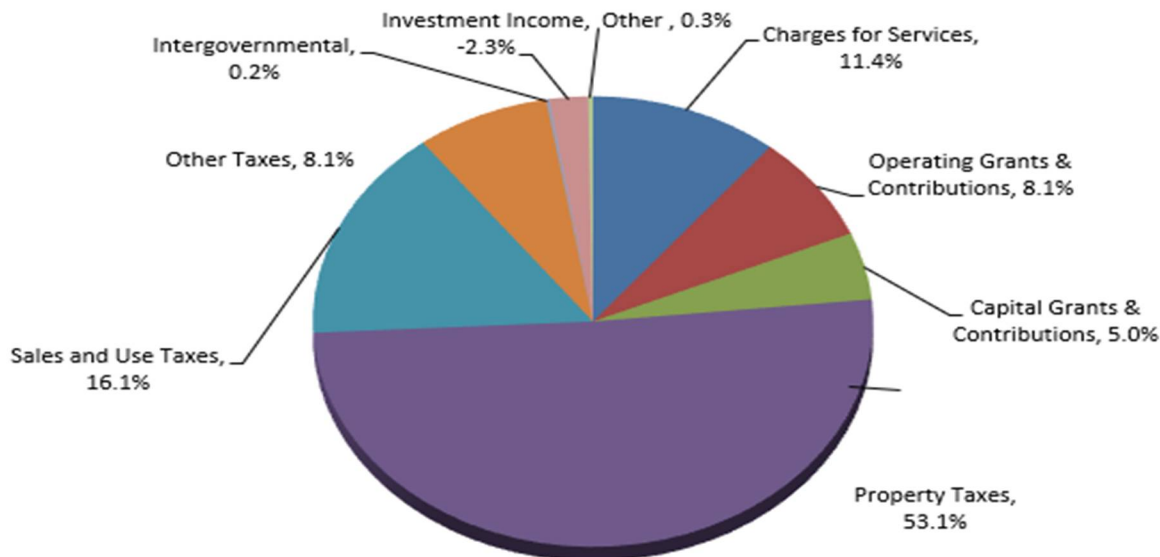


Note: Program revenues only include charges for services, operating grants and contributions, capital grants and contributions and do not include general revenues.

**Chart 2** Property taxes, sales and use taxes, charges for services, operating grants and contributions and other taxes are the top five categories of total revenue and comprise 96.8 percent of funding for governmental activities. The remaining categories include capital grants and contributions, investment income, intergovernmental and other.

Chart 2

## Governmental Revenues





## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

### Business-type Activities

Business-type activities for the City of Encinitas include water and wastewater operations and the City's affordable housing program. These activities increased net position by \$0.7 million from the last fiscal year. The program revenues and general revenues totaled \$28.7 million, exceeding total expenses of \$28 million. Refer to **Table 2**, Statement of Activities and Changes in Net Position.

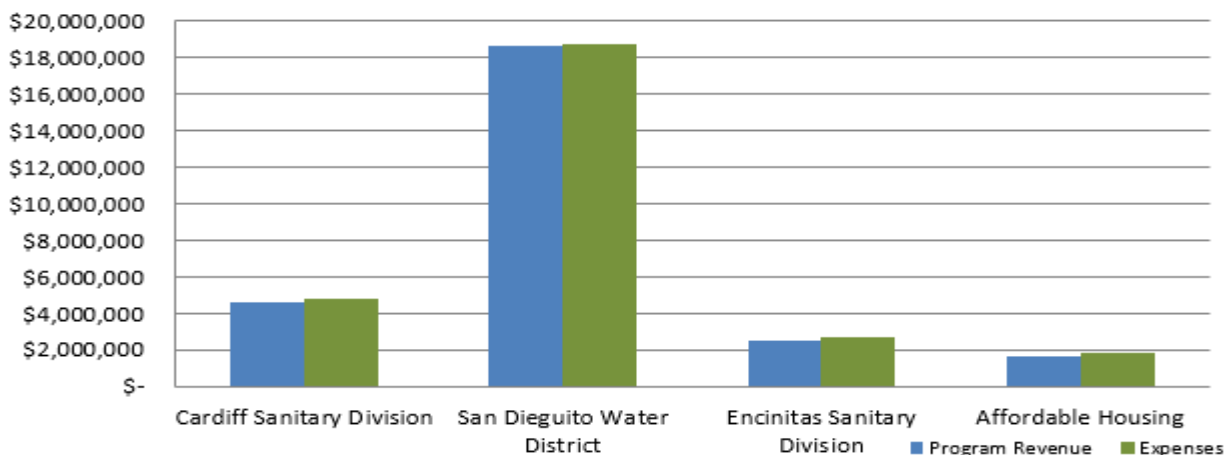
The Statement of Activities and Changes in Net Position for business-type activities reflects a decrease of \$1.4 million in program revenues and a decrease of \$1.1 million in general revenues from the previous year. The primary reason for the decrease in operating revenue during Fiscal Year 2021-22 was attributable to a reduction in usage. The operating revenues in SDWD decreased 2.5 percent over prior year. The operating revenues in Cardiff Sanitary Division (CSD) decreased 8.4 percent and the Encinitas Sanitary Division (ESD) decreased 8.7 percent compared to the previous year also due to a reduction in usage.

Operating expenses for business-type activities increased \$4.1 million over prior year. Operating expense for SDWD increased \$2.5 million compared to the previous year. CSD operating expense increased \$1.7 million and ESD operating expense decreased \$0.1 million resulting in a \$6.6 million decrease in net income over prior year.

Overall, program revenues and general revenues exceeded program expenses during Fiscal Year 2021-22 resulting in a total net change of \$0.7 million.

**Chart 3** below compares program revenue from business-type activities to program expenses. Water and wastewater operations operated at a surplus, as shown in the Statement of Activities and Changes in Net Position.

Chart 3  
**Expenses vs. Program Revenue  
(Business-type Activities)**



Note: Program revenues only include charges for services, operating grants and contributions, capital grants and contributions and do not include general revenues.





**City of Encinitas**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2022**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund Revenues

\$2.4 million above projections

General Fund actual revenues of \$92.3 million were \$7.2 million, or 8.5 percent, higher than the original adopted budget and \$2.4 million, or 2.7 percent, higher than the final amended budget. Actual revenues were higher by \$8.9 million, or 10.7 percent, when compared to Fiscal Year 2021-22.

For budgeting purposes, the City's revenue projections have historically been conservative. **Table 3** below compares revenue projections to actual revenue received, by type of revenue:

**Table 3**

Description	FY 2020-21 Actual	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	FY 2021-22 Actual	FY 2021-22 \$ Variance	FY 2021-22 % Variance
Property Tax	\$52,521,878	\$ 54,246,604	\$ 54,246,604	\$ 55,505,023	\$ 1,258,419	2.3%
Documentary Transfer Tax	1,155,082	600,000	600,000	978,331	378,331	63.1%
Sales Tax	15,453,648	14,385,055	16,105,055	17,510,658	1,405,603	8.7%
Transient Occupancy Tax	2,258,444	3,271,895	3,271,895	4,422,672	1,150,777	35.2%
Franchise Tax	2,253,971	2,329,049	2,329,049	2,903,674	574,625	24.7%
Licenses, Fees and Permits	261,950	236,000	236,000	319,909	83,909	35.6%
Intergovernmental Revenue	740,163	703,346	792,537	852,008	59,471	7.5%
Charges for Services	5,862,698	7,198,118	9,804,379	9,804,089	(290)	0.0%
Fines and Penalties	232,874	435,253	435,253	382,538	(52,715)	-12.1%
Use of Money and Property	301,160	984,154	984,154	(1,606,089)	(2,590,243)	-263.2%
Other Revenue	2,285,673	656,793	1,080,393	1,192,845	112,452	10.4%
<b>Total</b>	<b>\$83,327,540</b>	<b>\$85,046,267</b>	<b>\$89,885,319</b>	<b>\$92,265,658</b>	<b>\$ 2,380,340</b>	<b>2.6%</b>

Actual operating revenue in Fiscal Year 2021-22 (excluding transfers in) exceeded projections by approximately \$2.4 million. Significant variances can be attributed to:

- i Property taxes are the City's largest revenue source, making up 60 percent of the General Fund revenue budget. The City experienced a net taxable value increase of 4.9% for the 2021-22 tax roll, which was modestly more than the increase experienced countywide at 3.5% and mostly due to a large increase in the assessed values for residential properties, reflecting continued strength in the regional housing market. Total property tax revenue collected in Fiscal Year 2021-22 exceeded projections by \$1.6 million, which was the result of increased property and documentary transfer tax receipts from higher value assessments, higher than anticipated transfers of ownership and a lower-than-expected delinquency rate.
- i Sales and use taxes are the City's second largest revenue source, accounting for 19 percent of the City's revenues. The largest economic segments in the city are general consumer goods, state and county pools (mainly the City's share from on-line sales transactions), restaurants, hotels and automobile dealers. Actual revenue received exceeded projections by \$1.4 million. Despite high inflation of over 9.1 percent, consumer spending remained strong with key gains from restaurants and hotels, fuel and service stations and auto dealerships in Fiscal Year 2021-22.



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

- i The City collects a Transient Occupancy Tax (TOT) of 10% of the rent amount collected on all occupancies less than 30 days (transient) in duration. General Fund revenue exceeded projections by \$1.2 million mostly due to higher than anticipated receipts from the new Alila Marea luxury resort hotel and an increase in short-term vacation rentals as demand increased following the lifting of restrictions in response to the COVID-19 pandemic in June 2021. Revenue collected from TOT is apportioned 80 percent to the General Fund and 20 percent to the Coastal Zone Management Fund for sand replenishment and shore stabilization.
- i Revenue from Franchise Fees exceeded projections due to an increase in the fee collected from the City's solid waste provider, EDCO Waste and Recycling Services, from five to ten percent of receipts to support programs that are essential to state law compliance.
- i In the Licenses, Fees and Permits category, revenue from permit fees collected for short-term vacation rentals were slightly greater than expected as more permits were issued following compliance reviews and permit renewals.
- i Intergovernmental revenue was nearly eight percent higher than projected. The cities of Solana Beach and Del Mar contributed more for their share of costs under the cooperative agreement for fire management services with the City.
- i The City is required to recognize the change in the fair value of investments for unrealized losses due to a reduction in market values in the Use of Money and Property category. As a result, the category was \$2.6 million below projections for Fiscal Year 2021-22.

### General Fund Expenditures

\$0.9 million under budget

Operating expenditures for the fiscal year (excluding transfers out) were approximately \$0.9 million under budget. **Table 4** compares the expenditure budget to actual expenditures for the fiscal year by category:

**Table 4**

Description	FY 2020-21 Actual	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	FY 2021-22 Actual	FY 2021-22 \$ Variance	FY 2021-22 % Variance
Personnel	\$36,499,224	\$38,839,924	\$40,233,918	\$38,452,100	\$ (1,781,818)	-4.4%
Materials & Supplies	982,901	1,460,141	1,516,857	1,343,339	(173,518)	-11.4%
Contracts & Services	30,608,184	35,584,640	29,318,007	30,491,909	1,173,902	4.0%
Internal Cost Allocation	407,513	411,718	411,718	370,194	(41,524)	-10.1%
Capital Outlay	244,430	63,380	50,857	37,907	(12,950)	-25.5%
Debt/Finance	127,025	127,026	336,704	181,593	(155,111)	-46.1%
<b>Expenditures Total</b>	<b>\$68,869,276</b>	<b>\$76,486,829</b>	<b>\$71,868,061</b>	<b>\$70,877,042</b>	<b>(\$991,019)</b>	<b>-1.4%</b>

Savings in personnel costs of \$1.8 million were the result of vacancies across City departments and cost recovery for eligible expenditures in response to the COVID-19 pandemic from the American Rescue Plan Act (ARPA).



**City of Encinitas**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2022**

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The Contracts and Services category was approximately \$1.2 million over budget, which was primarily a result of the following variances:

- i Expenditures for law enforcement services were \$3.6 million higher than anticipated due to the delayed receipt of the second tranche of ARPA funds. \$8.2 million of ARPA funding was authorized for sheriff contract services late in the fourth quarter. However, only \$4.1 million of funding was received in Fiscal Year 2021-22. The remaining amount was received in Fiscal Year 2022-23.
- i Savings of \$581,938 in park, beach, and trail maintenance contracts, resulting from mild weather with fewer severe weather events during the year.
- i The Regulatory Permits division was under budget by \$541,286. It was anticipated that the review and evaluation of cannabis business applications would occur in Fiscal Year 2021-22 but was delayed until Fiscal Year 2022-23.
- i Expenditures for street maintenance were \$299,793 under budget due to mild weather conditions and fewer repairs.
- i Facility maintenance costs were approximately \$227,361 lower than anticipated.
- i Training and professional development was \$176,208 under budget across all departments as there were limited in-person training opportunities most of the fiscal year due to restrictions in response to the COVID-19 global pandemic.
- i Expenditures for community center, senior and recreation programs were \$140,748 lower than anticipated as some programs did not resume until pandemic related restrictions were lifted.
- i Spending on public safety contracts, including those for fire management services provided by the City of Solana Beach under a cooperative agreement, were approximately \$119,000 lower than expected.
- i Expenditures on information technology service contracts were under budget by approximately \$96,258 as the demand and cost of services was lower than anticipated.
- i Building inspections services and contract planning expenditures were approximately \$90,000 lower than expected.
- i Expenditures on Materials and Supplies in Fiscal Year 2021-22 were approximately \$174,000 under budget due to savings on Community Center maintenance supplies (resulting from limited usage during the pandemic); park, beach and trail maintenance supplies and equipment (including gates, fencing and signage for existing trails); postage (due to fewer public notices and greater use of electronic correspondence); stormwater system maintenance equipment and supplies; and fire station and city hall office furniture.



## **City of Encinitas** **Management's Discussion and Analysis (Continued)** **For the Year Ended June 30, 2022**

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### Excess of Revenues over Expenditures

\$3.4 million above projections

Actual revenues over expenditures were approximately \$21.4 million, compared to a budget of \$18 million. This does not take into account other financing sources and uses which are discussed below. This result is a combination of revenues being above projections and expenditures being under budget, as discussed above.

### Other Financing Sources and Uses – General Fund

Other financing sources and uses consisted of transfers in and transfers out during the fiscal year. Scheduled transfers in included: (a) monies from the Gasoline Taxes Special Revenue Fund, which fund a portion of the City's street maintenance program, and (b) monies for impact fees collected for community facilities and fire mitigation. The impact fees are transferred at year end to reimburse the General Fund for amounts expended in prior years for the Public Library and Fire Station Rehabilitation projects. Actual transfers in for operating expenditures were \$1.6 million. Staff had anticipated a \$20 million loan from the California Infrastructure Development Bank (I Bank) for the Leucadia Streetscape project to be recorded in Fiscal Year 2021-22 as a transfer into the General Fund. However, the loan did not close until Fiscal Year 2022-23.

Transfers out of the General Fund operating category were \$114,470 more than projected. Transfers out to internal service funds include the General Fund's contribution to the Self-Insurance fund. Appropriations for capital projects from the General Fund totaled \$11.7 million compared to \$15 million in 2021.

Transfers out for debt service totaled \$3.5 million which were comparable to the previous year.

### Analysis of Fund Balance and Changes in Fund Balance

Fund balance was projected to be \$26.2 million as of June 30, 2022, a scheduled decrease of about \$1.0 million. Actual fund balance was \$29.3 million, or \$3.1 million higher than projected; as mentioned above, revenues were \$2.4 million above projected and expenditures were \$0.9 million under projected. Net transfers out were lower by \$0.2 million.

There was an excess of revenues over expenditures of \$14.3 million. Factoring net transfers for operating expenditures, debt service payments, and capital expenditures of \$14.3 million, the net result is a decrease in total fund balance of \$ 0.05 million at year end.

Besides the General Fund, the Capital Improvements Capital Projects Fund and Infrastructure Improvements Special Revenue Fund are also major funds in the governmental funds. The City executes capital projects through the Capital Improvements Capital Projects Fund. When a project is designated and the budget is appropriated, the fund balance of the funding source is transferred to the Capital Improvements Capital Projects Fund to complete the capital project. Because of the transfers, the



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

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Infrastructure Improvements Special Revenue Fund at June 30, 2022 had a deficit fund balance of \$8.2 million due to expected grant funding and commitments. The Capital Improvements Capital Projects Fund had a total fund balance of \$40.0 million at the end of Fiscal Year 2021-22.

### **CAPITAL ASSETS AND THE CAPITAL IMPROVEMENT PROGRAM**

As of June 30, 2022, the City had approximately \$297.5 million invested in a broad range of capital assets including road and drainage systems, parks and beach facilities, public buildings, water and wastewater treatment facilities, collection and distribution systems, and affordable housing stock. Of that amount, \$237.6 million is classified as capital assets under the category of governmental activities, and \$59.9 million is classified as capital assets of business-type activities. For more detailed information on capital assets activity refer to Note 8. In addition, there are \$69.7 million of assets under business-type activities classified as investments in joint ventures. These investments consist mainly of capital assets belonging to related governmental agencies where the City holds an equity interest in the joint venture. The assets are primarily water and wastewater treatment facilities.

#### Governmental Activities

Capital Assets: \$237.6 million

The City has three Capital Improvements Capital Projects Funds to monitor capital improvements projects for governmental activities. These projects include public facilities, acquisition of parkland and park improvements, infrastructure, and certain City "work projects" such as multi-year consultant studies that meet the criteria for inclusion as capital projects for budgeting purposes. The City uses a dollar threshold of \$100,000 and a useful life of five years or more in its evaluation for capitalizing a capital expenditure. Eligible project costs are additions to construction in progress (CIP) at fiscal year end. Costs for completed projects are recorded as additions to the appropriate capital asset category at year end.

The City spent approximately \$18.7 million this fiscal year on capital improvement projects consisting of a variety of different projects that were either in development or under construction. The primary emphasis this fiscal year was the Leucadia Streetscape project, the El Portal Pedestrian/Bike Underpass project, City Hall Renovations, recreational trail improvements, and ongoing pavement overlay projects.

#### Business-type Activities

Capital Assets: \$59.9 million

The City accounts for the acquisition and construction of capital assets for its water and wastewater operations under its proprietary-type funds as enterprise activities. Capital spending is recorded as expenses in the appropriate capital fund under each separate activity during the fiscal year. At the end of the fiscal year, the expenses are analyzed to determine if they meet the criteria to be capitalized as long-term capital assets. The criteria are the same as the City's criteria (\$100,000 threshold and a minimum five-year life). Eligible capital expenses are then capitalized to the construction –in progress account, while non-eligible expenses are reclassified as operating expenses. Total amounts expensed





## **City of Encinitas**

### **Management's Discussion and Analysis (Continued)**

#### **For the Year Ended June 30, 2022**

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on completed projects are then transferred to the appropriate capital asset class. Capital assets at \$59.9 million increased compared to the prior year's amount of \$59.8 million. During the year, CSD and ESD capitalized sewer line rehabilitation improvements .

The City's Affordable Housing Fund carries an investment of about \$2.4 million in affordable housing stock under the classification of utility, plant, vehicles and equipment. The City purchased 16 housing units in 2004. There has not been any capital spending activity in this fund since then.

Investment in Joint Ventures: \$69.7 million

The City's water and wastewater enterprises each hold equity interests in joint ventures with other local agencies.

SDWD holds an equity interest, along with Santa Fe Irrigation District, in the R.E. Badger Joint Facilities. SDWD makes capital contributions each year for the replacement and improvement of the Joint Facilities, which then is added to the investment account at the end of the fiscal year. SDWD also makes monthly payments to cover its proportional share of annual operating costs.

SDWD also holds an equity interest in the R.E. Badger Water Facilities Financing Authority. The primary reason for this investment is to provide financing for the acquisition and construction of capital improvements related to the R.E. Badger Joint Facilities. SDWD has a proportional share of assets in the debt service reserve only. Therefore, these resources are not available to SDWD for the funding of its operations.

Cardiff Sanitary Division (CSD) holds an equity interest, along with the City of Solana Beach, in the San Elijo Joint Powers Authority (SEJPA) Joint Facilities. CSD makes capital contributions each year for the replacement and improvement of the SEJPA Joint Facilities, which is added to its investment account at the end of the fiscal year. CSD also makes quarterly payments to cover its proportional share of annual operating costs. The treatment facilities, also serving other local agencies, bill quarterly for their proportional share of operations costs and capital improvements.

Encinitas Sanitary Division (ESD) holds an equity interest, along with five other local agencies, in the Encina Wastewater Authority (EWA) Joint Facilities. ESD makes capital contributions each year for the replacement and improvement of the EWA Joint Facilities. These capital contributions are additions to the investment account at the end of the fiscal year. ESD also makes quarterly payments to cover its proportional share of annual operating costs.

The City's joint ventures in the Cardiff Sanitary Division and Encinitas Sanitary Division increased \$0.5 million and the joint venture in the San Dieguito Water District increased \$5.5 million.



## City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

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### DEBT ISSUANCE AND ADMINISTRATION

The City has a total of \$63.5 million of long-term obligations for both governmental and business-type activities as shown in Note 9 of the basic financial statements. The governmental activities debt totaling \$40.5 million including \$1 million in leased financing, and \$39.5 million in bonded debt. Besides \$40.5 million in debt, the long-term obligations in governmental activities also includes \$7.3 million in claims payable and compensated absences. The capital leases consist of borrowings for the Civic Center Roof Replacement project, building space and equipment as well as fire apparatus vehicles. The business-type activities long-term obligation totals \$15.7 million and includes \$15.5 million in bonded debt and \$0.2 million in compensated absences. Of the \$56 million total debt that is due, \$4.2 million is due within one year.

Governmental Activities \$40.5 million

The majority of the City's long-term debt is bonded debt issued in order to acquire and/or construct public facilities including City Hall, the Public Library, the Encinitas Community Park and the Pacific View property. Debt payments for all of these bonds are due semi-annually at fixed amounts, and the debt matures at various times through 2045. The City's total annual debt service of approximately \$2.6 million represents approximately five percent of annual General Fund operating revenues.

The City has a policy of utilizing lease/purchase financing for the acquisition of equipment costing more than \$100,000. The City is obligated under a lease/purchase agreement (a private placement with a financial institution) for improvements made to City Hall in 2008 for the repair of the roof. The annual payment on that lease is \$183,556. Additionally, the City currently leases two fire engine vehicles. The annual lease payments in Fiscal Year 2021-22 were \$213,952.

Business-type Activities \$15.5 million

SDWD and CSD carry long-term debt issued to construct capital improvements to both their distribution and collection systems and their Joint Facilities. On July 6, 2017, SEJPA on behalf of its members (the CSD division and the City of Solana Beach) issued 2017 Revenue Bonds for the purpose of funding facilities and improvements as part of SEJPA's capital improvements. CSD's share of the loan is \$10,615,000. The Encinitas Housing Authority has a mortgage loan with a financial institution that partially funded the acquisition of the City's affordable housing units (Pacific Pines). The City is not obligated in any way for repayment of these debt issues.

#### General Information on City Debt

The City of Encinitas obtained and affirmed an upgrade to its issuer credit rating to AAA by Standard & Poor's (S&P) this year. The City's credit rating affirmed by S&P issued a credit rating of AA+ on the City's 2021 Lease Revenue bonds which is the highest rating available for these types of bonds. Ratings for lease revenue bond issues are typically one notch lower than the issuers' rating due to the payment structure of the bond issue.



## **City of Encinitas Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022**

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The City's elected and appointed officials consider many economic factors when setting budgets, including national, state and local economic conditions, trends in residential housing, and the unique needs of the community. The Finance Department coordinates the development of the operating and capital budgets presented by the City Manager to the City Council for consideration. The City adopts its operating budget over a two-year cycle, with legal appropriations set for the first year only. The operating and capital budgets for Fiscal Year 2021-22 were appropriated by the City Council in June 2021.

The Fiscal Year 2021-22 actual results, when compared to the adopted projections and appropriations, showed revenues above forecasts and expenditures under budget. Fiscal Year 2022-23 revenues are expected to increase \$2.5 million over the Fiscal Year 2021-22 budget. Expenditures are budgeted to increase by \$10.9 million over the Fiscal Year 2021-22 budget (an increase that is the result of \$8.1 million in ARPA funding applied to expenditures in Fiscal Year 2021-22) and capital expenditures are budgeted to increase to \$22.5 million primarily due to the funding of the Leucadia Streetscape project by obtaining financing in the amount of \$20 million. Next year's budget includes a two percent adjustment to employee compensation for non-safety employees and a four percent adjustment to employee compensation for firefighters. Personnel is the largest expenditure category, accounting for approximately 51 percent of the General Fund budget. Despite a reduction in consumer spending due to inflationary price increases and slowdown in home sales, it is anticipated that the City will continue to provide services, maintain a balanced budget and fully fund its reserves.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is intended to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the monies it receives and manages. If you have questions about this report or need additional information, please contact the Finance Department of the City of Encinitas, 505 South Vulcan Ave, Encinitas, California 92024, telephone (760) 633-2600, or visit our website at [www.encinitasca.gov](http://www.encinitasca.gov) and review the Finance Department webpage.



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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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**City of Encinitas**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments (Note 3)	\$ 82,106,206	\$ 42,520,101	\$ 124,626,307
Restricted cash and investments with fiscal agent (Note 3)	15,020	193,791	208,811
Receivables (Note 4)	7,908,568	2,879,915	10,788,483
Interest receivable	228,445	118,994	347,439
Lease receivable - due within one year (Note 7)	259,700	65,809	325,509
Inventory and prepaid items	271,729	1,520,420	1,792,149
Total current assets	90,789,668	47,299,030	138,088,698
<b>Noncurrent assets:</b>			
Internal balances	95,420	(95,420)	-
Investments in joint ventures (Note 5)	-	69,614,556	69,614,556
Lease receivable (Note 7)	1,954,493	2,550,292	4,504,785
Long-term receivable (Note 6)	696,763	-	696,763
Capital assets (Note 8):			
Non-depreciable	72,243,022	7,373,540	79,616,562
Depreciable, net	165,360,531	52,523,113	217,883,644
Total capital assets, net	237,603,553	59,896,653	297,500,206
Total noncurrent assets	240,350,229	131,966,081	372,316,310
<b>Total assets</b>	<b>331,139,897</b>	<b>179,265,111</b>	<b>510,405,008</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on bond refunding	1,163,174	-	1,163,174
Pension related deferred outflows of resources (Note 14)	12,263,501	1,574,285	13,837,786
OPEB related deferred outflows of resources (Note 15)	1,389,432	81,424	1,470,856
<b>Total deferred outflows of resources</b>	<b>14,816,107</b>	<b>1,655,709</b>	<b>16,471,816</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	8,369,509	1,455,660	9,825,169
Interest payable	373,161	181,334	554,495
Unearned revenue	961,085	-	961,085
Deposits and other liabilities	3,664,816	374,901	4,039,717
Long-term liabilities - due within one year (Note 9)	7,137,053	1,732,072	8,869,125
Total current liabilities	20,505,624	3,743,967	24,249,591
<b>Noncurrent liabilities:</b>			
Long-term liabilities - due in more than one year (Note 9)	40,682,081	14,010,304	54,692,385
Net pension liability (Note 14)	27,505,145	4,158,007	31,663,152
Net OPEB liability (Note 15)	4,203,637	89,869	4,293,506
Total noncurrent liabilities	72,390,863	18,258,180	90,649,043
<b>Total liabilities</b>	<b>92,896,487</b>	<b>22,002,147</b>	<b>114,898,634</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	2,160,839	2,550,003	4,710,842
Pension related deferred inflows of resources (Note 14)	22,359,068	4,538,413	26,897,481
OPEB related deferred inflows of resources (Note 15)	2,145,375	113,130	2,258,505
<b>Total deferred inflows of resources</b>	<b>26,665,282</b>	<b>7,201,546</b>	<b>33,866,828</b>
<b>NET POSITION</b>			
Net investment in capital assets	196,847,248	43,771,341	240,618,589
Restricted:			
Community development	683,666	-	683,666
Debt service	15,011	3	15,014
Flexible saving	182,172	-	182,172
Housing	-	376,371	376,371
Capital projects	19,487,888	-	19,487,888
Unrestricted	9,178,250	107,569,412	116,747,662
<b>Total net position</b>	<b>\$ 226,394,235</b>	<b>\$ 151,717,127</b>	<b>\$ 378,111,362</b>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 12,080,268	\$ 2,768,770	\$ 4,012,167	\$ -	\$ 6,780,937
Public safety	36,235,733	2,277,134	161,285	-	2,438,419
Public works	12,280,274	16,801	3,838,014	5,073,218	8,928,033
Planning services	16,217,737	5,137,648	703,375	-	5,841,023
Engineering services	2,377,490	629,385	-	-	629,385
Parks and recreation	10,249,735	1,548,671	46,453	412,095	2,007,219
Interest on long-term debt	1,172,018	-	-	-	-
Total governmental activities	90,613,255	12,378,409	8,761,294	5,485,313	26,625,016
Business-type activities:					
Cardiff Sanitary Division	4,757,564	4,623,645	-	32,120	4,655,765
San Dieguito Water District	18,727,669	18,572,609	-	112,590	18,685,199
Encinitas Sanitary Division	2,691,855	2,517,372	-	25,728	2,543,100
Affordable Housing	1,824,080	337,737	1,355,858	-	1,693,595
Total business-type activities	28,001,168	26,051,363	1,355,858	170,438	27,577,659
Total primary government	\$ 118,614,423	\$ 38,429,772	\$ 10,117,152	\$ 5,655,751	\$ 54,202,675

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Activities and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2022**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (5,299,331)	\$ -	\$ (5,299,331)
Public safety	(33,797,314)	-	(33,797,314)
Public works	(3,352,241)	-	(3,352,241)
Planning services	(10,376,714)	-	(10,376,714)
Engineering services	(1,748,105)	-	(1,748,105)
Parks and recreation	(8,242,516)	-	(8,242,516)
Interest on long-term debt	(1,172,018)	-	(1,172,018)
Total governmental activities	(63,988,239)	-	(63,988,239)
<b>Business-type activities:</b>			
Cardiff Sanitary Division	-	(101,799)	(101,799)
San Dieguito Water District	-	(42,470)	(42,470)
Encinitas Sanitary Division	-	(148,755)	(148,755)
Affordable Housing	-	(130,485)	(130,485)
Total business-type activities	-	(423,509)	(423,509)
	(63,988,239)	(423,509)	(64,411,748)
<b>General revenues:</b>			
Taxes:			
Property taxes and documentary transfer taxes	57,698,089	1,310,943	59,009,032
Sales and use taxes	17,510,658	-	17,510,658
Transient occupancy taxes	5,528,340	-	5,528,340
Franchise taxes	3,232,999	-	3,232,999
Total taxes	83,970,086	1,310,943	85,281,029
Intergovernmental - unrestricted	184,592	-	184,592
Investment income (loss)	(2,535,467)	(1,215,101)	(3,750,568)
Rental income	-	282,900	282,900
Other	375,920	634,407	1,010,327
<b>Transfers</b>	16,557	(16,557)	-
<b>Total general revenues and transfers</b>	82,011,688	996,592	83,008,280
<b>Changes in net position</b>	18,023,449	573,083	18,596,532
<b>Net position:</b>			
Beginning of year	208,370,786	151,144,044	359,514,830
End of year	\$ 226,394,235	\$ 151,717,127	\$ 378,111,362

See accompanying Notes to the Basic Financial Statements.



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## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

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**City of Encinitas**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	Major Funds				
	General Fund	Capital Improvements Capital Projects Fund	Infrastructure Improvements Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 32,515,911	\$ 31,500,162	\$ 2,017,093	\$ 8,301,303	\$ 74,334,469
Receivables	5,718,150	-	1,745,044	444,210	7,907,404
Interest receivable	175,059	-	12,356	41,030	228,445
Due from other funds (Note 10)	930,258	9,890,181	-	-	10,820,439
Inventory and prepaid items	271,729	-	-	-	271,729
Long-term receivable (Note 6)	16,681	-	-	680,082	696,763
Lease receivable (Note 7)	2,214,193	-	-	-	2,214,193
Restricted cash and investments	9	-	-	15,011	15,020
<b>Total assets</b>	<u>\$ 41,841,990</u>	<u>\$ 41,390,343</u>	<u>\$ 3,774,493</u>	<u>\$ 9,481,636</u>	<u>\$ 96,488,462</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,953,054	\$ 1,438,756	\$ 49,558	\$ 571,012	\$ 8,012,380
Unearned revenue	758,269	-	202,816	-	961,085
Due to other funds (Note 10)	-	-	10,266,942	393,164	10,660,106
Deposits and other liabilities	3,641,768	-	-	23,048	3,664,816
<b>Total liabilities</b>	<u>10,353,091</u>	<u>1,438,756</u>	<u>10,519,316</u>	<u>987,224</u>	<u>23,298,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Lease related	2,160,839	-	-	-	2,160,839
Unavailable revenue	-	-	1,469,917	794,258	2,264,175
<b>Total deferred inflows of resources</b>	<u>2,160,839</u>	<u>-</u>	<u>1,469,917</u>	<u>794,258</u>	<u>4,425,014</u>
<b>Fund Balances (Note 11):</b>					
Nonspendable	288,410	-	-	-	288,410
Restricted	182,172	19,487,888	-	7,700,154	27,370,214
Committed	18,405,040	20,463,699	-	-	38,868,739
Unassigned	10,452,438	-	(8,214,740)	-	2,237,698
<b>Total fund balances</b>	<u>29,328,060</u>	<u>39,951,587</u>	<u>(8,214,740)</u>	<u>7,700,154</u>	<u>68,765,061</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 41,841,990</u>	<u>\$ 41,390,343</u>	<u>\$ 3,774,493</u>	<u>\$ 9,481,636</u>	<u>\$ 96,488,462</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-wide Statement of Net Position**  
**June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 68,765,061</b>
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Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds (net of \$3,473,818 reported in internal service funds).

Land	61,862,474
Land easements	2,443,333
Construction in progress	7,937,215
Public facilities	121,292,606
Vehicles, equipment and machinery	3,236,129
Right to use assets	59,086
Infrastructure	152,698,309
Less: Accumulated depreciation	<u>(115,399,417)</u>
Total capital assets adjustment	<u>234,129,735</u>

Deferred loss on refunding in the governmental activities were not financial resources and, therefore, were not reported in governmental funds.

1,163,174

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.

(373,161)

Long-term liabilities applicable to the City's governmental activities were not due and payable in the current period and therefore were not reported in the governmental funds (net of \$781,238 reported in internal service funds):

Amount reported in Government-wide Statement of Net Position:

2008 Civic Center roof replacement lease	(178,599)
2013 Community Park Bonds, net of unamortized premium of \$52,560	(4,887,560)
2014 Moonlight Beach Tower Series A Bonds, net of unamortized discount of \$23,854	(2,591,146)
2014 Pacific View Series B Bonds	(230,000)
2015 Library Refunding Bonds, net of unamortized premium of \$551,581	(12,936,581)
2017 Park Refunding Bonds, net of unamortized premium of \$874,468	(9,459,468)
2021 Pacific View Series A Bonds, net of unamortized discount of \$18,933	(9,406,067)
Leases payable	(10,065)
Claims payable	(4,565,947)
Compensated absences	<u>(2,772,463)</u>
Total long-term liabilities	<u>(47,037,896)</u>

Net pension liability is not due and payable in the current period and, therefore, is not required to be reported in the governmental funds.

(27,217,411)

Actuarially determined pension deferred outflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

12,135,546

Actuarially determined pension deferred inflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

(22,067,838)

Net OPEB liability is not due and payable in the current period and, therefore, is not required to be reported in the governmental funds.

(4,125,322)

Actuarially determined OPEB deferred outflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

1,363,546

Actuarially determined OPEB deferred inflows of resources are reported in the government-wide statements but are not reported in the governmental funds.

(2,105,404)

Unavailable revenue deferred inflows of resources are not available for the current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.

2,264,175

Internal service funds were used by management to charge the costs of risk management, personnel support, fleet maintenance and vehicle replacement to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-wide Statement of Net Position.

9,500,030

**Net position of governmental activities**

**\$ 226,394,235**

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds				
	General Fund	Capital Improvements Capital Projects Fund	Infrastructure Improvements Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes and assessments	\$ 81,320,357	\$ -	\$ 1,105,668	\$ 2,730,265	\$ 85,156,290
Licenses and permits	319,910	-	-	-	319,910
Intergovernmental	852,008	-	10,218,906	1,269,622	12,340,536
Development impact fees	-	-	-	958,545	958,545
Charges for services	9,804,091	-	-	-	9,804,091
Fines, forfeitures and penalties	382,537	-	-	-	382,537
Use of money and property (loss)	(1,606,088)	-	42,974	(325,951)	(1,889,065)
Other	1,192,845	-	-	237,560	1,430,405
<b>Total revenues</b>	<u>92,265,660</u>	<u>-</u>	<u>11,367,548</u>	<u>4,870,041</u>	<u>108,503,249</u>
<b>EXPENDITURES:</b>					
Current:					
General government	14,566,991	-	279,530	115,226	14,961,747
Public safety	31,943,429	-	4,100,149	249,305	36,292,883
Public works	6,314,965	-	-	1,357,583	7,672,548
Planning services	7,861,481	-	76,941	704,743	8,643,165
Engineering services	3,062,691	-	-	675,636	3,738,327
Parks and recreation	7,040,558	-	-	1,221,931	8,262,489
Capital outlay	37,907	18,739,051	-	81,526	18,858,484
Debt service:					
Principal	49,020	-	-	2,277,187	2,326,207
Interest and fiscal charges	-	-	-	1,460,868	1,460,868
<b>Total expenditures</b>	<u>70,877,042</u>	<u>18,739,051</u>	<u>4,456,620</u>	<u>8,144,005</u>	<u>102,216,718</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>21,388,618</u>	<u>(18,739,051)</u>	<u>6,910,928</u>	<u>(3,273,964)</u>	<u>6,286,531</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt	-	-	-	9,505,000	9,505,000
Deposit to escrow for bond refunding	-	-	-	(9,297,907)	(9,297,907)
Transfers in (note 10)	1,644,693	21,538,498	131,294	4,359,641	27,674,126
Transfers out (note 10)	(20,868,536)	(995,477)	(8,116,592)	(1,800,698)	(31,781,303)
<b>Total other financing sources (uses)</b>	<u>(19,223,843)</u>	<u>20,543,021</u>	<u>(7,985,298)</u>	<u>2,766,036</u>	<u>(3,900,084)</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,164,775	1,803,970	(1,074,370)	(507,928)	2,386,447
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year	<u>27,163,285</u>	<u>38,147,617</u>	<u>(7,140,370)</u>	<u>8,208,082</u>	<u>66,378,614</u>
End of year	<u>\$ 29,328,060</u>	<u>\$ 39,951,587</u>	<u>\$ (8,214,740)</u>	<u>\$ 7,700,154</u>	<u>\$ 68,765,061</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Reconciliation of the Governmental Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2022**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,386,447</b>
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	12,683,696
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Depreciation expense on capital assets was reported in the Government-wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds (net of \$662,923 recorded in internal service funds).	(6,768,679)
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Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-wide Statement of Net Position.

Principal payment of long-term debt	2,326,207
Issuance of long-term debt	(9,505,000)
Discount of new long-term debt	18,933
Payments to bond escrow for refunding debt	8,675,000

Amortization expenses were reported in the Government-wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.

Bond premium and discount	16,697
Deferred amounts on refunding	875,753

Certain long-term liabilities were reported in the Government-wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.

Changes in compensated absences	70,924
Changes in claims payable	(527,520)
Changes in the net pension liability	25,808,308
Changes in the net OPEB liability	1,667,165

The net effect of various miscellaneous transactions involving pension plans (i.e. deferred outflow/inflow amortization, contributions after the measurement date) increased Net Position.	(20,894,289)
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The net effect of various miscellaneous transactions involving OPEB plans (i.e. deferred outflow/inflow amortization, contributions after the measurement date) increased Net Position.	(576,593)
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Interest expense on long-term debt was reported in the Government-wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	23,165
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A portion of deferred grant revenues are not available to pay for current period expenditures and, therefore, are not recognized in the funds.	796,085
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Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	947,150
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<b>Change in net position of governmental activities</b>	<b><u>\$ 18,023,449</u></b>
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See accompanying Notes to the Basic Financial Statements.



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**PROPRIETARY FUND  
FINANCIAL STATEMENTS**

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**City of Encinitas**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Major Enterprise Funds		
	Cardiff Sanitary Division	San Dieguito Water District	Encinitas Sanitary Division
<b>ASSETS</b>			
Current assets:			
Cash and investments (Note 3)	\$ 9,928,825	\$ 20,296,581	\$ 12,093,771
Restricted cash and investments with fiscal agent (Note 3)	-	3	-
Accounts and taxes receivable	39,099	2,806,548	32,097
Interest receivable	26,807	59,150	32,612
Lease receivable - due in one year (Note 7)	-	65,809	-
Inventory and prepaid items	-	1,405,136	-
Total current assets	<u>9,994,731</u>	<u>24,633,227</u>	<u>12,158,480</u>
Noncurrent assets:			
Lease receivable (Note 7)	-	2,550,292	-
Investment in joint ventures (Note 5)	36,460,677	25,855,698	7,298,181
Capital assets (Note 8):			
Land	-	3,450,544	-
Public works facility right-of-use	-	3,378,700	-
Construction in progress	520,225	-	24,071
Capacity rights, net	-	152,438	-
Utility, plant, vehicles, and equipment, net	<u>21,708,069</u>	<u>14,396,275</u>	<u>14,062,878</u>
Total capital assets, net	22,228,294	21,377,957	14,086,949
Total noncurrent assets	<u>58,688,971</u>	<u>49,783,947</u>	<u>21,385,130</u>
<b>Total assets</b>	<u>68,683,702</u>	<u>74,417,174</u>	<u>33,543,610</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources (Note 14)	-	1,574,285	-
OPEB related deferred outflows of resources (Note 15)	-	81,424	-
<b>Total deferred outflows of resources</b>	-	<u>1,655,709</u>	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	324,072	837,263	284,504
Due to other funds (Note 10)	-	-	-
Accrued interest payable	143,738	37,596	-
Deposits	250	356,192	-
Compensated absences - due in one year (Note 9)	-	107,376	-
Current portion of long-term debt (Note 9)	<u>237,500</u>	<u>1,295,000</u>	-
Total current liabilities	<u>705,560</u>	<u>2,633,427</u>	<u>284,504</u>
Noncurrent liabilities:			
Leases payable	-	-	-
Revenue bonds payable - due in more than one year	-	903,743	-
Notes and mortgages payable - due in more than one year (Note 9)	11,025,299	1,215,000	-
Compensated absences - due in more than one year (Note 9)	-	106,707	-
Net pension liability (Note 14)	-	4,158,007	-
Net OPEB liability (Note 15)	-	89,869	-
Total noncurrent liabilities	<u>11,025,299</u>	<u>6,473,326</u>	-
<b>Total liabilities</b>	<u>11,730,859</u>	<u>9,106,753</u>	<u>284,504</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources (Note 14)	-	4,538,413	-
OPEB related deferred inflows of resources (Note 15)	-	113,130	-
Lease related (Note 7)	-	2,550,003	-
<b>Total deferred inflows of resources</b>	-	<u>7,201,546</u>	-
<b>NET POSITION</b>			
Net investment in capital assets	10,503,238	17,882,487	14,021,393
Restricted:			
Debt service	-	3	-
Housing	-	-	-
Unrestricted	<u>46,449,605</u>	<u>41,882,094</u>	<u>19,237,713</u>
<b>Total net position</b>	<u>\$ 56,952,843</u>	<u>\$ 59,764,584</u>	<u>\$ 33,259,106</u>

See accompanying Notes to the Basic Financial Statements

**City of Encinitas**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Non-major Enterprise Fund Affordable Housing	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments (Note 3)	\$ 200,924	\$ 42,520,101	\$ 7,771,737
Restricted cash and investments with fiscal agent (Note 3)	193,788	193,791	-
Accounts and taxes receivable	2,171	2,879,915	1,164
Interest receivable	425	118,994	-
Lease receivable - due in one year (Note 7)	-	65,809	-
Inventory and prepaid items	115,284	1,520,420	-
Total current assets	<u>512,592</u>	<u>47,299,030</u>	<u>7,772,901</u>
Noncurrent assets:			
Lease receivable (Note 7)	-	2,550,292	-
Investment in joint ventures (Note 5)	-	69,614,556	-
Capital assets (Note 8):			
Land	-	3,450,544	-
Public works facility right-of-use	-	3,378,700	-
Construction in progress	-	544,296	-
Capacity rights, net	-	152,438	-
Utility, plant, vehicles, and equipment, net	2,203,453	52,370,675	3,473,818
Total capital assets, net	2,203,453	59,896,653	3,473,818
Total noncurrent assets	<u>2,203,453</u>	<u>132,061,501</u>	<u>3,473,818</u>
<b>Total assets</b>	<u>2,716,045</u>	<u>179,360,531</u>	<u>11,246,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources (Note 14)	-	1,574,285	127,955
OPEB related deferred outflows of resources (Note 15)	-	81,424	25,886
<b>Total deferred outflows</b>	<u>-</u>	<u>1,655,709</u>	<u>153,841</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	9,821	1,455,660	357,129
Due to other funds (Note 10)	95,420	95,420	64,913
Accrued interest payable	-	181,334	-
Deposits	18,459	374,901	-
Compensated absences - due in one year (Note 9)	5,010	112,386	-
Current portion of long-term debt (Note 9)	87,186	1,619,686	195,921
Total current liabilities	<u>215,896</u>	<u>3,839,387</u>	<u>617,963</u>
Noncurrent liabilities:			
Capital leases payable	-	-	585,317
Revenue bonds payable - due in more than one year	-	903,743	-
Notes and mortgages payable - due in more than one year (Note 9)	752,044	12,992,343	-
Compensated absences - due in more than one year (Note 9)	7,511	114,218	-
Net pension liability (Note 14)	-	4,158,007	287,734
Net OPEB liability (Note 15)	-	89,869	78,315
Total noncurrent liabilities	<u>759,555</u>	<u>18,258,180</u>	<u>951,366</u>
<b>Total liabilities</b>	<u>975,451</u>	<u>22,097,567</u>	<u>1,569,329</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources (Note 14)	-	4,538,413	291,230
OPEB related deferred inflows of resources (Note 15)	-	113,130	39,971
Lease related	-	2,550,003	-
<b>Total deferred inflows</b>	<u>-</u>	<u>7,201,546</u>	<u>331,201</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,364,223	43,771,341	2,692,580
Restricted:			
Debt service	-	3	-
Housing	376,371	376,371	-
Unrestricted	-	107,569,412	6,807,450
<b>Total net position</b>	<u>\$ 1,740,594</u>	<u>\$ 151,717,127</u>	<u>\$ 9,500,030</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Enterprise Funds		
	Cardiff Sanitary Division	San Dieguito Water District	Encinitas Sanitary Division
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,623,645	\$ 18,487,869	\$ 2,517,372
Rental income	-	-	-
Interfund revenues	-	84,740	-
Intergovernmental	-	-	-
Other revenues	-	25,231	-
<b>Total operating revenues</b>	<u>4,623,645</u>	<u>18,597,840</u>	<u>2,517,372</u>
<b>OPERATING EXPENSES:</b>			
Housing assistance payments	-	-	-
Source of supply	-	7,161,888	-
General operations and maintenance	1,086,572	6,994,221	623,903
Facility operations and maintenance	1,805,216	2,154,683	805,959
General and administrative	219,583	-	130,298
Depreciation	576,187	758,362	443,274
Insurance and claims	91,767	80,171	83,102
<b>Total operating expenses</b>	<u>3,779,325</u>	<u>17,149,325</u>	<u>2,086,536</u>
<b>OPERATING INCOME (LOSS)</b>	<u>844,320</u>	<u>1,448,515</u>	<u>430,836</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(294,371)	(557,092)	(366,305)
Property taxes	-	1,310,943	-
Operating grants	-	-	-
Rental income	-	165,015	-
Net change from joint ventures	(524,147)	(1,444,304)	(603,179)
Gain (loss) on disposal of capital assets	(18,279)	14,950	(2,140)
Other nonoperating revenue	-	499,692	-
Amortization of bond premium	35,112	74,372	-
Interest expense	(435,813)	(148,990)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(1,237,498)</u>	<u>(85,414)</u>	<u>(971,624)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(393,178)</u>	<u>1,363,101</u>	<u>(540,788)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	32,120	112,590	25,728
Transfers in (Note 10)	-	-	-
Transfers out (Note 10)	-	(1,385)	-
<b>Total capital contributions and transfers</b>	<u>32,120</u>	<u>111,205</u>	<u>25,728</u>
<b>CHANGES IN NET POSITION</b>	<u>(361,058)</u>	<u>1,474,306</u>	<u>(515,060)</u>
<b>NET POSITION:</b>			
Beginning of year	<u>57,313,901</u>	<u>58,290,278</u>	<u>33,774,166</u>
End of year	<u>\$ 56,952,843</u>	<u>\$ 59,764,584</u>	<u>\$ 33,259,106</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Enterprise Fund		Governmental
	Affordable Housing	Total	Activities Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for services	\$ -	\$ 25,628,886	\$ -
Rental income	117,885	117,885	-
Interfund revenues	121,161	205,901	2,787,539
Intergovernmental	216,576	216,576	-
Other revenues	-	25,231	204,853
<b>Total operating revenues</b>	<u>455,622</u>	<u>26,194,479</u>	<u>2,992,392</u>
<b>OPERATING EXPENSES:</b>			
Housing assistance payments	1,451,238	1,451,238	-
Source of supply	-	7,161,888	-
General operations and maintenance	123,273	8,827,969	1,196,680
Facility operations and maintenance	-	4,765,858	-
General and administrative	134,720	484,601	1,292,452
Depreciation	100,538	1,878,361	662,923
Insurance and claims	-	255,040	3,048,480
<b>Total operating expenses</b>	<u>1,809,769</u>	<u>24,824,955</u>	<u>6,200,535</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,354,147)</u>	<u>1,369,524</u>	<u>(3,208,143)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	2,667	(1,215,101)	-
Property taxes	-	1,310,943	-
Operating grants	1,355,858	1,355,858	-
Rental income	-	165,015	-
Net change from joint ventures	-	(2,571,630)	-
Gain (loss) on disposal of capital assets	-	(5,469)	54,350
Other nonoperating revenue	-	499,692	-
Amortization of bond premium	-	109,484	-
Interest expense	(14,311)	(599,114)	(22,791)
<b>Total nonoperating revenues (expenses)</b>	<u>1,344,214</u>	<u>(950,322)</u>	<u>31,559</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(9,933)</u>	<u>419,202</u>	<u>(3,176,584)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	-	170,438	-
Transfers in (Note 10)	-	-	4,274,793
Transfers out (Note 10)	(15,172)	(16,557)	(151,059)
<b>Total capital contributions and transfers</b>	<u>(15,172)</u>	<u>153,881</u>	<u>4,123,734</u>
<b>CHANGES IN NET POSITION</b>	<u>(25,105)</u>	<u>573,083</u>	<u>947,150</u>
<b>NET POSITION:</b>			
Beginning of year	<u>1,765,699</u>	<u>151,144,044</u>	<u>8,552,880</u>
End of year	<u>\$ 1,740,594</u>	<u>\$ 151,717,127</u>	<u>\$ 9,500,030</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Enterprise Funds		
	Cardiff Sanitary Division	San Dieguito Water District	Encinitas Sanitary Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 4,641,880	\$ 18,464,499	\$ 2,513,921
Cash received from other funds	-	84,740	-
Payments to employees	(3,239)	(3,167,519)	-
Payments to suppliers for goods and services	(3,827,638)	(14,844,625)	(2,144,916)
Other operating revenues	-	25,231	-
<b>Net cash provided by (used in) operating activities</b>	<u>811,003</u>	<u>562,326</u>	<u>369,005</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(1,825,584)	(16,186)	(127,343)
Capital contributions received - connection/capacity fees	32,120	83,060	25,728
Principal payments on long-term debt	(230,000)	(1,240,000)	-
Interest payments on long-term debt	(438,113)	(162,497)	-
Capital related payments to other agencies	(530,208)	(1,924,513)	(1,068,991)
Proceeds from lease revenues	-	152,971	-
Proceeds received from disposal of capital assets	-	14,950	-
<b>Net cash (used in) capital and related financing activities</b>	<u>(2,991,785)</u>	<u>(3,092,215)</u>	<u>(1,170,606)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Proceeds from operating grants	-	499,692	-
Proceeds from property taxes	-	1,310,943	-
Cash received from other funds	-	-	-
Cash paid to other funds	-	(1,385)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>-</u>	<u>1,809,250</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income (loss)	<u>(289,022)</u>	<u>(615,137)</u>	<u>(364,734)</u>
<b>Net cash provided by investing activities</b>	<u>(289,022)</u>	<u>(615,137)</u>	<u>(364,734)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,469,804)	(1,335,776)	(1,166,335)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	<u>12,398,629</u>	<u>21,632,360</u>	<u>13,260,106</u>
End of year	<u>\$ 9,928,825</u>	<u>\$ 20,296,584</u>	<u>\$ 12,093,771</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and investments	\$ 9,928,825	\$ 20,296,581	\$ 12,093,771
Restricted cash and investments with fiscal agent	-	3	-
<b>Total cash and cash equivalents</b>	<u>\$ 9,928,825</u>	<u>\$ 20,296,584</u>	<u>\$ 12,093,771</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Enterprise Fund		Governmental Activities Internal Service Funds
	Affordable Housing	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 333,744	\$ 25,954,044	\$ 2,810,472
Cash received from other funds	121,161	205,901	58,502
Payments to employees	(124,193)	(3,294,951)	(1,568,702)
Payments to suppliers for goods and services	(1,590,924)	(22,408,103)	(4,089,854)
Other operating revenues	-	25,231	122,662
<b>Net cash provided by (used in) operating activities</b>	<u>(1,260,212)</u>	<u>482,122</u>	<u>(2,666,920)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	-	(1,969,113)	(399,282)
Capital contributions received - connection/capacity fees	-	140,908	-
Principal payments on long-term debt	(85,569)	(1,555,569)	(191,162)
Interest payments on long-term debt	(14,311)	(614,921)	(22,791)
Capital related payments to other agencies	-	(3,523,712)	-
Proceeds from lease revenues	-	152,971	-
Proceeds received from disposal of capital assets	-	14,950	54,350
<b>Net cash (used in) capital and related financing activities</b>	<u>(99,880)</u>	<u>(7,354,486)</u>	<u>(558,885)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Proceeds from operating grants	1,355,858	1,855,550	-
Proceeds from property taxes	-	1,310,943	-
Cash received from other funds	15,411	15,411	4,274,793
Cash paid to other funds	(15,172)	(16,557)	(151,059)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>1,356,097</u>	<u>3,165,347</u>	<u>4,123,734</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income (loss)	2,891	(1,266,002)	-
<b>Net cash provided by investing activities</b>	<u>2,891</u>	<u>(1,266,002)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,104)	(4,973,019)	897,929
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	395,816	47,686,911	6,873,808
End of year	<u>\$ 394,712</u>	<u>\$ 42,713,892</u>	<u>\$ 7,771,737</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and investments	\$ 200,924	\$ 42,520,101	\$ 7,771,737
Restricted cash and investments with fiscal agent	193,788	193,791	-
<b>Total cash and cash equivalents</b>	<u>\$ 394,712</u>	<u>\$ 42,713,892</u>	<u>\$ 7,771,737</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Enterprise Funds		
	Cardiff Sanitary Division	San Dieguito Water District	Encinitas Sanitary Division
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 844,320	\$ 1,448,515	\$ 430,836
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	576,187	758,362	443,274
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Changes in assets – (increase) decrease:			
Accounts and taxes receivable	17,985	139,914	(3,451)
Lease receivable - due in one year	-	-	-
Inventory and prepaid items	6,323	(1,145,575)	5,303
Change in deferred outflows of resources – (increase) decrease:			
OPEB-related deferred outflows	-	(21,365)	-
Pension-related deferred outflows	-	240,804	-
Changes in liabilities – increase (decrease):			
Accounts payable and accrued liabilities	(634,062)	(1,530,885)	(506,957)
Due to other funds	-	-	-
Deposits	250	(163,284)	-
Compensated absences	-	21,811	-
Net OPEB liability	-	(123,327)	-
Net pension liability	-	(2,935,735)	-
Change in deferred inflows of resources – increase (decrease):			
OPEB-related deferred inflows	-	78,749	-
Pension-related deferred inflows	-	3,794,342	-
Total adjustments	(33,317)	(886,189)	(61,831)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 811,003</b>	<b>\$ 562,326</b>	<b>\$ 369,005</b>
<b>NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Amortization of original issue premium	\$ 35,112	\$ 74,372	\$ -
Donation of capital assets	-	29,530	-
Total non-cash capital and related financing activities	\$ 35,112	\$ 103,902	\$ -

See accompanying Notes to the Basic Financial Statements.



**City of Encinitas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Enterprise Fund		Governmental
	Affordable Housing	Total	Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,354,147)	\$ 1,369,524	\$ (3,208,143)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	100,538	1,878,361	662,923
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Changes in assets – (increase) decrease:			
Accounts and taxes receivable	(737)	153,711	(756)
Lease receivable - due in one year	-	-	-
Inventory and prepaid items	2,914	(1,131,035)	79,770
Change in deferred outflows of resources – (increase) decrease:			
OPEB-related deferred outflows	-	(21,365)	365
Pension-related deferred outflows	-	240,804	51,789
Changes in liabilities – increase (decrease):			
Accounts payable and accrued liabilities	(8,284)	(2,680,188)	17,034
Due to other funds	-	-	58,502
Deposits	-	(163,034)	-
Compensated absences	(496)	21,315	-
Net OPEB liability	-	(123,327)	(56,061)
Net pension liability	-	(2,935,735)	(570,955)
Change in deferred inflows of resources – increase (decrease):			
OPEB-related deferred inflows	-	78,749	9,885
Pension-related deferred inflows	-	3,794,342	288,727
Total adjustments	93,935	(887,402)	541,223
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,260,212)</b>	<b>\$ 482,122</b>	<b>\$ (2,666,920)</b>
<b>NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Amortization of original issue premium	\$ -	\$ 109,484	\$ -
Donation of capital assets	-	29,530	-
	<u>\$ -</u>	<u>\$ 139,014</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.



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**FIDUCIARY FUND  
FINANCIAL STATEMENTS**

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**City of Encinitas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	<u>Investment Custodial Fund</u>	<u>Custodial Fund</u>
<b>Assets:</b>		
Cash and investments (note 3)	\$ 2,984,488	\$ 2,307,749
Restricted cash and investments:		
Held by fiscal agents (note3)	-	1,731,844
Interest receivable	7,473	6,217
Current assessments receivable	<u>-</u>	<u>24,100</u>
<b>Total assets</b>	<u>2,991,961</u>	<u>4,069,910</u>
<b>Liabilities:</b>		
Accounts payable	<u>200</u>	<u>-</u>
<b>Total liabilities</b>	<u>200</u>	<u>-</u>
<b>Net Position:</b>		
Restricted for:		
Golf course	2,991,761	-
Bondholders	<u>-</u>	<u>4,069,910</u>
<b>Total net position</b>	<u>\$ 2,991,761</u>	<u>\$ 4,069,910</u>

See accompanying Notes to the Basic Financial Statements.

**City of Encinitas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<u>Investment Custodial Fund</u>	<u>Custodial Fund</u>
<b>Additions:</b>		
Special tax assessments	\$ -	\$ 2,015,407
Excess golf revenue	2,276,399	1,023,750
Interest income (loss)	<u>(101,515)</u>	<u>(78,914)</u>
<b>Total additions</b>	<u>2,174,884</u>	<u>2,960,243</u>
<b>Deductions:</b>		
Administrative fees	2,036	32,518
Contributions to the CFD No. 1	1,023,750	-
Bond issuance cost	-	244,365
Bond principal	510,000	2,415,000
Bond interest	<u>144,067</u>	<u>576,443</u>
<b>Total Deductions</b>	<u>1,679,853</u>	<u>3,268,326</u>
Change in net position	495,031	(308,083)
<b>NET POSITION:</b>		
Beginning of year	<u>2,496,730</u>	<u>4,377,993</u>
End of year	<u><u>\$ 2,991,761</u></u>	<u><u>\$ 4,069,910</u></u>

See accompanying Notes to the Basic Financial Statements.

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

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**City of Encinitas**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 – Reporting Entity**

The City of Encinitas (the “City”) was incorporated on October 1, 1986, pursuant to an election approving the San Dieguito Reorganization Plan, which consisted primarily of the detachment of territory from the Cardiff area and the annexation of the same territory to the City of Solana Beach.

The City is governed by a City Council consisting of a mayor and four council members under the Council-Manager form of government.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship, and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

**Blended Component Units**

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

The San Dieguito Water District (“SDWD”) was formed in 1922 under the laws of the State of California to supply water services to the central western portion of San Diego County. Certain management, maintenance, and operating functions are the responsibility of the City, which bills periodically for these services.

The Encinitas Housing Authority (the “EHA”) was formed on January 26, 1994, under the laws of the State of California to provide housing assistance to citizens of the City.

The Encinitas Public Financing Authority (the “EPFA”) was formed on November 6, 1991, by the City and SDWD as a Joint Powers Authority under the laws of the State of California to purchase, finance, and lease certain real property to the members. The member agencies are the City and the SDWD.

The following specific criteria were used in determining the status of these component units:

- Members of the City Council also act as the governing body of the EHA, the EPFA and SDWD.
- The City, the EHA, the EPFA and SDWD are financially interdependent.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Reporting Entity (Continued)**

**Blended Component Units (Continued)**

- The EHA, the EPFA and SDWD are managed, at least in part, by employees of the City, who provide various support functions including financial reporting and investment decisions.

Separate financial statements for SDWD are available at the City's administrative office. Separate financial statements are not required or prepared for the EHA and the EPFA.

**Note 2 – Summary of Significant Accounting Policies**

**A. Basis of Presentation**

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

**B. Measurement Focus, Basis of Accounting and Financial Statements Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

The Statement of Net Position/Balance Sheet reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net assets) that apply to future periods and, therefore, will not be recognized as an expense until that time. The City reports deferred loss on refunding, deferred outflows related to pensions, and Other Post- Employment Benefits (OPEB) in this category.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net assets) that apply to future periods and, therefore, are not recognized as revenue until that time. The City has four types of items that qualify for reporting in this category. The first three items are deferred inflows related to pensions, OPEB, and leases. The fourth item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants. This amount is deferred and recognized as an inflow of resources in the period the amount becomes available.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)**

***Government-wide Financial Statements***

The City's Government-wide Financial Statements include a Statement of Net Position, and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

***Government Fund Financial Statements***

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending, or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)**

***Government Fund Financial Statements (Continued)***

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for those revenues subject to accrual (generally 60 days after year end) are recognized when earned. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, transient occupancy taxes, franchise taxes, sales tax, licenses, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences.

The City reports the following major Governmental Funds:

The **General Fund** is used to account for resources which are not required to be accounted for in another fund. The fund includes the general activities of the City and other administrative functions.

The **Capital Improvements Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major property, equipment, or facilities which are generally financed by governmental funds.

The **Infrastructure Improvements Special Revenue Fund** is used to account for financial resources from state and federal grants which are primarily to fund operations and capital improvements.

***Proprietary Fund Financial Statements***

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund. A separate column representing Internal Service Funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements. The City's Internal Service Funds include four individual funds which provide services directly to other City funds. These areas of service include Risk Management, Wastewater Support, Vehicle Maintenance, and Vehicle Replacement.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)**

***Proprietary Fund Financial Statements (Continued)***

Proprietary funds are accounted for 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. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

The **Cardiff Sanitary Division ("CSD") Enterprise Fund** provides wastewater collection and treatment services to approximately 6,400 customers in the southern portion of the City.

The **San Dieguito Water District ("SDWD") Enterprise Fund** provides potable and reclaimed water services to approximately 11,000 customers in Encinitas.

The **Encinitas Sanitary Division ("ESD") Enterprise Fund** provides wastewater collection and treatment services to approximately 4,000 customers in the northern portion of the City.

***Fiduciary Fund Financial Statements***

Fiduciary Fund Financial Statements are accounted for according to the nature of the fund. The City has a Custodial fund and an Investment Trust Fund.

The **Custodial Fund** accounts for one Community Facilities (Mello-Roos) District for which the City acts as an agent for debt service activities.

The **Investment Trust Fund** accounts for the cash invested on behalf of the Encinitas Ranch Golf Course.

**C. Cash, Cash Equivalents, and Investments**

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**C. Cash, Cash Equivalents, and Investments (Continued)**

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Statement of Cash Flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents,” as such funds are available to the various funds as needed.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
  - Overall
  - Custodial credit risk
  - Concentration of credit risk
- Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year end and other disclosures.

**D. Restricted Cash and Investments with Fiscal Agents**

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution, or bond indenture.

**E. Fair Value Measurement**

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:

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Fair Value Measurement (Continued)**

- 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.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City'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 City's own data.

**F. Receivables**

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business.

**G. Investments in Joint Ventures**

The City's Cardiff Sanitary Division, San Dieguito Water District, and Encinitas Sanitary Division (the "City agencies") participate in joint ventures with other local agencies, generally to provide water and wastewater treatment more efficiently. Each entity has an ownership interest in the respective joint facilities, which are accounted for under the equity method of accounting. The City agencies pay for the fair share of operating costs and make capital contributions for major maintenance and the upgrade or construction of facilities. The City agencies also record their share of the results of operations for these joint ventures. Refer to Note 5, Investment in Joint Ventures.

**H. Inventory and Prepaid Items**

Inventory applies only to SDWD and consists of water meters and other material used in the repair of capital facilities. Inventory is valued at average-cost using the first-in first-out basis. Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended. The cost of inventory and prepaids are recorded as expenditures/expenses when consumed rather than purchased.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**I. Leases**

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures in Note 7 Leases Receivable and Note 9 Long-Term Obligations.

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

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

The City used the estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**J. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if the actual historical cost was not available. Donated capital assets are valued at their acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for non-infrastructure assets and \$100,000 for infrastructure assets. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Structures and improvements	20 - 45 years
Equipment, machinery and vehicles	5 - 20 years
Infrastructure	20 - 50 years
Collection and distribution systems	50 years

The City defines infrastructure as the basic physical assets that allow the City to function.



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**J. Capital Assets (Continued)**

Governmental fund capital assets include land, land easements, construction in progress, public facilities (buildings and building improvements), vehicles, equipment and machinery, and infrastructure assets (e.g., roads, streets and sidewalks, bridges, curbs and gutters, drainage systems, lighting systems and similar assets).

Proprietary fund capital assets include, land easements, public works facility right of use, construction in progress, structures and improvements, collection and distribution systems, machinery and equipment, and capacity rights, which are stated at cost. Contributed assets, which are principally collection and distribution lines, are stated at cost or estimated acquisition value on the date of donation.

**K. Deposit Liabilities**

The City collects deposits from homeowners and commercial enterprises as surety for the payment of fees and other costs related to planning and engineering services provided by the City. The City collects two types of deposits: (1) Application Deposits and (2) Security Deposits. Application deposits are collected on certain projects for which a fee for services has not been established. As costs for these projects are incurred by the City, the applicant's deposit balance is adjusted, and revenue (including applicable overhead charges) is recognized. Expenses incurred in excess of the deposit amounts are billed to the applicant. Any surplus at project completion is returned to the applicant. Security deposits are collected from the applicant to guarantee required performance. These may either be in cash or in the form of non-cash, such as performance bonds or letters of credit. The amount of cash deposits on hand as of June 30, 2022, is reported as a *current liability* in the Statement of Net Position and Balance Sheets. Noncash security deposits are not reported as liabilities, as the corresponding surety is not an asset of the City.

**L. Unearned Revenue**

Unearned revenue recorded in the government-wide statement of net position for governmental activities and the governmental fund financial statements consist of federal and state capital grants, representing voluntary non-exchange transactions, for which advance payments have been received from the provider for which eligibility requirements, other than timing requirements, have not been satisfied.

Unearned revenue recorded in the government-wide statement of net position for business-type activities and the proprietary fund financial statements generally consist of program fees collected from customers prior to the statement of net position date for recreation programs that begin in the next fiscal year or donations for capital or work projects, for which the related expenses have not yet been incurred.

**M. Long-Term Debt**

For the government-wide financial statements and proprietary fund financial statements, long-term debt and other financial obligations are reported as liabilities, net of bond premiums or discounts.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**M. Long-Term Debt (Continued)**

Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Issuance costs are reported as expense when incurred.

Governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

**N. Arbitrage Rebate Requirement**

The City is subject to the Internal Revenue Code (“IRC”) Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed be surrendered to the Internal Revenue Service. The City had no rebate liability for arbitrage as of June 30, 2022.

**O. Claims Liabilities**

The City accounts for material claims and judgments outstanding at year end. When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the City records the estimated loss.

**P. Compensated Absences**

The City’s policy permits its non-fire employees to accumulate up to a maximum of 500 hours vacation. Fire employees can accrue up to a maximum of 720 hours of vacation, depending on the length of employment with the City. Non-fire employees are compensated five days of sick leave per year with no balances accruing upon separation of employment. Fire employees may accrue up to 500 hours of sick leave. The combined unused vacation and sick pay will be paid to the employee or his/her beneficiary upon leaving the City’s employment. The amount due will be determined using the salary/wage rate in effect at the time of separation.

*Government-wide Financial Statements* – For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as incurred.

*Fund Financial Statements* – In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City’s policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund’s share of the unpaid liability is recorded as a long-term liability of the fund.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Q. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 14). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

The obligations for net pension liability and OPEB are primarily liquidated from the General Fund. There is no fixed payment schedule for these liabilities.

**R. Other Post-Employment Benefits**

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 plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 15).

The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

**S. Net Position**

For government-wide and proprietary fund financial statements, net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components.

**Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation, plus deferred outflows of resources attributed to their acquisition, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and deferred inflows of resources attributable to their acquisition.

**Restricted** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**S. Net Position (Continued)**

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**T. Fund Balances**

In governmental fund financial statements, fund balances are categorized as follows:

**Non-spendable** – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

**Restricted** – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed** – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. Adoption of a resolution by the City Council is required to commit resources or rescind the commitment.

**Assigned** – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council adopted a resolution contained within the annual budget that delegates the authority to the Director of Finance to assign fund balance amounts in the annual financial statements.

**Unassigned** – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**T. Fund Balances (Continued)**

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

**U. Property Taxes**

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at one percent of full market value (at time of purchase). The City receives a share of this basic tax levy.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered as a resource that can be used to finance the current year operations of the City and therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts on property taxes receivable was considered necessary.

**V. Use of Estimates**

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

**W. Accounting Changes**

***Current Year Accounting Standards Implementation***

The City has evaluated and implemented the following accounting standards effective for the fiscal year ending June 30, 2022

- GASB Statement No. 87 – “Leases,” effective for reporting periods beginning after June 30, 2021. For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments’ leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information refer to disclosures in Note 7.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**W. Accounting Changes (Continued)**

***Current Year Accounting Standards Implementation (Continued)***

Per Statement No. 87 leases should be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation (July 1, 2021).

- GASB Statement No. 92 – “Omnibus 2020,” relating to practice issues that were identified during implementation and application of certain GASB Statements. The adoption of Statement 92 had no impact on the City’s current accounting practices nor its financial reporting.
- GASB Statement No. 97 – “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,” effective for reporting period beginning after June 15, 2021. The City does not contribute to the City’s Internal Revenue Code Section 457 Deferred Compensation Plan and as such this plan does not meet the Component Unit Criteria.
- GASB Statement No. 99 – “Omnibus 2022,” this statement addresses a variety of topics including the extension of the use of LIBOR, accounting for supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments as well as clarification of provisions in Statement No. 34 and terminology updates related to Statements No. 53 and 63. These requirements are effective immediately and had no material impact on the City’s financial statements.

***Upcoming Governmental Accounting Standards Implementation***

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

- GASB Statement No. 91, Conduit Debt Obligations, effective for fiscal years beginning after December 15, 2022.
- GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements”, effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 100 - “Accounting Changes and Error Corrections”, effective for reporting periods beginning after June 15, 2023.
- GASB Statement No. 101 - “Compensated Absences”, effective for reporting periods beginning after December 15, 2023.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments**

Cash and investments are classified in the accompanying financial statements as follows:

	Government-wide Statement of Position		Fiduciary Funds	
	Governmental Activities	Business-type Activities	Statement of Net Position	Total
Current assets:				
Cash and investments	\$ 82,106,206	\$ 42,520,101	\$ 5,292,237	\$ 129,918,544
Restricted cash and investments with fiscal agent	15,020	193,791	1,731,844	1,940,655
<b>Total cash and investments</b>	<b>\$ 82,121,226</b>	<b>\$ 42,713,892</b>	<b>\$ 7,024,081</b>	<b>\$ 131,859,199</b>

Cash and investments at June 30, 2022, consisted of the following:

Cash on hand	\$ 3,554
Deposits with financial institutions	3,210,282
Restricted cash	1,940,655
Investments	126,704,708
<b>Total cash and investments</b>	<b>\$ 131,859,199</b>

At June 30, 2022, cash and investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022:

Investment Type	Fair Value	Percentage of Investments	Measurement Input
<b>Investments:</b>			
Local Agency Investment Fund (LAIF)	\$ 33,825,291	26.70%	Uncategorized
California Asset Management Program	1,072,562	0.85%	Uncategorized
Money Market Mutual Funds	4,081,904	3.22%	Uncategorized
Negotiable Certificates of Deposit	12,663,380	9.99%	Uncategorized
U.S. Treasury Securities	54,193,674	42.77%	Level 2
U.S. Government Sponsored Enterprise Securities	19,671,460	15.53%	Level 2
San Diego County Investment Pool	1,196,437	0.94%	Uncategorized
<b>Total Investments</b>	<b>\$126,704,708</b>		

The City's level two investments are valued based on the level two input of bond valued by a pricing service that uses matrix pricing.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 3 – Cash and Investments (Continued)**

**A. Demand Deposits**

The carrying amounts of the City's demand deposits were \$3,210,282 at June 30, 2022. Bank balances were \$5,577,159 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City has not waived the collateralization requirements.



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**B. Investments Authorized by the California Government Code and the City's Adopted Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City'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 City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Repurchased Agreements-Overnight "Sweep"	Yes	1 year	20%	No Limit
Local Agency Investment Fund (LAIF)	Yes	N/A	30%	State Law Maximum
Other Governmental Managed Investment Pools	Yes	N/A	30%	10% per pool
Money Market Mutual Funds	Yes	N/A	20%	10%
Certificates of Deposit	Yes	5 years	30%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Bankers' Acceptances	Yes	180 days	10%	5%
U.S. Treasury Bills, Notes and Bonds	Yes	5 years	50%	No Limit
U.S. Government Sponsored Enterprises	Yes	5 years	60%	25%
Commercial Paper	Yes	270 days	25%	5%
Commercial Medium-Term Notes	Yes	5 years	15%	5%
Guaranteed Investment Contracts	Yes	N/A	10%	5%
Demand Deposits - Non-Interest Bearing	Yes	N/A	2%	2%
Demand Deposits - Interest Bearing	Yes	N/A	20%	10%
Asset Backed Securities	Yes	N/A	10%	5%
Supranationals	Yes	5 years	20%	15%

**C. Investments Authorized by Debt Agreements**

The investment of the proceeds from debt issuances, held by a third-party trustee, is governed by the provisions of the specific debt agreement rather than by the Government Code or the Investment Policy. The investment types that are authorized and currently utilized by the City are *Guaranteed Investment Contracts* and *Money Market Mutual Funds*.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**D. Risk Disclosures**

***Disclosures Related to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. One of the ways that the City 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 is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to interest rate risk is provided in the table that shows the distribution by maturity is as follows:

Investment Type	Total	Remaining Maturity (in Months)		
		Less than 12 Months	12 to 36 Months	36-60 Months
<b>Investments:</b>				
Local Agency Investment Fund (LAIF)	\$ 33,825,291	\$ 33,825,291	\$ -	\$ -
California Asset Management Program	1,072,562	1,072,562	-	-
Money Market Mutual Funds	4,081,904	4,081,904	-	-
Negotiable Certificates of Deposit	12,663,380	3,701,480	6,475,714	2,486,186
U.S. Treasury Securities	54,193,674	8,004,080	27,902,850	18,286,744
U.S. Government Sponsored Enterprise Securities	19,671,460	11,945,860	4,972,140	2,753,460
San Diego County Investment Pool	1,196,437	1,196,437	-	-
<b>Total Investments</b>	<b>\$126,704,708</b>	<b>\$ 63,827,614</b>	<b>\$ 39,350,704</b>	<b>\$ 23,526,390</b>

***Disclosures Related to Credit Risk***

Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to repay the holder at the maturity date. This is generally measured by the assignment of a rating by a nationally recognized statistical organization. However, some issuers do not seek a credit rating. For instance, the California Local Agency Investment Fund (LAIF) has not sought or received a credit rating. In these cases, the purchaser is solely responsible for performing their own due diligence before purchasing an investment or participating in an external investment pool. Certificates of deposit of \$250,000 or less are fully insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, do not seek a credit rating.

The next table presents the minimum rating required by (where applicable) the Government Code, the Investment Policy, or the debt agreements, and the actual rating as of year-end for each investment type.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**D. Risk Disclosures (Continued)**

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End	
			AAA/AA+	Not Rated
Investments:				
Local Agency Investment Fund (LAIF)	\$ 33,825,291	N/A	\$ -	\$ 33,825,291
California Asset Management Program	1,072,562	N/A	1,072,562	-
Money Market Mutual Funds	4,081,904	AAA	4,081,904	-
Negotiable Certificates of Deposit	12,663,380	N/A	-	12,663,380
U.S. Treasury Securities*	54,193,674	N/A	-	-
U.S. Government Sponsored Enterprise Securities	19,671,460	N/A	19,671,460	-
San Diego County Investment Pool	1,196,437	N/A	1,196,437	-
Total Investments	\$126,704,708		\$ 26,022,363	\$ 46,488,671

\*Exempt from rating disclosure

GASB Statement No. 40 requires disclosure by amount and issuer of investments in any one issuer that represent five percent or more of total investments. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents five percent or more of the City's total investments are as follows:

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S Government Sponsored Enterprise Securities	\$ 11,919,590

**Disclosures Relating to Custodial Credit Risk**

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. The Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

**E. Investment in State Investment Pool – Local Agency Investment Fund**

The City is a participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no restrictions on participant withdrawals.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 3 – Cash and Investments (Continued)**

**F. Investment in California Asset Management Program (CAMP)**

The City is a voluntary participant in CAMP, a California Joint Powers Authority that falls under California Government Code Section 53601(p), which is directed by a Board of Trustees that is made up of experienced local government finance directors and treasurers. The Pool is required to maintain an average maturity of less than 60 days and is rated AAA by Standard & Poor's national rating agency. There are no restrictions on participant withdrawals.

**G. Investment in San Diego County Pooled Investment Fund**

The San Diego County Pooled Investment Fund (SDCPIF) is a pooled investment fund program governed by the County of San Diego Board of Supervisors and administered by the County of San Diego Treasurer and Tax Collector. Investments in SDCPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. SDCPIF does not impose a maximum investment limit.

The County of San Diego's bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of San Diego Annual Comprehensive Financial Report (ACFR). Copies of the ACFR may be obtained from the County of San Diego Auditor-Controller's Office – 1600 Pacific Coast Highway – San Diego, CA 92101.

**Note 4 – Receivables**

At June 30, 2022, receivables consist of the following:

	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>	<b><u>Total</u></b>
	<b>Activities</b>	<b>Activities</b>	
Accounts receivable	\$ 2,878,248	\$ 2,763,584	\$ 5,641,832
Taxes and assessments receivable	526,271	116,331	642,602
Accrued revenues	4,504,049	-	4,504,049
Total	<u>\$ 7,908,568</u>	<u>\$ 2,879,915</u>	<u>\$10,788,483</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Investment in Joint Ventures**

Investment in joint ventures consists of the following as of June 30, 2022:

<u>Proprietary Fund</u>	<u>Investment in Joint Ventures</u>	
Cardiff Sanitary Division	San Elijo Joint Facilities	<u>\$ 36,460,677</u>
San Dieguito Water District	R.E. Badger Joint Facilities	25,212,370
San Dieguito Water District	R.E. Badger Financing Authority	<u>643,328</u>
		<u>25,855,698</u>
Encinitas Sanitary Division	Encina Joint Facilities	<u>7,298,181</u>
<b>Total Investment in Joint Ventures</b>		<u><u>\$ 69,614,556</u></u>

**A. Cardiff Sanitary Division**

***Investment in San Elijo Joint Powers Authority (SEJPA)***

In 1964, Cardiff Sanitary Division ("CSD") entered into an agreement with Solana Beach Sanitation District ("Solana Beach") for the joint ownership, maintenance, operation, and use of a Wastewater Treatment Plant and Ocean Outfall (collectively, the "Joint Facilities").

In 1987, CSD and Solana Beach agreed to establish the San Elijo Joint Powers Authority ("SEJPA"), a separate legal entity whose function is to manage and operate the Joint Facilities and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal, and reclamation of wastewater within the respective service territories. On June 30, 1988, CSD and Solana Beach each transferred all of their assets related to the Joint Facilities in exchange for a 50 percent interest in SEJPA. The Ocean Outfall is jointly owned by SEJPA (21 percent interest) and the City of Escondido (79 percent interest).

SEJPA is responsible for the operations and maintenance of the Joint Facilities as well as the related administration. The operations and maintenance costs are allocated monthly and billed quarterly, based on the relative volume of flows after taking into account charges to other agencies that lease certain capacity rights and share in the costs of operations and maintenance. For the year ended June 30, 2022, CSD's share of those costs was \$1,805,216, which is reported as a component of "facility operations and maintenance" in the accompanying financial statements.

**B. San Dieguito Water District**

***Investment in R.E. Badger Filtration Plant and related Facilities (the "Joint Facilities")***

In 1967, SDWD entered into an agreement with Santa Fe Irrigation District ("Santa Fe") for the joint ownership, maintenance, operation, and use of a water treatment plant and various facilities for the storage and delivery of potable water. During the ensuing years, the SDWD and Santa Fe have added various facilities and improvements, which are owned in different percentages depending on the type of facility and the agreements in place. The ownership percentages of these Joint Facilities are described in the next table.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 5 – Investment in Joint Ventures (Continued)**

**B. San Dieguito Water District (Continued)**

<u>SDWD</u>	<u>Santa Fe</u>	<u>Facilities</u>
45%	55%	Filtration Plant
31%	69%	Filtered Water Reservoir
39%	61%	Joint Pipeline
42%	58%	San Dieguito Water Reservoir

Santa Fe is responsible for the operations and maintenance of the Joint Facilities as well as the related administration. The operations and maintenance costs are allocated monthly on the basis of the water used by each district, and administrative costs are allocated based on an agreed-upon cost allocation plan. For the year ended June 30, 2022, SDWD's share of those was \$2,154,683, which is shown as "facility operations and maintenance" in the accompanying financial statements.

***Investment in R.E. Badger Water Facilities Financing Authority (the "Financing Authority")***

In 1999, SDWD and Santa Fe entered into a joint exercise of powers agreement and formed the Financing Authority to provide financing for the acquisition and construction of capital improvements related to the Joint Facilities.

The Financing Authority subsequently issued revenue bonds for the purpose of funding those capital improvements. SDWD and Santa Fe are obligated under Installment Purchase Agreements to repay their proportionate shares of the long-term financing.

The investment in the Financing Authority consists primarily of SDWD's share of the debt reserve funds held by a fiscal agent and unamortized bond discounts and issuance costs.

**C. Encinitas Sanitary Division (ESD)**

***Investment in Encina Water Pollution Control Facility (the "Joint Facilities")***

ESD is one of six member agencies with an ownership interest in the Joint Facilities. ESD owns approximately 4.25 percent of the Joint Facilities, after adjusting for the construction and upgrades to the Joint Facilities, referred to as "Phase V improvements." This ownership percentage affords ESD treatment capacity rights of approximately 2.0 million gallons/day, which is in excess of current needs and sufficient to meet all projected future needs. The Encina Wastewater Authority (Encina) is responsible for the operations and maintenance of the Joint Facilities, as well as the related administration. The operations, maintenance, and administrative costs are allocated monthly on the basis of the relative flows of each member agency. For the year ended June 30, 2022, ESD's share of those costs was \$805,959, which is shown as "facility operations and maintenance" in the accompanying financial statements.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Receivables**

Long-term receivables consist of loans to developers and loans to employees for the purchase of computer equipment, a program approved by the City Council to promote more efficient use of technology. At June 30, 2022, loans receivable is shown in the next table.

Iris Apartments	\$ 445,082
Leucadia property loans	235,000
Employee computer loans	<u>16,681</u>
Total	<u>\$ 696,763</u>

**Iris Apartments**

On April 20, 2012, the City entered into a promissory note agreement with Iris Apartments in the amount of \$350,000, secured by a Deed of Trust on the project. The outstanding principal balance due to the City bears simple interest at a rate of six percent per annum, commencing on the date of fund disbursement which was May 2012. Under the terms of the agreement, Iris Apartments is obligated to make annual payments of principal and interest in the amount equal to 50 percent of residual receipts, as defined in the promissory note agreement. All principal and unpaid interest will be due and payable on April 20, 2067. The outstanding principal and interest receivable at June 30, 2022 was \$445,082.

**Leucadia Property Loans**

On April 22, 2022, the City entered into two promissory note agreements for a total of \$ 235,000 for two properties secured by a Deed of Trust on the project. The payments under the notes are deferred and will bear no interest. In the event of default, payment of principal will be due in full, including interest at the rate of ten percent per annum from the date of recordation of the Deed of Trust. The outstanding principal receivable on the two notes at June 30, 2022 was \$135,000 and \$ 100,000.

**Note 7 – Lease Receivable**

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures on the next page.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 7 – Lease Receivable (Continued)**

**Governmental Activities**

As of July 1, 2021, the City has seven cell tower leases for easements located throughout Encinitas. The interest rate for each lease is 2.05%. The Initial lease agreement term ranges from 7-15 years with the option to extend for four additional terms of five years. The total amount of lease revenue recognized in the current reporting period from leases is \$249,158 and the total amount of interest received related to the lease was \$ 47,592. The balance of the lease receivable at June 30, 2022 is \$2,214,193. The City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. The balance of the deferred inflow of resources at June 30, 2022 is \$ 2,160,839.

**Business-type Activities**

As of July 1, 2021, the San Dieguito Water District has three cell tower leases for easements located throughout Encinitas. The interest rate for each lease is 2.05%. The Initial lease agreement term ranges from 5-10 years with the option to extend for four additional terms of five years. The total amount of lease revenue recognized in the current reporting period from leases is \$60,493 and the total amount of interest received related to the lease was \$ 54,054. The balance of the lease receivable at June 30, 2022 is \$2,616,101. The District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. The balance of the deferred inflow of resources at June 30, 2022 is \$ 2,550,003.



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets**

**A. Governmental Activities**

The summary of changes in governmental activities capital assets for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021*	Additions	Deletions	Transfers	Balance June 30, 2022
<b>Capital assets, not being depreciated:</b>					
Land	\$ 61,862,474	\$ -	\$ -	\$ -	\$ 61,862,474
Land easements	2,443,333	-	-	-	2,443,333
Construction in progress	21,844,806	3,386,714	(371,998)	(16,922,307)	7,937,215
<b>Total capital assets, not being depreciated</b>	<u>86,150,613</u>	<u>3,386,714</u>	<u>(371,998)</u>	<u>(16,922,307)</u>	<u>72,243,022</u>
<b>Capital assets, being depreciated:</b>					
Public facilities	119,083,800	2,002,597	-	206,209	121,292,606
Vehicles, equipment and machinery	13,144,209	859,311	(1,471,377)	(86,961)	12,445,182
Right to use assets-building	47,765	-	-	-	47,765
Right to use assets-equipment	11,321	-	-	-	11,321
Infrastructure	128,427,191	7,468,059	-	16,803,059	152,698,309
<b>Total capital assets, being depreciated</b>	<u>260,714,286</u>	<u>10,329,967</u>	<u>(1,471,377)</u>	<u>16,922,307</u>	<u>286,495,183</u>
<b>Less accumulated depreciation</b>					
Public facilities	(46,915,517)	(3,926,953)	-	(86,961)	(50,929,431)
Vehicles, equipment and machinery	(8,265,860)	(1,029,308)	1,450,910	86,961	(7,757,297)
Right to use assets-building	-	(44,090)	-	-	(44,090)
Right to use assets-equipment	-	(4,600)	-	-	(4,600)
Infrastructure	(59,731,345)	(2,667,889)	-	-	(62,399,234)
<b>Total accumulated depreciation</b>	<u>(114,912,722)</u>	<u>(7,672,840)</u>	<u>1,450,910</u>	<u>-</u>	<u>(121,134,652)</u>
<b>Total capital assets being depreciated, net</b>	<u>145,801,564</u>	<u>2,657,127</u>	<u>(20,467)</u>	<u>16,922,307</u>	<u>165,360,531</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 231,952,177</u>	<u>\$ 6,043,841</u>	<u>\$ (392,465)</u>	<u>\$ -</u>	<u>\$ 237,603,553</u>

\*Beginning balance restated due to implementation of GASB Statement No.87, Leases. See note 20.

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

General government	\$ 1,600,818
Public safety	893,492
Public works	2,583,483
Parks and recreation	1,932,124
Internal service funds	662,923
<b>Total depreciation expense</b>	<u><u>\$ 7,672,840</u></u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets (Continued)**

**B. Business-type Activities**

The summary of changes in business-type activities capital assets for the year ended June 30, 2022 is as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Capital assets, not being depreciated:</b>					
Land easements	\$ 3,450,544	\$ -	\$ -	\$ -	\$ 3,450,544
Public works facility right of use	3,378,700	-	-	-	3,378,700
Construction in progress	209,794	524,509	-	(190,007)	544,296
<b>Total capital assets, not being depreciated</b>	<u>7,039,038</u>	<u>524,509</u>	<u>-</u>	<u>(190,007)</u>	<u>7,373,540</u>
<b>Capital assets, being depreciated:</b>					
Structures and improvements	29,158,278	1,134,806	(17,124)	190,007	30,465,967
Collection and distribution	63,980,761	304,860	-	-	64,285,621
Machinery and equipment	2,830,123	16,186	(56,547)	-	2,789,762
Capacity rights	323,191	-	-	-	323,191
<b>Total capital assets, being depreciated</b>	<u>96,292,353</u>	<u>1,455,852</u>	<u>(73,671)</u>	<u>190,007</u>	<u>97,864,541</u>
<b>Less accumulated depreciation</b>					
Structures and improvements	(8,035,288)	(630,702)	14,983	-	(8,651,007)
Collection and distribution	(32,896,430)	(1,108,725)	-	-	(34,005,155)
Machinery and equipment	(2,438,591)	(132,469)	56,547	-	(2,514,513)
Capacity rights	(164,288)	(6,465)	-	-	(170,753)
<b>Total accumulated depreciation</b>	<u>(43,534,597)</u>	<u>(1,878,361)</u>	<u>71,530</u>	<u>-</u>	<u>(45,341,428)</u>
<b>Total capital assets being depreciated, net</b>	<u>52,757,756</u>	<u>(422,509)</u>	<u>(2,141)</u>	<u>190,007</u>	<u>52,523,113</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 59,796,794</u>	<u>\$ 102,000</u>	<u>\$ (2,141)</u>	<u>\$ -</u>	<u>\$ 59,896,653</u>

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

<b>Business-Type Activities:</b>	
Cardiff Sanitary Division	\$ 576,187
San Dieguito Water District	758,362
Encinitas Sanitary Division	443,274
Non-major Affordable Housing	100,538
<b>Total</b>	<u>\$ 1,878,361</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations**

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021*	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Financed Purchases:						
2008 Civic Center Roof Replacement	\$ 350,785	\$ -	\$ (172,186)	\$ 178,599	\$ 178,599	\$ -
2017 Fire Apparatus	283,397	-	(92,129)	191,268	94,446	96,822
2020 Fire Apparatus	689,003	-	(99,033)	589,970	101,475	488,495
Equipment Lease Liability	11,321	-	(4,972)	6,349	5,066	1,283
Building Lease Liability	47,765	-	(44,049)	3,716	3,716	-
Bonded Debt:						
2013 Community Park Bonds	5,200,000	-	(365,000)	4,835,000	375,000	4,460,000
add: original issue premium	61,320	-	(8,760)	52,560	-	52,560
2014 Moonlight Beach Tower (Series A)	2,690,000	-	(75,000)	2,615,000	75,000	2,540,000
less: original issue discount	(24,892)	-	1,038	(23,854)	-	(23,854)
2014 Pacific View (Series B)	9,130,000	-	(8,900,000)	230,000	230,000	-
less: original issue discount	(124,960)	-	124,960	-	-	-
2015 Library Refunding Bonds	12,995,000	-	(610,000)	12,385,000	640,000	11,745,000
add: original issue premium	588,353	-	(36,772)	551,581	-	551,581
2017 Park Refunding Bonds	9,335,000	-	(750,000)	8,585,000	785,000	7,800,000
add: original issue premium	971,631	-	(97,163)	874,468	-	874,468
2021 Pacific View (Series A)	-	9,505,000	(80,000)	9,425,000	105,000	9,320,000
add: original issue discount	-	(18,933)	-	(18,933)	-	(18,933)
Claims payable	4,038,427	2,696,205	(2,168,685)	4,565,947	3,196,163	1,369,784
Compensated absences	2,843,387	5,213,168	(5,284,092)	2,772,463	1,347,588	1,424,875
<b>Total governmental activities</b>	<b>49,085,537</b>	<b>17,395,440</b>	<b>(18,661,843)</b>	<b>47,819,134</b>	<b>7,137,053</b>	<b>40,682,081</b>
<b>Business-type Activities:</b>						
2017 CSD Note Payable to SEJPA	10,615,000	-	(230,000)	10,385,000	237,500	10,147,500
add: original issue premium	912,911	-	(35,112)	877,799	-	877,799
2007 SDWD Note Payable Badger	2,330,000	-	(545,000)	1,785,000	570,000	1,215,000
2004 EHA Housing Note Payable	924,799	-	(85,569)	839,230	87,186	752,044
2014 SDWD Water Revenue Bonds	2,175,000	-	(695,000)	1,480,000	725,000	755,000
add: original issue premium	223,115	-	(74,372)	148,743	-	148,743
Compensated absences (SDWD)	192,272	326,745	(304,934)	214,083	107,376	106,707
Compensated absences (Affordable Housing)	13,017	21,167	(21,663)	12,521	5,010	7,511
<b>Total business-type activities</b>	<b>17,386,114</b>	<b>347,912</b>	<b>(1,991,650)</b>	<b>15,742,376</b>	<b>1,732,072</b>	<b>14,010,304</b>
<b>Total long-term obligations</b>	<b>\$66,471,651</b>	<b>\$17,743,352</b>	<b>\$(20,653,493)</b>	<b>\$ 63,561,510</b>	<b>\$ 8,869,125</b>	<b>\$ 54,692,385</b>

\*Beginning balance restated due to implementation of GASB Statement No.87, Leases. See note 20.

**A. Governmental Activities**

***2008 Civic Center Roof Replacement and Energy Optimization Project***

On February 27, 2008, the City entered into a long-term lease arrangement with a financial institution to finance \$2,100,000 of the 2008 improvements to the Encinitas Civic Center. The lease has a term of fifteen years, an interest rate of 3.69 percent, and semi-annual payments of \$91,778. The project was completed during Fiscal Year 2008-09, and the final payment is due in Fiscal Year 2022-23. The total cost of the project was \$3,543,258. The lease is accounted for as a financed purchase as the City will fully own the equipment and improvements at maturity in Fiscal Year 2023.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***2008 Civic Center Roof Replacement and Energy Optimization Project (Continued)***

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 178,599	\$ 4,957	\$ 183,556
Total	<u>\$ 178,599</u>	<u>\$ 4,957</u>	<u>\$ 183,556</u>

***2017 Fire Apparatus Lease***

The City entered into a long-term lease arrangement in Fiscal Year 2016-17 to finance the purchase of a 2017 Pierce Arrow XT Pumper Truck for \$629,851. The lease has a term of seven years, an interest rate of 2.50 percent, and annual payments of \$98,641.

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 94,446	\$ 4,195	\$ 98,641
2024	96,822	1,819	98,641
Total	<u>\$ 191,268</u>	<u>\$ 6,014</u>	<u>\$ 197,282</u>

***2020 Fire Apparatus Lease***

The City entered into a long-term lease arrangement in Fiscal Year 2020-2021 to finance the purchase of a 2020 Pierce Arrow XT Pumper Truck for \$737,623. The lease has a term of seven years, an interest rate of 2.50 percent, and annual payments of \$115,311. The lease is accounted for as a financed purchase, as the City will take ownership of the unit at maturity of the lease in Fiscal Year 2027-28.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***2020 Fire Apparatus Lease (Continued)***

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 101,475	\$ 13,836	\$ 115,311
2024	103,977	11,334	115,311
2025	106,539	8,772	115,311
2026	109,165	6,146	115,311
2027	111,857	3,454	115,311
2028	56,957	698	57,655
Total	<u>\$ 589,970</u>	<u>\$ 44,240</u>	<u>\$ 634,210</u>

***Equipment Lease Liability***

The City entered into a 29-month lease as lessee for the use of IN700SH Mailing Machine. An initial lease liability was recorded in the amount of \$11,321. As of June 30, 2022, the value of the lease liability is \$6,349. The City is required to make quarterly fixed payments of \$1,354. The lease has an interest rate of 2.05 percent. The equipment's estimated useful life was 60-months as of the contract commencement.

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 5,066	\$ 98	\$ 5,164
2024	1,283	7	1,290
Total	<u>\$ 6,349</u>	<u>\$ 105</u>	<u>\$ 6,454</u>

***Building Lease Liability***

The City entered into a 13-month lease as lessee for the use of office suites located at 770 Rancho Santa Fe Road. An initial lease liability was recorded in the amount of \$47,765. As of June 30, 2022, the value of the lease liability is \$3,716. The City is required to make monthly fixed payments of \$3,580. The lease has an interest rate of 2.05 percent. The building's estimated useful life was 360-months as of the contract commencement.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***Building Lease Liability (Continued)***

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 3,716	\$ 98	\$ 3,814
Total	\$ 3,716	\$ 98	\$ 3,814

***2013 Lease Revenue Refunding Bonds (Public Park Construction Project)***

On March 20, 2013, the Encinitas Public Financing Authority, a blended component unit of the City, issued its 2013 Lease Revenue Bonds, Series A (Public Park Construction Project) in the amount of \$7,865,000 to provide funds for the construction of capital improvements to the Encinitas Community Park. The bonds consist of \$7,865,000 of serial bonds, which mature annually through 2033 in installments ranging from \$305,000 to \$510,000. Interest is due and payable semi-annually at rates ranging from 2.00 percent to 3.00 percent. The bonds were issued at a premium, which is being amortized over the life of the bonds on a straight-line basis in the government-wide financial statements. The bonds are payable from lease payments to be made by the City of Encinitas for the right to use certain real property and related improvements pursuant to a lease agreement dated March 1, 2013, between the City as lessee and the Authority as lessor. The bonds are secured by pledged revenue consisting of all lease revenue paid by the City of Encinitas in addition to any assets held in trust for the purpose of paying the lease payments. The Authority has a leasehold on the property until all the terms of the lease agreement are fulfilled. The refunding bonds are payable from any source of legally available funds of the City. The bonds are subject to federal arbitrage requirements.

The annual debt service requirements for the 2013 Lease Revenue Refunding Bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 375,000	\$ 138,722	\$ 513,722
2024	390,000	127,950	517,950
2025	400,000	116,100	516,100
2026	410,000	103,950	513,950
2027	425,000	91,425	516,425
2028-2032	2,325,000	255,375	2,580,375
2033	510,000	7,650	517,650
Total	\$ 4,835,000	\$ 841,172	\$ 5,676,172

The bonds maturing on or after October 1, 2023 are subject to optional redemption on any date on or after October 1, 2022, without a premium.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations (Continued)**

**B. Governmental Activities (Continued)**

***2014 Lease Revenue Bonds (Pacific View Property and Moonlight Beach Lifeguard Tower)***

On November 26, 2014, the Encinitas Public Financing Authority (on behalf of the City of Encinitas) issued its 2014 Lease Revenue Bonds, Series A tax-exempt (Moonlight Beach Lifeguard Tower) and Series B taxable (Pacific View Property) in the amounts of \$3,095,000 and \$10,365,000, respectively, to provide funds for the purpose of improving the Moonlight Beach Lifeguard Tower and financing the acquisition of a property known as the Pacific View Property. The bonds consist of \$3,350,000 of serial bonds and \$10,110,000 of term bonds. The serial bonds mature annually through 2030 in installments ranging from \$65,000 to \$245,000. The term bonds mature through 2045 and are subject to mandatory sinking requirements. Interest is due and payable semi-annually at rates ranging from 2.00 percent to 3.50 percent. The bonds were issued at a discount, which is being amortized over the life of the bonds on a straight-line basis in the government-wide financial statements. The bonds are payable from lease payments to be made by the City of Encinitas for the right to use certain real property and related improvements pursuant to a lease agreement dated November 1, 2014, between the City as lessee and the Authority as lessor. The bonds are secured by pledged revenue consisting of all lease revenue paid by the City of Encinitas in addition to any assets held in trust for the purpose of paying the lease payments. The Authority has a leasehold on the property until all the terms of the lease agreement are fulfilled. The refunding bonds are payable from any source of legally available funds of the City. The bonds are subject to federal arbitrage requirements.

On July 28, 2021 the Encinitas Public Financing Authority issued the 2021 Federally Taxable Lease Revenue Bonds to refund and defease a portion of the outstanding bonds noted above. The total amount defeased during Fiscal Year 2022 was \$8,675,000.

The annual debt service requirements for the 2014 Lease Revenue Bonds, Series A Moonlight Beach Lifeguard Tower bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 75,000	\$ 89,831	\$ 164,831
2024	80,000	86,731	166,731
2025	85,000	84,069	169,069
2026	85,000	81,944	166,944
2027	90,000	79,644	169,644
2028-2032	480,000	355,484	835,484
2033-2037	570,000	265,663	835,663
2038-2042	675,000	153,475	828,475
2043-2045	<u>475,000</u>	<u>27,281</u>	<u>502,281</u>
Total	<u>\$ 2,615,000</u>	<u>\$ 1,224,122</u>	<u>\$ 3,839,122</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***2014 Lease Revenue Bonds (Pacific View Property and Moonlight Beach Lifeguard Tower)  
(Continued)***

The annual debt service requirements for the 2014 Lease Revenue Bonds, Series B Pacific View Property bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 230,000	\$ 208,425	\$ 438,425
Total	<u>\$ 230,000</u>	<u>\$ 208,425</u>	<u>\$ 438,425</u>

***2015 Library Refunding Bonds***

On September 1, 2015, the Encinitas Public Financing Authority issued \$15,645,000 of 2015 Lease Revenue Refunding Bonds to defease and refund on a current basis, all of the outstanding 2006 Library Bonds which were originally used to finance capital projects that included the construction of the Encinitas Library and the Encinitas Community Park, in addition to rehabilitating three fire stations and the public works facility. The bonds consist of serial bonds maturing from 2016 through 2036 in annual installments of \$480,000 to \$1,025,000. Interest is due and payable semi-annually at rates ranging from 2.5 percent to 5.0 percent. Annual debt service is approximately \$1,065,000 through 2036. The bonds are subject to federal arbitrage requirements.

The annual debt service requirements for the 2015 Library Refunding Bonds outstanding at June 30, 2022 are presented below.

Year Ending June 30	Principal	Interest	Total
2023	\$ 640,000	\$ 415,331	\$ 1,055,331
2024	675,000	382,456	1,057,456
2025	700,000	351,581	1,051,581
2026	730,000	322,981	1,052,981
2027	750,000	299,006	1,049,006
2028-2032	4,095,000	1,147,691	5,242,691
2033-2037	<u>4,795,000</u>	<u>433,494</u>	<u>5,228,494</u>
Total	<u>\$ 12,385,000</u>	<u>\$ 3,352,540</u>	<u>\$ 15,737,540</u>



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***2017 Park Refunding Bonds***

On February 7, 2017, the Encinitas Public Financing Authority issued \$11,955,000 of 2017 Lease Revenue Refunding Bonds to defease and refund on a current basis, all of the outstanding 2010 Park Bonds which were issued for the purpose of refinancing its 2001 Lease Revenue Bonds, Series A. The refunded 2001 Lease Revenue Bonds, Series A were used to finance the acquisition of real property (Hall Property) now known as the Encinitas Community Park. The bonds consist of serial bonds maturing from 2018 through 2031 in annual installments of \$580,000 to \$1,110,000 and term bonds maturing April 1, 2030 in the amount of \$2,125,000. Interest is due and payable semi-annually at rates ranging from 3.0 percent to 5.0 percent. Annual debt service is approximately \$1,140,000 through 2031. The bonds are subject to federal arbitrage requirements.

The annual debt service requirements for the 2017 Park Refunding Bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 785,000	\$ 354,500	\$ 1,139,500
2024	825,000	315,250	1,140,250
2025	870,000	274,000	1,144,000
2026	910,000	230,500	1,140,500
2027	955,000	185,000	1,140,000
2028-2031	<u>4,240,000</u>	<u>333,300</u>	<u>4,573,300</u>
Total	<u>\$ 8,585,000</u>	<u>\$ 1,692,550</u>	<u>\$ 10,277,550</u>

***2021 Pacific View (Series A) Bonds***

On July 28, 2021, the Encinitas Public Financing Authority issued \$9,505,000 of 2021 Federally Taxable Lease Revenue Bonds Series A (Pacific View Property) for the purpose of refunding and defeasing a portion of the \$9,130,000 outstanding 2014 Lease Revenue Bonds which were used to acquire a property known as the Pacific View Property and to pay costs of issuance. The term bonds mature through 2045 and are subject to mandatory sinking requirements. Interest is due and payable semi-annually at rates ranging from 0.35 percent to 3.0 percent. Annual debt service is approximately \$560,000 through 2045. The bonds are subject to federal arbitrage requirements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$935,593. This difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2044. The balance of the deferred outflow is \$1,163,174 at June 30, 2022. The City completed the advance refunding to reduce its total debt service over the next 23 years by approximately \$2,085,880 and to obtain an economic gain (difference between the present values of the old and new debt service payments of approximately \$1,574,506).

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

***2021 Pacific View (Series A) Bonds (Continued)***

The annual debt service requirements for the 2021 Pacific View (Series A) Bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 105,000	\$ 216,244	\$ 321,244
2024	345,000	215,171	560,171
2025	345,000	212,946	557,946
2026	350,000	209,798	559,798
2027	355,000	205,759	560,759
2028-2032	1,860,000	940,278	2,800,278
2033-2037	2,075,000	730,661	2,805,661
2038-2042	2,375,000	430,974	2,805,974
2043-2045	<u>1,615,000</u>	<u>75,290</u>	<u>1,690,290</u>
Total	<u>\$ 9,425,000</u>	<u>\$ 3,237,121</u>	<u>\$ 12,662,121</u>

**B. Business-Type Activities**

***2017 CSD Note Payable to San Elijo Joint Powers Authority (SEJPA)***

On July 6, 2017 SEJPA, on behalf of its members (the Cardiff Sanitary Division and the City of Solana Beach) issued 2017 Revenue Bonds (Clean Water Projects) for the purpose of funding facilities and improvements as part of SEJPA's capital improvement plan and certain costs of issuance. The 2017 revenue bonds are not the obligation of the City of Encinitas nor its component unit, the CSD. The City of Encinitas entered into a Series 2017 Loan Agreement dated June 1, 2017, as a successor to the CSD to assist in the financing of the CSD's respective share of the Series 2017 Revenue Bonds. CSD is responsible for the repayment of the loan in the amount of \$11,057,500 of the total borrowing amount of \$22,115,000 (50 percent). Annual debt service is approximately \$670,000 from 2020 through 2047. The average rate on the borrowing is approximately 2.5 percent. The bonds were issued at a premium, which is being amortized over the life of the bonds on a straight-line basis.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

***2017 CSD Note Payable to San Elijo Joint Powers Authority (SEJPA) (Continued)***

Encinitas has pledged its *system revenues* to pay for this outstanding obligation. *System revenues* are defined as gross revenues less operations and maintenance costs that are related to the collection, treatment, reclamation, recycling, and disposal of wastewater. Encinitas has covenanted to collect its system revenues which, after allowances for contingencies and error in the estimates, shall produce gross revenues sufficient in each fiscal year to provide system revenues equal to at least 1.3 times the annual debt service. Total principal and interest remaining to be paid on the 2017 Note Payable as of June 30, 2022 is \$16,715,847. During the year ended June 30, 2022, interest paid on the 2017 Note Payable was \$438,113 and net revenue was \$1,139,979, or 171 percent of annual debt service. Management of CSD believes it is in compliance with these covenants for Fiscal Year 2021-22.

The annual debt service requirements for the 2017 CSD Note Payable to SEJPA outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 237,500	\$ 431,213	\$ 668,713
2024	245,000	424,088	669,088
2025	255,000	414,288	669,288
2026	267,500	401,538	669,038
2027	280,000	388,163	668,163
2028-2032	1,627,500	1,715,813	3,343,313
2033-2037	2,042,500	1,302,963	3,345,463
2038-2042	2,452,500	886,281	3,338,781
2043-2047	2,977,500	366,500	3,344,000
Total	<u>\$ 10,385,000</u>	<u>\$ 6,330,847</u>	<u>\$ 16,715,847</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations (Continued)**

**C. Business-Type Activities (Continued)**

***2007 SDWD Note Payable to R.E. Badger Water Facilities Financing Authority (WFFA)***

On November 20, 2007, the WFFA, on behalf of its members (the Santa Fe Irrigation District and the San Dieguito Water District) issued \$20,685,000 of 2007 Water Revenue Refunding Bonds while concurrently redeeming all of its outstanding 1999 Water Revenue Bonds. Information on the bond issuance itself is available through the WFFA administrative offices. SDWD is responsible, via an Amended and Restated Loan Agreement, for the repayment of \$7,705,000 of the total borrowing. Principal is due and payable annually in amounts ranging from \$335,000 to \$620,000.

Interest is due and payable semi-annually at rates ranging from 3.5 percent to 4.5 percent. Annual debt service is approximately \$635,000 through 2025.

The annual debt service requirements for the 2007 SDWD Note Payable to R.E. Badger Water Facilities Financing Authority outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 570,000	\$ 66,043	\$ 636,043
2024	595,000	40,915	635,915
2025	620,000	13,950	633,950
Total	<u>\$ 1,785,000</u>	<u>\$ 120,908</u>	<u>\$ 1,905,908</u>

***2014 SDWD Water Revenue Refunding Bonds***

On September 18, 2014, SDWD issued \$5,870,000 of Water Revenue Refunding Bonds, Series 2014, to defease and refund on a current basis, all of the outstanding 2004 Water Revenue Refunding Bonds. The bonds consist of serial bonds maturing from 2016 through 2024 in annual installments of \$570,000 to \$755,000. Interest is due and payable semi-annually at rates ranging from 3.0 percent to 4.0 percent. Annual debt service is approximately \$780,000 through 2024. The bonds are subject to federal arbitrage requirements.

The annual debt service requirements for the 2014 SDWD Water Refunding Bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 725,000	\$ 44,700	\$ 769,700
2024	755,000	15,100	770,100
Total	<u>\$ 1,480,000</u>	<u>\$ 59,800</u>	<u>\$ 1,539,800</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

***2007 SDWD Note Payable to R.E. Badger Water Facilities Financing Authority (WFFA) (Continued)***

***Pledged Revenues***

SDWD has pledged its *net revenues* to pay the debt service on these two obligations. *Net revenues* are defined as gross revenues less operations and maintenance costs, excluding depreciation, amortization, and other non-cash type charges. Total principal and interest outstanding of the debt as of June 30, 2022, is \$3,445,708. During the year ended June 30, 2022 principal and interest paid was \$1,402,497 and net revenue was \$3,723,446, or 265 percent of annual debt service. SDWD has covenanted to budget for *net revenues* each fiscal year of at least 115 percent of combined annual debt service. SDWD's management believes it is in compliance with these covenants for Fiscal Year 2021-22.

***2004 Encinitas Housing Authority (EHA) Note Payable***

In 2004, the EHA secured a note payable with a financial institution of \$1,905,338 to partially fund the acquisition of 16 affordable housing units. The note is secured only by the rental income generated by the housing units. Principal and interest are due and payable monthly. Annual principal installments range from \$52,417 in 2014 to \$98,938 in 2031. The note bears interest at 90 percent of the ten-year US Treasury note, adjustable every six years. The EHA is solely responsible for repayment of this note.

The annual debt service requirements for the 2004 Encinitas Housing Authority Note Payable outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 87,186	\$ 12,693	\$ 99,879
2024	88,550	11,329	99,879
2025	89,997	9,882	99,879
2026	91,436	8,443	99,879
2027	92,898	6,981	99,879
2028-2032	389,163	12,847	402,010
Total	\$ 839,230	\$ 62,175	\$ 901,405

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Interfund Receivables, Payable and Transfers**

**A. Due To and From Other Funds**

Individual interfund receivables and payables at June 30, 2022 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 930,258	\$ -
Capital Improvements Capital Projects Fund	9,890,181	-
Infrastructure Improvements Special Revenue Fund		10,266,942
Non-major Governmental Funds	-	393,164
Enterprise Funds:		
Non-major Affordable Housing Enterprise Fund	-	95,420
Internal Service Funds	-	64,913
Total	<u>\$ 10,820,439</u>	<u>\$ 10,820,439</u>

The amounts due to the General Fund are all short-term borrowings in anticipation of grant revenue not yet received or for debt service payments.

The amounts due to the Capital Improvements Capital Projects fund represent grant revenues due from other funds for capital projects.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Interfund Receivables, Payable and Transfers (Continued)**

**B. Transfers In and Out**

Transfers in and out between funds for the year ended June 30, 2022 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	
General Fund	Infrastructure Improvements	\$ 991,721
General Fund	Non-Major Governmental Funds	215,765
General Fund	Capital Projects Fund	437,207
		<u>1,644,693</u>
Infrastructure Improvements	General Fund	103,834
Infrastructure Improvements	Non-Major Governmental Funds	200
Infrastructure Improvements	Capital Projects Fund	21,816
Infrastructure Improvements	Major Proprietary Fund	1,385
Infrastructure Improvements	Internal Service Funds	4,059
		<u>131,294</u>
Capital Projects Fund	Infrastructure Improvements	7,124,871
Capital Projects Fund	Non-Major Governmental Funds	1,584,733
Capital Projects Fund	Non-Major Proprietary Fund	15,172
Capital Projects Fund	General Fund	12,813,722
		<u>21,538,498</u>
Non-Major Governmental Funds	General Fund	3,823,187
Non-Major Governmental Funds	Capital Projects Fund	536,454
		<u>4,359,641</u>
Internal Service Funds	Internal Service Funds	147,000
Internal Service Funds	General Fund	4,127,793
		<u>4,274,793</u>
Total		<u><u>\$31,948,919</u></u>

Transfers into the General Fund consist of funds from the State Gasoline Tax and two of the City's Development Impact Fee fund. The City accounts for all street maintenance expenditures in the Streets Division budget unit within the General Fund and transfers all State Gasoline Tax operating revenues from the Infrastructure Improvements Special Revenue Fund to the General Fund. The City's Development Impact Fee Funds transfer funds to the General Fund for qualified costs incurred, or to be incurred in the future years, by the General Fund for the construction of public facilities.

Transfers into the Capital Improvements Capital Projects Fund represent funds from the General fund as well as other governmental funds including development impact fees, state and federal capital grants that are restricted in their use for capital expenditures. All capital projects are executed and expended through the Capital Improvements Capital Projects Fund.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Interfund Receivables, Payable and Transfers (Continued)**

**B. Transfers In and Out (Continued)**

Transfers into the non-major governmental funds represent General Fund subsidies for the Senior Nutrition Program, the Community Development Block Grant (CDBG), the Section 8 Housing Program, the Home Program, and the Wiro Park Landscape and Lighting District. The transfers into the non-major governmental funds also include transfers to the City's Debt Service Fund and the Encinitas Public Financing Authority Debt Service Fund to pay for the City's various debt service obligations.

In 1998, the Council increased the Transient Occupancy Tax (TOT) from eight percent to ten percent. The additional two percent of TOT revenue increase is transferred to the Coastal Zone Management fund for beach and sand replenishment and stabilization projects.

Transfers into the Internal Service Funds represent the City's annual contribution from the General Fund to the Self Insurance (Risk Management) Fund. The contribution is not mandated and is established by the City Council during the annual budget process. In addition, the General Fund also contributes toward vehicle replacement funds annually.



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Fund Balance and Net Position Classifications**

The City classifies fund balances, as shown on the *Balance Sheet - Governmental Funds* as of June 30, 2022 as follows:

	Major Funds				
	General Fund	Capital Improvements Capital Projects Fund	Infrastructure Improvements Special Revenue Fund	Other Governmental Funds	Totals
Nonspendable:					
Inventory and prepaid items	\$ 271,729	\$ -	\$ -	\$ -	\$ 271,729
Long-term receivable	16,681	-	-	-	16,681
Total nonspendable	<u>288,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,410</u>
Restricted:					
Capital projects	-	19,487,888	-	-	19,487,888
Street maintenance and improvements	-	-	-	1,652,486	1,652,486
Cable Franchise PEG funds	-	-	-	312,816	312,816
Environmental initiatives	-	-	-	143,996	143,996
Affordable housing	-	-	-	123,474	123,474
Donations	-	-	-	80,534	80,534
Parkland and open space	-	-	-	1,111,392	1,111,392
Traffic mitigation	-	-	-	106,962	106,962
Flood control	-	-	-	378,077	378,077
Flexible saving account	182,172	-	-	-	182,172
Lighting and landscaping assessments	-	-	-	3,369,731	3,369,731
Fire protection	-	-	-	405,675	405,675
Debt service	-	-	-	15,011	15,011
Total restricted	<u>182,172</u>	<u>19,487,888</u>	<u>-</u>	<u>7,700,154</u>	<u>27,370,214</u>
Committed:					
Capital projects	-	20,463,699	-	-	20,463,699
Budget stabilization	1,846,609	-	-	-	1,846,609
Operating reserve	16,558,431	-	-	-	16,558,431
Total committed	<u>18,405,040</u>	<u>20,463,699</u>	<u>-</u>	<u>-</u>	<u>38,868,739</u>
Unassigned	<u>10,452,438</u>	<u>-</u>	<u>(8,214,740)</u>	<u>-</u>	<u>2,237,698</u>
Total Fund Balances	<u>\$ 29,328,060</u>	<u>\$ 39,951,587</u>	<u>\$ (8,214,740)</u>	<u>\$ 7,700,154</u>	<u>\$ 68,765,061</u>

**Categorization of Reserves under Adopted City Policies**

All unassigned amounts in the City's General Fund are considered reserves under internal City policies. The City maintains three separate and distinct reserves.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 11 – Fund Balance and Net Position Classifications (Continued)**

**Categorization of Reserves under Adopted City Policies (Continued)**

- 1) **Contingency Reserve** – represents funds that are committed for use only in exceptional circumstances such as catastrophic events that could negatively impact the financial condition of the City. Funding represents 20 percent of the following year's operating expenditures, and no drawdowns have ever been executed from this reserve. City Policy requires a 4/5 vote of the City Council to authorize draws on this reserve. The amount of the contingency reserve as of June 30, 2022 was \$16,558,431.
- 2) **Budget Stabilization Reserve** – was established in 2007 to help mitigate potential fluctuations in operating revenues, or to fund unanticipated operating expenditures. Funding levels are mandated at two to five percent of the following year's budgeted operating revenues. Any changes to the level of funding for this reserve also require a 4/5 vote of the City Council. In practice, this reserve has been funded within the established range since 2007, and changes are made during the annual budget process. The amount of the budget stabilization reserve committed as of June 30, 2022 was \$1,846,609.
- 3) **General Undesignated Reserve** – this reserve represents any remaining unassigned fund balance after funding levels have been established for (1) and (2) above. These funds may be allocated in any manner the City Council designates. The amount of the general undesignated reserve as of June 30, 2022 was \$10,452,438.

**Note 12 – Risk Management**

**A. City of Encinitas - Risk Management and Insurance Programs**

The City 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 City has a proactive in-house risk management program, which combines risk mitigation initiatives with a self-insurance program and excess coverage policies with outside providers.

The City maintains a Self-Insurance Fund to finance and account for its self-insured risks of loss. The Self-Insurance Fund is accounted for as an internal service fund. It is supported by interfund charges for workers' compensation coverage, unemployment insurance, and contributions from CSD, ESD and the City. The Self-Insurance Fund strives to maintain an adequate net position, over time, to cover all known and reported claims, as well as an adequate reserve for incurred but not reported (IBNR) claims.

The City is self-insured for liability claims and losses up to \$250,000 per occurrence, and for workers' compensation claims and losses up to \$350,000 per occurrence.

The City is a member of the Public Risk Innovation, Solutions, and Management (PRISM), a member directed risk sharing pool which covers liability claims or losses above the City's \$250,000 self-insured level. PRISM is a separate legal entity formed by the participating municipalities and counties to provide pooled excess liability insurance coverage to its members.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 12 – Risk Management (Continued)**

**A. City of Encinitas - Risk Management and Insurance Programs (Continued)**

The members do not hold any ownership stake in PRISM and have no claims to revenue or assets upon withdrawal.

PRISM is governed by a Board of Directors, who determines policy and necessary funding levels, including retroactive adjustments for over- or under-funding, which is reflected as adjustments to current year premiums. The City is covered for losses above \$250,000 with excess coverage through PRISM and excess carriers up to \$50 million dollars. All members jointly share risk liability exposures in excess of each member's self-insured retention.

The City is a member of the Local Agency Workers Compensation Excess (LAWCX), a California Joint Powers Insurance Authority. LAWCX provides coverage for claims between \$350,000 and \$5,000,000. Excess workers' compensation coverage between \$5,000,000 and statutory limits is provided through contract reinsurance. City departments contribute premiums to the Self-Insurance Fund based on annual rates set for each work class.

Changes in the balances of claims payable for liability and workers' compensation during the past two years are as follows:

	Year Ended June 30, 2022	Year Ended June 30, 2021
Claims payable, beginning of year	\$ 4,038,427	\$ 3,243,070
Estimated incurred claims, net	2,696,205	2,464,599
Claims payments or closures	<u>(2,168,685)</u>	<u>(1,669,242)</u>
Claims payable, end of year	<u>\$ 4,565,947</u>	<u>\$ 4,038,427</u>

**B. San Dieguito Water District (SDWD) - Risk Management and Insurance Programs**

Risk management programs and support for SDWD are provided by the City of Encinitas Administrative Services Department, for which SDWD pays the City an annual fee (charge for those services). SDWD paid the City \$91,408 for the year ended June 30, 2022.

SDWD is a member of the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA), which provides coverage for general liability, property and casualty, and workers' compensation. As of June 30, 2022, in the opinion of the District's management and general counsel, there were no material claims which would require accrual in the accompanying financial statements. Management has determined, based on modest self-insurance retention levels and favorable claims experience, that no self-insurance liabilities were necessary. SDWD has two outstanding minor claims as of June 30, 2022 and did not pay any claims during the fiscal year.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 13 – Commitments and Contingencies**

**A. Lawsuits**

Claims and lawsuits have been filed against the City in the normal course of conducting City business. The estimated liability under such Claims is adequately covered by the reserve funds in the Self-Insurance Fund and by the excess insurance coverage afforded by PRISM and LAWCX (See Note 12).

**B. Grants**

Amounts received or owed from federal and state granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or Single Audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

**C. Construction Commitments**

As of June 30, 2022, the City had remaining contractual commitments totaling approximately \$5.5 million for capital projects related to its governmental and business-type activities. The more significant capital commitments included approximately \$2.6 million for street improvement projects, approximately \$2.5 million for CSD pump station upgrades and pipeline rehabilitation-capacity improvement projects. There were also commitments for park improvements projects for \$0.2 million and drainage improvements projects for approximately \$0.2 million.

**Note 14 – California Public Employees' Retirement System**

The information in the following table includes the aggregate total pension related items for the Miscellaneous and Safety plans of the City and the Miscellaneous plan of SDWD:

	Miscellaneous	Safety	SDWD	Total
Net Pension Liabilities	\$ 10,558,567	\$ 16,946,578	\$ 4,158,007	\$ 31,663,152
Deferred Outflow of Resources	4,695,428	7,568,073	1,574,285	13,837,786
Deferred Inflow of Resources	10,686,847	11,672,221	4,538,413	26,897,481
Pension Expense	418,185	2,819,224	1,812,344	5,049,753

The City has the following California Public Employees' Retirement Plans:

1. The Miscellaneous Plan of the City of Encinitas (Miscellaneous Plan)
2. The Safety Plan of the City of Encinitas (Safety Plan)
  - a. Fire Plan of the City of Encinitas
  - b. Lifeguard Plan of the City of Encinitas
3. The Miscellaneous Plan of the San Dieguito Water District (SDWD Plan)

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 14 – California Public Employees’ Retirement System (Continued)**

***Plan Descriptions***

Miscellaneous Plan

The City of Encinitas has entered into separate defined benefit pension plans covering miscellaneous and safety employees with the California Public Employees’ Retirement System (CalPERS). CalPERS is an agent multiple-employer public employee defined benefit pension plan. The plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Plans are administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract and adopts those benefits through local ordinances. A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2019 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under “Forms and Publications.”

Safety Plan

The *Safety Plan* is a cost-sharing multiple-employer defined benefit plan in which the City participates with other public agencies that each have fewer than 100 active members and share the same benefit formula and includes both fire and lifeguard employees, and retirees. The Safety Plan is administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Safety Plan are established by State statutes within the Public Employees’ Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California 95814.

SDWD Plan

The *SDWD Plan* is a cost-sharing multiple-employer defined benefit plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries, in which the District participates with other public agencies that each have fewer than 100 active members and share the same benefit formula. The Plan is administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California 95814.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 14 – California Public Employees' Retirement System (Continued)**

***Benefits Provided***

The City's *Miscellaneous Plan* is an agent multiple-employer plan that is part of the City's portion of CalPERS. The *Miscellaneous Plan* provides employees hired before October 13, 2012 with a Tier 1 benefit equal to 2.7 percent at 55 years of age, calculated based on the single highest year of qualifying compensation. As of October 13, 2012, the City Council imposed new terms and conditions on the miscellaneous employees which created a new benefit formula for employees hired after the effective date of the change (the "Tier 2 miscellaneous plan"). Employees hired under the Tier 2 miscellaneous plan receive a lower benefit formula, referred to as the two percent at 60 years of age formula. In addition, legislation enacted by the State of California applying to all local units of government, referred to as the Public Employees' Pension Reform Act (PEPRA) which became effective on January 1, 2013, created yet another benefit formula for new hires with no experience or prior service credit with CalPERS. In the case of the City, this will constitute a "Tier 3 miscellaneous plan" which provides a retirement benefit, referred to as the two percent at 62 years of age formula. The actual retirement benefit for Tier 2 and Tier 3 miscellaneous employees will be calculated using the average of the highest 36 consecutive months of qualifying compensation.

The City's *Safety Plan* provides Fire Department employees hired before June 23, 2012 with a Tier 1 benefit equal to three percent at 55 years of age, calculated based on the single highest year of qualifying compensation. Effective June 23, 2012, the City provides for modifications to the pension benefit formula for employees hired on or after the effective date (the "Tier 2 fire safety plan"). The three percent at 55 year of age formula is maintained, but the actual retirement benefit will be calculated using the average of the highest 36 consecutive months of qualifying compensation. In addition, the PEPRA legislation, created yet another benefit formula for new hires with no experience or prior service credit with CalPERS. In the case of the City, this will constitute a "Tier 3 fire safety plan" which provides a retirement benefit, referred to as the 2.7 percent at 57 years of age formula. This plan also utilizes the mandated method of calculation based on the average of the highest 36 consecutive months of qualifying compensation.

The City's *Safety Plan* also provides lifeguard employees hired before October 13, 2012 with a Tier 1 benefit equal to three percent at 55 years of age, calculated based on the single highest year of qualifying compensation. The lifeguards have Tier 2 and Tier 3 (PEPRA) plans which are identical to the *Fire Plan* described above.

The *SDWD Plan* provides employees hired before October 13, 2012 with a Tier 1 benefit equal to 2.7 percent at 55 years of age, calculated based on the single highest year of qualifying compensation. As of October 13, 2012, the Board of Directors imposed new terms and conditions which created a new benefit formula for employees hired after the effective date of the change (the "Tier 2 Plan"). Employees hired under the Tier 2 Plan receive a lower benefit formula, referred to as the two percent at 60 years of age formula. In addition, PEPRA created yet another benefit formula for new hires with no experience or prior service credit with CalPERS. In the case of the District, this will constitute a "Tier 3 Plan" which provides a retirement benefit, referred to as the 2 percent at 62 years of age formula. The actual retirement benefit for Tier 2 and Tier 3 employees will be calculated using the average of the highest 36 consecutive months of qualifying compensation.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Employees Covered by Benefit Terms***

As of the measurement date June 30, 2021, the following employees were covered by the benefit terms for the City’s plans:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>SDWD</u>
Active employees	160	63	24
Inactive employees or beneficiaries currently receiving benefits	170	83	33
Inactive employees entitled to, but not yet receiving benefits	<u>175</u>	<u>52</u>	<u>15</u>
Total	<u><u>505</u></u>	<u><u>198</u></u>	<u><u>72</u></u>

***Contributions***

Miscellaneous Plan

*Employee Contributions*

Active City Tier 1 miscellaneous members are required to contribute eight percent of their annual covered salary (the "employee contribution"). Effective October 13, 2012, all City Tier 1 miscellaneous members contribute the full eight percent, which is credited to their individual accounts. Members receiving the Tier 2 or Tier 3 benefits are required to contribute seven percent and 7.25 percent of their annual covered salary, respectively. The employee contribution requirements are established by State statute.

*Employer Contributions*

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members (the "employer contributions"). The employer normal cost contribution rate for Fiscal Year 2021-22 was 11.04 percent for miscellaneous members. The employer contribution rates are calculated and established annually by CalPERS, based on the actuarial methods and assumptions as adopted by the CalPERS Board of Administration.

Safety Plan

Active fire and lifeguard members are required to contribute 9 to 13.75 percent of their annual covered salary (the "employee contribution"). The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members (the "employer contributions"). The employer contribution rates for Fiscal Year 2021-22 were 13.98 to 23.62 percent for fire members and 13.13 to 21.79 percent for lifeguard members. The employer contribution rates are calculated and established annually by CalPERS, based on the actuarial methods and assumptions adopted by the CalPERS Board of Administration.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 14 – California Public Employees' Retirement System (Continued)**

***Contributions (Continued)***

**SDWD Plan**

Active members in the Tier 1 Plan are required to contribute eight percent of their annual covered salary (the "employee contribution"). Effective October 13, 2012, all Tier 1 members contribute the full eight percent, which is credited to their individual accounts. Members receiving the Tier 2 or Tier 3 benefits are required to contribute seven percent, and 6.75 percent of their annual covered salary, respectively. The employee contribution requirements are established by State statute.

SDWD is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members (the "employer contributions"). The employer contribution rates for the year ended June 30, 2022 for Tier 1, Tier 2, and PEPRA employees were 14.02 percent, 8.65 percent, and 7.59 percent, respectively. The employer contribution rates are calculated and established annually by CalPERS, based on the actuarial methods and assumptions as adopted by the CalPERS Board of Administration.

***Net Pension Liability***

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability (All Plans)**

For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 and June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15 percent. 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.



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Discount Rate (Continued)***

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 as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<b>Asset Class <sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return 1 - 10 <sup>2</sup></b>	<b>Real Return 11 + <sup>3,4</sup></b>
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.0	6.30	7.23
Real assets	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

<sup>1</sup> In the CalPERS ACFR, liquidity is included in short-term investments; inflation assets are included in both public equity and fixed income.

<sup>2</sup> An expected inflation of 2.00 percent was used for this period.

<sup>3</sup> An expected inflation of 2.92 percent was used for this period.

<sup>4</sup> Figures are based on previous ALM of 2017.

***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 could make its final decision on the asset allocation in November 2021.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (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 modification 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.

***Changes in the Net Pension Liability***

The following tables show the changes in the net pension liability recognized over the measurement period for the Miscellaneous Plan:

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 121,036,730	\$ 94,757,859	\$ 26,278,871
Changes Recognized for the Measurement Period:			
Service Cost	2,455,688	-	2,455,688
Interest on the total pension liability	8,546,269	-	8,546,269
Difference between expected and actual experience	(99,908)	-	(99,908)
Contributions from the employer	-	4,188,756	(4,188,756)
Contributions from employees	-	1,090,697	(1,090,697)
Net investment income, net of administrative expense	-	21,437,557	(21,437,557)
Benefit payments, including refunds of employee contributions	(5,272,858)	(5,272,858)	-
Administrative expense	-	(94,657)	94,657
Other expense	-	-	-
Net Changes during July 1, 2020 to June 30, 2021	5,629,191	21,349,495	(15,720,304)
Balance at June 30, 2021 (Measurement Date)	\$ 126,665,921	\$ 116,107,354	\$ 10,558,567

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Changes in the Net Pension Liability (Continued)***

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Plan as follows:

	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Plan Net Pension Liability/(Asset)</b>
Balance at June 30, 2020 (Valuation date)	\$ 101,149,747	\$ 73,544,213	\$ 27,605,534
Balance at June 30, 2021 (Measurement date)	<u>104,235,934</u>	<u>87,289,356</u>	<u>16,946,578</u>
Net changes during 2020-2021	<u>\$ 3,086,187</u>	<u>\$ 13,745,143</u>	<u>\$ (10,658,956)</u>

The City’s net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for the Safety Plan as of measurement date June 30, 2021 was as follows:

	<b>Safety Plan</b>
Proportionate share at June 30, 2021	0.41435%
Proportionate share at June 30, 2022	<u>0.48288%</u>
Change - Increase/(Decrease)	<u>0.06853%</u>

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of the SDWD Plan as follows:

	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Plan Net Pension Liability/(Asset)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 24,274,921	\$ 17,181,179	\$ 7,093,742
Balance at June 30, 2021 (Measurement Date)	<u>25,065,548</u>	<u>20,907,541</u>	<u>4,158,007</u>
Net changes during 2020-2021	<u>\$ 790,627</u>	<u>\$ 3,726,362</u>	<u>\$ (2,935,735)</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Changes in the Net Pension Liability (Continued)***

The City’s net pension liability for the SDWD Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for the SDWD Plan as of June 30, 2021 was as follows:

	<b>SDWD Plan</b>
Proportionate share at June 30, 2021	0.16817%
Proportionate share at June 30, 2022	<u>0.21898%</u>
Change - Increase/(Decrease)	<u>0.05081%</u>

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

The following presents the net pension liability of the Miscellaneous Plan, Safety Plan, and SDWD Plan as of the measurement date, calculated using the discount rate of 7.15 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 (6.15 percent) or one percentage point higher (8.15 percent) than the current rate:

	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
City Miscellaneous	\$ 27,591,220	\$ 10,558,567	\$ (3,503,768)
City Safety	30,977,634	16,946,578	5,421,798
SDWD	7,467,434	4,158,007	1,422,151
	<u>\$ 66,036,288</u>	<u>\$ 31,663,152</u>	<u>\$ 3,340,181</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the Miscellaneous, Safety, and SDWD Plans’ fiduciary net position is available in a separately issued CalPERS financial report.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Amortization of Deferred Outflows and Inflows of Resources***

Under GASB No. 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.

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 years
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

***Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension***

For the year ended June 30, 2022, the City recognized pension expense of \$418,185, \$2,819,224, and \$1,812,344 for the Miscellaneous, Safety and SDWD plans, respectively. At June 30, 2022, the City reported deferred outflows resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous Plan</b>		<b>Safety Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contribution made after the measurement date	\$ 4,523,563	\$ -	\$ 3,658,997	\$ -
Difference between expected and actual experience	171,865	(67,680)	2,895,308	-
Difference between employer's contribution and proportionate share of contribution	-	-	-	(1,585,750)
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	(10,619,167)	-	(10,086,471)
Adjustments due to difference in proportions	-	-	1,013,768	-
Total	<u>\$ 4,695,428</u>	<u>\$ (10,686,847)</u>	<u>\$ 7,568,073</u>	<u>\$ (11,672,221)</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension (Continued)***

The \$4,523,563 and \$3,658,997 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>
<b>Measurement Period Ending June 30</b>	<b>Deferred Outflows (Inflows) of Resources</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (2,539,704)	\$ (1,274,575)
2023	(2,483,901)	(1,582,032)
2024	(2,554,713)	(2,130,882)
2025	(2,936,664)	(2,775,656)
2026	-	-
Thereafter	-	-
	<u>\$ (10,514,982)</u>	<u>\$ (7,763,145)</u>

For the year ended June 30, 2022, the City recognized pension expense of \$1,812,344 for the SDWD Plan. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$ 712,933	\$ -
Difference between expected and actual experience	466,276	-
Net difference between projected and actual earnings on pension plan investments	-	(3,629,721)
Difference between employer's actual contributions and proportionate share of contributions	385,360	(167,002)
Adjustments due to difference in proportions	9,716	(741,690)
Total	<u>\$ 1,574,285</u>	<u>\$ (4,538,413)</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – California Public Employees’ Retirement System (Continued)**

***Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension (Continued)***

The \$712,933 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period Ending June 30</b>	<b>Deferred Outflows (Inflows) Of Resources</b>
2023	\$ (846,015)
2024	(890,752)
2025	(937,226)
2026	(1,003,068)
2027	-
Thereafter	-
	<u>\$ (3,677,061)</u>

**Note 15 – Other Postemployment Benefits (OPEB)**

The City of Encinitas and the San Dieguito Water District maintain separate plans to provide for post-retirement health care benefits. An actuarial report is prepared every two years to update plan information and assumptions (when required). The latest actuarial valuation was prepared for June 30, 2021 and was used to determine the June 30, 2021 measurement date amounts.

**A. Summary**

The information in the following table includes the aggregate total OPEB related items for the City and SDWD:

	<b>City</b>	<b>SDWD</b>	<b>Total</b>
Net OPEB Liabilities	\$ 4,203,637	\$ 89,869	\$ 4,293,506
Deferred Outflow of Resources	1,389,432	81,424	1,470,856
Deferred Inflow of Resources	2,145,375	113,130	2,258,505
OPEB Expense	118,138	10,447	128,585

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**B. City of Encinitas Retiree Health Plan**

***Plan Description***

The City provides postretirement health care benefits through the Public Employees Medical and Hospital Care Act (PEMHCA), which is a defined benefit agent multiple-employer health benefit plan administered by CalPERS, to eligible employees who retire directly from the City. The City pays the cost for lifetime retiree and dependent medical benefits (average premium for CalPERS health plans available in San Diego County) for fire department employees hired before March 16, 1995. Other City retirees receive the PEMHCA minimum benefit, as determined by CalPERS. The City's financial obligation is to provide the CalPERS minimum required employee contribution (\$143 per month in 2021, \$149 per month in 2022, and in future years, indexed to medical CPI increases) except for former Encinitas Fire Protection District employees hired on or before March 15, 1995 who receive full retiree health benefits for both the employee and their dependents. The City does not provide a retiree contribution for dental, vision, or life insurance benefits. The City's OPEB plan does not issue a separate stand-alone report.

The City has elected to join the *California Employers' Retiree Benefit Trust* (the "Trust") in accordance with GASB Statement No. 75, which provides a means to fund the annual OPEB costs, referred to as the *Actuarially Determined Contribution* (ADC). The ADC includes the normal cost (current accrual for benefits being earned) plus an amortization of the unfunded accrued liability or net OPEB liability over 13 years on level-percentage of pay basis. The City's funding policy is to pre-fund the ADC through the Trust.

***Eligibility***

Employees of the City are eligible for retiree health benefits if they retire from the City and commence pension benefits under PERS (typically on or after age 50 with at least five years of PERS eligible service). Membership in the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active plan members	233
Inactive plan members or beneficiaries currently receiving benefits	<u>97</u>
Total	<u><u>330</u></u>



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**B. City of Encinitas Retiree Health Plan (Continued)**

***Net OPEB Liability***

The City's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The net OPEB liability at June 30, 2022 was:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 11,328,327	\$ 5,401,463	\$ 5,926,864
Changes Recognized for the Measurement Period:			
Service Cost	220,788	-	220,788
Interest on the total OPEB liability	775,472	-	775,472
Change of assumptions	62,038	-	62,038
Difference between expected and actual experience	155,520	-	155,520
Employer contributions	-	1,213,292	(1,213,292)
Net investment income	-	1,726,138	(1,726,138)
Benefit payments, including refunds of member contributions	(958,086)	(958,086)	-
Administrative expenses	-	(2,385)	2,385
Net Changes during July 1, 2020 to June 30, 2021	255,732	1,978,959	(1,723,227)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 11,584,059</u>	<u>\$ 7,380,422</u>	<u>\$ 4,203,637</u>

***Actuarial Assumptions***

The net OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal
Discount Rate	6.80%
Inflation	2.50%
Investment Rate of Return	6.80%, assuming actuarially determined contributions funded into CERBT Investment Strategy 1.
Healthcare Trend Rate	Based on actual rate for 2022 and decreasing in 2023 from 6.25% to 4.50% in 2030 and thereafter.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**B. City of Encinitas Retiree Health Plan (Continued)**

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

***Discount Rate***

The discount rate used to measure the net OPEB liability was 6.8 percent. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation Strategy 1. The rate reflects the CERBT published median interest rate for Strategy 1 of 7.59 percent with an additional margin for adverse deviation.

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

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return*</u></b>
Global equity	59.00%	N/A
Fixed income	25.00%	N/A
Inflation assets	5.00%	N/A
Commodities	3.00%	N/A
REITs	8.00%	N/A

\* Long-term expected rate of return is 6.80 percent

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current discount rate:

	<b><u>Discount Rate - 1% (5.80%)</u></b>	<b><u>Current Discount Rate (6.80%)</u></b>	<b><u>Discount Rate + 1% (7.80%)</u></b>
Net OPEB Liability \$	5,500,010	\$ 4,203,637	\$ 3,119,262

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**B. City of Encinitas Retiree Health Plan (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease 5.50% decreasing to 3.50%</b>	<b>Current Rate 6.50% decreasing to 4.50%</b>	<b>1% Increase 7.50% decreasing to 5.50%</b>
Net OPEB Liability \$	3,048,444	\$ 4,203,637	\$ 5,591,603

***Contributions***

The City's policy is to fund the ADC, which includes the normal cost (current accrual for benefits being earned) plus an amortization of the net (unfunded accrued) OPEB liability.

***OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB***

For the year ended June 30, 2022, the City recognized OPEB expense of \$118,138 for the City Plan. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contribution made after the measurement period	\$ 1,199,069	\$ -
Changes of assumptions	54,283	(16,385)
Difference between expected actual experience	136,080	(1,117,947)
Net difference between projected and actual earnings on investments	-	(1,011,043)
	<u>\$ 1,389,432</u>	<u>\$ (2,145,375)</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**B. City of Encinitas Retiree Health Plan (Continued)**

***OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB (Continued)***

The \$1,199,069 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<b>Measurement Period Ending June 30</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2023	\$ (454,937)
2024	(433,758)
2025	(431,663)
2026	(460,264)
2027	(192,396)
Thereafter	18,006
	<u>\$ (1,955,012)</u>

**C. San Dieguito Water District – Retiree Health Plan**

The San Dieguito Water District maintains a separate plan to provide for post-retirement health care benefits. An actuarial report is prepared every two years to update plan information and assumptions (when required). The latest actuarial valuation as of June 30, 2021 was used to determine the June 30, 2021 measurement date amounts.

***Plan Description***

SDWD provides postretirement health care benefits through the Public Employees Medical and Hospital Care Act (PEMHCA), which is a defined benefit agent multiple-employer health benefit plan administered by CalPERS, to eligible employees who retire directly from SDWD. Retirees receive the PEMHCA minimum benefit, as determined by CalPERS. SDWD does not provide a retiree contribution for dental, vision, or life insurance benefits. SDWD's OPEB plan does not issue a separate stand-alone report.

SDWD has elected to join the California *Employers' Retiree Benefit Trust* (the "Trust") in accordance with GASB Statement No. 75, which provides a means to fund the annual OPEB costs, referred to as the *Actuarially Determined Contribution* (ADC). The ADC includes the normal cost (current accrual for benefits being earned) plus an amortization of the unfunded accrued liability or net OPEB liability over 15 years on a level-percentage of pay basis. SDWD's funding policy is to pre-fund the ADC through the trust.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**C. San Dieguito Water District – Retiree Health Plan (Continued)**

***Eligibility***

Employees of SDWD are eligible for retiree health benefits if they retire from SDWD and commence pension benefits under CalPERS (typically on or after age 50 with at least five years of CalPERS eligible service). Membership in the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	<b>SDWD Plan</b>
Active plan members	22
Inactive plan members or beneficiaries currently receiving benefits	14
Total	<u>36</u>

***Change in the Net OPEB Liability***

SDWD's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The net OPEB liability at June 30, 2022 was:

	<b>SDWD Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2021 (Measurement Date: June 30, 2020)	\$ 528,995	\$ 315,799	\$ 213,196
Changes Recognized for the Measurement Period:			
Service cost	21,430	-	21,430
Interest on the total OPEB liability	37,529	-	37,529
Contributions from the employer	-	55,006	(55,006)
Net investment income, net of administrative expense	-	98,249	(98,249)
Difference between expected and actual experience	(33,644)	-	(33,644)
Benefit payments, including refunds of employee contributions	(29,083)	(29,083)	-
Change in assumptions	4,477	-	4,477
Administrative expense	-	(136)	136
Net Changes	<u>709</u>	<u>124,036</u>	<u>(123,327)</u>
Balance at June 30, 2022	<u>\$ 529,704</u>	<u>\$ 439,835</u>	<u>\$ 89,869</u>

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**C. San Dieguito Water District – Retiree Health Plan (Continued)**

***Actuarial Assumptions***

The net OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.50%
Wage Inflation	2.80% per annum, in aggregate
Investment Rate of Return	6.80%, assuming actuarially determined contributions funded into CERBT Investment Strategy 1.
Healthcare Trend Rate	Based on actual rate for 2022 and decreasing in 2023 from 6.25% to 4.50% in 2030 and thereafter.

***Discount Rate***

The discount rate used to measure the net OPEB liability was 6.80 percent. 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 liability.

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

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return*</u></b>
Global equity	59.00%	N/A
Fixed income	25.00%	N/A
Inflation assets	5.00%	N/A
Commodities	3.00%	N/A
REITs	8.00%	N/A

\* Long-term expected rate of return is 6.80 percent

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**C. San Dieguito Water District – Retiree Health Plan (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of SDWD, as well as what SDWD's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.80 percent) or 1-percentage point higher (7.80 percent) than the current discount rate:

	<b>Discount Rate - 1%</b>		<b>Current Discount</b>		<b>Discount Rate + 1%</b>
	<b>(5.80%)</b>		<b>Rate (6.80%)</b>		<b>(7.80%)</b>
Net OPEB Liability \$	148,312	\$	89,869	\$	40,714

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of SDWD, as well as what SDWD's net OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>		<b>Current Rate</b>		<b>1% increase</b>
	<b>5.50%</b>		<b>6.50%</b>		<b>7.50%</b>
	<b><u>decreasing to 3.50%</u></b>		<b><u>decreasing to 4.50%</u></b>		<b><u>decreasing to 5.50%</u></b>
Net OPEB Liability \$	35,412	\$	89,869	\$	156,002

***Contributions***

SDWD's policy is to fund the ADC, which includes the normal cost (current accrual for benefits being earned) plus an amortization of the net (unfunded accrued) OPEB liability.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (OPEB) (Continued)**

**C. San Dieguito Water District – Retiree Health Plan (Continued)**

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

For the year ended June 30, 2022, SDWD recognized OPEB expense of \$10,447 for the SDWD Plan. At June 30, 2022, SDWD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
OPEB contribution subsequent to the measurement date	\$ 76,390	\$ -
Changes of assumptions	5,034	-
Difference between expected and actual experience	-	(57,527)
Net difference between projected and actual earnings on OPEB plan investments	-	(55,603)
Total	<u>\$ 81,424</u>	<u>\$ (113,130)</u>

The \$76,390 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<b><u>Measurement Period Ending June 30</u></b>	<b><u>Deferred Outflows (Inflows) of Resources</u></b>
2023	\$ (23,890)
2024	(22,892)
2025	(22,983)
2026	(24,785)
2027	(3,825)
Thereafter	(9,721)
	<u>\$ (108,096)</u>



**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 16 – Encinitas Ranch Golf Authority**

The Encinitas Ranch Golf Authority (the “Golf Authority”) is a joint powers authority, formed by the City and SDWD in 1995 to finance, own, and operate an 18-hole golf course (the “Golf Course”) within the City. The Golf Course was constructed in connection with the development of the Encinitas Ranch master-planned community (the “Ranch”). The Ranch is a mixed-use community of residential, commercial and agricultural development within the City. As a condition to the development of the Ranch, the Carlitas Company (the “Developer”), agreed to dedicate land for and construct the Golf Course improvements. The Golf Course opened to the public on March 1, 1998 and is managed and operated under a contract arrangement with a private company.

The Golf Authority is governed by a five-member Board of Directors, the membership of which is specified in the 1994 Encinitas Ranch Development Agreement. It is a self-sustaining golf course operation and receives no financial support from the City or SDWD. In future years, depending on the net revenues from golf operations, the City may benefit financially from the operations.

The debts and obligations of the Golf Authority are not the debts and obligations of the City or SDWD. Separate audited financial statements of the Golf Authority are available at the City's administrative office.

**Note 17 – Special Assessment Debt**

**City of Encinitas - Community Facilities District (CFD) #1: Encinitas Ranch Community**

On August 4, 2021, the City of Encinitas on behalf of the Community Facilities District No. 1 issued taxable special tax refunding Bonds in the amount of \$19,105,000 to advance refund the outstanding 2012 taxable special tax refunding bonds, fund a reserve and pay costs of issuance and insurance in connection with the issuance of the 2021 Bonds. The Series 2021 Bonds are payable from and secured by a pledge of certain special tax revenue and are not an obligation of the City. The bonds mature September 1, 2030 and annual debt service payments range from \$2,284,214 to \$2,303,275. The transaction will save the taxpayers an average of \$200,000 in annual debt service of the prior bonds.

As of June 30, 2022, the outstanding balance on the 2021 Taxable Special Tax Refunding Bonds was \$17,040,000. The City acts solely as an agent for CFD #1. The City has no duty or obligation to pay any liabilities or potential liabilities of the district. Neither the full faith and credit, nor the taxing power of the City or any other City related agency, is pledged to the repayment of these 2021 Taxable Special Tax Refunding Bonds. Therefore, such bonds are not considered to be a liability of the City and are not included in the accompanying basic financial statements.

*City of Encinitas – Duties and Responsibilities*

The City acts as the agent for both of this Assessment District, collecting the assessments and paying the District's bills, as well as other administrative duties. The City has no duty or obligation to pay any liabilities or potential liabilities of the District. Neither the full faith and credit, nor the taxing power of the City or any other City related agency, is pledged in connection with this bond issue. Therefore, such bonds are not considered to be a liability of the City and are not included in the accompanying basic financial statements.

**City of Encinitas**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 18 – Other Required Disclosures**

**Deficit Fund Balances/Net Position**

At June 30, 2022, the Infrastructure Improvements Special Revenue fund had a fund deficit of \$8,214,740. The deficit is anticipated to be funded from future grants, other revenues, and operating or capital transfers.

At June 30, 2022, the Wastewater Support Internal Service fund had a fund deficit of \$334,590. The deficit is anticipated to be funded by Cardiff Sanitary Division and Encinitas Sanitary Division and Encinitas Sanitary Division funds.

At June 30, 2022, the Vehicle Maintenance Internal Service fund had a deficit of \$180,249. The deficit is anticipated to be funded by the General Fund, the Cardiff Sanitary Division, Encinitas Sanitary Division, Encinitas Sanitary Division, and San Dieguito Water District funds.

**Note 19 – Subsequent Events**

On August 1, 2022, the City of Encinitas and the California Infrastructure and Economic Development (IBANK) entered into a Financing Lease Obligation in the amount of \$20,000,000 under the Infrastructure and State Revolving Fund Program ("ISRF Program") for the purpose of financing the Leucadia Streetscape, Segment C Westside Improvements Project. The Leucadia Streetscape Project, Segment C Westside Improvements Project is a major streetscape project which will improve mobility, accessibility, and parking conditions in addition to installing traffic calming measures along the North Coast Highway 101. The Financing Lease Obligation is payable by the Base Rental Payments paid by the City of Encinitas for the use and occupancy of the leased property (the City Hall Site) pursuant to the Financing Lease agreement between the City as a lessee and IBank as lessor. The loan matures August 1, 2037 and annual debt service payments range from \$1,655,813 to \$1,719,202. The base rental payments have an interest rate of 3.0 percent and the additional rental payments have an interest rate of 0.3 percent.

**Note 20 – Prior Period Adjustment**

With the implementation of GASB Statement No. 87, Leases, the beginning balances of capital assets and debt were increased and restated. There was no impact on net position as can be seen in the table below.

	Beginning	Adjustment	Restated
Right to use assets	\$ -	\$ 59,086	\$ 59,086
Leased assets liability	-	(59,086)	(59,086)
Net position, beginning of year, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## REQUIRED SUPPLEMENTARY INFORMATION

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**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

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**Note 1 – Budgetary Information**

***Budget and Budgetary Accounting:***

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information and other supplementary information budgetary comparison schedules:

The City Council adopts a two-year operating budget, with appropriations for the first year only. The annual budget provides for the general operations of the City. It includes all proposed expenditures and inter-fund transfers, and the means of financing them. The Council also approves any amendments to appropriations throughout the year, generally at the mid-year budget review in February. This “appropriated budget” covers substantially all City expenditures, with the exception of capital improvement projects, which expenditures constitute a legally authorized “non-appropriated budget”. The legal level of budgetary control is the fund level. The budget figures used in the required supplementary information are both original and final budgeted amounts. The final budget amount includes any amendments approved during the year.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are unencumbered lapse at year end. City Council approval is required to include any unencumbered appropriations at year end in the following fiscal year’s budget as continuing appropriations.

Budgets for the General Fund and special revenue funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenue and expenditures can be compared with related budgeted amounts without any significant reconciling items. During Fiscal Year 2021-22, the City implemented GASB No. 87 and as a result, principal expense related to lease payable was reported in the General Fund. The City did not budget for these payments as principal payments, they were budgeted as part of rent expense in the respective function.

No budgetary comparisons are presented for the debt service, capital projects, or proprietary funds, as the City is not legally required to adopt an annual budget for those types of funds.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies to be used in future years without limitation.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 2 – Budgetary Comparison Schedule**

**General Fund**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Taxes:				
Property	\$ 54,246,604	\$ 54,246,604	\$ 55,505,022	\$ 1,258,418
Real property transfer	600,000	600,000	978,331	378,331
Sales	14,385,055	16,105,055	17,510,658	1,405,603
Franchise	2,329,049	2,329,049	2,903,674	574,625
Transient occupancy	3,271,895	3,271,895	4,422,672	1,150,777
Total taxes	74,832,603	76,552,603	81,320,357	4,767,754
Licenses and permits	236,000	236,000	319,910	83,910
Intergovernmental	703,346	792,537	852,008	59,471
Charges for services	7,198,118	9,804,379	9,804,091	(288)
Fines, forfeitures and penalties	435,253	435,253	382,537	(52,716)
Use of money and property	984,154	984,154	(1,606,088)	(2,590,242)
Other	656,793	1,080,393	1,192,845	112,452
Total revenues	85,046,267	89,885,319	92,265,660	2,380,341
<b>EXPENDITURES:</b>				
General government:				
City Council	509,514	511,514	450,398	61,116
City Attorney	985,500	1,025,146	986,304	38,842
City Manager	6,075,861	6,203,485	5,621,759	581,726
City Clerk	472,813	478,813	454,604	24,209
Finance	2,304,090	2,324,090	2,193,166	130,924
Non-departmental	4,503,366	5,220,121	4,860,760	359,361
Total general government	14,851,144	15,763,169	14,566,991	1,196,178
Public safety:				
Law enforcement	17,550,322	9,407,978	13,057,635	(3,649,657)
Fire and marine safety	17,898,504	18,644,274	18,885,794	(241,520)
Total public safety	35,448,826	28,052,252	31,943,429	(3,891,177)
Public works:				
Administration	424,632	426,632	206,062	220,570
Environmental programs	1,500	1,500	641	859
Street maintenance	3,352,133	3,393,158	3,070,880	322,278
Facility maintenance	1,877,860	1,882,960	1,535,290	347,670
Stormwater	1,586,513	1,641,633	1,502,092	139,541
Total public works	\$ 7,242,638	\$ 7,345,883	\$ 6,314,965	\$ 1,030,918

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 2 – Budgetary Comparison Schedule (Continued)**

**General Fund (Continued)**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Development services - planning:				
Planning	\$ 4,190,323	\$ 4,984,473	\$ 3,977,868	\$ 1,006,605
Code enforcement	2,466,314	3,125,314	3,060,257	65,057
Building services	897,123	911,123	823,356	87,767
Total development services - planning	7,553,760	9,020,910	7,861,481	1,159,429
Development services - engineering:				
City engineering	1,340,627	1,352,127	1,083,701	268,426
Traffic engineering	679,122	727,222	652,447	74,775
Coastal zone management	1,337,461	1,342,461	1,326,543	15,918
Total development services - engineering	3,357,210	3,421,810	3,062,691	359,119
Parks and recreation:				
Administration	1,264,450	1,273,050	1,172,882	100,168
Park services	3,015,612	2,967,972	2,516,201	451,771
Beach services	767,075	763,475	640,560	122,915
Recreational services	800,906	805,431	691,095	114,336
Community and senior center	2,121,828	2,403,253	2,019,820	383,433
Total parks and recreation	7,969,871	8,213,181	7,040,558	1,172,623
Capital outlay:				
Public safety	22,500	9,977	9,977	-
Public works	40,880	40,880	27,930	12,950
Total capital outlay	63,380	50,857	37,907	12,950
Debt service:				
Principal	-	-	49,020	(49,020)
Total debt service	-	-	49,020	(49,020)
<b>Total expenditures</b>	76,486,829	71,868,062	70,877,042	1,040,040
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	8,559,438	18,017,257	21,388,618	3,371,361
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - operating	1,154,919	1,154,919	1,207,486	52,567
Transfers in - capital	21,770,198	22,207,405	437,207	(21,770,198)
Transfers out - operating	(4,199,469)	(5,494,409)	(5,608,879)	(114,470)
Transfers out - capital	(24,214,402)	(32,013,722)	(11,713,722)	20,300,000
Transfers out - debt service	(4,571,838)	(4,871,838)	(3,545,935)	1,325,903
<b>Total other financing sources (uses)</b>	(10,060,592)	(19,017,645)	(19,223,843)	(206,198)
<b>NET CHANGE IN FUND BALANCE</b>	\$ (1,501,154)	\$ (1,000,388)	2,164,775	\$ 3,165,163
<b>Fund balance - beginning of year</b>			27,163,285	
<b>Fund balance - end of year</b>			<u>\$ 29,328,060</u>	

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 2 – Budgetary Comparison Schedule (Continued)**

**Infrastructure Improvements Special Revenue Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Taxes and assessments	\$ 561,227	\$ 561,227	\$ 1,105,668	\$ 544,441
Intergovernmental	7,566,039	16,100,606	10,218,906	(5,881,700)
Use of money and property	-	-	42,974	42,974
<b>Total revenues</b>	<u>8,127,266</u>	<u>16,661,833</u>	<u>11,367,548</u>	<u>(5,294,285)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	267,886	304,733	279,530	25,203
Public safety	-	8,142,344	4,100,149	4,042,195
Development services - planning	-	76,941	76,941	-
<b>Total expenditures</b>	<u>267,886</u>	<u>8,524,018</u>	<u>4,456,620</u>	<u>4,067,398</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,859,380</u>	<u>8,137,815</u>	<u>6,910,928</u>	<u>(1,226,887)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,870,583	21,816	131,294	109,478
Transfers out	(7,585,410)	(8,178,159)	(8,116,592)	61,567
<b>Total other financing sources (uses)</b>	<u>(3,714,827)</u>	<u>(8,156,343)</u>	<u>(7,985,298)</u>	<u>171,045</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 4,144,553</u>	<u>\$ (18,528)</u>	<u>(1,074,370)</u>	<u>\$ (1,055,842)</u>
<b>Fund balance (deficit) - beginning of year</b>			<u>(7,140,370)</u>	
<b>Fund balance (deficit) - end of year</b>			<u>\$ (8,214,740)</u>	



**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 3 - Schedule of Changes in the Net Pension Liability and Related Ratios**

**Last Ten Fiscal Years\***  
**City Miscellaneous Plan**

<b>Measurement period</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Service cost	\$ 2,455,688	\$ 2,434,146	\$ 2,479,472	\$ 2,258,659
Interest on total pension liability	8,546,269	8,158,681	7,738,502	7,270,761
Differences between expected and actual experience	(99,908)	372,587	1,229,327	(486,531)
Changes in assumptions	-	-	-	(739,046)
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,272,858)	(4,892,893)	(4,489,668)	(4,164,974)
<b>Net change in total pension liability</b>	<b>5,629,191</b>	<b>6,072,521</b>	<b>6,957,633</b>	<b>4,138,869</b>
<b>Total pension liability - beginning</b>	<b>121,036,730</b>	<b>114,964,209</b>	<b>108,006,576</b>	<b>103,867,707</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 126,665,921</b>	<b>\$ 121,036,730</b>	<b>\$ 114,964,209</b>	<b>\$ 108,006,576</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 4,188,756	\$ 3,929,445	\$ 3,638,301	\$ 3,755,605
Contributions - employee	1,090,697	1,026,068	1,018,181	992,534
Investment income (net of administrative expenses)	21,437,557	4,507,691	5,588,433	6,559,803
Benefit payments	(5,272,858)	(4,892,893)	(4,489,668)	(4,164,974)
Other	(94,657)	(127,322)	(60,191)	(351,784)
<b>Net change in plan fiduciary net position</b>	<b>21,349,495</b>	<b>4,442,989</b>	<b>5,695,056</b>	<b>6,791,184</b>
<b>Plan fiduciary net position - beginning</b>	<b>94,757,859</b>	<b>90,314,870</b>	<b>84,619,814</b>	<b>77,828,630</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 116,107,354</b>	<b>\$ 94,757,859</b>	<b>\$ 90,314,870</b>	<b>\$ 84,619,814</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 10,558,567</b>	<b>\$ 26,278,871</b>	<b>\$ 24,649,339</b>	<b>\$ 23,386,762</b>
Plan fiduciary net position as a percentage of the total pension liability	91.66%	78.29%	78.56%	78.35%
Covered payroll	\$ 14,147,287	\$ 14,169,243	\$ 13,653,405	\$ 13,562,192
Net pension liability as a percentage of covered payroll	74.63%	185.46%	180.54%	172.44%

**Notes to Schedule:**

**Benefit Changes:**

The figures above generally include any liability that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability is deemed to be material by the plan actuary.

**Changes in Assumptions:**

There were no changes from 2019 through 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 3 - Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)**

**Last Ten Fiscal Years\***  
**City Miscellaneous Plan**

<b>Measurement period</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Service cost	\$ 2,427,983	\$ 2,192,399	\$ 2,261,277	\$ 2,448,194
Interest on total pension liability	6,965,613	6,690,503	6,333,421	5,943,955
Differences between expected and actual experience	(1,781,097)	(801,667)	(126,649)	-
Changes in assumptions	6,066,080	-	(1,637,757)	-
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(3,466,120)	(3,178,023)	(3,003,676)	(2,990,732)
<b>Net change in total pension liability</b>	<b>10,212,459</b>	<b>4,903,212</b>	<b>3,826,616</b>	<b>5,401,417</b>
<b>Total pension liability - beginning</b>	<b>93,655,248</b>	<b>88,752,036</b>	<b>84,925,420</b>	<b>79,524,003</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 103,867,707</b>	<b>\$ 93,655,248</b>	<b>\$ 88,752,036</b>	<b>\$ 84,925,420</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 2,944,153	\$ 2,927,539	\$ 2,077,263	\$ 2,278,140
Contributions - employee	1,015,196	1,004,970	776,061	1,043,925
Investment income (net of administrative expenses)	7,826,373	447,217	1,359,388	9,816,151
Benefit payments	(3,466,120)	(3,178,023)	(3,003,676)	(2,990,732)
Other	(102,777)	(41,718)	49,406	-
<b>Net change in plan fiduciary net position</b>	<b>8,216,825</b>	<b>1,159,985</b>	<b>1,258,442</b>	<b>10,147,484</b>
<b>Plan fiduciary net position - beginning</b>	<b>69,611,805</b>	<b>68,451,820</b>	<b>67,193,378</b>	<b>57,045,894</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 77,828,630</b>	<b>\$ 69,611,805</b>	<b>\$ 68,451,820</b>	<b>\$ 67,193,378</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 26,039,077</b>	<b>\$ 24,043,443</b>	<b>\$ 20,300,216</b>	<b>\$ 17,732,042</b>
Plan fiduciary net position as a percentage of the total pension liability	74.93%	74.33%	77.13%	79.12%
Covered payroll	\$ 13,167,177	\$ 12,783,667	\$ 12,951,932	\$ 13,022,309
Net pension liability as a percentage of covered payroll	197.76%	188.08%	156.74%	136.17%

**Notes to Schedule:**

**Benefit Changes:**

The figures above generally include any liability that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability is deemed to be material by the plan actuary.

**Changes in Assumptions:**

There were no changes in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 4 - Schedule of the City's Proportionate Share of the Net Pension Liability**

**Last Ten Fiscal Years\***  
**Safety Plan**

<b>Measurement period</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Plan's proportion of the net pension liability	0.48288%	0.41435%	0.40330%	0.39412%
Plan's proportionate share of the net pension liability	\$ 16,946,578	\$ 27,605,534	\$ 25,176,127	\$ 23,125,137
Plan's covered payroll	\$ 6,779,318	\$ 7,089,554	\$ 6,117,357	\$ 6,197,680
Plan's proportionate share of the net pension liability as a percentage of covered payroll	249.97%	389.38%	411.55%	373.13%
Plan's fiduciary net position	\$ 87,289,356	\$ 73,544,213	\$ 71,581,823	\$ 69,535,698
Plan's fiduciary net position as a percentage of the total pension liability	83.74%	72.71%	73.98%	75.04%
Plan's proportionate share of aggregate employer contributions	\$ 3,224,229	\$ 2,979,381	\$ 2,457,135	\$ 2,203,690

**Notes to Schedule:**

**Benefit changes**

There were no changes to benefit terms that applied to all member of the Public Agency Pool.

**Changes in assumptions**

There were no changes in 2021, 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 4 - Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)**

**Last Ten Fiscal Years\***  
**Safety Plan**

<b>Measurement period</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Plan's proportion of the net pension liability	0.39412%	0.38281%	0.35376%	0.22994%
Plan's proportionate share of the net pension liability	\$ 22,930,965	\$ 19,826,444	\$ 14,576,416	\$ 14,308,774
Plan's covered payroll	\$ 6,017,165	\$ 5,841,908	\$ 5,671,755	\$ 5,115,288
percentage of covered payroll	381.09%	339.38%	257.00%	279.73%
Plan's fiduciary net position	\$ 67,653,362	\$ 63,591,785	\$ 65,540,377	\$ 62,697,310
pension liability	74.69%	76.23%	81.81%	81.42%
Plan's proportionate share of aggregate employer contributions	\$ 1,108,343	\$ 1,609,491	\$ 1,250,672	\$ 1,775,034

**Notes to Schedule:**

**Benefit changes**

There were no changes to benefit terms that applied to all member of the Public Agency Pool.

**Changes in assumptions**

There were no changes in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 4 - Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)**

**Last Ten Fiscal Years\***  
**San Dieguito Water District Plan**

<b>Measurement period</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Plan's proportion of the net pension liability	0.21898%	0.16817%	0.18923%	0.18768%
Plan's proportionate share of the net pension liability	\$ 4,158,007	\$ 7,093,742	\$ 7,577,802	\$ 7,073,051
Plan's covered payroll	\$ 1,853,964	\$ 1,901,202	\$ 1,887,782	\$1,918,865
Plan's proportionate share of the net pension liability as a percentage of covered payroll	224.28%	373.12%	401.41%	368.61%
Plan's fiduciary net position	\$ 20,907,541	\$ 17,181,179	\$ 16,145,141	\$ 20,907,541
Plan's fiduciary net position as a percentage of the total pension liability	83.41%	70.78%	68.06%	69.48%
Plan's proportionate share of aggregate employer contributions	\$ 617,487	\$ 1,581,186	\$ 585,749	\$ 504,492

**Notes to Schedule:**

**Benefit changes**

There were no changes to benefit terms that applied to all member of the Public Agency Pool.

**Changes in assumptions**

There were no changes in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 4 - Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)**

**Last Ten Fiscal Years\***  
**San Dieguito Water District Plan**

<b>Measurement period</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Plan's proportion of the net pension liability	0.18116%	0.18103%	0.18296%	0.06074%
Plan's proportionate share of the net pension liability	\$ 7,141,232	\$ 6,288,631	\$ 5,019,493	\$ 3,779,285
Plan's covered payroll	\$ 1,862,975	\$ 1,808,714	\$ 1,756,033	\$ 1,712,639
Plan's proportionate share of the net pension liability as a percentage of covered payroll	383.32%	347.69%	285.84%	220.67%
Plan's fiduciary net position	\$ 15,991,467	\$ 15,586,708	\$ 16,358,655	\$ 18,489,458
Plan's fiduciary net position as a percentage of the total pension liability	69.13%	71.25%	76.52%	83.03%
Plan's proportionate share of aggregate employer contributions	\$ 472,819	\$ 356,509	\$ 271,845	\$ 241,133

**Notes to Schedule:**

**Benefit changes**

There were no changes to benefit terms that applied to all member of the Public Agency Pool.

**Changes in assumptions**

There were no changes in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension**

Fiscal Year	Last Ten Fiscal Years*			
	City Miscellaneous Plan			
	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 4,095,863	\$ 3,901,665	\$ 3,420,863	\$ 3,252,930
Contributions in relation to the actuarially determined contributions	(4,523,563)	(3,989,449)	(3,929,445)	(3,637,225)
<b>Contribution deficiency (excess)</b>	<b>\$ (427,700)</b>	<b>\$ (87,784)</b>	<b>\$ (508,582)</b>	<b>\$ (384,295)</b>
Covered payroll	\$ 14,960,487	\$ 14,147,287	\$ 14,169,243	\$ 13,653,405
Contributions as a percentage of covered payroll	30.24%	28.20%	27.73%	26.64%

**Notes to Schedule**

Fiscal Year: June 30, 2022  
Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	7.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension (Continued)**

Fiscal Year	Last Ten Fiscal Years*			
	City Miscellaneous Plan			
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 2,832,401	\$ 2,723,629	\$ 2,585,583	\$ 1,815,263
Contributions in relation to the actuarially determined contributions	<u>(3,755,605)</u>	<u>(2,944,153)</u>	<u>(2,927,539)</u>	<u>(2,077,263)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ (923,204)</u>	<u>\$ (220,524)</u>	<u>\$ (341,956)</u>	<u>\$ (262,000)</u>
Covered payroll	\$13,562,192	\$13,167,177	\$12,783,667	\$12,951,932
Contributions as a percentage of covered payroll	27.69%	22.36%	22.90%	16.04%

**Notes to Schedule**

Fiscal Year: June 30, 2022  
Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	7.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.



**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension (Continued)**

<b>Fiscal Year</b>	<b>Last Ten Fiscal Years*</b>			
	<b>Safety Plan</b>			
	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
Contractually determined contribution (actuarially determined)	\$ 3,658,997	\$ 3,224,229	\$ 2,979,381	\$ 2,457,135
Contributions in relation to the actuarially determined contributions	(3,658,997)	(3,224,229)	(2,979,381)	(2,457,135)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 6,876,495	\$ 6,779,318	\$ 7,089,554	\$ 6,117,357
Contributions as a percentage of covered payroll	53.21%	47.56%	42.02%	40.17%

**Notes to Schedule**

Fiscal Year: June 30, 2022

Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	7.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension (Continued)**

<b>Fiscal Year</b>	<b>Last Ten Fiscal Years*</b>			
	<b>Safety Plan</b>			
	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Contractually determined contribution (actuarially determined)	\$ 2,203,690	\$ 1,108,343	\$ 1,609,491	\$ 1,251,594
Contributions in relation to the actuarially determined contributions	(2,203,690)	(1,108,343)	(1,609,491)	(1,251,594)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 6,197,680	\$ 6,017,165	\$ 5,841,908	\$ 5,671,755
Contributions as a percentage of covered payroll	35.56%	18.42%	27.55%	22.07%

**Notes to Schedule**

Fiscal Year: June 30, 2022

Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	7.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension (Continued)**

<b>Fiscal Year</b>	<b>Last Ten Fiscal Years*</b>			
	<b>San Dieguito Water District Plan</b>			
	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
Contractually determined contribution (actuarially determined)	\$ 712,933	\$ 617,487	\$ 1,581,186	\$ 585,749
Contributions in relation to the actuarially determined contributions	(712,933)	(617,487)	(1,581,186)	(585,749)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,781,652	\$ 1,853,964	\$ 1,901,202	\$ 1,887,782
Contributions as a percentage of covered payroll	40.02%	33.31%	83.17%	31.03%

**Notes to Schedule**

Fiscal Year: June 30, 2022  
Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	7.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 5 - Schedule of Contributions - Pension (Continued)**

	<b>Last Ten Fiscal Years*</b>			
	<b>San Dieguito Water District Plan</b>			
	<u><b>2017-18</b></u>	<u><b>2016-17</b></u>	<u><b>2015-16</b></u>	<u><b>2014-15</b></u>
Contractually determined contribution (actuarially determined)	\$ 504,492	\$ 472,819	\$ 356,509	\$ 271,845
Contributions in relation to the actuarially determined contributions	<u>(504,492)</u>	<u>(472,819)</u>	<u>(356,509)</u>	<u>(271,845)</u>
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,918,865	\$ 1,862,975	\$ 1,808,714	\$ 1,756,033
Contributions as a percentage of covered payroll	26.29%	25.38%	19.71%	15.48%

**Notes to Schedule**

Fiscal Year: June 30, 2022  
Valuation Date: June 30, 2019

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent of payroll
Asset valuation method	Market Value
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount rate	0.00%

\*Fiscal Year 2014-15 was the first year of implementation; therefore, only eight years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 6 - Schedule of Changes in the Net OPEB Liability and Related Ratios**

Measurement Period	Last Ten Fiscal Years*				
	City Plan				
	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Total OPEB liability</b>					
Service cost	\$ 220,788	\$ 218,453	\$ 196,193	\$ 190,479	\$ 178,018
Interest	775,472	791,330	880,167	867,343	856,058
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	155,520	(291,076)	(1,439,425)	-	-
Changes of assumptions	62,038	-	(26,216)	-	-
Benefit payments, including refunds of member contributions	(958,086)	(937,434)	(882,565)	(878,114)	(892,532)
<b>Net change in total OPEB liability</b>	<b>255,732</b>	<b>(218,727)</b>	<b>(1,271,846)</b>	<b>179,708</b>	<b>141,544</b>
<b>Total OPEB liability - beginning</b>	<b>11,328,327</b>	<b>11,547,054</b>	<b>12,818,900</b>	<b>12,639,192</b>	<b>12,497,648</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 11,584,059</b>	<b>\$ 11,328,327</b>	<b>\$ 11,547,054</b>	<b>\$ 12,818,900</b>	<b>\$ 12,639,192</b>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ 1,213,292	\$ 1,370,746	\$ 1,270,357	\$ 1,102,937	\$ 1,092,690
Net investment income	1,726,138	205,412	308,900	358,109	403,267
Benefit payments, including refunds of member contributions	(958,086)	(937,434)	(882,565)	(878,114)	(892,532)
Administrative expense	(2,385)	(2,859)	(1,100)	(2,366)	(2,046)
Other expense	-	-	-	(4,620)	-
<b>Net change in plan fiduciary net position</b>	<b>1,978,959</b>	<b>635,865</b>	<b>695,592</b>	<b>575,946</b>	<b>601,379</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,401,464</b>	<b>4,765,599</b>	<b>4,070,007</b>	<b>3,494,061</b>	<b>2,892,682</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>7,380,423</b>	<b>5,401,464</b>	<b>4,765,599</b>	<b>4,070,007</b>	<b>3,494,061</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 4,203,636</b>	<b>\$ 5,926,863</b>	<b>\$ 6,781,455</b>	<b>\$ 8,748,893</b>	<b>\$ 9,145,131</b>
<b>Plan fiduciary net position as a percentage of the total OPEB Liability</b>	<b>63.71%</b>	<b>47.68%</b>	<b>41.27%</b>	<b>31.75%</b>	<b>27.64%</b>
<b>Covered-employee payroll**</b>	<b>\$ 24,147,416</b>	<b>\$ 23,224,242</b>	<b>\$ 22,403,865</b>	<b>\$ 21,767,304</b>	<b>\$ 17,816,557</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>17.41%</b>	<b>25.52%</b>	<b>30.27%</b>	<b>40.19%</b>	<b>51.33%</b>

\* Fiscal Year 2017-18 was the first year of implementation; therefore, only five years of information are shown.

\*\* Except for former Encinitas Fire Protection District employees hired on or before March 15, 1985, the City provides the minimum required employer contributions under the CalPERS Health Plan for eligible retirees and surviving spouses. The minimum required employer contribution is statutorily set under PEMHCA. The employer contribution to OPEB is not based on a measure of pay; thus the covered-employee payroll is presented.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 6 - Schedule of Changes in the Net OPEB Liability and Related Ratios (Continued)**

**Last Ten Fiscal Years\***  
**San Dieguito Water District Plan**

Measurement Period	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Total OPEB liability</b>					
Service cost	\$ 21,430	\$ 21,235	\$ 14,633	\$ 14,241	\$ 13,309
Interest	37,529	35,691	36,301	34,637	33,225
Differences between expected and actual experience	(33,644)	(4,100)	(43,215)	-	-
Changes of assumptions	4,477	-	1,843	-	-
Benefit payments, including refunds of member contributions	(29,083)	(24,514)	(25,651)	(25,346)	(29,268)
<b>Net change in total OPEB liability</b>	<b>709</b>	<b>28,312</b>	<b>(16,089)</b>	<b>23,532</b>	<b>17,266</b>
<b>Total OPEB liability - beginning</b>	<b>528,995</b>	<b>500,683</b>	<b>516,772</b>	<b>493,240</b>	<b>475,974</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 529,704</b>	<b>\$ 528,995</b>	<b>\$ 500,683</b>	<b>\$ 516,772</b>	<b>\$ 493,240</b>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ 55,006	\$ 53,542	\$ 55,068	\$ 59,205	\$ 63,332
Net investment income	98,249	11,264	16,640	18,590	18,770
Benefit payments, including refunds of member contributions	(29,083)	(24,514)	(25,651)	(25,346)	(29,268)
Administrative expense	(136)	(157)	(59)	(358)	(95)
<b>Net change in plan fiduciary net position</b>	<b>124,036</b>	<b>40,135</b>	<b>45,998</b>	<b>52,091</b>	<b>52,739</b>
<b>Plan fiduciary net position - beginning</b>	<b>315,799</b>	<b>275,664</b>	<b>229,666</b>	<b>177,575</b>	<b>124,836</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>439,835</b>	<b>315,799</b>	<b>275,664</b>	<b>229,666</b>	<b>177,575</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 89,869</b>	<b>\$ 213,196</b>	<b>\$ 225,019</b>	<b>\$ 287,106</b>	<b>\$ 315,665</b>
<b>Plan fiduciary net position as a percentage of the total OPEB Liability</b>	<b>83.03%</b>	<b>59.70%</b>	<b>55.06%</b>	<b>44.44%</b>	<b>36.00%</b>
<b>Covered-employee payroll**</b>	<b>\$ 2,017,862</b>	<b>\$ 2,046,974</b>	<b>\$ 1,903,385</b>	<b>\$ 1,978,669</b>	<b>\$ 1,802,043</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>4.45%</b>	<b>10.42%</b>	<b>11.82%</b>	<b>14.51%</b>	<b>17.52%</b>

\* Fiscal Year 2017-18 was the first year of implementation; therefore, only five years of information are shown.

\*\* The San Dieguito Water District provides the minimum required employer contributions under the CalPERS Health Plan for eligible retirees and surviving spouses. The minimum required employer contribution is statutorily set under PEMHCA. The employer contribution to OPEB is not based on a measure of pay; thus the covered-employee payroll is presented.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 7 - Schedule of Contributions - OPEB**

<b>Fiscal Year</b>	<b>Last Ten Fiscal Years*</b>				
	<b>City Plan</b>				
	<u><b>2021-2022</b></u>	<u><b>2020-21</b></u>	<u><b>2019-20</b></u>	<u><b>2018-19</b></u>	<u><b>2017-18</b></u>
Actuarially determined contribution (ADC)	\$ 978,878	\$ 1,151,134	\$ 1,117,605	\$ 958,415	\$ 930,499
Contributions in relation to the ADC	<u>(1,199,069)</u>	<u>(1,157,839)</u>	<u>(1,315,490)</u>	<u>(1,269,129)</u>	<u>(1,092,690)</u>
<b>Contribution deficiency (excess)</b>	<u><b>\$ (220,191)</b></u>	<u><b>\$ (6,705)</b></u>	<u><b>\$ (197,885)</b></u>	<u><b>\$ (310,714)</b></u>	<u><b>\$ (162,191)</b></u>
Covered employee payroll	\$25,586,921	\$24,147,416	\$23,224,242	\$22,403,865	\$21,767,304
Contributions as a percentage of covered employee payroll	-4.69%	4.79%	5.66%	5.66%	5.02%

**Notes to Schedule**

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation report.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll over a closed rolling 13-year period
Asset valuation method	Market value
Inflation	2.50% per annum
Payroll growth	2.75% per annum, in aggregate
Investment rate of return	6.80% per annum

\* Fiscal Year 2017-18 was the first year of implementation; therefore, only five years of information are shown.

**City of Encinitas**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

**Note 7 - Schedule of Contributions - OPEB (Continued)**

**Last Ten Fiscal Years\***  
**San Dieguito Water District Plan**

<b>Fiscal Year</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Actuarially determined contribution (ADC)	\$ 48,134	\$ 48,689	\$ 48,200	\$ 53,291	\$ 52,780
Contributions in relation to the ADC	(76,390)	(55,006)	(68,350)	(66,983)	(63,332)
<b>Contribution deficiency (excess)</b>	<b>\$ (28,256)</b>	<b>\$ (6,317)</b>	<b>\$ (20,150)</b>	<b>\$ (13,692)</b>	<b>\$ (10,552)</b>
Covered employee payroll	\$ 2,049,341	\$ 2,017,862	\$ 2,046,974	\$ 1,903,385	\$ 1,978,669
Contributions as a percentage of covered employee payroll	3.73%	2.73%	3.34%	3.52%	3.20%

**Notes to Schedule**

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2021 actuarial valuation report.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll over a closed rolling 18-year period
Asset valuation method	Market value
Inflation	2.50% per annum
Payroll growth	2.75% per annum, in aggregate
Investment rate of return	6.80% per annum

\* Fiscal Year 2017-18 was the first year of implementation; therefore, only five years of information are shown.



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## **SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

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### **SPECIAL REVENUE FUNDS:**

**Grants and Housing** - This fund is used to account for financial resources from state and federal grants that are utilized to fund various City programs such as affordable housing and law enforcement.

**Development Impact** - This fund is used to account for development impact/mitigation fees that are collected in connection with land use and construction applications. These monies are utilized to fund specified City capital improvement projects.

**Lighting and Landscaping** - This fund is used to account for special assessments and certain restricted property tax revenues collected from homeowners and businesses. These monies are utilized to fund specified operational and maintenance costs related to common area landscaping, street lighting and park maintenance.

### **DEBT SERVICE FUNDS:**

**City Debt Service** - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of principal and interest on the City long-term debt.

**Encinitas Public Financing Authority** - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of principal and interest on the Encinitas Public Financing Authority long-term debt.

**City of Encinitas**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	Special Revenue		
	Grants and Housing	Development Impact	Lighting and Landscaping
<b>ASSETS</b>			
Cash and investments	\$ 1,040,057	\$ 2,801,860	\$ 4,459,386
Receivables	376,495	-	67,715
Interest receivable	5,179	23,306	12,545
Long-term receivable	194,466	485,616	-
Restricted cash and investments	-	-	-
<b>Total assets</b>	<b>\$ 1,616,197</b>	<b>\$ 3,310,782</b>	<b>\$ 4,539,646</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 230,725	\$ -	\$ 340,287
Due to other funds	393,164	-	-
Deposits and other liabilities	-	23,048	-
<b>Total liabilities</b>	<b>623,889</b>	<b>23,048</b>	<b>340,287</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	308,642	485,616	-
<b>Total deferred inflows of resources</b>	<b>308,642</b>	<b>485,616</b>	<b>-</b>
<b>Fund Balances</b>			
Restricted	683,666	2,802,118	4,199,359
<b>Total fund balances</b>	<b>683,666</b>	<b>2,802,118</b>	<b>4,199,359</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,616,197</b>	<b>\$ 3,310,782</b>	<b>\$ 4,539,646</b>

(Continued)

**City of Encinitas**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	Debt Service		
	City	Encinitas	Total
	Debt Service	Public Financing Authority	Other Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 8,301,303
Receivables	-	-	444,210
Interest receivable	-	-	41,030
Long-term receivable	-	-	680,082
Restricted cash and investments	-	15,011	15,011
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 15,011</u>	<u>\$ 9,481,636</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 571,012
Due to other funds	-	-	393,164
Deposits and other liabilities	-	-	23,048
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>987,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	794,258
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>794,258</u>
<b>Fund Balances</b>			
Restricted	-	15,011	7,700,154
<b>Total fund balances</b>	<u>-</u>	<u>15,011</u>	<u>7,700,154</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ -</u>	<u>\$ 15,011</u>	<u>\$ 9,481,636</u>

(Concluded)

**City of Encinitas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue		
	Grants and Housing	Development Impact	Lighting and Landscaping
<b>REVENUES:</b>			
Taxes and assessments	\$ 329,325	\$ -	\$ 2,400,940
Intergovernmental	1,269,622	-	-
Development impact fees	-	958,545	-
Use of money and property	15,559	(248,385)	(93,149)
Other	227,434	-	10,126
<b>Total revenues</b>	<u>1,841,940</u>	<u>710,160</u>	<u>2,317,917</u>
<b>EXPENDITURES:</b>			
Current:			
General government	115,226	-	-
Public safety	249,305	-	-
Public works	699,129	-	658,454
Development services - planning	469,743	235,000	-
Development services - engineering	-	-	675,636
Parks and recreation	317,630	-	904,301
Capital outlay	81,526	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<u>1,932,559</u>	<u>235,000</u>	<u>2,238,391</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(90,619)</u>	<u>475,160</u>	<u>79,526</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	-	-	-
Deposit to escrow for bond refunding	-	-	-
Transfers in	260,252	536,454	17,000
Transfers out	(473,350)	(1,277,348)	(50,000)
<b>Total other financing sources (uses)</b>	<u>(213,098)</u>	<u>(740,894)</u>	<u>(33,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(303,717)	(265,734)	46,526
<b>FUND BALANCES:</b>			
Beginning of year	<u>987,383</u>	<u>3,067,852</u>	<u>4,152,833</u>
End of year	<u>\$ 683,666</u>	<u>\$ 2,802,118</u>	<u>\$ 4,199,359</u>

(Continued)

**City of Encinitas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>Debt Service</u>	<u>Encinitas Public Financing Authority</u>	<u>Total Other Governmental Funds</u>
	<u>City Debt Service</u>		
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ -	\$ 2,730,265
Intergovernmental	-	-	1,269,622
Development impact fees	-	-	958,545
Use of money and property	-	24	(325,951)
Other	-	-	237,560
	<u>-</u>	<u>-</u>	<u>237,560</u>
<b>Total revenues</b>	<u>-</u>	<u>24</u>	<u>4,870,041</u>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	115,226
Public safety	-	-	249,305
Public works	-	-	1,357,583
Development services - planning	-	-	704,743
Development services - engineering	-	-	675,636
Parks and recreation	-	-	1,221,931
Capital outlay	-	-	81,526
Debt service:			
Principal	172,187	2,105,000	2,277,187
Interest and fiscal charges	19,995	1,440,873	1,460,868
	<u>192,182</u>	<u>3,545,873</u>	<u>8,144,005</u>
<b>Total expenditures</b>	<u>192,182</u>	<u>3,545,873</u>	<u>8,144,005</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(192,182)</u>	<u>(3,545,849)</u>	<u>(3,273,964)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	-	9,505,000	9,505,000
Deposit to escrow for bond refunding	-	(9,297,907)	(9,297,907)
Transfers in	192,182	3,353,753	4,359,641
Transfers out	-	-	(1,800,698)
	<u>192,182</u>	<u>3,560,846</u>	<u>2,766,036</u>
<b>Total other financing sources (uses)</b>	<u>192,182</u>	<u>3,560,846</u>	<u>2,766,036</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	14,997	(507,928)
<b>FUND BALANCES:</b>			
Beginning of year	<u>-</u>	<u>14</u>	<u>8,208,082</u>
End of year	<u>\$ -</u>	<u>\$ 15,011</u>	<u>\$ 7,700,154</u>

**City of Encinitas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Grants and Housing Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>			
Taxes and assessments	\$ 326,156	\$ 329,325	\$ 3,169
Intergovernmental	2,071,302	1,269,622	(801,680)
Use of money and property	64,000	15,559	(48,441)
Other	<u>227,434</u>	<u>227,434</u>	<u>-</u>
<b>Total revenues</b>	<u>2,688,892</u>	<u>1,841,940</u>	<u>(846,952)</u>
<b>EXPENDITURES:</b>			
Current:			
General government	119,801	115,226	4,575
Public safety	284,085	249,305	34,780
Public works	814,832	699,129	115,703
Development services - planning	704,693	469,743	234,950
Parks and recreation	474,165	317,630	156,535
Capital Outlay	<u>70,000</u>	<u>81,526</u>	<u>(11,526)</u>
<b>Total expenditures</b>	<u>2,467,576</u>	<u>1,932,559</u>	<u>535,017</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>221,316</u>	<u>(90,619)</u>	<u>(311,935)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	273,696	260,252	(13,444)
Transfers out	<u>(473,150)</u>	<u>(473,350)</u>	<u>(200)</u>
<b>Total other financing sources (uses)</b>	<u>(199,454)</u>	<u>(213,098)</u>	<u>(13,644)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 21,862</u>	<u>(303,717)</u>	<u>\$ (325,579)</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>987,383</u>	
End of year		<u>\$ 683,666</u>	



**City of Encinitas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Development Impact Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
Development impact fees	\$ 979,940	\$ 958,545	\$ (21,395)
Use of money and property	<u>87,772</u>	<u>(248,385)</u>	<u>(336,157)</u>
<b>Total revenues</b>	<u>1,067,712</u>	<u>710,160</u>	<u>(357,552)</u>
<b>Expenditures:</b>			
Current:			
Planning and building	<u>235,000</u>	<u>235,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>832,712</u>	<u>475,160</u>	<u>(357,552)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	536,454	536,454	-
Transfers out	<u>(1,136,568)</u>	<u>(1,277,348)</u>	<u>(140,780)</u>
<b>Total other financing sources (uses)</b>	<u>(600,114)</u>	<u>(740,894)</u>	<u>(140,780)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 232,598</u>	(265,734)	<u>\$ (498,332)</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>3,067,852</u>	
End of year		<u>\$ 2,802,118</u>	

**City of Encinitas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Lighting and Landscaping Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>			
Taxes and assessments	\$ 2,216,313	\$ 2,400,940	\$ 184,627
Use of money and property	106,871	(93,149)	(200,020)
Other	<u>22,000</u>	<u>10,126</u>	<u>(11,874)</u>
<b>Total revenues</b>	<u>2,345,184</u>	<u>2,317,917</u>	<u>(27,267)</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	715,360	658,454	56,906
Development services - engineering	739,771	675,636	64,135
Parks and recreation	<u>1,023,384</u>	<u>904,301</u>	<u>119,083</u>
<b>Total expenditures</b>	<u>2,478,515</u>	<u>2,238,391</u>	<u>240,124</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(133,331)</u>	<u>79,526</u>	<u>212,857</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	17,000	17,000	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (166,331)</u>	46,526	<u>\$ 212,857</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>4,152,833</u>	
End of year		<u>\$ 4,199,359</u>	

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## Internal Service Funds

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**Internal Service Funds** are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

**Risk Management** - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis for risk management expenditures.

**Wastewater Support** - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis for wastewater support expenditures.

**Vehicle Maintenance** - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis for vehicle maintenance expenditures.

**Vehicle Replacement** - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis for vehicle replacement expenditures.

**City of Encinitas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	<u>Risk Management</u>	<u>Wastewater Support</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 6,948,858	\$ -	\$ -	\$ 822,879	\$ 7,771,737
Accounts receivable	1,164	-	-	-	1,164
Inventory and prepaid items	-	-	-	-	-
<b>Total current assets</b>	<u>6,950,022</u>	<u>-</u>	<u>-</u>	<u>822,879</u>	<u>7,772,901</u>
<b>Noncurrent assets:</b>					
Capital assets:					
Utility, plant, vehicles, and equipment, net	-	-	-	3,473,818	3,473,818
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,473,818</u>	<u>3,473,818</u>
<b>Total assets</b>	<u>6,950,022</u>	<u>-</u>	<u>-</u>	<u>4,296,697</u>	<u>11,246,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension related items	44,529	54,182	29,244	-	127,955
Deferred OPEB related items	6,842	12,202	6,842	-	25,886
<b>Total deferred outflows of resources</b>	<u>51,371</u>	<u>66,384</u>	<u>36,086</u>	<u>-</u>	<u>153,841</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	269,239	62,322	25,568	-	357,129
Due to other funds	-	37,736	27,177	-	64,913
Current portion of capital leases payable	-	-	-	195,921	195,921
<b>Total current liabilities</b>	<u>269,239</u>	<u>100,058</u>	<u>52,745</u>	<u>195,921</u>	<u>617,963</u>
<b>Noncurrent liabilities:</b>					
Capital lease payable	-	-	-	585,317	585,317
Net pension liability	100,131	121,840	65,763	-	287,734
Net OPEB liability	20,700	36,915	20,700	-	78,315
<b>Total noncurrent liabilities</b>	<u>120,831</u>	<u>158,755</u>	<u>86,463</u>	<u>585,317</u>	<u>951,366</u>
<b>Total liabilities</b>	<u>390,070</u>	<u>258,813</u>	<u>139,208</u>	<u>781,238</u>	<u>1,569,329</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension related items	101,348	123,320	66,562	-	291,230
Deferred OPEB related items	10,565	18,841	10,565	-	39,971
<b>Total deferred inflows of resources</b>	<u>111,913</u>	<u>142,161</u>	<u>77,127</u>	<u>-</u>	<u>331,201</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	2,692,580	2,692,580
Unrestricted	6,499,410	(334,590)	(180,249)	822,879	6,807,450
<b>Total net position</b>	<u>\$ 6,499,410</u>	<u>\$(334,590)</u>	<u>\$ (180,249)</u>	<u>\$ 3,515,459</u>	<u>\$ 9,500,030</u>

**City of Encinitas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	<u>Risk Management</u>	<u>Wastewater Support</u>	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Interfund revenues	\$ 1,405,671	\$ 851,561	\$ 530,307	\$ -	\$ 2,787,539
Other revenues	<u>66,129</u>	<u>2,840</u>	<u>-</u>	<u>135,884</u>	<u>204,853</u>
<b>Total operating revenues</b>	<u>1,471,800</u>	<u>854,401</u>	<u>530,307</u>	<u>135,884</u>	<u>2,992,392</u>
<b>OPERATING EXPENSES:</b>					
Operational support services	801,336	159,315	236,029	-	1,196,680
Administrative support	452,537	545,637	294,278	-	1,292,452
Insurance and claims	3,048,480	-	-	-	3,048,480
Depreciation of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,923</u>	<u>662,923</u>
<b>Total operating expenses</b>	<u>4,302,353</u>	<u>704,952</u>	<u>530,307</u>	<u>662,923</u>	<u>6,200,535</u>
<b>Operating income (loss)</b>	<u>(2,830,553)</u>	<u>149,449</u>	<u>-</u>	<u>(527,039)</u>	<u>(3,208,143)</u>
<b>NONOPERATING REVENUES:</b>					
Gain (loss) on disposal of capital assets	-	-	-	54,350	54,350
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,791)</u>	<u>(22,791)</u>
<b>Total nonoperating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,559</u>	<u>31,559</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(2,830,553)</u>	<u>149,449</u>	<u>-</u>	<u>(495,480)</u>	<u>(3,176,584)</u>
Transfers in	3,297,793	-	-	977,000	4,274,793
Transfers out	<u>(1,610)</u>	<u>(149,449)</u>	<u>-</u>	<u>-</u>	<u>(151,059)</u>
<b>Total capital contributions and transfers</b>	<u>3,296,183</u>	<u>(149,449)</u>	<u>-</u>	<u>977,000</u>	<u>4,123,734</u>
<b>Net change in net position</b>	<u>465,630</u>	<u>-</u>	<u>-</u>	<u>481,520</u>	<u>947,150</u>
<b>NET POSITION:</b>					
Beginning of year	<u>6,033,780</u>	<u>(334,590)</u>	<u>(180,249)</u>	<u>3,033,939</u>	<u>8,552,880</u>
End of year	<u>\$ 6,499,410</u>	<u>\$ (334,590)</u>	<u>\$ (180,249)</u>	<u>\$ 3,515,459</u>	<u>\$ 9,500,030</u>

**City of Encinitas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30 , 2022**

	Risk Management	Wastewater Support	Vehicle Maintenance	Vehicle Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from users	\$ 1,404,915	\$ 813,825	\$ 503,130	\$ 88,602	\$ 2,810,472
Receipts from other funds	-	37,736	27,177	(6,411)	58,502
Payments to employees	(520,460)	(685,682)	(362,560)	-	(1,568,702)
Payments to suppliers and vendors	(3,773,067)	(102,712)	(207,664)	(6,411)	(4,089,854)
Other revenues	66,129	2,840	-	53,693	122,662
<b>Net cash provided by (used in) operating activities</b>	<b>(2,822,483)</b>	<b>66,007</b>	<b>(39,917)</b>	<b>129,473</b>	<b>(2,666,920)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	-	-	-	(399,282)	(399,282)
Principal payment on long-term debt	-	-	-	(191,162)	(191,162)
Interest payments on capital leases	-	-	-	(22,791)	(22,791)
Proceeds from sale of capital assets	-	-	-	54,350	54,350
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(558,885)</b>	<b>(558,885)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	3,297,793	-	-	977,000	4,274,793
Transfers (out)	(1,610)	(149,449)	-	-	(151,059)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,296,183</b>	<b>(149,449)</b>	<b>-</b>	<b>977,000</b>	<b>4,123,734</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>473,700</b>	<b>(83,442)</b>	<b>(39,917)</b>	<b>547,588</b>	<b>897,929</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	6,475,158	83,442	39,917	275,291	6,873,808
End of year	\$ 6,948,858	\$ -	\$ -	\$ 822,879	\$ 7,771,737
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (2,830,553)	\$ 149,449	\$ -	\$ (527,039)	\$ (3,208,143)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	662,923	662,923
Changes in operating assets and liabilities:					
Accounts receivable	(756)	-	-	-	(756)
Inventory and prepaid items	79,770	-	-	-	79,770
OPEB-related deferred outflows	(784)	924	225	-	365
Pension-related deferred outflows	12,814	26,392	12,583	-	51,789
Accounts payable and accrued liabilities	(3,021)	18,867	1,188	-	17,034
Due to other funds	-	37,736	27,177	(6,411)	58,502
Net OPEB liability	(10,310)	(30,273)	(15,478)	-	(56,061)
Net pension liability	(173,815)	(263,084)	(134,056)	-	(570,955)
OPEB-related deferred inflows	3,623	3,798	2,464	-	9,885
Pension-related deferred inflows	100,549	122,198	65,980	-	288,727
<b>Total adjustments</b>	<b>8,070</b>	<b>(83,442)</b>	<b>(39,917)</b>	<b>656,512</b>	<b>541,223</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,822,483)</b>	<b>\$ 66,007</b>	<b>\$ (39,917)</b>	<b>\$ 129,473</b>	<b>\$ (2,666,920)</b>

There were no non-cash capital and related financing activities.

This section of the City of Encinitas' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary and supplementary information says about the City's overall financial health.

## **Contents**

## **Page**

**Financial Trends** - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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**City of Encinitas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2022	2021	2020	2019	2018
<b>Government activities:</b>					
Net investment in capital assets	\$ 196,847,248	\$ 190,035,875	\$ 181,288,734	\$ 172,580,765	\$ 169,553,838
Restricted	20,368,737	19,467,205	23,031,942	20,997,390	19,779,315
Unrestricted	9,178,250	(1,132,294)	528,847	7,357,189	1,963,535
Total governmental activities net position	<u>226,394,235</u>	<u>208,370,786</u>	<u>204,849,523</u>	<u>200,935,344</u>	<u>191,296,688</u>
<b>Business-type activities:</b>					
Net investment in capital assets	43,771,341	42,615,968	38,060,921	38,074,788	36,547,324
Restricted	376,374	386,507	390,925	411,895	421,938
Unrestricted	107,569,412	106,620,721	105,330,676	99,808,547	95,173,238
Total business-type activities net position	<u>151,717,127</u>	<u>149,623,196</u>	<u>143,782,522</u>	<u>138,295,230</u>	<u>132,142,500</u>
<b>Primary government:</b>					
Net investment in capital assets	240,618,589	232,651,843	219,349,655	210,655,553	206,101,162
Restricted	20,745,111	19,853,712	23,422,867	21,409,285	20,201,253
Unrestricted	116,747,662	105,488,427	105,859,523	107,165,736	97,136,773
Total primary government net position	<u>\$ 378,111,362</u>	<u>\$ 357,993,982</u>	<u>348,632,045</u>	<u>\$ 339,230,574</u>	<u>\$ 323,439,188</u>

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022



**City of Encinitas**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>Government activities:</b>					
Net investment in capital assets	\$ 165,759,601	\$ 162,923,350	\$ 157,304,041	\$ 161,902,991	\$ 157,395,370
Restricted	19,867,542	30,996,309	18,741,022	17,363,704	9,980,695
Unrestricted	9,510,235	(580,736)	9,229,896	38,446,880	37,646,551
Total governmental activities net position	<u>195,137,378</u>	<u>193,338,923</u>	<u>185,274,959</u>	<u>217,713,575</u>	<u>205,022,616</u>
<b>Business-type activities:</b>					
Net investment in capital assets	44,977,544	42,501,264	39,806,764	54,362,661	32,247,941
Restricted	20,237	1,377,006	-	1,039,739	-
Unrestricted	79,286,895	75,512,969	75,781,002	62,426,804	79,816,600
Total business-type activities net position	<u>124,284,676</u>	<u>119,391,239</u>	<u>115,587,766</u>	<u>117,829,204</u>	<u>112,064,541</u>
<b>Primary government:</b>					
Net investment in capital assets	210,737,145	205,424,614	197,110,805	216,265,652	189,643,311
Restricted	19,887,779	32,373,315	18,741,022	18,403,443	9,980,695
Unrestricted	88,797,130	74,932,233	85,010,898	100,873,684	117,463,151
Total primary government net position	<u>\$ 319,422,054</u>	<u>\$ 312,730,162</u>	<u>\$ 300,862,725</u>	<u>\$ 335,542,779</u>	<u>\$ 317,087,157</u>

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2022	2021	2020	2019	2018
<b>Expenses:</b>					
Government activities:					
General government	\$ 12,080,268	\$ 18,698,862	\$ 17,335,001	\$ 15,280,238	\$ 14,403,144
Public safety	36,235,733	37,494,513	35,791,015	33,160,544	30,762,894
Public works	12,280,274	11,444,920	11,859,286	9,166,709	8,325,467
Planning	16,217,737	7,360,378	7,027,696	6,878,364	8,741,589
Engineering services	2,377,490	9,200,037	6,309,896	6,762,441	7,492,540
Parks and recreation	10,249,735	9,247,192	10,079,123	9,809,964	8,429,448
Interest and fiscal charges on long-term debt	1,172,018	1,488,333	1,569,705	1,655,750	1,755,100
Total governmental activities expenses	90,613,255	94,934,235	89,971,722	82,714,010	79,910,182
Business-type activities:					
Cardiff Sanitary Division	4,757,564	3,075,590	3,093,405	3,548,203	3,086,434
San Dieguito Water District	18,727,669	17,738,041	16,503,660	16,615,687	13,800,288
Encinitas Sanitary Division	2,691,855	2,751,591	3,271,260	2,044,676	1,652,061
Affordable Housing	1,824,080	1,797,801	1,676,260	1,576,162	1,464,181
Recreation Programs	-	-	-	-	-
Total business-type activities expenses	28,001,168	25,363,023	24,544,585	23,784,728	20,002,964
Total primary government expenses	118,614,423	120,297,258	114,516,307	106,498,738	99,913,146
<b>Program revenues:</b>					
Government activities:					
Charges for services:					
General government	2,768,770	1,361,790	1,804,550	1,239,815	1,815,086
Public safety	2,277,134	2,292,593	1,521,745	2,075,725	1,421,393
Public works	16,801	105,811	1,776	57,786	394,647
Planning and building	5,137,648	3,434,081	3,417,094	2,936,898	3,262,604
Engineering services	629,385	457,981	970,837	1,782,402	1,874,562
Parks and recreation	1,548,671	759,536	1,029,655	1,310,426	1,405,704
Operating grants and contributions	8,761,294	6,112,721	4,401,599	4,421,588	3,253,127
Capital grants and contributions	5,485,313	6,897,649	6,784,821	6,626,283	4,851,823
Total governmental activities program revenues	26,625,016	21,422,162	19,932,077	20,450,923	18,278,946
Business-type activities:					
Charges for services:					
Cardiff Sanitary Division	4,623,645	5,048,111	5,046,841	4,937,942	4,885,227
San Dieguito Water District	18,572,609	19,037,114	16,835,266	15,727,590	16,852,732
Encinitas Sanitary Division	2,517,372	2,759,121	2,744,193	2,698,745	2,711,075
Affordable Housing	337,737	329,678	270,931	260,848	225,468
Recreation Programs	-	-	-	-	-
Operating grants and contributions	1,355,858	1,367,154	1,246,133	1,142,424	1,093,800
Capital grants and contributions	170,438	550,875	593,179	728,700	560,651
Total business-type activities program revenues	27,577,659	29,092,053	26,736,543	25,496,249	26,328,953
Total primary government program revenues	54,202,675	50,514,215	46,668,620	45,947,172	44,607,899
Governmental activities	(63,988,239)	(73,512,073)	(70,039,645)	(62,263,087)	(61,631,236)
Business-type activities	(423,509)	3,729,030	2,191,958	1,711,521	6,325,989
Total net revenue (expense)	\$ (64,411,748)	\$ (69,783,043)	\$ (67,847,687)	\$ (60,551,566)	\$ (55,305,247)

**City of Encinitas**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>Expenses:</b>					
Government activities:					
General government	\$ 11,737,634	\$ 11,750,737	\$ 10,810,882	\$ 9,549,338	\$ 10,616,440
Public safety	29,437,181	27,255,755	25,762,703	25,146,843	24,629,613
Public works	9,205,570	11,743,123	11,565,315	10,239,746	10,851,147
Planning	6,935,754	7,255,460	6,550,992	5,853,995	4,353,831
Engineering services	8,918,281	4,591,315	6,253,352	3,988,720	3,813,678
Parks and recreation	7,046,255	6,778,769	5,205,986	4,735,864	5,542,550
Interest and fiscal charges on long-term debt	2,237,069	2,494,815	2,311,944	1,913,349	1,932,904
Total governmental activities expenses	75,517,744	71,869,974	68,461,174	61,427,855	61,740,163
Business-type activities:					
Cardiff Sanitary Division	3,308,454	3,857,531	4,262,565	2,922,446	3,373,704
San Dieguito Water District	13,970,919	13,462,935	15,005,767	13,552,862	12,200,431
Encinitas Sanitary Division	2,037,116	2,306,540	1,731,770	2,438,692	1,983,786
Affordable Housing	1,449,917	1,440,124	1,408,226	1,405,225	1,499,863
Recreation Programs	-	-	1,331,565	1,300,555	1,153,840
Total business-type activities expenses	20,766,406	21,067,130	23,739,893	21,619,780	20,211,624
Total primary government expenses	96,284,150	92,937,104	92,201,067	83,047,635	81,951,787
<b>Program revenues:</b>					
Government activities:					
Charges for services:					
General government	1,675,799	1,594,277	1,629,857	1,800,630	1,775,756
Public safety	1,148,567	1,009,713	160,178	202,220	91,495
Public works	65,746	107,279	759,918	-	-
Planning and building	2,954,523	2,800,413	2,737,225	2,874,894	1,894,785
Engineering services	1,143,830	1,367,902	1,055,311	1,075,885	955,986
Parks and recreation	1,796,918	1,741,619	46,846	35,791	39,946
Operating grants and contributions	3,419,730	3,349,186	3,878,422	4,345,931	3,759,864
Capital grants and contributions	4,407,963	5,409,098	4,126,194	8,756,281	6,462,979
Total governmental activities program revenues	16,613,076	17,379,487	14,393,951	19,091,632	14,980,811
Business-type activities:					
Charges for services:					
Cardiff Sanitary Division	4,788,884	4,761,486	4,528,551	4,605,867	4,755,573
San Dieguito Water District	14,851,977	14,684,387	14,785,858	15,297,718	13,687,156
Encinitas Sanitary Division	2,819,006	2,855,690	2,841,235	2,879,605	2,933,319
Affordable Housing	213,124	218,148	247,349	216,728	214,115
Recreation Programs	-	-	1,321,471	1,269,179	1,059,009
Operating grants and contributions	1,099,366	1,068,549	1,061,698	994,607	1,103,639
Capital grants and contributions	736,370	681,412	483,425	1,066,769	1,003,057
Total business-type activities program revenues	24,508,727	24,269,672	25,269,587	26,330,473	24,755,868
Total primary government program revenues	41,121,803	41,649,159	39,663,538	45,422,105	39,736,679
Governmental activities	(58,904,668)	(54,490,487)	(54,067,223)	(42,336,223)	(46,759,352)
Business-type activities	3,742,321	3,202,542	1,529,694	4,710,693	4,544,244
Total net revenue (expense)	<u>\$ (55,162,347)</u>	<u>\$ (51,287,945)</u>	<u>\$ (52,537,529)</u>	<u>\$ (37,625,530)</u>	<u>\$ (42,215,108)</u>

**City of Encinitas**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Years				
	2022	2021	2020	2019	2018
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Taxes					
Property and documentary transfer taxes	\$ 57,698,089	\$ 54,839,785	\$ 51,251,719	\$ 49,237,265	\$ 46,311,814
Sales taxes	17,510,658	15,453,648	13,744,880	13,694,647	13,252,053
Transient occupancy taxes	5,528,340	2,823,055	2,383,060	2,775,771	2,562,484
Franchise taxes	3,232,999	2,599,810	2,539,090	2,571,367	2,587,443
Intergovernmental revenues	184,592	99,985	182,449	185,380	97,163
Investment income	(2,535,467)	44,858	3,030,295	2,613,728	958,172
Other general revenues	375,920	1,162,877	804,984	827,490	452,275
Gain/(Loss) on sale of assets	-	-	36,013	12,739	61,400
Impairment loss on capital assets	-	-	-	-	-
Transfers	16,557	9,318	(18,666)	(16,644)	20,018
Total governmental activities	82,011,688	77,033,336	73,953,824	71,901,743	66,302,822
Business-type activities:					
Property taxes	1,310,943	1,227,621	1,159,681	1,110,248	1,030,168
Intergovernmental-unrestricted	-	-	-	-	-
Investment income	(1,215,101)	89,227	1,716,759	1,393,446	(446,745)
Other general revenues	917,307	804,114	400,228	1,306,547	1,247,955
Gain/(Loss) on sale of assets	-	-	-	614,324	8,285
Transfers	(16,557)	(9,318)	18,666	16,644	(20,018)
Total business-type activities	996,592	2,111,644	3,295,334	4,441,209	1,819,645
Total primary government	83,008,280	79,144,980	77,249,158	76,342,952	68,122,467
<b>Changes in Net Position</b>					
Government activities	18,023,449	3,521,263	3,914,179	9,638,656	4,671,586
Business-type activities	573,083	5,840,674	5,487,292	6,152,730	8,145,634
Total primary government	\$ 18,596,532	\$ 9,361,937	\$ 9,401,471	\$ 15,791,386	\$ 12,817,220

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Years				
	2017	2016	2015	2014	2013
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Taxes					
Property and documentary transfer taxes	\$ 43,494,220	\$ 41,210,485	\$ 38,508,558	\$ 36,414,507	\$ 34,974,578
Sales taxes	12,549,609	14,166,771	12,569,119	12,067,360	11,585,145
Transient occupancy taxes	2,216,145	2,018,024	1,828,116	1,570,459	1,491,998
Franchise taxes	2,545,854	2,794,144	2,761,335	2,614,844	2,323,616
Intergovernmental revenues	251,919	388,876	814,337	479,026	541,079
Investment income	770,634	611,350	880,989	705,849	552,512
Other general revenues	961,475	956,824	1,567,168	1,257,002	1,596,026
Gain/(Loss) on sale of assets	1,937	8,865	107,177	(48,320)	-
Impairment loss on capital assets	(2,088,668)	-	-	-	-
Transfers	-	399,112	(36,068)	(33,545)	1,809,656
Total governmental activities	60,703,125	62,554,451	59,000,731	55,027,182	54,874,610
Business-type activities:					
Property taxes	959,873	906,106	834,994	787,242	749,378
Intergovernmental-unrestricted	(31,828)	-	-	-	189,676
Investment income	6,925	(63,690)	(60,169)	357,357	3,118
Other general revenues	-	153,667	63,768	63,768	-
Gain/(Loss) on sale of assets	216,146	4,010	18,085	(187,942)	-
Transfers	-	(399,112)	36,068	33,545	(1,809,656)
Total business-type activities	1,151,116	600,981	892,746	1,053,970	(867,484)
Total primary government	61,854,241	63,155,432	59,893,477	56,081,152	54,007,126
<b>Changes in Net Position</b>					
Government activities	1,798,457	8,063,964	4,933,508	12,690,959	8,115,258
Business-type activities	4,893,437	3,803,523	2,422,440	5,764,663	3,676,760
Total primary government	\$ 6,691,894	\$ 11,867,487	\$ 7,355,948	\$ 18,455,622	\$ 11,792,018

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2022	2021	2020	2019	2018
General fund:					
Nonspendable	\$ 288,410	\$ 737,115	\$ 287,832	\$ 266,828	\$ 267,203
Restricted	182,172	172,708	167,265	383	251
Committed	18,405,040	16,998,291	16,208,039	15,545,889	14,691,792
Assigned	-	-	-	-	-
Unassigned	10,452,438	9,255,171	10,542,872	8,609,231	12,334,212
Total general fund	<u>\$ 29,328,060</u>	<u>\$ 27,163,285</u>	<u>\$ 27,206,008</u>	<u>\$ 24,422,331</u>	<u>\$ 27,293,458</u>
All other governmental funds:					
Nonspendable	-	-	-	-	-
Restricted	27,188,042	26,434,867	36,105,367	36,435,142	34,724,312
Committed	20,463,699	19,920,832	18,352,366	24,412,850	17,760,602
Assigned	-	-	-	-	-
Unassigned	(8,214,740)	(7,140,370)	(13,240,690)	(15,438,135)	(14,945,248)
Total all other governmental funds	<u>39,437,001</u>	<u>39,215,329</u>	<u>41,217,043</u>	<u>45,409,857</u>	<u>37,539,666</u>
Total all governmental funds	<u><u>\$ 68,765,061</u></u>	<u><u>\$ 66,378,614</u></u>	<u><u>\$ 68,423,051</u></u>	<u><u>\$ 69,832,188</u></u>	<u><u>\$ 64,833,124</u></u>

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2017	2016	2015	2014	2013
General fund:					
Nonspendable	\$ 727,094	\$ 1,109,424	\$ 1,535,601	\$ 2,052,250	\$ 1,980,075
Restricted	1,472,372	-	3,009,269	4,079	7,996,400
Committed	13,937,399	-	8,266,796	8,136,886	9,847,719
Assigned	-	-	561,762	561,762	561,762
Unassigned	9,514,727	31,775,120	28,029,019	25,151,131	21,160,822
Total general fund	\$ 25,651,592	\$ 32,884,544	\$ 41,402,447	\$ 35,906,108	\$ 41,546,778
All other governmental funds:					
Nonspendable	296,234	287,756	-	1,565	-
Restricted	30,282,525	4,305,652	18,741,022	17,358,060	13,036,985
Committed	18,998,215	1,626,219	-	-	-
Assigned	-	24,776,682	-	-	2,135,100
Unassigned	(12,183,589)	-	-	-	-
Total all other governmental funds	37,393,385	30,996,309	18,741,022	17,359,625	15,172,085
Total all governmental funds	\$ 63,044,977	\$ 63,880,853	\$ 60,143,469	\$ 53,265,733	\$ 56,718,863

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Years				
	2022	2021	2020	2019	2018
<b>Revenues:</b>					
Taxes and assessments	\$ 85,156,290	\$ 76,821,095	\$ 71,064,561	\$ 69,403,416	\$ 65,845,166
Intergovernmental	12,340,536	11,565,263	9,208,454	7,161,806	6,966,193
Charges for services	9,804,091	5,862,696	6,629,818	7,383,043	7,280,374
Fines, forfeitures, and penalties	382,537	232,873	655,032	794,237	704,216
Use of money and property	(1,889,065)	577,180	3,729,566	3,437,985	1,126,652
Other	2,708,860	4,143,952	3,750,230	3,089,553	2,566,551
<b>Total Revenues</b>	<b>108,503,249</b>	<b>99,203,059</b>	<b>95,037,661</b>	<b>91,270,040</b>	<b>84,489,152</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	14,961,747	14,533,052	13,358,381	12,783,602	12,213,808
Public safety	36,292,883	34,613,439	32,928,307	31,494,405	29,478,104
Public works	7,672,548	7,360,360	7,392,741	5,875,143	5,033,316
Planning and building	8,643,165	6,939,408	6,619,723	6,570,840	6,017,914
Engineering services	3,738,327	3,761,366	3,324,903	3,851,316	3,504,336
Parks and recreation	8,262,489	7,237,778	7,959,300	7,954,529	7,879,881
Capital outlay	18,858,484	22,371,020	18,749,583	11,925,637	12,933,995
<b>Debt service:</b>					
Principal	2,326,207	2,106,004	2,025,045	1,949,298	2,128,758
Interest and fiscal charges	1,460,868	1,611,171	1,695,251	1,774,333	1,899,328
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>102,216,718</b>	<b>100,533,598</b>	<b>94,053,234</b>	<b>84,179,103</b>	<b>81,089,440</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,286,531</b>	<b>(1,330,539)</b>	<b>984,427</b>	<b>7,090,937</b>	<b>3,399,712</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	27,674,126	40,635,381	20,729,350	25,249,787	30,412,724
Transfers out	(31,781,303)	(41,349,279)	(23,122,914)	(27,341,660)	(32,024,289)
Proceeds from capital lease	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Issuance of debt	9,505,000	-	-	-	-
Premium on debt	-	-	-	-	-
Deposit to escrow for bond refunding	(9,297,907)	-	-	-	-
Bond discounts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,900,084)</b>	<b>(713,898)</b>	<b>(2,393,564)</b>	<b>(2,091,873)</b>	<b>(1,611,565)</b>
<b>Net change in fund balances</b>	<b>\$ 2,386,447</b>	<b>\$ (2,044,437)</b>	<b>\$ (1,409,137)</b>	<b>\$ 4,999,064</b>	<b>\$ 1,788,147</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.6%</b>	<b>4.8%</b>	<b>5.4%</b>

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022



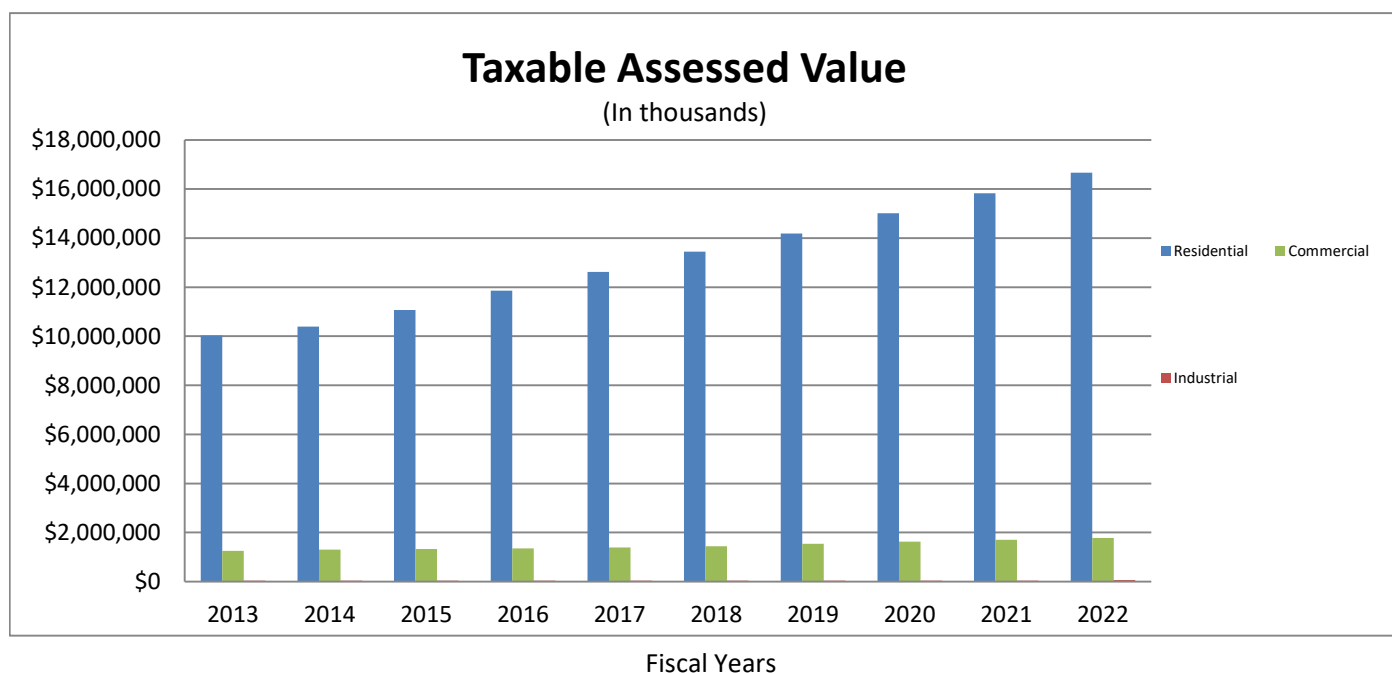
**City of Encinitas**  
**Changes in Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Years				
	2017	2016	2015	2014	2013
Revenues:					
Taxes and assessments	\$ 61,934,421	\$ 61,325,308	\$ 56,825,628	\$ 53,830,193	\$ 51,528,542
Intergovernmental	6,436,599	6,689,475	7,022,485	5,025,480	8,520,220
Charges for services	6,688,958	6,585,518	5,315,721	5,479,847	4,450,756
Fines, forfeitures, and penalties	850,153	889,388	802,936	632,776	611,029
Use of money and property	1,285,049	1,222,730	899,807	724,310	572,481
Other	2,215,452	2,804,043	2,456,996	3,654,621	2,141,439
Total Revenues	79,410,632	79,516,462	73,323,573	69,347,227	67,824,467
Expenditures:					
Current:					
General government	10,017,430	9,288,227	9,362,214	9,109,412	9,430,487
Public safety	27,724,959	26,976,136	24,902,920	24,164,979	23,655,367
Public works	6,351,537	6,305,340	6,682,424	6,281,800	6,057,646
Planning and building	5,110,298	5,159,777	5,082,589	4,716,315	4,238,882
Engineering services	4,368,601	4,298,563	4,162,630	3,949,352	3,716,994
Parks and recreation	6,610,308	6,366,337	5,091,224	4,672,683	4,377,047
Capital outlay	12,230,552	10,799,083	18,440,036	14,548,894	18,836,006
Debt service:					
Principal	2,853,417	2,783,268	2,730,686	2,661,976	2,295,614
Interest and fiscal charges	2,077,770	2,372,231	2,170,164	1,937,144	2,050,068
Bond issuance costs	-	-	-	-	-
Total expenditures	77,344,872	74,348,962	78,624,887	72,042,555	74,658,111
Excess (deficiency) of revenues over (under) expenditures	2,065,760	5,167,500	(5,301,314)	(2,695,328)	(6,833,644)
Other Financing Sources (Uses):					
Transfers in	35,159,839	44,550,246	24,514,293	20,570,966	23,363,240
Transfers out	(36,650,845)	(45,577,444)	(25,509,616)	(21,328,768)	(24,208,239)
Proceeds from capital lease	-	-	-	-	555,384
Proceeds from sale of property	-	15,645,000	13,174,373	-	7,865,000
Issuance of debt	11,955,000	115	-	-	-
Premium on debt	1,360,284	772,212	-	-	131,400
Deposit to escrow for bond refunding	(14,725,914)	(16,820,243)	-	-	-
Bond discounts	-	-	-	-	-
Total other financing sources (uses)	(2,901,636)	(1,430,114)	12,179,050	(757,802)	7,706,785
Net change in fund balances	\$ (835,876)	\$ 3,737,386	\$ 6,877,736	\$ (3,453,130)	\$ 873,141
Debt service as a percentage of noncapital expenditures	6.9%	7.5%	7.6%	7.8%	7.3%

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
(In thousands of dollars)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	All Other Property (1)	Total Net Taxable Assessed Value (2)	Total Direct Tax Rate % (3)
2022	\$ 16,667,078	\$ 1,784,735	\$ 66,004	\$ 454,187	\$ 18,972,004	0.23879%
2021	15,834,152	1,704,972	42,250	501,200	18,082,574	0.23867%
2020	15,019,491	1,624,044	44,910	471,498	17,159,943	0.23819%
2019	14,191,006	1,546,386	44,994	590,531	16,372,917	0.23769%
2018	13,453,667	1,436,502	42,618	433,992	15,366,779	0.23749%
2017	12,622,536	1,390,398	41,805	417,474	14,472,213	0.24019%
2016	11,864,809	1,359,004	41,187	437,972	13,702,972	0.23978%
2015	11,073,358	1,323,412	39,665	433,569	12,870,004	0.24534%
2014	10,393,910	1,300,287	39,501	413,663	12,147,361	0.24570%
2013	10,030,357	1,247,785	37,766	408,020	11,723,928	0.23974%



- (1) All Other Property includes the following categories: dry farm, institutional, irrigated, recreational, vacant land, exempt and unsecured properties.
- (2) The "total net taxable assessed value" is net of tax-exempt property. Homeowners' exemptions are not included in the totals shown.
- (3) The total direct tax rate is the City's proportionate share of Proposition 13 property taxes collected within the tax area.

Source: HdL Companies

**City of Encinitas**  
**Principal Property Taxpayers**  
**Current Fiscal Year and Nine Years Ago**

Taxpayer	2022			2013		
	Taxable Assessed Secured Value	Rank	% of Total City Assessed Secure Value	Taxable Assessed Secured Value	Rank	% of Total City Assessed Secure Value
T R C Encinitas Village LLC	\$ 104,406,211	1	0.55%	\$ 114,296,675	1	0.98%
Collwood Pines Apartments LP	84,311,756	2	0.45%	54,963,312	3	0.47%
Belmont Village LP	62,505,104	3	0.33%	67,914,000	2	0.58%
Encinitas Beach Hotel Venture LLC	59,866,806	4	0.32%	-	-	-
Pacifico Encinitas Apartment Homes LP	55,586,320	5	0.30%	-	-	-
Encinitas Town Center Asscs LLC	40,859,708	6	0.22%	43,367,556	4	0.37%
N C H C 3 LLC	38,582,306	7	0.20%	-	-	-
Weingarten Nostat INC	37,848,913	8	0.20%	-	-	-
Encinitas Marketplace LLC	33,392,953	9	0.18%	-	-	-
Home Depot USA INC	32,824,294	10	0.17%	12,049,643	25	0.10%
S S L Landlord LLC	27,223,049	11	0.14%	34,024,140	5	0.29%
The Resort At Encinitas LLC	26,564,040	12	0.14%	-	-	-
Von's Companies INC	25,786,593	13	0.14%	-	-	-
RPG Pacifica Station LLC	25,228,282	14	0.13%	-	-	-
RAF Pacifica Encinitas LLC	22,105,665	15	0.12%	-	-	-
Quail Pointe Apartment Homes LP	22,075,052	16	0.12%	15,025,500	20	0.13%
Sterling Family Trust	20,516,570	17	0.11%	17,562,229	17	0.15%
Plenc El Camino LLC	20,163,770	18	0.11%	17,226,730	19	0.15%
Los Angeles Fitness International LLC	20,153,537	19	0.11%	-	-	-
Cardiff Town Center LLC	19,758,966	20	0.10%	-	-	-
Quail Meadows Properties LLC Camino	18,020,673	21	0.10%	-	-	-
Village LLC	16,824,199	22	0.09%	-	-	-
Essex Heights LLC	16,761,572	23	0.09%	-	-	-
Golden Eagle Annuity Investment LP	16,483,169	24	0.09%	-	-	-
Target Corporation	16,439,305	25	0.09%	-	-	-
WRI El Camino LP	-	-	-	32,617,049	6	0.28%
PK III Encinitas Marketplace LP	-	-	-	28,600,000	7	0.24%
Scripps Health	-	-	-	26,671,084	8	0.23%
North Coast Business Park	-	-	-	25,412,082	9	0.22%
Urschel Laboratories Inc.	-	-	-	22,892,104	10	0.20%
Keith B. and Sara S. Harrison	-	-	-	22,571,400	11	0.19%
ASN Encinitas LLC	-	-	-	22,357,880	12	0.19%
North Coast Health Center LLC	-	-	-	21,256,885	13	0.18%
Loja Pacific Station	-	-	-	19,560,000	14	0.17%
UCSD Garden View LLC	-	-	-	18,000,000	15	0.15%
Lofts at Moonlight Beach LLC	-	-	-	17,710,395	16	0.15%
LA Fitness International LLC	-	-	-	17,367,711	18	0.15%
Encinitas Terraces LLC	-	-	-	14,411,355	21	0.12%
Golden Eagle Annuity Investment LP	-	-	-	14,120,331	22	0.12%
Bellflower Capital LP	-	-	-	14,034,402	23	0.12%
ARV Assisted Living Inc	-	-	-	12,240,000	24	0.10%
	<u>\$ 864,288,813</u>		<u>4.59%</u>	<u>\$ 706,252,463</u>		<u>6.02%</u>

Source: HdL Companies



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**City of Encinitas  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2022	\$ 59,893,650	\$ 58,710,480	98.02%	N/A	\$ 58,710,480	98.02%
2021	58,237,793	57,268,432	98.34%	733,143	58,001,575	99.59%
2020	55,190,058	54,143,122	98.10%	785,003	54,928,125	99.53%
2019	53,427,075	52,652,248	98.55%	540,612	53,192,860	99.56%
2018	50,804,445	50,172,791	98.76%	171,827	50,344,618	99.09%
2017	48,540,436	47,871,961	98.62%	330,704	48,202,665	99.30%
2016	34,443,972	33,961,174	98.60%	235,730	34,196,904	99.28%
2015	32,251,814	31,755,994	98.46%	168,077	31,924,071	98.98%
2014	30,550,301	30,009,574	98.23%	133,208	30,142,782	98.67%
2013	29,207,237	28,712,036	98.30%	157,287	28,869,323	98.84%

Note: N/A is not a missing figure. There is no information until the next year's collection is completed.

# City of Encinitas

## Direct and Overlapping Property Tax Rates

### Last Ten Fiscal Years

	Fiscal Years				
	2022	2021	2020	2019	2018
	%	%	%	%	%
City of Encinitas Basic Rate	0.23879	0.23867	0.23819	0.23769	0.23695
City of Encinitas Total Direct Rate (1)	0.23879	0.23867	0.23819	0.23769	0.23695
<b>Overlapping Rates: (2)</b>					
City of Encinitas	0.24020	0.24020	0.24020	0.24020	0.24020
Encinitas Landscape & Lighting District	0.02100	0.02100	0.02100	0.02100	0.02100
Cardiff, Encinitas Elementary	0.24870	0.24870	0.24870	0.24870	0.24870
Children's Institutions Tuition	0.00107	0.00107	0.00107	0.00107	0.00107
County General	0.08020	0.08020	0.08020	0.08020	0.08020
County Library	0.01969	0.01969	0.01969	0.01969	0.01969
County School Service	0.00643	0.00643	0.00643	0.00643	0.00643
County School Service-Capital Outlay	0.00161	0.00161	0.00161	0.00161	0.00161
County Service Area No. 17	0.00251	0.00251	0.00251	0.00251	0.00251
CWA San Dieguito Water District, OMWD	0.02510	0.02510	0.02510	0.02510	0.02510
Educable Mentally Retarded Minors	0.00161	0.00161	0.00161	0.00161	0.00161
Educational Revenue Augmentation Fund	0.08620	0.08620	0.08620	0.08620	0.08620
Mira Costa Community College	0.08150	0.08150	0.08150	0.08150	0.08150
Physically Handicapped Minors Elementary	0.00268	0.00268	0.00268	0.00268	0.00268
Physically Handicapped Minors High	0.00268	0.00268	0.00268	0.00268	0.00268
Regional Occupational Centers	0.00375	0.00375	0.00375	0.00375	0.00375
San Dieguito Union High	0.13610	0.13610	0.13610	0.13610	0.13610
San Dieguito Water District	0.03590	0.03590	0.03590	0.03590	0.03590
Trainable Mentally Retarded Minors Elementary	0.00161	0.00161	0.00161	0.00161	0.00161
Trainable Mentally Retarded Minors High	0.00161	0.00161	0.00161	0.00161	0.00161
Total Prop 13 Rate (3)	1.00000	1.00000	1.00000	1.00000	1.00000

**Notes;**

(1) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(2) General Fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.

(3) In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of one percent based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of two percent). With few exceptions, property is only reassessed at the time that it was sold to a new owner. At that point, the new assessed value is reassessed 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 market value.

**City of Encinitas**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Years				
	2017	2016	2015	2014	2013
	%	%	%	%	%
City of Encinitas Basic Rate	0.23644	0.23978	0.24534	0.24002	0.23974
City of Encinitas Total Direct Rate (1)	0.23644	0.23978	0.24534	0.24002	0.23974
<b>Overlapping Rates: (2)</b>					
City of Encinitas	0.24020	0.24020	0.24020	0.24020	0.24020
Encinitas Landscape & Lighting District	0.02100	0.02100	0.02100	0.02100	0.02100
Cardiff, Encinitas Elementary	0.24870	0.24870	0.24870	0.24870	0.24870
Children's Institutions Tuition	0.00107	0.00107	0.00107	0.00107	0.00107
County General	0.08020	0.08020	0.08020	0.08020	0.08020
County Library	0.01969	0.01969	0.01969	0.01969	0.01969
County School Service	0.00643	0.00643	0.00643	0.00643	0.00643
County School Service-Capital Outlay	0.00161	0.00161	0.00161	0.00161	0.00161
County Service Area No. 17	0.00251	0.00251	0.00251	0.00251	0.00251
CWA San Dieguito Water District, OMWD	0.02510	0.02510	0.02510	0.02510	0.02510
Educable Mentally Retarded Minors	0.00161	0.00161	0.00161	0.00161	0.00161
Educational Revenue Augmentation Fund	0.08620	0.08620	0.08620	0.08620	0.08620
Mira Costa Community College	0.08150	0.08150	0.08150	0.08150	0.08150
Physically Handicapped Minors Elementary	0.00268	0.00268	0.00268	0.00268	0.00268
Physically Handicapped Minors High	0.00268	0.00268	0.00268	0.00268	0.00268
Regional Occupational Centers	0.00375	0.00375	0.00375	0.00375	0.00375
San Dieguito Union High	0.13610	0.13610	0.13610	0.13610	0.13610
San Dieguito Water District	0.03590	0.03590	0.03590	0.03590	0.03590
Trainable Mentally Retarded Minors Elementary	0.00161	0.00161	0.00161	0.00161	0.00161
Trainable Mentally Retarded Minors High	0.00161	0.00161	0.00161	0.00161	0.00161
Total Prop 13 Rate (3)	1.00000	1.00000	1.00000	1.00000	1.00000

**Notes:**

(1) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(2) General Fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.

(3) In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of one percent based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of two percent). With few exceptions, property is only reassessed at the time that it was sold to a new owner. At that point, the new assessed value is reassessed 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 market value.

**City of Encinitas**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Years				
	2022	2021	2020	2019	2018
	%	%	%	%	%
Gen Bond Cardiff 2000A	0.03701	0.03701	0.03727	0.03737	0.03028
Gen Bond Cardiff 2000 Election, 2010 Ref. Bonds	-	-	-	-	-
MWD D/S Remainder of SDCWA 1501999	0.00350	0.00350	0.00350	0.00350	0.00350
Total Voter Approved Rate	0.04051	0.04051	0.04077	0.04087	0.03378
Total Tax Rate	1.04051	1.04051	1.04077	1.04087	1.03378

Source: HdL Companies; County of San Diego Office of Property Tax Services



**City of Encinitas**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Years				
	2017	2016	2015	2014	2013
	%	%	%	%	%
Gen Bond Cardiff 2000A	-	-	-	-	-
Gen Bond Cardiff 2000 Election,2010 Ref. Bonds	0.03192	0.03324	0.03554	0.03386	0.03458
MWD D/S Remainder of SDCWA 1501999	0.00350	0.00350	0.00350	0.00350	0.00350
Total Voter Approved Rate	0.03542	0.03674	0.03904	0.03736	0.03808
Total Tax Rate	1.03542	1.03674	1.03904	1.03736	1.03808

Source: HdL Companies; County of San Diego Office of Property Tax Services

**City of Encinitas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities		
	Bonded Debt	Financed Purchases (2)	Total Governmental Activities
2022	\$ 39,510,821	\$ 959,836	\$ 40,470,657
2021	40,821,453	1,323,184	42,144,637
2020	42,897,904	890,053	43,787,957
2019	44,899,354	1,220,867	46,120,221
2018	46,830,807	1,633,559	48,464,366
2017	48,953,813	2,205,282	51,159,095
2016	52,933,882	2,050,840	54,984,722
2015	55,431,687	2,513,713	57,945,400
2014	44,546,848	2,964,400	47,511,248
2013	46,736,383	3,446,376	50,182,759

(1) Debt per Capita is calculated by dividing the total primary government amount by the City population shown on the Demographic and Economic statistical page.

(2) Due to implementation of GASB Statement No.87, Leases, in FY 2021-22, lease contracts that transfer ownership are reported as financed purchases; previously reported as capital leases.

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Business-type Activities				Total Primary Government	Debt Per Capita (1)
	Water Bonds and Notes	CSD Note Payable	EHA Note Payable	Total Business- type Activities		
2022	\$ 3,413,743	\$ 11,262,800	\$ 839,230	\$ 15,515,773	\$ 55,986,430	910
2021	4,728,115	11,527,912	924,799	17,180,826	59,325,463	952
2020	5,992,487	11,882,425	1,008,914	18,883,826	62,671,783	1,008
2019	7,201,858	12,226,938	1,091,629	20,520,425	66,640,646	1,051
2018	8,376,231	12,960,295	1,173,058	22,509,584	70,973,950	1,124
2017	9,510,602	1,559,300	1,253,177	12,323,079	63,482,174	1,019
2016	10,609,973	2,205,893	1,331,410	14,147,276	69,131,998	1,117
2015	11,669,345	2,833,824	1,391,715	15,894,884	73,840,284	1,200
2014	13,645,000	3,447,591	1,444,731	18,537,322	66,048,570	1,079
2013	14,670,000	4,045,028	1,495,415	20,210,443	70,393,202	1,162

(1) Debt per Capita is calculated by dividing the total primary government amount by the City population shown on the Demographic and Economic statistical page.

(2) Due to implementation of GASB Statement No.87, Leases, in FY 2021-22, lease contracts that transfer ownership are reported as financed purchases; previously reported as capital leases.

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal years**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Assessed Valuation (1)	Percentage of Assessed Value	Per Capita
	Certificates of Participation					
		and Lease Revenue Bonds				
2022	\$	39,510,821	(2) \$	18,972,004,352	0.21%	642
2021		40,821,453		18,082,574,472	0.23%	655
2020		42,897,904		17,159,943,000	0.25%	690
2019		44,899,354		16,372,917,000	0.27%	708
2018		46,830,807		15,366,779,000	0.30%	741
2017		48,953,813		14,472,213,000	0.34%	786
2016		52,933,882		13,702,972,000	0.39%	855
2015		55,431,687		12,870,004,000	0.43%	901
2014		44,546,848		12,147,361,000	0.37%	728
2013		46,736,383		11,723,928,000	0.40%	772

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements. General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds of which, the City has none.

(1) Assessed valuation has been used because the actual market value of taxable property is not readily available in the State of California. The assessed valuation information can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule of the Statistical Section.

(2) Net Bonded Debt for FY 2022 is \$ 39,495,810. Using this value the percentage of assessed value and per capita remain the same as reported above.

Source: Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

**City of Encinitas**  
**Schedule of Direct and Overlapping Bonded Debt**  
**June 30, 2022**

FY 2021-22 Assessed Valuation: \$18,974,265,858

	Total Debt June 30, 2022	Applicable % (1)	City's Share of Overlapping Debt June 30, 2022
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$20,175,000	0.559%	\$ 112,778
Mira Costa Community College District	291,380,000	15.228%	44,371,346
Cardiff School District	23,045,019	100.000%	23,045,019
Encinitas Union School District	44,196,583	68.751%	30,385,593
San Dieguito Union High School	424,285,000	25.131%	106,627,063
San Dieguito Union High School District Community Facilities Districts	34,525,000	1.657-100.	11,097,884
City of Encinitas Community Facilities District No. 1	19,105,000	100.000%	19,105,000
Olivenhain Municipal Water District, Assessment District No. 96-1	5,470,000	31.076%	1,699,857
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 236,444,540
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Diego County General Fund Obligations	\$245,340,000	3.130%	\$ 7,679,142
San Diego County Pension Obligations	340,825,000	3.130%	10,667,823
San Diego County Superintendent of Schools Obligations	7,780,000	3.130%	243,514
San Dieguito Union High School District General Fund Obligations	12,730,000	25.131%	3,199,176
<b>City of Encinitas General Fund Obligations</b>	<b>40,470,657</b>	100.000%	<b>40,470,657</b>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 62,260,312
<b>TOTAL DIRECT DEBT</b>			<b>\$ 40,470,657</b>
TOTAL OVERLAPPING DEBT			\$ 258,234,195
COMBINED TOTAL DEBT			\$ 298,704,852 (2)

(1) The percentage of overlapping applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping districts' assessed value that is within the City divided by the districts' total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

Ratios to FY 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.25%  
**Total Direct Debt (\$ 35,460,000)..... 0.21%**  
Combined Total Debt..... 1.57%

Source: County of San Diego Assessor

**City of Encinitas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal years**  
(In thousands)

	Fiscal Years				
	2022	2021	2020	2019	2018
Assessed valuation	\$ 18,972,004	\$ 18,082,574	\$ 17,159,943	\$ 16,372,917	\$ 15,366,779
Conversion percentage equal to 25% of assessed valuation	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,743,001	4,520,644	4,289,986	4,093,229	3,841,695
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	711,450	678,097	643,498	613,984	576,254
Total net debt applicable to limit:	38,511	40,821	42,898	44,899	46,831
Legal debt margin	\$ 672,939	\$ 637,276	\$ 600,600	\$ 569,085	\$ 529,423
Total debt applicable to the limit as a percentage of debt limit	5.41%	6.02%	6.67%	7.31%	8.13%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-82, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.

Source: HdL Companies

**City of Encinitas**  
**Legal Debt Margin Information (Continued)**  
**Last Ten Fiscal years**  
(In thousands)

	Fiscal Years				
	2017	2016	2015	2014	2013
Assessed valuation	\$ 14,472,213	\$ 13,702,972	\$ 12,870,004	\$ 12,147,361	\$ 11,723,928
Conversion percentage equal to 25% of assessed valuation	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,618,053	3,425,743	3,217,501	3,036,840	2,930,982
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	542,708	513,861	482,625	455,526	439,647
Total net debt applicable to limit:	48,954	52,934	55,432	44,547	46,736
Legal debt margin	<u>\$ 493,754</u>	<u>\$ 460,927</u>	<u>\$ 427,193</u>	<u>\$ 410,979</u>	<u>\$ 392,911</u>
Total debt applicable to the limit as a percentage of debt limit	9.02%	10.30%	11.49%	9.78%	10.63%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-82, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.

Source: HdL Companies

# City of Encinitas

## Historical Debt Service Coverage

### Last Ten Fiscal years

#### San Dieguito Water District

	2022	2021	2020	2019	2018
Revenues:					
Operating revenues - including connection fees	\$ 18,680,901	\$ 19,255,799	\$ 17,121,649	\$ 15,961,300	\$ 17,219,494
Non-operating revenues	1,433,512	1,764,599	1,902,231	2,307,498	1,092,337
Gross Revenues	20,114,413	21,020,398	19,023,880	18,268,798	18,311,831
Total Operating & Non-Operating Expenses	18,742,622	16,142,824	16,429,284	16,541,314	15,198,929
Net Income	1,371,791	4,877,574	2,594,596	1,727,484	3,112,902
Add:					
Interest expense	148,990	198,800	247,063	292,354	328,050
Depreciation and amortization expense	2,202,665	(537,982)	1,830,492	2,208,775	1,848,913
Net Revenues Available for Debt Service	3,723,446	4,538,392	4,672,151	4,228,613	5,289,865
Less: Debt Service Paid					
2004 Water Revenue Refunding Bonds - Interest Charges	-	-	-	-	-
2004 Water Revenue Refunding Bonds - Principal Payments	-	-	-	-	-
2007 Note Payable to Financing Authority - Interest Charges	89,397	111,466	133,619	152,919	171,619
2007 Note Payable to Financing Authority - Principal Payments	545,000	525,000	490,000	475,000	455,000
2014 Water Revenue Refunding Bonds - Interest Charges	73,100	100,300	126,500	148,775	167,225
2014 Water Revenue Refunding Bonds - Principal Payments	695,000	665,000	645,000	625,000	605,000
Total Debt Service	\$ 1,402,497	\$ 1,401,766	\$ 1,395,119	\$ 1,401,694	\$ 1,398,844
Coverage by Net Revenues Available for Debt Service	265%	324%	335%	302%	378%

Debt service coverage requirement is a minimum 115 percent of net revenue including connection fees. The above schedules include connection fees in operating revenues.

#### Cardiff Sanitary Division

	2022	2021	2020	2019	2018
Revenues:					
Operating revenues - including connection fees (1)	\$ 4,655,765	\$ 5,191,624	\$ 5,335,578	\$ 5,013,316	\$ 5,081,021
Non-operating revenues	-	128,759	581,284	496,059	162,951
Gross Revenues	4,655,765	5,320,383	5,916,862	5,509,375	5,243,972
Total Operating & Non-Operating Expenses	4,527,786	3,918,544	3,797,174	3,548,203	3,578,417
Net Income	127,979	1,401,839	2,119,688	1,961,172	1,665,555
Add:					
Interest expense	435,813	443,753	451,938	472,324	491,983
Depreciation and amortization expense	576,187	454,813	443,689	389,390	386,019
Net Revenues Available for Debt Service	1,139,979	2,300,405	3,015,315	2,822,886	2,543,557
Less: Debt Service					
2003 Note Payable to SEJPA - Interest Charges	-	-	-	-	-
2003 Note Payable to SEJPA - Principal Payments	-	-	-	-	-
2011 Note Payable to SEJPA - Interest Charges	-	1,710	3,234	29,788	55,402
2011 Note Payable to SEJPA - Principal Payments	-	60,000	57,500	663,846	640,352
2017 Note Payable to SEJPA-Interest Charges	438,113	444,863	451,388	451,388	294,656
2017 Note Payable to SEJPA-Principal Payments	230,000	225,000	217,500	-	-
Total Debt Service	\$ 668,113	\$ 731,573	\$ 729,622	\$ 1,145,021	\$ 990,410
Coverage by Net Revenues Available for Debt Service	171%	314%	413%	247%	257%

Debt service coverage requirement is a minimum 110 percent of net revenue including connection fees.  
The above schedules include connection fees in operating revenues.



# City of Encinitas

## Historical Debt Service Coverage (Continued)

### Last Ten Fiscal years

#### San Dieguito Water District

	2017	2016	2015	2014	2013
Revenues:					
Operating revenues - including connection fees	\$ 15,142,544	\$ 14,852,061	\$ 15,152,433	\$ 15,715,575	\$ 13,789,636
Non-operating revenues	1,048,764	1,013,297	927,526	827,676	869,568
Gross Revenues	16,191,308	15,865,358	16,079,959	16,543,251	14,659,204
Total Operating & Non-Operating Expenses	14,263,288	13,800,671	15,481,543	14,066,485	12,198,228
Net Income	1,928,020	2,064,687	598,416	2,476,766	2,460,976
Add:					
Interest expense	366,740	412,108	475,775	622,075	657,963
Depreciation and amortization expense	978,627	1,514,716	2,271,907	1,490,806	1,476,044
Net Revenues Available for Debt Service	3,273,387	3,991,511	3,346,098	4,589,647	4,594,983
Less: Debt Service Paid					
2004 Water Revenue Refunding Bonds - Interest Charges	-	-	144,720	380,731	408,906
2004 Water Revenue Refunding Bonds - Principal Payments	-	-	665,000	640,000	615,000
2007 Note Payable to Financing Authority - Interest Charges	191,244	211,144	224,994	241,344	256,744
2007 Note Payable to Financing Authority - Principal Payments	440,000	415,000	405,000	385,000	375,000
2014 Water Revenue Refunding Bonds - Interest Charges	185,075	202,400	106,061	-	-
2014 Water Revenue Refunding Bonds - Principal Payments	585,000	570,000	-	-	-
Total Debt Service	\$ 1,401,319	\$ 1,398,544	\$ 1,545,775	\$ 1,647,075	\$ 1,655,650
Coverage by Net Revenues Available for Debt Service	234%	285%	216%	279%	278%

Debt service coverage requirement is a minimum 115 percent of net revenue including connection fees. The above schedules include connection fees in operating revenues.

#### Cardiff Sanitary Division

	2017	2016	2015	2014	2013
Revenues:					
Operating revenues - including connection fees (1)	\$ 5,006,574	\$ 4,862,274	\$ 4,615,399	\$ 4,758,606	\$ 4,755,573
Non-operating revenues	140,095	149,151	120,668	1,216,941	39,015
Gross Revenues	5,146,669	5,011,425	4,736,067	5,975,547	4,794,588
Total Operating & Non-Operating Expenses	3,380,180	3,949,288	4,371,847	3,189,268	3,310,986
Net Income	1,766,489	1,062,137	364,220	2,786,279	1,483,602
Add:					
Interest expense	71,727	91,757	109,282	266,822	142,898
Depreciation and amortization expense	754,400	1,303,272	1,555,955	200,459	800,000
Net Revenues Available for Debt Service	2,592,616	2,457,166	2,029,457	3,253,560	2,426,500
Less: Debt Service					
2003 Note Payable to SEJPA - Interest Charges	-	-	-	-	-
2003 Note Payable to SEJPA - Principal Payments	-	-	-	-	-
2011 Note Payable to SEJPA - Interest Charges	79,889	91,757	109,282	131,967	142,898
2011 Note Payable to SEJPA - Principal Payments	612,192	593,530	579,366	563,037	546,540
2017 Note Payable to SEJPA-Interest Charges	-	-	-	-	-
2017 Note Payable to SEJPA-Principal Payments	-	-	-	-	-
Total Debt Service	\$ 692,081	\$ 685,287	\$ 688,648	\$ 695,004	\$ 689,438
Coverage by Net Revenues Available for Debt Service	375%	359%	295%	468%	352%

Debt service coverage requirement is a minimum 110 percent of net revenue including connection fees.  
The above schedules include connection fees in operating revenues.

**City of Encinitas**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal years**

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<u>Fiscal Year Ended June 30</u>	<u>City Population</u>	<u>% of San Diego County Population</u>	<u>% Change from Previous Year</u>	<u>Median Age</u>	<u>Average Household Size</u>	<u>Unemployment Rate</u>
2022	61,515	2.2%	(1.24%)	43.0	2.62	4.8%
2021	62,289	2.2%	0.17%	43.6	2.56	4.8%
2020	62,183	2.2%	(1.90%)	43.1	2.60	9.6%
2019	63,390	1.9%	0.37%	42.9	2.56	2.6%
2018	63,158	1.9%	1.40%	41.5	2.45	2.8%
2017	62,288	1.9%	0.64%	41.5	2.50	3.8%
2016	61,893	1.9%	0.61%	41.5	2.50	4.5%
2015	61,518	2.0%	0.51%	41.5	2.50	4.2%
2014	61,204	2.1%	1.05%	41.5	2.49	5.2%
2013	60,568	2.0%	0.37%	41.5	2.50	5.5%

Note: City population figures have been revised to match updated population from the California State Department of Finance as of January 1, 2022.

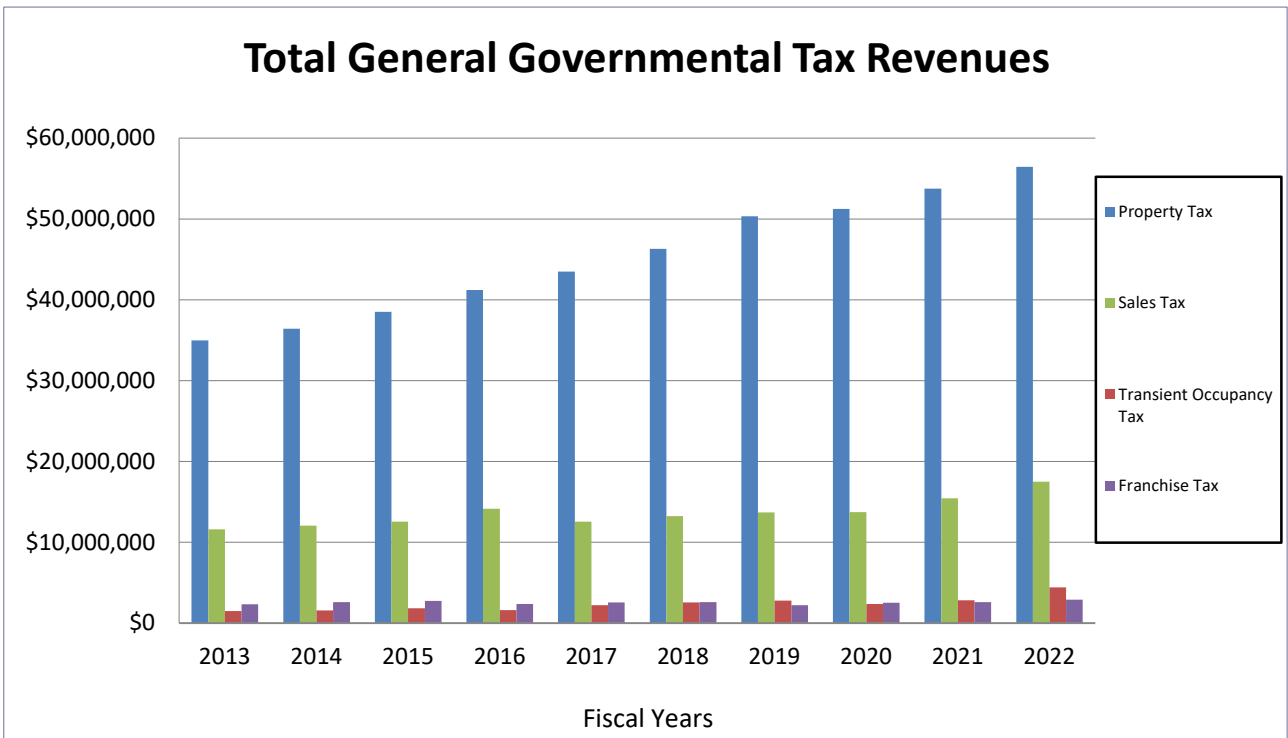
Sources: California Department of Finance; US Census Bureau QuickFacts; Employment Development Department



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**City of Encinitas**  
**General Governmental Tax Revenue by Source**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Property and Documentary Transfer Tax	Sales and Use Tax	Transient Occupancy Tax	Franchise Tax	Total Tax Revenue
2022	\$ 56,453,810	\$ 17,510,658	\$ 4,422,672	\$ 2,903,674	\$ 81,290,814
2021	53,747,471	15,453,648	2,823,055	2,599,811	74,623,985
2020	51,251,719	13,744,880	2,383,060	2,539,090	69,918,749
2019	49,237,265	13,694,647	2,775,771	2,571,367	68,279,050
2018	46,311,814	13,252,053	2,562,484	2,587,443	64,713,794
2017	43,494,220	12,549,609	2,216,145	2,545,854	60,805,828
2016	41,210,486	14,166,771	1,616,171	2,358,567	59,351,995
2015	38,508,558	12,569,119	1,828,116	2,761,335	55,667,128
2014	36,414,507	12,067,360	1,570,459	2,614,844	52,667,170
2013	34,974,578	11,585,145	1,491,998	2,323,616	50,375,337



Source: City of Encinitas Finance Department

**City of Encinitas**  
**Taxable Sales by Business Type**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
Autos and Transportation	\$ 2,415,492	\$ 2,129,102	\$ 1,703,500	\$ 1,806,753	\$ 1,744,199
Building and Construction	1,231,281	1,115,852	959,367	1,133,022	924,933
Business and Industry	733,928	545,444	730,647	629,112	567,665
Food and Drugs	1,177,803	1,236,743	1,109,984	1,110,862	1,010,551
Fuel and Service Stations	1,776,681	1,112,245	1,099,387	1,630,124	1,025,386
General Consumer Goods	3,999,149	3,882,876	3,181,523	3,812,472	3,400,696
Restaurants and Hotels	2,928,890	2,248,344	2,140,574	2,560,108	2,274,664
<b>Total</b>	<b>\$ 14,263,224</b>	<b>\$ 12,270,606</b>	<b>\$ 10,924,982</b>	<b>\$ 12,682,453</b>	<b>\$ 10,948,094</b>

	2017	2016	2015	2014	2013
Autos and Transportation	\$ 1,627,531	\$ 1,684,618	\$ 1,638,839	\$ 1,519,006	\$ 1,446,737
Building and Construction	1,021,600	980,140	944,334	887,182	820,467
Business and Industry	623,641	738,490	556,835	573,032	560,723
Food and Drugs	931,650	1,005,870	1,028,085	1,001,942	1,003,491
Fuel and Service Stations	1,191,164	1,382,946	1,500,416	1,559,342	1,577,783
General Consumer Goods	3,492,330	3,535,734	3,476,481	3,355,540	3,165,746
Restaurants and Hotels	2,264,487	2,113,116	1,978,072	1,825,971	1,699,705
<b>Total</b>	<b>\$ 11,152,403</b>	<b>\$ 11,440,914</b>	<b>\$ 11,123,062</b>	<b>\$ 10,722,015</b>	<b>\$ 10,274,652</b>

Note: Due to the confidentiality of this information, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: HdL Companies

# City of Encinitas

## Principal Employers

### Current Fiscal Year and Nine Years Ago

Employer	Industry	2022			2013		
		Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Scripps Memorial Hospital	Health Care & Social Assistance	1,017	1	3.22%	650	1	2.16%
Walmart Supercenter	Retail	335	2	1.06%	350	2	1.16%
Target	Retail	250	3	0.79%	250	4	0.83%
San Diego Hebrew Homes	Health Care & Social Assistance	220	4	0.70%	220	7	0.73%
Encinitas City Hall	Government Office	200	5	0.63%	200	8	0.67%
Magdalena Ecke Family YMCA	Recreation Facilities	200	5	0.63%	300	3	1.00%
Seacrest Village Retire Community	Health Care & Social Assistance	200	5	0.63%	200	8	0.67%
Aviara Healthcare Center	Health Care & Social Assistance	150	8	0.48%	-	-	-
Home Depot	Retail	150	8	0.48%	250	4	0.83%
RANCH GRILL	Restaurant	150	8	0.48%	-	-	-
RANCHO SANTA FE SECURITY	Security Services	150	8	0.48%	-	-	-
SOLANA BEACH POLICE DEPT	Government Safety	150	8	0.48%	-	-	-
Scripps Rehabilitation Svc	Health Care & Social Assistance	-	-	-	250	4	0.83%
California Bank & Trust	Banks	-	-	-	200	8	0.67%
<b>Subtotal Employees</b>		<b>3,172</b>		<b>10.05%</b>	<b>2,870</b>		<b>9.55%</b>
<b>Total Employees</b>		<b>31,547</b>			<b>30,050</b>		

Note: Total Employees number is historical data from zip codes 92007, 92023 and 92024.

Source: Data Axle

**City of Encinitas**  
**Full-Time and Part-Time Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Years				
	2022	2021	2020	2019	2018
General government	52.05	50.05	50.05	49.55	44.60
Public safety	70.00	70.00	70.00	69.00	69.00
Public works	35.00	34.00	34.00	34.00	27.55
Engineering services*	-	-	-	-	-
Parks and recreation	21.50	21.25	21.25	21.25	22.25
Planning and building*	-	-	-	-	-
Development services*	52.50	48.00	48.00	48.00	53.00
Subtotal	231.05	223.30	223.30	221.80	216.40
San Dieguito Water District	24.00	24.00	24.00	24.00	24.00

Function	Fiscal Years				
	2017	2016	2015	2014	2013
General government	46.75	46.75	46.75	44.75	44.75
Public safety	69.00	69.00	66.00	66.00	63.00
Public works	28.55	28.55	28.55	29.55	29.25
Engineering services*	27.17	27.17	27.17	27.17	26.42
Parks and recreation	20.18	20.18	20.18	21.18	21.18
Planning and building*	27.25	27.25	27.25	27.25	26.75
Development services*	-	-	-	-	-
Subtotal	218.90	218.90	215.90	215.90	211.35
San Dieguito Water District	24.00	24.00	24.00	23.00	25.00

\*Engineering and Planning/Building merged into Development Services during FY 2017-18.

Source: City of Encinitas Human Resources Department

**City of Encinitas**  
**Operating Indicators by Function**  
**Last Ten Fiscal years**

	2022	2021	2020	2019	2018
San Diego County Sheriff's Department					
Criminal arrests	949	1,006	1,061	1,161	1,130
Traffic arrests	381	226	202	355	213
Traffic accidents	299	286	221	281	307
Traffic citations	8778	3,399	7,009	9,635	5,501
Calls for service	19826	20,221	19,406	19,190	20,019
Deputy initiated action	17104	16,138	21,106	25,725	22,612
Fire:					
Number of emergency fire calls	673	299	476	934	532
Number of EMS/rescue	5120	4,492	4,031	6,270	4,775
Other	566	850	1,532	1,711	2,382
Inspections	2224	1,004	1,532	2,198	3,145
Engineering:					
Number of permits issued	497	430	360	399	424
Parks and recreation:					
Number of recreation class registrations	6322	4,247	10,310	17,812	15,444
Number of facility rentals	168	38	491	550	537
Planning and building:					
Number of planning permits issued	210	183	242	194	222
Number of new dwelling units issued	41	69	76	71	160
Environmental review	0	0	4	6	3
Appeals	10	5	7	5	6
Plan checks	2575	2,815	2,464	2,409	2,147
Code enforcement complaints	863	1,239	1,341	1,090	878
Water:					
New connections	38	-48	225	114	50
Average daily consumption (millions of gallons)	4.99	5.21	4.71	4.82	5.21
Sewer:					
New connections	5	43	16	14	62
Average daily sewage treatment (millions of gallons)	1.146	1.22	1.26	1.21	2.20

The City of Encinitas contracts with the County of San Diego Sheriff's Department to provide law enforcement services.

Source: City of Encinitas Fire, Parks, Recreation and Cultural Arts, Development Services, and San Dieguito Water District



**City of Encinitas**  
**Operating Indicators by Function (Continued)**  
**Last Ten Fiscal years**

	2017	2016	2015	2014	2013
San Diego County Sheriff's Department					
Criminal arrests	1,612	1,997	1,743	1,595	1,548
Traffic arrests	201	263	551	331	383
Traffic accidents	289	274	297	323	372
Traffic citations	4,891	14,873	13,650	10,357	11,381
Calls for service	19,372	22,518	21,335	19,394	20,559
Deputy initiated action	24,625	27,481	27,339	29,849	31,281
Fire:					
Number of emergency fire calls	283	328	300	383	102
Number of EMS/rescue	4,717	4,098	3,844	3,806	3,697
Other	1,035	1,517	1,265	1,458	1,932
Inspections	2,122	2,133	2,072	2,143	2,163
Engineering:					
Number of permits issued	440	436	383	351	269
Parks and recreation:					
Number of recreation class registrations	16,338	15,500	16,289	16,236	11,175
Number of facility rentals	492	538	557	578	421
Planning and building:					
Number of planning permits issued	276	263	335	298	207
Number of new dwelling units issued	94	117	135	161	63
Environmental review	7	4	10	9	6
Appeals	6	11	6	7	5
Plan checks	1,807	2,339	1,737	1,391	990
Code enforcement complaints	1,282	1,199	1,063	1,153	1,199
Water:					
New connections	39	77	69	131	64
Average daily consumption (millions of gallons)	4.85	4.56	5.49	5.71	5.61
Sewer:					
New connections	65	33	53	22	50
Average daily sewage treatment (millions of gallons)	2.27	2.20	2.22	2.36	2.40

The City of Encinitas contracts with the County of San Diego Sheriff's Department to provide law enforcement services.

Source: City of Encinitas Fire, Parks, Recreation and Cultural Arts, Development Services, and San Dieguito Water District

**City of Encinitas**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
Law enforcement: *					
Number of sub-stations	1	1	1	1	1
Fire department:					
Fire stations	6	6	7	7	6
Public works:					
Streets (miles) **	172	172	168	168	168
Engineering:					
Signalized intersections	60	59	63	63	63
Parks and recreation:					
Community and senior center	1	1	1	1	1
Developed parks	20	19	18	18	18
Undeveloped parks	2	3	4	4	4
Parkland acres	328	328	325	325	382
Habitat/open space acreage	90	90	90	90	87
Marine life refuge	1	1	1	1	1
Trails/streetscapes (miles)	41/10	41/10	41/10	41/10	41/10
Lifeguard towers	9	9	9	9	9
Water:					
Water mains (miles)	168	168	174	174	175
Maximum daily capacity (millions of gallons)	15	15	15	15	15

\* The City of Encinitas contracts with the County of San Diego Sheriff's Department to provide law enforcement services.

\*\* Prior to FY 2017-18 data included both City and privately maintained streets. In FY 2017-18, data includes only City maintained streets.

Source: City of Encinitas Fire, Parks, Recreation and Cultural Arts, Development Services, and San Dieguito Water District

**City of Encinitas**  
**Capital Asset Statistics by Function (Continued)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013
Law enforcement: *					
Number of sub-stations	1	1	1	1	1
Fire department:					
Fire stations	6	6	6	6	6
Public works:					
Streets (miles) **	201	201	201	201	201
Engineering:					
Signalized intersections	63	63	63	63	63
Parks and recreation:					
Community and senior center	1	1	1	1	1
Developed parks	18	18	18	18	18
Undeveloped parks	4	4	4	4	4
Parkland acres	382	382	382	382	382
Habitat/open space acreage	87	87	87	87	87
Marine life refuge	1	1	1	1	1
Trails/streetscapes (miles)	41/10	41/10	41/10	41/10	41/10
Lifeguard towers	7	7	7	7	7
Water:					
Water mains (miles)	170	168	168	168	168
Maximum daily capacity (millions of gallons)	15	15	15	15	15

\* The City of Encinitas contracts with the County of San Diego Sheriff's Department to provide law enforcement services.

\*\* Prior to FY 2017-18 data included both City and privately maintained streets. In FY 2017-18, data includes only City maintained streets.

Source: City of Encinitas Fire, Parks, Recreation and Cultural Arts, Development Services, and San Dieguito Water District



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# **Cardiff Sanitary Division**

## **Summary of Operational Data**

*The following tables are being presented as supplementary information based on requirements for bonds issued to CSD for continuing bond disclosure certificate.*

Table 1

**Cardiff Sanitary Division**  
**Rate Schedule for Annual Service Charges**  
**As of June 30, 2022**

<u>Users/Class</u>	<u>Sub Category</u>	<u>Fixed Meter Charge</u>	<u>HCF Rate</u>	<u>Median Annual HCF</u>	<u>Median Charge</u>
<b>Group I Residential</b>					
Single Family	SF	\$47.13	\$ 5.51	87.20	\$ 527.60
Multi Family	MF	See below	5.51	-	\$373.12/unit
Trailer Park	TP	See below	5.51	-	\$373.12/unit
<b>Non-Residential</b>					
Commercial Group II	See below	See below	\$ 5.79	See below	See below
Commercial Group III	See below	See below	7.53	See below	See below
Commercial Group IV	See below	See below	11.31	See below	See below
<b>Multi Family/Trailer Park* and Non-Residential Fixed Meter Charge</b>					
Meter Size	Annual Charge	Meter Size	Annual Charge		
5/8"	\$ 47.13	1-1/2"	\$ 235.67		
3/4"	\$ 70.70	2"	\$ 377.06		
1"	\$ 117.83	3"	\$ 706.99		

\* Multi Family/Trailer Park = Fixed Meter Charge x 2

Water Consumption Periods To Be Used

Residential = 2 Lowest Periods of Water Consumption For Meter Readings Occurring Between Dec.-May (most recent available 5-year period)

Non-Residential (Commercial) = Water Consumption For Meter Readings Occurring Between July-June of Preceding Year

<u>Users/Class</u>	<u>Sub Category</u>	<u>Unit Cost (perHCF)</u>	<u>Median Annual HCF (New Connections)</u>	<u>Median Usage Charge (New Connections)</u>
<b>Group II Commercial</b>				
Softwater Service	SW	\$ 5.79	-	\$ -
Car Wash	CW	5.79	1,520	8,800.80
Office Building	OF	5.79	200	1,158.00
Fire Station	FS	5.79	110	636.90
Professional Building (Doctor)	PB	5.79	160	926.40
Veterinary Clinic	VC	5.79	-	-
Athletic Gymnasium	G	5.79	1,340	7,758.60
Laundromat	L	5.79	990	5,732.10
Department and Retail Store	DRS	5.79	120	694.80
Warehouse	W	5.79	1,050	6,079.50
Hospital, Convalescent Home	HCH	5.79	3,240	18,759.60
Parks	PB	5.79	510	2,952.90
Church-Membership Organization	C	5.79	440	2,547.60
Membership Organization (Non-Church)	MO	5.79	240	1,389.60
Social Services	SS	5.79	160	926.40
<b>Group III Commercial</b>				
Hotels-Motels (without restaurant)	HM	\$ 7.53	890	\$6,701.70
Repair and Service Station	RSS	7.53	70	527.10
Shopping Center	SC	7.53	1,030	7,755.90
Kennel	K	7.53	900	6,777.00
Coffee Shop	CS	7.53	-	-
Amusement Park	AP	7.53	-	-
Nightclub/Bar	NC	7.53	320	2,409.60
Commercial Laundry	CL	7.53	-	-
Manufacturing	M	7.53	180	1,355.40
Lumber Yard	LY	7.53	-	-
<b>Group IV Commercial</b>				
Hotels-Motel (with restaurant)	HM	\$ 11.31	3,130	\$35,400.30
Bakery (wholesale)/Food Processor	BW	11.31	-	-
Supermarket	SM	11.31	1,030	11,649.30
Mortuary	MT	11.31	300	3,393.00
Restaurant	R	11.31	600	6,786.00

(1) Sewer rates are based on water consumption (fixed charge based on meter size and consumption component).  
The consumption is based on HCF (hundred cubic feet - 748 gallons).

Table 2

**Cardiff Sanitary Division  
Historical Service Charges Billed  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential (Tax Roll)</u>	<u>Commercial (Tax Roll)</u>	<u>Commercial (Manual)</u>	<u>Total Billed</u>	<u>Single Family Average</u>
2022	\$ 3,743,734	\$ 527,843	\$ 128,444	\$ 4,400,021	608
2021	4,100,948	648,304	128,444	4,877,696	665
2020	4,083,220	645,501	130,882	4,859,603	665
2019	4,048,063	633,674	126,925	4,808,662	662
2018	4,065,382	595,450	118,660	4,779,492	665
2017	3,958,853	597,392	135,581	4,691,826	648
2016	3,873,157	610,169	135,107	4,618,432	634
2015	4,033,393	623,032	135,587	4,792,012	610
2014	3,812,338	599,324	134,910	4,546,572	622
2013	3,935,414	666,099	126,677	4,728,190	652

Cardiff Sanitary Division bills most customers through the San Diego County property tax billing service. Delinquency rates have been between 1.8 -3.0 percent during the period presented. Delinquencies do not apply to direct billings.

Table 3

**Cardiff Sanitary Division  
Ten Largest Customers  
Fiscal Year 2021-22**

<u>Property Owner</u>	<u>Parcel Count</u>	<u>Sewer Service Charges</u>	<u>Percentage of Sewer Charges</u>
Collwood Pines Apartments LP	3	\$ 85,461	1.94%
944 Regal Road LLC	1	40,685	0.92%
Cardiff Town Center LLC	1	33,803	0.77%
K&K Lumber Co.	2	29,451	0.67%
Belmont Village LLC	1	26,418	0.60%
Georges Restaurant Inc.	1	24,637	0.56%
West Village Inc.	1	22,593	0.51%
Cardiff Investment Properties LLC	1	20,537	0.47%
P C G Plus LLC	1	20,527	0.47%
Newport Taft, Inc.	1	20,443	0.46%
Subtotal	13	324,555	7.38%
Total Billed		\$ 4,400,021	

Source: Cardiff Sanitary Division

Table 4

**Cardiff Sanitary Division  
Historical Service Connections  
Last Ten Fiscal Years**

<u>Year</u>	<u>Total Connections (Billed Parcels)</u>	<u>Residential EDU's</u>	<u>Commercial Industrial EDU's</u>	<u>Total EDU's</u>
2022	6,533	7,336	1,253	8,589
2021	6,500	7,292	1,253	8,545
2020	6,457	7,262	1,207	8,469
2019	6,456	7,247	1,205	8,452
2018	6,442	7,223	1,202	8,425
2017	6,435	7,186	1,187	8,373
2016	6,416	7,157	1,187	8,344
2015	6,394	7,132	1,187	8,319
2014	6,375	7,126	1,176	8,302
2013	6,365	7,083	1,174	8,257

Source: Cardiff Sanitary Division





**San Dieguito Water District**

**Summary of Operational Data**

*The following tables are being presented as supplementary information based on requirements for bonds issued by SDWD for continuing bond disclosure certificate.*

Table 1

**San Dieguito Water District  
Schedule of Water Rates  
As of June 30, 2022**

<u>Customer Class</u>	<u>Residential Rate Tier</u>	<u>Rate (1)</u>	
		<u>Potable</u>	<u>Recycled</u>
Single-family residential	0-12 units	\$ 3.26	\$ -
	13-20 units	5.86	-
	21-40 units	6.61	-
	41+ units	7.86	-
Multi-family residential (per dwelling)	0-8 units	3.26	-
	9-12 units	5.86	-
	13-16 units	6.61	-
	17+ units	7.86	-
Agriculture	Uniform	5.61	5.39
Commercial	Uniform	5.61	5.39
Government	Uniform	6.19	5.39
Public	Uniform	6.19	5.39
Landscaping	Uniform	6.49	5.39
Construction	Uniform	6.62	5.39

(1) Per Unit (one hundred cubic feet or 748 gallons)

Source: San Dieguito Water District

Table 2

**San Dieguito Water District  
Bi-Monthly Meter Service Availability Charges (2)  
As of June 30, 2022**

<u>Meter Size</u>	<u>Water Meter Service Availability Charge</u>	<u>Infrastructure Access Charge</u>	<u>Fire Meter Service Availability Charge</u>
5/8" & 3/4"	\$ 46.75	\$ 8.48	\$ 9.81
1"	69.15	13.56	9.81
1-1/2"	124.65	25.44	8.74
2"	191.52	44.10	15.15
3"	347.66	81.40	38.15
4"	570.67	139.08	77.81
6"	1,127.69	254.40	220.17
8"	1,796.38	440.96	465.72

(2) San Dieguito Water District charges a bi-monthly service availability charge, which covers the costs for the maintenance of meters, water lines, and storage facilities, to ensure that water is available upon demand. This charge also covers customer service costs for meter reading and billing. The Infrastructure Access Charge is levied by the San Diego County Water Authority and is collected from the customer by the District.

Source: San Dieguito Water District

Table 3

**San Dieguito Water District  
Historic Potable Water System Revenues  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Potable Water Sales</u>	<u>Percentage Change (3)</u>	<u>Meter Availability Charge</u>	<u>Percent Change (3)</u>
2022	\$ 10,494,914	(5.1%)	\$ 4,331,404	(0.5%)
2021	12,667,405	15.7%	4,352,715	4.6%
2020	10,944,746	7.3%	4,162,249	8.4%
2019	10,203,984	(9.1%)	3,839,847	1.8%
2018	11,222,736	18.5%	3,772,759	6.4%
2017	9,467,085	(0.4%)	3,544,758	1.2%
2016	9,503,108	(2.3%)	3,503,933	2.6%
2015	9,728,434	(8.6%)	3,415,227	5.8%
2014	10,649,157	15.3%	3,227,823	4.5%
2013	9,236,462	8.3%	3,087,794	(3.4%)

(3) Due to the varying number of billing cycles in a fiscal year, changes year-over-year may not be comparable.

Source: San Dieguito Water District

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Table 4

**San Dieguito Water District  
Historic Recycled Water System Revenues  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Recycled Water Sales</u>	<u>Percent Change</u>	<u>Meter Availability Charges (4)</u>	<u>Percent Change</u>
2022	\$ 876,925	4.4%	\$ 107,132	3.0%
2021	840,143	30.4%	104,023	6.8%
2020	644,436	9.7%	97,431	12.2%
2019	587,272	(31.2%)	86,801	0.8%
2018	853,052	19.0%	86,098	9.4%
2017	716,826	2.1%	78,732	(7.5%)
2016	702,301	8.3%	85,149	5.7%
2015	648,398	40.8%	80,585	34.2%
2014	460,383	15.0%	60,048	N/A
2013	400,244	(5.4%)	-	N/A

(4) The District first implemented a meter availability charge for recycled customers on September 1, 2013.

Source: San Dieguito Water District

Table 5

**San Dieguito Water District  
Summary of Water Production by Source  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Potable Production (in acre-feet)(5)</u>			<u>Recycled Water</u>	<u>Total Production</u>
	<u>Local Water</u>	<u>Imported Water</u>	<u>Total Potable</u>		
2022	1,598	4,191	5,790	710	6,500
2021	2,392	3,820	6,212	703	6,916
2020	2,555	3,127	5,682	587	6,269
2019	2,173	3,407	5,580	550	6,130
2018	3,450	2,660	6,110	714	6,824
2017	1,446	3,984	5,430	654	6,084
2016	1,400	3,839	5,239	628	5,867
2015	603	5,726	6,329	736	7,065
2014	1,136	5,598	6,734	692	7,426
2013	4,200	2,395	6,595	678	(6) 7,273

(5) Potable water production is defined as water either produced locally or purchased from imported sources.

Table 6

**San Dieguito Water District  
Summary of Water Deliveries by Source  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Potable</u>	<u>Percent Change</u>	<u>Recycled</u>	<u>Percent Change</u>
2022	5,590	(4.1%)	710	1.0%
2021	5,832	10.5%	703	19.8%
2020	5,277	(2.2%)	587	6.7%
2019	5,397	(7.6%)	550	(23.0%)
2018	5,838	10.4%	714	9.2%
2017	5,287	3.4%	654	4.1%
2016	5,112	(16.7%)	628	(14.7%)
2015	6,134	(4.9%)	736	6.4%
2014	6,449	2.6%	692	2.1%
2013	6,284	5.5%	678	(6) 17.3%

(6) Since FY 2011-12, Recycled Water Production and Delivery figures are revised to include water provided to the Encinitas Ranch Golf Authority (ERGA). Beginning in FY 2011-12, the San Elijo Joint Powers Authority (SEJPA) began directly providing recycled water to ERGA. The recycled water provided to ERGA credits towards the District's production and delivery water to ERGA and the District ceased selling recycled water as ERGA falls within the District's sphere of influence.

Note: The differences between potable water production and deliveries represents water loss in distribution system and/or water pumped or used through the fire distribution system.

Table 7

**San Dieguito Water District  
Sales by Customer Class  
As of June 30, 2022**

<u>Customer Description</u>	<u>Acre-Feet Sold</u>	<u>Percent of Water Sold</u>
Agriculture	171.94	3.1%
Commercial	540.32	9.7%
Construction	66.51	1.2%
Government	33.08	0.6%
Landscaping	365.53	6.5%
Multi-Family Residential	1,122.52	20.1%
Public	112.57	2.0%
Single-Family Residential	3,168.42	56.8%
Total Sales	<u>5,580.89</u>	<u>100.0%</u>

*Source: San Dieguito Water District*

Table 8

**San Dieguito Water District  
Total Service Connections by Category  
Last Ten Fiscal Years**

<u>Fiscal Years</u>	<u>Potable</u>	<u>Percent Increase</u>	<u>Recycled</u>	<u>Percent Increase</u>
2022	12,165	0.3%	101	0.0%
2021	12,127	0.3%	101	3.1%
2020	12,086	1.9%	98	5.4%
2019	11,861	0.6%	93	9.4%
2018	11,790	0.4%	85	(2.3%)
2017	11,740	0.2%	87	6.1%
2016	11,721	0.7%	82	1.2%
2015	11,644	0.3%	81	5.2%
2014	11,610	0.9%	77	0.0%
2013	11,502	0.2%	77	4.1%

*Source: San Dieguito Water District*



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