EAST BAY DISCHARGERS AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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EAST BAY DISCHARGERS AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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East Bay Dischargers Authority

Commission

June 30, 2022

Member Agency and Representatives	Office
City of San Leandro	
Pauline Russo Cutter	Chair
Pete Ballew	Alternate
City of Hayward	
Angela Andrews	Commissioner
Sara Lamnin	Alternate
Union Sanitary District	
Jennifer Toy	Commissioner
Anjali Lathi	Alternate
Oro Loma Sanitary District	
Rita Duncan	Commissioner
Shelia Young	Alternate
Castro Valley Sanitary District	
Ralph Johnson	Commissioner
Dave Sadoff	Alternate

Management Team

Jacqueline T. Zipkin
General Manager/Treasurer-Controller

Howard Cin
Operations and Maintenance Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
East Bay Dischargers Authority
San Lorenzo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the East Bay Dischargers Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the East Bay Dischargers Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the East Bay Dischargers Authority, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Bay Dischargers Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Bay Dischargers Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Bay Dischargers Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

Other Supplemental Information

The supplementary information is the responsibility of management and were derived from the 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 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the Authority'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 the Authority's 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 Authority's internal control over financial reporting and compliance.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
December 13, 2022

This section of the Authority's Independent Audit Report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2022. It is intended to serve as an overview to the Authority's required financial statements. Please read it in conjunction with Authority's financial statements and accompanying notes, which follow this section.

ORGANIZATION AND BUSINESS

The East Bay Dischargers Authority (Authority) is a joint powers agency that discharges the treated effluent of approximately one million Alameda County residents through a deep-water outfall to the San Francisco Bay for the protection of public health and the environment. The Authority's Member Agencies – City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, City of Hayward, and Union Sanitary District – first entered into a Joint Exercise of Powers Agreement on February 15,1974. The Agreement was amended and supplemented at several points over the years, and most recently was amended and restated effective July 1, 2020. The Authority is governed by a Commission consisting of one official appointed by each Member Agency. The Authority owns and operates three pump stations, a transport pipeline, a dechlorination facility, and an outfall and diffuser system.

Per an Amended and Restated Master Agreement dated July 1, 2021, the Authority conveys treated effluent from the Livermore-Amador Valley Water Management Agency, a joint powers agency made up of the Cities of Livermore and Pleasanton, and the Dublin San Ramon Services District.

KEY FINANCIAL HIGHLIGHTS

- The Authority had a total net position of $28,335,331 at June 30, 2022.
- The Authority's total operating revenues were $5,060,722 at June 30, 2022 and were comprised 83% from Member assessments.
- The Authority's total operating expenses were $4,226,628 at June 30, 2022 and were comprised 22% from depreciation and 78% from operations and maintenance costs (excluding depreciation expense).

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report includes the Management's Discussion and Analysis report, the Independent Auditors' report and the Basic Financial Statements of the Authority. The financial statements also include notes that explain the information in the financial statements in more detail.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the Authority report information about the Authority's accounting methods which is similar to those used by private sector companies. These statements have been prepared and audited using generally accepted accounting standards. These required statements offer short-term and long-term financial information about the Authority's activities and are often used to assess the financial position and health of the organization.

The Statement of Net Position includes all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and provides information about the nature and amounts of investments in resources and obligations to creditors. It also provides the basis for evaluating the capital structure of the Authority.

The Statement of Revenues, Expenses and Changes in Net Position accounts for all revenues and expenses during the reporting period. This statement reflects the result of Authority operations over the past year as well as non-operating revenues, expenses, and contributed capital.

The Statement of Cash Flows provides information on the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, capital, and investing activities. It also identifies the sources and uses for the cash and changes in the cash balances.

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about Authority finances is whether the Authority's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority as well as related changes. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position is one of many indicators to ascertain if its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

STATEMENT OF NET POSITION ANALYSIS

The composition of the Authority's net position at June 30, 2022, is presented by category in the following table.

Table 1 - Summary of Net Position

	2022	2021	Dollar Change	Percent Change
Assets				
Current Assets	4,478,870	4,058,131	420,739	10.4%
Noncurrent Assets	24,846,291	25,697,640	(851,349)	-3.3%
Total Assets	29,325,161	29,755,771	(430,610)	-1.4%
Deferred outflow of resources:				
Pension related	851,151	527,236	323,915	61.4%
OPEB related	32,072	31,928	144	0.5%
Liabilities				
Current Liabilities	1,137,474	1,174,803	(37,329)	-3.2%
Noncurrent Liabilities	100,815	389,626	(288,811)	-74.1%
Total Liabilities	1,238,289	1,564,429	(326,140)	-20.8%
Deferred inflow of resources:				
Pension related	411,286	431,576	(20,290)	-4.7%
OPEB related	223,478	70,016	153,462	219.2%
Net Position				
Net Investment in Capital Assets	24,334,663	25,697,640	(1,362,977)	-5.3%
Unrestricted	4,000,668	2,551,274	1,449,394	56.8%
Total Net Position	28,335,331	28,248,914	86,417	0.3%

The following table shows the changes in net position for fiscal year 2022.

Table 2 - Changes in Net Position

	2022	2021	Dollar Change	Percent Change
Revenues				
Operating Revenues:				
Charges for Services	5,060,722	5,046,373	14,349	0.3%
Nonoperating Revenues:				
Interest Income	12,882	15,683	(2,801)	-17.9%
Cargill Other Revenue	774,507	617,165	157,342	25.5%
Zone 7 Brine (DSRSD)	80,000	-	80,000	
OLSD Outreach Support Revenue	1,896	-	1,896	
Federal Grant Revenue	167,474	90,329	77,145	85.4%
Total Revenues	6,097,481	5,769,550	327,931	5.7%
Expenses				
Operating Expenses:				
Discharge Services	4,226,628	5,260,541	(1,033,913)	-19.6%
Nonoperating Expenses:				
Gain (loss) on disposal of fixed assets	-	2,962,510	(2,962,510)	-100.0%
UEPS Capital Costs	420,000	-	420,000	
Cargill Other Expense	693,594	467,843	225,751	48.2%
Cargill Project Management	80,913	-	80,913	
Bruce Wolfe Memorial	1,000	-	1,000	
OLSD Outreach Support Revenue	1,455	-	1,455	
Federal Grant Expense	167,474	90,329	77,145	85.4%
Total Expenses	5,591,064	8,781,223	(3,190,159)	-36.3%
Changes in Net Position	506,417	(3,011,673)	3,518,090	116.8%

Interest earnings from cash in banks and LAIF decreased by 17.9%. Discharge services decreased by 19.6% in the Proprietary funds.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

The Authority's Statements of Net Position reports a combined net position of $28,335,331, which is an increase from last year's total of $28,248,914. Table 3 provides an analysis of the Authority's net position by fund and the total change from the prior year.

Table 3 - Summary of Funds Net Position			
Funds	2022	2021	Increase (Decrease)
Operations and Maintenance	25,332,836	25,555,917	(223,081)
Water Recycling	190,343	194,178	(3,835)
Renewal and Replacement	2,300,201	2,019,156	281,045
Planning and Special Studies	431,951	479,663	(47,712)
Brine Acceptance	80,000	-	80,000
Capital Projects	-	-	-
Total Proprietary Funds Net Position	28,335,331	28,248,914	86,417

CAPITAL ASSETS

The Authority's investment in capital assets for FY2021/2022 totaled $24,334,663 net of accumulated depreciation. This investment in capital assets includes land, right-to-use lease, permanent easements, building and structures, sewage and disposal facilities, data acquisition system, water recycling facilities, subsurface lines, office equipment, field equipment, and automotive equipment. The Authority recorded a prior period adjustment to correct classification of the $420,000 obligation to Union Sanitary District for Union Effluent Pump Station (UEPS).

Table 4 - Summary of Capital Assets Net of Depreciation				
Capital Asset	2022	2021	Dollar Change	Percent Change
Land	10,161	10,161	-	0.0%
Right-to-use lease	19,350	19,350	-	0.0%
Permanent Easements	432,178	432,178	-	0.0%
Building and Structures	536,047	536,047	-	0.0%
Sewage and Disposal Facilities	18,480,479	18,854,774	(374,295)	-2.0%
Data Acquisition System	602,924	602,923	1	0.0%
Water Recycling Facilities	766,680	766,680	-	0.0%
Subsurface Lines	36,369,660	36,457,793	(88,133)	-0.2%
Office Equipment	214,980	214,980	-	0.0%
Field Equipment	71,054	71,054	-	0.0%
Automotive Equipment	19,718	19,718	-	0.0%
Accumulated Depreciation	(33,188,568)	(32,268,667)	(919,901)	2.9%
Total Capital Assets Net	24,334,663	25,716,991	(1,382,328)	-5.4%

ECONOMIC FACTORS

The Authority's Commission adopts an annual budget, which serves as the Authority's approved financial plan, and operational guide. The Authority's operations and capital projects are fully funded by the Member Agencies and LAVWMA. The approved budget is used as a key control device that establishes amounts by line-item accounts, identifies projects for operations and capital activities and monitors expenses to ensure that approved spending levels have not been exceeded.

Significant economic factors affecting the Authority are as follows:

- An Amended and Restated Joint Powers Agreement (JPA) for the Authority was adopted in October 2019 and went into effect on July 1, 2020. The new JPA modified the allocation of costs among the Member Agencies. The new JPA also modified Member Agencies' financial responsibilities in the event of a failure of the transport system, for example as a result of an earthquake. Finally, under the new JPA, ownership of the San Leandro Effluent Pump Station, pipeline, and associated assets were transferred to the City of San Leandro, and an alternate approach to funding and managing capital projects at the Union Effluent Pump Station (formerly Alvarado Effluent Pump Station) has taken effect.
- The Authority also executed an Amended and Restated Master Agreement with the Livermore-Amador Valley Water Management Agency (LAVWMA). The new agreement, which went into effect on July 1, 2021, extends LAVWMA's authorization to discharge through the Authority's system through June 30, 2040 and increases LAVWMA's share of O&M and certain capital costs. On June 5, 2021, the Authority also signed a related agreement with Dublin-San Ramon Services District permitting and providing the Authority with compensation for the long-term discharge of brine from the Zone 7 Water Agency.
- The increasing age of the Authority's infrastructure will require increased capital spending from its Renewal and Replacement fund. A recent study of EBDA's subsurface lines showed that their useful life is longer than expected, likely another 20-50 years, barring an earthquake or other uncontrollable event. EBDA recently completed an update of its Asset Management Plan, which lays out required investments for the renewal of assets over the next 20 years. The estimated total investment cost over 20 years is approximately $11.3 million.
- The difficult issues affecting CalPERS' investment performance will impact the Authority's long-term salary and benefit costs. EBDA mitigated much of that risk by making additional discretionary payments to its CERBT and pension funds in FY 2019/2020, but additional payments may still be necessary in the future to maintain the Authority's target funding goals, depending on performance.
- The Authority is currently negotiating a long-term agreement with Cargill, Inc. regarding the discharge of mixed sea salt brine from Cargill's solar salt facility in Newark through the Authority's system. The agreement, which would likely take effect in 2023, would provide terms through which the Authority would be protected from any deleterious effects of the brine on the Authority, and would spell out compensation terms. Per a Term Sheet approved by the Authority and Cargill in July 2020, Cargill would pay the Authority a capacity fee as well as ongoing use fees.
- In July 2022, the Authority anticipates initiating a strategic planning process, which will identify priorities for Authority spending and focus for the subsequent five years.

CONTACTING THE AUTHORITY

This financial report is designed to provide the public, our JPA members, and creditors with a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

General Manager
East Bay Dischargers Authority
2651 Grant Avenue
San Lorenzo, CA 94580
(510) 278-5910

East Bay Dischargers Authority
Statements of Net Position
As of June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets:		
Cash and investments (Note 3)	$ 3,730,966	$ 3,391,760
Interest receivable	7,038	1,843
Accounts receivable	400,908	308,543
Due from other governments:	-	
Member Agencies	857	27,381
Other agencies	137,061	190,765
Inventory	152,627	34,474
Prepaid expenses	44,687	103,365
Deposits	4,726	-
Total Current Assets	4,478,870	4,058,131
Noncurrent Assets:		
Net Pension Asset	414,993	
Net OPEB Asset	96,635	-
Capital assets (Note 4):		
Land	10,161	10,161
Right-to-use lease asset	19,350	-
Permanent easements	432,178	432,178
Buildings and structures	536,047	536,047
Sewage disposal facilities	18,480,479	18,854,772
Data acquisition system	602,924	602,924
Water recycling facilities	766,680	766,680
Subsurface lines	36,369,660	36,457,793
Office equipment	214,980	214,980
Field equipment	71,054	71,054
Automotive equipment	19,718	19,718
Less: accumulated depreciation	(33,188,568)	(32,268,667)
Total Capital Assets - Net	24,334,663	25,697,640
Total Noncurrent Assets - Net	24,846,291	25,697,640
Total Assets	29,325,161	29,755,771
Deferred Outflow of Resources		
Pension related (Note 8)	851,151	527,236
OPEB related (Note 9)	32,072	31,928
Total Deferred Outflow of Resources	883,223	559,164
Liabilities		
Current Liabilities:		
Accrued claims payable	406,646	362,674
Current portion of right-to-use lease liability	6,450	-
Due to other governments:		
Member agencies	581,593	730,645
Other agencies	142,785	81,484
Total Current Liabilities	1,137,474	1,174,803
Noncurrent Liabilities:		
Right-to-use lease liability	12,900	
Net pension liability (Note 8)	-	232,381
Net OPEB liability (Note 9)	-	90,344
Compensated absences	87,915	66,901
Total Noncurrent Liabilities	100,815	389,626
Total Liabilities	1,238,289	1,564,429
Deferred Inflow of Resources		
Pension related (Note 8)	411,286	431,576
OPEB related (Note 9)	223,478	70,016
Total Deferred Inflow of Resources	634,764	501,592
Net Position		
Net Investment in Capital Assets	24,334,663	25,697,640
Unrestricted	4,000,668	2,551,274
Total Net Position	$ 28,335,331	$ 28,248,914

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues:		
Member assessments	$ 4,190,855	$ 4,163,922
LAVWMA assessments	824,993	846,124
Sale of reclaimed water	36,000	27,000
Other operating revenues	8,874	9,327
Total Operating Revenues	5,060,722	5,046,373
Operating Expenses:		
Personnel services	(295,827)	850,393
Depreciation	919,901	941,258
Professional services	402,709	372,903
Monitoring	161,509	165,564
Contract services	74,457	58,285
Operating supplies	273,370	228,937
Utilities	679,913	620,552
Insurance	65,582	143,526
Commissioners' compensation	28,800	33,840
Rents and fees	1,183,826	1,073,347
Repairs and maintenance	579,712	614,934
Dues	148,332	147,025
Travel and meetings	1,837	2,949
Other general administrative	2,507	7,028
Total Operating Expenses	4,226,628	5,260,541
Operating Income (Loss)	834,094	(214,168)
Nonoperating Revenues (Expenses):		
Interest income	12,882	15,683
Gain (loss) on disposal of fixed assets	-	(2,962,510)
UEPS Capital Costs	(420,000)	-
Cargill other revenue	774,507	617,165
Cargill other expense	(693,594)	(467,843)
Cargill project management	(80,913)	-
Zone 7 Brine (DSRSD)	80,000	-
Bruce Wolfe Memorial	(1,000)	-
OLSD Outreach Support revenue	1,896	-
OLSD Outreach Support expense	(1,455)	-
Federal grant revenue	167,474	90,329
Federal grant expense	(167,474)	(90,329)
Total Nonoperating Revenues (Expenses)	(327,677)	(2,797,505)
Other Financing Sources (Uses):		
Transfers in (Note 7)	78,668	744,570
Transfers out (Note 7)	(78,668)	(744,570)
Total Other Financing Sources (Uses)	-	-
Change in Net Position	506,417	(3,011,673)
Net Position Beginning, as previously stated	28,248,914	31,146,310
Prior period adjustment (Note 2)	(420,000)	114,277
Net Position Beginning, as restated	27,828,914	31,260,587
Net Position Ending	$ 28,335,331	$ 28,248,914

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from members	$ 3,621,328	$4,302,163
Cash received from LAVWMA	904,894	874,527
Cash received from others	72,295	11,398
Cash payments for personnel services	(707,886)	(739,691)
Cash payments to members	-	(114,277)
Cash payments to suppliers for goods and services	(3,467,098)	(3,579,631)
Net Cash Provided (Used) by Operating Activities	423,533	$754,489
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(78,668)	(744,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	(78,668)	(744,570)
Cash Flows from Investing Activities:		
Interest on investments	7,687	23,129
Net Cash Provided (Used) by Investing Activities	7,687	23,129
Cash Flows from Non Capital and Related Financing Activities:		
Cargill	(92,786)	
Zone 7 Brine	80,000	
OLSD Outreach Support	440	-
Bruce Wolfe Memorial	(1,000)	
Interfund transfers	-	-
Net Cash Provided (Used) by Non Capital and Related Financing Activities	(13,346)	-
Net Increase (Decrease) in Cash and Cash Equivalents	339,206	($125,744)
Cash and Cash Equivalents Beginning	3,391,760	3,517,504
Cash and Cash Equivalents Ending	$ 3,730,966	$3,391,760

(Continued)

The notes to the financial statements are an integral part of this statement.

		2022		2021
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:				
Operating Income (Loss)	$	834,094	$	(214,168)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Non Cash Revenue		(420,000)		0
Depreciation		919,901		941,258
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable		421		2,071
Due from other agencies		53,704		(144,815)
Due from member agencies		26,524		(27,381)
Inventory		2,942		(2,271)
Prepaid expenses		58,678		57,545
Deposits		(4,726)		724
Pension related deferred outflows of resources		(323,915)		367,010
OPEB related deferred outflows of resources		(144)		516,914
Increase (decrease) in liabilities and deferred inflows of resources:				
Accrued claims payable		43,971		(189,963)
Member agencies		(149,052)		138,622
Other agencies		61,302		17,028
Net pension liability		(647,374)		(557,810)
Net OPEB liability		(186,979)		(489,174)
Pension related deferred inflows of resources		(20,290)		313,844
OPEB related deferred inflows of resources		153,462		5,903
Compensated absences		21,014		19,152
Net Cash Provided (Used) by Operating Activities	$	423,533	$	754,489

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF ORGANIZATION

East Bay Dischargers Authority (Authority) was formed on February 15, 1974, under a "joint exercise of powers agreement" entered into by the City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, City of Hayward and Union Sanitary District (the Agencies). An Amended and Restated Joint Exercise of Powers Agreement went into effect on July 1, 2020. The Authority operates under a Commission consisting of a representative from each agency.

The purpose of the agreement is to provide for the "more efficient disposal of wastewater produced in each Agency, all to the economic and financial advantage of each Agency and otherwise for the benefit of each Agency; and, each of the Agencies is willing to plan with the other Agencies for joint wastewater facilities which will protect all the Agencies."

Legal title and all pertinent grant documents and conditions for the Authority's facilities remain with the Authority. Each Agency owns an undivided portion of the facilities, equal to the percentage of capacity they use in the system. Percentages are as defined by the Amended and Restated Joint Exercise of Powers Agreement. Operations and maintenance of the facilities is the responsibility of the Authority.

The Authority operates under a National Pollutant Discharge Elimination System (NPDES) Permit No. CA 0037869 from the San Francisco Bay Regional Water Quality Control Board to discharge up to 189.1 million gallons per day (MGD) of secondary treated wastewater to San Francisco Bay. It is the Authority's responsibility to ensure that all treated wastewater discharged is in compliance with the Federal Water Pollution Control Act (P.L. 92-500) and as amended by the Clean Water Act of 1986.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is defined as an accounting entity with a self-balancing set of accounts recording the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Proprietary fund types distinguish operating revenues and expenses from non-operating items. The operating expenses of the Authority are charged to the member agencies. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred outflow of resources is a consumption of net assets by the Authority that is applicable to a future reporting period. For example, prepaid items and deferred charges. Deferred inflow of resources is an acquisition of net assets by the Authority that is applicable to a future reporting period. For example, unearned revenue and advance collections.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

Statement of Net Position

The statement of net position is designed to display the financial position of the Authority. The Authority's net position are classified into three categories as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.
- Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The Authority had no restrictions as of June 30, 2022.
- Unrestricted – This component of net position consists of the net 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. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income (loss). Revenues are reported by major source with operating revenues classified from the Authority's primary operating resources and all other revenue reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Budgets and Budgetary Accounting

The Authority must adopt a budget prior to June 1 of each year for the following fiscal year. The budget for the fiscal year beginning July 1, 2021, was adopted by the Commission on May 20, 2021. Formal budgetary integration is employed as a management control device during the year.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

Investments

If the difference between cost and fair value is deemed material and significant, investments are reported in the statement of net position at fair value. Changes in fair market value that occur during the fiscal year are recognized as investment income or loss reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The Authority participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Receivables

Receivables include amounts due from member agencies and other agency assessments, other assessments and other resources. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2022.

Funding

East Bay Dischargers Authority's capital projects and planning and special studies funds were funded by Federal, State, and Local agency grants and/or member agency contributions.

The original eligible project's costs were funded under the Clean Water Grants Program, which was administered by the Environmental Protection Agency (EPA) for the federal government and the State Water Resources Control Board (SWRCB) for the state government. The federal and state governments' share of the eligible projects costs were 75 percent and 12.5 percent, respectively.

The Authority's operations and maintenance is funded by the member agencies and other local agencies on the basis of formulas established in the JPA and other service agreements.

East Bay Dischargers Authority is also funded for the future replacement of certain joint-use facilities by the member agencies and local agencies. Each year the Authority calculates the annual contribution required for Renewal and Replacement based upon the method adopted by the Commission. Contributions for Renewal and Replacement are made in accordance with the Amended and Restated Joint Exercise of Powers Agreement dated January 1, 2020.

Inventories

Inventories are valued at cost using a first in, first out (FIFO) method.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of $10,000 or more and an estimated useful life of more than one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair value on the date received. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Concrete and paving	40 years
Pavement	20 years
Structures	40 to 50 years
Mechanical and pump equipment	25 years
Electrical and plumbing	10 to 20 years
Piping – above ground	20 to 40 years
Subsurface lines	75 years
Motor control units	20 years
Heating, ventilating, and air-conditioning	20 years
Data acquisition system	5 years
Equipment and furnishings	5 to 20 years
Automotive equipment	8 years

Compensated Absences

Vacation Leave – All full-time employees shall earn vacation leave at the rate of 80 working hours per year from the date of employment. Full-time employees shall earn an additional eight (8) hours vacation leave allowance for each full year of continuous employment thereafter, up to a maximum of 160 working hours per year. All eligible employees shall be permitted to accumulate unused vacation at a rate of 2 ½ times their annual vacation allowance. Part-time employees shall earn vacation leave proportionate to their scheduled work hours.

Sick Leave – Employees who work thirty (30) days or more within a year shall receive sick leave in accordance with the Healthy Workplace, Healthy Families Act of 2014. Regular and temporary full-time employees accrue sick leave at the rate of four (4) hours per payroll period, up to 96 hours per calendar year. Part-time employees shall accrue sick leave proportionate to their scheduled work hours, with a minimum of 24 hours per year. Sick leave shall be cumulative without limit.

CalPERS' sick leave credit benefit is included in the Authority's pension contract. An employee whose effective date of retirement is within four months of separation from employment shall be credited with 0.004 year of service credit for each unused day of sick leave.

Upon the death of an employee prior to separation from employment, the employee’s heir(s) or beneficiary(ies) shall receive compensation for sick leave earned but unused by the employee equal to 0.167% of the number of hours of sick leave, times the number of whole months of continuous employment, times the employee's hourly rate of pay at the time of death.

Allocation of Costs

Expenses are allocated to the various member agencies in accordance with the Amended and Restated Joint Exercise of Powers Agreement.

Comparative Data

Comparative total data for the prior fiscal year has been presented in order to provide an understanding of the changes in the financial position, operations, and cash flows of the Authority.

Accounting Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no subsequent events that require additional adjustment or disclosure.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 and the Required Supplementary Information section for detailed disclosures.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's California Employers' Retiree Benefit Trust (CERBT) Fund (the Fund), held by California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

The Authority established an OPEB trust with CalPERS (CERBT) in May 2011. In FY 2020/2021 the Authority began withdrawing from the CERBT to reimburse itself for OPEB payments made during the year. EBDA made discretionary payments to its CERBT to meet the Authority's target funding goal of 80%. Based on a biennial actuarial valuation performed by an independent actuary, funding is above 100%. The Authority's OPEB valuations follow standards established by GASB Statement No. 75. See Note 9 and the Required Supplementary Information section for detailed disclosures.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Implemented New Accounting Pronouncements

GASB Statement No. 87, *Leases* – The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019 (fiscal 2021) but were postponed 18 months by GASBS No. 95. This standard was implemented during the current year. See Note 6 for additional details.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. This Statement is not applicable to the Authority.

GASB Statement No. 92, ***Omnibus 2020* –** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities. The implementation of this Statement did not have a material effect on the Authority's financial statements.

GASB Statement No. 93, ***Replacement of Interbank Offered Rates* –** The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to

replace the reference rate

- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of *reference rate,* as it is used in Statement 53, as amended.

The removal of London IBOR as an appropriate benchmark interest rate were originally effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). All other requirements of this Statement were to be effective for reporting periods beginning after June 15, 2020 (fiscal year 2020-21). The effective date for all provisions of this Statement were postponed one year by GASBS No. 95. This Statement is not applicable to the Authority.

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*** **–** The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22). This Statement is not applicable to the Authority.

GASB Statement No. 98, ***The Annual Comprehensive Financial Report*** **–** This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement is not applicable to the Authority.

Upcoming New Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations* – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2020 (fiscal 2022) but have been postponed by one year (fiscal 2023) by GASBS No. 95. Earlier application is encouraged. The Authority does not believe this Statement will have a material impact on the Authority's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority does not believe the implementation of this Statement will have a material impact on the fiscal year 2022-23 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Statement will have a material impact on the financial statements.

GASB Statement No. 99, ***Omnibus 2022* –** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public- public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is

considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective for the current fiscal year and did not have a material impact on the Authority's financial statements.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 (fiscal 2022-23), and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections–An Amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Statement will have a material impact on the financial statements.

GASB Statement No. 101, *Compensated Absences* – This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal 2024-25), and all reporting periods thereafter. Earlier application is encouraged. The Authority has not yet determined whether the implementation of this Statement will have a material impact on the financial statements.

Prior Period Adjustment

There was a prior period adjustment decreasing Operations and Maintenance fund balance/net position by $420,000. This relates to incorrect classification of the $420,000 obligation to Union Sanitary District for Union Effluent Pump Station (UEPS) (see Note 13), in fiscal year 2021, resulting in an overstatement of capital assets for UEPS.

Net position, beginning – as previously stated	$ 28,248,914
Prior period adjustment	(420,000)
Net position, beginning – as restated	$ 27,828,914

3. CASH AND INVESTMENTS

Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority’s cash on deposit or first trust deed mortgage notes with a value of 150% of the Authority’s cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Authority’s name and places the Authority ahead of general creditors of the institution pledging the collateral.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the Authority's case, fair value equals fair market value, since all Authority's investments are readily marketable.

Classification

The Authority's cash and investments consist of the following at June 30:

	2022	2021
Cash in banks	$ 466,376	$1,134,858
Local Agency Investment Fund	3,264,589	2,256,902
Total Cash and Investments	$3,730,965	$3,391,760

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

The Authority's Investment Policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the Authority's Investment Policy where it is more restrictive that address interest rate risk, credit risk and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years		100%	No Limit
United States Government Agency Obligations	5 years		100%	No Limit
State of California Obligations	5 years		100%	No Limit
Local Agency Obligations	5 years		100%	No Limit
Banker's Acceptances	180 days		40%	30%
Commercial Paper	270 days	A-1	25%	10%
United States Medium Term Corporate Notes	5 years	A	30%	No Limit
Negotiable Certificates of Deposit	5 years		30%	No Limit
Local Agency Investment Fund	n/a		$75 million per account	No Limit
Money Market Mutual Funds	n/a		20%	No Limit
Insured savings or money market accounts	n/a		100%	No Limit

Local Agency Investment Fund

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022 and 2021, these investments matured in an average of 311 and 291 days, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity or earliest call dates at June 30:

Type	12 Months or less	2022	2021	Concentration
Cash in bank	$ 466,376	$ 466,376	$1,134,858	12.50%
Local Agency Investment Fund (LAIF)	3,264,589	3,264,589	2,256,902	87.50%
Total Cash and Investments	$3,730,965	$3,730,965	$3,391,760	100.00%

Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the Authority's investments were invested in specific securities. All monies in the LAIF are not evidenced by specific securities; and therefore are not subject to custodial credit risk.

Bank balances are insured up to $250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). None of the Authority's deposits with financial institutions in excess of FDIC limits were held in uncollateralized accounts.

Concentration Risk

The Authority's investment policy contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. As of June 30, 2022, 87.50% of the Authority's cash was invested in LAIF and 12.50% was deposited in banks. The Authority held no investments in certificates of deposit at June 30, 2022. LAIF, cash in banks and certificates of deposit do not have maximum portfolio requirements under the California Government code.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Cash in bank and certificates of deposit are measured at cost. The California Local Agency Investment Fund is an external investment pool measured at fair value, and exempt in the fair value hierarchy under GASB 72.

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4. CAPITAL ASSETS

Capital Assets - Cost	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets not being depreciated:				
Land	$ 10,161	$ -	$ -	$ 10,161
Land - Right of Use	$ 19,350			19,350
Permanent easements	432,177	-	-	432,177
Total capital assets not being depreciated:	461,688	-	-	461,688
Capital assets being depreciated:				
Buildings and structures:				
Operations center	536,047	-	-	536,047
Sewage disposal facilities:				
San Leandro pump station	-	-	-	-
Oro Loma pump station	8,505,184	52,760	-	8,557,944
Marina dechlorination facility	2,838,957	8,445	-	2,847,402
Hayward pump station	4,044,191	17,463		4,061,654
Union pump station	3,466,442	-	(452,961)	3,013,481
Data acquisition system	602,923	-	-	602,923
Water recycling facilities:				
Skywest golf course irrigation facilities	766,680	-	-	766,680
Subsurface lines:				
Bay outfall	19,750,446	-	(88,133)	19,662,313
San Leandro to Marina force main	-	-	-	-
Marina to Oro Loma forcemain	5,507,298	-	-	5,507,298
Oro Loma to Hayward forcemain	2,748,322	-	-	2,748,322
Hayward to Alvarado forcemain	8,440,080		-	8,440,080
Seismic design	11,647	-	-	11,647
Office equipment	214,980	-	-	214,980
Field equipment	71,054	-	-	71,054
Automotive equipment	19,718	-	-	19,718
Total capital assets being depreciated:	57,523,969	78,668	(541,094)	57,061,543
Total cost of capital assets	$ 57,985,657	$ 78,668	$ (541,094)	$ 57,523,231

Accumulated Depreciation	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022
Buildings and structures:				
Operations center	(477,050)	(3,355)	-	(480,405)
Sewage disposal facilities:				
San Leandro pump station	-	-	-	-
Oro Loma pump station	(5,655,474)	(169,482)	-	(5,824,956)
Marina dechlorination facility	(2,493,019)	(52,605)	-	(2,545,624)
Hayward pump station	(825,856)	(95,627)	-	(921,483)
Union pump station	(2,109,984)	(61,727)	-	(2,171,711)
Data acquisition system	(469,310)	(32,043)	-	(501,353)
Water recycling facilities:				
Skywest golf course irrigation facilities	(629,394)	(12,912)	-	(642,306)
Subsurface lines:				
Bay outfall	(10,475,111)	(261,829)	8,814	(10,728,126)
San Leandro to Marina force main	-	-	-	-
Marina to Oro Loma force main	(2,909,295)	(73,344)	-	(2,982,639)
Oro Loma to Hayward force main	(1,471,729)	(36,462)	-	(1,508,191)
Hayward to Alvarado force main	(4,512,236)	(114,308)	-	(4,626,544)
Seismic design	(11,184)	(463)	-	(11,647)
Office equipment	(138,253)	(14,558)	-	(152,811)
Field equipment	(71,054)	-	-	(71,054)
Automotive equipment	(19,718)	-	-	(19,718)
Total accumulated depreciation	(32,268,667)	(928,715)	8,814	(33,188,568)
Total capital assets, net of accumulated depreciation	$ 25,716,990	$ (850,047)	$ (532,280)	$ 24,334,663

5. COMPENSATED ABSENCES

The Authority's compensated absences consisted of the following as of June 30:

	2022	2021
Beginning balance	$ 66,901	$ 47,749
Additions	21,012	19,152
Payments	-	-
Ending balance	$ 87,913	$ 66,901
Current portion	$ 0	$ 0
Non Current portion	$ 87,913	$ 66,901

6. LEASES

The Authority has a long-term operating lease, ending on June 30, 2025, with Oro Loma Sanitary District. Current payments on the lease are $6,450 per year. Since the lease terms will be modified every 5th year, the future commitments are based on the lease dated April 12, 1979 as amended on January 1, 2020. The total lease obligation as of June 30, 2022 was as follows:

Fiscal Year Ending June 30	Lease Obligation
2023	6,450
2024	6,450
2025	6,450
Total	$ 19,350

The right-of-use land lease is on the schedule of capital assets, as well as on the statement of net assets.

7. INTERFUND TRANSACTIONS

General

Interfund transactions are reported as either services provided, reimbursements, or transfers. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the year ended June 30, 2022 were as follows:

Fund Receiving Transfer	Fund Making Transfers	Amount
Operations and Maintenance	Renewal and Replacement	$ 78,668

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Authority resolution. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be found on CalPERS' website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, age at retirement, and final compensation. Members are eligible to retire at an earlier age with statutorily reduced benefits. Disability retirement is available to vested members. The cost of living adjustments for each plan are applied as specified by Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

Plan Information	Tier 1	Tier 2 (PEPRA)
Date of Employment	Before 12/31/2012	On or after 01/01/2013
Benefit formula	2.5% at 55	2.0% at 62
Benefit vesting formula	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 67	52 – 67
Monthly benefits as a % of eligible compensation	2.0% to 2.50%	1.0% to 2.50%
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	12.20%	7.59%

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

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

As of June 30, 2022, the Authority reported net pension assets for its proportionate shares of the net pension asset in the amount of $414,993.

The Authority's net share for the Plan is measured as a proportionate share of the CalPERS' total pension plan as of June 30, 2021. 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 Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30 is as follows:

	2022	2021	Change
Percentage of Risk Pool Net Pension Liability	-0.02186%	0.00551%	-0.02737%
Percentage of Plan (PERF C) Net Pension Liability	-0.00767%	0.00214%	-0.00981%

For the year ended June 30, 2022, the Authority recognized actuarial pension expense (income) of ($901,751). At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (46,537)
Changes of assumptions	-	-
Net differences between projected and actual earnings on plan investments	362,267	-
Change in employer's proportion	146,743	(249,525)
Differences between the employer's contributions and the employer's proportionate share of contributions	252,313	(115,224)
Pension contributions subsequent to measurement date	89,828	-
Total	$ 851,151	$ (411,286)

The $89,828 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows/(Inflows) of Resources
Fiscal year ending June 30:	
2023	74,239
2024	85,766
2025	89,920
2026	100,112
2027	-
Thereafter	-

Actuarial Assumptions – 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 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	Varies by entry age and service
Mortality	Derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) 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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 table below reflects the expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

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

6.15% (1% Decrease)	7.15% (Current Discount Rate)	8.15% (1% Increase)
$ 245,311	$ (414,993)	$ (960,857)

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

9. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Authority's Retiree Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Authority. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Authority, its management employees, and unions representing Authority employees. As of June 30, 2022, the Authority has four active plan members, 2 plan members are not participating in the healthcare plan and 6 inactive plan members are currently receiving benefits.

Full Retirement Benefit	
Eligibility Age	50
Service Required	5 years in CalPERS
Benefit Amount	$473 paid toward monthly premiums or CalPERS minimum if greater. Two retirees are reimbursed for CalPERS health premiums for the retiree and their eligible dependents.
Benefit End	Paid for life
CalPERS Minimum Benefit	
Eligibility Age	50
Service Required	5 years in CalPERS
Benefit Amount	$143 in 2021, $149 in 2022. Indexed to the medical component of the Consumer Price Index.
Benefit End	Paid for life
Post-retirement Death Benefit	$473 paid toward monthly premiums for surviving family members that are eligible for continued health benefit coverage provided they qualify for a monthly survivor check, were eligible dependents at the time of the annuitant's death, and continue to qualify as eligible family members.
Disability Benefit	Same as Full Retirement Benefit shown above, at any age, service requirement must be met.

Funding Policy

There is no statutory requirement for the Authority to prefund its OPEB obligation. The Authority has currently chosen to fund the entire Annual Required Contribution (ARC) and to target a funded ratio of 80%. There are no employee contributions. For fiscal year ending June 30, 2022, the Authority paid $48,227 for retiree healthcare plan benefits. The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC is equal to the normal cost plus a 30-year amortization of the unfunded actuarial liability.

Net OPEB Liability

Actuarial Methods and Assumptions – The Authority's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward using standard update procedures to determine the net OPEB liability as of June 30, 2022, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry-age normal
Actuarial assumptions	
Discount rate	6.00%
Inflation	2.75%
Payroll growth	3.00%
Investment rate of return	6.00%
Healthcare trend rate	CalPERS medical premiums are assumed to increase 5% per year.
Mortality	2017 CalPERS OPEB Valuation

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

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	59%	± 5%	MSCI AII County World Index IMI (net)
Fixed income	25%	± 5%	Bloomberg Barclays Long Liability Index
TIPS*	5%	± 3%	Bloomberg Barclays US TIPS Index, Series L
REITs	8%	± 5%	FTSE EPRA NAREIT Developed Liquid Index (net)
Commodities	3%	± 3%	S&P GCSI Total Return Index
Total	100%		

*Treasury Inflation-Protected Securities

Discount Rate – The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that Authority's 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.

Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date)	833,694	743,350	90,344
Changes for the year			
Service cost	20,840		20,840
Interest	48,046		48,046
Differences between expected and actual experience	(51,849)		(51,849)
Assumption changes	0		0
Benefit changes	0		0
Contributions - employer		0	0
Net investment income		204,297	(204,297)
Benefit payments	(65,861)	(65,861)	0
Administrative expense		(281)	281
Net changes	(48,824)	138,155	(186,979)
Balance at June 30, 2021 (Measurement Date)	784,870	881,505	(96,635)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. The benefit payments and refunds include implied subsidy benefit payments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

	5.00% (1% Decrease)	6.00% (Current Discount Rate)	7.00% (1% Increase)
Net OPEB Liability (Asset)	$ 6,899	$ (96,635)	$ (180,916)

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rates:

	4.00% (1% Decrease)	5.00% (Current Discount Rate)	6.00% (1% Increase)
Net OPEB Liability (Asset)	$ (144,672)	$ (96,635)	$ (39,571)

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

For the year ended June 30, 2022, the Authority recognized actuarial OPEB expense of ($33,517). At June 30, 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	80,401
Changes of assumptions	-	4,045
Net difference between projected and actual earnings on OPEB plan investments	-	139,032
Employer contributions made subsequent to the measurement date	144	
Total	144	223,478

The deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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 follows:

	Deferred Outflows/(Inflows) of Resources
Fiscal year ending June 30:	
2023	(56,988)
2024	(56,494)
2025	(50,640)
2026	(38,468)
2027	(6,528)
Thereafter	(14,360)

10. JOINT POWERS ASSOCIATION

The Authority participates in a joint venture activity through a formally organized and separate entity, the Bay Area Clean Water Agencies (BACWA), established under the Joint Exercise of Powers Act of the State of California. As a separate legal entity, BACWA exercises full power and authority within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entity are not those of the Authority. BACWA was established by Central Contra Costa Sanitary District, East Bay Municipal Utility District, East Bay Dischargers Authority, the City and County of San Francisco, and the City of San Jose for the purpose of coordinating the water quality activities of the members, to jointly contract for consultant services that are of joint benefit and to interpret data collected by BACWA and by others, in order to assess the effects of pollution and other factors on the San Francisco Bay system. A summary of BACWA's June 30, 2022 and 2021 (the most recently available) financial statements is as follows:

	2022	2021
Total assets	$ 3,513,115	$ 3,409,873
Total liabilities	210,564	198,104
Total equity	3,303,551	3,211,769
Total revenue	4,376,123	3,380,999
Total expenditures	4,293,818	4,085,650

11. SELF INSURANCE

The Authority has limited pollution legal liability insurance coverage as provided by the California Sanitation Risk Management Authority (CSRMA). As of the audit date, the Authority had no open claims. The possibility of an incurred but not reported claim is remote, as the Authority only discharges disinfected secondarily treated effluent. The Authority is exposed to various other risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. There were no settled claims in any of the past five fiscal years.

The following is a summary of the insurance policies in force carried by the Authority as of June 30, 2022:

	Limits	Deductibles
Excess liability	$ 10,000,000	$ 100,000
General liability	15,500,000	100,000
Pollution	25,000,000	100,000
Storage tank pollution	1,000,000	5,000

12. LEASE OF ADDITIONAL CAPACITY

The Authority signed an agreement with Livermore-Amador Valley Water Management Agency (LAVWMA) dated February 1, 1978, and as amended on March 26, 1981, June 20, 1985, February 18, 1993, and March 18, 1998. The purpose of the agreement is to allow LAVWMA to use the facilities of the Authority to discharge wastewater. The agreement provides for a reasonable method of allocating costs to LAVWMA that are incurred as a result of the discharge rights. The 1998 Agreement also included a capital buy-in fee of $7,000,000, which LAVWMA paid in full as of August 3, 2018.

On April 26, 2007, the Authority and LAVWMA signed a new Master Agreement that supersedes all previous agreements. The purpose of the Master Agreement was to incorporate all applicable items from the previous agreements into a single document.

The Authority and LAVWMA entered into a new Amended and Restated Master Agreement that supersedes all previous agreements, effective July 1, 2021. The Amended and Restated Master Agreement amends the fixed cost percentage that LAVWMA is responsible for and extends the term to June 30, 2040 so that it expires coincident with the Authority's Amended and Restated Joint Exercise of Powers Agreement.

13. COMMITMENTS AND CONTINGENCIES

The Authority has no pending claims or litigation. Per the Amended and Restated Joint Powers Agreement effective July 1, 2020, the Authority committed to pay Union Sanitary District $420,000 per year in fiscal years from 2020/21 through 2029/30 for capital costs associated with the Union Effluent Pump Station.

As of June 30, 2022, the Authority had approximately $320,000 in outstanding contractual obligations to consultants assisting with technical work in support of the Cargill Brine Project. Cargill, Inc. has committed to reimbursing the Authority for these costs.

REQUIRED SUPPLEMENTARY INFORMATION

EAST BAY DISCHARGERS AUTHORITY
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABLITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportionate share of the Net Pension Liability (Asset)	-0.00767%	0.00214%	0.00771%	0.70700%	0.00806%	0.007595%	0.007340%	0.00416%
Plan's proportion share of the Net Pension Liability (Asset)	$ (414,993)	$ 232,381	$ 790,191	$ 681,137	$ 799,111	$ 657,244	$ 503,886	$ 258,711
Plan's covered payroll	$ 539,152	$ 504,651	492,850	533,854	422,884	377,037	393,451	399,793
Plan's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-76.97%	46.05%	160.33%	127.59%	188.97%	174.32%	128.07%	64.71%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

EAST BAY DISCHARGERS AUTHORITY
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	$ 89,828	$ 80,563	$ 95,632	$ 76,851	$ 72,580	$ 55,390	$ 43,419	$ 37,170
Contributions in relation to the actuarially determined contributions	(89,828)	(80,563)	(740,632)	(76,851)	(172,580)	(55,390)	(143,419)	(37,170)
Contribution deficiency (excess)	$ -	$ -	$ (645,000)	$ -	$ (100,000)	$ -	$ (100,000)	$ -
Covered payroll	$ 572,475	$ 539,152	$ 504,651	$ 492,850	$ 533,854	$ 422,884	$ 377,037	$ 393,451
Contributions as a percentage of percentage of covered payroll	15.69%	14.94%	146.76%	15.59%	32.33%	13.10%	38.04%	9.45%

Actuarially determined contribution assumptions

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal cost method
Amortization method	Varied by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Remaining amortization periods	Differs by employer rate plan but not more than 29 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by entry age and service
Discount rate	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' membership data for all funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

*Fiscal year 2015 was the first year of implementation; additional years will be presented until 10 years' worth of information is shown.

EAST BAY DISCHARGERS AUTHORITY
Other Post-Employment Benefits (OPEB) Plan
Last 10 Years*

Schedule of Changes in the Net OPEB Liability and Related Ratios

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 20,840	$ 20,233	$ 16,166	$ 15,695	$ 15,238
Interest	48,046	46,988	50,242	49,626	48,858
Differences between expected and actual experience	(51,849)	-	(60,853)	-	-
Change in assumptions	-	-	(5,731)	-	-
Benefit payments, including refunds of employee contributions	(65,861)	(33,335)	(74,777)	(35,331)	(67,246)
Net change in total OPEB liability	(48,824)	33,886	(74,953)	29,990	(3,150)
Total OPEB liability - beginning	833,694	799,808	874,761	844,771	847,921
Total OPEB liability - ending (a)	$ 784,870	$ 833,694	$ 799,808	$ 874,761	$ 844,771
OPEB fiduciary net position					
Contributions - employer	$ -	$ 525,666	$ 74,777	$ 82,651	$ 80,635
Contributions - employee	-	-	-	-	-
Net investment income	204,297	30,864	12,914	11,389	12,876
Benefit payments, including refunds of employee contributions	(65,861)	(33,335)	(74,777)	(35,331)	(67,246)
Administrative expense	(281)	(135)	(102)	(81)	(64)
Other changes	-	-	-	-	-
Net change in plan fiduciary net position	138,155	523,060	12,812	58,628	26,201
Fiduciary net position - beginning	743,350	220,290	207,478	148,850	122,649
Fiduciary net position - ending (b)	$ 881,505	$ 743,350	$ 220,290	$ 207,478	$ 148,850
Net OPEB Liability - ending (a)-(b)	$ (96,635)	$ 90,344	$ 579,518	$ 667,283	$ 695,921
Plan fiduciary net position as a percentage of the total OPEB liability	112.31%	89.16%	27.54%	23.72%	17.62%
Covered-employee payroll	$ 539,152	$ 504,651	$ 492,850	$ 533,854	$ 422,884
Net OPEB Liability as a percentage of covered payroll	-17.92%	17.90%	117.59%	124.99%	164.57%

*Fiscal year 2018 was the first year of implementation; additional years will be presented until 10 years' worth of information is shown.

EAST BAY DISCHARGERS AUTHORITY
Other Post-Employment Benefits (OPEB) Plan
Last 10 Years*

Schedule of Contributions

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ -	$ 33,335	$ 74,777	$ 66,000	$ 66,000
Contributions in relation to the actuarially determined contributions	-	(31,928)	(548,842)	(57,097)	(97,873)
Contribution deficiency (excess)	$ -	$ 1,407	$ (474,065)	$ 8,903	$ (31,873)
Covered payroll	539,152	504,651	492,850	533,854	422,884
Contributions as a percentage of percentage of covered payroll	0.00%	6.33%	111.36%	10.70%	23.14%

*Fiscal year 2018 was the first year of implementation; additional years will be presented until 10 years' worth of information is shown.

OTHER SUPPLEMENTARY INFORMATION

East Bay Dischargers Authority
Combining Statement of Net Position
June 30, 2022
With Comparative Totals as of June, 30 2021

	Business-type Activities - Enterprise Funds						
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance	Total June 30, 2022	Total June 30, 2021
Assets							
Current Assets:							
Cash and investments (Note 3)	$ 1,056,906	$ 64,033	$ 2,276,058	$ 470,487	$ (136,518)	$ 3,730,966	$ 3,391,760
Interest receivable	-	-	7,038	-	-	7,038	1,843
Accounts receivable	8	-	-	-	400,900	400,908	308,543
Due from other governments:							
Member Agencies	-	-	857	-	-	857	27,381
Other agencies	63,622	-	15,975	57,464	-	137,061	190,765
Inventory	152,627	-	-	-	-	152,627	34,474
Prepaid expenses	42,514	-	-	2,173	-	44,687	103,365
Deposits	1,726	-	3,000	-	-	4,726	-
Total Current Assets	1,317,403	64,033	2,302,928	530,124	264,382	4,478,870	4,058,131
Noncurrent Assets:							
Net Pension Asset	414,993	-	-	-	-	414,993	-
Net OPEB Asset	96,635	-	-	-	-	96,635	-
Total Other Noncurrent Assets	511,628	-	-	-	-	511,628	-
Capital assets (Note 4):							
Land	10,161	-	-	-	-	10,161	10,161
Right-to-use lease	19,350	-	-	-	-	19,350	-
Permanent easements	429,458	2,720	-	-	-	432,178	432,178
Buildings and structures	536,047	-	-	-	-	536,047	536,047
Sewage disposal facilities	18,480,479	-	-	-	-	18,480,479	18,854,772
Data acquisition system	602,924	-	-	-	-	602,924	602,924
Water recycling facilities	-	766,680	-	-	-	766,680	766,680
Subsurface lines	36,369,660	-	-	-	-	36,369,660	36,457,793
Office equipment	214,980	-	-	-	-	214,980	214,980
Field equipment	71,054	-	-	-	-	71,054	71,054
Automotive equipment	19,718	-	-	-	-	19,718	19,718
Less: accumulated depreciation	(32,546,262)	(642,306)	-	-	-	(33,188,568)	(32,268,667)
Total Capital Assets - Net	24,207,569	127,094	-	-	-	24,334,663	25,697,640
Total Noncurrent Assets - Net	24,719,197	127,094	-	-	-	24,846,291	25,697,640
Total Assets	26,036,600	191,127	2,302,928	530,124	264,382	29,325,161	29,755,771
Deferred Outflow of Resources							
Pension related (Note 8)	851,151	-	-	-	-	851,151	527,236
OPEB related (Note 9)	32,072	-	-	-	-	32,072	31,928
Total Deferred Outflow of Resources	883,223	-	-	-	-	883,223	559,164
Liabilities							
Current Liabilities:							
Accrued claims payable	273,399	784	2,727	26,267	103,469	406,646	362,674
Current portion of right-to-use lease liability	6,450	-	-	-	-	6,450	-
Due to other governments:							
Member agencies	449,817	-	-	71,981	59,795	581,593	730,645
Other agencies	121,742	-	-	(75)	21,118	142,785	81,484
Total Current Liabilities	851,408	784	2,727	98,173	184,382	1,137,474	1,174,803
Noncurrent Liabilities:							
Right-to-use lease liability	12,900	-	-	-	-	12,900	-
Net pension liability (Note 8)	0	-	-	-	-	-	232,381
Net OPEB liability (Note 9)	-	-	-	-	-	-	90,344
Compensated absences	87,915	-	-	-	-	87,915	66,901
Total Noncurrent Liabilities	100,815	-	-	-	-	100,815	389,626
Total Liabilities	952,223	784	2,727	98,173	184,382	1,238,289	1,564,429
Deferred Inflow of Resources							
Pension related (Note 8)	411,286	-	-	-	-	411,286	431,576
OPEB related (Note 9)	223,478	-	-	-	-	223,478	70,016
Total Deferred Inflow of Resources	634,764	-	-	-	-	634,764	501,592
Net Position							
Net Investment in Capital Assets	24,207,569	127,094	-	-	-	24,334,663	25,697,640
Unrestricted	1,125,267	63,249	2,300,201	431,951	80,000	4,000,668	2,551,274
Total Net Position	$ 25,332,836	$ 190,343	$ 2,300,201	$ 431,951	$ 80,000	$ 28,335,331	$ 28,248,914

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds						
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance	Total June 30, 2022	Total June 30, 2021
Operating Revenues:							
Member assessments	$ 2,445,331	$ -	$ 750,857	$ 994,667	$ -	$ 4,190,855	$ 4,163,922
LAVWMA assessments	524,467	-	15,974	284,552	-	824,993	846,124
Sale of reclaimed water	-	36,000	-	-	-	36,000	27,000
Other operating revenues	8,874	-	-	-	-	8,874	9,327
Total Operating Revenues	2,978,672	36,000	766,831	1,279,219	0	5,060,722	5,046,373
Operating Expenses:							
Personnel services	(302,171)	6,344	-	-	-	(295,827)	850,393
Depreciation	906,989	12,912	-	-	-	919,901	941,258
Professional services	277,354	2,200	-	123,155	-	402,709	372,903
Monitoring	159,894	1,615	-	-	-	161,509	165,564
Contract services	68,457	-	-	6,000	-	74,457	58,285
Operating supplies	273,370	-	-	-	-	273,370	228,937
Utilities	679,152	761	-	-	-	679,913	620,552
Insurance	60,582	5,000	-	-	-	65,582	143,526
Commissioners' compensation	28,800	-	-	-	-	28,800	33,840
Rents and fees	12,189	-	-	1,171,637	-	1,183,826	1,073,347
Repairs and maintenance	568,709	11,003	-	-	-	579,712	614,934
Dues	122,752	-	-	25,580	-	148,332	147,025
Travel and meetings	1,837	-	-	-	-	1,837	2,949
Other general administrative	2,507	-	-	-	-	2,507	7,028
Total Operating Expenses	2,860,421	39,835	0	1,326,372	0	4,226,628	5,260,541
Operating Income (Loss)	118,251	(3,835)	766,831	(47,153)	0	834,094	(214,168)
Nonoperating Revenues (Expenses)							
Interest income	-	-	12,882	-	-	12,882	15,683
Gain (loss) on disposal of fixed assets	-	-	-	-	-	-	(2,962,510)
UEPS Capital Costs	-	-	(420,000)	-	-	(420,000)	-
Cargill other revenue	-	-	-	-	774,507	774,507	617,165
Cargill other expense	-	-	-	-	(693,594)	(693,594)	(467,843)
Cargill project management	-	-	-	-	(80,913)	(80,913)	-
Zone 7 Brine (DSRSD)	-	-	-	-	80,000	80,000	-
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	-
OLSD Outreach Support revenue	-	-	-	1,896	-	1,896	-
OLSD Outreach Support expense	-	-	-	(1,455)	-	(1,455)	-
Federal grant revenue	-	-	-	167,474	-	167,474	90,329
Federal grant expense	-	-	-	(167,474)	-	(167,474)	(90,329)
Total Nonoperating Revenues (Expenses)	0	0	(407,118)	(559)	80,000	(327,677)	(2,797,505)
Other Financing Sources (Uses)							
Transfers in (Note 7)	78,668	-	-	-	-	78,668	744,570
Transfers out (Note 7)	-	-	(78,668)	-	-	(78,668)	(744,570)
Total Other Financing Sources (Uses)	78,668		(78,668)			-	-
Change in Net Position	196,919	(3,835)	281,045	(47,712)	80,000	506,417	(3,011,673)
Net Position Beginning, as previously stated	25,555,917	194,178	2,019,156	479,663	-	28,248,914	31,146,310
Prior period adjustment (Note 2)	(420,000)	-	-	-	-	(420,000)	114,277
Net Position Beginning, as restated	25,135,917	194,178	2,019,156	479,663	-	27,828,914	31,260,587
Net Position Ending	$ 25,332,836	$ 190,343	$ 2,300,201	$ 431,951	$ 80,000	$ 28,335,331	$ 28,248,914

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Combining Statement of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	Business-type Activities - Enterprise Funds						
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance	Total June 30, 2022	Total June 30, 2021
Cash Flows from Operating Activities:							
Cash received from members	$ 2,237,855	$ -	$ 330,381	$ 993,297	$ 59,795	$ 3,621,328	$4,302,163
Cash received from LAVWMA	571,286	-	34,574	277,916	21,118	904,894	874,527
Cash received from others	9,295	63,000	-	-	-	72,295	11,398
Cash payments for personnel services	(701,542)	(6,344)	-	-	-	(707,886)	(739,691)
Cash payments to members	-	-	-	-	-	-	(114,277)
Cash payments to suppliers for goods and services	(2,189,861)	(21,398)	(5,273)	(1,354,035)	103,469	(3,467,098)	(3,579,631)
Net Cash Provided (Used) by Operating Activities	(72,967)	35,258	359,682	(82,822)	184,382	423,533	$754,489
Cash Flows from Capital and Related Financing Activities:							
Acquisition of capital assets	-	-	(78,668)	-	-	(78,668)	(744,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(78,668)	-	-	(78,668)	(744,570)
Cash Flows from Investing Activities:							
Interest on investments	-	-	7,687	-	-	7,687	23,129
Net Cash Provided (Used) by Investing Activities	-	-	7,687	-	-	7,687	23,129
Cash Flows from Non Capital and Related Financing Activities:							
Cargill	-	-	-	308,114	(400,900)	(92,786)	
Zone 7 Brine	-	-	-	-	80,000	80,000	
OLSD Outreach Support	-	-	-	440	-	440	-
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	
Interfund transfers	-	-	-	-	-	-	-
Net Cash Provided (Used) by Non Capital and Related Financing Activities	-	-	-	307,554	(320,900)	(13,346)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(72,967)	35,258	288,701	224,732	(136,518)	339,206	($125,744)
Cash and Cash Equivalents Beginning	1,129,873	28,775	1,987,357	245,755	-	3,391,760	3,517,504
Cash and Cash Equivalents Ending	$ 1,056,906	$ 64,033	$ 2,276,058	$ 470,487	$ (136,518)	$ 3,730,966	$3,391,760

(Continued)

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	Business-type Activities - Enterprise Funds						
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance	Total June 30, 2022	Total June 30, 2021
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:							
Operating Income (Loss)	$ 118,251	$ (3,835)	$ 766,831	$ (47,153)	$ -	$ 834,094	$ (214,168)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Non Cash Revenue			(420,000)			(420,000)	0
Depreciation	906,989	12,912	-	-	-	919,901	941,258
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	421	-	-	-	-	421	2,071
Due from other agencies	2,239	-	18,600	32,865	-	53,704	(144,815)
Due from member agencies	-	27,000	(476)	-	-	26,524	(27,381)
Inventory	2,942	-	-	-	-	2,942	(2,271)
Prepaid expenses	(3,331)	-	-	62,009	-	58,678	57,545
Deposits	(1,726)	-	(3,000)	-	-	(4,726)	724
Lease asset	(19,350)	-	-	-	-	(19,350)	-
Pension related deferred outflows of resources	(323,915)	-	-	-	-	(323,915)	367,010
OPEB related deferred outflows of resources	(144)	-	-	-	-	(144)	516,914
Increase (decrease) in liabilities and deferred inflows of resources:							
Accrued claims payable	66,131	(819)	(2,273)	(122,537)	103,469	43,971	(189,963)
Right-to-use lease liability	19,350	-	-	-	-	19,350	-
Member agencies	(207,476)	-	-	(1,371)	59,795	(149,052)	138,622
Other agencies	46,819	-	-	(6,635)	21,118	61,302	17,028
Net pension liability	(647,374)	-	-	-		(647,374)	(557,810)
Net OPEB liability	(186,979)	-				(186,979)	(489,174)
Pension related deferred inflows of resources	(20,290)					(20,290)	313,844
OPEB related deferred inflows of resources	153,462					153,462	5,903
Compensated absences	21,014	-	-	-		21,014	19,152
Net Cash Provided (Used) by Operating Activities	$ (72,967)	$ 35,258	$ 359,682	$ (82,822)	$ 184,382	$ 423,533	$ 754,489

The notes to the financial statements are an integral part of this statement.

East Bay Dischargers Authority
Operations and Maintenance Fund
Schedule of Expenses
Budget vs. Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Operations and Maintenance Programs:			
General and administration	$ 1,293,381	$ (51,839)	$ 1,345,220
Outfall and forcemains	181,977	157,730	24,247
San Leandro pump station	-	-	-
Marina Dechlorination Facility	510,454	401,061	109,393
Oro Loma pump station	514,954	451,393	63,561
Hayward pump station	170,977	148,027	22,950
Union pump station	363,233	347,293	15,940
Bay and effluent monitoring	506,382	499,766	6,616
Subtotal	$ 3,541,358	1,953,431	$ 1,587,927
Depreciation Expense		906,989	
Total Expenses		$ 2,860,420	

East Bay Dischargers Authority
Operations and Maintenance Fund
Schedule of General and Administrative Expenses
Budget vs. Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
General and Administrative Expenses:			
Salaries	$ 539,008	$ 505,633	$ 33,375
Employee benefits	253,100	(869,954)	1,123,054
Commissioners' compensation	45,000	28,800	16,200
Deferred compensation	16,224	15,927	297
Insurance	62,000	60,582	1,418
Memberships	18,740	19,370	(630)
Supplies	18,000	7,001	10,999
Contractual services	32,280	26,119	6,161
Professional services	246,250	124,367	121,883
Rental	8,280	6,450	1,830
Maintenance	21,500	10,963	10,537
Travel	18,000	1,837	16,163
Utilities	15,000	8,559	6,441
Other	-	2,507	(2,507)
Total Expenses	$ 1,293,382	$ (51,839)	$1,345,221

East Bay Dischargers Authority
Water Recycling Fund
Schedule of Expenses
Budget vs. Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Water Recycling Programs:			
Skywest Golf Course Irrigation	$ 36,000	$ 26,923	$ 9,077
Subtotal	$ 36,000	26,923	$ 9,077
Depreciation Expense		12,912	
Total Expense		$ 39,835	

East Bay Dischargers Authority
Planning and Special Studies Fund
Schedule of Expenses - Operating & Nonoperating
Budget vs. Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Planning and Special Studies Fund:			
NPDES Permit Fees	$ 593,473	$ 602,837	$ (9,364)
Regional Monitoring Plan	280,000	283,454	(3,454)
Nutrient Surcharge	285,346	285,346	-
NPDES Permit Issues	100,000	44,904	55,096
Disinfection Master Plan	45,726	44,037	1,689
AQPI	29,000	-	29,000
Water Research Foundation (WERF)	25,580	25,580	-
Operator Training Modules	16,000	16,000	-
Strategic Planning	10,000	-	10,000
NPDES Testing-Member Agencies	6,000	6,000	-
Transport System Evaluation	20,000	12,049	7,951
Biosolids Feasibility Study	100,000	-	100,000
Solar Feasibility Study	20,000	-	20,000
Bruce Wolfe Memorial	5,000	1,000	4,000
JPA Legal Support	10,000	6,165	3,835
Total Expenses	$1,546,125	$ 1,327,372	$ 218,753

East Bay Dischargers Authority
Brine Acceptance Fund
Schedule of Expenses
Budget vs. Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Brine Acceptance Fund:			
Mixed Sea Salt Brine (Cargill)	$ 400,000	$ 693,594	$ (293,594)
Zone 7 Brine (DSRSD)	80,000	-	80,000
Total Expenses	$480,000	$ 693,594	$ (213,594)

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
East Bay Dischargers Authority
San Lorenzo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of East Bay Dischargers Authority (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Bay Dischargers Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Bay Dischargers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of East Bay Dischargers Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Bay Dischargers Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
December 13, 2022