

**EAST BAY DISCHARGERS AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**EAST BAY DISCHARGERS AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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**East Bay Dischargers Authority**

**Commission**

**June 30, 2023**

<b><u>Member Agency and Representatives</u></b>	<b><u>Office</u></b>
City of Hayward Angela Andrews Julie Roche	Chair Alternate
Union Sanitary District Anjali Lathi Thomas Handley	Vice Chair Alternate
Oro Loma Sanitary District Fred Simon Shelia Young	Commissioner Alternate
Castro Valley Sanitary District Ralph Johnson Dave Sadoff	Commissioner Alternate
City of San Leandro Bryan Azevedo Pete Ballew	Commissioner 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 Directors  
East Bay Dischargers Authority

### **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, 2023, 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 respective financial position of the business-type activities of the East Bay Dischargers Authority, as of June 30, 2023, 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 Auditor's 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, the pension's Schedule of the District's Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Changes in Net OPEB Liability & Related Ratios, Schedule of the District's OPEB Contributions, and all other schedules presented in the required supplementary information area of the report (as shown 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Bay Dischargers Authority's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 November 7, 2023, on our consideration of the East Bay Dischargers 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 East Bay Dischargers 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 East Bay Dischargers Authority's internal control over financial reporting and compliance.



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

November 7, 2023

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## **East Bay Dischargers Authority**

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023**

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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, 2023. 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 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The Authority had a total net position of \$27,355,753 at June 30, 2023, reflecting a decrease of \$979,578 (-3.5%) from the prior year net position of \$28,335,331.
- The Authority's total operating revenues were \$5,680,327 at June 30, 2023 and were comprised 80% from Member assessments.
- The Authority's total operating expenses were \$6,338,202 at June 30, 2023 and were comprised 14% from depreciation and 86% 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.

## **East Bay Dischargers Authority**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

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### **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.

## East Bay Dischargers Authority

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

#### STATEMENT OF NET POSITION ANALYSIS

The composition of the Authority's net position at June 30, 2023, is presented by category in the following table.

<b>Table 1 - Summary of Net Position</b>				
	2023	2022	Dollar Change	Percent Change
<b>Assets</b>				
Current Assets	4,067,647	4,478,870	(411,223)	-9.2%
Noncurrent Assets	24,086,832	24,846,291	(759,459)	-3.1%
<b>Total Assets</b>	<b>28,154,479</b>	<b>29,325,161</b>	<b>(1,170,682)</b>	<b>-4.0%</b>
Deferred outflow of resources:				
Pension related	911,869	851,151	60,718	7.1%
OPEB related	33,135	32,072	1,063	3.3%
<b>Liabilities</b>				
Current Liabilities	735,325	1,137,474	(402,149)	-35.4%
Noncurrent Liabilities	656,917	100,815	556,102	551.6%
<b>Total Liabilities</b>	<b>1,392,242</b>	<b>1,238,289</b>	<b>153,953</b>	<b>12.4%</b>
Deferred inflow of resources:				
Pension related	287,973	411,286	(123,313)	-30.0%
OPEB related	63,515	223,478	(159,963)	-71.6%
<b>Net Position</b>				
Net Investment in Capital Assets	24,086,832	24,334,663	(247,831)	-1.0%
Restricted	67,951	-	67,951	
Unrestricted	3,200,970	4,000,668	(799,698)	-20.0%
<b>Total Net Position</b>	<b>27,355,753</b>	<b>28,335,331</b>	<b>(979,578)</b>	<b>-3.5%</b>

## East Bay Dischargers Authority

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

The following table shows the changes in net position for fiscal year 2023.

<b>Table 2 - Changes in Net Position</b>				
	2023	2022	Dollar Change	Percent Change
<b>Revenues</b>				
Operating Revenues:				
Charges for Services	5,680,327	5,060,722	619,605	12.2%
Nonoperating Revenues:				
Interest Income	70,197	12,882	57,315	444.9%
Gain (loss) on disposal of fixed assets	9,100	-	9,100	
Cargill Other Revenue	827,675	774,507	53,168	6.9%
Zone 7 Brine (DSRSD)	20,000	80,000	(60,000)	
OLSD Outreach Support Revenue	-	1,896	(1,896)	
Federal Grant Revenue	106,356	167,474	(61,118)	-36.5%
<b>Total Revenues</b>	<b>6,713,655</b>	<b>6,097,481</b>	<b>616,174</b>	<b>10.1%</b>
<b>Expenses</b>				
Operating Expenses:				
Discharge Services	6,338,202	4,226,628	2,111,574	49.9%
Nonoperating Expenses:				
UEPS Capital Costs	420,000	420,000	-	
Cargill Other Expense	746,143	693,594	52,549	7.5%
Cargill Project Management	81,532	80,913	619	
Bruce Wolfe Memorial	1,000	1,000	-	
OLSD Outreach Support Revenue	-	1,455	(1,455)	-100.0%
Federal Grant Expense	106,356	167,474	(61,118)	-36.4%
<b>Total Expenses</b>	<b>7,693,233</b>	<b>5,591,064</b>	<b>2,102,169</b>	<b>37.5%</b>
<b>Changes in Net Position</b>	<b>(979,578)</b>	<b>506,417</b>	<b>(1,485,995)</b>	<b>293.4%</b>

Interest earnings from cash in banks and LAIF increased by 444.9%. Discharge services increased by 49.9% in the Proprietary funds.

### **FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS**

The Authority's Statements of Net Position reports a combined net position of \$27,355,753, which is a decrease from last year's total of \$28,355,331. Table 3 provides an analysis of the Authority's net position by fund and the total change from the prior year.



## East Bay Dischargers Authority

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

<b>Table 3 - Summary of Funds Net Position</b>			
Funds	2023	2022	Increase (Decrease)
Operations and Maintenance	24,398,780	25,332,836	(934,056)
Water Recycling	181,604	190,343	(8,739)
Renewal and Replacement	2,243,419	2,300,201	(56,782)
Planning and Special Studies	431,950	431,951	(1)
Brine Acceptance	100,000	80,000	20,000
Capital Projects	-	-	-
<b>Total Proprietary Funds Net Position</b>	<b>27,355,753</b>	<b>28,335,331</b>	<b>(979,578)</b>

### CAPITAL ASSETS

The Authority's investment in capital assets for FY2022/2023 totaled \$24,086,832 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.

<b>Table 4 - Summary of Capital Assets Net of Depreciation</b>				
Capital Asset	2023	2022	Dollar Change	Percent Change
Land	10,161	10,161	-	0.0%
Right-to-use lease	12,900	19,350	(6,450)	-33.3%
Permanent Easements	432,178	432,178	-	0.0%
Building and Structures	724,966	536,047	188,919	35.2%
Sewage and Disposal Facilities	18,939,689	18,480,479	459,210	2.5%
Data Acquisition System	602,924	602,924	-	0.0%
Water Recycling Facilities	766,680	766,680	-	0.0%
Subsurface Lines	36,369,660	36,369,660	-	0.0%
Office Equipment	214,980	214,980	-	0.0%
Field Equipment	71,054	71,054	-	0.0%
Automotive Equipment	-	19,718	(19,718)	-100.0%
Accumulated Depreciation	(34,058,360)	(33,188,568)	(869,792)	2.6%
<b>Total Capital Assets Net</b>	<b>24,086,832</b>	<b>24,334,663</b>	<b>(247,831)</b>	<b>-1.0%</b>

### ECONOMIC FACTORS & OUTLOOK FOR THE FUTURE

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.

## East Bay Dischargers Authority

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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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 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 2025 or 2026, 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.

## **East Bay Dischargers Authority**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023

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### **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

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**East Bay Dischargers Authority**  
**Statements of Net Position**  
**As of June 30, 2023 and 2022**

	Total June 30, 2023	Total June 30, 2022
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and investments (Note 3)	\$ 2,902,459	\$ 3,730,966
Interest receivable	21,410	7,038
Accounts receivable	580,625	400,908
<b>Due from other governments:</b>		
Member Agencies	37,100	857
Other agencies	315,130	137,061
Inventory	162,952	152,627
Prepaid expenses	45,680	44,687
Deposits	2,291	4,726
<b>Total Current Assets</b>	<b>4,067,647</b>	<b>4,478,870</b>
<b>Noncurrent Assets:</b>		
<b>Capital assets (Note 4):</b>		
Land	10,161	10,161
Right-to-use lease asset	12,900	19,350
Permanent easements	432,178	432,178
Buildings and structures	724,966	536,047
Sewage disposal facilities	18,939,689	18,480,479
Data acquisition system	602,924	602,924
Water recycling facilities	766,680	766,680
Subsurface lines	36,369,660	36,369,660
Office equipment	214,980	214,980
Field equipment	71,054	71,054
Automotive equipment	-	19,718
Less: accumulated depreciation	(34,058,360)	(33,188,568)
<b>Total Capital Assets - Net</b>	<b>24,086,832</b>	<b>24,334,663</b>
<b>Other noncurrent assets</b>		
Net Pension Asset	-	414,993
Net OPEB Asset	-	96,635
<b>Total Other Noncurrent Assets</b>	<b>-</b>	<b>511,628</b>
<b>Total Noncurrent Assets - Net</b>	<b>24,086,832</b>	<b>24,846,291</b>
<b>Total Assets</b>	<b>28,154,479</b>	<b>29,325,161</b>
<b>Deferred Outflow of Resources</b>		
Pension related (Note 8)	911,869	851,151
OPEB related (Note 9)	33,135	32,072
<b>Total Deferred Outflow of Resources</b>	<b>945,004</b>	<b>883,223</b>

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

**East Bay Dischargers Authority**  
**Statements of Net Position**  
As of June 30, 2023 and 2022

	<u>Total</u> <u>June 30, 2023</u>	<u>Total</u> <u>June 30, 2022</u>
<b>Liabilities</b>		
Current Liabilities:		
Accrued claims payable	409,030	406,646
Current portion of right-to-use lease liability	6,450	6,450
Due to other governments:		
Member agencies	245,114	581,593
Other agencies	74,731	142,785
	<u>735,325</u>	<u>1,137,474</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Right-to-use lease liability	6,450	12,900
Net pension liability (Note 8)	473,485	-
Net OPEB liability (Note 9)	74,625	-
Compensated absences	102,357	87,915
	<u>656,917</u>	<u>100,815</u>
Total Noncurrent Liabilities		
	<u>1,392,242</u>	<u>1,238,289</u>
<b>Total Liabilities</b>		
	<u>1,392,242</u>	<u>1,238,289</u>
<b>Deferred Inflow of Resources</b>		
Pension related (Note 8)	287,973	411,286
OPEB related (Note 9)	63,515	223,478
	<u>351,488</u>	<u>634,764</u>
<b>Total Deferred Inflow of Resources</b>		
	<u>351,488</u>	<u>634,764</u>
<b>Net Position</b>		
Net Investment in Capital Assets	24,086,832	24,334,663
Restricted	67,951	-
Unrestricted	3,200,970	4,000,668
	<u>27,355,753</u>	<u>28,335,331</u>
<b>Total Net Position</b>	<u>\$ 27,355,753</u>	<u>\$ 28,335,331</u>

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, 2023 and 2022

	Total June 30, 2023	Total June 30, 2022
Operating Revenues:		
Member assessments	\$ 4,554,964	\$ 4,190,855
LAVWMA assessments	1,086,347	824,993
Sale of reclaimed water	36,000	36,000
Other operating revenues	3,016	8,874
Total Operating Revenues	<u>5,680,327</u>	<u>5,060,722</u>
Operating Expenses:		
Personnel services	1,509,333	(295,827)
Depreciation	889,510	919,901
Professional services	304,837	402,709
Monitoring	520,828	161,509
Contract services	43,209	74,457
Operating supplies	467,053	273,370
Utilities	850,352	679,913
Insurance	78,531	65,582
Commissioners' compensation	31,440	28,800
Rents and fees	877,726	1,183,826
Repairs and maintenance	608,256	579,712
Dues	148,046	148,332
Travel and meetings	6,878	1,837
Other general administrative	2,203	2,507
Total Operating Expenses	<u>6,338,202</u>	<u>4,226,628</u>
Operating Income (Loss)	<u>(657,875)</u>	<u>834,094</u>
Nonoperating Revenues (Expenses):		
Interest income	70,197	12,882
Gain (loss) on disposal of fixed assets	9,100	-
UEPS Capital Costs	(420,000)	(420,000)
Cargill other revenue	827,675	774,507
Cargill other expense	(746,143)	(693,594)
Cargill project management	(81,532)	(80,913)
Zone 7 Brine (DSRSD)	20,000	80,000
Bruce Wolfe Memorial	(1,000)	(1,000)
OLSD Outreach Support revenue	-	1,896
OLSD Outreach Support expense	-	(1,455)
Federal grant revenue	106,356	167,474
Federal grant expense	(106,356)	(167,474)
Total Nonoperating Revenues (Expenses)	<u>(321,703)</u>	<u>(327,677)</u>
Other Financing Sources (Uses):		
Transfers in (Note 7)	648,129	78,668
Transfers out (Note 7)	(648,129)	(78,668)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Change in Net Position	<u>(979,578)</u>	<u>506,417</u>
Net Position Beginning, as previously stated	28,335,331	28,248,914
Prior period adjustment (Note 2)	-	(420,000)
Net Position Beginning, as restated	<u>28,335,331</u>	<u>27,828,914</u>
Net Position Ending	<u>\$ 27,355,753</u>	<u>\$ 28,335,331</u>

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, 2023 and 2022

	<u>Total</u> <u>June 30, 2023</u>	<u>Total</u> <u>June 30, 2022</u>
Cash Flows from Operating Activities:		
Cash received from members	\$ 4,191,242	\$ 3,621,328
Cash received from LAVWMA	871,217	904,894
Cash received from others	20,916	72,295
Cash payments for personnel services	(776,102)	(707,886)
Cash payments to suppliers for goods and services	<u>(3,980,959)</u>	<u>(3,467,098)</u>
Net Cash Provided (Used) by Operating Activities	<u>326,314</u>	<u>423,533</u>
 Cash Flows from Capital and Related Financing Activities:		
Gain (loss) on sale of capital assets	9,100	-
UEPS capital costs	(420,000)	-
Acquisition of capital assets	<u>(648,129)</u>	<u>(78,668)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,059,029)</u>	<u>(78,668)</u>
 Cash Flows from Investing Activities:		
Interest on investments	<u>55,825</u>	<u>7,687</u>
Net Cash Provided (Used) by Investing Activities	<u>55,825</u>	<u>7,687</u>
 Cash Flows from Non Capital and Related Financing Activities		
Cargill	(170,617)	(92,786)
Zone 7 Brine	20,000	80,000
Oro Loma Sanitary District outreach support	-	440
Bruce Wolfe Memorial	<u>(1,000)</u>	<u>(1,000)</u>
Net Cash Provided (Used) by Non Capital and Related Financing Activities	<u>(151,617)</u>	<u>(13,346)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(828,507)	339,206
 Cash and Cash Equivalents Beginning	<u>3,730,966</u>	<u>3,391,760</u>
 Cash and Cash Equivalents Ending	<u>\$ 2,902,459</u>	<u>\$ 3,730,966</u>

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, 2023 and 2022

	<u>Total</u> <u>June 30, 2023</u>	<u>Total</u> <u>June 30, 2022</u>
Reconciliation of Operating Income (Loss) to Cash Flows Provided by (Used In) Operating Activities:		
Operating Income (Loss)	\$ (657,875)	\$ 834,094
Adjustments to reconcile operating income (loss) to net cash provided		
Non Cash Revenue	-	(420,000)
Depreciation	889,510	919,901
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(9,100)	421
Due from other agencies	(178,069)	53,704
Due from member agencies	(36,243)	26,524
Inventory	(10,325)	2,942
Prepaid expenses	(993)	58,678
Deposits	2,435	(4,726)
Lease asset	-	(19,350)
Pension related deferred outflows of resources	(60,718)	(323,915)
OPEB related deferred outflows of resources	(1,063)	(144)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accrued claims payable	2,384	43,971
Right-to-use lease liability	-	19,350
Member agencies	(336,479)	(149,052)
Other agencies	(68,054)	61,302
Net pension liability	888,478	(647,374)
Net OPEB liability	171,260	(186,979)
Pension related deferred inflows of resources	(123,313)	(20,290)
OPEB related deferred inflows of resources	(159,963)	153,462
Compensated absences	<u>14,442</u>	<u>21,014</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 326,314</u>	<u>\$ 423,533</u>

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

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**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**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

**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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 is 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. Consistent with Resolution 23-07, the Authority has restricted unspent funds of \$67,951 for ongoing special projects.
- 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, 2022, was adopted by the Commission on May 19, 2022. Formal budgetary integration is employed as a management control device during the year.

**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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***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, 2023.

***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.

**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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***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.

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NOTES TO FINANCIAL STATEMENTS  
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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.

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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)***

The Authority established a California Employers' Retiree Benefit Trust (CERBT) to prefund OPEB liabilities in May 2011. EBDA made discretionary payments to its CERBT to meet the target funding goal of 80%. Based on a biennial actuarial valuation performed by an independent actuary, funding is above 100%. In FY 2020/2021 the Authority began requesting reimbursements from the CERBT for OPEB payments made during the fiscal year.

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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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. 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



**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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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.

Implementation of this pronouncement did not have an 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 Authority has determined that the implementation of this pronouncement did not have a material impact on the 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

**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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(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 2023), and all reporting periods thereafter.

The Authority has determined the implementation of this pronouncement did not have a material impact on the financial statements.

**GASB Statement No. 99, *Omnibus 2022*** – The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement that are effective as follows:

- 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 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, 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 year 2024), and all reporting periods thereafter.

The Authority has determined that the implementation of this pronouncement did not have a material impact on the financial statements.

**EAST BAY DISCHARGERS AUTHORITY  
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*Upcoming New Accounting Pronouncements*

**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 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.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI and SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal year 2024). The Authority has not yet determined whether the implementation of this pronouncement will have a material impact on the financial statements.

**GASB Statement No. 101, *Compensated Absences*** – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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.

This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

**EAST BAY DISCHARGERS AUTHORITY  
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With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal year 2025), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this pronouncement will have a material impact on the financial statements.

**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:

	2023	2022
Cash in banks	\$ 582,046	\$466,376
Local Agency Investment Fund	2,320,413	3,264,589
Total Cash and Investments	\$2,902,459	\$3,730,965

***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:

**EAST BAY DISCHARGERS AUTHORITY  
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<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2023 and 2022, these investments matured in an average of 260 and 311 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	2023	2022	2023 Concentration
Cash in bank	\$ 582,046	\$ 582,046	\$466,376	20.05%
Local Agency Investment Fund (LAIF)	2,320,413	2,320,413	3,264,589	79.95%
Total Cash and Investments	<u>\$2,902,459</u>	<u>\$2,902,459</u>	<u>\$3,730,965</u>	100.00%

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***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, 2023, 79.95% of the Authority's cash was invested in LAIF and 20.05% was deposited in banks. The Authority held no investments in certificates of deposit at June 30, 2023. 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**

<u>Capital Assets - Cost</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 10,161	\$ -	\$ -	\$ 10,161
Land - Right of Use	19,350		(6,450)	12,900
Permanent easements	432,177			432,177
Total capital assets not being depreciated:	<u>461,688</u>	<u>-</u>	<u>(6,450)</u>	<u>455,238</u>
Capital assets being depreciated:				
Buildings and structures:				
Operations center	536,047	188,919		724,966
Sewage disposal Facilities:				
San Leandro pump station	-			-
Oro Loma pump station	8,557,944	347,972		8,905,916
Marina dechlorination facility	2,847,402	87,821		2,935,223
Hayward pump station	4,061,654	23,417		4,085,071
Union pump station	3,013,481			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	19,662,313			19,662,313
San Leandro to Marina force main	-			-
Marina to Oro Loma force main	5,507,298			5,507,298
Oro Loma to Hayward force main	2,748,322			2,748,322
Hayward to Alvarado force main	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:	<u>57,061,543</u>	<u>648,129</u>	<u>(19,718)</u>	<u>57,689,954</u>
Total cost of capital assets	<u>\$ 57,523,231</u>	<u>\$ 648,129</u>	<u>\$ (26,168)</u>	<u>\$ 58,145,192</u>
<u>Accumulated Depreciation</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>
Buildings and structures:				
Operations center	\$ (480,405)	\$ (3,355)	\$ -	\$ (483,760)
Sewage disposal Facilities:				
San Leandro pump station	-			-
Oro Loma pump station	(5,824,956)	(166,035)		(5,990,991)
Marina dechlorination facility	(2,545,624)	(31,414)		(2,577,038)
Hayward pump station	(921,483)	(93,440)		(1,014,923)
Union pump station	(2,171,711)	(50,952)		(2,222,663)
Data acquisition system	(501,353)	(30,926)		(532,279)
Water recycling facilities:				
Skywest golf course irrigation facilities	(642,306)	(12,907)		(655,213)
Subsurface lines:				
Bay outfall	(10,728,126)	(261,829)		(10,989,955)
San Leandro to Marina force main	-			-
Marina to Oro Loma force main	(2,982,639)	(72,352)		(3,054,991)
Oro Loma to Hayward force main	(1,508,191)	(36,462)		(1,544,653)
Hayward to Alvarado force main	(4,626,544)	(115,280)		(4,741,824)
Seismic design	(11,647)			(11,647)
Office equipment	(152,811)	(14,558)		(167,369)
Field equipment	(71,054)			(71,054)
Automotive equipment	(19,718)		19,718	-
Total accumulated depreciation:	<u>\$ (33,188,568)</u>	<u>\$ (889,510)</u>	<u>\$ 19,718</u>	<u>\$ (34,058,360)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 24,334,663</u>	<u>\$ (241,381)</u>	<u>\$ (6,450)</u>	<u>\$ 24,086,832</u>

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**5. COMPENSATED ABSENCES**

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

	2023	2022
Beginning balance	\$ 87,913	\$ 66,901
Additions	14,444	21,012
Payments	-	-
Ending balance	\$ 102,357	\$ 87,913
Current portion	\$ 0	\$ 0
Non Current portion	\$ 102,357	\$ 87,913

**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, 2023 was as follows:

Fiscal Year Ending June 30	Lease Obligation
2024	6,450
2025	6,450
Total	\$ 12,900

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.



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***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, 2023 were as follows:

Fund Receiving Transfer	Fund Making Transfers	Amount
Operations and Maintenance	Renewal and Replacement	\$ 648,129

**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](http://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, 2023, 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	12.21%	7.47%

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*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, 2023, the Authority reported net pension liabilities for its proportionate shares of the net pension liability in the amount of \$473,485.

The Authority’s net share for the Plan is measured as a proportionate share of the CalPERS’ total pension plan as of June 30, 2022. The total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Percentage of Risk Pool Net Pension Liability	0.01012%	-0.02186%	-0.03198%
Percentage of Plan (PERF C) Net Pension Liability	0.00410%	-0.00767%	0.01177%

For the year ended June 30, 2023, the Authority recognized actuarial pension expense (income) of \$808,217. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,508	(6,368)
Changes of assumptions	48,518	-
Net differences between projected and actual earnings on plan investments	86,730	-
Change in employer’s proportion	551,203	(110,900)
Differences between the employer’s contributions and the employer’s proportionate share of contributions	112,140	(170,705)
Pension contributions subsequent to measurement date	103,770	-
<b>Total</b>	<b>\$ 911,869</b>	<b>\$ (287,973)</b>

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The \$103,770 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal year ending June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2024	183,511
2025	173,550
2026	110,018
2027	53,047
2028	-
Thereafter	-

*Actuarial Assumptions* – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
<b>Actuarial Assumptions:</b>	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by entry age and service
Mortality	Derived using CalPERS’ membership data for all funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
Post-retirement benefit increase	Contract COLA up to 2.30% 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 6.90%. 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.

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In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10<sup>1,2</sup></u>
Global equity – cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

*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:

<u>5.90%</u> <u>(1% Decrease)</u>	<u>6.90%</u> <u>(Current Discount Rate)</u>	<u>7.90%</u> <u>(1% Increase)</u>
\$ 1,169,691	\$ 473,485	\$ (99,320)

*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

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memorandums of understanding between the Authority, its management employees, and unions representing Authority employees. As of June 30, 2023, the Authority has four (4) active plan members, two (2) plan members are not participating in the healthcare plan and six (6) inactive plan members are currently receiving benefits.

<b>Full Retirement Benefit</b>	
Eligibility Age	50
Service Required	5 years in CalPERS
Benefit Amount	\$487 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
<b>CalPERS Minimum Benefit</b>	
Eligibility Age	50
Service Required	5 years in CalPERS
Benefit Amount	\$149 in 2022, \$151 in 2023. Indexed to the medical component of the Consumer Price Index.
Benefit End	Paid for life
<b>Post-retirement Death Benefit</b>	\$487 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.
<b>Disability Benefit</b>	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, 2023, the Authority paid \$49,770 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an

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actuarial valuation dated June 30, 2022 that was rolled forward using standard update procedures to determine the net OPEB liability as of June 30, 2023, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	<u>Benchmark</u>
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	<u>100%</u>		

\*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

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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
Balances at June 30, 2021 (Measurement Date)	784,870	881,505	(96,635)
Changes for the year			
Service Cost	8,822		8,822
Interest	45,184		45,184
Differences between expected and actual experience	-		-
Assumption changes	-		-
Benefit changes	-	144	(144)
Contributions – employer		-	-
Net investment income		(117,029)	117,029
Benefit payments	(63,622)	(63,622)	-
Administrative expense		(369)	369
Net changes	(9,616)	(180,876)	171,260
Balances at June 30, 2022 (Measurement Date)	775,254	700,629	74,625

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)	\$ 178,468	\$ 74,625	\$ (9,980)

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

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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)	\$ 23,141	\$ 74,625	\$ 135,868

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

For the year ended June 30, 2023, the Authority recognized actuarial OPEB expense of (\$21,514). At June 30, 2023, 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	-	60,032
Changes of assumptions	-	3,483
Net difference between projected and actual earnings on OPEB plan investments	32,955	-
Employer contributions made subsequent to the measurement date	180	-
Total	33,135	63,515

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:	
2024	(22,511)
2025	(16,657)
2026	(4,485)
2027	(27,453)
2028	(6,528)
Thereafter	(7,832)

**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



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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, 2023 and 2022 (the most recently available) financial statements is as follows:

	2023	2022
Total assets	\$ 3,394,489	\$ 3,513,115
Total liabilities	97,127	210,564
Total equity	3,297,362	3,302,551
Total revenue	3,080,655	4,376,123
Total expenditures	3,138,434	4,293,818

**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, 2023:

	Limits	Deductibles
General liability	\$ 15,750,000	\$ 100,000
Excess liability	10,000,000	100,000
Pollution	25,000,000	250,000
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.

**EAST BAY DISCHARGERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, 2023, the Authority had approximately \$73,000 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.

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**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 LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

<b>Measurement Date</b>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Plan's proportionate share of the Net Pension Liability (Asset)	0.00410%	-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)	\$ 473,485	\$ (414,993)	\$ 232,381	\$ 790,191	\$ 681,137	\$ 799,111	\$ 657,244	\$ 503,886	\$ 258,711
Plan's covered payroll	\$ 572,475	\$ 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	82.71%	-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	76.68%	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**

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 103,770	\$ 89,828	\$ 80,563	\$ 95,632	\$ 76,851	\$ 72,580	\$ 55,390	\$ 43,419	\$ 37,170
Contributions in relation to the actuarially determined contributions	<u>(103,770)</u>	<u>(89,828)</u>	<u>(80,563)</u>	<u>(740,632)</u>	<u>(76,851)</u>	<u>(172,580)</u>	<u>(55,390)</u>	<u>(143,419)</u>	<u>(37,170)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (645,000)</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ -</u>
Covered payroll	\$ 618,275	\$ 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	16.78%	15.69%	14.94%	146.76%	15.59%	32.33%	13.10%	38.04%	9.45%

**Actuarially determined contribution assumptions**

Valuation date	June 30, 2020
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 28 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by category, 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**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 8,822	\$ 20,840	\$ 20,233	\$ 16,166	\$ 15,695	\$ 15,238
Interest	45,184	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	<u>(63,622)</u>	<u>(65,861)</u>	<u>(33,335)</u>	<u>(74,777)</u>	<u>(35,331)</u>	<u>(67,246)</u>
Net change in total OPEB liability	(9,616)	(48,824)	33,886	(74,953)	29,990	(3,150)
<b>Total OPEB liability - beginning</b>	<u>784,870</u>	<u>833,694</u>	<u>799,808</u>	<u>874,761</u>	<u>844,771</u>	<u>847,921</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 775,254</u>	<u>\$ 784,870</u>	<u>\$ 833,694</u>	<u>\$ 799,808</u>	<u>\$ 874,761</u>	<u>\$ 844,771</u>
<b>OPEB fiduciary net position</b>						
Contributions - employer	\$ -	\$ -	\$ 525,666	\$ 74,777	\$ 82,651	\$ 80,635
Contributions - employee	-	-	-	-	-	-
Net investment income	(117,029)	204,297	30,864	12,914	11,389	12,876
Benefit payments, including refunds of employee contributions	(63,622)	(65,861)	(33,335)	(74,777)	(35,331)	(67,246)
Administrative expense	(225)	(281)	(135)	(102)	(81)	(64)
Other changes	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>(180,876)</u>	<u>138,155</u>	<u>523,060</u>	<u>12,812</u>	<u>58,628</u>	<u>26,201</u>
<b>Fiduciary net position - beginning</b>	<u>881,505</u>	<u>743,350</u>	<u>220,290</u>	<u>207,478</u>	<u>148,850</u>	<u>122,649</u>
<b>Fiduciary net position - ending (b)</b>	<u>\$ 700,629</u>	<u>\$ 881,505</u>	<u>\$ 743,350</u>	<u>\$ 220,290</u>	<u>\$ 207,478</u>	<u>\$ 148,850</u>
<b>Net OPEB Liability - ending (a)-(b)</b>	<u>\$ 74,625</u>	<u>\$ (96,635)</u>	<u>\$ 90,344</u>	<u>\$ 579,518</u>	<u>\$ 667,283</u>	<u>\$ 695,921</u>
Plan fiduciary net position as a percentage of the total OPEB liability	90.37%	112.31%	89.16%	27.54%	23.72%	17.62%
Covered-employee payroll	\$ 572,475	\$ 539,152	\$ 504,651	\$ 492,850	\$ 533,854	\$ 422,884
Net OPEB Liability as a percentage of covered payroll	13.04%	-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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ -	\$ 33,335	\$ 74,777	\$ 66,000	\$ 66,000
Contributions in relation to the actuarially determined contributions	<u>(180)</u>	<u>(144)</u>	<u>(156)</u>	<u>(548,842)</u>	<u>(57,097)</u>	<u>(97,873)</u>
Contribution deficiency (excess)	<u>\$ (180)</u>	<u>\$ (144)</u>	<u>\$ 33,179</u>	<u>\$ (474,065)</u>	<u>\$ 8,903</u>	<u>\$ (31,873)</u>
Covered payroll	572,475	539,152	504,651	492,850	533,854	422,884
Contributions as a percentage of percentage of covered payroll	0.03%	0.03%	0.03%	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, 2023  
With Comparative Totals as of June, 30 2022

	Business-type Activities - Enterprise Funds					Total June 30, 2023	Total June 30, 2022
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and investments (Note 3)	\$ 755,835	\$ 61,112	\$ 2,034,992	\$ 366,888	\$ (316,368)	\$ 2,902,459	\$ 3,730,966
Interest receivable	-	-	21,410	-	-	21,410	7,038
Accounts receivable	9,108	-	-	-	571,517	580,625	400,908
Due from other governments:						-	-
Member Agencies	-	9,000	28,100	-	-	37,100	857
Other agencies	58,949	-	163,051	93,130	-	315,130	137,061
Inventory	162,952	-	-	-	-	162,952	152,627
Prepaid expenses	43,442	-	-	2,238	-	45,680	44,687
Deposits	2,291	-	-	-	-	2,291	4,726
<b>Total Current Assets</b>	<b>1,032,577</b>	<b>70,112</b>	<b>2,247,553</b>	<b>462,256</b>	<b>255,149</b>	<b>4,067,647</b>	<b>4,478,870</b>
<b>Noncurrent Assets:</b>							
<b>Capital assets (Note 4):</b>							
Land	10,161	-	-	-	-	10,161	10,161
Right-to-use lease	12,900	-	-	-	-	12,900	19,350
Permanent easements	429,458	2,720	-	-	-	432,178	432,178
Buildings and structures	724,966	-	-	-	-	724,966	536,047
Sewage disposal facilities	18,939,689	-	-	-	-	18,939,689	18,480,479
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	36,369,660
Office equipment	214,980	-	-	-	-	214,980	214,980
Field equipment	71,054	-	-	-	-	71,054	71,054
Automotive equipment	-	-	-	-	-	-	19,718
Less: accumulated depreciation	(33,403,147)	(655,213)	-	-	-	(34,058,360)	(33,188,568)
<b>Total Capital Assets - Net</b>	<b>23,972,645</b>	<b>114,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,086,832</b>	<b>24,334,663</b>
<b>Other noncurrent assets</b>							
Net Pension Asset	-	-	-	-	-	-	414,993
Net OPEB Asset	-	-	-	-	-	-	96,635
<b>Total Other Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>511,628</b>
<b>Total Noncurrent Assets - Net</b>	<b>23,972,645</b>	<b>114,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,086,832</b>	<b>24,846,291</b>
<b>Total Assets</b>	<b>25,005,222</b>	<b>184,299</b>	<b>2,247,553</b>	<b>462,256</b>	<b>255,149</b>	<b>28,154,479</b>	<b>29,325,161</b>
<b>Deferred Outflow of Resources</b>							
Pension related (Note 8)	911,869	-	-	-	-	911,869	851,151
OPEB related (Note 9)	33,135	-	-	-	-	33,135	32,072
<b>Total Deferred Outflow of Resources</b>	<b>945,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>945,004</b>	<b>883,223</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accrued claims payable	315,506	2,695	4,134	13,078	73,617	409,030	406,646
Current portion of right-to-use lease liability	6,450	-	-	-	-	6,450	6,450
Due to other governments:						-	-
Member agencies	167,634	-	-	17,228	60,252	245,114	581,593
Other agencies	53,451	-	-	-	21,280	74,731	142,785
<b>Total Current Liabilities</b>	<b>543,041</b>	<b>2,695</b>	<b>4,134</b>	<b>30,306</b>	<b>155,149</b>	<b>735,325</b>	<b>1,137,474</b>
<b>Noncurrent Liabilities:</b>							
Right-to-use lease liability	6,450	-	-	-	-	6,450	12,900
Net pension liability (Note 8)	473,485	-	-	-	-	473,485	-
Net OPEB liability (Note 9)	74,625	-	-	-	-	74,625	-
Compensated absences	102,357	-	-	-	-	102,357	87,915
<b>Total Noncurrent Liabilities</b>	<b>656,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>656,917</b>	<b>100,815</b>
<b>Total Liabilities</b>	<b>1,199,958</b>	<b>2,695</b>	<b>4,134</b>	<b>30,306</b>	<b>155,149</b>	<b>1,392,242</b>	<b>1,238,289</b>
<b>Deferred Inflow of Resources</b>							
Pension related (Note 8)	287,973	-	-	-	-	287,973	411,286
OPEB related (Note 9)	63,515	-	-	-	-	63,515	223,478
<b>Total Deferred Inflow of Resources</b>	<b>351,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,488</b>	<b>634,764</b>
<b>Net Position</b>							
Net Investment in Capital Assets	23,972,645	114,187	-	-	-	24,086,832	24,334,663
Restricted	-	-	-	67,951	-	67,951	-
Unrestricted	426,135	67,417	2,243,419	363,999	100,000	3,200,970	4,000,668
<b>Total Net Position</b>	<b>\$ 24,398,780</b>	<b>\$ 181,604</b>	<b>\$ 2,243,419</b>	<b>\$ 431,950</b>	<b>\$ 100,000</b>	<b>\$ 27,355,753</b>	<b>\$ 28,335,331</b>

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, 2023  
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Total June 30, 2023	Total June 30, 2022
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
Operating Revenues:							
Member assessments	\$ 2,827,780	\$ -	\$ 778,100	\$ 949,084	\$ -	\$ 4,554,964	\$ 4,190,855
LAVWMA assessments	592,698	-	163,050	330,599	-	1,086,347	824,993
Sale of reclaimed water	-	36,000	-	-	-	36,000	36,000
Other operating revenues	3,016	-	-	-	-	3,016	8,874
<b>Total Operating Revenues</b>	<b>3,423,494</b>	<b>36,000</b>	<b>941,150</b>	<b>1,279,683</b>	<b>-</b>	<b>5,680,327</b>	<b>5,060,722</b>
Operating Expenses:							
Personnel services	1,501,648	7,685	-	-	-	1,509,333	(295,827)
Depreciation	876,603	12,907	-	-	-	889,510	919,901
Professional services	235,464	-	-	69,373	-	304,837	402,709
Monitoring	200,218	2,250	-	318,360	-	520,828	161,509
Contract services	43,209	-	-	-	-	43,209	74,457
Operating supplies	467,053	-	-	-	-	467,053	273,370
Utilities	849,581	771	-	-	-	850,352	679,913
Insurance	73,531	5,000	-	-	-	78,531	65,582
Commissioners' compensation	31,440	-	-	-	-	31,440	28,800
Rents and fees	13,057	-	-	864,669	-	877,726	1,183,826
Repairs and maintenance	592,130	16,126	-	-	-	608,256	579,712
Dues	121,764	-	-	26,282	-	148,046	148,332
Travel and meetings	6,878	-	-	-	-	6,878	1,837
Other general administrative	2,203	-	-	-	-	2,203	2,507
<b>Total Operating Expenses</b>	<b>5,014,779</b>	<b>44,739</b>	<b>-</b>	<b>1,278,684</b>	<b>-</b>	<b>6,338,202</b>	<b>4,226,628</b>
<b>Operating Income (Loss)</b>	<b>(1,591,285)</b>	<b>(8,739)</b>	<b>941,150</b>	<b>999</b>	<b>-</b>	<b>(657,875)</b>	<b>834,094</b>
Nonoperating Revenues (Expenses)							
Interest income	-	-	70,197	-	-	70,197	12,882
Gain (loss) on disposal of fixed assets	9,100	-	-	-	-	9,100	-
UEPS Capital Costs	-	-	(420,000)	-	-	(420,000)	(420,000)
Cargill other revenue	-	-	-	-	827,675	827,675	774,507
Cargill other expense	-	-	-	-	(746,143)	(746,143)	(693,594)
Cargill project management	-	-	-	-	(81,532)	(81,532)	(80,913)
Zone 7 Brine (DSRSD)	-	-	-	-	20,000	20,000	80,000
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	(1,000)
OLSD Outreach Support revenue	-	-	-	-	-	-	1,896
OLSD Outreach Support expense	-	-	-	-	-	-	(1,455)
Federal grant revenue	-	-	-	106,356	-	106,356	167,474
Federal grant expense	-	-	-	(106,356)	-	(106,356)	(167,474)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>9,100</b>	<b>-</b>	<b>(349,803)</b>	<b>(1,000)</b>	<b>20,000</b>	<b>(321,703)</b>	<b>(327,677)</b>
Other Financing Sources (Uses)							
Transfers in (Note 7)	648,129	-	-	-	-	648,129	78,668
Transfers out (Note 7)	-	-	(648,129)	-	-	(648,129)	(78,668)
<b>Total Other Financing Sources (Uses)</b>	<b>648,129</b>	<b>-</b>	<b>(648,129)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in Net Position	(934,056)	(8,739)	(56,782)	(1)	20,000	(979,578)	506,417
Net Position Beginning, as previously stated	25,332,836	190,343	2,300,201	431,951	80,000	28,335,331	28,248,914
Prior period adjustment (Note 2)	-	-	-	-	-	-	(420,000)
Net Position Beginning, as restated	25,332,836	190,343	2,300,201	431,951	80,000	28,335,331	27,828,914
<b>Net Position Ending</b>	<b>\$ 24,398,780</b>	<b>\$ 181,604</b>	<b>\$ 2,243,419</b>	<b>\$ 431,950</b>	<b>\$ 100,000</b>	<b>\$ 27,355,753</b>	<b>\$ 28,335,331</b>

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 Year Ended June 30, 2023 and 2022

	Business-type Activities - Enterprise Funds					Total June 30, 2023	Total June 30, 2022
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
Cash Flows from Operating Activities:							
Cash received from members	\$ 2,545,597	\$ -	\$ 750,857	\$ 894,331	\$ 457	\$ 4,191,242	\$3,621,328
Cash received from LAVWMA	524,407	-	15,974	330,674	162	871,217	904,894
Cash received from others	(6,084)	27,000	-	-	-	20,916	72,295
Cash payments for personnel services	(768,417)	(7,685)	-	-	-	(776,102)	(707,886)
Cash payments to members	-	-	-	-	-	-	-
Cash payments to suppliers for goods and services	(2,605,674)	(22,236)	4,407	(1,327,604)	(29,852)	(3,980,959)	(3,467,098)
Net Cash Provided (Used) by Operating Activities	(310,171)	(2,921)	771,238	(102,599)	(29,233)	326,314	\$423,533
Cash Flows from Capital and Related Financing Activities:							
Gain (loss) on sale of capital assets	9,100	-	-			9,100	-
UEPS capital costs	-	-	(420,000)			(420,000)	-
Acquisition of capital assets	(648,129)	-	-	-	-	(648,129)	(78,668)
Net Cash Provided (Used) by Capital and Related Financing Activities	(639,029)	-	(420,000)	-	-	(1,059,029)	(78,668)
Cash Flows from Investing Activities:							
Interest on investments	-	-	55,825	-	-	55,825	7,687
Net Cash Provided (Used) by Investing Activities	-	-	55,825	-	-	55,825	7,687
Cash Flows from Non Capital and Related Financing Activities:							
Cargill	-	-	-	-	(170,617)	(170,617)	(92,786)
Zone 7 Brine	-	-	-	-	20,000	20,000	80,000
OLSD Outreach Support	-	-	-	-	-	-	440
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	(1,000)
Interfund transfers	648,129	-	(648,129)	-	-	-	-
Net Cash Provided (Used) by Non Capital and Related Financing Activities	648,129	-	(648,129)	(1,000)	(150,617)	(151,617)	(13,346)
Net Increase (Decrease) in Cash and Cash Equivalents	(301,071)	(2,921)	(241,066)	(103,599)	(179,850)	(828,507)	\$339,206
Cash and Cash Equivalents Beginning	1,056,906	64,033	2,276,058	470,487	(136,518)	3,730,966	3,391,760
Cash and Cash Equivalents Ending	<u>\$ 755,835</u>	<u>\$ 61,112</u>	<u>\$ 2,034,992</u>	<u>\$ 366,888</u>	<u>\$ (316,368)</u>	<u>\$ 2,902,459</u>	<u>\$3,730,966</u>

(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 Year Ended June 30, 2023 and 2022

	Business-type Activities - Enterprise Funds					Total June 30, 2023	Total June 30, 2022
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (1,591,285)	\$ (8,739)	\$ 941,150	\$ 999	\$ -	\$ (657,875)	\$ 834,094
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Non Cash Revenue							(420,000)
Depreciation	876,603	12,907	-	-	-	889,510	919,901
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	(9,100)	-	-	-	-	(9,100)	421
Due from other agencies	4,673	-	(147,076)	(35,666)	-	(178,069)	53,704
Due from member agencies	-	(9,000)	(27,243)	-	-	(36,243)	26,524
Inventory	(10,325)	-	-	-	-	(10,325)	2,942
Prepaid expenses	(928)	-	-	(65)	-	(993)	58,678
Deposits	(565)	-	3,000	-	-	2,435	(4,726)
Lease asset							(19,350)
Pension related deferred outflows of resources	(60,718)	-	-	-	-	(60,718)	(323,915)
OPEB related deferred outflows of resources	(1,063)	-	-	-	-	(1,063)	(144)
Increase (decrease) in liabilities and deferred inflows of resources:							
Accrued claims payable	42,107	1,911	1,407	(13,189)	(29,852)	2,384	43,971
Right-to-use lease liability							19,350
Member agencies	(282,183)	-	-	(54,753)	457	(336,479)	(149,052)
Other agencies	(68,291)	-	-	75	162	(68,054)	61,302
Net pension liability	888,478	-	-	-	-	888,478	(647,374)
Net OPEB liability	171,260	-	-	-	-	171,260	(186,979)
Pension related deferred inflows of resources	(123,313)	-	-	-	-	(123,313)	(20,290)
OPEB related deferred inflows of resources	(159,963)	-	-	-	-	(159,963)	153,462
Compensated absences	14,442	-	-	-	-	14,442	21,014
Net Cash Provided (Used) by Operating Activities	<u>\$ (310,171)</u>	<u>\$ (2,921)</u>	<u>\$ 771,238</u>	<u>\$ (102,599)</u>	<u>\$ (29,233)</u>	<u>\$ 326,314</u>	<u>\$ 423,533</u>

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, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>Operations and Maintenance Programs:</b>			
General and administration	\$ 1,383,713	\$ 1,781,882	\$ (398,169)
Outfall and forcemains	181,300	136,530	44,770
Marina Dechlorination Facility	389,100	473,010	(83,910)
Oro Loma pump station	531,000	591,888	(60,888)
Hayward pump station	173,000	170,245	2,755
Union pump station	390,000	418,016	(28,016)
Bay and effluent monitoring	593,450	566,606	26,844
Subtotal	<u>\$ 3,641,563</u>	<u>4,138,177</u>	<u>\$ (496,614)</u>
Depreciation Expense		<u>876,603</u>	
Total Expenses		<u>\$ 5,014,780</u>	

**East Bay Dischargers Authority**  
Operations and Maintenance Fund  
Schedule of General and Administrative Expenses  
Budget vs. Actual  
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
<b>General and Administrative Expenses:</b>			
Salaries	\$ 632,367	\$ 536,893	\$ 95,474
Employee benefits	245,205	895,746	(650,541)
Commissioners' compensation	45,000	31,440	13,560
Deferred compensation	19,755	16,976	2,779
Insurance	72,900	73,531	(631)
Memberships	18,445	16,314	2,131
Supplies	18,000	5,807	12,193
Contractual services	34,611	29,456	5,155
Professional services	205,150	123,494	81,656
Rental	8,280	6,450	1,830
Maintenance	50,000	26,387	23,613
Travel	18,000	6,878	11,122
Utilities	16,000	10,306	5,694
Other	-	2,203	(2,203)
Total Expenses	<u>\$ 1,383,713</u>	<u>\$ 1,781,881</u>	<u>\$ (398,168)</u>

**East Bay Dischargers Authority**  
Water Recycling Fund  
Schedule of Expenses  
Budget vs. Actual  
For the Fiscal Year Ended June 30, 2023

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	Final Budget	Actual	Variance Positive (Negative)
<b>Water Recycling Programs:</b>			
Skywest Golf Course Irrigation	\$ 36,000	\$ 31,832	\$ 4,168
Subtotal	\$ 36,000	31,832	\$ 4,168
Depreciation Expense		12,907	
Total Expense		\$ 44,739	

**East Bay Dischargers Authority**  
 Planning and Special Studies Fund  
 Schedule of Expenses - Operating & Nonoperating  
 Budget vs. Actual  
 For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
<b>Planning and Special Studies Fund:</b>			
NPDES Permit Fees	\$ 656,019	\$ 627,544	\$ 28,475
Regional Monitoring Plan	292,320	286,205	6,115
Nutrient Surcharge	237,114	237,125	(11)
Alternative Monitoring and Reporting	32,155	32,155	-
NPDES Permit Issues	20,000	4,552	15,448
AQPI	29,000	29,000	-
Water Research Foundation (WERF)	25,580	26,282	(702)
Strategic Planning	10,000	5,631	4,369
Transport System Evaluation	20,000	1,623	18,377
Biosolids Feasibility Study	100,000	-	100,000
Solar Feasibility Study	28,000	28,567	(567)
Nature Based Solutions	200,000	106,356	93,644
Bruce Wolfe Memorial	1,000	1,000	-
Total Expenses	<u>\$ 1,651,188</u>	<u>\$ 1,386,040</u>	<u>\$ 265,148</u>



**East Bay Dischargers Authority**  
 Brine Acceptance Fund  
 Schedule of Expenses  
 Budget vs. Actual  
 For the Fiscal Year Ended June 30, 2023

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	Final Budget	Actual	Variance Positive (Negative)
<b>Brine Acceptance Fund:</b>			
Mixed Sea Salt Brine (Cargill)	\$ 1,100,000	\$ 746,143	\$ 353,857
Zone 7 Brine (DSRSD)	20,000	-	20,000
Total Expenses	\$1,120,000	\$ 746,143	\$ 373,857

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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 Directors  
East Bay Dischargers Authority

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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise East Bay Dischargers Authority's basic financial statements, and have issued our report thereon dated November 7, 2023.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cropper Accountancy Corporation*

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

November 7, 2023