

EAST BAY DISCHARGERS AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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EAST BAY DISCHARGERS AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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East Bay Dischargers Authority

Commission

June 30, 2024

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

Member agencies presented in the order of the Commission chair rotation, which changes annually.

Management Team

Jacqueline T. Zipkin
General Manager/Treasurer-Controller

Howard Cin
Operations and Maintenance Manager

Juanita Villasenor
Administration Manager

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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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Bay Dischargers Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Pension and Other Post-Employment Benefits schedules 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 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 13, 2024, 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 ROWE, LLP

Walnut Creek, California

November 13, 2024

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East Bay Dischargers Authority

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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, 2024. It is intended to serve as an overview of the Authority's required financial statements. Please read it in conjunction with the 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 are, in alphabetical order, the Castro Valley Sanitary District, the City of Hayward, the City of San Leandro, the Oro Loma Sanitary District, and the Union Sanitary District. These Member Agencies first entered into a Joint Exercise of Powers Agreement on February 15, 1974, forming the Authority. 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 five-member Commission consisting of one elected 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 into the San Francisco Bay 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.

On June 5, 2021, the Authority signed an agreement with the 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 Zone 7 Water Agency is a water wholesale utility located in Livermore and serving the Tri-Valley region's water retailers to ensure that adequate water resources are available to water customers in eastern Alameda County.

KEY FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- The Authority had a total net position of \$26,558,355 on June 30, 2024, reflecting a decrease of \$797,398 or 2.9% from the prior year's net position of \$27,355,753.
- The Authority's total operating revenues were \$5,614,206 on June 30, 2024, 81% of which was derived from Member assessments.
- The Authority's total operating expenses were \$6,158,208 on June 30, 2024, and were comprised 15% from depreciation and 85% from operations and maintenance costs (excluding depreciation expense).

East Bay Dischargers Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources. It also provides information about the nature and amounts of investments in resources and obligations to creditors, and it 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 fiscal 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. This 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 on 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 used 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, 2024

STATEMENT OF NET POSITION ANALYSIS

The composition of the Authority's net position on June 30, 2024, is presented by category and in comparison to the prior year in the following table.

Table 1 - Summary of Net Position				
	2024	2023	Dollar Change	Percent Change
Assets				
Current Assets	4,333,191	4,067,647	265,544	6.5%
Noncurrent Assets	23,993,135	24,086,832	(93,697)	-0.4%
Total Assets	28,326,326	28,154,479	171,847	0.6%
Deferred outflow of resources:				
Pension related	611,194	911,869	(300,675)	-33.0%
OPEB related	32,294	33,135	(841)	-2.5%
Liabilities				
Current Liabilities	1,411,739	735,325	676,414	92.0%
Noncurrent Liabilities	728,395	656,917	71,478	10.9%
Total Liabilities	2,140,134	1,392,242	747,892	53.7%
Deferred inflow of resources:				
Pension related	169,506	287,973	(118,467)	-41.1%
OPEB related	101,819	63,515	38,304	60.3%
Net Position				
Net Investment in Capital Assets	23,993,135	24,086,832	(93,697)	-0.4%
Restricted	-	67,951	(67,951)	-100.0%
Unrestricted	2,565,220	3,200,970	(635,750)	-19.9%
Total Net Position	26,558,355	27,355,753	(797,398)	-2.9%

East Bay Dischargers Authority

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

The following table shows the changes in net position from fiscal year 2023 to fiscal year 2024.

Table 2 - Changes in Net Position				
	2024	2023	Dollar Change	Percent Change
Revenues				
Operating Revenues:				
Charges for Services	5,614,206	5,680,327	(66,121)	-1.2%
Nonoperating Revenues:				
Interest Income	147,603	70,197	77,406	110.3%
Gain (loss) on disposal of fixed assets	-	9,100	(9,100)	-100.0%
Cargill Other Revenue	76,479	827,675	(751,196)	-90.8%
Zone 7 Brine (DSRSD)	20,000	20,000	-	0.0%
Federal Grant Revenue	271,435	106,356	165,079	155.2%
Total Revenues	6,129,723	6,713,655	(583,932)	-8.7%
Expenses				
Operating Expenses:				
Discharge Services	6,158,208	6,338,202	(179,994)	-2.8%
Nonoperating Expenses:				
UEPS Capital Costs	420,000	420,000	-	0.0%
Cargill Other Expense	62,274	746,143	(683,869)	-91.6%
Cargill Project Management	14,204	81,532	(67,328)	-82.5%
Bruce Wolfe Memorial	1,000	1,000	-	0.0%
Federal Grant Expense	271,435	106,356	165,079	155.2%
Total Expenses	6,927,121	7,693,233	(766,112)	-9.9%
Changes in Net Position	(797,398)	(979,578)	182,180	18.6%

Interest earnings in Revenues from the Local Agency Investment Fund and from the California Asset Management Program's *CAMP Pool* increased by 110.3%. Discharge services in Expenses decreased by 2.8% in the Proprietary funds.

EBDA's work associated with the Cargill Project is fully reimbursable. Between FY 2022/2023 and FY 2023/2024, EBDA decreased its efforts related to the project significantly while Cargill reevaluates the proposed pipeline route. Corresponding reductions from year to year can therefore be seen in Cargill Other Revenue (-90.8%), Cargill Other Expense (-91.6%), and Cargill Project Management (-82.5%). Activity may increase again in future years, pending Cargill's completion of the new pipeline design.

East Bay Dischargers Authority

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

The Authority's Statements of Net Position reports a combined net position of \$26,558,355, which is a 2.9% decrease from last year's total of \$27,355,753. Table 3 provides an analysis of the Authority's net position by fund and the total change from the prior fiscal year.

Table 3 - Summary of Funds Net Position				
Funds	2024	2023	Increase (Decrease)	Percent Change
Operations and Maintenance	24,040,731	24,398,780	(358,049)	-1.5%
Water Recycling	168,511	181,604	(13,093)	-7.2%
Renewal and Replacement	1,985,475	2,243,419	(257,944)	-11.5%
Planning and Special Studies	243,637	431,950	(188,313)	-43.6%
Brine Acceptance	120,001	100,000	20,001	20.0%
Capital Projects	-	-	-	-
Total Proprietary Funds Net Position	26,558,355	27,355,753	(797,398)	-2.9%

CAPITAL ASSETS

The Authority's investment in capital assets for FY 2023/2024 totaled \$23,993,135 net of accumulated depreciation. This investment in capital assets includes land, a right-to-use lease, permanent easements, building and structures, sewage and disposal facilities, the data acquisition system, water recycling facilities, subsurface lines, office equipment, field equipment, and automotive equipment.

Table 4 - Summary of Capital Assets Net of Depreciation				
Capital Asset	2024	2023	Dollar Change	Percent Change
Land	10,161	10,161	-	0.0%
Right-to-use lease	6,450	12,900	(6,450)	-50.0%
Permanent Easements	432,178	432,178	-	0.0%
Construction in progress	674,523	-	674,523	0.0%
Building and Structures	783,708	724,966	58,742	8.1%
Sewage and Disposal Facilities	19,014,854	18,939,689	75,165	0.4%
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	189,124	214,980	(25,856)	-12.0%
Field Equipment	71,054	71,054	-	0.0%
Automotive Equipment	42,667	-	42,667	0.0%
Accumulated Depreciation	(34,970,848)	(34,058,360)	(912,488)	2.7%
Total Capital Assets Net	23,993,135	24,086,832	(93,697)	-0.4%

East Bay Dischargers Authority

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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 the Livermore-Amador Valley Water Management Agency. The approved budget is used as a key management control device to establish amounts by line-item accounts, identify projects for operations and maintenance activities, and monitor expenses to ensure that approved spending levels have not been exceeded.

Significant economic factors affecting the Authority are as follows:

- An Amended and Restated Joint Powers Agreement (JPA) for the Authority was adopted in October 2019 and went into effect on July 1, 2020. The new JPA modified the allocation of costs among the Member Agencies. The new JPA also modified Member Agencies' financial responsibilities in the event of a failure of the treated effluent transport system; a failure could occur, for example, as a result of an earthquake. Finally, under the amended and restated 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) took 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 the 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 in 2019, which lays out required investments for the renewal of non-linear assets over the next 20 years. The estimated total investment cost over 20 years is approximately \$11.3 million. Although the Authority has not performed a full condition assessment since that time, staff estimates that these values continue to be representative of the remaining useful life of its capital assets.
- Issues affecting CalPERS' investment performance have an impact on the Authority's long-term salary and benefit costs. EBDA mitigated much of that risk by making additional discretionary payments to its California Employers' Retiree Benefit Trust (CERBT) Fund

East Bay Dischargers Authority

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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 Operating Agreement, which would likely take effect sometime in between 2031 and 2033, would provide terms through which the Authority would be protected from any deleterious effects of the brine on the Authority; it would also specify 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.

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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BASIC FINANCIAL STATEMENTS

East Bay Dischargers Authority
Statements of Net Position
As of June 30, 2024 and 2023

	Total June 30, 2024	Total June 30, 2023
Assets		
Current Assets:		
Cash and investments (Note 3)	\$ 3,815,396	\$ 2,902,459
Interest receivable	21,640	21,410
Accounts receivable	32,094	580,625
Due from other governments:		
Member Agencies	38,146	37,100
Other agencies	228,175	315,130
Inventory	153,441	162,952
Prepaid expenses	41,653	45,680
Deposits	2,646	2,291
	Total Current Assets	4,067,647
Noncurrent Assets:		
Capital assets (Note 4):		
Land	10,161	10,161
Right-to-use lease asset	6,450	12,900
Permanent easements	432,178	432,178
Construction in progress	674,523	
Buildings and structures	783,708	724,966
Sewage disposal facilities	19,014,854	18,939,689
Data acquisition system	602,924	602,924
Water recycling facilities	766,680	766,680
Subsurface lines	36,369,660	36,369,660
Office equipment	189,124	214,980
Field equipment	71,054	71,054
Automotive equipment	42,667	-
Less: accumulated depreciation	(34,970,848)	(34,058,360)
	Total Capital Assets - Net	24,086,832
	Total Other Noncurrent Assets	-
	Total Noncurrent Assets - Net	24,086,832
	Total Assets	28,154,479
Deferred Outflow of Resources		
Pension related (Note 8)	611,194	911,869
OPEB related (Note 9)	32,294	33,135
	Total Deferred Outflow of Resources	945,004

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, 2024 and 2023

	Total June 30, 2024	Total June 30, 2023
Liabilities		
Current Liabilities:		
Accrued claims payable	552,155	409,030
Accounts payable- contract retention	105,690	
Accrued expenses	(80)	
Current portion of right-to-use lease liability	6,450	6,450
Due to other governments:		
Member agencies	657,819	245,114
Other agencies	89,705	74,731
Total Current Liabilities	1,411,739	735,325
Noncurrent Liabilities:		
Right-to-use lease liability	-	6,450
Net pension liability (Note 8)	587,810	473,485
Net OPEB liability (Note 9)	5,159	74,625
Compensated absences	135,426	102,357
Total Noncurrent Liabilities	728,395	656,917
Total Liabilities	2,140,134	1,392,242
Deferred Inflow of Resources		
Pension related (Note 8)	169,506	287,973
OPEB related (Note 9)	101,819	63,515
Total Deferred Inflow of Resources	271,325	351,488
Net Position		
Net Investment in Capital Assets	23,993,135	24,086,832
Restricted	-	67,951
Unrestricted	2,565,220	3,200,970
Total Net Position	\$ 26,558,355	\$ 27,355,753

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, 2024 and 2023

	Total June 30, 2024	Total June 30, 2023
Operating Revenues:		
Member assessments	\$ 4,562,979	\$ 4,554,964
LAVWMA assessments	1,012,134	1,086,347
Sale of reclaimed water	36,000	36,000
Other operating revenues	3,094	3,016
Total Operating Revenues	5,614,206	5,680,327
Operating Expenses:		
Personnel services	1,121,784	1,509,333
Depreciation	912,488	889,510
Professional services	361,433	304,837
Monitoring	505,082	520,828
Contract services	45,696	43,209
Operating supplies	398,820	467,053
Utilities	908,914	850,352
Insurance	85,515	78,531
Commissioners' compensation	37,007	31,440
Rents and fees	938,866	877,726
Repairs and maintenance	668,732	608,256
Dues	162,107	148,046
Travel and meetings	9,684	6,878
Other general administrative	2,081	2,203
Total Operating Expenses	6,158,208	6,338,202
Operating Income (Loss)	(544,002)	(657,875)
Nonoperating Revenues (Expenses):		
Interest income	147,603	70,197
Gain (loss) on disposal of fixed assets	-	9,100
UEPS Capital Costs	(420,000)	(420,000)
Cargill other revenue	76,479	827,675
Cargill other expense	(62,274)	(746,143)
Cargill project management	(14,204)	(81,532)
Zone 7 Brine (DSRSD)	20,000	20,000
Bruce Wolfe Memorial	(1,000)	(1,000)
Federal grant revenue	271,435	106,356
Federal grant expense	(271,435)	(106,356)
Total Nonoperating Revenues (Expenses)	(253,396)	(321,703)
Other Financing Sources (Uses):		
Transfers in (Note 7)	825,241	648,129
Transfers out (Note 7)	(825,241)	(648,129)
Total Other Financing Sources (Uses)	-	-
Change in Net Position	(797,398)	(979,578)
Net Position Beginning	27,355,753	28,335,331
Net Position Ending	\$ 26,558,355	\$ 27,355,753

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, 2024 and 2023

	<u>Total</u> <u>June 30, 2024</u>	<u>Total</u> <u>June 30, 2023</u>
Cash Flows from Operating Activities:		
Cash received from members	\$ 4,985,004	\$ 4,191,242
Cash received from LAVWMA	1,106,593	871,217
Cash received from others	37,828	20,916
Cash payments for personnel services	(828,940)	(776,102)
Cash payments to suppliers for goods and services	<u>(3,848,111)</u>	<u>(3,980,959)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,452,373</u>	<u>326,314</u>
Cash Flows from Capital and Related Financing Activities:		
Gain (loss) on sale of capital assets	-	9,100
UEPS capital costs	(420,000)	(420,000)
Acquisition of capital assets	<u>(825,242)</u>	<u>(648,129)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,245,242)</u>	<u>(1,059,029)</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>147,373</u>	<u>55,825</u>
Net Cash Provided (Used) by Investing Activities	<u>147,373</u>	<u>55,825</u>
Cash Flows from Non Capital and Related Financing Activities		
Cargill	539,431	(170,617)
Zone 7 Brine	20,000	20,000
Bruce Wolfe Memorial	<u>(1,000)</u>	<u>(1,000)</u>
Net Cash Provided (Used) by Non Capital and Related Financing Activities	<u>558,431</u>	<u>(151,617)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	912,936	(828,507)
Cash and Cash Equivalents Beginning	<u>2,902,459</u>	<u>3,730,966</u>
Cash and Cash Equivalents Ending	<u>\$ 3,815,396</u>	<u>\$ 2,902,459</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, 2024 and 2023

	<u>Total</u> <u>June 30, 2024</u>	<u>Total</u> <u>June 30, 2023</u>
Reconciliation of Operating Income (Loss) to Cash Flows Provided by (Used In) Operating Activities:		
Operating Income (Loss)	\$ (544,002)	\$ (657,875)
Adjustments to reconcile operating income (loss) to net cash provided		
Non Cash Revenue		
Depreciation	912,488	889,510
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	9,100	(9,100)
Due from other agencies	86,955	(178,069)
Due from member agencies	(1,046)	(36,243)
Inventory	9,511	(10,325)
Prepaid expenses	4,027	(993)
Deposits	(355)	2,435
Pension related deferred outflows of resources	300,675	(60,718)
OPEB related deferred outflows of resources	841	(1,063)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accrued claims payable	248,736	2,384
Member agencies	412,705	(336,479)
Other agencies	14,974	(68,054)
Net pension liability	114,325	888,478
Net OPEB liability	(69,466)	171,260
Pension related deferred inflows of resources	(118,467)	(123,313)
OPEB related deferred inflows of resources	38,304	(159,963)
Compensated absences	33,069	14,442
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,452,373</u>	<u>\$ 326,314</u>

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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 CastroValley Sanitary District, the City of Hayward, the City of San Leandro, the Oro Loma Sanitary District, and the Union Sanitary District (the Member Agencies). An Amended and Restated Joint Exercise of Powers Agreement went into effect on July 1, 2020. The Authority operates under a five-member Commission consisting of a representative from each of the five Member Agencies. Each representative appointed to the Authority's Commission fills an elected office in their member 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.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

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

Statement of Net Position

The statement of net position is designed to display the financial position of the Authority. The Authority's net position 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.
- 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 enterprise. All other expenses are reported as non-operating expenses.

Budgets and Budgetary Accounting

The Authority's JPA requires that the Commission adopt an annual budget for the ensuing Fiscal Year prior to July 1, and that the budget include sufficient detail to constitute a fiscal control guideline, specify cash flow requirements from each Member Agency, grant reimbursements, and cash receipts

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

and expenditures to be made for Operation and Maintenance Costs, Planning and Special Studies Costs, and Capital Costs for the Facilities, and other necessary and appropriate expenditures. The Commission adopted an annual budget for the Authority's 2023/2024 fiscal year on June 15, 2023. Formal budgetary integration is employed as a management control device during the year.

Cash and Cash Equivalents

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

Investments

If the difference between cost and fair value is deemed material and significant, investments are reported in the statement of net position at fair value. Changes in fair 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. LAIF's maximum deposit limit as of June 30, 2024, was \$75 million (USD).

In August 2023, the Authority opened an investor account with the California Asset Management Program (CAMP) to capitalize on higher interest rates and allowing the Authority to increase its investment earnings. The Commission adopted Resolution 23-10 on September 21, 2023, authorizing the Authority to join with other public agencies pursuant to and in accordance with the Joint Exercise of Powers Act to become a Participant in the California Asset Management Trust. Becoming a CAMP participant means joining the Joint Powers Authority. The benefit of being a participant is the opportunity to contribute to decision-making. The Authority's decision-making is proportional to the amount invested compared to other participants.

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, 2024.

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.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 project costs were 75 percent and 12.5 percent, respectively.

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

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

Inventories

Inventories are valued at cost using a first in, first out (FIFO) asset management method, in which older assets or inventory is assumed to be used, consumed, or sold before new assets or inventory.

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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Compensated Absences

Vacation Leave – All full-time employees earn vacation leave at the rate of 80 working hours per year from the date of employment. Full-time employees earn an additional 8 hours vacation leave allowance for each full year of continuous employment thereafter, up to a maximum of 200 working hours per year. Part-time employees earn vacation leave proportionate to their scheduled work hours. All eligible employees are permitted to accumulate unused vacation at a rate of 2½ times their annual vacation allowance.

Sick Leave – Employees who work 30 days or more within a year 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 4 hours per payroll period, up to 96 hours per calendar year. Part-time employees accrue sick leave proportionate to their scheduled work hours, with a minimum of 40 hours per year. Sick leave is cumulative without limit.

CalPERS' sick leave credit benefit is included in the Authority's pension contract. An employee whose effective date of retirement is within four months of separation from employment is credited with 0.004 years of CalPERS 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) will receive compensation for sick leave earned but unused by the employee in an amount 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.

For the purposes of recognition and measurement of liabilities, compensated absences have been determined using the measurement guidelines of GASB 101 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 has been 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 mean. Leave that accumulates is carried forward from the reporting in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. The leave that is more likely than not to be settled through conversion to defined benefits postemployment benefits should not be included in the liability for compensated absences.

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.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Subsequent Events

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

Fair Value Measurements

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

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

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

Pensions

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

Other Post-Employment Benefits (OPEB)

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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

above 99%. 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, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022, to June 30, 2023

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. 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 determined that the implementation of this pronouncement will not have a material impact on the financial statements and related disclosures.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

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

Upcoming New Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures* – State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to government’s vulnerabilities due to certain concentrations or constraints.

This statement defines concentration as lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient details to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include description of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Action taken by the government prior to the issuance of the financial statements to mitigate the risk

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, 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.

GASB Statement No. 103, Financial Reporting Model Improvements – The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

Statement No. 103 continues the requirement that the basic financial statements be preceded by management's discussion and analysis, which is presented as required supplementary information. Management's discussion and analysis (MD&A) provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) overview of the financial statements, (2) financial summary, (3) detailed analyses, (4) significant capital asset and long-term financing activity, and (5) currently known facts, decisions, or conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government.

Statement No. 103 describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the proprietary fund statements of resources flows.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Statement No. 103 requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Statement No. 103 requires government to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Statement No. 103 requires governments to present budgetary comparison information using a single method of communication-RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to required supplementary information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting period thereafter. The Authority has not yet determined whether the implementation of this pronouncement will have a material impact on the financial statements.

GASB Statement No. 104, Disclosure of Certain Capital Assets – State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

**EAST BAY DISCHARGERS AUTHORITY
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Statement No. 104 also requires additional disclosure for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is possible that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This statement requires that capital assets held for sale be evaluated each reporting period. Government should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025. 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:

	2024	2023
Cash in banks	\$ 947,610	\$582,046
California Asset Management Program	1,568,593	\$0
Local Agency Investment Fund	1,299,193	2,320,413
Total Cash and Investments	\$3,815,396	\$2,902,459

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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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:

<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, 2024, and 2023, these investments matured in an average of 217 days and 260 days, respectively.

California Asset Management Program

In August 2023, the Authority opened an investor account with the California Asset Management Program (CAMP) to capitalize on higher interest rates and allowing the Authority to increase its investment earnings. The Commission adopted Resolution 23-10 on September 21, 2023, authorizing the Authority to join with other public agencies pursuant to and in accordance with the Joint Exercise of Powers Act to become a Participant in the California Asset Management Trust. Becoming a CAMP participant means joining the Joint Powers Authority. The benefit of being a participant is the opportunity to contribute to decision-making. The Authority's decision-making is proportional to the amount invested compared to other participants. Investment options offered to public agencies through CAMP are the Pool, Term and individual portfolios.

The Pool is a short-term cash reserve portfolio and cash management vehicle. The Pool aims to provide public agencies with same-day liquidity, interest paid monthly, and sweep capability. The Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to

**EAST BAY DISCHARGERS AUTHORITY
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maintain a constant net asset value (NPV) per share of \$1.00. The Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligation of U.S. companies and financial institutions. The Pool is a permitted investments for all local agencies under California Government Code Section 53601 (p).

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	2024	2023	2024 Concentration
Cash in bank	\$ 947,610	\$ 947,610	\$582,046	24.84%
California Asset Management Program	1,568,593	1,568,593	0	41.11%
Local Agency Investment Fund	1,299,193	1,299,193	2,320,413	34.05%
Total Cash and Investments	<u>\$3,815,396</u>	<u>\$3,815,396</u>	<u>\$2,902,459</u>	<u>100.00%</u>

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, 2024, 34.05% of the Authority’s cash was invested in LAIF, 41.11% of the Authority’s cash was invested in CAMP and 24.84% was deposited in banks. The Authority held no investments in certificates of deposit at June 30, 2024. LAIF, cash in banks and certificates of deposit do not have maximum portfolio requirements under the California Government code.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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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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**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

4. CAPITAL ASSETS

<u>Capital Assets - Cost</u>	Balance at <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 10,161	\$ -	\$ -	\$ 10,161
Land - Right of Use	12,900		(6,450)	6,450
Permanent easements	432,177			432,177
Construction in progress	-	674,523	-	\$ 674,523
Total capital assets not being depreciated:	<u>455,238</u>	<u>674,523</u>	<u>(6,450)</u>	<u>1,123,311</u>
Capital assets being depreciated:				
Buildings and structures:				
Operations center	724,966	58,742		783,708
Sewage disposal facilities:				
Oro Loma pump station	8,905,916	77,519		8,983,435
Marina dechlorination facility	2,935,224	38,526		2,973,750
Hayward pump station	4,085,071		(40,881)	4,044,190
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
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		(25,856)	189,124
Field equipment	71,054			71,054
Automotive equipment	-	42,667	-	42,667
Total capital assets being depreciated:	<u>57,689,955</u>	<u>217,454</u>	<u>(66,737)</u>	<u>57,840,672</u>
Total cost of capital assets	<u>\$ 58,145,193</u>	<u>\$ 891,977</u>	<u>\$ (73,187)</u>	<u>\$ 58,963,983</u>

<u>Accumulated Depreciation</u>	Balance at <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>June 30, 2024</u>
Buildings and structures:				
Operations center	\$ (483,760)	\$ (9,601)	\$ -	\$ (493,361)
Sewage disposal facilities:				
Oro Loma pump station	(5,990,991)	(176,271)		(6,167,262)
Marina dechlorination facility	(2,577,038)	(38,868)		(2,615,906)
Hayward pump station	(1,014,923)	(92,874)		(1,107,797)
Union pump station	(2,222,663)	(50,161)		(2,272,824)
Data acquisition system	(532,279)	(30,926)		(563,205)
Water recycling facilities:				
Skywest golf course irrigation facilities	(655,213)	(10,302)		(665,515)
Subsurface lines:				
Bay outfall	(10,989,955)	(261,837)		(11,251,792)
Marina to Oro Loma force main	(3,054,991)	(72,352)		(3,127,343)
Oro Loma to Hayward force main	(1,544,653)	(36,462)		(1,581,115)
Hayward to Alvarado force main	(4,741,824)	(114,011)		(4,855,835)
Seismic design	(11,647)			(11,647)
Office equipment	(167,369)	(14,556)		(181,925)
Field equipment	(71,054)			(71,054)
Automotive equipment	0	(4,267)	-	(4,267)
Total accumulated depreciation:	<u>\$ (34,058,360)</u>	<u>\$ (912,488)</u>	<u>\$ -</u>	<u>\$ (34,970,848)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 24,086,833</u>	<u>\$ (20,511)</u>	<u>\$ (73,187)</u>	<u>\$ 23,993,135</u>

**EAST BAY DISCHARGERS AUTHORITY
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5. COMPENSATED ABSENCES

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

	2024	2023
Beginning balance	\$ 102,357	\$ 87,913
Additions*	33,069	14,444
Payments	-	-
Ending balance	\$ 135,426	\$ 102,357
Current portion	\$ 0	\$ 0
Non-Current portion	\$ 135,426	\$ 102,357

*The change in the compensated absences liability is presented as a net change.

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 right-of-use land lease is on the schedule of capital assets, as well as on the statement of net assets. The total lease obligation as of June 30, 2024, was as follows:

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

7. INTERFUND TRANSACTIONS

General

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

Interfund Transfers

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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Interfund transfers for the year ended June 30, 2024, were as follows:

Fund Receiving Transfer	Fund Making Transfers	Amount
Operations and Maintenance	Renewal and Replacement	\$ 825,241

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees’ Retirement System (the System or CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death, and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C members are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan’s June 30, 2022, Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members; plan members must be public employees or beneficiaries. Benefits are based on years of credited service, age at retirement, and a plan member’s highest salary for a 1-year period. 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.

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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The Plan’s provisions and benefits in effect at June 30, 2024, are summarized as follows:

Plan Information	Tier 1 (Classic)	Tier 2 (PEPRA)
Date of Employment	Before 12/31/2012	On or after 1/1/2013
Benefit formula	2.5% at 55	2.0% at 62
Benefit vesting formula	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 67 years old	52 – 67 years old
Monthly benefits as a % of eligible compensation	2% to 2.5%	1% to 2.5%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	14.06%	7.68%

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 are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to fund any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability Assumptions*

The collective total pension liability for the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Discount rate	6.9%
Inflation	2.3%
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 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

* These assumptions are from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2023.pdf>

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Long-Term Expected Rate of Return

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^{1,2}</u>
Global equity – cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

*Discount Rate**

The discount rate used to measure the total pension liability for PERF C was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

* This description is from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2023.pdf>

Proportionate Share of Net Pension Liability/(Asset)

	Fiscal Year Ending	
	6/30/2024	6/30/2023
■ Fiscal Year End	6/30/2024	6/30/2023
■ Measurement Date	6/30/2023	6/30/2022
■ Total	\$587,810	\$473,485

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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	Percentage Share of Plan		Change: Increase/ (Decrease)
	6/30/2024	6/30/2023	
■ Fiscal Year End	6/30/2024	6/30/2023	
■ Measurement Date	6/30/2023	6/30/2022	
■ Percentage of Plan (PERF C) NPL	0.00471%	0.00410%	0.00061%

Sensitivity of Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

	Discount Rate		
	5.90% (1% Decrease)	6.90% (Current Rate)	7.90% (1% Increase)
■ Measurement Date	6/30/2023		
■ Fiscal Year End	6/30/2024		
■ Net Pension Liability	\$1,316,738	\$587,810	(\$12,161)

Pension Expense (Income) for Fiscal Year

	2023/2024
■ Total pension expense (income) for fiscal year	\$383,919

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**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Deferred Outflows/Inflows Balances at June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ 30,029	(4,658)
■ Changes of assumptions	35,489	-
■ Net differences between projected and actual earnings on plan investments	95,172	-
■ Change in employer's proportion	363,118	-
■ Differences between the employer's contributions and the employer's proportionate share of contributions	-	(164,848)
■ Pension contributions subsequent to measurement date	87,386	-
■ Total	611,194	(169,506)

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense

	Deferred Outflows/(Inflows) of Resources
■ Fiscal Year Ending June 30:	
● 2025	\$ 177,902
● 2026	112,106
● 2027	61,562
● 2028	2,732
● 2029	-
● Thereafter	-

9. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Authority provides medical benefits to its eligible retirees through the CalPERS PEMHCA program. The Authority paid up to \$502 per month in fiscal year 2023/2024, or the PEMHCA minimum contribution, if greater, toward the cost of the monthly medical premiums for the retired employee and dependents. Two retired employees are entitled to full reimbursement of their Kaiser medical premiums for as long as the retiree or surviving spouse lives.

In addition, the Authority incurs an “implicit subsidy” since the per capita healthcare costs (expected claims) are higher for pre-Medicare retirees than the premium charged by PEMHCA. Actuarial

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Standards of Practice No. 6 requires the implicit subsidy be valued for agencies participating in pooled plans such as PEMHCA.

The Authority’s funding policy is to fully prefund the Actuarially Determined Contribution (ADC).

Benefit Summary	
■ Eligibility	<ul style="list-style-type: none"> ■ Retire directly from the Authority under CalPERS (age 50 for Classic, 52 for PEPRAs employees) with a minimum of 5 years of service or ■ Disability retirement
■ Retiree Medical Benefit	<ul style="list-style-type: none"> ■ Authority pays retiree and their eligible dependent medical premiums up to the medical cap (\$502 per month in 2023/2024 fiscal year) ■ Two retirees are entitled to full reimbursement of their Kaiser medical premiums for as long as the retiree or surviving spouse lives
■ Surviving Spouse Benefit	<ul style="list-style-type: none"> ■ Retiree medical benefit continues to surviving spouse if retiree elects survivor annuity under the CalPERS retirement plan
■ Other OPEB	<ul style="list-style-type: none"> ■ No Authority paid retiree dental, vision, life insurance or Medicare Part B reimbursement

Applicable Dates and Periods

	Fiscal Year Ended June 30, 2024
■ Measurement date	June 30, 2023
■ Measurement period	July 1, 2022 to June 30, 2023
■ Actuarial valuation date	June 30, 2023

Plan Information

	Fiscal Year Ended June 30, 2024
■ Plan type	Agent Multiple Employer
■ OPEB Trust	Yes
■ Special funding situation	No
■ Non-employer contributing entities	No

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Covered Participants

At June 30, 2023, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
■ Inactives currently receiving benefits	6
■ Inactives entitled to but not yet receiving benefits	1
■ Active employees	4
■ Total	11

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2023 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2023
■ Contribution Policy	■ The Authority's target funding level is 80% or higher. The Authority shall make annual contributions to the Trust based on the actuarially determined contributions
■ Discount Rate and Long-Term Expected Rate of Return on Assets	<ul style="list-style-type: none"> ■ 6.25% at June 30, 2023 ■ 6.00% at June 30, 2022 ■ Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.50% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 2000-2019 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021
■ Salary Increases	<ul style="list-style-type: none"> ■ Aggregate - 2.75% annually ■ Merit - CalPERS 2000-2019 Experience Study
■ Medical Trend	<ul style="list-style-type: none"> ■ Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
■ PEMHCA Minimum Increases	■ 3.50% annually
■ Cap Increases	■ 3% annually
■ Healthcare Participation for Future Retirees	■ 80%

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Expected Long-Term Rate of Return

	Target-Allocation CERBT Strategy 1	Expected Real Rate of Return
■ Asset Class Component		
■ Global Equity	49%	4.56%
■ Fixed Income	23%	1.56%
■ Treasury Inflation Protected Securities	5%	(0.08%)
■ Commodities	3%	1.22%
■ REITs	20%	4.06%
■ Assumed Long-Term Rate of Inflation		2.50%
■ Expected Long-Term Net Rate of Return, Rounded		6.25%

Net OPEB Liability/(Asset)

	Fiscal Year Ended	
	6/30/2023	6/30/2024
	<small>Measurement Date 6/30/22</small>	<small>Measurement Date 6/30/23</small>
■ Total OPEB Liability (TOL)	\$ 775,254	\$ 691,704
■ Fiduciary Net Position (FNP)	<u>700,629</u>	<u>686,545</u>
■ Net OPEB Liability (NOL)	74,625	5,159
■ Funded status (FNP/TOL)	90.4%	99.3%

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**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Net OPEB Liability/(Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/2023 (6/30/22 measurement date)	\$ 775,254	\$ 700,629	\$ 74,625
■ Changes for the year			
● Service Cost	9,087	-	9,087
● Interest	45,292	-	45,292
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	(63,216)	-	(63,216)
● Assumption changes	(15,764)	-	(15,764)
● Contributions - employer	-	180	(180)
● Contributions - employee	-	-	-
● Net investment income	-	45,069	(45,069)
● Benefit payments	(58,949)	(58,949)	-
● Administrative expenses	-	(384)	384
■ Net Changes	(83,550)	(14,084)	(69,466)
■ Balance at 6/30/2024 (6/30/23 measurement date)	\$ 691,704	\$ 686,545	\$ 5,159

Sensitivity to Net OPEB Liability/(Asset)

Changes in the Discount Rate

	Discount Rate		
	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
■ Net OPEB Liability	\$ 80,556	\$ 5,159	\$ (58,393)

Changes in the Healthcare Trend Rate

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ (62,619)	\$ 5,159	\$ 85,394

OPEB Expense/(Income) for Fiscal Year

	2023/2024
	Measurement Period 2022/23
■ OPEB Expense/(Income)	\$ (30,132)

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Deferred Outflows/Inflows Balances at June 30, 2024

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ 87,075
■ Changes in assumptions	-	14,744
■ Net difference between projected and actual earnings on plan investments	32,105	-
■ Employer contributions made subsequent to the measurement date	189	-
■ Total	32,294	101,819

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2025	\$ (37,009)
■ 2026	(24,837)
■ 2027	7,101
■ 2028	(7,137)
■ 2029	(6,528)
■ Thereafter	(1,304)

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Changes Since June 30, 2022 Measurement Date

	June 30, 2023 Measurement Date
<ul style="list-style-type: none"> ■ Changes of assumptions 	<ul style="list-style-type: none"> ■ Update to new CalPERS 2000-2019 Experience Study ■ Participation assumption change - percentage of employees assumed to elect coverage at retirement ■ Medical and PEMHCA minimum trend change to F&F assumptions ■ Inflation assumption changed from 2.75% to 2.50% ■ Discount Rate change from 6.00% to 6.25% to reflect expected return on invested assets
<ul style="list-style-type: none"> ■ Events subsequent to June 30, 2023 measurement date and before June 30, 2024 	<ul style="list-style-type: none"> ■ Effective July 1, 2024, the Authority changed its OPEB policy of paying retiree premiums up to \$502/month to the following: <ul style="list-style-type: none"> ● Hired < 1/1/2013: 100% of Kaiser Region 1 Single rate ● Hired ≥ 1/1/2013: percent of Kaiser Region 1 Single rate (50% with 10 years of CalPERS service, increasing 5% for each additional year of service, up to 100% at 20 years). 5 years of Authority's service required. ■ Since the change occurred after the June 30, 2023 measurement date, the impact is not reflected in the Authority's GASBS 75 accounting report for FY 2024

10. JOINT POWERS ASSOCIATION

The Authority participates in a joint venture activity through a formally organized and separate entity, the Bay Area Clean Water Agencies (BACWA), established under the Joint Exercise of Powers Act of the State of California. As a separate legal entity, BACWA exercises full power and authority within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entity are not those of the Authority. BACWA was established by Central Contra Costa Sanitary District, East Bay Municipal Utility District, East Bay Dischargers Authority, the City and County of San Francisco, and the City of San Jose for the purpose of coordinating the water quality activities of the members, to jointly contract for consulting 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

**EAST BAY DISCHARGERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 secondary 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, 2024:

	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.

On April 26, 2007, the Authority and LAVWMA signed a new Master Agreement that superseded 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 amended the fixed cost percentage that LAVWMA is responsible for and extended 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 2020/2021 through 2029/2030 for capital costs associated with the Union Effluent Pump Station.

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**

Measurement Date	<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>	<u>6/30/2014</u>
Plan's proportionate share of the Net Pension Liability (Asset)	0.00471%	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)	\$ 587,810	\$ 473,485	\$ (414,993)	\$ 232,381	\$ 790,191	\$ 681,137	\$ 799,111	\$ 657,244	\$ 503,886	\$ 258,711
Plan's covered payroll	\$ 618,275	\$ 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	95.07%	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	76.21%	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>6/30/2024</u>	<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	\$ 87,386	\$ 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>(87,386)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ (645,000)	\$ -	\$ (100,000)	\$ -	\$ (100,000)	\$ -
Covered payroll	\$ 622,013	\$ 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	14.05%	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, 2021
Actuarial cost method	Entry age normal cost method
Amortization method	Varies 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
Asset valuation method	Market value of assets
Inflation	2.30%
Salary increases	Varies by category, entry age, and service
Discount rate	6.80% (net of investment and 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 80% of the Society of Actuaries' Scale MP-2020.

*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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 9,087	\$ 8,822	\$ 20,840	\$ 20,233	\$ 16,166	\$ 15,695	\$ 15,238
Interest	45,292	45,184	48,046	46,988	50,242	49,626	48,858
Differences between expected and actual experience	(63,216)	-	(51,849)	-	(60,853)	-	-
Change in assumptions	(15,764)	-	-	-	(5,731)	-	-
Benefit payments, including refunds of employee contributions	(58,949)	(63,622)	(65,861)	(33,335)	(74,777)	(35,331)	(67,246)
Net change in total OPEB liability	(83,550)	(9,616)	(48,824)	33,886	(74,953)	29,990	(3,150)
Total OPEB liability - beginning	<u>775,254</u>	<u>784,870</u>	<u>833,694</u>	<u>799,808</u>	<u>874,761</u>	<u>844,771</u>	<u>847,921</u>
Total OPEB liability - ending (a)	<u>\$ 691,704</u>	<u>\$ 775,254</u>	<u>\$ 784,870</u>	<u>\$ 833,694</u>	<u>\$ 799,808</u>	<u>\$ 874,761</u>	<u>\$ 844,771</u>
OPEB fiduciary net position							
Contributions - employer	\$ 180	\$ -	\$ -	\$ 525,666	\$ 74,777	\$ 82,651	\$ 80,635
Contributions - employee	-	-	-	-	-	-	-
Net investment income	45,069	(117,029)	204,297	30,864	12,914	11,389	12,876
Benefit payments, including refunds of employee contributions	(58,949)	(63,622)	(65,861)	(33,335)	(74,777)	(35,331)	(67,246)
Administrative expense	(384)	(225)	(281)	(135)	(102)	(81)	(64)
Other changes	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(14,084)	(180,876)	138,155	523,060	12,812	58,628	26,201
Fiduciary net position - beginning	<u>700,629</u>	<u>881,505</u>	<u>743,350</u>	<u>220,290</u>	<u>207,478</u>	<u>148,850</u>	<u>122,649</u>
Fiduciary net position - ending (b)	<u>\$ 686,545</u>	<u>\$ 700,629</u>	<u>\$ 881,505</u>	<u>\$ 743,350</u>	<u>\$ 220,290</u>	<u>\$ 207,478</u>	<u>\$ 148,850</u>
Net OPEB Liability - ending (a)-(b)	<u>\$ 5,159</u>	<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	99.3%	90.37%	112.31%	89.16%	27.54%	23.72%	17.62%
Covered-employee payroll	\$ 572,475	\$ 572,475	\$ 539,152	\$ 504,651	\$ 492,850	\$ 533,854	\$ 422,884
Net OPEB Liability as a percentage of covered payroll	0.9%	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

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 26,181	\$ -	\$ -	\$ 33,335	\$ 74,777	\$ 66,000	\$ 66,000
Contributions in relation to the actuarially determined contributions	<u>(189)</u>	<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>\$ 25,992</u>	<u>\$ (180)</u>	<u>\$ (144)</u>	<u>\$ 33,179</u>	<u>\$ (474,065)</u>	<u>\$ 8,903</u>	<u>\$ (31,873)</u>
Covered payroll	670,929	572,475	539,152	504,651	492,850	533,854	422,884
Contributions as a percentage of percentage of covered payroll	0.0%	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.

Methods and Assumptions for 2023/24 Actuarially Determined Contribution

-Valuation Date	- June 30, 2023
-Actuarial Cost Method	- Entry Age Normal, Level % of pay
-Amortization Method	- Level % of pay
-Amortization Period	- 10-year fixed period for 2023/24
-Asset Valuation Method	- Market value of assets
-Discount Rate	- 6.25%
-General Inflation	- 2.50%
-Medical Trend	- Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	- Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	- Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
-Mortality	- CalPERS 2000-2019 Experience Study
-Mortality Improvement	- Mortality projected fully generational with Scale MP-2021

OTHER SUPPLEMENTARY INFORMATION

East Bay Dischargers Authority
Combining Statement of Net Position
June 30, 2024
With Comparative Totals as of June, 30 2023

	Business-type Activities - Enterprise Funds					Total June 30, 2024	Total June 30, 2023
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
Assets							
Current Assets:							
Cash and investments (Note 3)	\$ 1,493,115	\$ 70,664	\$ 1,972,077	\$ 172,913	\$ 106,627	\$ 3,815,396	\$ 2,902,459
Interest receivable	-	-	21,640	-	-	21,640	21,410
Accounts receivable	8	-	-	-	32,086	32,094	580,625
Due from other governments:							
Member Agencies	-	-	18,780	19,366	-	38,146	37,100
Other agencies	66,608	-	83,566	78,001	-	228,175	315,130
Inventory	153,441	-	-	-	-	153,441	162,952
Prepaid expenses	39,304	-	-	2,350	-	41,653	45,680
Deposits	2,646	-	-	-	-	2,646	2,291
Total Current Assets	1,755,122	70,664	2,096,063	272,629	138,712	4,333,191	4,067,647
Noncurrent Assets:							
Capital assets (Note 4):							
Land	10,161	-	-	-	-	10,161	10,161
Right-to-use lease	6,450	-	-	-	-	6,450	12,900
Permanent easements	429,458	2,720	-	-	-	432,178	432,178
Construction in progress	674,523	-	-	-	-	674,523	-
Buildings and structures	783,708	-	-	-	-	783,708	724,966
Sewage disposal facilities	19,014,854	-	-	-	-	19,014,854	18,939,689
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	189,124	-	-	-	-	189,124	214,980
Field equipment	71,054	-	-	-	-	71,054	71,054
Automotive equipment	42,667	-	-	-	-	42,667	-
Less: accumulated depreciation	(34,305,333)	(665,515)	-	-	-	(34,970,848)	(34,058,360)
Total Capital Assets - Net	23,889,250	103,885	-	-	-	23,993,135	24,086,832
Other noncurrent assets							
Pension related (Note 8)	-	-	-	-	-	-	-
OPEB related (Note 9)	-	-	-	-	-	-	-
Total Other Noncurrent Assets	-	-	-	-	-	-	-
Total Noncurrent Assets - Net	23,889,250	103,885	-	-	-	23,993,135	24,086,832
Total Assets	25,644,372	174,549	2,096,063	272,629	138,712	28,326,326	28,154,479
Deferred Outflow of Resources							
Pension related (Note 8)	611,194	-	-	-	-	611,194	911,869
OPEB related (Note 9)	32,294	-	-	-	-	32,294	33,135
Total Deferred Outflow of Resources	643,488	-	-	-	-	643,488	945,004
Liabilities							
Current Liabilities:							
Accounts payable- contract retention	-	-	105,690	-	-	105,690	409,030
Accrued claims payable	508,719	6,039	4,898	27,992	4,507	552,155	409,030
Accrued expenses	(1,080)	-	-	1,000	-	(80)	-
Current portion of right-to-use lease liability	6,450	-	-	-	-	6,450	6,450
Due to other governments:							
Member agencies	647,322	-	-	-	10,497	657,819	245,114
Other agencies	85,997	-	-	-	3,707	89,705	74,731
Total Current Liabilities	1,247,409	6,039	110,588	28,992	18,711	1,411,739	735,325
Noncurrent Liabilities:							
Right-to-use lease liability	-	-	-	-	-	-	6,450
Net pension liability (Note 8)	587,810	-	-	-	-	587,810	473,485
Net OPEB liability (Note 9)	5,159	-	-	-	-	5,159	74,625
Compensated absences	135,426	-	-	-	-	135,426	102,357
Total Noncurrent Liabilities	728,395	-	-	-	-	728,395	656,917
Total Liabilities	1,975,804	6,039	110,588	28,992	18,711	2,140,134	1,392,242
Deferred Inflow of Resources							
Pension related (Note 8)	169,506	-	-	-	-	169,506	287,973
OPEB related (Note 9)	101,819	-	-	-	-	101,819	63,515
Total Deferred Inflow of Resources	271,325	-	-	-	-	271,325	351,488
Net Position							
Net Investment in Capital Assets	23,889,250	103,885	-	-	-	23,993,135	24,086,832
Restricted	-	-	-	-	-	-	67,951
Unrestricted	151,481	64,625	1,985,475	243,637	120,001	2,565,220	3,200,970
Total Net Position	\$ 24,040,731	\$ 168,511	\$ 1,985,475	\$ 243,637	\$ 120,001	\$ 26,558,355	\$ 27,355,753

East Bay Dischargers Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
With Comparative Totals for the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds					Total June 30, 2024	Total June 30, 2023
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance		
Operating Revenues:							
Member assessments	\$ 2,953,299	\$ -	\$ 768,780	\$ 840,900	\$ -	\$ 4,562,979	\$ 4,554,964
LAVWMA assessments	679,962	-	83,565	248,608	-	1,012,134	1,086,347
Sale of reclaimed water	-	36,000	-	-	-	36,000	36,000
Other operating revenues	3,094	-	-	-	-	3,094	3,016
Total Operating Revenues	3,636,355	36,000	852,345	1,089,507	-	5,614,206	5,680,327
Operating Expenses:							
Personnel services	1,110,679	9,527	1,578	-	-	1,121,784	1,509,333
Depreciation	902,186	10,302	-	-	-	912,488	889,510
Professional services	355,126	-	-	6,307	-	361,433	304,837
Monitoring	185,140	2,320	-	317,622	-	505,082	520,828
Contract services	45,696	-	-	-	-	45,696	43,209
Operating supplies	398,820	-	-	-	-	398,820	467,053
Utilities	907,274	1,640	-	-	-	908,914	850,352
Insurance	80,515	5,000	-	-	-	85,515	78,531
Commissioners' compensation	37,007	-	-	-	-	37,007	31,440
Rents and fees	13,528	-	-	925,338	-	938,866	877,726
Repairs and maintenance	637,355	20,304	11,073	-	-	668,732	608,256
Dues	134,554	-	-	27,553	-	162,107	148,046
Travel and meetings	9,684	-	-	-	-	9,684	6,878
Other general administrative	2,081	-	-	-	-	2,081	2,203
Total Operating Expenses	4,819,644	49,093	12,651	1,276,820	-	6,158,208	6,338,202
Operating Income (Loss)	(1,183,289)	(13,093)	839,693	(187,313)	-	(544,002)	(657,875)
Nonoperating Revenues (Expenses)							
Interest income	-	-	147,603	-	-	147,603	70,197
Gain (loss) on disposal of fixed assets	-	-	-	-	-	-	9,100
UEPS Capital Costs	-	-	(420,000)	-	-	(420,000)	(420,000)
Cargill other revenue	-	-	-	-	76,479	76,479	827,675
Cargill other expense	-	-	-	-	(62,274)	(62,274)	(746,143)
Cargill project management	-	-	-	-	(14,204)	(14,204)	(81,532)
Zone 7 Brine (DSRSD)	-	-	-	-	20,000	20,000	20,000
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	(1,000)
Federal grant revenue	-	-	-	271,435	-	271,435	106,356
Federal grant expense	-	-	-	(271,435)	-	(271,435)	(106,356)
Total Nonoperating Revenues (Expenses)	-	-	(272,397)	(1,000)	20,001	(253,396)	(321,703)
Other Financing Sources (Uses)							
Transfers in (Note 7)	825,241	-	-	-	-	825,241	648,129
Transfers out (Note 7)	-	-	(825,241)	-	-	(825,241)	(648,129)
Total Other Financing Sources (Uses)	825,241	-	(825,241)	-	-	-	-
Change in Net Position	(358,049)	(13,093)	(257,944)	(188,313)	20,001	(797,398)	(979,578)
Net Position Beginning	24,398,780	181,604	2,243,419	431,950	100,000	27,355,753	28,335,331
Net Position Ending	\$ 24,040,731	\$ 168,511	\$1,985,475	\$ 243,637	\$ 120,001	\$ 26,558,355	\$ 27,355,753

East Bay Dischargers Authority
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024 and 2023

	Business-type Activities - Enterprise Funds						Total June 30, 2023
	Operations and Maintenance	Water Recycling	Renewal and Replacement	Planning and Special Studies	Brine Acceptance	Total June 30, 2024	
Cash Flows from Operating Activities:							
Cash received from members	\$ 3,432,987	\$ -	\$ 778,100	\$ 823,672	\$ (49,755)	\$ 4,985,004	\$4,191,242
Cash received from LAVWMA	712,508	-	163,050	248,608	(17,573)	1,106,593	871,217
Cash received from others	12,194	45,000	-	(19,366)	-	37,828	20,916
Cash payments for personnel services	(819,413)	(9,527)	-	-	-	(828,940)	(776,102)
Cash payments to suppliers for goods and services	(2,600,996)	(25,920)	93,803	(1,245,889)	(69,110)	(3,848,111)	(3,980,959)
Net Cash Provided (Used) by Operating Activities	<u>737,280</u>	<u>9,552</u>	<u>1,034,954</u>	<u>(192,975)</u>	<u>(136,438)</u>	<u>1,452,373</u>	<u>\$326,314</u>
Cash Flows from Capital and Related Financing Activities:							
Gain (loss) on sale of capital assets	-	-	-	-	-	-	9,100
UEPS capital costs	-	-	(420,000)	-	-	(420,000)	(420,000)
Acquisition of capital assets	(825,241)	(0)	-	-	-	(825,242)	(648,129)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(825,241)</u>	<u>(0)</u>	<u>(420,000)</u>	<u>-</u>	<u>-</u>	<u>(1,245,242)</u>	<u>(1,059,029)</u>
Cash Flows from Investing Activities:							
Interest on investments	-	-	147,373	-	-	147,373	55,825
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>147,373</u>	<u>-</u>	<u>-</u>	<u>147,373</u>	<u>55,825</u>
Cash Flows from Non Capital and Related Financing Activities:							
Cargill	-	-	-	-	539,431	539,431	(170,617)
Zone 7 Brine	-	-	-	-	20,000	20,000	20,000
Bruce Wolfe Memorial	-	-	-	(1,000)	-	(1,000)	(1,000)
Interfund transfers	825,241	-	(825,241)	-	-	-	-
Net Cash Provided (Used) by Non Capital and Related Financing Activities	<u>825,241</u>	<u>-</u>	<u>(825,241)</u>	<u>(1,000)</u>	<u>559,431</u>	<u>558,431</u>	<u>(151,617)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>737,280</u>	<u>9,552</u>	<u>(62,914)</u>	<u>(193,975)</u>	<u>422,994</u>	<u>912,936</u>	<u>(\$828,507)</u>
Cash and Cash Equivalents Beginning	<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>
Cash and Cash Equivalents Ending	<u>\$ 1,493,115</u>	<u>\$ 70,664</u>	<u>\$ 1,972,078</u>	<u>\$ 172,913</u>	<u>\$ 106,626</u>	<u>\$ 3,815,395</u>	<u>\$2,902,459</u>

(Continued)

East Bay Dischargers Authority
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024 and 2023

	Business-type Activities - Enterprise Funds					Total June 30, 2024	Total June 30, 2023
	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)	\$ (1,183,289)	\$ (13,093)	\$ 839,693	\$ (187,313)	\$ -	\$ (544,002)	\$ (657,875)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Non Cash Revenue							
Depreciation	902,186	10,302	-	-	-	912,488	889,510
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	9,100	-	-	-	-	9,100	(9,100)
Due from other agencies	(7,659)	-	79,485	15,129	-	86,955	(178,069)
Due from member agencies	-	9,000	9,320	(19,366)	-	(1,046)	(36,243)
Inventory	9,511	-	-	-	-	9,511	(10,325)
Prepaid expenses	4,138	-	-	(112)	-	4,027	(993)
Deposits	(355)	-	-	-	-	(355)	2,435
Pension related deferred outflows of resources	300,675	-	-	-	-	300,675	(60,718)
OPEB related deferred outflows of resources	841	-	-	-	-	841	(1,063)
Increase (decrease) in liabilities and deferred inflows of resources:							
Accrued claims payable	192,134	3,344	106,454	15,914	(69,110)	248,736	2,384
Member agencies	479,688	-	-	(17,228)	(49,755)	412,705	(336,479)
Other agencies	32,546	-	-	-	(17,573)	14,974	(68,054)
Net pension liability	114,325	-	-	-	-	114,325	888,478
Net OPEB liability	(69,466)	-	-	-	-	(69,466)	171,260
Pension related deferred inflows of resources	(118,467)	-	-	-	-	(118,467)	(123,313)
OPEB related deferred inflows of resources	38,304	-	-	-	-	38,304	(159,963)
Compensated absences	33,069	-	-	-	-	33,069	14,442
Net Cash Provided (Used) by Operating Activities	<u>\$ 737,280</u>	<u>\$ 9,552</u>	<u>\$ 1,034,954</u>	<u>\$ (192,975)</u>	<u>\$ (136,438)</u>	<u>\$ 1,452,373</u>	<u>\$ 326,314</u>

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INDEPENDENT AUDITOR'S 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, 2024, 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 13, 2024.

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 ROWE, LLP

Walnut Creek, California
November 13, 2024