



AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.
PLACE: Dublin San Ramon Services District
Boardroom
7051 Dublin Boulevard, Dublin, CA
www.derwa.org

DATE: Monday, December 9, 2024

Our mission is to maximize the amount of recycled water delivered while recovering its costs; in doing so it will provide a reliable and consistent supply of recycled water to DSRSD and EBMUD for service to each of the agencies' customers.

1. CALL TO ORDER

2. PLEDGE TO THE FLAG

3. ROLL CALL

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT (Meeting Open to the Public)

At this time, those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the Authority Secretary and should be completed and returned to the Authority Secretary prior to addressing the Board. The Chair of the Board will recognize each speaker, at which time the speaker should proceed to the lectern. Written comments may be submitted to the Authority Secretary at genzale@dsrsd.com. Comments received by 3 p.m. on the day of the meeting will be provided to the Board.

6. CONSENT CALENDAR

Matters listed under this item are considered routine and will be enacted by one action in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board or the public prior to the time the Board votes on the Motion to adopt.

A. Approve Minutes of Regular Board Meeting of September 23, 2024

Recommended Action: Approve by Motion

B. Approve Treasurer's Reports for August 31, September 30, and October 31, 2024

Recommended Action: Approve by Motion

C. Approve Quarterly Investment Report for September 30, 2024

Recommended Action: Approve by Motion

7. BOARD BUSINESS

- A. Accept Independent Auditors' Report for Fiscal Year Ended June 30, 2024
Recommended Action: Accept by Motion

8. STAFF REPORTS

- A. Authority Manager Update
B. Confirm Next Board Meeting – February 3, 2025

9. BOARDMEMBER ITEMS

10. ADJOURNMENT

All materials made available or distributed in open session at Board meetings are public information and are available for inspection during business hours by calling the Authority Secretary at (925) 828-0515. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the Authority Secretary as soon as possible, but at least two days prior to the meeting.

Item 6.A

**DSRSD•EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, September 23, 2024**

1. CALL TO ORDER – Chair Vonheeder-Leopold called the DSRSD•EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair Georgan Vonheeder-Leopold, Vice Chair April Chan, and Directors Ann Marie Johnson, and Luz Gómez. Staff present: Vivian Housen, Authority Manager; Jacqueline Lee, Treasurer; Austin Cho, General Counsel; and Nicole Genzale, Authority Secretary
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
Chair Vonheeder-Leopold welcomed new Authority Manager Housen to DERWA.
5. PUBLIC COMMENT – 6:01 p.m. – None
6. CONSENT CALENDAR

Director Johnson MOVED for approval of the items on the Consent Calendar. Vice Chair Chan SECONDED the MOTION, which CARRIED with FOUR AYES.

- A. Approve Minutes of Special Board Meeting of August 12, 2024 – Approved
- B. Approve Treasurer’s Reports for June 30, and July 31, 2024 – Approved
- C. Approve Quarterly Investment Report for June 30, 2024 – Approved
- D. Approve Task Order No. 21 for Fiscal Year 2024-2025 for Public Information Services with ICF Jones & Stokes, Inc. – Approved

7. BOARD BUSINESS

- A. Approve Proclamation for Jan Lee’s Service to DERWA as Authority Manager

Chair Vonheeder-Leopold introduced the item and read aloud from the proclamation. She presented the proclamation and an engraved DERWA journal to Ms. Lee. Ms. Lee thanked the Board and staff, and complimented DERWA on its accomplishments. She expressed her gratitude for the opportunity to serve as DERWA Authority Manager and is looking forward to working with and supporting DERWA as the DSRSD General Manager.

Vice Chair Chan MOVED to Approve the Proclamation for Jan Lee’s Service to DERWA as Authority Manager. Director Gómez SECONDED the MOTION, which CARRIED with FOUR AYES.

- B. Approve Proclamation for Richard G. Sykes’s Service to DERWA as Interim Authority Manager

Chair Vonheeder-Leopold introduced the item. Treasurer Lee read aloud from the proclamation. Mr. Sykes was unable to attend the meeting but sent a note of thanks to the Board and staff which Chair Vonheeder-Leopold read aloud.

DRAFT

Director Gómez MOVED to Approve the Proclamation for Richard G. Sykes’s Service to DERWA as Interim Authority Manager. Vice Chair Chan SECONDED the MOTION, which CARRIED with FOUR AYES.

8. STAFF REPORTS

A. Authority Manager Update

Authority Manager Housen welcomed any questions regarding the report provided in the agenda packet. She also thanked the several staff who have contributed thus far to her onboarding as the new Authority Manager.

B. Confirm Next Board Meeting – December 9, 2024

9. BOARDMEMBER ITEMS

Director Gómez reported that she attended the WaterReuse California Annual Conference in Orange County on September 15-17 and shared that it was an impressive experience.

10. ADJOURNMENT

Chair Vonheeder-Leopold adjourned the meeting at 6:20 p.m.

Submitted by,

Nicole M. Genzale, CMC
Authority Secretary

Item 6.B

DERWA Summary & Recommendation

Approve Treasurer's Reports for August 31, September 30, and October 31, 2024

Summary:

Attached is the Treasurer's Reports for the months ending August 31, September 30, and October 31, 2024, submitted by Treasurer Jacqueline Lee.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months ending August 31, September 30, and October 31, 2024.

December 9, 2024

Attachments:

1. Treasurer's Report – August 31, 2024
2. Treasurer's Report – September 30, 2024
3. Treasurer's Report – October 31, 2024

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR AUGUST 31, 2024**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending August 31, 2024. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$176,879 in agency reimbursements were received. Fiscal year-to-date revenue for FY25 totaled (\$6,002). No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$854,844. Fiscal year-to-date expenditures for FY25 total \$150,380; of which \$124,392 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY25.

Cash: The cash balance at August 31, 2024 was \$3,664,370.

Submitted by:



Jacqueline Lee
Treasurer

Dated: Sep 24, 2024

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED AUGUST 31, 2024**

CAPITAL - PROJECT	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	200,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	150,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	27,446	13,793	13,793	41,239	18,970	22,269
SFUV and MF Operational Analysis	-	45,477	(1,279)	(1,279)	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	126,000	-	-	-	-	-	-
TIPS VFD Upgrades	90,000	39,531	563	563	40,094	18,443	21,651
Backwash Analysis	125,000	10,484	8,432	8,432	18,916	8,701	10,215
Gate Replacements	270,000	12,821	1,068	1,068	13,889	6,389	7,500
Pine Valley Transmission Cathodic Protection	30,000	22,222	3,411	3,411	25,633	11,791	13,842
Decommission Microfiltration Facility	115,000	-	-	-	-	-	-
Valve Rehabilitation/Replacement	70,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAWMA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,176,000	103,362,249	25,988	25,988	103,388,237	51,938,816	51,449,421

OPERATING - ITEM	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	245,000	4,180,638	3,111	3,276	4,183,914	3,001,152	1,182,762
Treasurer	101,000	3,103,129	3,629	-	3,103,129	2,327,346	775,783
Legal Counsel	25,000	599,454	2,068	2,068	601,522	451,142	150,380
Secretary	20,000	296,653	672	672	297,325	222,994	74,331
Other	150,000	2,111,332	-	-	2,111,332	1,583,500	527,832
Operation and Maintenance Detail	6,310,000	36,696,520	819,376	118,376	36,814,896	27,951,793	8,863,103
Debt Service	1,645,514	31,902,140	-	-	31,902,140	16,966,783	14,935,357
Total Operating Program Element	8,496,514	78,889,866	828,856	124,392	79,014,258	52,504,710	26,509,548

PROJECT TOTALS	9,672,514	182,252,115	854,844	150,380	182,402,495	104,443,526	77,958,969
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(11,617)
Agency Reimbursements - EBMUD	-	(5,554)
Commercial Paper Issued	-	-
Pleasanton payments	176,879	-
Interest / Contracts	-	11,169
Misc Income	-	-
TOTAL REVENUES & FUNDING	176,879	(6,002)

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	4,342,335	2,274,726
Beg. Balance Adj (Prior Year Accruals)	-	1,546,026
Rounding	-	-
Total Revenues & Funding	176,879	(6,002)
Total Expenditures	(854,844)	(150,380)
Ending Cash	3,664,370	3,664,370

Prepared by Johnny Wong Sep 17, 2024
 Reviewed by Matt Houck Sep 17, 2024
 Approved by David Glasser Sep 24, 2024

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
August 31, 2024**

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital
08/02/24	200054511	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	363.01	243.22	119.79	○	363.01
08/02/24	200054511	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	198.00	132.66	65.34	○	198.00
08/02/24	200054511	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	264.00	176.88	87.12	○	264.00
08/07/24	200054728	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	535.00	262.15	272.85	○	535.00
08/07/24	200054687	EBMUD	Op- Trea- Cost Acct(69/31)	2,580.11	1,780.28	799.83	○	2,580.11
08/07/24	200054687	EBMUD	Op- Trea- Salary(69/31)	1,048.72	723.62	325.10	○	1,048.72
08/21/24	200055804	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (69/31)	2,068.00	1,426.92	641.08	○	2,068.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Op-Prg Manager-Salary (69/31)	1,752.25	1,209.05	543.20	○	1,752.25
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (69/31)	671.74	463.50	208.24	○	671.74
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (69/31)	819,375.94	565,369.40	254,006.54	○	819,375.94
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (D-portion 46%)	3,878.63	3,878.63	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (E-portion 27%)	2,276.59	-	2,276.59	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (Pleasanton27%)	2,276.59	-	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Gate Replacements (D-portion 46%)	491.18	491.18	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Gate Replacements (E-portion 27%)	288.31	-	288.31	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Gate Replacements (Pleasanton27%)	288.31	-	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD TIPS VFD Upgrades (D-portion 46%)	259.12	259.12	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD TIPS VFD Upgrades (E-portion 27%)	152.10	-	152.10	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD TIPS VFD Upgrades (Pleasanton27%)	152.10	-	-	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap - Air Relief Valve Rehab/Replace (40/60)	13,793.05	5,517.22	8,275.83	○	0.00
08/23/24	200055805	DUBLIN SAN RAMON SERVICES DIST	Cap - P V Transmission Cathodic Protect (47/53)	3,410.99	1,603.17	1,807.82	○	0.00
08/07/24	voided/canceled	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (D-portion 46%)	(588.52)	(588.52)	-	○	0.00
08/07/24	voided/canceled	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (E-portion 27%)	(345.44)	-	(345.44)	○	0.00
08/07/24	voided/canceled	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (Pleasanton27%)	(345.44)	-	-	○	0.00
				854,844.34	582,948.48	269,524.30		

Certificates of Disb.	
Wk Ending	Amount
8/2/24	\$ 825.01
8/7/24	\$ 4,163.83
8/7/24	\$ (1,279.40)
8/23/24	\$ 851,134.90
\$ 854,844.34	

Pleasanton- 2,371.56

OP 828,856.77
CAP 25,987.57

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

DERWA CASH REPORT

Cash Balance as of 07/31/24 4,342,335.36 *Reconciled to DERWA TR*

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	176,879.09
Interest Income	0.00
Wells Fargo Interest	0.00
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	8/2/2024	(363.01)
BARRETT BUSINESS SERVICES INC	8/2/2024	(198.00)
BARRETT BUSINESS SERVICES INC	8/2/2024	(264.00)
ICF INTERNATIONAL	8/7/2024	(535.00)
EBMUD	8/7/2024	(3,628.83)
DUBLIN SAN RAMON SERVICES DIST (canceled)	8/7/2024	1,279.40
DOWNEY BRAND, LLP	8/21/2024	(2,068.00)
DUBLIN SAN RAMON SERVICES DIST	8/23/2024	(849,066.90)

Cash Balance as of 08/31/24 3,664,370.11

Rounding (0.11)

Cash Balance 08/31/24 3,664,370.00

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR SEPTEMBER 30, 2024**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending September 30, 2024. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$203,879 in agency reimbursements and \$32,439 in interest were received. Fiscal year-to-date revenue for FY25 totaled \$230,315. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$24,742. Fiscal year-to-date expenditures for FY25 total \$175,121; of which \$149,133 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY25.

Cash: The cash balance at September 30, 2024 was \$3,875,946.

Submitted by:



Jacqueline Lee
Treasurer

Dated: Nov 5, 2024

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

CAPITAL - PROJECT	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	200,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	150,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	27,446	-	13,793	41,239	18,970	22,269
SFUV and MF Operational Analysis	-	45,477	-	(1,279)	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	126,000	-	-	-	-	-	-
TIPS VFD Upgrades	90,000	39,531	-	563	40,094	18,443	21,651
Backwash Analysis	125,000	10,484	-	8,432	18,916	8,701	10,215
Gate Replacements	270,000	12,821	-	1,068	13,889	6,389	7,500
Pine Valley Transmission Cathodic Protection	30,000	22,222	-	3,411	25,633	11,791	13,842
Decommission Microfiltration Facility	115,000	-	-	-	-	-	-
Valve Rehabilitation/Replacement	70,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAWMA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,176,000	103,362,249	-	25,988	103,388,237	51,938,816	51,449,421

OPERATING - ITEM	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	245,000	4,180,638	11,329	14,604	4,195,242	3,008,982	1,186,260
Treasurer	101,000	3,103,129	6,169	6,169	3,109,298	2,331,973	777,325
Legal Counsel	25,000	599,454	7,244	9,312	608,766	456,575	152,191
Secretary	20,000	296,653	-	672	297,325	222,994	74,331
Other	150,000	2,111,332	-	-	2,111,332	1,583,500	527,832
Operation and Maintenance Detail	6,310,000	36,696,520	-	118,376	36,814,896	27,951,793	8,863,103
Debt Service	1,645,514	31,902,140	-	-	31,902,140	16,966,783	14,935,357
Total Operating Program Element	8,496,514	78,889,866	24,742	149,133	79,038,999	52,522,600	26,516,399

PROJECT TOTALS	9,672,514	182,252,115	24,742	175,121	182,427,236	104,461,416	77,965,820
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	14,928	3,310
Agency Reimbursements - EBMUD	7,046	1,492
Commercial Paper Issued	-	-
Pleasanton payments	181,905	181,905
Interest / Contracts	32,439	43,608
Misc Income	-	-
TOTAL REVENUES & FUNDING	236,318	230,315

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	3,664,370	2,274,726
Beg. Balance Adj (Prior Year Accruals)	-	1,546,026
Rounding	-	-
Total Revenues & Funding	236,318	230,315
Total Expenditures	(24,742)	(175,121)
Ending Cash	3,875,946	3,875,946

Prepared by Johnny Wong Oct 29, 2024
 Date
 Reviewed by Matt Houck Oct 29, 2024
 Date
 Approved by David Glasser Oct 29, 2024
 Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
September 30, 2024**

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital
09/04/24	200056353	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (67/33)	4,647.94	3,114.12	1,533.82	0	4,647.94
09/13/24	200057037	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	726.01	486.43	239.58	0	726.01
09/13/24	200057037	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	693.01	464.32	228.69	0	693.01
09/04/24	200056326	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	429.01	287.44	141.57	0	429.01
09/04/24	200056326	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	528.01	353.77	174.24	0	528.01
09/13/24	200057098	LANCE SOLL & LUNGHARD LLP	Op- Trea- Cost Acct(67/33)	5,000.00	3,350.00	1,650.00	0	5,000.00
09/18/24	200057386	RICHARD SYKES	Op-Prg Manager-Salary (67/33)	2,659.00	1,781.53	877.47	0	2,659.00
09/18/24	200057386	RICHARD SYKES	Op-Prg Manager-Salary (67/33)	2,211.50	1,481.70	729.80	0	2,211.50
09/18/24	200057305	EBMUD	Op- Trea- Cost Acct(67/33)	1,169.04	783.26	385.78	0	1,169.04
09/18/24	200057336	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	2,563.75	1,256.24	1,307.51	0	2,563.75
09/18/24	200057301	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (67/33)	2,596.00	1,739.32	856.68	0	2,596.00
09/27/24	200057863	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	429.01	287.44	141.57	0	429.01
09/27/24	200057863	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	396.01	265.33	130.68	0	396.01
09/27/24	200057863	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	693.01	464.32	228.69	0	693.01
				-	-	-		0.00
				-	-	-		0.00
				-	-	-		0.00
				-	-	-		0.00
				-	-	-		0.00
				24,741.30	16,115.22	8,626.08		24,741.30
								0.00

Certificates of Disb.	
Wk Ending	Amount
9/4/24	\$ 5,604.96
9/13/24	\$ 6,419.02
9/18/24	\$ 11,199.29
9/27/24	\$ 1,518.03
	\$ 24,741.30

Pleasanton-

OP 24,741.30

CAP -

0.00 Reconciled

0.00 Reconciled

0.00 Reconciled

0.00 Reconciled

DERWA CASH REPORT

Cash Balance as of 08/31/24 3,664,370.11 *Reconciled to DERWA TR*

Add member agency's contribution:

Agency Reimbursements - DSRSD	14,927.54
Agency Reimbursements - EBMUD	7,046.03
City of Pleasanton Payments	181,905.31
Interest Income	0.00
Wells Fargo Interest	32,438.64
Other Reimbursements- Misc	0.00

Less invoice payments:

DOWNEY BRAND, LLP	(4,647.94)
BARRETT BUSINESS SERVICES INC	(726.01)
BARRETT BUSINESS SERVICES INC	(693.01)
BARRETT BUSINESS SERVICES INC	(429.01)
BARRETT BUSINESS SERVICES INC	(528.01)
LANCE SOLL & LUNGHARD LLP	(5,000.00)
RICHARD SYKES	(2,659.00)
RICHARD SYKES	(2,211.50)
EBMUD	(1,169.04)
ICF INTERNATIONAL	(2,563.75)
DOWNEY BRAND, LLP	(2,596.00)
BARRETT BUSINESS SERVICES INC	(429.01)
BARRETT BUSINESS SERVICES INC	(396.01)
BARRETT BUSINESS SERVICES INC	(693.01)

Cash Balance as of 09/30/24 3,875,946.33

Rounding (0.33)

Cash Balance 09/30/24 3,875,946.00

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR OCTOBER 31, 2024**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending October 31, 2024. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$1,024,943 in agency reimbursements and \$33,093 in interest were received. Fiscal year-to-date revenue for FY25 totaled \$1,288,381. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$158,053. Fiscal year-to-date expenditures for FY25 total \$333,174; of which \$307,186 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY25.

Cash: The cash balance at October 31, 2024 was \$4,775,959.

Submitted by:



Jacqueline Lee
Treasurer

Dated: Nov 19, 2024

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2024**

CAPITAL - PROJECT	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	200,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programming Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	150,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	27,446	-	13,793	41,239	18,970	22,269
SFUV and MF Operational Analysis	-	45,477	-	(1,279)	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	126,000	-	-	-	-	-	-
TIPS VFD Upgrades	90,000	39,531	-	563	40,094	18,443	21,651
Backwash Analysis	125,000	10,484	-	8,432	18,916	8,701	10,215
Gate Replacements	270,000	12,821	-	1,068	13,889	6,389	7,500
Pine Valley Transmission Cathodic Protection	30,000	22,222	-	3,411	25,633	11,791	13,842
Decommission Microfiltration Facility	115,000	-	-	-	-	-	-
Valve Rehabilitation/Replacement	70,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,176,000	103,362,249	-	25,988	103,388,237	51,938,816	51,449,421

OPERATING - ITEM	Program Budget @ FY 2025	Expenditures FY 24 and Prior (a)	Expenditures Current Month	Expenditures FY 25 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	245,000	4,180,638	2,904	17,508	4,198,146	3,010,774	1,187,372
Treasurer	101,000	3,103,129	2,069	8,238	3,111,367	2,333,525	777,842
Legal Counsel	25,000	599,454	1,804	11,116	610,570	457,928	152,642
Secretary	20,000	296,653	-	672	297,325	222,994	74,331
Other	150,000	2,111,332	151,276	151,276	2,262,608	1,696,957	565,651
Operation and Maintenance Detail	6,310,000	36,696,520	-	118,376	36,814,896	27,951,793	8,863,103
Debt Service	1,645,514	31,902,140	-	-	31,902,140	16,966,783	14,935,357
Total Operating Program Element	8,496,514	78,889,866	158,053	307,186	79,197,052	52,640,754	26,556,298

PROJECT TOTALS	9,672,514	182,252,115	158,053	333,174	182,585,289	104,579,570	78,005,719
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	582,949	586,259
Agency Reimbursements - EBMUD	269,524	271,016
Commercial Paper Issued	-	-
Pleasanton payments	172,500	354,405
Interest / Contracts	33,093	76,701
Misc Income	-	-
TOTAL REVENUES & FUNDING	1,058,066	1,288,381

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	3,875,946	2,274,726
Beg. Balance Adj (Prior Year Accruals)	-	1,546,026
Rounding	-	-
Total Revenues & Funding	1,058,066	1,288,381
Total Expenditures	(158,053)	(333,174)
Ending Cash	4,775,959	4,775,959

Prepared by Johnny Wong Nov 15, 2024
 Date _____
 Reviewed by Johnny Wong Date _____
Matt Houck Nov 19, 2024
 Date _____
 Approved by Matt Houck Date _____
David Glasser Nov 19, 2024
 Date _____
David Glasser Date _____

DERWA CASH REPORT

Cash Balance as of **09/30/24** **3,875,946.33** *Reconciled to DERWA TR*

Add member agency's contribution:

Agency Reimbursements - DSRSD	582,948.48
Agency Reimbursements - EBMUD	269,524.30
City of Pleasanton Payments	172,499.99
Interest Income	12,690.81
Wells Fargo Interest	20,401.82
Other Reimbursements- Misc	0.00

Less invoice payments:

EBMUD	(2,068.93)
BARRETT BUSINESS SERVICES INC	(561.01)
BARRETT BUSINESS SERVICES INC	(528.01)
BARRETT BUSINESS SERVICES INC	(330.00)
DOWNEY BRAND, LLP	(1,804.00)
ICF INTERNATIONAL	(1,485.00)
ALLIANT INSURANCE SRVCS INC	(151,275.88)

Cash Balance as of **10/31/24** **4,775,958.90**

Rounding 0.10

Cash Balance 10/31/24 **4,775,959.00**

Item 6.C

DERWA Summary & Recommendation

Approve Quarterly Investment Report for September 30, 2024

Summary:

Section 53646 of the Government Code allows the Treasurer of the Authority to submit to the Authority Manager, the Internal Auditor, and the Board of Directors a quarterly investment report. It also stipulates that the investment report must include the types of investments in which the Authority has invested its funds, the issuer, date of maturity, the value of the investment at maturity, and the dollar amount that is invested in the security.

The investments held by the Authority in the State of California Local Agency Investment Fund on September 30, 2024, were \$1,068,444. The investment portfolio is in full compliance with the Board's adopted policy regarding the Authority's investments.

In compliance with Section 53646(b)3 of the Government Code, this report denotes that the Authority will be able to meet expenditure requirements for the next six months from revenues/reimbursements/contributions from member agencies.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Quarterly Investment Report for September 30, 2024.

December 9, 2024

Item 7.A

DERWA Summary & Recommendation

Accept Independent Auditors' Report for Fiscal Year Ended June 30, 2024

Summary:

The 1995 Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) Joint Powers Agreement requires that the records and accounts of DERWA be audited annually by an independent certified accountant, and such reports be filed with the County Auditor, the State Controller, and each DERWA Member Agency within six months of the end of the fiscal year under examination.

Independent accounting firm LSL prepared and submitted the Independent Auditors' Report for Fiscal Year Ended 2024 consisting of the Basic Financial Statements for Fiscal Years Ended 2024 and 2023, and the Report on Internal Control over Financial Reporting and Compliance and Other Matters. The Audit did not find any issues, deficiencies, material weaknesses or findings with the DERWA accounting practices and internal controls for Fiscal Year Ended 2024.

Recommendation:

Staff recommends the DERWA Board of Directors accept, by Motion, the DERWA Independent Auditors' Report for the Fiscal Year Ended June 30, 2024, as prepared by LSL.

December 9, 2024

Attachments:

1. Fiscal Year Ended 2024 Auditor Communication Letter
2. Fiscal Years Ended June 2024, and 2023 Basic Financial Statements



October 9, 2024

To the Board of Directors
 Dublin San Ramon Services District/
 East Bay Municipal Utility District Recycled Water Authority
 Oakland, California

We have audited the financial statements of Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the "Authority"), for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates pertaining to the Authority during fiscal year 2023-2024.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, which is required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years’ audits and should be reviewed for proper implementation by management:

Fiscal Year 2024-2025

GASB Statement No. 101, *Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures*.

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Classification of Nonfinancial Assets*.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Practice Issue, *Risks and Uncertainties Disclosures.*

Practice Issue, *Subsequent Events.*

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lunghard, LLP

Sacramento, California
Lance, Soll & Lunghard, LLP



DUBLIN SAN RAMON SERVICES DISTRICT/ EAST BAY MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023 BASIC FINANCIAL STATEMENTS

Focused
on YOU



DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY

Basic Financial Statements
For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2024, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing*



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

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 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 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 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.

Summarized Comparative Information

We have previously audited the financial statements of the Authority for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated October 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Sacramento, California
October 9, 2024

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023**

This section presents management's analysis of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) financial condition and activities as of and for the years ended June 30, 2024 and 2023. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Agency's basic financial statements. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

This information should be read in conjunction with the audited financial statements that follow this section. The information in the MD&A is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Request for Information

Organization and Business

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.7 million gallons per day. The water recycling facility started operation on February 1, 2006.

For additional information, please see the notes to the basic financial statements.

Overview of the Financial Statements

The basic financial statements include a *statement of net position*, a *statement of revenues, expenses, and changes in net position*, a *statement of cash flows*, and *notes to financial statements*. The report also contains other required supplementary information in addition to the basic financial statements.

The Authority's basic financial statements include:

The *statement of net position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. It provides information about the nature and amount of resources and obligations at year-end.

The *statement of revenues, expenses, and changes in net position* presents the results of the Authority's operations over the course of the fiscal year and information as to how the *net position* changed during the year.

The *statement of cash flows* presents changes in cash and cash equivalents resulting from operational, capital, and related financing, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt.

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 10 to 16 of this report.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023**

Financial Analysis:

Table 1 summarizes net position at June 30, 2024 and 2023, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023. Both tables also include changes from the prior year.

**Table 1
Summary of Net Position
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Assets:			
Current assets	\$ 4,547,189	\$ 3,779,843	\$ 767,346
Capital assets	<u>67,468,193</u>	<u>69,338,994</u>	<u>(1,870,801)</u>
Total assets	<u>72,015,382</u>	<u>73,118,837</u>	<u>(1,103,455)</u>
Liabilities:			
Current liabilities	2,316,383	2,165,750	150,633
Long-term liabilities	<u>632,787</u>	<u>2,222,732</u>	<u>(1,589,945)</u>
Total liabilities	<u>2,949,170</u>	<u>4,388,482</u>	<u>(1,439,312)</u>
Net position:			
Net investment in capital assets	65,245,460	65,565,095	(319,635)
Unrestricted	<u>3,820,752</u>	<u>3,165,260</u>	<u>655,492</u>
Total net position	<u><u>\$69,066,212</u></u>	<u><u>\$68,730,355</u></u>	<u><u>\$ 335,857</u></u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023**

**Table 2
Summary of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Operating revenue:	\$ 8,807,505	\$ 5,949,220	\$ 2,858,285
Operating expenses:			
Professional services	(5,452)	(5,345)	(107)
General and administrative	(364,457)	(429,648)	65,191
Operation and maintenance	(5,888,236)	(3,158,393)	(2,729,843)
Depreciation	(2,318,822)	(2,300,730)	(18,092)
Total operating expenses	<u>(8,576,967)</u>	<u>(5,894,116)</u>	<u>(2,682,851)</u>
Nonoperating income (expenses):			
Investment and other income	199,666	23,410	176,256
Interest on state loan	(94,347)	(132,181)	37,834
Total other income (expenses)	<u>105,319</u>	<u>(108,771)</u>	<u>214,090</u>
Change in net position	335,857	(53,667)	389,524
Total net position - beginning	<u>68,730,355</u>	<u>68,784,022</u>	<u>(53,667)</u>
Total net position - ending	<u>\$ 69,066,212</u>	<u>\$ 68,730,355</u>	<u>\$ 335,857</u>

- Current assets of the Authority increased by \$0.77 million due to an increase in cash and investment from the prior year.
- The net position of the Authority increased by \$0.34 million from the prior year. The reason for this increase was a decrease in current and capital assets of \$1.10 million offset by a decrease in current and long-term liabilities of \$1.44 million.
- Capital assets as of June 30, 2024 decreased by \$1.87 million due to a higher depreciation amount over capital expenditures.
- Total liabilities as of June 30, 2024 decreased by \$1.44 million from the prior year. The principal reason for the decrease was a \$1.59 million decrease in the outstanding loan balance offset by an increase of \$0.15 million in accounts payable and payables to members.
- The Authority borrowed a 20-year loan in the amount of \$24.7 million with a 2.5% fixed interest rate. After repayment of the eighteenth installment of \$1.65 million for fiscal year 2024, as of June 30, 2024, \$2.2 million was the liability outstanding.

Request for Information

This financial report is designed to provide readers with a general overview of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority's finances and demonstrate the Authority's accountability for the assets and liabilities it manages. If you have any questions about this report or need additional information, please contact: DERWA Treasurer, Jacqueline Lee, MS #809, P.O. Box 24055, Oakland, California 94623.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
Statements of Net Position
June 30, 2024 and June 30, 2023**

ASSETS	2024	2023
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 1,218,368	\$ 375,997
Investments (Note 2)	1,056,358	1,017,500
Receivables:		
East Bay Municipal Utility District	634,740	371,596
Dublin San Ramon Services District	1,363,098	1,808,842
City of Pleasanton	263,158	198,279
Interest receivable	11,467	7,629
Total current assets	4,547,189	3,779,843
Capital Assets (Note 3):		
Structures, buildings, and equipment	101,229,387	100,744,084
Less accumulated depreciation	(35,764,676)	(33,445,853)
Subtotal	65,464,711	67,298,231
Land and rights-of-way	1,890,978	1,890,978
Construction in progress	112,504	149,785
Total capital assets, net of accumulated depreciation	67,468,193	69,338,994
Total assets	72,015,382	73,118,837
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,589,946	1,551,167
Accounts payable	7,693	5,368
Payable to members:		
East Bay Municipal Utility District	17,744	4,461
Dublin San Ramon Services District	701,000	604,754
Total current liabilities	2,316,383	2,165,750
Long-term Liabilities:		
State loan payable (Note 5)	632,787	2,222,732
Total noncurrent liabilities	632,787	2,222,732
Total liabilities	2,949,170	4,388,482
NET POSITION (Note 1)		
Net Investment in capital assets	65,245,460	65,565,095
Unrestricted	3,820,752	3,165,260
Total net position	\$ 69,066,212	\$ 68,730,355

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2024 AND JUNE 30, 2023**

	2024	2023
Operating revenue:		
Contributions from members	\$ 7,932,993	\$ 5,335,684
Contributions from others	874,512	613,536
Total contributions	8,807,505	5,949,220
Operating (expenses):		
Professional services	(5,452)	(5,345)
General and administrative	(364,457)	(429,648)
Operation and maintenance	(5,888,236)	(3,158,393)
Depreciation (Note 3)	(2,318,822)	(2,300,730)
Total operating (expenses)	(8,576,967)	(5,894,116)
Net operating income	230,538	55,104
Nonoperating revenue (expense):		
Interest and other income	199,666	23,410
Interest on state loan	(94,347)	(132,181)
Total nonoperating revenue (expenses)	105,319	(108,771)
Changes in net position	335,857	(53,667)
Total net position - beginning	68,730,355	68,784,022
Total net position - ending	\$ 69,066,212	\$ 68,730,355

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
Statements of Cash Flows
Fof the Years Ended June 30, 2024 and June 30, 2023**

	2024	2023
Cash flows from operating activities:		
Cash received for sales of water	\$ 8,925,226	\$ 5,152,216
Cash paid for supplies and services	(6,146,291)	(3,729,316)
Net cash provided by operating activities	2,778,935	1,422,900
Cash flows from capital and related financing activities:		
Cash paid for interest	(94,347)	(132,181)
Cash paid on state loan	(1,551,166)	(1,513,333)
Cash paid for construction of capital assets	(448,022)	(206,669)
Net cash (used) in capital and related financing activities	(2,093,535)	(1,852,183)
Cash flows provided by investing activities:		
Interest and other income received	195,829	17,500
Net increase (decrease) in cash and equivalents, and investments	881,229	(411,783)
Cash and equivalents, and investments at beginning of period	1,393,497	1,805,280
Cash and equivalents, and investments at end of period	\$ 2,274,726	\$ 1,393,497
Reconciliation of cash and cash equivalents and investments to amounts reported on the statement of net position:		
Cash and cash equivalents	\$ 1,218,368	\$ 375,997
Investments	1,056,358	1,017,500
Cash and equivalents, and investments at end of period	\$ 2,274,726	\$ 1,393,497
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 230,538	\$ 55,104
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,318,822	2,300,730
Changes in operating assets and liabilities:		
Accounts receivable	117,721	(797,004)
Accounts payable	111,854	(135,930)
Net cash provided by operating activities	\$ 2,778,935	\$ 1,422,900

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.7 million gallons per day. The water recycling facility is fully operational.

An additional member, or members, may be added to the Authority upon request evidenced by submission of a certified copy of a resolution adopted by the governing body of the public agency requesting membership in the Authority. Such request must be approved by the governing bodies of all the existing members. The Board may require a party seeking to become a member to meet any terms and conditions the Board deems appropriate.

The facilities became operational on February 1, 2006. Operation and maintenance expenses are allocated based on each member's actual usage. General and administrative expenses were allocated equally to DSRSD and EBMUD during the first year of operation ending on March 31, 2007; after the first operation year, the costs are allocated based on the member's actual water usage. Capital costs', including debt service, is allocated based on each member's proportional value of capital assets assigned to each member agency.

B. Basis of Accounting

The accompanying financial statements report the financial position of the Authority in accordance with accounting standards generally accepted in the United States of America. As the Authority is a governmental entity, the preparation of its financial statements is governed by the pronouncements of the Governmental Accounting Standards Board (GASB).

The Authority, as a proprietary enterprise, is accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Net Position – The statement of net position is designed to display the financial position of the Authority. The Authority's fund equity is reported as net position, which is the excess of all of the Authority's assets over all its liabilities. Net Position is divided into three captions under GASB Statement 34. As of June 30, 2024 the Authority reported the following classifications of net position:

- *Net investment in capital assets* describes the Authority's 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.
- *Unrestricted* describes the portion of Net Position which is not restricted to use.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

C. Use of Estimates

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

D. Capital Assets

The additions to capital assets are capitalized at historical cost. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest on borrowed funds during construction, net of interest earned on unspent construction proceeds. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of depreciable capital assets.

Depreciation of all capital assets in service, excluding land, is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Capital assets are depreciated using the straight-line method of depreciation, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the assets is fully depreciated. The Authority has assigned the useful lives listed below to capital assets:

Utility plant:	<u>Years</u>
Water Treatment	20-75
Pumping Plants	25-75
Reservoirs	25-100
Pipeline	25-75

E. Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

F. 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.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – CASH AND INVESTMENTS

A. Composition

The Authority’s cash and cash equivalents at June 30 consisted of the following deposits and investments held by EBMUD on the Authority’s behalf:

	2024	2023
Demand deposits with banks	\$ 1,218,368	\$ 375,997
Local Agency Investment Fund	1,056,358	1,017,500
Total cash and cash equivalents	\$ 2,274,726	\$ 1,393,497

B. Collateralization of Cash and Cash Equivalents

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 has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

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.

C. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2024 and 2023.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. 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. The California Local Agency Investment Fund is exempt from classification for fair value hierarchy.

E. 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 to changes in market interest rates. The Authority generally manages its interest rate risk by purchasing a combination of short-term and long-term investments and holding investments to maturity. The Authority's only investment is in the California Local Agency Investment Fund which can be withdrawn at any time usually within a day.

F. Local Agency Investment Fund (LAIF)

The Authority is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. Authority's investments with LAIF at June 30, 2024 and 2023 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2024 and 2023, the Authority had investments of \$1,056,358 and \$1,017,500, respectively, invested in LAIF, which had invested 3.00% and 2.78% of the pooled investment funds in Structured Notes and Asset-Backed Securities.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 3 – CAPITAL ASSETS

Capital assets as of June 30, 2024, consist of land, not being depreciated and capital assets being depreciated. The capital assets began depreciation effective February 2006. Construction of capital assets is funded through member contributions. Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2024
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	149,785	448,022	(485,303)	112,504
Total capital assets not being depreciated	2,040,763	448,022	(485,303)	2,003,482
Capital assets, being depreciated:				
Water treatment	42,802,010	214,612	-	43,016,622
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	-	-	14,439,008
Pipelines	29,710,874	270,691	-	29,981,565
Total capital assets being depreciated	100,744,084	485,303	-	101,229,387
Less accumulated depreciation for:				
Water treatment	(13,095,092)	(1,071,170)	-	(14,166,262)
Pumping plants	(5,537,925)	(344,805)	-	(5,882,730)
Reservoirs	(4,996,431)	(288,780)	-	(5,285,211)
Pipelines	(9,816,405)	(614,068)	-	(10,430,473)
Total accumulated depreciation	(33,445,853)	(2,318,823)	-	(35,764,676)
Net capital assets being depreciated	67,298,231	(1,833,520)	-	65,464,711
Capital assets, net	\$ 69,338,994	\$ (1,385,498)	\$ (485,303)	\$ 67,468,193

NOTE 4 – COMMERCIAL PAPER NOTES PAYABLE

The Authority's Board of Directors authorized a short-term commercial paper borrowing program of up to \$50,000,000 on December 15, 2003. The proceeds from the issuance of commercial paper are used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. Under the program, the Authority may issue commercial paper notes at the prevailing interest rate for periods not more than 270 days from the date of issuance. To provide liquidity support for the program, the Authority would maintain a liquidity support agreement (letter of credit) with a commercial bank. The commercial paper notes and any bank notes issued under the program are payable solely from revenues of the Authority after payment of specific operating and maintenance expenses. The Authority does not currently have a liquidity support agreement with a commercial bank and would have to secure an agreement before issuing new commercial paper. All then outstanding commercial paper notes under the program were retired in Fiscal Year 2011 and no new commercial paper notes have been issued since that time. As of June 30, 2024, there were no commercial paper notes outstanding under this program.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 5 – LONG TERM DEBT

A. Composition and Change

The Authority’s Board of Directors authorized a long-term borrowing program from the State Water Resource Control Board of up to \$24,764,850 on July 25, 2005. The Authority drew down \$22,993,368 as of the fiscal year ended June 30, 2006, the proceeds from which were used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. As of June 30, 2008, the Authority drew down an additional amount of \$1,685,283. The loan has a 20-year term at a 2.5% fixed interest rate. The repayment of the loans and interest are made in annual installments commencing on July 1, 2007. The loan is collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses.

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Retirements	Balance June 30, 2024
2006 State Water Resource Loan			
2.5%, due 07/01/2026	\$ 3,773,899	\$ 1,551,166	\$ 2,222,733
Less amount due within one year	1,551,166	-	1,589,946
Noncurrent portion	<u>\$ 2,222,733</u>	<u>\$ 1,551,166</u>	<u>\$ 632,787</u>

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30,	Principal	Interest	Total
2025	\$ 1,589,946	\$ 55,568	\$ 1,645,514
2026	632,787	15,820	648,607
Totals	<u>\$ 2,222,733</u>	<u>\$ 71,388</u>	<u>\$ 2,294,121</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

DSRSD is responsible for the operation of the facility. DSRSD and EBMUD both provide professional services that are capitalized as well as administrative services. In addition, as the Authority does not have any employees, EBMUD provides certain treasury management and accounting services including conducting all cash transactions and providing for the annual audit. The two members received the following total reimbursements for their services for the years ended June 30:

	2024	2023
DSRSD	\$ 5,794,693	\$ 3,405,287
EBMUD	52,130	30,584
	<u>\$ 5,846,823</u>	<u>\$ 3,435,871</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

**Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023**

NOTE 7 – RISK MANAGEMENT

The Authority's liability and property risks are insured by commercial insurance carriers. Selected insurance coverages include:

<u>Coverage</u>	<u>Policy limit</u>
Bodily injury	\$ 10,000,000
Property damage	10,000,000
Personal injury	10,000,000
Non-owned and hired automobile liability	10,000,000
Public officials errors and omissions	10,000,000
Fire damage liability	1,000,000
Employment practices liability	5,000,000

Any liability the Authority may have for uninsured claims is limited to general liability claims. However, the Authority has experienced no losses from such claims during the preceding three years and it therefore believes there is no liability for claims incurred but not reported.



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

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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*.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Sacramento, California
October 9, 2024



DSRSD • EBMUD Recycled Water Authority
PARTNERS IN WATER RECYCLING

DATE: December 9, 2024
MEMO TO: Board of Directors
FROM: Vivian Housen, Authority Manager
SUBJECT: Authority Manager Update

ADMINISTRATION

Central Contra Costa Sanitary District (Central San) Short-Term Supply Agreement Extension. In February 2019, DERWA and Central San executed a temporary agreement to divert 0.7 million gallons per day (MGD) of Central San's raw wastewater upstream of the San Ramon Pumping Station. The initial term of the agreement was three years (beginning from the date of Central San's acceptance of the construction of the diversion structure and associated pipelines), with the option for two one-year extensions. The parties have exercised the final one-year extension as of October 18, 2024.

Extending the diversion project beyond 2025 will require a new agreement. We will contact Central San staff to discuss terms of a new, long-term agreement in December 2024.

Second Amendment to the Interim Agreement Related to the Supply and Sale of Recycled Water. On November 18, 2024, DERWA and its member agencies executed this agreement to authorize the connection of five ready-to-connect customers, with a total estimated maximum demand of 0.161 MGD.

Staff Meetings.

- On October 29, 2024, DERWA and member agency staff met to discuss capital improvement project needs for fiscal year 2024-25. The project lists are being developed and will be finalized in early 2025.
- On November 12, 2024, I met with DSRSD staff to discuss the DERWA energy study. Findings and recommendations will be presented at the February 2025 Board meeting.
- On November 13, 2024, a staff meeting was held with DERWA and member agency staff to discuss current activities. Discussion topics included potential Board meeting items and future topics.

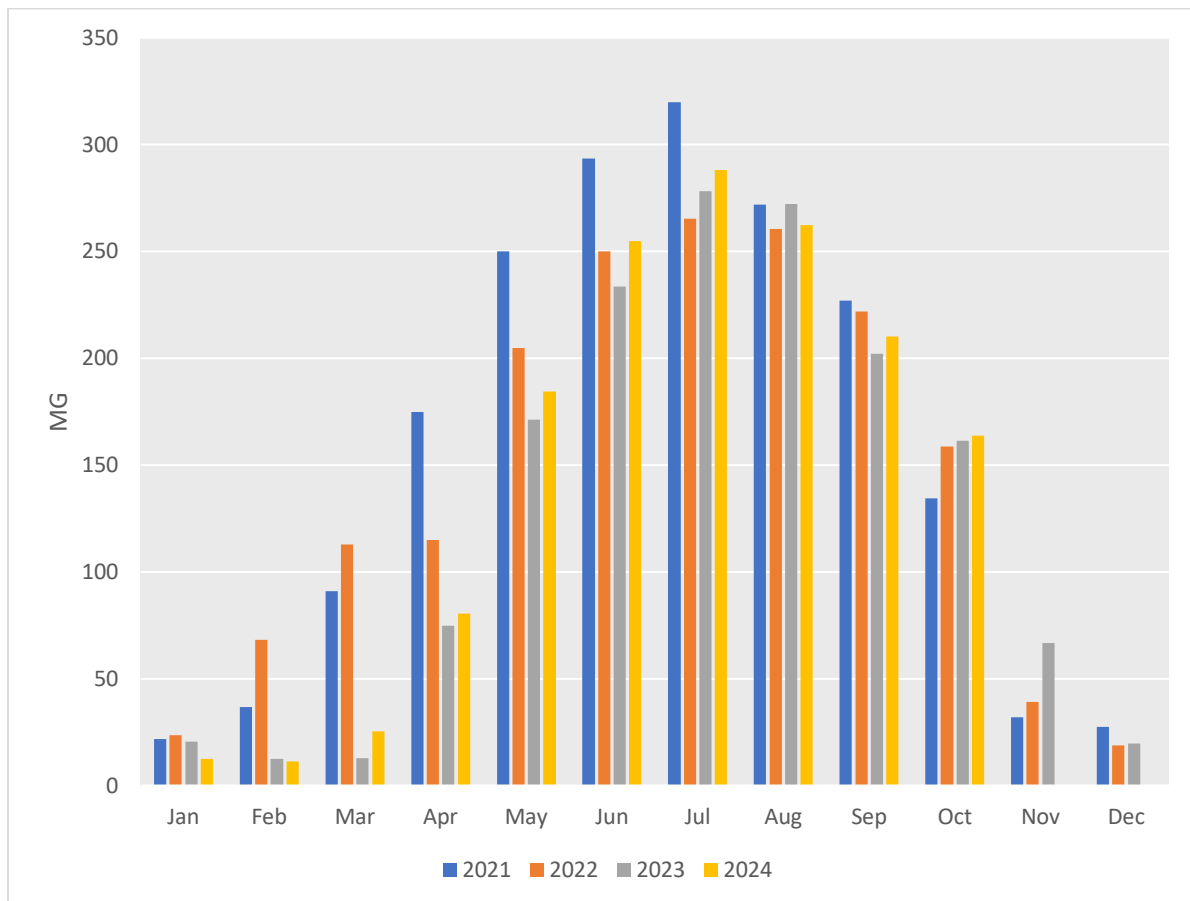
Other.

- On October 1, 2024, minor changes to the District's Conflict of Interest Code were submitted to the FPPC, related to removal of language stating that the DERWA manager was an employee of DSRSD.
- The District's insurance policy with Alliant was renewed on October 21, 2024, at the same terms as the prior year.

OPERATIONS AND MAINTENANCE

2024 Year-to-Date Recycled Water Production. The DERWA Recycled Water Treatment Facility produced 4,582 acre-feet (AF) of recycled water between January 2024 and October 2024, compared to 4,417 AF produced during the same period in 2023. Recycled water production for calendar year 2024 is currently on track to be at least 2.4% higher than 2023 and about 17% lower than 2021. Like 2023, the DERWA-Central San Temporary Diversion of Wastewater Project was not operated in 2024 due to lower demands.

DERWA Recycled Water Production (Calendar Years 2021-2024)



Preventative Maintenance of DERWA Equipment. As the irrigation season comes to an end and demands for recycled water decline, DSRSD staff are dedicating time to important preventative maintenance of the DERWA Recycled Water Treatment Facility's equipment and processes. This winter, DSRSD staff will clean the wet well at Pump Station R1 and Holding Basin 4 and make minor repairs to each facility. Sand Filter No. 6 will be inspected, which requires that all the sand be removed. While the filter is empty, the air lifts will be replaced, along with select components in the air control panel. These efforts will occur in addition to ongoing maintenance of the ultraviolet disinfection system and sand filter cleaning and maintenance. This work will not result in a loss of irrigation service to our customers.