South Bay Regional Public Communications Authority

Hawthorne, California

Annual Financial Report

For the Years Ended June 30, 2024 and 2023

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Board of Directors as of June 30, 2024

Name	City Represented	Title
Rodney Tanaka	City of Gardena	Member
David Lesser	City of Manhattan Beach	Member
Alex Monteiro	City of Hawthorne	Member

South Bay Regional Public Communications Authority
4440 West Broadway
Hawthorne, California 90250

South Bay Regional Public Communications Authority
Annual Financial Report
For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the South Bay Regional Public Communications Authority (the "Authority") as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standard*s, 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, Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and Schedule of Contributions – Other Postemployment Benefits 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 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.

The Pun Group, LLP

Santa Ana, California
November 6, 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the South Bay Regional Public Communications Authority (Authority) provides an introduction to the financial statements of the Authority for the years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2024, the Authority's net position increased 36.26%, or $1,881,489, due primarily to a larger than expected number of vacancies. Additionally, investment earnings from the Authority's investments under California's Local Agency Investment Fund (LAIF) returned over $375,000 more than anticipated. This combination led to higher than expected revenues over expenses at year end thereby increasing the Authority's net position.

- In 2023, the Authority's net position increased 32.29%, or $1,266,476, due primarily to a larger than expected number of vacancies from resignations and retirements. In addition, the net pension liability increased approximately $5.5 million due to a negative investment return of -7.5% reported by CalPERS; the expected rate of return was 7.15% resulting in a loss of 14.65%. The CalPERS discount rate (expected rate of return) was also lowered 25 basis points from 7.15% to 6.9%, which contributes to the increase in the net pension liability.

- In 2024, the Authority's operating revenues increased 9.89% or $1,292,024 as a result of an increase in assessments of approximately $650,000 due to budgeted increases for salaries and benefits, and supplies, services, and equipment as well as an increase in revenues from vehicle outfitting parts in excess of $600,000.

- In 2023, the Authority's operating revenues increased 5.39% or $668,232, as a result of an increase in assessments due to budgeted increases for salaries and benefits, and supplies, services, and equipment.

- In 2024, the Authority's operating expenses increased 9.63% or $1,077,725, due primarily to budgeted increases for salaries and benefits, and supplies, services, and equipment as well as a non-cash expense accounting entry related to pensions.

- In 2023, the Authority's operating expenses increased 4.45% or $476,559, due primarily to budgeted increases for salaries and benefits, and supplies, services, and equipment.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements.

This report also contains other supplementary information in addition to the financial statements themselves. The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is, "*Is the Authority better off or worse off as a result of this year's activities?"* The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority in a way that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting,* which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Authority's *net position* and changes in them. One can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as a way to measure the Authority's financial health, or *financial position.* Over time, *increases or decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions.

Condensed Statements of Net Position

	June 30, 2024	June 30, 2023	June 30, 2022
Assets:			
Current assets	$ 9,986,276	$ 7,070,554	$ 5,896,252
Capital assets, net	6,660,045	7,227,097	7,959,624
Total assets	16,646,321	14,297,651	13,855,876
Deferred outflows of resources	5,229,661	5,674,146	3,432,657
Liabilities:			
Current liabilities	549,568	445,465	744,391
Noncurrent liabilities	11,938,607	12,214,131	6,843,868
Total liabilities	12,488,175	12,659,596	7,588,259
Deferred inflows of resources	2,317,166	2,123,049	5,777,598
Net position:			
Investment in capital assets	6,660,045	7,227,097	7,959,624
Unrestricted (Deficit)	410,596	(2,037,945)	(4,036,948)
Total net position	$ 7,070,641	$ 5,189,152	$ 3,922,676

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources by $7,070,641 and $5,189,152 as of June 30, 2024 and 2023.

By far the largest portion of the Authority's net position reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its members and client agencies; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2024 and 2023, the Authority shows an unrestricted net position of $410,596 and ($2,037,945) respectively. The positive change in net position is due to an increase in revenues over expenses from a large number of unanticipated vacancies and higher than expected investment earnings. The Executive Committee in collaboration with the Board of Directors, have taken action to reserve aspects of the unrestricted net position for specified purposes such as operating reserves and future other post-employment benefits funding. During fiscal year 2021, the Board of Directors approved the establishment of a Section 115 Trust to prefund other post-employment benefits. The Board of Directors also approved an initial transfer to the trust of $250,000 from reserves previously held in the Authority's Enterprise Fund for this purpose. In fiscal year 2022, the Board of Directors amended the Authority's budget policy to allow ongoing funding for both pension and OPEB unfunded liabilities.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2024	June 30, 2023	June 30, 2022
Revenues:			
Operating revenues	$ 14,360,147	$ 13,068,123	$ 12,399,891
Non-operating revenues	529,944	128,654	(64,598)
Total revenues	14,890,091	13,196,777	12,335,293
Expenses:			
Operating expenses	12,269,704	11,191,979	10,715,420
Depreciation expense	738,898	738,322	739,203
Total expenses	13,008,602	11,930,301	11,454,623
Change in net position	1,881,489	1,266,476	880,670
Net Position:			
Beginning of year	5,189,152	3,922,676	3,042,006
End of year	$ 7,070,641	$ 5,189,152	$ 3,922,676

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Authority's net position changed during the fiscal year. In the case of the Authority, net position increased by $1,881,489 and $1,266,476, respectively, as of June 30, 2024 and 2023.

In 2024, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by $1,693,314 due primarily to an increase of about $650,000 for budgeted increases in expenses, an increase in revenues from vehicle outfitting parts in excess of $600,000, and an increase in investment earnings of over $375,000 from funds deposited with LAIF.

In 2023, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by $861,484 due primarily to the collection of the full assessment amounts as calculated using the Cost Allocation Policy and an increase in investment earnings from funds deposited with the Local Agency Investment Fund (LAIF).

Capital Asset Administration

Capital assets balances consisted of the following:

	June 30, 2024	June 30, 2023
Non-depreciable assets	$ 495,554	$ 495,554
Depreciable assets	15,826,457	15,716,640
Accumulated depreciation	(9,661,966)	(8,985,097)
Total capital assets, net	$ 6,660,045	$ 7,227,097

The capital asset activities of the Authority are summarized above and in Note 3 to the basic financial statements.

Conditions Affecting Current Financial Position

The operations of the Authority are funded by assessments from its members. Changes in the economy are unlikely to directly impact the Authority. Management is not aware of past, present or future conditions that would have a significant impact on the Authority's financial position and/or net position.

Requests for Information

This financial report is designed to provide the Authority's funding sources, customers, stakeholders and other interested parties with an overview of the Authority's financial operations and financial condition. Questions regarding the information included in this report, or requests for additional financial information should be addressed to South Bay Regional Public Communications Authority, 4440 West Broadway, Hawthorne, CA 90250.

BASIC FINANCIAL STATEMENTS

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South Bay Regional Public Communications Authority
Statements of Net Position
June 30, 2024 and 2023

	Business-Type Activities	
ASSETS	**2024**	**2023**
Current assets:		
Cash and investments	$ 9,160,937	$ 6,508,629
Accounts receivable	354,312	336,571
Accrued interest receivable	112,344	56,519
Prepaid items	30,590	7,302
Materials and supplies inventory	328,093	161,533
Total current assets	9,986,276	7,070,554
Noncurrent assets:		
Capital assets, not being depreciated	495,554	495,554
Capital assets, being depreciated, net	6,164,491	6,731,543
Total noncurrent assets	6,660,045	7,227,097
Total assets	16,646,321	14,297,651
DEFERRED OUTFLOWS OF RESOURCES		
Pensions related	4,216,683	4,575,421
Other postemployment benefits related	1,012,978	1,098,725
Total deferred outflows of resources	5,229,661	5,674,146
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	298,026	198,864
Accrued salaries and benefits	171,932	141,833
Compensated absences, due within one year	79,610	104,768
Total current liabilities	549,568	445,465
Noncurrent liabilities:		
Compensated absences, due within more than one year	238,828	314,305
Net pension liability	10,117,770	9,654,226
Net other postemployment benefits liability	1,582,009	2,245,600
Total noncurrent liabilities	11,938,607	12,214,131
Total liabilities	12,488,175	12,659,596
DEFERRED INFLOWS OF RESOURCES		
Pensions related	322,231	468,938
Other postemployment benefits related	1,994,935	1,654,111
Total deferred inflows of resources	2,317,166	2,123,049
NET POSITION		
Investment in capital assets	6,660,045	7,227,097
Unrestricted (deficit)	410,596	(2,037,945)
Total net position	$ 7,070,641	$ 5,189,152

See accompanying Notes to the Basic Financial Statements.

South Bay Regional Public Communications Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	Business-Type Activities	
	2024	**2023**
Operating revenues:		
Assessments revenues	$ 13,224,686	$ 12,000,654
Charges for services	1,040,427	995,521
Reimbursement revenue	60,111	56,412
Other revenue	34,923	15,536
Total operating revenues	14,360,147	13,068,123
Operating expenses:		
Administration	2,961,879	2,048,840
Operations	7,347,399	7,364,078
Technical services	1,859,656	1,738,357
Other projects	100,770	40,704
Depreciation expense	527,292	526,716
Depreciation expense - grant funded	211,606	211,606
Total operating expenses	13,008,602	11,930,301
Operating Income	1,351,545	1,137,822
Nonoperating revenues:		
Investment income	436,959	128,654
Intergovernmental revenue	118,870	-
Loss on disposal of assets	(25,885)	-
Total nonoperating revenues	529,944	128,654
Changes in net position	1,881,489	1,266,476
Net position:		
Beginning of year	5,189,152	3,922,676
End of year	$ 7,070,641	$ 5,189,152

See accompanying Notes to the Basic Financial Statements.

South Bay Regional Public Communications Authority
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	Business-Type Activities	
	2024	2023
Cash flows from operating activities:		
Cash receipts for dispatching services	$ 14,342,406	$ 13,148,422
Cash paid to vendors and suppliers for materials and services	(2,656,271)	(2,340,720)
Cash paid for salaries and wages	(9,336,100)	(9,686,423)
Net cash provided by operating activities	2,350,035	1,121,279
Cash flows from noncapital financing activities:		
Intergovernmental revenue	118,870	-
Net cash provided by non-capital financing activities	118,870	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(197,731)	(5,795)
Net cash used in capital and related financing activities	(197,731)	(5,795)
Cash flows from investing activities:		
Interest received	381,134	82,791
Net cash provided by investing activities	381,134	82,791
Net increase in cash and cash equivalents	2,652,308	1,198,275
Cash and cash equivalents:		
Beginning of year	6,508,629	5,310,354
End of year	$ 9,160,937	$ 6,508,629
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,351,545	$ 1,137,822
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	738,898	738,322
Operating assets, deferred outflows of resources, liabilities and deferred inflows of resources		
(Increase) decrease in accounts receivable	(17,741)	80,299
(Increase) decrease prepaid items	(23,288)	(213)
(Increase) decrease materials and supplies inventory	(166,560)	(10,250)
(Increase) decrease pensions related deferred outflows of resources	358,738	(2,272,260)
(Increase) decrease OPEB related deferred outflows of resources	85,747	30,771
Increase (decrease) accounts payable and accrued expenses	99,162	84,849
Increase (decrease) accrued salaries and benefits	30,099	(357,242)
Increase (decrease) compensated absences	(100,635)	(106,131)
Increase (decrease) net pension liability	463,544	5,514,141
Increase (decrease) net other postemployment benefits liability	(663,591)	(64,280)
Increase (decrease) pensions related deferred inflows of resources	(146,707)	(3,523,785)
Increase (decrease) OPEB related deferred inflows of resources	340,824	(130,764)
Total adjustments	998,490	(16,543)
Net cash provided by operating activities	$ 2,350,035	$ 1,121,279

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The South Bay Regional Public Communications Authority (the "Authority") was organized on October 14, 1975, under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide a forum for discussion, study, development, implementation, operations, and maintenance of a consolidated regional public safety services communications system. At the present time, the Authority serves the Cities of Gardena, Hawthorne, and Manhattan Beach in the aforementioned capacity. Additionally, the Authority serves the Cities of Culver City, Hermosa Beach and El Segundo in a non-member capacity.

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The Authority accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through member assessments and charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The financial statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Authority considers cash and cash equivalents as cash on hand, demands deposits and short-term investments with original maturity of three months or less from the date of acquisition.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income 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.

Accounts Receivable

Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been reported. Historical experience indicates that uncollectible accounts receivable is immaterial.

Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Materials and Supplies Inventory

Materials and supplies inventory consist primarily of equipment for police vehicles such as sirens, modems, light fixtures and wire harness. Inventory is valued at cost using a weighted average cost method. Inventory items are charged to expense at the time that individual items are inventoried at year-end.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. The Authority's policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets. The estimated useful life of buildings, automobiles, property, and equipment ranges from five to forty years.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent a consumption of net position that applies to future periods.

Deferred Inflows of Resources represent acquisition of net position that applies to future periods.

Compensated Absences

The Authority accounts for compensated absences (unpaid vacation, compensatory time and holiday leave) in accordance with U.S. GAAP. The Authority is required to accrue a liability, with a corresponding charge to current operations, for employees' right to receive compensation in future years when certain conditions are met. The Authority accrues unpaid vacation, compensatory time and holiday leave.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

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 pension of the Authority's pension plans 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 benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

For the year ended June 30, 2024

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

For the year ended June 30, 2023

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

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

Other Postemployment Benefits ("OPEB")

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

The following timeframes are used for OPEB reporting:

For the year ended June 30, 2024

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

For the year ended June 30, 20223

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

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits ("OPEB") (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is no restricted net position reported by the Authority at June 30, 2024 and 2023.

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

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Note 2 – Cash and Investments

Cash and Cash Equivalent at June 30, 2024 and 2023 consisted of the following:

Description	June 30, 2024	June 30, 2023
Cash on hand	$ 500	$ 500
Demand deposits with financial institutions	551,886	570,713
Investments	8,608,551	5,937,416
Total cash and investments	$ 9,160,937	$ 6,508,629

Demand Deposits

At June 30, 2024 and 2023, the carrying amount of the Authority's demand deposits was $551,886 and $570,713, respectively, and the financial institution balance was $535,481 and $735,068, respectively. The differences of $16,405 and $164,355 at June 30, 2024 and 20223 respectively, represent outstanding checks, deposits-in-transit and/or other reconciling items.

Note 2 – Cash and Investments (Continued)

Demand Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Authorized Investments and Investment Policy

The Authority has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

U.S. Treasuries	No limit
U.S. Federal Agencies	33-1/3% maximum for each agency; 60% maximum overall
Non-Negotiable certificates of deposit	20% maximum
Negotiable certificates of deposit	20% maximum
LAIF	No limit
Los Angeles County Treasury Pool	50% maximum

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy requires that collateral be held by an independent third party with whom the Authority has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the Authority's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2024, and 2023 none of the Authority's deposits and investments was exposed to custodial credit risk.

Note 2 – Cash and Cash Equivalent (Continued)

Investments

The Authority's investments as of June 30, 2024 and 2023 were as follows:

Investments	Credit Rating	Maturity - 12 Months or Less June 30, 2024	 June 30, 2023
California Local Agency Investment Fund (LAIF)	Not Rated	$ 8,608,551	$ 5,937,416

Investment in California – Local Agency Investment Fund (LAIF)

The Authority is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/.

The Authority had $8,608,551 and $5,937,416 invested in LAIF. The investment in LAIF is reported at amortized cost, which approximates fair value.

Note 3 – Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Nondepreciable assets:				
Land and easements	$ 495,554	$ -	$ -	$ 495,554
Total nondepreciable assets	495,554	-	-	495,554
Depreciable assets:				
Buildings and improvements	6,389,356	38,627	-	6,427,983
Vehicles and equipment	9,327,284	159,104	(87,914)	9,398,474
Total depreciable assets	15,716,640	197,731	(87,914)	15,826,457
Accumulated depreciation:				
Buildings and improvements	(3,471,540)	(179,893)	-	(3,651,433)
Vehicles and equipment	(5,513,557)	(559,005)	62,029	(6,010,533)
Total accumulated depreciation	(8,985,097)	(738,898)	62,029	(9,661,966)
Total depreciable assets, net	6,731,543	(541,167)	(25,885)	6,164,491
Total capital assets, net	$ 7,227,097	$ (541,167)	$ (25,885)	$ 6,660,045

Note 3 – Capital Assets (Continued)

Depreciation Expense for the year ended June 30, 2024 was charged as follows:

Authority depreciable assets	$	527,292
UASI Grant and other equipments		211,606
	$	738,898

A summary of changes in the capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Nondepreciable assets:				
Land and easements	$ 495,554	$ -	$ -	$ 495,554
Total nondepreciable assets	495,554	-	-	495,554
Depreciable assets:				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	9,322,606	5,795	(1,117)	9,327,284
Total depreciable assets	15,711,962	5,795	(1,117)	15,716,640
Accumulated depreciation:				
Buildings and improvements	(3,292,442)	(179,098)	-	(3,471,540)
Vehicles and equipment	(4,955,450)	(559,224)	1,117	(5,513,557)
Total accumulated depreciation	(8,247,892)	(738,322)	1,117	(8,985,097)
Total depreciable assets, net	7,464,070	(732,527)	-	6,731,543
Total capital assets, net	$ 7,959,624	$ (732,527)	$ -	$ 7,227,097

Depreciation Expense for the year ended June 30, 2023 was charged as follows:

Authority depreciable assets	$	526,716
UASI Grant and other equipments		211,606
	$	738,322

Note 4 – Compensated Absences

A summary of changes in compensated absences for the years ended June 30, 2024 and 2023 is as follows:

Year Ended	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
June 30, 2024	$ 419,073	$ 560,751	$ (661,386)	$ 318,438	$ 79,610	$ 238,828
June 30, 2023	$ 525,204	$ 584,351	$ (690,482)	$ 419,073	$ 104,768	$ 314,305

Note 5 – Deferred Compensation Savings Plan

For the benefit of its employees, the Authority participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Authority is in compliance with this legislation. Therefore, these assets are not the legal property of the Authority, and are not subject to claims of the Authority's general creditors and are not included in the accompanying financial statements. Market value of all plan assets held in trust by Mission Square Retirement (formerly ICMA-RC Services, LLC) at June 30, 2024 and 2023 were $7,460,963 and $6,668,198, respectively.

Note 6 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The Authority contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 and 2021 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2022 and 2021, valuation dates, the following members were covered by the benefit terms:

	2022			2021		
Plan Members	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**
Active members	29	7	20	32	6	29
Transferred and terminated members	76	10	35	77	11	25
Retired members and beneficiaries	81	3	-	78	2	-
Total plan members	186	20	55	187	19	54

Note 6 – Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least five (5) years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five (5) years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for classic miscellaneous employees are calculated as 2% of the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final three (3) year compensation.

Participant is eligible for non-industrial disability retirement if they become disabled and has at least five (5) years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the Authority to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 6% per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members.

For the measurement period ended June 30, 2023, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRA Miscellaneous Plan are 7.00%, 7.00% and 6.75% of annual pay, respectively, and the employer contribution rates are 10.87%, 8.63% and 7.47% of annual payroll, respectively.

Note 6 – Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

For the measurement period ended June 30, 2022, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRA Miscellaneous Plan are 7.00%, 7.00% and 6.75% of annual pay, respectively, and the employer contribution rates are 10.88%, 8.65% and 7.59% of annual payroll, respectively.

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

The June 30, 2022 and 2021 valuations were rolled forward to determine the June 30, 2023 and 2022 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1]The mortality table used in 2023 measurement period was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Acutarial Assumptions.* Mortality rates incorporate full generaltional mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website. The mortality table used in 2022 measurement period was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Change of Assumption

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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, combined with risk estimates, and 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. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In 2023 measurement period, there were no changes of assumptions.

Note 6 – Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

2023

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10[1, 2]
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%
	100.00%	

[1]An Expected inflation of 2.30% used for this period

[2]Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the 2023 and 2022 total pension liabilities was 6.90%. 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.

Note 6 – Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90% for the June 30, 2023 and 2022 Measurement Date, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate as follows:

	Plan's Net Pension Liability/(Asset)		
Measurement Date	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
June 30, 2023	$ 15,892,421	$ 10,117,770	$ 5,364,736
	Discount Rate - 1% 5.90%	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
June 30, 2022	$ 15,311,889	$ 9,654,226	$ 4,999,374

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	**Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance as of June 30, 2022 (Valuation Date)	$ 41,503,408	$ 31,849,182	$ 9,654,226
Balance as of June 30, 2023 (Measurement Date)	42,697,467	32,579,697	10,117,770
Net Changes during 2022-2023	$ 1,194,059	$ 730,515	$ 463,544
Balance as of June 30, 2021 (Valuation Date)	$ 38,002,605	$ 33,862,520	$ 4,140,085
Balance as of June 30, 2022 (Measurement Date)	41,503,408	31,849,182	9,654,226
Net Changes during 2021-2022	$ 3,500,803	$ (2,013,338)	$ 5,514,141

Note 6 – Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2023 and 2022.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2022 and 2021). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2023 and 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2023 and 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2022-2023 and 2021-2022).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the Authority's share of risk pool actuarial accrued liability at the beginning of measurement period.

The Authority's proportionate share of the net pension liability was as follows:

2024		2023	
Measurement Date		**Measurement Date**	
June 30, 2022	0.083580%	June 30, 2021	0.076550%
June 30, 2023	0.081100%	June 30, 2022	0.083580%
Change - Increase (Decrease)	-0.002480%	Change - Increase (Decrease)	0.007030%

Note 6 – Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense in the amount of $2,020,583 and $1,144,135, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the measurement date ended June 30, 2023 and 2022 are 3.8 and 3.7 years, respectively, which was obtained by dividing the total service years of 600,538 and 574,665 (the sum of remaining service lifetimes of the active employees) by 160,073 and 153,587 (the total number of participants: active, inactive, and retired), respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Contributions made after the measurement date	$ 1,345,008	$ -	$ 1,426,039	$ -
Adjustment due to differences in proportions	53,000	(90,847)	197,832	-
Differences between expected and actual experience	516,871	(80,179)	193,875	(129,850)
Differences between projected and actual earnings on pension plan investments	1,638,158	-	1,768,398	-
Difference between actual and proportionate share of employer contributions	52,791	(151,205)	-	(339,088)
Changes in assumptions	610,855	-	989,277	-
Total Deferred Outflows/(Inflows) of Resources	$ 4,216,683	$ (322,231)	$ 4,575,421	$ (468,938)

Deferred outflows of resources related to pensions resulting from Authority's contributions subsequent to the measurement date in the amount of $1,345,008 and $1,426,039 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2025 and 2024, respectively.

Note 6 – Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Year Ending June 30,	Deferred Outflows / (Inflows) of Resources 2024	Year Ending June 30,	Deferred Outflows / (Inflows) of Resources 2023
2025	$ 769,455	2024	$ 692,860
2026	506,930	2025	587,004
2027	1,226,053	2026	318,969
2028	47,006	2027	1,081,611
2029	-	2028	-
Thereafter	-	Thereafter	-
Total	$ 2,549,444	**Total**	$ 2,680,444

Note 7 – Other Postemployment Benefits ("OPEB")

General Information about the OPEB Plan

Plan Description

The Authority provides certain health insurance benefits, in accordance with a memorandum of understanding with its retired employees. Employees, who retire directly from the Authority under CalPERS at age 50 (52 for miscellaneous PEPRA) and have 5 years continuous service with the Authority, become eligible for benefits if they reach normal retirement age while working for the Authority. The benefits for various bargaining groups are as follows:

Teamsters (Communications Operators):

10 years of service – will get $200/mo. from retirement date till age 65
15 years of service – will get $300/mo. from retirement date till age 65
20 years of service – will get $500/mo. from retirement date till age 65

Those who retired prior to July 1, 2008, shall continue to receive $582 per month, until age 65 as long as the Authority remains in the Public Employees' Medical & Hospital Care Act (PEMHCA); if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, $157 and $151 per month for 2024 and 2023 calendar year, respectively.

Those who retired between July 1, 2008 and June 30, 2021, shall continue to receive $750 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA.

Communications Operators hired after July 1, 2014 are eligible to receive the benefit after 15 years of service.

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

General Information about the OPEB Plan (Continued)

Plan Description (Continued)

Teamsters (Communications Technicians) (Continued):

10 years of service – will get $200/mo. from retirement date till age 65
15 years of service – will get $300/mo. from retirement date till age 65
20 years of service – will get $500/mo. from retirement date till age 65

Those who retire prior to July 1, 2021, shall continue to receive $960 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, $157 and $151 per month for 2024 and 2023 calendar year, respectively.

Communications Operators hired after July 1, 2014 are eligible to receive the benefit after 15 years of service.

CWA (Communications Supervisors):

15 years of service – will get $300/mo. from retirement date till age 65
20 years of service – will get $500/mo. from retirement date till age 65

Those who retire from the Authority before July 1, 2014 receive $750 per month, until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, $157 and $151 per month for 2024 and 2023 calendar year, respectively.

On January 1, 2022, additional Authority contributions to tier 2 CWA group with 15+ years of service were increased by $50 monthly and is reflected in the amounts above.

Management & Confidential

Management and confidential employees receive a benefit of $40 times the number of years of service as a monthly benefit from their retirement date until the age of 65 (with minimum 10 years of service with the Authority). Those who retire before July 1, 2019 with a minimum 10 years of service shall receive $960 per month until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, $157 and $151 per month for 2024 and 2023 calendar year, respectively.

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

All Bargaining Groups

The Authority currently contracts with CalPERS for employee group insurance health benefits. If the Authority should terminate its contract with CalPERS, all employees hired prior to April 1, 1986, who are ineligible to participate in Medicare and retire from a classification covered by the memorandum of understanding of each bargaining unit, are receiving retirement benefits from CalPERS and have a minimum of twenty (20) years of full-time employment, shall be entitled to enroll in an Authority-selected health benefit plan. The benefits provided in the health plan selected by the Authority shall equal or exceed the benefits the employee would have received had he/she been eligible to participate in Medicare. The Authority agrees to pay the cost of coverage for the plan in which the employee is enrolled. If the employee resides outside the State of California at the time of eligibility, the Authority agrees to pay the employee the cash equivalent of the cost of coverage for the plan in which the employee would have been enrolled had he/she lived in California. This benefit commences upon the employee reaching the age of 65, at which time he/she would have otherwise been eligible to participate in Medicare. The benefit shall cease if and when the employee becomes eligible to participate in Medicare or an equivalent Government health benefit program.

General Information about the OPEB Plan

Employees Covered by the Benefit Term

The following employees were covered by the benefit terms at June 30, 2023 measurement date:

	2023
Active employees	57
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to, but not yet receiving benefits	8
Total	84

Contributions

The contribution requirements of plan members and the Authority is established and may be amended by the Authority's Management or the Board of Directors. For the years ended June 30, 2024 and 2023, the average contribution rate was not applicable. Employees are not required to contribute to the plan.

Net OPEB Liability

The Authority's 2024 and 2023 net OPEB liabilities were measured as of June 30, 2023 and 2022, respectively, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2023 and 2021, respectively.

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions

Total OPEB liability in the June 30, 2023 and 2022 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	
Actuarial Valuation Date	June 30, 2023 for 2023 MD and June 30, 2021 for 2022 MD
Contribution Policy	Full actuarial determined contribution
Discount Rate	5.75% at June 30, 2023 (pre-funded withCalPERS diversified trustStrategy 2) 5.75% at June 30, 2022 (pre-funded withCalPERS diversified trustStrategy 2) 5.50% at June 30, 2021 (pre-funded withCalPERS diversified trustStrategy 2)
Expected Long-term Rate of Return on investment	Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.50% per annum
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study for June 30, 2023 VD CalPERS 1997-2015 Experience Study for June 30, 2021 VD
Mortality Improvement	Mortality projected fully generation with Scale MP2021
Salary Increases	Aggregate 2.75% annually Merit - CalPERS 2000-2019 Experience Study for June 30, 2023 VD Merit - CalPERS 1997-2015 Experience Study for June 30, 2021 VD
Medical Trend	Jne 30, 2023 VD Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 June 30, 2023 VD Medicare - 7.505% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years June 30, 2021 VD Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years June 30, 2021 VD Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
PEHHCA Minimum Increase	3.50% annually for June 30, 2023 VD 4.02% annually for June 30, 2021 VD
Participation at Retirement	Actives: Based on the supplemental benefit amount

Suppl Benefit	Participation	Suppl Benefit	Participation
$0-$99	50.0%	$300-$499	85.0%
$100-$199	75.0%	$500+	90.0%
$200-$299	80.0%		

	Retirees: Based on current coverage
Spouse Coverage	Actives: current election if covered, 20% if waived Retirees: current election

Discount Rate

The discount rate of 5.75% was used during measurement periods June 30, 2023 and 2022, respectively. The Authority assumed long-term inflation assumption of 2.50% to set the expected long-term net rate of return. The long-term expected real return are presented as geometric means.

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

Change in Total OPEB Liability

	2024		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	$ 2,635,154	$ 389,554	$ 2,245,600
Changes Recognized for the Measurement Period:			
Service Cost	95,635	-	95,635
Interest on the total OPEB liability	154,085	-	154,085
Change of benefit terms	-	-	-
Difference between expected and actual experience	(480,425)	-	(480,425)
Changes in assumptions	(123,015)	-	(123,015)
Contribution from the employer	-	295,224	(295,224)
Net investment income	-	15,219	(15,219)
Administrative expenses	(102,096)	102,096	-
Benefit payments	-	(572)	572
Net changes during measurement 2022-23	(455,816)	411,967	(663,591)
Balance at June 30, 2023 (measurement date)	$ 2,179,338	$ 801,521	$ 1,582,009

	2023		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 2,560,062	$ 250,182	$ 2,309,880
Changes Recognized for the Measurement Period:			
Service Cost	99,215	-	99,215
Interest on the total OPEB liability	143,513	-	143,513
Change of benefit terms	7,172	-	7,172
Difference between expected and actual experience	-	-	-
Changes in assumptions	(74,924)	-	(74,924)
Contribution from the employer	-	292,863	(292,863)
Net investment income	-	(53,224)	53,224
Administrative expenses	-	(383)	383
Benefit payments	(99,884)	(99,884)	-
Net changes during measurement 2021-22	75,092	139,372	(64,280)
Balance at June 30, 2022 (measurement date)	$ 2,635,154	$ 389,554	$ 2,245,600

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

Change in Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement periods ended June 30, 2023 and June 30, 2022:

	Plan's Total OPEB Liability		
Measurement Date	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
June 30, 2023	$ 1,819,644	$ 1,582,009	$ 1,379,220
Measurement Date	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
June 30, 2022	$ 2,565,928	$ 2,245,600	$ 1,975,471

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement periods ended June 30, 2023 and June 30, 2022:

	Plan's Total OPEB Liability		
Measurement Date	Healthcare Cost Trend Rate -1%	Current Healthcare Cost Tread Rate	Healthcare Cost Trend Rate +1%
June 30, 2023	$ 1,381,118	$ 1,582,009	$ 1,829,245
June 30, 2022	$ 1,951,471	$ 2,245,600	$ 2,611,788

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

For the years ended June 30, 2024 and June 30, 2023, the Authority recognize OPEB expense in the amounts of $67,470 and $130,951, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	$ 304,490	$ -	$ 295,224	$ -
Changes in assumptions	414,163	(1,393,701)	474,147	(1,460,291)
Differences between expected and actual experience	241,769	(601,234)	271,990	(193,820)
Net Difference between projected and actual earnings on plan investments	52,556	-	57,364	-
Total	$ 1,012,978	$ (1,994,935)	$ 1,098,725	$ (1,654,111)

The Expected Average remaining service Lifetime ("EARSL") is calculated by dividing the total future service years by total number of covered participants in the plan. The EARSL for the plan at the beginning of measurement period June 30, 2023 and 2022 is 10.2 and 10.9 years, which were obtained by dividing the total services years of 775 and 918 by 76 and 84 covered participants, respectively.

Note 7 – Other Postemployment Benefits ("OPEB") (Continued)

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

Deferred outflows of resources related to OPEB resulting from Authority's contributions subsequent to the measurement date in the amounts of $304,490 and $295,224 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2025 and 2024, respectively.

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2024	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2023
2025	$ (155,663)	2024	$ (101,123)
2026	(155,664)	2025	(101,123)
2027	(155,738)	2026	(101,124)
2028	(167,205)	2027	(101,198)
2029	(143,191)	2028	(112,665)
Thereafter	(508,986)	Thereafter	(333,377)
Total	$ (1,286,447)	Total	$ (850,610)

Note 8 – Conduit Debt

The Authority issued three series of bonds to finance the costs of acquisition, construction, installation, and equipping of the main facility with emergency communications equipment (the "Project") in January 2001 on behalf of the Cities of Gardena, Hawthorne, and Manhattan Beach. The 2001 Revenue Bonds Series A in the amount of $3,060,000 (Gardena), the 2001 Variable Rate Demand Revenue Bonds Series B in the amount of $4,300,000 (Hawthorne), and the 2001 Variable Rate Demand Revenue Bonds Series C in the amount of $2,180,000 (Manhattan Beach), are payable from the revenues derived primarily from project financing and operating revenues by the Cities of Gardena, Hawthorne, and Manhattan Beach, respectively.

In 2007, the Authority issued the 2007 Refunding Revenue Bonds, Series A in the amount of $2,800,000 to fully refund the 2001 Revenue Bond Series A on behalf of the City of Gardena. The outstanding balances of the 2007 Refunding Revenue Bonds Series A were $1,070,000 and $1,195,000 as of June 30, 2024 and 2023, respectively. The 2001 Revenue Bonds, Series B, were fully refunded by the City of Hawthorne's private placement in 2016. The 2001 Revenue Bonds, Series C, were paid off by the City of Manhattan Beach.

The bonds were not reflected as the Authority's long-term debt because the debt is solely payable from and secured by specific revenue sources described in the official statement. Neither the faith and credit of the Authority, nor the taxing power of the State of California or any political subdivision thereof, is pledged for payment of these bonds. Accordingly, since this debt does not constitute an obligation of the Authority, it is not included in the accompanying basic financial statements.

Note 9 – Commitments and Contingencies

Litigation

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. In the opinion of the Authority's management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

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REQUIRED SUPPLEMENTARY INFORMATION

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Authority's proportion of the net pension liability	0.059500%	0.059500%	0.064949%	0.067677%	0.068180%
Authority's proportionate share of the net pension liability	$ 4,084,007	$ 4,084,007	$ 5,620,134	$ 6,711,657	$ 6,570,432
Authority's covered payroll	$ 4,485,167	$ 4,665,871	$ 4,773,439	$ 5,184,067	$ 5,270,919
Authority's proportionate share of the net pension liability as a percentage of covered payroll	91.06%	87.53%	117.74%	129.47%	124.65%
Plan's fiduciary net position as a percentage of the plan's total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement date	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Authority's proportion of the net pension liability	0.071590%	0.074680%	0.076550%	0.083580%	0.081100%
Authority's proportionate share of the net pension liability	$ 7,335,396	$ 8,125,094	$ 4,140,085	$ 9,654,226	$ 10,117,770
Authority's covered payroll	$ 5,408,034	$ 5,838,063	$ 6,005,530	$ 5,834,801	$ 5,250,822
Authority's proportionate share of the net pension liability as a percentage of covered payroll	135.64%	139.17%	68.94%	165.46%	192.69%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.10%	88.29%	76.68%	76.21%

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	2014-15	2015-16	2016-17	2017-18	2018-19
Actuarially determined contribution	$ 507,694	$ 553,317	$ 634,790	$ 692,687	$ 807,058
Contribution in relation to the actuarially determined contribution	(507,694)	(553,317)	(634,790)	(692,687)	(807,095)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (37)
Authority's covered payroll	$ 4,665,871	$ 4,773,439	$ 5,184,067	$ 5,270,919	$ 5,408,034
Contributions as a percentage of covered payroll	10.88%	11.59%	12.25%	13.14%	14.92%

Notes to the Schedule:

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2023, there were no changes. In 2022, the discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Acutarial Assumptions. In 2019 to 2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	2019-20	2020-21	2021-22	2022-2023	2023-2024
Actuarially determined contribution	$ 957,115	$ 1,078,691	$ 1,145,330	$ 1,164,476	$ 1,142,452
Contribution in relation to the actuarially determined contribution	(957,115)	(1,078,691)	(1,427,194)	(1,426,039)	(1,345,008)
Contribution deficiency (excess)	$ -	$ -	$ (281,864)	$ (261,563)	$ (202,556)
Authority's covered payroll	$ 5,838,063	$ 6,005,530	$ 5,834,801	$ 5,250,822	$ 5,246,280
Contributions as a percentage of covered payroll	16.39%	17.96%	24.46%	27.16%	25.64%

Notes to the Schedule:

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2023, there were no changes. In 2022, the discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Acutarial Assumptions. In 2019 to 2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

Measurement Period	2016-2017[1]	2017-2018	2018-2019	2019-2020	2020-2021
Total OPEB Liability					
Service Cost	$ 163,778	$ 143,129	$ 138,260	$ 156,598	$ 218,323
Interest on the total OPEB liability	88,136	103,266	111,541	100,283	80,605
Changes in benefit terms	-	-	5,100	-	-
Difference between expected and actual experience	-	-	(304,572)	-	332,432
Changes in assumptions	(307,074)	(113,847)	117,179	547,573	(1,457,595)
Contribution from the employer	-	-	-	-	-
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
Net changes in total OPEB liability	(181,996)	(4,868)	(55,151)	721,565	(911,585)
Total OPEB liability, beginning	2,992,097	2,810,101	2,805,233	2,750,082	3,471,647
Total OPEB liability, ending (a)	$ 2,810,101	$ 2,805,233	$ 2,750,082	$ 3,471,647	$ 2,560,062
Plan fiduciary net position:					
Employer contribution	$ 126,836	$ 137,416	$ 122,659	$ 83,145	$ 335,588
Employee contributions	-	-	-	-	-
Net investment income	-	-	-	-	186
Administrative expenses	-	-	(232)	(256)	(242)
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
Other	-	-	-	-	-
Net changes in fiduciary net position	-	-	(232)	-	250,182
Plan fiduciary net position, beginning	-	-	-	-	-
Plan fiduciary net position, ending (b)	$ -	$ -	$ -	$ -	$ 250,182
Plan net OPEB liability - ending (a) - (b)	$ 2,810,101	$ 2,805,233	$ 2,750,082	$ 3,471,647	$ 2,309,880
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	9.77%
Covered employee payroll	$ 5,996,321	$ 7,010,558	$ 6,722,179	$ 7,264,866	$ 6,322,182
Plan Net OPEB liability as a percentage of covered employee payroll	46.86%	40.01%	40.91%	47.79%	36.54%

[1]Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Continued)
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

Measurement Period	2021-2022	2022-2023
Total OPEB Liability		
Service Cost	$ 99,215	$ 95,635
Interest on the total OPEB liability	143,513	154,085
Changes in benefit terms	7,172	-
Difference between expected and actual experience	-	(480,425)
Changes in assumptions	(74,924)	(123,015)
Contribution from the employer	-	(102,096)
Benefit payments	(99,884)	-
Net changes in total OPEB liability	75,092	(455,816)
Total OPEB liability, beginning	2,560,062	2,635,154
Total OPEB liability, ending (a)	$ 2,635,154	$ 2,179,338
Plan fiduciary net position:		
Employer contribution	$ 292,863	$ 295,224
Employee contributions	-	-
Net investment income	(53,224)	15,219
Administrative expenses	(383)	(572)
Benefit payments	(99,884)	(102,096)
Other	-	-
Net changes in fiduciary net position	139,372	207,775
Plan fiduciary net position, beginning	250,182	389,554
Plan fiduciary net position, ending (b)	$ 389,554	$ 597,329
Plan net OPEB liability - ending (a) - (b)	$ 2,245,600	$ 1,582,009
Plan's fiduciary net position as a percentage of the total OPEB liability	14.80%	27.40%
Covered employee payroll	$ 6,425,816	$ 6,542,989
Plan Net OPEB liability as a percentage of covered employee payroll	34.90%	24.20%

[1]Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions – Other Postemployment Benefits
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year	2016-17[1]	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	$ 126,836	$ 140,536	$ 122,891	$ 83,145	$ 85,588
Contribution in relation to the actuarially determined contribution	(126,836)	(140,536)	(122,891)	(83,145)	(335,588)
Contribution deficiency / (excess)	$ -	$ -	$ -	$ -	$ (250,000)
Authority's covered employee payroll	$ 5,996,321	$ 7,010,558	$ 6,722,179	$ 7,264,866	$ 7,482,812
Contributions as a percentage of covered employee payroll	2.12%	2.00%	1.83%	1.14%	1.14%

Notes to Schedule:

Valuation date:	June 30, 2023
Methods and assumptions used to determine contribution rates:	Entry Age Normal
Actuarial Cost Method:	Level dollar
Amortization Method:	20-year fixed period for 2021/22
Amortization Period:	Market value of assets
Asset Valuation Method:	2.50% per year
Inflation:	5.50% at June 30, 2021 (pre-funded with CalPERS diversified trust Strategy 2)
Investment return/discount rate:	2.21% at June 30, 2020 (Bond Buyer 20-year index)
	Non Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Medical Trend:	Non Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality:	CalPERS 1997-2015 Experience Study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2020

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions – Other Postemployment Benefits (Continued)
For the Years Ended June 30, 2024 and 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year	2021-22	2022-23	2023-2024
Actuarially determined contribution	$ 298,470	$ 300,428	$ 302,653
Contribution in relation to the actuarially determined contribution	(292,863)	(295,224)	(304,490)
Contribution deficiency / (excess)	$ 5,607	$ 5,204	$ (1,837)
Authority's covered employee payroll	$ 6,425,816	$ 6,542,989	$ 6,594,017
Contributions as a percentage of covered employee payroll	4.64%	4.59%	4.59%

Notes to Schedule:

Valuation date:	June 30, 2023
Methods and assumptions used to determine contribution rates:	Entry Age Normal
Actuarial Cost Method:	Level dollar
Amortization Method:	20-year fixed period for 2021/22
Amortization Period:	Market value of assets
Asset Valuation Method:	2.50% per year
Inflation:	5.50% at June 30, 2021 (pre-funded with CalPERS diversified trust Strategy 2)
Investment return/discount rate:	2.21% at June 30, 2020 (Bond Buyer 20-year index)
	Non Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Medical Trend:	Non Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality:	CalPERS 1997-2015 Experience Study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2020

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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*

Independent Auditors' Report

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, 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 ("*Government Auditing Standards*"), the financial statements of the business-type activities of the South Bay Regional Public Communications Authority, California (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion 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 the 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 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.

The Pun Group, LLP

Santa Ana, California
November 6, 2024