



EAST BAY MUNICIPAL UTILITY DISTRICT

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

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on YOU



EAST BAY MUNICIPAL UTILITY DISTRICT

Basic Financial Statements

For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the East Bay Municipal Utility District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.



To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards and State Controller's Minimum Audit Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts, 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors
East Bay Municipal Utility District
Oakland, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

We have previously audited the financial statements of the District for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Solt & Lughard, LLP".

Sacramento, California
October 29, 2024

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EAST BAY MUNICIPAL UTILITIES DISTRICT

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

This section presents management's analysis of the East Bay Municipal Utility District's (the District) financial condition and activities as of and for the year ended June 30, 2024. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The District, as the primary governmental entity, includes within the financial statements, the financial position, and activities of the District's Employees' Retirement System (Employees' Retirement System) as a component unit. The Employees' Retirement System issues its own financial statements and MD&A under a separate cover. Significant matters pertaining to the Employees' Retirement System have been included in the notes to the financial statements as deemed appropriate.

The information in this MD&A is presented under the following headings:

- Organization and Business
- Overview of the Basic Financial Statements
- Financial Analysis
- Capital Assets
- Debt Administration
- Request for Information

ORGANIZATION AND BUSINESS

The District provides water and wastewater services to industrial, commercial, residential, and public authority users. The Water System collects, transmits, treats, and distributes high quality water to approximately 60% (332 square miles) of the developed area within Alameda and Contra Costa counties of California and serves a population of about 1.4 million. The Wastewater System intercepts and treats wastewater from residences and industries within an 88-square-mile service area including the communities of Alameda, Albany, Berkeley, El Cerrito, Emeryville, Kensington, Oakland, Piedmont, and parts of Richmond serving a population of about 740,000. The District recovers costs of service primarily through user fees.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's basic financial statements are comprised of two components: (1) Fund Financial Statements and (2) Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Proprietary Funds. The District's proprietary funds consist of two enterprise funds, the Water System, and the Wastewater System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The District's proprietary fund statements include:

The *Statement of Net Position* presents information on the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two 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 District is improving or deteriorating.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the *Statement of Revenues, Expenses, and Changes in Net Position* presents the results of the District's operations over the course of the fiscal year and information as to how the net position changed during the year. This statement can be used as an indicator of the extent to which the District has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The *Statement of Cash Flows* presents changes in cash and cash equivalents resulting from operational, capital, noncapital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation or amortization of assets.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District's fiduciary fund consists of the Pension and Other Employee Benefit Trust fund and the Custodial fund. The Pension and Other Employee Benefit Trust is maintained to account for assets held by the Employees' Retirement in a trustee capacity for vested and retired employees. The Custodial fund is used to account for monies held for Dublin San Ramon Services District (DSRSD)/EBMUD Recycled Water Authority (DERWA) and Freeport Regional Water Authority (FRWA), joint power authorities the District provides accounting and investing services for; and monies held in external investment pools. The accounting used for fiduciary funds is much like that used for the proprietary funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 29 to 95 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *certain required supplementary information* concerning the District's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees. Such required supplementary information can be found on pages 98 to 104 of this report.

FINANCIAL ANALYSIS

Financial Highlights

In fiscal year 2024, EBMUD continued to effectively manage its finances and strengthen its financial position by adopting sufficient water and wastewater rates to fund capital infrastructure improvements and to maintain strong financial performance. The following results of operations indicate a continuing strong and stable fiscal position.

The total assets and deferred outflows of the District exceeded the total liabilities and deferred inflows by \$3.1 billion (*net position*).

Net position increased by \$243 million or 8% during the fiscal year.

Capital assets increased by \$412 million or 7% to \$6.4 billion.

Operating revenue increased by \$45 million or 6% to \$826 million.

Operating expense increased by \$51 million or 9% to \$650 million.

Non-operating net expense decreased by \$24 million or 73% to (\$9) million.

Capital contributions increased by \$3 million or 4% from the prior fiscal year.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Financial Position

In the current year, the District's total net position increased by \$243 million or 8% during the fiscal year. The Water System's net position increased by \$215 million or 9% and the Wastewater System's net position increased by \$28 million or 6%. Current and other assets increased by \$50 million or 6%. Capital assets increased by \$412 million or 7%. By far the largest portion of the District's net position, 97% or \$3.0 billion, represents its investment in capital assets necessary to provide services.

In the previous fiscal year, the District's total net position increased by \$224 million or 8% during the fiscal year. The Water System's net position increased by \$209 million or 10% and the Wastewater System's net position increased by \$14 million or 3%. Current and other assets decreased by \$240 million or 21%. Capital assets increased by \$333 million or 6%. By far the largest portion of the District's net position, 97% or \$2.8 billion, represents its investment in capital assets necessary to provide services.

Table 1 shows the District's net position for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 1
Net Position
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	2024	2023	Variance	%
Current and other assets	\$ 959,236	\$ 908,800	\$ 50,436	6%
Capital assets	6,412,371	6,000,787	411,584	7%
Total assets	7,371,607	6,909,587	462,020	7%
Deferred outflow of resources	357,308	453,008	(95,700)	(21)%
Total assets and deferred outflow	7,728,915	7,362,595	366,320	5%
Current and other liabilities	1,311,561	1,323,074	(11,513)	(1)%
Long-term liabilities	3,197,914	3,061,677	136,237	4%
Total liabilities	4,509,475	4,384,751	124,724	3%
Deferred inflow of resources	92,708	94,247	(1,539)	(2)%
Total liabilities and deferred inflow	4,602,183	4,478,998	123,185	3%
Net position:				
Net investment in capital assets	3,037,334	2,788,185	249,149	9%
Restricted	212,435	217,654	(5,219)	(2)%
Unrestricted	(123,037)	(122,242)	(795)	1%
Total net position	\$ 3,126,732	\$ 2,883,597	\$ 243,135	8%

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Table 1
Net Position
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>%</u>
Current and other assets	\$ 908,800	\$ 1,149,132	\$ (240,332)	(21)%
Capital assets	<u>6,000,787</u>	<u>5,667,832</u>	<u>332,955</u>	6%
Total assets	<u>6,909,587</u>	<u>6,816,964</u>	<u>92,623</u>	1%
Deferred outflow of resources	453,008	231,655	221,353	96%
Total assets and deferred outflow	<u>7,362,595</u>	<u>7,048,619</u>	<u>313,976</u>	4%
Current and other liabilities	1,323,074	841,935	481,139	57%
Long-term liabilities	<u>3,061,677</u>	<u>3,223,739</u>	<u>(162,062)</u>	(5)%
Total liabilities	<u>4,384,751</u>	<u>4,065,674</u>	<u>319,077</u>	8%
Deferred inflow of resources	94,247	322,851	(228,604)	(71)%
Total liabilities and deferred inflow	<u>4,478,998</u>	<u>4,388,525</u>	<u>90,473</u>	2%
Net position:				
Net investment in capital assets	2,788,185	2,365,515	422,670	18%
Restricted	217,654	219,473	(1,819)	(1)%
Unrestricted	<u>(122,242)</u>	<u>75,106</u>	<u>(197,348)</u>	(263)%
Total net position	<u>\$ 2,883,597</u>	<u>\$ 2,660,094</u>	<u>\$ 223,503</u>	8%

Results of Operations

In the current fiscal year, the District's total operating revenue of \$826 million for the year increased by \$45 million and total operating expense of \$650 million for the year increased by \$51 million. The change in net position (including capital contributions) increased from \$222 million in the previous fiscal year to \$243 million in the current fiscal year. With restatement and prior period adjustments required by GASB Statement No. 100, the District's total net position increased from \$2,884 million to \$3,127 million during the current fiscal year.

The major components of the District's results of operations in the current fiscal year were:

- Water revenue increased by \$43 million or 7% primarily due to an 8.5% water rate increase at the beginning of fiscal year 2024.
- Wastewater revenue increased by \$5 million or 5% due to an 8.5% rate increase at the beginning of fiscal year 2024 offset by a reduction in revenue from the resource recovery program.
- Power revenue decreased by \$6 million or 26% due to lower hydropower prices and sales in the current fiscal year but are still exceeding budget by nearly double.
- Wet weather facilities charges increased by \$3 million or 8% to do an 8.5% rate increase at the beginning of fiscal year 2024.
- Total operating expense increased by \$51 million, primarily reflecting increases of \$20 million in pension expense due to a lower return on the market value of pension plan assets versus the assumption rate used in the actuarial valuation. Other major increases in operating expense were increases of \$20 million in general and administration, \$8 million in water treatment and distribution, \$7 in depreciation, and \$4 million in sewer treatment plant operations. Offsetting these increases was a decrease of \$16 million in raw water due to ease of drought restrictions in fiscal year 2023 resulting in a decrease in water purchases from other agencies.
- Net nonoperating expense decreased by \$24 million, primarily due to \$7 million increase in investment income resulting from higher interest rates earned, \$7 million increase in taxes and subventions, and a \$16 million increase in other income; offset by a \$6 million increase in interest and amortization of bond expenses. Included in non-operating net expense is investment income (loss) and the net change in the fair value of investments which were \$22 million and \$7 million respectively in the current fiscal year, and \$16 million and \$6 million respectively in the prior fiscal year.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

- Capital contributions increased by \$3 million, primarily due to an increase in earned standard service installments offset by decreases in System Capacity Charges (SCC) and Wastewater Capacity Fees (WCF) from a decrease in large development projects. Grants and other reimbursements increased by \$1 million due to an increase in state grants monies received and a decrease in Proposition 1 passthrough grant reimbursements. Page 15 contains additional capital contributions information.

In the previous fiscal year, the District's total operating revenue of \$780 million for the year increased by \$11 million and total operating expense of \$600 million for the year increased by \$105 million. The change in net position (including capital contributions) decreased from \$285 million in the fiscal year 2022 to \$222 million in the fiscal year 2023. With restatement and prior period adjustments required by GASB Statement No. 100, the District's total net position increased from \$2,660 million to \$2,884 million during the fiscal year 2023.

The major components of the District's results of operations in fiscal year 2023 were:

- Water revenue decreased by \$10 million or 2% due to a 7% decrease in billed water consumption offset by a 4% water rate increase and an imposed drought surcharge at the beginning of fiscal year 2023.
- Wastewater revenue increased by \$6 million or 6% due to a 4% wastewater rate increase at the beginning of fiscal year 2023 and higher resource recovery revenues.
- Power revenue increased by \$13 million or 171% due to higher hydropower prices and sales in the current year.
- Wet weather facilities charges increased by \$1 million or 4% due to a 4% rate increase at the beginning of fiscal year 2023.
- Total operating expense increased by \$105 million, primarily reflecting increases of \$90 million in pension expense due to a lower return on the market value of pension plan assets versus the assumption rate used in the actuarial valuation. Other major increases in operating expense were increases of \$18 million in raw water, \$8 million in water treatment and distribution, and \$7 million in sewer treatment plant operations. Offsetting these increases was a decrease of \$35 million in general and administration due to higher overhead recovery.
- Net nonoperating expense decreased by \$17 million, primarily due to \$27 million increase in investment income resulting from higher interest rates earned offset by a \$11 million decrease in other income. Included in non-operating net expense is investment income (loss) and the net change in the fair value of investments which were \$16 million and \$6 million respectively in the fiscal year 2023, and \$3 million and (\$8) million respectively in fiscal year 2022.
- Capital contributions increased by \$14 million, primarily due to an increase in earned standard service installments. Grants and other reimbursements decreased by \$1 million due to a Proposition 1 passthrough grant to be reimbursed from the State. Page 15 contains additional capital contributions information.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Table 2 shows changes in the District's net position for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2024 and 2023

(In thousands)

	<u>2024</u>	<u>2023</u>	<u>Variance</u>	<u>%</u>
Operating Revenue:				
Water	\$ 667,215	\$ 623,929	\$ 43,286	7%
Sewer	109,268	104,385	4,883	5%
Power	15,839	21,368	(5,529)	(26)%
Wet weather facilities charges	33,312	30,745	2,567	8%
Total operating revenue	<u>825,634</u>	<u>780,427</u>	<u>45,207</u>	6%
Operating Expense:				
Raw water	64,044	80,046	(16,002)	(20)%
Water treatment & distribution	156,164	147,854	8,310	6%
Recreation areas, net	5,374	5,170	204	4%
Sewer lines & pumps	23,639	22,877	762	3%
Sewer treatment plant operations	57,339	53,714	3,625	7%
Customer accounting & collecting	24,857	24,031	826	3%
Financial and risk management	28,180	26,100	2,080	8%
Facilities management	9,425	6,400	3,025	47%
General administration	57,964	38,398	19,566	51%
Pension expense	56,846	36,874	19,972	54%
OPEB expense	(1,921)	(4,005)	2,084	(52)%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	157,335	150,705	6,630	4%
Amortization	11,096	11,022	74	1%
Total operating expense	<u>650,342</u>	<u>599,186</u>	<u>51,156</u>	9%
Net operating income (expense)	<u>175,292</u>	<u>181,241</u>	<u>(5,949)</u>	(3)%
Nonoperating income (expense):				
Investment income (loss)	28,957	22,226	6,731	30%
Taxes & subventions	61,529	54,837	6,692	12%
Interest & amortization of bond expenses	(121,516)	(115,567)	(5,949)	5%
Interest income of Leases	699	175	524	299%
Interest income of SBITAs	1,265	780	485	62%
Increase (decrease) of Equity in JPA partnership fund	(4,080)	(4,011)	(69)	2%
Other income	24,219	8,573	15,646	183%
Total nonoperating income (expense), net	<u>(8,927)</u>	<u>(32,987)</u>	<u>24,060</u>	(73)%
Income (loss) before contributions	166,365	148,254	18,111	12%
Capital contribution and grant revenue	77,435	75,596	1,839	2%
Passthrough grant reimbursement	(665)	(1,651)	986	(60)%
Total capital contribution and grant activity	<u>76,770</u>	<u>73,945</u>	<u>2,825</u>	4%
Change in net position	243,135	222,199	20,936	9%
Total net position – beginning	2,883,597	2,660,094	223,503	8%
Prior period adjustment – change in accounting estimates	-	1,304	(1,304)	N/A
Total net position – ending	<u>\$ 3,126,732</u>	<u>\$ 2,883,597</u>	<u>\$ 243,135</u>	8%

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>%</u>
Operating Revenue:				
Water	\$ 623,929	\$ 633,840	\$ (9,911)	(2)%
Sewer	104,385	98,345	6,040	6%
Power	21,368	7,898	13,470	171%
Wet weather facilities charges	30,745	29,435	1,310	4%
Total operating revenue	<u>780,427</u>	<u>769,518</u>	<u>10,909</u>	1%
Operating Expense:				
Raw water	80,046	62,214	17,832	29%
Water treatment & distribution	147,854	140,309	7,545	5%
Recreation areas, net	5,170	5,268	(98)	(2)%
Sewer lines & pumps	22,877	18,273	4,604	25%
Sewer treatment plant operations	53,714	47,053	6,661	14%
Customer accounting & collecting	24,031	21,906	2,125	10%
Financial and risk management	26,100	22,700	3,400	15%
Facilities management	6,400	4,146	2,254	54%
General administration	38,398	72,902	(34,504)	(47)%
Pension expense	36,874	(53,417)	90,291	(169)%
OPEB expense	(4,005)	(1,234)	(2,771)	225%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	150,705	145,723	4,982	3%
Amortization	11,022	8,710	2,312	27%
Total operating expense	<u>599,186</u>	<u>494,553</u>	<u>104,633</u>	21%
Net operating income (expense)	<u>181,241</u>	<u>274,965</u>	<u>(93,724)</u>	(34)%
Nonoperating income (expense):				
Investment income (loss)	22,226	(5,006)	27,232	(544)%
Taxes & subventions	54,837	52,881	1,956	4%
Interest & amortization of bond expenses	(115,567)	(113,075)	(2,492)	2%
Interest income of Leases	175	-	175	
Interest income of SBITAs	780	-	780	
Increase (decrease) of Equity in JPA partnership fund	(4,011)	(4,125)	114	(3)%
Other income	8,573	19,648	(11,075)	(56)%
Total nonoperating income (expense), net	<u>(32,987)</u>	<u>(49,677)</u>	<u>16,690</u>	(34)%
Income (loss) before contributions	148,254	225,288	(77,034)	(34)%
Capital contribution and grant revenue	75,596	59,455	16,141	27%
Passthrough grant reimbursement	(1,651)	-	(1,651)	N/A
Total capital contribution and grant activity	<u>73,945</u>	<u>59,455</u>	<u>14,490</u>	24%
Change in net position	222,199	284,743	(62,544)	(22)%
Total net position – beginning	2,660,094	2,374,932	285,162	12%
Prior period adjustment – change in accounting estimates	1,304	419	885	N/A
Total net position – ending	<u>\$ 2,883,597</u>	<u>\$ 2,660,094</u>	<u>\$ 223,503</u>	8%

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Liquidity

The District had \$567 million in combined current and noncurrent District Cash and Investments as of June 30, 2024, an increase of \$46 million compared to \$521 million as of June 30, 2023. Components of cash and investments for the year ended June 30, 2024 were:

- Water System total combined current and noncurrent cash and investments increased by \$27 million compared to the same date of the previous fiscal year. Cash and cash equivalents increased by a net \$83 million compared to the prior year. This was primarily due to an increase of \$196 million from capital and related financing activities and an increase of \$47 million from operating activities, offset by decreases of \$149 million from the net proceeds of securities in investing activities and \$11 million from noncapital and financing activities. Net increase (decrease) in noncurrent investments decreased by \$21 million primarily due to reallocation of investments between short-term and long-term.
- Wastewater System total combined current and noncurrent cash and investments increased by \$19 million compared to the same date in the previous fiscal year. Cash and cash equivalents increased by a net \$33 million compared to the prior year. This was primarily due to increases of \$27 million from capital and related financing activities, \$15 million from operating activities, and \$15 million from noncapital and financing activities, offset by a decrease of \$24 million from the net proceeds of securities in investing activities. Net increase (decrease) in noncurrent investments decreased by a net \$2 million also primarily due to reallocation of investments between short-term and long-term.

Table 3 shows the District's cash flow for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 3
Cash Flows
Water and Wastewater System
June 30, 2024 and 2023
(In thousands)

	<u>2024</u>	<u>2023</u>	<u>Variance</u>	<u>%</u>
Cash and cash equivalents:				
Beginning of year	\$ 129,506	\$ 176,824	\$ (47,318)	(27)%
Net cash provided by operating activities	411,668	350,147	61,521	18%
Net cash provided by noncapital financing activities	82,422	77,701	4,721	6%
Net cash provided by (used in) capital and related financing activities	(475,518)	(697,995)	222,477	(32)%
Net cash provided by (used in) investing activities	49,968	222,829	(172,861)	(78)%
Net increase (decrease) in cash and cash equivalents	<u>68,540</u>	<u>(47,318)</u>	<u>115,858</u>	<u>(245)%</u>
End of period	<u>198,046</u>	<u>129,506</u>	<u>68,540</u>	<u>53%</u>
Investments:				
Beginning of year	391,831	599,706	(207,875)	(35)%
Net increase (decrease) in investments	<u>(22,885)</u>	<u>(207,875)</u>	<u>184,990</u>	<u>(89)%</u>
End of period	<u>368,946</u>	<u>391,831</u>	<u>(22,885)</u>	<u>(6)%</u>
Total District Cash and Investments	<u>\$ 566,992</u>	<u>\$ 521,337</u>	<u>\$ 45,655</u>	<u>9%</u>

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Table 3

Cash Flows

Water and Wastewater System

June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>%</u>
Cash and cash equivalents:				
Beginning of year	\$ 176,824	\$ 426,405	\$ (249,581)	(59)%
Net cash provided by operating activities	350,147	404,578	(54,431)	(13)%
Net cash provided by noncapital financing activities	77,701	73,430	4,271	6%
Net cash provided by (used in) capital and related financing activities	(697,995)	(358,442)	(339,553)	95%
Net cash provided by (used in) investing activities	<u>222,829</u>	<u>(369,147)</u>	<u>591,976</u>	(160)%
Net increase (decrease) in cash and cash equivalents	<u>(47,318)</u>	<u>(249,581)</u>	<u>202,263</u>	(81)%
End of period	<u>129,506</u>	<u>176,824</u>	<u>(47,318)</u>	(27)%
Investments:				
Beginning of year	599,706	235,894	363,812	154%
Net increase (decrease) in investments	<u>(207,875)</u>	<u>363,812</u>	<u>(571,687)</u>	(157)%
End of period	<u>391,831</u>	<u>599,706</u>	<u>(207,875)</u>	(35)%
Total District Cash and Investments	<u>\$ 521,337</u>	<u>\$ 776,530</u>	<u>\$ (255,193)</u>	(33)%

Cash and Investments by Fund

In fiscal years 2024 and 2023, total cash and investments available for operating and capital activities are reported in current and noncurrent assets as unrestricted and restricted funds. Significant activities in the current fiscal year were as follows: Water System increased \$17 million in working capital and \$23 million in capital reserve to fund capital projects. Wastewater System increased \$4 million in working capital and \$15 million in capital reserves to fund capital projects and equipment replacements.

In the previous fiscal year, significant activities were as follows: Water System increased \$4 million in working capital and spent \$232 million in capital reserve to maintain infrastructures. Wastewater System increased \$1 million in working capital and spent \$42 million in capital reserves to maintain capital projects and equipment replacements.

Operating and Capital Reserves are components of Unrestricted Cash and Investments. Individual funds within Operating and Capital Reserves are funded pursuant to Board policy but are unrestricted as to use. The Unrestricted Reserve Balances indicate the District's ability to meet unanticipated revenue declines or expenditure increases. Unrestricted reserves are committed by the Board of Directors. This is distinct from restricted reserves which are legally constrained by law or by third party. For additional information, see Note 1H to the financial statements.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Table 4 shows the District's cash and investment by fund for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	\$ 150,000	\$ 150,000	\$ 32,000	\$ 32,000	\$ 182,000	\$ 182,000	\$ -	0%
Working capital reserve	99,400	82,200	25,900	22,400	125,300	104,600	20,700	20%
Self-insurance	9,133	8,271	1,259	1,141	10,392	9,412	980	10%
Workers compensation	7,432	7,192	1,025	992	8,457	8,184	273	3%
Total operating reserves	<u>265,965</u>	<u>247,663</u>	<u>60,184</u>	<u>56,533</u>	<u>326,149</u>	<u>304,196</u>	<u>21,953</u>	<u>7%</u>
Capital reserves:								
Reserved for capital projects	131,642	109,571	32,457	(1,533)	164,099	108,038	56,061	52%
Reserve funded CIP - Wastewater	-	-	16,453	15,480	16,453	15,480	973	6%
Vehicle replacements	27,591	27,011	-	-	27,591	27,011	580	2%
Equipment replacements	-	-	4,571	24,693	4,571	24,693	(20,122)	(81)%
Total capital reserves	<u>159,233</u>	<u>136,582</u>	<u>53,481</u>	<u>38,640</u>	<u>212,714</u>	<u>175,222</u>	<u>37,492</u>	<u>21%</u>
Total Unrestricted cash and investment	<u>425,198</u>	<u>384,245</u>	<u>113,665</u>	<u>95,173</u>	<u>538,863</u>	<u>479,418</u>	<u>59,445</u>	<u>12%</u>
Restricted Cash and Investments								
Bond interest and redemption fund	152	-	76	-	228	-	228	N/A
Debt service reserve fund	1,136	1,136	-	-	1,136	1,136	-	0%
Funds received for construction	23,492	37,493	-	-	23,492	37,493	(14,001)	(37)%
FERC partnership fund	2,164	2,186	-	-	2,164	2,186	(22)	(1)%
Monetary reserve	109	104	1,000	1,000	1,109	1,104	5	0%
Total restricted cash and investments	<u>27,053</u>	<u>40,919</u>	<u>1,076</u>	<u>1,000</u>	<u>28,129</u>	<u>41,919</u>	<u>(13,790)</u>	<u>(33)%</u>
Total District Cash and Investments	<u>\$ 452,251</u>	<u>\$ 425,164</u>	<u>\$ 114,741</u>	<u>\$ 96,173</u>	<u>\$ 566,992</u>	<u>\$ 521,337</u>	<u>\$ 45,655</u>	<u>9%</u>

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	\$ 150,000	\$ 150,000	\$ 32,000	\$ 32,000	\$ 182,000	\$ 182,000	\$ -	0%
Working capital reserve	82,200	78,700	22,400	21,300	104,600	100,000	4,600	5%
Self-insurance	8,271	7,822	1,141	1,036	9,412	8,858	554	6%
Workers compensation	7,192	6,631	992	879	8,184	7,510	674	9%
Total operating reserves	<u>247,663</u>	<u>243,153</u>	<u>56,533</u>	<u>55,215</u>	<u>304,196</u>	<u>298,368</u>	<u>5,828</u>	<u>2%</u>
Capital reserves:								
Reserved for capital projects	109,571	351,614	(1,533)	41,110	108,038	392,724	(284,686)	(72)%
Reserve funded CIP - Wastewater	-	-	15,480	15,397	15,480	15,397	83	1%
Vehicle replacements	27,011	17,251	-	-	27,011	17,251	9,760	57%
Equipment replacements	-	-	24,693	24,174	24,693	24,174	519	2%
Total capital reserves	<u>136,582</u>	<u>368,865</u>	<u>38,640</u>	<u>80,681</u>	<u>175,222</u>	<u>449,546</u>	<u>(274,324)</u>	<u>(61)%</u>
Total Unrestricted cash and investment	<u>384,245</u>	<u>612,018</u>	<u>95,173</u>	<u>135,896</u>	<u>479,418</u>	<u>747,914</u>	<u>(268,496)</u>	<u>(36)%</u>
Restricted Cash and Investments								
Bond interest and redemption fund	-	886	-	261	-	1,147	(1,147)	N/A
Debt service reserve fund	1,136	2	-	-	1,136	2	1,134	56,700%
Funds received for construction	37,493	24,242	-	-	37,493	24,242	13,251	55%
FERC partnership fund	2,186	2,163	-	-	2,186	2,163	23	1%
Monetary reserve	104	396	1,000	666	1,104	1,062	42	4%
Total restricted cash and investments	<u>40,919</u>	<u>27,689</u>	<u>1,000</u>	<u>927</u>	<u>41,919</u>	<u>28,616</u>	<u>13,303</u>	<u>46%</u>
Total District Cash and Investments	<u>\$ 425,164</u>	<u>\$ 639,707</u>	<u>\$ 96,173</u>	<u>\$ 136,823</u>	<u>\$ 521,337</u>	<u>\$ 776,530</u>	<u>\$ (255,193)</u>	<u>(33)%</u>

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Capital Contributions

Capital contributions primarily consist of System Capacity Charges (SCCs) and Wastewater Capacity Fees (WCFs). In addition, the District collects fees and charges from applicants when the District’s facilities need to be relocated during construction projects. The District also receives state and federal grants to fund capital projects.

The Water System’s SCCs consist of charges collected from all applicants who request a new water service connection or a larger water meter size. These charges vary depending on geographic region. The SCC pays for the applicant’s share of District capital facilities, including those that serve the entire water system such as the aqueducts and raw water facilities, regional facilities such as treatment plants and distribution facilities, and future water supply upgrades needed to meet long-term increases in water demand created by new customers. The portion of the SCC that pays for the future water supply is restricted and the remainder is unrestricted.

The Wastewater System’s WCFs are treated as unrestricted funds and pay for the applicant’s share of Wastewater facilities including the main wastewater treatment plant, interceptors, and wet weather facilities.

Capital contributions increased by \$3 million, primarily due to an increase in earned standard service installments offset by decreases in SCC and WCF fees from a decrease in large development projects. Grants and other reimbursements increased by \$1 million due to an increase in state grants monies received and a decrease in Proposition 1 passthrough grant reimbursements.

Table 5 shows the District’s capital contributions received for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 5
Capital Contributions
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
System capacity charges	\$ 25,908	\$ 40,760	\$ -	\$ -	\$ 25,908	\$ 40,760	\$ (14,852)	(36)%
Wastewater capacity fees	-	-	3,873	7,066	3,873	7,066	(3,193)	(45)%
Earned contributions on construction	43,082	23,986	-	-	43,082	23,986	19,096	80%
Grants and other reimbursements*	4,572	3,783	-	-	4,572	3,783	789	21%
Passthrough grant reimbursement	(665)	(1,650)	-	-	(665)	(1,650)	985	(60)%
Totals	\$ 72,897	\$ 66,879	\$ 3,873	\$ 7,066	\$ 76,770	\$ 73,945	\$ 2,825	4%

* The District also received a total of \$37 million for the California Extended Water and Wastewater Arrearage Payment Program (CWWAPP) from the State Water Resources Control Board in fiscal year 2024 of which \$36 million is to assist with accounts receivable on past due customer accounts and \$1 million is for administrative costs. Unapplied amounts will be returned to the funder in calendar year 2024 and are included in current liabilities on the statements of net position.

Table 5
Capital Contributions
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
System capacity charges	\$ 40,760	\$ 39,690	\$ -	\$ -	\$ 40,760	\$ 39,690	\$ 1,070	3%
Wastewater capacity fees	-	-	7,066	6,443	7,066	6,443	623	10%
Earned contributions on construction	23,986	9,836	-	-	23,986	9,836	14,150	144%
Grants and other reimbursements*	3,783	3,486	-	-	3,783	3,486	297	9%
Passthrough grant reimbursement	(1,650)	-	-	-	(1,650)	-	(1,650)	N/A
Totals	\$ 66,879	\$ 53,012	\$ 7,066	\$ 6,443	\$ 73,945	\$ 59,455	\$ 14,490	24%

* The District also received a total of \$14 million for the California Water and Wastewater Arrearage Payment Program (CWWAPP) from the State Water Resources Control Board in fiscal year 2022 and included in the current liabilities on the statements of net position.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

CAPITAL ASSETS

The District had \$6.4 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. Total capital assets were \$6.0 billion as of June 30, 2023. The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, pump stations, water reclamation facilities, wastewater and wet weather treatment facilities, machinery and equipment. In the current fiscal year, capital assets increased by \$412 million or 7% over the prior fiscal year. In fiscal year 2023, capital assets increased by \$333 million or 6% over fiscal year 2022. Annual changes are consistent with the District’s capital improvement program.

The Water System had \$5.6 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, power generation, pump stations, water reclamation facilities, machinery and equipment.

The Wastewater System had \$857 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. The investment in capital assets includes land, buildings, improvements, power generation, wastewater and wet weather treatment facilities, machinery and equipment.

Table 6 shows the District’s capital assets for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 6
Capital Assets, Net of Depreciation
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase/(decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Structures, buildings, and equipment	\$ 4,260,011	\$ 4,102,878	\$ 633,087	\$ 640,920	\$ 4,893,098	\$ 4,743,798	\$ 149,300	3.1%
Intangible assets	37,232	38,895	6,885	7,006	44,117	45,901	(1,784)	(3.9)%
Lease assets	1,849	1,603	-	-	1,849	1,603	246	15.3%
Subscription assets	15,110	18,653	-	-	15,110	18,653	(3,543)	
Land and rights of way	73,882	73,767	22,086	21,552	95,968	95,319	649	0.7%
Construction work in progress	1,167,293	943,573	194,936	151,940	1,362,229	1,095,513	266,716	24.3%
Totals	\$ 5,555,377	\$ 5,179,369	\$ 856,994	\$ 821,418	\$ 6,412,371	\$ 6,000,787	\$ 411,584	6.9%

Table 6
Capital Assets, Net of Depreciation
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase/(decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Structures, buildings, and equipment	4,102,878	4,022,726	640,920	635,637	4,743,798	4,658,363	85,435	1.8%
Intangible assets	38,895	55,914	7,006	7,720	45,901	63,634	(17,733)	(27.9)%
Lease-right to use assets	1,603	2,006	-	-	1,603	2,006	(403)	(20.1)%
SBITAs-right to use assets	18,653	-	-	-	18,653	-	18,653	
Land and rights of way	73,767	73,790	21,552	21,409	95,319	95,199	120	0.1%
Construction work in progress	943,573	722,935	151,940	125,695	1,095,513	848,630	246,883	29.1%
Totals	5,179,369	4,877,371	821,418	790,461	6,000,787	5,667,832	332,955	5.9%

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

The District's net revenue, long-term debt, and contributions from customers are used to finance capital investments. More detailed information about the District's capital assets is presented in Note 3 to the basic financial statements. This year's major capital expenditures included:

Water System:

Treatment plant upgrades	\$	317,723
Large diameter pipelines		112,813
Pipeline rebuild		108,638
Reservoir rehab/maintenance		66,179
Service lateral replacements		64,569
Trench soils management		57,714
Pumping plant rehabilitation		51,869
Mokelumne aqueduct 2&3 relining		34,312
Reservoir tower modifications		25,235
Fuel facility improvements		20,648
Pressure zone improvements		18,155
Dam operational upgrades		17,513
Pipeline relocations		15,046
West of hills master plan		12,995
Pipeline system improvements		12,868
Open cut reservoir program		12,544
Building facilities improvements		11,618
Small capital improvements		10,470
Water loss control		10,348
Raw water infrastructure		10,245

Wastewater System:

Interceptors and pump stations	\$	57,592
Digesters		34,922
General wastewater		32,549
Power generation and biogas		15,344
Secondary		9,984
Effluent discharge		9,009
Utilities and sitework		7,704
Electricals and controls		7,084
Preliminary treatment		6,421
Wet weather facilities		6,179
Resource recovery		4,423
Dewatering		777
Nutrients		479
Pump station master plan update		300
Primary treatment		161

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

DEBT ADMINISTRATION

The District had total long-term debt outstanding of \$3.3 billion as of June 30, 2024, a 4% increase from June 30, 2023. Total long-term debt outstanding was \$3.2 billion as of June 30, 2023, a 5% decrease from June 30, 2022. Components of the District’s long-term debt portfolio as of June 30, 2024 are:

- The Water System had total long-term debt outstanding of \$2.9 billion.
- The Wastewater System had total long-term debt outstanding of \$369 million.

Table 7 shows the District’s long-term debt outstanding for the fiscal years ended June 30, 2024, 2023, and 2022:

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2024 and 2023
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2024	2023	2024	2023	2024	2023	Amount	%
Revenue bonds**	\$ 2,641,187	\$ 2,489,158	\$ 368,501	\$ 357,837	\$ 3,009,688	\$ 2,846,995	\$ 162,693	6%
Commercial paper	261,000	281,000	-	-	261,000	281,000	(20,000)	(7)%
Loans	27,391	29,252	-	-	27,391	29,252	(1,861)	(6)%
Totals	\$ 2,929,578	\$ 2,799,410	\$ 368,501	\$ 357,837	\$ 3,298,079	\$ 3,157,247	\$ 140,832	4%

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2023 and 2022
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2023	2022	2023	2022	2023	2022	Amount	%
Revenue bonds**	\$ 2,489,158	\$ 2,606,497	\$ 357,837	\$ 374,755	\$ 2,846,995	\$ 2,981,252	\$ (134,257)	(5)%
Commercial paper	281,000	295,000	-	8,000	281,000	303,000	(22,000)	(7)%
Loans	29,252	31,073	-	-	29,252	31,073	(1,821)	(6)%
Totals	\$ 2,799,410	\$ 2,932,570	\$ 357,837	\$ 382,755	\$ 3,157,247	\$ 3,315,325	\$ (158,078)	(5)%

**Includes unamortized bond premium and discount. For Water System, the unamortized bond premium was \$217 million, \$198 million, and \$225 million as of June 30, 2024, 2023 and 2022, respectively. For Wastewater System, the net of unamortized bond premium and discount was \$20 million, \$20 million, and \$23 million as of June 30, 2024, 2023 and 2022, respectively.

It is the policy of the District to maintain a reasonable balance between debt and current revenue financing of capital projects. The following targets provide the framework for financing capital projects:

Debt Service Coverage Ratio: Maintain an annual revenue bond debt service coverage ratio of at least 1.6 times. As of June 30, 2024, the coverage ratio for Water was 2.35 and for Wastewater was 2.50; the overall District ratio was 2.37.

Debt-Funded Capital Spending: Limit debt-funded capital to no more than 65% of the total capital program over each five-year planning period. As of June 30, 2024, the percentage of debt-funded capital spending for Water was 22% and for Wastewater was 20%; the overall District percentage was 22%.

EAST BAY MUNICIPAL UTILITIES DISTRICT

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

Extendable Commercial Paper and Un-hedged Variable Rate Debt. Maintain an annual limit of 25% of outstanding long-term debt. As of June 30, 2024, the percentage of extended commercial paper and un-hedged variable rate debt compared to total outstanding long-term debt for Water was 10% and for Wastewater was 0%; the overall District percentage was 9%.

Revenue-supported debt authorization for the District can be approved by the District’s Board of Directors, subject to a referendum process. At June 30, 2024, the Water System had \$223 million and the Wastewater System had \$143 million in authorized but unissued revenue bonds.

In prior years, the District defeased certain debt issues by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. In March 2024, \$213 million of the bonds outstanding were considered defeased and were redeemed on June 1, 2024.

The District’s credit ratings are outlined in Table 8.

Table 8
Credit Ratings
Water and Wastewater
June 30, 2024

District debt by type	Rating by		
	Standard & Poor’s	Moody’s Investors Service	Fitch
Water system:			
Fixed Rate Revenue Bonds	AAA	Aaa	AA+
Commercial Paper Notes	A-1+	P-1	-
Wastewater system:			
Fixed Rate Revenue Bonds	AAA	Aa1	AA+

For detailed credit rating by bond issue, please visit our website at <http://www.ebmud.com>.

Additional information on the District’s long-term debt can be found in Note 7 to the financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide ratepayers and creditors with a general overview of the District’s finances and demonstrate the District’s accountability for the monies it receives. If you have any questions about this report or need additional information, please contact: the Controller, Accounting Division, P.O. Box 24055, Oakland, California 94623-1055 or visit our website at <http://www.ebmud.com>.

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 and JUNE 30, 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Assets						
Current assets:						
Cash and cash equivalents (Note 2)	\$ 130,944	\$ 82,716	\$ 55,192	\$ 34,256	\$ 186,136	\$ 116,972
Investments	294,254	301,529	58,473	60,917	352,727	362,446
Receivables:						
Customer	78,563	75,488	10,135	10,184	88,698	85,672
Lease (Note 1R & 8)	18,232	20,840	9,749	11,131	27,981	31,971
Interest and other	17,147	12,915	7,224	5,300	24,371	18,215
Materials and supplies	31,069	25,890	8,226	7,397	39,295	33,287
Prepaid insurance	3,673	6,612	662	519	4,335	7,131
Total current assets	573,882	525,990	149,661	129,704	723,543	655,694
Noncurrent assets:						
Restricted assets (Note 2):						
Cash and cash equivalents	10,634	11,534	1,076	1,000	11,910	12,534
Investments	16,219	29,385	-	-	16,219	29,385
Total restricted cash and investments	27,053	40,919	1,076	1,000	28,129	41,919
Other assets:						
Equity in JPA partnership fund	207,008	211,088	-	-	207,008	211,088
Other	550	94	6	5	556	99
Total other assets	207,558	211,182	6	5	207,564	211,187
Capital assets (Note 1R, 1S, 3.8 & 9):						
Structures, buildings, and equipment	6,844,724	6,559,169	1,240,939	1,223,488	8,085,663	7,782,657
Intangible Assets	381,921	377,448	42,215	40,719	424,136	418,167
Lease-right to use assets	2,805	2,296	-	-	2,805	2,296
SBITAs-right to use assets	21,889	21,894	-	-	21,889	21,894
Less accumulated depreciation/amortization	(2,937,137)	(2,798,778)	(643,182)	(616,281)	(3,580,319)	(3,415,059)
Subtotal	4,314,202	4,162,029	639,972	647,926	4,954,174	4,809,955
Land and rights-of-way	73,882	73,767	22,086	21,552	95,968	95,319
Construction in progress	1,167,293	943,573	194,936	151,940	1,362,229	1,095,513
Total capital assets, net	5,555,377	5,179,369	856,994	821,418	6,412,371	6,000,787
Total noncurrent assets	5,789,988	5,431,470	858,076	822,423	6,648,064	6,253,893
Total assets	6,363,870	5,957,460	1,007,737	952,127	7,371,607	6,909,587
Deferred outflow of resources						
Debt refundings related (Note 7)	12,553	13,818	-	-	12,553	13,818
Pension related	265,672	348,457	44,219	56,475	309,891	404,932
OPEB related	29,725	29,447	5,139	4,811	34,864	34,258
Total deferred outflows	307,950	391,722	49,358	61,286	357,308	453,008
Total assets and deferred outflows	\$ 6,671,820	\$ 6,349,182	\$ 1,057,095	\$ 1,013,413	\$ 7,728,915	\$ 7,362,595

(Continued)

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 and JUNE 30, 2023
(Dollars in Thousands)

Liabilities and Net Position	Water System		Wastewater System		Total
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	
Current liabilities:					
Current maturities of long-term debt and commercial paper (Note 6 & 7)	\$ 85,190	\$ 81,260	\$ 14,975	\$ 14,310	\$ 100,165
Accounts payable and accrued expenses (Note 4)	90,931	81,409	26,100	14,843	117,031
Compensated absences (Note 5)	43,431	42,858	7,192	6,881	50,623
Current reserve for claims (Note 12)	12,037	11,161	860	831	12,897
Current lease payable (Note 1R & 8)	401	406	-	-	401
Current SBITAs payable (Note 1S & 9)	1,245	1,206	-	-	1,245
Accrued interest	11,201	10,685	1,453	1,409	12,654
Total current liabilities	244,436	228,985	50,580	38,274	295,016
Noncurrent liabilities:					
Other liabilities:					
Advances for construction	22,702	35,352	-	-	22,702
Reserve for claims (Note 12)	38,955	36,745	3,887	3,670	42,842
Net pension liability (Note 11)	687,594	714,351	112,693	116,068	800,287
Net OPEB liability (Note 11)	113,475	109,632	18,906	18,026	132,381
Lease payable (Note 1R & 8)	1,561	1,289	-	-	1,561
SBITAs payable (Note 1S & 9)	1,817	3,127	-	-	1,817
Other liabilities	7,301	9,984	7,654	7,571	14,955
Total other liabilities	873,405	910,480	143,140	145,335	1,016,545
Long-term liabilities, net of current maturities (Note 6 & 7)	2,844,388	2,718,150	353,526	343,527	3,197,914
Total noncurrent liabilities	3,717,793	3,628,630	496,666	488,862	4,214,459
Total liabilities	3,962,229	3,857,615	547,246	527,136	4,509,475
Deferred inflow of resources:					
Debt refunding related (Note 7)	24,199	7,076	539	581	24,738
Lease related (Note 1R & 8)	17,394	20,432	8,909	10,389	26,303
Pension related (Note 11)	16,564	22,930	3,621	5,319	20,185
OPEB related (Note 11)	18,274	23,360	3,208	4,160	21,482
Total deferred inflows	76,431	73,798	16,277	20,449	92,708
Total liabilities and deferred inflows	4,038,660	3,931,413	563,523	547,585	4,602,183
Net position (Note 10):					
Net investment in capital assets	2,562,349	2,336,408	474,985	451,777	3,037,334
Restricted for construction	790	2,141	1,000	1,000	1,790
Restricted for debt service	1,288	1,135	76	-	1,364
Restricted for JPA	207,008	211,088	-	-	207,008
Restricted - other	2,273	2,290	-	-	2,273
Unrestricted	(140,548)	(135,293)	17,511	13,051	(122,242)
Total net position	2,633,160	2,417,769	493,572	465,828	3,126,732
Total liabilities and net position	\$ 6,671,820	\$ 6,349,182	\$ 1,057,095	\$ 1,013,413	\$ 7,728,915
					\$ 7,362,595

See Accompanying Notes to Financial Statements.

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EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Operating revenue:						
Water	\$ 667,215	\$ 623,929	\$ -	\$ -	\$ 667,215	\$ 623,929
Sewer	-	-	109,268	104,385	109,268	104,385
Power	14,824	20,403	1,015	965	15,839	21,368
Wet weather facilities charges	-	-	33,312	30,745	33,312	30,745
Total operating revenue	682,039	644,332	143,595	136,095	825,634	780,427
Operating expense:						
Raw water	64,044	80,046	-	-	64,044	80,046
Water treatment and distribution	156,164	147,854	-	-	156,164	147,854
Recreation areas, net	5,374	5,170	-	-	5,374	5,170
Sewer lines and pumping	-	-	23,639	22,877	23,639	22,877
Sewer treatment plant operations	-	-	57,339	53,714	57,339	53,714
Customer accounting and collecting	21,783	21,461	3,074	2,570	24,857	24,031
Financial and risk management	26,327	24,578	1,853	1,522	28,180	26,100
Facilities management	9,425	6,400	-	-	9,425	6,400
General administration	52,791	31,414	5,173	6,984	57,964	38,398
Pension expense	49,662	32,465	7,184	4,409	56,846	36,874
OPEB expense	(1,522)	(3,274)	(399)	(731)	(1,921)	(4,005)
Depreciation on utility plant and vehicle	132,031	126,159	25,304	24,546	157,335	150,705
Amortization	9,552	9,885	1,544	1,137	11,096	11,022
Total operating expense	525,631	482,158	124,711	117,028	650,342	599,186
Net operating income (loss)	156,408	162,174	18,884	19,067	175,292	181,241
Other income (expense):						
Investment income	23,896	18,689	5,061	3,537	28,957	22,226
Taxes and subventions	52,824	46,758	8,705	8,079	61,529	54,837
Interest and amortization of bond expenses	(106,891)	(101,146)	(14,625)	(14,421)	(121,516)	(115,567)
Interest income (expense) of leases	556	130	143	45	699	175
Interest income (expense) of SBITAS	1,265	780	-	-	1,265	780
Hedge fund termination	-	-	-	-	-	-
Increase (decrease) of equity in JPA partnership fund	(4,080)	(4,011)	-	-	(4,080)	(4,011)
Other income (expense)	18,516	17,808	5,703	(9,235)	24,219	8,573
Total other income (expense), net	(13,914)	(20,992)	4,987	(11,995)	(8,927)	(32,987)
Income before capital contributions	142,494	141,182	23,871	7,072	166,365	148,254
Capital contributions						
Passthrough grant reimbursement	73,562	68,530	3,873	7,066	77,435	75,596
Total capital contribution	(665)	(1,651)	-	-	(665)	(1,651)
Change in net position	72,897	66,879	3,873	7,066	76,770	73,945
Total net position - beginning	215,391	208,061	27,744	14,138	243,135	222,199
Total net position - ending	2,417,769	2,208,525	465,828	451,569	2,883,597	2,660,094
Prior period adjustment due to change in accounting estimates						
Total net position - ending	\$ 2,633,160	\$ 2,417,769	\$ 493,572	\$ 465,828	\$ 3,126,732	\$ 2,883,597

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
Cash flows from operating activities						
Cash received from customers	\$ 678,964	\$ 639,307	\$ 143,644	\$ 136,077	\$ 822,608	\$ 775,384
Cash payments for judgments and claims	(9,748)	(7,808)	(247)	(167)	(9,995)	(7,975)
Cash payments to suppliers for goods and services	(69,489)	(95,699)	(38,972)	(49,632)	(108,461)	(145,331)
Cash payments to employees for services	(249,877)	(232,856)	(42,607)	(39,075)	(292,484)	(271,931)
Net cash provided by operating activities	349,850	302,944	61,818	47,203	411,668	350,147
Cash flows from noncapital financing activities:						
Tax receipts	52,824	46,758	8,705	8,079	61,529	54,837
Cash received (paid) from other income	15,190	32,028	5,703	(9,164)	20,893	22,864
Net cash provided by financing activities	68,014	78,786	14,408	(1,085)	82,422	77,701
Capital and related financing activities:						
Capital contributions	72,897	66,879	3,873	7,066	76,770	73,945
Proceeds from advances for construction	-	9,564	-	-	-	9,564
Payments from advances for construction	(12,650)	-	-	-	(12,650)	-
Proceeds from sale of capital assets	1,054	4,250	-	-	1,054	4,250
Net proceeds and premiums from sale of bonds	491,912	-	27,864	-	519,776	-
Acquisition and construction of capital assets	(518,355)	(456,832)	(62,498)	(56,713)	(580,853)	(513,545)
Principal retirement on long-term debt and commercial paper	(342,220)	(132,404)	(16,878)	(24,960)	(359,098)	(157,364)
Costs and discounts from issuance on long-term debt	(1,136)	-	(364)	-	(1,500)	-
Interest received (paid) on Leases	556	130	143	45	699	175
Interest received (paid) on SBITAs	1,265	780	-	-	1,265	780
Interest paid on long-term debt	(106,375)	(101,274)	(14,606)	(14,526)	(120,981)	(115,800)
Net cash provided by (used in) capital and related financing activities	(413,052)	(608,907)	(62,466)	(89,088)	(475,518)	(697,995)
Cash flows from investing activities:						
Proceeds from securities	242,810	285,781	41,338	54,139	284,148	339,920
Expenditures from purchases of securities	(222,370)	(107,059)	(38,895)	(24,986)	(261,265)	(132,045)
Interest received on investments	22,276	12,634	4,809	2,320	27,085	14,954
Net cash (used in) provided by investing activities	42,716	191,356	7,252	31,473	49,968	222,829
Net increase (decrease) in cash and cash equivalents	47,528	(35,821)	21,012	(11,497)	68,540	(47,318)
Cash and cash equivalents:						
Beginning of year	94,250	130,071	35,256	46,753	129,506	176,824
End of year	\$ 141,778	\$ 94,250	\$ 56,268	\$ 35,256	\$ 198,046	\$ 129,506

(Continued)

See Accompanying Notes to Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023 (Restated)
	\$ 156,408	\$ 162,174	\$ 18,884	\$ 19,067	\$ 175,292	\$ 181,241
Net operating income (loss)	49,662	32,465	7,184	4,409	56,846	36,874
Adjustments to reconcile net operating income to net cash provided by operating activities:	(1,522)	(3,274)	(399)	(731)	(1,921)	(4,005)
Pension expense	132,031	126,159	25,304	24,546	157,335	150,705
Depreciation on utility plant and vehicle	9,552	9,885	1,544	1,137	11,096	11,022
Amortization on intangible assets	(5,179)	(3,649)	(829)	(303)	(6,008)	(3,952)
Changes in assets/liabilities:	2,939	(2,667)	(143)	(47)	2,796	(2,714)
Materials and supplies	(3,075)	(5,025)	49	(18)	(3,026)	(5,043)
Prepaid insurance	2,608	1,514	-	-	2,608	1,514
Customer receivables	(3,068)	(2,680)	(1,673)	(39)	(4,741)	(2,719)
Lease receivable	3,086	(11,198)	246	487	3,332	(10,711)
Other assets	6,839	(5,732)	11,340	(1,515)	18,179	(7,247)
Reserve for claims	573	1,019	311	210	884	1,229
Accounts payable and accrued expenses	267	(380)	-	-	267	(380)
Accrued compensated absences	(1,271)	4,333	-	-	(1,271)	4,333
Lease payable						
SBITAs payable						
	\$ 349,850	\$ 302,944	\$ 61,818	\$ 47,203	\$ 411,668	\$ 350,147

Reconciliation of net operating (loss) income to net cash provided by operating activities:

Net operating income (loss)	\$ 18,748	\$ (2,687)	\$ (336)	\$ (343)	\$ (3,266)	\$ (3,030)
Amortization of bond premiums and discounts	17,123	509	25	(42)	18,773	(30,217)
Debt refunding related	(4,080)	(4,011)	-	-	(4,080)	(4,011)
Gain (loss) on sale of capital assets	459	(15,718)	-	-	459	(15,718)
Lease related deferred inflow of resources	(3,038)	(509)	-	-	(3,038)	(509)

Net cash provided by operating activities

Schedule of Non-cash Activities

Change in Fair Market Value						
Amortization of bond premiums and discounts						
Debt refunding related						
Decrease of JPA investment						
Gain (loss) on sale of capital assets						
Lease related deferred inflow of resources						

EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Fiduciary Net Position
June 30, 2024 and June 30, 2023
(Dollars in Thousands)

	Retirement System Trust Funds		Custodial Funds	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets:				
Cash and cash equivalents, at fair value (Note 2)	\$ 28,791	\$ 27,677	\$ 9,310	\$ 8,536
Invested securities lending collateral	106,561	77,906	-	-
Prepaid expenses	598	575	-	-
Receivables:				
Brokers, securities sold	2,068	2,854	-	-
Employer	4,622	3,705	-	-
Plan members	962	788	-	-
Custodial fund receivables	-	-	3,074	3,004
Interest, dividends, and recoverable taxes	5,115	4,833	48	32
Total Receivables	12,767	12,180	3,122	3,036
Investments, at fair value (Note 2):				
U.S. government obligations	338,549	316,624	-	-
Domestic corporate bonds	179,959	180,262	-	-
International bonds	14,609	18,808	-	-
Domestic stocks	1,212,408	1,033,186	-	-
International stocks	612,565	548,124	-	-
Real estate	118,857	122,000	-	-
Total Investments	2,476,947	2,219,004	-	-
Capital assets:				
Subscription Asset In-Progress	4,240	1,692	-	-
Capital assets not being depreciated	-	-	13,706	13,743
Capital assets, net of accumulated depreciation	-	-	375,619	384,586
Total capital assets, net of accumulated depreciation	4,240	1,692	389,325	398,329
Total Assets	2,629,904	2,339,034	401,757	409,901
Liabilities:				
Accounts payable and accrued expenses	2,772	3,225	1,184	1,055
Payables to brokers, securities purchased	3,540	2,597	-	-
Securities lending collateral (Note 2B)	106,561	77,905	-	-
Long-term liabilities:				
Due in one year	-	-	633	2,223
Due in more than one year	-	-	1,590	1,551
Total Liabilities	112,873	83,727	3,407	4,829
Net Position:				
Restricted for pension benefits	2,445,611	2,194,142	-	-
Restricted for post-employment healthcare benefits	71,420	61,165	-	-
Net investment in capital assets	-	-	387,102	394,555
Restricted for specified purpose	-	-	11,248	10,517
Total Net Position	\$ 2,517,031	\$ 2,255,307	\$ 398,350	\$ 405,072

See Accompanying Notes to Basic Financial Statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and June 30, 2023
(Dollars in Thousands)

	Retirement System Trust Funds		Custodial Funds	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Additions:				
Contributions:				
Employers	\$ 117,342	\$ 106,523	\$ -	\$ -
Plan members	23,877	22,088	-	-
Joint Power Authority members	-	-	11,982	9,432
Grants and other receipts	-	-	3,670	3,701
Total Contributions	141,219	128,611	15,652	13,133
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	255,012	193,008	-	-
Real estate	(7,970)	(5,111)	-	-
Interest	25,410	21,206	594	101
Dividends	10,423	11,243	-	-
Real estate operating income, net	2,580	2,909	-	-
Total Investment Income	285,455	223,255	594	101
Less:				
Investment expense	(3,587)	(3,549)	-	-
Net Income from Investment Activities	281,868	219,706	594	101
From Security Lending Activities				
Security lending income	6,077	3,195	-	-
Borrowers' rebates and other agent fees	(5,894)	(3,069)	-	-
Security Lending Activities	183	126	-	-
Net Investment Income	282,051	219,832	594	101
Total Additions, net	423,270	348,443	16,246	13,234
Deductions:				
Benefits paid (Notes 1C & 1D)	157,771	149,102	-	-
Refunds of contributions (Note 4)	1,269	684	-	-
General and administrative expenses	2,506	2,273	3,839	3,825
Professional services expense	-	-	2,781	2,653
Operation and maintenance expense	-	-	6,015	3,285
Grants and other expenses	-	-	654	654
Interest expense	-	-	94	132
Depreciation expense	-	-	9,585	9,597
Total Deductions	161,546	152,059	22,968	20,146
Changes in Net Position	261,724	196,384	(6,722)	(6,912)
Net Position - Beginning of the Year	2,255,307	2,058,923	405,072	411,984
Net Position - End of the Year	\$ 2,517,031	\$ 2,255,307	\$ 398,350	\$ 405,072

See Accompanying Notes to Basic Financial Statements.

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EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Primary Government

The East Bay Municipal Utility District (the District) was formed in May 1923 under the provisions of the Municipal Utility District Act of 1921. The District is comprised of two financially independent entities: the Water System and the Wastewater System. These two entities are governed by the same elected seven-member Board of Directors who determines such matters as rates and charges for services, approval of contracts, and District policies. The Water System provides administrative and other support services to the Wastewater System. These costs are charged to the Wastewater System.

B. Description of the Component Unit

The District's Employees' Retirement System (the Employees' Retirement System or the Plan) has been reported as a Pension and Other Employee Benefit Trust fund (a fiduciary fund) in the accompanying basic financial statements and is discretely presented. The System provides retirement, disability, survivorship, and post-employment health insurance benefits for eligible directors, officers, and employees of the District. The System is administered by a Retirement Board composed of three members appointed by the Board of Directors of the District, two members elected by and from the active membership, and one (nonvoting) member elected by and from the retired membership of the System. Retirement Ordinance No. 40 (Ordinance) assigns the authority to establish Plan benefit provisions to the District's Board of Directors.

Copies of the audited financial statements of the Employees' Retirement System may be obtained by writing to the Controller, P.O. Box 24055, Oakland, CA 94623 or by visiting our website at <http://www.ebmud.com>.

C. Basis of Presentation

The accounts of the District are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses.

The basic financial statements include prior year comparative information. A complete presentation of the prior year information can be found in the District's financial statements for the year ended June 30, 2023.

The District reports the following major proprietary (enterprise) funds:

The **Water System** is engaged in the collection, transmission, and distribution of water to communities within Alameda and Contra Costa counties of California.

The **Wastewater System** is engaged in the interception and treatment of wastewater from residences and industries in the California communities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and the Stege Sanitary District.

Additionally, the District reports the following fiduciary fund:

The **Pension and Other Employee Benefit Trust** is used to account for the resources held by the Employees' Retirement System which provides retirement, disability, and survivorship benefits for eligible directors, officers, and employees of the District.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The **Custodial Funds** are used to account for monies held for Bay Area Clean Water Agencies (BACWA), Dublin San Ramon Services District (DSRSD)/EBMUD Recycled Water Authority (DERWA), Freeport Regional Water Authority (FRWA) and Upper Mokelumne River Watershed Authority (UMRWA), joint power authorities the District provides accounting and investing services for; and monies held in external investment pools. See Note 2.K for additional information.

Enterprise funds are used to account for operations 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 to the general public on a continuing basis be financed or recovered primarily through user charges. The Pension and Other Employee Benefit Trust fund is maintained to account for assets held by the Employees' Retirement System in a trustee capacity.

D. Basis of Accounting

Proprietary funds and the Pension and Other Employee Benefit Trust fund are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, deferred outflows, liabilities, and deferred inflows associated with operations are included on the statement of net position, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes wet weather facilities charges as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In addition, the accounting policies of the District conform to accounting policies generally accepted in the United States of America for water utilities. The accounts are maintained substantially in accordance with the Uniform System of Accounts for Water Utilities followed by investor-owned and major municipally owned water utilities.

Statement of Net Position – The statement of net position is designed to display the financial position of the District. The District's fund equity is reported as net position, which is broken down into three categories defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and related deferred inflows and outflows.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and other income.

E. Use of Estimates and Assumptions

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

F. Capital Assets

Utility Plant – at Original Cost

The cost of additions to utility plant and replacement of retired units of property are capitalized. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest during construction based on the interest rate on outstanding debt of the system in the prior fiscal year as allowed by GASB 76. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

The depreciated cost of capital assets, plus removal costs, less salvage, is charged to expense upon retirement.

Water Supply Management Program

Costs incurred in this program are debt funded and capitalized in construction in progress. These costs are transferred to utility plant upon completion of the project and depreciated over their useful life. Debt service costs on the debt used to finance the program are recovered in future through connection fees and rates and charges for service to those benefiting from the program.

Preliminary Survey and Investigation Costs

The District capitalizes initial costs incurred to study and evaluate certain potential long-term capital projects. These costs are transferred to property, plant and equipment upon completion of the project and are depreciated over the life of the asset. In the event the project is abandoned, these costs are expensed.

Contract Water Rights

The District has contracted with the U.S. Bureau of Reclamation for water deliveries from the Central Valley Project (CVP) and shall continue so long as EBMUD pays applicable rates and charges consistent with applicable law. Payments under the contract include reimbursement for operation and maintenance costs based on the amounts of water delivered to EBMUD, the Operation & Maintenance Deficit (EBMUD's current balance is \$3,039), and prepayment of allocated capital costs for CVP storage and conveyance facilities (EBMUD's current estimated allocation is \$1,370). The Water Enterprise Fund capitalized the two components.

G. Depreciation and Amortization

Depreciation and amortization of capital assets is computed on a straight-line basis using the estimated service lives of the related assets (5 to 100 years).

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

The District segregates cash and investments into funds that are “Restricted” and “Unrestricted.” Funds are “restricted” when limitations on use of the resources are imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provision or by enabling legislation. “Unrestricted” resources are committed by the Board of Directors through the passage of a resolution, or constrained for a specific purpose by committees or officials with authority delegated by the Board. The exception is the Reserve for Capital Projects which is anticipated but not committed or constrained to be used for the District’s capital improvement program.

Unrestricted cash and investments are further categorized into Operating and Capital Reserves:

Operating Reserves:

- Rate Stabilization Fund (RSF) reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain at least 20% of projected annual water volume revenues for Water and at least 5% of annual operating and maintenance expenses for Wastewater. Funding of the RSF is consistent with the District’s Bond indentures. In fiscal year 2014, the District combined the Rate Stabilization Fund referenced in the Bond indentures and the Contingency and Rate Stabilization Reserve referenced in Policy 4.02 into a single Rate Stabilization Fund reserve to enhance transparency.
- Working Capital reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain at least three times the District’s monthly net operating and maintenance expenses.
- Self-insurance reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain a level based on the Actuarial Self-Insured Retention (SIR) funding recommendation for the following year’s discounted loss and allocated loss adjustment expenses (ALAE) funding guidelines. Reserve amount should be calculated at a high (85%) confidence level. If an actuarial study is not available before close of the prior fiscal year end, the reserve shall equal 1.15 times the prior year reserve.
- Workers’ compensation reserve is established by Policy 4.02, as adopted by the Board of Directors in the biennial budget, to maintain a level based on the Actuarial SIR funding recommendation for the following year’s discounted loss and ALAE funding guidelines. Reserve amount should be calculated at a high (85%) confidence level. If an actuarial study is not available before close of the prior fiscal year end, the reserve shall equal 1.15 times the prior year reserve.

Capital Reserves:

- Reserve for Capital Projects comprises the resources available for cash funding of the District’s capital improvement program as projected in conjunction with the biennial budget.
- Reserve Funded CIP (Wastewater) balance is a specific designation [Board Motion No. 029-94] used to fund wet and dry weather eligible construction projects.
- Vehicle Replacement Fund [Board Motion No. 030-94] is financed by deposits based on internal user rate charges, and used to reimburse operational expenditures and vehicle replacement purchases.
- Equipment Replacement Fund was established by the District with the implementation of the Wastewater Capacity Fees effective July 1, 1984. The balance in this account represents funds set aside for future wastewater department equipment replacements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted funds include the following:

- Debt funded construction funds are the proceeds of bond or commercial paper issues that are restricted for use on eligible projects in the District's capital program.
- Capitalized Interest fund is restricted by the District's bond indenture for the purpose of defraying that bond issue's debt service payments for a specified period.
- Bond Interest and Redemption fund is utilized, in order for the District to transfer funds to the Trustee for the payment of principal and interest on the outstanding bonds one business day prior to the date such payment is due as required under the District's bond indentures. The District uses the Bond Interest and Redemption Fund to segregate funds accumulated for such payments. In addition, under certain of the interest rate swap agreements related to the District's outstanding bonds, the District is required to post collateral to the swap counterparty to the extent that the District's total exposure for termination payments under the swap agreement exceeds the threshold amount specified in the applicable swap agreement. The District also uses the Bond Interest and Redemption Fund to segregate District funds held by the applicable custodian to satisfy this collateral posting obligation.
- Debt Service Reserve fund is created and required to be maintained at a specified level in connection with certain series of the District's outstanding bonds. Amounts in a Bond Reserve Fund may only be used (a) for the payment of principal and interest on the related series of bonds in the event the District fails to transfer the required payment from the related system Revenue Fund (the respective designated part of the General Fund) (b) for the payment or redemption of all of the related series of bonds then outstanding or (c) for the payment of the final principal and interest payments on the related series of bonds.
- Funds received for construction reflect advances received from applicants for work to be performed by the District and the unspent future water supply component of system capacity charges. This fund is used for the construction of major facilities, applicant requested services, and the design and construction of water supply improvement program projects.
- FERC partnership fund of \$2 million was established January 11, 1999, in compliance with Federal Energy Regulatory Commission (FERC) order which brought resolution to its Mokelumne River Proceeding. The District manages the fund and income derived from investing the funds to provide operating support to the Joint Settlement Agreement with US Fish and Wildlife and California Fish and Game to protect the Mokelumne River Ecosystem from Pardee Reservoir to the Delta. The principal and any unused earnings shall remain the property of the District and will revert to the District upon expiration of the agreement in March 2031 or upon withdrawal of any party to the agreement.

Monetary Reserve represents money on deposit in the name of the District with the Automated Power Exchange Inc. (APX) in accordance with the terms and conditions of the Automated Power Exchange Inc. California Master Service Agreement of July 15, 1999, entered between the District and APX for the sale and purchase of electric power. The funds held on deposit shall be withdrawn by the Depository and Clearing Agent in the event that sufficient funds are not deposited in the District settlement account to cover power exchange transactions.

I. Deferred Amount on Bond Refunding

Gains and losses incurred in connection with debt refunding transactions are deferred and amortized over the shorter of the life of the refunded debt or the new debt.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

K. District Investments

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or for securities of comparable maturity, quality, and type as obtained from market makers.

Each of the financial instruments invested in by the District represents a potential concentration of credit risk. However, as the portfolio and the components of the various instruments are diversified, and issuers of securities are dispersed throughout many industries and geographic locations, the concentrations of credit risk are limited.

L. Retirement System Investments

Investments are reported at fair value. Securities and bonds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that have no quoted market price are reported at estimated fair value, which is determined based on yields equivalent for such securities or for securities of comparable maturity, quality, and type as obtained from market makers. Measurement of the fair value of real estate investments is estimated by the investment managers and reflects both internal and independent appraisals of real estate properties.

The System presents in the Statements of Changes in Fiduciary Net Position the net change in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Each of the financial instruments invested in by the System represents a potential concentration of credit risk. However, as the portfolio and the components of the various instruments are diversified and issuers of securities are dispersed throughout many industries and geographical locations, the concentrations of credit risk are limited.

The System invests in a combination of stocks, bonds, fixed income securities, real estate, and other investment securities. These investments are exposed to various risks, such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Retirement Board policies permit the System to use investments of the Plan to enter into securities lending transactions, which are loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return collateral for the same securities in the future. The Plan's securities custodian is an agent in lending the Plan's securities for cash collateral, U.S. government securities, and irrevocable letters of credit of 102% for domestic securities and 105% for international securities lent.

As of June 30, 2024, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. Contracts with the lending agent require them to indemnify the System under certain circumstances if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

while the securities are on loan. The risk of any loss of collateral or investment of cash collateral (including a loss of income or principal, or loss of market value thereon) lies with the System, except for losses resulting from negligence or intentional misconduct of the agent in performing the duties allocated under the securities lending agreement with respect to collateral. During the year ended June 30, 2024, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

In lending securities, cash collateral is invested in the lending agent's short-term investment pool, which as of June 30, 2024, had a weighted average maturity of 22 days. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. Cash collateral may also be invested separately in term loans, in which case the maturity of the collateral investment generally matches the term of the loan. Noncash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans for the System was approximately 308 days. There are no dividends or coupon payments owing on the securities lent. Cash received as collateral on securities lending transactions is reported as an asset of the System with a corresponding liability.

As of June 30, 2024, the fair value of securities on loan was \$103,733. The total cash and noncash collateral held by the Plan's custodian to secure these securities on loan was valued at \$106,561 (all cash collateral).

M. Material and Supplies

Material and supplies inventories are valued at cost, which approximates market, using the average-cost method.

N. Revenue

Water billings include charges for water flow, elevation, and a monthly meter charge. Customer water meters are read on a cyclical basis throughout a monthly or bimonthly period. Bills are rendered and revenue is recognized in the period that meters are read.

Wastewater treatment billings are a combination of flow, strength charges, and a monthly service charge. Customer bills are rendered on a cyclical basis throughout a monthly or bimonthly period, and revenue is recognized in the period in which bills are rendered.

Wet weather facilities charges are designed to finance the operating and capital costs related to wet weather sewage flows and are billed annually on the property tax bill.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 100 – Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting; understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

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

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

Q. Fair Value Measurements

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

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

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases

Lessee: The District is a lessee primarily in land and buildings. The District recognizes a lease liability and an intangible right-to-use lease asset in the proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed and purchase option payments that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with other liabilities on the statement of net position.

Lessor: The District is a lessor in real estate used for billboard, telecom, and land purchases. The District recognizes a lease receivable and a deferred inflow of resources in the proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Subscription-Based Information Technology Arrangements

The District is a subscriber for a noncancellable subscription of information technology services. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the proprietary fund financial statements.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the District is reasonably certain to exercise.

Subscription assets are reported with other capital assets and subscription liabilities are reported with other liabilities on the statement of net position.

NOTE 2: CASH AND INVESTMENTS

A. Classification

Reconciliations of cash and investments reported on the financial statements as of June 30, 2024, are as follows:

<i>District Enterprise Funds:</i>	Water System	Wastewater System	Total
Cash and investments included in current assets	\$ 425,198	\$ 113,665	\$ 538,863
Cash and investments included in restricted investments	27,053	1,076	28,129
Total District cash and investments	452,251	114,741	566,992
Less investments	(310,473)	(58,473)	(368,946)
Cash and cash equivalents	\$ 141,778	\$ 56,268	\$ 198,046
<i>System Pension Trust Funds:</i>	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	\$ 27,985	\$ 806	\$ 28,791
Invested securities lending collateral	103,576	2,985	106,561
Retirement system investments	2,407,567	69,380	2,476,947
Total System cash and investments	\$ 2,539,128	\$ 73,171	\$ 2,612,299

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Reconciliations of cash and investments reported on the financial statements as of June 30, 2023, are as follows:

<i>District Enterprise Funds:</i>	Water System	Wastewater System	Total
Cash and investments included in current assets	\$ 384,245	\$ 95,173	\$ 479,418
Cash and investments included in restricted investments	40,919	1,000	41,919
Total District cash and investments	425,164	96,173	521,337
Less investments	(330,914)	(60,917)	(391,831)
Cash and cash equivalents	<u>\$ 94,250</u>	<u>\$ 35,256</u>	<u>\$ 129,506</u>

<i>System Pension Trust Funds:</i>	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	\$ 26,937	\$ 740	\$ 27,677
Invested securities lending collateral	75,822	2,084	77,906
Retirement system investments	2,159,656	59,348	2,219,004
Total System cash and investments	<u>\$ 2,262,415</u>	<u>\$ 62,172</u>	<u>\$ 2,324,587</u>

B. District Enterprise Fund Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive and provides information as to the limitations as they relate to interest rate risk, credit risk and concentration risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer/Fund
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	up to 100%	N/A
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligation	5 Years	N/A	up to 100%	40% in each Agency
State of California Local Agency Investment Fund (LAIF Pool)	N/A	N/A	per Sec. 16429.1 \$75,000	N/A
California Asset Management Program (CAMP)	N/A	AAAm/AA-f	40%	20%
Investment Trust of California (CalTRUST)	N/A	AAAm/AA-f	40%	20%
Money Market Mutual Funds	N/A	AAAm	20%	5%
Certificates of Time Deposit	1 Year	AA-	20%	\$250
Negotiable Certificates of Deposit	5 Years	AA-	20%	\$250
Commercial Paper	270 Days	A-1+ and A	20%	5% of portfolio or 10%
Medium Term Corporate Notes	5 Years	AA- and A	20%	5%
Repurchase Agreements	270 Days	N/A	20%	N/A
Municipal Bonds	5 Years	AA- and A	20%	5%
Municipal Notes	N/A	SP-1+	20%	5%

The District does not enter into reverse repurchase agreements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. District Enterprise Fund Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Minimum Credit Quality
Repurchase Agreements	Top Four Short Term Rating Category
U.S. Treasury Bonds, Notes and Bills	N/A
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligation	N/A
State Obligations	Not lower than the District's bond rating
Commercial Paper	Top Rating Category
Negotiable Certificates of Deposit	FDIC insured or collateralised
Time Certificates of Deposits - Banks or Savings and Loans	FDIC insured or collateralised
Corporate Notes (up to 3 years)	Top Short-Term Rating Category
Corporate Bonds (longer than 3 years)	Not lower than District's bond rating
Variable Rate Obligations	Top Short-Term Rating Category
Cash Sweep Agreements	Top Rating Category
Guaranteed Investment Contract	Not lower than District's bond rating
Shares of Beneficial Interest	Top Rating Category

D. Employees Retirement System Authorized Investment Strategy

The Plan's Statement of Investment Policy and Procedures authorize the Plan to invest in financial instruments in four broad investment categories: equity, fixed income, real estate, and covered calls. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Fixed income investments may include futures and options contracts in order to provide added flexibility in managing the fixed income portfolio. The following is a summary of the Plan's Statement of Investment Policy and Procedures adopted by the System on March 21, 2019.

The Retirement Board is authorized to designate multiple investment managers to manage the assets under their supervision subject to the laws of the State of California and the Investment Guidelines established by the Retirement Board. Allocation of assets to the investment managers are determined by the Retirement Board to accommodate changing conditions and laws.

In March 15, 2018, the System adopted an updated asset allocation, which is shown in the table below.

US Equity	25%
Non-US Equity	25%
Core Fixed-Income	20%
Non-Core Fixed Income	5%
Covered Calls	20%
Real Estate	5%

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The Director of Finance is authorized to transfer assets as provided in the Plan's Statement of Investment Policy and Procedures. The Director of Finance is further authorized to withdraw assets from assigned managers as necessary to efficiently meet operating needs.

The core fixed income target allocation (20% of the total portfolio) will primarily consist of U.S. denominated fixed income securities.

The non-core fixed income target allocation (5% of the total portfolio) will primarily consist of U.S. denominated fixed income securities. It is expected that this allocation may have a material allocation to below investment grade securities.

The domestic equity allocation target (25% of the total portfolio) will consist of the allocation to securities that corresponds to the weight of securities within the Russell 3000 Index.

The covered calls target allocation (20% of the total portfolio) may consist of a combination of Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index") replication strategy and/or active non-replication strategies and their underlying domestic equity portfolios.

The international equity target allocation (25% of the total portfolio) will consist of an allocation to non-US equity securities benchmarked to the MSCI ACWI xUS Index.

The real estate target allocation (5% of the total portfolio) will consist of either equity (ownership) and/or fixed income participation in commercial, industrial, or residential properties. Investments may include interests in mortgages pools secured by loans of underlying properties.

The asset allocation does allow for the fact that at any time equity and fixed income managers may have transactional cash on hand and the District will maintain enough cash as working capital to effectively meet cash flow demands on the system. However, there is no specific allocation for cash as all investable cash is allocated to specific investment mandates.

At the May 23, 2024 Retirement Board meeting, the Retirement Board took action to adopt new investment portfolio asset allocations for the System. The updated allocations will be as follows: 35% US Equity, 25% Non-US Equity, 2.5% Real Estate, 20% Core Fixed-Income, 7.5% High Yield Fixed Income, 5% Bank Loans and 5% Private Credit. The portfolio transition will take place in stages throughout the next two years with the goal of full transition by July 2026.

E. Fair Value Hierarchy

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

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2024:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Treasury Bills	\$ 368,947	-	\$ 368,947
Total Investments at Fair Value	<u>\$ 368,947</u>	<u>\$ -</u>	368,947
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			39,227
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			35,299
Mutual Funds (U.S. Securities)			100,450
Total Investments			<u>543,923</u>
<i>Cash in banks</i>			<u>23,069</u>
Total District Cash and Investments			<u>\$ 566,992</u>

In fiscal year 2024, U.S. Treasury Bills totaling \$368,947, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2023:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Government-Sponsored Enterprise Agencies:			
Non-callable	\$ -	\$ 7,843	\$ 7,843
Callable	-	5,748	5,748
U.S. Treasury Bills	378,239	-	378,239
Total Investments at Fair Value	<u>\$ 378,239</u>	<u>\$ 13,591</u>	391,830
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			38,609
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			23,773
Mutual Funds (U.S. Securities)			23,890
Total Investments			<u>478,102</u>
<i>Cash in banks</i>			<u>43,235</u>
Total District Cash and Investments			<u>\$ 521,337</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

In fiscal year 2023, U.S. Treasury Bills totaling \$378,239, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. The U.S. Government-Sponsored Enterprise Agency securities totaled \$13,591 is classified in Level 2 of the fair value hierarchy, and is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

System Pension Trust Fund:

The following is a summary of the fair value hierarchy of investments held by the System as of June 30, 2024:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	\$ -	\$ 9,228	\$ 1,325	\$ 10,553
Equity Securities	502,797	-	74	502,871
Bank Loans	-	8,116	-	8,116
Commercial Mortgage-Backed Securities	-	4,212	-	4,212
Corporate Bonds	-	126,625	-	126,625
Corporate Convertible Bonds	-	250	-	250
Government Agencies	-	22,493	-	22,493
Government Bonds	-	122,938	-	122,938
Government Mortgage Backed Securities	-	193,119	-	193,119
Other Fixed Income	-	7,771	-	7,771
Real Estate-Partnerships	-	-	118,857	118,857
Total Investments at Fair Value	<u>\$ 502,797</u>	<u>\$ 494,752</u>	<u>\$ 120,256</u>	<u>1,117,805</u>
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				1,359,142
Total Investments at Fair Value				<u>2,476,947</u>
Invested Securities Lending Collateral				106,561
Cash and Cash Equivalents:				
California Local Agency Investment Fund				3,517
Cash & Short-term Investments				25,274
Total System Cash and Investments				<u>\$ 2,612,299</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$502,797 are valued using quoted prices in active markets. \$494,752 of investments classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments totaling \$120,256 classified in Level 3 of the fair value hierarchy are valued using appraisals and estimates by investment managers. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The following is a summary of the fair value hierarchy of the fair value of investments of the Pension Trust Fund as of June 30, 2023:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	\$ -	\$ 8,799	\$ -	\$ 8,799
Equities	503,545	37	74	503,656
Bank Loans	-	7,729	-	7,729
Commercial Mortgage-Backed	-	8,260	-	8,260
Corporate Bonds	-	125,061	-	125,061
Corporate Convertible Bonds	-	614	-	614
Govt Agencies	-	68,331	-	68,331
Govt Bonds	-	84,199	-	84,199
Govt Mortgage Backed Securities	-	166,356	-	166,356
Non-Govt Backed CMO's	-	610	-	610
Other Fixed Income	-	11,281	-	11,281
Real Estate-Partnerships	-	-	63,224	63,224
Total Investments at Fair Value	<u>\$ 503,545</u>	<u>\$ 481,277</u>	<u>\$ 63,298</u>	<u>1,048,120</u>
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				1,170,884
Total Investments at Fair Value				<u>2,219,004</u>
Invested Securities Lending Collateral				77,906
Cash and Cash Equivalents:				
California Local Agency Investment Fund				4,302
Cash & Short-term Investments				23,375
Total System Cash and Investments				<u>\$ 2,324,587</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$503,545 are valued using quoted prices in active markets. \$481,277 of investments classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments totaling \$63,298 classified in Level 3 of the fair value hierarchy are valued using appraisals and estimates by investment managers. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

F. Interest Rate Risk

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

Information about the sensitivity of the market values of the District's and System's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2024:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Bills	\$ 271,232	\$ 77,724	\$ 19,991	\$ 368,947
Mutual Funds (U.S. Securities)	100,450	-	-	100,450
California Asset Management Program	39,227	-	-	39,227
California Local Agency Investment Fund	35,299	-	-	35,299
Total Investments	<u>\$ 446,208</u>	<u>\$ 77,724</u>	<u>\$ 19,991</u>	543,923
<i>Cash in banks</i>				<u>23,069</u>
Total District Cash and Investments				<u>\$ 566,992</u>

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2023:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Government-Sponsored Enterprise Agencies				
Non-callable	\$ 7,843	\$ -	\$ -	\$ 7,843
Callable	5,748	-	-	5,748
U.S. Treasury Bills	238,324	131,522	8,393	378,239
Mutual Funds (U.S. Securities)	23,890	-	-	23,890
California Asset Management Program	38,609	-	-	38,609
California Local Agency Investment Fund	23,773	-	-	23,773
Total Investments	<u>\$ 338,187</u>	<u>\$ 131,522</u>	<u>\$ 8,393</u>	478,102
<i>Cash in banks</i>				<u>43,235</u>
Total District Cash and Investments				<u>\$ 521,337</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

System Pension Trust Fund:

Information about the sensitivity of the fair values of the Plan's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity or earliest call date for June 30, 2024:

Investment Type	Less than 12		72 to 120	More than 120	Maturity not	Total
	Months	12 to 72 Months	Months	Months	Determined	
Asset Backed securities	\$ 3	\$ 8,572	\$ 1,042	\$ 936	\$ -	\$ 10,553
Equity Securities	502,871	-	-	-	-	502,871
Bank Loans	-	5,793	2,323	-	-	8,116
Commercial Mortgage-Backed Securities	246	-	-	3,966	-	4,212
Corporate Bonds	6,719	71,864	30,596	17,446	-	126,625
Corporate Convertible Bonds	-	250	-	-	-	250
Government Agencies	-	4,359	12,360	5,774	-	22,493
Government Bonds	2,350	1,500	75,252	43,836	-	122,938
Government Mortgage Backed Securities	-	270	1,391	191,458	-	193,119
Other Fixed Income	1,755	6,016	-	-	-	7,771
Real Estate-Partnerships	-	-	-	-	118,857	118,857
Comingled Funds and Other	-	-	-	-	1,359,142	1,359,142
Total System Investments	\$ 513,944	\$ 98,624	\$ 122,964	\$ 263,416	\$ 1,477,999	\$ 2,476,947

Information about the sensitivity of the fair values of the Plan's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity or earliest call June 30, 2023:

Investment Type	Less than 12		72 to 120	More than 120	Maturity not	Total
	Months	12 to 72 Months	Months	Months	Determined	
Asset Backed securities	\$ 146	\$ 6,273	\$ 624	\$ 1,756	\$ -	\$ 8,799
Equity Securities	503,656	-	-	-	-	503,656
Bank Loans	-	6,659	1,070	-	-	7,729
Commercial Mortgage-Backed	240	744	-	7,276	-	8,260
Corporate Bonds	3,061	74,522	26,921	20,557	-	125,061
Corporate Convertible Bonds	532	82	-	-	-	614
Govt Agencies	-	16,644	11,870	39,817	-	68,331
Govt Bonds	-	10,032	42,844	31,323	-	84,199
Govt Mortgage Backed Securities	-	417	1,033	164,906	-	166,356
Non-Government Backed C.M.O.	-	-	-	610	-	610
Other Fixed Income	2,070	9,211	-	-	-	11,281
Real Estate-Partnerships	-	-	-	-	63,224	63,224
Comingled Funds and Other	-	-	-	-	1,170,884	1,170,884
Total System Investments	\$ 509,705	\$ 124,584	\$ 84,362	\$ 266,245	\$ 1,234,108	\$ 2,219,004

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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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

As of June 30, 2024 and 2023, the District had investments of \$35,299 and \$23,773, respectively, and System had investments of \$3,517 and \$4,302, respectively, invested in LAIF, which had invested 3.00% and 2.78% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.996316042 and 0.984828499 as of June 30, 2024 and 2023, respectively was used to calculate the fair value of the investments in LAIF.

The Plan's investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above as of June 30, 2024 and 2023:

Highly Sensitive Investments	Fair Value at Year End June 30, 2024
Government Mortgage - Backed Securities	\$ 193,119
Commercial Mortgage - Backed Securities	4,212
Highly Sensitive Investments	Fair Value at Year End June 30, 2023
Government Mortgage - Backed Securities	\$ 166,356
Commercial Mortgage - Backed Securities	8,260

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical credit rating organization.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

District Enterprise Funds:

Presented below is the actual rating as of June 30, 2024 for each investment type as provided by Moody's.

Investment Type	Aaa	Total
U.S. Treasury Bills	\$ 368,947	\$ 368,947
Mutual Funds (U.S. Securities)	100,450	100,450
Totals	<u>\$ 469,397</u>	<u>469,397</u>
<i>Not rated by Moody's:</i>		
California Local Agency Investment Fund		35,299
California Asset Management Program		39,227
Cash in Banks		<u>23,069</u>
Total District Cash and Investments		<u>\$ 566,992</u>

Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Moody's.

Investment Type	Aaa	Total
U.S. Government-Sponsored		
Non-Callable	\$ 7,843	\$ 7,843
Callable	5,748	5,748
U.S. Treasury Bills	378,239	378,239
Mutual Funds (U.S. Securities)	23,890	23,890
California Local Agency Investment Fund	23,773	23,773
Totals	<u>\$ 439,493</u>	<u>439,493</u>
<i>Not rated by Moody's:</i>		
California Asset Management Program		38,609
Cash in Banks		<u>43,235</u>
Total District Cash and Investments		<u>\$ 521,337</u>

System Pension Trust Fund:

Presented below is the actual rating as of June 30, 2024, for each investment type as provided by Moody's or Standard and Poor's, displayed by using Moody's ratings scale.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S.		Total
								Government Guaranteed	Not Rated	
Asset Backed Securities	\$ 6,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,703	\$ 10,553
Equity Securities	-	-	-	-	-	-	-	-	502,871	502,871
Bank Loans	-	-	-	110	3,044	4,189	217	-	556	8,116
Commercial Mortgage - Backed Securities	3,062	-	-	352	-	-	-	-	798	4,212
Corporate Bonds	1,990	8,323	51,125	16,797	22,750	21,795	2,737	-	1,108	126,625
Corporate Convertible Bonds	-	-	-	-	-	-	-	-	250	250
Government Agencies	22,318	-	-	-	175	-	-	-	-	22,493
Government Bonds	122,938	-	-	-	-	-	-	-	-	122,938
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	193,019	100	193,119
Other Fixed Income	-	-	-	-	-	-	-	-	7,771	7,771
Real Estate - Partnerships	-	-	-	-	-	-	-	-	118,857	118,857
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,359,142	1,359,142
Total System Investments	<u>\$ 157,158</u>	<u>\$ 8,323</u>	<u>\$ 51,125</u>	<u>\$ 17,259</u>	<u>\$ 25,969</u>	<u>\$ 25,984</u>	<u>\$ 2,954</u>	<u>\$ 193,019</u>	<u>\$ 1,995,156</u>	<u>\$ 2,476,947</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S. Government		Total
								Guaranteed	Not Rated	
Asset Backed Securities	\$ 4,081	\$ -	\$ -	\$ 242	\$ -	\$ -	\$ -	\$ -	\$ 4,476	\$ 8,799
Equity Securities	-	-	-	-	-	-	-	-	503,656	503,656
Bank Loans	-	-	-	633	3,294	3,661	-	-	141	7,729
Commercial Mortgage - Backed Securities	3,899	-	-	371	-	-	-	-	3,990	8,260
Corporate Bonds	1,575	9,056	53,322	18,050	19,214	20,168	2,181	-	1,495	125,061
Corporate Convertible Bonds	-	-	-	-	-	532	-	-	82	614
Government Agencies	67,190	-	-	-	-	-	-	1,141	-	68,331
Government Bonds	84,199	-	-	-	-	-	-	-	-	84,199
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	166,238	118	166,356
Non-Government Backed CMO's	-	-	-	-	-	-	-	-	610	610
Other Fixed Income	-	-	-	-	-	-	-	-	11,281	11,281
Real Estate - Partnerships	-	-	-	-	-	-	-	-	63,224	63,224
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,170,884	1,170,884
Total System Investments	\$ 160,944	\$ 9,056	\$ 53,322	\$ 19,296	\$ 22,508	\$ 24,361	\$ 2,181	\$ 167,379	\$ 1,759,957	\$ 2,219,004

H. Concentration Risk

The District has no significant investments in the securities of any individual issuers, other than U.S. Treasury securities, LAIF, and mutual funds as of June 30, 2024.

The District has no significant investments in the securities of any individual issuers, other than U. S. Treasury securities, and California Asset Management Program as of June 30, 2023.

System Pension Trust Fund:

As of June 30, 2024, and June 30, 2023, the District did not have investments in any one organization exceeding 5% of the System's investments.

The District held demand deposits (overdrafts) amounting to \$4,478 and \$3,681 on behalf of the System as of June 30, 2024 and 2023, respectively. The financial institution which holds these deposits is required by state law to maintain collateral pools against all public deposits they hold.

I. Foreign Currency Risk

System Pension Trust Fund:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2024:

Foreign Currency	Market Value
Danish Krone	\$ 56
Euro	21

The Fund's investment policy permits investments in Non-US Equity of up to 25%. The Fund's current position is 0.003%.

EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2023:

Foreign Currency	Market Value
Euro	\$ 1

The Fund's investment policy permits investments in Non-US Equity up to 25%. The Fund's current position is 0.0005%.

J. Custodial Credit Risk

Custodial credit risk for *cash on deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District or System will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

The District and System invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the District and System employ the Trust Department of a bank or trustee as the custodian of certain District and System managed investments, regardless of their form.

As of June 30, 2024 and 2023, the Plan's brokers/dealers held \$0 in cash exposed to custodial credit risk.

K. Partnership Funds

California Asset Management Program (CAMP) – the District is a participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2024, the fair value was approximate to the District's cost. As of June 30, 2024, the District investment in CAMP is \$39,227.

Investment Trust of California (CalTRUST) – the District is a voluntary participant in the CalTRUST, which is a Joint Powers Authority governed by a Board of Trustees including local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the investment managers and other agents. As of June 30, 2024, the District investment in CalTRUST is \$0.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

L. Joint Powers Authority

DSRSD/EBMUD Recycled Water Authority - On June 28, 1995, the Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (District) entered into a Joint Powers Agreement (JPA) and established the DSRSD/EBMUD Recycled Water Authority (DERWA) with the purpose of creating a recycled water program in the San Ramon and Livermore-Amador Valleys. The JPA governing body is not substantially the same as the District and its independent Board consists of two directors each from the DSRSD and District. The JPA books and records are being maintained separately from DSRSD and the District. The DSRSD and District made member contributions to fund the JPA start-up and continue to fund capital projects at the request of the JPA on an as needed basis. Although DERWA has a significant relationship with the District, DERWA does not provide services solely to the District, and therefore is not considered a component unit of the District.

Freeport Regional Water Authority - The Freeport Regional Water Project (FRWP) is a regional water supply project undertaken by the District in partnership with the Sacramento County Water Agency (SCWA). In February 2002, with the support of the United States Bureau of Reclamation, the District and SCWA formed the Freeport Regional Water Authority (FRWA) under a joint powers agreement to develop the FRWP. The FRWP provides the permanent infrastructure to allow the District to receive water deliveries pursuant to the Long-Term Renewal Central Valley Project Contract at a new point of diversion along the Sacramento River. In addition to providing the District up to 100 MGD of supplemental water in dry years, the FRWP can provide up to 85 MGD to SCWA in all years. The District's share of the facilities is recorded as Investment in JPA and is presented on the statement of net position.

NOTE 3: CAPITAL ASSETS

A. Summary

The District capitalizes all assets with a historical cost of at least five thousand dollars and a useful life of at least three years. Contributed capital assets are valued at their estimated acquisition value on the date contributed.

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

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

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

Capital assets are depreciated using the straight – line method of depreciation, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The useful life of the District leases and subscriptions are based on lease agreements and SBITAs contracts, respectively. The District has assigned the useful lives listed below to capital assets:

Utility plant:	Years
Source of supply	25-100
Raw water transmission and storage	20-100
Interception and outfall	60-75
Pumping	25-75
Treatment	20-75
Distribution	25-75
Power generation	25-75
Equipment	5-20
Plant structures	25-75
Other	5-40

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

B. Additions and Retirements

Capital assets activity for all business-type activities for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2024
Water System:				
Capital assets, not being depreciated:				
Land	\$ 70,724	\$ -	\$ -	\$ 70,724
Rights-of-way	3,043	115	-	3,158
Construction in progress - land/rights of way	216	-	(38)	178
Construction in progress	943,357	520,117	(296,359)	1,167,115
Total capital assets, not being depreciated	<u>1,017,340</u>	<u>520,232</u>	<u>(296,397)</u>	<u>1,241,175</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	281,690	890	(15)	282,565
System and improvements	6,135,532	279,021	(1,367)	6,413,186
Machinery and equipment	141,947	9,170	(2,144)	148,973
Intangible assets	377,448	4,762	(289)	381,921
Lease assets	2,296	677	(168)	2,805
Subscription assets	21,894	-	(5)	21,889
Total capital assets, being depreciated/amortized:	<u>6,960,807</u>	<u>294,520</u>	<u>(3,988)</u>	<u>7,251,339</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(139,406)	(5,531)	4	(144,933)
System and improvements	(2,226,215)	(117,146)	806	(2,342,555)
Machinery and equipment	(90,670)	(8,681)	2,126	(97,225)
Intangible assets	(338,553)	(6,425)	289	(344,689)
Lease assets	(693)	(431)	168	(956)
Subscription assets	(3,241)	(3,538)	-	(6,779)
Total accumulated depreciation/amortization	<u>(2,798,778)</u>	<u>(141,752)</u>	<u>3,393</u>	<u>(2,937,137)</u>
Total capital assets, being depreciated/amortized, net	<u>4,162,029</u>	<u>152,768</u>	<u>(595)</u>	<u>4,314,202</u>
Water System capital assets, net	<u>\$ 5,179,369</u>	<u>\$ 673,000</u>	<u>\$ (296,992)</u>	<u>\$ 5,555,377</u>
Wastewater System:				
Capital assets, not being depreciated:				
Land	\$ 21,361	\$ 534	\$ -	\$ 21,895
Rights-of-way	191	-	-	191
Construction in progress - land/rights of way	190	-	(190)	-
Construction in progress	151,750	60,285	(17,099)	194,936
Total capital assets, not being depreciated	<u>173,492</u>	<u>60,819</u>	<u>(17,289)</u>	<u>217,022</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	93,029	7,620	-	100,649
System and improvements	1,112,617	9,870	-	1,122,487
Machinery and equipment	17,842	(19)	(20)	17,803
Intangible assets	40,719	1,496	-	42,215
Total capital assets, being depreciated/amortized:	<u>1,264,207</u>	<u>18,967</u>	<u>(20)</u>	<u>1,283,154</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(47,958)	(1,885)	-	(49,843)
System and improvements	(520,435)	(22,673)	-	(543,108)
Machinery and equipment	(14,175)	(746)	20	(14,901)
Intangible assets	(33,713)	(1,617)	-	(35,330)
Total accumulated depreciation/amortization	<u>(616,281)</u>	<u>(26,921)</u>	<u>20</u>	<u>(643,182)</u>
Total capital assets, being depreciated/amortized, net	<u>647,926</u>	<u>(7,954)</u>	<u>-</u>	<u>639,972</u>
Wastewater System capital assets, net	<u>\$ 821,418</u>	<u>\$ 52,865</u>	<u>\$ (17,289)</u>	<u>\$ 856,994</u>
Business-type activities capital assets, net	<u>\$ 6,000,787</u>	<u>\$ 725,865</u>	<u>\$ (314,281)</u>	<u>\$ 6,412,371</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

Capital assets activity for all business-type activities for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Prior period adjustment	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2023
Water System:					
Capital assets, not being depreciated:					
Land	\$ 70,747	\$ -	\$ -	\$ (23)	\$ 70,724
Rights-of-way	3,043	-	-	-	3,043
Construction in progress - land/rights of way	216	-	-	-	216
Construction in progress	722,719	-	434,959	(214,321)	943,357
Total capital assets, not being depreciated	796,725	-	434,959	(214,344)	1,017,340
Capital assets, being depreciated/amortized:					
Buildings and improvements	281,261	-	459	(30)	281,690
System and improvements	5,943,162	-	201,694	(9,324)	6,135,532
Machinery and equipment	137,496	-	6,247	(1,796)	141,947
Intangible assets	389,174	-	5,923	(17,649)	377,448
Lease assets	2,288	835	-	(827)	2,296
Subscription assets	-	-	21,894	-	21,894
Total capital assets, being depreciated/amortized:	6,753,381	835	236,217	(29,626)	6,960,807
Less accumulated depreciation/amortization for:					
Buildings and improvements	(133,913)	-	(5,522)	29	(139,406)
System and improvements	(2,121,306)	-	(111,872)	6,963	(2,226,215)
Machinery and equipment	(83,974)	-	(8,409)	1,713	(90,670)
Intangible assets	(333,260)	-	(6,161)	868	(338,553)
Lease assets	(282)	14	(425)	-	(693)
Subscription assets	-	-	(3,241)	-	(3,241)
Total accumulated depreciation/amortization	(2,672,735)	14	(135,630)	9,573	(2,798,778)
Total capital assets, being depreciated/amortized, net	4,080,646	849	100,587	(20,053)	4,162,029
Water System capital assets, net	<u>\$ 4,877,371</u>	<u>\$ 849</u>	<u>\$ 535,546</u>	<u>\$ (234,397)</u>	<u>\$ 5,179,369</u>
Wastewater System:					
Capital assets, not being depreciated:					
Land	\$ 21,218	\$ -	\$ 143	\$ -	\$ 21,361
Rights-of-way	191	-	-	-	191
Construction in progress - land/rights of way	329	-	-	(139)	190
Construction in progress	125,366	-	56,712	(30,328)	151,750
Total capital assets, not being depreciated	147,104	-	56,855	(30,467)	173,492
Capital assets, being depreciated/amortized:					
Buildings and improvements	91,194	-	1,835	-	93,029
System and improvements	1,084,828	-	27,789	-	1,112,617
Machinery and equipment	17,637	-	205	-	17,842
Intangible assets	40,223	-	496	-	40,719
Total capital assets, being depreciated/amortized:	1,233,882	-	30,325	-	1,264,207
Less accumulated depreciation/amortization for:					
Buildings and improvements	(46,293)	-	(1,665)	-	(47,958)
System and improvements	(498,388)	-	(22,047)	-	(520,435)
Machinery and equipment	(13,341)	-	(834)	-	(14,175)
Intangible assets	(32,503)	-	(1,210)	-	(33,713)
Total accumulated depreciation/amortization	(590,525)	-	(25,756)	-	(616,281)
Total capital assets, being depreciated/amortized, net	643,357	-	4,569	-	647,926
Wastewater System capital assets, net	<u>\$ 790,461</u>	<u>\$ -</u>	<u>\$ 61,424</u>	<u>\$ (30,467)</u>	<u>\$ 821,418</u>
Business-type activities capital assets, net	<u>\$ 5,667,832</u>	<u>\$ 849</u>	<u>\$ 596,970</u>	<u>\$ (264,864)</u>	<u>\$ 6,000,787</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

C. Construction in Progress

Construction in Progress in fiscal 2023-2024 comprises:

	Expended to Date
Water System:	
Treatment plant upgrades	\$ 317,723
Large diameter pipelines	112,813
Pipeline rebuild	108,638
Reservoir rehab/maintenance	66,179
Service lateral replacements	64,569
Trench soils management	57,714
Pumping plant rehabilitation	51,869
Mokelumne aqueduct 2&3 relining	34,312
Reservoir tower modifications	25,235
Fuel facility improvements	20,648
Pressure zone improvements	18,155
Dam operational upgrades	17,513
Pipeline relocations	15,046
West of hills master plan	12,995
Pipeline system improvements	12,868
Open cut reservoir program	12,544
Building facilities improvements	11,618
Small capital improvements	10,470
Water loss control	10,348
Raw water infrastructure	10,245
Other construction projects	175,791
	1,167,293
Wastewater System:	
Interceptors and pump stations	57,592
Digesters	34,922
General wastewater	32,549
Power generation and biogas	15,344
Secondary	9,984
Effluent discharge	9,009
Utilities and sitework	7,704
Electricals and controls	7,084
Preliminary treatment	6,421
Wet weather facilities	6,179
Resource recovery	4,423
Dewatering	777
Nutrients	479
Pump station master plan update	300
Primary treatment	161
Other construction projects	2,008
	194,936
Total District construction in progress	\$ 1,362,229

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

At June 30, 2024, the District's remaining current major project commitments are estimated to be \$437,918 for the Water System and \$34,744 for the Wastewater System.

Construction in Progress in fiscal 2022-2023 comprises:

	Expended to Date
Water System:	
Treatment plant upgrades	\$ 170,640
Pipeline rebuild	81,682
Open cut reservoir program	70,327
Large diameter pipelines	67,625
Maloney pumping plant & water treatment plant improvements	60,579
Reservoir rehab/maintenance	49,099
Service lateral replacements	48,349
Trench soils management	47,852
Pumping plant rehabilitation	30,031
Mokelumne aqueduct 2 & 3 relining	24,218
Reservoir tower modifications	16,339
Dam operational upgrades	15,923
Pressure zone improvements	15,224
Fuel facility improvements	14,352
Pipeline system improvements	13,386
Raw water infrastructure	12,766
West of hills master plan	12,025
Pipeline relocations	9,844
Water loss control	8,970
Building facilities improvements	8,688
Other construction projects	165,654
	943,573
Wastewater System:	
Interceptors and pump stations	42,957
Digesters	29,824
General wastewater	25,037
Utilities and sitework	10,139
Power generation and biogas	9,808
Effluent discharge	7,165
Wet weather facilities	5,046
Resource recovery	4,357
Electricals and controls	3,922
Secondary	2,753
Preliminary treatment	2,335
Digester upgrades phase 2	784
Dewatering	475
Nutrients	344
Pump station master plan update	300
Other construction projects	6,694
	151,940
Total District construction in progress	\$ 1,095,513

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 3: CAPITAL ASSETS (CONTINUED)

At June 30, 2023, the District's remaining current major project commitments are estimated to be \$598,240 for the Water System and \$45,874 for the Wastewater System.

NOTE 4: ACCOUNTS PAYABLE & ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2024 and 2023 consist of:

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Accounts payable	\$ 46,781	\$ 44,266	\$ 12,969	\$ 11,223	\$ 59,750	\$ 55,489
Accrued salaries	6,149	8,183	1,080	1,411	7,229	9,594
Other	38,001	28,960	12,051	2,209	50,052	31,169
Total	\$ 90,931	\$ 81,409	\$ 26,100	\$ 14,843	\$ 117,031	\$ 96,252

NOTE 5: COMPENSATED ABSENCES

Compensated absences as of June 30, 2024 and 2023, are included on the statement of net position separately from accounts payable and accrued expenses. In previous years, trends have shown that the District employees utilize the accruals annually, therefore, amounts payable are accrued and reported as a current liability on the financial statements.

The changes in compensated absences were as follows:

	Water System		Wastewater System		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Beginning Balance	\$ 42,858	\$ 41,839	\$ 6,881	\$ 6,671	\$ 49,739	\$ 48,510
Additions	44,469	40,757	7,427	6,575	51,896	47,332
Payments	(43,896)	(39,738)	(7,116)	(6,365)	(51,012)	(46,103)
Ending Balance	\$ 43,431	\$ 42,858	\$ 7,192	\$ 6,881	\$ 50,623	\$ 49,739

NOTE 6: COMMERCIAL PAPER NOTES

The District's Board of Directors has authorized the issuance of short-term indebtedness of the District in a maximum principal amount of up to the lesser of either the average of the total annual revenue for the three preceding years or 25% of the District's total outstanding bonds. Under this authority the District has established two commercial paper programs: an extendable commercial paper program and a traditional commercial paper program. The proceeds from the issuance of commercial paper under these programs are restricted as to use. Under the programs, which must be authorized by the Board of Directors every seven years by resolution subject to the right of referendum, the Water System or the Wastewater System may issue commercial paper and bank notes at prevailing interest rates for periods of not more than 270 days from the date of issuance. The program was last authorized on April 27, 2021.

The District initially established its extendable commercial paper program in March 2009. Under the extendable commercial paper program, no liquidity support agreement with a commercial bank is needed. Instead, the District limits the term of the extendable commercial paper to 120 days, and the investor agrees to extend the maturity of their investment by 150 days at a higher interest rate in the event of a failure to place new commercial paper notes to pay maturing notes, which is expected to provide the District sufficient time to find a replacement investor or refund the extendable commercial paper with a different form of debt to repay the investor.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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(Dollars in Thousands)

NOTE 6: COMMERCIAL PAPER NOTES (CONTINUED)

As of June 30, 2024, there are no outstanding balances in Water and Wastewater Series extendable commercial paper notes under this program.

The District established its current traditional commercial paper program in December 2015. In May 2024, the District paid down \$20 million in commercial paper for the Water System. As of June 30, 2024, \$261 million in Water Series and \$0 in Wastewater Series commercial paper notes were outstanding under this program. The Water Series commercial paper notes included the terms of 59 to 219 days and interest rates ranging from 3.53% to 3.85% as of June 30, 2024, and the terms of 58 to 96 days and interest rates ranging from 2.80% to 3.25% as of June 30, 2023.

To provide liquidity for the Water Series notes issued under the traditional commercial paper program, the District maintains two liquidity support facilities with commercial banks: a standby letter of credit in the amount of \$131 million and a revolving credit agreement in the amount of \$130 million as of June 30, 2024. Borrowings by the Water System for commercial paper notes and bank notes under the traditional commercial paper program cannot exceed the aggregate amount available under these agreements. Draws under the liquidity support facilities are restricted to pay principal on maturing Water Series commercial paper notes. There were no borrowings under the liquidity support facilities as of June 30, 2024. The liquidity support facilities expire on May 4, 2029, and June 28, 2028, respectively, and are subject to extension at the request of the District upon agreement by the issuing bank.

There were no unused proceeds of commercial paper notes as of June 30, 2024. It is the District's practice to use the commercial paper programs as a portion of the District's long-term variable rate debt exposure.

NOTE 7: LONG-TERM DEBT

A. Composition and Changes

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized below and discussed in detail thereafter.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 7: LONG-TERM DEBT (CONTINUED)

The District's debt issues and transactions during fiscal year 2023-2024 are summarized below.

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2010 B						
5.87%, due 6/1/40	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ -
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-	128,315	-	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	153,665	-	55,635	98,030	50,185
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	75,000	-	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	410,845	-	19,390	391,455	17,710
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	72,010	-	1,945	70,065	2,040
Series 2015 C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	2,500	108,215	3,035
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	296,160	-	-	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	151,475	-	2,965	148,510	3,110
Series 2022 A						
5.00% - 5.25%, due 6/1/52	133,950	133,950	-	305	133,645	210
Series 2022 B-1						
5.00%, due 6/1/37	72,105	71,915	-	-	71,915	-
Series 2022 B-2						
5.00%, due 6/1/34	103,850	101,580	-	6,665	94,915	7,000
Series 2024 A						
5.00%, due 6/1/54	245,285	-	245,285	-	245,285	-
Series 2024 B						
5.00%, due 6/1/44	180,715	-	180,715	-	180,715	-
Total water long-term bonds		<u>\$ 2,290,985</u>	<u>\$ 426,000</u>	<u>\$ 292,720</u>	<u>\$ 2,424,265</u>	<u>\$ 83,290</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
Series 2014 A						
5.00%, due 6/1/31	82,150	36,515	-	7,415	29,100	7,740
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,440	-	185	1,255	195
Series 2017 A						
4.00 - 5.00%, due 6/1/37	69,420	48,075	-	4,975	43,100	5,220
Series 2022 A						
5.00%, due 6/1/45	18,140	16,555	-	1,735	14,820	1,820
Series 2022 B						
5.00%, due 6/1/37	17,345	17,345	-	-	17,345	-
Series 2024 A						
5.00%, due 6/1/54	24,950	-	24,950	-	24,950	-
Total wastewater long-term bonds		338,300	24,950	14,310	348,940	14,975
Total long-term bonds		2,629,285	450,950	307,030	2,773,205	98,265
Water Loans:						
State Water Resources Control Board						
2008 East Bayshore, Recycled						
Water Project						
2.40%, due 4/1/28	20,100	5,872	-	1,119	4,753	1,147
2018 South Reservoir						
Replacement Project						
1.70%, due 7/1/48	13,998	12,537	-	406	12,131	413
2018 MacArthur Davenport						
Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	10,842	-	335	10,507	340
Total water loans		29,251	-	1,860	27,391	1,900
Total long-term loans		29,251	-	1,860	27,391	1,900
Commercial Paper (see Note 6)						
Water System Commercial Paper		281,000	1,540,470	1,560,470	261,000	
Wastewater System Commercial		-	-	-	-	
Total commercial paper		281,000	1,540,470	1,560,470	261,000	
Amount due within one year		(95,570)	(4,595)	-	(100,165)	
Add: Unamortized premium, net		217,711	63,513	44,741	236,483	
Total long-term liabilities, net		\$ 3,061,677	\$ 2,050,338	\$ 1,914,101	\$ 3,197,914	\$ 100,165

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

The District's debt issues and transactions during fiscal year 2022-2023 are summarized below.

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2010 B						
5.87%, due 6/1/40	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ -
Series 2012 B						
1.00 - 5.00%, due 6/1/26	358,620	41,160	-	41,160	-	-
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-	-	128,315	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	176,825	-	23,160	153,665	45,630
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	-	75,000	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	429,360	-	18,515	410,845	19,390
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	74,335	-	2,325	72,010	1,945
Series 2015 C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	-	110,715	2,500
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	296,160	-	-	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	154,300	-	2,825	151,475	2,965
Series 2022 A						
5.00% - 5.25%, due 6/1/52	133,950	133,950	-	-	133,950	305
Series 2022 B-1						
5.00%, due 6/1/37	72,105	72,105	-	190	71,915	-
Series 2022 B-2						
5.00%, due 6/1/34	103,850	103,850	-	2,270	101,580	6,665
Total water long-term bonds		<u>\$ 2,381,430</u>	<u>\$ -</u>	<u>\$ 90,445</u>	<u>\$ 2,290,985</u>	<u>\$ 79,400</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
Series 2014 A						
2.00 - 5.00%, due 6/1/31	82,150	43,610	-	7,095	36,515	7,415
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,620	-	180	1,440	185
Series 2017 A						
4.00 - 5.00%, due 6/1/45	69,420	52,810	-	4,735	48,075	4,975
Series 2022 A						
5.00%, due 6/1/45	18,140	18,140	-	1,585	16,555	1,735
Series 2022 B						
5.00%, due 6/1/37	17,345	17,345	-	-	17,345	-
Total wastewater long-term bonds		351,895	-	13,595	338,300	14,310
Total long-term bonds		2,733,325	-	104,040	2,629,285	93,710
Water Loans:						
State Water Resources Control Board						
2008 East Bayshore, Recycled						
Water Project						
2.40%, due 4/1/28	20,100	6,965	-	1,093	5,872	1,119
2018 South Reservoir						
Replacement Project						
1.70%, due 7/1/48	13,998	12,937	-	400	12,537	406
2018 MacArthur Davenport						
Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	11,171	-	329	10,842	335
Total water loans		31,073	-	1,822	29,251	1,860
Total long-term loans		31,073	-	1,822	29,251	1,860
Commercial Paper (see Note 6)						
Water System Commercial Paper		295,000	1,798,220	1,812,220	281,000	
Wastewater System Commercial		8,000	16,000	24,000	-	
Total commercial paper		303,000	1,814,220	1,836,220	281,000	
Amount due within one year		(91,587)	(3,983)	-	(95,570)	
Add: Unamortized premium, net		247,928	-	30,217	217,711	
Total long-term liabilities, net		\$ 3,223,739	\$ 1,810,237	\$ 1,972,299	\$ 3,061,677	\$ 95,570

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

B. Description of the District's Long-Term Debt Issues

Revenue-supported debt can be authorized by the District's Board of Directors, subject to a referendum process.

The net revenues of the Water System are pledged toward the repayment of the Water Revenue Bonds and the State Water Resources Control Board (SWRCB) Parity Loans of the Water System. The net revenues of the Wastewater System are pledged toward the repayment of the Wastewater Revenue Bonds of the Wastewater System.

The District is subject to certain revenue bond covenants on outstanding debt which require the setting of rates and charges to yield net revenues of the respective Water System or Wastewater System, as applicable, equal to at least 110% of the current annual debt service requirements for all revenue bonds and other parity obligations of the respective Water System or Wastewater System. The District has designated \$182 million (\$150 million for the Water System and \$32 million for the Wastewater System) of operating reserves as a rate stabilization fund, which is available to satisfy the coverage requirements for debt service in future years. There have never been any draws for this purpose.

Upon the occurrence and continuation of an event of default under the Water System Revenue Bond Indenture or Wastewater System Revenue Bond indenture, the principal amounts of (and accrued interest on) the respective system's revenue bonds can be accelerated and declared immediately due and payable by the registered bondholders of a majority in aggregate principal amount of the then outstanding bonds upon written notice delivered to the District. Failure to pay debt service when due and the occurrence of certain insolvency or bankruptcy-related events are events of default. Failure to observe or perform the covenants and agreements under the Indenture for a period of 60 days after written notice of such failure is given to the District is also an event of default unless the District has taken all action reasonably possible to remedy such failure within 60 days and the District diligently proceeds to remedy the failure. A default by the District under any agreement governing Parity Debt which continues after the applicable grace period, if any, is also an event of default.

Water System Revenue Bonds Issuance and Refunding during the Fiscal Year

2024 Water System Revenue Bonds, Series 2024A (Green Bonds) – The District issued \$245 million principal amount of Water System Revenue Bonds Series 2024A on March 5, 2024, to provide moneys to finance and/or reimburse the District for certain costs of various improvements to the District Water System and to pay the costs of issuance in connection with the Series 2024A bonds. The Water System Revenue Bonds Series 2024A are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Water Revenues of the District. The Adjusted Net Water Revenues generally consist of the District's Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Water Operation and Maintenance Costs. Principal payments commence on June 1, 2040, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

2024 Water System Revenue Refunding Bonds, Series 2024B – The District issued \$181 million principal amount of Water System Revenue Refunding Bonds Series 2024B on March 5, 2024, to refund all the District's Water System Subordinated Revenue Bonds Series 2014A and Series 2014C, to refund a portion of the District's Water System Subordinated Revenue Bonds Series 2014B and to pay costs of issuance in connection with the Series 2024B bonds. The Water System Revenue Refunding Bonds Series 2024B are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Water Revenues of the District. The Adjusted Net Water Revenues generally consist of the District's Water Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Water Operation and Maintenance Costs. Principal payments commence on June 1, 2027, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

Wastewater System Revenue Bonds Issuance during the Fiscal Year

2024 Wastewater System Revenue Bonds, Series 2024A (Green Bonds) – The District issued \$25 million principal amount of Wastewater System Revenue Bonds, Series 2024A on March 12, 2024, to provide moneys to finance and/or reimburse the District for certain costs of improvements to the Wastewater System of the District and to pay costs of issuance in connection with the Series 2024A bonds. The Wastewater System Revenue Bonds Series 2024A are special limited obligations of the District and are payable solely from and secured by a pledge of the Adjusted Net Wastewater Revenues of the District. The Adjusted Net Wastewater Revenues generally consist of the District's Wastewater Revenues (adjusted for deposits to and withdrawals from the Rate Stabilization Fund) remaining after the payment of all Wastewater Operation and Maintenance Costs. Principal payments commence on June 1, 2041, and are payable annually on June 1 thereafter. Interest payments are payable on June 1st and December 1st of each year, commencing June 1, 2024.

Current-Year Defeasances

In prior years, the District defeased certain debt issues by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. In March 2024, \$213 million of the bonds outstanding were considered defeased and were redeemed on June 1, 2024.

C. Debt Service Requirements

Annual debt service requirements for fiscal year 2023-2024 are shown below for the above debt issues:

For the Year Ending June 30	Water System		Wastewater System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 85,190	\$ 122,595	\$ 14,975	\$ 17,379	\$ 100,165	\$ 139,974
2026	89,320	118,440	15,670	16,632	104,990	135,072
2027	91,857	114,031	14,030	15,859	105,887	129,890
2028	96,344	109,523	14,730	15,158	111,074	124,681
2029	101,102	104,739	5,480	14,464	106,582	119,203
2030 - 2034	585,879	443,046	95,435	62,652	681,314	505,698
2035 - 2039	747,629	281,128	93,635	37,184	841,264	318,312
2040 - 2044	397,282	117,362	71,985	12,691	469,267	130,053
2045 - 2049	164,053	43,201	12,090	4,169	176,143	47,370
2050 - 2054	93,000	13,888	10,910	1,644	103,910	15,532
Totals	<u>\$ 2,451,656</u>	<u>\$ 1,467,952</u>	<u>\$ 348,940</u>	<u>\$ 197,832</u>	<u>\$ 2,800,596</u>	<u>\$ 1,665,784</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 7: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements for fiscal year 2022-2023, including the swap payments are shown below for the above debt issues:

For the Year Ending June 30	Water System		Wastewater System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 81,260	\$ 115,892	\$ 14,310	\$ 16,853	\$ 95,570	\$ 132,745
2025	85,190	111,950	14,975	16,140	100,165	128,090
2026	89,320	107,806	15,670	15,392	104,990	123,198
2027	93,722	103,369	14,030	14,616	107,752	117,985
2028	98,304	98,768	14,730	13,915	113,034	112,683
2029 - 2033	569,607	415,778	72,685	60,120	642,292	475,898
2034 - 2038	723,762	261,017	100,725	35,972	824,487	296,989
2039 - 2043	415,962	87,583	84,255	11,135	500,217	98,718
2044 - 2048	149,088	16,605	6,920	483	156,008	17,088
2049 - 2052	14,021	934	-	-	14,021	934
Totals	\$ 2,320,236	\$ 1,319,703	\$ 338,300	\$ 184,626	\$ 2,658,536	\$ 1,504,329

NOTE 8: LEASES

A. Lessee

As of June 30, 2024, the District had seventeen active leases. The leases have payments that range from \$1 to \$217 and interest rates that range from 0.3870% to 2.5830%. As of June 30, 2024, the total combined value of the lease liability is \$1,962, the total combined value of the short-term lease liability is \$401. The combined value of the right to use asset, as of June 30, 2024 of \$2,805 with accumulated amortization of \$956 is included within the lease class activities table found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Land	\$ 252	\$ 75
Buildings	2,046	743
Infrastructure	507	138
Total Leases	\$ 2,805	\$ 956

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

Principal and Interest Requirements to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 401	\$ 32	\$ 433
2026	374	26	400
2027	386	21	407
2028	173	16	189
2029	157	12	169
2030 - 2034	350	25	375
2035 - 2039	53	12	65
2040 - 2044	27	7	34
2045 - 2049	20	4	24
2050 - 2054	21	2	23
Total Payments	\$ 1,962	\$ 157	\$ 2,119

WATER SERVICES GROUP ACTIVITIES:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Lease Assets				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	\$ 168	\$ -	\$ 168	\$ -
MLP-134 Lodi Wine & Business Center	286	-	-	286
MLP-263 25 Orinda Way	1,083	-	-	1,083
MLP-268 Senator Building-Sacramento Lease	-	677	-	677
Total Building Lease Assets	1,537	677	168	2,046
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	419	-	-	419
MLP-253 EBRPD Vollmer Peak	88	-	-	88
Total Infrastructure Lease Assets	507	-	-	507
Land				
MLP-133 Oro Loma Sanitary District 23-24	25	-	-	25
MLP-160 City of Hayward, Ground Lease	98	-	-	98
MLP-215 Stanley Boersma, Monitoring Well	12	-	-	12
MLP-216 Monitoring Well	8	-	-	8
MLP-217 Monitoring Well San Lorenzo USD	8	-	-	8
MLP-220 5-Crops International, Permit to Enter	12	-	-	12
MLP-221 2575 Grant Avenue - New Lease 1	12	-	-	12
MLP-222 Permit to Enter-Salesian College	22	-	-	22
MLP-224 Permit & Right of Entry	7	-	-	7
MLP-225 Permit & Right of Entry Contra Costa	15	-	-	15
MLP-255, Sierra Pacific Land & Timber Co.	33	-	-	33
Total Land Lease Assets	252	-	-	252
Total Lease Assets	\$ 2,296	\$ 677	\$ 168	\$ 2,805

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Lease Accumulated Amortization				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	\$ 122	\$ 46	\$ 168	\$ -
MLP-134 Lodi Wine & Business Center	164	82	-	246
MLP-263 25 Orinda Way	266	200	-	466
MLP-268 Senator Building-Sacramento Lease	-	31	-	31
Total Building Lease Accumulated Amortization	552	359	168	743
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	82	41	-	123
MLP-253 EBRPD Vollmer Peak	10	5	-	15
Total Infrastructure Lease Accumulated Amortization	92	46	-	138
Land				
MLP-133 Oro Loma Sanitary District 23-24	16	8	-	24
MLP-160 City of Hayward, Ground Lease	6	3	-	9
MLP-215 Stanley Boersma, Monitoring Well	5	3	-	8
MLP-216 Monitoring Well	2	1	-	3
MLP-217 Monitoring Well San Lorenzo USD	2	1	-	3
MLP-220 5-Crops International, Permit to Enter	3	2	-	5
MLP-221 2575 Grant Avenue - New Lease 1	1	2	-	3
MLP-222 Permit to Enter-Salesian College	5	2	-	7
MLP-224 Permit & Right of Entry	3	1	-	4
MLP-225 Permit & Right of Entry Contra Costa	3	2	-	5
MLP-255, Sierra Pacific Land & Timber Co.	3	1	-	4
Total Land Lease Accumulated Amortization	49	26	-	75
Total Lease Accumulated Amortization	\$ 693	\$ 431	\$ 168	\$ 956
Total Water Services Group Lease Assets, Net	\$ 1,603	\$ 246	\$ -	\$ 1,849

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Liability					
Buildings					
MLP-121 Eleventh & L Properties, Sacramento	\$ 47	\$ -	\$ 47	\$ -	\$ -
MLP-134 Lodi Wine & Business Center	127	-	84	43	43
MLP-263 25 Orinda Way	904	-	207	697	216
MLP-268 Senator Building-Sacramento Lease	-	677	4	673	82
Total Building Lease Liability	1,078	677	342	1,413	341
Infrastructure					
MLP-098 Mt. Diablo - South Peak License	334	-	40	294	40
MLP-253 EBRPD Vollmer Peak	81	-	3	78	4
Total Infrastructure Lease Liability	415	-	43	372	44
Land					
MLP-133 Oro Loma Sanitary District 23-24	8	-	8	-	-
MLP-160 City of Hayward, Ground Lease	93	-	2	91	2
MLP-215 Stanley Boersma, Monitoring Well	7	-	3	4	2
MLP-216 Monitoring Well	6	-	1	5	1
MLP-217 Monitoring Well San Lorenzo USD	6	-	1	5	1
MLP-220 5-Crops International, Permit to Enter	8	-	2	6	2
MLP-221 2575 Grant Avenue - New Lease 1	9	-	2	7	2
MLP-222 Permit to Enter-Salesian College	17	-	2	15	2
MLP-224 Permit & Right of Entry	5	-	2	3	2
MLP-225 Permit & Right of Entry Contra Costa	12	-	1	11	1
MLP-255, Sierra Pacific Land & Timber Co.	31	-	1	30	1
Total Land Lease Liability	202	-	25	177	16
Total Lease Liability	\$ 1,695	\$ 677	\$ 410	\$ 1,962	\$ 401

As of June 30, 2023, the District had eighteen active leases. The leases have payments that range from \$1 to \$194 and interest rates that range from 0.3870% to 2.5830%. As of June 30, 2023, the total combined value of the lease liability was \$1,695, the total combined value of the short-term lease liability was \$406. The combined value of the right to use asset, as of June 30, 2023 of \$2,296 with accumulated amortization of \$693 is included within the lease class activities table found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Land	\$ 252	\$ 49
Buildings	1,537	552
Infrastructure	507	92
Total Leases	\$ 2,296	\$ 693

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

Principal and Interest Requirements to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 406	\$ 22	\$ 428
2025	319	18	337
2026	287	14	301
2027	294	10	304
2028	76	7	83
2029 - 2033	182	23	205
2034 - 2038	51	13	64
2039 - 2043	33	8	41
2044 - 2048	22	5	27
2049 - 2053	20	2	22
2054 - 2055	4	-	4
Total Payments	\$ 1,694	\$ 122	\$ 1,816

WATER SERVICES GROUP ACTIVITIES:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease Assets				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	\$ 169	\$ -	\$ -	\$ 169
MLP-134 Lodi Wine & Business Center	286	-	-	286
MLP-263 25 Orinda Way	1,082	-	-	1,082
Total Building Lease Assets	1,537	-	-	1,537
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	419	-	-	419
MLP-253 EBRPD Vollmer Peak	88	-	-	88
Total Infrastructure Lease Assets	507	-	-	507
Land				
MLP-133 Oro Loma Sanitary District 23-24	25	-	-	25
MLP-160 City of Hayward, Ground Lease	98	-	-	98
MLP-215 Stanley Boersma, Monitoring Well	12	-	-	12
MLP-216 Monitoring Well	8	-	-	8
MLP-217 Monitoring Well San Lorenzo USD	8	-	-	8
MLP-218 Hayward Area Recreation District	3	-	3	-
MLP-220 5-Crops International, Permit to Enter	12	-	-	12
MLP-221 2575 Grant Avenue - New Lease 1	-	12	-	12
MLP-221 2575 Grant EXPIRED Alameda County	1	-	1	-
MLP-222 Permit to Enter-Salesian College	22	-	-	22
MLP-224 Permit & Right of Entry	7	-	-	7
MLP-225 Permit & Right of Entry Contra Costa	15	-	-	15
MLP-255, Sierra Pacific Land & Timber Co.	33	-	-	33
Total Land Lease Assets	244	12	4	252
Total Lease Assets	\$ 2,288	\$ 12	\$ 4	\$ 2,296

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease Accumulated Amortization				
Buildings				
MLP-121 Eleventh & L Properties, Sacramento	\$ 61	\$ 61	\$ -	\$ 122
MLP-134 Lodi Wine & Business Center	82	82	-	164
MLP-263 25 Orinda Way	66	200	-	266
Total Building Lease Accumulated Amortization	209	343	-	552
Infrastructure				
MLP-098 Mt. Diablo - South Peak License	41	41	-	82
MLP-253 EBRPD Vollmer Peak	5	5	-	10
Total Infrastructure Lease Accumulated Amortization	46	46	-	92
Land				
MLP-133 Oro Loma Sanitary District 23-24	8	8	-	16
MLP-160 City of Hayward, Ground Lease	3	3	-	6
MLP-215 Stanley Boersma, Monitoring Well	3	2	-	5
MLP-216 Monitoring Well	1	1	-	2
MLP-217 Monitoring Well San Lorenzo USD	1	1	-	2
MLP-218 Hayward Area Recreation District	1	1	2	-
MLP-220 5-Crops International, Permit to Enter	2	1	-	3
MLP-221 2575 Grant Avenue - New Lease 1	-	1	-	1
MLP-221 2575 Grant EXPIRED Alameda County	1	-	1	-
MLP-222 Permit to Enter-Salesian College	3	2	-	5
MLP-224 Permit & Right of Entry	1	2	-	3
MLP-225 Permit & Right of Entry Contra Costa	1	2	-	3
MLP-255, Sierra Pacific Land & Timber Co.	2	1	-	3
Total Land Lease Accumulated Amortization	27	25	3	49
Total Lease Accumulated Amortization	282	414	3	693
Total Water Services Group Lease Assets, Net	\$ 2,006	\$ (402)	\$ 1	\$ 1,603

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessee (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Liability					
Buildings					
MLP-121 Eleventh & L Properties, Sacramento	\$ 109	\$ -	\$ 62	\$ 47	\$ 47
MLP-134 Lodi Wine & Business Center	208	-	81	127	84
MLP-263 25 Orinda Way	1,086	-	182	904	207
Total Building Lease Liability	1,403	-	325	1,078	338
Infrastructure					
MLP-098 Mt. Diablo - South Peak License	371	-	38	333	40
MLP-253 EBRPD Vollmer Peak	85	-	3	82	3
Total Infrastructure Lease Liability	456	-	41	415	43
Land					
MLP-133 Oro Loma Sanitary District 23-24	16	-	8	8	8
MLP-160 City of Hayward, Ground Lease	95	-	2	93	2
MLP-215 Stanley Boersma, Monitoring Well	10	-	3	7	3
MLP-216 Monitoring Well	7	-	1	6	1
MLP-217 Monitoring Well San Lorenzo USD	7	-	1	6	1
MLP-218 Hayward Area Recreation District	1	-	1	-	-
MLP-220 5-Crops International, Permit to Enter	10	-	2	8	2
MLP-221 2575 Grant Avenue - New Lease 1	-	12	3	9	2
MLP-221 2575 Grant EXPIRED Alameda County	-	-	-	-	-
MLP-222 Permit to Enter-Salesian College	19	-	2	17	2
MLP-224 Permit & Right of Entry	6	-	1	5	2
MLP-225 Permit & Right of Entry Contra Costa	13	-	1	12	1
MLP-255, Sierra Pacific Land & Timber Co.	32	-	1	31	1
Total Land Lease Liability	216	12	26	202	25
Total Lease Liability	\$ 2,075	\$ 12	\$ 392	\$ 1,695	\$ 406

B. Lessor

As of June,30 2024, the District had sixty-two active leases. The leases have receipts that range from \$1 to \$742 and interest rates that range from 0.2000% to 2.6300%. As of June 30, 2024, the total combined value of the lease receivable is \$27,981, the total combined value of the short-term lease receivable is \$4,309, and the combined value of the deferred inflow of resources is \$26,303. The leases had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable, within the fiscal year.

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 4,310	\$ 403	\$ 4,713
2026	3,596	343	3,939
2027	3,557	293	3,850
2028	3,654	243	3,897
2029	3,290	192	3,482
2030 - 2034	8,804	382	9,186
2035 - 2039	755	19	774
2040 - 2044	15	-	15
Total Payments	\$ 27,981	\$ 1,875	\$ 29,856

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Receivable					
Buildings					
MLP-123, 520 San Pablo Dam Road	\$ 52	\$ -	\$ 11	\$ 41	\$ 12
MLP-256 District Housing, 7000 Miller	12	-	3	9	3
MLP-257 4998 Happy Valley Road	45	-	12	33	12
MLP-258 3849 Mt Diablo Blvd.	54	-	14	40	15
Total Building Lease Receivable	163	-	40	123	42
Land					
MLP-001 BART Parking Lease	1,050	-	106	944	113
MLP-017 FAA Lease Radio	658	-	56	602	57
MLP-018 Lindsay Wildlife Museum	6	-	3	3	3
MLP-066 Lake Chabot Regional Park	165	-	6	159	6
MLP-071, American Tower Corp.	1,000	-	488	512	512
MLP-106, Del Monte Shopping Center	46	-	11	35	11
MLP-112, Grupe/Brookside Country Club	65	-	7	58	7
MLP-128 - Crown Castle - Telecom Lease	129	-	63	66	66
MLP-135, T-Mobile West, Amador	722	-	60	662	64
MLP-137 T-Mobile West Corporation	664	-	64	600	67
MLP-138 T-Mobile West Corp., Valley View	664	-	64	600	67
MLP-139 Sprint, Castenada Reservoir - Land	609	-	59	550	62
MLP-146, T-Mobile, Castro Reservoir	767	-	64	703	68
MLP-149 Dwelley Farms	163	-	80	83	83
MLP-152, Amador Reservoir, Crown Castle	663	-	56	607	58
MLP-157, T-Mobile, Emmons Pumping Plant	779	-	63	716	65
MLP-161, AT&T, Amador Reservoir, CCC	825	-	47	778	57
MLP-166, AT&T, Alamo Reservoir, CCC	867	-	44	823	46
MLP-169 - Ground Lease - North Interceptor	6	-	1	5	1
MLP-170 AT&T, Castro Reservoir	841	-	43	798	46
MLP-173 Verizon, Pleasant Hill	869	-	39	830	41
MLP-176 New Cingular Wireless (AT&T)	563	-	55	508	57
MLP-182 - ATT - Pleasant Hill Reservoir	191	-	47	144	48
MLP-183 - Verizon - Valley View Reservoir	1,058	-	51	1,007	53
MLP-198 - SBA - Shawn Reservoir	122	-	60	62	62
MLP-199 - ATT Arcadian Reservoir	131	-	65	66	66
MLP-202 - T-Mobile - Madrone Reservoir	134	-	66	68	68
MLP-203 - ATT - Withers Reservoir	123	-	60	63	63
MLP-205 - Verizon - Los Altos Reservoir	184	-	59	125	61
MLP-211 Verizon, Amador Reservoir - Land	200	-	64	136	67
MLP-212 AT&T, Madrone Reservoir	204	-	65	139	68
MLP-230 EBRCSA, Carter Reservoir	96	-	18	78	19
MLP-231 EBRCSA ACSO, Pearl Reservoir	94	-	17	77	18
MLP-232 EBRCSA, Skyline Reservoir	94	-	17	77	18
MLP-234 City of Oakland, Seneca Reservoir	17	-	17	-	-
MLP-235, City of Oakland, Gwin Reservoir	17	-	17	-	-
MLP-237 - Verizon - May Reservoir	603	-	48	555	50
MLP-238 Alamo Reservoir-Stone Hill Drive	603	-	48	555	50
MLP-239, Verizon Wireless, Berryman	603	-	48	555	50
MLP-240 - Verizon - Walnut Creek PP	603	-	48	555	50
MLP-241 S&S Trucking, McMillan Property	1,527	-	241	1,286	262
MLP-242 EBRCSA, Seneca Reservoir	-	91	18	73	17
MLP-244 - Arcadian Reservoir - Verizon	603	-	48	555	50
MLP-250, Verizon Wireless, Brookwood	641	-	41	600	47
MLP-251 - Verizon - Madrone Reservoir	641	-	41	600	47
MLP-252 Robin Hauge	41	-	1	40	1
NRD, CalShakes, Arts Theater	26	-	5	21	5
NRD, Christmas Tree Farm	-	34	4	30	3
Total Land Lease Receivable	20,677	125	2,693	18,109	2,800
Total Lease Receivable	\$ 20,840	\$ 125	\$ 2,733	\$ 18,232	\$ 2,842

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Deferred Inflow of Resources				
Buildings				
MLP-123, 520 San Pablo Dam Road	\$ 50	\$ -	\$ 12	\$ 38
MLP-256 District Housing, 7000 Miller	11	-	3	8
MLP-257 4998 Happy Valley Road	43	-	12	31
MLP-258 3849 Mt Diablo Blvd.	52	-	14	38
Total Building Deferred Inflow of Resources	156	-	41	115
Land				
MLP-001 BART Parking Lease	1,007	-	126	881
MLP-017 FAA Lease Radio	634	-	62	572
MLP-018 Lindsay Wildlife Museum	4	-	2	2
MLP-066 Lake Chabot Regional Park	165	-	9	156
MLP-071, American Tower Corp.	1,054	-	436	618
MLP-106, Del Monte Shopping Center	46	-	12	34
MLP-112, Grupe/Brookside Country Club	64	-	8	56
MLP-128 - Crown Castle - Telecom Lease	124	-	62	62
MLP-135, T-Mobile West, Amador	688	-	75	613
MLP-137 T-Mobile West Corporation	638	-	75	563
MLP-138 T-Mobile West Corp., Valley View	640	-	73	567
MLP-139 Sprint, Castenada Reservoir - Land	587	-	69	518
MLP-146, T-Mobile, Castro Reservoir	731	-	79	652
MLP-149 Dwelley Farms	191	-	79	112
MLP-152, Amador Reservoir, Crown Castle	632	-	69	563
MLP-157, T-Mobile, Emmons Pumping Plant	745	-	71	674
MLP-161, AT&T, Amador Reservoir, CCC	783	-	67	716
MLP-166, AT&T, Alamo Reservoir, CCC	822	-	69	753
MLP-169 - Ground Lease - North Interceptor	6	-	1	5
MLP-170 AT&T, Castro Reservoir	804	-	67	737
MLP-173 Verizon, Pleasant Hill	828	-	62	766
MLP-176 New Cingular Wireless (AT&T)	543	-	63	480
MLP-182 - ATT - Pleasant Hill Reservoir	200	-	43	157
MLP-183 - Verizon - Valley View Reservoir	1,042	-	74	968
MLP-198 - SBA - Shawn Reservoir	423	-	206	217
MLP-199 - ATT Arcadian Reservoir	137	-	58	79
MLP-202 - TMobile - Madrone Reservoir	148	-	55	93
MLP-203 - ATT - Withers Reservoir	139	-	50	89
MLP-205 - Verizon - Los Altos Reservoir	164	-	67	97
MLP-211 Verizon, Amador Reservoir - Land	204	-	58	146
MLP-212 AT&T, Madrone Reservoir	208	-	59	149
MLP-230 EBRCSA, Carter Reservoir	96	-	17	79
MLP-231 EBRCSA ACSO, Pearl Reservoir	80	-	15	65
MLP-232 EBRCSA, Skyline Reservoir	80	-	15	65
MLP-234 City of Oakland, Seneca Reservoir	22	-	14	8
MLP-235, City of Oakland, Gwin Reservoir	22	-	14	8
MLP-237 - Verizon - May Reservoir	571	-	61	510
MLP-238 Alamo Reservoir-Stone Hill Drive	580	-	56	524
MLP-239, Verizon Wireless, Berryman	570	-	61	509
MLP-240 - Verizon - Walnut Creek PP	580	-	56	524
MLP-241 S&S Trucking, McMillan Property	1,354	-	246	1,108
MLP-242 EBRCSA, Seneca Reservoir	-	91	9	82
MLP-244 - Arcadian Reservoir - Verizon	535	-	50	485
MLP-250, Verizon Wireless, Brookwood	619	-	55	564
MLP-251 - Verizon - Madrone Reservoir	619	-	55	564
MLP-252 Robin Hauge	40	-	2	38
NRD, CalShakes, Arts Theater	24	-	6	18
NRD, Christmas Tree Farm	-	34	2	32
Total Land Deferred Inflow of Resources	20,276	125	3,122	17,279
Total Deferred Inflow of Resources	\$ 20,432	\$ 125	\$ 3,163	\$ 17,394

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Lease Receivable					
Land					
MLP-114 Syufy Parking Lease	\$ 504	\$ -	\$ 52	\$ 452	\$ 54
MLP-148 AT&T Network Wastewater	609	-	59	550	62
MLP-200, Clear Channel	2,743	-	324	2,419	328
MLP-243, Bizon GroupCross Section	4,551	-	704	3,847	767
MLP-260 First Element Fuel-West End	2,724	-	243	2,481	256
Total Land Lease Receivable	11,131	-	1,382	9,749	1,467
Total Lease Receivable	<u>\$ 11,131</u>	<u>\$ -</u>	<u>\$ 1,382</u>	<u>\$ 9,749</u>	<u>\$ 1,467</u>

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Deferred Inflow of Resources				
Land				
MLP-114 Syufy Parking Lease	\$ 487	\$ -	\$ 58	\$ 429
MLP-148 AT&T Network Wastewater	585	-	71	514
MLP-200, Clear Channel	2,666	-	355	2,311
MLP-243, Bizon GroupCross Section	4,001	-	698	3,303
MLP-260 First Element Fuel-West End	2,650	-	298	2,352
Total Land Deferred Inflow of Resources	10,389	-	1,480	8,909
Total Deferred Inflow of Resources	<u>\$ 10,389</u>	<u>\$ -</u>	<u>\$ 1,480</u>	<u>\$ 8,909</u>

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

As of June,30 2023, the District had sixty-one active leases. The leases have receipts that range from \$1 to \$704 and interest rates that range from 0.2000% to 2.6300%. As of June 30, 2023, the total combined value of the lease receivable is \$31,971, the total combined value of the short-term lease receivable is \$4,090, and the combined value of the deferred inflow of resources is \$30,821. The leases had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable, within the fiscal year.

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 4,093	\$ 457	\$ 4,550
2025	4,290	400	4,690
2026	3,576	341	3,917
2027	3,535	292	3,827
2028	3,631	242	3,873
2029 - 2033	11,443	551	11,994
2034 - 2038	1,375	40	1,415
2039 - 2043	29	1	30
Total Payments	\$ 31,972	\$ 2,324	\$ 34,296

WATER SERVICES GROUP ACTIVITIES:

	Balance			Balance	Due Within
	July 1, 2022	Additions	Reductions		
Lease Receivable					
Buildings					
MLP-123, 520 San Pablo Dam Road	\$ 63	\$ -	\$ 11	\$ 52	\$ 11
MLP-256 7000 Miller Road	15	-	3	12	3
MLP-257 4998 Happy Valley Road, Lafayette	56	-	11	45	12
MLP-258 3849 Mt Diablo Blvd, Lafayette, CA	67	-	13	54	14
Total Building Lease Receivable	201	-	38	163	40
Land					
MLP-001 BART Parking Lease, Lafayette	1,149	-	99	1,050	106
MLP-017 FAA Lease Radio Communication	703	-	45	658	56
MLP-018 Lindsay Wildlife Museum 2019-2022	6	-	-	6	-
MLP-066 Lake Chabot Regional Park	170	-	5	165	6
MLP-071, American Tower Corp., Grizzly Peak	1,464	-	464	1,000	488
MLP-106, Del Monte Shopping Center	-	58	12	46	11
MLP-112, Grube/Brookside Country Club	72	-	7	65	7
MLP-128 - Crown Castle - Telecom Lease	190	-	61	129	63
MLP-129 Crown Castle International Pleasant Hill	53	-	53	-	-
MLP-130 Crown Castle International, Shawn Reservc	53	-	53	-	-
MLP-135, T-Mobile West, Amador Reservoir	779	-	57	722	60
MLP-137 T-Mobile West Corporation Withers Reserv	725	-	61	664	64
MLP-138 T-Mobile West Corp., Valley View Reservoi	725	-	61	664	64
MLP-139 Sprint, Castenada Reservoir - Land, Telecc	665	-	56	609	59
MLP-146, T-Mobile, Castro Reservoir	828	-	61	767	64
MLP-149 Dwelley Farms, Orwood Rd/Bixler Rd	239	-	76	163	80
MLP-152, Amador Reservoir, Crown Castle	716	-	53	663	56

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Land					
MLP-157, T-Mobile, Emmons Pumping Plant	834	-	55	779	63
MLP-161, AT&T, Amador Reservoir, CCC	869	-	44	825	47
MLP-166, AT&T, Alamo Reservoir, CCC	908	-	41	867	44
MLP-169 - Ground Lease - North Interceptor Propert	7	-	1	6	1
MLP-170 AT&T, Castro Reservoir, El Sobrante	882	-	41	841	43
MLP-173 Verizon, Pleasant Hill Reservoir	906	-	37	869	39
MLP-176 New Cingular Wireless (AT&T)	615	-	52	563	54
MLP-182 - ATT - Pleasant Hill Reservoir	238	-	47	191	47
MLP-183 - Verizon - Valley View Reservoir	-	1,113	55	1,058	51
MLP-198 - SBA - Shawn Reservoir	180	-	58	122	60
MLP-199 - ATT Arcadian Reservoir	194	-	63	131	65
MLP-202 - TMobile - Madrone Reservoir	198	-	64	134	66
MLP-203 - ATT - Withers Reservoir	181	-	58	123	60
MLP-205 - Verizon - Los Altos Reservoir	240	-	56	184	59
MLP-211 Verizon, Amador Reservoir - Land	262	-	62	200	64
MLP-212 AT&T, Madrone Reservoir	267	-	63	204	65
MLP-230 EBRCSA, FY23 Amended FY24	114	-	18	96	18
MLP-231 EBRCSA ACSO, Pearl Reservoir	110	-	16	94	17
MLP-232 EBRCSA, Skyline Reservoir	110	-	16	94	17
MLP-232 EXPIRED EBRCSA, Skyline Reservoir	18	-	18	-	-
MLP-234 City of Oakland, Seneca Reservoir	34	-	17	17	17
MLP-235, City of Oakland, Gwin Reservoir	34	-	17	17	17
MLP-237 - Verizon - May Reservoir	644	-	41	603	48
MLP-238 Alamo Reservoir-Stone Hill Drive	644	-	41	603	48
MLP-239, Verizon Wireless, Berryman Reservoir	644	-	41	603	48
MLP-240 - Verizon - Walnut Creek PP - Larkey Park	644	-	41	603	48
MLP-241 S&S Trucking, McMillan Property	1,749	-	222	1,527	241
MLP-242 EXPIRED EBRCSA, Seneca Reservoir	17	-	17	-	-
MLP-244 - Arcadian Reservoir - Verizon	635	-	32	603	48
MLP-250, Verizon Wireless, Brookwood Reservoir	681	-	40	641	41
MLP-251 - Verizon - Madrone Reservoir	681	-	40	641	41
MLP-252 Robin Hauge	42	-	1	41	1
NRD, CalShakes, Arts Theater	30	-	4	26	5
NRD, EXPIRED Christmas Tree Farm	4	-	4	-	-
Total Land Lease Receivable	22,153	1,171	2,647	20,677	2,667
Total Lease Receivable	\$ 22,354	\$ 1,171	\$ 2,685	\$ 20,840	\$ 2,707

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Deferred Inflow of Resources				
Buildings				
MLP-123, 520 San Pablo Dam Road	\$ 62	\$ -	\$ 12	\$ 50
MLP-256 7000 Miller Road	14	-	3	11
MLP-257 4998 Happy Valley Road, Lafayette	55	-	12	43
MLP-258 3849 Mt Diablo Blvd, Lafayette, CA	66	-	14	52
Total Building Deferred Inflow of Resources	197	-	41	156
Land				
MLP-001 BART Parking Lease, Lafayette	1,133	-	126	1,007
MLP-017 FAA Lease Radio Communication	696	-	62	634
MLP-018 Lindsay Wildlife Museum 2019-2022	6	-	2	4
MLP-066 Lake Chabot Regional Park	174	-	9	165
MLP-071, American Tower Corp., Grizzly Peak	1,490	-	436	1,054
MLP-106, Del Monte Shopping Center	-	58	12	46
MLP-112, Grupe/Brookside Country Club	72	-	8	64
MLP-128 - Crown Castle - Telecom Lease	186	-	62	124
MLP-129 Crown Castle International Pleasant Hill	70	-	36	34
MLP-130 Crown Castle International, Shawn Reservoir	69	-	36	33
MLP-135, T-Mobile West, Amador Reservoir	763	-	75	688
MLP-137 T-Mobile West Corporation Withers Reservoir	713	-	75	638
MLP-138 T-Mobile West Corp., Valley View Reservoir	713	-	73	640
MLP-139 Sprint, Castenada Reservoir - Land, Telecom	656	-	69	587
MLP-146, T-Mobile, Castro Reservoir	811	-	80	731
MLP-149 Dwelley Farms, Orwood Rd/Bixler Rd	270	-	79	191
MLP-152, Amador Reservoir, Crown Castle	701	-	69	632
MLP-157, T-Mobile, Emmons Pumping Plant	816	-	71	745
MLP-161, AT&T, Amador Reservoir, CCC	850	-	67	783
MLP-166, AT&T, Alamo Reservoir, CCC	891	-	69	822
MLP-169 - Ground Lease - North Interceptor Property	7	-	1	6
MLP-170 AT&T, Castro Reservoir, El Sobrante	871	-	67	804
MLP-173 Verizon, Pleasant Hill Reservoir	890	-	62	828
MLP-176 New Cingular Wireless (AT&T)	606	-	63	543
MLP-182 - ATT - Pleasant Hill Reservoir	243	-	43	200
MLP-183 - Verizon - Valley View Reservoir	-	1,113	71	1,042
MLP-198 - SBA - Shawn Reservoir	629	-	206	423
MLP-199 - ATT Arcadian Reservoir	195	-	58	137
MLP-202 - T-Mobile - Madrone Reservoir	203	-	55	148
MLP-203 - ATT - Withers Reservoir	189	-	50	139
MLP-205 - Verizon - Los Altos Reservoir	231	-	67	164
MLP-211 Verizon, Amador Reservoir - Land	262	-	58	204
MLP-212 AT&T, Madrone Reservoir	267	-	59	208
MLP-230 EBRCSA, FY23 Amended FY24	113	-	17	96
MLP-231 EBRCSA ACSO, Pearl Reservoir	95	-	15	80
MLP-232 EBRCSA, Skyline Reservoir	95	-	15	80
MLP-232 EXPIRED EBRCSA, Skyline Reservoir	21	-	14	7
MLP-234 City of Oakland, Seneca Reservoir	36	-	14	22
MLP-235, City of Oakland, Gwin Reservoir	36	-	14	22
MLP-237 - Verizon - May Reservoir	632	-	61	571
MLP-238 Alamo Reservoir-Stone Hill Drive	636	-	56	580
MLP-239, Verizon Wireless, Berryman Reservoir	631	-	61	570

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 8: LEASES (CONTINUED)

Lessor (Continued)

WATER SERVICES GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Land				
MLP-240 - Verizon - Walnut Creek PP - Larkey Park	636	-	56	580
MLP-241 S&S Trucking, McMillan Property	1,600	-	246	1,354
MLP-242 EXPIRED EBRCSA, Seneca Reservoir	20	-	13	7
MLP-244 - Arcadian Reservoir - Verizon	585	-	50	535
MLP-250, Verizon Wireless, Brookwood Reservoir	674	-	55	619
MLP-251 - Verizon - Madrone Reservoir	674	-	55	619
MLP-252 Robin Hauge	42	-	2	40
NRD, CalShakes, Arts Theater	30	-	6	24
NRD, EXPIRED Christmas Tree Farm	5	-	3	2
Total Land Deferred Inflow of Resources	22,245	1,171	3,140	20,276
Total Deferred Inflow of Resources	\$ 22,442	\$ 1,171	\$ 3,181	\$ 20,432

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Receivable					
Land					
MLP-114 Syufy Parking Lease	\$ 555	\$ -	\$ 50	\$ 505	\$ 52
MLP-148 AT&T Network Wastewater Treatment	665	-	56	609	59
MLP-200, Clear Channel, MWWTP Oakland	3,060	-	318	2,742	323
MLP-243, Bizon GroupCross Section	5,211	-	660	4,551	704
MLP-260 First Element Fuel-West End Property	2,954	-	230	2,724	243
Total Land Lease Receivable	12,445	-	1,314	11,131	1,381
Total Lease Receivable	\$ 12,445	\$ -	\$ 1,314	\$ 11,131	\$ 1,381

WASTEWATER GROUP ACTIVITIES:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Deferred Inflow of Resources				
Land				
MLP-114 Syufy Parking Lease	\$ 545	\$ -	\$ 58	\$ 487
MLP-148 AT&T Network Wastewater Treatment	656	-	71	585
MLP-200, Clear Channel, MWWTP Oakland	3,021	-	355	2,666
MLP-243, Bizon GroupCross Section	4,699	-	698	4,001
MLP-260 First Element Fuel-West End Property	2,948	-	298	2,650
Total Land Deferred Inflow of Resources	11,869	-	1,480	10,389
Total Deferred Inflow of Resources	\$ 11,869	\$ -	\$ 1,480	\$ 10,389

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NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

As of June 30, 2024, the District had three active subscriptions. The subscriptions have payments that range from \$207 to \$757 and interest rates that range from 2.0380% to 2.5830%. As of June 30, 2024, the total combined value of the subscription liability is \$3,062, and the total combined value of the short-term subscription liability is \$1,245. The combined value of the right to use asset, as of June 30, 2024 of \$21,889 with accumulated amortization of \$6,779 is disclosed in the Note 3 – Capital Asset table on page 53. Within the fiscal year 2024, the subscriptions had \$0 of variable payments and \$0 of other payment not included in the subscription liability.

Water System’s subscription payable activities during fiscal year 2023-2024 are summarized below. There were no subscription payable activities in Wastewater System during fiscal year 2023-2024.

	Balance June 30, 2023	Adjustments	Reductions	Balance June 30, 2024	Amount due within one year
Water System Subscription Liabilities:					
Software					
ConvergeOne	\$ 357	\$ 6	\$ 207	\$ 156	\$ 156
Crayon Software	1,874	(1)	757	1,116	763
DLT Solutions (Oracle Cloud)	2,102	(8)	304	1,790	326
Total Subscription Liability	\$ 4,333	\$ (3)	\$ 1,268	\$ 3,062	\$ 1,245

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amount due within one year
Water System Subscription Liabilities:					
Software					
ConvergeOne	\$ -	\$ 559	\$ 202	\$ 357	\$ 202
Crayon Software	-	2,153	279	1,874	698
DLT Solutions (Oracle Cloud)	-	2,398	296	2,102	306
Total Subscription Liability	\$ -	\$ 5,110	\$ 777	\$ 4,333	\$ 1,206

The remaining annual debt service schedule on the subscription agreement as of June 30, 2024 is summarized below.

For the Year Ending June 30	Water System		Total	
	Principal	Interest	Principal	Interest
2025	\$ 1,245	\$ 62	\$ 1,245	\$ 62
2026	691	36	691	36
2027	346	25	346	25
2028	355	16	355	16
2029	364	6	364	6
2030	61	-	61	-
Totals	\$ 3,062	\$ 146	\$ 3,062	\$ 146

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NOTE 10: NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets and any related deferred outflows and inflows.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

Unrestricted describes the portion of Net Position which is not restricted to use.

NOTE 11: EMPLOYEES' RETIREMENT PLAN

A. Description

The Employees' Retirement System is a single-employer, contributory, defined benefit pension plan (the Plan) which provides retirement, disability, survivorship, and post-employment healthcare benefits for eligible directors, officers, and employees of the District. The Plan is administered by a Retirement Board composed of three members appointed by the District's Board of Directors and two members elected by and from the active membership of the Plan, and a nonvoting member elected by the retirees of the Plan. Retirement Ordinance No. 40 assigns the authority to establish Plan benefit provisions to the District's Board of Directors. A stand-alone financial report of the Employees' Retirement System is available. Please send request to the Controller, Accounting Division, P.O. Box 24055, Oakland, CA 94623-1055 or visit the District website at <http://www.ebmud.com>.

All regular full-time employees of the District are members of the Plan in addition to certain job share and intermittent employees. In accordance with the ordinance governing the System, eligible employees become members on the first day they are physically on the job. Members become vested in the Plan after five years of continuous full-time employment. Vested members who terminate employment may elect a refund of their contributions or leave them in the Plan until eligible to receive benefits.

The Plan is funded by contributions from its members and from the District. District contribution percentages are recommended by the Retirement Board; employee contribution rates are established by the Board of Directors pursuant to the Ordinance, giving consideration to actuarial recommendations and prospective changes in factors which affect funding.

B. Retirement Benefits and Allowances

Within the Pension Plan, there are two tiers in effect currently, the 1980 Plan and the 2013 Plan. Employees who became Members of the Retirement System prior to January 1, 2013, or who have reciprocal membership prior to January 1, 2013, are in the 1980 Plan (1980 Plan Members). Employees who became Members on or after January 1, 2013, or who have reciprocal membership after January 1, 2013 are in the 2013 Plan (2013 Plan Members).

1980 Plan Members may elect voluntary reduced service retirement upon attaining the age of 54 and completing 5 years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 62 and completing 5 years of continuous full-time employment or age 65 without restriction. Members who continue to work upon attaining the normal retirement age of 65 continue to contribute to the Plan, and at the time they retire, computation of their retirement allowance is based upon their compensation and length

EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on date of employment, length of employment, age at date of retirement, and compensation earned during employment.

2013 Plan Members may elect voluntary reduced service upon attaining the age of 52 and completing 5 years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 67 and completing 5 years of continuous full-time employment. Members who continue to work upon attaining the normal retirement age of 67 continue to contribute to the Plan, and at the time they retire, computation of their allowance is based upon their compensation and length of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on length of service, age at retirement, and compensation earned during employment.

C. Postemployment Healthcare Cost

In addition to retirement benefits, the District provides post-employment health benefits assistance (administered by the Employees' Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2023 (date of latest actuarial valuation), there were 1,870 participants receiving these health care benefits.

Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new participants. Eligible participants are reimbursed up to \$450 per month for service members and up to \$550 for members with a spouse or registered domestic partner for any combined health, dental, or long-term care insurance premiums paid by the participant or his/her surviving spouse. Effective July 1, 1999, retirees may be reimbursed up to the designated maximum for the combined health insurance premiums for themselves, their current spouses, or registered domestic partners. The benefits were funded entirely by the District on an actuarial basis up until June 17, 2002. Effective June 18, 2002, a portion of the post-employment healthcare benefit costs is recovered through employee contributions. The actual benefits paid in cash to retirees were \$9,804 and \$9,705 for the years ended June 30, 2024 and 2023, respectively.

Membership in the OPEB Plan consisted of the following as of June 30, 2023, the measurement date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,870
Terminated plan members entitled to but not yet receiving benefits	381
Active plan members	<u>1,955</u>
Total	<u><u>4,206</u></u>

D. Actuarial Assumptions and Funding Policy

The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by ordinance. The individual entry age normal method is used to determine the normal cost for other post-employment benefits (OPEB) and service cost for pension, and the OPEB unfunded actuarial accrued liability (past service liability) is amortized as a level percentage of future payroll over 30 years open period.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

District adopted contribution rates for the year ended June 30, 2024 are as follows:

1980 Plan:

Pension plan:	
Employer service cost	19.24%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.99%
Unfunded actuarial accrued liability	3.76%

2013 Plan:

Pension plan:	
Employer service cost	10.20%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.76%
Unfunded actuarial accrued liability	3.76%

District adopted contribution rates for the year ended June 30, 2025 are as follows:

1980 Plan:

Pension plan:	
Employer service cost	19.17%
Toward unfunded pension liability	25.42%
Other post-employment benefits:	
Employer normal cost	0.86%
Unfunded actuarial accrued liability	3.57%

2013 Plan:

Pension plan:	
Employer service cost	10.38%
Toward unfunded pension liability	25.42%
Other post-employment benefits:	
Employer normal cost	0.70%
Unfunded actuarial accrued liability	3.57%

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Significant assumptions used to compute contribution requirements from the latest unaudited actuarial are as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: <i>Healthy Members</i> - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

E. Contributions Required and Contributions Made

Contributions for the years ended June 30, 2024, and June 30, 2023, based on the June 30, 2023, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2024			2023
	Pension	Healthcare Benefit Plan	Total	
Regular contributions:				
District contributions	\$ 105,111	\$ 12,231	\$ 117,342	\$ 106,523
Member contributions	23,613	240	23,853	22,017
	128,724	12,471	141,195	128,540
Other contributions:				
Member buybacks	24	-	24	71
	\$ 128,748	\$ 12,471	\$ 141,219	\$ 128,611

Regular District and member contributions in fiscal year 2024 represent an aggregate of 44.07% and 8.97% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.59% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2024, was \$266,278 which was 91.08% of the total District payroll of \$292,365.

The total District contributions of \$177,342 is comprised of the normal cost of \$45,939 and the unfunded actuarial accrued liability of \$71,403.

Regular District and member contributions in fiscal year 2023 represent an aggregate of 43.03% and 8.89% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.70% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2023, was \$247,569 which was 89.73% of the total District payroll of \$275,899.

The total District contributions of \$106,523 is comprised of the normal cost of \$40,734 and the unfunded actuarial accrued liability of \$65,789.

Member buyback contributions relate to prior years' service credits for Plan participants. The Plan was amended in 1998 for limited temporary construction workers and in 2003 for intermittent employees to allow current members, who previously worked for the District in a status which did not qualify for membership in the System, to establish retirement service credit for prior service with payments over a period of two to eight years.

F. Net Pension Liability

The net pension liability (the Plan's liability determined in accordance with GASB 68 less the fiduciary net position) as of June 30, is as shown below:

	2024	2023
Total Pension Liability	\$ 2,994,429	\$ 2,835,771
Plan Fiduciary Net Position	(2,194,142)	(2,005,352)
Employer Net Pension Liability	\$ 800,287	\$ 830,419

Plan Fiduciary Net Position as a		
Percentage of Total Pension Liability	73.27%	70.72%
Covered Payroll	\$ 246,231	\$ 233,940
Liability as a Percentage of Covered Payroll	325.02%	354.97%

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2023 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020 and the June 30, 2022 Economic Assumptions Review report dated November 8, 2022. Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Employers' net pension liability presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The net pension liability was measured as of June 30, 2023 and 2022, while the total pension liability was determined based upon the results of the actuarial valuations as of June 30, 2023 and 2022, respectively.

For the year ended June 30, 2024, the District recognized pension expense as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Contributions made after measurement date	\$ (89,992)	\$ (15,119)	\$ (105,111)
Current year changes in the net pension liability:			
Service cost	48,439	7,939	56,378
Interest on total pension liability	163,668	26,824	190,492
Member contributions	(106)	(3,079)	(3,185)
Projected earnings on investments	(115,566)	(18,941)	(134,507)
Difference in expected and actual earnings	(13,680)	(2,242)	(15,922)
Other	56,899	11,802	68,701
Total current year activity	<u>139,654</u>	<u>22,303</u>	<u>161,957</u>
Total pension expense	<u>\$ 49,662</u>	<u>\$ 7,184</u>	<u>\$ 56,846</u>

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

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Pension contributions subsequent to measurement date	\$ 89,992	\$ 15,119	\$ 105,111	\$ -	\$ -	\$ -
Differences between expected and actual experiences	67,416	11,049	78,465	-	-	-
Changes of assumption	61,355	10,056	71,411	-	-	-
Change in proportion and difference between employer contributions and proportionate share of contributions	983	468	1,451	468	983	1,451
Net difference between projected and actual earnings on pension plan investments	45,926	7,527	53,453	16,096	2,638	18,734
Total	<u>\$ 265,672</u>	<u>\$ 44,219</u>	<u>\$ 309,891</u>	<u>\$ 16,564</u>	<u>\$ 3,621</u>	<u>\$ 20,185</u>

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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

A total of \$105,111 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Water	Wastewater	Total
2025	\$ 49,239	\$ 7,652	\$ 56,891
2026	22,011	3,420	25,431
2027	80,884	13,168	94,052
2028	3,723	654	4,377
2029	3,259	585	3,844
	<u>\$ 159,116</u>	<u>\$ 25,479</u>	<u>\$ 184,595</u>

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

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	21.75%	5.60%
Domestic Small Cap Equity	3.25%	6.63%
Developed International Large Cap Equity	17.50%	6.39%
Emerging Market Equity	7.50%	8.34%
Core Bond	20.00%	0.59%
High-Yield Bond	2.50%	3.22%
Bank Loan	2.50%	2.76%
Real Estate	5.00%	5.00%
Covered Calls	20.00%	5.07%
Total	<u>100.00%</u>	

The discount rates used to measure the total pension liability was 6.75% as of June 30, 2023, and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2023 and June 30, 2022.

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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Changes in net pension liability for fiscal year ended June 30, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Beginning Balance	\$ 2,835,771	\$ 2,005,352	\$ 830,419
Changes Recognized during the Measurement Period:			
Service cost	56,378	-	56,378
Interest on total pension liability	190,492	-	190,492
Difference between expected and actual experience	51,869	-	51,869
Changes of assumptions	-	-	-
Contributions from the employer	-	95,103	(95,103)
Contributions from the employee	-	21,865	(21,865)
Net investment income	-	214,117	(214,117)
Benefit payments, including refunds of employee contributions	(140,081)	(140,081)	-
Administrative expenses	-	(2,214)	2,214
Net Changes during the Measurement Period	158,658	188,790	(30,132)
Ending Balance	\$ 2,994,429	\$ 2,194,142	\$ 800,287

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the Plan as of June 30, 2023, calculated using the discount rate of 6.75% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 1,190,976	\$ 800,287	\$ 477,233

G. Net OPEB Liability

The net OPEB liability (The Plan's liability determined according to GASB 74) as of June 30, is shown below:

	2023	2022
Total OPEB Liability	\$ 193,546	\$ 181,229
Plan Fiduciary Net Position	(61,165)	(53,571)
Employer Net OPEB Liability	\$ 132,381	\$ 127,658

Plan Fiduciary Net Position as a		
Percentage of Total OPEB Liability	31.60%	29.56%

The actuarial assumptions used in the June 30, 2023 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020, the June 30, 2022 Economic Assumptions Review report dated November 8, 2022, and the Retiree Health assumptions letter dated January 12, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74, and implicit subsidy benefit payments are based on the age-based costs. The net OPEB liability is measured as of June 30, 2023 and 2022 and is not adjusted or rolled forward to the June 30, 2024 and 2023 reporting dates.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology described above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	5.23%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Health Care Trend	Non-Medicare: 7.375% graded down to 4.50% over 12 years Medicare: 6.375% graded down to 4.50% over 8 years
HIB increases	0.00%
Mortality	<i>Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Healthy Members- Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Disabled Members- Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Beneficiaries- Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i>

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	21.75%	5.60%
Domestic Small Cap Equity	3.25%	6.63%
Developed International Large Cap Equity	17.50%	6.39%
Emerging Market Equity	7.50%	8.34%
Core Bond	20.00%	0.59%
High-Yield Bonds	2.50%	3.22%
Bank Loans	2.50%	2.76%
Real Estate	5.00%	5.00%
Covered Calls	20.00%	5.07%
Total	100.00%	

The municipal bond rates used to determine the blended discount rate, as discussed below, were 3.65% and 3.54% which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2023 and June 30, 2022, respectively.

The discount rates used to measure the total OPEB liability were 5.23% and 5.35% as of June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the \$450/\$550 HIB Subsidy excluding the implicit subsidy that will continue to be paid on a pay-as-you-go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Only the implicit subsidies for current members were included as employer contributions since the employer is funding the implicit subsidy on a pay-as-you go basis.

Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2048. Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (6.75%) was applied to periods of projected benefit payments through June 30, 2048, and the 20-year municipal bond rate (3.65%) was applied to periods after June 30, 2048, to determine the total OPEB liability.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Change in Net OPEB liability for fiscal year ended June 30, 2024 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Beginning Balance	\$ 181,229	\$ 53,571	\$ 127,658
Changes Recognized during the Measurement Period:			
Service cost	5,088	-	5,088
Interest on total OPEB liability	9,646	-	9,646
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(438)	-	(438)
Changes of assumptions	10,206	-	10,206
Contributions from the employer	-	11,420	(11,420)
Contributions from the employee	-	223	(223)
Net investment income	-	5,715	(5,715)
Administrative expenses	-	(59)	59
Benefit payments, including implicit subsidies*	(12,185)	(12,185)	-
Other**	-	2,480	(2,480)
Net Changes during the Measurement Period	12,317	7,594	4,723
Ending Balance	\$ 193,546	\$ 61,165	\$ 132,381

* Sum of cash benefit payments (\$9,705) and estimated implicit subsidy benefit payments (\$2,480) for 2023.
Sum of cash benefit payments (\$9,341) and estimated implicit subsidy benefit payments (\$2,436) for 2022.

** The total employer contributions for estimated implicit subsidy

In accordance with GASB 74 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the discount rate of 5.23% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.23%) or 1-percentage-point higher (6.23%) than the current rate:

	1% Decrease (4.23%)	Current Discount (5.23%)	1% Increase (6.23%)
Net OPEB Liability	\$ 152,405	\$ 132,381	\$ 115,294

Additionally, in accordance with GASB 74 regarding disclosure of the sensitivity of the net OPEB liability to changes in the trend rate (only applied to implicit subsidy and not the \$450/\$550 cash subsidy), the following table presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the current trend rates as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1 - percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 128,362	\$ 132,381	\$ 137,020

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2024, the District recognized OPEB expense as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Contributions made after measurement date	\$ (10,448)	\$ (1,783)	\$ (12,231)
Current year changes in the net OPEB liability:			
Service cost	4,361	727	5,088
Interest on total OPEB liability	8,268	1,378	9,646
Member contributions	(191)	(32)	(223)
Projected earnings on investments	(3,153)	(526)	(3,679)
Difference in expected and actual earnings	(66)	(58)	(124)
Other	(293)	(105)	(398)
Total current year activity	<u>8,926</u>	<u>1,384</u>	<u>10,310</u>
Total OPEB Expense	<u>\$ (1,522)</u>	<u>\$ (399)</u>	<u>\$ (1,921)</u>

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 were as follows:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPEB contributions subsequent to measurement date	\$ 10,448	\$ 1,783	\$ 12,231	\$ -	\$ -	\$ -
Differences between expected and actual experiences	3,033	505	3,538	2,378	396	2,774
Changes of assumption	15,274	2,546	17,820	15,720	2,619	18,339
Change in proportion and difference between employer contributions and proportionate share of contributions	193	176	369	176	193	369
Net difference between projected and actual earnings on OPEB plan investments	777	129	906	-	-	-
Total	<u>\$ 29,725</u>	<u>\$ 5,139</u>	<u>\$ 34,864</u>	<u>\$ 18,274</u>	<u>\$ 3,208</u>	<u>\$ 21,482</u>

\$12,231 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows and resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended			
June 30	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2025	\$ 1,796	\$ 226	\$ 2,022
2026	(36)	(22)	(58)
2027	(197)	(20)	(217)
2028	(1,587)	(238)	(1,825)
2029	1,026	202	1,228
	<u>\$ 1,002</u>	<u>\$ 148</u>	<u>\$ 1,150</u>

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NOTE 11: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

H. Public Employees' Pension Reform Act (PEPRA)

Assembly Bill 340 (AB 340) created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation periods. PEPRA also implemented new contribution requirements for employees hired on or after January 1, 2013, who meet the definition of a new member under PEPRA. In the System, Members covered under PEPRA are 2013 Plan Members.

The table below provides the details of the 2013 Plan provisions in accordance with PEPRA.

Benefit Formula	2.5% at age 67
Final Compensation Period	Average of last 3 years
Employer Normal Cost Contribution Rate as a Percentage Payroll	10.20% of Reportable Compensation
Member Normal Cost Contribution Rate as a Percentage of Payroll	9.41% of Reportable Compensation

The employer contribution rate listed above was in effect as of June 30, 2024. In accordance with the provisions of PEPRA, the member contribution rate shown above was originally set at 50 percent of the expected total normal cost rate for the benefits that will apply to new members on January 1, 2013. Under PEPRA, the member contributions rate is adjusted when the normal cost deviates by 1% or more from the original PEPRA valuation in 2013. The member contribution rate was last adjusted on July 1, 2021. The total normal cost rate for 2013 Plan Members for fiscal year 2024 is 19.61% of payroll.

NOTE 12: RISK MANAGEMENT

The District has purchased commercial insurance for general, property, public officials' liability and workers' compensation. During the fiscal year ended June 30, 2024, the District paid \$3,815 for current year coverage.

The District's liability, property, and workers' compensation risks are insured by commercial insurance carriers, all of which are subject to the District's self-insurance retentions, which vary by type of coverage.

Selected other coverages are:

Coverage	Policy Limit	Self-insurance retention
Workers' Compensation	Statutory Limit	\$5,000
All risk property (except flood)	\$200,000	500
Flood	25,000	1,500
Liability	90,000	10,000 Water/ 10,000 Wastewater
Crime	10,000	25
Boiler and Machinery	25,000	25
Pardee and Camanche Dams	25,000	25
Main Wastewater Treatment Plant	25,000	25

EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 12: RISK MANAGEMENT (CONTINUED)

Settled claims have not exceeded the District's policy limits in any of the past five fiscal years.

Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. As of June 30, 2024, the amount of these liabilities was \$55,739. This amount (which has not been discounted) has been actuarially determined and includes an estimate of incurred but not reported losses. Changes in the reported liability are as follows:

	2024	2023
Liability at beginning of year	\$ 52,407	\$ 63,118
Current year claims and changes in estimates	13,327	(2,736)
Payments of claims	(9,995)	(7,975)
Liability at end of year	\$ 55,739	\$ 52,407
Estimated liability:		
Due within one year	\$ 12,897	\$ 11,992
Due in more than one year	42,842	40,415
	\$ 55,739	\$ 52,407

NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, provides guidance on accounting and financial reporting for pollution remediation obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include: pre-cleanup activities, cleanup activities, external government oversight and enforcement, and operation and maintenance of the remedy. The following is a summary of the District's known environmental liabilities as of August 22, 2023, that may meet the requirements of GASB Statement No. 49:

- Under a National Pollutant Discharge Elimination System (NPDES) permit issued by the San Francisco Regional Water Quality Control Board, discharges from the District's wet weather facilities are prohibited. In 2014, the District signed a Consent Decree on this matter that focuses on the excess wet weather flow entering the District's system and allows discharges to continue while work to reduce them is performed. The Consent Decree requires the District and its seven satellite agencies to do a range of work to reduce flows, including working with property owners to address leaks in their private sewer laterals. In 2022, the District achieved interim compliance by exceeding the required benchmarks for reductions in discharge volumes from the wet weather facilities. The Consent Decree is expected to be in place until 2036. The District's cost to meet the requirements in the Consent Decree is approximately \$5 million/year.

- In summer 2016, the Central Valley Regional Water Quality Control Board (CVRWQCB) requested that the District produce a technical report to reexamine the groundwater network at the Camanche North Shore (CANS) and Camanche South Shore (CASS) Wastewater Treatment Plants including the effectiveness of existing monitoring wells and hydraulic connections between the wastewater ponds and the aquifers. The technical report for CANS was provided in March 2017. The CVRWQCB stated in its winter 2018 response that it agreed with the CANS recommendations in the technical report and subsequently required the District to submit a work plan for new well installations as well as conduct additional monitoring. In May 2018, the District submitted its response to the CVRWQCB, including the work plan for the new CANS wells.

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Notes to Basic Financial Statements
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NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES (CONTINUED)

The District never received formal approval on the CANS workplan. In March 2022, the District submitted a proposal to the CVRWQCB for an updated CANS groundwater monitoring well network that would enhance the groundwater quality monitoring. The proposal requests that the CVRWQCB's review of the on-file 2018 workplan for new well installations be put on hold until the new network was considered. Once the new proposal is approved, it will result in the installation of five new wells better strategically located, in addition to reducing the network from the current nine wells to a total of six. The District is awaiting a response from CVRWQCB. In August 2018, the District submitted a required technical memorandum for CASS. In September 2018, the District submitted an assessment report for the cap on the closed CASS landfill also required by the CVRWQCB. The CVRWQCB has not responded to either submittal. The CVRWQCB requested additional analysis for the CASS facility which is ongoing. It is possible that the CVRWQCB could mandate the District to construct wastewater treatment pond upgrades. At this preliminary planning stage, it is estimated that the cost would be approximately \$7 million to upgrade the existing facilities or, alternatively, approximately \$8 million to construct a joint wastewater project with Amador County. Earlier this year, the District conducted a condition assessment of the CASS wastewater treatment plant's groundwater monitoring well network. The existing wells are ending their life span, so the District took a proactive approach to determine if network improvements are available for better groundwater quality monitoring. The District is reviewing the assessment findings and respective recommendations to determine next steps.

- The Alameda County Department of Environmental Health (ACDEH) requested that the District conduct site investigations at the Adeline Maintenance Center (AMC) Shops to define the extent of petroleum hydrocarbons in soil and groundwater associated with former underground storage tanks (USTs). The District completed site investigations in accordance with an approved work plan in 2009. The results indicated that elevated concentrations of petroleum hydrocarbons remain in soil and groundwater in localized areas near the former USTs. In June 2016, the ACDEH then requested that the District conduct a Sensitive Receptor Survey for the AMC Shops parcel and that all environmental data collected during previous investigations be posted to the State's GeoTracker website, after which a meeting would be scheduled to agree upon final actions necessary to obtain regulatory closure of the site under the State Water Resource Control Board's (SWRCB) Low Threat Closure Policy. The ACDEH met with the District in July 2018 to discuss next steps towards site closure. In 2021, the ACDEH requested a Site Conceptual Model and Workplan to help address data gaps for the site. Both were delivered to the ACDEH. The work was conducted, and sampling results delivered to the ACDEH in the summer of 2023. The ACDEH will review the results and potentially recommend further site characterization based on the results that indicate the groundwater plume has not been completely delineated.
- In April 2023 the CVRWQCB requested that the District submit a workplan to address potential non-compliant discharges from watershed lands into Camanche Reservoir. The Lancha Plana Historic Area (Lancha Plana) is located in the north-east portion of Camanche Reservoir. The Lancha Plana pond, which has formed behind an earthen embankment, holds low-pH water from presumed historic mine workings upstream from the site. It is unknown who originally constructed the historic embankment or when. The pond is approximately a half-acre in size and has an average depth of approximately 6 to 8 feet which fluctuates based on precipitation. The earthen embankment has a spillway and has been observed to spill periodically during extreme rainfall events but, dries up relatively quickly after rainfall ceases. The earthen embankment was flagged as a watch area by the District when it incurred minor damage that was discovered during extreme rainfall events in 2017 and in 2023. Actions have been taken to protect the embankment including installation of exclusion fencing to keep cattle away from the embankment to prevent any further degradation.

A plan for temporary repairs was submitted to the CVRWQCB and will be implemented over several months. Once the site is stable, the CVRWQCB may require a permanent remediation solution for the site. Ongoing work at the location may cost up to \$1 million.

- In November 2022 the District removed a 12,000-gallon diesel Underground Storage Tank (UST) from its Fleet East Facility located in the City of Walnut Creek in accordance with regulatory requirements. The tank removal was part of an upgrade project at the vehicle maintenance facility. Required soils monitoring was performed in association with the UST removal and results indicated that in a few locations the soil exceeded Environmental Screening Levels for Total Extractable Petroleum Hydrocarbons (TPH-d). At their request,

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NOTE 13: KNOWN ENVIRONMENTAL LIABILITIES (CONTINUED)

the San Francisco Regional Water Quality Control Board (SFRWQCB) has provided a detailed history of tank removals at the site. After review they may require additional monitoring and/or remediation at the facility to obtain site closure under their SWRCB Low Threat Closure Policy. Ongoing sampling, monitoring and potential remediation work may cost up to \$100,000 depending on the agreed upon scope.

- The District operates many facilities throughout Northern California that have NPDES permits, waste discharge requirements, and air permits. The total estimated liability for all known violations, excluding the items detailed above, is less than \$350,000.

NOTE 14: CONTINGENT LIABILITIES

In the normal course of operations, the District is a party to various claims, legal actions and complaints, including challenges over certain rates and charges. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Central Valley Project

In December 1970, the District entered into a contract with the US Bureau of Reclamation for access to up to 150,000 acre feet per year of Central Valley Project (CVP) water from a diversion point on the American River. The successor contract, the Long Term Renewal Contract, was executed in in April 2006 with a 40 year term. The Long Term Renewal Contract provides for delivery of up to 133,000 acre feet per year of CVP water in dry years to supplement the District's surface water supplies. Deliveries to the District are limited to a 165,000 acre foot total over any three successive dry years. In years in which the District takes delivery of CVP water, the District's allocated CVP capital cost and the District's operations and maintenance deficit balance will be paid down commensurately with the quantity of water delivered. For example, if the District had to take delivery of 80,000 acre feet in fiscal year 2015, the District's CVP capital and deficit balances would each be reduced by approximately 20%. The balances must be paid off by 2030.

NOTE 16: SETTLEMENT PAYMENT

Pursuant to Board Resolution No. 35337-23, the Board of Directors approved an agreement to settle the matter of Waste Management of Alameda County, Inc. versus EBMUD, Alameda County Superior Court, Case No. RG21094336, for \$15 million to be paid to the plaintiff from the Wastewater System fund. The payment was made on March 20, 2023, and is included in other income (expense) in the statements of revenues, expenses, and changes in net position.

NOTE 17: SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through October 29, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024, that required recognition or disclosure in these financial statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2024 and 2023
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NOTE 18: PRIOR PERIOD ADJUSTMENTS

Correction and restatements of previously issued financial statements

During fiscal year 2024, the District implemented a new online platform to enhance lease and SBITAs financial reporting and auditing process. According to GASB Statement No. 100 paragraph 8, the District is required to restate previously issued fiscal year 2023 and 2022 financial statements for accurate financial reporting purposes.

As of June 30, 2023, the lease receivable was overstated by \$5,797, the lease – right of use assets, net of accumulated amortization was understated by \$862, the deferred inflow of resources – lease was overstated by \$6,772, and the lease payable was understated by \$114. As of June 30, 2022, the lease receivable was overstated by \$8,608, the lease – right of use assets, net of accumulated amortization was understated by \$13, the deferred inflow of resources – lease was overstated by \$9,096, and the lease payable was understated by \$82. The effect of error correction is shown in the table below.

	June 30, 2023 as previously reported	Changes to or within the reporting entity	Error correction	Changes in accounting principle	June 30, 2023 as restated
<i>Proprietary fund net position</i>					
Water System	\$ 2,416,743	\$ -	\$ 1,026	\$ -	\$ 2,417,769
Wastewater System	465,131	-	697	-	465,828
Total proprietary funds	\$ 2,881,874	\$ -	\$ 1,723	\$ -	\$ 2,883,597
	June 30, 2022 as previously reported	Changes to or within the reporting entity	Error correction	Changes in accounting principle	June 30, 2022 as restated
<i>Proprietary fund net position</i>					
Water System	\$ 2,208,682	\$ -	\$ (157)	\$ -	\$ 2,208,525
Wastewater System	450,993	-	576	-	451,569
Total proprietary funds	\$ 2,659,675	\$ -	\$ 419	\$ -	\$ 2,660,094

REQUIRED SUPPLEMENTAL INFORMATION

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability:

Reporting Date Measurement Date	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Total Pension Liability										
Service cost	\$ 56,378	\$ 51,706	\$ 52,212	\$ 46,124	\$ 44,710	\$ 40,636	\$ 41,106	\$ 37,828	\$ 36,791	\$ 34,987
Interest	190,492	181,464	176,878	163,114	154,896	149,324	144,392	138,135	131,595	127,558
Differences between expected and actual experience	51,869	54,807	(37,465)	(6,199)	25,974	48,581	(22,641)	5,278	(1,390)	438
Changes of assumptions	-	72,120	-	104,814	-	12,484	-	52,596	-	18,421
Benefit payments, including refunds of employee contributions	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)	(71,232)
Net change in total pension liability	158,658	230,157	70,376	194,465	119,795	152,963	72,152	149,951	89,206	110,172
Total pension liability - beginning	2,835,771	2,605,614	2,535,238	2,340,773	2,220,978	2,068,015	1,995,863	1,845,912	1,756,706	1,646,534
Total pension liability - ending (a)	\$ 2,994,429	\$ 2,835,771	\$ 2,605,614	\$ 2,535,238	\$ 2,340,773	\$ 2,220,978	\$ 2,068,015	\$ 1,995,863	\$ 1,845,912	\$ 1,756,706
Plan fiduciary net position										
Contributions - employer	\$ 95,103	\$ 91,393	\$ 79,252	\$ 77,645	\$ 74,033	\$ 71,221	\$ 67,096	\$ 65,218	\$ 64,177	\$ 61,660
Contributions - employee	21,865	20,915	19,136	18,690	17,681	16,860	15,820	14,741	13,260	11,963
Net investment income	214,117	(245,904)	481,909	39,973	91,194	147,424	197,977	13,934	59,288	216,601
Benefit payments, including refunds of employee contributions	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)	(71,232)
Administrative expense	(2,214)	(1,875)	(1,876)	(1,453)	(1,477)	(1,521)	(1,403)	(1,289)	(1,269)	(1,233)
Net change in plan fiduciary net position	188,790	(265,411)	457,172	21,467	75,646	135,922	188,785	8,718	57,666	217,759
Plan fiduciary net position - beginning	2,005,352	2,270,763	1,813,591	1,792,124	1,716,478	1,580,556	1,391,771	1,383,053	1,325,387	1,107,628
Plan fiduciary net position - ending (b)	\$ 2,194,142	\$ 2,005,352	\$ 2,270,763	\$ 1,813,591	\$ 1,792,124	\$ 1,716,478	\$ 1,580,556	\$ 1,391,771	\$ 1,383,053	\$ 1,325,387
Plan's net pension liability - ending (a) - (b)	\$ 800,287	\$ 830,419	\$ 334,851	\$ 721,647	\$ 548,649	\$ 504,500	\$ 487,459	\$ 604,092	\$ 462,859	\$ 431,319

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
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(Dollars in thousands)

(2) Pension Plan

Schedule of Employer's Net Pension Liability:

Reporting Date	2024	2023	2022	2021	2020
<i>Measurement Date</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Total Pension Liability	\$ 2,994,429	\$ 2,835,771	\$ 2,605,614	\$ 2,535,238	\$ 2,340,773
Plan fiduciary net position	<u>(2,194,142)</u>	<u>(2,005,352)</u>	<u>(2,270,763)</u>	<u>(1,813,591)</u>	<u>(1,792,124)</u>
Net pension liability	<u>\$ 800,287</u>	<u>\$ 830,419</u>	<u>\$ 334,851</u>	<u>\$ 721,647</u>	<u>\$ 548,649</u>

Plan fiduciary net position as a percentage of total pension liability	73.27%	70.72%	87.15%	71.54%	76.56%
Covered payroll*	\$ 246,231	\$ 233,940	\$ 221,809	\$ 215,110	\$ 203,541
Plan net pension liability as a percentage of covered payroll	325.02%	354.97%	150.96%	335.48%	269.55%

Reporting Date	2019	2018	2017	2016	2015
<i>Measurement Date</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
Total Pension Liability	\$ 2,220,978	\$ 2,068,015	\$ 1,995,863	\$ 1,845,912	\$ 1,756,706
Plan fiduciary net position	<u>(1,716,478)</u>	<u>(1,580,556)</u>	<u>(1,391,771)</u>	<u>(1,383,053)</u>	<u>(1,325,387)</u>
Net pension liability	<u>\$ 504,500</u>	<u>\$ 487,459</u>	<u>\$ 604,092</u>	<u>\$ 462,859</u>	<u>\$ 431,319</u>

Plan fiduciary net position as a percentage of total pension liability	77.28%	76.43%	69.73%	74.93%	75.45%
Covered payroll*	\$ 193,717	\$ 182,032	\$ 174,586	\$ 166,886	\$ 159,513
Plan net pension liability as a percentage of covered payroll	260.43%	267.79%	346.01%	277.35%	270.40%

*In accordance with GASB 82, the covered payroll amounts are defined as the payroll on which contributions to a pension plan are based. The covered payroll amounts for fiscal year 2014 through fiscal year 2016, were updated to adopt the provisions of GASB 82.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
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(3) Pension Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2015	\$ 64,177	\$ 64,177	-	\$ 166,886	38.46%
2016	65,218	65,218	-	174,586	37.36%
2017	67,096	67,096	-	182,032	36.86%
2018	71,221	71,221	-	193,717	36.77%
2019	74,033	74,033	-	203,541	36.37%
2020	77,645	77,645	-	215,110	36.10%
2021	79,252	79,252	-	221,809	35.73%
2022	91,393	91,393	-	233,940	39.07%
2023	95,103	95,103	-	247,569	38.41%
2024	105,111	105,111	-	266,278	39.47%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered employee payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2024 are based on the reporting date. Years preceding fiscal year ended June 30, 2024 are based on the measurement date.

(4) Pension Plan

Schedule of Investment Returns:

<i>Reporting Date</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expense	12.74%	10.96%	-10.81%	26.85%	2.27%	5.37%	9.29%	14.46%	0.91%	4.40%

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability:

Reporting Date Measurement Date	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Total OPEB Liability									
Service cost	\$ 5,088	\$ 6,725	\$ 5,538	\$ 4,864	\$ 4,692	\$ 4,827	\$ 5,276	\$ 4,514	\$ 4,460
Interest	9,646	8,061	8,608	9,042	9,332	9,265	8,797	9,374	9,159
Differences between expected and actual experience	(438)	5,102	(4,383)	704	(2,783)	(3,299)	(1,711)	(3,286)	(309)
Changes of assumptions	10,206	(28,016)	7,163	18,913	5,753	(527)	(6,107)	12,471	-
Benefit payments - cash*	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subsidy	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Net change in total OPEB liability	12,317	(19,906)	5,282	22,141	5,942	(124)	(3,549)	13,224	3,675
Total OPEB liability - beginning	181,229	201,135	195,853	173,712	167,770	167,894	171,443	158,219	154,544
Total OPEB liability - ending (a)	\$ 193,546	\$ 181,229	\$ 201,135	\$ 195,853	\$ 173,712	\$ 167,770	\$ 167,894	\$ 171,443	\$ 158,219
Plan fiduciary net position									
Employer contributions - cash	\$ 11,420	\$ 10,892	\$ 11,372	\$ 11,089	\$ 10,518	\$ 9,875	\$ 9,764	\$ 9,454	\$ 8,964
Employer contributions - estimated implicit subsidy	-	-	-	-	-	-	-	2,164	2,241
Employee contributions - total	11,420	10,892	11,372	11,089	10,518	9,875	9,764	11,618	11,205
Employee contributions	223	212	200	195	184	219	198	184	167
Net investment income	5,715	(6,105)	11,638	890	2,060	2,925	3,706	271	938
Benefit payments - cash*	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subsidy	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Administrative expense	(59)	(46)	(46)	(34)	(33)	(30)	(26)	(22)	(20)
Other	2,480	2,437	2,421	2,419	2,402	2,075	1,892	-	-
Net change in plan fiduciary net position	7,594	(4,388)	13,941	3,177	4,079	4,674	5,730	2,202	2,655
Plan fiduciary net position - beginning	53,571	57,959	44,018	40,841	36,762	32,088	26,358	24,156	21,501
Plan fiduciary net position - ending (b)	\$ 61,165	\$ 53,571	\$ 57,959	\$ 44,018	\$ 40,841	\$ 36,762	\$ 32,088	\$ 26,358	\$ 24,156
Plan's net OPEB liability - ending (a) - (b)	\$ 132,381	\$ 127,658	\$ 143,176	\$ 151,835	\$ 132,871	\$ 131,008	\$ 135,806	\$ 145,085	\$ 134,063

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Benefit Payments and Employer Contributions - cash and estimated implicit subsidy report together starting fiscal year 2018.

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability:

Reporting Date Measurement Date	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Total OPEB Liability	\$ 193,546	\$ 181,229	\$ 201,135	\$ 195,853	\$ 173,712	\$ 167,770	\$ 167,894	\$ 171,443	\$ 158,219
Plan fiduciary net position	(61,165)	(53,571)	(57,959)	(44,018)	(40,841)	(36,762)	(32,088)	(26,358)	(24,156)
Net OPEB liability	\$ 132,381	\$ 127,658	\$ 143,176	\$ 151,835	\$ 132,871	\$ 131,008	\$ 135,806	\$ 145,085	\$ 134,063
Plan fiduciary net position as a percentage of total OPEB liability	31.60%	29.56%	28.82%	22.48%	23.51%	21.91%	19.11%	15.37%	15.27%
Covered payroll	\$ 246,231	\$ 233,940	\$ 221,809	\$ 215,110	\$ 203,541	\$ 193,717	\$ 182,032	\$ 174,586	\$ 166,886
Plan net OPEB liability as a percentage of covered payroll	53.76%	54.57%	64.55%	70.58%	65.28%	67.63%	74.61%	83.10%	80.33%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024
(Dollars in thousands)

(7) Post-Employment Healthcare Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2015	\$ 8,964	\$ 8,964	\$ -	\$ 166,886	5.37%
2016	9,454	9,454	-	174,586	5.42%
2017	9,764	9,764	-	182,032	5.36%
2018	9,875	9,875	-	193,717	5.10%
2019	10,518	10,518	-	203,541	5.17%
2020	11,089	11,089	-	215,110	5.16%
2021	11,372	11,372	-	221,809	5.13%
2022	10,892	10,892	-	233,940	4.66%
2023	11,420	11,420	-	247,569	4.61%
2024	12,231	12,231	-	266,278	4.59%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2024 are based on the reporting date. Years preceding fiscal year ended June 30, 2024 are based on the measurement date.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023
(Dollars in thousands)

(8) Notes to Required Supplementary Information

The pension-related information presented in the required supplementary schedules was determined as part of the Pension actuarial valuation at the date indicated. Additional information as of the latest Pension actuarial valuation is as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: <i>Healthy Members</i> - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

EAST BAY MUNICIPAL UTILITY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023
(Dollars in thousands)

(8) Notes to Required Supplementary Information (Continued)

The OPEB-related information presented in the required supplementary schedules was determined as part of the OPEB actuarial valuation at the date indicated. Additional information as of the latest OPEB actuarial valuation is as follows:

Valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology described above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	5.23%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Health Care Trend	Non-Medicare: 7.375% graded down to 4.50% over 12 years Medicare: 6.375% graded down to 4.50% over 8 years
HIB increases	0.00%
Mortality	<i>Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Healthy Members- Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Disabled Members- Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Beneficiaries- Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i>

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotional increases.

SUPPLEMENTAL INFORMATION

**EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)**

**Statement of Fiduciary Net Position
June 30, 2024
(With summarized comparative financial information as of June 30, 2023)
(Dollars in Thousands)**

	2024			2023 Total
	Pension Plan benefits	Post- employment healthcare benefits	Total	
Assets:				
Cash and cash equivalents, at fair value (Note 5)	\$ 27,985	\$ 806	\$ 28,791	\$ 27,677
Invested securities lending collateral	103,576	2,985	106,561	77,906
Prepaid expenses	-	598	598	575
Receivables:				
Brokers, securities sold	2,010	58	2,068	2,854
Employer	4,129	493	4,622	3,705
Plan members	962	-	962	788
Interest, dividends and recoverable taxes	4,972	143	5,115	4,833
Total Receivables	12,073	694	12,767	12,180
Investments, at fair value (Note 5):				
U.S. government obligations	329,066	9,483	338,549	316,624
Domestic corporate bonds	174,918	5,041	179,959	180,262
International bonds	14,200	409	14,609	18,808
Domestic stocks	1,178,448	33,960	1,212,408	1,033,186
International stocks	595,407	17,158	612,565	548,124
Real estate	115,528	3,329	118,857	122,000
Total Investments	2,407,567	69,380	2,476,947	2,219,004
Capital assets:				
Subscription Asset In-Progress (note 9)	4,121	119	4,240	1,692
Total Assets	2,555,322	74,582	2,629,904	2,339,034
Liabilities:				
Accounts payable and accrued expenses	2,694	78	2,772	3,225
Payables to brokers, securities purchased	3,441	99	3,540	2,597
Securities lending collateral (Note 2B)	103,576	2,985	106,561	77,905
Total Liabilities	109,711	3,162	112,873	83,727
Net Position:				
Net position restricted for pension benefits and post-employment healthcare benefits	2,445,611	71,420	2,517,031	2,255,307
Total Net Position	\$ 2,445,611	\$ 71,420	\$ 2,517,031	\$ 2,255,307

**EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)**

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024
(With summarized comparative financial information for the year ended June 30, 2023)
(Dollars in Thousands)**

	<u>2024</u>			<u>2023 Total</u>
	<u>Pension Plan benefits</u>	<u>Post- employment healthcare benefits</u>	<u>Total</u>	
Additions:				
Contributions:				
Employers	\$ 105,111	\$ 12,231	\$ 117,342	\$ 106,523
Plan members	23,637	240	23,877	22,088
Total Contributions	128,748	12,471	141,219	128,611
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	248,070	6,942	255,012	193,008
Real estate	(7,753)	(217)	(7,970)	(5,111)
Interest	24,718	692	25,410	21,206
Dividends	10,139	284	10,423	11,243
Real estate operating income, net	2,510	70	2,580	2,909
Total Investment Income	277,684	7,771	285,455	223,255
Less:				
Investment expense	(3,489)	(98)	(3,587)	(3,549)
Net Income from Investment Activities	274,195	7,673	281,868	219,706
From Security Lending Activities				
Security lending income	5,912	165	6,077	3,195
Borrowers' rebates and other agent fees on securities lending transactions	(5,732)	(162)	(5,894)	(3,069)
Security Lending Activities	180	3	183	126
Net Investment Income	274,375	7,676	282,051	219,832
Total Additions, net	403,123	20,147	423,270	348,443
Deductions:				
Benefits paid (Notes 1C - 1E)	147,947	9,824	157,771	149,102
Refunds of contributions (Note 4)	1,269	-	1,269	684
Administrative expenses	2,438	68	2,506	2,273
Total Deductions	151,654	9,892	161,546	152,059
Changes in Net Position	251,469	10,255	261,724	196,384
Net Position - Beginning of the Year	2,194,142	61,165	2,255,307	2,058,923
Net Position - End of the Year	\$ 2,445,611	\$ 71,420	\$ 2,517,031	\$ 2,255,307

EAST BAY MUNICIPAL UTILITY DISTRICT
Combining Statement of Net Position - Custodial Funds
For the Year Ended June 30, 2024
(With summarized comparative financial information as of June 30, 2023)
(Dollars in Thousands)

	2024					2023 Total*
	Bay Area Clean Water Agencies	Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority	Freeport Regional Water Authority	Mokelumne River Watershed Authority*	Total	
Assets:						
Cash and cash equivalents, at fair value (Note 2)	\$ 3,386	\$ 2,275	\$ 3,128	\$ 521	\$ 9,310	\$ 8,536
Accounts receivable:						
Miscellaneous receivables	2	2,261	535	276	3,074	3,004
Interest receivable	26	11	11	-	48	32
Total Receivables	28	2,272	546	276	3,122	3,036
Capital assets:						
Capital assets not being depreciated	-	2,004	11,702	-	13,706	13,743
Capital assets, net of accumulated depreciation	-	65,464	310,155	-	375,619	384,586
Total capital assets, net of accumulated depreciation	-	67,468	321,857	-	389,325	398,329
Total Assets	3,414	72,015	325,531	797	401,757	409,901
Liabilities:						
Accounts payable and accrued expenses	134	726	87	237	1,184	1,055
Long-term liabilities:						
Due in one year	-	633	-	-	633	2,223
Due in more than one year	-	1,590	-	-	1,590	1,551
Total Liabilities	134	2,949	87	237	3,407	4,829
Net Position:						
Net investment in capital assets	-	65,245	321,857	-	387,102	394,555
Restricted for specified purpose	3,280	3,821	3,587	560	11,248	10,517
Total Net Position	\$ 3,280	\$ 69,066	\$ 325,444	\$ 560	\$ 398,350	\$ 405,072

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal yearend. Therefore, 2024 and 2023 information are as of September 30, 2023 and September 30, 2022, respectively.

EAST BAY MUNICIPAL UTILITY DISTRICT
Combining Statement of Changes in Net Position - Employees' Retirement System Trust Fund
For the Year Ended June 30, 2024
 (With summarized comparative financial information as of June 30, 2023)
 (Dollars in Thousands)

	2024						2023 Total*
	Bay Area Clean Water Agencies	Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority	Freepoint Regional Water Authority	Mokelumne River Watershed Authority*	Total		
Additions:							
Contributions - members	\$ 1,521	\$ 8,779	\$ 1,510	\$ 172	\$ 11,982	\$	9,432
Grants and other receipts	1,612	28	1,199	831	3,670		3,701
Total Contributions	3,133	8,807	2,709	1,003	15,652		13,133
Investment Income:							
Interest	194	200	198	2	594		101
Total Investment Income	194	200	198	2	594		101
Total Additions, net	3,327	9,007	2,907	1,005	16,246		13,234
Deductions:							
General and administrative expenses	568	364	2,510	397	3,839		3,825
Professional services expense	2,776	5	-	-	2,781		2,653
Operation and maintenance expense	-	5,888	-	127	6,015		3,285
Grants and other expenses	-	-	-	654	654		654
Interest expense	-	94	-	-	94		132
Depreciation expense	-	2,320	7,265	-	9,585		9,597
Total Deductions	3,344	8,671	9,775	1,178	22,968		20,146
Changes in Net Position	(17)	336	(6,868)	(173)	(6,722)		(6,912)
Net Position - Beginning of the Year	3,297	68,730	332,312	733	405,072		411,984
Net Position - End of the Year	\$ 3,280	\$ 69,066	\$ 325,444	\$ 560	\$ 398,350		\$ 405,072

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal yearend. Therefore, 2024 and 2023 information are as of September 30, 2023 and September 30, 2022, respectively.

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

To the Board of Directors
East Bay Municipal Utility District
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, and the aggregate remaining fund information of East Bay Municipal Utility District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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



To the Board of Directors
East Bay Municipal Utility District
Oakland, California

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

A handwritten signature in cursive script that reads "Lance, Solt & Loughard, LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Sacramento, California
October 29, 2024



To the Board of Directors
East Bay Municipal Utility District
Oakland, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number

2024-001

Evaluation of Finding

Significant Deficiency over Financial Reporting

Condition

The District improperly excluded construction payments from accounts payable and construction-in-progress amounting to \$4.8 million in total activity that occurred during the 2024 fiscal year, from the Water System fund.

Criteria

Per Generally Accepted Accounting Principles, an expense must be recognized as soon as a liability is incurred within the applicable accounting period, for services rendered or goods received. Additionally, activity related to construction-in-progress should be capitalized in the year an associated expense and liability are recognized.

Cause of Condition

During audit test work performed to ensure the completeness of accounts payable, we identified activity that was improperly excluded from accounts payable at June 30, 2024. Through discussions with the District, this was excluded in error, and was not identified during the yearend closing review process over accounts payable and capital asset activity.

Effect or Potential Effect of Condition

If uncorrected, this misstatement would have resulted in a material understatement of accounts payable and capital assets for construction-in-progress activity.

Recommendation

We recommend the District perform a thorough review of invoices that are received subsequent to yearend, including beyond the District's internal cutoff date, in conjunction with their year-end closing, to ensure that items are properly accrued and reflected in the correct fiscal year.

Client Response

The District will enhance its pre-audit review of invoices that are received subsequent to year-end closing to ensure that activity is properly accrued and reflected in the correct fiscal year. The District is also implementing other process improvements in accounts payable to increase efficiency and accuracy.

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