



District Revenues, Expenses, and Reserve Balances, and Investment Policy Review

Finance/Administration Committee

May 27, 2025

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Agenda

- District Revenues, Expenses, and Reserve Balances
- Annual Investment Policy Review

District Revenues, Expenses, and Reserve Balances

Overview of Cash Inflows and Outflows

- Both revenue and expenses are generally predictable
 - Largest revenue source is customer charges which are received daily
 - The majority of expenses are predictable
 - Payroll is stable and consistent
 - Debt service payments are scheduled semi-annually (June 1 and December 1)
- Capital expenditures exhibit the most fluctuations
- Treasury staff works closely with other work groups to ensure that major expenses are known in advance and that ample liquidity is available
- Treasury staff tracks the balances of all cash and investments on a daily basis and compares those to upcoming, known expenditures

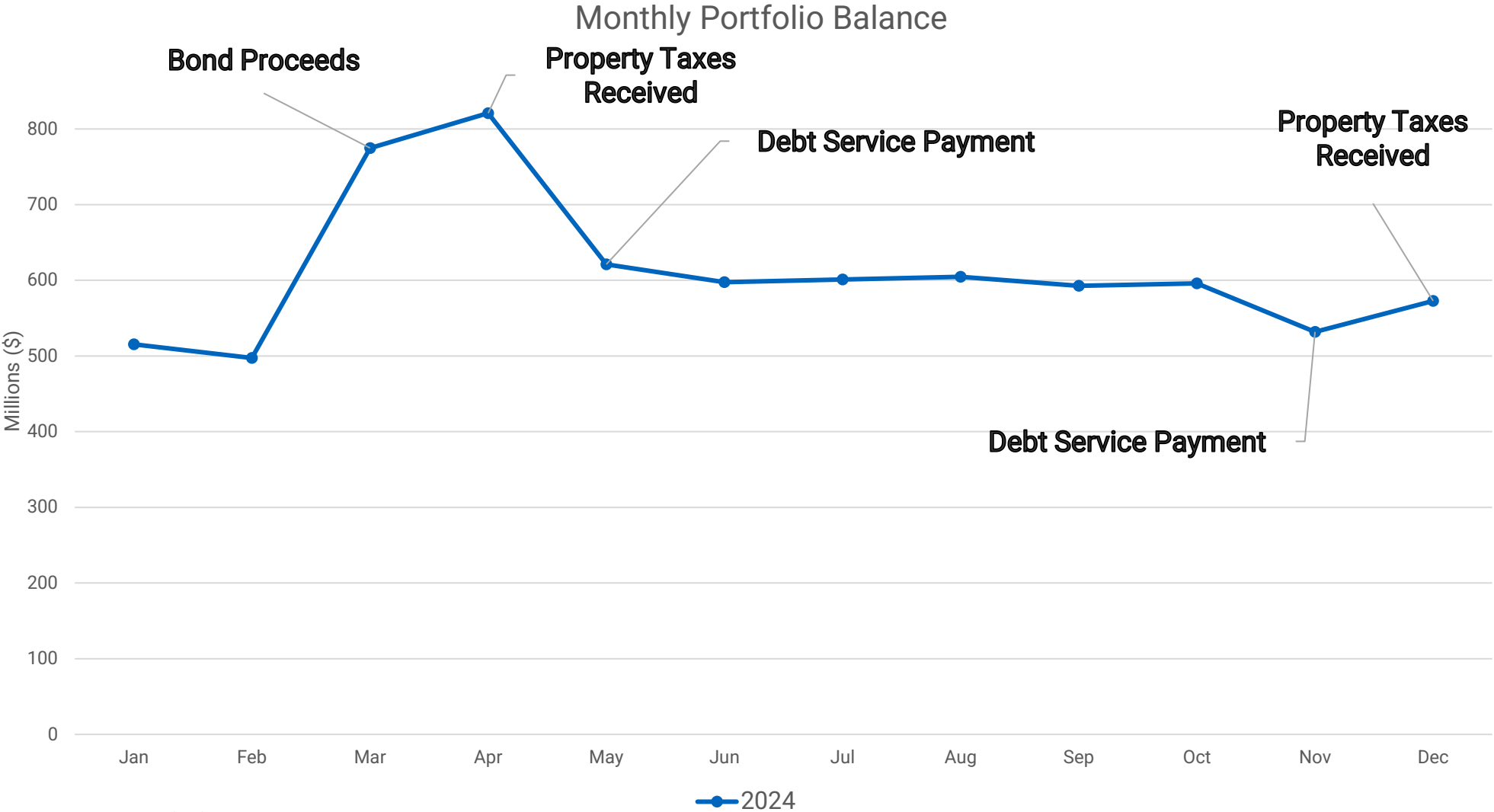
Typical Cash Inflows

Revenue	Approximate Amounts	Frequency
Customer Payments	\$1.5-5.5 million/day	Daily
Property Taxes	\$61.5 million annually	Payments received in March/April and December
Connection/Capacity Fees	\$30 million annually	Daily as projects are completed
Bond Proceeds	As budgeted	Depends on timing of sale

Typical Cash Outflows

Expense	Approximate Amounts	Frequency
Payroll	\$16 million	Every two weeks
Accounts Payable	\$4-15 million/week	Wednesday and Friday each week
Contractor progress payments	\$12-20 million	Every third Friday of the month
Debt Service principal and interest	\$160 million	June 1
Debt Service interest only	\$65 million	December 1

Monthly Variations in Reserve Balances



Annual Investment Policy Review

Policy 4.07: Investments

- Reviewed annually
- Sets rules for investing District funds
 - Includes Joint Power Authorities
 - Excludes bond proceeds
- Governed by State law
 - California Government Code: Section 53600, Chapter 6, Article 7 and
 - Municipal Utility District (MUD) Act
- Reaffirms delegation of authority to the Director of Finance (as Treasurer) and delegates

Investment Objectives and Criteria

- As outlined in the Policy, District Investments prioritize the safety of public funds
- Investment objectives are:
 1. Safety – the highest priority is to minimize risk and preserve capital
 2. Liquidity – investments are made to provide cash when needed
 3. Yield – once safety and liquidity have been established, return is taken into account
 4. Diversification – further minimizes risk and provides more options for yield
- The end goal of the investment program is to earn a risk-adjusted market rate of return
- The District is generally a “buy and hold” investor

Investment Types

- Section 53600 of the California Government Code provides a list of allowable securities within the state
 - The District has elected to maintain a list of allowable securities that is more conservative than what is allowed
 - Within the allowable list in the Policy, the District currently holds five different types of securities
 1. United States Treasury Obligations
 2. United States Government Agencies Obligations
 3. State of California, Local Agency Investment Fund (LAIF)
 4. Local Government Investment Pools (LGIP)
 - California Asset Management Program (CAMP)
 5. Money Market Mutual Funds (through our commercial bank Wells Fargo)

CMTA Certification

- District's Investment Policy 4.07, submitted to the California Municipal Treasurers' Association (CMTA) for review in 2023
 - CMTA is a professional organization governed by active treasury officials who are representatives of their own local governments
 - The District's policy was previously certified in 2019
 - The review analyzed 18 different topics against best practices for policies across the state
 - In August 2023, The District's Investment Policy received CMTA Certification along with recommendations
- During 2024 review, policy was updated to include recommendations from CMTA Review Committee

California Municipal Treasurers Association



Investment Policy Certification

Issued on 08/1/2023



East Bay Municipal Utility District

The California Municipal Treasurers Association certifies that the investment policy of the East Bay Municipal Utility District complies with the current State statutes governing the investment practices of local government entities located within the State of California.



CMTA

A handwritten signature in black ink, likely belonging to the President of the CMTA.

President

08/1/2023

Date

Recommendation for No Changes to Policy in 2025

- No major new state legislation requiring edits to policy since last review
- Provisions in existing policy have proven effective during investment operations throughout the year
- Staff recommendation to the Committee and Board:
 - Approve Policy 4.07 in its current form (no changes) and;
 - Renew the delegation of authority to invest District funds to the Finance Director and delegates

Questions?



Flowing
into the
Future