EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the
East Bay Municipal Utility District)

Financial Statements and Supplementary Information

For the Year Ended June 30, 2026

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EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the East Bay Municipal Utility District)

For the Year Ended June 30, 2026

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MAZE & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Bay Municipal Utility District
Employees' Retirement System
Oakland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the East Bay Municipal Utility District Employees' Retirement System (the System), a component unit of the East Bay Municipal Utility District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System as of June 30, 2026, and the respective changes in financial position, 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, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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 these 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 the 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 system's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Emphasis of a Matter

<u>Component Unit Reporting</u>

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, of the District that is attributable to the transactions of the System and do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2026, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 post-employment 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.

Report on Summarized Comparative Information

The System's June 30, 2025 financial statements were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated October 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 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 September 22, 2026, on our consideration of the District's internal control over the System's 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 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 the System's 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 the System's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
September 22, 2026

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

Management's Discussion and Analysis

(Dollars in Thousands)

June 30, 2026

This section presents management's analysis of the East Bay Municipal Utility District Employees' Retirement System's (the System) financial condition and activities as of and for the year ended June 30, 2026. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the System's basic financial statements. The MD&A represents management's examination and analysis of the System's financial condition and performance. During this fiscal year, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements, and has made the required updates in this MD&A to reflect the new accounting guidance.

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

- Overview of the Basic Financial Statements
- Financial Summary
- Detailed Analyses
- Significant Capital Asset and Long-Term Financing Activity
- Currently Known Facts, Decisions, or Conditions
- Request for Information

Overview of the Basic Financial Statements

The East Bay Municipal Utility District (the District) is the sponsoring agency of the System and provides for its funding. The System is accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and deferred outflows, all liabilities and deferred inflows associated with operations are included on the Statement of Fiduciary Net Position, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The System administers a single-employer, contributory, defined benefit pension plan (the Plan) which provides retirement, disability, survivorship, and postemployment 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, 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 Number 40 assigns the authority to establish Plan benefit provisions to the District's board of directors.

All regular full-time employees of the District are members of the Plan. In accordance with the ordinance governing the Plan, eligible employees become members on the first day they are physically on the job. Plan defined benefits vest in part with members after completion of five years of continuous, full-time employment.

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

The System's financial statements include:

The *Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position* report information to assist readers in determining whether the System's finances as a whole are better off or worse off as a result of the year's activities. These two statements report on the net assets of the System and changes in them, respectively.

The *Statement of Fiduciary Net Position* presents information on all assets and liabilities of the System, 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 System is improving or deteriorating.

The *Statement of Changes in Fiduciary Net Position* presents the results of the System's activities over the course of the fiscal year and information as to how the *net position* changed during the year. This statement measures the results of the System's investment performance as well as the System's income from contributions and expenses, including the payment of benefits, refunds of contributions, and administrative and investment expenses. All changes in net position are reported during the period 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.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Effective fiscal year 2017, GASB 74 **–** *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, requires the System to disclose additional information regarding post-employment health insurance benefits (the OPEB Plan). These disclosures can be found in Note 7. The notes to the basic financial statements can be found on pages 17 to 39 of this report.

Other Information. In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's contributions and the System's progress in funding its obligation to provide pension and postemployment healthcare benefits to the employees of the District. The required supplementary information can be found on page 42 to 52 of this report.

Financial Summary

This section presents condensed financial information comparing the current and prior year and provides key data to assess financial position and operating results for the fiscal years ended June 30, 2026, and 2025.

Fiduciary Net Position and Changes in Fiduciary Net Position
As of June 30, 2026 and 2025
(With summarized comparative financial information as of June 30, 2025)
(Dollars in Thousands)

	2026					
	Pension plan benefits	Post-employment healthcare benefits	Total	2025 Total	Increase/ (Decrease)	% Change
Assets:						
Other assets	$ 245,022	$ 9,154	$ 254,176	$ 184,392	$ 69,784	37.85%
Investments at fair value	3,161,292	97,698	3,258,990	2,787,179	471,811	16.93%
Capital asset	9,746	301	10,047	7,339	2,708	36.90%
Total Assets	**3,416,060**	**107,153**	**3,523,213**	**2,978,910**	**544,303**	**18.27%**
Liabilities:						
Current liabilities	215,796	6,669	222,465	152,826	69,639	45.57%
Total Liabilities	**215,796**	**6,669**	**222,465**	**152,826**	**69,639**	**45.57%**
Net position restricted for pension benefits and post-employment healthcare benefits	3,200,264	100,484	3,300,748	2,826,084	474,664	16.80%
Total Net Position	**3,200,264**	**100,484**	**3,300,748**	**2,826,084**	**474,664**	**16.80%**
Additions:						
Employer contributions	117,615	12,769	130,384	122,754	7,630	6.22%
Plan member contributions	26,928	683	27,611	24,737	2,874	11.62%
Net Investment Income	480,933	14,282	495,215	331,415	163,800	49.42%
Total Additions	**625,476**	**27,734**	**653,210**	**478,906**	**174,304**	**36.40%**
Deductions:						
Benefits paid	165,089	10,166	175,255	166,830	8,425	5.05%
Refunds of contributions	792	-	792	486	306	62.96%
Administrative expenses	2,427	72	2,499	2,537	(38)	-1.50%
Total Deductions	**168,308**	**10,238**	**178,546**	**169,853**	**8,693**	**5.12%**
Change in Net Position	**457,168**	**17,496**	**474,664**	**309,053**	**165,611**	**53.59%**
Net Position - Restricted for Benefits						
Beginning of the year	2,743,096	82,988	2,826,084	2,517,031	309,053	12.28%
End of the year	**$ 3,200,264**	**$ 100,484**	**$3,300,748**	**$2,826,084**	**$ 474,664**	**16.80%**

Detailed Analyses

Financial Position and Results of Operations

During the year ended June 30, 2026, the System's net position increased by $474,664 compared to an increase of $309,053 in 2025. This was primarily due to the increase in net investment income of $495,215, District contributions of $130,384 and employee contributions of $27,611 were offset by the costs of pension, health insurance benefits, refunds of contributions, and administrative expenses of $178,546.

- **Investment performance** for fiscal year ended June 30, 2026, was strong, with the System achieving a net investment return of 17.80% and generating $495,215 in net investment income, a $163,800 or 49.42% increase over the prior year. Positive results across investments in equity, fixed income, real estate and covered calls, were the primary contributors to the growth of the System's net position which reached $3,300,748. The System's diversified portfolio and disciplined strategic asset allocation continue to support its long-term goal of meeting benefit obligations while managing investment risk. Refer to the Note 5 Cash and Investments for additional details. As of June 30, 2026, 29.60% of the System's investments were in fixed income securities, 36.20% were in domestic equities, 27.50% were in international equities, 4.90% were in covered calls, 1.70% were in real estate, and less than 0.10% were in cash and cash equivalents. As of June 30, 2025, 27.30% of the System's investments were in fixed income securities, 37.80% were in domestic equities, 25.60% were in international equities, 7.20% were in covered calls, 1.90% were in real estate, and 0.20% were in cash and cash equivalents.

- **District and member contributions** as an overall total increased by $10,504 or 7.12% over prior year, primarily due to the District's contribution rate increase from 49.02% in the prior year to 49.86% and the employees' pension contribution rate remained unchanged at 8.66% for the 1980 Plan and the District's contribution rate increase from 40.07% in the prior year to 40.15% and the employees' pension contribution rate increased from 9.41% in the prior year to 10.08% for the 2013 Plan. Starting July 28, 2025 through January 11, 2026, both 1980 Plan and 2013 Plan employees' Health Insurance Benefits (HIB) contribution was 0.09% and it was increased to 0.40% starting January 12, 2026. Refer to the Note 3 Contribution Information for additional details. The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2025, the date of the last actuarial valuation, the Pension Plan's funded ratio was 79.30% and the Post-employment Health Care plan funded ratio was 45.50%.

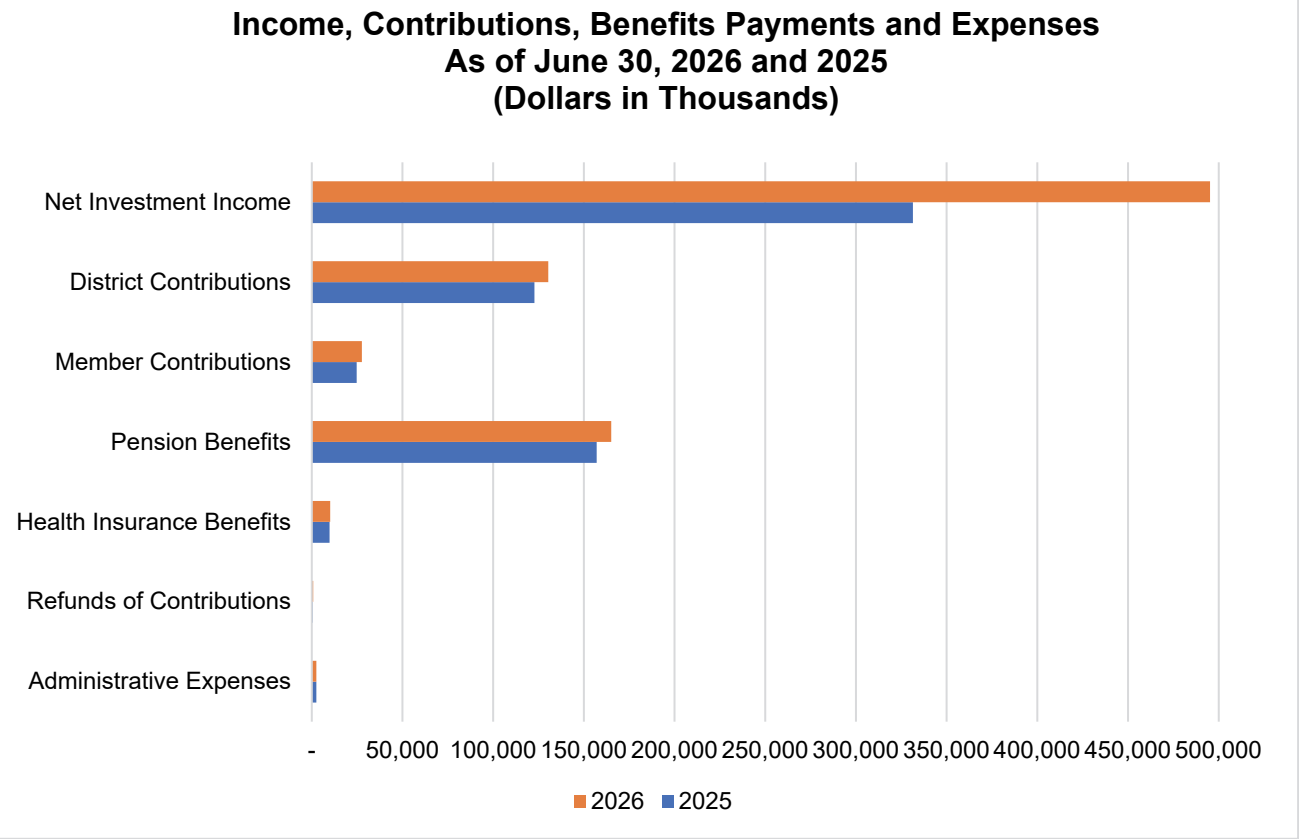
- **Retirement, disability, and survivor pension benefits** increased by $8,036 or 5.12% was due largely to a 3.00% cost-of-living adjustment to monthly benefit payments and a net increase in the number of retirees and beneficiaries. Refer to Note 1C and 1D for additional details.

- **Health insurance benefits** increased by $389, or 3.98% was primarily due to the increase in the number of retirees receiving health benefits. Refer to Note 1E for additional details.

- **Refunds of contributions** to terminated employees or to beneficiaries of deceased employees increased by $306 or 62.96% due to higher amounts of withdrawal from the separated members. The Plan must also provide refunds of employee contributions with interest to terminated employees who do not choose to remain or are not vested.

- **Administrative expenses** (not including Investment Advisors' Fees or Custodial Asset Management Fees) decreased by $38, or 1.50%, primarily due to a $195 decrease in the actuarial service fee offset by $157 total increase in the other administrative costs. Changes to HIB and other calculations caused the actuarial service fee to be higher in fiscal year 2025. There was no additional actuarial service fee charged in fiscal year 2026.

The chart below compares investment income, contributions, benefits payment, refunds of contribution and administrative expenses for fiscal year 2026 and 2025.

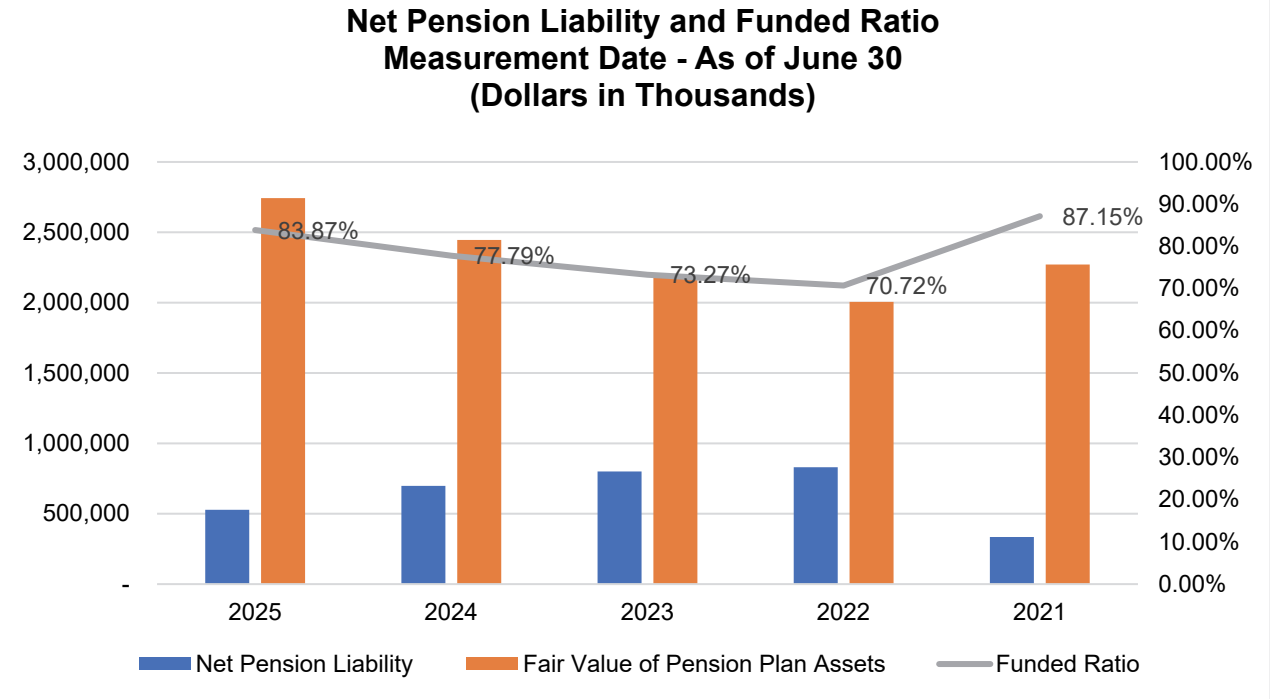


As of June 30, 2026, the System's total reserves reached $3,300,748, reflecting an increase from $2,826,084 in fiscal year 2025, driven by strong investment returns and steady contributions. $3,200,264 is allocated for pension benefits and $100,484 is allocated for health insurance benefits.

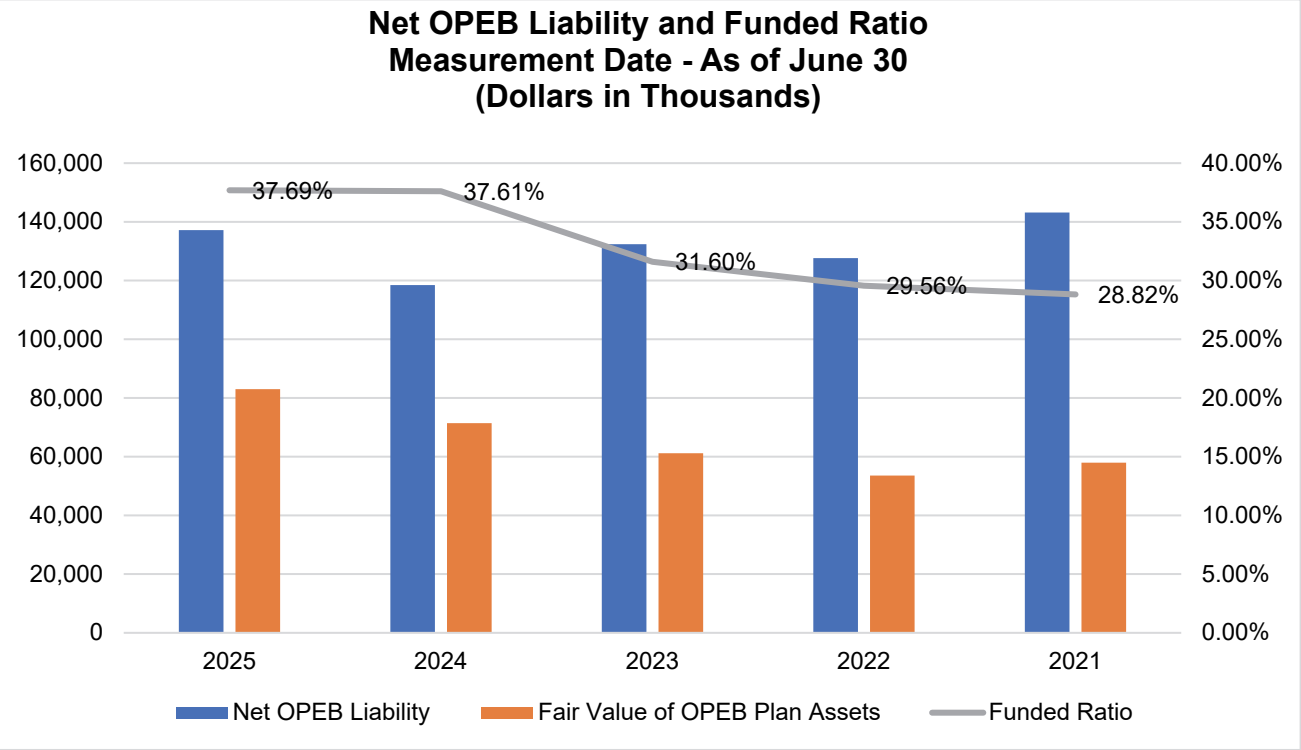
The System's financial condition reflects an increase of $171,161 in the projected benefit obligation as of the June 30, 2025, valuation compared with the previous actuarial report of June 30, 2024. Due to an increase in investment returns and an increase in District and employee contributions, the fair value of assets as of June 30, 2025, increased by $309,053 from the prior year. Each year a cost-of-living adjustment (COLA) is applied to monthly pension benefit payments. The COLA is calculated under a methodology that incorporates the change in the Consumer Price Index for the local area and the System's funded ratio. The COLA applied on July 1, 2025 was 3.00%.

The combined Unfunded Actuarial Accrued Liability (UAAL) for the Pension Plan and HIB Plan decreased from $817,270 to $770,076 based on the June 30, 2025 actuarial valuation compared with the June 30, 2024 actuarial valuation. The combined funded ratio increased from 75.10% to 77.60%. The Pension Plan funded ratio increased from 76.10% to 79.30%, while the HIB Plan funded ratio decreased from 51.80% to 45.50%.

The Net Pension Liability (NPL) measured as of June 30, 2025 and 2024 have been determined from the actuarial valuations as of June 30, 2025 and 2024 respectively. The NPL decreased by $170,376 from $698,117 as of June 30, 2025 to $527,741 as of June 30, 2026 primarily due to a return on the market value of assets of 13.24% during fiscal year 2025 that was more than the assumption of 6.75% used in the June 30, 2024 valuation (a gain of $158 million). The chart below demonstrates the System's comparative data over five years on net pension liability, fair value of pension plan assets, and funded status.



The Net OPEB Liability (NOL) measured as of June 30, 2025, and 2024 were determined from the actuarial valuations as of June 30, 2025, and 2024 respectively. The NOL increased by $18,728 from $118,460 as of June 30, 2025, to $137,188 as of June 30, 2026, primarily due to plan provision modifications to the HIB effective January 1, 2026, that increased liabilities by $47.4 million. The increase due to the plan change was partially offset by the impact of assumption changes, which lowered NOL by $18.2 million. The most significant assumption change was the change in the discount rate from 5.58% to 6.32%. The increase to the blended discount rate was primarily due to the increase in the 20-year municipal bond rate from 3.93% to 5.20% and the favorable investment returns during fiscal year 2025, which extended the cross-over date. The chart below demonstrates the System's comparative data over five years on net OPEB liability, fair value of OPEB plan assets, and funded status.



Significant Capital Asset and Long-Term Financing Activity

During fiscal year 2023, the System initiated the implementation of a new retirement management system (known as Pension Gold) to replace its existing system. Pension Gold is currently undergoing parallel testing and is scheduled to be put into operation in October 2026. As of June 30, 2026, and June 30, 2025, the System had incurred $10,047 and $7,339, respectively, in software implementation costs, which are reported as an intangible asset in progress in the Statements of Plan Net Position. The System continues making progress payments as implementation phases are completed, with full implementation currently scheduled for the second quarter of fiscal year 2027. Upon being placed into service, the software will be amortized over a 10-year period. The System did not have any significant long-term financing activity during fiscal year 2026.

Currently Known Facts, Decisions, or Conditions

- **Cost of Living Adjustment (COLA):** The System adopted a resolution authorizing a 2.20% COLA for retirees, effective July 1, 2026, with up to 0.80% to be deducted from eligible retirees' COLA banks. Pursuant to Section 33 of the Retirement Ordinance, the annual retiree COLA is limited to 3.00%, unless the Retirement System is funded on a Projected Benefit Obligation (PBO) basis at or above 85.00%, in which case the maximum COLA is 5.00%. The ratio of the past two annual average CPI-U as a percentage change is 2.20%. Based on the June 30, 2025, actuarial valuations, the PBO funding ratio of the Retirement System is 83.60%. This ratio does not exceed the 85.00% threshold. Therefore, the COLA is calculated to be 2.20% for retirees effective July 1, 2026. Since the change in CPI was 2.20%, eligible retirees will have up to 0.80% subtracted from their COLA banks to raise the benefit to the 3.00% maximum.

- **District Contribution Rates:** The System adopted a resolution for fiscal year 2027 equal to the actuarially determined contribution rates for the pension and HIB plans on March 19, 2026. The District's adopted pension contribution rates for fiscal year will be 43.58% for the 1955/1980 Plan and 34.20% for the 2013 Plan. The District's adopted HIB contribution rates for fiscal year 2027 will be 5.76% for the 1955/1980 Plan and 5.71% for the 2013 Plan.
- **Member Contribution Rates:** The System adopted a resolution for fiscal year 2027 equal to the actuarially determined contribution rates for the pension and HIB plans on March 19, 2026. Under the MOUs, the 1955/1980 Plan member pension contribution rate is currently set at 8.66%. PEPRA requires employees hired on or after January 1, 2013 (2013 Plan) to contribute at least 50% of the total Normal Cost to their pension plan. The 2013 Plan member pension contribution rate is currently set at 10.08%. The HIB member contribution rate is set to rise incrementally to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028, for both 1955/1980 Plan and 2013 Plan.
- **Member Health Insurance Benefit:** Effective January 1, 2026, the District reimbursed up to $605 per month for members whose first retirement date is on or after July 28, 2025, for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or financially dependent domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree. The monthly benefit is aligned with the premium cost of the District Kaiser Senior Advantage Low Plan for Medicare-eligible couples and is adjusted annually using a HIB adjustment factor, which is based on changes in the Kaiser premium plus any unused increases or decreases carried forward from prior years. Annual adjustments are capped at 3% and will not be less than 0%, and the monthly reimbursement will never be less than $605 for this Tier 3 benefit. In addition, the District introduced a new service-based eligibility structure for 2013 Plan members. Under the revised schedule, 1980 Plan members become eligible for 25% of the benefit after 5 years of service, 50% after 10 years, 75% after 15 years, and 100% after 20 or more years, while 2013 Plan members qualify for 25% after 5 years, 50% after 10 years, and 100% after 15 years of service.

Request for Information

This financial report is designed to provide readers with a general overview of the East Bay Municipal Utility District Employees' Retirement System's finances and demonstrate the District's accountability for the monies it manages. If you have any questions about this report or need additional information, please contact: Controller, EBMUD, P.O. Box 24055, MS 402, Oakland, CA 94623-1055.

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EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)
STATEMENT OF PLAN NET POSITION
June 30, 2026
(With summarized comparative financial information as of June 30, 2025)
(Dollars in Thousands)

	2026			
	Pension Plan benefits	Post-employment healthcare benefits	Total	2025 Total
Assets:				
Cash and cash equivalents, at fair value (Note 5)	$ 21,247	$ 657	$ 21,904	$ 33,957
Invested securities lending collateral (Note 5)	206,853	6,392	213,245	134,426
Prepaid expenses	-	1,239	1,239	-
Receivables:				
Brokers, securities sold	3,403	105	3,508	4,027
Employer	4,844	530	5,374	5,051
Plan members	1,200	-	1,200	1,044
Interest, dividends, and recoverable taxes	7,475	231	7,706	5,887
Total Receivables	**16,922**	**866**	**17,788**	**16,009**
Investments, at fair value (Note 5):				
U.S. government obligations	466,834	14,427	481,261	383,570
Domestic corporate bonds	432,931	13,380	446,311	352,157
International bonds	24,573	759	25,332	15,521
Domestic stocks	1,307,397	40,404	1,347,801	1,262,757
International stocks	875,660	27,062	902,722	719,851
Real estate	53,897	1,666	55,563	53,323
Total Investments	**3,161,292**	**97,698**	**3,258,990**	**2,787,179**
Capital assets:				
Intangible Asset in Progress - Software (Note 9)	9,746	301	10,047	7,339
Total Assets	**3,416,060**	**107,153**	**3,523,213**	**2,978,910**
Liabilities:				
Accounts payable and accrued expenses	4,914	152	5,066	3,845
Payables to brokers, securities purchased	4,030	124	4,154	14,555
Securities lending collateral (Note 2B)	206,852	6,393	213,245	134,426
Total Liabilities	**215,796**	**6,669**	**222,465**	**152,826**
Net Position:				
Net position restricted for pension benefits and post-employment healthcare benefits	3,200,264	100,484	3,300,748	2,826,084
Total Net Position	**$ 3,200,264**	**$ 100,484**	**$ 3,300,748**	**$ 2,826,084**

See Accompanying Notes to Financial Statements

EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
(A Component Unit of the East Bay Municipal Utility District)
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Year Ended June 30, 2026
(With summarized comparative financial information for the year ended June 30, 2025)
(Dollars in Thousands)

	2026			
	Pension plan benefits	Post-employment healthcare benefits	Total	2025 Total
Additions:				
Contributions:				
Employer	$ 117,615	$ 12,769	$ 130,384	$ 122,754
Plan members	26,928	683	27,611	24,737
Total Contributions	**144,543**	**13,452**	**157,995**	**147,491**
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value of investments:				
Traded securities	452,270	13,434	465,704	300,823
Real estate	234	7	241	(1,883)
Interest	26,595	790	27,385	26,852
Dividends	2,157	64	2,221	6,316
Real estate operating income, net	2,440	72	2,512	2,565
Total Investment Income	**483,696**	**14,367**	**498,063**	**334,673**
Less:				
Investment expense	(3,000)	(89)	(3,089)	(3,458)
Net Income from Investment Activities	**480,696**	**14,278**	**494,974**	**331,215**
From Securities Lending Activities				
Securities lending income	7,535	224	7,759	6,817
Borrowers' rebates and other agent fees on securities lending transactions	(7,298)	(220)	(7,518)	(6,617)
Securities Lending Activities	237	4	241	200
Net Investment Income	**480,933**	**14,282**	**495,215**	**331,415**
Total Additions, net	**625,476**	**27,734**	**653,210**	**478,906**
Deductions:				
Benefits paid	165,089	10,166	175,255	166,830
Refund of contributions	792	-	792	486
Administrative expenses	2,427	72	2,499	2,537
Total Deductions	**168,308**	**10,238**	**178,546**	**169,853**
Changes in Net Position	**457,168**	**17,496**	**474,664**	**309,053**
Net Position - Beginning of the year	**2,743,096**	**82,988**	**2,826,084**	**2,517,031**
Net Position - End of the year	**$ 3,200,264**	**$ 100,484**	**$ 3,300,748**	**$ 2,826,084**

See Accompanying Notes to Financial Statements

NOTE 1 – PLAN DESCRIPTION

A. General

The East Bay Municipal Utility District (the District) Employees' Retirement System (the System) was established in 1937 to administer a single-employer, contributory, defined benefit pension plan (the Pension Plan). The System provides retirement, disability, survivorship, and post-employment health insurance benefits (the OPEB Plan) for eligible directors, officers, and employees of the District. The Pension Plan and the OPEB Plan together are referred to as the Plan. 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 non-voting 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.

The System is exempt from the regulations of the Employee Retirement Income Security Act of 1974. The System is also exempt from federal income taxes and California franchise taxes.

The System is an integral part of the District and the District appoints the majority of the retirement board of the System and provides for its funding. Accordingly, the System's operations have been reported as a Pension and Other Employee Benefit Trust Fund in the District's basic financial statements.

B. Membership

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 Retirement Board shall semi-annually declare the rate of interest for the preceding six (6) months to be credited on accumulated contributions of members, which rate shall be based upon criteria to be established by the Retirement Board. In accordance with Retirement Board Rule B-9, the annual rate of interest credited to member contributions will be the lesser of the actuarially assumed rate of interest or the five (5) year average rate of return on Retirement System Investments.

For the period ending June 30, 2025, the actuarially assumed rate of interest was 6.75% and the five-year average rate of return as of June 30, 2025, was 9.7%. Therefore, under Board Resolution No. 7055, the System declared that the interest credited to the balance of member contributions effective June 30, 2025, will be at the annual rate of 6.75%. Interest was credited at a semi-annual rate of 3.375% for the six months ended December 31, 2025.

NOTE 1 – PLAN DESCRIPTION (Continued)

For the period ending December 31, 2025, the actuarially assumed rate of interest was 6.75% and the five-year average rate of return as of December 31, 2025, was 8.3%. Therefore, the Board Resolution No. 7056, declares that the interest credited to the balance of member contributions effective June 30, 2026 will be at the annual rate of 6.75%. Interest was credited at a semi-annual rate of 3.375% for the six months ended June 30, 2026.

Membership in the Pension Plan consisted of the following as of June 30, 2025, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,235
Terminated plan members entitled to but not yet receiving benefits	424
Active plan members	2,001
Total	4,660

C. 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 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.

NOTE 1 – PLAN DESCRIPTION (Continued)

D. Disability and Death Benefits and Allowances

Members may receive disability retirement benefits prior to age 65 if the member is determined to be physically or mentally incapacitated, provided the member has 8 or more years of continuous full-time employment. The allowance for disability retirement is computed by a formula specified in the Ordinance and is based upon compensation earnable during employment, years of continuous service, and date upon which the retiring individual became a member. There is a guaranteed minimum disability benefit equal to the greater of one-third of terminal compensation (final average salary) or the retirement allowance, based on the disability formula.

Death benefits are payable to the estate or beneficiary of a member who dies before retirement. Survivorship benefits are payable to the spouse of a member who dies after retirement, or who was eligible but had not retired from service, provided the spouse was married to the member at the date of retirement and for at least one year prior to the member's death.

E. Post-Employment Healthcare Benefits

Post-employment healthcare and similar benefit allowances are provided to Members who retire from the District to their surviving spouses. As of June 30, 2025, there were 1,957 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 $10,166 and $9,777 for the years ended June 30, 2026 and 2025, respectively.

Effective January 1, 2026, the District reimbursed up to $605 per month for employees whose first retirement date is on or after July 28, 2025, for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or financially dependent domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree. The monthly benefit is aligned with the premium cost of the District Kaiser Senior Advantage Low Plan for Medicare-eligible couples and is adjusted annually using a Health Insurance Benefit (HIB) adjustment factor, which is based on changes in the Kaiser premium plus any unused increases or decreases carried forward from prior years. Annual adjustments are capped at 3% and will not be less than 0%, and the monthly reimbursement will never be less than $605 for this Tier 3 benefit. In addition, the District introduced a new service-based eligibility structure for PEPRA-tier employees. Under the revised schedule, 1980 Plan members become eligible for 25% of the benefit after 5 years of service, 50% after 10 years, 75% after 15 years, and 100% after 20 or more years, while 2013 (PEPRA) Plan members qualify for 25% after 5 years, 50% after 10 years, and 100% after 15 years of service. To fund these enhanced benefits, employee contributions will be phased in over three years at 0.40% in 2026, 0.70% in 2027, and 1.00% in 2028.

NOTE 1 – PLAN DESCRIPTION (Continued)

Membership in the OPEB Plan consisted of the following as of June 30, 2025, the measurement date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,957
Terminated plan members entitled to but not yet receiving benefits	424
Active plan members	2,001
Total	4,382

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The System's activities are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and other liabilities are recognized when due and payable in accordance with the terms of the Plan.

The basic financial statements include partial prior year comparative information. A complete presentation of the prior year information can be found in the System's financial statements for the year ended June 30, 2025.

B. Investments and Fair Value Measurements

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.

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 System 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 System'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, 2026, 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 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, 2026, 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, 2026, had a weighted average maturity of 23 days. The relationship between the maturities of the investment pool and the System'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 86 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2026, the fair value of securities on loan was $207,470. The total cash and noncash collateral held by the System's custodian to secure these securities on loan was valued at $213,245 (all cash collateral).

C. Allocation of Income and Expenses

Contributions and benefit expenses are booked against the separate trusts as incurred. The recognition of investment income/loss is based on a pro rata share of total income/loss allocated quarterly on the basis of net position held in trust for pension benefits and post-employment healthcare benefits of the previous quarter. General expenses of the trust are allocated consistent with investment income/loss based on asset balances of the previous quarter.

D. Use of Estimates

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

E. Lease and Subscription-Based Information Technology Arrangements (SBITA) Accounting

A lease or SBITA is defined as a contract that conveys control of the right to use another entity's nonfinancial assets (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, equipment and software. The System's practice is to evaluate leases and SBITAs annually. Any material lease or SBITA, defined as having a net present value greater than one percent (1.0%) of the five-year average of annual total assets, shall be reported in accordance with GASB Statement No. 87 (GASB 87) and GASB Statement No. 96 (GASB 96) as appropriate. As of June 30, 2026, the System did not have any leases or SBITAs meeting this threshold.

NOTE 3 – CONTRIBUTION INFORMATION

The System is funded by contributions from its members and from the District. District contribution rates (provided as a percentage of covered compensation) are recommended by the Retirement Board, and employee contribution rates are established by the Board of Directors pursuant to the Retirement Ordinance, considering actuarial recommendations and prospective changes in factors which affect funding. Each member contributes based upon a percentage of their covered compensation. For the 1980 Plan Members, the combined pension and HIB contribution rate was 8.75% effective April 18, 2016. For the 2013 Plan Members, the combined pension and HIB contribution rate was 10.17% effective July 28, 2025. The HIB member contribution rate is set to rise incrementally to 0.40% effective January 12, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028, for both 1980 Plan and 2013 Plan. The District's contribution is based upon the aggregate amount of members' covered compensation, at an actuarially determined rate.

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.

NOTE 3 – CONTRIBUTION INFORMATION (Continued)

District adopted contribution rates for the year ended June 30, 2026 are as follows:

1980 Plan:	
Pension plan:	
Employer service cost	19.58%
Toward unfunded pension liability	25.85%
Other post-employment benefits:	
Employer normal cost	0.88%
Unfunded actuarial accrued liability	3.55%
2013 Plan:	
Pension plan:	
Employer service cost	10.08%
Toward unfunded pension liability	25.85%
Other post-employment benefits:	
Employer normal cost	0.67%
Unfunded actuarial accrued liability	3.55%

District adopted contribution rates for the year ended June 30, 2027 are as follows:

1980 Plan:	
Pension plan:	
Employer service cost	19.51%
Toward unfunded pension liability	24.07%
Other post-employment benefits:	
Employer normal cost	1.34%
Unfunded actuarial accrued liability	4.42%
2013 Plan:	
Pension plan:	
Employer service cost	10.13%
Toward unfunded pension liability	24.07%
Other post-employment benefits:	
Employer normal cost	1.29%
Unfunded actuarial accrued liability	4.42%

NOTE 3 – CONTRIBUTION INFORMATION (Continued)

Contributions for the years ended June 30, 2026, and June 30, 2025, based on the June 30, 2025, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2026			2025
	Pension	Healthcare Benefit Plan	Totals	
Regular contributions:				
District contributions	$ 117,615	$ 12,769	$ 130,384	$ 122,754
Member contributions	26,912	683	27,595	24,712
	144,527	13,452	157,979	147,466
Other contributions:				
Member buybacks	16	-	16	25
	$ 144,543	$ 13,452	$ 157,995	$ 147,491

Regular District and member contributions in fiscal year 2026 represent an aggregate of 44.57% and 9.44% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.36% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2026, was $292,532, which was 90.39% of the total District payroll of $323,638.

The total 2026 District contribution of $130,384 is compromised of the normal cost of $51,971 and the unfunded actuarial accrued liability of $78,413.

Regular District and member contributions in fiscal year 2025 represent an aggregate of 44.46% and 8.96% of covered payroll, respectively. The District's contributions include amounts for post-employment healthcare benefits at a rate of 4.30% of covered payroll. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2025, was $276,094, which was 90.69% of the total District payroll of $304,426.

The total 2025 District contribution of $122,754 is compromised of the normal cost of $48,795 and the unfunded actuarial accrued liability of $73,959.

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.

NOTE 3 – CONTRIBUTION INFORMATION (Continued)

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 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	10.08% of Reportable Compensation
Member Normal Cost Contribution Rate as a percentage of payroll	10.08% of Reportable Compensation

The employer contribution rate listed above was in effect as of June 30, 2026. In accordance with the provisions 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, 2022. The total normal cost rate used for 2013 Plan Members for fiscal year 2026 is 20.16% of payroll.

NOTE 4 – CONTRIBUTION REFUNDS

When a member's District service is terminated, except by death or retirement, and prior to five years of continuous full-time employment, the amount of that member's accumulated contributions, plus interest, is refunded and membership is terminated. After a member has completed five years of continuous full-time employment, upon termination, except death or retirement, the member has the option of (a) ceasing to be a member and receiving the amount of his accumulated contributions, plus interest, or (b) remaining as a member and leaving his accumulated contributions, plus interest, in the Plan. After termination, a member cannot make additional contributions to the Plan.

If a member with fewer than five years of employment terminates employment and within six months becomes a member of the California Public Employees' Retirement System or another reciprocal retirement system, the individual may elect to remain a member, leaving his accumulated contributions, plus interest, in the Plan.

NOTE 5 – CASH AND INVESTMENTS

A. Authorized Investment Strategy

The System's Statement of Investment Policy and Procedures authorize the System 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 System's Investment Policy and Procedures adopted by the System on May 21, 2026.

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. On May 21, 2026, the System adopted an updated asset allocation, which is shown in the table below.

US Equity	35%
Non-US Equity	25%
Core Fixed-Income	20%
Non-Core Fixed Income	12.5%
Covered Calls	5%
Real Estate	2.5%

The Director of Finance is authorized to transfer assets as provided in the System'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 (12.5% 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 (35% of the total portfolio) will consist of securities that correspond to the weight of securities within the Russel 3000 Index.

The covered calls target allocation (5% of the total portfolio) consists of actively managed domestic equity strategies that employ covered call options and are benchmarked against the Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index").

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

NOTE 5 – CASH AND INVESTMENTS (Continued)

The real estate target allocation (2.5% of the total portfolio) will consist of an equity (ownership) in a core real estate fund.

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.

B. Financial Statement Presentation

Total cash and investments at fair value as of June 30, consisted of the following:

	2026			
	Pension Plan Benefits	Post-Employment Healthcare Benefits	Total	2025
Cash and cash equivalents	$ 21,247	$ 657	$ 21,904	$ 33,957
Invested securities lending collateral	206,853	6,392	213,245	134,426
Investments	3,161,292	97,698	3,258,990	2,787,179
Total cash and investments	$ 3,389,392	$ 104,747	$ 3,494,139	$ 2,955,562

C. Fair Value Hierarchy

The System 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.

NOTE 5 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of investments held by the System as of June 30, 2026:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	$ -	$ 8,924	$ -	$ 8,924
Equity Securities	2,250,523	-	-	2,250,523
Bank Loans	-	4,528	-	4,528
Commercial Mortgage - Backed Securities	-	3,801	-	3,801
Corporate Bonds	-	191,371	-	191,371
Corporate Convertible Bonds	-	234	-	234
Government Agencies	-	14,244	-	14,244
Government Bonds	-	253,696	-	253,696
Government Mortgage Backed Securities	-	214,522	-	214,522
Other Fixed Income	-	261,584	-	261,584
Real Estate-Partnerships	-	-	55,563	55,563
Total Investments at Fair Value	$ 2,250,523	$ 952,904	$ 55,563	3,258,990
Investments Not Subject to Fair Value Hierarchy:				
Invested Securities Lending Collateral				213,245
Cash and Cash Equivalents:				
California Local Agency Investment Fund				40
Cash & Short-term Investments				21,864
Total System Cash and Investments				$ 3,494,139

Investments classified in Level 1 of the fair value hierarchy, valued at $2,250,523, are valued using quoted prices in active markets. $952,904 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 $55,563 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.

NOTE 5 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

For fixed income investments, interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Normally, the longer the maturity of a fixed income investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the 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 System's investments by maturity or earliest call date:

Investment Type	Less than 12 Months	12 to 72 Months	72 to 120 Months	More than 120 Months	Maturity not Determined	Total
Asset Backed Securities	$ -	$ 7,702	$ -	$ 1,222	$ -	$ 8,924
Equity Securities	2,250,523	-	-	-	-	2,250,523
Bank Loans	122	3,715	691	-	-	4,528
Commercial Mortgage-Backed Securities	-	-	526	3,275	-	3,801
Corporate Bonds	4,645	106,108	55,742	24,876	-	191,371
Corporate Convertible Bonds	-	234	-	-	-	234
Government Agencies	-	4,304	7,387	2,553	-	14,244
Government Bonds	-	72,543	87,831	93,322	-	253,696
Government Mortgage Backed Securities	-	-	927	213,595	-	214,522
Other Fixed Income	1,746	13,271	-	-	246,567	261,584
Real Estate - Partnerships	-	-	-	-	55,563	55,563
Total System Investments	**$ 2,257,036**	**$ 207,877**	**$ 153,104**	**$ 338,843**	**$ 302,130**	**$ 3,258,990**

The System's investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above:

Highly Sensitive Investments	Fair Value at Year End June 30, 2026
Government Mortgage - Backed Securities	$ 214,522
Commercial Mortgage - Backed Securities	3,801

The System is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. The System's investments with LAIF at June 30, 2026 and 2025 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.

NOTE 5 – CASH AND INVESTMENTS (Continued)

- 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, 2026 and 2025, the System had investments of $40 and $5,829, respectively, invested in LAIF, which had invested 3.47% and 3.81% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.998872382 and 1.01198310 as of June 30, 2026 and 2025, respectively, was used to calculate the fair value of the investments in LAIF.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. At June 30, 2026, the value of foreign currency investments were not significant to the investments as a whole.

The Fund's investment policy permits investments in Non-US Equity of up to 25%, the Fund's current position is not significant.

F. Credit Risk

For fixed income investments, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to the fixed income investments. Presented below is the actual rating as of June 30, 2026, for each investment type as provided by Moody's or Standard and Poor's, displayed by using Moddy's or Standard and Poor's, displayed by using Moody's rating scale.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	Ca	C	U.S. Government Guaranteed	Not Rated	Total
Asset Backed Securities	$ 6,996	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,928	$ 8,924
Equity Securities	-	-	-	-	-	-	-	-	-	-	2,250,523	2,250,523
Bank Loans	-	-	-	157	53	2,731	508	315	-	-	764	4,528
Commercial Mortgage - Backed Securities	483	-	-	-	-	-	-	-	-	-	3,318	3,801
Corporate Bonds	2,224	27,034	44,271	20,286	49,972	38,789	5,738	89	36	-	2,932	191,371
Corporate Convertible Bonds	-	-	-	-	-	-	-	-	-	-	234	234
Government Agencies	-	12,428	-	67	423	-	-	-	-	1,326	-	14,244
Government Bonds	-	252,498	-	1,198	-	-	-	-	-	-	-	253,696
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	-	-	214,488	34	214,522
Other Fixed Income	-	4,337	-	-	-	-	-	-	-	-	257,247	261,584
Real Estate - Partnerships	-	-	-	-	-	-	-	-	-	-	55,563	55,563
Total System Investments	**$ 9,703**	**$ 296,297**	**$ 44,271**	**$ 21,708**	**$ 50,448**	**$ 41,520**	**$ 6,246**	**$ 404**	**$ 36**	**$ 215,814**	**$ 2,572,543**	**$ 3,258,990**

G. Concentration Risk

As of June 30, 2026 and 2025, respectively, 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 $11,994 and $3,867 on behalf of the System as of June 30, 2026 and 2025, respectively. The financial institution which holds these deposits is required by state law to maintain collateral pools against all public deposits they hold.

NOTE 5 – CASH AND INVESTMENTS (Continued)

H. 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 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 System'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 System's name and places the System ahead of general creditors of the institution.

The System invests 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 System employs the Trust Department of a bank or trustee as the custodian of certain System investments, regardless of their form.

The System's brokers/dealers held $69 and $0 as of June 30, 2026 and 2025, respectively, in cash exposed to custodial credit risk.

NOTE 6 – NET PENSION LIABILITY

The net pension liability (the Plan's liability determined in accordance with GASB 67 less the fiduciary net position) as of June 30, is as shown below:

	2026	2025
Total Pension Liability	$ 3,270,837	$ 3,143,728
Plan Fiduciary Net Position	(2,743,096)	(2,445,611)
Employer Net Pension Liability	$ 527,741	$ 698,117
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.87%	77.79%
Covered payroll	$ 275,207	$ 264,426
Liability as a Percentage of Covered payroll	191.76%	264.01%

NOTE 6 – NET PENSION LIABILITY (Continued)

The actuarial assumptions used in the June 30, 2025 valuation were based on the July 1, 2020 through June 30, 2024 Actuarial Experience Study report dated November 13, 2024. 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, 2025 and 2024, while the total pension liability was determined based upon the results of the actuarial valuations as of June 30, 2025 and 2024, respectively.

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	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	The actuarial value of assets is equal to the fair value of assets less unrecognized returns from each of the last five years. The unrecognized return each year is equal to the difference between the actual and expected returns on the fair value of assets, recognized over a five year period. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the fair value of assets.
Actuarial assumptions:	
Net Investment Return	6.75%, net of investment and administrative expenses.
Average projected salary increases*	1955 to 1980 plan: 9.25% to 3.25% 2013 Tier: 9.50% to 3.75%
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum For members who have COLA banks, the assumption is they receive up to 3% COLA increases until their COLA banks are exhausted, 2.75% thereafter.
Mortality	*Pre-retirement mortality rates:* Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. *Post-retirement Mortality rates:* Pub-2010 General Healthy retiree amount-weighted above-median Mortality Table, with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *After Disability Retirement:* 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.

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

NOTE 6 – NET PENSION LIABILITY (Continued)

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	32.55%	5.80%
Domestic Small Cap Equity	2.45%	6.59%
Developed International Large Cap Equity	18.00%	6.44%
Emerging Markets Equity	7.00%	8.32%
Core Bonds	20.00%	2.27%
High Yield Bonds	7.50%	4.62%
Bank Loans	5.00%	4.43%
Real Estate	2.50%	4.54%
Private Debt	5.00%	6.63%
Total	100.0%	5.26%

The discount rates used to measure the total pension liability was 6.75% as of June 30, 2025 and June 30, 2024, 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 this purpose, only 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, 2025 and June 30, 2024, respectively.

NOTE 6 – NET PENSION LIABILITY (Continued)

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, 2025, 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	$ 954,572	$ 527,741	$ 175,026

NOTE 7 – NET OPEB LIABILITY

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

	2026	2025
Total OPEB Liability	$ 220,176	$ 189,880
Plan Fiduciary Net Position	(82,988)	(71,420)
Employer Net OPEB Liability	$ 137,188	$ 118,460
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	37.69%	37.61%

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an experience study dated (November 13, 2024) for the period from July 1, 2020 through June 30, 2024 and the Retiree Health assumptions letter (dated January 21, 2026). These are the same as the assumptions used in the June 30, 2025 funding actuarial valuation for EBMUDERS 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 valued based on the age-based costs and separate spousal participation assumptions.

NOTE 7 – NET OPEB LIABILITY (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, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumptions 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. In addition, the effect of plan provision updates are amortized over 15 years.
Assets valuation method	Fair 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 fair value, and is recognized over a five year period, further adjusted, if necessary to be within 30% of the fair value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	1955 to 1980 Plan: Ranges from 9.25% to 3.75% based on years of service* 2013 Tier Plan: Ranges from 9.50% to 3.75% based on years of service*
Inflation rate	2.50%
Health care trend	Non-Medicare: Actual premium increases for 2023-2024, then 7.375% graded down to 4.50% over 12 years. Medicare: Actual premium increases for 2023-2024, then 6.375% graded down to 4.50% over 8 years.
HIB Subsidy Increase	0% for $450/$550 benefit 3% for indexed benefit
Mortality	*Pre-retirement:* Pub-2010 general employee headcount-weighted above-median Mortality Tables projected generationally with the two-dimensional mortality improvement scale MP-2021. *After Service Retirement and All Beneficiaries:* Pub-2010 general healthy retiree headcount-weighted above-median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional improvement scale MP-2021. *After Disability Retirement:* Pub-2010 non-safety disabled retiree headcount-weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional improvement scale MP-2021.

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

NOTE 7 – NET OPEB LIABILITY (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	32.55%	5.80%
Domestic Small Cap Equity	2.45%	6.59%
Developed International Large Cap Equity	18.00%	6.44%
Emerging Market Equity	7.00%	8.32%
Core Bonds	20.00%	2.27%
High Yield Bonds	7.50%	4.62%
Bank Loans	5.00%	4.43%
Real Estate	2.50%	4.54%
Private Debt	5.00%	6.63%
Total	100.0%	5.26%

The municipal bond rates used to determine the blended discount rate, as discussed above, were 5.20% and 3.93%, which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2025 and June 30, 2024, respectively.

The discount rates used to measure the total OPEB liability were 6.32% and 5.58% as of June 30, 2025 and June 30, 2024, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current and agreed upon contribution rates as specified in the District's bargaining agreements 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.

NOTE 7 – NET OPEB LIABILITY (Continued)

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, 2064. 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, 2064, and the 20-year municipal bond rate (5.20%) was applied to periods after June 30, 2064, to determine the total OPEB liability.

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, 2025, calculated using the discount rate of 6.32%, 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 (5.32%) or 1-percentage point higher (7.32%) than the current rate:

	1% Decrease (5.32%)	Current Discount (6.32%)	1% Increase (7.32%)
Net OPEB Liability	$ 163,865	$ 137,188	$ 114,971

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, 2025, 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	$ 119,556	$ 137,188	$ 159,716

NOTE 8 – BENEFIT GUARANTY

A. Pension Plan

The District may, at any time, change or repeal the ordinance governing the Plan. The District's obligations to those members receiving or eligible for a retirement allowance prior to such change or repeal shall continue in full force. The District is obligated to those members neither receiving nor eligible for a retirement allowance at the time of such change or repeal. This allowance will be a retirement allowance at retirement age equal to the actuarial equivalent of the accumulated value of the member's contributions standing to the member's credit at the date of retirement and the accumulated value of the District's contribution for current service to the date of such change or repeal, increased by the accumulation of interest to date of retirement.

NOTE 8 – BENEFIT GUARANTY (Continued)

B. Post-Employment Healthcare Benefits

In addition to retirement benefits, the District provides postemployment health benefits assistance (administered by the Employees' Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2025 (date of latest actuarial valuation), there were 1,957 participants receiving these health care benefits.

Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new participants.

Effective January 1, 1999, retired members who had separated from the District prior to their retirement who have at least 5 years of service also became eligible for the postemployment health benefits based on the same sliding scale. The scale provides for 25% of healthcare benefits for service from 5 through 10 years, 50% of healthcare benefits for service from 10 through 15 years, 75% of healthcare benefits for service from 15 through 20 years, and 100% of healthcare benefits for service of 20 years or more.

Effective July 1, 2003, the District reimbursed up to $450 per month ($550 per month effective July 1, 2004, for membership of a spouse or registered domestic partner) for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree.

Effective July 28, 2003, the District reimbursed up to $450 per month ($550 per month effective July 1, 2004, for membership of a spouse or registered domestic partner) for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or financially dependent domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree.

Effective January 1, 2026, the District reimbursed up to $605 per month for employees whose first retirement date is on or after July 28, 2025, for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or financially dependent domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree. The monthly benefit is aligned with the premium cost of the District Kaiser Senior Advantage Low Plan for Medicare-eligible couples and is adjusted annually using a Health Insurance Benefit (HIB) adjustment factor, which is based on changes in the Kaiser premium plus any unused increases or decreases carried forward from prior years. Annual adjustments are capped at 3% and will not be less than 0%, and the monthly reimbursement will never be less than $605 for this Tier 3 benefit. In addition, the District introduced a new service-based eligibility structure for PEPRA-tier employees. Under the revised schedule, 1980 Plan members become eligible for 25% of the benefit after 5 years of service, 50% after 10 years, 75% after 15 years, and 100% after 20 or more years, while 2013 (PEPRA) Plan members qualify for 25% after 5 years, 50% after 10 years, and 100% after 15 years of service. To fund these enhanced benefits, employee contributions will be phased in over three years at 0.40% in 2026, 0.70% in 2027, and 1.00% in 2028.

NOTE 8 – BENEFIT GUARANTY (Continued)

These benefits are paid from a separate post-employment healthcare benefits fund which up until June 17, 2002, was advance funded entirely by the District on an actuarially determined basis. Cash reimbursement of these benefits totaled $10,166 for the year ended June 30, 2026, and $9,777 for the year ended June 30, 2025. Effective June 18, 2002, a portion of the postemployment healthcare benefits costs is recovered through employee contributions.

Through June 30, 1999, the medical premium subsidy was not a vested benefit, and the District reserved the right to modify or terminate the benefit at any time. If the medical subsidy were terminated, assets accumulated from contributions made for the subsidy would be used to provide other pension benefits. Effective July 1, 1999, the medical premium subsidy became a vested benefit to a maximum of $200 per month, was changed effective October 1, 2000, to a maximum of $250 per month, and was changed effective July 1, 2002, to a maximum of $400 per month, and was changed effective July 1, 2003, to a maximum of $450 per month, and was changed again effective July 1, 2004, to a maximum of $450 per month and $550 per month for membership of a spouse or registered domestic partner. Effective January 1, 2026, the medical premium subsidy amount was increased to $605 per month.

NOTE 9 – INTANGIBLE ASSET IN PROGRESS

The System has recorded an intangible asset in progress for $10,047 and $7,339 as of June 30, 2026 and 2025, respectively, as part of their Pension Gold Version 4 software implementation. The System is currently making progress payments as phases of the implementation are completed and it's currently scheduled to be fully implemented by the second quarter of fiscal year 2027. At that time, it will begin to amortize over a 10 year period.

NOTE 10 – RELATED PARTY TRANSACTIONS

The District provides the System with accounting, treasury, and other administrative services, which are reimbursed by the System on a monthly basis. Total reimbursements in fiscal years ended June 30, 2026 and 2025, were $1,796 and $1,739 respectively.

NOTE 11 – SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through September 22, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred, since June 30, 2026, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability (in thousands):

Reporting Date	**2026**	**2025**	**2024**	**2023**	**2022**
Measurement Date	2025	2024	2023	2022	2021
Total pension liability					
Service cost	$ 62,955	$ 60,312	$ 56,378	$ 51,706	$ 52,212
Interest	211,134	201,159	190,492	181,464	176,878
Differences between expected and actual experience	10,559	11,737	51,869	54,807	(37,465)
Changes of assumptions	-	25,307	-	72,120	-
Benefit payments, including refunds of employee contributions	(157,539)	(149,216)	(140,081)	(129,940)	(121,249)
Net change in total pension liability	127,109	149,299	158,658	230,157	70,376
Total pension liability - beginning	3,143,728	2,994,429	2,835,771	2,605,614	2,535,238
Total pension liability - ending (a)	$ 3,270,837	$ 3,143,728	$ 2,994,429	$ 2,835,771	$ 2,605,614
Plan fiduciary net position					
Contributions - employer	$ 110,869	$ 105,111	$ 95,103	$ 91,393	$ 79,252
Contributions - employee	24,488	23,637	21,865	20,915	19,136
Net investment income	322,117	274,375	214,117	(245,904)	481,909
Benefit payments, including refunds of employee contributions	(157,539)	(149,216)	(140,081)	(129,940)	(121,249)
Administrative expense	(2,450)	(2,438)	(2,214)	(1,875)	(1,876)
Net change in plan fiduciary net position	297,485	251,469	188,790	(265,411)	457,172
Plan fiduciary net position - beginning	2,445,611	2,194,142	2,005,352	2,270,763	1,813,591
Plan fiduciary net position - ending (b)	$ 2,743,096	$ 2,445,611	$ 2,194,142	$ 2,005,352	$ 2,270,763
Plan's net pension liability - ending (a) - (b)	$ 527,741	$ 698,117	$ 800,287	$ 830,419	$ 334,851

Unaudited

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability (in thousands) (Continued):

Reporting Date	**2021**	**2020**	**2019**	**2018**	**2017**
Measurement Date	2020	2019	2018	2017	2016
Total pension liability					
Service cost	$ 46,124	$ 44,710	$ 40,636	$ 41,106	$ 37,828
Interest	163,114	154,896	149,324	144,392	138,135
Differences between expected and actual experience	(6,199)	25,974	48,581	(22,641)	5,278
Changes of assumptions	104,814	-	12,484	-	52,596
Benefit payments, including refunds of employee contributions	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)
Net change in total pension liability	194,465	119,795	152,963	72,152	149,951
Total pension liability - beginning	2,340,773	2,220,978	2,068,015	1,995,863	1,845,912
Total pension liability - ending (a)	$ 2,535,238	$ 2,340,773	$ 2,220,978	$ 2,068,015	$ 1,995,863
Plan fiduciary net position					
Contributions - employer	$ 77,645	$ 74,033	$ 71,221	$ 67,096	$ 65,218
Contributions - employee	18,690	17,681	16,860	15,820	14,741
Net investment income	39,973	91,194	147,424	197,977	13,934
Benefit payments, including refunds of employee contributions	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)
Administrative expense	(1,453)	(1,477)	(1,521)	(1,403)	(1,289)
Net change in plan fiduciary net position	21,467	75,646	135,922	188,785	8,718
Plan fiduciary net position - beginning	1,792,124	1,716,478	1,580,556	1,391,771	1,383,053
Plan fiduciary net position - ending (b)	$ 1,813,591	$ 1,792,124	$ 1,716,478	$ 1,580,556	$ 1,391,771
Plan's net pension liability - ending (a) - (b)	$ 721,647	$ 548,649	$ 504,500	$ 487,459	$ 604,092

Unaudited

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(2) Pension Plan

Schedule of Employer's Net Pension Liability (in thousands):

Reporting Date	**2026**	**2025**	**2024**	**2023**	**2022**
Measurement Date	2025	2024	2023	2022	2021
Total pension liability	$ 3,270,837	$ 3,143,728	$ 2,994,429	$ 2,835,771	$ 2,605,614
Plan fiduciary net position	(2,743,096)	(2,445,611)	(2,194,142)	(2,005,352)	(2,270,763)
Net pension liability	$ 527,741	$ 698,117	$ 800,287	$ 830,419	$ 334,851
Plan fiduciary net position as a percentage of total pension liability	83.87%	77.79%	73.27%	70.72%	87.15%
Covered payroll *	$ 275,207	$ 264,426	$ 246,231	$ 233,940	$ 221,809
Plan net pension liability as percentage of covered employee payroll	191.76%	264.01%	325.01%	354.97%	150.96%

Reporting Date	**2021**	**2020**	**2019**	**2018**	**2017**
Measurement Date	2020	2019	2018	2017	2016
Total pension liability	$ 2,535,238	$ 2,340,773	$ 2,220,978	$ 2,068,015	$ 1,995,863
Plan fiduciary net position	(1,813,591)	(1,792,124)	(1,716,478)	(1,580,556)	(1,391,771)
Net pension liability	$ 721,647	$ 548,649	$ 504,500	$ 487,459	$ 604,092
Plan fiduciary net position as a percentage of total pension liability	71.54%	76.56%	77.28%	76.43%	69.73%
Covered payroll *	$ 215,110	$ 203,541	$ 193,717	$ 182,032	$ 174,586
Plan net pension liability as percentage of covered employee payroll	335.48%	269.55%	260.43%	267.79%	346.01%

* In accordance with GASB 82, the covered payroll amounts are defined as the payroll on which contributions to a pension plan are based.

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(3) Pension Plan

Schedule of Employer's Contributions (in thousands):

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
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	-	246,231	38.62%
2024	105,111	105,111	-	264,426	39.75%
2025	110,869	110,869	-	276,094	40.16%
2026	117,615	117,615	-	292,532	40.21%

* Derived by dividing the contributions in relation to the actuarially determined contributions by the contributions as a percentage of covered employee payroll. These amounts may therefore be different from the actual payrolls 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, 2025 are based on the reporting date. Years preceding fiscal year ended June 30, 2026 are based on the measurement date.

Unaudited

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(4) Pension Plan

Schedule of Investment Returns:

Reporting Date	**2026**	**2025**	**2024**	**2023**	**2022**
Annual money weighted rate of return, net of investment expense	17.81%	13.45%	12.74%	10.96%	-10.81%

Reporting Date	**2021**	**2020**	**2019**	**2018**	**2017**
Annual money weighted rate of return, net of investment expense	26.85%	2.27%	5.37%	9.29%	14.46%

EAST BAY MUNICIPAL UTILITY DISTRICT
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Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability (in thousands):

Reporting Date	**2026**	**2025**	**2024**	**2023**	**2022**
Measurement Date	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	$ 5,305	$ 5,865	$ 5,088	$ 6,725	$ 5,538
Interest	10,531	10,101	9,646	8,061	8,608
Change of benefit terms	47,385	-	-	-	-
Difference between actual and expected experience	(1,618)	291	(438)	5,102	(4,383)
Change of assumptions	(18,230)	(7,224)	10,206	(28,016)	7,163
Benefit payments - cash*	-	-	-	-	-
Benefit payments - estimated implicit subsidy	(13,077)	(12,699)	(12,185)	(11,778)	(11,644)
Net change in total OPEB liability	30,296	(3,666)	12,317	(19,906)	5,282
Total OPEB liability - beginning	189,880	193,546	181,229	201,135	195,853
Total OPEB liability - ending (a)	$ 220,176	$ 189,880	$ 193,546	$ 181,229	$ 201,135
Plan fiduciary net position					
Employer contributions - cash	$ 11,885	$ 12,231	$ 11,420	$ 10,892	$ 11,372
Employer contributions - estimated implicit subsidy	-	-	-	-	-
Employer contributions - total	11,885	12,231	11,420	10,892	11,372
Employee contributions	249	240	223	212	200
Net investment income	9,298	7,676	5,715	(6,105)	11,638
Benefit payments - cash*	-	-	-	-	-
Benefit payments - estimated implicit subsidy	(13,077)	(12,699)	(12,185)	(11,778)	(11,644)
Administrative expense	(87)	(68)	(59)	(46)	(46)
Other	3,300	2,875	2,480	2,437	2,421
Net change in plan fiduciary net position	11,568	10,255	7,594	(4,388)	13,941
Plan fiduciary net position - beginning	71,420	61,165	53,571	57,959	44,018
Plan fiduciary net position - ending (b)	$ 82,988	$ 71,420	$ 61,165	$ 53,571	$ 57,959
Plan's net OPEB liability - ending (a) - (b)	$ 137,188	$ 118,460	$ 132,381	$ 127,658	$ 143,176

* Benefit Payments and Employer Contributions - cash and estimated implicit subsidy reported together beginning in fiscal year 2018.

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability (in thousands) (Continued):

Reporting Date	**2021**	**2020**	**2019**	**2018**	**2017**
Measurement Date	2020	2019	2018	2017	2016
Total OPEB liability					
Service cost	$ 4,864	$ 4,692	$ 4,827	$ 5,276	$ 4,514
Interest	9,042	9,332	9,265	8,797	9,374
Change of benefit terms	-	-	-	-	-
Difference between actual and expected experience	704	(2,783)	(3,299)	(1,711)	(3,286)
Change of assumptions	18,913	5,753	(527)	(6,107)	12,471
Benefit payments - cash*	-	-	-	-	(7,685)
Benefit payments - estimated implicit subsidy	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)
Net change in total OPEB liability	22,141	5,942	(124)	(3,549)	13,224
Total OPEB liability - beginning	173,712	167,770	167,894	171,443	158,219
Total OPEB liability - ending (a)	$ 195,853	$ 173,712	$ 167,770	$ 167,894	$ 171,443
Plan fiduciary net position					
Employer contributions - cash	$ 11,089	$ 10,518	$ 9,875	$ 9,764	$ 9,454
Employer contributions - estimated implicit subsidy	-	-	-	-	2,164
Employer contributions - total	11,089	10,518	9,875	9,764	11,618
Employee contributions	195	184	219	198	184
Net investment income	890	2,060	2,925	3,706	271
Benefit payments - cash*	-	-	-	-	(7,685)
Benefit payments - estimated implicit subsidy	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)
Administrative expense	(34)	(33)	(30)	(26)	(22)
Other	2,419	2,402	2,075	1,892	-
Net change in plan fiduciary net position	3,177	4,079	4,674	5,730	2,202
Plan fiduciary net position - beginning	40,841	36,762	32,088	26,358	24,156
Plan fiduciary net position - ending (b)	$ 44,018	$ 40,841	$ 36,762	$ 32,088	$ 26,358
Plan's net OPEB liability - ending (a) - (b)	$ 151,835	$ 132,871	$ 131,008	$ 135,806	$ 145,085

* Benefit Payments and Employer Contributions - cash and estimated implicit subsidy reported together beginning in fiscal year 2018.

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability (in thousands):

Reporting Date	**2026**	**2025**	**2024**	**2023**	**2022**
Measurement Date	2025	2024	2023	2022	2021
Total OPEB liability	$ 220,176	$ 189,880	$ 193,546	$ 181,229	$ 201,135
Plan fiduciary net position	(82,988)	(71,420)	(61,165)	(53,571)	(57,959)
Employer net OPEB liability	$ 137,188	$ 118,460	$ 132,381	$ 127,658	$ 143,176
Plan fiduciary net position as a percentage of total OPEB liability	37.69%	37.61%	31.60%	29.56%	28.82%
Covered payroll	$ 275,207	$ 264,426	$ 246,231	$ 233,940	$ 221,809
Plan net OPEB liability as a percentage of covered payroll	49.85%	44.80%	53.76%	54.57%	64.55%

Reporting Date	**2021**	**2020**	**2019**	**2018**	**2017**
Measurement Date	2020	2019	2018	2017	2016
Total OPEB liability	$ 195,853	$ 173,712	$ 167,770	$ 167,894	$ 171,443
Plan fiduciary net position	(44,018)	(40,841)	(36,762)	(32,088)	(26,358)
Employer net OPEB liability	$ 151,835	$ 132,871	$ 131,008	$ 135,806	$ 145,085
Plan fiduciary net position as a percentage of total OPEB liability	22.48%	23.51%	21.91%	19.11%	15.37%
Covered payroll	$ 215,110	$ 203,541	$ 193,717	$ 182,032	$ 174,586
Plan net OPEB liability as a percentage of covered payroll	70.58%	65.28%	67.63%	74.61%	83.10%

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

Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

(7) Post-Employment Healthcare Plan

Schedule of Employer's Contributions (in thousands):

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 employee payroll
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	-	246,231	4.64%
2024	12,231	12,231	-	264,426	4.63%
2025	11,885	11,885	-	276,426	4.30%
2026	12,769	12,769	-	292,532	4.36%

* Derived by dividing the contributions in relation to the actuarially determined contributions by the contributions as a percentage of covered employee payroll. These amounts may therefore be different from the actual payrolls of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the OPEB 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, 2025 are based on the reporting date. Years preceding fiscal year ended June 30, 2026 are based on the measurement date.

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

Notes to Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

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	The actuarial value of assets is equal to the fair value of assets less unrecognized returns from each of the last five years. The unrecognized return each year is equal to the difference between the actual and expected returns on the fair value of assets, recognized over a five year period. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the fair value of assets.
Actuarial assumptions:	
Net Investment Return	6.75%, net of investment and administrative expenses.
Average projected salary increases*	1955 to 1980 plan: 9.25% to 3.25% 2013 Tier: 9.50% to 3.75%
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum For members who have COLA banks, the assumption is they receive up to 3% COLA increases until their COLA banks are exhausted, 2.75% thereafter.
Mortality	*Pre-retirement mortality rates:* Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. *Post-retirement Mortality rates:* Pub-2010 General Healthy retiree amount-weighted above-median Mortality Table, with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. *After Disability Retirement:* 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.

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

Unaudited.

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

Notes to Required Supplementary Information

(Dollars in Thousands)

For the Year Ended June 30, 2026

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, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumptions 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. In addition, the effect of plan provision updates are amortized over 15 years.
Assets valuation method	Fair 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 fair value, and is recognized over a five year period, further adjusted, if necessary to be within 30% of the fair value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	1955 to 1980 Plan: Ranges from 9.25% to 3.75% based on years of service* 2013 Tier Plan: Ranges from 9.50% to 3.75% based on years of service*
Inflation rate	2.50%
Health care trend	Non-Medicare: Actual premium increases for 2023-2024, then 7.375% graded down to 4.50% over 12 years. Medicare: Actual premium increases for 2023-2024, then 6.375% graded down to 4.50% over 8 years.
HIB Subsidy Increase	0% for $450/$550 benefit 3% for indexed benefit
Mortality	*Pre-retirement:* Pub-2010 general employee headcount-weighted above-median Mortality Tables projected generationally with the two-dimensional mortality improvement scale MP-2021. *After Service Retirement and All Beneficiaries:* Pub-2010 general healthy retiree headcount-weighted above-median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional improvement scale MP-2021. *After Disability Retirement:* Pub-2010 non-safety disabled retiree headcount-weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional improvement scale MP-2021.

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

Unaudited.

MAZE & ASSOCIATES

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

To the Board of Directors
East Bay Municipal Utility District
Employees' Retirement System
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 basic financial statements of the East Bay Municipal Utility District Employees' Retirement System (the System), a component unit of East Bay Municipal Utility District (the District), as of and for the year ended June 30, 2026, and have issued our report thereon dated September 22, 2026.

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 the System's 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 over the System.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated September 22, 2026, which is an integral part of our audit and should be read in conjunction with this report.

Accounting Corporation
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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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
September 22, 2026