

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the years ended June 30, 2022 and 2021



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Letter of Transmittal

GFOA Award Certificate

Board of Directors

Organizational Staffing

Organization Chart

Letter of Transmittal

East Bay Municipal Utility District

December 16, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the East Bay Municipal Utility District (EBMUD) for the fiscal year ended June 30, 2022.

The ACFR has been prepared by the Finance Department in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not surpass its benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements.

Lance, Soll & Lunghard, LLP, has issued an unmodified opinion on the East Bay Municipal Utility District's financial statements for the year ended June 30, 2022. The purpose of the independent audit was to provide reasonable assurance that these financial statements for the year ended June 30, 2022, are free of material misstatements. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides an introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and be read in conjunction with the management's discussion and analysis.

The ACFR follows the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. EBMUD is submitting this ACFR to GFOA for review and certification.

The East Bay Municipal Utility District is a publicly owned utility formed in 1923 under the State of California's Municipal Utility District Act of 1921 (MUD Act) to provide quality water services to parts of Alameda and Contra Costa counties. EBMUD captures snowmelt from 575 square miles of mostly undeveloped watershed lands of the Mokelumne River and collects it at Pardee Reservoir 90 miles east of the Bay Area. EBMUD has water rights for up to 325 million gallons daily from the Mokelumne River watershed to serve Bay Area customers. EBMUD's Camanche Reservoir, downstream of Pardee, stores water to meet the needs of fisheries, riparian habitat, and downstream water rights holders.

The MUD Act was amended in 1941 to enable formation of special districts. In 1944, voters in six East Bay cities elected to form EBMUD's Special District No. 1 to treat wastewater released into the Bay. Wastewater treatment for those cities began in 1951 and was expanded 20 years later to include Kensington, El Cerrito and part of Richmond.

The District's Water System collects, transmits, treats, and distributes high quality water to approximately 60 percent of the developed area within Alameda and Contra Costa counties in California. The system serves approximately 1.4 million people in a 332-square-mile area extending from Crockett on the north, southward to San Lorenzo (including Richmond, Emeryville, Oakland, Berkeley, Alameda, San Leandro, and Castro Valley), eastward from San Francisco Bay to Walnut Creek (including Orinda, Moraga, and Lafayette), and south through the San Ramon Valley (including Alamo, Danville, and San Ramon). The EBMUD Wastewater System protects public health and the San Francisco Bay with wastewater treatment and innovative pollution prevention programs. The system intercepts and treats wastewater from residences and industries along the Bay's east shore, from Richmond in the north to San Leandro in the south, including Alameda, Albany, Berkeley, El Cerrito, Emeryville, Kensington, Oakland, Piedmont, and part of Richmond, serving approximately 740,000 customers in an 88-square-mile area of Alameda and Contra Costa counties along the Bay's east shore, extending from Richmond on the north, southward to Oakland.

A seven-member Board of Directors, elected by wards for four-year terms, determines overall policies, which are then implemented under the direction of the General Manager.

BOARD DIRECTORS

Ward 1 – Lesa R. McIntosh

Ward 2 – John A. Coleman (Vice President)

Ward 3 – Marguerite Young

Ward 4 – Andy Katz

Ward 5 – Doug Linney (President)

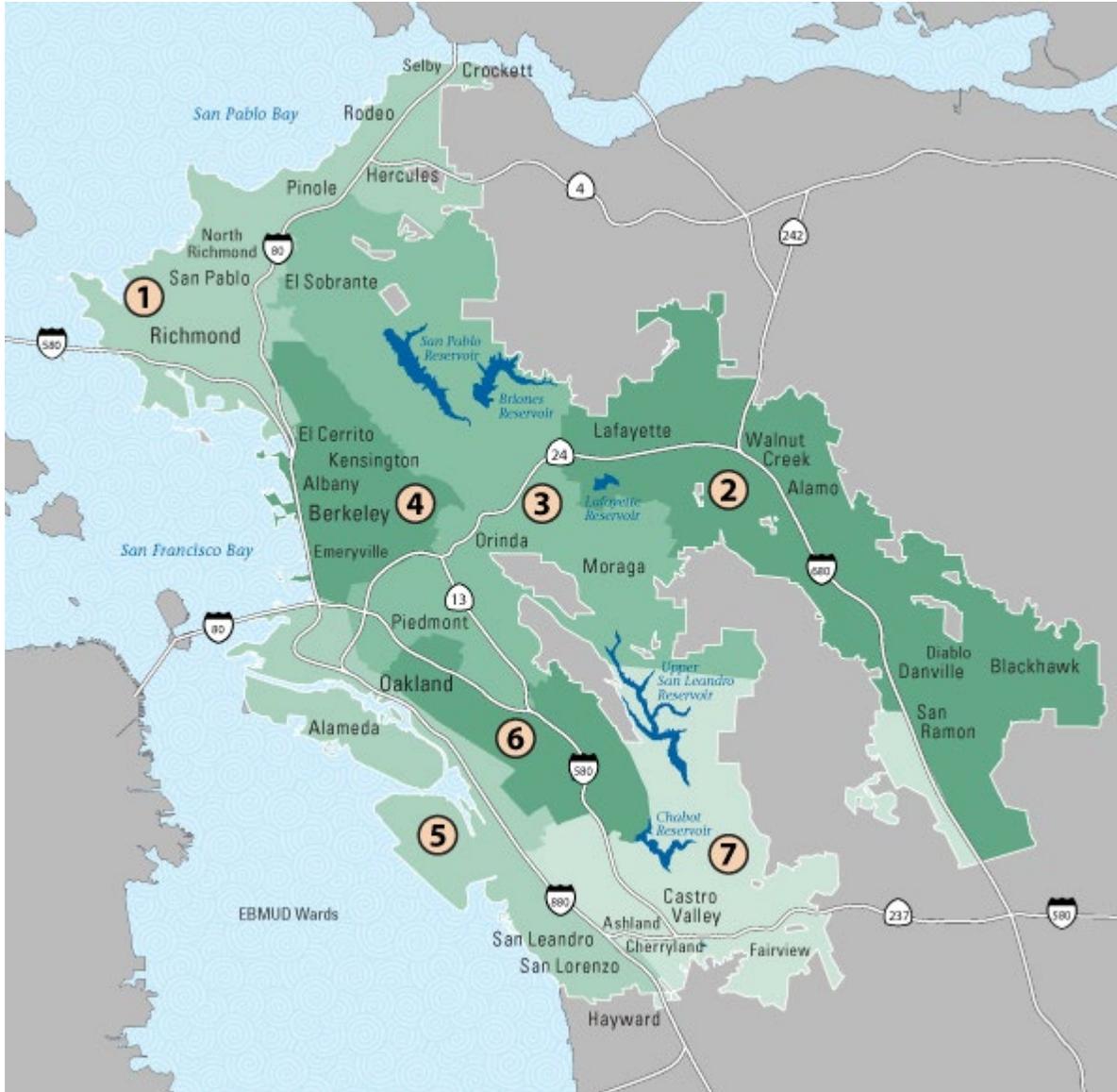
Ward 6 – William B. Patterson

Ward 7 – Frank Mellon

Board meetings are open to the public and held the second and fourth Tuesdays of each month. In addition, workshop sessions, special meetings, and public hearings are occasionally scheduled and noticed. Each Board member serves on one or more standing Board committees. The committees review and make recommendations on matters of major interest before discussion by the full Board at a regular meeting. Standing committees of the Board are Planning, Retirement, Sustainability/Energy, Legislative/Human Resources and Finance/Administration. Board members also represent EBMUD at the Association of California Water Agencies, the Bay Area Water Forum, the Freeport Regional Water Authority, the Upper Mokelumne River Watershed Authority, the Dublin San Ramon Services District/EBMUD Recycled Water Authority (DERWA), EBMUD/East Bay Regional Park District, Bay Area Clean Water Agencies (BACWA), and the Special Districts Associations in Alameda and Contra Costa counties.

EBMUD had approximately 1,955 active full-time employees in fiscal year 2022 under the administrative direction of appointed General Manager Clifford C. Chan and management staff. Employees are represented by the American Federation of State, County and Municipal Employees, Locals 444 and 2019, International Federation of Professional, Technical Engineers Local 21, and International Union of Operating Engineers Local 39. EBMUD is an equal opportunity employer and encourages diversity in contracting and in the workforces of District contractors.

EBMUD has continually pursued an array of solutions to provide a reliable water supply to its service area and protect the San Francisco Bay now and into the future. EBMUD continues to focus on water supply planning and drought protection, water quality, water conservation, infrastructure maintenance and improvements, watershed protection, wastewater treatment, customer service and fiscal integrity and stability.



EBMUD's service area encompasses cities in northern Alameda County and western and central Contra Costa County.

The seven cities EBMUD serves within Alameda County are Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and San Leandro. These cities along the eastern shore of the San Francisco Bay feature pleasant climate and a rich diverse culture. They are host to some of the nation's strongest research, development, and innovation clusters. In addition to excelling in many diversified technical disciplines, the area features leading research institutions and higher education institutions. These include the Lawrence Berkeley National Laboratory and University of California Berkeley, as well as a high concentration of private technology development companies and clean tech innovation centers. The Port of Oakland is also vital to national economic competitiveness, strengthening the national balance of trade, and handling 99 percent of containerized cargo in Northern California. The government sector provides the largest share of total payroll employment by industry in the East Bay, followed by the health care, retail trade and leisure and hospitality, professional scientific and technical services, manufacturing, and construction. In addition to the employers mentioned above, other major employers include Kaiser Permanente, Alameda County, City of Oakland, Bay Area Rapid Transit (BART), State of California, Oakland Unified School District, Alta Bates Summit Medical Center, Pandora, East Bay Regional Park District, Clorox, Bayer Healthcare, United Parcel, Federal Express, Southwest Airlines, US Government, IKEA, Novartis, and Pixar.

The West Contra Costa County region includes El Cerrito, El Sobrante, Hercules, Kensington, Pinole, Richmond, Rodeo and San Pablo. This region historically has been one of the Bay Area's significant manufacturing regions. In addition, this region provides favorable weather, excellent Bay, and bridge views, as well as marinas that offer excellent residential values for those seeking to escape higher prices elsewhere in the San Francisco Bay Area. The Craneway Pavilion, a repurposed Ford Factory located on San Francisco Bay, houses several emerging technology companies and includes an attractive event space. The adjacent Rosie the Riveter World War II Home Front National Historical Park documents some of the past industrial history of the area. Nearby, the San Pablo Bay is a favored saltwater fishing destination and a popular wintering stop and migratory staging ground for numerous species of waterfowl. Chevron is the largest employer in the West Contra Costa region and this sub-region, with its cluster of refineries, is a national leader in the petrochemical industry. In addition to Chevron, other major employers include Bio-Rad Laboratories, West Contra Costa Unified School District, Contra Costa College, and C&H Sugar Co Inc.

The Central Contra Costa County region, commonly known as “Central County” includes Alamo, Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, and Walnut Creek. Central County offers a variety of living environments ranging from rural to urban. The area also boasts some of Northern California’s most desirable residential communities along with some of the top public schools in the state. Walnut Creek and Pleasant Hill offer excellent examples of contemporary downtown centers and have become local retail destinations. The Leshner Center for the Arts is an arts destination with several productions and events a year. Higher education institutions such as the Diablo Valley College and John F. Kennedy University and health care providers such as John Muir/Mt. Diablo Regional Medical Centers in Walnut Creek and Concord, Kaiser Hospital and clinics in Walnut Creek and Martinez, along with the Contra Costa Regional Medical Center and Veterans Administration Hospital in Martinez provide over 30,000 jobs in this region. Other significant industries in the area include trade, transportation and utilities, and professional and business services. Concord is home to an emerging biomedical industry cluster and Walnut Creek is the center of a large financial services group. Significant employers include: Diablo Valley College, Kaiser Foundation Hospitals, AT&T Services, Cellco Partnership, Contra Costa Regional Medical Center, John Muir Health, California State Automobile Association, Bay Area News Group and Shell Martinez Refining Co.



According to the Regional Outlook-East Bay by Beacon Economics, the economic outlook for the East Bay area has continued to improve from the downturn in economic activities due to the COVID-19 global pandemic that started in fiscal year 2020. Total nonfarm employment increased 3.8% in the twelve-month period ending in August 2022 and is approaching its pre-pandemic peak with nonfarm employment of 1.7% below the pre-pandemic level. The unemployment rate is currently at 2.9%. Beacon Economics predicts that the employment recovery will continue into 2023. There was a noticeable decline in spending during the pandemic lockdowns resulting from various public health mandates in 2020 to 2021. Taxable sales have rebounded substantially in 2022 over trend. According to Beacon Economics, the housing market has continued to show signs of weakness, but it does not have a housing correction in its forecast. The slowdown in the housing market was primarily caused by rising interest rates resulting in slower home sales in the East Bay.



Consistent with Government Finance Officers Association (GFOA) recommendations EBMUD has developed a strategic plan that incorporates the District's mission and principles, and identifies its goals, strategies, objectives and key performance indicators. The strategic plan is a roadmap that will guide the District in ensuring its ability to provide high-quality drinking water to 1.45 million customers and critical wastewater treatment to 776,000 customers. The strategic plan defines actions to be taken in the next three to five years to achieve the District's mission now and well into the future. The strategic planning process is designed to assess the environment in which the District operates, setting priorities and allocating resources, and respond to both near and long-term challenges. These efforts protect public health and the environment and help the East Bay economy thrive.

MISSION

To manage the natural resources with which the District is entrusted; to provide reliable, high-quality water and wastewater services at fair and reasonable rates for the people of the East Bay; and to preserve and protect the environment for future generations.

PRINCIPLES

- Exercise responsible financial management
- Ensure fair and reasonable rates and charges
- Provide responsive and high quality customer service
- Promote ethical behavior in the conduct of District business
- Ensure fair and open public processes
- Provide a safe and healthy work environment
- Protect the environment and preserve natural resources
- Minimize waste and conserve energy
- Promote diversity and equality in personnel matters and contracting
- Promote environmental, economic, and social sustainability

GOALS

- Long-term water supply:
Ensure a reliable high quality water supply for the future.

- **Water quality and environmental protection:**
Meet or surpass environmental and public health standards and protect public trust values.
- **Long-term infrastructure investment:**
Maintain and improve the District's infrastructure in a cost-effective manner to ensure sustainable delivery of reliable, high-quality service now and in the future, addressing economic, environmental, and social concerns.
- **Long-term financial stability:**
Manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates.
- **Customer and community services:**
Build stakeholder trust and long-term relationships through service excellence, proactive communication and education.
- **Workforce planning and development:**
Create an environment that attracts, retains and engages a high performing diverse workforce in support of the District's mission and core values.

Sustainability and resilience are essential principles that guide the District's action in meeting the needs of customers. Sustainability incorporates environmental, social, and economic objectives into the District's decision-making and work practices to meet the needs of today without compromising the ability to meet the needs of future generations. Resilience enables the District to recover from and adapt to unforeseen events.

The Board of Directors is committed to developing policy through an open, public process, guided by the District's Mission Statement. Policies are then implemented under the direction of the General Manager who is appointed by and reports directly to the Board of Directors. Day to day operations are managed and carried out by more than 1,900 dedicated employees.

INTRODUCTION

The District has a comprehensive set of financial policies that set forth comprehensive guidelines to maintain accountability and control over operating revenue and expenditures, ensure proper appropriation of reserves and restricted funds, and maintain a reasonable balance between debt and assets in providing funding for capital projects.

FINANCIAL POLICIES

Investments

Annually, the Board adopts an investment policy that is in compliance with the California Government Code, Sections 53600 et seq. The investment of idle funds is delegated by the Board to the District's Director of Finance as the Treasurer who assumes full responsibility for the transactions of the investment program. The objectives of the investment policy are safety, liquidity, yield and diversity. The District's investments are in compliance with the adopted investment policy. See Note 2 in the Notes to the Financial Statements for detailed investment information.

Rate Stabilization

The District's Rate Stabilization Funds for the Water and Wastewater Systems were established in 1986 to enable the deposit of funds upon determination that there are revenues remaining for such deposits after the District has satisfied the debt service and other requirements set forth in the District's bond documents including the payment of operation and maintenance costs. The funds may be utilized in future years to mitigate lower than expected debt coverage in a given fiscal year.

The District maintains a Contingency and Rate Stabilization Reserve in accordance with District's Fiscal Policy 4.02. The purpose of this fund is to provide an adequate reserve to mitigate overall rate volatility resulting from climatic or economic changes that significantly decrease the District's revenues or increase the District's operating costs. These General Fund Reserves are unrestricted.

In fiscal year 2014, the District combined the Rate Stabilization Fund and the Contingency and Rate Stabilization Reserve into a Single Rate Stabilization Fund Reserve.

Internal Controls

EBMUD management is responsible for establishing and maintaining adequate internal controls to assure that District operations are effective and efficient, that applicable laws and regulations are followed, and financial reports are reliable. Internal controls provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and judgments by management.

FINANCIAL HIGHLIGHTS***Financial Position***

The District's overall financial condition continues to be sound as demonstrated by a stable revenue base, effective cost containment, increase in net position and adequate fund reserves.

In fiscal year 2022, EBMUD continued to effectively manage its finances and strengthen its financial position by adopting sufficient water and wastewater rates to fund capital infrastructure improvements and to maintain strong financial performance. The following results of operations indicate a continuing strong and stable fiscal position:

- Net position increased by \$285 million or 12% during the fiscal year.
- Capital assets increased by \$202 million or 4% to \$5.7 billion.
- Operating revenue increased by \$22 million or 3% to \$770 million.
- Operating expense increased by \$47 million or 9% to \$495 million.
- Non-operating net expense increased by \$4 million or 10% to (\$50) million.
- Capital contributions decreased by \$21 million or 27% from the prior fiscal year.

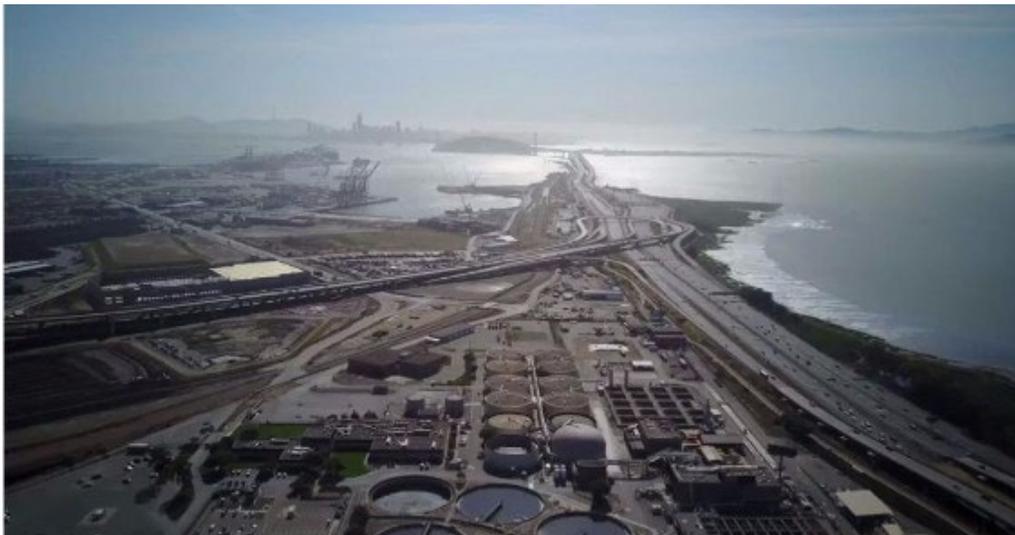
Debt Administration

As of the end of fiscal year 2022, the Water System had total long-term term revenue bonds, commercial paper notes and state loans outstanding of \$2.9 billion. The Wastewater System had total long-term revenue bonds and extendable commercial paper notes outstanding of \$382.8 million.

Prudent financial management and strong financial performance have resulted in high long-term bond ratings. The Water System's long-term bond ratings are AAA from Standard & Poor's, Aaa from Moody's, and AA+ from Fitch. The Wastewater System's long-term bond ratings are AAA from Standard & Poor's, Aa1 from Moody's, and AA+ from Fitch.

In fiscal year 2022, the District issued a total of \$309.91 million in Water System Revenue Bonds. This includes the Series 2022A bonds (Green Bonds) in the amount of \$133.95 million to provide funds for Water System capital projects, the Series 2022B-1 bonds in the amount of \$72.11 million to refund the District's Water System Revenue Bonds Series 2012A, and the Series 2022B-2 bonds in the amount of \$103.85 million to refund the District's Water System Revenue Bonds Series 2008A.

In fiscal year 2022, the District issued a total of \$35.49 million in Wastewater System Revenue Bonds. This includes the issuance of the Series 2022A bonds (Green Bonds) in the amount of \$18.14 million to provide funds for Wastewater System capital projects, and the issuance of the Series 2022B Refunding Bonds in the amount of \$17.35 million to refund the District's Wastewater System Subordinated Revenue Bonds Series 2012A.



Budget and Rates

The Board of Directors adopted the second year of the biennial budget for fiscal years 2022 and 2023 which supports EBMUD's mission, values and strategic plan. The adopted total biennial budget for fiscal years 2022 and 2023 is \$2.28 billion, \$1.93 billion for the Water System, and \$350 million for the Wastewater System. The Water System rate increase was 4.0 percent for fiscal year 2022 and 4.0 percent for fiscal year 2023, and the Wastewater System rate increase was 4.0 percent for fiscal year 2022 and 4.0 percent for fiscal year 2023.

The budget addresses the key strategic plan priorities of reinvesting in aging physical infrastructure and expanding critical maintenance activities to continue providing high quality and reliable water and wastewater service to our customers. To provide for long-term financial stability, the budget was based on prudent assumptions for water sales, meeting the Board's adopted financial policies, and projecting to maintain the District's excellent credit ratings while addressing water affordability through lower rate increases than previously projected. The budget supports the District's mission and values, and the Board's commitment that the East Bay's world-class quality of life be supported by a world-class water and wastewater utility.

In April 2021, the Board of Directors declared a Stage 1 drought emergency. At Stage 1, no drought surcharge was in effect. Additionally, there was no drought contingency appropriation for FY22; the District paid drought-related costs using other available funds. In April 2022, the Board elevated EBMUD's drought stage from a Stage 1 to a Stage 2. In May 2022, the Board voted to impose an 8 percent drought surcharge beginning on July 1, 2022. On June 14, 2022, the Board approved a drought contingency budget of \$33.3 million for fiscal year 2023. This added drought contingency budget is included in the summary totals for the Water System's fiscal year 2023 budget.

The total Water System budget was \$931 million in fiscal year 2022, and \$1 billion in fiscal year 2023. The Capital Improvement Program (CIP) continues its focus on investments in infrastructure rehabilitation, repair and replacement. Over the five-year period (fiscal years 2022 to 2026), major capital work includes anticipated spending of \$491 million on distribution pipelines and large diameter transmission pipelines; \$418 million on water treatment plant upgrades; \$114 million on reservoir rehabilitation; and, \$107 million on pumping plant rehabilitation.

The total Wastewater System budget was \$174 million in fiscal year 2022 and is \$176 million in fiscal year 2023. Over the five-year period (fiscal year 2022 to 2026), major capital work includes anticipated spending of \$66 million to rehabilitate and improve the infrastructure at the wastewater treatment plant including seismic retrofits; \$54 million to make improvements to various treatment processes including the oxygen production plant, sedimentation tanks, and clarifiers; \$38 million to rehabilitate sewer interceptors and pump stations; and \$26 million to improve the dewatering building and equipment that produce beneficial biosolids.



INTRODUCTION

In fiscal year 2022, EBMUD continued to focus on securing long-term water supply, protecting water quality and the environment, and investing in the District's infrastructure. EBMUD implemented an overall plan to meet these goals with its Water Supply Management Program 2040, which helps EBMUD meet projected water needs in the coming decades. Rate increases and sound fiscal management continued to stabilize and improve EBMUD's financial position. Through cooperative efforts with stakeholders in fiscal year 2022, EBMUD addressed challenges with strength and stability.

LONG-TERM WATER SUPPLY

Secure water supplies

In California, where new water projects take years to develop, long-term planning ensures reliable water supplies for the future. EBMUD continues to develop a resilient and diversified water supply portfolio to meet customers' water needs over the long term. This approach, which includes aggressively conserving water, recycling highly treated wastewater for non-potable reuse, and developing a variety of regional water supply sources, is outlined in the 2020 Urban Water Management Plan and the Water Supply Management Program 2040. The objectives of both plans preserve and protect the environment, adjust to new regulations and water system changes, seek cost-effective collaborative solutions, and prepare for uncertainties including climate change and challenges in the Sacramento-San Joaquin Delta. The District's Water Conservation Strategic Plan is part of the Water Supply Management Program 2040 and directs comprehensive strategies and initiatives to achieve 62 million gallons per day (MGD) of water conservation by the year 2040. In 2021, the District completed an update developed to meet the water conservation target of 70 MGD in the year 2050.

Water Rights

EBMUD's primary water rights are on the Mokelumne River. They include a license and permit that authorize EBMUD to operate and divert water from both Pardee and Camanche reservoirs. On average, the Mokelumne River provides about 90 percent of the water supply for EBMUD's service area. In August 2016, the State Water Board extended the District's primary operating and diversion permit to the year 2040, allowing the District additional time to fully use the water authorized under the permit. The extension was granted following more than 16 years of analysis and collaboration with resource agencies, stakeholders, and Mokelumne River water rights holders. It resulted in new agreements to embark on future groundwater banking projects.

Water Conservation

EBMUD projects sufficient water supply to meet future demand thanks to strategic water supply plans; continued conservation by customers; natural watershed runoff; and investments in conservation, recycled water and supplemental supplies. Throughout the drought and recent above-normal rainfall years, EBMUD continued to support outreach and engagement with consumers to ensure conservation remains a way of life in California.

The District's comprehensive water conservation and recycled water programs help to ensure that EBMUD will meet requirements of recent California water conservation legislation, including the Water Conservation Act of 2009, which mandated a 20 percent reduction in water use by 2020, and the Long-Term Framework passed in 2018. Ongoing demand reduction by EBMUD customers has positioned the District well to meet the requirements of State legislation.

To further support water conservation efforts, EBMUD is implementing an aggressive leak detection program to save valuable water, reduce repair costs and lessen customer inconveniences resulting from pipe breaks. The District has investigated innovative acoustic, satellite and pressure-sensing technology to detect underground leaks before they fully compromise pipes. The District has committed to significant investments in new leak detection monitors in the coming years.

Water Recycling

EBMUD maintains a Recycled Water Master Plan to plan for and implement recycled water projects. These projects provide a local, reliable, and sustainable water supply for non-potable reuse to offset the use of potable water and lessen the need for severe rationing during droughts. The District currently has the capability to provide an average of 9 million gallons per day (MGD) of recycled water to our customers. In February 2019, EBMUD completed a Recycled Water Master Plan Update to guide future projects and priorities with a goal to recycle 20 MGD by the year 2040. Recycled water is currently provided for industrial processes, landscape irrigation, and commercial non-potable use. EBMUD's current recycled water projects include East Bayshore, San Ramon Valley, North Richmond, Richmond Advanced Recycled Expansion (RARE), and a commercial truck fill station in Oakland.

The East Bayshore project provides recycled water for a variety of non-potable uses in portions of Emeryville and Oakland. The San Ramon Valley project provides recycled water for landscape irrigation to customers in San Ramon and Danville. The North Richmond and RARE projects provide recycled water to the Chevron Richmond Refinery for its cooling towers and boiler feedwater system. Chevron, under contract, continues to pay a volumetric rate for water from the North Richmond Water Recycling Plant and a monthly service charge to cover all capital, operations, and maintenance costs associated with the RARE facility. The recycled water fill station allows commercial trucks to pick up recycled water for non-potable purposes such as construction site dust control. Over the years, EBMUD has secured federal, state, and customer-specific funds to pay for portions of these recycled water facilities. In recent years, state funds were secured to install a segment of the East Bayshore pipeline from Oakland to Emeryville and a portion of the distribution system in San Ramon. EBMUD formed a cost-saving partnership with the City of Albany's bike path project to install another segment of the East Bayshore pipeline. EBMUD is currently collaborating with Caltrans and Alameda County Transit Commission to install a portion of recycled water pipeline in Berkeley as part of a larger construction project.

Regional Water Supply Sources

California water systems were built to serve the populations and geographical areas that invested in them – but seldom were designed to work across different agencies. Since 2014, the Bay Area’s largest water agencies have been working together to develop regional solutions under the Bay Area Regional Reliability project (BARR), seeking to improve water supply reliability for the Bay Area’s more than 6 million residents and thousands of businesses and industries. The Alameda County Water District, Bay Area Water Supply and Conservation Agency, Contra Costa Water District, East Bay Municipal Utility District, Marin Municipal Water District, San Francisco Public Utilities Commission (with the Bay Area Water Supply and Conservation Agency), Santa Clara Valley Water District, and Zone 7 Water Agency have joined forces to leverage existing facilities and, if needed, build new ones to bolster regional water supply reliability. In addition to enhancing reliability, this approach aims to improve emergency preparedness, address climate resilience, leverage existing infrastructure investments, and facilitate water transfers during critical periods of drought or after natural disasters. In 2017, the BARR partner agencies completed a Drought Contingency Plan (DCP) using a \$200,000 grant from the U.S. Bureau of Reclamation (Reclamation). The DCP was the first phase of a multiphase effort and summarized how the agencies can respond to droughts, determine drought-related vulnerabilities, and identified potential mitigation measures to help the region better weather future droughts. In August 2019, the BARR partner agencies began developing an implementation strategy for a Shared Water Access Program (SWAP, formerly called the Regional Water Market Program) under a \$400,000 grant from Reclamation. A report documenting the implementation strategy for SWAP is expected by early 2023. In addition, EBMUD has joined a new Joint Powers Authority along with seven other member agencies to evaluate the expansion of Los Vaqueros Reservoir, an off-stream reservoir in Contra Costa County.

On Nov. 29, 2016, the State of California designated EBMUD and the City of Hayward as the Groundwater Sustainability Agencies for the East Bay Plain Subbasin (Subbasin). EBMUD worked with the City of Hayward, with input from Subbasin stakeholders, to complete a Groundwater Sustainability Plan (GSP). The GSP was completed using \$1 million in grant funding from the Department of Water Resources and the State of California in January 2022.

EBMUD is also pursuing groundwater banking projects with partners outside its service area to help store water supplies for use during droughts. In September 2017, EBMUD executed an agreement with San Joaquin County and the North San Joaquin Water Conservation District (NSJWCD) to develop the Demonstration Recharge, Extraction, and Aquifer Management (DREAM) Project. As part of DREAM, EBMUD will supply up to 1,000 acre-feet (AF) of Mokelumne River water in wet years to farmers who will use it for irrigation in place of pumped groundwater. In exchange, EBMUD can then extract up to 500 AF of water from the aquifer during dry years to meet customer demand. EBMUD and NSJWCD began construction of necessary facilities in October 2020 and completed construction in 2022. In fall 2022, EBMUD and its partners will test delivery of water that EBMUD has been banking since 2018.

During normal rainfall years, EBMUD customers receive 90 percent of their water from the Mokelumne River watershed in the foothills of the Sierra Nevada, when the Mokelumne and local East Bay watersheds provide sufficient water for EBMUD's current and foreseeable needs. However, California has a history of recurrent droughts, and during these times conservation is not enough to meet the shortfall. To ensure additional water supply is available in dry years, EBMUD partnered with Sacramento County Water Agency to build the Freeport Regional Water Project. The Freeport facility allows both Sacramento County and EBMUD to access water supplies from the Sacramento River just south of Sacramento. The project was activated in fiscal years 2014, 2015, 2021, and 2022 to transfer purchased drought water supply.

In addition, EBMUD continued discussions with numerous agencies regarding future partnership opportunities related to long-term water transfers and groundwater banking.



WATER QUALITY AND ENVIRONMENTAL PROTECTION

New Phase in Bay Protection

San Francisco Bay and the Sacramento-San Joaquin River Delta System are profoundly influenced by the roughly 15 million California residents who draw drinking water and discharge waste into the system. This is one of the most highly urbanized estuary and delta systems in the world. Urban and agricultural runoff, legacy and ongoing industrial wastewater pollution, freshwater and groundwater withdrawals, habitat loss, species extinctions, invasion by non-native species, and a host of other influences profoundly impact the Bay-Delta System. Among those many concerns, San Francisco Bay receives some of the highest nutrient loads among estuaries worldwide yet has not historically experienced the water quality problems typical of other nutrient-enriched estuaries. Most Bay Area wastewater treatment plants were not originally designed to remove nutrients. Effluent discharge from these plants is the major nutrient source, accounting for more than 60 percent of the total nutrient load to the Bay. It is not known whether this rate of nutrient loading is sustainable over the long term, especially since it will continue to increase along with population growth. Special studies and expanded monitoring carried out by the Nutrient Management Strategy Committee, comprised of regulators, wastewater agencies, and other Bay stakeholders, have revealed attention-worthy water quality conditions. These include recurring low dissolved oxygen in some margin habitats and the consistent detection of multiple algal toxins; both have been associated with nutrient over-enrichment in other estuaries. Evaluation of the potential impacts of these conditions on human and ecological health is needed, and causal factors of the observed water quality conditions need to be determined. A further complication is that the Bay's response to nutrient loading is influenced by many physical and biological factors, including suspended sediment concentrations, light availability, freshwater inputs, and ocean conditions. These factors themselves vary by Bay sub-embayment and are subject to regional land and water management effects as well as climate oscillations. Therefore, more extensive monitoring and special studies are needed to understand what might happen to Bay water quality as a result of changes in nutrients and other factors.

Due to the significant costs associated with nutrient removal, EBMUD is collaborating with regulators and regional stakeholders, through an award-winning framework, to determine the impacts of nutrients on Bay water quality and on the development of effective nutrient management solutions for the region. As a result of this collaboration, the San Francisco Bay Regional Water Quality Control Board adopted a new five-year Nutrient Watershed Permit. In 2022, the District continued to comply with the new permit requirements, conducted nutrient monitoring and reporting, significantly increased funding to the regional scientific studies, and actively participated in evaluating nutrient reduction opportunities through sustainable natural systems and wastewater recycling – opportunities that can provide benefits beyond nutrient removal.

EBMUD recently completed a comprehensive master plan that not only evaluated a wide range of nutrient reduction strategies, but also integrated and coordinated competing priorities for its wastewater treatment plant. This includes addressing aging infrastructure needs, seismic vulnerabilities, more stringent regulatory requirements, climate change, and sustainability drivers. The District is also conducting pilot testing of nutrient removal technologies by leveraging its existing infrastructures.

In addition to nutrient reduction efforts, the District provides funding to a Regional Monitoring Program (RMP) led by scientists at the San Francisco Estuary Institute. The RMP conducts extensive sampling throughout the year to monitor water quality and health of the Bay. The RMP also conducts special studies to focus on contaminants of emerging concerns. The District participated in several special studies analyzing the concentration of some of these compounds of interest in wastewater. The list includes per- and polyfluoroalkyl substances (PFAS), a family of man-made, fluorine-rich chemicals used in a wide range of products for consumers and industry with known human health and ecological issues; quaternary ammonium compounds (QACs), active antimicrobial ingredients whose use has likely increased significantly due to the COVID-19 pandemic; and bisphenols, which are endocrine-disrupting synthetic compounds.

Federal regulations require EBMUD to operate and maintain a Pollution Prevention (P2) Program to reduce pollutants from residential, commercial, and non-regulated industrial dischargers at their source. The P2 Program consists of a multi-pronged approach to educate the public about wastewater treatment and demonstrate positive behaviors for reducing pollution. One component is the Main Wastewater Treatment Plant (MWWTP) tour program, which provides students, technical groups, and the general public the opportunity to observe how the MWWTP operates. Since the COVID-19 pandemic began, EBMUD pivoted from in-person to virtual tours. The virtual tour has been provided in English, Spanish, Chinese, and American Sign Language. In 2022, the virtual tour program has been expanded to also provide a self-guided version using ArcGIS StoryMap technology.

It takes viewers on a self-guided tour through the treatment steps and shows how the plant recycles wastewater and generates power.

EBMUD held its sixth annual Coastal Cleanup event on September 17, 2022, with over 100 attendees at the Martin Luther King Jr. Regional Shoreline Park. EBMUD employees, retirees, and their friends and families volunteered their time to remove litter ranging from very small bits of plastic to large pieces of trash to prevent this waste from polluting the Bay and shoreline.

In the leadup to the Coastal Cleanup event, EBMUD sent out a pollution prevention email to over 200,000 customers to promote regional Coastal Cleanup events, and to provide links to pollution prevention resources and signups for wastewater tours.

EBMUD directly encourages customers to reduce and eliminate pollutants from being disposed in drains. In fiscal year 2022, the District collected nearly 4,000 gallons of residential fats, oil, and grease (FOG) to keep it from going down the drain. The District also supports a pharmaceutical take-back program to collect and properly dispose of unwanted medications. Since its inception, the program has disposed of over 20 tons of unwanted medications.

Environmental Stewardship

The Mokelumne River, EBMUD's primary water source, flows into the Sacramento-San Joaquin Delta. Although EBMUD's supplies are not taken directly from the Delta, protection of the Delta and its environmental health are important to EBMUD. The Delta faces many challenges to its sustainability, both as a viable ecosystem and for water conveyance with its vast network of earthen levees. EBMUD, in partnership with the state and local interests, has invested over \$70 million to date to strengthen the levees that protect critical infrastructure, including EBMUD's water lifelines, the Mokelumne Aqueducts. EBMUD has also invested more than \$40 million to date to strengthen the aqueducts to help withstand seismic events. The Delta itself is a dramatically altered ecosystem that presents many challenges to sustainable fisheries.

In addition to restoring and enhancing the salmon fishery in the Mokelumne River, EBMUD continues to work cooperatively with state and federal regulatory agencies to develop and implement a flow and habitat agreement that builds upon the successes achieved with Mokelumne salmon and steelhead trout populations. With the Water Supply Management Plan 2040, EBMUD intensified its commitment to water use efficiency and regional cooperation, thus reducing pressure on demands from the Delta watershed. With the state's continued pursuit of the Delta Conveyance Project (formerly California WaterFix, and prior to that the Bay Delta Conservation Plan), EBMUD has stepped up its advocacy to protect its interests regarding the Freeport Project operations, the Mokelumne Aqueducts, the Mokelumne fishery, and other potential concerns.

EBMUD continued its stewardship efforts on the Mokelumne River in 2022. EBMUD continued investing in salmon and steelhead spawning and juvenile-rearing habitat improvements, conducting telemetry studies through the Delta of out-migrating salmon to better understand migratory path and survival, managing cold water in the reservoirs to ensure it is available to the Mokelumne River when needed for salmon, implementing pulse flows to enhance fish returns, and working with federal water project operators to modify Delta operations to minimize impacts to salmon. One indicator of success for these efforts is an average return rate of approximately 9,600 salmon to the Mokelumne River since 1998.

Water Quality and Safety

Federal and state regulatory agencies continually evaluate and establish new drinking water quality standards to protect public health. EBMUD's staff tests water samples throughout the water system to ensure that water quality meets or surpasses all primary (health related) and secondary (aesthetic) drinking water standards established by federal and state regulatory agencies. Test results are summarized and released annually to the public in our Annual Water Quality Report. As a best management practice, EBMUD has implemented an added quality assurance protocol – internal water quality goals that exceed regulatory standards. In addition, the District has been actively working to reduce the public's exposure to lead in drinking water. In fiscal year 2017, the District initiated a free customer lead sampling program, enabling customers to sample water at their properties. Participation and test results continue to support the high quality of the District's delivered water and confidence in the District. Under new state requirements EBMUD updated the inventory of service line materials. During the early 1940s, some water service lines were made of lead when other materials were in short supply due to WW2. These have all been removed. However, there are still some short lead fittings in service, Data indicate that lead concentrations are very low. Nonetheless, the District has a plan for removing these remaining lead components as well as informing customers and mitigating lead exposure during the removal work.

EBMUD participates in The Partnership for Safe Water program which is a voluntary effort designed to improve the quality of water delivered to customers by optimizing water system operations. The program includes self-assessment and optimization tools so that operators, managers and administrators can improve performance above and beyond regulatory levels.

Renewable Energy

In an average year, EBMUD can generate about 240,000 megawatts-hours of renewable energy valued at approximately \$12 million via its hydropower, photovoltaic and cogeneration facilities for its own use and sale. This revenue includes the sale of energy, Renewable Energy Credits, and resource adequacy capacity. The Resource Recovery Program, which converts organic waste into biogas fuel for renewable energy generation, at EBMUD's wastewater treatment plant consistently provides more than 100 percent of the electricity needed to power the plant. This organic material includes food scraps; winery waste; fats, oils, and grease; and other organic waste. This reduces greenhouse gas emissions and provides revenue, which helps to keep wastewater rates down.

LONG-TERM INFRASTRUCTURE INVESTMENT

EBMUD continually evaluates its complex infrastructure system and adjusts investments to address the most pressing reliability concerns. Keeping infrastructure in good condition protects the environment and public health. EBMUD is increasing investments to refurbish and replace infrastructure and dedicating more resources to replace and renew pipes, often using new and innovative technologies.

EBMUD has ambitious goals to increase the annual pipeline replacement and renewal rate to ensure reliable water service into the future. In this acceleration effort, EBMUD's Pipeline Rebuild Program is looking at everything from hazard-resilient and innovative pipe materials to improved and more sustainable installation methods. As EBMUD approaches its centennial anniversary, the District is working to ensure our pipes best serve today's customers and those 100 years from now.

In fiscal year 2022, EBMUD replaced 21.4 miles of pipeline. In addition to increasing the annual replacement rate in fiscal year 2022, EBMUD further refined the pipeline selection process to replace the poorest performing pipe, made advancements in researching hazard-resilient materials, and successfully managed construction challenges due to COVID-19. In addition to utilizing a risk-based approach and integrating machine learning analytics to select replacement projects, EBMUD continued to evaluate satellite leak detection data to inform pipeline replacement selections, completed the first phase of evaluating the rate at which pipelines migrate from one risk category to the next, and initiated a pilot project using Ground Penetrating Radar data to locate underground utilities. EBMUD staff completed final design standards and specifications for implementing ductile iron pipe as a standard material in distribution pipeline replacement projects, and further refined installation methods to improve construction efficiency.

EBMUD staff also continued research on hazard-resilient materials and completed Earthquake Resistant Ductile Iron Pipe (ERDIP) installations in areas with a high risk of ground movement. As part of these ERDIP installations, EBMUD collaborated with staff from U.C. Berkeley as part of research initiatives for the Center for Smart Infrastructure (CSI). Research at the CSI in Fiscal Year 2022 included both tension and bi-axial tests on the ERDIP system. Additional plans for the CSI in Fiscal Year 2023 include ERDIP testing within the four-point bending apparatus and the large-scale fault-rupture basin.

One by one, we are upgrading our water treatment plants to improve performance; increase reliability and resilience against climate change; continue to meet water quality regulations; and ensure safety for staff, neighbors, and the environment. In 2022, EBMUD awarded a contract for construction of the Orinda Water Treatment Plant Disinfection and Chemical Systems Safety Improvements Project. It will modernize the disinfection process with an ultraviolet disinfection system and a new chlorine contact basin; rehabilitate the chemical feed and storage systems; improve standby power capabilities; construct a new maintenance building; and add electrical reliability. The project is expected to be complete in 2026. EBMUD is also adding new disinfection basins, improving chemical storage and handling facilities, upgrading clarification processes to improve removal of particles from the water, and making electrical improvements at Upper San Leandro and Sobrante Water Treatment Plants.

At San Pablo Reservoir, a project is underway to improve water quality by adding oxygen to the bottom of the reservoir. This will prevent the release of nutrients and metals from the sediments, improving water quality by discouraging the growth of algae and taste- and odor-causing compounds in the reservoir. A similar oxygenation system has been in place in our Upper San Leandro Reservoir for more than a decade.

EBMUD has received \$3.5 million in federal funding to upgrade the Upper San Leandro Water Treatment Plant in Oakland. The project will increase EBMUD's ability to treat supplemental drought supplies and also enhance access to water supplies during emergencies such as fires and earthquakes. These large, multi-year capital projects will modernize the treatment plants, improve worker and environmental safety, and improve our capability to treat challenging source waters.

Infrastructure rehabilitation plans are continuously updated for all water infrastructure systems including aqueducts, pipelines, reservoirs, pumping plants, rate control stations, regulators, and water treatment plants. In fiscal year 2011, EBMUD adopted a key performance indicator (KPI) goal to rehabilitate an average of three steel reservoirs per year, and in fiscal year 2015 a second KPI goal was adopted to rehabilitate an average of two pumping plants per year. Since these two goals were first established, EBMUD has replaced, rehabilitated, or removed from service a total of 41 distribution reservoirs and 23 pumping plants, corresponding to a cumulative annual average of 3.5 reservoirs and 2.8 pumping plants per year, which exceeds EBMUD's KPI goals. In the coming years, EBMUD will continue to invest in infrastructure while ensuring our services remain affordable. We will continue our efforts to earn the trust and satisfaction of our customers by providing high-quality water and services at a reasonable price.

In fall 2021, EBMUD partnered with the University of California Berkeley to launch the new Center for Smart Infrastructure (CSI), an engineering research and innovation facility based at the UC Richmond Field Station with a \$1.5 million investment from EBMUD. Its purpose is to apply cutting-edge technology to address infrastructure challenges our communities face due to climate change, aging systems, and natural hazards.

Researchers at CSI will develop and use remote sensors, data analytics and artificial intelligence tools, as well as other emerging technologies, to better inform decision-making among utilities and government agencies. One of the first research projects at the center involves designing and building four pipeline testing apparatuses, including a large-scale fault rupture setup that was moved here last summer from Cornell University. By testing pipes under stresses that mimic earthquakes, EBMUD hopes to continue to develop more resilient technologies for monitoring and improving the 4,200 miles of distribution pipelines crisscrossing our service area.



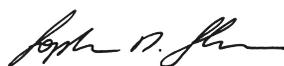
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to EBMUD for its ACFR for the fiscal year ended June 30, 2021. This is the seventeenth consecutive year that EBMUD has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the District received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2020-2021 biennial budget document. To qualify, the District's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device. The District also received from GFOA an Award for Excellence in Government Finance, an award program that recognizes innovative programs and contributions to the practice of government finance that exemplify outstanding financial management.

In 2020, GFOA selected EBMUD for the Award for Excellence for its FY20 & FY21 Biennial Budget in Brief publication. The award was given for an "Exceptionally Well Implemented Best Practice". GFOA's Award for Excellence recognizes innovation contributions in the field of government finance and leading examples of best practice implementation.

I would like to thank the Board of Directors for their continued support in achieving excellence in financial management. Additionally, this report could not have been accomplished without the hard work and dedication of the entire Finance Department with recognition to the Accounting Division. Special appreciation is extended to, Andrea Miller, Controller, Winsun Hsieh, Accounting Systems Supervisor, David Siu, Accounting and Financial Systems Analyst, Melody Wang, Accountant III, Yenny Coburn, Accountant III, Stephanie Tsoi, Accountant III, and Matthew Houck Accountant II. I would also like to thank staff members of other departments for the efforts they put into the preparation of this report.

Respectfully submitted,



Sophia D. Skoda
Director of Finance



Government Finance Officers Association

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Reporting

Presented to

**East Bay Municipal Utility District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

EBMUD has a seven-member Board of Directors publicly elected from wards within the EBMUD service area.

[John A. Coleman](#)

Director Coleman represents EBMUD's Ward No. 2 which is comprised of the cities of Alamo, Lafayette and Walnut Creek, Town of Danville, communities of Blackhawk and Diablo, and portions of San Ramon and Pleasant Hill.

[Andy Katz](#)

Director Katz represents EBMUD's Ward No. 4 which is comprised of the cities of Albany, Berkeley, Emeryville, El Cerrito and Kensington as well as a portion of Oakland.

[Doug A. Linney](#)

Director Linney represents EBMUD's Ward No. 5 which is comprised of the cities of Alameda and San Lorenzo as well as West Oakland and the Oakland Airport Area and a portion of San Leandro.

[Lesia R. McIntosh](#)

Director McIntosh represents EBMUD's Ward No. 1 which is comprised of the cities of Crockett, Hercules, Rodeo and San Pablo; the communities of North Richmond and Selby, as well as portions of Richmond and Pinole.

[Frank G. Mellon](#)

Director Mellon represents EBMUD's Ward No. 7 which is comprised of the town of Castro Valley, the communities of Cherryland and Fairview, as well as portions of San Leandro, Hayward and San Ramon.

[William B. Patterson](#)

Director Patterson represents EBMUD's Ward No. 6 which is comprised of portions of Oakland (East Oakland and south of Park Blvd/5th Ave) to the San Leandro boundary.

[Marquerite Young](#)

Director Young represents EBMUD's Ward No. 3 which is comprised of the cities of Piedmont, Orinda and El Sobrante, Town of Moraga, as well as portions of Oakland, Pinole and Richmond.

BOARD OF DIRECTORS

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John A Coleman.....	Vice President
Andy Katz.....	Director
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Frank G. Mellon.....	Director
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GENERAL MANAGER Clifford C. Chan

FINANCE DIRECTOR Sophia D. Skoda

CONTROLLER..... Andrea M. Miller

PREPARED..... Accounting Division of the
Finance Department



Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplemental Information

Supplemental Information



EAST BAY MUNICIPAL UTILITY DISTRICT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 BASIC FINANCIAL STATEMENTS

Focused
on YOU



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**EAST BAY MUNICIPAL UTILITY DISTRICT
 BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2022 and 2021**

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**EAST BAY MUNICIPAL UTILITY DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information, of the East Bay Municipal Utility District (the District) as of and for the year ended June 30, 2022, 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 plan net position of the East Bay Municipal Utility District, as of June 30, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Change in Accounting Principle

As described in Note 8 to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

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 financial statements that are free from material misstatement, whether due to fraud or error.



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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise a substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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



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

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.

Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, capacity charge funds, and the continuing disclosure section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Solt & Lingham, LLP

Sacramento, California
September 30, 2022

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

This section presents management's analysis of the East Bay Municipal Utility District's (the District) financial condition and activities as of and for the year ended June 30, 2022. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

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

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

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

ORGANIZATION AND BUSINESS

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

EAST BAY MUNICIPAL UTILITY DISTRICT

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The District's proprietary fund statements include:

The *Statement of Net Position* presents information on the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 31 to 91 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *certain required supplementary information* concerning the District's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees. Such required supplementary information can be found on pages 95 to 100 of this report.

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

FINANCIAL ANALYSIS

Financial Highlights

In fiscal year 2022, EBMUD continued to effectively manage its finances and strengthen its financial position by adopting sufficient water and wastewater rates to fund capital infrastructure improvements and to maintain strong financial performance. The following results of operations indicate a continuing strong and stable fiscal position.

The total assets and deferred outflows of the District exceeded the total liabilities and deferred inflows by \$2.7 billion (*net position*).

Net position increased by \$285 million or 12% during the fiscal year.

Capital assets increased by \$202 million or 4% to \$5.7 billion.

Operating revenue increased by \$22 million or 3% to \$770 million.

Operating expense decreased by \$47 million or 9% to \$495 million.

Non-operating net expense increased by \$4 million or 10% to (\$50) million.

Capital contributions decreased by \$21million or 27% from the prior fiscal year.

Financial Position

In the current year, the District's total net position increased by \$285 million or 12% during the fiscal year. The Water System's net position increased by \$244 million or 12% and the Wastewater System's net position increased by \$41 million or 10%. Current and other assets increased by \$174 million or 18%. Capital assets increased by \$202 million or 4%. By far the largest portion of the District's net position, 89% or \$2.4 billion, represents its investment in capital assets necessary to provide services.

In the previous fiscal year, the District's total net position increased by \$242 million or 11% during the fiscal year. The Water System's net position increased by \$213 million or 12% and the Wastewater System's net position increased by \$29 million or 8%. Current and other assets decreased by \$60 million or 6%. Capital assets increased by \$228 million or 4%. By far the largest portion of the District's net position, 93% or \$2.2 billion, represents its investment in capital assets necessary to provide services.

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 1 shows the District's net position for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 1
Net Position
Water and Wastewater
June 30, 2022 and 2021
(In thousands)

	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>%</u>
Current and other assets	\$ 1,157,740	\$ 984,044	\$ 173,696	18%
Capital assets	5,667,819	5,466,263	201,556	4%
Total assets	6,825,559	6,450,307	375,252	6%
Deferred outflow of resources	231,655	327,956	(96,301)	(29)%
Total assets and deferred outflow	7,057,214	6,778,263	278,951	4%
Current and other liabilities	841,853	1,168,602	(326,749)	(28)%
Long-term liabilities	3,223,739	3,186,996	36,743	1%
Total liabilities	4,065,592	4,355,598	(290,006)	(7)%
Deferred inflow of resources	331,947	47,733	284,214	595%
Total liabilities and deferred inflow	4,397,539	4,403,331	(5,792)	(0)%
Net position:				
Net investment in capital assets	2,365,584	2,198,902	166,682	8%
Restricted	219,473	246,257	(26,784)	(11)%
Unrestricted	74,618	(70,227)	144,845	(206)%
Total net position	\$ 2,659,675	\$ 2,374,932	\$ 284,743	12%

Table 1
Net Position
Water and Wastewater
June 30, 2021 and 2020
(In thousands)

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>%</u>
Current and other assets	\$ 984,044	\$ 1,044,499	\$ (60,455)	(6)%
Capital assets	5,466,263	5,237,870	228,393	4%
Total assets	6,450,307	6,282,369	167,938	3%
Deferred outflow of resources	327,956	215,423	112,533	52%
Total assets and deferred outflow	6,778,263	6,497,792	280,471	4%
Current and other liabilities	1,168,602	960,028	208,574	22%
Long-term liabilities	3,186,996	3,324,076	(137,080)	(4)%
Total liabilities	4,355,598	4,284,104	71,494	2%
Deferred inflow of resources	47,733	80,281	(32,548)	(41)%
Total liabilities and deferred inflow	4,403,331	4,364,385	38,946	1%
Net position:				
Net investment in capital assets	2,198,902	1,840,222	358,680	19%
Restricted	246,257	250,370	(4,113)	(2)%
Unrestricted	(70,227)	42,815	(113,042)	(264)%
Total net position	\$ 2,374,932	\$ 2,133,407	\$ 241,525	11%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Results of Operations

In the current fiscal year, the District's total operating revenue of \$769 million for the year increased by \$22 million and total operating expense of \$495 million for the year decreased by \$47 million. The change in net position (including capital contributions) increased from \$242 million in the previous fiscal year to \$285 million in the current fiscal year. The District's total net position increased from \$2,375 million to \$2,660 million during the current fiscal year.

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

- Water revenue increased by \$13 million or 2% due to a 4% water rate increase at the beginning of fiscal year 2022, offset by reduced water consumption.
- Wastewater revenue increased by \$5 million or 5% due to a 4% wastewater rate increase at the beginning of fiscal year 2022.
- Power revenue increased by \$3 million or 51% due to more hydropower generated in the current year.
- Wet weather facilities charges increased by \$1 million or 4% due to a 4% rate increase at the beginning of fiscal year 2022.
- Total operating expense decreased by \$47 million, primarily reflecting decreases of \$98 million in pension expense mainly due to a higher return on the fair market value of pension plan assets versus the assumption rate used in the actuarial valuation. Offsetting this decrease were increases of \$34 million in general administration, \$6 million in water treatment and distribution, \$5 million in raw water, and \$4 million in sewer treatment plant operations.
- Net nonoperating expense increased by \$4 million, primarily due to \$7 million increase in bond interest expense and amortization and \$3 million increase in investment loss resulting from the fair market value fluctuation of investments offset by a \$5 million increase in taxes and subventions income. Included in non-operating net expense is investment income (loss) and the net change in the fair value of investments which were \$3 million and (\$8) million respectively in the current fiscal year, and \$2 million and (\$4) million respectively in the prior fiscal year.
- Capital contributions decreased by \$21 million primarily reflecting a \$11 million decrease in System Capacity Charges (SCC) and a \$1 million decrease in Wastewater Capacity Fees (WCF) reflecting changes made from a SCC study in fiscal year 2021 and adoption of reduced SCC & WCF rates in fiscal year 2022. Construction service installments decreased by \$11 million due to the cyclical nature of construction phases throughout the service area. Grants and other reimbursements increased by \$1 million due to additional monies received from Federal and State grants. Page 16 contains additional capital contributions information.

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

In the previous fiscal year, the District's total operating revenue of \$747 million for the year increased by \$54 million and total operating expense of \$541 million for the year increased by \$53 million. The change in net position (including capital contributions) decreased from \$244 million in fiscal year 2020 to \$242 million in the fiscal year 2021. The District's total net position increased from \$2,133 million to \$2,375 million during the fiscal year 2021.

The major components of the District's results of operations in fiscal year 2021 were:

- Water revenue increased by \$53 million or 9% due to a 6.25% water rate increase at the beginning of fiscal year 2021 and a 3.3% increase of billed water consumption.
- Wastewater revenue remained largely stable in the fiscal year 2021 compared to fiscal year 2020, increasing \$1.4 million or 2%.
- The power revenue decreased by \$2 million or 28% due to dry weather and less water to generate hydropower in the fiscal year 2021.
- Operating expense increased by \$53 million, primarily as increases of \$30 million in pension expense, \$8 million in general and administration, \$7 million in water treatment and distribution, \$6 million in depreciation on utility plant and vehicle, and \$4 million in raw water expenses.
- Net nonoperating expense increased by \$6 million, primarily due to a \$7 million decrease in bond interest expense and amortization and \$2 million increase in other income, offset by \$16 million decrease in investment income resulting from fair market value fluctuation of investments. Included in non-operating net expense is investment income (loss), consisting of interest earned on investment and the net change in the fair value of investments were \$2 million and (\$4) million respectively in fiscal year 2021, and \$14 million and \$1 respectively in fiscal year 2020.
- Capital contributions increased by \$3 million. System Capacity Charges decreased by \$3 million reflecting a slowdown in property development. Wastewater Capacity Fees increased by \$2 million. Earned contributions increased by \$4 million. Grants and other reimbursements received increased by \$1 million in fiscal year 2021 compared to fiscal year 2020. Page 16 contains additional capital contributions information.

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 2 shows changes in the District's net position for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2022 and 2021

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>%</u>
Operating Revenue:				
Water	\$ 633,840	\$ 620,471	\$ 13,369	2%
Sewer	98,345	93,394	4,951	5%
Power	7,898	5,236	2,662	51%
Wet weather facilities charges	29,435	28,316	1,119	4%
Total operating revenue	<u>769,518</u>	<u>747,417</u>	<u>22,101</u>	3%
Operating Expense:				
Raw water	62,214	57,448	4,766	8%
Water treatment & distribution	140,309	134,022	6,287	5%
Recreation areas, net	5,268	6,878	(1,610)	(23)%
Sewer lines & pumps	18,273	16,713	1,560	9%
Sewer treatment plant operations	47,053	42,956	4,097	10%
Customer accounting & collecting	21,906	20,010	1,896	9%
Financial and risk management	22,700	22,504	196	1%
Facilities management	4,146	3,882	264	7%
General administration	72,902	39,406	33,496	85%
Pension expense	(53,417)	44,130	(97,547)	(221)%
OPEB expense	(1,234)	(714)	(520)	73%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	145,723	144,161	1,562	1%
Amortization	8,710	10,163	(1,453)	(14)%
Total operating expense	<u>494,553</u>	<u>541,559</u>	<u>(47,006)</u>	(9)%
Net operating income (expense)	<u>274,965</u>	<u>205,858</u>	<u>69,107</u>	34%
Nonoperating income (expense):				
Investment income (loss)	(5,006)	(1,545)	(3,461)	224%
Taxes & subventions	52,881	47,435	5,446	11%
Interest & amortization of bond expenses, net	(113,075)	(106,157)	(6,918)	7%
Increase (decrease) of Equity in JPA partnership fund	(4,125)	(3,783)	(342)	9%
Other income	19,648	18,771	877	5%
Total nonoperating income (expense), net	<u>(49,677)</u>	<u>(45,279)</u>	<u>(4,398)</u>	10%
Income (loss) before contributions	225,288	160,579	64,709	40%
Capital contributions	59,455	80,946	(21,491)	(27)%
Change in net position	284,743	241,525	43,218	18%
Total net position – beginning	<u>2,374,932</u>	<u>2,133,407</u>	<u>241,525</u>	11%
Total net position – ending	<u>\$ 2,659,675</u>	<u>\$ 2,374,932</u>	<u>\$ 284,743</u>	12%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 2

Changes in Net Position

Water and Wastewater

June 30, 2021 and 2020

(In thousands)

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>%</u>
Operating Revenue:				
Water	\$ 620,471	\$ 567,394	\$ 53,077	9%
Sewer	93,394	91,956	1,438	2%
Power	5,236	7,223	(1,987)	(28)%
Wet weather facilities charges	28,316	27,090	1,226	5%
Total operating revenue	<u>747,417</u>	<u>693,663</u>	<u>53,754</u>	8%
Operating Expense:				
Raw water	57,289	53,246	4,043	8%
Water treatment & distribution	134,022	126,647	7,375	6%
Recreation areas, net	6,878	6,674	204	3%
Sewer lines & pumps	16,713	16,365	348	2%
Sewer treatment plant operations	42,956	41,504	1,452	3%
Customer accounting & collecting	20,010	19,922	88	0%
Financial and risk management	22,504	25,550	(3,046)	(12)%
Facilities management	3,882	5,980	(2,098)	(35)%
General administration	39,406	31,722	7,684	24%
Pension expense	44,130	14,523	29,607	204%
OPEB expense	(714)	(3,984)	3,270	(82)%
Depreciation (excluding amounts reported within the Water and Wastewater operations)	144,161	136,631	7,530	6%
Amortization	10,163	13,252	(3,089)	(23)%
Total operating expense	<u>541,400</u>	<u>488,032</u>	<u>53,368</u>	11%
Net operating income (expense)	<u>206,017</u>	<u>205,631</u>	<u>386</u>	0%
Nonoperating income (expense):				
Investment income (loss)	(1,545)	14,902	(16,447)	(110)%
Taxes & subventions	47,435	46,626	809	2%
Interest & amortization of bond expenses, net	(106,157)	(113,506)	7,349	(6)%
Increase (decrease) of Equity in JPA partnership fund	(3,783)	(3,325)	(458)	14%
Other income	18,612	16,194	2,418	15%
Total nonoperating income (expense), net	<u>(45,438)</u>	<u>(39,109)</u>	<u>(6,329)</u>	16%
Income (loss) before contributions	160,579	166,522	(5,943)	(4)%
Capital contributions	80,946	77,623	3,323	4%
Change in net position	241,525	244,145	(2,620)	(1)%
Total net position – beginning	<u>2,133,407</u>	<u>1,889,262</u>	<u>244,145</u>	13%
Total net position – ending	<u>\$ 2,374,932</u>	<u>\$ 2,133,407</u>	<u>\$ 241,525</u>	11%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Liquidity

The District had \$776 million in combined current and noncurrent District Cash and Investments as of June 30, 2022, an increase of \$114 million compared to \$662 million as of June 30, 2021. Components of cash and investments for the year ended June 30, 2022 were:

- Water System total combined current and noncurrent cash and investments increased by \$88 million compared to the same date of the previous fiscal year. Cash and cash equivalents decreased by a net \$147 million compared to the prior year. This was primarily due to a decrease of \$314 million from the net proceeds of securities in investing activities offset by a decrease of \$162 million spending from capital and related financing activities and an increase of \$7 million in non-capital financing activities. Noncurrent investments increased by a net \$297 million primarily due to reallocation of investments between short-term and long-term.
- Wastewater System total combined current and noncurrent cash and investments increased by \$26 million compared to the same date in the previous fiscal year. Cash and cash equivalents decreased by a net \$40 million compared to the prior year. This was primarily due to a decrease of \$63 million from the net proceeds of securities in investing activities offset by a decrease of \$15 million spending from capital and related financing activities and an increase of \$7 million in operating activities. Noncurrent investments increased by a net \$67 million also primarily due to reallocation of investments between short-term and long-term.

Table 3 shows the District's cash flow for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 3				
Cash Flows				
Water and Wastewater System				
June 30, 2022 and 2021				
(In thousands)				
	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>%</u>
Cash and cash equivalents:				
Beginning of year	\$ 426,405	\$ 489,723	\$ (63,318)	(13)%
Net cash provided by operating activities	404,497	418,027	(13,530)	(3)%
Net cash provided by noncapital financing activities	73,593	47,435	26,158	55%
Net cash provided by (used in) capital and related financing activities	(363,866)	(510,731)	146,865	(29)%
Net cash provided by (used in) investing activities	<u>(369,147)</u>	<u>7,985</u>	<u>(377,132)</u>	<u>(4,723)%</u>
Net increase (decrease) in cash and cash equivalents	(254,923)	(37,284)	(217,639)	584%
Reconciliation of non-cash transactions:				
Amortization of bond premiums and discounts	9,040	(29,500)	38,540	(131)%
Debt refunding related	<u>(3,698)</u>	<u>3,466</u>	<u>(7,164)</u>	<u>(207)%</u>
End of period	<u><u>176,824</u></u>	<u><u>426,405</u></u>	<u><u>(249,581)</u></u>	<u><u>(59)%</u></u>
Investments:				
Beginning of year	235,894	242,970	(7,076)	(3)%
Net increase (decrease) in investments	<u>363,812</u>	<u>(7,076)</u>	<u>370,888</u>	<u>(5,241)%</u>
End of period	<u><u>599,706</u></u>	<u><u>235,894</u></u>	<u><u>363,812</u></u>	<u><u>154%</u></u>
Total District Cash and Investments	<u><u>\$ 776,530</u></u>	<u><u>\$ 662,299</u></u>	<u><u>\$ 114,231</u></u>	<u><u>17%</u></u>

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 3 (Continued)

Cash Flows

Water and Wastewater System

June 30, 2021 and 2020

(In thousands)

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>%</u>
Cash and cash equivalents:				
Beginning of year	\$ 489,723	\$ 178,179	\$ 311,544	175%
Net cash provided by operating activities	418,027	388,572	29,455	8%
Net cash provided by noncapital financing activities	47,435	46,626	809	2%
Net cash provided by (used in) capital and related financing activities	(510,731)	(464,483)	(46,248)	10%
Net cash provided by (used in) investing activities	7,985	361,564	(353,579)	(98)%
Net increase (decrease) in cash and cash equivalents	<u>(37,284)</u>	<u>332,279</u>	<u>(369,563)</u>	<u>(111)%</u>
Reconciliation of non-cash transactions:				
Amortization of bond premiums and discounts	(29,500)	(32,752)	3,252	(10)%
Debt refunding related	3,466	12,017	(8,551)	(71)%
End of period	<u>426,405</u>	<u>489,723</u>	<u>(63,318)</u>	<u>(13)%</u>
Investments:				
Beginning of year	242,970	588,161	(345,191)	(59)%
Net increase (decrease) in investments	<u>(7,076)</u>	<u>(345,191)</u>	<u>338,115</u>	<u>(98)%</u>
End of period	<u>235,894</u>	<u>242,970</u>	<u>(7,076)</u>	<u>(3)%</u>
Total District Cash and Investments	<u>\$ 662,299</u>	<u>\$ 732,693</u>	<u>\$ (70,394)</u>	<u>(10)%</u>

Cash and Investments by Fund

In fiscal years 2022 and 2021, total cash and investments available for operating and capital activities are reported in current and noncurrent assets as unrestricted and restricted funds. Significant activities in the current fiscal year were as follows: Water System increased \$102 million in capital reserves to fund capital projects. Wastewater System increased \$24 million in capital reserves to fund capital projects and equipment replacements.

In the previous fiscal year, significant activities were as follows: the Water System reserved an additional \$55 million in the rate stabilization fund, increased \$4 million in working capital and spent \$23 million in capital reserves to pay down commercial paper. Wastewater System reserved an additional \$7.9 million in the rate stabilization fund and spent \$0.7 million in capital reserves to pay down extendable commercial paper.

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

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 4 shows the District's cash and investment by fund for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2022 and 2021
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2022	2021	2022	2021	2022	2021	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	\$ 150,000	\$ 150,000	\$ 32,000	\$ 32,000	\$ 182,000	\$ 182,000	\$ -	0%
Working capital reserve	78,700	78,800	21,300	19,600	100,000	98,400	1,600	2%
Self-insurance	7,822	7,818	1,036	1,227	8,858	9,045	(187)	(2)%
Workers compensation	6,631	6,032	879	947	7,510	6,979	531	8%
Total operating reserves	<u>243,153</u>	<u>242,650</u>	<u>55,215</u>	<u>53,774</u>	<u>298,368</u>	<u>296,424</u>	<u>1,944</u>	<u>1%</u>
Capital reserves:								
Reserved for capital projects	351,614	250,091	41,110	23,862	392,724	273,953	118,771	43%
Reserve funded CIP - Wastewater	-	-	15,397	15,377	15,397	15,377	20	0%
Vehicle replacements	17,251	16,334	-	-	17,251	16,334	917	6%
Equipment replacements	-	-	24,174	17,816	24,174	17,816	6,358	36%
Total capital reserves	<u>368,865</u>	<u>266,425</u>	<u>80,681</u>	<u>57,055</u>	<u>449,546</u>	<u>323,480</u>	<u>126,066</u>	<u>39%</u>
Total Unrestricted cash and investment	<u>612,018</u>	<u>509,075</u>	<u>135,896</u>	<u>110,829</u>	<u>747,914</u>	<u>619,904</u>	<u>128,010</u>	<u>21%</u>
Restricted Cash and Investments								
Bond interest and redemption fund	886	-	261	-	1,147	-	1,147	N/A
Debt service reserve fund	2	3,763	-	-	2	3,763	(3,761)	(100)%
Funds received for construction	24,242	35,715	-	-	24,242	35,715	(11,473)	(32)%
FERC partnership fund	2,163	2,188	-	-	2,163	2,188	(25)	(1)%
Monetary reserve	396	396	666	333	1,062	729	333	46%
Total restricted cash and investments	<u>27,689</u>	<u>42,062</u>	<u>927</u>	<u>333</u>	<u>28,616</u>	<u>42,395</u>	<u>(13,779)</u>	<u>(33)%</u>
Total District Cash and Investments	<u>\$ 639,707</u>	<u>\$ 551,137</u>	<u>\$ 136,823</u>	<u>\$ 111,162</u>	<u>\$ 776,530</u>	<u>\$ 662,299</u>	<u>\$ 114,231</u>	<u>17%</u>

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Table 4
Cash and Investment by Fund
Water and Wastewater
June 30, 2021 and 2020
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2021	2020	2021	2020	2021	2020	Amount	%
Unrestricted cash and investment								
Operating reserves:								
Rate stabilization fund	\$ 150,000	\$ 95,000	\$ 32,000	\$ 24,090	\$ 182,000	\$ 119,090	\$ 62,910	53%
Working capital reserve	78,800	74,800	19,600	18,800	98,400	93,600	4,800	5%
Self-insurance	7,818	7,753	1,227	1,202	9,045	8,955	90	1%
Workers compensation	6,032	6,099	947	945	6,979	7,044	(65)	(1)%
Total operating reserves	242,650	183,652	53,774	45,037	296,424	228,689	67,735	30%
Capital reserves:								
Reserved for capital projects	250,091	384,050	23,862	21,067	273,953	405,117	(131,164)	(32)%
Reserve funded CIP - Wastewater	-	-	15,377	15,336	15,377	15,336	41	0%
Vehicle replacements	16,334	13,484	-	-	16,334	13,484	2,850	21%
Equipment replacements	-	2,580	17,816	26,589	17,816	29,169	(11,353)	(39)%
Total capital reserves	266,425	400,114	57,055	62,992	323,480	463,106	(139,626)	(30)%
Total Unrestricted cash and investment	509,075	583,766	110,829	108,029	619,904	691,795	(71,891)	(10)%
Restricted Cash and Investments								
Bond interest and redemption fund	-	457	-	21	-	478	(478)	(100)%
Debt service reserve fund	3,763	3,763	-	-	3,763	3,763	-	0%
Funds received for construction	35,715	33,827	-	-	35,715	33,827	1,888	6%
FERC partnership fund	2,188	2,276	-	-	2,188	2,276	(88)	(4)%
Monetary reserve	396	554	333	-	729	554	175	32%
Total restricted cash and investments	42,062	40,877	333	21	42,395	40,898	1,497	4%
Total District Cash and Investments	\$ 551,137	\$ 624,643	\$ 111,162	\$ 108,050	\$ 662,299	\$ 732,693	\$ (70,394)	(10)%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

Capital Contributions

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

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

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

Capital contributions decreased by \$21 million primarily reflecting a \$11 million decrease in SCCs and a \$1 million decrease in WCFs due to changes made from the SCC study in fiscal year 2021 and adoption of reduced SCC & WCF rates in fiscal year 2022. Construction service installments decreased by \$11 million compared to previous fiscal year due to the cyclical nature of construction phases throughout the service area. Grants and other reimbursements increased by \$1 million due to additional monies received from Federal and State grants.

Table 5 shows the District's capital contributions received for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 5
Capital Contributions
Water and Wastewater
June 30, 2022 and 2021
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2022	2021	2022	2021	2022	2021	Amount	%
System capacity charges	\$39,690	\$50,378	\$ -	\$ -	\$39,690	\$50,378	\$(10,688)	(21)%
Wastewater capacity fees	-	-	6,443	7,203	6,443	7,203	(760)	(11)%
Earned contributions on construction	9,836	21,315	-	(4)	9,836	21,311	(11,475)	(54)%
Grants and other reimbursements	3,486	1,754	-	300	3,486	2,054	1,432	70%
Totals	\$53,012	\$73,447	\$ 6,443	\$ 7,499	\$59,455	\$80,946	\$(21,491)	(27)%

Table 5
Capital Contributions
Water and Wastewater
June 30, 2021 and 2020
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2021	2020	2021	2020	2021	2020	Amount	%
System capacity charges	\$50,378	\$53,307	\$ -	\$ -	\$50,378	\$53,307	\$(2,929)	(5)%
Wastewater capacity fees	-	-	7,203	5,697	7,203	5,697	1,506	26%
Earned contributions on construction	21,315	17,780	(4)	-	21,311	17,780	3,531	20%
Grants and other reimbursements	1,754	839	300	-	2,054	839	1,215	145%
Totals	\$73,447	\$71,926	\$ 7,499	\$ 5,697	\$80,946	\$77,623	\$ 3,323	4%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

CAPITAL ASSETS

The District had \$5.7 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2022. Total capital assets were \$5.5 billion as of June 30, 2021. The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, pump stations, water reclamation facilities, wastewater and wet weather treatment facilities, machinery and equipment. In the current fiscal year, capital assets increased by \$201 million or 4% over the prior fiscal year. In fiscal year 2021, capital assets increased by \$228 million or 4% over fiscal year 2020. Annual changes are consistent with the District's capital improvement program.

The Water System had \$4.9 billion (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2022. The investment in capital assets includes land, buildings, improvements, water treatment plants, filter plants, aqueducts, water transmission and distribution mains, water storage facilities, power generation, pump stations, water reclamation facilities, machinery and equipment.

The Wastewater System had \$790 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2022. The investment in capital assets includes land, buildings, improvements, power generation, wastewater and wet weather treatment facilities, machinery and equipment.

Table 6 shows the District's capital assets for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 6
Capital Assets, Net of Depreciation
Water and Wastewater
June 30, 2022 and 2021
(In thousands)

	<u>Water System</u>		<u>Wastewater System</u>		<u>Total</u>		<u>Increase/(decrease)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Structures, buildings, and equipment	\$ 4,080,633	\$ 3,984,072	\$ 643,357	\$ 635,053	\$ 4,723,990	\$ 4,619,125	\$ 104,865	2.3%
Land and rights of way	73,790	73,790	21,409	21,409	95,199	95,199	-	0.0%
Construction work in progress	722,935	635,447	125,695	116,492	848,630	751,939	96,691	12.9%
Totals	\$ 4,877,358	\$ 4,693,309	\$ 790,461	\$ 772,954	\$ 5,667,819	\$ 5,466,263	\$ 201,556	3.7%

Capital Assets, Net of Depreciation
Water and Wastewater
June 30, 2021 and 2020
(In thousands)

	<u>Water System</u>		<u>Wastewater System</u>		<u>Total</u>		<u>Increase/(decrease)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Structures, buildings, and equipment	\$ 3,984,072	\$ 3,908,424	\$ 635,053	\$ 638,147	\$ 4,619,125	\$ 4,546,571	\$ 72,554	1.6%
Land and rights of way	73,790	73,790	21,409	21,409	95,199	95,199	-	0.0%
Construction work in progress	635,447	497,634	116,492	98,466	751,939	596,100	155,839	26.1%
Totals	\$ 4,693,309	\$ 4,479,848	\$ 772,954	\$ 758,022	\$ 5,466,263	\$ 5,237,870	\$ 228,393	4.4%

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

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

This year's major capital expenditures included:

Water System:

Treatment plant upgrades	\$	105,232
Pipeline rebuild		73,830
Open cut reservoir program		63,467
Maloney pumping plant & water treatment plant improvements		57,555
Large diameter pipelines		50,074
Pumping plant rehabilitation		40,227
Trench soils management		35,776
Service lateral replacements		33,416
Reservoir rehab/maintenance		33,114
Pressure zone improvements		13,542
Pipeline system improvements		13,181
Raw water infrastructure		12,971
Mokelumne aqueduct 2 & 3 relining		12,025
Pipeline relocations		11,298
Dam operational upgrades		10,565
West of hills master plan		10,377
Water transfers		7,663
Reservoir tower modifications		7,413
Pipeline system extensions		7,285
Raw water aqueduct improvements		7,224

Wastewater System:

Digesters	\$	25,357
General wastewater		25,219
Utilities and sitework		23,259
Interceptors and pump stations		10,196
Secondary		8,536
Power generation and biogas		6,288
Effluent discharge		4,354
Resource recovery		3,652
Wet weather facilities		2,728
Electricals and controls		2,705
Nutrients		2,496
Preliminary treatment		1,832

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

DEBT ADMINISTRATION

The District had total long-term debt outstanding of \$3.3 billion as of June 30, 2022, a 1% increase from June 30, 2021. Total long-term debt outstanding was \$3.3 billion as of June 30, 2021, a 4% decrease from June 30, 2020. Components of the District's long-term debt portfolio as of June 30, 2022 are:

- The Water System had total long-term debt outstanding of \$2.9 billion.
- The Wastewater System had total long-term debt outstanding of \$383 million.

Table 7 shows the District's long-term debt outstanding for the fiscal years ended June 30, 2022, 2021, and 2020:

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2022 and 2021
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2022	2021	2022	2021	2022	2021	Amount	%
Revenue bonds*	\$ 2,606,497	\$ 2,546,127	\$ 374,755	\$ 369,455	\$ 2,981,252	\$ 2,915,582	\$ 65,670	2%
Commercial paper	295,000	312,800	8,000	9,300	303,000	322,100	(19,100)	(6)%
Loans	31,073	32,857	-	-	31,073	32,857	(1,784)	(5)%
Totals	\$ 2,932,570	\$ 2,891,784	\$ 382,755	\$ 378,755	\$ 3,315,325	\$ 3,270,539	\$ 44,786	1%

Table 7
Long -Term Debt
(Net of Unamortized Costs)
Water and Wastewater
June 30, 2021 and 2020
(In thousands)

	Water System		Wastewater System		Total		Increase (decrease)	
	2021	2020	2021	2020	2021	2020	Amount	%
Revenue bonds*	\$ 2,546,127	\$ 2,639,641	\$ 369,455	\$ 383,781	\$ 2,915,582	\$ 3,023,422	\$ (107,840)	(4)%
Commercial paper	312,800	335,800	9,300	10,000	322,100	345,800	(23,700)	(7)%
Loans	32,857	35,069	-	-	32,857	35,069	(2,212)	(6)%
Totals	\$ 2,891,784	\$ 3,010,510	\$ 378,755	\$ 393,781	\$ 3,270,539	\$ 3,404,291	\$ (133,752)	(4)%

*Includes unamortized bond premium and discount. For Water System, the unamortized bond premium was \$225 million, \$217 million, and \$243 million as of June 30, 2022, 2021 and 2020, respectively. For Wastewater System, the net of unamortized bond premium and discount was \$23 million, \$22 million, and \$25 million as of June 30, 2022, 2021 and 2020, respectively.

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

Debt Service Coverage Ratio: Maintain an annual revenue bond debt service coverage ratio of at least 1.6 times. As of June 30, 2022, the coverage ratio for Water was 2.35 and for Wastewater was 2.63; the overall District ratio was 2.39.

Debt-Funded Capital Spending: Limit debt-funded capital to no more than 65% of the total capital program over each five-year planning period. As of June 30, 2022, the percentage of debt-funded capital spending for Water was 22% and for Wastewater was 10%; the overall District percentage was 21%.

Extendable Commercial Paper and Un-hedged Variable Rate Debt: Maintain an annual limit of 25% of outstanding long-term debt. As of June 30, 2022, the percentage of extended commercial paper and

EAST BAY MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis

June 30, 2022

un-hedged variable rate debt compared to total outstanding long-term debt for Water was 11% and for Wastewater was 2%; the overall District percentage was 10%.

Revenue-supported debt authorization for the District can be approved by the District's Board of Directors, subject to a referendum process. At June 30, 2022, the Water System had \$468 million and the Wastewater System had \$168 million in authorized but unissued revenue bonds.

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

Table 8

Credit Ratings

Water and Wastewater

June 30, 2022

District debt by type	Rating by		
	Standard & Poor's	Moody's Investors Service	Fitch
Water system:			
Fixed Rate Revenue Bonds	AAA	Aaa	AA+
Variable Rate Revenue Bonds			
Long-term Underlying Rating	AAA	Aa1	-
Short-Term Rating	A-1/A-1+	VMIG-1	-
Commercial Paper Notes	A-1+	P-1	-
Wastewater system:			
Fixed Rate Revenue Bonds	AAA	Aa1	AA+
Extendable Commercial Paper	A-1+	P-1	F1+

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

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

REQUEST FOR INFORMATION

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

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2022 and 2021
(DOLLARS IN THOUSANDS)

	Water System		Wastewater System		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets						
Current assets:						
Cash and cash equivalents (Note 2)	\$ 121,818	\$ 310,312	\$ 45,826	\$ 87,655	\$ 167,644	\$ 397,967
Investments	490,200	198,763	90,070	23,174	580,270	221,937
Receivables:						
Customer	70,463	65,825	10,166	8,067	80,629	73,892
Lease	29,483	-	13,924	-	43,407	-
Interest and other	4,228	458	3,781	3,581	8,009	4,039
Materials and supplies	22,241	14,885	7,094	6,101	29,335	20,986
Prepaid insurance	3,945	2,254	472	407	4,417	2,661
Total current assets	742,378	592,497	171,333	128,985	913,711	721,482
Noncurrent assets:						
Restricted assets (Note 2):						
Cash and cash equivalents	8,253	28,105	927	333	9,180	28,438
Investments	19,436	13,957	-	-	19,436	13,957
Total restricted cash and investments	27,689	42,062	927	333	28,616	42,395
Other assets:						
Equity in JPA partnership fund	215,099	219,224	-	-	215,099	219,224
Other	46	298	268	645	314	943
Total other assets	215,145	219,522	268	645	215,413	220,167
Capital assets (Note 3):						
Structures, buildings, and equipment	6,361,919	6,157,768	1,193,659	1,160,219	7,555,578	7,317,987
Intangible Assets	389,174	374,097	40,223	40,223	429,397	414,320
Lease-right to use assets	2,370	-	-	-	2,370	-
Less accumulated depreciation/amortization	(2,672,830)	(2,547,793)	(590,525)	(565,389)	(3,263,355)	(3,113,182)
Subtotal	4,080,633	3,984,072	643,357	635,053	4,723,990	4,619,125
Land and rights-of-way	73,790	73,790	21,409	21,409	95,199	95,199
Construction in progress	722,935	635,447	125,695	116,492	848,630	751,939
Total capital assets, net	4,877,358	4,693,309	790,461	772,954	5,667,819	5,466,263
Total noncurrent assets	5,120,192	4,954,893	791,656	773,932	5,911,848	5,728,825
Total assets	5,862,570	5,547,390	962,989	902,917	6,825,559	6,450,307
Deferred outflow of resources						
Accumulated decrease in fair value of hedging derivatives	-	29,400	-	-	-	29,400
Debt refunding related (Note 7)	15,084	3,178	-	-	15,084	3,178
Pension related	158,471	226,463	25,691	37,134	184,162	263,597
OPEB related	27,866	27,324	4,543	4,457	32,409	31,781
Total deferred outflows	201,421	286,365	30,234	41,591	231,655	327,956
Total assets and deferred outflows	6,063,991	5,833,755	993,223	944,508	7,057,214	6,778,263

See accompanying notes to basic financial statements.

(Continued)

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2022 and 2021
(DOLLARS IN THOUSANDS)

	Water System		Wastewater System		Totals	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Liabilities and Net Position						
Current liabilities:						
Current maturities of long-term debt and commercial paper (Note 6 and 7)	\$ 77,992	\$ 72,064	\$ 13,595	\$ 11,480	\$ 91,587	\$ 83,544
Accounts payable and accrued expenses (Note 4)	87,328	58,639	16,233	6,539	103,561	65,178
Compensated absences (Note 5)	41,839	39,677	6,671	6,424	48,510	46,101
Current reserve for claims	10,388	10,004	707	804	11,095	10,808
Accrued interest	10,304	9,693	1,472	1,449	11,776	11,142
Total current liabilities	227,851	190,077	38,678	26,696	266,529	216,773
Noncurrent liabilities:						
Other liabilities:						
Advances for construction	25,788	15,362	-	-	25,788	15,362
Reserve for claims (Note 11)	48,716	38,948	3,307	4,156	52,023	43,104
Net pension liability (Note 10)	287,513	619,188	47,338	102,459	334,851	721,647
Lease payable (Note 8)	1,993	-	-	-	1,993	-
Net OPEB liability (Note 10)	122,843	130,214	20,333	21,620	143,176	151,834
Other liabilities	9,797	12,711	7,696	7,171	17,493	19,882
Total other liabilities	496,650	816,423	78,674	135,406	575,324	951,829
Long-term liabilities, net of current maturities (Note 7)	2,854,579	2,819,721	369,160	367,275	3,223,739	3,186,996
Total noncurrent liabilities	3,351,229	3,636,144	447,834	502,681	3,799,063	4,138,825
Total liabilities	3,579,080	3,826,221	486,512	529,377	4,065,592	4,355,598
Deferred inflow of resources:						
Derivative instrument	-	29,400	-	-	-	29,400
Debt refunding related	7,585	-	623	-	8,208	-
Lease related	29,483	-	13,924	-	43,407	-
Pension related	227,318	8,977	38,855	3,251	266,173	12,228
OPEB related	11,843	4,847	2,316	1,258	14,159	6,105
Total deferred inflows	276,229	43,224	55,718	4,509	331,947	47,733
Total liabilities and deferred inflows	3,855,309	3,869,445	542,230	533,886	4,397,539	4,403,331
Net position (Note 9):						
Net investment in capital assets	1,957,878	1,804,703	407,706	394,199	2,365,584	2,198,902
Restricted for construction	-	20,353	667	333	667	20,686
Restricted for debt service	887	3,763	261	-	1,148	3,763
Restricted for JPA	215,099	219,224	-	-	215,099	219,224
Restricted - other	2,559	2,584	-	-	2,559	2,584
Unrestricted	32,259	(86,317)	42,359	16,090	74,618	(70,227)
Total net position	2,208,682	1,964,310	450,993	410,622	2,659,675	2,374,932
Total liabilities and net position	\$ 6,063,991	\$ 5,833,755	\$ 993,223	\$ 944,508	\$ 7,057,214	\$ 6,778,263

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EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	Water System		Wastewater System		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating revenue:						
Water	\$ 633,840	\$ 620,471	\$ -	\$ -	\$ 633,840	\$ 620,471
Sewer	-	-	98,345	93,394	98,345	93,394
Power	7,232	4,573	666	663	7,898	5,236
Wet weather facilities charges	-	-	29,435	28,316	29,435	28,316
Total operating revenue	641,072	625,044	128,446	122,373	769,518	747,417
Operating expense:						
Raw water	62,214	57,448	-	-	62,214	57,448
Water treatment and distribution	140,309	134,022	-	-	140,309	134,022
Recreation areas, net	5,268	6,878	-	-	5,268	6,878
Sewer lines and pumping	-	-	18,273	16,713	18,273	16,713
Sewer treatment plant operations	-	-	47,053	42,956	47,053	42,956
Customer accounting and collecting	19,554	17,675	2,352	2,335	21,906	20,010
Financial and risk management	21,368	21,195	1,332	1,309	22,700	22,504
Facilities management	4,146	3,882	-	-	4,146	3,882
General administration	66,274	33,813	6,628	5,593	72,902	39,406
Pension expense	(45,343)	38,635	(8,074)	5,495	(53,417)	44,130
OPEB expense	(919)	(477)	(315)	(237)	(1,234)	(714)
Depreciation on utility plant and vehicle	121,809	120,581	23,914	23,580	145,723	144,161
Amortization	7,561	8,902	1,149	1,261	8,710	10,163
Total operating expense	402,241	442,554	92,312	99,005	494,553	541,559
Net operating income (loss)	238,831	182,490	36,134	23,368	274,965	205,858
Other income (expense):						
Investment income	(4,254)	(1,522)	(752)	(23)	(5,006)	(1,545)
Taxes and subventions	45,499	40,578	7,382	6,857	52,881	47,435
Interest and amortization of bond expenses, net of	(98,432)	(92,050)	(14,643)	(14,107)	(113,075)	(106,157)
Increase (decrease) of equity in JPA partnership fund	(4,125)	(3,783)	-	-	(4,125)	(3,783)
Other income	13,841	13,678	5,807	5,093	19,648	18,771
Total other income (expense), net	(47,471)	(43,099)	(2,206)	(2,180)	(49,677)	(45,279)
Income before capital contributions	191,360	139,391	33,928	21,188	225,288	160,579
Capital contributions	53,012	73,447	6,443	7,499	59,455	80,946
Change in net position	244,372	212,838	40,371	28,687	284,743	241,525
Total net position - beginning	1,964,310	1,751,472	410,622	381,935	2,374,932	2,133,407
Total net position - ending	\$ 2,208,682	\$ 1,964,310	\$ 450,993	\$ 410,622	\$ 2,659,675	\$ 2,374,932

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	Water System		Wastewater System		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cash flows from operating activities						
Cash received from customers	\$ 636,434	\$ 614,476	\$ 126,347	\$ 120,990	\$ 762,781	\$ 735,466
Cash payments for judgments and claims	(8,009)	(7,382)	(162)	(288)	(8,171)	(7,670)
Cash payments to suppliers for goods and services	(61,295)	(56,690)	(30,089)	(34,091)	(91,384)	(90,781)
Cash payments to employees for services	(221,883)	(203,686)	(36,847)	(34,073)	(258,730)	(237,759)
Net cash provided by (used for) operating activities	345,247	346,718	59,249	52,538	404,496	399,256
Cash flows from noncapital financing activities:						
Tax receipts	45,499	40,578	7,382	6,857	52,881	47,435
Cash received from other income	14,905	12,852	5,807	5,093	20,712	17,945
Net cash provided by financing activities	60,404	53,430	13,189	11,950	73,593	65,380
Capital and related financing activities:						
Capital contributions	53,012	73,447	6,443	7,499	59,455	80,946
Payments from advances for construction	10,426	1,827	-	-	10,426	1,827
Proceeds from sale of capital assets	642	2,313	-	-	642	2,313
Net proceeds and premiums from sale of bonds	369,749	-	40,858	-	410,607	-
Acquisition and construction of capital assets	(315,491)	(344,430)	(42,570)	(39,776)	(358,061)	(384,206)
Principal retirement on long-term debt and commercial paper	(324,494)	(92,596)	(36,450)	(11,655)	(360,944)	(104,251)
Amount paid to fiscal agent including swap termination payments	(15,417)	-	-	-	(15,417)	-
Costs and discounts from issuance on long-term debt	(958)	-	(408)	-	(1,366)	-
Interest paid on long-term debt	(89,869)	(115,042)	(13,997)	(17,526)	(103,866)	(132,568)
Net cash provided by (used for) capital and related financing activities	(312,400)	(474,481)	(46,124)	(61,458)	(358,524)	(535,939)
Cash flows from investing activities:						
Proceeds from securities	342,562	381,940	51,524	37,754	394,086	419,694
Expenditures from purchases of securities	(639,477)	(370,069)	(118,420)	(42,549)	(757,897)	(412,618)
Interest received on investments	(4,682)	828	(653)	81	(5,335)	909
Net cash provided by (used for) investing activities	(301,597)	12,699	(67,549)	(4,714)	(369,146)	7,985
Net decrease in cash and cash equivalents	(208,346)	(61,634)	(41,235)	(1,684)	(249,561)	(63,318)
Cash and cash equivalents:						
Beginning of year	338,417	400,051	87,988	89,672	426,405	489,723
End of year	\$ 130,071	\$ 338,417	\$ 46,753	\$ 87,988	\$ 176,824	\$ 426,405

(Continued)

See accompanying notes to basic financial statements.

**EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)**

	Retirement System Trust Funds		Custodial Funds		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets:						
Cash and cash equivalents, at fair value (Note 2)	\$ 25,336	\$ 37,595	\$ 8,015	\$ 7,902	\$ 33,351	\$ 45,497
Invested securities lending collateral	101,249	157,933	-	-	101,249	157,933
Prepaid expenses	568	578	-	-	568	578
Receivables:						
Brokers, securities sold	923	189	-	-	923	189
Employer	3,176	2,477	-	-	3,176	2,477
Plan members	664	538	-	-	664	538
Custodial fund receivables	-	-	3,152	4,294	3,152	4,294
Interest, dividends, and recoverable taxes	4,700	4,325	8	4	4,708	4,329
Total Receivables	9,463	7,529	3,160	4,298	12,623	11,827
Investments, at fair value (Note 2):						
U.S. government obligations	268,062	254,139	-	-	268,062	254,139
Municipal bonds	-	664	-	-	-	664
Domestic corporate bonds	197,497	184,961	-	-	197,497	184,961
International bonds	21,677	20,244	-	-	21,677	20,244
Domestic stocks	930,723	1,107,552	-	-	930,723	1,107,552
International stocks	483,198	608,001	-	-	483,198	608,001
Real estate	125,557	113,913	-	-	125,557	113,913
Total Investments	2,026,714	2,289,474	-	-	2,026,714	2,289,474
Capital assets:						
Capital assets not being depreciated	-	-	13,690	13,593	13,690	13,593
Capital assets, net of accumulated depreciation	-	-	393,745	403,074	393,745	403,074
Total capital assets, net of accumulated depreciation	-	-	407,435	416,667	407,435	416,667
Total Assets	2,163,330	2,493,109	418,610	428,967	2,581,940	2,921,976
Liabilities:						
Accounts payable and accrued expenses	2,447	2,609	1,339	1,186	3,786	3,795
Payables to brokers, securities purchased	711	3,845	-	-	711	3,845
Securities lending collateral (Note 2B)	101,249	157,933	-	-	101,249	157,933
Long-term liabilities:						
Due in one year	-	-	1,513	1,476	1,513	1,476
Due in more than one year	-	-	3,774	5,287	3,774	5,287
Total Liabilities	104,407	164,387	6,626	7,949	111,033	172,336
Net Position:						
Restricted for pension benefits	2,005,352	2,270,763	-	-	2,005,352	2,270,763
Restricted for post-employment healthcare benefits	53,571	57,959	-	-	53,571	57,959
Net investment in capital assets	-	-	66,146	66,690	66,146	66,690
Restricted for specified purpose	-	-	345,838	354,227	345,838	354,227
Total Net Position	2,058,923	2,328,722	411,984	420,917	2,470,907	2,749,639

See accompanying notes to basic financial statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

	Retirement System Trust Funds		Custodial Funds		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Additions:						
Contributions:						
Employers	\$ 102,285	\$ 90,624	\$ -	\$ -	\$ 102,285	\$ 90,624
Plan members	21,127	19,336	-	-	21,127	19,336
Joint Power Authority members	-	-	9,823	9,666	9,823	9,666
Grants and other receipts	-	-	4,814	4,681	4,814	4,681
Total Contributions	123,412	109,960	14,637	14,347	138,049	124,307
Investment Income:						
From Investment Activities						
Net appreciation (depreciation) in fair value investments:						
Traded securities	(289,735)	472,236	-	-	(289,735)	472,236
Real estate	13,051	(465)	-	-	13,051	(465)
Interest	14,434	11,607	15	25	14,449	11,632
Dividends	11,282	12,602	-	-	11,282	12,602
Real estate operating income, net	2,322	2,002	-	-	2,322	2,002
Total Investment Income	(248,646)	497,982	15	25	(248,631)	498,007
Less:						
Investment expense	(3,533)	(4,609)	-	-	(3,533)	(4,609)
Net Income from Investment Activities	(252,179)	493,373	15	25	(252,164)	493,398
From Security Lending Activities						
Security lending income	348	293	-	-	348	293
on Borrowers' rebates and other agent fees	(178)	(119)	-	-	(178)	(119)
Security Lending Activities	170	174	-	-	170	174
Net Investment Income	(252,009)	493,547	15	25	(251,994)	493,572
Total Additions, net	(128,597)	603,507	14,652	14,372	(113,945)	617,879
Deductions:						
Benefits paid (Notes 1C & 1D)	138,582	130,198	-	-	138,582	130,198
Refunds of contributions (Note 4)	699	274	-	-	699	274
General and administrative expenses	1,921	1,922	6,549	2,577	8,470	4,499
Professional services expense	-	-	2,783	3,496	2,783	3,496
Operation and maintenance expense	-	-	3,567	2,891	3,567	2,891
Grants and other expenses	-	-	1,004	1,516	1,004	1,516
Interest expense	-	-	169	205	169	205
Depreciation expense	-	-	9,514	10,164	9,514	10,164
Total Deductions	141,202	132,394	23,586	20,849	164,788	153,243
Changes in Net Position	(269,799)	471,113	(8,934)	(6,477)	(278,733)	464,636
Net Position - Beginning of the Year	2,328,722	1,857,609	420,918	427,394	2,749,640	2,285,003
Net Position - End of the Year	\$ 2,058,923	\$ 2,328,722	\$ 411,984	\$ 420,917	\$ 2,470,907	\$ 2,749,639

See accompanying notes to basic financial statements.

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**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Primary Government

The East Bay Municipal Utility District (the District) was formed in May 1923 under the provisions of the Municipal Utility District Act of 1921, as amended in 1941. The District is comprised of two financially independent entities: the Water System and the Wastewater System. These two entities are governed by the same elected seven-member Board of Directors which determines such matters as rates and charges for services, approval of contracts, and District policies. The Water System provides administrative and other support services to the Wastewater System. These costs are charged to the Wastewater System.

B. Description of the Component Unit

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

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

C. Basis of Presentation

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

The basic financial statements include prior year comparative information. A complete presentation of the prior year information can be found in the District's financial statements for the year ended June 30, 2021.

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

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

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

Additionally, the District reports the following fiduciary fund:

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Pension and Other Employee Benefit Trust fund is maintained to account for assets held by the Employees' Retirement System in a trustee capacity.

D. Basis of Accounting

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

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

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

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

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Use of Estimates and Assumptions

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

F. Capital Assets

Utility Plant – at Original Cost

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

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

Water Supply Management Program

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

Preliminary Survey and Investigation Costs

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

Contract Water Rights

The District has contracted with the U.S. Bureau of Reclamation for water deliveries from the Central Valley Project (CVP) and shall continue so long as EBMUD pays applicable rates and charges consistent with applicable law. Payments under the contract include reimbursement for operation and maintenance costs based on the amounts of water delivered to EBMUD, the Operation & Maintenance Deficit (EBMUD's current balance is \$5,633), and prepayment of allocated capital costs for CVP storage and conveyance facilities (EBMUD's current estimated allocation is \$1,382). The Water Enterprise Fund capitalized the two components.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Depreciation

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

H. Restricted Assets

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

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

Operating Reserves:

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

Capital Reserves:

- Reserve for Capital Projects comprises the resources available for cash funding of the District’s capital improvement program as projected in conjunction with the biennial budget.
- Reserve Funded CIP (Wastewater) balance is a specific designation [Board Motion No. 029-94] used to fund wet and dry weather eligible construction projects.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Vehicle Replacement Fund [Board Motion No. 030-94] is financed by deposits based on internal user rate charges, and used to reimburse operational expenditures and vehicle replacement purchases.
- Equipment Replacement Fund was established by the District with the implementation of the Wastewater Capacity Fees effective July 1, 1984. The balance in this account represents funds set aside for future wastewater department equipment replacements.

Restricted funds include the following:

- Debt funded construction funds are the proceeds of bond or commercial paper issues that are restricted for use on eligible projects in the District's capital program.
- Capitalized Interest fund is restricted by the District's bond indenture for the purpose of defraying that bond issue's debt service payments for a specified period.
- Bond Interest and Redemption fund is utilized, in order for the District to transfer funds to the Trustee for the payment of principal and interest on the outstanding bonds one business day prior to the date such payment is due as required under the District's bond indentures. The District uses the Bond Interest and Redemption Fund to segregate funds accumulated for such payments. In addition, under certain of the interest rate swap agreements related to the District's outstanding bonds, the District is required to post collateral to the swap counterparty to the extent that the District's total exposure for termination payments under the swap agreement exceeds the threshold amount specified in the applicable swap agreement. The District also uses the Bond Interest and Redemption Fund to segregate District funds held by the applicable custodian to satisfy this collateral posting obligation.
- Debt Service Reserve fund is created and required to be maintained at a specified level in connection with certain series of the District's outstanding bonds. Amounts in a Bond Reserve Fund may only be used (a) for the payment of principal and interest on the related series of bonds in the event the District fails to transfer the required payment from the related system Revenue Fund (the respective designated part of the General Fund) (b) for the payment or redemption of all of the related series of bonds then outstanding or (c) for the payment of the final principal and interest payments on the related series of bonds.
- Funds received for construction reflect advances received from applicants for work to be performed by the District and the unspent future water supply component of system capacity charges. This fund is used for the construction of major facilities, applicant requested services, and the design and construction of water supply improvement program projects.
- FERC partnership fund of \$2 million was established January 11, 1999, in compliance with Federal Energy Regulatory Commission (FERC) order which brought resolution to its Mokelumne River Proceeding. The District manages the fund and income derived from investing the funds to provide operating support to the Joint Settlement Agreement with US Fish and Wildlife and California Fish and Game to protect the Mokelumne River Ecosystem from Pardee Reservoir to the Delta. The principal and any unused earnings shall remain the property of the District and will revert to the District upon expiration of the agreement in March 2031 or upon withdrawal of any party to the agreement.
- Monetary Reserve represents money on deposit in the name of the District with the Automated Power Exchange Inc. (APX) in accordance with the terms and conditions of the Automated Power Exchange Inc. California Master Service Agreement of July 15, 1999, entered between the District and APX for the sale and purchase of electric

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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power. The funds held on deposit shall be withdrawn by the Depository and Clearing Agent in the event that sufficient funds are not deposited in the District settlement account to cover power exchange transactions.

I. Deferred Amount on Bond Refunding

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

J. Cash and Cash Equivalents

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

K. District Investments

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

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

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

L. Retirement System Investments

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

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

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022, 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 fair 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, 2022, 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, 2022, had a weighted average maturity of 24 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 190 days. There are no dividends or coupon payments owing on the securities lent. Cash received as collateral on securities lending transactions is reported as an asset of the System with a corresponding liability.

As of June 30, 2022, the fair value of securities on loan was \$98,767. The total cash and noncash collateral held by the System's custodian to secure these securities on loan was valued at \$101,249 (all cash collateral).

M. Material and Supplies

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

N. Revenue

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

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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O. Interest Rate Swap

The District has entered into interest rate swap agreements in the past to modify interest rates on some outstanding debt.

In June 2008, GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments (GASB 53). The statement specifically requires governments to measure and report most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The requirement of reporting the derivative instruments at fair value on the face of the basic financial statements gives the users of those statements a clearer look into the risks their governments are sometimes exposed to when they enter into these transactions and how those risks are managed. The statement also addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. The District implemented GASB 53 in fiscal 2010.

P. Deferred Outflows/Inflows of Resources

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

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

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

GASB Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See additional information in Note 8.

GASB Statement No. 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

R. Fair Value Measurements

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

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

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

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 - CASH AND INVESTMENTS

A. Classification

Reconciliations of cash and investments reported on the financial statements as of June 30, 2022, are as follows:

	Water System	Wastewater System	Total
District Enterprise Funds:			
Cash and investments included in current assets	\$ 612,018	\$ 135,896	\$ 747,914
Cash and investments included in restricted investments	27,689	927	28,616
Total District cash and investments	639,707	136,823	776,530
Less investments	(509,636)	(90,070)	(599,706)
Cash and cash equivalents	<u>\$ 130,071</u>	<u>\$ 46,753</u>	<u>\$ 176,824</u>
System Pension Trust Funds:			
	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	\$ 24,687	\$ 649	\$ 25,336
Invested securities lending collateral	98,654	2,595	101,249
Retirement system investments	1,974,769	51,945	2,026,714
Total System cash and investments	<u>\$ 2,098,110</u>	<u>\$ 55,189</u>	<u>\$ 2,153,299</u>

Reconciliations of cash and investments reported on the financial statements as of June 30, 2021, are as follows:

	Water System	Wastewater System	Total
District Enterprise Funds:			
Cash and investments included in current assets	\$ 509,075	\$ 110,829	\$ 619,904
Cash and investments included in restricted investments	42,062	333	42,395
Total District cash and investments	551,137	111,162	662,299
Less investments	(212,720)	(23,174)	(235,894)
Cash and cash equivalents	<u>\$ 338,417</u>	<u>\$ 87,988</u>	<u>\$ 426,405</u>
System Pension Trust Funds:			
	Pension Plan Benefits	Post-employment Healthcare Benefits	Total
Cash and cash equivalents	\$ 36,672	\$ 923	\$ 37,595
Invested securities lending collateral	154,057	3,876	157,933
Retirement system investments	2,233,286	56,188	2,289,474
Total System cash and investments	<u>\$ 2,424,015</u>	<u>\$ 60,987</u>	<u>\$ 2,485,002</u>

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 - CASH AND INVESTMENTS (Continued)

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

The District does not enter into reverse repurchase agreements.

C. District Enterprise Fund Investments Authorized by Debt Agreements

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

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

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NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Employees Retirement System 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 Statement of Investment Policy and Procedures adopted by the System on March 21, 2019.

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

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

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

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

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

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

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

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

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

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NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2022 and 2021:

District Enterprise Funds:

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2022:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Treasury Bills	\$ 589,467	\$ -	\$ 589,467
Corporate Securities	-	9,873	9,873
Municipal Bonds	-	365	365
Total Investments at Fair Value	\$ 589,467	\$ 10,238	599,705
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			37,122
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			38,498
Mutual Funds (U.S. Securities)			76,060
Total Investments			751,385
<i>Cash in banks</i>			25,145
Total District Cash and Investments			\$ 776,530

In fiscal year 2022, U.S. Treasury Bills totaling \$589,467, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. The Corporate securities totaled \$9,873, and Municipal Bonds totaled \$365, are classified in Level 2 of the fair value hierarchy, and 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.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2021:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Government-Sponsored Enterprise Agencies:			
Non-callable	\$ -	\$ 81,210	\$ 81,210
Callable	-	503	503
U.S. Treasury Bills	170,795	-	170,795
Corporate Securities	-	50,874	50,874
Municipal Bonds	-	508	508
Total Investments at Fair Value	<u>\$ 170,795</u>	<u>\$ 133,095</u>	<u>303,890</u>
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			121,620
Investment Trust of California			20,034
Investments Measured at Amortized Cost:			
California Local Agency Investment Fund			70,529
Mutual Funds (U.S. Securities)			102,902
Total Investments			<u>618,975</u>
<i>Cash in banks</i>			<u>43,324</u>
Total District Cash and Investments			<u>\$ 662,299</u>

In fiscal year 2021, U.S. Treasury Bills totaling \$170,795, is classified in Level 1 of the fair value hierarchy, and is valued using quoted prices in active markets. The U.S. Government-Sponsored Enterprise Agency securities totaled \$81,713, Corporate securities totaled \$50,874, and Municipal Bonds totaled \$508, are classified in Level 2 of the fair value hierarchy, and 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.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

System Pension Trust Fund:

The following is a summary of the fair value hierarchy of the fair value of investments of the Pension Trust Fund as of June 30, 2022:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	\$ -	\$ 11,806	\$ -	\$ 11,806
Equities	484,450	170	74	484,694
Bank Loans	-	6,992	-	6,992
Commercial Mortgage-Backed	-	9,289	-	9,289
Corporate Bonds	-	145,345	-	145,345
Corporate Convertible Bonds	-	484	-	484
Govt Agencies	-	57,478	-	57,478
Govt Bonds	-	131,584	-	131,584
Govt Mortgage Backed Securities	-	81,467	-	81,467
Other Fixed Income	-	5,121	-	5,121
Real Estate-Partnerships	-	-	66,407	66,407
Total Investments at Fair Value	<u>\$ 484,450</u>	<u>\$ 449,736</u>	<u>\$ 66,481</u>	<u>1,000,667</u>
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				<u>1,026,047</u>
Total System Investments				<u>2,026,714</u>
Invested Securities Lending Collateral				101,249
Cash and Cash Equivalents:				
California Local Agency Investment Fund				6,596
Cash & Short-term Investments				<u>18,740</u>
Total System Cash and Investments				<u>\$ 2,153,299</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$484,450, are valued using quoted prices in active markets. \$449,736 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 \$66,481 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.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the Pension Trust Fund as of June 30, 2021:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	\$ -	\$ 12,605	\$ -	\$ 12,605
Equities	704,475	-	76	704,551
Bank Loans	-	9,680	-	9,680
Commercial Mortgage-Backed	-	5,987	-	5,987
Corporate Bonds	-	140,645	52	140,697
Corporate Convertible Bonds	-	467	-	467
Govt Agencies	-	22,615	-	22,615
Govt Bonds	-	138,241	-	138,241
Govt Mortgage Backed Securities	-	92,679	-	92,679
Index Linked Govt Bonds	-	1,798	-	1,798
Municipal/Provincial Bonds	-	664	-	664
Other Fixed Income	-	579	-	579
Real Estate-Partnerships	-	-	51,555	51,555
Total Investments at Fair Value	<u>\$ 704,475</u>	<u>\$ 425,960</u>	<u>\$ 51,683</u>	1,182,118
Investments Not Subject to Fair Value Hierarchy:				
Comingled Funds and Other				1,107,356
Total System Investments				<u>2,289,474</u>
Invested Securities Lending Collateral				157,933
Cash and Cash Equivalents:				
California Local Agency Investment Fund				2,289
Cash & Short-term Investments				35,306
Total System Cash and Investments				<u>\$ 2,485,002</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$704,475, are valued using quoted prices in active markets. \$425,960 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 \$51,683 classified in Level 3 of the fair value hierarchy are valued using appraisals and estimates by investment managers. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

F. Interest Rate Risk

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

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NOTE 2 - CASH AND INVESTMENTS (Continued)

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

District Enterprise Funds:

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2022:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Bills	\$ 288,462	\$ 178,760	\$ 122,245	\$ 589,467
Corporate Securities	9,873	-	-	9,873
Municipal Bonds	365	-	-	365
Mutual Funds (U.S. Securities)	76,060	-	-	76,060
California Asset Management Program	37,122	-	-	37,122
California Local Agency Investment Fund	38,498	-	-	38,498
Total Investments	<u>\$ 450,380</u>	<u>\$ 178,760</u>	<u>\$ 122,245</u>	751,385
<i>Cash in banks</i>				<u>25,145</u>
Total District Cash and Investments				<u>\$ 776,530</u>

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District's investments by maturity or earliest call date for June 30, 2021:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
U.S. Government-Sponsored Enterprise Agencies				
Non-callable	\$ 81,210	\$ -	\$ -	\$ 81,210
Callable	-	-	503	503
U.S. Treasury Bills	170,795	-	-	170,795
Corporate Securities	40,609	10,265	-	50,874
Municipal Bonds	135	373	-	508
Mutual Funds (U.S. Securities)	102,902	-	-	102,902
California Asset Management Program	121,620	-	-	121,620
Investment Trust of California	20,034	-	-	20,034
California Local Agency Investment Fund	70,529	-	-	70,529
Total Investments	<u>\$ 607,834</u>	<u>\$ 10,638</u>	<u>\$ 503</u>	618,975
<i>Cash in banks</i>				<u>43,324</u>
Total District Cash and Investments				<u>\$ 662,299</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 2 - CASH AND INVESTMENTS (Continued)

System Pension Trust Fund:

Information about the sensitivity of the fair value of the Pension Trust Fund's investments to market interest rate fluctuations is date provided in the following table that shows the distribution of the District's investments by maturity or earliest call for June 30, 2022:

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	\$ -	\$ 4,783	\$ 1,900	\$ 5,123	\$ -	\$ 11,806
Equity Securities	484,694	-	-	-	-	484,694
Bank Loans	-	6,654	338	-	-	6,992
Commercial Mortgage-Backed	753	735	670	7,131	-	9,289
Corporate Bonds	3,832	78,140	43,577	19,985	-	145,534
Corporate Convertible Bonds	-	484	-	-	-	484
Govt Agencies	-	13,313	14,302	29,863	-	57,478
Govt Bonds	27,697	65,415	35,656	2,816	-	131,584
Govt Mortgage Backed Securities	-	-	836	80,631	-	81,467
Other Fixed Income	992	4,129	-	-	-	5,121
Real Estate-Partnerships	-	-	-	-	66,407	66,407
Comingled Funds and Other	-	-	-	-	1,025,858	1,025,858
Total System Investments	<u>\$ 517,968</u>	<u>\$ 173,653</u>	<u>\$ 97,279</u>	<u>\$ 145,549</u>	<u>\$ 1,092,265</u>	<u>\$ 2,026,714</u>

Information about the sensitivity of the fair value of the Pension Trust Fund's investments to market interest rate fluctuations is date provided in the following table that shows the distribution of the District's investments by maturity or earliest call for June 30, 2021:

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	\$ 1	\$ 6,371	\$ 1,531	\$ 4,702	\$ -	\$ 12,605
Equity Securities	704,551	-	-	-	-	704,551
Bank Loans	-	3,898	5,782	-	-	9,680
Commercial Mortgage-Backed	288	721	689	4,289	-	5,987
Corporate Bonds	17,499	57,757	42,234	23,207	-	140,697
Corporate Convertible Bonds	-	467	-	-	-	467
Govt Agencies	5,325	8,685	3,505	5,100	-	22,615
Govt Bonds	-	99,298	31,278	7,665	-	138,241
Govt Mortgage Backed Securities	-	-	378	92,301	-	92,679
Index Linked Govt Bonds	-	694	1,104	-	-	1,798
Municipal/Provincial Bonds	-	-	-	664	-	664
Other Fixed Income	-	579	-	-	-	579
Real Estate-Partnerships	-	-	-	-	51,555	51,555
Comingled Funds and Other	-	-	-	-	1,107,356	1,107,356
Total System Investments	<u>\$ 727,664</u>	<u>\$ 178,470</u>	<u>\$ 86,501</u>	<u>\$ 137,928</u>	<u>\$ 1,158,911</u>	<u>\$ 2,289,474</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
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NOTE 2 - CASH AND INVESTMENTS (Continued)

The District and System are participants in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. The District and System's investments with LAIF at June 30, 2022 and 2021 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

As of June 30, 2022 and 2021, the District had investments of \$\$38,498 and \$70,529, respectively, and System had investments of \$6,596 and \$2,289, respectively, invested in LAIF, which had invested 1.88% and 2.31% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.987125414 and 1.00008297 as of June 30, 2022 and 2021, respectively was used to calculate the fair value of the investments in LAIF.

The System's investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above as of June 30, 2022 and 2021:

Highly Sensitive Investments	Fair Value at Year End
Government Mortgage - Backed Securities	\$ 81,467
Commercial Mortgage - Backed Securities	9,289
Highly Sensitive Investments	Fair Value at Year End
Government Mortgage - Backed Securities	\$ 92,679
Commercial Mortgage - Backed Securities	5,987

G. Credit Risk

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 2 - CASH AND INVESTMENTS (Continued)

District Enterprise Funds:

Presented below is the actual rating as of June 30, 2022 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa1	Aa2	Aa3	Total
U.S. Treasury Bills	\$ 589,467	\$ -	\$ -	\$ -	\$ 589,467
Corporate Securities	4,902	4,971	-	-	9,873
Mutual Funds (U.S. Securities)	76,060	-	-	-	76,060
Totals	<u>\$ 670,429</u>	<u>\$ 4,971</u>	<u>\$ -</u>	<u>\$ -</u>	675,400
<i>Not rated by Moody's:</i>					
Municipal Bonds					365
California Local Agency Investment Fund					38,498
California Asset Management Program					37,122
Investment Trust of California					-
Cash in Banks					<u>25,145</u>
Total District Cash and Investments					<u>\$ 776,530</u>

Presented below is the actual rating as of June 30, 2021 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa1	Aa2	Aa3	Total
U.S. Government-Sponsored					
Non-Callable	\$ 81,210	\$ -	\$ -	\$ -	\$ 81,210
Callable	503	-	-	-	503
U.S. Treasury Bills	170,795	-	-	-	170,795
Corporate Securities	23,759	27,115	-	-	50,874
Mutual Funds (U.S. Securities)	102,902	-	-	-	102,902
Totals	<u>\$ 379,169</u>	<u>\$ 27,115</u>	<u>\$ -</u>	<u>\$ -</u>	406,284
<i>Not rated by Moody's:</i>					
Municipal Bonds					508
California Local Agency Investment Fund					70,529
California Asset Management Program					121,620
Investment Trust of California					20,034
Cash in Banks					<u>43,324</u>
Total District Cash and Investments					<u>\$ 662,299</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 2 - CASH AND INVESTMENTS (Continued)

System Pension Trust Fund:

Presented below is the actual rating as of June 30, 2022 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S.		Total
								Government Guaranteed	Not Rated	
Asset Backed Securities	\$ 3,075	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ -	\$ -	\$ 7,103	\$ 11,806
Equity Securities	-	-	-	-	-	-	-	-	484,694	484,694
Bank Loans	-	-	-	632	2,732	3,082	-	-	546	6,992
Commercial Mortgage - Backed Securities	3,859	-	-	434	-	-	-	-	4,996	9,289
Corporate Bonds	2,772	10,396	69,818	20,057	19,578	18,347	2,260	-	2,306	145,534
Corporate Convertible Bonds	-	-	-	-	-	484	-	-	-	484
Government Agencies	56,586	-	-	-	-	-	-	892	-	57,478
Government Bonds	131,584	-	-	-	-	-	-	-	-	131,584
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	81,325	142	81,467
Other Fixed Income	-	-	-	-	-	-	-	-	5,121	5,121
Real Estate - Partnerships	-	-	-	-	-	-	-	-	66,407	66,407
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,025,858	1,025,858
Total System Investments	\$ 197,876	\$ 10,396	\$ 69,818	\$ 22,751	\$ 22,310	\$ 21,913	\$ 2,260	\$ 82,217	\$ 1,597,173	\$ 2,026,714

Presented below is the actual rating as of June 30, 2021 for each investment type as provided by Moody's.

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	U.S.		Total
								Government Guaranteed	Not Rated	
Asset Backed Securities	\$ 3,741	\$ 508	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 7,856	\$ 12,605
Equity Securities	-	-	-	-	-	-	-	-	704,551	704,551
Bank Loans	-	-	-	808	3,465	3,774	-	-	1,633	9,680
Commercial Mortgage - Backed Securities	2,077	-	-	531	-	-	-	-	3,379	5,987
Corporate Bonds	-	11,698	62,811	24,547	16,897	16,869	2,077	-	5,798	140,697
Corporate Convertible Bonds	-	-	-	109	-	358	-	-	-	467
Government Agencies	15,453	-	-	-	-	-	-	5,325	1,837	22,615
Government Bonds	135,168	-	-	1,194	-	-	-	1,879	-	138,241
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	92,469	210	92,679
Index Linked Government Bonds	1,798	-	-	-	-	-	-	-	-	1,798
Municipal Bonds	-	664	-	-	-	-	-	-	-	664
Other Fixed Income	-	-	-	-	-	-	-	-	579	579
Real Estate - Partnerships	-	-	-	-	-	-	-	-	51,555	51,555
Comingled Funds and Other	-	-	-	-	-	-	-	-	1,107,356	1,107,356
Total System Investments	\$ 158,237	\$ 12,870	\$ 62,811	\$ 27,689	\$ 20,362	\$ 21,001	\$ 2,077	\$ 99,673	\$ 1,884,754	\$ 2,289,474

H. Concentration Risk

The District has no significant investments in the securities of any individual issuers, other than U. S. Treasury securities, LAIF, and mutual funds as of June 30, 2022.

Significant District investments in the securities of any individual issuers, other than U. S. Treasury securities, LAIF, and mutual funds, are set forth below as of June 30, 2021:

District Enterprise Funds:

Reporting Unit	Issuer	Investment Type	Reported Amount
District-Wide	APPLE INC.	Corporate Securities	\$ 35,305
	FHLB	Federal Agency Securities	77,880
Major Funds: Water System	FHLB	Federal Agency Securities	73,065
Wastewater System	APPLE INC.	Corporate Securities	9,616
	MICROSOFT CORP.	Corporate Securities	5,780
	FHLB	Federal Agency Securities	4,815

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 2 - CASH AND INVESTMENTS (Continued)

System Pension Trust Fund:

As of June 30, 2022, 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 \$2,456 and \$1,221 on behalf of the System as of June 30, 2022 and 2021, respectively. The financial institution which holds these deposits is required by state law to maintain collateral pools against all public deposits they hold.

I. Foreign Currency Risk

System Pension Trust Fund:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit.

Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2022:

Foreign Currency	Fair Market Value
Euro	\$ 5

The Fund's investment policy permits investments in Non-US Equity up to 25%. The Fund's current position is 0.0002%.

Presented below in US dollars is the fair market value of the System's foreign investments at June 30, 2021:

Foreign Currency	Fair Market Value
Euro	\$ 61,131
British Pound Sterling	17,975
Japanese Yen	21,002
Hong Kong Dollar	8,195
South Korean Won	7,557
Swiss Franc	3,812
Danish Krone	3,196
Canadian Dollar	2,658
Australian Dollar	5,769
Norwegian Krone	1,988
Indonesian Rupiah	2,190
New Zealand Dollar	706
Total	\$ 136,179

The Fund's investment policy permits investments in Non-US Equity up to 25%. The Fund's current position is 5.95%.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 - CASH AND INVESTMENTS (Continued)

J. Custodial Credit Risk

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

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

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

As of June 30, 2022 and 2021, the System's brokers/dealers held \$0 in cash exposed to custodial credit risk.

K. Joint Powers Authority and Partnership Funds

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

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

California Asset Management Program (CAMP) – the District is a participant in the CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest

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NOTE 2 - CASH AND INVESTMENTS (Continued)

certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2022, the fair value was approximate to the District's cost. As of June 30, 2022, the District investment in CAMP is \$37,122.

Investment Trust of California (CalTRUST) – the District is a voluntary participant in the CalTRUST, which is a Joint Powers Authority governed by a Board of Trustees including local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the investment managers and other agents. As of June 30, 2022, the District's investment in CalTRUST is \$0.

NOTE 3 – CAPITAL ASSETS

A. Summary

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

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

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

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 3 – CAPITAL ASSETS (Continued)

B. Additions and Retirements

Capital assets activity for all business-type activities for the year ended June 30, 2022 was as follows:

	Balance at June 30, 2021	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2022
Water System:				
Capital assets, not being depreciated:				
Land	\$ 70,747	\$ -	\$ -	\$ 70,747
Rights-of-way	3,043	-	-	3,043
Construction in progress - land/rights of way	201	15	-	216
Construction in progress	635,246	315,712	(228,239)	722,719
Total capital assets, not being depreciated	<u>709,237</u>	<u>315,727</u>	<u>(228,239)</u>	<u>796,725</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	252,987	28,274	-	281,261
System and improvements	5,773,457	175,602	(5,897)	5,943,162
Machinery and equipment	131,324	6,680	(508)	137,496
Intangible assets	374,097	15,077	-	389,174
Lease-right to use assets	-	2,370	-	2,370
Total capital assets, being depreciated/amortized:	<u>6,531,865</u>	<u>228,003</u>	<u>(6,405)</u>	<u>6,753,463</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(128,664)	(5,249)	-	(133,913)
System and improvements	(2,017,032)	(108,486)	4,212	(2,121,306)
Machinery and equipment	(76,371)	(8,061)	458	(83,974)
Intangible assets	(325,726)	(7,574)	40	(333,260)
Lease-right to use assets	-	(377)	-	(377)
Total accumulated depreciation/amortization	<u>(2,547,793)</u>	<u>(129,747)</u>	<u>4,710</u>	<u>(2,672,830)</u>
Total capital assets, being depreciated/amortized, net	<u>3,984,072</u>	<u>98,256</u>	<u>(1,695)</u>	<u>4,080,633</u>
Water System capital assets, net	<u>\$ 4,693,309</u>	<u>\$ 413,983</u>	<u>\$ (229,934)</u>	<u>\$ 4,877,358</u>
Wastewater System:				
Capital assets, not being depreciated:				
Land	\$ 21,218	\$ -	\$ -	\$ 21,218
Rights-of-way	191	-	-	191
Construction in progress - land/rights of way	301	28	-	329
Construction in progress	116,191	42,597	(33,422)	125,366
Total capital assets, not being depreciated	<u>137,901</u>	<u>42,625</u>	<u>(33,422)</u>	<u>147,104</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	91,194	-	-	91,194
System and improvements	1,051,406	33,422	-	1,084,828
Machinery and equipment	17,619	18	-	17,637
Intangible assets	40,223	-	-	40,223
Total capital assets, being depreciated/amortized:	<u>1,200,442</u>	<u>33,440</u>	<u>-</u>	<u>1,233,882</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(44,682)	(1,611)	-	(46,293)
System and improvements	(476,991)	(21,397)	-	(498,388)
Machinery and equipment	(12,435)	(906)	-	(13,341)
Intangible assets	(31,281)	(1,222)	-	(32,503)
Total accumulated depreciation/amortization	<u>(565,389)</u>	<u>(25,136)</u>	<u>-</u>	<u>(590,525)</u>
Total capital assets, being depreciated/amortized, net	<u>635,053</u>	<u>8,304</u>	<u>-</u>	<u>643,357</u>
Wastewater System capital assets, net	<u>\$ 772,954</u>	<u>\$ 50,929</u>	<u>\$ (33,422)</u>	<u>\$ 790,461</u>
Business-type activities capital assets, net	<u>\$ 5,466,263</u>	<u>\$ 464,912</u>	<u>\$ (263,356)</u>	<u>\$ 5,667,819</u>

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NOTE 3 – CAPITAL ASSETS (Continued)

Capital assets activity for all business-type activities for the year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2021
Water System:				
Capital assets, not being depreciated:				
Land	\$ 70,747	\$ -	\$ -	\$ 70,747
Rights-of-way	3,043	-	-	3,043
Construction in progress - land/rights of way	653	-	(452)	201
Construction in progress	496,981	343,701	(205,436)	635,246
Total capital assets, not being depreciated	<u>571,424</u>	<u>343,701</u>	<u>(205,888)</u>	<u>709,237</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	248,041	4,963	(17)	252,987
System and improvements	5,592,518	184,499	(3,560)	5,773,457
Machinery and equipment	126,486	8,399	(3,561)	131,324
Intangible assets	365,341	8,756	-	374,097
Total capital assets, being depreciated/amortized:	<u>6,332,386</u>	<u>206,617</u>	<u>(7,138)</u>	<u>6,531,865</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(123,326)	(5,354)	16	(128,664)
System and improvements	(1,912,245)	(107,664)	2,877	(2,017,032)
Machinery and equipment	(71,566)	(7,562)	2,757	(76,371)
Intangible assets	(316,825)	(8,902)	1	(325,726)
Total accumulated depreciation/amortization	<u>(2,423,962)</u>	<u>(129,482)</u>	<u>5,651</u>	<u>(2,547,793)</u>
Total capital assets, being depreciated/amortized, net	<u>3,908,424</u>	<u>77,135</u>	<u>(1,487)</u>	<u>3,984,072</u>
Water System capital assets, net	<u>\$ 4,479,848</u>	<u>\$ 420,836</u>	<u>\$ (207,375)</u>	<u>\$ 4,693,309</u>
Wastewater System:				
Capital assets, not being depreciated:				
Land	\$ 21,218	\$ -	\$ -	\$ 21,218
Rights-of-way	191	-	-	191
Construction in progress - land/rights of way	189	112	-	301
Construction in progress	98,277	39,735	(21,821)	116,191
Total capital assets, not being depreciated	<u>119,875</u>	<u>39,847</u>	<u>(21,821)</u>	<u>137,901</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	90,931	267	(4)	91,194
System and improvements	1,031,985	19,488	(67)	1,051,406
Machinery and equipment	15,571	2,067	(19)	17,619
Intangible assets	40,223	-	-	40,223
Total capital assets, being depreciated/amortized:	<u>1,178,710</u>	<u>21,822</u>	<u>(90)</u>	<u>1,200,442</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(43,062)	(1,624)	4	(44,682)
System and improvements	(456,153)	(20,903)	65	(476,991)
Machinery and equipment	(11,401)	(1,053)	19	(12,435)
Intangible assets	(29,947)	(1,334)	-	(31,281)
Total accumulated depreciation/amortization	<u>(540,563)</u>	<u>(24,914)</u>	<u>88</u>	<u>(565,389)</u>
Total capital assets, being depreciated/amortized, net	<u>638,147</u>	<u>(3,092)</u>	<u>(2)</u>	<u>635,053</u>
Wastewater System capital assets, net	<u>\$ 758,022</u>	<u>\$ 36,755</u>	<u>\$ (21,823)</u>	<u>\$ 772,954</u>
Business-type activities capital assets, net	<u>\$ 5,237,870</u>	<u>\$ 457,591</u>	<u>\$ (229,198)</u>	<u>\$ 5,466,263</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3 – CAPITAL ASSETS (Continued)

C. Construction in Progress

Construction in Progress in fiscal 2021-2022 comprises:

	Expended to Date
	<u> </u>
Water System:	
Treatment plant upgrades	\$ 105,232
Pipeline rebuild	73,830
Open cut reservoir program	63,467
Maloney pumping plant & water treatment plant improvements	57,555
Large diameter pipelines	50,074
Pumping plant rehabilitation	40,227
Trench soils management	35,776
Service lateral replacements	33,416
Reservoir rehab/maintenance	33,114
Pressure zone improvements	13,542
Pipeline system improvements	13,181
Raw water infrastructure	12,971
Mokelumne aqueduct 2 & 3 relining	12,025
Pipeline relocations	11,298
Dam operational upgrades	10,565
West of hills master plan	10,377
Water transfers	7,663
Reservoir tower modifications	7,413
Pipeline system extensions	7,285
Raw water aqueduct improvements	7,224
Other construction projects	116,700
	<u>722,935</u>
Wastewater System:	
Digesters	25,357
General wastewater	25,219
Utilities and sitework	23,259
Interceptors and pump stations	10,196
Secondary	8,536
Power generation and biogas	6,288
Effluent discharge	4,354
Resource recovery	3,652
Wet weather facilities	2,728
Electricals and controls	2,705
Nutrients	2,496
Preliminary treatment	1,832
Digester upgrades phase 2	852
Dewatering	540
Pump station master plan update	529
Other construction projects	7,152
	<u>125,695</u>
Total District construction in progress	<u>\$ 848,630</u>

At June 30, 2022, the District's remaining current major project commitments are estimated to be \$404,666 for the Water System and \$37,309 for the Wastewater System.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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(Dollars in Thousands)**

NOTE 3 – CAPITAL ASSETS (Continued)

Construction in Progress in fiscal 2020-2021 comprises:

	Expended to Date
<i>Water System:</i>	
Treatment plant upgrades	\$ 70,320
Pipeline infrastructure renewals	64,196
Pumping plant rehabilitation	47,843
Maloney PZ improvements	45,606
Open cut reservoir program	39,978
Large diameter pipelines	34,274
Reservoir rehab/maintenance	32,352
Trench soils management	28,107
Building facilities improvement	28,092
Service lateral replacements	25,786
Sup supply and regional planning	19,300
Faria PZI (formerly Purdue)	18,345
Pipeline infra renew historic	15,054
West of hills master plan	13,072
FIS/MMIS replacement	12,627
Pipeline system improvements	11,847
Mokelumne aqueduct 2 & 3 relining	10,382
Summit pressure zone improvement	9,745
SRV recycled water program	9,695
Raw water infrastructure	9,476
Other construction projects	89,350
	635,447
<i>Wastewater System:</i>	
Digesters	25,357
General wastewater	25,219
Interceptors and pump stations	23,259
Preliminary treatment	10,196
Utilities and sitework	8,536
Power generation and biogas	6,288
Secondary	4,354
Wet weather facilities	3,652
Resource recovery	2,728
Effluent discharge	2,705
Electricals and controls	2,496
Nutrients	1,832
Treatment plant infrastructure	852
South interceptor relocation high street	540
West end property development	529
Other construction projects	(2,051)
	116,492
Total District construction in progress	\$ 751,939

At June 30, 2021, the District's remaining current major project commitments are estimated to be \$94,460 for the Water System and \$18,984 for the Wastewater System.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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(Dollars in Thousands)**

NOTE 4 – ACCOUNTS PAYABLE & ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2022 and 2021 consist of:

	Water System		Wastewater System		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Accounts payable	\$ 51,853	\$ 29,645	\$ 9,891	\$ 4,488	\$ 61,744	\$ 34,133
Accrued salaries	6,687	5,791	1,065	983	7,752	6,774
Other	28,788	23,203	5,277	1,068	34,065	24,271
Total	<u>\$ 87,328</u>	<u>\$ 58,639</u>	<u>\$ 16,233</u>	<u>\$ 6,539</u>	<u>\$ 103,561</u>	<u>\$ 65,178</u>

NOTE 5 – COMPENSATED ABSENCES

Compensated absences as of June 30, 2022 and 2021, are included on the statement of net position separately from accounts payable and accrued expenses. In previous years, trends have shown that the District employees utilize the accruals annually, therefore, amounts payable are accrued and reported as a current liability on the financial statements.

The changes in compensated absences were as follows:

	Water System		Wastewater System		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Beginning Balance	\$ 39,677	\$ 34,256	\$ 6,424	\$ 5,805	\$ 46,101	\$ 40,061
Additions	39,607	36,221	6,003	5,723	45,610	41,944
Payments	(37,445)	(30,800)	(5,756)	(5,104)	(43,201)	(35,904)
Ending Balance	<u>\$ 41,839</u>	<u>\$ 39,677</u>	<u>\$ 6,671</u>	<u>\$ 6,424</u>	<u>\$ 48,510</u>	<u>\$ 46,101</u>

NOTE 6 – COMMERCIAL PAPER NOTES

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

The District initially established its extendable commercial paper program in March 2009. Under the extendable commercial paper program, no liquidity support agreement with a commercial bank is needed. Instead, the District limits the term of the extendable commercial paper to 120 days, and the investor agrees to extend the maturity of their investment by 150 days at a higher interest rate in the

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 6 – COMMERCIAL PAPER NOTES (Continued)

event of a failure to place new commercial paper notes to pay maturing notes, which is expected to provide the District sufficient time to find a replacement investor or refund the extendable commercial paper with a different form of debt to repay the investor.

In May 2022, the District paid down \$1.3 million in extendable commercial paper for the Wastewater System. As of June 30, 2022, \$8 million in Wastewater Series extendable commercial paper notes were outstanding under this program. There are no outstanding balances in Water Series extendable commercial paper notes under this program. The Wastewater Series included the term of 90 days and an interest rate of 1.32% as of June 30, 2022, and the term of 91 days and an interest rate of 0.11% as of June 30, 2021.

The District established its current traditional commercial paper program in December 2015. In June 2022, the District paid down \$17.8 million in commercial paper for the Water System. As of June 30, 2022, \$295 million in Water Series and \$0 in Wastewater Series commercial paper notes were outstanding under this program. The Water Series commercial paper notes included the terms of 28 to 93 days and interest rates ranging from 0.80% to 1.29% as of June 30, 2022, and the terms of 34 to 92 days and interest rates ranging from 0.07% to 0.11% as of June 30, 2021.

To provide liquidity for the Water Series notes issued under the traditional commercial paper program, the District maintains two liquidity support facilities with commercial banks: a standby letter of credit in the amount of \$158 million and a revolving credit agreement in the amount of \$137 million. Borrowings by the Water System for commercial paper notes and bank notes under the traditional commercial paper program cannot exceed the aggregate amount available under these agreements. Draws under the liquidity support facilities are restricted to pay principal on maturing Water Series commercial paper notes. There were no borrowings under the liquidity support facilities as of June 30, 2022. The liquidity support facilities expire on May 6, 2024, and June 28, 2024, respectively, and are subject to extension at the request of the District upon agreement by the issuing bank.

There were no unused proceeds of commercial paper notes as of June 30, 2022. It is the District's practice to use the commercial paper programs as a portion of the District's long-term variable rate debt exposure.

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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(Dollars in Thousands)**

NOTE 7 – LONG-TERM DEBT

A. Composition and Changes

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

The District's debt issues and transactions during fiscal year 2021-2022 are summarized below.

	Original Issue Amount	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2008 A						
0.59% variable rate, due 6/1/38	\$ 322,525	\$ 105,250	\$ -	\$ 105,250	\$ -	\$ -
Subordinated Series 2010 B						
5.87%, due 6/1/40	400,000	400,000	-	-	400,000	-
Series 2012 A (Private Placement)						
5.00%, due 6/1/37	191,750	81,750	-	81,750	-	-
Series 2012 B						
1.00 - 5.00%, due 6/1/26	358,620	86,390	-	45,230	41,160	26,885
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-	-	128,315	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	199,185	-	22,360	176,825	23,160
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	-	75,000	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	429,360	-	-	429,360	18,515
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	74,335	-	-	74,335	2,325
Series 2015 C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	-	110,715	-
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	296,160	-	-	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	156,990	-	2,690	154,300	2,825
Series 2022 A						
5.00% - 5.25%, due 6/1/52	133,950	-	133,950	-	133,950	-
Series 2022 B-1						
5.00%, due 6/1/37	133,950	-	72,105	-	72,105	190
Series 2022 B-2						
5.00%, due 6/1/34	175,955	-	103,850	-	103,850	2,270
Total water long-term bonds		<u>\$ 2,328,805</u>	<u>\$ 309,905</u>	<u>\$ 257,280</u>	<u>\$ 2,381,430</u>	<u>\$ 76,170</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 - LONG TERM DEBT (Continued)

	Original Issue Amount	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
Series 2012 A (Private Placement)						
5.00% , due 6/1/37	20,000	20,000	-	20,000	-	-
Series 2014 A						
2.00 - 5.00%, due 6/1/31	82,150	50,415	-	6,805	43,610	7,095
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,800	-	180	1,620	180
Series 2017 A						
4.00 - 5.00%, due 6/1/45	69,420	57,305	-	4,495	52,810	4,735
Series 2022 A						
5.00%, due 6/1/45		-	18,140	-	18,140	1,585
Series 2022 B						
5.00%, due 6/1/37		-	17,345	-	17,345	-
Total wastewater long-term bonds		<u>347,890</u>	<u>35,485</u>	<u>31,480</u>	<u>351,895</u>	<u>13,595</u>
Total long-term bonds		<u>2,676,695</u>	<u>345,390</u>	<u>288,760</u>	<u>2,733,325</u>	<u>89,765</u>
Water Loans:						
State Water Resources Control Board						
2008 East Bayshore, Recycled Water Project						
2.40%, due 4/1/28	20,100	8,032	-	1,067	6,965	1,093
2018 South Reservoir Replacement Project						
1.70%, due 7/1/48	13,998	13,330	-	393	12,937	400
2018 MacArthur Davenport Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	11,495	-	324	11,171	329
Total water loans		<u>32,857</u>	<u>-</u>	<u>1,784</u>	<u>31,073</u>	<u>1,822</u>
Total long-term loans		<u>32,857</u>	<u>-</u>	<u>1,784</u>	<u>31,073</u>	<u>1,822</u>
Commercial Paper (see Note 6)						
Water System Commercial Paper		312,800	1,695,105	1,712,905	295,000	
Wastewater System Commercial Paper		9,300	55,800	57,100	8,000	
Total commercial paper		322,100	1,750,905	1,770,005	303,000	
Amount due within one year		(83,544)	(8,043)	-	(91,587)	
Add: Unamortized premium, net		238,888	45,024	35,984	247,928	
Total long-term liabilities, net		<u>\$ 3,186,996</u>	<u>\$ 2,133,276</u>	<u>\$ 2,096,533</u>	<u>\$ 3,223,739</u>	<u>\$ 91,587</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 7 - LONG TERM DEBT (Continued)

The District's debt issues and transactions during fiscal year 2020-2021 are summarized below.

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount due within one year
Water System Revenue Bonds:						
Subordinated Series 2008 A						
0.02% variable rate, due 6/1/38	\$ 322,525	\$ 105,250	\$ -	\$ -	\$ 105,250	\$ -
Subordinated Series 2010 B						
5.87%, due 6/1/40	400,000	400,000	-	-	400,000	-
Series 2012 A (Private Placement)						
5.00%, due 6/1/37	191,750	81,750	-	-	81,750	-
Series 2012 B						
1.00 - 5.00%, due 6/1/26	358,620	133,580	-	47,190	86,390	45,230
Series 2013 A						
5.00%, due 6/1/21	48,670	7,585	-	7,585	-	-
Series 2014 A						
3.00 - 5.00%, due 6/1/35	128,315	128,315	-	-	128,315	-
Series 2014 B						
2.00 - 5.00%, due 6/1/30	242,730	208,265	-	9,080	199,185	22,360
Series 2014 C						
5.00%, due 6/1/44	75,000	75,000	-	-	75,000	-
Series 2015 A						
4.00 - 5.00%, due 6/1/37	429,360	429,360	-	-	429,360	-
Series 2015 B						
4.00 - 5.00%, due 6/1/45	74,335	74,335	-	-	74,335	-
Series 2015C						
4.00 - 5.00%, due 6/1/45	110,715	110,715	-	-	110,715	-
Series 2017 A						
3.00 - 5.00%, due 6/1/45	185,355	185,355	-	-	185,355	-
Series 2017 B						
3.00 - 5.00%, due 6/1/37	309,665	297,130	-	970	296,160	-
Series 2019 A						
5.00%, due 6/1/49	161,820	159,550	-	2,560	156,990	2,690
Total water long-term bonds		<u>\$ 2,396,190</u>	<u>\$ -</u>	<u>\$ 67,385</u>	<u>\$ 2,328,805</u>	<u>\$ 70,280</u>

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 7 - LONG TERM DEBT (Continued)

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount due within one year
Wastewater System Revenue Bonds:						
Subordinated Series 2010 B						
5.03 - 5.18%, due 6/1/40	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
Placement)						
5.00% , due 6/1/37	20,000	20,000	-	-	20,000	-
Series 2014 A						
2.00 - 5.00%, due 6/1/31	82,150	56,835	-	6,420	50,415	6,805
Series 2015 A-1						
5.00%, due 6/1/37	54,805	54,805	-	-	54,805	-
Series 2015 A-2						
5.00%, due 6/1/38	13,565	13,565	-	-	13,565	-
Series 2015 B						
2.10 - 3.35% , due 6/1/30	2,795	1,975	-	175	1,800	180
Series 2017 A						
4.00 - 5.00%, due 6/1/45	69,420	61,665	-	4,360	57,305	4,495
Total wastewater long-term bonds		358,845	-	10,955	347,890	11,480
Total long-term bonds		2,755,035	-	78,340	2,676,695	81,760
Water Loans:						
State Water Resources Control Board						
2004 Upper San Leandro Reservoir Project						
2.51%, due 1/1/24	2,188	464	-	464	-	-
2008 East Bayshore, Recycled Water Project						
2.40%, due 4/1/28	20,100	9,075	-	1,043	8,032	1,067
2018 South Reservoir Replacement Project						
1.70%, due 7/1/48	13,998	13,716	-	386	13,330	393
2018 MacArthur Davenport Pipeline Replacement Project						
1.70%, due 7/1/49	12,045	11,813	-	318	11,495	324
Total water loans		35,068	-	2,211	32,857	1,784
Total long-term loans		35,068	-	2,211	32,857	1,784
Commercial Paper (see Note 6)						
Water System Commercial Paper		335,800	1,816,115	1,839,115	312,800	
Paper		10,000	49,300	50,000	9,300	
Total commercial paper		345,800	1,865,415	1,889,115	322,100	
Amount due within one year		(80,215)	(3,329)	-	(83,544)	
Add: Unamortized premium, net		268,388	-	29,500	238,888	
Total long-term liabilities, net		\$ 3,324,076	\$ 1,862,086	\$ 1,999,166	\$ 3,186,996	\$ 83,544

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 7 - LONG TERM DEBT (Continued)

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

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

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

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

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

Water System Revenue Bonds Issuance During the Fiscal Year

2022 Water System Revenue Bonds, Series 2022A (Green Bonds) – The District issued \$134.0 million principal amount of Water System Revenue Bonds Series 2022A on June 21, 2022, to provide monies to finance and/or reimburse the District for certain costs of improvements to the District Water System and to pay the costs of issuance in connection with the bonds. The Water System Revenue Bonds Series 2022A are special obligations of the District and are payable solely from and secured by a pledge of Subordinated Water Revenues. Principal payments commence on June 1, 2024 and are payable annually on June 1 thereafter. Interest payments are payable on June 1 and December 1 of each year, commencing December 1, 2022.

2022 Water System Revenue Refunding Bonds, Series 2022B-1 – The District issued \$72.1 million principal amount of Water System Revenue Refunding Bonds Series 2022B-1 on June 21, 2022, to refund the Water System Subordinated Revenue Bonds Series 2012A and to pay a portion of the cost of issuance in connection with the bonds. The Water System Revenue Refunding Bonds Series 2022B-1 are special obligations of the District and are payable solely from and secured by a pledge of Subordinated Water Revenues. Principal payments commence on June 1, 2023 and are payable annually on June 1 thereafter. Interest payments are payable on June 1 and December 1 of each year, commencing December 1, 2022.

**EAST BAY MUNICIPAL UTILITY DISTRICT
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NOTE 7 - LONG TERM DEBT (Continued)

2022 Water System Revenue Refunding Bonds, Series 2022B-2 – The District issued \$103.9 million principal amount of Water System Revenue Refunding Bonds Series 2022B-2 on June 21, 2022, to refund the Water System Subordinated Revenue Bonds Series 2008A, to pay the cost of terminating certain interest rate swap agreements, and to pay a portion of the cost of issuance in connection with the bonds. The Water System Revenue Refunding Bonds Series 2022B-2 are special obligations of the District and are payable solely from and secured by a pledge of Subordinated Water Revenues. Principal payments commence on June 1, 2023 and are payable annually on June 1 thereafter. Interest payments are payable on June 1 and December 1 of each year, commencing December 1, 2022.

Wastewater System Revenue Bonds Issuance During the Fiscal Year

2022 Wastewater System Revenue Bonds, Series 2022A (Green Bonds) – The District issued \$118.1 million principal amount of Wastewater System Revenue Bonds Series 2022A on June 16, 2022, to provide monies to finance or reimburse the District for certain costs of improvements to the District Wastewater System and to a portion of the costs of issuance in connection with the bonds. The Wastewater System Revenue Bonds Series 2022A are special obligations of the District and are payable solely from and secured by a pledge of Subordinated Wastewater Revenues. Principal payments commence on June 1, 2023 and are payable annually on June 1 thereafter. Interest payments are payable on June 1 and December 1 of each year, commencing December 1, 2022.

2022 Wastewater System Revenue Refunding Bonds, Series 2022B – The District issued \$17.4 million principal amount of Wastewater System Revenue Refunding Bonds Series 2022B on June 16, 2022, to refund the District’s Wastewater System Subordinated Revenue Bonds Series 2012A and to pay a portion of the cost of issuance in connection with the bonds. The Wastewater System Revenue Refunding Bonds Series 2022B are special obligations of the District and are payable solely from and secured by a pledge of Subordinated Wastewater Revenues. Principal payments commence on June 1, 2027 and are payable annually on June 1 thereafter. Interest payments are payable on June 1 and December 1 of each year, commencing December 1, 2022.

C. Debt Service Requirements

Annual debt service requirements for fiscal year 2021-2022 are shown below for the above debt issues:

For the Year Ending June 30	Water System		Wastewater System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 77,992	\$ 119,405	\$ 13,595	\$ 17,458	\$ 91,587	\$ 136,863
2024	85,835	116,497	14,310	16,853	100,145	133,350
2025	89,945	112,371	14,975	16,140	104,920	128,511
2026	94,265	108,033	15,670	15,392	109,935	123,425
2027	93,722	103,370	14,030	14,616	107,752	117,986
2028 - 2032	542,673	442,699	69,280	63,554	611,953	506,253
2033 - 2037	689,511	295,539	110,815	41,437	800,326	336,976
2038 - 2042	511,264	114,632	89,070	15,679	600,334	130,311
2043 - 2047	201,840	25,697	10,150	955	211,990	26,652
2048 - 2052	25,456	2,119	-	-	25,456	2,119
Totals	\$2,412,503	\$1,440,362	\$ 351,895	\$ 202,084	\$ 2,764,398	\$ 1,642,446

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NOTE 7 - LONG TERM DEBT (Continued)

Annual debt service requirements for fiscal year 2020-2021, including the swap payments discussed in F., are shown below for the above debt issues:

For the Year Ending June 30	Water System		Wastewater System		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 72,064	\$ 115,514	\$ 11,480	\$ 17,329	\$ 83,544	\$ 132,843
2023	75,532	112,082	12,010	16,757	87,542	128,839
2024	78,865	108,435	12,575	16,158	91,440	124,593
2025	82,735	104,659	13,155	15,531	95,890	120,190
2026	84,480	100,680	13,760	14,875	98,240	115,555
2027 - 2031	489,001	436,195	67,030	64,596	556,031	500,791
2032 - 2036	618,356	305,568	106,915	44,156	725,271	349,724
2037 - 2041	580,183	141,171	106,820	18,378	687,003	159,549
2042 - 2046	249,031	35,415	4,145	409	253,176	35,824
2047 - 2050	31,415	2,868	-	-	31,415	2,868
Totals	<u>\$2,361,662</u>	<u>\$1,462,587</u>	<u>\$ 347,890</u>	<u>\$ 208,189</u>	<u>\$ 2,709,552</u>	<u>\$ 1,670,776</u>

Interest payments on debt subject to swap agreements were calculated using the variable rates at June 30, 2021 and 2020, respectively.

D. Prior-Defeasances

In prior years, the District defeased certain debt issues by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. As of June 30, 2021, \$110 million of the bonds outstanding are considered defeased. There is no defeased debt as of June 30, 2022.

E. Variable Rate Debt

As of June 30, 2022, the District has fully refunded the Water System Revenue Bonds Series 2008A issued with variable interest rates. No variable rate Water System Revenue Bonds or Wastewater System Revenue Bonds remain outstanding. The District does have variable rate commercial paper notes outstanding (see Note 6).

F. Interest Rate Swap Agreements

The District terminated all outstanding interest rate swap agreements on June 21, 2022.

Fair value. The fair value of the swaps takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a

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NOTE 7 - LONG TERM DEBT (Continued)

hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. The fair values of each swap at June 30, 2022 and 2021, are included below:

Related Bond Issuance	Fair Value	
	2022	2021
2008A Water System Refunding Bonds	\$ -	\$ (29,400)

Credit risk. As of June 30, 2022, the District was not exposed to credit risk related to interest rate swaps because no swaps remain outstanding.

Basis risk. Basis risk is the risk that the interest rate paid by the District on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. As of June 30, 2022, the District was not exposed to basis risk because no swaps remain outstanding.

NOTE 8 – LEASES

The District implemented GASB Statement No. 87 in the fiscal year ended June 30, 2022, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

A. Leases Right of Use Assets/Leases Payable

Lessee

Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

The District is a lessee primarily in three general categories: land, office, and wells. All of these leases are on the Water System. The District recognizes its obligations for various agreements in accordance within GASB Statement No. 87, which measures right to use leased assets, associated accumulated amortization, and the result of which are leases payable. The District is reporting lease right of use assets of \$2,370, accumulated amortization \$377, and leases payable \$1,993 at June 30, 2022.

Right-to-Use Leased Assets:

Land Leases - The District has four land lease agreements with various lessors with lease terms ranging from 5 years to 50 years including options for renewal. There are multiple purposes for these leases including:

- Operations of communications equipment
- Operations of monitoring wells and a pumping station
- Access and installation of utilities service equipment

The District makes monthly payments for the respective leases with ending term dates ranging from 2025 to 2055.

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NOTE 8 – LEASES (Continued)

Office space leases - The District has three office space lease agreements with respective lease terms of 5 years. The leased office spaces are used for multiple purposes including:

- Laboratory research to conduct biological tests
- Warehousing equipment
- Office space for administration and operations

The District makes monthly payments for the respective leases with ending term dates ranging from 2024 to 2028.

Right-to-use monitoring wells and road leases - The District has ten right-to-use agreements for roads and well access with lease terms ranging from 3 to 20 years including options for renewal. These right-to-use leases grant the District the right to maintain and operate groundwater monitoring wells, water sampling and testing. Based on these agreements, the District makes monthly payments for the respective leases with ending term dates ranging from 2023 to 2040.

Right-to-use leased assets include the following as of June 30, 2022:

Lease Type	Major Class of Underlying Assets	Amount of Leased Capital Assets	Accumulated Amortization
Land Lease	Right-to-use leased land	\$ 799	\$ 12
Office Space	Right-to-use leased office space	1,510	351
Wells and Road	Right-to-use leased wells	61	14
		<u>\$ 2,370</u>	<u>\$ 377</u>

Principal and Interest Payment Requirements:

Future principal and interest requirements to maturity for each lease liability as of June 30, 2022 are as follows:

Land Lease			
Fiscal Year	Principal	Interest	Total
2023	\$ 52	\$ 1	\$ 53
2024	53	1	54
2025	51	1	52
2026	51	1	52
2027	53	1	54
2028-2032	288	5	293
2033-2037	63	1	64
2038-2042	71	2	73
2043-2047	66	2	68
2048-2052	26	1	27
2053-2055	13	-	13
Total	<u>\$ 787</u>	<u>\$ 16</u>	<u>\$ 803</u>

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NOTE 8 – LEASES (Continued)

Office Space			
Fiscal Year	Principal	Interest	Total
2023	\$ 145	\$ 1	\$ 146
2024	310	3	313
2025	221	3	224
2026	228	3	231
2027	235	3	238
2028-2032	20	-	20
Total	\$ 1,159	\$ 13	\$ 1,172

Wells and Road			
Fiscal Year	Principal	Interest	Total
2023	\$ 13	\$ -	\$ 13
2024	5	-	5
2025	5	-	5
2026	4	-	4
2027	4	-	4
2028-2032	12	-	12
2033-2037	3	-	3
2038-2042	1	-	1
Total	\$ 47	\$ -	\$ 47

Total			
Fiscal Year	Principal	Interest	Total
2023	\$ 210	\$ 2	\$ 212
2024	368	4	372
2025	277	4	281
2026	283	4	287
2027	292	4	296
2028-2032	320	5	325
2033-2037	66	1	67
2038-2042	72	2	74
2043-2047	66	2	68
2048-2052	26	1	27
2053-2055	13	-	13
Total	\$ 1,993	\$ 29	\$ 2,022

B. Leases Receivable/Deferred Inflows of Resources

Lessor

Under GASB Statement No. 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District functions as a landlord or lessor to tenants for the right-to-use real estate for the varied purposes including farming, parking, parks and recreation, and for the right to place cellular towers for communications. The District is reporting leases receivable of \$43,407 and deferred inflow of resources of \$43,407 at June 30, 2022.

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NOTE 8 – LEASES (Continued)

Inflows of Resources

Inflows of resources recognized as of June 30, 2022 consisted of the following:

Inflows of Resources	Water System	Wastewater System	Total
Lease Revenue	\$ 2,731	\$ 1,351	\$ 4,082
Interest Revenue	38	21	59
Total	\$ 2,769	\$ 1,372	\$ 4,141

A description of the general types of lessor leases follows:

Land Leases - The District oversees and manages five properties ranging from 1 year to 25-year agreements with each lease entered with different lessees. The purpose of these leases includes granting rights for the purposes of farming, access to limited septic systems, storage of shipping containers, and creation of a vehicle refueling station. Based on these agreements, the District is receiving monthly payments from the respective leases with ending term dates ranging from 2023 through 2045. Renewal options range from 1 year to 5 years for three of the leases and no options for the remaining two leases.

Parking Leases - The District oversees and manages six properties with 5-year agreements for most leases and a 20-year agreement with one lessee. Each lease is with a different lessee with the purpose being uniform among all of them, which is for the parking of vehicles to facilitate the lessee's business functions. Based on these agreements, the District is receiving monthly payments with end dates varying from 2022 through 2031. Renewal options range from 5 to 10 years on three of the leases.

Parks & Recreation Leases – On December 1, 2015, The District entered into a 25-year agreement with the East Bay Regional Park District for the development and operation of land for the usage of the public including maintenance of trails and related recreational endeavors. Based on this agreement, the District is receiving monthly payments through 2040 and collected \$57 in principal and \$1 in interest during fiscal year 2022. There are currently no renewal options.

On December 15, 2016, the District entered into a 5-year lease agreement with two 5-year options for renewal with Brookside Golf & Country Club for a parcel of land to be used for golfing. Based on this agreement, the District is receiving monthly payments through 2031 and collected \$8 in principal and \$1 interest during fiscal year 2022. The lease is currently in its first 5-year option.

Telecom Leases - The District oversees and manages 44 telecom leases, with all but one residing on the Water Side. The leases range from 2 year to 10-year agreements, with most of them being 5-year terms with 5-year renewal options. There are various lessees, all of which are for the purpose of communications and include AT&T, Verizon, T-Mobile, Sprint, and related sector entities. Based on these agreements, the District is receiving monthly payments through 2035.

Billboard Lease - On March 23, 2010, the District entered into a 20-year lease agreement with Clear Channel Outdoor Inc. for the lease of billboard space at the main wastewater treatment plant. Based on this agreement, the District is receiving monthly payments through 2030. There are no renewal options included in this lease agreement.

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NOTE 8 – LEASES (Continued)

The tables below summarize the total remaining lease receivables/deferred lease receivables/deferred lease inflows and lease interest receivable at estimated discount rates, based on generic credit spreads for AA rated tax-exempt entities for each respective lease as of June 30, 2022:

Annualized Payment Schedule: (Water System)

Land			
Fiscal Year	Principal	Interest	Total
2023	\$ 83	\$ 1	\$ 84
2024	84	1	85
2025	84	1	85
2026	124	2	126
2027	87	1	88
2028-2032	37	1	38
Total	<u>\$ 499</u>	<u>\$ 7</u>	<u>\$ 506</u>

Parking			
Fiscal Year	Principal	Interest	Total
2023	\$ 456	\$ 6	\$ 462
2024	478	6	484
2025	501	7	508
2026	509	7	516
2027	450	6	456
2028-2032	1,039	15	1,054
Total	<u>\$ 3,433</u>	<u>\$ 47</u>	<u>\$ 3,480</u>

Park & Recreation			
Fiscal Year	Principal	Interest	Total
2023	\$ 65	\$ 1	\$ 66
2024	66	1	67
2025	66	1	67
2026	67	2	69
2027	67	2	69
2028-2032	337	7	344
2033-2037	307	7	314
2038-2042	215	6	221
Total	<u>\$ 1,190</u>	<u>\$ 27</u>	<u>\$ 1,217</u>

Telecom			
Fiscal Year	Principal	Interest	Total
2023	\$ 2,298	\$ 33	\$ 2,331
2024	2,261	34	2,295
2025	2,170	34	2,204
2026	1,990	33	2,023
2027	1,864	33	1,897
2028-2032	9,650	173	9,823
2033-2037	4,128	78	4,206
Total	<u>\$ 24,361</u>	<u>\$ 418</u>	<u>\$ 24,779</u>

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NOTE 8 – LEASES (Continued)

Water System Total			
Fiscal Year	Principal	Interest	Total
2023	\$ 2,902	\$ 41	\$ 2,943
2024	2,889	42	2,931
2025	2,821	43	2,864
2026	2,690	44	2,734
2027	2,468	42	2,510
2028-2032	11,063	196	11,259
2033-2037	4,435	85	4,520
2038-2042	215	6	221
Total	<u>\$ 29,483</u>	<u>\$ 499</u>	<u>\$ 29,982</u>

Annualized Payment Schedule: (Wastewater System)

Billboard			
Fiscal Year	Principal	Interest	Total
2023	\$ 358	\$ 5	\$ 363
2024	358	5	363
2025	358	5	363
2026	378	6	384
2027	393	6	399
2028-2032	1,343	22	1,365
Total	<u>\$ 3,188</u>	<u>\$ 49</u>	<u>\$ 3,237</u>

Land			
Fiscal Year	Principal	Interest	Total
2023	\$ 945	\$ 15	\$ 960
2024	986	15	1,001
2025	1,051	16	1,067
2026	1,082	17	1,099
2027	1,114	17	1,131
2028-2032	3,223	53	3,276
2033-2037	1,610	31	1,641
Total	<u>\$ 10,011</u>	<u>\$ 164</u>	<u>\$ 10,175</u>

Parking			
Fiscal Year	Principal	Interest	Total
2023	\$ 2	\$ -	\$ 2
Total	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>

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NOTE 8 – LEASES (Continued)

Telecom			
Fiscal Year	Principal	Interest	Total
2023	\$ 65	\$ 1	\$ 66
2024	67	1	68
2025	69	1	70
2026	71	1	72
2027	81	1	82
2028-2032	370	6	376
Total	<u>\$ 723</u>	<u>\$ 11</u>	<u>\$ 734</u>

Wastewater System Total			
Fiscal Year	Principal	Interest	Total
2023	\$ 1,370	\$ 21	\$ 1,391
2024	1,411	21	1,432
2025	1,478	22	1,500
2026	1,531	24	1,555
2027	1,588	24	1,612
2028-2032	4,936	81	5,017
2033-2037	1,610	31	1,641
Total	<u>\$ 13,924</u>	<u>\$ 224</u>	<u>\$ 14,148</u>

NOTE 9 – NET POSITION

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

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

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

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

NOTE 10 – EMPLOYEES' RETIREMENT PLAN

A. Description

The Employees' Retirement System is a single-employer, contributory, defined benefit pension plan (the Plan) which provides retirement, disability, survivorship, and post-employment healthcare benefits for eligible directors, officers, and employees of the District. The Plan is administered by a Retirement Board composed of three members appointed by the District's Board of Directors and two members elected by and from the active membership of the Plan, and a nonvoting member elected by the retirees of the Plan. Retirement Ordinance No. 40 assigns the authority to establish Plan benefit provisions to the District's Board of Directors. A stand-alone financial report of the

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

Employees’ Retirement System is available. Please send request to the Controller, Accounting Division, P.O. Box 24055, Oakland, CA 94623-1055 or visit the District website at <http://www.ebmud.com>.

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

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

B. Retirement Benefits and Allowances

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.

C. Post-employment Healthcare Cost

In addition to retirement benefits, the District provides post-employment health benefits assistance (administered by the Employees’ Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2021, there were 1,735 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 has at least 10 years of service also became eligible for the post-employment

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

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. 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 \$9,342 in the year ended June 30, 2022. Effective June 18, 2002, a portion of the post-employment 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 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.

D. Actuarial Assumptions and Funding Policy

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

District adopted contribution rates for the year ended June 30, 2022 are as follows:

<u>1980 Plan:</u>	
Pension plan:	
Employer service cost	18.45%
Toward unfunded pension liability	23.92%
Other post-employment benefits:	
Employer normal cost	0.97%
Unfunded actuarial accrued liability	3.82%
 <u>2013 Plan:</u>	
Pension plan:	
Employer service cost	9.40%
Toward unfunded pension liability	23.92%
Other post-employment benefits:	
Employer normal cost	0.70%
Unfunded actuarial accrued liability	3.82%

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

District adopted contribution rates for fiscal year 2022-2023 are as follows:

1980 Plan:

Pension plan:

Employer service cost	18.42%
Toward unfunded pension liability	23.95%

Other post-employment benefits:

Employer normal cost	1.05%
Unfunded actuarial accrued liability	3.74%

2013 Plan:

Pension plan:

Employer service cost	9.72%
Toward unfunded pension liability	23.60%

Other post-employment benefits:

Employer normal cost	0.75%
Unfunded actuarial accrued liability	3.77%

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

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

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25 year periods; experience gains/losses are amortized over separate decreasing 20 year periods.
Assets valuation method	Fair market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the fair market value.
Actuarial assumptions:	
Net Investment Return	7.00%, net of investment and administrative expenses.
Average projected salary increases*	Ranges from 4.00% to 9.50% based on years of service*
Inflation rate	2.75%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: <i>Healthy Members</i> - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

*Includes inflation of 2.75% plus across the board salary increase of 0.50% plus merit and promotional increases.

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

E. Contributions Required and Contributions Made

Contributions for the years ended June 30, 2022 and June 30, 2021, based on the June 30, 2021, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2022		2021	
	Pension	Healthcare Benefit Plan	Totals	
Regular contributions:				
District contributions	\$ 91,393	\$ 10,892	\$ 102,285	\$ 90,624
Member contributions	20,802	212	21,014	19,312
	112,195	11,104	123,299	109,936
Other contributions:				
Member buybacks	113	-	113	24
	\$ 112,308	\$ 11,104	\$ 123,412	\$ 109,960

Regular District and member contributions in fiscal year 2022 represent an aggregate of 43.50% and 8.94% of covered payroll, respectively. The District’s contributions include amounts for post-employment healthcare benefits at a rate of 4.63% of covered payroll, determined by the actuarial valuation dated June 30, 2021. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2022, was \$235,151 which was 89.37% of the total District payroll of \$263,110.

The total District contributions of \$102,285 is comprised of the normal cost of \$39,553 and the unfunded actuarial accrued liability of \$62,732.

Regular District and member contributions in fiscal year 2021 represent an aggregate of 40.74% and 8.68% of covered payroll, respectively. The District’s contributions include amounts for post-employment healthcare benefits at a rate of 5.11% of covered payroll, determined by the actuarial dated June 30, 2020. The actual payroll for the District employees covered by the Plan for the year ended June 30, 2021, was \$222,419 which was 90.98% of the total District payroll of \$244,469.

The total District contributions of \$90,624 is comprised of the normal cost of \$32,108 and the unfunded actuarial accrued liability of \$58,516.

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.

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

F. Net Pension Liability

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

	2022	2021
Total Pension Liability	\$ 2,605,614	\$ 2,535,238
Plan Fiduciary Net Position	(2,270,763)	(1,813,591)
Employer Net Pension Liability	\$ 334,851	\$ 721,647
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.15%	71.54%
Covered Payroll	\$ 221,809	\$ 215,110
Liability as a Percentage of Covered Payroll	150.96%	335.48%

The actuarial assumptions used in the June 30, 2021 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020. 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, 2021 and 2020 and are not adjusted or rolled forward to the June 30, 2022 and 2021 reporting dates, respectively.

For the year ended June 30, 2022, the District recognized pension expense as follows:

	Water	Wastewater	Total
Contributions made after measurement date	\$ (78,618)	\$ (12,775)	\$ (91,393)
Current year changes in the net pension liability:			
Service cost	44,831	7,381	52,212
Interest on total pension liability	151,872	25,006	176,878
Member contributions	(16,431)	(2,705)	(19,136)
Projected earnings on investments	(108,261)	(17,825)	(126,086)
Difference in expected and actual earnings	(61,104)	(10,061)	(71,165)
Other	22,368	2,905	25,273
Total current year activity	33,275	4,701	37,976
Total pension expense	\$ (45,343)	\$ (8,074)	\$ (53,417)

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Water	Wastewater	Water	Wastewater
Pension contributions subsequent to measurement date	\$ 78,618	\$ 12,774	\$ -	\$ -
Differences between expected and actual experiences	19,791	3,258	30,648	5,046
Changes of assumption	58,634	9,654	-	-
Change in proportion and difference between employer contributions and proportionate share of contributions	1,428	5	5	1,428
Net difference between projected and actual earnings on pension plan investments	-	-	196,665	32,381
Total	\$ 158,471	\$ 25,691	\$ 227,318	\$ 38,855

A total of \$91,393 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Water	Wastewater
June 30	Water	Wastewater
2023	\$ (23,513)	\$ (4,450)
2024	(24,029)	(4,492)
2025	(34,779)	(6,094)
2026	(61,989)	(10,344)
Thereafter	(3,155)	(558)
	\$ (147,465)	\$ (25,938)

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.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

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 Arithmetic Expected Real Rate of Return
Domestic Large Cap Equity	22.5%	5.44%
Domestic Small Cap Equity	2.5%	6.62%
Developed International Large Cap Equity	20.0%	6.71%
Emerging Market Equity	5.0%	8.93%
Core Bond	20.0%	1.07%
High-Yield Bond	2.5%	3.14%
Bank Loan	2.5%	3.55%
Real Estate	5.0%	5.09%
Covered Calls	20.0%	4.12%
Total	100.0%	

The discount rates used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2021 and June 30, 2020.

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

Changes in net pension liability for fiscal year ended June 30, 2022 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Beginning Balance	\$ 2,535,238	\$ 1,813,591	\$ 721,647
Changes Recognized during the Measurement Period:			
Service cost	52,212	-	52,212
Interest on total pension liability	176,878	-	176,878
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(37,465)	-	(37,465)
Changes of assumptions	-	-	-
Contributions from the employer	-	79,252	(79,252)
Contributions from the employee	-	19,136	(19,136)
Net investment income	-	481,909	(481,909)
Benefit payments, including refunds of employee contributions	(121,249)	(121,249)	-
Administrative expenses	-	(1,876)	1,876
Net Changes during the Measurement Period	70,376	457,172	(386,796)
Ending Balance	\$ 2,605,614	\$ 2,270,763	\$ 334,851

In accordance with GASB 68 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, 2022, calculated using the discount rate of 7.00% 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 (6.00%) or 1- percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 671,793	\$ 334,851	\$ 55,704

G. Net OPEB Liability

The net OPEB liability (The Plan’s liability determined according to GASB 75) as of June 30, is shown below:

	2022	2021
Total OPEB Liability	\$ 201,135	\$ 195,853
Plan Fiduciary Net Position	(57,959)	(44,018)
Employer Net OPEB Liability	\$ 143,176	\$ 151,835
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	28.82%	22.48%

The actuarial assumptions used in the June 30, 2021 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020, and the Retiree Health assumptions letter dated January 6, 2022. They are the same as the assumptions used in the June 30, 2021 funding actuarial valuation except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 75, and implicit

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

subsidy benefit payments are based on the age-based costs. The net OPEB liability is measured as of June 30, 2021 and 2020 and is not adjusted or rolled forward to the June 30, 2022 and 2021 reporting dates.

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

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses are amortized over separate decreasing 20-year periods.
Assets valuation method	Fair market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the fair market value.
Actuarial assumptions:	
Net Investment Return	3.99%, net of investment and administrative expenses.
Average projected salary increases*	Ranges from 4.00% to 9.50% based on years of service*
Inflation rate	2.75%
Health Care Trend	Non-Medicare: 7.375% graded to ultimate 4.50% over 12 years Medicare: 6.375% graded to ultimate 4.50% over 8 years
HIB increases	0.00%
Mortality	<i>Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Healthy Members- Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Post-Retirement Disabled Members- Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020.</i> <i>Beneficiaries- Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale</i>

*Includes inflation of 2.75% plus across the board salary increase of 0.50% plus merit and promotional increases.

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

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

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	22.5%	5.44%
Domestic Small Cap Equity	2.5%	6.62%
Developed International Large Cap Equity	20.0%	6.71%
Emerging Market Equity	5.0%	8.93%
Core Bond	20.0%	1.07%
High-Yield Bonds	2.5%	3.14%
Bank Loans	2.5%	3.55%
Real Estate	5.0%	5.09%
Covered Calls	20.0%	4.12%
Total	100.0%	

The municipal bond rates used to determine the blended discount rate, as discussed below, were 2.16% and 2.21% which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2021 and June 30, 2020, respectively.

The discount rates used to measure the total OPEB liability were 3.99% and 4.40% as of June 30, 2021 and June 30, 2020, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the \$450/\$550 HIB Subsidy excluding the implicit subsidy that will continue to be paid on a pay-as-you-go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

Change in Net OPEB liability for fiscal year ended June 30, 2022 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Beginning Balance	\$ 195,853	\$ 44,018	\$ 151,835
Changes Recognized during the Measurement Period:			
Service cost	5,538	-	5,538
Interest on total OPEB liability	8,608	-	8,608
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(4,383)	-	(4,383)
Changes of assumptions	7,163	-	7,163
Contributions from the employer	-	11,372	(11,372)
Contributions from the employee	-	200	(200)
Net investment income	-	11,638	(11,638)
Administrative expenses	-	(46)	46
Benefit payments, including implicit subsidies*	(11,644)	(11,644)	-
Other**	-	2,421	(2,421)
Net Changes during the Measurement Period	5,282	13,941	(8,659)
Ending Balance	\$ 201,135	\$ 57,959	\$ 143,176

* Sum of cash benefit payments (\$9,223) and estimated implicit subsidy benefit payments (\$2,421)

** The total employer contributions for estimated implicit subsidy

In accordance with GASB 75 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, 2022, calculated using the discount rate of 3.99% 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 (2.99%) or 1-percentage-point higher (4.99%) than the current rate:

	1% Decrease (2.99%)	Current Discount (3.99%)	1% Increase (4.99%)
Net OPEB Liability	\$ 166,135	\$ 143,176	\$ 123,810

Additionally, in accordance with GASB 75 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, 2022, 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	\$ 139,470	\$ 143,176	\$ 147,374

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense as follows:

	Water	Wastewater	Total
Contributions made after measurement date	\$ (9,354)	\$ (1,538)	\$ (10,892)
Current year changes in the net OPEB liability:			
Service cost	4,752	786	5,538
Interest on total OPEB liability	7,385	1,223	8,608
Member contributions	(172)	(28)	(200)
Projected earnings on investments	(1,705)	(282)	(1,987)
Difference in expected and actual earnings	(1,656)	(274)	(1,930)
Other	(169)	(202)	(371)
	8,435	1,223	9,658
Total current year activity	8,435	1,223	9,658
Total OPEB Expense	\$ (919)	\$ (315)	\$ (1,234)

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2022 were as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Water	Wastewater	Water	Wastewater
OPEB contributions subsequent to measurement date	\$ 9,354	\$ 1,538	\$ -	\$ -
Differences between expected and actual experiences	387	64	5,128	849
Changes of assumption	17,769	2,941	592	97
Change in proportion and difference between employer contributions and proportionate share of contributions	356	-	-	356
Net difference between projected and actual earnings on OPEB plan investments	-	-	6,123	1,014
	-	-	6,123	1,014
Total	\$ 27,866	\$ 4,543	\$ 11,843	\$ 2,316

\$10,892 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows and resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Water	Wastewater
2023	\$ 1,211	\$ 51
2024	2,263	250
2025	2,341	293
2026	507	46
Thereafter	347	49
	\$ 6,669	\$ 689

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NOTE 10 – EMPLOYEES’ RETIREMENT PLAN (Continued)

H. Public Employees’ Pension Reform Act (PEPRA)

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

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

Benefit Formula	2.5% at Age 67
Final Compensation Period	Average of Last 3 Years
Employer Normal Cost Contribution Rate as a percentage payroll	9.40% of Reportable Compensation
Member Normal Cost Contribution Rate as a percentage of payroll	9.41% of Reportable Compensation

The employer contribution rate listed above was in effect as of June 30, 2022. In accordance with the provisions of AB 340, the member contribution rate shown above was set at 50 percent of the expected total normal cost rate for the benefits that will apply to new members on January 1, 2013. The total normal cost rate used for this calculation is 18.81% of payroll for new members. Under AB 340, the member contributions rate is adjusted when the normal cost deviates by 1% or more from the original PEPRA valuation in 2013.

NOTE 11 – RISK MANAGEMENT

The District has purchased commercial insurance for general, property, public officials’ liability and workers’ compensation. During the fiscal year ended June 30, 2022, the District paid \$2,597 for current year coverage.

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

Selected other coverages are:

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

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NOTE 11 – RISK MANAGEMENT (Continued)

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

Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. As of June 30, 2022, the amount of these liabilities was \$63,118. This amount (which has not been discounted) has been actuarially determined and includes an estimate of incurred but not reported losses. Changes in the reported liability are as follows:

	2022	2021
Liability at beginning of year	\$ 53,912	\$ 47,331
Current year claims and changes in estimates	17,377	14,251
Payments of claims	(8,171)	(7,670)
Liability at end of year	\$ 63,118	\$ 53,912
Estimated liability:		
Due within one year	\$ 11,095	\$ 10,808
Due in more than one year	52,023	43,104
	\$ 63,118	\$ 53,912

NOTE 12 – KNOWN ENVIRONMENTAL LIABILITIES

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, provides guidance on accounting and financial reporting for pollution remediation obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include: pre-cleanup activities, cleanup activities, external government oversight and enforcement, and operation and maintenance of the remedy. The following is a summary of the District’s known environmental liabilities as of August 16, 2022, that may meet the requirements of GASB Statement No. 49:

- Under a NPDES permit issued by the San Francisco Regional Water Quality Control Board, discharges from the District’s wet weather facilities are prohibited. In 2014, the District signed a Consent Decree on this matter that focuses on the excess wet weather flow entering the District’s system and allows discharges to continue while work to reduce them is performed. The Consent Decree requires the District and its seven satellite agencies to do a range of work to reduce flows, including working with property owners to address leaks in their private sewer laterals. The Consent Decree is expected to be in place until 2036. The District’s cost to meet the requirements in the Consent Decree is approximately \$5 million/year.
- In summer 2016, the Central Valley Regional Water Quality Control Board (CVRWQCB) requested that the District produce a technical report to reexamine the groundwater network at the Camanche North Shore (CANS) and Camanche South Shore (CASS) Wastewater Treatment Plants including the effectiveness of existing monitoring wells and hydraulic connections between the wastewater ponds and the aquifers. The technical report for CANS was provided in March 2017. The CVRWQCB stated in its winter 2018 response that it agreed with the CANS recommendations in the technical report and subsequently required the District to submit a work plan for new well installations as well as conduct additional monitoring. In May 2018, the District submitted its response to the CVRWQCB, including the work plan for the new CANS wells. The District never received formal approval on the CANS workplan. In March 2022, the District submitted a proposal to the CVRWQCB for an updated CANS groundwater monitoring well network that would enhance the groundwater quality monitoring. The proposal requests that the CVRWQCB’s review of the on-file 2018 workplan for new well installations be put on hold until the

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NOTE 12 – KNOWN ENVIRONMENTAL LIABILITIES (Continued)

new network was considered. Once the new proposal is approved, it will result in the installation of five new wells better strategically located, in addition to reducing the network from the current nine wells to a total of six. The District is awaiting a response from CVRWQCB. In August 2018, the District submitted a required technical memorandum for CASS. In September 2018, the District submitted an assessment report for the cap on the closed CASS landfill also required by the CVRWQCB. The CVRWQCB has not responded to either submittal. The CVRWQCB requested additional analysis for the CASS facility which is ongoing. It is possible that the CVRWQCB could mandate the District to construct wastewater treatment pond upgrades. At this preliminary planning stage, it is estimated that the cost would be approximately \$6.6 million to upgrade the existing facilities or, alternatively, approximately \$7.8 million to construct a joint wastewater project with Amador County.

- The Alameda County Environmental Health Agency (County) requested that the District conduct site investigations at the Adeline Maintenance Center (AMC) Shops to define the extent of petroleum hydrocarbons in soil and groundwater associated with former underground storage tanks (USTs). The District completed site investigations in accordance with an approved work plan in 2009. The results indicated that elevated concentrations of petroleum hydrocarbons remain in soil and groundwater in localized areas near the former USTs. In June 2016, the County then requested that the District conduct a Sensitive Receptor Survey for the AMC Shops parcel and that all environmental data collected during previous investigations be posted to the State's GeoTracker website, after which a meeting would be scheduled to agree upon final actions necessary to obtain regulatory closure of the site under the State Water Resource Control Board's Low Threat Closure Policy. The County met with the District in July 2018 to discuss next steps towards site closure. In 2021, the County requested a Site Conceptual Model and Workplan to help address data gaps for the site. Both were delivered and once the workplan is approved, additional environmental samples will be collected and analyzed as early as this fall. Upon review of the new data, the County will make a decision on case closure.
- The District operates many facilities throughout Northern California that have NPDES permits, waste discharge requirements, and air permits. The total estimated liability for all known violations, excluding the items detailed above, is less than \$350.

NOTE 13 - CONTINGENT LIABILITIES

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Central Valley Project

In December 1970, the District entered into a contract with the US Bureau of Reclamation for access to up to 150,000 acre feet per year of Central Valley Project (CVP) water from a diversion point on the American River. The successor contract, the Long Term Renewal Contract, was executed in April 2006 with a 40 year term. The Long Term Renewal Contract provides for delivery of up to 133,000 acre feet per year of CVP water in dry years to supplement the District's surface water supplies. Deliveries to the District are limited to a 165,000 acre foot total over any three successive dry years. In years in which the District takes delivery of CVP water, the District's allocated CVP capital cost and the District's operations and maintenance deficit balance will be paid down

**EAST BAY MUNICIPAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)**

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

commensurately with the quantity of water delivered. For example, if the District had to take delivery of 80,000 acre feet in fiscal year 15, the District's CVP capital and deficit balances would each be reduced by approximately 20%. The balances must be paid off by 2030.

NOTE 15 – RECLASSIFICATION OF PRIOR YEAR EXPENSES

The District reclassified water interception expense between operating expenses and other income for the prior year ended June 30, 2021. The water interception expense was reclassified as raw water in operating expense of Statements of Revenues, Expenses and Changes in Net Position for consistency with current year presentation. This reclassification has no effect on the reported results of operations. The raw water expense was reclassified from \$57,289 to \$57,448, and the other income was reclassified from \$13,519 to \$13,678 for Water System.

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REQUIRED SUPPLEMENTAL INFORMATION

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**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability:

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(2) Pension Plan

Schedule of Employer's Net Pension Liability:

Reporting Date Measurement Date	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014	2014 2013
Total Pension Liability	\$ 2,605,614	\$ 2,535,238	\$ 2,340,773	\$ 2,220,978	\$ 2,068,015	\$ 1,995,863	\$ 1,845,912	\$ 1,756,706	\$ 1,646,534
Plan fiduciary net position	(2,270,763)	(1,813,591)	(1,792,124)	(1,716,478)	(1,580,556)	(1,391,771)	(1,383,053)	(1,325,387)	(1,107,628)
Net pension liability	<u>\$ 334,851</u>	<u>\$ 721,647</u>	<u>\$ 548,649</u>	<u>\$ 504,500</u>	<u>\$ 487,459</u>	<u>\$ 604,092</u>	<u>\$ 462,859</u>	<u>\$ 431,319</u>	<u>\$ 538,906</u>
Plan fiduciary net position as a percentage of total pension liability	87.15%	71.54%	76.56%	77.28%	76.43%	69.73%	74.93%	75.45%	67.27%
Covered payroll*	\$ 221,809	\$ 215,110	\$ 203,541	\$ 193,717	\$ 182,032	\$ 174,586	\$ 166,886	\$ 159,513	\$ 153,707
Plan net pension liability as a percentage of covered payroll	150.96%	335.48%	269.55%	260.43%	267.79%	346.01%	277.35%	270.40%	350.61%

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

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

(3) Pension Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2010	\$ 44,031	\$ 44,031	\$ -	\$ 161,641	27.24%
2011	50,987	50,987	-	160,336	31.80%
2012	52,156	52,156	-	158,481	32.91%
2013	53,795	53,795	-	153,707	35.00%
2014	61,660	61,660	-	159,513	38.66%
2015	64,177	64,177	-	166,886	38.46%
2016	65,218	65,218	-	174,586	37.36%
2017	67,096	67,096	-	182,032	36.86%
2018	71,221	71,221	-	193,717	36.77%
2019	74,033	74,033	-	203,541	36.37%
2020	77,645	77,645	-	215,110	36.10%
2021	79,252	79,252	-	221,809	35.73%
2022	91,393	91,393	-	235,151	38.87%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered employee payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2022 are based on the reporting date. Years preceding fiscal year ended June 30, 2022 are based on the measurement date.

**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(4) Pension Plan

Schedule of Investment Returns:

Reporting Date	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expense	-10.81%	26.85%	2.27%	5.37%	9.29%	14.46%	0.91%	4.40%	19.42%

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

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability:

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

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

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability:

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

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

(7) Post-Employment Healthcare Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
2010	\$ 7,725	\$ 7,725	\$ -	\$ 161,641	4.78%
2011	7,494	7,494	-	160,336	4.67%
2012	7,495	7,495	-	158,481	4.73%
2013	7,772	7,772	-	153,707	5.06%
2014	8,457	8,457	-	159,513	5.30%
2015	8,964	8,964	-	166,886	5.37%
2016	9,454	9,454	-	174,586	5.42%
2017	9,764	9,764	-	182,032	5.36%
2018	9,875	9,875	-	193,717	5.10%
2019	10,518	10,518	-	203,541	5.17%
2020	11,089	11,089	-	215,110	5.16%
2021	11,372	11,372	-	221,809	5.13%
2022	10,892	10,892	-	235,151	4.63%

*Derived by dividing the contributions in relation to the actuarial determined contributions by the contributions as a percentage of covered payroll. These amounts may be different from the actual payroll of the District. In accordance with GASB 82, the covered payroll is defined as the payroll on which contributions to the pension plan are based. These amounts may be different from the actual payroll of the District. The actuarially determined contributions for the fiscal year ended June 30, 2022 are based on the reporting date. Years preceding fiscal year ended June 30, 2022 are based on the measurement date.

**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(8) Notes to Required Supplementary Information

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

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumptions changes are amortized over separate decreasing 25-year periods; and experience gains/losses (including year-to-year health assumption changes) are amortized over separate decreasing 20-year periods.
Assets valuation method	Fair market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the fair market value.
Actuarial assumptions:	
Investment Rate of Return	7.00%, net of investment and administrative expenses
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service*
Inflation rate	2.75%
Cost-of-living adjustments	2.75% per annum
Mortality	<i>Pre-retirement:</i> Headcount-Weighted RP-2014 Employee Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward two years for males and one year for females. <i>After Service Retirement and All Beneficiaries:</i> Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward two years for males and one year for females. <i>After Disability Retirement:</i> Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward nine years for males and females.

*Includes inflation of 2.75% plus across the board salary increases of 0.50% plus merit and promotional increases.

**EAST BAY MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in thousands)**

(8) Notes to Required Supplementary Information (Continued)

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

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumptions changes are amortized over separate decreasing 25-year periods; and experience gains/losses (including year-to-year health assumption changes) are amortized over separate decreasing 20-year periods.
Assets valuation method	Fair market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the of the expected return on the fair market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the fair market value.
Actuarial assumptions:	
Investment Rate of Return	7.00%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service*
Inflation rate	2.75%
Health care trend	Non-Medicare: 6.625% graded to ultimate 4.50% over 9 years Medicare: 6.125% graded to ultimate 4.50% over 7 years
HIB increases	0.00%
Mortality	<i>Pre-retirement:</i> Headcount-Weighted RP-2014 Employee Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward two years for males and one year for females. <i>After Service Retirement and All Beneficiaries:</i> Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward two years for males and one year for females. <i>After Disability Retirement:</i> Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional improvement scale MP-2015, set forward nine years for males and females.

*Includes inflation of 2.75% plus across the board salary increases of 0.50% plus merit and promotional increases.

SUPPLEMENTAL INFORMATION

EAST BAY MUNICIPAL UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION - EMPLOYEES' RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative financial information as of June 30, 2021)
(DOLLARS IN THOUSANDS)

	2022		2021
	Pension plan benefits	Post-employment healthcare benefits	
	Total	Total	Total
Assets:			
Cash and cash equivalents, at fair value (Note 5)	\$ 24,687	\$ 649	\$ 25,336
Invested securities lending collateral	98,654	2,595	101,249
Prepaid expenses	-	568	568
Receivables:			
Brokers, securities sold	899	24	923
Employer	2,830	346	3,176
Plan members	664	-	664
Interest, dividends, and recoverable taxes	4,580	120	4,700
Total Receivables	8,973	490	9,463
Investments, at fair value (Note 5):			
U.S. government obligations	261,192	6,870	268,062
Municipal bonds	-	-	-
Domestic corporate bonds	192,435	5,062	197,497
International bonds	21,121	556	21,677
Domestic stocks	906,868	23,855	930,723
International stocks	470,814	12,384	483,198
Real estate	122,339	3,218	125,557
Total Investments	1,974,769	51,945	2,026,714
Total Assets	2,107,083	56,247	2,163,330
Liabilities:			
Accounts payable and accrued expenses	2,384	63	2,447
Payables to brokers, securities purchased	693	18	711
Securities lending collateral (Note 2B)	98,654	2,595	101,249
Total Liabilities	101,731	2,676	104,407
Net position restricted for pension benefits and post-employment healthcare benefits			
	2,005,352	53,571	2,058,923
Total Net Position	\$ 2,005,352	\$ 53,571	\$ 2,058,923
			\$ 2,328,722

See accompanying notes to basic financial statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION - EMPLOYEES' RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative financial information as of June 30, 2021)
(DOLLARS IN THOUSANDS)

	2022		2021	
	Pension plan benefits	Post- employment healthcare benefits	Total	Total
Additions:				
Contributions:				
Employers	\$ 91,393	\$ 10,892	\$ 102,285	\$ 90,624
Plan members	20,915	212	21,127	19,336
Total Contributions	112,308	11,104	123,412	109,960
Investment Income:				
From Investment Activities				
Net appreciation (depreciation)				
in fair value investments:				
Traded securities	(282,716)	(7,019)	(289,735)	472,236
Real estate	12,735	316	13,051	(465)
Interest	14,084	350	14,434	11,607
Dividends	11,009	273	11,282	12,602
Real estate operating income, net	2,266	56	2,322	2,002
Total Investment Income	(242,622)	(6,024)	(248,646)	497,982
Less:				
Investment expense	(3,448)	(85)	(3,533)	(4,609)
Net Income from Investment Activities	(246,070)	(6,109)	(252,179)	493,373
From Security Lending Activities				
Security lending income	340	8	348	293
on Borrowers' rebates and other agent fees	(174)	(4)	(178)	(119)
Security Lending Activities	166	4	170	174
Net Investment Income	(245,904)	(6,105)	(252,009)	493,547
Total Additions, net	(133,596)	4,999	(128,597)	603,507
Deductions:				
Benefits paid (Notes 1C & 1D)	129,241	9,341	138,582	130,198
Refunds of contributions (Note 4)	699	-	699	274
Administrative expenses	1,875	46	1,921	1,922
Total Deductions	131,815	9,387	141,202	132,394
Changes in Net Position	(265,411)	(4,388)	(269,799)	471,113
Net Position - Beginning of the Year	2,270,763	57,959	2,328,722	1,857,609
Net Position - End of the Year	\$ 2,005,352	\$ 53,571	\$ 2,058,923	\$ 2,328,722

See accompanying notes to basic financial statements.

EAST BAY MUNICIPAL UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION - CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative financial information as of June 30, 2021)
(DOLLARS IN THOUSANDS)

	2022					Total	2021 Total*
	Dublin San	Ramon Services	Freepoint	Upper	Mokelumne River		
	District/East Bay	Municipal Utility	Regional Water	Authority*	Authority*		
	Bay Area Clean	District Recycled	Authority	Water	Watershed	Total	2021 Total*
	Water Agencies	Water Authority	Authority	Authority	Authority*		
Assets:							
Cash and cash equivalents, at fair value (Note 2)	\$ 3,431	\$ 1,805	\$ 2,158	\$ 621	\$ 8,015	\$ 8,015	\$ 7,902
Accounts receivable:							
Miscellaneous receivables	78	1,582	1,265	227	3,152	3,152	4,294
Interest receivable	4	2	2	-	8	8	4
Total Receivables	82	1,584	1,267	227	3,160	3,160	4,298
Capital assets:							
Capital assets not being depreciated	-	1,988	11,702	-	13,690	13,690	13,593
Capital assets, net of accumulated depreciation	-	69,445	324,300	-	393,745	393,745	403,074
Total capital assets, net of accumulated depreciation	-	71,433	336,002	-	407,435	407,435	416,667
Total Assets	3,513	74,822	339,427	848	418,610	418,610	428,867
Liabilities:							
Accounts payable and accrued expenses	210	751	125	253	1,339	1,339	1,186
Long-term liabilities:							
Due in one year	-	1,513	-	-	1,513	1,513	1,476
Due in more than one year	-	3,774	-	-	3,774	3,774	5,287
Total Liabilities	210	6,038	125	253	6,626	6,626	7,949
Net Position:							
Net investment in capital assets	-	66,146	-	-	66,146	66,146	66,690
Restricted for specified purpose	3,303	2,638	339,302	595	345,838	345,838	354,227
Total Net Position	\$ 3,303	\$ 68,784	\$ 339,302	\$ 595	\$ 411,984	\$ 411,984	\$ 420,917

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal yearend. Therefore, 2022 and 2021 information are as of September 30, 2021 and September 30, 2020, respectively.

EAST BAY MUNICIPAL UTILITY DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION - EMPLOYEES' RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative financial information as of June 30, 2021)
(DOLLARS IN THOUSANDS)

	2022						2021 Total*
	Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority	Freepoint Regional Water Authority	Mokelumne River Watershed Authority*	Upper Mokelumne River Watershed Authority*	Total		
Additions:							
Contributions - members	1,440	2,666	159	-	9,823	\$	9,666
Grants and other receipts	1,906	1,046	1,080	-	4,814		4,681
Total Contributions	3,346	3,712	1,239	-	14,637		14,347
Investment Income:							
Interest	9	3	-	-	15		25
Total Investment Income	9	3	-	-	15		25
Total Additions, net	3,355	3,715	1,239	-	14,652		14,372
Deductions:							
General and administrative expenses	486	3,511	86	-	6,549		2,577
Professional services expense	2,778	5	-	-	2,783		3,496
Operation and maintenance expense	-	3,487	80	-	3,567		2,891
Grants and other expenses	-	-	1,004	-	1,004		1,516
Interest expense	-	169	-	-	169		205
Depreciation expense	-	2,291	7,223	-	9,514		10,164
Total Deductions	3,264	10,734	1,170	-	23,586		20,849
Changes in Net Position	91	(7,019)	69	(8,934)			(6,477)
Net Position - Beginning of the Year	3,212	346,321	526	420,918			427,394
Net Position - End of the Year	\$ 3,303	\$ 68,784	\$ 595	\$ 411,984			\$ 420,917

* Upper Mokelumne River Watershed Authority is presented using the most recent fiscal year-end. Therefore, 2022 and 2021 information are as of September 30, 2021 and September 30, 2020, respectively.

See accompanying notes to basic financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, and the aggregate remaining fund information of the East Bay Municipal Utility District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

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.

Lance, Solt & Lingham, LLP

Sacramento, California
September 30, 2022

Financial Trends

These schedules contain trend information to help understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's revenue sources and rate structures.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic, economic and District indicators to help the reader understand the environment within which the District financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Financial Trends Section

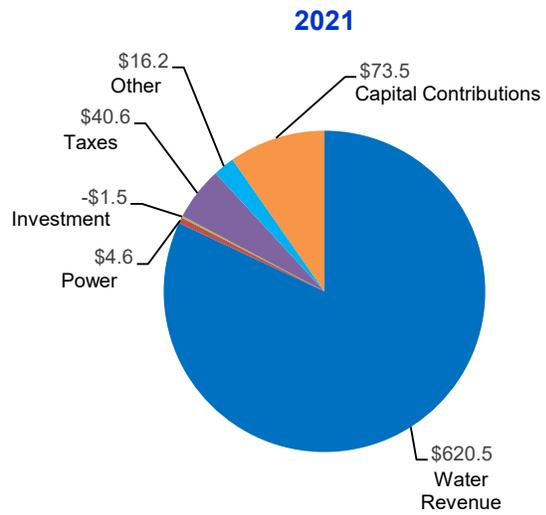
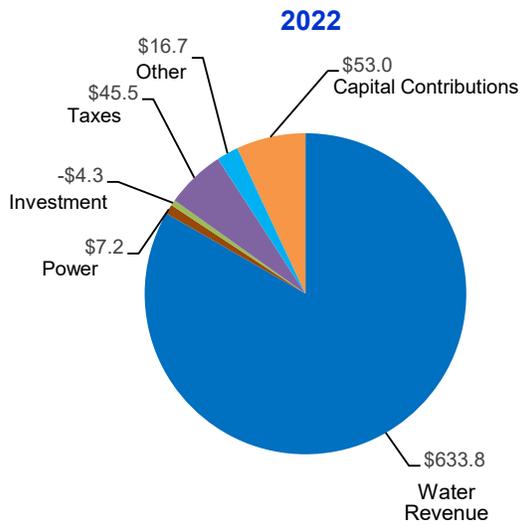
- Comparative Highlights
- Ten-Year Summary of Financial Data
- Changes in Net Position
- Net Position by Component

Financial Trends
Comparative Highlights

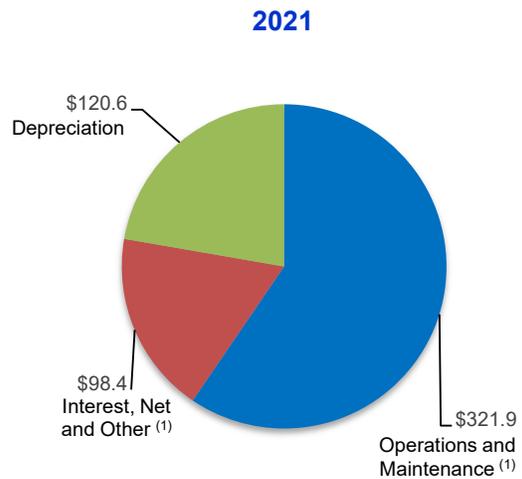
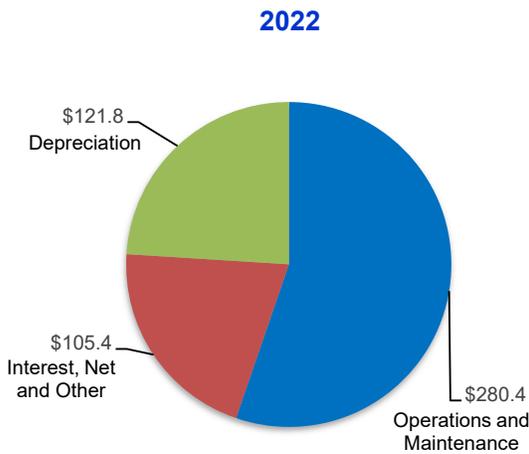
Fiscal Years 2022 and 2021
(in Millions)

Water System

What We Received:



How It Was Used:



⁽¹⁾ Reclassified the water interception expense between operating expenses and non-operating income (expenses) in FY2021. This reclassification has no effect on the reported results of operations.

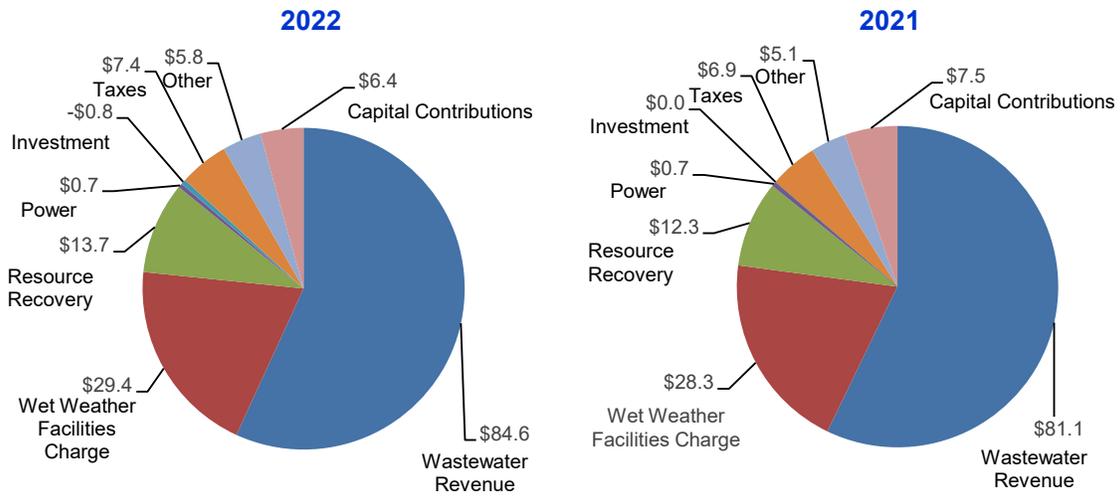
Sources: Financial Statements

Financial Trends
Comparative Highlights(continued)

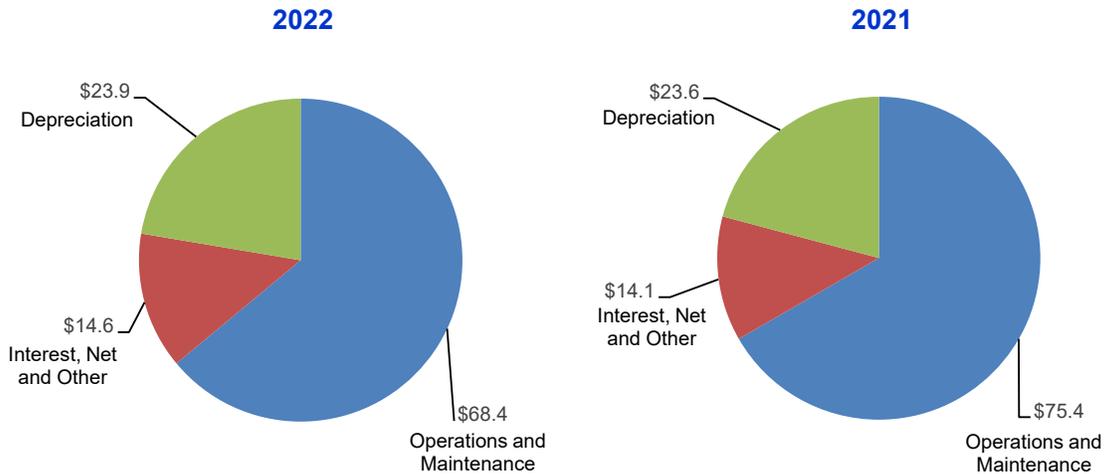
Fiscal Years 2022 and 2021
(in Millions)

Wastewater System

What We Received:



How It Was Used:



Sources: Financial Statements

Financial Trends
Ten-Year Summary of Financial Data

Fiscal Years 2013 to 2022
(in Millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fiscal Year Ended June 30										
Water System										
Revenues										
Water Revenue ⁽³⁾	\$ 633.8	\$ 620.5	\$ 567.4	\$ 520.3	\$ 480.8	\$ 420.3	\$ 421.2	\$ 362.1	\$ 367.6	\$ 336.1
Taxes	45.5	40.6	40.3	35.7	34.7	32.0	29.9	27.9	25.5	26.4
Investment	(4.2)	(1.5)	13.1	15.2	6.1	2.1	2.2	3.6	2.2	2.6
Power	7.2	4.6	6.3	10.7	6.4	7.8	3.5	2.2	1.4	3.6
Capital Contributions	53.0	73.5	71.9	98.1	87.6	75.9	60.8	71.5	49.0	55.8
Other	16.7	16.2	14.4	14.3	14.8	14.9	14.0	15.3	19.9	12.8
Total Revenues	752.0	753.8	713.4	694.4	630.3	552.9	531.6	482.6	465.6	437.3
Expenses										
Operations and Maintenance ^(1,2)	280.4	321.9	280.4	239.8	240.4	243.9	242.0	211.6	237.3	223.0
Depreciation ⁽¹⁾	121.8	120.6	114.5	108.9	105.4	102.6	97.3	94.1	90.4	87.3
Interest, Net and Other ⁽²⁾	105.4	98.4	104.5	109.1	110.6	98.8	98.3	101.2	116.3	101.3
Total Expenses	507.6	540.9	499.4	457.9	456.4	445.2	437.6	406.9	444.0	411.6
Changes in Net Position	\$ 244.3	\$ 212.8	\$ 214.0	\$ 236.5	\$ 173.9	\$ 107.8	\$ 94.0	\$ 75.7	\$ 21.6	\$ 25.7

⁽¹⁾ The District reclassified certain expenses within operating expenses for fiscal years 2020 and 2021. This reclassification had no effect on the reported results of operations.

⁽²⁾ Reclassified the water interception expense between operating expenses and non-operating income (expenses) in FY2021.

This reclassification has no effect on the reported results of operations.

⁽³⁾ Water Revenue increased by \$13 million due to a 4% water rate increase and offset by reduced water consumption in 2022.

Financial Trends Ten-Year Summary of Financial Data

Fiscal Years 2013 to 2022
(in Millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fiscal Year Ended June 30										
Wastewater System										
Revenues										
Wastewater Revenue	\$ 84.6	\$ 81.1	\$ 79.9	\$ 78.1	\$ 74.7	\$ 70.0	\$ 65.9	\$ 65.1	\$ 61.7	\$ 58.8
Wet Weather										
Facilities Charges	29.4	28.3	27.1	25.1	24.3	23.1	21.9	21.8	19.4	18.3
Resource Recovery	13.7	12.3	12.1	12.2	11.8	11.9	11.6	11.3	10.6	9.3
Power	0.7	0.7	0.9	0.5	1.1	0.9	1.3	1.1	1.1	0.7
Taxes	7.4	6.9	6.3	5.9	6.8	7.8	7.9	8.5	9.9	9.4
Investment	(0.7)	(0.0)	1.9	2.9	1.0	0.4	0.5	0.2	0.3	2.6
Capital Contributions	6.4	7.5	5.7	13.2	11.4	8.9	4.2	3.1	1.2	1.6
Other	5.8	5.1	4.4	4.1	5.9	4.4	3.9	4.5	5.2	3.4
Total Revenues	147.3	141.8	138.2	142.1	137.0	127.3	117.2	115.6	109.4	104.1
Expenses										
Operations and Maintenance	68.4	75.4	69.5	60.4	61.8	59.3	53.1	54.8	56.0	52.5
Depreciation	23.9	23.6	23.6	23.1	22.7	22.7	22.5	24.2	22.2	21.9
Interest, Net and Other	14.7	14.1	14.9	16.4	16.7	17.1	16.9	25.1	17.6	18.5
Total Expenses	107.0	113.1	108.0	99.9	101.2	99.0	92.5	104.1	95.8	92.9
Changes in Net Position	\$ 40.4	\$ 28.7	\$ 30.2	\$ 42.3	\$ 35.8	\$ 28.3	\$ 24.7	\$ 11.5	\$ 13.6	\$ 11.2

Sources: Financial Statements

Financial Trends
Changes in Net Position

Fiscal Years 2013 to 2022
(in Millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fiscal Year Ended June 30										
Operating Revenues										
Charges for services:										
Water ⁽²⁾	\$ 633.8	\$ 620.5	\$ 567.4	\$ 520.3	\$ 480.8	\$ 420.3	\$ 421.2	\$ 362.1	\$ 367.6	\$ 336.1
Wastewater	127.8	121.7	119.0	115.4	110.8	105.0	99.4	98.2	91.7	86.4
Power	7.9	5.2	7.2	11.3	7.6	8.7	4.8	3.3	2.5	4.3
Total Operating Revenues	769.5	747.4	693.7	647.1	599.1	534.0	525.4	463.6	461.8	426.8
Operating Expenses										
Water ⁽¹⁾	402.2	442.6	395.0	348.8	345.8	346.4	339.3	305.7	327.8	310.3
Wastewater	92.3	99.0	93.1	83.4	84.5	81.9	75.6	79.0	78.3	74.4
Total Operating Expenses ⁽¹⁾	494.5	541.6	488.0	432.2	430.3	428.3	414.9	384.7	406.1	384.7
Operating Activities ⁽¹⁾	275.0	206.0	205.7	214.9	168.8	105.7	110.5	78.9	55.7	42.1

⁽¹⁾ Reclassified the water interception expense between operating expenses and non-operating income (expenses) in FY2021.

This reclassification has no effect on the reported results of operations.

⁽²⁾ Water Revenue increased by \$13 million due to a 4% water rate increase and offset by reduced water consumption in 2022.

Sources: Financial Statements

Financial Trends

Changes in Net Position (continued)

Fiscal Years 2013 to 2022
(in Millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fiscal Year Ended June 30										
General Revenues and Other Changes in Net Position										
Non-Operating Activities										
Investment income	\$ (5.0)	\$ (1.5)	\$ 14.9	\$ 18.1	\$ 7.1	\$ 2.5	\$ 2.7	\$ 3.8	\$ 2.5	\$ 5.2
Taxes and subventions	52.9	47.4	46.6	41.6	41.5	39.8	37.8	36.4	35.4	35.8
Interest and amortization of bond expenses	(113.1)	(106.2)	(113.5)	(119.6)	(120.7)	(109.7)	(109.3)	(124.3)	(121.1)	(116.3)
Other income (expense)	15.5	14.9	12.9	12.4	14.0	13.0	12.0	17.8	12.4	12.7
Capital grants and contributions	59.5	80.9	77.6	111.4	99.0	84.8	65.0	74.6	50.2	57.4
Total Non-Operating Activities	9.8	35.5	38.5	63.9	40.9	30.4	8.1	8.3	(20.6)	(5.2)
Changes in Net Position⁽¹⁾	\$ 284.7	\$ 241.5	\$ 244.2	\$ 278.7	\$ 209.7	\$ 136.1	\$ 118.6	\$ 87.2	\$ 35.1	\$ 36.9

⁽¹⁾ Rounding issue was found in the fiscal year 2020 and the figure has been adjusted by (\$0.1).

Fiscal year 2015 of \$87.2 is for operating items only and does not include the GASB 68 adjustment. Refer to fiscal year 2015 Financial Statements Note 8 for details.

Sources: Financial Statements

Financial Trends

Net Position by Component

Fiscal Years 2013 to 2022
(in Millions)

	2022	2021	2020	2019	2018 ⁽²⁾	2017	2016	2015 ⁽¹⁾	2014	2013
Fiscal Year Ended June 30										
<u>Business-type activities</u>										
Net investment in capital assets	\$ 2,365.6	\$ 2,198.9	\$ 1,840.2	\$ 1,549.6	\$ 1,494.4	\$ 1,204.4	\$ 1,249.6	\$ 1,047.3	\$ 1,083.4	\$ 1,031.4
Restricted for construction ⁽³⁾	0.7	20.7	20.3	20.0	20.0	19.8	19.7	19.6	21.8	21.1
Restricted for debt service	1.1	3.8	4.2	4.6	3.8	4.2	12.7	13.6	32.8	36.9
Restricted-other ⁽³⁾	217.7	221.8	225.9	229.0	232.5	235.9	239.7	242.9	243.0	256.5
Unrestricted	74.6	(70.2)	42.8	86.1	(120.8)	64.1	(129.4)	(49.7)	282.7	282.7
Total business-type activities net position	\$ 2,659.7	\$ 2,375.0	\$ 2,133.4	\$ 1,889.3	\$ 1,629.9	\$ 1,528.4	\$ 1,392.3	\$ 1,273.7	\$ 1,663.7	\$ 1,628.6

⁽¹⁾ Implementation of GASB 68 in 2015.

⁽²⁾ Implementation of GASB 75 in 2018.

⁽³⁾ Reclassified the water interception expense between operating expenses and non-operating income (expenses) in FY2021. This reclassification has no effect on the reported results of operations.

Revenue Capacity Section

- Ten-Year Summary of Revenue by Source
- Rate History
- Ten-Year Summary of Net Revenue and Debt Service Coverage

**Revenue Capacity
Ten-Year Summary of Revenue by Source**

Fiscal Years 2013 to 2022
(in Millions)

	Water System									
	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water ⁽²⁾	\$633.8	\$620.5	\$567.4	\$520.3	\$480.8	\$420.3	\$421.2	\$362.1	\$367.6	\$336.1
Taxes	45.5	40.6	40.3	35.7	34.7	32.0	29.9	27.9	25.5	26.4
Interest	(4.2)	(1.5)	13.1	15.2	6.1	2.1	2.2	3.5	1.7	3.7
Power	7.2	4.6	6.3	10.7	6.4	7.8	3.5	2.2	1.4	3.6
Rental & Other ⁽¹⁾	16.7	16.2	14.4	14.3	14.8	14.9	14.0	15.4	20.4	11.7
Total	\$699.1	\$680.3	\$641.5	\$596.2	\$542.8	\$477.0	\$470.8	\$411.1	\$416.6	\$381.5

⁽¹⁾ Includes revenue of \$6 million from the sale of land in 2014.

⁽²⁾ Water Revenue increased by \$13 million due to a 4% water rate increase and offset by reduced water consumption in 2022.

Note: Interest is exclusive of the change in fair value of investments in the year, which is included in Rental & Other on this page.

Sources: Financial Statements

**Revenue Capacity
Ten-Year Summary of Revenue by Source**

Fiscal Years 2013 to 2022
(in Millions)

Wastewater System

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Wastewater	\$ 84.6	\$ 81.1	\$ 79.9	\$ 78.1	\$ 74.7	\$ 70.0	\$ 65.9	\$ 65.1	\$ 61.7	\$ 58.8
Wet Weather Facilities	29.4	28.3	27.1	25.1	24.3	23.1	21.9	21.8	19.4	18.3
Resource Recovery	13.7	12.3	12.1	12.2	11.8	11.9	11.6	11.3	10.6	9.3
Power	0.7	0.7	0.9	0.5	1.1	0.9	1.3	1.1	1.1	0.7
Taxes	7.4	6.9	6.3	5.9	6.8	7.8	7.9	8.5	9.9	9.4
Interest	(0.7)	(0.0)	1.9	2.9	1.0	0.4	0.5	0.3	0.2	0.9
Other	5.8	5.1	4.4	4.1	5.9	4.4	3.9	4.4	5.3	5.0
Total	\$ 141.0	\$ 134.3	\$ 132.5	\$ 128.9	\$ 125.6	\$ 118.5	\$ 113.0	\$ 112.5	\$ 108.2	\$ 102.4

Note: Interest is exclusive of the change in fair value of investments in the year, which is included in Other on this page.

Sources: Financial Statements

Statistical Section (continued) *East Bay Municipal Utility District*

Revenue Capacity Rate History

Fiscal Years 2013 to 2022

Fiscal Year	Water		Wastewater	
	Monthly Base Rate	Rate per 748 (1ccf) Gallons	Monthly Base Rate	Rate per 748 (1ccf) Gallons
2013	12.23	2.42	12.30	0.66
2014	13.42	2.66	13.18	0.73
2015	14.69	2.91	14.33	0.79
2016	19.34	2.95	12.57	1.04
2017	20.69	3.16	13.19	1.09
2018	22.60	3.45	13.85	1.14
2019	24.63	3.76	14.55	1.20
2020	26.23	4.00	14.33	1.27
2021	27.87	4.25	14.90	1.32
2022	28.98	4.42	15.49	1.37

Notes: Rates are based on a 5/8" meter, which is the standard household meter size.

Statistical Section (continued) *East Bay Municipal Utility District*

Revenue Capacity

Ten-Year Summary of Net Revenue and Debt Service Coverage

Fiscal Years 2013 to 2022
(in Millions)

Water System

Fiscal Year	Total Revenue ⁽¹⁾	Operations & Maintenance Expense ⁽²⁾	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio
2013	399.4	170.8	228.6	133.7	1.71
2014	398.6	188.2	210.4	126.4	1.66
2015	425.1	182.9	242.2	145.7	1.66
2016	480.3	208.8	271.5	164.2	1.65
2017	497.8	187.9	309.9	165.6	1.87
2018	579.2	198.3	380.9	177.2	2.15
2019	629.3	210.9	418.4	178.1	2.35
2020	653.6	223.9	429.7	188.6	2.28
2021 ⁽³⁾	638.7	230.2	408.5	189.0	2.16
2022	692.0	266.3	425.7	180.9	2.35

⁽¹⁾ Gross Revenues include operating revenue, investment earnings, facilities reserve charges, grant revenues, rent and other revenues, and rate stabilization fund transfers.

⁽²⁾ Operating & Maintenance Costs include operating expenses and before depreciation, amortization, debt service, pension expenses and expenses paid with property tax revenues.

⁽³⁾ The total revenue and coverage ratio for fiscal year 2021 have been corrected to match the audited financial statements.

Sources: Financial Statements and Official Statements

Statistical Section (continued) *East Bay Municipal Utility District*

Revenue Capacity

Ten-Year Summary of Net Revenue and Debt Service Coverage

Fiscal Years 2013 to 2022
(in Millions)

Wastewater System

Fiscal Year	Total Revenue ⁽¹⁾	Operations & Maintenance Expense ⁽²⁾	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio
2013	92.0	47.0	45.0	28.3	1.59
2014	96.5	50.8	45.7	28.6	1.60
2015	100.3	51.4	48.9	28.0	1.75
2016	108.1	50.7	57.4	29.1	1.98
2017	118.9	53.6	65.3	29.1	2.24
2018 ⁽³⁾	127.9	57.2	70.7	26.7	2.65
2019	133.2	57.6	75.6	26.7	2.83
2020	129.4	60.2	69.2	26.7	2.59
2021	124.5	62.1	62.4	26.3	2.37
2022	138.5	69.2	69.3	26.4	2.63

⁽¹⁾ Gross Revenues include operating revenue, investment earnings, facilities reserve charges, capacity fees, grant revenues, rent and other revenues, and rate stabilization fund transfers.

⁽²⁾ Operating & Maintenance Costs include operating expenses and before depreciation, amortization, debt service, pension expenses and expenses paid with property tax revenues.

⁽³⁾ In accordance with amendments to the bond indenture, commencing in fiscal year 2018 the BABs interest subsidy payments received by the District are treated as an offset to interest paid by the District on the Series 2010B revenue bonds. The MD&A section cites a preliminary coverage ratio for fiscal year 2018 that applies the previous methodology under which the BABs subsidy is treated as revenue.

Sources: Financial Statements and Official Statements

Debt Capacity Section

- Debt Ratings
- Outstanding Debt by Type and per Account
- Authorized but Unissued Revenue Bonds and Outstanding Short-Term Debt
- Ratio of Net General Obligation Bonded Debt to Annual Billings and Net General Bonded Debt per Account
- Summary of Debt Outstanding

**Debt Capacity
Debt Ratings**

June 30, 2022

District Debt by Type	Rating by		
	Standard & Poor's	Moody's Investors Service	Fitch
Water System			
Fixed Rate Revenue Bonds	AAA	Aaa	AA+
Variable Rate Revenue Bonds			
Long-term Underlying Rating	AAA	Aa1	-
Short-term Rating	A-1/A-1+	VMIG-1	-
Commercial Paper Notes	A-1+	P-1	-
Wastewater System			
Fixed Rate Revenue Bonds	AAA	Aa1	AA+
Extendable Commercial Paper	A-1+	P-1	F1+

Sources: Financial Statements

**Debt Capacity
Outstanding Debt by Type and per Account**

Fiscal Years 2013 to 2022
(In Thousands)

Water System								Total Outstanding Debt Per Account ⁽⁴⁾
Fiscal Year	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽¹⁾	Loans Payable ⁽¹⁾	Commercial Paper Notes ⁽¹⁾	Unamortized Premiums & Discounts ⁽¹⁾	Total Outstanding Debt ⁽³⁾	Accounts ⁽²⁾	
2013	-	2,210,830	17,002	372,900	55,685	2,656,417	379	7.01
2014	-	2,235,960	16,011	359,800	94,490	2,706,261	381	7.10
2015	-	2,319,730	14,996	359,800	177,809	2,872,335	382	7.52
2016	-	2,271,510	13,956	359,800	163,491	2,808,757	382	7.35
2017	-	2,417,730	12,891	359,800	254,265	3,044,686	383	7.95
2018	-	2,359,895	14,060	359,800	232,243	2,965,998	383	7.74
2019	-	2,461,625	12,885	359,800	272,240	3,106,550	383	8.11
2020	-	2,396,190	35,068	335,800	243,452	3,010,510	385	7.82
2021	-	2,328,805	32,857	312,800	217,323	2,891,785	386	7.49
2022	-	2,381,430	31,073	295,000	225,067	2,932,570	387	7.58

Wastewater System								Total Outstanding Debt Per Account ⁽⁴⁾
Fiscal Year	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽¹⁾	Loans Payable ⁽¹⁾	Commercial Paper Notes ⁽¹⁾	Unamortized Premiums & Discounts ⁽¹⁾	Total Outstanding Debt ⁽³⁾	Accounts ⁽²⁾	
2013	18,555	430,160	-	15,000	5,434	469,149	175	2.68
2014	14,160	419,880	-	15,000	5,933	454,973	176	2.59
2015	10,910	397,965	-	15,000	22,509	446,384	176	2.54
2016	7,345	388,530	-	15,000	20,520	431,395	176	2.45
2017	3,515	390,110	-	15,000	31,802	440,427	177	2.49
2018	-	380,075	-	15,000	27,862	422,937	177	2.39
2019	-	369,705	-	15,000	28,900	413,605	177	2.34
2020	-	358,845	-	10,000	24,936	393,781	179	2.20
2021	-	347,890	-	9,300	21,565	378,755	180	2.10
2022	-	351,895	-	8,000	22,860	382,755	181	2.11

⁽¹⁾ Source: Financial Summary

⁽²⁾ Source: Customer Information System

⁽³⁾ Total Outstanding Debt has been modified by adding "Unamortized Premiums & Discounts" figure.

⁽⁴⁾ Total Outstanding Debt Per Account has been adjusted due to the addition of the "Unamortized Premiums & Discounts" figure.

Sources: Financial Statements

**Debt Capacity
Authorized but Unissued Revenue Bonds
and Outstanding Short-Term Debt**

As of June 30, 2022
(in Thousands)

Water System

Authorized but unissued revenue bonds	\$	468,460
Outstanding short-term debt (due within one year)	\$	77,992

Wastewater System

Authorized but unissued revenue bonds	\$	167,885
Outstanding short-term debt (due within one year)	\$	13,595

Sources: Financial Statements

Debt Capacity

**Ratio of Net General Obligation Bonded Debt to Annual Billings
and Net General Bonded Debt per Account**

Fiscal Years 2013 to 2022
(in Thousands)

Water System					
Fiscal Year	Accounts ⁽¹⁾	General Obligation Bonded Debt ⁽²⁾	General Bonded Debt Per Account	Annual Billings ⁽²⁾	Percentage of General Bonded Debt To Annual Billings
2013	379	-	-	336,066	0.00%
2014	381	-	-	367,547	0.00%
2015	382	-	-	362,136	0.00%
2016	382	-	-	421,240	0.00%
2017	383	-	-	420,293	0.00%
2018	383	-	-	480,745	0.00%
2019	384	-	-	520,344	0.00%
2020	385	-	-	567,394	0.00%
2021	386	-	-	620,471	0.00%
2022	387	-	-	633,840	0.00%

Wastewater System					
Fiscal Year	Accounts ⁽¹⁾	General Obligation Bonded Debt ⁽²⁾	General Bonded Debt Per Account	Annual Billings ⁽²⁾	Percentage of General Bonded Debt To Annual Billings
2013	175	18,555	0.11	58,784	31.56%
2014	176	14,160	0.08	61,775	22.92%
2015	176	10,910	0.06	65,108	16.76%
2016	176	7,345	0.04	65,916	11.14%
2017	177	3,515	0.02	69,999	5.02%
2018	177	-	-	74,727	0.00%
2019	177	-	-	78,108	0.00%
2020	179	-	-	79,882	0.00%
2021	180	-	-	81,078	0.00%
2022	181	-	-	84,636	0.00%

Source: ⁽¹⁾ Financial Summary

⁽²⁾ Customer Information System.

**Debt Capacity
Summary of Debt Outstanding ⁽¹⁾**

As of June 30, 2022
(in Thousands)

Water System

Revenue Bonds		
Series 2010B	\$	400,000
Series 2012B		41,160
Series 2014A		128,315
Series 2014B		176,825
Series 2014C		75,000
Series 2015A		429,360
Series 2015B		74,335
Series 2015C		110,715
Series 2017A		185,355
Series 2017B		296,160
Series 2019A		154,300
Series 2022A		133,950
Series 2022B		175,955
Total Water System Debt Outstanding	\$	2,381,430

Wastewater System

Revenue Bonds		
Series 2010B	\$	150,000
Series 2014A		43,610
Series 2015A		68,370
Series 2015B		1,620
Series 2017A		52,810
Series 2022A		18,140
Series 2022B		17,345
Total Wastewater System Debt Outstanding	\$	351,895

⁽¹⁾ Debt outstanding does not include State low interest loans, commercial paper or outstanding refunded but not yet called debt.

Source: Financial Statements

Demographic and Economic Information Section

- District Information
- Principal Water Rate Payers by Type of Customer
- Billed Water Consumption by Type of Customer
- Consumption and Account Comparative Highlights
- Area Employment Information

**Demographic and Economic Information
District Information**

Fiscal Year 2022

		<u>Water System</u>	<u>Wastewater System</u>
Established		1923	1944
Service Area	(square miles)	326	87
Population Served	(in thousands)	1,400	740
Unemployment Rate	(Alameda County - %)	2.9	2.9
Facilities:			
Miles of aqueducts		126.46	-
Miles of pipeline		4,161	-
Miles of tunnels		17.94	-
Miles of interceptors		-	37
Number of treatment plants ⁽¹⁾		10	-
Number of pumping stations		128	15
Number of treated water reservoirs		165	-
Number of reservoirs		172	-
Total District untreated water reservoir capacity	(acre feet)	756,695	-
Water demand per fiscal year			
District-provided water	(acre feet)	174,945	-
Water recycling per day	(in million gallons)	-	6.25
Wastewater treatment capacity			
Primary treatment		-	320
Secondary treatment		-	168
Energy Recovery	(%)	-	106
Number of active employees		1,696	259
Average years of service of employees		11	9

⁽¹⁾ Includes one standby treatment plant

Sources: State of California, Environmental Compliance, Urban Water Management Plan, Engineering, Finance, Water Consumption Report and Human Resources

Statistical Section (continued)

East Bay Municipal Utility District

Demographic and Economic Information Principal Water Rate Payers by Type of Customer

Fiscal Years 2013 to 2022
(in Thousands)

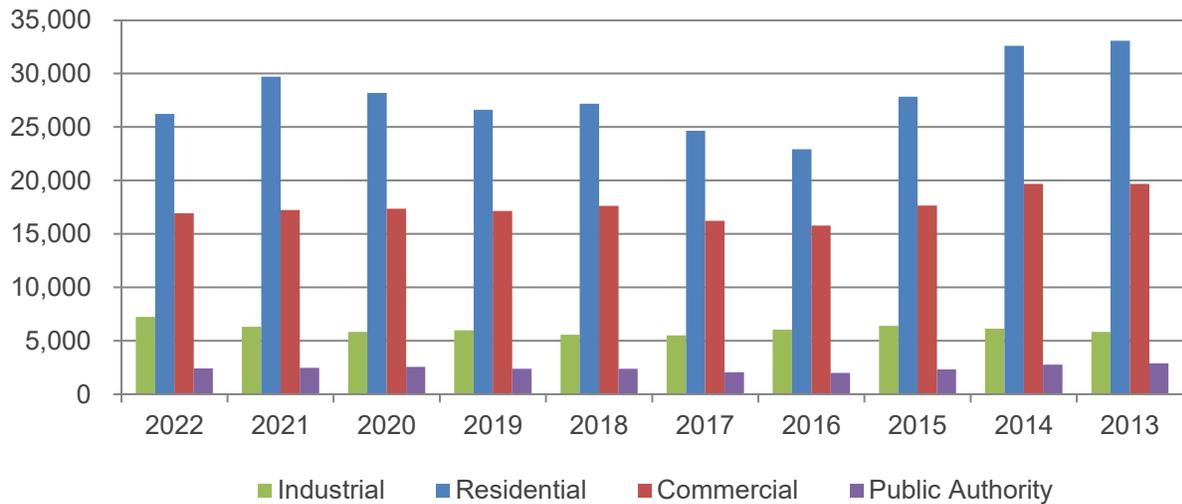
	2022	2021	2020 ⁽¹⁾	2019	2018	2017	2016	2015	2014	2013
	Billings	Billings	Billings	Billings	Billings	Billings	Billings	Billings	Billings	Billings
	%	%	%	%	%	%	%	%	%	%
Residential	\$ 339,794	\$ 354,269	\$ 320,889	\$ 288,399	\$ 268,281	\$ 233,141	\$ 225,648	\$ 200,426	\$ 209,212	\$ 191,639
	53.61%	57.10%	56.55%	55.42%	55.81%	55.47%	53.57%	55.35%	56.92%	57.02%
Commercial	194,453	188,686	177,566	163,065	151,596	132,882	137,572	114,837	113,723	104,629
	30.68%	30.41%	31.30%	31.34%	31.53%	31.62%	32.66%	31.71%	30.94%	31.13%
Industrial	72,975	51,406	43,556	44,941	38,354	35,287	38,598	30,144	26,815	23,432
	11.51%	8.28%	7.68%	8.64%	7.98%	8.40%	9.16%	8.32%	7.30%	6.97%
Public Authority & Other	26,618	26,110	25,383	23,939	22,514	18,983	19,422	16,729	17,797	16,365
	4.20%	4.21%	4.47%	4.60%	4.68%	4.52%	4.61%	4.62%	4.84%	4.87%
Total annual billings	\$ 633,840	\$ 620,471	\$ 567,394	\$ 520,344	\$ 480,745	\$ 420,293	\$ 421,240	\$ 362,136	\$ 367,547	\$ 336,065
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Top 1 Rate Payer	\$ 40,964	\$ 23,641	\$ 17,587	\$ 20,428	\$ 17,550	\$ 16,139	\$ 18,023	\$ 13,709	\$ 12,638	\$ 9,175
	6.46%	3.81%	3.10%	3.93%	3.65%	3.84%	4.28%	3.79%	3.44%	2.73%
Top 10 Rate Payers	81,797	60,757	52,631	52,820	46,613	41,967	46,702	37,498	35,760	31,128
	12.90%	9.79%	9.28%	10.15%	9.70%	9.99%	11.09%	10.35%	9.73%	9.26%

⁽¹⁾ The commercial billings figure for fiscal year 2020 is corrected to \$177,566 from \$174,566 to match with the total billings reported in other section.

Source: Customer Information System

Demographic and Economic Information
Billed Water Consumption by Type of Customer

Fiscal Years 2013 to 2022
 (in Millions of Gallons)



Type of Customer

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>	<u>Total</u>
2013	33,083	19,686	5,818	2,878	61,465
2014	32,604	19,666	6,120	2,752	61,142
2015	27,827	17,657	6,402	2,314	54,200
2016	22,925	15,786	6,048	1,977	46,736
2017	24,656	16,226	5,496	2,056	48,434
2018	27,175	17,636	5,568	2,366	52,745
2019	26,601	17,134	5,972	2,377	52,084
2020	28,184	17,350	5,833	2,563	53,930
2021	29,696	17,229	6,317	2,475	55,717
2022	26,238	16,946	7,222	2,414	52,820

Source: Customer Information System

**Demographic and Economic Information
Consumption and Account Comparative Highlights**

Fiscal Years 2022 and 2021

Water System	2022	2021
During the Year:		
Total Water Production, millions of gallons	57,006	61,550
Average Daily Water Production, MGD ⁽¹⁾	156	169
Maximum Daily Water Production, MGD ⁽¹⁾	209	234
Minimum Daily Water Production, MGD ⁽¹⁾	109	117
At Year End:		
Number of Accounts	387,083	386,139
Number of Active Employees	1,696	1,683
Miles of Water Distribution Pipe	4,161	4,152
Operating Distribution Storage Capacity, millions of gallons	604	607
Wastewater System		
During the Year:		
Average Daily Wastewater Flow, MGD ⁽¹⁾	51	51
At Year End:		
Number of Accounts	181,458	180,438
Number of Active Employees	259	264

⁽¹⁾ Millions of gallons per day

Demographic and Economic Information
Area Employment Information

Fiscal Years 2021 to 2022

Rank	Company	Estimated Total Employees	Percentage of Total County Employment
1	Kaiser Permanente Medical Group Inc.	44,686	3.58%
2	Chevron Corporation	14,720	1.18%
3	Tesla	13,000	1.04%
4	Safeway Inc.	9,731	0.78%
5	County of Alameda	9,424	0.75%
6	Sutter Health	9,377	0.75%
7	John Muir Health	9,290	0.74%
8	PG&E Corporation	5,100	0.41%
9	Workday	5,098	0.41%
10	Wells Fargo Bank	4,354	0.35%

Source: County of Alameda and County of Contra Costa Area Employment, FY2021 Annual Comprehensive Financial Report.

Operating Information Section

- Full-Time Equivalent District Positions by Function/Program
- Assessed Valuation of Taxable Property
- Ten-Year Summary of Property, Plant and Equipment
- Capital Asset Statistics by Function/Program
- Operating Indicators by Function/Program
- Ten-Year Summary of Expense by Source

Statistical Section (continued)

East Bay Municipal Utility District

Operating Information

Full Time Equivalent District Positions by Function/Program

Fiscal Years 2013 to 2022

Function/Program	Fiscal Year Ended June 30									
	2022	2021	2020 ⁽¹⁾	2019	2018	2017	2016	2015	2014	2013
Maintenance and Construction	668.5	670.5	670.5	796.5	792.0	764.0	760.0	732.5	732.5	732.0
Water Operations and Maintenance	339.8	341.3	342.8	186.5	186.0	188.0	189.0	196.5	196.5	197.5
Water Resources	38.0	38.5	38.5	37.0	36.5	37.5	39.0	38.0	40.0	44.0
Natural Resources	66.5	66.5	66.5	68.5	68.5	68.5	69.5	69.5	69.5	69.5
Engineering and Construction	288.0	286.5	287.5	275.5	275.5	267.5	264.0	250.5	250.5	250.5
Office of the General Manager	52.5	27.5	26.5	25.5	25.5	25.5	25.5	26.5	25.5	25.5
Finance	100.5	102.5	102.5	99.5	99.5	99.5	98.5	97.5	96.5	97.5
Information Systems	94.0	94.0	94.0	97.0	96.0	94.0	96.0	92.0	93.0	95.0
Administration Department	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	56.0	57.0
Customer and Community Services	150.5	152.5	152.5	152.5	152.5	153.5	151.5	142.5	101.0	104.0
Human Resources	44.5	61.5	60.0	60.0	61.5	56.5	58.5	58.0	47.5	47.5
Office of General Counsel	16.5	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Water Recycling Program	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Wastewater	288.5	288.5	288.5	289.5	287.5	286.5	285.5	288.5	286.5	286.5
Total	2,156.8	2,155.8	2,156.8	2,115.0	2,108.0	2,068.0	2,064.0	2,019.0	2,020.0	2,031.5

Note: Budgeted full-time equivalent positions available by Function/Program, actual headcount at year end for Water System and Wastewater System listed in: Demographic and Economic Information - Consumption and Account Comparative Highlights.

⁽¹⁾ All positions in the Plant Engineering Services was transferred to the Water Operations & Maintenance from the Maintenance & Construction.

Source: Office of Budgets and Rates

**Operating Information
Assessed Valuation of Taxable Property**

Fiscal Years 2013 to 2022
(in Millions)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water System ⁽¹⁾										
Alameda County	\$ 164,626	\$ 156,691	\$ 145,334	\$ 135,672	\$ 127,263	\$ 119,325	\$ 112,041	\$ 103,645	\$ 98,957	\$ 94,461
Contra Costa County	130,466	126,402	120,648	114,736	108,186	102,561	96,473	89,683	83,101	81,233
Total	\$ 295,092	\$ 283,093	\$ 265,982	\$ 250,408	\$ 235,449	\$ 221,886	\$ 208,514	\$ 193,328	\$ 182,058	\$ 175,694
Wastewater System ⁽¹⁾										
Alameda County	\$ 128,679	\$ 122,248	\$ 112,572	\$ 104,791	\$ 98,101	\$ 91,776	\$ 85,882	\$ 79,134	\$ 75,006	\$ 71,935
Contra Costa County	7,503	7,188	6,769	6,397	6,027	5,674	5,291	4,843	4,437	4,216
Total	\$ 136,182	\$ 129,436	\$ 119,341	\$ 111,188	\$ 104,128	\$ 97,450	\$ 91,173	\$ 83,977	\$ 79,443	\$ 76,151

Net assessed valuations, plus homeowners' exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis.

⁽¹⁾ Historical Assessed Valuation for Tax Purposes numbers differ from those previously reported to correctly match the fiscal year of the County figures with the applicable fiscal year in the table. The amounts were offset by one year in the previous reports. In addition, minor differences in assessed valuation numbers from amounts previously reported can also occur from time to time due to a change in source data used.

Source: Alameda and Contra Costa Counties

Operating Information
Ten-Year Summary of Property, Plant and Equipment

Fiscal Years 2013 to 2022
 (in Millions)

	Water System									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Structures, Buildings and Equipment ⁽¹⁾	\$6,753.5	\$6,531.9	\$6,332.4	\$6,021.8	\$5,497.7	\$5,264.5	\$5,131.1	\$4,919.4	\$4,779.4	\$ 4,600.4
Less Accumulated Depreciation	(2,672.8)	(2,547.8)	(2,424.0)	(2,305.5)	(1,895.1)	(1,793.9)	(1,696.6)	(1,602.8)	(1,510.2)	(1,423.7)
Subtotal	4,080.7	3,984.1	3,908.4	3,716.3	3,602.6	3,470.6	3,434.5	3,316.6	3,269.2	3,176.7
Land and Rights-of-Way	73.8	73.8	73.8	70.9	65.0	64.5	58.7	58.4	55.2	55.5
Construction in Progress	722.9	635.4	497.6	522.9	472.4	405.4	303.0	309.4	243.2	252.5
Total Capital Assets, Net	\$ 4,877.4	\$ 4,693.3	\$ 4,479.8	\$ 4,310.1	\$ 4,140.0	\$ 3,940.5	\$ 3,796.2	\$ 3,684.4	\$ 3,567.6	\$ 3,484.7

⁽¹⁾ This total includes intangible assets figure and starting FY2022 Lease-right to use assets figure is added to this total as well.

Sources: Financial Statements

Operating Information
Ten-Year Summary of Property, Plant and Equipment

Fiscal Years 2013 to 2022
 (in Millions)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Structures, Buildings and Equipment ⁽¹⁾	\$ 1,233.9	\$ 1,200.4	\$ 1,178.7	\$ 1,166.6	\$ 1,114.6	\$ 1,073.5	\$ 1,027.6	\$ 991.7	\$ 969.6	\$ 899.9
Less Accumulated Depreciation	(590.5)	(565.3)	(540.6)	(515.2)	(464.0)	(441.3)	(418.7)	(396.1)	(371.9)	(353.6)
Subtotal	643.4	635.1	638.1	651.4	650.6	632.2	608.9	595.6	597.7	546.3
Land and Rights-of-Way	21.4	21.4	21.4	21.4	21.4	21.3	21.2	21.0	20.2	20.0
Construction in Progress	125.7	116.5	98.5	68.2	43.9	57.2	63.4	65.0	59.1	100.3
Total Capital Assets, Net	\$ 790.5	\$ 773.0	\$ 758.0	\$ 741.0	\$ 715.9	\$ 710.7	\$ 693.5	\$ 681.6	\$ 677.0	\$ 666.6

⁽¹⁾ This total includes intangible assets figure.

Sources: Financial Statements

Operating Information

Capital Asset Statistics by Function/Program

Fiscal Years 2013 to 2022

Fiscal Year Ended June 30

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Water System										
Water mains (miles)	4,161	4,152	4,142	4,135	4,133	4,131	4,130	4,126	4,115	4,110
Fire hydrants	30,771	30,673	31,367	30,441	30,330	30,340	30,211	30,113	30,576	30,453
Reservoir storage at June 30 (in acre feet)	540,740	484,600	597,030	727,320	709,910	735,260	652,280	382,050	466,250	610,000
Wastewater System										
Sanitary sewers (miles)	Owned by various communities									
Treatment capacity (thousands of gallons per day)	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000

Source: Engineering Department and Accounting Department

**Operating Information
Operating Indicators by Function/Program**

Fiscal Years 2013 to 2022

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Water System											
New connections	379	539	582	1,086	590	760	741	1,041	621	534	
Water main breaks	1,001	1,022	935	935	891	918	1,189	1,027	980	813	
Average daily production (millions of gallons)	156	169	167	164	166	157	146	164	187	184	
Peak daily production (millions of gallons)	209	234	227	221	232	222	186	221	288	253	
Wastewater System											
Average daily sewage treatment (millions of gallons)	51	51	61	61	54	69	56	61	60	61	

Source: NBO/CMS/Annual Report/Wastewater

Statistical Section (continued)

East Bay Municipal Utility District

Operating Information Ten-Year Summary of Expense by Source

Fiscal Years 2013 to 2022
(in Millions)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Interest and Amortization of Bonds	\$ 113.1	\$ 106.2	\$ 113.5	\$ 119.6	\$ 120.7	\$ 109.7	\$ 109.3	\$ 124.3	\$ 121.1	\$ 116.3
Depreciation on Utility Plant ⁽³⁾	145.7	144.1	138.1	132.0	128.1	125.2	119.8	118.3	112.7	109.2
Water Treatment and Distribution	140.3	134.0	126.6	117.6	113.4	113.6	106.5	100.0	97.6	89.6
General Administration ⁽²⁾	72.9	39.4	31.7	36.8	43.9	43.6	49.7	45.7	57.7	61.7
Raw Water ^(1, 4)	62.2	57.4	53.2	44.6	40.4	37.6	64.4	43.5	41.1	33.1
Sewer Treatment Plant Operations	47.1	43.0	41.5	37.9	38.2	35.1	33.3	32.5	31.7	28.7
Financial and Risk Management	22.7	22.5	25.6	23.1	17.5	21.6	19.6	19.3	17.0	17.2
Customer Accounting and Collecting	21.9	20.0	19.9	20.3	19.4	19.9	19.1	19.9	20.3	18.5
Facilities Management ⁽³⁾	4.1	3.9	4.5	5.0	5.5	5.2	6.3	6.9	9.0	8.8
Sewer Lines and Pumping	18.3	16.7	16.4	15.9	13.4	14.6	13.4	13.9	13.7	12.5
Recreation Areas, Net	5.3	6.9	6.7	6.1	5.7	5.7	5.6	5.3	5.2	5.3
Amortization ⁽²⁾	8.7	10.2	13.3	14.4	16.2					
Total:	\$ 662.3	\$ 604.3	\$ 591.0	\$ 573.3	\$ 562.4	\$ 531.8	\$ 547.0	\$ 529.6	\$ 527.1	\$ 500.9

⁽¹⁾ Includes \$21 million, \$2 million and \$6 million from the purchase of additional drought water supply in 2016, 2015 and 2014, respectively.

⁽²⁾ Starting FY2019, the Amortization expense is reported separately from General Administration expense. FY2018 General Administration and Amortization expenses have been recategorized to serve as comparison purpose in the FY2019 Financial Statements.

⁽³⁾ FY2020 figures were reclassified for consistency with current year presentation. This reclassification had no effect on the reported results of operations.

⁽⁴⁾ Reclassified the water interception expense between operating expenses and non-operating income (expenses) in FY2021.

This reclassification has no effect on the reported results of operations.

Sources: Financial Statements



Capacity Charge Funds

Capacity Charge Funds

Government Code Section 66013 requires local agencies that collect capacity charges to deposit and account for these fees in a separate capital facilities fund. In addition, local agencies are required to annual provide the information in this report to the public upon request. Government Code Section 66013 (b) (3) defines “Capacity charge” means a charge for public facilities at the time the charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense related to its use of the use of existing or new public facilities.”

Government Code Section 66013 (d) outlines the reporting requirements on the capital facilities funds and expenditures. Government Code Section 66013 (f) (2) exempts capacity charges that are used to pay existing debt service from the reporting requirements of Section 66013 (d). One of the District’s capacity charges are used to pay existing debt service; therefore, it is exempt from the reporting requirements. For the purpose of enhancing transparency, the District has provided the reporting information on its capacity charge that is exempt from Section 66013 (d).

The District has the following capacity charge funds:

Future Water Supply (FWS) Fund. The District updated the basis of the System Capacity Charge (SCC) for FY22 with a SCC cost of service study. The FWS component of the SCC was updated for new water service connections to pay for their share of the new FWS projects identified in the 2021 SCC study and subsequent updates. The remaining balance from the prior FWS fund at the end of FY21 (\$20,352,648 plus interest of \$8,876) was used to pay a portion of remaining the debt service on the prior FWS projects that had not been fully collected from the prior FWS fund. Changes in the FWS fund for FY22 are shown in the table below.

FY22 Future Water Supply Fund	
Balance 7/1/22 from prior FWS Fund	\$20,352,648
Additions	4,651,134
Costs Applied	-20,361,524
Interest Earnings	27,340
Balance 6/30/22	4,669,598

System Capacity Buy-In Component. In addition to the FWS, the System Capacity Charges for new water service connections include a buy-in component to pay for the proportional share of the existing water system infrastructure. The revenue from the System Capacity Buy-In component is used to pay the debt service on existing water system infrastructure debt and is exempt from the reporting requirements of Government Code Section 66013 (d). As shown in the table below, the revenues from the System Capacity Buy-In Component are used directly to pay debt service; therefore, there is no fund balance nor interest earnings.

FY22 System Capacity Buy-In Component	
Balance 7/1/21	\$0
Additions	35,048,467
Costs Applied	-35,048,467
Interest Earnings	0
Balance 6/30/22	0

Wastewater Equipment Replacement Fund (ERF). This fund collects a fee for the amount of the capacity used by new wastewater connections and is used to pay for equipment replacements. Changes in this fund for FY22 are shown in the table below.

FY22 Wastewater Equipment Replacement Fund	
Balance 7/1/21	17,816,400
Additions	6,443,423
Costs Applied	-113,851
Interest Earnings	62,475
Balance 6/30/22	24,208,447

**Recorded Spending By Fund (Fiscal Year 2022)
(in Thousands)**

Debt Service Expenditure/Project	FY22 Expenditures	FY22 Expenditures Funded by Capacity Fees
<u>Future Water Supply Fund</u> Spending on FWS Projects from 2021 SCC Study	\$20,362	\$20,362
<u>System Capacity Buy – In Components</u> Debt Service on Existing Water System Infrastructure	182,415	35,048
<u>Wastewater Equipment Replacement Fund</u> Routine Capital Equipment Replacement (100% of Costs)	114	114

Projected Spending By Fund (Fiscal Year 2023)

Project	Projected FY23 Expenditures (\$thousands)	FY23 Projected Expenditures Funded by Capacity Fees (\$thousands)
<u>Future Water Supply Fund</u> Spending on FWS Projects from 2021 SCC Study	\$2,000	\$2,000
<u>System Capacity Buy – In Components</u> Debt Service on Existing Water System Infrastructure	182,415	21,750
<u>Wastewater Equipment Replacement Fund</u> Routine Capital Equipment Replacement (100% of Costs)	3,000	3,000



General Information and Purpose

Water System

Wastewater System

Trustee Contacts by Issue

Contacts at East Bay Municipal Utility District

EBMUD Website

EAST BAY MUNICIPAL UTILITY DISTRICT
CONTINUING DISCLOSURE INFORMATION
STATEMENT
(OPERATING AND FINANCIAL DATA PROVIDED IN ADDITION TO
AUDITED FINANCIAL STATEMENTS SEPARATELY FILED)

GENERAL INFORMATION AND PURPOSE

The purpose of this document is to provide information about the East Bay Municipal Utility District (the "District"). The information in this Continuing Disclosure Information Statement is provided in order to comply with the District's contractual commitment established by certain continuing disclosure undertakings of the District, entered into in accordance with Securities and Exchange Commission Rule 15c2-12 (the "Rule"), to provide certain information specified therein. Certain information in this Continuing Disclosure Information Statement is not required to be provided by the District's continuing disclosure undertakings. By providing such information, the District does not undertake or agree to provide such information in any future year. The District makes no representation that this Continuing Disclosure Information Statement contains all information material to a decision to purchase or sell any of the District's bonds.

The information set forth herein has been furnished by the District and includes information obtained from other sources, which are believed to be reliable. Any statements herein involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinion or estimates will be realized. The information and expressions of opinion contained in this Continuing Disclosure Information Statement are provided as of the respective dates specified herein and are subject to change without notice, and the filing of this Continuing Disclosure Information Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the District or in the other matters described herein since the date as of which such information is provided. The District reserves the right to amend this information at any time.

Investors may obtain further information about the District by obtaining a copy of the District's most recent official statement (which will contain information only as of the date of such official statement) from the Municipal Securities Rulemaking Board at <http://emma.msrb.org/>. Information requests may also be directed to:

Director of Finance
East Bay Municipal
Utility District
375 Eleventh Street
Oakland, California 94607-4240
Phone: (510) 287-0310

This information statement provides information about the East Bay Municipal Utility District.

Generally, this document relates to debt issued by the District under two security structures:

- **Water System Revenue Bonds**
- **Wastewater System Revenue Bonds**

As of September 15, 2010, the District covenanted and agreed that it will not in the future issue any additional senior lien water system revenue bonds or senior lien wastewater system revenue bonds previously issued under the District's Senior Water Bond Resolution and Senior Wastewater Bond Resolution, respectively. Certain of the District's bonds that were once designated as Water System Subordinated Revenue Bonds and Wastewater System Subordinated Revenue Bonds, respectively, are now referred to as Water System Revenue Bonds and Wastewater System Revenue Bonds, respectively, in order to reflect that the lien securing the prior senior lien water system revenue bonds and prior senior lien wastewater system revenue bonds has been closed. There are no senior lien water system revenue bonds or senior lien wastewater system revenue bonds remaining outstanding.

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Debt Outstanding

The following Table 1 summarizes the District’s Water System outstanding long-term debt. All information is presented as of June 30, 2022.

TABLE 1: SUMMARY OF WATER SYSTEM DEBT OUTSTANDING

<i>Issue</i>	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding June 30, 2022</i>
<u>Water System Revenue Bonds:</u>				
Revenue Bonds, Series 2010B (Build America Bonds)	02/23/10	06/01/40	\$ 400,000,000	\$ 400,000,000
Revenue Refunding Bonds, Series 2012B	11/13/12	06/01/26	358,620,000	41,160,000
Revenue Refunding Bonds, Series 2014A	06/11/14	06/01/35	128,315,000	128,315,000
Revenue Refunding Bonds, Series 2014B	06/11/14	06/01/30	242,730,000	176,825,000
Revenue Bonds, Series 2014C	06/26/14	06/01/44	75,000,000	75,000,000
Revenue Refunding Bonds, Series 2015A	03/03/15	06/01/37	429,360,000	429,360,000
Revenue Bonds, Series 2015B (Green Bonds)	06/17/15	06/01/45	74,335,000	74,335,000
Revenue Bonds, Series 2015C	06/17/15	06/01/45	110,715,000	110,715,000
Revenue Bonds, Series 2017A (Green Bonds)	06/22/17	06/01/45	185,355,000	185,355,000
Revenue/Refunding Bonds, Series 2017B	06/22/17	06/01/37	309,665,000	296,160,000
Revenue Bonds, Series 2019A (Green Bonds)	06/27/19	06/01/49	161,820,000	154,300,000
Revenue Bonds, Series 2022A (Green Bonds)	06/21/22	06/01/52	133,950,000	133,950,000
Revenue Refunding Bonds, Series 2022B-1	06/21/22	06/01/37	72,105,000	72,105,000
Revenue Refunding Bonds, Series 2022B-2	06/21/22	06/01/34	<u>103,850,000</u>	<u>103,850,000</u>
Total Water System Revenue Bonds			<u>\$2,785,820,000</u>	<u>\$2,381,430,000</u>
<u>Parity Debt:</u>				
State Water Resources Control Board Loan (East Bayshore Recycled Water Project)	05/22/08 ⁽¹⁾	04/01/28	20,100,000 ⁽²⁾	6,965,000
State Water Resources Control Board Loan (South Reservoir Replacement)	12/14/17 ⁽¹⁾	07/01/48	13,998,165 ⁽²⁾	12,937,000
State Water Resources Control Board Loan (MacArthur Davenport Pipeline Replacement Project)	04/18/18 ⁽¹⁾	07/01/49	<u>12,044,901⁽²⁾</u>	<u>11,171,000</u>
Total Parity State Loans			<u>\$ 46,143,066</u>	<u>\$ 31,073,000</u>
<u>Subordinate Debt:</u>				
Commercial Paper Notes (Water Series)	Various	Various	<u>295,000,000⁽³⁾</u>	<u>295,000,000</u>
Total Debt			<u>\$3,126,963,066</u>	<u>\$2,707,503,000</u>

(1) Date of State Loan contract execution.

(2) Full amount disbursed to the District.

(3) Issued amount outstanding as of June 30, 2022. Commercial paper notes may be issued by the District in an amount up to the statutory limit described herein. In Fiscal Year 2021, the District paid down \$17.8 million of outstanding Commercial Paper Notes (Water Series) from available cash.

Source: The District.

The following Table 2 summarizes the District’s Wastewater System outstanding long-term debt. All information is presented as of June 30, 2022.

TABLE 2: SUMMARY OF WASTEWATER SYSTEM DEBT OUTSTANDING

	<i>Date of Issue</i>	<i>Last Maturity</i>	<i>Amount Issued</i>	<i>Outstanding June 30, 2022</i>
<u>Wastewater System Revenue Bonds:</u>				
Revenue Bonds, Series 2010B (Build America Bonds)	10/20/10	06/01/40	\$150,000,000	\$150,000,000
Revenue Refunding Bonds, Series 2014A	08/28/14	06/01/31	82,150,000	43,610,000
Revenue Refunding Bonds, Series 2015A	03/03/15	06/01/38	68,370,000	68,370,000
Revenue Refunding Bonds, Series 2015B	03/03/15	06/01/30	2,795,000	1,620,000
Revenue/Refunding Bonds, Series 2017A	06/14/17	06/01/45	69,420,000	52,810,000
Revenue Bonds, Series 2022A (Green Bonds)	06/16/22	06/01/45	18,140,000	18,140,000
Revenue Refunding Bonds, Series 2022B	06/16/22	06/01/37	<u>17,345,000</u>	<u>17,345,000</u>
Total Wastewater System Revenue Bonds			<u>\$408,220,000</u>	<u>\$351,895,000</u>
<u>Subordinate Debt:</u>				
Extendable Commercial Paper Notes (Wastewater Series)	Various	Various	-	
			<u>8,000,000⁽¹⁾</u>	<u>8,000,000⁽²⁾</u>
Total Debt			<u>\$416,220,000</u>	<u>\$359,895,000</u>

⁽¹⁾ Issued amount outstanding as of June 30, 2022. Commercial paper notes may be issued in an amount up to the statutory limit described herein. In Fiscal Year 2022, the District paid down \$1.3 million of outstanding Extendable Municipal Commercial Paper Notes (Wastewater Series) from available cash.

⁽²⁾ Subsequent to the end of Fiscal Year 2022, on December 6, 2022, the District paid down the remaining \$8 million of then outstanding Extendable Municipal Commercial Paper Notes (Wastewater Series) from available cash. As of December 6, 2022, there are no Extendable Municipal Commercial Paper Notes (Wastewater Series) outstanding.

Source: The District.

Commercial Paper Programs

The District has authorized two short-term commercial paper borrowing programs: an extendable municipal commercial paper program and a traditional commercial paper program.

Under the extendable municipal commercial paper program, commercial paper may be issued for the Water System (“Extendable Municipal Commercial Paper Notes (Water Series)”) or the Wastewater System (“Extendable Municipal Commercial Paper Notes (Wastewater Series)”) at prevailing interest rates for periods of not more than 120 days from the date of issuance with the option by the District to extend the maturity for another 150 days. The extendable municipal commercial paper program is not supported by any liquidity or revolving credit agreement. As of June 30, 2022, \$8,000,000 principal amount of extendable commercial paper notes was outstanding under the District’s extendable municipal commercial paper program, consisting of \$0 of Extendable Municipal Commercial Paper Notes (Water Series) and \$8,000,000 of Extendable Municipal Commercial Paper Notes (Wastewater Series), with a term of 90 days and an interest rate of 1.32% per annum. Subsequent to the end of Fiscal Year 2022, the District retired all of the then outstanding \$8,000,000 Extendable Municipal Commercial Paper Notes (Wastewater Series). See footnote 2 to Table 2 above.

The District has also authorized a traditional commercial paper program as an additional or alternative short-term borrowing mechanism. Commercial paper notes under the traditional commercial paper program may be issued for the Water System (“Commercial Paper Notes (Water Series)”) or the Wastewater System (“Commercial Paper Notes (Wastewater Series)”) at prevailing interest rates for periods of not more than 270 days from the date of issuance. The District has secured liquidity arrangements from various banking institutions in order to provide an additional source of principal repayment for commercial paper notes issued pursuant to its traditional commercial paper program. As of June 30, 2022, \$295,000,000 principal amount of commercial paper notes was outstanding under the District’s traditional commercial paper program, consisting of \$295,000,000 of Commercial Paper Notes (Water Series) and \$0 of Commercial Paper Notes (Wastewater Series), with terms of 28 to 93 days and interest rates ranging from 0.80% to 1.29% per annum. As of June 3, 2022, there were no borrowing under the liquidity support facilities for the District’s traditional commercial paper program.

Short-term indebtedness (including commercial paper notes under either of the above-mentioned programs, and/or other forms of bonds, notes or other evidences of short-term indebtedness, including bank credit) may be issued by the District under the authority of Chapter 7.5 of the Municipal Utility District Act (the “MUD Act”) in a maximum aggregate principal amount outstanding at any one time of up to the lesser of either (1) the annual average of the total revenue for the three preceding years or, (2) 25% of the District’s outstanding bonds.

The Water System and the Wastewater System commercial paper notes are payable from and secured by a pledge of the respective System’s revenues on a basis subordinate to the Water System and Wastewater System revenue bonds.

The proceeds of the District’s commercial paper notes may be used to finance or refinance the costs of (i) the planning, design, engineering, acquisition or construction of facilities for the storage, transmission or distribution of water; the storage, transmission or treatment of sewage or byproducts of sewage treatment; or the generation or transmission of electricity, (ii) the replacement of works of the District that have been damaged or demolished by reason of fire, flood, earthquake, sabotage or acts of God or the public enemy, (iii) any expenses or charges incurred in connection with the foregoing purposes and to reimburse the District for expenditures for any such purposes, or for the purpose of paying commercial paper notes issued for the foregoing purposes. There were no unused proceeds on June 30, 2022.

Investment Policy

The District's Investment Policy can be summarized as follows:

Funds of the District are invested in accordance with the Government Code of the State of California, the MUD Act and the District's Investment Policy. Investments shall be in securities with a range of maturities expected to provide adequate security and liquidity to pay demands when due while providing a risk-adjusted market rate of return on investments. Criteria for selecting investments are to:

- adhere to the prudent investor standard described in Section 53600.3 of the California Government Code; and
- conform with the Government Code and the MUD Act; and
- have the following objectives, in order of priority:
 1. *Safety* - The District's ability to recover principal and interest. Investments shall be made that will seek to ensure the preservation of principal and interest and to minimize risk to the greatest extent possible. It is the primary duty of the District Treasurer to protect, preserve and maintain cash and investments on behalf of the District.
 2. *Liquidity* - The District's ability to have cash available when needed to support expenditure cycles and budgetary objectives.
 3. *Yield* - The District's ability to provide a risk-adjusted market rate of return on the District's investments while conforming to the safety and liquidity criteria above.
 4. *Diversification* - The District's ability to maintain an investment portfolio that includes a range of security types. In order to accomplish this, each investment option shall have defined limits on the maximum share of the portfolio, single issuer and single issue holdings, and maturity, rating and other restrictions where applicable.

Investment Options

The following are investment options for the District under the District's Investment Policy.

1. U.S. Treasury Obligations
2. U.S. Government Agencies Obligations
3. State of California, Local Agency Investment Fund (LAIF)
4. Local Government Investment Pools (LGIP), including the California Asset Management Program (CAMP) and the Investment Trust of California (CalTRUST)
5. Money Market Mutual Funds
6. Certificates of Time Deposit
7. Negotiable Certificates of Deposit
8. Commercial Paper
9. Medium Term Corporate Notes
10. Repurchase Agreements
11. Municipal Obligations, limited to California issuers, including the State of California

Pursuant to the District's Investment Policy:

- All securities purchased from dealers and brokers are held in safekeeping by the District's custodial bank, a national bank, a State chartered bank or trust company (not the selling party of the security). All transactions require delivery of the security prior to payment for the security (delivery vs. payment).
- Trade confirmations are received directly and reviewed for conformity to the original transaction by an individual other than the person who originated the transaction.
- Reporting includes: on a monthly basis, a report listing investment transactions is submitted to the General Manager and the District's Board of Directors (the "Board"); and on a quarterly basis, an investment report may be submitted to the General Manager and the Board. This quarterly report when rendered includes the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and moneys held by the District, and provides an investment summary by security type, percent of the portfolio, investment yield and the remaining period of investment to maturity.

The District does not enter into reverse repurchase agreements or otherwise borrow for purposes of investing. The District does not invest in highly volatile derivatives and other such securities. The District has, however, entered into interest rate swap transactions to hedge interest rate exposure on outstanding variable rate revenue bonds.

District Population

The District occupies approximately 332 square miles in 20 incorporated and 15 unincorporated communities in both Alameda and Contra Costa Counties. It covers the eastern shore of San Francisco Bay from Carquinez Strait in the north to and including San Lorenzo in the south and it extends approximately 20 miles east, beyond the Oakland-Berkeley hills, into Contra Costa County.

The District’s Water System serves this entire area, reaching approximately 1.4 million people, based on the District’s most recent estimates, or approximately 50% of the combined population of Alameda County and Contra Costa County. The District’s Wastewater System treats and disposes of the wastewater from an area within the District designated as Special District No. 1, serving over 740,000 people, based on the District’s most recent estimates, in an approximately 88 square mile area of the same two counties, extending from Richmond in the north, southward to San Leandro.

Table 3 shows the population trends for the six largest cities in the District, Alameda and Contra Costa Counties and the State for the five years 2018 to 2022.

**TABLE 3: DISTRICT WATER SYSTEM SIX
LARGEST CITIES ALAMEDA, CONTRA COSTA
COUNTIES AND CALIFORNIA POPULATION
TRENDS⁽¹⁾**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Oakland	428,750	429,932	432,327	430,100	424,464
Berkeley	121,763	122,297	122,364	121,269	124,563
Richmond	109,936	109,991	110,288	114,643	114,489
San Leandro	88,389	88,328	87,840	89,926	88,404
Alameda	81,195	81,457	81,135	78,262	77,784
Walnut Creek	<u>70,254</u>	<u>70,755</u>	<u>70,592</u>	<u>70,566</u>	<u>69,891</u>
Total Six Cities	900,287	902,760	904,546	904,766	899,595
Alameda County	1,651,760	1,659,608	1,663,114	1,662,370	1,651,979
Contra Costa County	1,143,188	1,147,623	1,149,853	1,161,324	1,156,555
California	39,519,535	39,605,361	39,648,938	39,303,157	39,185,605

⁽¹⁾ As of January 1 of each year

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2018-2020, with 2010 Census Benchmark; 2021-2022, January 1, 2021 revised estimate and January 1, 2022 provisional estimate, with 2020 Census Benchmark*. Sacramento, California, May 2022.

Table 4 shows the population trends for the seven largest cities within the District’s Wastewater System service area, Alameda and Contra Costa Counties and the State for the five years 2018 to 2022. The District’s Wastewater System treats domestic, commercial and industrial wastewater for the six cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont (the “six participating cities”), and for the Stege Sanitary District, which includes El Cerrito, Kensington and part of Richmond.

TABLE 4: SEVEN LARGEST CITIES IN DISTRICT WASTEWATER SYSTEM SERVICE AREA ALAMEDA, CONTRA COSTA COUNTIES AND CALIFORNIA POPULATION TRENDS ⁽¹⁾

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Oakland	428,750	429,932	432,327	430,100	424,464
Berkeley	121,763	122,297	122,364	121,269	124,563
Alameda	81,195	81,457	81,135	78,262	77,784
El Cerrito	24,645	24,788	24,835	25,671	25,650
Albany	18,818	18,932	18,871	20,542	21,648
Piedmont	11,311	11,325	11,297	11,138	10,977
Emeryville	<u>12,142</u>	<u>12,177</u>	<u>12,448</u>	<u>12,617</u>	<u>12,497</u>
Total Seven Cities	698,624	700,908	703,277	699,599	697,583
Alameda County	1,651,760	1,659,608	1,663,114	1,662,370	1,651,979
Contra Costa County	1,143,188	1,147,623	1,149,853	1,161,324	1,156,555
California	39,519,535	39,605,361	39,648,938	39,303,157	39,185,605

⁽¹⁾ As of January 1 of each year. Includes the six participating cities and El Cerrito, the largest incorporated portion of the Stege Sanitary District service area.

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2018-2020, with 2010 Census Benchmark; 2021-2022, January 1, 2021 revised estimate and January 1, 2022 provisional estimate, with 2020 Census Benchmark*. Sacramento, California, May 2022.

Taxable Property/Assessed Valuations

Table 5 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within the District.

TABLE 5: TAXABLE PROPERTY WITHIN THE WATER SYSTEM ASSESSED VALUATION AND TAX COLLECTION RECORD

Fiscal Year	2018	2019	2020	2021	2022
ASSESSED VALUATION FOR TAXATION PURPOSES⁽¹⁾⁽²⁾					
Alameda County	\$127,263,417,316	\$135,672,349,929	\$145,333,769,595	\$156,691,168,950	\$164,626,360,893
Contra Costa County	<u>108,186,306,742</u>	<u>114,735,931,344</u>	<u>120,648,243,577</u>	<u>126,401,657,570</u>	<u>130,466,419,058</u>
TOTAL	\$235,449,724,058	\$250,408,281,273	\$265,982,013,172	\$283,092,826,520	\$295,092,779,951
COUNTY 1% ALLOCATED PROPERTY TAX REVENUES TO DISTRICT⁽³⁾					
Alameda County	\$19,017,612	\$20,043,690	\$21,733,964	\$23,676,751	\$25,213,337
Contra Costa County	<u>15,687,955</u>	<u>15,664,950</u>	<u>18,603,287</u>	<u>16,901,006</u>	<u>20,285,944</u>
TOTAL	\$34,705,567	\$35,708,640	\$40,337,251	\$40,577,757	\$45,499,281
DELINQUENCIES⁽⁴⁾					
Delinquent June 30					
Amount	\$213,655	\$211,662	\$277,522	\$289,340	\$332,496
Percent	0.62%	0.59%	0.69%	0.71%	0.73%

(1) Net of all exemptions except homeowner's exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

(2) Minor differences in assessed valuation numbers from amounts previously reported occur from time to time due to a change in source data used.

(3) Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the "Jarvis-Gann Initiative." For Alameda County, receipts include District's share of prior years' delinquencies when collected.

(4) Amounts apply to Alameda County only, since Contra Costa County guarantees 100% payment of the District's secured roll levy. The delinquency percentages are calculated based on the aggregate of the two counties' levies.

Sources: Reports of the Auditor-Controller's Offices of Alameda and Contra Costa Counties, table data as compiled by the District.

Table 6 shows a five-year record of assessed valuations, secured roll levies and delinquencies for the taxable property included within Special District No. 1.

**TABLE 6: TAXABLE PROPERTY WITHIN THE WASTEWATER SYSTEM
ASSESSED VALUATION AND TAX COLLECTION RECORD**

Fiscal Year	2018	2019	2020	2021	2022
ASSESSED VALUATION FOR TAXATION PURPOSES⁽¹⁾⁽²⁾					
Alameda County	\$ 98,101,088,469	\$104,791,049,008	\$112,571,652,641	\$122,248,493,183	\$128,678,917,777
Contra Costa County	<u>6,027,338,924</u>	<u>6,396,906,019</u>	<u>6,769,204,055</u>	<u>7,187,871,396</u>	<u>7,502,770,587</u>
TOTAL	\$104,128,427,393	\$111,187,955,027	\$119,340,856,696	\$129,436,364,579	\$136,181,688,364
TOTAL PROPERTY TAX REVENUES TO DISTRICT⁽³⁾					
Alameda County	\$6,300,863	\$5,385,714	\$5,782,135	\$6,377,478	\$6,836,741
Contra Costa County	<u>473,110</u>	<u>470,322</u>	<u>506,767</u>	<u>479,713</u>	<u>545,357</u>
TOTAL	\$6,773,973	\$5,856,036	\$6,288,902	\$6,857,192	\$7,382,098
DELINQUENCIES⁽⁴⁾					
Delinquent June 30					
Amount	\$79,688	\$59,959	\$74,239	\$77,975	\$89,767
Percent	1.18%	1.02%	1.18%	1.14%	1.22%

(1) Net of all exemptions except homeowner’s exemptions, the taxes on which are paid by the State. All valuations are stated on a 100% of full cash value basis as defined by law. Assessed valuations shown include redevelopment project area incremental valuations.

(2) Minor differences in assessed valuation numbers from amounts previously reported occur from time to time due to a change in source data used.

(3) Net basis excluding all exemptions. Levies reflect the tax reductions effected by the adoption of Article XIII A of the State Constitution in 1978, the “Jarvis-Gann Initiative.” Includes *ad valorem* tax levy for debt service on District general obligation bonds which were fully retired in April 2018. For Alameda County, receipts include District’s share of prior years’ delinquencies when collected.

(4) Amounts apply to Alameda County only, since Contra Costa County guarantees 100% payment of the District’s secured roll levy. The delinquency percentages are calculated based on the two counties’ secured roll levies

Sources: Reports of the Auditor-Controller’s Offices of Alameda and Contra Costa Counties, table data as compiled by the District.

WATER SYSTEM

Material Changes in Water Supply

There have been no material changes in the District's primary sources of water supply. However, the availability of these sources is impacted by California hydrology, which can be highly variable from year to year. The District monitors precipitation and reservoir levels daily.

The main source of the District's water supply is the 627-square mile Mokelumne River watershed. Water Year 2022, which ended September 30, 2022, was the second driest year on record in the Mokelumne Basin, and the driest year on record in East Bay area served by the District's water system.

The District began Water Year 2022, which commenced on October 1, 2021, with 436,300 acre-feet in total system storage (Pardee, Camanche and East Bay terminal reservoirs), representing 57% of capacity or 76% of average. As of June 30, 2022, the District had 540,590 acre-feet of water stored in all of its reservoirs combined. As of such date, the District's reservoirs were approximately 70% of capacity, or approximately 82% of average (based on 10-year average from 2001-2011). Season-to-date precipitation in the Mokelumne basin as of June 30, 2022 was 39.21 inches, or approximately 81% of average (based on average from 1930-2014).

In response to dry conditions throughout California and in the District's watersheds, at the April 27, 2021 District Board meeting, the District Board declared a Stage 1 Moderate Drought, established a District-wide voluntary water use reduction goal of 10%, declared the need to purchase supplemental supplies from the Central Valley Project ("CVP") pursuant to the terms of the District's dry year supply contract with the United States Bureau of Reclamation, and directed additional demand management measures to promote water conservation. These actions were the first step in the District's Drought Management Program ("DMP"), which is part of the District's Water Shortage Contingency Plan ("WSCP"). The District's DMP provides guidelines which recommend various response actions during each stage of a drought. The District's current WSCP and the associated DMP guidelines were adopted by the Board on June 22, 2021.

During the contract year 2022, which is March 1, 2022 through February 28, 2023, the District's allocation of CVP water under its CVP dry year supply contract has been reduced to public health and safety needs only, which means that the District is only entitled to take delivery of CVP water determined to be necessary to meet the public health and safety needs of District customers that cannot be met by existing water sources.

At the April 26, 2022 Board meeting, the District Board took a number of drought-related actions. On April 26, 2022, the District Board declared a water shortage emergency condition to prevail within the service area of the District. The Board elevated the District's drought response to a Stage 2 Significant Drought and established a District-wide mandatory water use reduction goal of 10%. The Board also adopted certain provisions of the District's regulations governing water service during water shortage emergency conditions, which impose various restrictions on potable water use, including limiting outdoor watering, and implemented the provisions of the District's excessive water use penalty ordinance, which imposes penalties on repeated water use above a specified threshold. The District Board also reaffirmed its prior direction to staff to continue efforts to pursue supplemental water supplies from the CVP or, consistent with established District policy, from other willing sellers.

At the May 10, 2022 Board meeting the Board approved a Water Shortage Emergency Action Plan to identify the particular suite of outreach, education and conservation measures and other response actions to be implemented by the District to help achieve the 10% District-wide mandatory water use reduction goal established by the Board. At such meeting, the Board authorized the implementation of a Stage 2 Drought surcharge to be imposed and collected on each unit of potable water delivered on or after July 1, 2022 at the rate of 8% of the water flow charge for water delivered.

On June 14, 2022, as part of the District's mid-cycle budget review and related actions, the District Board approved a drought budget and authorized the appropriation of approximately \$33.3 million for drought contingency expenses for Fiscal Year 2023 to address the expected fiscal impact of the drought in addition to those costs anticipated to be recovered through drought surcharges revenues. Such amount is expected to be funded through the use of reserves in accordance with the District's drought funding plan.

Additional information regarding the District's water supply may be obtained from the District's website at <http://www.ebmud.com>.

Gross Water Production

Annual water production in the District since Fiscal Year 2013 is shown in Table 7 below. Note that this information was re-labeled as “production” rather than “consumption” beginning in Fiscal Year 2013 to more accurately characterize the data. Water production includes the total water produced at the District’s water treatment plants and water moved through the distribution system that was delivered to customers, as well as water lost through leaks in the transmission system, water used in the treatment process, evaporation, water used for fighting fires and other miscellaneous causes.

TABLE 7: WATER PRODUCTION BY FISCAL YEAR⁽¹⁾

<i>Fiscal Year</i>	<i>Annual Production (Acre-Feet)</i>	<i>Annual Production (Thousands of Ccf)</i>	<i>Annual Production (Million Gallons)</i>	<i>Average Production Per Day (Million Gallons per Day)</i>
2013	205,889	89,685	67,089	184
2014	209,467	91,244	68,255	184
2015	174,411	75,974	56,832	156
2016	162,562	70,812	52,971	145
2017	173,641	75,638	56,581	155
2018	185,790	80,930	60,540	166
2019	183,142	79,776	59,677	164
2020	187,966	81,878	61,249	167
2021	188,890	82,280	61,550	169
2022	174,945	76,206	57,006	156

⁽¹⁾ Water production includes water used in the treatment process and for fighting fires, as well as water lost through leaks in the transmission system, evaporation and other miscellaneous causes. These losses represent approximately 10% of gross production.

Source: The District.

Sources of Funds/Summary of Revenues and Contributions

The following Table 8 sets forth the District’s Water System sources of funds for the five most recent Fiscal Years ended June 30, 2022. The sources of funds in the table below include certain funds which do not constitute Subordinated Water Revenues for purposes of the Indenture. Subordinated Water Revenues include all charges received for, and all other income and receipts derived by the District from, the operation of the Water System or arising from the Water System, which includes, without limitation, the District’s water rates, system capacity charge, as well as investment income, less Operation and Maintenance Costs. Property taxes are applied to reduce Operation and Maintenance Costs and are not pledged to the repayment of the Water System Revenue Bonds. Contributions received for facility relocations, main extensions and service installations, and grants and other reimbursements, which are restricted to use for the specified purposes are not included in Subordinated Water Revenues for purposes of the Indenture. Only Subordinated Water Revenues are pledged to the payment of the Water System Revenue Bonds.

TABLE 8: WATER SYSTEM SOURCES OF FUNDS/SUMMARY OF REVENUES AND CONTRIBUTIONS FIVE FISCAL YEARS ENDED JUNE 30, 2022 (MILLIONS)

	<i>Fiscal Year Ending June 30</i>				
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Operating Revenue and Other Income:					
Water sales	\$480.7	\$520.3	\$567.4	\$620.5	\$633.8
Power sales	6.4	10.7	6.3	4.6	7.2
Interest ⁽¹⁾	7.9	10.5	12.3	2.1	2.3
Taxes	34.7	35.7	40.3	40.6	45.5
Other ⁽²⁾	<u>14.8</u>	<u>14.3</u>	<u>14.4</u>	<u>16.2</u>	<u>8.9</u>
Total Operating Revenue and Other Income ⁽⁵⁾	<u>\$544.6</u>	<u>\$591.5</u>	<u>\$640.7</u>	<u>\$684.0</u>	<u>\$697.8</u>
Capital Contributions:					
System Capacity Charge ⁽³⁾	\$ 69.3	\$ 73.5	\$ 53.3	\$ 50.4	\$ 39.7
Earned contributions on construction ⁽⁴⁾	15.5	23.7	17.8	21.3	9.8
Grants and reimbursements	<u>2.8</u>	<u>0.9</u>	<u>0.8</u>	<u>1.8</u>	<u>3.5</u>
Total Contributions ⁽⁵⁾	<u>\$ 87.6</u>	<u>\$ 98.1</u>	<u>\$ 71.9</u>	<u>\$ 73.4</u>	<u>\$ 53.0</u>
Total⁽⁵⁾	<u>\$632.2</u>	<u>\$689.7</u>	<u>\$712.6</u>	<u>\$757.4</u>	<u>\$750.8</u>

⁽¹⁾ Includes interest earnings on Water System Fund, including earnings on proceeds of the District’s Water System Revenue Bonds.

⁽²⁾ Other revenues include receipts from property sales, rental of District property, fees for use of District recreational facilities and other miscellaneous receipts. Beginning in Fiscal Year 2010, Other Revenues also includes interest subsidy payments received and due in each year to the District in connection with its Series 2010B Bonds which are Build America Bonds. Excludes reimbursements and other receipts applied directly to operating expenses.

⁽³⁾ System capacity charge collections presented in the table above include the “buy-in” portion and the “future water supply” portion of SCC charges when collected.

⁽⁴⁾ Includes contributions for facility relocations, main extensions and service installations.

⁽⁵⁾ Totals may not add due to rounding.

Source: The District.

Water Sales Revenues, Number of Accounts and Metered Consumption

The following Table 9 sets forth water sales revenues, consumption and number of accounts by customer type.

**TABLE 9: WATER SALES REVENUES, CONSUMPTION AND NUMBER OF ACCOUNTS ⁽¹⁾
BY CUSTOMER TYPE
FISCAL YEAR ENDED JUNE 30,
2022**

<i>Type of Customer</i>	<i>Sales Revenues⁽²⁾</i>	<i>Percent of Revenues</i>	<i>Consumption (MGD)</i>	<i>Percent of Consumption</i>	<i>Number of Accounts⁽¹⁾</i>	<i>Percent of Accounts</i>
Residential	\$339,793,906	53.6%	71.9	49.7%	351,439	90.8%
Commercial	194,453,049	30.7	46.4	32.1	31,925	8.2
Industrial	72,975,340	11.5	19.8	13.7	1,215	0.3
Public Authority	<u>26,618,122</u>	<u>4.2</u>	<u>6.6</u>	<u>4.6</u>	<u>2,504</u>	<u>0.6</u>
Total ⁽³⁾	<u>\$633,840,416</u>	<u>100.0%</u>	<u>144.7</u>	<u>100.0%</u>	<u>387,083</u>	<u>100.0%</u>

⁽¹⁾ This table referred to number of connections in prior disclosures. The data presented are more accurately referred to as number of accounts and the table has been re-labeled accordingly. The data presented are consistent with prior disclosures.

⁽²⁾ Does not include account establishment fees, recycled water fees and certain other miscellaneous charges.

⁽³⁾ Totals may not add due to rounding.

Source: The District.

Water Rates and Charges

From Fiscal Year 2018 through Fiscal Year 2022, residential rates for water service have increased by an average of approximately 6.98% per Fiscal Year. The overall average rate increase, which includes the rate increases for all customer classes and rate components, for the same period was approximately 7.00%. The District’s most recent increases in water service rates and charges included the adoption on June 8, 2021 of overall average rate increases (including meter, volume, elevation charges, non-potable (recycled) water and private fire service) of 4.00% for Fiscal Year 2022 and 4.00% for Fiscal Year 2023. Table 10 sets forth the average residential and overall average rate increases enacted by the District for the five Fiscal Years 2018 through 2022, as well as the adopted average residential and overall average rate increases which took effect on July 1, 2022 for Fiscal Year 2023:

TABLE 10: WATER RATE INCREASES

<i>Fiscal Year</i>	<i>Average Residential Rate Increase</i>	<i>Overall Average Rate Increase⁽¹⁾</i>
2018	9.21%	9.25%
2019	8.99	9.00
2020	6.45	6.50
2021	6.24	6.25
2022 ⁽²⁾	3.99 ⁽²⁾	4.00 ⁽²⁾
2023 ⁽²⁾⁽³⁾	4.03 ⁽²⁾⁽³⁾	4.00 ⁽²⁾⁽³⁾

⁽¹⁾ Overall average rate increase includes water rates for all customer classes (including residential) and water rate components.

⁽²⁾ Excludes drought surcharge.

⁽³⁾ The adopted rate increase for Fiscal Year 2023 is effective on bills issued on and after July 1, 2022.

Source: The District.

Table 11 shows the rate schedule effective July 1, 2022 for Fiscal Year 2023. The monthly water bill for a typical residential account consuming 800 cubic feet (8 Ccf or 5,980 gallons) per month, excluding any drought surcharge, is \$68.66, which represents an average increase of 4.03% for residential customers from Fiscal Year 2021 rates.

TABLE 11: WATER SYSTEM RATES AND CHARGES⁽¹⁾ EFFECTIVE JULY 1, 2022

<i>Meter Size</i>	<i>Per Month</i>
5/8-inch and ¾-inch	\$ 30.14
1-inch	45.53
1 ½-inch	84.02
2-inch	130.17
Over 2-inch	Various

Charge for Water Delivered	
<i>Rate Class</i>	<i>Per Hundred Cubic Feet (Ccf)</i>
Basic Rate – Single Family ⁽¹⁾	\$4.60
Basic Rate – Multi Family	6.50
Basic Rate – Other	6.47
Elevation Band Surcharges ⁽²⁾ –	
Band 2: Pressure Zones 2 through 5	0.93
Band 3: Pressure Zones 6 and higher	1.93

(1) Applies to first 172 gallons per day (7 Ccf) for single family residential customers. Additional consumption by residential customers is billed at \$6.32 per Ccf for consumption between 173 and 393 gallons per day (16 Ccf), and \$8.35 for all water used in excess of 393 gallons per day. For a household using 8 Ccf in Fiscal Year 2023, the water usage charge for the first 7 Ccf at the first tier rate of \$4.60 per Ccf would be \$32.20 and the water usage charge for the additional 1 Ccf at the second tier rate of \$6.32 per Ccf would be \$6.32, for a total charge for water delivered of \$38.52; the monthly service charge would be \$30.14, resulting in a total monthly bill of \$68.66.

(2) The water elevation surcharge provides for the increased power and facility costs needed to pump water to locations (zones) 200 or more feet above sea level.

Source: The District.

Since June 2015, the District’s Board of Directors has adopted drought surcharges that may be implemented in the event of ongoing drought conditions when the Board declares specific drought stages pursuant to its water shortage contingency plan. The drought surcharges, corresponding to increasingly severe stages of water shortages, are applied to each unit of water used during the billing period, and are calculated to recover costs of providing supplemental water, increased costs of water shortage-related customer service and loss of revenue. The District’s adopted rates and charges for Fiscal Year 2023 includes drought surcharges and the staged system of drought surcharges and expected water use restrictions and supplemental supply needs for each of the four drought stages are summarized below. As of the date of this disclosure, drought surcharges have been put into effect on bills issued on or after July 1, 2022.

The exceeded water use restrictions and supplemental supply needs for each of the four drought stages as identified in the District’s DMP guidelines and the staged system of drought surcharges form the District’s adopted schedules for Fiscal Year 2023 are summarized below. The surcharges do not apply to non-potable water.

<i>Total System Storage (000s Acre-Feet) Projected for September 30</i>	Drought Management Program (DMP) Guidelines			Maximum Applicable Drought Surcharge Percentage
	<i>Drought Stage</i>	<i>CVP (Supplemental Water Purchases)</i>	<i>Customer Demand Reduction</i>	<i>Applied to all potable water flow charges</i>
>475	Stage 0 Normal	N/A	Wise Water Use	N/A
475-425	Stage 1 Moderate	Yes	Voluntary 0-10%	0%
425-390	Stage 2 Significant	Yes	Mandatory 10-15%	8%
390-325	Stage 3 Severe	Yes	Mandatory 15%	20%
<325	Stage 4 Critical	Yes	Mandatory ≥ 15%	25%

Historical Operating Results for the Water System

Table 12 sets forth the historical operating results and the calculation of the debt service coverage ratio for the Water System for each of the last five Fiscal Years. The source of such information is the District.

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**TABLE 12: WATER SYSTEM HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE ⁽¹⁾
FISCAL YEARS 2018 THROUGH 2022**

	2018	2019	2020	2021	2022
WATER REVENUES^{(2):}					
Water Sales ⁽³⁾	\$480,745,249	\$520,344,215	\$567,393,958	\$620,470,633	\$633,840,416
Power Revenue	6,435,118	10,730,371	6,307,502	4,573,453	7,231,908
Interest	7,941,217	10,460,203	12,254,262	2,087,045	2,324,196
SCC Revenue ⁽⁴⁾	69,269,678	73,496,282	53,307,284	50,378,065	39,689,401
Seismic Rate Surcharge ⁽⁵⁾	392	(400)	42	(13)	0
Other Revenues ⁽⁶⁾	14,765,959	14,264,876	14,361,981	16,205,518	8,938,022
TOTAL WATER REVENUES	\$579,157,613	\$629,295,547	\$653,625,029	\$693,714,701	\$692,023,943
RATE STABILIZATION FUND TRANSFERS:					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$ 0	\$(55,000,000)	\$ 0
Withdrawals from Rate Stabilization Fund for Inclusion in revenues	0	0	0	0	0
WATER REVENUES AFTER RATE STABILIZATION TRANSFER	\$579,157,613	\$629,295,547	\$653,625,029	\$638,714,701	\$692,023,943
WATER OPERATION & MAINTENANCE COSTS^{(7):}					
Operating Expenses	\$232,959,911	\$246,619,873	\$264,262,808	\$270,759,257	\$311,831,895
(Less Tax Receipts) ⁽⁸⁾	(34,705,567)	(35,708,641)	(40,337,251)	(40,577,757)	(45,499,281)
TOTAL WATER OPERATION & MAINTENANCE COSTS	\$198,254,344	\$210,911,232	\$223,925,557	\$230,181,500	\$266,332,614
NET WATER REVENUES	\$380,903,269	\$418,384,315	\$429,699,472	\$408,533,201	\$425,691,329
PARITY DEBT SERVICE:					
Water System Revenue Bonds ⁽⁹⁾	\$175,759,278	\$176,560,990	\$186,586,103	\$186,122,162	\$178,501,948
Parity State Loans ⁽⁹⁾	1,401,897	1,496,594	2,017,889	2,870,695 ⁽¹⁰⁾	2,395,700
TOTAL PARITY DEBT SERVICE	\$177,161,175	\$178,057,584	\$188,603,992	\$188,992,857	\$180,897,648
PARITY DEBT SERVICE COVERAGE	2.15	2.35	2.28	2.16	2.35
SUBORDINATE WATER SYSTEM DEBT SERVICE⁽¹¹⁾	\$ 5,011,892	\$ 6,824,219	\$ 5,421,978	\$ 1,623,661	\$ 1,517,099
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$182,173,067	\$184,881,803	\$194,025,970	\$190,616,518	\$182,414,747
TOTAL PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.09	2.26	2.21	2.14	2.33

(1) Calculated in accordance with the Indenture as footnoted.

(2) Revenues exclude grant receipts, taxes, and certain developer contributions which are treated as contributions (not Water Revenues).

(3) Reflects average daily billed consumption of 144.5 MGD in FY 2018, 142.7 MGD in FY 2019, 147.8 MGD in FY 2020, 152.7 MGD in FY 2021, and 144.7 MGD in FY 2022.

(4) System Capacity Charge ("SCC") Revenues presented in the table above include the "buy-in" portion of SCC charges and the "future water supply" portion of SCC charges when collected. SCC Revenues are treated as capital contributions and are not recognized as operating revenues for purposes of the District's audited financial statements. SCC Revenues for FY 2021 are approximately \$3.5 million lower than previously reported in this table due to the correction of an error identified in the preparation of this information statement for FY 2022.

(5) The sunset of the District's seismic surcharge became effective July 1, 2015 and beginning with FY 2016 the seismic surcharge has no longer been collected. However, a small amount of seismic surcharge collections were made in FY 2017, FY 2018 and FY 2020 and a small refund was made in FY 2019 and FY 2021. Collections primarily represent late payments or bill collections.

(6) Includes Build America Bonds (BABs) Interest Subsidy Payments received and due to the District in connection with the Series 2010B Bonds. (See Note 9).

(7) Excludes depreciation and amortization expenses. Also reflects certain adjustments for non-cash pension and OPEB expenses.

(8) Operation and Maintenance Costs exclude those expenses paid from District's share of countywide 1% property tax revenues.

(9) Includes net swap payments. Through FY 2022, debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District. In accordance with amendments to the Indenture which became effective on June 21, 2022, FY 2023, BABs Interest Subsidy Payments received and due to the District will be treated as an offset to interest paid by the District on the Series 2010B Bonds.

(10) In Fiscal Year 2021 includes the early repayment of the balance (approximately \$405,000 including accrued interest) of the District's Safe Drinking Water State Revolving Fund Loan (Upper San Leandro Reservoir).

(11) Includes interest only on outstanding Water System commercial paper notes with no principal amortization.

Source: The District.

WASTEWATER SYSTEM

Wastewater Flows

Table 13 presents a ten-year record of wastewater flows through the District’s Main Wastewater Treatment Plant, expressed as the average daily flow for each Fiscal Year.

TABLE 13: AVERAGE DAILY WASTEWATER FLOW (MILLION GALLONS PER DAY)

<i>Fiscal Year Ended June 30</i>	<i>Flow</i>
2013	61
2014	56
2015	55
2016	56
2017	69
2018	54
2019	61
2020	61
2021	51
2022	51

Source: The District.

Sources of Funds/Summary of Revenues and Contributions

The following Table 14 sets forth the District’s Wastewater System sources of funds for the five most recent Fiscal Years ended June 30, 2022. The sources of funds in the table below include certain funds that do not constitute Subordinated Wastewater Revenues for purposes of the Indenture. Subordinated Wastewater Revenues include all charges received for, and all other income and receipts derived by the District from, the operation of the Wastewater System or arising from the Wastewater System, which includes, without limitation, the District’s dry weather user charges, wet weather facilities charges, wastewater capacity fees and resource recovery program revenues, as well as investment income, less Operation and Maintenance Costs. Property taxes are applied to reduce Operation and Maintenance Costs (or, prior to their retirement on April 1, 2018, to pay debt service on the District’s outstanding general obligation bonds) and are not pledged to the repayment of the Wastewater System Revenue Bonds. Certain grants and contributions earned on construction which are restricted to use for specified purposes are not included in Subordinated Wastewater Revenues for purposes of the Indenture. Only Subordinated Wastewater Revenues are pledged to the payment of the Wastewater System Revenue Bonds.

TABLE 14: WASTEWATER SYSTEM SOURCES OF FUNDS FIVE FISCAL YEARS ENDED JUNE 30, 2022 (MILLIONS)

	2018	2019	2020	2021	2022
Operating Revenue and Other Income:					
Dry Weather User Charges	\$ 74.7	\$ 78.1	\$ 79.9	\$ 81.1	\$ 84.6
Wet Weather Facilities Charges	24.3	25.1	27.1	28.3	29.4
Resource Recovery	11.8	12.2	12.1	12.3	13.7
Interest ⁽¹⁾	1.2	2.4	1.9	0.3	0.3
Taxes ⁽²⁾	6.8	5.9	6.3	6.9	7.4
Other Revenues ⁽³⁾	<u>7.0</u>	<u>4.6</u>	<u>5.3</u>	<u>5.8</u>	<u>6.5</u>
Total Revenues⁽⁴⁾	\$125.8	\$128.3	\$132.5	\$134.6	\$142.0
Capital Contributions:					
Wastewater Capacity Fees	\$ 11.4	\$ 13.3	\$ 5.7	\$ 7.2	\$ 6.4
Earned contributions on construction	0.0	(0.1)	0.0	(0.0)	0.0
Grants	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>
Total Contributions	\$ 11.4	\$ 13.2	\$ 5.7	\$ 7.5	\$ 6.4
TOTAL	<u>\$137.2</u>	<u>\$141.5</u>	<u>\$138.2</u>	<u>\$142.1</u>	<u>\$148.4</u>

(1) Includes interest earnings on Wastewater System Fund, including earnings on proceeds of the District's Wastewater System Revenue Bonds.

(2) Includes the District's share of 1% countywide property tax and, prior to their retirement on April 1, 2018, the *ad valorem* tax levied for repayment of Special District No. 1's general obligation bonds.

(3) Other Revenues includes amounts received from the sale of energy to the utility grid, Build America Bonds (BABs) interest subsidy payments received and due to the District in connection with its Series 2010B Bonds, and various other revenues. Other Revenues excludes certain reimbursements and other receipts applied directly to operating expenses.

(4) Totals may not add due to rounding.

Source: The District.

Wastewater User Charge Revenues and Number of Accounts by User Type

Table 15 sets forth a breakdown of the District's dry weather user charge revenues and number of accounts by customer class for the Fiscal Year ended June 30, 2022.

TABLE 15: WASTEWATER DRY WEATHER USER CHARGE REVENUES AND NUMBER OF ACCOUNTS⁽¹⁾ BY USER TYPE FISCAL YEAR ENDED JUNE 30, 2022

Type of Customer	User Charge Revenues ⁽²⁾	Percent of Revenues	Number of Accounts ⁽¹⁾	Percent of Accounts
Residential	\$46,036,311	54.4%	161,132	88.8%
Commercial	31,392,229	37.1	16,955	9.3
Industrial	2,721,587	3.2	736	0.4
Public	<u>4,486,239</u>	<u>5.3</u>	<u>2,635</u>	<u>1.5</u>
Total ⁽³⁾	<u>\$84,636,365</u>	<u>100.0%</u>	<u>181,458</u>	<u>100.0%</u>

(1) This table referred to number of connections in prior disclosures. The data presented is more accurately referred to as number of accounts and the table has been re-labeled accordingly. The data presented is on a basis consistent with prior disclosures.

(2) Dry weather user charges collected on the water bill includes permit fees, pollution prevention fees and late fees. Does not include wet weather facilities charges, resource recovery treatment fees or private sewer lateral compliance certificate fees.

(3) Totals may not add due to rounding.

Source: The District.

Wastewater Rates and Charges

From Fiscal Year 2018 through Fiscal Year 2022, total annual residential wastewater charges imposed by the District have increased by an average of approximately 4.10% per Fiscal Year. The overall average rate increase, which includes the rate increases for all customer classes and rate components (including the District treatment and disposal charges and wet weather facilities charges), for the same period was approximately 4.40%. The District's most recent increases in wastewater service rates and charges included the adoption on June 8, 2021 of system-wide rate increases of 4.00% for Fiscal Year 2022 and 4.00% for Fiscal Year 2023. Table 16 sets forth the average residential rate increases and overall average rate increases enacted by the District for the five Fiscal Years 2018 through 2022, as well as the adopted average residential and overall average rate increases adopted on June 8, 2021 for Fiscal Year 2023.

TABLE 16: WASTEWATER RATE INCREASES

<i>Fiscal Year</i>	<i>Average Residential Rate Increase⁽¹⁾</i>	<i>Overall Average Rate Increase⁽²⁾</i>
2018	4.87%	5.00%
2019	5.05	5.00
2020 ⁽³⁾	2.70	4.00 ⁽³⁾
2021	3.95	4.00
2022 ⁽⁴⁾	3.91 ⁽⁴⁾	4.00 ⁽⁴⁾
2023 ⁽⁴⁾	4.07 ⁽⁴⁾	4.00 ⁽⁴⁾

⁽¹⁾ Residential average rate increase includes wastewater treatment and disposal charges, wet weather facilities charges, and San Francisco Bay Pollution Prevention Fee.

⁽²⁾ Overall average rate increase includes wastewater treatment and disposal charges and wet weather facilities charges for all customer classes (including residential).

⁽³⁾ Fiscal Year 2020 rates and charges include cost of service study adjustments that resulted in some rates and charges decreasing and others increasing. Overall revenue from rates were estimated to be approximately 4.00% higher than under Fiscal Year 2019 rates and charges.

⁽⁴⁾ The adopted rate increase for Fiscal Year 2023 is effective on bills issued on and after July 1, 2022.

Source: The District.

The District’s current (Fiscal Year 2023) wastewater rates are set forth in Table 17 below.

**TABLE 17: WASTEWATER SYSTEM RATES AND CHARGES
EFFECTIVE JULY 1, 2022**

Residential Charge:		
Service Charge (per account)	\$ 7.89	per month
Strength Charge (per dwelling unit)	8.22	per month
Flow Charge	1.43	per 100-cubic foot unit, to a maximum of 9 units
San Francisco Bay Pollution Prevention Fee	0.20	per month per dwelling unit
Non-Residential Charge:		
Service Charge (per meter)	7.89	per month
Treatment Charge	1.48-20.29	per unit, depending on the nature of the business
San Francisco Bay Pollution Prevention Fee	5.48	per month
Minimum Monthly Treatment Charge:		
Apartment Buildings (5 or more dwelling units)	48.99	per month
All Others	7.89	per month
Permit Accounts:		
Flow Charge	1.425	per hundred cubic feet
COD	0.145	per pound of discharge
Suspended Solids	0.596	per pound of discharge
Wet Weather Facilities Charge:		
Small lot (0-5,000 sq. ft.)	125.16	per year per land parcel
Medium lot (5,001-10,000 sq. ft.)	195.50	per year per land parcel
Large lot (>10,000 sq. ft.)	446.80	per year per land parcel

Source: The District.

Historical Operating Results

Table 18 sets forth the historical operating results and the calculation of the debt service coverage ratio for the Wastewater System for each of the last five Fiscal Years.

**TABLE 18: WASTEWATER SYSTEM HISTORICAL OPERATING RESULTS AND DEBT SERVICE COVERAGE⁽¹⁾
FISCAL YEARS 2018 THROUGH 2022**

	2018	2019	2020	2021	2022
WASTEWATER REVENUES⁽²⁾					
Dry Weather User Charges	\$ 74,726,870	\$ 78,108,092	\$ 79,881,685	\$ 81,078,226	\$ 84,636,365
Wet Weather Facilities Charges	24,293,238	25,112,787	27,090,108	28,315,516	29,434,507
Interest	1,217,101	2,372,907	1,851,344	281,743	338,312
Resource Recovery	11,786,366	12,214,540	12,074,141	12,315,606	13,708,671
Wastewater Capacity Fees	11,418,610	13,259,943	5,697,283	7,203,746	6,443,423
Other Revenues ⁽³⁾	<u>4,477,132</u>	<u>2,125,817</u>	<u>2,760,262</u>	<u>3,221,007</u>	<u>3,936,648</u>
TOTAL WASTEWATER REVENUE	\$127,919,317	\$133,194,086	\$129,354,823	\$132,415,844	\$138,497,926
RATE STABILIZATION FUND TRANSFERS					
Deposits to the Rate Stabilization Fund	\$ 0	\$ 0	\$ 0	\$ (7,910,000)	\$ 0
Withdrawals from Rate Stabilization Fund for Inclusion in Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WASTEWATER REVENUES AFTER RATE STABILIZATION TRANSFER	\$127,919,317	\$133,194,086	\$129,354,823	\$124,505,844	\$138,497,926
WASTEWATER OPERATION & MAINTENANCE COSTS⁽⁴⁾					
Operating Expenses (Less Tax Receipts) ⁽⁵⁾	\$ 62,608,477	\$ 63,362,686	\$ 66,485,966	\$ 69,009,326	\$ 76,583,186
	<u>(5,428,849)</u>	<u>(5,768,972)</u>	<u>(6,285,937)</u>	<u>(6,858,522)</u>	<u>(7,382,056)</u>
TOTAL WASTEWATER OPERATION & MAINTENANCE COSTS	\$ 57,179,628	\$ 57,593,714	\$ 60,200,029	\$ 62,150,804	\$ 69,201,130
NET WASTEWATER REVENUES	\$ 70,739,689	\$ 75,600,372	\$ 69,154,794	\$ 62,355,040	\$ 69,296,796
PARITY DEBT SERVICE					
Wastewater System Revenue Bonds ⁽⁶⁾	\$ 26,695,724	\$ 26,738,995	\$ 26,733,361	\$ 26,338,512	\$ 26,361,803
Parity State Loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PARITY DEBT SERVICE	\$ 26,695,724	\$ 26,738,995	\$ 26,733,361	\$ 26,338,512	\$ 26,361,803
PARITY DEBT SERVICE COVERAGE	2.65	2.83	2.59	2.37	2.63
SUBORDINATE WASTEWATER SYSTEM DEBT SERVICE⁽⁷⁾	\$ 166,796	\$ 249,715	\$ 163,043	\$ 19,875	\$ 18,465
TOTAL PARITY AND SUBORDINATE DEBT SERVICE	\$ 26,862,520	\$ 26,988,710	\$ 26,896,404	\$ 26,358,387	\$ 26,380,268
PARITY AND SUBORDINATE DEBT SERVICE COVERAGE	2.63	2.80	2.57	2.37	2.63

(1) Calculated in accordance with the Indenture as footnoted.

(2) Wastewater Revenues exclude grant receipts, taxes and certain reimbursements.

(3) In prior Fiscal Years, Other Revenues included BABs Interest Subsidy Payments received and due to the District in connection with Series 2010B Bonds which are Build America Bonds. Beginning in Fiscal Year 2018, the subsidy is not included in Other Revenues (see Note 6). Other Revenues also includes revenues received from the sale of energy to the utility grid of \$1,109,183 in Fiscal Year 2018, \$542,293 in Fiscal Year 2019, \$914,620 in Fiscal Year 2020, \$662,514 in Fiscal Year 2021, and \$665,936 in Fiscal Year 2022.

(4) Excludes depreciation and amortization expenses. Also reflects certain adjustments for non-cash pension and OPEB expenses.

(5) Wastewater Operation and Maintenance Costs exclude those expenses paid from the share of the 1% countywide *ad valorem* tax levy allocated to Special District No. 1.

(6) Net of capitalized interest. Through Fiscal Year 2017, debt service on the Series 2010B Bonds is gross of the BABs Interest Subsidy Payments received by the District. In accordance with amendments to the Indenture which became effective on June 14, 2017, commencing in Fiscal Year 2018 BABs Interest Subsidy Payments received and due to the District are treated as an offset to interest paid by the District on the 2010B Bonds.

(7) Includes outstanding Wastewater System commercial paper notes and interest only with no principal amortization.

Source: The District.

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EBMUD WEBSITE

Since September 1996, the District has made available general financial information on its web site: (<https://www.ebmud.com/about-us/investors/>). The site is updated periodically and is designed to assist ratepayers, investors and other interested parties in learning more about the District's financial condition. However, the information presented therein is not part of this Continuing Disclosure Information Statement and must not be relied upon in making any investment decision with respect to the District's bonds.