EAST BAY MUNICIPAL UTILITY DISTRICT EMPLOYEES' RETIREMENT SYSTEM (A COMPONENT UNIT OF THE EAST BAY MUNICIPAL UTILITY DISTRICT)

FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM

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

Financial Statements and Supplementary Information

For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Bay Municipal Utility District Employees' Retirement System (the System), a component unit of the East Bay Municipal Utility District, (the District), as of and for the year ended June 30, 2023, 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 financial position of the System as of June 30, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Component Unit Reporting

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, of the District that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2023, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

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

Summarized Comparative Information

We have previously audited the financial statements of the System for the year ended June 30, 2022, and expressed an unmodified audit opinion on those financial statements in our report dated September 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, on our consideration of the District's internal control over the System's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the System's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over the System's financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
October 5, 2023

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

Management's Discussion and Analysis
(Dollars in thousands)
June 30, 2023

This section presents management's analysis of the East Bay Municipal Utility District Employees' Retirement System's (the System) financial condition and activities as of and for the year ended June 30, 2023. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the System's basic financial statements. The MD&A represents management's examination and analysis of the System's financial condition and performance.

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

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis: *Financial Highlights*
- Financial Analysis: *Financial Condition*
- Factors Impacting Future Periods
- Request for Information

Organization and Business

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

The System administers a single-employer, contributory, defined benefit pension plan (the Plan) which provides retirement, disability, survivorship, and postemployment healthcare benefits for eligible directors, officers, and employees of the District. The Plan is administered by a retirement board composed of three members appointed by the District's board of directors, two members elected by and from the active membership of the Plan, and a nonvoting member elected by the retirees of the Plan. Retirement Ordinance Number 40 assigns the authority to establish Plan benefit provisions to the District's board of directors.

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

For additional information, please see the notes to the basic financial statements.

Overview of the Financial Statements

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

The system's financial statements include:

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

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

The *Statement of Changes in Fiduciary Net Position* presents the results of the System's activities over the course of the fiscal year and information as to how the *net position* changed during the year. This statement measures the results of the System's investment performance as well as the System's income from contributions and expenses, including the payment of benefits, refunds of contributions, and administrative and investment expense. All changes in net position are reported during the period the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Effective fiscal year 2017, GASB 74 **–** *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, requires the System to disclose additional information regarding post-employment health insurance benefits (the OPEB Plan). These disclosures can be found in Note 7. The notes to the basic financial statements can be found on pages 14 to 33 of this report.

Other Information. In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's contributions and the System's progress in funding its obligation to provide pension and postemployment healthcare benefits to the employees of the District. The required supplementary information can be found on page 34 to 41 of this report.

Financial Analysis: Financial Highlights

- The total assets of the System exceeded the total liabilities by $2,255,307 as of June 30, 2023 (Table 1). All of the net assets are available to meet the System's ongoing obligations to Plan participants and their beneficiaries.

- The net position increased by $196,384 or 9.54% during the fiscal year ended June 30, 2023 compared to the decrease of $269,799 or 11.59% of the prior year. The net investment income of $219,832, District contributions of $106,523 and employee contributions of $22,088 were offset in part by the cost of pension, health insurance benefits, refunds of contributions, and administrative expenses of $152,059.

- As of June 30, 2023, 23.4% of the System's investments were in fixed income securities, 26.3% were in domestic equities, 24.3% were in international equities, 20.5% were in covered calls, 5.4% were in real estate, and 0.2% were in cash and cash equivalents. As of June 30, 2022, 24.2% of the System's investments were in fixed income securities, 24.5% were in domestic equities, 23.5% were in international equities, 21.4% were in covered calls, 6.1% were in real estate, and 0.3% were in cash and cash equivalents.

- The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2022, the date of the last actuarial valuation, the Pension Plan's funded ratio was 76.10% and the Post-employment Health Care plan funded ratio was 44.00%.

- During the fiscal year ended June 30, 2023, combined District and employee contributions increased by $5,199 or 4.21% to $128,611 (Table 2). For the 1980 Plan, the District's contribution rate and the employees' contribution rate (as a percent of payroll) remained unchanged at 47.16% and 8.75%, respectively. For the 2013 Plan, the District's average contribution rate and the employees' contribution rate remained unchanged at 37.84% and 9.50%, respectively.

- Retirement, Disability, and Survivor Pension Benefits Paid increased by $10,156 or 7.86% to $139,397 (Table 3), due to largely to a 3.00% cost-of-living adjustment to monthly benefit payments and a net increase in the number of retirees and beneficiaries.

- Health Insurance Benefits increased by $364, or 3.90%, to $9,705 (Table 3), primarily due to the increase in the number of retirees receiving health benefits.

- Refunds of Contributions to terminated employees or deceased employees' beneficiaries decreased by $15 or (2.15)%, to $684 (Table 3).

- Administrative expenses (not including Investment Advisors' Fees or Custodial Asset Management Fees) increased by $352, or 18.32%, to $2,273 (Table 3).

- During the fiscal year ended June 30, 2023, the System initiated the implementation of a new retirement management system (known as Pension Gold) to replace the existing system. Pension Gold is scheduled to be put into operation in June 2025. Based on GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITA), the implementation costs before the commencement of the subscription term are capitalized. As of June 30, 2023, $1,692 has been expended for this software implementation which is reported as a capital asset in the Statements of Plan Net Position.

Financial Analysis: Financial Condition

During the year ended June 30, 2023, the System's net position increased by $196,384 compared to a decrease of $269,799 in 2022.

The System's financial condition reflects an increase of $233,171 in the projected benefit obligation as of the June 30, 2022 valuation, versus the previous actuarial report of June 30, 2021. Due to a decrease in investment returns, offset by an increase in District and employee contributions, the market value of assets as of June 30, 2022, decreased by $269,799, year-over-year. Each year a cost-of-living adjustment (COLA) is applied to monthly pension benefit payments. The COLA is calculated under a methodology that incorporates the change in the Consumer Price Index for the local area and the System's funded ratio. The COLA applied on July 1, 2022 was 3.00%.

The funded ratio for Unfunded Actuarial Accrued Liability (UAAL) of the Pension and Health Insurance Benefit plans combined decreased from 76.90% to 74.70% as of the June 30, 2022 actuarial report versus the previous actuarial report of June 30, 2021. The component Plans of Pension and Health Insurance Benefit changed from 78.50% to 76.10% and 42.40% to 44.00% funded, respectively, as of June 30, 2021 and June 30, 2022.

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

Management's Discussion and Analysis
(Dollars in thousands)
June 30, 2023

(Table 1)
Net Position
Years ended June 30, 2023 and 2022

	2023	2022	Variance	%
Other assets	$ 118,338	$ 136,616	$ (18,278)	(13.38)%
Investments at fair value	2,219,004	2,026,714	192,290	9.49%
Capital Asset	1,692	-	1,692	0.00%
Total assets	2,339,034	2,163,330	175,704	8.12%
Total liabilities	83,727	104,407	(20,680)	(19.81)%
Net position	$ 2,255,307	$ 2,058,923	$ 196,384	9.54%

(Table 1)
Net Position
Years ended June 30, 2022 and 2021

	2022	2021	Variance	%
Other assets	$ 136,616	$ 203,635	$ (67,019)	(32.91)%
Investments at fair value	2,026,714	2,289,474	(262,760)	(11.48)%
Total assets	2,163,330	2,493,109	(329,779)	(13.23)%
Total liabilities	104,407	164,387	(59,980)	(36.49)%
Net position	$ 2,058,923	$ 2,328,722	$ (269,799)	(11.59)%

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

Management's Discussion and Analysis
(Dollars in thousands)
June 30, 2023

The financial reserves needed to fund retirement and health benefits are accumulated through the collection of employer and employee contributions and through investment earnings. As Table 2 shows, the System experienced a net investment gain for 2023.

(Table 2)
Additions to Net Position
Years ended June 30, 2023 and 2022

	2023	2022	Variance	%
Employer contributions	$ 106,523	$ 102,285	$ 4,238	4.14%
Members' contributions	22,088	21,127	961	4.55%
Total contributions	128,611	123,412	5,199	4.21%
Net investment gain/(loss)*	219,832	(252,009)	471,841	
Total additions/(deductions), net	$ 348,443	$ (128,597)	$ 477,040	

* Net of investment expenses and net of securities lending transactions of $3,423 for June 30, 2023, and $3,363 for June 30, 2022.

(Table 2)
Additions to Net Position
Years ended June 30, 2022 and 2021

	2022	2021	Variance	%
Employer contributions	$ 102,285	$ 90,624	$ 11,661	12.87%
Members' contributions	21,127	19,336	1,791	9.26%
Total contributions	123,412	109,960	13,452	12.23%
Net investment gain/(loss)*	(252,009)	493,547	(745,556)	
Total additions, net	$ (128,597)	$ 603,507	$ (732,104)	

* Net of investment expenses and net of securities lending transactions of $3,363 for June 30, 2022, and $4,435 for June 30, 2021.

(Dollars in thousands)

As summarized in Table 3, the Plan provides retirement, disability, survivor, and health insurance benefits to qualified members and their beneficiaries. The Plan must also provide refunds of employee contributions with interest to terminated employees who do not choose to remain or are not vested.

(Table 3)
Deductions in Net Position
Years ended June 30, 2023 and 2022

	2023	2022	Variance	%
Pension benefits paid	$ 139,397	$ 129,241	$ 10,156	7.86%
Health insurance benefits paid	9,705	9,341	364	3.90%
Refunds of contributions	684	699	(15)	(2.15)%
Administrative expenses	2,273	1,921	352	18.32%
Total deductions	$ 152,059	$ 141,202	$ 10,857	7.69%

(Table 3)
Deductions in Net Position
Years ended June 30, 2022 and 2021

	2022	2021	Variance	%
Pension benefits paid	$ 129,241	$ 120,975	$ 8,266	6.83%
Health insurance benefits paid	9,341	9,223	118	1.28%
Refunds of contributions	699	274	425	155.11%
Administrative expenses	1,921	1,922	(1)	(0.05)%
Total deductions	$ 141,202	$ 132,394	$ 8,808	6.65%

(Dollars in thousands)

Beginning fiscal year 2014, the District is required to present the past ten years of the Net Pension Liability (NPL) for the Employees' Retirement System pension plan (excluding Other Post-Employment Benefits) as it becomes available. The District has provided the past three fiscal years from 2021 through 2023 in the footnotes and the past ten fiscal years from 2014 through 2023 in the Required Supplemental Information. The NPL measured as of June 30, 2022 and 2021 have been determined from the actuarial valuations as of June 30, 2022 and 2021 respectively. As summarized in Table 4, the NPL increased by $495,568 from $334,851 as of June 30, 2022 to $830,419 as of June 30, 2023. The increase is primarily due to the negative actual return on the market value of assets for the Pension Plan of (10.88)% during fiscal year 2022, which was less than the assumed rate of return of 7.00% used in June 30, 2021 valuation.

(Table 4)
Net Pension Liability
Years ended June 30, 2023 and 2022

	2023	2022	Variance	%
Net Pension Liability	$ 830,419	$ 334,851	$ 495,568	148.00%
Plan net position as a percentage of Total Pension Liability	70.72%	87.15%	(16.43)%	(18.85)%

(Table 4)
Net Pension Liability
Years ended June 30, 2022 and 2021

	2022	2021	Variance	%
Net Pension Liability	$ 334,851	$ 721,647	$ (386,796)	(53.60)%
Plan net position as a percentage of Total Pension Liability	87.15%	71.54%	15.61%	21.82%

(Dollars in thousands)

Beginning fiscal year 2017, the District is required to present the past ten years of the Net OPEB Liability (NOL) for the Employees' Retirement System health benefit plan as it becomes available. The District has provided the past three fiscal years from 2021 through 2023 in the footnotes and the past eight fiscal years from 2016 through 2023 in the Required Supplemental Information. The NOL measured as of June 30, 2022 and 2021 have been determined from the actuarial valuations as of June 30, 2022 and 2021 respectively. As summarized in Table 5, the NOL decreased by $15,518 from $143,176 as of June 30, 2022 to $127,658 as of June 30, 2023 primarily a result of the increase in the discount rate from 3.99% to 5.35%, which was mainly due to the increase to the municipal bond yields from 2.16% to 3.54%.

(Table 5)
Net OPEB Liability
Years ended June 30, 2023 and 2022

	2023	2022	Variance	%
Net OPEB Liability	$ 127,658	$ 143,176	$ (15,518)	(10.84)%
Plan net position as a percentage of Total OPEB Liability	29.56%	28.82%	0.74%	2.57%

(Table 5)
Net OPEB Liability
Years ended June 30, 2022 and 2021

	2022	2021	Variance	%
Net OPEB Liability	$ 143,176	$ 151,835	$ (8,659)	(5.70)%
Plan net position as a percentage of Total OPEB Liability	28.82%	22.48%	6.34%	28.20%

Request for Information

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

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

Statement of Fiduciary Net Position
June 30, 2023
(With summarized comparative financial information as of June 30, 2022)
(Dollars in Thousands)

	2023			
	Pension Plan benefits	**Post-employment healthcare benefits**	**Total**	**2022 Total**
Assets:				
Cash and cash equivalents, at fair value (Note 5)	$ 26,937	$ 740	$ 27,677	$ 25,336
Invested securities lending collateral	75,822	2,084	77,906	101,249
Prepaid expenses	-	575	575	568
Receivables:				
Brokers, securities sold	2,777	77	2,854	923
Employer	3,299	406	3,705	3,176
Plan members	788	-	788	664
Interest, dividends and recoverable taxes	4,704	129	4,833	4,700
Total Receivables	**11,568**	**612**	**12,180**	**9,463**
Investments, at fair value (Note 5):				
U.S. government obligations	308,156	8,468	316,624	268,062
Domestic corporate bonds	175,441	4,821	180,262	197,497
International bonds	18,305	503	18,808	21,677
Domestic stocks	1,006,142	27,649	1,033,791	930,723
International stocks	532,875	14,644	547,519	483,198
Real estate	118,737	3,263	122,000	125,557
Total Investments	**2,159,656**	**59,348**	**2,219,004**	**2,026,714**
Capital assets:				
Subscription Asset In-Progress (note 9)	1,647	45	1,692	-
Total Assets	**2,275,630**	**63,404**	**2,339,034**	**2,163,330**
Liabilities:				
Accounts payable and accrued expenses	3,138	86	3,224	2,447
Payables to brokers, securities purchased	2,528	69	2,597	711
Securities lending collateral (Note 2B)	75,822	2,084	77,906	101,249
Total Liabilities	**81,488**	**2,239**	**83,727**	**104,407**
Net Position:				
Net position restricted for pension benefits and post-employment healthcare benefits	2,194,142	61,165	2,255,307	2,058,923
Total Net Position	**$ 2,194,142**	**$ 61,165**	**$ 2,255,307**	**$ 2,058,923**

See Accompanying Notes to Financial Statements.

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

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023
(With summarized comparative financial information for the year ended June 30, 2022)
(Dollars in Thousands)

	2023			
	Pension Plan benefits	Post-employment healthcare benefits	Total	2022 Total
Additions:				
Contributions:				
Employers	$ 95,103	$ 11,420	$ 106,523	$ 102,285
Plan members	21,865	223	22,088	21,127
Total Contributions	**116,968**	**11,643**	**128,611**	**123,412**
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	187,991	5,017	193,008	(289,735)
Real estate	(4,979)	(132)	(5,111)	13,051
Interest	20,655	551	21,206	14,434
Dividends	10,951	292	11,243	11,282
Real estate operating income, net	2,833	76	2,909	2,322
Total Investment Income (Loss)	**217,451**	**5,804**	**223,255**	**(248,646)**
Less:				
Investment expense	(3,457)	(92)	(3,549)	(3,533)
Net Income (Loss) from Investment Activitie	**213,994**	**5,712**	**219,706**	**(252,179)**
From Security Lending Activities				
Security lending income	3,112	83	3,195	348
Borrowers' rebates and other agent fees on securities lending transactions	(2,989)	(80)	(3,069)	(178)
Security Lending Activities	**123**	**3**	**126**	**170**
Net Investment Income (Loss)	**214,117**	**5,715**	**219,832**	**(252,009)**
Total Additions, net	**331,085**	**17,358**	**348,443**	**(128,597)**
Deductions:				
Benefits paid (Notes 1C - 1E)	139,397	9,705	149,102	138,582
Refunds of contributions (Note 4)	684	-	684	699
Administrative expenses	2,214	59	2,273	1,921
Total Deductions	**142,295**	**9,764**	**152,059**	**141,202**
Changes in Net Position	**188,790**	**7,594**	**196,384**	**(269,799)**
Net Position - Beginning of the Year	**2,005,352**	**53,571**	**2,058,923**	**2,328,722**
Net Position - End of the Year	**$ 2,194,142**	**$ 61,165**	**$ 2,255,307**	**$ 2,058,923**

See Accompanying Notes to Financial Statements.

NOTE 1 – PLAN DESCRIPTION

A. General

The East Bay Municipal Utility District (the District) Employees' Retirement System (the System) was established in 1937 to administer a single-employer, contributory, defined benefit pension plan (the Pension Plan). The System provides retirement, disability, survivorship, and post-employment health insurance benefits (the OPEB Plan) for eligible directors, officers, and employees of the District. The Pension Plan and the OPEB Plan together are referred to as the Plan. The System is administered by a Retirement Board composed of three members appointed by the Board of Directors of the District, two members elected by and from the active membership, and one non-voting member elected by and from the retired membership of the System. Retirement Ordinance No. 40 (Ordinance) assigns the authority to establish Plan benefit provisions to the District's Board of Directors.

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

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

B. Membership

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

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

For the period ending June 30, 2022, the actuarially assumed rate of interest was 7.00% and the five-year average rate of return as of June 30, 2022, was 6.2%. Therefore, under the Board Resolution No. 6979, the System declared that the interest credited to the balance of member contributions effective June 30, 2022, will be at the annual rate of 6.2%. Interest was credited at a semi-annual rate of 3.1% for the six months ended December 31, 2022.

For the period ending December 31, 2022, the actuarially assumed rate of interest was 7.00% and the five-year average rate of return as of December 31, 2022, was 4.90%. Therefore, the Board Resolution No. 6989, declares that the interest credited to the balance of member contributions effective June 30, 2023 will be at the annual rate of 4.90%. Interest was credited at a semi-annual rate of 2.45% for the six months ended June 30, 2023.

(Dollars in Thousands)

NOTE 1 – PLAN DESCRIPTION (CONTINUED)

Membership in the Pension Plan consisted of the following as of June 30, 2022, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,048
Terminated plan members entitled to but not yet receiving benefits	360
Active plan members	1,895
Total	4,303

C. Retirement Benefits and Allowances

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

1980 Plan Members may elect voluntary reduced service retirement upon attaining the age of 54 and completing 5 years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 62 and completing 5 years of continuous full-time employment or age 65 without restriction. Members who continue to work upon attaining the normal retirement age of 65 continue to contribute to the Plan, and at the time they retire, computation of their retirement allowance is based upon their compensation and length of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on date of employment, length of employment, age at date of retirement, and compensation earned during employment.

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

D. Disability and Death Benefits and Allowances

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

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

(Dollars in Thousands)

NOTE 1 – PLAN DESCRIPTION (CONTINUED)

E. Post-Employment Healthcare Benefits

Post-employment healthcare and similar benefit allowances are provided to Members who retire from the District or to their surviving spouses. As of June 30, 2022, there were 1,806 participants receiving these health care benefits.

Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new participants. Eligible participants are reimbursed up to $450 per month for service members and up to $550 for members with a spouse or registered domestic partner for any combined health, dental, or long- term care insurance premiums paid by the participant or his/her surviving spouse. Effective July 1, 1999, retirees may be reimbursed up to the designated maximum for the combined health insurance premiums for themselves, their current spouses, or registered domestic partners. The benefits were funded entirely by the District on an actuarial basis up until June 17, 2002. Effective June 18, 2002, a portion of the post-employment healthcare benefit costs is recovered through employee contributions. The actual benefits paid in cash to retirees were $9,705 and $9,341 for the years ended June 30, 2023 and 2022, respectively.

Membership in the OPEB Plan consisted of the following as of June 30, 2022, the measurement date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,806
Terminated plan members entitled to but not yet receiving benefits	360
Active plan members	1,895
Total	4,061

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

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

The basic financial statements include partial prior year comparative information. A complete presentation of the prior year information can be found in the System's financial statements for the year ended June 30, 2022.

B. Investments and Fair Value Measurements

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

As of June 30, 2023, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. Contracts with the lending agent require them to indemnify the System under certain circumstances if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers while the securities are on loan. The risk of any loss of collateral or investment of cash collateral (including a loss of income or principal, or loss of market value thereon) lies with the System, except for losses resulting from negligence or intentional misconduct of the agent in performing the duties allocated under the securities lending agreement with respect to collateral. During the year ended June 30, 2023, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In lending securities, cash collateral is invested in the lending agent's short-term investment pool, which as of June 30, 2023, had a weighted average maturity of 13 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 74 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, 2023, the fair value of securities on loan was $76,592. The total cash and noncash collateral held by the System's custodian to secure these securities on loan was valued at $77,906 (all cash collateral).

C. Allocation of Income and Expenses

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

D. Use of Estimates

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

NOTE 3 – CONTRIBUTION INFORMATION

The System is funded by contributions from its members and from the District. District contribution rates (provided as a percentage of covered compensation) are recommended by the Retirement Board, and employee contribution rates are established by the Board of Directors pursuant to the Retirement Ordinance, giving consideration to actuarial recommendations and prospective changes in factors which affect funding. Each member contributes based upon a percentage of their covered compensation. For the 1980 Plan Members, the contribution rate is 8.75% effective April 18, 2016. For the 2013 Plan Members, the contribution rate was 8.84% prior to July 1, 2023 and 9.50% starting fiscal year 2022. The District's contribution is based upon the aggregate amount of members' covered compensation, at an actuarially determined rate.

The individual entry age normal method is used to determine the normal cost for other post-employment benefits (OPEB) and service cost for pension, and the OPEB unfunded actuarial accrued liability (past service liability) is amortized as a level percentage of future payroll over 30 years open period.

(Dollars in Thousands)

NOTE 3 – CONTRIBUTION INFORMATION (CONTINUED)

District adopted contribution rates for the year ended June 30, 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%

District adopted contribution rates for fiscal year 2023-2024 are as follows:

1980 Plan:	
Pension plan:	
Employer service cost	19.24%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.99%
Unfunded actuarial accrued liability	3.76%
2013 Plan:	
Pension plan:	
Employer service cost	10.20%
Toward unfunded pension liability	24.49%
Other post-employment benefits:	
Employer normal cost	0.76%
Unfunded actuarial accrued liability	3.76%

(Dollars in Thousands)

NOTE 3 – CONTRIBUTION INFORMATION (CONTINUED)

Contributions for the years ended June 30, 2023, and June 30, 2022, based on the June 30, 2022, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2023			
	Pension	Healthcare Benefit Plan	Total	2022
Regular contributions:				
District contributions	$ 95,103	$ 11,420	$ 106,523	$ 102,285
Member contributions	21,794	223	22,017	21,014
	116,897	11,643	128,540	123,299
Other contributions:				
Member buybacks	71	-	71	113
	$ 116,968	$ 11,643	$ 128,611	$ 123,412

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

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

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 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.

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.

Public Employees' Pension Reform Act (PEPRA)

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

(Dollars in Thousands)

NOTE 3 – CONTRIBUTION INFORMATION (CONTINUED)

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	9.72% 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, 2023. In accordance with the provisions of PEPRA, the member contribution rate shown above was originally set at 50 percent of the expected total normal cost rate for the benefits that will apply to new members on January 1, 2013. Under PEPRA, the member contributions rate is adjusted when the normal cost deviates by 1% or more from the original PEPRA valuation in 2013. The member contribution rate was last adjusted on July 1, 2021. The total normal cost rate for 2013 Plan Members for fiscal year 2023 is 19.13% of payroll.

NOTE 4 – CONTRIBUTION REFUNDS

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

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

NOTE 5 – CASH AND INVESTMENTS

A. Authorized Investment Strategy

The System's Statement of Investment Policy and Procedures authorizes 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 January 20, 2022.

(Dollars in Thousands)

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

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.

(Dollars in Thousands)

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

B. Financial Statement Presentation

Total cash and investments at fair value as of June 30, 2023, consisted of the following:

	2023			
	Pension Plan Benefits	Post-Employment Healthcare Benefits	Total	2022
Cash and cash equivalents	$ 26,937	$ 740	$ 27,677	$ 25,336
Invested securities lending collateral	75,822	2,084	77,906	101,249
Investments	2,159,656	59,348	2,219,004	2,026,714
Total cash and investments	$ 2,262,415	$ 62,172	$ 2,324,587	$ 2,153,299

C. Fair Value Hierarchy

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

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

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

(Dollars in Thousands)

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

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

D. Interest Rate Risk

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

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

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

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

Highly Sensitive Investments	Fair Value at Year End
Government Mortgage - Backed Securities	$ 166,356
Commercial Mortgage - Backed Securities	8,260

(Dollars in Thousands)

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

The System is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. The System's investments with LAIF at June 30, 2023 and 2022 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, 2023 and 2022, the System had investments of $4,302 and $6,596, respectively, invested in LAIF, which had invested 2.78% and 1.88% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.984828499 and 0.987125414 as of June 30, 2023 and 2022, respectively, was used to calculate the fair value of the investments in LAIF.

E. Foreign Currency Risk

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

Foreign Currency	Market Value
Euro	$ 1

The Fund's investment policy permits investments in Non-US Equity of up to 25%. The Fund's current position is 0.00005%.

F. Credit Risk

For fixed income investments, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to the fixed income investments. Presented below is the actual rating as of June 30, 2023, for each investment type as provided by Moody's or Standard and Poor's, displayed by using Moody's ratings scale.

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

(Dollars in Thousands)

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

G. Concentration Risk

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

The District held demand deposits (overdrafts) amounting to $3,681 and $2,456 on behalf of the System as of June 30, 2023 and 2022, respectively. The financial institution which holds these deposits is required by state law to maintain collateral pools against all public deposits they hold.

H. Custodial Credit Risk

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

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

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

The System's brokers/dealers held $0 as of June 30, 2023 and 2022, in cash exposed to custodial credit risk.

NOTE 6 – NET PENSION LIABILITY

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

	2023	2022
Total Pension Liability	$ 2,835,771	$ 2,605,614
Plan Fiduciary Net Position	(2,005,352)	(2,270,763)
Employer Net Pension Liability	$ 830,419	$ 334,851
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.72%	87.15%
Covered Payroll	$ 233,940	$ 221,809
Liability as a Percentage of Covered Payroll	354.97%	150.96%

The actuarial assumptions used in the June 30, 2022 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020 and the June 30, 2022 Economic Assumptions Review report dated November 8, 2022. Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding

(Dollars in Thousands)

NOTE 6 – NET PENSION LIABILITY (CONTINUED)

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, 2022 and 2021, while the total pension liability was determined based upon the results of the actuarial valuations as of June 30, 2022 and 2021, respectively.

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

Valuation date	June 30, 2022
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; experience gains/losses are amortized over separate decreasing 20 year periods. On or after July 1, 2021, assumption or method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: *Healthy Members* - 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. *Disabled Members*- 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. *Beneficiaries* - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

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

(Dollars in Thousands)

NOTE 6 – NET PENSION LIABILITY (CONTINUED)

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

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

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

The discount rates used to measure the total pension liability was 6.75% and 7.00% as of June 30, 2022, and June 30, 2021 respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund 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, 2022 and June 30, 2021.

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the Plan as of June 30, 2022, calculated using the discount rate of 6.75% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	$ 1,202,025	$ 830,419	$ 523,303

(Dollars in Thousands)

NOTE 7 – NET OPEB LIABILITY

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

	2022	2021
Total OPEB Liability	$ 181,229	$ 201,135
Plan Fiduciary Net Position	(53,571)	(57,959)
Employer Net OPEB Liability	$ 127,658	$ 143,176
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	29.56%	28.82%

The actuarial assumptions used in the June 30, 2022 valuation were based on the July 1, 2016 through June 30, 2020 Actuarial Experience Study report dated November 12, 2020, the June 30, 2022 Economic Assumptions Review report dated November 8, 2022, and the Retiree Health assumptions letter dated January 12, 2023. They are the same as the assumptions used in the June 30, 2022, funding actuarial valuation except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74, and implicit subsidy benefit payments are based on the age-based costs. The net OPEB liability is measured as of June 30, 2022 and 2021 and is not adjusted or rolled forward to the June 30, 2023 and 2022 reporting dates.

(Dollars in Thousands)

NOTE 7 – NET OPEB LIABILITY (CONTINUED)

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

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology decribed above correspond to that used in the June 30, 2020 valuation, which determined the ADC for the fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	5.35%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on years of service
Inflation rate	2.50%
Health Care Trend	Non-Medicare: 7.125% graded down to 4.50% over 11 years Medicare: 6.125% graded down to 4.50% over 7 years
HIB increases	0.00%
Mortality	*Pre-Retirement- Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020.* *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. *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. *Beneficiaries* - Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

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

(Dollars in Thousands)

NOTE 7 – NET OPEB LIABILITY (CONTINUED)

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

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

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

The municipal bond rates used to determine the blended discount rate, as discussed below, were 3.54% and 2.16% which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2022 and June 30, 2021, respectively.

The discount rates used to measure the total OPEB liability were 5.35% and 3.99% as of June 30, 2022 and June 30, 2021, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the $450/$550 HIB Subsidy excluding the implicit subsidy that will continue to be paid on a pay-as-you-go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Only the implicit subsidies for current members were includes as employer contributions since the employer is funding the implicit subsidy on a pay-as-you go basis.

Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make projected future benefit payments for current plan members through June 30, 2049. Therefore, the long-term expected rate of return on OPEB Plan investments (6.75%) was applied to periods of projected benefit payments through June 30, 2049, and the 20-year municipal bond rate (3.54%) was applied to periods after June 30, 2049, to determine the total OPEB liability.

(Dollars in Thousands)

NOTE 7 – NET OPEB LIABILITY (CONTINUED)

In accordance with GASB 74 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2022, calculated using the discount rate of 5.35% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.35%) or 1-percentage-point higher (6.35%) than the current rate:

	1% Decrease (4.35%)	Current Discount (5.35%)	1% Increase (6.35%)
Net OPEB Liability	$ 146,500	$ 127,658	$ 111,603

Additionally, in accordance with GASB 74 regarding disclosure of the sensitivity of the net OPEB liability to changes in the trend rate (only applied to implicit subsidy and not the $450/$550 cash subsidy), the following table presents the net OPEB liability of the Plan as of June 30, 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	$ 124,586	$ 127,658	$ 131,129

NOTE 8 – BENEFIT GUARANTY

A. Pension Plan

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

B. Post-Employment Healthcare Benefits

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, 2022 (date of latest actuarial valuation), there were 1,806 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 5 years of service also became eligible for the post-employment 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 $9,705 for the year ended June 30, 2023 and $9,341 for the year ended June 30, 2022. Effective June 18, 2002, a portion of the post-employment healthcare benefits costs is recovered through employee contributions.

NOTE 8 – BENEFIT GUARANTY (CONTINUED)

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.

NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

The System implemented GASB Statement No. 96 in the fiscal year ended June 30, 2023, which records the value of a right-to-use subscription asset. As of June 30, 2023 the System has recorded a subscription in progress under their assets for $1,692 as part of their Pension Gold Version 4 software implementation. This is the initial SBITA activity for fiscal year 2023 as the full software has not been implemented. The System is currently making progress payments as phases of the implementation are completed and it's scheduled to be fully implemented by June 2025.

NOTE 10 – RELATED PARTY TRANSACTIONS

The District provides the System with accounting, treasury, and other administrative services, which are reimbursed by the System on a monthly basis. Total reimbursements in fiscal years 2023 and 2022 were $1,749 and $1,495 respectively.

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

Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability:

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

Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

(2) Pension Plan

Schedule of Employer's Net Pension Liability:

Reporting Date	**2023**	**2022**	**2021**	**2020**	**2019**
Measurement Date	*2022*	*2021*	*2020*	*2019*	*2018*
Total Pension Liability	$ 2,835,771	$ 2,605,614	$ 2,535,238	$ 2,340,773	$ 2,220,978
Plan fiduciary net position	(2,005,352)	(2,270,763)	(1,813,591)	(1,792,124)	(1,716,478)
Net pension liability	$ 830,419	$ 334,851	$ 721,647	$ 548,649	$ 504,500
Plan fiduciary net position as a percentage of total pension liability	70.72%	87.15%	71.54%	76.56%	77.28%
Covered payroll*	$ 233,940	$ 221,809	$ 215,110	$ 203,541	$ 193,717
Plan net pension liability as a percentage of covered payroll	354.97%	150.96%	335.48%	269.55%	260.43%

Reporting Date	**2018**	**2017**	**2016**	**2015**	**2014**
Measurement Date	*2017*	*2016*	*2015*	*2014*	*2013*
Total Pension Liability	$ 2,068,015	$ 1,995,863	$ 1,845,912	$ 1,756,706	$ 1,646,534
Plan fiduciary net position	(1,580,556)	(1,391,771)	(1,383,053)	(1,325,387)	(1,107,628)
Net pension liability	$ 487,459	$ 604,092	$ 462,859	$ 431,319	$ 538,906
Plan fiduciary net position as a percentage of total pension liability	76.43%	69.73%	74.93%	75.45%	67.27%
Covered payroll*	$ 182,032	$ 174,586	$ 166,886	$ 159,513	$ 153,707
Plan net pension liability as a percentage of covered payroll	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.

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

Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

(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	61,600	61,600	-	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	-	233,940	39.07%
2023	95,103	95,103	-	247,569	38.41%

*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, 2023 are based on the reporting date. Years preceding fiscal year ended June 30, 2023 are based on the measurement date.

(4) Pension Plan

Schedule of Investment Returns:

Reporting Date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expense	10.96%	-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.

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

Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability:

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

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

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

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

Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability:

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

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

(Dollars in thousands)

(7) Post-Employment Healthcare Plan

Schedule of Employer's Contributions:

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll*	Contributions as a percentage of covered payroll
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	-	233,940	4.66%
2023	11,420	11,420	-	247,569	4.61%

*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, 2023 are based on the reporting date. Years preceding fiscal year ended June 30, 2023 are based on the measurement date.

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

Notes to Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

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, 2020
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 (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20 year periods. On or after July 1, 2021, assumption or method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Investment Rate of Return	7.00%, net of Pension Plan investment expense, including inflation
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:* *Healthy Members* - 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. *Disabled Members* - 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. *Beneficiaries* - 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 increases of 0.50% plus merit and promotional increases.

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

Notes to Required Supplementary Information
(Dollars in thousands)
For the Year Ended June 30, 2023

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, 2020
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology decribed above corresponds to that used in the June 30, 2020 valuation, which determined the ADC for the fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Investment Rate of Return	7.00%, net of OPEB Plan investment expense, including inflation
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: 6.625% graded down to 4.50% over 9 years Medicare: 6.125% graded down to 4.50% over 7 years
HIB increases	0.00%
Mortality	*Pre-retirement*: Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. *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. *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. *Beneficiaries* - Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

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

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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 Employees' Retirement System
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Bay Municipal Utility District Employees' Retirement System (the System), component unit of East Bay Municipal Utility District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated October 5, 2023.

Report on Internal Control over Financial Reporting

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

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

To the Board of Directors
East Bay Municipal Utility District Employees' Retirement System
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, Soll & Lunghard, LLP

Sacramento, California
October 5, 2023