



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

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Focused
on YOU



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, 2025

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Fiduciary Net Position as of June 30, 2025.....	13
Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2025.....	14
Notes to Basic Financial Statements	15
Required Supplementary Information:	
Schedule of Changes in Employer's Net Pension Liability – Pension Plan.....	34
Schedule of Employer's Net Pension Liability – Pension Plan	35
Schedule of Employer's Contributions – Pension Plan.....	36
Schedule of Investment Returns – Pension Plan	37
Schedule of Changes in Employer's Net OPEB Liability – Post-Employment Healthcare Plan.....	38
Schedule of Employer's Net OPEB Liability – Post-Employment Healthcare Plan	39
Schedule of Employer's Contributions – Post-Employment Healthcare Plan.....	40
Notes to Required Supplementary Information.....	41
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 <i>Government Auditing Standards</i>	43



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the East Bay Municipal Utility District Employees' Retirement System (the System), a component unit of the East Bay Municipal Utility District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of 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, 2025, 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.

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.



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

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 auditors' 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.

Required Supplementary Information

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



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

Summarized Comparative Information

We have previously audited the financial statements of the System for the year ended June 30, 2024, and expressed an unmodified audit opinion on those financial statements in our report dated October 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 31, 2025, 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.

LSL, LLP

Sacramento California
October 31, 2025

**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, 2025

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, 2025. 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.

**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, 2025

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 on the net assets of the System and changes in them, respectively.

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

The *Statement of Changes in Fiduciary Net Position* presents the results of the System's activities over the course of the fiscal year and information as to how the *net position* changed during the year. This statement measures the results of the System's investment performance as well as the System's income from contributions and expenses, including the payment of benefits, refunds of contributions, and administrative and investment 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 15 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 42 of this report.

**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, 2025

Financial Analysis: Financial Highlights

- The total assets of the System exceeded the total liabilities by \$2,826,084 as of June 30, 2025 (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 \$309,053 or 12.28% during the fiscal year ended June 30, 2025 compared to the increase of \$261,724 or 11.60% of the prior year. This was primarily due to the increase in net investment income to \$331,415, District contributions to \$122,754 and employee contributions to \$24,737 were offset by the cost of pension, health insurance benefits, refunds of contributions, and administrative expenses of \$169,853.
- As of June 30, 2025, 27.30% of the System's investments were in fixed income securities, 37.80% were in domestic equities, 25.60% were in international equities, 7.20% were in covered calls, 1.90% were in real estate, and 0.20% were in cash and cash equivalents. As of June 30, 2024, 21.80% of the System's investments were in fixed income securities, 28.30% were in domestic equities, 24.30% were in international equities, 20.60% were in covered calls, 4.70% were in real estate, and 0.10% 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, 2024, 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 51.80%.
- During the fiscal year ended June 30, 2025, combined District and employee contributions increased by \$6,272 or 4.44% to \$147,491 (Table 2). For the 1980 Plan, the District's contribution rate increased from 48.48% in the prior year to 49.02% and the employees' contribution rate remained unchanged at 8.75%. For the 2013 Plan, the District's contribution rate increased from 39.21% in the prior year to 40.07% and the employees' contribution rate remained unchanged at 9.50%.
- Retirement, Disability, and Survivor Pension Benefits Paid increased by \$9,106 or 6.15% to \$157,053 (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 decreased by \$47, or 0.48%, to \$9,777 (Table 3), primarily due to the health insurance benefits that were no longer paid in advance starting April 2025. The health insurance benefits were handled by a third-party health benefit administrator (Flexible Benefit Administrators, Inc.) starting the third quarter of fiscal year 2025.
- Refunds of Contributions to terminated employees or deceased employees' beneficiaries decreased by \$783 or 61.70%, to \$486 (Table 3).
- Administrative expenses (not including Investment Advisors' Fees or Custodial Asset Management Fees) increased by \$31, or 1.24%, to \$2,537 (Table 3).

**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, 2025

Financial Analysis: Financial Highlights (Continued)

- Based on GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITA), the implementation costs before the commencement of the subscription term are capitalized. During the fiscal year 2023, the System initiated the implementation of a new retirement management system (known as Pension Gold) to replace the existing system. Pension Gold is currently scheduled to be put into operation in the second quarter of fiscal year 2027. As of June 30, 2025 and June 30, 2024, \$7,339 and 4,240, respectively, have 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, 2025, the System's net position increased by \$309,053 compared to an increase of \$261,724 in 2024.

The System's financial condition reflects an increase of \$144,529 in the projected benefit obligation as of the June 30, 2024 valuation, versus the previous actuarial report of June 30, 2023. Due to an increase in investment returns and an increase in District and employee contributions, the market value of assets as of June 30, 2024, increased by \$261,724, 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, 2024 was 3.00%.

The funded ratio for Unfunded Actuarial Accrued Liability (UAAL) of the Pension and health Insurance Benefit plans combined increased from 74.00% to 75.10% as of the June 30, 2024 actuarial report versus the previous actuarial report of June 30, 2023. The component Plans of Pension and Health Insurance Benefit changed from 75.20% to 76.10% and 47.70% to 51.80% funded, respectively, as of June 30, 2023 and June 30, 2024.

**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, 2025

(Table 1)

Net Position

Years ended June 30, 2025 and 2024

	2025	2024	Variance	%
Other assets	\$ 184,392	\$ 148,717	\$ 35,675	23.99%
Investments at fair value	2,787,179	2,476,947	310,232	12.52%
Capital Asset	7,339	4,240	3,099	73.09%
Total assets	2,978,910	2,629,904	349,006	13.27%
Total liabilities	152,826	112,873	39,953	35.40%
Net position	\$ 2,826,084	\$ 2,517,031	\$ 309,053	12.28%

(Table 1)

Net Position

Years ended June 30, 2024 and 2023

	2024	2023	Variance	%
Other assets	\$ 148,717	\$ 118,338	\$ 30,379	25.67%
Investments at fair value	2,476,947	2,219,004	257,943	11.62%
Capital Asset	4,240	1,692	2,548	150.59%
Total assets	2,629,904	2,339,034	290,870	12.44%
Total liabilities	112,873	83,727	29,146	34.81%
Net position	\$ 2,517,031	\$ 2,255,307	\$ 261,724	11.60%

**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, 2025

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 net investment gain for 2025.

(Table 2)
Additions to Net Position
Years ended June 30, 2025 and 2024

	2025	2024	Variance	%
Employer contributions	\$ 122,754	\$ 117,342	\$ 5,412	4.61%
Members' contributions	24,737	23,877	860	3.60%
Total contributions	<u>147,491</u>	<u>141,219</u>	<u>6,272</u>	<u>4.44%</u>
Net investment gain*	<u>331,415</u>	<u>282,051</u>	<u>49,364</u>	
Total additions, net	<u><u>\$ 478,906</u></u>	<u><u>\$ 423,270</u></u>	<u><u>\$ 55,636</u></u>	

* Net of investment expenses and net of securities lending transactions of \$3,258 for June 30, 2025, and \$3,404 for June 30, 2024.

(Table 2)
Additions to Net Position
Years ended June 30, 2024 and 2023

	2024	2023	Variance	%
Employer contributions	\$ 117,342	\$ 106,523	\$ 10,819	10.16%
Members' contributions	23,877	22,088	1,789	8.10%
Total contributions	<u>141,219</u>	<u>128,611</u>	<u>12,608</u>	<u>9.80%</u>
Net investment gain*	<u>282,051</u>	<u>219,832</u>	<u>62,219</u>	
Total additions, net	<u><u>\$ 423,270</u></u>	<u><u>\$ 348,443</u></u>	<u><u>\$ 74,827</u></u>	

* Net of investment expenses and net of securities lending transactions of \$3,404 for June 30, 2024, and \$3,423 for June 30, 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, 2025

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, 2025 and 2024

	2025	2024	Variance	%
Pension benefits paid	\$ 157,053	\$ 147,947	\$ 9,106	6.15%
Health insurance				
benefits paid	9,777	9,824	(47)	(0.48)%
Refunds of contributions	486	1,269	(783)	(61.70)%
Administrative expenses	2,537	2,506	31	1.24%
Total deductions	<u>\$ 169,853</u>	<u>\$ 161,546</u>	<u>\$ 8,307</u>	<u>5.14%</u>

(Table 3)
Deductions in Net Position
Years ended June 30, 2024 and 2023

	2024	2023	Variance	%
Pension benefits paid	\$ 147,947	\$ 139,397	\$ 8,550	6.13%
Health insurance				
benefits paid	9,824	9,705	119	1.23%
Refunds of contributions	1,269	684	585	85.53%
Administrative expenses	2,506	2,273	233	10.25%
Total deductions	<u>\$ 161,546</u>	<u>\$ 152,059</u>	<u>\$ 9,487</u>	<u>6.24%</u>

**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, 2025

Beginning fiscal year 2014, the District is required to present the past 10 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 2023 through 2025 in the footnotes and the past ten fiscal years from 2016 through 2025 in the Required Supplemental Information. The NPL measured as of June 30, 2024 and 2023 have been determined from the actuarial valuations as of June 30, 2024 and 2023 respectively. As summarized in Table 4, the NPL decreased by \$102,170 from \$800,287 as of June 30, 2024 to \$698,117 as of June 30, 2025 primarily due to the return on the market value of assets for the Pension Plan of 12.57% during 2023/2024 that was more than the assumption of 6.75% used in the June 30, 2023 valuation (a gain of approximately \$127 million), offset by the change in actuarial assumptions and methodology (a loss of approximately \$25 million).

(Table 4)
Net Pension Liability
Years ended June 30, 2025 and 2024

	2025	2024	Variance	%
Net Pension Liability	\$ 698,117	\$ 800,287	\$ (102,170)	(12.77)%
Plan net position as a percentage of Total Pension Liability	77.79%	73.27%	4.52%	6.17%

(Table 4)
Net Pension Liability
Years ended June 30, 2024 and 2023

	2024	2023	Variance	%
Net Pension Liability	\$ 800,287	\$ 830,419	\$ (30,132)	(3.63)%
Plan net position as a percentage of Total Pension Liability	73.27%	70.72%	2.55%	3.61%

**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, 2025

Beginning fiscal year 2017, the District is required to present the past 10 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 2023 through 2025 in the footnotes and the past ten fiscal years from 2016 through 2025 in the Required Supplemental Information. The NOL measured as of June 30, 2024 and 2023 have been determined from the actuarial valuations as of June 30, 2024 and 2023 respectively. As summarized in Table 5, the NOL decreased by \$13,921 from \$132,381 as of June 30, 2024 to \$118,460 as of June 30, 2025 primarily due to an update of the discount rate from 5.23% to 5.58% and from the effect of various assumption changes made. This decrease in liability was slightly offset by a liability increase resulting from premium updates.

(Table 5)
Net OPEB Liability
Years ended June 30, 2025 and 2024

	2025	2024	Variance	%
Net OPEB Liability	\$ 118,460	\$ 132,381	\$ (13,921)	(10.52)%
Plan net position as a percentage of Total OPEB Liability	37.61%	31.60%	6.01%	19.02%

(Table 5)
Net OPEB Liability
Years ended June 30, 2024 and 2023

	2024	2023	Variance	%
Net OPEB Liability	\$ 132,381	\$ 127,658	\$ 4,723	3.70%
Plan net position as a percentage of Total OPEB Liability	31.60%	29.56%	2.04%	6.90%

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, EBMUD, P.O. Box 24055, MS 402, Oakland, CA 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, 2025
(With summarized comparative financial information as of June 30, 2024)
(Dollars in Thousands)**

	2025			2024
	Pension Plan benefits	Post- employment healthcare benefits	Total	Total
Assets:				
Cash and cash equivalents, at fair value (Note 5)	\$ 32,964	\$ 993	\$ 33,957	\$ 28,791
Invested securities lending collateral	130,494	3,932	134,426	106,561
Prepaid expenses	-	-	-	598
Receivables:				
Brokers, securities sold	3,909	118	4,027	2,068
Employer	4,551	500	5,051	4,622
Plan members	1,044	-	1,044	962
Interest, dividends and recoverable taxes	5,715	172	5,887	5,115
Total Receivables	15,219	790	16,009	12,767
Investments, at fair value (Note 5):				
U.S. government obligations	372,350	11,220	383,570	338,549
Domestic corporate bonds	341,856	10,301	352,157	179,959
International bonds	15,067	454	15,521	14,609
Domestic stocks	1,225,820	36,937	1,262,757	1,212,408
International stocks	698,795	21,056	719,851	612,565
Real estate	51,763	1,560	53,323	118,857
Total Investments	2,705,651	81,528	2,787,179	2,476,947
Capital assets:				
Subscription Asset In-Progress (note 9)	7,124	215	7,339	4,240
Total Assets	2,891,452	87,458	2,978,910	2,629,904
Liabilities:				
Accounts payable and accrued expenses	3,733	112	3,845	2,772
Payables to brokers, securities purchased	14,129	426	14,555	3,540
Securities lending collateral (Note 2B)	130,494	3,932	134,426	106,561
Total Liabilities	148,356	4,470	152,826	112,873
Net Position:				
Net position restricted for pension benefits and post-employment healthcare benefits	2,743,096	82,988	2,826,084	2,517,031
Total Net Position	\$ 2,743,096	\$ 82,988	\$ 2,826,084	\$ 2,517,031

**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, 2025**
(With summarized comparative financial information for the year ended June 30, 2024)
(Dollars in Thousands)

	2025			2024
	Pension Plan benefits	Post- employment healthcare benefits	Total	Total
Additions:				
Contributions:				
Employers	\$ 110,869	\$ 11,885	\$ 122,754	\$ 117,342
Plan members	24,488	249	24,737	23,877
Total Contributions	135,357	12,134	147,491	141,219
Investment Income:				
From Investment Activities				
Net appreciation (depreciation) in fair value investments:				
Traded securities	292,382	8,441	300,823	255,012
Real estate	(1,830)	(53)	(1,883)	(7,970)
Interest	26,098	754	26,852	25,410
Dividends	6,139	177	6,316	10,423
Real estate operating income, net	2,493	72	2,565	2,580
Total Investment Income	325,282	9,391	334,673	285,455
Less:				
Investment expense	(3,361)	(97)	(3,458)	(3,587)
Net Income from Investment Activities	321,921	9,294	331,215	281,868
From Securities Lending Activities				
Securities lending income	6,626	191	6,817	6,077
Borrowers' rebates and other agent fees on securities lending transactions	(6,430)	(187)	(6,617)	(5,894)
Securities Lending Activities	196	4	200	183
Net Investment Income	322,117	9,298	331,415	282,051
Total Additions, net	457,474	21,432	478,906	423,270
Deductions:				
Benefits paid (Notes 1C - 1E)	157,053	9,777	166,830	157,771
Refunds of contributions (Note 4)	486	-	486	1,269
Administrative expenses	2,450	87	2,537	2,506
Total Deductions	159,989	9,864	169,853	161,546
Changes in Net Position	297,485	11,568	309,053	261,724
Net Position - Beginning of the Year	2,445,611	71,420	2,517,031	2,255,307
Net Position - End of the Year	\$ 2,743,096	\$ 82,988	\$ 2,826,084	\$ 2,517,031

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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, 2024, the actuarially assumed rate of interest was 6.75% and the five-year average rate of return as of June 30, 2024, was 7.6%. Therefore, under Board Resolution No. 7019, the System declared that the interest credited to the balance of member contributions effective June 30, 2024, will be at the annual rate of 6.75%. Interest was credited at a semi-annual rate of 3.375% for the six months ended December 31, 2024.

For the period ending December 31, 2024, the actuarially assumed rate of interest was 6.75% and the five-year average rate of return as of December 31, 2024, was 7.2%. Therefore, the Board Resolution No. 7029, declares that the interest credited to the balance of member contributions effective June 30, 2025 will be at the annual rate of 6.75%. Interest was credited at a semi-annual rate of 3.375% for the six months ended June 30, 2025.

Membership in the Pension Plan consisted of the following as of June 30, 2024, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,176
Terminated plan members entitled to but not yet receiving benefits	407
Active plan members	1,974
Total	<u>4,557</u>

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 1: PLAN DESCRIPTION (CONTINUED)

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.

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, 2024, there were 1,915 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 \$9,777 and \$9,824 for the years ended June 30, 2025 and 2024, respectively.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 1: PLAN DESCRIPTION (CONTINUED)

Membership in the OPEB Plan consisted of the following as of June 30, 2024, the measurement date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,915
Terminated plan members entitled to but not yet receiving benefits	407
Active plan members	1,974
Total	<u>4,296</u>

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, 2024.

B. Investments and Fair Value Measurements

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

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

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

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

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

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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, 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, 2025, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

In lending securities, cash collateral is invested in the lending agent's short-term investment pool, which as of June 30, 2025, had a weighted average maturity of 15 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 196 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, 2025, the fair value of securities on loan was \$132,196. The total cash and noncash collateral held by the System's custodian to secure these securities on loan was valued at \$134,426 (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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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 was 8.75% effective April 18, 2016. For the 2013 Plan Members, the contribution rate was 9.50% effective July 1, 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.

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

1980 Plan:

Pension plan:

Employer service cost	19.17%
Toward unfunded pension liability	25.42%

Other post-employment benefits:

Employer normal cost	0.86%
Unfunded actuarial accrued liability	3.57%

2013 Plan:

Pension plan:

Employer service cost	10.38%
Toward unfunded pension liability	25.42%

Other post-employment benefits:

Employer normal cost	0.70%
Unfunded actuarial accrued liability	3.57%

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

1980 Plan:

Pension plan:

Employer service cost	19.58%
Toward unfunded pension liability	25.85%

Other post-employment benefits:

Employer normal cost	0.88%
Unfunded actuarial accrued liability	3.55%

2013 Plan:

Pension plan:

Employer service cost	10.08%
Toward unfunded pension liability	25.85%

Other post-employment benefits:

Employer normal cost	0.67%
Unfunded actuarial accrued liability	3.55%

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 3: CONTRIBUTION INFORMATION (CONTINUED)

Contributions for the years ended June 30, 2025, and June 30, 2024, based on the June 30, 2024, actuarial valuation (latest available and includes amounts for post-employment healthcare benefits), were as follows:

	2025			2024
	Pension	Healthcare Benefit Plan	Total	
Regular contributions:				
District contributions	\$ 110,869	\$ 11,885	\$ 122,754	\$ 117,342
Member contributions	24,463	249	24,712	23,853
	135,332	12,134	147,466	141,195
Other contributions:				
Member buybacks	25	-	25	24
	<u>\$ 135,357</u>	<u>\$ 12,134</u>	<u>\$ 147,491</u>	<u>\$ 141,219</u>

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

The total District contributions of \$122,754 is comprised of the normal cost of \$48,795 and the unfunded actuarial accrued liability of \$73,959.

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

The total District contributions of \$117,342 is comprised of the normal cost of \$45,939 and the unfunded actuarial accrued liability of \$71,403.

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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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	10.38% 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, 2025. 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, 2022. The total normal cost rate for 2013 Plan Members for fiscal year 2025 is 19.79% 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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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.

At the May 23, 2024 Retirement Board meeting, the Retirement Board took action to adopt a new investment portfolio asset allocation shown below.

US Equity	35%
Non-US Equity	25%
Core Fixed-Income	20%
Non-Core Fixed-Income	12.5%
Private Debt	5.0%
Real Estate	2.5%

As of June 30, 2025 the System's interim asset allocation is shown below.

US Equity	35%
Non-US Equity	25%
Core Fixed-Income	20%
Non-Core Fixed-Income	10%
Covered Calls	7.5%
Real Estate	2.5%

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

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

The non-core fixed income target allocation (10% of the total portfolio) will primarily consist of U.S. denominated fixed income securities. It is expected that this allocation may have a material allocation to below investment grade securities.

The domestic equity allocation target (35% of the total portfolio) will consist of the allocation to securities that corresponds to the weight of securities within the Russell 3000 Index.

The covered calls target allocation (7.5% of the total portfolio) consists of a Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index") 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 ex US Index.

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

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

June 30, 2025 marks the midpoint of the portfolio transition. The subsequent stages of portfolio transition will involve elimination of the Covered Calls allocation, the addition of the 5.0% Private Debt allocation and an increase of 2.5% to the Non-Core Fixed-Income allocation. The transition is expected to be completed by July 1, 2026.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 5: CASH AND INVESTMENTS (CONTINUED)

B. Financial Statement Presentation

Total cash and investments at fair value as of June 30, 2025, consisted of the following:

	2025			
	Pension Plan Benefits	Post-Employment Healthcare Benefits	Total	2024
Cash and cash equivalents	\$ 32,964	\$ 993	\$ 33,957	\$ 28,791
Invested securities lending collateral	130,494	3,932	134,426	106,561
Investments	2,705,651	81,528	2,787,179	2,476,947
Total cash and investments	\$ 2,869,109	\$ 86,453	\$ 2,955,562	\$ 2,612,299

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, 2025:

Investment Type	Level 1	Level 2	Level 3	Total
Investments by Fair Value:				
Asset Backed Securities	\$ -	\$ 7,918	\$ -	\$ 7,918
Equity Securities	202,826	-	74	202,900
Bank Loans	-	3,538	-	3,538
Commercial Mortgage-Backed Securities	-	3,271	-	3,271
Corporate Bonds	-	136,696	-	136,696
Corporate Convertible Bonds	-	265	-	265
Government Agencies	-	23,541	-	23,541
Government Bonds	-	166,320	-	166,320
Government Mortgage Backed Securities	-	194,572	-	194,572
Other Fixed Income	-	10,859	204,000	214,859
Real Estate-Partnerships	-	-	53,323	53,323
Total Investments at Fair Value	\$ 202,826	\$ 546,980	\$ 257,397	1,007,203

Investments Not Subject to Fair Value Hierarchy:

Commingled Funds and Other	1,779,976
Total Investments at Fair Value	2,787,179

Invested Securities Lending Collateral	134,426
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Cash and Cash Equivalents:

California Local Agency Investment Fund	5,829
Cash & Short-term Investments	28,128
Total System Cash and Investments	\$ 2,955,562

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 5: CASH AND INVESTMENTS (CONTINUED)

Investments classified in Level 1 of the fair value hierarchy, valued at \$202,826 are valued using quoted prices in active markets. \$546,980 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 \$257,397 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 Determined	Total
Asset Backed securities	\$ -	\$ 5,396	\$ 1,070	\$ 1,452	\$ -	\$ 7,918
Equity Securities	202,900	-	-	-	-	202,900
Bank Loans	-	2,863	675	-	-	3,538
Commercial Mortgage-Backed Securities	303	-	-	2,968	-	3,271
Corporate Bonds	2,075	80,046	34,665	20,180	-	136,966
Corporate Convertible Bonds	166	99	-	-	-	265
Government Agencies	-	7,483	10,496	5,562	-	23,541
Government Bonds	-	34,747	84,958	46,615	-	166,320
Government Mortgage Backed Securities	-	-	-	194,572	-	194,572
Other Fixed Income	-	-	10,859	-	204,000	214,859
Real Estate-Partnerships	-	-	-	-	53,323	53,323
Commingled Funds and Other	-	-	-	-	1,779,706	1,779,706
Total System Investments	\$ 205,444	\$ 130,634	\$ 142,723	\$ 271,349	\$ 2,037,029	\$ 2,787,179

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	\$ 194,572
Commercial Mortgage - Backed Securities	3,271

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, 2025 and 2024 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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 5: CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2025 and 2024, the System had investments of \$5,829 and \$3,517, respectively, invested in LAIF, which had invested 3.81% and 3.00% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.01198310 and 0.996316042 as of June 30, 2025 and 2024, respectively, was used to calculate the fair value of the investments in LAIF.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. At June 30, 2025 the value of foreign currency investments were not significant to the investments as a whole.

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

F. Credit Risk

For fixed income investments, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to the fixed income investments. Presented below is the actual rating as of June 30, 2025, 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	Ca	U.S. Government Guaranteed	Not Rated	Total
Asset Backed Securities	\$ 5,114	-	-	-	-	-	-	-	-	2,804	\$ 7,918
Equity Securities	-	-	-	-	-	-	-	-	-	202,900	202,900
Bank Loans	-	-	-	-	429	2,354	147	-	-	608	3,538
Commercial Mortgage - Backed Securities	2,465	-	-	-	-	-	-	-	-	806	3,271
Corporate Bonds	624	17,448	45,734	14,138	27,047	25,582	5,337	45	-	1,011	136,966
Corporate Convertible Bonds	-	-	-	-	-	-	-	-	-	265	265
Government Agencies	1,201	22,100	-	69	171	-	-	-	-	-	23,541
Government Bonds	-	152,360	-	862	-	-	-	-	13,098	-	166,320
Government Mortgage - Backed Securities	-	-	-	-	-	-	-	-	194,533	39	194,572
Non-Government Backed CMO's	-	-	-	-	-	-	-	-	-	-	-
Other Fixed Income	-	-	-	-	-	-	-	-	-	214,859	214,859
Real Estate - Partnerships	-	-	-	-	-	-	-	-	-	53,323	53,323
Commingled Funds and Other	-	-	-	-	-	-	-	-	-	1,779,706	1,779,706
Total System Investments	\$ 9,404	\$ 191,908	\$ 45,734	\$ 15,069	\$ 27,647	\$ 27,936	\$ 5,484	\$ 45	\$ 207,631	\$ 2,256,321	\$ 2,787,179

G. Concentration Risk

As of June 30, 2025, and June 30, 2024, 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 \$3,867 and \$4,478 on behalf of the System as of June 30, 2025 and 2024, 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.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 5: CASH AND INVESTMENTS (CONTINUED)

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, 2025 and 2024, 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:

	2025	2024
Total Pension Liability	\$ 3,143,728	\$ 2,994,429
Plan Fiduciary Net Position	(2,445,611)	(2,194,142)
Employer Net Pension Liability	<u>\$ 698,117</u>	<u>\$ 800,287</u>
Plan Fiduciary Net Position as a		
Percentage of Total Pension Liability	77.79%	73.27%
Covered Payroll	\$ 264,426	\$ 246,231
Liability as a Percentage of Covered Payroll	264.01%	325.02%

The actuarial assumptions used in the June 30, 2024 valuation were based on the July 1, 2020 through June 30, 2024 Actuarial Experience Study report dated November 13, 2024. Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding The net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Employers' net pension liability presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The net pension liability was measured as of June 30, 2024 and 2023, while the total pension liability was determined based upon the results of the actuarial valuations as of June 30, 2024 and 2023, respectively.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 6: NET PENSION LIABILITY (CONTINUED)

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

Valuation date	June 30, 2024
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	Market value of assets less unrecognized returns in each last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on time from hire
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	Pre-retirement: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. Post-retirement: <i>Healthy Members</i> - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - Pub-2010 Contingent Survivor/Retiree 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 that vary based on time from hire.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 6: NET PENSION LIABILITY (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	32.55%	5.80%
Domestic Small Cap Equity	2.45%	6.59%
Developed International Large Cap Equity	18.00%	6.44%
Emerging Markets Equity	7.00%	8.32%
Core Bonds	20.00%	2.27%
High-Yield Bonds	7.50%	4.62%
Bank Loans	5.00%	4.43%
Real Estate	2.50%	4.54%
Private Debt	5.00%	6.63%
Total	100.00%	

The discount rates used to measure the total pension liability was 6.75% as of June 30, 2024, and June 30, 2023. 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, 2024 and June 30, 2023.

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, 2024, 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	\$ 1,110,905	\$ 698,117	\$ 356,956

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES’ RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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:

	2024	2023
Total OPEB Liability	\$ 189,880	\$ 193,546
Plan Fiduciary Net Position	(71,420)	(61,165)
Employer Net OPEB Liability	<u>\$ 118,460</u>	<u>\$ 132,381</u>
Plan Fiduciary Net Position as a		
Percentage of Total OPEB Liability	37.61%	31.60%

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an experience study dated November 13, 2024) for the period from July 1, 2020 through June 30, 2024, the June 30, 2022 Economic Assumptions Review report (dated November 8, 2022), and the Retiree Health assumptions letter (dated November 14, 2024). These are the same as the assumptions used in the June 30, 2024 funding actuarial valuation for EBMUDERS except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74, and implicit subsidy benefit payments are valued based on the age-based costs and separate spousal participation assumptions.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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, 2024
Actuarial cost method	Entry Age Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. The amortization methodology described above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Net Investment Return	6.75%, net of OPEB Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.50% based on time from hire
Inflation rate	2.50%
Health Care Trend	Non-Medicare: Actual premium increases for 2023-2024, then 7.375% graded down to 4.50% over 12 years. Medicare: Actual premium increases for 2023-2024, then 6.375% graded down to 4.50% over 8 years.
HIB increases	0.00%
Mortality	<i>Pre-retirement: Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. 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.</i>

*Includes inflation of 2.50% plus across the board salary increase of 0.50% plus merit and promotion increases that vary based on time from hire.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

NOTE 7: NET OPEB LIABILITY (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	32.55%	5.80%
Domestic Small Cap Equity	2.45%	6.59%
Developed International Large Cap Equity	18.00%	6.44%
Emerging Market Equity	7.00%	8.32%
Core Bonds	20.00%	2.27%
High-Yield Bonds	7.50%	4.62%
Bank Loans	5.00%	4.43%
Real Estate	2.50%	4.54%
Private Debt	5.00%	6.63%
Total	100.00%	

The municipal bond rates used to determine the blended discount rate, as discussed below, were 3.93% and 3.65% which are based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2024 and June 30, 2023, respectively.

The discount rates used to measure the total OPEB liability were 5.58% and 5.23% as of June 30, 2024 and June 30, 2023, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the \$450/\$550 HIB Subsidy excluding the implicit subsidy that will continue to be paid on a pay-as-you-go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Only the implicit subsidies for current members were included as employer contributions since the employer is funding the implicit subsidy on a pay-as-you go basis.

Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2051. Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (6.75%) was applied to periods of projected benefit payments through June 30, 2051, and the 20-year municipal bond rate (3.93%) was applied to periods after June 30, 2051, to determine the total OPEB liability.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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, 2024, calculated using the discount rate of 5.58% 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 (4.58%) or 1-percentage-point higher (6.58%) than the current rate:

	1% Decrease (4.58%)	Current Discount (5.58%)	1% Increase (6.58%)
Net OPEB Liability	\$ 137,676	\$ 118,460	\$ 102,023

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, 2024, 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	\$ 114,715	\$ 118,460	\$ 122,776

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. Postemployment Healthcare Benefits

In addition to retirement benefits, the District provides postemployment health benefits assistance (administered by the Employees’ Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2024 (date of latest actuarial valuation), there were 1,915 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 postemployment health benefits based on the same sliding scale. The scale provides for 25% of healthcare benefits for service from 5 through 10 years, 50% of healthcare benefits for service from 10 through 15 years, 75% of healthcare benefits for service from 15 through 20 years, and 100% of healthcare benefits for service of 20 years or more. Effective July 1, 2003, the District reimbursed up to \$450 per month (\$550 per month effective July 1, 2004, for membership of a spouse or registered domestic partner) for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree. 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 \$9,777 for the year ended June 30, 2025 and \$9,824 for the year ended June 30, 2024. Effective June 18, 2002, a portion of the postemployment healthcare benefits costs is recovered through employee contributions.

**EAST BAY MUNICIPAL WATER DISTRICT
EMPLOYEES' RETIREMENT SYSTEM
Notes to the Financial Statements
(Dollars in Thousands)
For the Year Ended June 30, 2025**

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, 2024, which records the value of a right-to-use subscription asset. The System has recorded a subscription in progress under their assets for \$7,339 and \$4,240 as of June 30, 2025 and June 30, 2024, respectively, as part of their Pension Gold Version 4 software implementation. The SBITA activity is as of fiscal year 2025 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 currently scheduled to be fully implemented by the second quarter of fiscal year 2027.

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 2025 and 2024 were \$1,739 and \$1,924 respectively.

NOTE 11: SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through October 29, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred, since June 30, 2025, that required recognition or disclosure in these financial statements.

The District is implementing a new tier of the Health Insurance Benefit (HIB), the District's health insurance premium reimbursement program. This change follows the Board's ratification of the Memorandum of Understanding (MOU) on July 8, 2025. The new HIB plan design with the annual escalator will begin on January 1, 2026, for eligible retirees, subject to their vesting schedule percentage.

**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, 2025

(1) Pension Plan

Schedule of Changes in Employer's Net Pension Liability:

Reporting Date	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 60,312	\$ 56,378	\$ 51,706	\$ 52,212	\$ 46,124	\$ 44,710	\$ 40,636	\$ 41,106	\$ 37,828	\$ 36,791
Interest	201,159	190,492	181,464	176,878	163,114	154,896	149,324	144,392	138,135	131,595
Differences between expected and actual experience	11,737	51,869	54,807	(37,465)	(6,199)	25,974	48,581	(22,641)	5,278	(1,390)
Changes of assumptions	25,307	-	72,120	-	104,814	-	12,484	-	52,596	-
Benefit payments, including refunds of employee contributions	(149,216)	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)
Net change in total pension liability	149,299	158,658	230,157	70,376	194,465	119,795	152,963	72,152	149,951	89,206
Total pension liability - beginning	2,994,429	2,835,771	2,605,614	2,535,238	2,340,773	2,220,978	2,068,015	1,995,863	1,845,912	1,756,706
Total pension liability - ending (a)	\$ 3,143,728	\$ 2,994,429	\$ 2,835,771	\$ 2,605,614	\$ 2,535,238	\$ 2,340,773	\$ 2,220,978	\$ 2,068,015	\$ 1,995,863	\$ 1,845,912
Plan fiduciary net position										
Contributions - employer	\$ 105,111	\$ 95,103	\$ 91,393	\$ 79,252	\$ 77,645	\$ 74,033	\$ 71,221	\$ 67,096	\$ 65,218	\$ 64,177
Contributions - employee	23,637	21,865	20,915	19,136	18,690	17,681	16,860	15,820	14,741	13,260
Net investment income	274,375	214,117	(245,904)	481,909	39,973	91,194	147,424	197,977	13,934	59,288
Benefit payments, including refunds of employee contributions	(149,216)	(140,081)	(129,940)	(121,249)	(113,388)	(105,785)	(98,062)	(90,705)	(83,886)	(77,790)
Administrative expense	(2,438)	(2,214)	(1,875)	(1,876)	(1,453)	(1,477)	(1,521)	(1,403)	(1,289)	(1,269)
Net change in plan fiduciary net position	251,469	188,790	(265,411)	457,172	21,467	75,646	135,922	188,785	8,718	57,666
Plan fiduciary net position - beginning	2,194,142	2,005,352	2,270,763	1,813,591	1,792,124	1,716,478	1,580,556	1,391,771	1,383,053	1,325,387
(b)	\$ 2,445,611	\$ 2,194,142	\$ 2,005,352	\$ 2,270,763	\$ 1,813,591	\$ 1,792,124	\$ 1,716,478	\$ 1,580,556	\$ 1,391,771	\$ 1,383,053
Plan's net pension liability - ending (a) - (b)	\$ 698,117	\$ 800,287	\$ 830,419	\$ 334,851	\$ 721,647	\$ 548,649	\$ 504,500	\$ 487,459	\$ 604,092	\$ 462,859

**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, 2025

(2) Pension Plan

Schedule of Employer's Net Pension Liability:

Reporting Date	2025	2024	2023	2022	2021
<i>Measurement Date</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Total Pension Liability	\$ 3,143,728	\$ 2,994,429	\$ 2,835,771	\$ 2,605,614	\$ 2,535,238
Plan fiduciary net position	(2,445,611)	(2,194,142)	(2,005,352)	(2,270,763)	(1,813,591)
Net pension liability	<u>\$ 698,117</u>	<u>\$ 800,287</u>	<u>\$ 830,419</u>	<u>\$ 334,851</u>	<u>\$ 721,647</u>
Plan fiduciary net position as a percentage of total pension liability	77.79%	73.27%	70.72%	87.15%	71.54%
Covered payroll*	\$ 264,426	\$ 246,231	\$ 233,940	\$ 221,809	\$ 215,110
Plan net pension liability as a percentage of covered payroll	264.01%	325.02%	354.97%	150.96%	335.48%
Reporting Date	2020	2019	2018	2017	2016
<i>Measurement Date</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Total Pension Liability	\$ 2,340,773	\$ 2,220,978	\$ 2,068,015	\$ 1,995,863	\$ 1,845,912
Plan fiduciary net position	(1,792,124)	(1,716,478)	(1,580,556)	(1,391,771)	(1,383,053)
Net pension liability	<u>\$ 548,649</u>	<u>\$ 504,500</u>	<u>\$ 487,459</u>	<u>\$ 604,092</u>	<u>\$ 462,859</u>
Plan fiduciary net position as a percentage of total pension liability	76.56%	77.28%	76.43%	69.73%	74.93%
Covered payroll*	\$ 203,541	\$ 193,717	\$ 182,032	\$ 174,586	\$ 166,886
Plan net pension liability as a percentage of covered payroll	269.55%	260.43%	267.79%	346.01%	277.35%

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

**EAST BAY MUNICIPAL UTILITY DISTRICT
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, 2025

(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
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	-	246,231	38.62%
2024	105,111	105,111	-	264,426	39.75%
2025	110,869	110,869	-	276,094	40.16%

*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, 2025 are based on the reporting date. Years preceding fiscal year ended June 30, 2025 are based on the measurement date.

**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, 2025

(4) Pension Plan

Schedule of Investment Returns:

<i>Reporting Date</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money weighted rate of return, net of investment expense	13.45%	12.74%	10.96%	-10.81%	26.85%	2.27%	5.37%	9.29%	14.46%	0.91%

**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, 2025

(5) Post-Employment Healthcare Plan

Schedule of Changes in Employer's Net OPEB Liability:

Reporting Date Measurement Date	2025 2024	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Total OPEB Liability										
Service cost	\$ 5,865	\$ 5,088	\$ 6,725	\$ 5,538	\$ 4,864	\$ 4,692	\$ 4,827	\$ 5,276	\$ 4,514	\$ 4,460
Interest	10,101	9,646	8,061	8,608	9,042	9,332	9,265	8,797	9,374	9,159
Differences between expected and actual experience	291	(438)	5,102	(4,383)	704	(2,783)	(3,299)	(1,711)	(3,286)	(309)
Changes of assumptions	(7,224)	10,206	(28,016)	7,163	18,913	5,753	(527)	(6,107)	12,471	-
Benefit payments - cash*	-	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subsidy	(12,699)	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Net change in total OPEB liability	(3,666)	12,317	(19,906)	5,282	22,141	5,942	(124)	(3,549)	13,224	3,675
Total OPEB liability - beginning	193,546	181,229	201,135	195,853	173,712	167,770	167,894	171,443	158,219	154,544
Total OPEB liability - ending (a)	\$ 189,880	\$ 193,546	\$ 181,229	\$ 201,135	\$ 195,853	\$ 173,712	\$ 167,770	\$ 167,894	\$ 171,443	\$ 158,219
Plan fiduciary net position										
Employer contributions - cash	\$ 12,231	\$ 11,420	\$ 10,892	\$ 11,372	\$ 11,089	\$ 10,518	\$ 9,875	\$ 9,764	\$ 9,454	\$ 8,964
Employer contributions - estimated implicit subsidy	-	-	-	-	-	-	-	-	2,164	2,241
Employee contributions - total	12,231	11,420	10,892	11,372	11,089	10,518	9,875	9,764	11,618	11,205
Employee contributions	240	223	212	200	195	184	219	198	184	167
Net investment income	7,676	5,715	(6,105)	11,638	890	2,060	2,925	3,706	271	938
Benefit payments - cash*	-	-	-	-	-	-	-	-	(7,685)	(7,394)
Benefit payments- estimated implicit subsidy	(12,699)	(12,185)	(11,778)	(11,644)	(11,382)	(11,052)	(10,390)	(9,804)	(2,164)	(2,241)
Administrative expense	(68)	(59)	(46)	(46)	(34)	(33)	(30)	(26)	(22)	(20)
Other	2,875	2,480	2,437	2,421	2,419	2,402	2,075	1,892	-	-
Net change in plan fiduciary net position	10,255	7,594	(4,388)	13,941	3,177	4,079	4,674	5,730	2,202	2,655
Plan fiduciary net position - beginning	61,165	53,571	57,959	44,018	40,841	36,762	32,088	26,358	24,156	21,501
Plan fiduciary net position - ending (b)	\$ 71,420	\$ 61,165	\$ 53,571	\$ 57,959	\$ 44,018	\$ 40,841	\$ 36,762	\$ 32,088	\$ 26,358	\$ 24,156
Plan's net OPEB liability - ending (a) - (b)	\$ 118,460	\$ 132,381	\$ 127,658	\$ 143,176	\$ 151,835	\$ 132,871	\$ 131,008	\$ 135,806	\$ 145,085	\$ 134,063

*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, 2025

(6) Post-Employment Healthcare Plan

Schedule of Employer's Net OPEB Liability:

Reporting Date	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>Measurement Date</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Total OPEB Liability	\$ 189,880	\$ 193,546	\$ 181,229	\$ 201,135	\$ 195,853	\$ 173,712	\$ 167,770	\$ 167,894	\$ 171,443	\$ 158,219
Plan fiduciary net position	(71,420)	(61,165)	(53,571)	(57,959)	(44,018)	(40,841)	(36,762)	(32,088)	(26,358)	(24,156)
Net OPEB liability	<u>\$ 118,460</u>	<u>\$ 132,381</u>	<u>\$ 127,658</u>	<u>\$ 143,176</u>	<u>\$ 151,835</u>	<u>\$ 132,871</u>	<u>\$ 131,008</u>	<u>\$ 135,806</u>	<u>\$ 145,085</u>	<u>\$ 134,063</u>
Plan fiduciary net position as a percentage of total OPEB liability	37.61%	31.60%	29.56%	28.82%	22.48%	23.51%	21.91%	19.11%	15.37%	15.27%
Covered payroll plan net OPEB liability	\$ 264,426	\$ 246,231	\$ 233,940	\$ 221,809	\$ 215,110	\$ 203,541	\$ 193,717	\$ 182,032	\$ 174,586	\$ 166,886
as a percentage of covered payroll	44.80%	53.76%	54.57%	64.55%	70.58%	65.28%	67.63%	74.61%	83.10%	80.33%

**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, 2025

(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
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	-	246,231	4.64%
2024	12,231	12,231	-	264,426	4.63%
2025	11,885	11,885	-	276,094	4.30%

*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, 2025 are based on the reporting date. Years preceding fiscal year ended June 30, 2025 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, 2025

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, 2022
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.
Assets valuation method	The actuarial value of assets is equal to the market value (or fair value) of assets less unrecognized returns from each of the last five years. The unrecognized return each year is equal to the difference between the actual and expected returns on the market value of assets, recognized over a five-year period. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets.
Actuarial assumptions:	
Investment Rate of Return	6.75%, net of Pension Plan investment expense, including inflation
Average projected salary increases*	Ranges from 3.75% to 9.25% based on time from hire
Inflation rate	2.50%
Cost-of-living adjustments	2.75% per annum
Mortality	<i>Pre-retirement:</i> Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Post-retirement:</i> <i>Healthy Members</i> - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - Pub-2010 Contingent Survivor/Retiree 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 that vary based on time from hire.

**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, 2025

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, 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 described above was first applied beginning with the June 30, 2021 valuation, which determined the ADC for fiscal year ending June 30, 2022.
Assets valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.
Actuarial assumptions:	
Investment Rate of Return	6.75%, 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: Actual premium increases for 2022-2023, then 7.125% graded down to 4.50% over 11 years. Medicare: Actual premium increases for 2022-2023, then 6.125% graded down to 4.50% over 7 years.
HIB increases	0.00%
Mortality	<i>Pre-retirement</i> : Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Post-Retirement Healthy Members</i> - Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Post-Retirement Disabled Members</i> - Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020. <i>Beneficiaries</i> - 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 promotion increases that vary based on time from hire.



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, 2025, 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 31, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

LSL, LLP

Irvine, California
October 31, 2025