



**ANNUAL CONTINUING DISCLOSURE REPORT**

FISCAL YEAR 2023: July 1, 2022 – June 30, 2023

**CURRENT ISSUANCES**

<b>Series</b>	<b>Par</b>	<b>Issue Date</b>
<b>Series 2015B Water and Wastewater Revenue Bonds</b>	\$74,430,000	6/18/2015
<b>Series 2016A Water and Wastewater Revenue Refunding Bonds</b>	\$209,230,000	4/5/2016
<b>Series 2016B Water and Wastewater Revenue Bonds</b>	\$124,925,000	9/14/2016
<b>Series 2017C Refunding Water and Wastewater Revenue Bonds</b>	\$17,515,000	5/2/2017
<b>Series 2017D Water and Wastewater Revenue Bonds</b>	\$102,500,000	5/18/2017
<b>Series 2018A Refunding Water and Wastewater Revenue Bonds</b>	\$94,455,000	9/27/2018
<b>Series 2020A Refunding Water and Wastewater Revenue Bonds</b>	\$122,145,000	5/27/2020
<b>Series 2021A Refunding Water and Wastewater Revenue Bonds</b>	\$50,590,000	6/10/2021
<b>Series 2021B Refunding Water and Wastewater Revenue Bonds</b>	\$48,040,000	6/10/2021

**December 30, 2023**

**Eastern Municipal Water District**  
Annual Continuing Disclosure Report  
July 1, 2022 – June 30, 2023

This Annual Continuing Disclosure Report (Report) is being furnished by Eastern Municipal Water District (District) to provide updated financial and operational information of the District pursuant to the respective Continuing Disclosure Agreements of the Revenue Bonds Official Statements.

**Summary of Debt Service:** The following table summarizes projected debt service with respect to the District’s Outstanding Parity Obligations and Subordinate Obligations including the new State Loans relating to projects under construction or projects approved by the State Water Resources Control Board.

<i>Period Ending June 30</i>	<i>Parity Obligations</i>			<i>Subordinate Obligations</i>				<i>Total Debt Service</i>
	<i>Bonds Principal</i>	<i>Bonds Interest</i>	<i>Total Parity Obligation Debt Service</i>	<i>Bonds Principal</i>	<i>Bonds Interest</i>	<i>Subordinate Obligation Debt Service</i>	<i>State Loans Debt Service</i>	
2024	-	-	-	15,390,000	34,251,888	49,641,888	9,422,125	59,064,012
2025	-	-	-	17,425,000	33,497,463	50,922,463	9,422,125	60,344,587
2026	-	-	-	18,170,000	32,749,713	50,919,713	9,422,125	60,341,837
2027	-	-	-	18,950,000	31,946,988	50,896,988	9,422,125	60,319,112
2028	-	-	-	19,815,000	31,057,788	50,872,788	9,422,125	60,294,912
2029	-	-	-	21,790,000	30,120,194	51,910,194	8,369,665	60,279,859
2030	-	-	-	23,830,000	29,082,075	52,912,075	7,317,205	60,229,280
2031	-	-	-	24,980,000	27,929,500	52,909,500	7,317,205	60,226,705
2032	-	-	-	25,920,000	26,677,375	52,597,375	7,317,205	59,914,580
2033	-	-	-	27,285,000	25,318,125	52,603,125	7,317,205	59,920,330
2034	-	-	-	30,690,000	23,836,125	54,526,125	2,901,107	57,427,232
2035	-	-	-	34,620,000	22,272,600	56,892,600	2,901,107	59,793,707
2036	-	-	-	36,225,000	20,678,750	56,903,750	2,901,107	59,804,857
2037	-	-	-	30,195,000	19,108,675	49,303,675	2,901,107	52,204,782
2038	-	-	-	32,280,000	17,613,250	49,893,250	2,901,107	52,794,357
2039	-	-	-	34,075,000	16,161,938	50,236,938	2,901,107	53,138,044
2040	-	-	-	37,065,000	14,671,744	51,736,744	2,901,107	54,637,850
2041	-	-	-	38,750,000	13,075,806	51,825,806	2,901,107	54,726,913
2042	-	-	-	40,475,000	11,448,206	51,923,206	2,901,107	54,824,313
2043	-	-	-	42,225,000	9,789,456	52,014,456	2,901,107	54,915,563
2044	-	-	-	38,300,000	8,164,500	46,464,500	2,901,107	49,365,607
2045	-	-	-	39,990,000	6,574,100	46,564,100	2,901,107	49,465,207
2046	-	-	-	41,755,000	4,910,375	46,665,375	2,901,107	49,566,482
2047	-	-	-	43,610,000	3,169,750	46,779,750	2,901,107	49,680,857
2048	-	-	-	45,595,000	1,139,875	46,734,875	2,612,471	49,347,346
2049	-	-	-	-	-	-	2,612,471	2,612,471
2050	-	-	-	-	-	-	2,612,471	2,612,471
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 779,405,000</b>	<b>\$ 495,246,256</b>	<b>\$ 1,274,651,256</b>	<b>\$ 133,202,017</b>	<b>\$ 1,407,853,273</b>

**District Water Facilities**

The District’s distribution system for potable water includes 94 water booster or pumping plants, 204 million gallons of surface storage capacity, and over 2,635 miles of pipeline ranging from 4 to 60 inches in diameter.

**Wells:** Locally, the District maintains 15 active domestic production wells. The wells are listed by location, current status, and Fiscal Year 2023 production in the following table.

**Domestic District Wells**

<i>Location</i>	<i>Status</i>	<i>Fiscal Year 2023 Production (in acre feet)</i>	<i>Current Pumping Capacity<sup>(1)</sup></i>	
			<i>gallons/minute</i>	<i>acre feet/day</i>
<b>San Jacinto Basin - Cienega Area of Canyon Sub-Basin</b>				
No. 17 Cienega Well	Active	302	1,700	7.5
No. 26 Cienega Well	Active	391	2,000	8.8
No. 34 Cienega Well	Active	418	1,700	7.5
<b>San Jacinto Basin - Intake Area of Upper Pressure Sub-Basin<sup>(2)</sup></b>				
No. 25 Fruitvale Well	Active	814	925	4.1
No. 33 Mountain Avenue Well	Active	119	700	3.1
No. 36 New Washington St.	Active	710	1,075	4.8
No. 38 Mountain/Meridian Chnl	Active	1,254	1,800	8.0
<b>San Jacinto Basin - Upper Pressure Sub-Basin</b>				
No. 29 Quandt Well	Active	1,361	1,350	6.0
No. 90 Evans/Old Mtn Well	Active	1,482	1,300	5.7
No. 91 Ramona/Espl Well	Active	1,514	1,700	7.5
No. 92 Ramona/Hemet Well	Active	1,498	1,900	8.4
<b>San Jacinto Basin - Hemet South Sub-Basin</b>				
No. 35 Palm & Menlo Well	Active	624	625	2.8
<b>San Jacinto Basin - Perris North Sub-Basin</b>				
No. 55 Perris II Well	Active	1,096	850	3.8
No. 56 Perry Well <sup>(3)</sup>	Inactive	0	0	0.0
No. 57 Follico Well <sup>(4)</sup>	Active	0	900	4.0
No. 59 Indian Well <sup>(5)</sup>	Active	1,281	1,050	4.6
<b>Total Production<sup>(6)</sup></b>		<b>12,864</b>	<b>19,575</b>	<b>86.5</b>

(1) Tested capacity can vary with changes in water table.

(2) Excludes Well Nos. 14, 27, and 80 because such wells were removed from production in April 2015, April 2016, and August 2016, respectively.

(3) Well No. 56 was voluntarily shut down in February 2019 due to exceeding the State’s Notification Levels for PFAS. Additionally, the District inactivated the well with the State’s Division of Drinking Water.

(4) Due to detection above the State’s Notification Level of PFHxS, Well No. 57 has not been operated since January 2022.

**Eastern Municipal Water District**  
**Annual Continuing Disclosure Report**  
**July 1, 2022 – June 30, 2023**

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- (5) Due to detection of PFAS above the new EPA Health Advisory in May 2016, the District had voluntarily shut down Well No. 59 and entered into three Environmental Services Cooperative Agreements (ESCA) with the United States Air Force (the designated responsible party). In ESCA I, the District was reimbursed by the Air Force the cost for imported replacement water from Well 59 lost production and private well owners water connections. ESCA II was for the reimbursement for the design and construction of a wellhead treatment facility to remove the PFAS. Both ESCA I and II have expired since the PFAS treatment facility construction was completed and start-up of the wellhead treatment facility began January 2021. In ESCA III, the District is being reimbursed for the Operation and Maintenance cost of the wellhead treatment facility including carbon media replacement and disposal.
- (6) Reflects actual Fiscal Year 2023 groundwater extractions. Excludes adjustments for in-lieu water purchased from MWD instead of being extracted from groundwater wells. Also excludes adjustments for groundwater extracted from District wells but delivered to other agencies.

Source: Eastern Municipal Water District.

District wells are considered deep-well production wells ranging in depth to 1,560 feet. Pumping levels for production range from 71 to 650 feet. The 15 active production wells have a combined production capability of 19,575 gallons per minute (GPM), which equates to approximately 86.5 acre feet per day. Well No. 57 was not operated during 2023 due to PFAS detection. The District has conducted studies to determine the safe yield of the underground water basins serving these wells. The development and production of future wells will depend on the safe yield of the groundwater sub-basins.

**Water Production**  
**(In Acre Feet)**

<i>Fiscal Year</i>	<i>Domestic Retail</i>	<i>Wholesale</i>	<i>Agriculture</i>	<i>Recycled Water</i>	<i>Total Production</i>
2019	73,792	4,252	6,000	49,974	134,018
2020	79,446	4,100	1,864	51,822	137,232
2021	87,317	4,507	2,048	52,368	146,240
2022	83,507	4,643	6,813	54,807	149,770
2023	76,389	3,863	5,664	55,574	141,490

**Eastern Municipal Water District**  
 Annual Continuing Disclosure Report  
 July 1, 2022 – June 30, 2023

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**Domestic Water Use Within District’s Service Area  
 (Annual Domestic Consumption)**

<i>Fiscal Year</i>	<i>Use (acre feet)<sup>(1)(2)</sup></i>	<i>Billed Accounts</i>	<i>Average Acre Feet Per Account</i>
2019	66,803	153,378	0.44
2020	72,733	155,918	0.47
2021	78,459	159,257	0.49
2022	81,513	162,923	0.50
2023	73,421	166,167	0.44

(1) Differences from the “Domestic Retail” water production figures reflect water loss and use of water for internal District purposes.

(2) Excludes wholesale sales of domestic water.

Source: Eastern Municipal Water District.

**Water Deliveries  
 (In Acre Feet)**

<i>Fiscal Year</i>	<i>Domestic Retail</i>	<i>Wholesale</i>	<i>Agriculture</i>	<i>Recycled Water<sup>(1)</sup></i>	<i>Total Sales</i>
2019	66,803	3,849	5,432	25,811	101,895
2020	72,733	3,754	1,706	29,191	107,384
2021	78,459	3,936	2,305	33,745	118,445
2022	81,513	4,532	6,650	39,216	131,911
2023	73,421	3,713	5,444	29,692	112,270

(1) Differences from the “Recycled Water” production figures reflect water loss as well as discharges of recycled water into local waterways during periods of heavy precipitation in accordance with the District’s discharge permits. The District has undertaken capital improvements to enhance its ability to store recycled water during periods of heavy precipitation and to sell it during periods of high demand.

Source: Eastern Municipal Water District.

**Eastern Municipal Water District**  
Annual Continuing Disclosure Report  
July 1, 2022 – June 30, 2023

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**Largest Domestic Water Customers as of June 30, 2023 <sup>(3)</sup>**

	<i>Customer Name</i>	<i>Annual Water Sales in Acre Feet</i>	<i>Annual Revenues</i>	<i>Percentage</i>
1.	LHMWD State Project Water <sup>(1)</sup>	4,333	\$4,148,900	34.6%
2.	City of Perris <sup>(1)</sup>	1,795	2,634,276	21.9%
3.	Western Municipal Water District <sup>(1)(2)</sup>	1,567	2,150,133	17.9%
4.	Nuevo Mutual Water Company <sup>(1)</sup>	467	623,695	5.2%
5.	Val Verde Unified School District	283	563,453	4.7%
6.	Moreno Valley School District	290	535,304	4.5%
7.	MWD of Southern California	237	352,936	2.9%
8.	Moreno Valley Ranch	234	352,883	2.9%
9.	County of Riverside	209	326,797	2.7%
10.	Valley Wide Recreation	152	319,658	2.7%
	<b>Total</b>	<b><u>9,568</u></b>	<b><u>\$12,008,035</u></b>	
	Total water sales	82,578	\$161,049,316	
	Top 10 customers as a percentage of total	11.6%	7.5%	

(1) Wholesale customer.

(2) Sales relate to customers of Murrieta County Water District. This water district was purchased by the Western Municipal Water District

(3) Data includes potable water sales which includes domestic, irrigation, and agricultural customers.

Source: Eastern Municipal Water District.

**Regional Water Reclamation Facilities**

<i>RWRF</i>	<i>Reliable Capacity (mgd)<sup>(1)</sup></i>	<i>Fiscal Year 2023 Daily Average Treated Flow (mgd)</i>	<i>Daily Average Flow as Percentage of Capacity</i>
Moreno Valley	15.0	11.3	75%
Perris Valley	22.0	15.1	69%
San Jacinto Valley	14.0	7.5	54%
Temecula Valley <sup>(2)</sup>	<u>23.0</u>	<u>15.7</u>	<u>68%</u>
Total	74.0	49.6	67%

(1) Reliable capacity is the capacity that is determined by the District to be appropriate under normal operating conditions, based on the RWRF's operating systems and filtration processes, to comply with State of California regulatory and operational constraints.

(2) Expansion to 23 mgd was completed in 2019.

Source: Eastern Municipal Water District.

## **HISTORICAL FINANCIAL OPERATIONS**

### **Operating Revenues**

**Collection Procedures:** Water and Sewer rates are established by the District’s Board of Directors and are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. The District bills monthly utilizing a meter reading and billing system for both water and sewer service. Payments are due upon receipt and become delinquent 22 calendar days after the billing date. When a bill for service has become past due and a discontinuance of service notice for nonpayment has been issued, service may be discontinued if the bill is not paid within the time required by such notice.

**General:** Water and sewer charges were ruled by the California Supreme Court to be fees or charges for purposes of Proposition 218. As a result, new or increased water and sewer rates are subject to majority protest proceedings and cannot exceed the cost of providing service. Under the Master Resolution, the District is required to fix rates which are:

- (i) reasonably fair and nondiscriminatory;
- (ii) at least sufficient for the payment of all amounts to be payable from Net Water and Sewer Revenues in each fiscal year; and
- (iii) at least equal to:
  - (1) 115% of Debt Service on all Parity Obligations plus the amount required to be deposited to the Operating Reserve Fund; and
  - (2) 110% of Debt Service on all Parity Obligations and Subordinate Obligations plus the amount required to be deposited to the Operating Reserve Fund.

Under the installment sale agreement, to the fullest extent permitted by law, the District will fix and prescribe fiscal year rates and charges for Water and Sewer Service that are reasonably expected to yield fiscal year net revenues (less all payments due on parity obligations) equal to 115% of the Debt Service for each fiscal year. The District may make adjustments from time to time to its rates and charges, but will not reduce the current rates and charges unless the Net Revenues from such reduced rates and charges will, at all times, be sufficient to meet the debt service requirements of the installment agreement.

The District’s wholesale and retail water rates and monthly sewer service charges are the District’s most easily adjusted source of revenue and the Board has historically adjusted the rates as necessary to pay for operations and capital needs that are not met by other revenue sources.

**Water Rates and Charges:** The District implemented a water budget-based tiered rate structure in April 2009. This structure was intended to reward water use efficiency and discourage water waste. The structure was also intended to promote: (i) fairness; (ii) conservation; and (iii) revenue stability. On March 15, 2017, the Board of Directors approved the Cost of Service Rate Methodology which evaluated the cost of providing water service, including operations and maintenance to more closely align the allocation of water costs with residential and non-residential water rates. On April 19, 2023, the Board of Directors approved the 2023 Water and Wastewater Cost of Service Rates Study which redistributed the allocation of water costs amongst all customers, further aligning costs and water rates.

The current tiered rate structure is based on water budgets that apply to all single-family, multi-family, and certain Commercial, Industrial, and Institutional (CII or “Non-Residential”) accounts utilizing the domestic water system. The residential tiers are calculated to encourage efficient indoor and outdoor use:

- (i) The indoor water budget is based on the gallons of water needed per person per day
- (ii) The outdoor budget is based on a square footage of landscape, actual daily evapotranspiration, and a conservation factor.
  - (1) The default conservation is as follows:

	Residential Conservation Factor	Non-residential Conservation Factor
Accounts Installed		
Prior to December 31, 2010	0.8	0.5
January 1, 2011 to May 31, 2015	0.7	0.5
June 1, 2015 to present	0.5	0.5

- (2) The conservation factor can be adjusted up to 1.0 for functional areas at the discretion of the District.
- (3) The conservation factor can also be adjusted temporarily by the District to establish or maintain water efficient landscaping during a drought.
- (iii) The indoor and outdoor water budget components are combined to calculate the total water budget
- (iv) Residential customers have a Tier 1 and Tier 2 rate applied to in-budget water use. Non-residential customers have only a Tier 1 rate applied to in-budget water use.
- (v) An Excessive rate (Tier 3 rate for residential, Tier 2 rate for non-residential) is applied to a percentage of water use beyond the total indoor and outdoor budget. This rate is significantly higher than the rates applied to in-budget use.
- (vi) A Wasteful Rate (Tier 4 rate for residential, Tier 3 rate for non-residential) is applied to wasteful water use that exceeds the preceding tier limit. This rate is much higher than the other tiers to discourage wasteful water use.



**Eastern Municipal Water District**  
 Annual Continuing Disclosure Report  
 July 1, 2022 – June 30, 2023

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Water budgets no longer align with a specific rate, instead the amount of water billed at each tier is based on the availability of specific water supply sources, which include groundwater, treated groundwater, and more expensive imported supplies. All residential customers are billed at the Tier 1 – Low Volume rate for the first 20% of their total monthly water budget as that is the proportional amount of local, lowest-cost supplies available. The remaining portion of the total water budget will be billed at the Tier 2 – Budgeted rate for budgeted supplies. Tier 3 and 4 rates cover any usage in excess of the total budget.

Since 2009, the average water consumption per household has dropped as a result of the tiered rate structure. The tiers were developed taking into account the various sources of supply and the incremental cost of using each source to supply the needed demand. In addition to the above-described water commodity charges based upon usage, the District imposes a daily service charge to cover a portion of the water system’s fixed operating costs. This was \$0.50 effective January 1, 2023. The Board has adopted a Daily Service Charge of \$0.556 and \$0.592 effective January 1, 2024 and January 1, 2025, respectively.

The Board adopted an additional service charge (the “Water Supply Reliability Capital Charge”) on June 18, 2014. This charge was \$5.42 per month, per household, effective January 1, 2023. The Board has adopted a Water Reliability Capital Charge of \$6.08 and \$6.51 effective January 1, 2024 and January 1, 2025, respectively. The Water Reliability Capital Charge is intended to collect funds to pay for water reliability projects and facilities either: 1) on a pay-as-you-go basis; or 2) to repay debt obligations entered into which finance such projects. The District has not yet determined if it will enter into debt obligations to finance such projects. The District’s current and adopted future water rates are as follows:

**Current and Adopted Water Rates**

***Residential Tiered Rates<sup>(1)</sup>***

	<b><i>Rate as of 1/1/2023<sup>(2)</sup></i></b>	<b><i>Rate as of 1/1/2024<sup>(2)</sup></i></b>	<b><i>Rate as of 1/1/2025<sup>(2)</sup></i></b>
Tier 1	\$1.17	\$1.28	\$1.41
Tier 2	\$3.75	\$3.91	\$4.17
Tier 3: Excessive Use	\$6.22	\$6.73	\$7.11
Tier 4: Wasteful Use	\$12.73	\$12.95	\$13.72

***Non-Residential Tiered Rates<sup>(1)</sup>***

	<b><i>Rate as of 1/1/2023<sup>(2)</sup></i></b>	<b><i>Rate as of 1/1/2024<sup>(2)</sup></i></b>	<b><i>Rate as of 1/1/2025<sup>(2)</sup></i></b>
Tier 1	\$3.90	\$3.90	\$4.16
Tier 2: Excessive Use	\$7.92	\$7.92	\$8.09
Tier 3: Wasteful Use	\$13.19	\$13.53	\$14.34

(1) Tiered rates are charged per 100 cubic feet.

(2) Reflected on bills effective January 1 for usage effective December 1

Source: Eastern Municipal Water District.

**Sewer Rates and Charges:** Sewer rates are based on daily service charges that vary by geographic location within the District’s service area, and the flow entering the system, measured by Equivalent Dwelling Units (EDUs). Sewer rates set forth in the Water and Sewer Rates table below were approved by the Board on June 21, 2023 and are effective beginning January 1, 2024. The adopted sewer daily service charges will range from \$1.062 to \$1.982 per day, per EDU.

Residential customers are assigned to one of four sewer blocks, determined by the number of people per household. Households with one to two people fall into block 1, those with seven or more residents would be in block 4. Larger households have a higher block factor based on the assumption that they have higher sewer flows because they do more laundry and dishes, take more showers, etc. and, as a result, are charged a higher sewer rate. The sewer service billing is calculated using the block factor multiplied by the sewer rate and the number of EDUs.

Effective January 1, 2024 the Board adopted changes to the sewer blocks to reflect the current proportional demands on the wastewater system based on updated customer data. Blocks 1 and 4 proportions were reduced. This resulted in a cost-savings despite a minimal increase in the sewer rates. The block factors are as follows:

**Sewer Rate Structure**

<b>Block Number</b>	<b>Block Factor effective 1/1/18</b>	<b>Block Factor effective 1/1/24</b>	<b>Number of People in Household</b>
1	0.60	0.65	1 – 2 people
2	1.00	No change	3 – 4 people
3	1.25	1.35	5 – 6 people
4	1.70	No change	7 people or more

Source: Eastern Municipal Water District.

In addition to the sewer rates described above (charged based upon usage), the Board adopted an additional service charge (the “Sewer Daily System Capital Projects Charge”) on June 18, 2014. The District imposes this daily service charge to cover a portion of the sewer system’s fixed operating costs. The Sewer Capital Charge is \$3.64 per month, per EDU, effective January 1, 2023, and \$4.29 per month, per EDU, effective January 1, 2024, and \$4.53 effective January 1, 2025.

The Sewer Capital Charge is intended to collect funds to pay for sewer capital projects and facilities either: 1) on a pay-as-you-go basis; or 2) to repay debt obligations entered into to finance such projects. The District has not determined at this time whether or in what amount it would enter into debt obligations to finance such projects, nor has it considered whether any such debt would be payable from Net Water and Sewer Revenues.

**Eastern Municipal Water District**  
Annual Continuing Disclosure Report  
July 1, 2022 – June 30, 2023

**Summary of Rates and Charges:** Although rates and budgets vary throughout the District, the following water and sewer rates are representative of those in effect as of January 1, 2024. The Water budget is calculated at a total of 18 Billing Units for a typical residential household.

**Water and Sewer Rates**

<i>Service Area</i>	<i>Water (Effective January 1, 2024)</i>				<i>Sewer (Effective January 1, 2024)</i>	
	<i>4 Units<sup>(1)</sup> Tier 1</i>	<i>14 Units<sup>(1)</sup> Tier 2</i>	<i>Daily Fixed Charges<sup>(2)</sup></i>	<i>Average Monthly Charge<sup>(3)</sup></i>	<i>Daily Fixed Charges<sup>(4)</sup></i>	<i>Average Monthly Charge<sup>(5)</sup></i>
Perris Valley	\$1.28	\$3.91	\$0.756	\$82.54	\$1.510	\$45.30
Menifee	\$1.28	\$3.91	\$0.756	\$82.54	\$1.244	\$37.32
Fruitvale	\$1.28	\$3.53	\$0.756	\$77.22	\$1.203	\$36.09
Diamond Valley	\$1.28	\$3.91	\$0.756	\$82.54	\$1.203	\$36.09
Moreno Valley	\$1.28	\$3.91	\$0.756	\$82.54	\$1.222	\$36.66
Temecula Valley	\$1.28	\$3.91	\$0.756	\$82.54	\$1.344	\$40.32

(1) A unit is a measure of water equal to 100 cubic feet.

(2) Water Fixed Charges include a \$0.556 daily charge and a \$0.20 daily charge for water supply and reliability capital projects.

(3) Example average monthly charge for rates effective January 1, 2024: a water billing for 1,800 cubic feet (18 units) of water for a 30-day period in the Perris Valley would be calculated as follows: (4 units X \$1.28 per Tier 1 unit) + (14 units X \$3.91 per Tier 2 unit) + (30 days X \$0.756 per day) = \$82.54.

(4) Sewer Fixed Charges includes a daily service charge and a fixed capital charge. For Perris Valley, the daily service charge is \$1.369, and the fixed capital charge is \$0.141 for a total charge of \$1.51 per day.

(5) Example average monthly charge for rates effective January 1, 2024: a sewer billing for 30 days of sewer service in the Perris Valley would be calculated as follows: 30 days X \$1.51 per day = \$45.30.

Source: Eastern Municipal Water District.

The following table provides a summary of the District’s gross revenues from water and sewer service and recycled water for the last five fiscal years.

**Water Sales and Sewer Service Gross Revenues**

<i>Fiscal Year</i>	<i>Water Sales</i>	<i>Sewer Service</i>	<i>Recycled Water</i>	<i>Total</i>
2019	132,847,172	102,037,610	7,034,622	241,919,404
2020	141,303,051	107,541,964	8,061,905	256,906,920
2021	163,113,885	112,533,433	9,949,373	285,596,691
2022	172,342,283	116,893,529	9,610,661	298,846,473
2023	161,049,316	121,956,150	9,087,994	292,093,460

Source: Eastern Municipal Water District.

## **Non-Operating Revenues**

**Infrastructure Availability Charges:** Under the Law, the District may levy and collect an annual Water Infrastructure Availability charge as well as an annual Sewer Infrastructure Availability charge on land within the boundaries of the District to which water and/or sewer services are made available by the District, regardless if the water and/or sewer service is actually used. Each charge may not exceed \$15 per acre per year for each acre (or parcel less than an acre) within the District, except that it may be \$30 per acre per year for parcels assessed within combined water and sewer improvement districts. Infrastructure Availability charges are collected annually by the County of Riverside on the secured property tax roll and remitted by the County of Riverside to the District.

The Law requires that Infrastructure Availability charges be approved by ordinance, which is subject to referendum, after public notice and hearing on the proposed charge. The most recently approved Infrastructure Availability charges were approved on July 5, 2023 and became effective immediately.

The District currently levies these charges on the land within 16 of its water special improvement districts and 20 of its sewer special improvement districts. The District also levies a separate charge on land within the entire District. The charges for the various special improvement districts for Zone 1 (i.e., areas where service is being made reasonably available either directly by the District or indirectly by a city, another water district, or a water company) vary from a \$1.00 to \$15.00 per acre annual water charge and a \$7.50 to \$15.00 per acre annual sewer charge.

The District may, under circumstances specified under the Law, utilize an alternative procedure for fixing water or sewer standby or availability charges which does not limit the amount of such charges. The District has not utilized such procedure to date. Standby charges are classified as assessments by the terms of Proposition 218.

**Connection Fees:** The District has statutory authority to fix and impose upon the customers of the District one-time water and sewer connection fees. In addition, the District has statutory authority to fix and impose upon the customers of the District one-time water and sewer frontage charges. As of Fiscal Year 2014, the District no longer imposes such frontage charges. Connection fees include water and sewer capacity charges and water and sewer back-up charges. Sewer fees are charged based on a per equivalent dwelling unit (“EDU”) basis and water fees are charged based on an equivalent meter size (“EMS”) basis. Current connection fee rates effective January 1, 2024 are \$7,416 and \$10,065 for water and sewer, respectively.

Although one-time connection fees constitute current Water and Sewer Revenues of the District, these amounts are retained by the District for application to its restricted construction fund in accordance with State of California law and utilized for expansion-related projects or used to pay debt service on expansion-related projects which have been financed.

**Taxes:** Moneys that are received from the District’s share of the Riverside County 1% tax levy constitute Water and Sewer Revenues and are available, but are not required to be used, to pay Maintenance and Operation Costs of the Water and Sewer System. Only those special improvement districts receiving tax revenue when Proposition 13 became effective in 1978 are entitled to receive a share of the 1% County General Purpose Property Tax Levy, based on the allocation procedure under California law. The tax rate levied to service outstanding general obligation bonds of the special improvement districts varies among the special improvement districts within the District. The District received \$54,990,204 in property tax revenue from its share of the Riverside County 1% tax levy in Fiscal Year 2023.

The District is expressly empowered under the Law to levy taxes on all taxable property within its boundaries for the purpose of paying the bonded indebtedness of its special improvement districts and, subject to certain limitations in the Law, the California Revenue and Taxation Code and the California Constitution, for other District purposes. Assessed valuation is determined by the Riverside County Assessor. Total assessed valuation of taxable property within the District for Fiscal Year ended June 30, 2023 was approximately \$105 billion, an increase of approximately 10.5% from the previous year. The District currently levies taxes only to service bonds of its special improvement districts. The proceeds of such taxes do not constitute Water and Sewer Revenues and are neither pledged to nor available to pay Installment Payments.

The Board of Supervisors of Riverside County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. As a result of the implementation of the Teeter Plan by Riverside County, Riverside County apportions secured property taxes and assessments on an accrual basis when due (irrespective of actual collections) to participating local political subdivisions for which Riverside County acts as the levying or collecting agency. The District does not participate in the Teeter Plan. As a result, the District is subject to the risk of delinquencies in the amount of 1% *ad valorem* property taxes received by the District. Historically, however, the District’s receipt of penalties and interest from prior year delinquencies has more than offset current year delinquencies.

### **HISTORICAL OPERATING RESULTS**

The following table summarizes the District’s operating revenues, operating expenses, and changes in net assets for the last five fiscal years. The Financial Statements of the District for the years ended June 30, 2023 and 2022 and the report from Lance, Soll and Lunghard, LLP. are available as part of this disclosure and also available on the District’s website at [www.emwd.org](http://www.emwd.org). The following table is derived from such Financial Statements, including the notes contained therein, and should be read in conjunction with the discussion following the table.

**Eastern Municipal Water District**  
**Annual Continuing Disclosure Report**  
**July 1, 2022 – June 30, 2023**

**Historical Operating Results**

	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2020</i>	<i>Fiscal Year 2021</i>	<i>Fiscal Year 2022</i>	<i>Fiscal Year 2023</i>
<b>OPERATING REVENUES:</b>					
Water Sales	\$ 132,847,172	\$ 141,303,051	\$ 163,113,885	\$ 172,342,283	\$ 161,049,316
Sewer Service Charges	102,037,610	107,541,964	112,533,433	116,893,529	121,956,150
Recycled Water Sales	7,034,622	8,061,905	9,949,373	9,610,661	9,087,994
Total Operating Revenues	\$ 241,919,404	\$ 256,906,920	\$ 285,596,691	\$ 298,846,473	\$ 292,093,460
<b>OPERATING EXPENSES:</b>					
Water Purchases	\$ 60,469,414	\$ 67,025,558	\$ 74,297,141	\$ 78,171,078	\$ 63,764,342
Water Operations	46,398,474	49,180,247	50,512,860	58,469,496	64,868,489
Sewer Operations	49,431,700	57,152,297	59,218,244	63,925,000	71,690,570
OPEB Trust	7,223,073	4,351,821	1,149,955	-	-
General and administrative	41,420,672	40,521,610	44,680,486	26,081,407	47,082,764
Total Operating Expense	\$ 204,943,333	\$ 218,231,533	\$ 229,858,686	\$ 226,646,981	\$ 247,406,165
OPERATING INCOME (LOSS)	\$ 36,976,071	\$ 38,675,387	\$ 55,738,005	\$ 72,199,492	\$ 44,687,295
<b>NON-OPERATING REVENUES:</b>					
Property taxes - General Purpose	\$ 38,204,912	\$ 41,014,090	\$ 44,907,361	\$ 46,946,017	\$ 54,990,204
Standby charges	5,828,077	5,779,756	5,598,011	5,813,807	5,682,484
Wastewater connection fees	37,665,884	29,670,764	42,278,299	46,256,925	49,433,650
Water connection fees	14,502,408	13,280,543	21,540,131	24,396,066	25,792,399
Water supply development fee	2,497,608	2,234,885	3,438,056	3,298,099	1,436,392
Interest income	11,897,412	10,506,376	1,082,056	4,453,368	10,344,448
Grants/Other Income (Expenses)	30,543,215	37,137,249	10,554,161	13,608,696	5,208,589
Total Non-Operating Revenues	\$ 141,139,516	\$ 139,623,663	\$ 129,398,075	\$ 144,772,978	\$ 152,888,166
NET WATER AND SEWER REVENUES FOR DEBT COVERAGE	\$ 178,115,587	\$ 178,299,050	\$ 185,136,080	\$ 216,972,470	\$ 197,575,461
<b>PARITY OBLIGATION DEBT SERVICE:</b>					
Parity Obligation Payments	\$ 4,881,500	\$ 4,875,625	\$ 4,868,750	\$ -	\$ -
State Loan Debt Service Payments	-	-	-	-	-
Total Parity Obligation Debt Service	\$ 4,881,500	\$ 4,875,625	\$ 4,868,750	\$ -	\$ -
DEBT SERVICE COVERAGE	36.5x	36.6x	38.0x	N/A	N/A
REVENUES AVAILABLE FOR SUBORDINATE OBLIGATIONS	\$ 173,234,087	\$ 173,423,425	\$ 180,267,330	\$ 216,972,470	\$ 197,575,461
<b>SUBORDINATE OBLIGATION DEBT SERVICE:</b>					
Subordinate Obligation Payments	\$ 39,444,828	\$ 37,578,567	\$ 37,405,790	\$ 49,805,851	\$ 48,697,229
State Loan Debt Service Payments	6,809,653	6,847,523	8,864,575	9,422,124	9,422,124
Total Subordinate Obligation Debt Service	\$ 46,254,481	\$ 44,426,090	\$ 46,270,364	\$ 59,227,975	\$ 58,119,353
SUBORDINATE OBLIGATION DEBT SERVICE COVERAGE	3.7x	3.9x	3.9x	3.7x	3.4x
REMAINING REVENUES	\$ 126,979,606	\$ 128,997,335	\$ 133,996,966	\$ 157,744,495	\$ 139,456,108
TOTAL DEBT SERVICE	\$ 51,135,981	\$ 49,301,715	\$ 51,139,114	\$ 59,227,975	\$ 58,119,353
ALL IN DEBT SERVICE COVERAGE	3.5x	3.6x	3.6x	3.7x	3.4x

### **Summary of Modified Revenues and Expenses**

The historical operating results of the District as presented in the Annual Comprehensive Financial Report reflect all sources of revenues and expenses from the District's audited financial statements, including general obligation-related revenues and expenses, depreciation, and other extraordinary book entries. In order to compare the future "Net Revenues and Expenses" of the District to historical, a modified Historical Operating Results has been prepared as set forth in the table above. The following commentary is based on the modified summary.

The District's Net Water and Sewer Revenues include all gross income and revenue received or receivable by the District from its ownership and operation of the Water and Sewer System, including income derived from water and recycled water sales, sewer service charges, standby charges, water and wastewater plant capacity charges, water and sewer back up charges, water and sewer fees, annexation charges and certain investment earnings. The District budgets each year those revenues which are driven by expected customer demands on the system as part of its "Operating Budget." These revenues include water and recycled water sales, sewer service charges, standby charges, certain investment earnings and miscellaneous revenues derived from fees for service. These revenues are primarily used to pay for the fiscal year's operating expenses, capital outlays and research, and support the CIP. The balance of the net water and sewer revenues, water and wastewater plant capacity charges, water and sewer back up charges, water and sewer fees and certain investment earnings are appropriated each year to the construction fund to finance a major portion of the CIP. With the exception of the investment earnings, these revenues are part of the District's connection fee that is paid by the developer at the time arrangements are made with the District for water and/or sewer service. These revenues are reported as "Non-Operating" revenues and will have the biggest fluctuations from year to year due to being driven by economic conditions.

### **Annual Comprehensive Financial Report**

The District's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023 is complete as of the date of this Report and has been filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.