Stege Sanitary District Board of Directors

7:00 PM, District Board Room, 7500 Schmidt Lane, El Cerrito, CA 94530

Meeting Agenda – August 20, 2026

Items on the agenda may be taken out of order.
Public comment is limited to three minutes for each individual speaker.

In accordance with California Government Code Section 54957.5, any writing that is a public record and relates to an open session agenda item which is distributed less than 72 hours prior to the meeting shall be available for public inspection at the District Office, 7500 Schmidt Lane, El Cerrito, during regular business hours. Copies of the agenda are posted on the district website at www.stegesan.org Those disabled persons requiring auxiliary aids or services in attending or participating in this meeting should notify the district at least 48 hours prior to the meeting at (510) 524-4668.

Members of the public can observe the live stream of the meeting by accessing **https://zoom.us/j/84090509848** or by calling **(669) 900-9128** and entering the Meeting ID# **840 9050 9848** followed by the pound (#) key.

The ability to participate and observe remotely as identified above is predicated on the technology being available and functioning without technical difficulties. Should the remote platform not be available, or become non-functioning, or should the Board of Directors otherwise encounter technical difficulties that make that platform unavailable, the Board of Directors will proceed with business in person unless otherwise prohibited by law.

Public comment can be sent remotely by delivering a physical copy to **7500 Schmidt Lane, El Cerrito, CA 94530** or via email to **comments@stegesan.org** with "Public Comment" in the subject line. To provide written comments on an item on the agenda or to address the Board during Public Comment, please note the agenda item number that you want to address or whether you intend for the comment to be included in Public Comment. Comments received at least 15 minutes before the starting time of the meeting will be provided to the Board of Directors and will be added to the official record.

Verbal Public Comment during the meeting is limited to in-person participants. Members of the public will not have the ability to comment via Zoom unless the Board of Directors is required to provide that opportunity due to a director participating pursuant to AB 2449. In such circumstances, the Chair will make an announcement at the beginning of the meeting. Those interested in commenting (if required per AB 2449) should raise their virtual hands to notify the host during the relevant agenda item.

Pursuant to AB 2449, Board Members may be attending this meeting via remote conferencing. In the event that any Board Member elects to attend remotely, all votes conducted during the meeting will be conducted by roll call vote.

1. **Call to Order**

2. **Roll Call**

3. **Employee Recognition**

4. **Agenda Items:**
   Directors and Officers of the Board will consider and announce if they have any conflicts of interest posed by items on the meeting agenda.

5. **Public Comment:**
   Members of the public are invited to address the Board concerning topics that are **not** on the agenda. Comments on agenda items will be heard when the item is up for consideration.

6. **Board Members Comments:**
   Board members may make brief announcements, report on activities, or request items for future agendas. No discussion or action will be taken on items not listed on the agenda.

Motion:

7. **Approval of Minutes:**
   A. August 6, 2026 Meeting Minutes

Info:

8. **Staff & Officer Reports:**
   A. General Manager's Verbal Report
   B. District Legal Counsel's Verbal Report

Info:

9. **Superintendent's Reports:**
   A. Verbal Maintenance Report
   B. Monthly Maintenance Summary Report
   C. Monthly Service Call Report
   D. Sanitary Sewer Overflow Report

Info:

10. **Treasurer's Report**

Info:

11. **Engineer's Reports:**
    A. Verbal Engineer's Report
    B. Consent Decree Progress Report
    C. Monthly Replacement and Repair Summary
    D. SPASPA Status Report

Info:

12. **Board Vacancy Options**

Info: **13. Long Range Planning: Session II**

Info: **14. Future Agenda Items:**

September 3, 2026

A. Operations and Maintenance: Consultant Recommendations
B. District Logo Ordinance
C. Special District Risk Management Authority (SDRMA) Amended Memorandum of Understanding (MOU)
D. Long Range Planning: Session III

September 17, 2026

A. Long Range Planning: Session IV
B. District Owned Flow Monitors and Related Services

CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS
Gov. Code § 54957.6

Agency Designated Representatives:
Bobby Magee, General Manager
Neha Shah, Legal Counsel

Employee Organizations:
The Collections System Unit and Supervisory Unit

15. Adjournment

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Bobby Magee
General Manager
STEGE SANITARY DISTRICT

Board Member Comments

COMMENTS FROM DWIGHT MERRILL ON CHECK SIGNING PROCEDURES

10 Aug 2026

Fellow Board Members of Stege Sanitary District
via General Manager Bobby Magee

Re: Check processing Procedures

Director O'Keefe has raised concerns about changes in check processing procedures. I believe the new processes will safeguard our ratepayers' funds and provide better oversight than merely having the Board President signing the checks. I would note, however, on last Thursday evening there were ancillary issues which, under normal circumstances would have led me to vote "no" on paying the bills. Check numbers are very important and a guard against improper use of our checks. When I have been President I always noted the number of the last check I signed so the next time when I signed checks I knew that no check had been issued in the interim, perhaps with my signature forged. All the checks were listed on the check register in numerical order including void checks, so I could run down the numerical list and see right away if any checks were missing. As I was signing the checks when I came to a void check I confirmed that it had been disfigured with a big "VOID" stamped on it. These procedures provide security that all our checks have gone through our standard oversight. Last Thursday the checks were not listed in numerical order, some combined payments were listed separately, I didn't see the void checks, and the check register in our packets didn't have two small checks added at the end. Innocent mistakes can happen, especially as we transition to a new system, have vacant employee positions, and when we are under time pressure. I hope we can avoid these security lapses in the future.

I would also like to note that I have always felt that my signature was more ministerial than a certification that I had examined all the payment documentation and under penalty of perjury I was ensuring that all checks were correct. Usually when I noted an irregularity, I flagged it and signed anyway. Last month when signing checks I noted check numbers flipped on two PG & E bills—operationally not a big issue, although an audit might raise questions. I simply noted the issue for staff and signed the checks. Sometimes address and name and payee names do not match but usually an examination of the invoices one will see a "DBA" so either name should work. If the customer wants a new check we can always issue one. I have always felt that the most important aspect of check signing and studying the invoices was information, giving me a better understanding of Stege operations. A sampling of checks with close examination provides good security, but 100% close examination is a waste of time. We are not certifying a medical laboratory where failure to properly calibrate procedures could result in medical harm or death. Now with three sets of eyes on each check we should have few mispayments. In the past sometimes Kary would misread a confusing invoice (like Meyers Nave) and Rex would merely sign off without examining it. I think that those days are over.

One final comment (I have a lot more but I won't waste members' time with them) is petty cash. It is no longer listed as an asset—we have cash in bank, cash in LAIF, etc., but no petty cash. When I used to see petty cash at $200, I knew that if the petty cash box were opened it would not have $200, more likely something like $101.02 and receipts for $98.98. However small it is, it is a real asset and we want to keep track of it. We may want to get rid of petty cash altogether but I'd like a Board vote on that.

Sincerely, Dwight Merrill

Stege Sanitary District Board of Directors
Meeting of August 6, 2026 at 7:00 PM
District Board Room, 7500 Schmidt Lane, El Cerrito, CA 94530
DRAFT - Meeting Minutes

1. **Call to Order:**
President Beach called the meeting to order at 7:00 PM.

2. **Roll Call:**
Present: Beach, Merrill, Gilbert-Snyder, O'Keefe, Christian-Smith
Absent: None
Others: Kristopher Kokotaylo, District Counsel
Bobby Magee, General Manager
Paul Soo, Jr., Civil Engineer
Dante Deluca, Collection System Worker
Kim Wendt, Administrative Specialist

3. **Agenda Items:**
Directors and Officers of the Board announced no conflicts of interest with items on the agenda.

4. **Public Comment:**
There were no public comments.

5. **Board Members Comments:**
Director Beach announced that that she will not run for re-election but will finish her term. Director Christian-Smith announced that she is resigning her position effective 8/7/26.

6. **Approval of Minutes:**
Approval of July 16, 2026 Meeting Minutes and July 21, 2026 Special Meeting Minutes.
MOTION: By O'Keefe, seconded by Christian-Smith, to approve the minutes of the July 16, 2026 Meeting Minutes as amended.

VOTE:	AYES:	Merrill, O'Keefe, Gilbert-Snyder, Beach, Christian-Smith
	NOES:	None
	ABSTAIN:	None
	ABSENT:	None

MOTION: By Merrill, seconded by Gilbert-Snyder, to approve the minutes of the July 21, 2026 Special Meeting Minutes.

VOTE:	AYES:	Merrill, O'Keefe, Gilbert-Snyder, Beach, Christian-Smith
	NOES:	None
	ABSTAIN:	None
	ABSENT:	None

7. **Staff & Officer Reports:**
   A. **General Manager's Verbal Report**
   The Board received an update on the CSDA Mid-Year Legislative Report and on the CASA conference.
   B. **District Legal Counsel's Verbal Report**
   Counsel Kokotaylo acknowledged Director Beach's and Director Christian-Smith's service. Counsel will provide a memo to the Board regarding the vacancies.

8. **Superintendent's Reports:**
The Board received the reports and asked staff technical questions related to the data.

9. **Engineer's Reports:**
The Board received the reports and asked staff technical questions related to the data.

10. **Treasurer's Report:**
MOTION: By Merrill, seconded by O'Keefe, to approve ratification of end-of-period July 23, 2026 disbursements & approval of end-of-period August 6, 2026 disbursements.
VOTE: AYES: Merrill, O'Keefe, Gilbert-Snyder, Beach, Christian-Smith
NOES: None
ABSTAIN: None
ABSENT: None

11. **Verbal Report on District Website Requirements:**
The Board received reports from staff and asked staff questions regarding the options available.

12. **Verbal Report on Operational Projects Progress:**
The Board received reports from staff on completed operational projects.

13. **Reimbursement Report per Gov. Code § 53065.5**
The Board received the report and asked staff questions on the data.

14. **Approval of Resolution No. 2291-0826 Amending the Board Governance Policy Manual.**
MOTION: By Merrill, seconded by Christian-Smith, to approve Resolution No. 2291-0826 as amended.
VOTE: AYES: Merrill, Gilbert-Snyder, Beach, Christian-Smith
NOES: O'Keefe
ABSTAIN: None

ABSENT: None

15. Long Range Planning: Session I
The Board received staff's recommendations for agendizing planning session topics, the draft action plan review, and received the 5-year district expenditures.

16. Future Agenda Items:
The Board discussed items it would like to see on future agendas.

17. Adjournment:
The meeting adjourned at 10:09 PM.

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Bobby Magee
General Manager
STEGE SANITARY DISTRICT

STEGE SANITARY DISTRICT

STAFF REPORT

Board of Directors Meeting Date: 8/20/2026

TO:	Honorable Board of Directors
FROM:	Dennis Wright, Maintenance Superintendent
SUBJECT:	Superintendent's Reports

RECOMMENDATION

It is recommended that the Board of Directors Receive and File the Superintendent's Reports.

BACKGROUND AND DISCUSSION

Staff provides several monthly reports related to the District's operations. For the month of July 2026, the following reports have been included:

- Verbal Maintenance Report
- Maintenance Summary Report
- Service Call Report
- Sanitary Sewer Overflow Report

FISCAL IMPACT

There is no fiscal impact to receiving and filing the reports.

STEGE SANITARY DISTRICT
MONTHLY MAINTENANCE SUMMARY REPORT

July 2026

QUARTER 3

VEHICLE	DAYS	FOOTAGE (LF)
UNIT 10 COMBO	*14*	*56,775*
UNIT 11 RODDER	*0*	
UNIT 15 CCTV	*6*	*9,653*
UNIT 16 COMBO	*7*	*24,752*
TOTAL MONTH CLEANED		81,527
TOTAL MONTH CCTV'D		9,653

QUARTERLY SUB-TOTALS

YEAR	QTR	PLANNED TO CLEAN (LF)	TOTAL CLEANED (LF)	Q END NOT COMPLT'D (LF)	PLANNED TO CCTV (LF)	TOTAL CCTV'D (Plan)	Q END NOT COMPLT'D (LF)	TOTAL CCTV'D (Unplan)	TOTAL CCTV'D (LF)
2026	3	250,461	81,527	180,055	30,022	7,815	22,207	1,838	9,653
2026	2	248,778	223,045	31,636	38,545	37,090	1,455	8,462	45,552
2026	1	305,065	275,623	33,306	38,784	38,656	128	15,342	53,998
2025	4	252,627	199,444	41,777	28,724	27,299	1,425	12,171	39,470
2025	3	264,479	216,621	47,205	34,083	33,349	734	14,810	48,159
2025	2	225,530	226,508	0	14,607	14,607	0	21,619	36,226
2025	1	253,405	260,805	0	43,453	41,192	2,261	30,164	71,356

MONTHLY SERVICE CALLS

July-2026

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS
7/2/2026 Thursday 8:07 PM	251635 251634	24 JESSEN CT. KENSINGTON, CA 94707	Main ☐ Lateral ☑ Other ☐	C				CUSTOMER PROBLEM.
7/7/2026 Tuesday 10:49 AM	283611 283610	8610 ARBOR DR. EL CERRITO, CA 94530 *Last Call: 12/25/2021*	Main ☐ Lateral ☐ Other ☑	A				
7/8/2026 Wednesday 12:15 PM	171212 171211	1545 DOUGLAS DR. EL CERRITO, CA 94530	Main ☐ Lateral ☑ Other ☐	C / LC				CUSTOMER PROBLEM.
7/15/2026 Wednesday 3:25 PM	283611 283610	8610 ARBOR DR. EL CERRITO, CA 94530 *Last Call: 7/7/2026*	Main ☐ Lateral ☐ Other ☑	A				CUSTOMER PROBLEM.
7/16/2026 Thursday 10:33 AM	187416 187415	2317 ALVA AVE. EL CERRITO, CA 94530 *Last Call: 5/5/2008*	Main ☐ Lateral ☐ Other ☑	O				ODOR FROM EXCESSIVE CATS. CUSTOMER PROBLEM.
7/20/2026 Monday 12:20 PM	203109 203108	5611 CENTRAL AVE. RICHMOND, CA 94804 *Last Call: 7/17/2024*	Main ☐ Lateral ☐ Other ☑	O				CUSTOMER PROBLEM.
7/21/2026 Tuesday 12:50 PM	203108 203101	5611 CENTRAL AVE. RICHMOND, CA 94804	Main ☐ Lateral ☐ Other ☑	O				SMELLS; OUR SEWER MAIN LINE IS CLEAR.
7/23/2026 Thursday 1:04 PM	2650014 261008	709 ALBEMARLE ST. EL CERRITO, CA 94530	Main ☐ Lateral ☐ Other ☑	T				RODENT IN TOILET. REPORT TO COUNTY VECTOR TO BAIT AREA.
7/26/2026 Sunday 4:00 PM	234035 234030	5 EDGECROFT RD. KENSINGTON, CA 94707 *Last Call: 2/24/2014*	Main ☑ Lateral ☐ Other ☐	D / F/ OF	CO	B	Y	DEBRIS IN MAINLINE.
7/28/2026 Tuesday 5:52 PM	184102 184101	11795 SAN PABLO AVE. EL CERRITO, CA 94530	Main ☐ Lateral ☐ Other ☑	T				WANTED LATERAL LOCATION.

PROBLEM TYPE:
Water (A)
Broken Main (B)
S/S Congestion (C)
Debris in Main (D)
EBMUD (E)
Soft Stoppage (F)
Grease (G)
Lateral Cause (LC)
Misc (M)
MH Cover (MC)
Odor (O)
Overflow (OF)
PG+E (P)
Roots (R)
Surcharge (S)
Storm Drain (SD)
Unknown (U)
Other (T)
Wipes/Rags (W)

SPILL LOCATION:
Lamp/Manhole (MH)
Mainline (ML)
Lateral (L)
Cleanout (CO)
Building (BLDG)
Other (O)

SPILL CAUSE:
Blockage (B)
Surcharge (S)
Line Break (ML)
Other (O)

SPILL END LOCATION:
Building (BLDG)
Creek (C)
Strt/Pvmnt (ST)
Storm Drn (SD)
Yard (Y)
Other (O)

MAINLINE:	**1**
LATERAL:	**2**
OTHER:	**7**
TOTAL SERVICE CALLS:	**10**
MAINLINE OVERFLOW:	1
MAINLINE SURCHARGE:	0

SANITARY SEWER OVERFLOWS (SSOs) LAST 12 MONTHS August-2026

DATE	MH UP/DN	ADDRESS	PRBLM IN	TYPE	LOC	CAUSE	END	COMMENTS	CAT*	VOL	RCVR'D	NET
10/21/2025 Tuesday 9:43 AM	151005 151004	1440 NAVELLIER ST. EL CERRITO, CA 94530	Main ☑ Lateral ☐ Other ☐	D,OF,R	MH	B	O	ROOTS AND STICKS CAUSED SSO ON NAVELLIER TRAIL	CAT 3	835 gallons	835 gallons	0 gallons
4/13/2026 Monday 8:56 AM	103303 103302	2323 COLUMBIA AVE. RICHMOND, CA 94804	Main ☑ Lateral ☐ Other ☐	D, OF	MH	B	ST	CONCRETE AND STEEL WOOL IN LINE CAUSED SSO	CAT 3	355 gallons	106 gallons	249 gallons
6/18/2026 Thursday 3:45 PM	142110 142109	1431 RICHMOND ST. EL CERRITO, CA 94530	Main ☑ Lateral ☐ Other ☐	OF / W	O / BLDG	ML / B	BLDG / O	WIPES IN MAIN. CAUSE SSO.	CAT 3	129 gallons	0 gallons	129 gallons
7/26/2026 Sunday 4:00 PM	234035 234030	5 EDGECROFT RD. KENSINGTON, CA 94707	Main ☑ Lateral ☐ Other ☐	D / F/ OF	CO	B	Y	DEBRIS IN MAINLINE.	CAT 4	2 gallons	0 gallons	2 gallons

PROBLEM TYPE:

Water (A)
Broken Main (B)
S/S Congestion (C)
Debris in Main (D)
EBMUD (E)
Soft Stoppage (F)
Grease (G)
Lateral Cause (LC)
Misc (M)
MH Cover (MC)
Odor (O)
Overflow (OF)
PG+E (P)
Roots (R)
Surcharge (S)
Storm Drain (SD)
Unknown (U)
Other (T)
Wipes/Rags (W)

SPILL LOCATION:

Lamp/Manhole (MH)
Mainline (ML)
Lateral (L)
Cleanout (CO)
Building (BLDG)
Other (O)

SPILL CAUSE:

Blockage (B)
Surcharge (S)
Line Break (ML)
Other (O)

SPILL END LOCATION:

Building (BLDG)
Creek (C)
Strt/Pvmnt (ST)
Storm Drn (SD)
Yard (Y)
Other (O)

TOTAL MAINLINE SSOs:	4
MAINLINE BREAK SSOs:	1
MAINLINE SURCHARGE SSOs:	0
CATEGORY 1 SSOs:	0
SSOs INTO BUILDINGS:	1
TOTAL SSO VOLUME (GALS):	1,321
TOTAL VOLUME RECOVERED (GALS):	941
TOTAL VOLUME UNRECOVERED (GALS):	380

*CATEGORY 1 SSO: Spill of any volume of sewage from or caused by a sanitary sewer system that results in a discharge to: A surface water, including a surface water body that contains no flow or volume of water; or A drainage conveyance system that discharges to surface waters when the sewage is not fully captured and returned to the sanitary sewer system or disposed of properly. Any spill volume not recovered from a drainage conveyance system is considered a discharge to surface water, unless the drainage conveyance system discharges to a dedicated stormwater infiltration basin or facility.

CATEGORY 2 SSO: Spill of 1,000 gallons or greater, from or caused by a sanitary sewer system that does not discharge to a surface water.

CATEGORY 3 SSO: Spill of equal to or greater than 50 gallons and less than 1,000 gallons, from or caused by a sanitary sewer system that does not discharge to a surface water.

CATEGORY 4 SSO: Spill of less than 50 gallons, from or caused by a sanitary sewer system that does not discharge to a surface water.

STEGE SANITARY DISTRICT

STAFF REPORT

Board of Directors Meeting Date: 8/20/2026

TO:	Honorable Board of Directors
FROM:	Bobby Magee, General Manager / District Treasurer
SUBJECT:	Treasurer's Report

RECOMMENDATION

It is recommended that the Board of Directors:

1. Receive and File the Disbursements for the Period Ending 8/13/26.

BACKGROUND AND DISCUSSION

Historically the Board of Directors has been asked to approve the District's checks each month to pay vendors. At the August 6th Board meeting, staff was delegated the authority to release checks, with the understanding that all District warrants will still be presented to the Board after the fact for its review. The attached group of warrants (Disbursements in the form of Checks) represents the District's outgoing payments for the period of August 6 – August 13, 2026.

Current Estimated Bank Balances:

Account	Balance
Five Star Checking	$200,110.90
Five Star Savings	$2,134,151.38
LAIF	$6,685,443.79
Time Value Investments	$2,149,430.33
Total	**$11,169,136.40**

FISCAL IMPACT

The checks identified in the attached report constitute the current financial liabilities to the District in the form of warrants, which is currently within budgeted and appropriated amounts. There is no fiscal impact to receiving and filing the reports.

Stege Sanitary District
Board Check Register
From 8/7/2026 to 8/13/2026

Check #	Payee	Transaction Description	Amount	Date
2263	Direct Line	Insurance Coverage - August 2026	287.84	8/13/2026
2264	Teviotdale	Manhole Monitor Replacements	4,050.00	8/13/2026
2265	Pastime Hardware	Threadlocker For Shop	36.37	8/13/2026
2266	Bay Alarm Company	Building Monitoring - 9-1-26 to 11-30-26	620.52	8/13/2026
2267	Vestis	April 2026 - Uniform and Laundry	1,310.55	8/13/2026
2268	Nakano Landscape, Inc.	Burlingame Landscaping Service	290.00	8/13/2026
2269	Universal Building Services	July 2026 - Janitorial Services	484.00	8/13/2026
2270	CWEA	CWEA Membership - Juan	118.00	8/13/2026
2271	SDRMA	June and July Health Benefits - Delta Dental PPO	1,594.04	8/13/2026
2272	WECO Industries, LLC	GAPVAX, labor, fittings and hoses	1,318.52	8/13/2026
2273	Aries Industries	Pipeline Service	2,079.03	8/13/2026
2274	Bay Area News Group - East Bay	Classified Advertising - July	803.42	8/13/2026
2275	Jeremy Davis	Reimburse for DOT Physical Exam	100.00	8/13/2026
2276	Delucca's Diesel Repair and Wash Co	Vehicle Maintenance and Repair	3,590.60	8/13/2026
2277	PG&E - 0607499583-5	Canon Dr - July Electricity	272.83	8/13/2026
2278	Gallagher	2026 Asst GM / Finance Director 1 of 4	6,250.00	8/13/2026
		Report Total	**23,205.72**	

STEGE SANITARY DISTRICT

STAFF REPORT

Board of Directors Meeting Date: 8/20/2026

TO:	Honorable Board of Directors
FROM:	Paul Soo, Senior Engineer
SUBJECT:	Engineer's Reports

RECOMMENDATION

It is recommended that the Board of Directors Receive and File the Engineer's Reports.

BACKGROUND AND DISCUSSION

Staff provides several monthly reports related to the District's operations. For the month of July 2026, the following reports have been included:

- Verbal Engineering Report
- Consent Decree Progress Report
- Monthly Replacement and Repair Summary
- SPASPA Status Report

FISCAL IMPACT

There is no fiscal impact to receiving and filing the reports.

STEGE SANITARY DISTRICT

Report Date: 8/4/2026
% FY Remain: 91.67%

BOARD OF DIRECTORS CONSENT DECREE PROGRESS REPORT

FY Start Date	7/1/2026	FY End Date	6/30/2027
CD Start Date	9/22/2014	FY "Effective" Date	7/1/2013

CIP PROJECT 26201	COMPLETED		GOAL			PERCENTAGE
REPLACED since FY start	4,473	/	12,739	LF	Yearly Objective Rate	35%
REPLACED since FY "Effective" Date	196,489	/	154,021	LF	Cumulative Requirement	128%
CLEANED since FY start	85,919	/	211,200	LF	Minimum Requirement	41%
HOTSPOTS since FY start	27,680	/	100,000	LF	Minimum Requirement	28%
CCTV since FY start	9,653	/	77,616	LF	Yearly Objective Rate	12%
CCTV since CD start	2,494,404	/	1,047,816	LF	Cumulative Requirement	238%
ROOT FOAMING this FY	0	/	0	LF	Minimum Requirement	

update project #s @ __AR_FY_CIP_cumul query

IMPORTANT CONSENT DECREE DATES:

July 15, annually	Provide Replaced Sewer Main Footage to EBMUD
Nov 15, annually	Comments on Regional Technical Support Plan (RTSP) update by EBMUD
Sept 30, annually	Annual Report for prior Fiscal Year
May 1, 2022	Provide data to EBMUD for Flow Monitoring Calibration Plan
September 30, 2022	First Mid-course Check-in Output Test
June 30, 2026	Review of Regional Standards Report
December 15, 2028	Compliance WWF Output Test for San Antonio Creek
May 1, 2030	Provide data to EBMUD for Flow Monitoring Calibration Plan
September 30, 2030	Second Mid-course Check-in Output Test
June 30, 2031	Review of Regional Standards Report
December 15, 2034	Compliance WWF Output Test for Pt. Isabel
June 30, 2036	Review of Regional Standards Report
December 15, 2036	Compliance WWF Output Test for Oakport

STEGE SANITARY DISTRICT
MONTHLY REPLACEMENT AND REPAIR SUMMARY
July 2026

I SEWER REPLACEMENT - FY 2025-2026

A.	BUDGET ALLOCATION			$4,000,000
B.	PRIOR BUDGET EXPENDED (WITH RETENTION)			$0
C.	SEWER REPLACEMENTS PAID THIS MONTH (NO RETENTION)		COST	
	1. APB Engineering Pay Estimate 1		$973,760	
	SUBTOTAL FOR THIS MONTH			$973,760
D.	TOTAL BUDGET EXPENDED (NO RETENTION)	24.34%		$973,760
E.	TOTAL 5% RETENTION HELD			$51,251
F.	BUDGET REMAINING	74.37%		$2,974,989
G.	PERCENTAGE OF FISCAL YEAR REMAINING	100.00%		
H.	TOTAL REPLACEMENT FOOTAGE PAID TO DATE	4,473	($ 229.16 /LF)	

II SEWER REPAIRS - FY 2025-2026

A.	BUDGET ALLOCATION			$74,000
B.	PRIOR BUDGET EXPENDED			$0
C.	SEWER REPAIRS PAID THIS MONTH		REPAIR COST	
	SUBTOTAL FOR THIS MONTH			$0
	SUBTOTAL FOR LAST MONTH			$0
D.	TOTAL BUDGET EXPENDED	0.00%		$0
E.	TOTAL RETENTION HELD	0.00%		$0
F.	BUDGET REMAINING	100.00%		$74,000
G.	PERCENTAGE OF FISCAL YEAR REMAINING	100.00%		
H.	TOTAL NUMBER OF REPAIRS PAID TO DATE		($0 /REPAIR)	

STEGE SANITARY DISTRICT

Last Revised: 1/2/2026

BOARD OF DIRECTORS SAN PABLO AVENUE SPECIFIC PLAN STATUS REPORT

PAID PROPERTIES

Date	Property Owner	#	Street	SPASP Fee (-Credits)	Units
11/15/2017	Mr. Pickles	10810	SAN PABLO AVE.	$ 653.67	Comm.
1/2/2018	24 Hour Fitness	10794	SAN PABLO AVE.	$ 16,668.58	Comm.
1/29/2018	Na Na Dessert	10172	SAN PABLO AVE.	$ 3,922.02	Comm.
2/1/2018	Burgerim	170	EL CERRITO PLAZA	$ 11,983.95	Comm.
2/8/2018	Budget Inn (Joseph)	10621	SAN PABLO AVE.	$ 1,089.45	Toilet addn.
2/14/2018	Safeway Shop (Tom)	11450	SAN PABLO AVE.	$ 1,089.45	Toilet addn.
4/24/2018	Temp Senior Center	10940	SAN PABLO AVE.	$ 2,840.58	Comm.
7/17/2018	Wang Brothers Invstmt. (Playland Cerrito Vista)	10963	SAN PABLO AVE.	$ 129,644.55	51
8/20/2018	El Cerrito Apt.	10300	SAN PABLO AVE.	$ 142,717.95	32
1/22/2019	Li's America Investments	10281	SAN PABLO AVE.	$ 1,089.45	Comm.
2/6/2019	CINQUE TERRE (KEN & RONG MOU)	10530	SAN PABLO AVE.	$ 18,738.54	5
3/22/2019	KYOTO RAMEN	3050	EL CERRITO PLAZA	$ 7,489.17	
12/18/2019	MAYFAIR APTS.	11600	SAN PABLO AVE.	$ 644,503.60	156
11/20/2020	PETCO - EL CERRITO	420	EL CERRITO PLAZA	$ 2,902.08	Comm.
3/11/2021	FOOT LOCKER	430	EL CERRITO PLAZA	$ 2,055.64	Comm.
10/12/2021	SUPER SLICE PIZZA	10180	SAN PABLO AVE.	$ 774.80	Comm.
3/1/2022	BANTER WINES	10368	SAN PABLO AVE.	$ 273.04	Comm.
4/19/2022	PRE-SCHOOL	729	KEARNEY ST.	$ 14,644.26	Comm.
8/9/2022	CERRITO VISTA	10963	SAN PABLO AVE.	$ 16,301.40	4
2/24/2023	VILLAGE TOWN CTR	6530	SCHMIDT LN.	$ 8,135.70	2
2/24/2023	VILLAGE TOWN CTR	6530	SCHMIDT LN.	$ 4,067.85	1
2/24/2023	VILLAGE TOWN CTR	6420	SCHMIDT LN.	$ 8,135.70	2
2/24/2023	VILLAGE TOWN CTR	6415	SCHMIDT LN.	$ 28,474.95	7
2/24/2023	VILLAGE TOWN CTR	10810	SAN PABLO AVE.	$ 16,271.40	4
6/7/2023	IKE'S SANDWICHES	350	EL CERRITO PLAZA	$ 2,440.71	Comm.
9/15/2023	MARSHALLS	6000	EL CERRITO PLAZA	$ 271.19	Comm.
2/28/2024	MAYFAIR MARKET	11600	SAN PABLO AVE.	$ 8,673.28	Comm.
6/6/2024	MAYFAIR AFFORDABLE	11600	SAN PABLO AVE.	$ 260,342.40	Comm.
7/17/2024	Margaret Kanchong	11670	SAN PABLO AVE.	$ 13,318.31	Comm.
9/17/2024	AUTOZONE (prev. CVS)	10650	SAN PABLO AVE.	$ 419.72	Comm.
1/9/2025	PRESCHOOL	729	KEARNEY ST.	$ 8,406.89	Comm.
2/20/2025	New India Supermarket	10289	SAN PABLO AVE.	$ 813.57	Comm.
6/26/2025	PEET'S COFFEE	9895	SAN PABLO AVE.	$ 1,627.14	Comm.
11/24/2025	ECP PARCEL A SOUTH HOUSING PARTNERS	515	RICHMOND ST.	$ 250,443.97	70
12/8/2025	FRED DORTORT	444	KEARNEY ST.	$ 2,199.25	1
12/9/2025	TACO BELL	11575	SAN PABLO AVE.	$ 6,902.41	Comm.
				$ 1,640,326.62	

SPASPA CONSTRUCTION SPENT	$	842,889.00
BUDGET REMAINING	**$**	**797,437.62**

PLAN CHECK PROPERTIES (WAITING PAYMENT)

Date	Property Owner	#	Street	Balance Due	Units
7/26/2023	THE CIVIC (BRIAN BANIQUED)	10290	SAN PABLO AVE.	**$ 229,155.55**	54
5/30/2022	PLAYLAND 2 (ABBY WHITMAN)	10919	SAN PABLO AVE.	**$ 360,140.32**	90
	Charlie Oewell	921	Kearney St.	no plans yet	78
	Charlie Oewell (Near Burger King)	10167	San Pablo Ave.	no plans yet	83
	Charlie Oewell (Near Home Depot)	11950	San Pablo Ave.	no plans yet	146
				$ 589,295.87	

SAN PABLO AVENUE SPECIFIC PLAN REVIEW PROCEDURE

1. City of El Cerrito Community Development Department Planning Division sends preliminary plans to Stege, for Request for Comment.
2. Stege reviews preliminary plans, determines if the project is located within the SPASP area.
3. The SPASP study allocates a set number of units/commercial space per parcel. Stege determines if the parcel has enough "allocation" for the proposed project. Stege keeps a running total of proposed projects and "encumbers/reserves" units for a parcel. Pre-encumbering prevents two competing projects from "double counting" on allocations.
4. Developer submits plans to Stege for Plan Check. Stege reviews plans and provides fee estimate. Separate fee estimates are provided for Standard connection (based on units connected or fixture), and SPASP Fee (based on fixture units).
5. Stege stamps plans only upon payment of all fees.

STEGE SANITARY DISTRICT

STAFF REPORT

Board of Directors Meeting Date: 8/20/2026

TO:	Honorable Board of Directors
FROM:	Bobby Magee, General Manager
SUBJECT:	Board Vacancy Options

RECOMMENDATION

Staff is seeking direction from the Board of Directors regarding the Board seat vacated by Director Christian-Smith. In light of the timing of the resignation, which was effective August 7, the Board has two viable options:

1. Appoint an individual to the vacant seat for the remainder of the term.
2. Leave the seat vacant where it will remain vacant or filled by the County Board of Supervisors.

BACKGROUND AND DISCUSSION

Director Juliet Christian-Smith has resigned her position as a Director of the Stege Sanitary District ("District"), effective August 7, 2026. The seat held by Director Christian-Smith will be filled at the November 2026 election for another four-year term.

Pursuant to California Government Code Section 1780 a vacancy on the Board must be filled either by appointment within 60 days of the effective date or by a special election that is 130 or more days after the date the Board calls the election. In this case, a special election is not feasible due to the forthcoming expiration of the current term and the upcoming general election date. Thus, the two options available to the Board are: (1) appointing a director to serve the remaining term of Director Christian-Smith's seat, or (2) leaving the seat vacant until the winner of the regularly scheduled November 2026 election is sworn into office.

Appointment:

Below are the requirements for appointment:

a) Fifteen days prior to the appointment, the District must post notice of the vacancy in three or more conspicuous places in the District.
b) The Board must make the appointment within 60 days of either the date on which the Board is notified of the vacancy, or the effective date of the vacancy, whichever is later. Based on the August 7th effective date of the vacancy, the Board must make the appointment on or before October 6, 2026.
c) The District must notify the County Elections Official within 15 days after the Board makes its appointment.

Should the District desire to make an appointment, it should provide direction regarding process (if any) and when it desires to make the appointment. The General Manager has already posted the notice of vacancy in three or more conspicuous places in the District.

Maintain the Seat as Vacant:

If the Board does not make an appointment, the seat will remain vacant. The County Board of Supervisors may elect to make an appointment to the seat or may leave it vacant.

FISCAL IMPACT
There is no direct fiscal impact associated with this action.

STEGE SANITARY DISTRICT

STAFF REPORT

Board of Directors Meeting Date: 8/20/2026

TO:	Honorable Board of Directors
FROM:	Bobby Magee, General Manager
SUBJECT:	Long Range Planning Workshop: Session II

RECOMMENDATION

It is recommended that the Board of Directors:

1. Review the Agenda for the 2026 Long Range Planning Workshop; and,
2. Review the Pension Liabilities and GASB 75 OPEB Draft Actuarial Report; and,
3. Discuss Communication and Outreach Opportunities; and,
4. Conduct a Board Self-Assessment of Governance.

BACKGROUND AND DISCUSSION

At the 2025 Long Range Planning Workshop the Board made a request of staff to eliminate the full-day weekend meeting, and break the items into smaller pieces that could be considered over multiple regularly-scheduled meetings. This item is intended to be the second of four to five planning sessions. At the first Planning Workshop the Board directed staff to return to each subsequent session with an updated Agenda, so that additional items could be considered for future agendas. The table below represents the current recommended Agenda for the full workshop.

Agenda Item	Date
~~Review of Agenda and 2025 Action Plan~~	~~August 6~~
~~Review of the Past Five Years' Expenditures~~	~~August 6~~
~~Board Attendance Policy~~	~~August 6~~
Review of Pension Liabilities / GASB 75 OPEB Draft Actuarial Report	*August 20*
Communication and Outreach Opportunities	*August 20*
Board Self-Assessment of Governance	*August 20*
USEPA Consent Decree Progress	September 3
USEPA Consent Decree Planning	September 3
Strategic Planning Priorities Discussion	September 3
Lateral Replacements at District Expense	September 3
Final Discussions and Review of Action Items	*September 17*

On February 5th, 2026 the Board reviewed the most current CalPERS Actuarial Report, dated 2024. While this is still the most current report, it has been attached to today's Agenda Item for any additional comments or discussion. The 2025 Actuarial Reports are expected to be released in late September /

early October. The “Draft” GASB 75 Report was received by the District in late June. It has also been attached for discussion.

FISCAL IMPACT
There is no fiscal impact to reviewing the items on the Long-Range Planning Workshop calendar.

STEGE SANITARY DISTRICT
DRAFT 2026 ACTION PLAN

The following are action items discussed at the Long-Range Planning (LRP) Workshops, conducted from August 6th – September 17th, 2026:

A. Review of Agenda and 2025 Action Plan (August 6)

The Board reviewed the Agenda and the Action Plan for 2025. Board members expressed interest in seeing the Review of Agenda item at all future LRP meetings. A request was made to add an item on September 3rd for the Board to discuss the possibility of replacing some laterals at the District's expense in the future.

Action Item:

- When agendizing the 2026 LRP for Board discussion, bring forward the Review of Agenda at each session so that the Board has an opportunity to add or delete items as the discussion continues.

B. Past 5 Years Expenditures Review (August 6)

The Board reviewed and discussed trends from the past 5 years.

Action Item:

- None

C. Board Attendance Policy (August 6)

The Board reviewed and briefly discussed the current Policy.

Action Item:

- None

D. Review Pension Liabilities (August 20)

Action Item:

E. Communication and Outreach Opportunities (August 20)

Action Item:

F. Board Self-Assessment of Governance (August 20)

Action Item:

G. USEPA Consent Decree Progress (September 3)

Action Item:

H. USEPA Consent Decree Planning (September 3)

Action Items:

I. Strategic Planning Priorities Discussion (September 3)

Action Item:

J. Lateral Replacements at District Expense (September 3)

Action Item:

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Stege Sanitary District in the Miscellaneous Risk Pool

as of June 30, 2024

(CalPERS ID: 2595946637)
(Rate Plan IDs: 1546, 27096)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027

CalPERS

Table of Contents

Section 1

California Public Employees' Retirement System

Employer Specific Information
for the
Rate Plans of the
Stege Sanitary District
in the Miscellaneous Risk Pool

(CalPERS ID: 2595946637)
(Rate Plan IDs: 1546, 27096)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Stege Sanitary District in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2024, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Stege Sanitary District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

Tony Cuny, ASA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2024, actuarial valuation of the rate plans of the Stege Sanitary District in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2026-27.

Purpose of Section 1

This Section 1 report for the rate plans of the Stege Sanitary District in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2024. This report contains actuarial information for the following rate plan(s).

- 1546, Miscellaneous Plan
- 27096, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2024;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2026, through June 30, 2027;
- Determine the required member contribution rate for FY July 1, 2026, through June 30, 2027, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2024, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found .

Required Employer Contributions — page 8

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Normal Cost Rates		
Rate Plan 1546	12.58%	12.56%
Rate Plan 27096	7.96%	7.93%
Unfunded Accrued Liability (UAL) Contribution Amount	$213,344	$240,760
Paid either as		
Option 1) 12 Monthly Payments of	$17,778.66	$20,063.33
Option 2) Annual Prepayment in July	$206,440	$232,969

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 1546	7.00%	7.00%
Rate Plan 27096	7.75%	7.75%

Projected Employer Contributions — page 13

	Normal Cost (% of payroll)		Annual
Fiscal Year	Rate Plan 1546	Rate Plan 27096	UAL Payment
2027-28	12.6%	7.9%	$251,000
2028-29	12.6%	7.9%	$279,000
2029-30	12.6%	7.9%	$280,000
2030-31	12.6%	7.9%	$279,000
2031-32	12.6%	7.9%	$284,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	$10,368,939	$11,089,504
Market Value of Assets (MVA)	7,738,158	8,500,099
Unfunded Accrued Liability (UAL) [AL – MVA]	$2,630,781	$2,589,405
Funded Ratio [MVA ÷ AL]	74.6%	76.6%

Summary of Valuation Data — Page 28

	June 30, 2023	June 30, 2024
Active Member Count	10	10
Annual Covered Payroll	$1,369,875	$1,424,490
Transferred Member Count	3	2
Separated Member Count	1	1
Retired Members and Beneficiaries Count	9	9

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Board Policy

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report, which includes returns high enough to trigger a board discussion, does not reflect any change in the discount rate.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2024, actuarial valuation.

Report Enhancements

Effective with the June 30, 2024, Actuarial Valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2024, as well as statutory changes, regulatory changes and board actions through January 2025.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions and the CalPERS Total Fund Investment Policy and ascertain whether a change in the discount is warranted. In addition, the Actuarial Office will be presenting the findings of its Experience Study which reviews economic assumptions other than the discount rate as well as all demographic assumptions and makes recommendations to modify actuarial assumptions where appropriate. Any changes in actuarial assumptions will be reflected in the June 30, 2025, actuarial valuations.

The 2024 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2025 limits, determined in October 2024, are not reflected.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The UAL Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see Member Contribution Rates.

Required Employer Contributions	Fiscal Year 2026-27
Employer Normal Cost Rate	
Classic Rate Plan 1546	**12.56%**
PEPRA Rate Plan 27096	**7.93%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount†	**$240,760**
Paid either as	
1) Monthly Payment	**$20,063.33**
Or	
2) Annual Prepayment Option‡	**$232,969**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

†The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.

‡Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 1546		
Base Total Normal Cost for Formula	18.87%	18.85%
Surcharge for Class 1 Benefits[1]	0.64%	0.64%
Plan's Total Normal Cost	19.51%	19.49%
Offset Due to Employee Contributions[2]	(6.93%)	(6.93%)
Employer Normal Cost for Rate Plan 1546	12.58%	12.56%
PEPRA Rate Plan 27096		
Base Total Normal Cost for Formula	15.71%	15.68%
Surcharge for Class 1 Benefits[1]	0.00%	0.00%
Plan's Total Normal Cost	15.71%	15.68%
Offset Due to Employee Contributions[2]	(7.75%)	(7.75%)
Employer Normal Cost for Rate Plan 27096	7.96%	7.93%

[1] See Surcharge for Class 1 Benefits in the supplementary information section of this report.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2026, based on 50% of the total normal cost rate as of the June 30, 2024, valuation.

		Basis for Current Rate		Rates Effective July 1, 2026			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
27096	PEPRA Miscellaneous Plan	15.43%	7.75%	15.68%	0.25%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	$7,041,024
Transferred Members	632,860
Separated Members	13,397
Members and Beneficiaries Receiving Payments	3,402,223
Total	$11,089,504

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$11,089,504
2.	Projected UAL Balance at 6/30/2024	2,663,363
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2024 for Asset Share	2,663,363
5.	Pool's Accrued Liability[1]	24,701,567,178
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2024[1]	5,686,499,631
7.	Pool's 2023-24 Investment (Gain)/Loss[1]	(476,088,386)
8.	Pool's 2023-24 Non-Investment (Gain)/Loss[1]	305,188,638
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	(210,969)
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	137,011
11.	Plan's New (Gain)/Loss as of 6/30/2024: (9) + (10)	(73,958)
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	(210,969)

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$2,589,405
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$8,500,099

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2023	June 30, 2024
1. Present Value of Benefits	$12,313,131	$12,998,127
2. Entry Age Accrued Liability	10,368,939	11,089,504
3. Market Value of Assets (MVA)	7,738,158	8,500,099
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$2,630,781	$2,589,405
5. Funded Ratio [(3) ÷ (2)]	74.6%	76.6%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$12,721,047	$11,089,504	$9,740,561
2. Market Value of Assets (MVA)	8,500,099	8,500,099	8,500,099
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$4,220,948	$2,589,405	$1,240,462
4. Funded Ratio [(2) ÷ (1)]	66.8%	76.6%	87.3%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in Amortization Schedule and Alternatives. Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of $240,760 for FY 2026-27, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2026-27 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2026-27 minimum required UAL payment is 68%, which means the required payment of $240,760 includes $164,449 of interest cost and results in a $76,311 reduction in the UAL, as can be seen in Amortization Schedule and Alternatives (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in Projected Employer Contributions. Another measure that can be used to evaluate how well the FY 2026-27 required UAL payment meets the agency's specific funding objectives is the number of years required to pay off the existing UAL if the annual payment were held constant in future years. With an annual payment of $240,760 it would take 18.0 years to pay off the current UAL. A result that is longer than the agency's target funding period suggests that the option of supplementing the minimum payment with an ADP should be weighed against the agency's budget constraints.

Provided below are select ADP options for consideration. Making such an ADP during FY 2026-27 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2026-27 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were…	The Current UAL Would be Paid Off in…	This Would Require an ADP[1] in FY 2026-27 of…	Plus the Estimated Normal Cost of…	Estimated Total Contribution
$240,760	18.0 years	$0	$173,861	$414,621
266,111	15 years	25,351	173,861	439,972
346,260	10 years	105,500	173,861	520,121
595,459	5 years	354,699	173,861	769,320

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2026, as determined in the June 30, 2024, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2025.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$0
2020-21	0	2023-24	0
2021-22	0	2024-25	0

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2024-25 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. However, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

Rate Plan Identifier	Covered Payroll June 30, 2024	**Required Contribution**	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)**				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
		Normal Cost Rates (Percentage of Payroll)					
1546	$1,148,520	12.56%	12.6%	12.6%	12.6%	12.6%	12.6%
27096	275,970	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
	UAL Payment	$240,760	$251,000	$279,000	$280,000	$279,000	$284,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2024.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2026-27.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2024-25 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2025, if necessary, and the expected payment for FY 2025-26 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	19	584,821	43,944	579,175	45,175	571,873	46,440
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	19	(5,987)	(450)	(5,929)	(462)	(5,855)	(475)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	11	334,557	33,102	323,098	34,029	309,902	34,982
Assumption Change	6/30/14	100%	Up/Dn	2.80%	10	254,326	31,120	239,459	31,991	222,681	32,887
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	(474,890)	(34,469)	(471,561)	(35,434)	(467,008)	(36,426)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	531	39	527	40	521	41
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	314,528	22,105	313,072	22,723	310,878	23,360
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	(25,975)	(1,825)	(25,855)	(1,877)	(25,673)	(1,929)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	12	114,141	12,052	109,448	12,389	104,087	12,736
Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	406,091	27,693	405,086	28,469	403,211	29,266
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	(50,494)	(3,443)	(50,369)	(3,540)	(50,136)	(3,639)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	13	142,051	14,087	137,152	14,481	131,513	14,887
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	(219,076)	(14,525)	(218,962)	(14,932)	(218,420)	(15,350)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	(11,280)	(748)	(11,274)	(769)	(11,246)	(790)
Assumption Change	6/30/18	100%	Up/Dn	2.80%	14	231,840	21,721	225,158	22,329	217,393	22,954
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	(66,862)	(4,318)	(66,946)	(4,439)	(66,911)	(4,563)
Method Change	6/30/18	100%	Up/Dn	2.80%	14	62,733	5,877	60,925	6,042	58,824	6,211
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	33,439	2,159	33,482	2,220	33,465	2,282
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	15	31,589	2,518	31,135	3,147	30,000	3,147
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	15	28,588	2,794	27,645	2,794	26,637	2,794

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	16	159,891	9,614	160,828	12,818	158,518	16,023
Non-Investment (Gain)/Loss	6/30/20	No	Ramp	0.00%	16	25,446	2,413	24,683	2,413	23,868	2,413
Assumption Change	6/30/21	No	Ramp	0.00%	17	42,115	3,884	40,965	3,884	39,737	3,884
Net Investment (Gain)	6/30/21	80%	Up Only	0.00%	17	(840,558)	(34,553)	(862,007)	(51,829)	(867,061)	(69,106)
Non-Investment (Gain)/Loss	6/30/21	No	Ramp	0.00%	17	(37,436)	(3,452)	(36,414)	(3,452)	(35,323)	(3,453)
Investment (Gain)/Loss	6/30/22	60%	Up Only	0.00%	18	1,224,442	26,319	1,280,505	52,638	1,313,181	78,957
Non-Investment (Gain)/Loss	6/30/22	No	Ramp	0.00%	18	151,520	13,625	147,743	13,625	143,709	13,625
Partial Fresh Start	6/30/22	60%	Up Only	0.00%	18	28,679	616	29,993	1,233	30,758	1,849
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	53,802	0	57,461	1,235	60,092	2,470
Non-Investment (Gain)/Loss	6/30/23	No	Ramp	0.00%	19	170,791	0	182,405	16,403	177,857	16,402
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(210,969)	0	(225,315)	0	(240,636)	(5,172)
Non-Investment (Gain)/Loss	6/30/24	No	Ramp	0.00%	20	137,011	0	146,328	0	156,278	14,053
Total						**2,589,405**	**177,899**	**2,581,641**	**213,344**	**2,536,714**	**240,760**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules: 15 Year Amortization		Alternative Schedules: 10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2026	2,536,714	240,760	2,536,714	266,111	2,536,714	346,260
6/30/2027	2,460,403	251,042	2,434,201	266,111	2,351,371	346,260
6/30/2028	2,368,274	278,728	2,324,717	266,111	2,153,425	346,260
6/30/2029	2,241,268	279,609	2,207,788	266,111	1,942,019	346,260
6/30/2030	2,104,714	279,391	2,082,908	266,111	1,716,237	346,260
6/30/2031	1,959,102	284,485	1,949,536	266,111	1,475,102	346,260
6/30/2032	1,798,322	281,959	1,807,094	266,110	1,217,570	346,260
6/30/2033	1,629,217	279,142	1,654,967	266,110	942,526	346,260
6/30/2034	1,451,526	272,848	1,492,496	266,110	648,779	346,261
6/30/2035	1,268,257	262,246	1,318,977	266,111	335,056	346,261
6/30/2036	1,083,482	243,214	1,133,657	266,110		
6/30/2037	905,813	184,506	935,737	266,111		
6/30/2038	776,733	171,124	724,357	266,110		
6/30/2039	652,703	160,575	498,604	266,111		
6/30/2040	531,147	153,750	257,499	266,110		
6/30/2041	408,375	135,474				
6/30/2042	296,139	115,288				
6/30/2043	197,135	192,501				
6/30/2044	11,603	11,991				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**4,078,633**		**3,991,659**		**3,462,602**
Interest Paid		**1,541,919**		**1,454,945**		**925,888**
Estimated Savings				**86,974**		**616,031**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

		Employer Normal Cost Rate		
Valuation Date	Contribution Year	Rate Plan 1546	Rate Plan 27096	Unfunded Liability Payment
06/30/2015	2017-18	8.921%	6.533%	$96,670
06/30/2016	2018-19	9.409%	6.842%	116,928
06/30/2017	2019-20	10.221%	6.985%	136,618
06/30/2018	2020-21	11.031%	7.732%	153,062
06/30/2019	2021-22	10.88%	7.59%	176,035
06/30/2020	2022-23	10.87%	7.47%	150,564
06/30/2021	2023-24	12.47%	7.68%	141,578
06/30/2022	2024-25	12.52%	7.87%	177,899
06/30/2023	2025-26	12.58%	7.96%	213,344
06/30/2024	2026-27	12.56%	7.93%	240,760

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$5,562,028	$4,352,783	$1,209,245	78.3%	$841,869
06/30/2016	5,935,285	4,348,292	1,586,993	73.3%	876,660
06/30/2017	6,416,894	4,866,006	1,550,888	75.8%	936,924
06/30/2018	6,746,365	4,971,796	1,774,569	73.7%	984,480
06/30/2019	7,127,261	5,280,881	1,846,380	74.1%	1,004,832
06/30/2020	7,629,536	5,630,457	1,999,079	73.8%	1,068,304
06/30/2021	8,499,678	7,267,358	1,232,320	85.5%	1,169,328
06/30/2022	9,452,210	7,057,944	2,394,266	74.7%	1,285,120
06/30/2023	10,368,939	7,738,158	2,630,781	74.6%	1,369,875
06/30/2024	11,089,504	8,500,099	2,589,405	76.6%	1,424,490

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS Funding Risk Mitigation Policy stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 10.8% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by Investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See Projected Employer Contributions for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2044.

Assumed Annual Return FY 2024-25 through FY 2043-44	**Projected Employer UAL Contributions**				
	2027-28	**2028-29**	**2029-30**	**2030-31**	**2031-32**
3.0% (5th percentile)	$259,000	$303,000	$328,000	$361,000	$407,000
10.8% (95th percentile)	$243,000	$253,000	$226,000	$187,000	$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2024-25 on the FY 2027-28 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2027-28.

Assumed Annual Return for Fiscal Year 2024-25	**Required Employer UAL Contributions**	**Projected Employer UAL Contributions**
	2026-27	**2027-28**
(17.2%) (2 standard deviation loss)	$240,760	$301,000
(5.2%) (1 standard deviation loss)	$240,760	$276,000

- Without investment gains (returns higher than 6.8%) in FY 2025-26 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2024-25.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2027-28 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2024, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost			
Rate Plan 1546	24.53%	19.49%	15.66%
Rate Plan 27096	19.63%	15.68%	12.68%
b) Accrued Liability	$12,721,047	$11,089,504	$9,740,561
c) Market Value of Assets	$8,500,099	$8,500,099	$8,500,099
d) Unfunded Liability/(Surplus) [(b) - (c)]	$4,220,948	$2,589,405	$1,240,462
e) Funded Ratio	66.8%	76.6%	87.3%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2024	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost			
Rate Plan 1546	20.43%	19.49%	17.79%
Rate Plan 27096	16.54%	15.68%	14.26%
b) Accrued Liability	$11,428,500	$11,089,504	$10,280,191
c) Market Value of Assets	$8,500,099	$8,500,099	$8,500,099
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,928,401	$2,589,405	$1,780,092
e) Funded Ratio	74.4%	76.6%	82.7%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2024, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 1546	19.82%	19.49%	19.18%
Rate Plan 27096	15.95%	15.68%	15.43%
b) Accrued Liability	$11,331,415	$11,089,504	$10,867,490
c) Market Value of Assets	$8,500,099	$8,500,099	$8,500,099
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,831,316	$2,589,405	$2,367,391
e) Funded Ratio	75.0%	76.6%	78.2%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2023	June 30, 2024
1. Retiree Accrued Liability	$3,438,110	$3,402,223
2. Total Accrued Liability	$10,368,939	$11,089,504
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	33%	31%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2023, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2023	June 30, 2024
1. Number of Actives	10	10
2. Number of Retirees	9	9
3. Support Ratio [(1) ÷ (2)]	1.11	1.11

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2023	June 30, 2024
1. Market Value of Assets	$7,738,158	$8,500,099
2. Payroll	$1,369,875	$1,424,490
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	5.6	6.0
4. Accrued Liability	$10,368,939	$11,089,504
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	7.6	7.8

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	49%	1.25	5.2	6.8
06/30/2018	47%	1.25	5.1	6.9
06/30/2019	44%	1.25	5.3	7.1
06/30/2020	41%	1.25	5.3	7.1
06/30/2021	37%	1.25	6.2	7.3
06/30/2022	34%	1.25	5.5	7.4
06/30/2023	33%	1.11	5.6	7.6
06/30/2024	31%	1.11	6.0	7.8

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2024. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%
06/30/2019	2.31%	06/30/2024	4.61%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.61% Price Inflation: 2.45%	Discount Rate: 5.61% Price Inflation: 2.45%
1. Termination Liability[1]	$15,960,418	$11,696,008
2. Market Value of Assets (MVA)	8,500,099	8,500,099
3. Unfunded Termination Liability [(1) – (2)]	$7,460,319	$3,195,909
4. Funded Ratio [(2) ÷ (1)]	53.3%	72.7%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.35%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2024.

Selected Measures on a Low-Default-Risk Basis	June 30, 2024
Discount Rate	5.35%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	$8,850,016
b) Transferred Members	854,326
c) Separated Members	15,651
d) Members and Beneficiaries Receiving Payments	3,846,297
e) Total	$13,566,290
2. Market Value of Assets (MVA)	8,500,099
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$5,066,191
4. Unfunded Accrued Liability – Funding Policy Basis	2,589,405
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$2,476,786

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group as of the valuation date, June 30, 2024. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost as of June 30, 2024	Offset due to Employee Contributions as of June 30, 2024	Employer Normal Cost as of June 30, 2024	Number of Actives	Payroll on 6/30/2024
1546	Miscellaneous Plan	19.49%	6.93%	12.56%	7	$1,148,520
27096	PEPRA Miscellaneous Plan	15.68%	7.75%	7.93%	3	275,970
	Hypothetical Plan Totals[1]	*18.75%*	*7.09%*	*11.66%*	10	$1,424,490

[1] The hypothetical employer normal cost and contribution rates for the total plan are provided for illustrative purposes only and are based on the payroll as of the valuation date. This snapshot of the cost of providing benefits can be compared from one valuation date to the next as members retire from older tiers and are replaced by members in new tiers. The employer normal cost rate for contribution purposes varies by rate plan and applies to the covered payroll of members in each respective rate plan.

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2023	June 30, 2024
Active Members		
Counts	10	10
Average Attained Age	N/A	49.9
Average Entry Age to Rate Plan	N/A	33.7
Average Years of Credited Service	N/A	17.2
Average Annual Covered Pay	$136,988	$142,449
Annual Covered Payroll	$1,369,875	$1,424,490
Present Value of Future Payroll	$11,407,351	$11,229,051
Transferred Members		
Counts	3	2
Separated Members		
Counts	1	1
Retired Members and Beneficiaries*		
Counts	9	9
Average Annual Benefits	$33,529	$34,158
Total Annual Benefits	$301,759	$307,420

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2024.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	7	3	30.0%
Average Attained Age	51.0	47.1	
Average Entry Age	30.7	40.6	
Average Years of Credited Service	21.7	6.7	
Average Annual Covered Payroll	$164,074	$91,990	
Annual Covered Payroll	$1,148,520	$275,970	19.4%
Present Value of Future Payroll	$8,502,857	$2,726,194	24.3%
Transferred Members			
Count	2	0	0.0%
Separated Members			
Count	1	0	0.0%
Retired Members and Beneficiaries Receiving Payments			
Count	9	0	0.0%
Average Annual Benefit	$34,158	$0	
Total Annual Benefits	$307,420	$0	0.0%
Accrued Liabilities			
Active Members	$6,658,866	$382,158	5.4%
Transferred Members	632,860	0	0.0%
Separated Members	13,397	0	0.0%
Retired Members and Beneficiaries	3,402,223	0	0.0%
Total	$10,707,346	$382,158	3.4%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 1546	Rate Plan 27096
One Year Final Compensation (FAC 1)	0.64%	N/A
Surcharge for Class 1 Benefits	0.64%	0.00%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 1546	Benefit Group		
Member Category	**Misc**	**Misc**	
Demographics			
Actives	Yes	No	
Transfers/Separated	Yes	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula	2% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate	7.00%		
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	No		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	Indexed		
Special	No		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$2,000	$2,000	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 27096	**Benefit Group**	
Member Category	**Misc**	
Demographics		
Actives	Yes	
Transfers/Separated	No	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Indexed	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

Stege Sanitary District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Roll-forward Valuation
Valuation Date: June 30, 2024
Measurement Date: June 30, 2025
For Fiscal Year-End: June 30, 2026

Prepared by:
Foster & Foster Actuaries and Consultants
(Formerly Total Compensation Systems, Inc.)

Date: June 8, 2026

Table of Contents

Stege Sanitary District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

This report was produced by Foster & Foster, Inc. for Stege Sanitary District to determine the liabilities associated with its current retiree health program as of a June 30, 2025 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2026. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2026 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2026 measurement date is provided on page 13.

B. Key Results

Stege Sanitary District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2025 will be used on a look back basis for the June 30, 2026 Fiscal Year-End.

Key Results	**Current Year** *June 30, 2025 Measurement Date for June 30, 2026 Fiscal Year-End*	**Prior Year** *June 30, 2024 Measurement Date for June 30, 2025 Fiscal Year-End*
Total OPEB Liability (TOL)	$619,596	$586,747
Fiduciary Net Position (FNP)	$344,670	$307,016
Net OPEB Liability (NOL)	$274,926	$279,731
Service Cost *(for year following)*	$14,888	$14,490
Estimated Pay-as-you-go Cost *(for year following)*	$22,847	$21,026
GASB 75 OPEB Expense *(for year ending)*	$19,605	$27,101

Refer to results section beginning on page 10 or the glossary on page 27 for descriptions of the above items.

Key Assumptions	**Current Year** *June 30, 2025 Measurement Date for June 30, 2026 Fiscal Year-End*	**Prior Year** *June 30, 2024 Measurement Date for June 30, 2025 Fiscal Year-End*
Valuation Interest Rate	6.75%	6.75%
Expected Rate of Return on Assets	6.75%	6.75%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

The following table shows the "pay as you go" projection of annual payments for the employer share of retiree health costs. Although actual payments are certain to vary from those shown below, these projections can be useful for planning purposes. See page 11 for amounts below broken out by employee classification, if applicable.

Year Beginning July 1	*Projected Benefit Payments*
2024	$21,026
2025	$22,851
2026	$25,063
2027	$27,052
2028	$29,196
2029	$31,602
2030	$34,041
2031	$37,568
2032	$39,774
2033	$42,416

C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 NOL. A more detailed version of this table can be found on page 12.

	TOL	*FNP*	*NOL*
Balance at June 30, 2024 Measurement Date	**$586,747**	**$307,016**	**$279,731**
Service Cost	$14,490	$0	$14,490
Interest on TOL / Return on FNP	$39,385	$37,750	$1,635
Employer Contributions	$0	$27,023	($27,023)
Benefit Payments	($27,023)	($27,023)	$0
Administrative Expenses	$0	($96)	$96
Experience (Gains)/Losses	$5,997	$0	$5,997
Changes in Assumptions	$0	$0	$0
Other	$0	$0	$0
Net Change	$32,849	$37,654	($4,805)
Actual Balance at June 30, 2025 Measurement Date	**$619,596**	**$344,670**	**$274,926**

2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 24.

Balances at June 30, 2026 Fiscal Year-End	*Deferred Outflows*	*Deferred Inflows*
Differences between expected and actual experience	$7,542	($66,117)
Changes in assumptions	$15,387	($419)
Differences between projected and actual return on assets	$0	($8,275)
Total	$22,929	($74,811)

To be recognized fiscal year ending June 30:	*Deferred Outflows*	*Deferred Inflows*
2027	$6,125	($10,248)
2028	$5,968	($22,221)
2029	$5,559	($22,376)
2030	$3,825	($15,998)
2031	$909	($3,968)
Thereafter	$543	$0
Total	$22,929	($74,811)

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

To be recognized fiscal year ending June 30, 2026	*Expense Component*
Service Cost	$14,490
Interest Cost	$39,385
Expected Return on Assets	($20,720)
Administrative Expenses	$96
Recognition of Experience (Gain)/Loss Deferrals	($14,551)
Recognition of Assumption Change Deferrals	$4,007
Recognition of Investment (Gain)/Loss Deferrals	($3,102)
Employee Contributions	$0
Changes in Benefit Terms	$0
Net OPEB Expense for fiscal year ending June 30, 2026	$19,605

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2025 to June 30, 2026 minus prior contributions after the measurement date of $27,023 should also be reflected in OPEB expense. June 30, 2026 deferred outflows should include contributions from July 1, 2025 to June 30, 2026.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

Net OPEB Liability at June 30, 2025 Measurement Date	*Discount Rate*	*Healthcare Trend Rate*
1% Decrease in Assumption	$361,254	$188,354
Current Assumption	$274,926	$274,926
1% Increase in Assumption	$203,736	$382,597

D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan.

	All Participants
Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	CalPERS Retirement
Minimum Age	CalPERS Retirement
Dependent Coverage	Spouse only
District Contribution %	100% of cap
District Cap	$324.48 in 2025

E. Summary of Valuation Data

Because this is a roll-forward valuation, this report is based on census data previously provided to us as of June, 2024 for the June 30, 2024 full valuation. Distributions of participants by age and service can be found on page 18. For non-lifetime benefits, the active count below excludes employees for whom it was not possible to receive retiree benefits (e.g. employees who were already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Valuation Year *June 30, 2024 Valuation Date* *June 30, 2025 Measurement Date*
Active Employees eligible for future benefits	
Count	10
Average Age	49.8
Average Years of Service	16.2
Retirees currently receiving benefits	
Count	6
Average Age	74.3

We were not provided with information about any terminated, vested employees.

F. Certification

The actuarial information in this report is intended solely to assist Stege Sanitary District in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. Foster & Foster recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. Foster & Foster's work is prepared solely for the use and benefit of Stege Sanitary District. Release of this report may be subject to provisions of the Agreement between Stege Sanitary District and Foster & Foster. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with Foster & Foster.

This report is for fiscal year July 1, 2025 to June 30, 2026, using a measurement date of June 30, 2025. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Stege Sanitary District. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the District personnel records.

- We used benefit descriptions provided by the District.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Stege Sanitary District and any plan sponsor. Foster & Foster does not intend to benefit from and assumes no duty or liability to other parties who receive this report. Foster & Foster is not aware of any relationship that would impair the objectivity of the opinion.

The results shown in this roll-forward report were determined through a combination of the June 30, 2024 actuarial report prepared by Total Compensation Systems and standard actuarial roll-forward methodology. As such, we relied on the actuarial assumptions as set by the prior signing actuary, and we will assess those assumptions as part of the following year's full actuarial valuation. The description of actuarial assumptions included in Part III of this report are those of the prior actuary.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Will Kane, FSA, EA, MAAA
Senior Consulting Actuary
Foster & Foster, Inc.

PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Stege Sanitary District. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Stege Sanitary District uses contribution caps, the influence of the trend factor is further reduced. We multiplied each future year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid in any future year is zero if the participant will not be eligible. The participant will not be eligible if s/he will not have met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2025 at 6.75% interest.

For any ***current retirees***, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2025 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an "implicit rate subsidy").

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an "actuarial cost method" and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the "entry age actuarial cost method". Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee's projected pay.

D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.

- The ***"trend" rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A "cap" on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.

- ***Mortality rates*** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.

- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- ***Retirement rates*** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.

- ***Participation rates*** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.

- The ***discount rate*** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.

- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.

- Liability changes resulting from plan changes, for example, cannot be deferred.

F. Valuation Results

This section details the measured values of the concepts described on the previous pages. Because this is a roll-forward valuation, the results shown in this section do not match the overall results as of the measurement date.

1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

Actuarial Present Value of Projected Benefit Payments as of June 30, 2024 Valuation Date

	Total
Active: Pre-65 Benefit	$94,070
Post-65 Benefit	$346,472
Subtotal	$440,542
Retiree: Pre-65 Benefit	$10,190
Post-65 Benefit	$241,525
Subtotal	$251,715
Grand Total	$692,257
Subtotal Pre-65 Benefit	$104,260
Subtotal Post-65 Benefit	$587,997

2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Valuation Year Beginning July 1, 2024

	Total
# of Eligible Employees	10
First Year Service Cost	
Pre-65 Benefit	$2,620
Post-65 Benefit	$11,870
Total	$14,490

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

Total OPEB Liability and Net OPEB Liability as of June 30, 2024 Valuation Date

	Total
Active: Pre-65 Benefit	$71,355
Active: Post-65 Benefit	$263,638
Subtotal	$334,993
Retiree: Pre-65 Benefit	$10,192
Retiree: Post-65 Benefit	$241,562
Subtotal	$251,754
Subtotal: Pre-65 Benefit	$81,547
Subtotal: Post-65 Benefit	$505,200
Total OPEB Liability (TOL)	$586,747
Fiduciary Net Position as of June 30, 2024	$307,016
Net OPEB Liability (NOL)	$279,731

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be ***in***accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs.

Year Beginning July 1	***Total***
2024	$21,026
2025	$22,851
2026	$25,063
2027	$27,052
2028	$29,196
2029	$31,602
2030	$34,041
2031	$37,568
2032	$39,774
2033	$42,416

G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	TOL	*FNP*	*NOL*
Balance at June 30, 2024	**$586,747**	**$307,016**	**$279,731**
Service Cost	$14,490	$0	$14,490
Interest on Total OPEB Liability	$39,385	$0	$39,385
Expected Investment Income	$0	$20,720	($20,720)
Administrative Expenses	$0	($96)	$96
Employee Contributions	$0	$0	$0
Employer Contributions to Trust	$0	$0	$0
Employer Contributions as Benefit Payments	$0	$27,023	($27,023)
Actual Benefit Payments from Trust	$0	$0	$0
Actual Benefit Payments from Employer	($27,023)	($27,023)	$0
Expected Minus Actual Benefit Payments**	$5,997	$0	$5,997
Expected Balance at June 30, 2025	**$619,596**	**$327,640**	**$291,956**
Experience (Gains)/Losses	$0	$0	$0
Changes in Assumptions	$0	$0	$0
Changes in Benefit Terms	$0	$0	$0
Investment Gains/(Losses)	$0	$17,030	($17,030)
Other	$0	$0	$0
Net Change during 2025	$32,849	$37,654	($4,805)
Actual Balance at June 30, 2025*	**$619,596**	**$344,670**	**$274,926**

* May include a slight rounding error.
** Deferrable as an Experience Gain or Loss.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Stege Sanitary District is shown beginning on page 24. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2026

	Beginning Balance	*Change Due to New Deferrals*	*Change Due to Recognition*	*Ending Balance*
Experience (Gains)/Losses	($79,123)	$5,997	$14,551	($58,575)
Assumption Changes	$18,975	$0	($4,007)	$14,968
Investment (Gains)/Losses	$5,653	($17,030)	$3,102	($8,275)
Deferred Balances	($54,495)	($11,033)	$13,646	($51,882)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2026

	Beginning Net Position	*Ending Net Position*	*Change*
Net OPEB Liability (NOL)	$279,731	$274,926	($4,805)
Deferred Balances	($54,495)	($51,882)	$2,613
Net Position	$334,226	$326,808	($7,418)
Adjust Out Employer Contributions			$27,023
OPEB Expense			$19,605

H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined "roll-forward" valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for Stege Sanitary District will be a full valuation with a measurement date of June 30, 2026 which will be used for the fiscal year ending June 30, 2027.

PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Stege Sanitary District to understand that the appropriateness of all selected actuarial assumptions and methods are Stege Sanitary District's responsibility. Unless otherwise disclosed in this report, Foster & Foster believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Stege Sanitary District's actual historical experience, and Foster & Foster's judgment based on experience and training.

A. ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Stege Sanitary District regarding practices with respect to employer and employee contributions and other relevant factors.

B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.75% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the "Building Block Method". (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Stege Sanitary District.

Fiduciary Net Position as of June 30, 2025

	06/30/2024	*06/30/2025*
Cash and Equivalents	$0	$0
Contributions Receivable	$0	$0
Total Investments	$307,016	$344,670
Capital Assets	$0	$0
Total Assets	$307,016	$344,670
Benefits Payable	$0	$0
Fiduciary Net Position	$307,016	$344,670

C. NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

MORTALITY

Participant Type	***Mortality Tables***
Miscellaneous	2021 CalPERS Mortality for Miscellaneous and Schools Employees

RETIREMENT RATES

Employee Type	***Retirement Rate Tables***
All Participants	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be "community-rated." However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Following are the criteria we applied to Stege Sanitary District to determine that it is reasonable to assume that Stege Sanitary District's future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

- **Plan qualifies as a "pooled health plan."** ASOP 6 defines a "pooled health plan" as one in which premiums are based at least in part on the claims experience of groups other than the one being valued." Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.

- **Rates not based to any extent on the agency's claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.

- **Rates not based to any extent on the agency's demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.

- **No refunds or charges based on the agency's claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.

- **Plan in existence 20 or more years.** Enabling legislation to allow "contracting agencies" to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.

- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.

- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.
- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Bay Area region. Based on the information we have, the District constitutes no more than 0.01% of the Bay Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Bay Area pool.

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

Participant Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
All Participants	$3,894	$3,894

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Miscellaneous	90%	90%

TURNOVER

Employee Type	*Turnover Rate Tables*
Miscellaneous	2021 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

PART IV: APPENDICES

APPENDIX A: DEMOGRAPHIC DATA BY AGE

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE

	Total	*Under 5 Years of Service*	*5 – 9 Years of Service*	*10 – 14 Years of Service*	*15 –19 Years of Service*	*20 – 24 Years of Service*	*25 – 29 Years of Service*	*30 – 34 Years of Service*	*Over 34 Years of Service*
Under 25	0								
25 – 29	1	1							
30 – 34	0								
35 – 39	0								
40 – 44	1				1				
45 – 49	3		1	2					
50 – 54	3				1	1	1		
55 – 59	0								
60 – 64	1							1	
65 and older	1		1						
Total	10	1	2	2	2	1	1	1	0

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

Age	*Total*
Under 50	0
50 – 54	0
55 – 59	0
60 – 64	1
65 – 69	1
70 – 74	1
75 – 79	2
80 – 84	0
85 – 89	1
90 and older	0
Total	6

APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions Stege Sanitary District should take to manage the liability created by the current retiree health program. The following items are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Stege Sanitary District's practices, it is possible that Stege Sanitary District is already complying with some or all of these suggestions.

- We suggest that Stege Sanitary District maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Stege Sanitary District should determine whether the benefit is material and subject to GASB 74 and/or 75.

- Under GASB 75, it is important to isolate the cost of retiree health benefits. Stege Sanitary District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Stege Sanitary District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.

- Stege Sanitary District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Stege Sanitary District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, Stege Sanitary District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Stege Sanitary District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Stege Sanitary District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	6
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	10
Total Number of participants	16

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

Shown in Part III.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Stege Sanitary District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Mortality Table	2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2021 CalPERS 2.0%@55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.0%@55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2021 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2021 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	$188,354	$274,926	$382,597

Paragraph 53: **Discount Rate**

The following information is intended to assist Stege Sanitary District to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.75% was used in the valuation. The interest rate used in the prior valuation was 6.75%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 50 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.
CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	49.0000	7.2500
All Fixed Income	23.0000	4.2500
Real Estate Investment Trusts	20.0000	7.2500
All Commodities	3.0000	7.2500
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	$361,254	$274,926	$203,736

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on pages 2 or 12.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Stege Sanitary District to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2024.
The measurement date is June 30, 2025.
56.b: We are not aware of a special funding arrangement.
56.c: There were no assumption changes since the prior measurement date.
56.d: There were no changes in benefit terms since the prior measurement date.
56.e: Not applicable

56.f: To be determined by the employer
56.g: To be determined by the employer
56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D
56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

Paragraph 57: **Required Supplementary Information**

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.
57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.
57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.
57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2017-18	$3,703	9.6	$2,702	$386	$615	$386	$229				
2018-19	$1,993	9.6	$1,248	$208	$537	$208	$208	$121			
2019-20	$4,092	8.8	$2,325	$465	$1,302	$465	$465	$372			
2020-21	($1,632)	8.8	($744)	($186)	($702)	($186)	($186)	($186)	($144)		
2021-22	($73,723)	7.6	($29,103)	($9,701)	($34,919)	($9,701)	($9,701)	($9,701)	($5,816)		
2022-23	($678)	7.6	($180)	($90)	($408)	($90)	($90)	($90)	($90)	($48)	
2023-24	($43,172)	6.6	($6,542)	($6,542)	($30,088)	($6,542)	($6,542)	($6,542)	($6,542)	($3,920)	
2024-25	$5,997	6.6	$0	$909	$5,088	$909	$909	$909	$909	$909	$543
Net Increase (Decrease) in OPEB Expense			**($30,294)**	**($14,551)**	**($58,575)**	**($14,551)**	**($14,708)**	**($15,117)**	**($11,683)**	**($3,059)**	**$543**

CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2019-20	($1,319)	8.8	($750)	($150)	($419)	($150)	($150)	($119)			
2020-21	$18,805	8.8	$8,548	$2,137	$8,120	$2,137	$2,137	$2,137	$1,709		
2021-22	$15,347	7.6	$6,060	$2,020	$7,267	$2,020	$2,020	$2,020	$1,207		
2023-24	$0	0	$0	$0	$0						
2024-25	$0	0	$0	$0	$0						
Net Increase (Decrease) in OPEB Expense			**$13,858**	**$4,007**	**$14,968**	**$4,007**	**$4,007**	**$4,038**	**$2,916**	**$0**	**$0**

INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2019-20	$7,791	5	$7,791	$0	$0						
2020-21	($47,625)	5	($38,100)	($9,525)	$0						
2021-22	$59,858	5	$35,916	$11,972	$11,970	$11,970					
2022-23	$942	5	$378	$189	$375	$189	$186				
2023-24	($11,660)	5	($2,332)	($2,332)	($6,996)	($2,332)	($2,332)	($2,332)			
2024-25	($17,030)	5	$0	($3,406)	($13,624)	($3,406)	($3,406)	($3,406)	($3,406)		
Net Increase (Decrease) in OPEB Expense			**$3,653**	**($3,102)**	**($8,275)**	**$6,421**	**($5,552)**	**($5,738)**	**($3,406)**	**$0**	**$0**

APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.

Actuarial Present Value of Projected Benefit Payments: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.

Deferred Inflows/Outflows of Resources: A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.

Fiduciary Net Position: Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.

Measurement Date: The date at which assets and liabilities are determined in order to estimate TOL and NOL.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Liability (NOL): The Total OPEB Liability minus the Fiduciary Net Position.

OPEB Benefits: Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.

OPEB Expense: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.

Participation Rate: The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

Pay As You Go Cost:	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
Retirement Rate:	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
Service Cost:	The annual dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
Service Requirement:	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
Total OPEB Liability (TOL):	The amount of the actuarial present value of projected benefit payments attributable to participants' past service based on the actuarial cost method used.
Trend Rate:	The rate at which the employer's share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
Turnover Rate:	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
Valuation Date:	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can't be more than 30 months prior.