



**HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

AGENDA

DATE: Tuesday, April 28, 2026

TIME: 5:00 p.m.

LOCATION: 5055 Walnut Drive, Eureka, CA

Teleconference locations: 5055 Walnut Drive, Eureka, CA
20 Via Ravello, Henderson, NV

The HCSD Boardroom is open to the public during the meeting's open session. This meeting is also held by video/teleconference, per CA Govt Code § 54953(b). If a member of the public cannot attend in person and would like to speak on an agenda item, including Public Participation, please join via Zoom (zoom.us) by entering Meeting ID 388 963 6754 and Passcode 202520. Access may also be via telephone by dialing 1-669-900-9128.

A. ROLL CALL

Directors Benzonelli, Gardiner, Hansen, Matteoli, Ryan

B. PLEDGE OF ALLEGIANCE

C. CONSENT CALENDAR

1. Approval of April 28, 2026, Meeting Agenda *Pgs. 1-2*
2. Approval of Minutes of the Regular Meeting of April 14, 2026 *Pgs. 3-6*

D. CORRESPONDENCE

1. Proposed LAFCo Budget for Fiscal Year 2026-27 *Pgs. 7-9*

E. REPORTS

1. General Manager *Pgs. 11-13*
 - a) District Update
2. Finance Department *Pgs. 15-24*
 - a) March 2026 Budget Statement
3. Planning *Pgs. 25*
 - a) Update

4. Legal Counsel
5. Director Reports

F. PUBLIC PARTICIPATION

The public may comment on items not on the agenda. Please use the information above to participate via Zoom. The Board requests that speakers state their name and where they are from, and limit their communications to 3 to 5 minutes. After all oral communications, the Board or staff may briefly respond to comments with information; however, the Brown Act prohibits discussion of matters not on the published agenda. Matters requiring discussion or action will be placed on the agenda of a future meeting.

G. NEW BUSINESS

1. Consideration of Report on Out-of-District Service Connections and Voter Franchisement *Pgs. 27-30*
2. Review of CalPERS Actuarial Valuation Report and Consideration of Pension Liability Reduction Strategies *Pgs. 31-74*

H. CLOSED SESSION

1. PURSUANT TO Government Code Section 54954.5(e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION – General Manager

I. ADJOURNMENT

Next Res: 2026-04
Next Ord: 2026-01

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Robert Christensen at (707) 443-4558, ext. 210, or by email at asm@humboldtcsd.org. Notification 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility for this meeting (28 CFR 35.102–35.104, ADA Title II).

Pursuant to CA Govt §54957.5(a), any public record writings relating to an agenda item for an open session of a regular meeting of the Board of Directors, not otherwise exempt from public disclosure, are available for public inspection upon request at the District offices located at 5055 Walnut Drive, Monday through Friday during regular business hours.

DRAFT MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT

The Humboldt Community Services District Board of Directors met in regular session at 5:00 p.m. on Tuesday, April 24, 2026, at 5055 Walnut Drive, Eureka, California and on Zoom.

A. CALL TO ORDER AND ROLL CALL

President Hansen called the meeting to order. Present upon roll call: Directors Hansen, Matteoli, and Ryan. Director Gardiner, a member of the Board of Directors, was present by Zoom, and due to his location, participated in the meeting as a member of the public. Staff in attendance: General Manager Williams (GM), Finance Manager Montag (FM), and Utility Services Planner Rodriguez (USP).

B. PLEDGE OF ALLEGIANCE

President Hansen invited those present to join in the Pledge of Allegiance.

C. CONSENT CALENDAR

1. Approval of April 14, 2026, Meeting Agenda
2. Approval of Minutes of the Regular Meeting of March 10, 2026
3. Approval of Minutes of the Special Meeting of March 24, 2026

Director Benzonelli arrived at 5:02 p.m.

IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR RYAN, TO APPROVE THE APRIL 14, 2026, CONSENT CALENDAR. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: GARDINER

D. REPORTS

1. General Manager
 - a) District Update

GM updated the Board on the District's Capital Improvement Program (CIP) projects that are currently in the planning and design phase and will be completed this year. The Fields Landing-King Salmon (FLKS) Living with Water is a county project that aims to develop a sea-level-rise adaptation and flood-mitigation plan that engages directly with community residents. A public meeting will be held on Thursday, April 30, 2026. District staff received training on how to respond to First Amendment Auditors on March 27, 2026

Director Benzonelli noted that the Redwood Region Economic Development

DRAFT MINUTES OF THE REGULAR MEETING
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APRIL 14, 2026

Commission received a presentation on flooding in King Salmon during winter storms and tidal events from Humboldt Community Organizations Active in Disaster (COAD) and Cal Poly Humboldt. During the presentation, it was noted that the District provided an excellent response during the flooding.

2. Finance Manager

b) March 2026 Check Register

FM highlighted payments of note, including a replacement drive for the Truesdale pump and a new pump for the Hoover Sewer Lift Station (SLS).

a) February 2026 Budget Statement

FM reported that February 2026 was a fairly standard month. The District's telephone expense exceeded budget due to an annual maintenance charge that was not budgeted for. Overall phone expenses are projected to be \$3,000 lower than the prior year due to the District's transition to a voice-over-IP (VoIP) system. FM also noted that the District had received approximately \$457,000 in grant reimbursements so far during the fiscal year.

3. Engineering

4. Planning

a) Update

USP reported that the District passed an inspection of its portable and stationary diesel generators conducted by the North Coast Air Quality Management District. District staff will receive ongoing training on generator operation to comply with the District's permit requirements. The electronic Annual Report (eAR) and the Sanitary Sewer Management Plant (SSMP) Annual Report were submitted to the State Water Resources Control Board, and the District continues to work on completing the Sanitary Sewer Management Plan.

5. Legal Counsel

No report.

6. Director Reports

No report.

E. PUBLIC PARTICIPATION

No public comment.

F. NEW BUSINESS

1. Consideration of Adopting Resolution No. 2026-03: Honoring Roxanne Cahill Upon Her Retirement

GM reviewed Ms. Cahill's employment with the District and recommended that the Board adopt a resolution honoring her upon her retirement. President Hansen read the resolution into the record.

There was no public comment.

IT WAS MOVED BY DIRECTOR RYAN, SECONDED BY DIRECTOR BENZONELLI, TO ADOPT RESOLUTION NO. 2026-03: HONORING ROXANNE CAHILL UPON HER RETIREMENT. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: GARDINER

Ms. Cahill was acknowledged and thanked by the Board of Directors and congratulated by her family, who had joined the meeting via Zoom.

2. Consideration of LAFCo Request for District Member Nominations

GM reviewed the call for nominations for Special District Members to serve on the Humboldt Local Agency Formation Commission (LAFCo). Currently, Director Benzonelli serves as a Special District Member of the Humboldt LAFCo. It was noted that David Couch, a member of the McKinleyville Community Services District and current alternate member of the Humboldt LAFCo, intends to run for the Regular Member position. No member of the Board expressed an interest in nomination for the Humboldt LAFCo Board of Directors. It was noted that if a Board Member wishes to seek a nomination, the nominations can be considered at the April 28, 2026, HCSD Board meeting.

There was no Public Comment.

G. CLOSED SESSION

1. PURSUANT TO Government Code Section 54954.5(e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION – General Manager

DRAFT MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
APRIL 14, 2026

AT 5:35 P.M., **IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY
DIRECTOR RYAN**, TO MOVE INTO CLOSED SESSION. MOTION CARRIED
UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: GARDINER

The Board returned to open session at 5:54 p.m., and President Hansen reported that the Board had taken no action.

H. ADJOURNMENT

Without further business, **IT WAS MOVED BY MATTEOLI, SECONDED BY
DIRECTOR BENZONELLI**, TO ADJOURN. MOTION CARRIED UPON THE
FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: GARDINER

THE BOARD ADJOURNED ITS REGULAR MEETING OF April 24, 2026, AT 5:55
P.M.

Submitted, Board Secretary



RECEIVED
APR 21 2026
HUMBOLDT COMMUNITY
SERVICES DISTRICT

DATE: April 20, 2026
TO: Humboldt County Administrative Office
City Managers
Independent Special District Managers
FROM: Colette Santsche, Executive Officer

SUBJECT: Proposed LAFCo Budget for Fiscal Year 2026-27

Humboldt LAFCo is responsible under State law to annually adopt a proposed budget by May 1st and a final budget by June 15th, and to circulate the proposed and final budgets to member agencies. The Commission is principally funded in equal thirds by the county, the cities, and the independent special districts, with the County Auditor-Controller allocating the proportionate costs. The budget process is further described in Government Code Section 56381.

Enclosed is the proposed budget for fiscal year 2026-27, as adopted by the Commission on March 18, 2026. The full staff report and work plan presented at the proposed budget hearing can be viewed at: <https://humboldtlafo.org/agendas-minutes-2026/>

The FY 2026-27 proposed budget accommodates the following core activities:

- Application Processing: Continued processing of changes of organization and reorganization proposals that come before LAFCo at full cost recovery (no change to expense category).
- Administrative Services: Basic services and administrative functions provided by the Executive Officer and Clerk/Analyst increased from \$61,000 to \$62,500 (2.5% increase).
- MSR and SOI Updates: These updates are essential to meet State-mandated requirements and address evolving service demands (no change to expense category).
- Special Studies: Accounts for ongoing efforts to prepare the Northern Coastal Fire Services Study for which the Commission has contracted with Matrix Consulting. A portion of the total project costs (\$56,500) will be billed to 2025-26, so \$36,500 is being carried forward to 2026-27. This is full cost-recovery with Humboldt County (CSA #4), City of Trinidad, and Trinidad Rancheria covering the costs; the expense category is accounted for in the Application fees revenue category.

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COMMUNITY DISTRICT

- Other Services and Supplies: Increases in insurance (12.9%), memberships (6.2%), communications (66.7%), meeting stipends (5.3%), and travel and transportation (10.7%).

To support these activities, the Commission is proposing a 3.3% increase in member contributions, from \$46,000 to \$47,500 for each agency category (county, cities, districts). These costs will be apportioned among the seven cities, 49 independent special districts, and the county.

The **final budget** will be considered for adoption at a public hearing scheduled for:

Date: Wednesday, May 20, 2026

Time: 9:00 a.m.

Location: Eureka City Hall Council Chambers (2nd Floor)
531 K Street, Eureka, CA 95501

LAFCo respectfully requests comments by Monday, May 11, 2026. Comments may be mailed to:

Humboldt LAFCo
670 9th Street, Suite 202
Arcata, CA 95521

Or emailed to: amber@humboldtlafo.org

Please contact LAFCo staff at (707) 445-7508 with any questions.

cc: Humboldt County Auditor-Controller's Office

Humboldt LAFCo Operating Budget

Revenues:		FY 2024-2025		FY 2025-2026		FY 2026-2027		% Change from Prior Year
		Adopted	Year-End Actual	Amended	Mid-Year Actual	Proposed		
Account	Revenue Category							
800870	Charges for Services	\$189,250	\$231,193.12	\$294,500	\$191,449.30	\$279,000		-5.3%
	County	\$44,750	\$44,750.00	\$46,000	\$46,000.00	\$47,500		3.3%
	Cities	\$44,750	\$44,750.00	\$46,000	\$46,000.00	\$47,500		3.3%
	Special Districts	\$44,750	\$49,073.83	\$46,000	\$46,000.00	\$47,500		3.3%
	Application Fees & Deposits	\$55,000	\$92,619.29	\$156,500	\$53,449.30	\$136,500		-12.8%
402205	Interest	\$2,990	4,449.58	\$3,000	\$1,291.47	\$4,000		33.3%
	REVENUE SUBTOTAL	\$192,240	\$235,642.70	\$297,500	\$192,740.77	\$283,000		-4.9%

Operating Expenses:		FY 2024-2025		FY 2025-2026		FY 2026-2027		% Change from Prior Year
		Adopted	Year-End Actual	Amended	Mid-Year Actual	Proposed		
Account	Expense Category							
2106	Communications	\$240	\$240.00	\$240	\$120.00	\$400		66.7%
2110	Insurance	\$3,400	\$3,071.47	\$3,500	\$3,464.16	\$3,950		12.9%
2115	Memberships	\$4,750	\$4,714.00	\$4,850	\$4,820.00	\$5,150		6.2%
2117	Office Supplies	\$500	\$279.73	\$500	\$116.80	\$500		0.0%
2118	Professional & Special Services	\$171,550	\$212,078.63	\$281,260	\$105,340.91	\$260,300		-7.5%
	Legal Services	\$5,000	\$1,985.00	\$5,000	\$2,340.00	\$5,000		0.0%
	Application Processing	\$55,000	\$98,760.18	\$100,000	\$53,639.41	\$100,000		0.0%
	Basic Services-EO/Clerk	\$60,000	\$59,972.50	\$61,000	\$26,395.00	\$62,500		2.5%
	MRSs/SOs	\$50,000	\$49,983.75	\$52,000	\$18,637.50	\$52,000		0.0%
	Special Studies	\$0	\$0.00	\$56,500	\$0.00	\$36,500		-35.4%
	Legislative Advocacy	\$0	\$0.00	\$5,000	\$3,060.00	\$2,500		-50.0%
	Website Services	\$850	\$797.20	\$1,000	\$849.00	\$1,000		0.0%
	Meeting Exp/Stipends	\$700	\$580.00	\$760	\$420.00	\$800		5.3%
2119	Publications & Legal Notices	\$1,000	203.73	\$1,000	\$359.17	\$1,000		0.0%
2121	Rents & Leases - Structures	\$6,000	\$6,000.00	\$6,000	\$3,000.00	\$6,000		0.0%
2125	Transportation & Travel	\$4,800	\$4,704.92	\$5,150	\$4,869.84	\$5,700		10.7%
	Mileage/Travel (In-County)	\$600	\$649.49	\$650	\$403.90	\$700		7.7%
	Mileage/Travel (Out-of-County)	\$2,800	\$2,363.43	\$3,000	\$3,065.94	\$3,500		16.7%
	Conference Registration	\$1,400	\$1,692.00	\$1,500	\$1,400.00	\$1,500		0.0%
Contingency/ Carryover								
2020	Contingency	-	-	-	-	-		-
	Contingency Total							
	EXPENSE SUBTOTAL	\$192,240.00	\$231,292.48	\$302,500.00	\$122,090.88	\$283,000.00		-9.9%
	Operating Difference	\$ -	\$ 4,350.22	\$ (5,000.00)	\$ 70,649.89	\$ -		
	(Negative Balance Indicates Use of Reserves)							

Unreserved/Unrestricted Fund Balance		Beginning	Ending
		\$ 126,047.14	\$ 130,397.36

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Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

MEMORANDUM

TO: Board of Directors

FROM: Terrence Williams, General Manager

DATE: April 24, 2026

SUBJECT: General Manager Report for April 28, 2026 Board Meeting

County Roads Projects

In November of 2024, approximately 63% of voters supported Measure O, the one cent countywide sales tax that is projected to raise \$24M annually. Since then, the County of Humboldt has been planning a significant volume of roads projects over the coming years. Many of these projects will be taking place within the Humboldt CSD boundaries.

This will be a boon to drivers across the County but comes with an unexpected price tag to the District and ultimately our ratepayers. The County of Humboldt is citing Humboldt County Code Section 411-11(h) and indicating that the cost of restoring the elevation of manholes, valve-cans and other access points will be borne by the utility. This will have a significant impact on the District's budget whenever the County prioritizes roadwork within the HCSD boundaries.

For example, the County is planning to widen and resurface Myrtle Road from Ryan Slough Bridge to Freshwater Road. There are 23 valve cans within the project area. The contractor has provided an additive cost of about \$1,600 per valve can. At that rate, this one project will cost the District almost \$40,000 in unanticipated expenses.

SCADA

The District's SCADA team have been making solid progress on the upgrade and rehabilitation project. The District's innovative approach has captured the attention of the automation community and a regional hardware supplier has published an article highlighting HCSD in their newsletter. The article is reproduced in this packet for your enjoyment.

Elk River

The County's grant funded feasibility study for extending potable water services to the communities impacted by sedimentation in the Elk River is progressing. There is a community meeting planned for May 20 at 5:30 pm at the Humboldt Grange. Details will be forthcoming.

Mailing: Post Office Box 158 • Cutton, CA 95534 • tel (707) 443-4558 • fax (707) 443-1490
Physical Address: 5055 Walnut Drive, Eureka, CA 95503

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

Excerpt from: *The Sage Advisor, Volume 32, Issue 1 – Spring 2026*

Humboldt Community Service District Leverages Edge Technology for State-of-the-Art Gateway Functions

Humboldt CSD decided to install a new SCADA system for a straightforward reason. The existing system was old, outdated, and becoming unreliable as operational demands increased and security expectations continued to rise. The decision was made to update to current-generation RTU, telemetry, and data management systems.

For RTU hardware, Humboldt CSD evaluated multiple options including Allen-Bradley, AutomationDirect, and Schneider Electric. Decision criteria included capabilities, cost, and support architecture. SCADAPack was selected for the product's rugged reputation, ease of use, and to take advantage of the recently updated SCADAPack 474 controllers.

For telemetry hardware, Humboldt considered FreeWave, GE MOS, and Trio radios, and ultimately selected the Trio QR450 licensed 450mhz data radios. The Trio QR450 radios strengthened the project on the communications side by giving Humboldt CSD a robust, purpose built radio layer that matches the realities of remote utility infrastructure. Most of their sites are where terrain, distance, or limited connectivity complicate communications planning, and the QR450 radio supported a dependable path for moving critical data between remote assets and the SCADA backbone. The result was a communications design that Humboldt CSD could trust, and that

they could repeat across sites as the system grew.

For HMI data management, Humboldt considered Ignition and Wonderware before deciding on Geo SCADA. GEO SCADA's scalability, flexibility, and refusal of the SaaS model in favor of customer-owned licensing, made Geo SCADA the clear choice. Geo SCADA played a major role in turning that field data into something operationally useful. Instead of treating the LoRaWAN sewer network as a separate island of information, Humboldt CSD could bring that telemetry into a single operations view where alarms, events, and trends can be managed consistently. Because Geo SCADA emphasizes adaptability and compatibility the district gained a centralized place to see what is happening across the system, prioritize what needs attention, and standardize how operations respond. That consistency matters during expansion, because every new site and every new data stream can be brought into a common framework.

By using SCADAPack, Trio, and Geo SCADA together Humboldt CSD knew they would be able to take advantage of the Schneider electric support architecture for their entire system. This avoided the problem they had experienced with previous hardware troubleshooting. With prior hardware a communication issue between the radio and the RTU would turn into two separate

finger-pointing support calls. One support team would tell them to call the other, who would say "third-party hardware, not our problem." For a district that needs uptime and fast resolution, that kind of handoff is not just frustrating, it slows operations and extends outages. Using the Schneider Electric ecosystem in RTU, radio, and HMI master station software protects Humboldt CSD from this kind of back and forth with one support team to call. Humboldt CSD removed the problem of worrying about who "owned" the issue.

At the same time, Humboldt CSD was working through a very practical integration challenge. The district had built out a LoRaWAN sewer network that was performing well in the field, but the data still need to be integrated into the primary SCADA environment. Humboldt CSD needed an internet-capable gateway that could bridge that LoRaWAN network into the main SCADA system and survive the harsh conditions that with remote wastewater infrastructure.

When the SCADAPack 474i was announced Humboldt CSD immediately identified the Edge-enabled functions included alongside traditional RTU platform as a solution to this problem. Humboldt CSD needed flexibility at the edge so they could reliably handle integration requirements tied to their LoRaWAN sewer network and still tie into the main SCADA environment. The 474i stood

General Manager's Report to the Board of Directors for
April 28, 2026 Board Meeting
Page 3 of 3

out because it includes a Linux-based industrial PC inside the unit. That created a clean path for running edge-side applications or gateway functionality without bolting a separate computer into the panel, which reduces complexity, reduces points of failure, and makes the overall installation easier to secure and maintain.

Being early adopters of a first-in-class device bridging RTU and edge ecosystems meant not everything was "plug and play!" The district had not previously worked with new SCADAPack 474i or Trio radios. To be successful the team had to build familiarity with the hardware, configuration workflow, and the implementation patterns that make the system scalable. Sage Designs' training classes for SCADAPack Remote Connect and Geo SCADA helped build Humboldt's foundation for success. After building their skills and completing the first installs, the project pace rapidly increased, Humboldt CSD found that once a clean template was established it is easy to replicate across additional sites. The approach became straightforward to copy and paste, enabling Humboldt to roll out more than 80 systems ahead of schedule. According to Electric-Instrumentation Technician Michael Briggs, repeatability is one of the most important measures of whether an automation platform is truly practical. Cybersecurity became another major driver as the project evolved. With more connectivity and more data flowing into the SCADA environment, Humboldt CSD wanted a clear plan for strengthening defenses. The

district requested guidance from the Department of Homeland Security to understand what steps could be taken to harden their environment and how to validate that those steps were effective. Using the security capabilities available in the SCADAPack 474i, Humboldt CSD built a locked-down environment and invited DHS to conduct a penetration test. DHS attempted to find vulnerabilities and could not. Humboldt CSD passed the test with a 100% score and was invited to give a seminar on cybersecurity for DHS.

In the future, Humboldt CSD plans to utilize the SCADAPack 474i's integrated web server to host HMI screens on the 474i itself and access the screen through a local Wi-Fi or Bluetooth adapter. Because Humboldt operates in remote environments, power outages are a significant concern and their operators need to move quickly. With the HMI screens being sent out through local wireless signals, their operators can drive to a site, check the screen, and issue controls to the site without ever having to get out of the truck.

From Humboldt CSD's perspective, the value of the platform comes down to a combination of completeness, supportability, and ease of scaling. They were able to integrate a specialized LoRaWAN sewer network into the larger SCADA environment without building a fragile patchwork of third-party components. They gained a flexible edge-capable RTU platform in the SCADAPack 474i, a rugged high-feature telemetry system with the Trio Q-series and a

resilient SCADA software package that does not rely on cloud integration of other outside dependencies. And they gained a support model where one call can actually move the problem toward resolution.

For other districts considering similar upgrades, Humboldt CSD's advice comes from deep experience. The team has spent decades working in PLC and HMI environments, with roughly 45 years in the field, and they describe this as the easiest system they have worked with once the first installations are complete. Their view is that if you want an approach that is modern, secure, and scalable, and you want to avoid the delays that come from multi-vendor finger-pointing a unified ecosystem built around the SCADAPack 474i and Trio radios is a strong path forward.

If you would like to learn more about the security or extended functionality of the 474i, call your local Sage Designs rep today.

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HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
OPERATING REVENUE							
Metered Water Sales	6,603,000	490,942	4,919,896	4,952,250	(32,354)	(0.7)	
Sewer Service Charges	8,842,500	727,383	6,697,641	6,631,875	65,766	1.0	
Water & Sewer Construction Charges	35,000	-	37,089	26,250	10,839	41.3	1
Account Charges	115,000	12,435	115,790	86,250	29,540	34.2	
Inspection Charges	700	-	-	525	(525)	(100.0)	1
Reimbursable Maintenance Charges	1,600	-	15,911	1,200	14,711	1,226.0	1
Miscellaneous	2,000	163	619	1,500	(881)	(58.7)	1
TOTAL OPERATING REVENUE	15,599,800	1,230,922	11,786,946	11,699,850	87,096	0.7	
NON-OPERATING REVENUE							
Capital Connection Charges	125,000	-	96,540	93,750	2,790	3.0	1
Interest/General	405,000	48,338	420,130	303,750	116,380	38.3	2
Discounts Earned	1,750	-	(255)	1,313	(1,568)	(119.5)	1
Sales: Fixed Assets/Scrap Metal	2,000	-	301	1,500	(1,199)	(79.9)	1
Bad Debt Recovery	3,000	585	585	2,250	(1,665)	(74.0)	1
Property Taxes & Assessments	450,000	-	-	337,500	(337,500)	(100.0)	1
TOTAL NON-OPERATING REVENUE	986,750	48,923	517,301	740,063	(222,762)	(30.1)	1
TOTAL DISTRICT REVENUE	16,586,550	1,279,845	12,304,247	12,439,913	(135,665)	(1.1)	
OPERATING EXPENSES							
Wages Direct	2,065,812	126,799	1,463,378	1,549,359	85,981	5.5	
Benefits: PERS	607,000	9,995	523,660	455,250	(68,410)	(15.0)	3
Group Ins	1,451,000	103,132	926,692	1,088,250	161,558	14.8	
Workers Comp Ins	32,000	-	15,287	24,000	8,713	36.3	
FICA/Medicare	151,650	9,784	114,100	113,738	(362)	(0.3)	
Misc Benefits	1,920	79	639	1,440	801	55.6	
Total Wages and Benefits	4,309,382	249,790	3,043,756	3,232,037	188,281	5.8	
Less: wages & ben charged to Capital Proj.	(300,000)	(14,617)	(306,751)	(225,000)	81,751	(36.3)	
Total Operating Wages and benefits	4,009,382	235,172	2,737,005	3,007,037	270,032		
Water Purchase HBMWWD	1,180,000	101,072	906,654	885,000	(21,654)	(2.4)	
Water Purchase Eureka	850,000	67,853	653,752	637,500	(16,252)	(2.5)	
Sewage Treatment Operations & Maint.	2,185,000	153,841	1,384,569	1,638,750	254,181	15.5	
Water/Sewer Analysis	12,000	425	10,384	9,000	(1,384)	(15.4)	4
Supplies/ Construction	150,000	7,174	71,910	112,500	40,590	36.1	
Supplies/ Office-Administration	15,000	2,939	10,454	11,250	796	7.1	
Supplies/ Engineering	2,000	108	309	1,500	1,191	79.4	
Supplies/ Maintenance	100,000	(179)	72,213	75,000	2,787	3.7	
Invoicing	65,000	6,557	52,823	48,750	(4,073)	(8.4)	
Temporary Labor	44,500	4,429	24,553	33,375	8,822	26.4	
Repairs & Maintenance/Trucks	75,000	3,185	38,118	56,250	18,132	32.2	
Equipment Rental	2,000	-	323	1,500	1,177	78.5	
Building & Grounds Maintenance	35,000	5,438	25,590	26,250	660	2.5	
Electrical Power	500,000	36,971	346,488	375,000	28,512	7.6	
Street Lights	90,000	5,648	54,908	67,500	12,592	18.7	
Telephone	15,000	1,306	13,729	11,250	(2,479)	(22.0)	5
Postage	2,500	-	2,573	1,875	(698)	(37.2)	6
Freight	1,000	-	-	750	750	100.0	
Chemicals	13,000	1,440	6,890	9,750	2,860	29.3	
Liability Insurance	150,000	198	143,461	112,500	(30,961)	(27.5)	7
Legal	40,000	39,137	50,565	30,000	(20,565)	(68.6)	8
Accounting	20,000	-	9,694	15,000	5,306	35.4	
Engineering	1,500	-	-	1,125	1,125	100.0	

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
Other Professional Services	130,000	2,200	39,050	97,500	58,450	59.9	
Bank Service Charges	22,000	3,398	16,578	16,500	(78)	(0.5)	
Transportation	75,000	6,069	49,605	56,250	6,645	11.8	
Office Equip. Maintenance	6,000	630	2,570	4,500	1,930	42.9	
Computer Software Maintenance	46,000	3,457	59,239	34,500	(24,739)	(71.7)	9
Memberships & Subscriptions	47,500	181	39,813	35,625	(4,188)	(11.8)	10
Bad Debts & Minimum Balance Writeoff	20,000	2	2	15,000	14,999	100.0	
Conference & Continuing Ed	33,000	174	16,578	24,750	8,172	33.0	
Certifications	7,500	945	6,615	5,625	(990)	(17.6)	11
State/County & LAFCO Charges and Charge:	62,000	-	61,115	46,500	(14,615)	(31.4)	12
Hydraulic Water Model Maintenance	2,000	-	-	1,500	1,500	100.0	
Human Resources	22,000	3,201	22,455	16,500	(5,955)	(36.1)	13
Miscellaneous	10,000	10	(363)	7,500	7,863	104.8	
Director's Charges	16,000	1,200	8,900	12,000	3,100	25.8	
TOTAL OPERATING EXPENSES	10,056,882	694,184	6,939,122	7,542,662	603,540	8.0	
LONG TERM DEBT PAYMENTS							
2012 CIP & Refi.	177,600	-	177,600	133,200	(44,400)	(33.3)	14
Davis-Grunsky Loan	6,050	-	6,125	4,538	(1,587)	(35.0)	14
VacCon Truck Loan	117,441	-	117,441	88,081	(29,360)	(33.3)	14
2014 Wastewater Revenue Bonds	487,175	-	121,088	365,381	244,294	66.9	14
TOTAL LONG TERM DEBT PAYMENTS	788,266	-	422,253	591,200	168,946	28.6	
CAPITALIZED EXPENDITURES							
Vehicles, Rolling Stock & Equipment	97,500	777	11,598	73,125	61,527	84.1	
Building, Yard & Paving Improvements	395,000	-	71,052	296,250	225,198	76.0	
Capital Improvements Water	2,944,800	(189,719)	1,549,516	2,208,600	659,084	29.8	15
Capital Improvements Sewer	1,645,500	(162,713)	256,463	1,234,125	977,662	79.2	15
Engineering & Studies	15,000	-	-	11,250	11,250	100.0	
TOTAL CAPITAL EXPENDITURES	5,097,800	(351,656)	1,888,629	3,823,350	1,934,721	50.6	15
OTHER							
City of Eureka Projects:							
Treatment Plant	3,670,000	-	-	2,752,500	2,752,500	100.0	
TOTAL City of Eureka Projects	3,670,000	-	-	2,752,500	2,752,500	100.0	
Interfund Transfers In	-	-	-	-	-	-	
Interfund Transfers Out	-	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(3,026,398)	937,317	3,054,243	(2,269,799)	5,324,041	234.6	

HUMBOLDT COMMUNITY SERVICES DISTRICT
SUMMARY BUDGETARY STATEMENT OF REVENUE AND EXPENSES
FOR ENTIRE DISTRICT

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE & EXPENSES						
TOTAL OPERATING REVENUE	15,599,800	1,230,922	11,786,946	11,699,850	87,096	0.7
TOTAL OPERATING EXPENSES	<u>(10,056,882)</u>	<u>(694,184)</u>	<u>(6,939,122)</u>	<u>(7,542,662)</u>	603,540	8.0
NET SURPLUS/(DEFICIT) FROM OPERATIONS	5,542,918	536,739	4,847,824	4,157,189	690,636	16.6
NON-OPERATING REVENUE & EXPENSES						
TOTAL NON-OPERATING REVENUE	986,750	48,923	517,301	740,063	(222,762)	(30.1)
TOTAL LONG TERM DEBT SERVICE	<u>(788,266)</u>	-	<u>(422,253)</u>	<u>(591,200)</u>	168,946	28.6
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	5,741,402	585,661	4,942,872	4,306,052	298,928	6.9
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(5,097,800)	351,656	(1,888,629)	(3,823,350)	1,934,721	50.6
CITY of EUREKA PROJECT REIMBURSEMENT	(3,670,000)	-	-	(2,752,500)	2,752,500	100.0
NEW DEBT ISSUE						
NET INTERFUND TRANSFERS IN/OUT		-	-			
BUDGET SURPLUS (DEFICIT)	<u>(3,026,398)</u>	<u>937,317</u>	<u>3,054,243</u>	<u>(2,269,799)</u>	<u>5,324,041</u>	<u>234.6</u>

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Metered Water Sales	6,603,000	490,942	4,919,896	4,952,250	(32,354)	(0.7)
Water Construction Charges	20,000	-	37,025	15,000	22,025	146.8
Account Charges	70,000	7,088	66,000	52,500	13,500	25.7
Inspection Charges	-	-	-	-	-	-
Reimbursable Maintenance Charges	1,400	-	15,688	1,050	14,638	1,394.1
Miscellaneous	1,000	-	96	750	(654)	(87.2)
TOTAL OPERATING REVENUE	6,695,400	498,030	5,038,705	5,021,550	17,155	0.3
NON-OPERATING REVENUE						
Water Capital Connection Charges	50,000	-	79,086	37,500	41,586	110.9
Interest/General	190,000	17,171	163,356	142,500	20,856	14.6
Discounts Earned	1,000	-	(146)	750	(896)	(119.4)
Sales:Fixed Assets/Scrap Metal	1,000	-	172	750	(578)	(77.1)
Bad Debt Recovery	2,000	333	333	1,500	(1,167)	(77.8)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	244,000	17,505	242,801	183,000	59,801	32.7
TOTAL DISTRICT REVENUE	6,939,400	515,535	5,281,506	5,204,550	76,956	1.5
OPERATING EXPENSES						
Wages Direct	958,750	53,989	694,420	719,063	24,643	3.4
Wages & Benefits: Allocated	827,731	49,464	598,056	620,798	22,743	3.7
Benefits: PERS	143,475	4,496	76,238	107,606	31,368	29.2
Group Ins	413,000	23,461	266,104	309,750	43,646	14.1
Workers Comp Ins	14,850	-	7,098	11,138	4,040	36.3
FICA/Medicare	70,370	4,125	53,050	52,778	(273)	(0.5)
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	2,428,176	135,534	1,694,966	1,821,132	126,166	6.9
Less: wages & ben charged to Capital Proj.	(185,000)	(2,430)	(130,737)	(138,750)	(8,013)	5.8
Total Operating Wages and benefits	2,243,176	133,104	1,564,230	1,682,382	118,152	7.0
Water Purchase HBMWD	1,180,000	101,072	906,654	885,000	(21,654)	(2.4)
Water Purchase Eureka	850,000	67,853	653,752	637,500	(16,252)	(2.5)
Water Analysis	12,000	425	10,384	9,000	(1,384)	(15.4)
Supplies/ Construction	110,000	3,978	45,542	82,500	36,958	44.8
Supplies/Office-Administration	4,500	8	2,764	3,375	611	18.1
Supplies/ Engineering	500	-	199	375	176	47.0
Supplies/ Maintenance	50,000	198	39,567	37,500	(2,067)	(5.5)
Temporary Labor	22,250	-	11,471	16,688	5,217	31.3
Repairs & Maintenance/Trucks	40,000	1,298	21,209	30,000	8,791	29.3
Equipment Rental	1,000	-	-	750	750	100.0
Building & Grounds Maintenance	6,000	2,646	8,152	4,500	(3,652)	(81.2)
Electrical Power	285,000	18,418	201,644	213,750	12,106	5.7
Freight	350	-	-	263	263	100.0
Chemicals	13,000	1,440	6,829	9,750	2,921	30.0
Liability Insurance	-	-	21,236	-	(21,236)	-
Engineering	-	-	-	-	-	-
Other Professional Services	5,000	-	-	3,750	3,750	100.0
Transportation	43,000	3,459	28,275	32,250	3,975	12.3
Office Equip. Maintenance	750	180	307	563	256	45.5
Computer Software Maintenance	21,000	298	30,608	15,750	(14,858)	(94.3)
Memberships & Subscriptions	2,000	-	2,042	1,500	(542)	(36.2)
Bad Debts & Minimum Balance Writeoff	10,000	1	1	7,500	7,499	100.0
Conference & Continuing Ed	10,000	-	7,416	7,500	84	1.1
Certifications	3,500	57	2,773	2,625	(148)	(5.7)
State/County & LAFCO Charges and Charge:	39,000	-	57,999	29,250	(28,749)	(98.3)
Hydraulic Water Model Maintenance	2,000	-	-	1,500	1,500	100.0
Human Resources	4,500	1,825	7,696	3,375	(4,321)	(128.0)
Miscellaneous	1,000	-	17	750	733	97.8
General & Admin Expense Allocation	299,150	34,379	221,996	224,363	2,366	1.1

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
TOTAL OPERATING EXPENSES	5,258,676	370,640	3,852,807	3,944,007	91,200	2.3
LONG TERM DEBT PAYMENTS						
Davis-Grunsky Loan	6,050	-	6,125	4,538	(1,587)	(35.0)
TOTAL LONG TERM DEBT PAYMENTS	6,050	-	6,125	4,538	(1,587)	(35.0)
CAPITALIZED EXPENDITURES						
Capital Improvements Water	2,944,800	(198,298)	1,306,152	2,208,600	902,448	40.9
TOTAL CAPITAL EXPENDITURES	2,944,800	(198,298)	1,306,152	2,208,600	902,448	40.9
INTERFUND TRANSFERS IN	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(1,270,126)	343,193	116,422	(952,595)	1,069,016	112.2

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Sewer Service Charges	8,842,500	727,383	6,697,641	6,631,875	65,766	1.0
Sewer Construction Charges	15,000	-	65	11,250	(11,186)	(99.4)
Account Charges	45,000	5,347	49,790	33,750	16,040	47.5
Inspection Charges	700	-	-	525	(525)	(100.0)
Reimbursable Maintenance Charges	200	-	224	150	74	49.1
Miscellaneous	1,000	-	72	750	(678)	(90.4)
TOTAL OPERATING REVENUE	8,904,400	732,729	6,747,790	6,678,300	69,490	1.0
NON-OPERATING REVENUE						
Sewer Capital Connection Charges	75,000	-	17,454	56,250	(38,796)	(69.0)
Interest/General	200,000	22,932	178,438	150,000	28,438	19.0
Discounts Earned	750	-	(110)	563	(672)	(119.5)
Sales:Fixed Assets/Scrap Metal	1,000	-	129	750	(621)	(82.7)
Bad Debt Recovery	1,000	252	252	750	(498)	(66.5)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	277,750	23,184	196,164	208,313	(12,149)	(5.8)
TOTAL DISTRICT REVENUE	9,182,150	755,913	6,943,954	6,886,613	57,342	0.8
OPERATING EXPENSES						
Wages Direct	598,000	40,984	463,069	448,500	(14,569)	(3.2)
Wages & Benefits: Allocated	827,731	49,464	598,056	620,798	22,743	3.7
Benefits: PERS	77,250	3,549	47,012	57,938	10,926	18.9
Group Ins	275,000	16,130	172,432	206,250	33,818	16.4
Workers Comp Ins	9,275	-	5,155	6,956	1,801	25.9
FICA/Medicare	43,950	3,132	35,409	32,963	(2,446)	(7.4)
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,831,206	113,260	1,321,131	1,373,405	52,273	3.8
Less: wages & ben charged to Capital Proj.	(65,000)	(11,192)	(148,356)	(48,750)	99,606	(204.3)
Total Operating Wages and benefits	1,766,206	102,068	1,172,775	1,324,655	151,879	11.5
Sewage Treatment: Operating & Maint.	2,185,000	153,841	1,384,569	1,638,750	254,181	15.5
Sewer Analysis	-	-	-	-	-	-
Supplies/ Construction	40,000	3,196	26,368	30,000	3,632	12.1
Supplies/ Office-Administration	4,500	6	2,085	3,375	1,290	38.2
Supplies/ Engineering	500	-	-	375	375	100.0
Supplies/ Maintenance	45,000	(377)	32,265	33,750	1,485	4.4
Temporary Labor	22,250	-	8,654	16,688	8,034	48.1
Repairs & Maintenance/Trucks	35,000	1,888	16,909	26,250	9,341	35.6
Equipment Rental	1,000	-	323	750	427	56.9
Building & Grounds Maintenance	5,000	1,267	4,876	3,750	(1,126)	(30.0)
Electrical Power	115,000	11,112	70,659	86,250	15,591	18.1
Freight	350	-	-	263	263	100.0
Chemicals	-	-	60	-	(60)	-
Liability Insurance	-	-	16,020	-	(16,020)	-
Engineering	-	-	-	-	-	-
Other Professional Services	5,000	2,200	2,200	3,750	1,550	41.3
Transportation	32,000	2,610	21,330	24,000	2,670	11.1
Office Equip. Maintenance	750	136	231	563	331	58.9
Computer Software Maintenance	19,000	2,975	25,840	14,250	(11,590)	(81.3)
Memberships & Subscriptions	1,500	181	2,738	1,125	(1,613)	(143.4)

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Bad Debts & Minimum Balance Writeoff	10,000	1	1	7,500	7,499	100.0
Conference & Continuing Ed	10,000	174	9,071	7,500	(1,571)	(20.9)
Certifications	2,500	888	3,471	1,875	(1,596)	(85.1)
State/County & LAFCO Charges and Charges	4,000	-	3,116	3,000	(116)	(3.9)
Human Resources	3,000	1,377	5,806	2,250	(3,556)	(158.0)
Miscellaneous	1,500	-	13	1,125	1,112	98.9
General & Admin Expense Allocation	299,150	34,379	221,996	224,363	2,366	1.1
TOTAL OPERATING EXPENSES	4,608,206	317,921	3,031,408	3,456,155	424,747	12.3
LONG TERM DEBT PAYMENTS						
2014 Wastewater Revenue Bonds	487,175	-	121,088	365,381	244,294	66.9
2012 CIP & Refi.	177,600	-	-	133,200	133,200	100.0
VacCon Truck Loan	117,441	-	117,441	88,081	(29,360)	(33.3)
TOTAL LONG TERM DEBT PAYMENTS	782,216	-	238,528	586,662	348,134	59.3
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building, Yard& Paving Improvements	-	-	-	-	-	-
Capital Improvements Sewer Engineering & Studies	1,645,500	(162,713)	256,463	1,234,125	977,662	79.2
TOTAL CAPITAL EXPENDITURES	1,645,500	(162,713)	256,463	1,234,125	977,662	79.2
OTHER						
City of Eureka Projects: Treatment Plant	3,670,000	-	-	2,752,500	2,752,500	100.0
TOTAL OTHER	3,670,000	-	-	2,752,500	2,752,500	100.0
BUDGET SURPLUS (DEFICIT)	(1,523,772)	600,706	3,417,555	(1,142,829)	4,560,384	399.0

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Interest (will be allocated to w/s @ y/e)	15,000	8,234	78,336	11,250	67,086	596.3
Miscellaneous	-	163	451	-	451	-
TOTAL OPERATING REVENUE	15,000	8,397	78,787	11,250	67,537	600.3
NON-OPERATING REVENUE						
Property Taxes	450,000	-	-	337,500	(337,500)	(100.0)
Insurance Rebate	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	450,000	-	-	337,500	(337,500)	(100.0)
TOTAL DISTRICT REVENUE	465,000	8,397	78,787	348,750	(269,963)	(77.4)
OPERATING EXPENSES						
Wages Direct	509,062	31,826	305,890	381,797	75,906	19.9
Benefits: PERS	386,275	1,950	400,410	289,706	(110,704)	(38.2)
State Unemploy Ins	-	-	-	-	-	-
Group Ins	763,000	63,541	488,156	572,250	84,094	14.7
Workers Comp Ins	7,875	-	3,034	5,906	2,872	48.6
FICA/Medicare	37,330	2,528	25,641	27,998	2,356	8.4
Misc Benefits	1,920	79	639	1,440	801	55.6
Total Wages and Benefits	1,705,462	99,924	1,223,770	1,279,097	55,327	4.3
Less: wages & ben charged to Capital Proj.	(50,000)	(996)	(27,658)	(37,500)	(9,842)	26.2
Less: Allocated to Water and Sewer Funds	(1,655,462)	(98,928)	(1,196,111)	(1,241,597)	(45,485)	3.7
Total Unallocated Wages and Benefits	-	-	-	-	-	-
Supplies/ Construction	-	-	-	-	-	-
Supplies/ Administration	6,000	2,925	5,605	4,500	(1,105)	(24.6)
Supplies/ Engineering	1,000	108	110	750	640	85.3
Supplies/ Maintenance	5,000	-	381	3,750	3,369	89.8
Invoicing	65,000	6,557	52,823	48,750	(4,073)	(8.4)
Temporary Labor	-	4,429	4,429	-	(4,429)	-
Repairs & Maintenance/Trucks	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Building & Grounds Maintenance	24,000	1,525	12,562	18,000	5,438	30.2
Electrical Power	100,000	7,441	74,186	75,000	814	1.1
Street Lights	90,000	5,648	54,908	67,500	12,592	18.7
Telephone	15,000	1,306	13,729	11,250	(2,479)	(22.0)
Postage	2,500	-	2,500	1,875	(625)	(33.3)
Freight	300	-	-	225	225	100.0
Liability Insurance	150,000	198	106,204	112,500	6,296	5.6
Legal Services	40,000	39,137	50,565	30,000	(20,565)	(68.6)
Accounting	20,000	-	9,694	15,000	5,306	35.4
Engineering	1,500	-	-	1,125	1,125	100.0
Other Professional Services	20,000	-	36,850	15,000	(21,850)	(145.7)
Bank Service Charges	22,000	3,398	16,578	16,500	(78)	(0.5)
Transportation	-	-	-	-	-	-
Office Equip. Maintenance	4,500	314	2,032	3,375	1,343	39.8
Computer Software Maintenance	6,000	184	2,790	4,500	1,710	38.0
Memberships & Subscriptions	44,000	-	35,033	33,000	(2,033)	(6.2)
Bad Debts & Minimum Balance Writeoff	-	-	-	-	-	-
Conference & Continuing Ed	13,000	-	91	9,750	9,659	99.1
Certifications	1,500	-	370	1,125	755	67.1

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

March 2026

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
State/County & LAFCO Charges and Charge:	19,000	-	-	14,250	14,250	100.0
Human Resources	14,500	-	8,952	10,875	1,923	17.7
Miscellaneous	7,500	10	(393)	5,625	6,018	107.0
Director's Charges	16,000	1,200	8,900	12,000	3,100	25.8
General & Admin Expense Allocation	(598,300)	(68,758)	(443,993)	(448,725)	(4,732)	1.1
TOTAL OPERATING EXPENSES	90,000	5,623	54,908	67,500	12,592	18.7
CAPITALIZED EXPENDITURES						
				-		
Vehicles/Rolling Stock/Capital Equipment	97,500	9,356	254,962	73,125	(181,837)	(248.7)
Building, Yard & Paving Improvements	395,000	-	71,052	296,250	225,198	76.0
Engineering & Studies	115,000	-	-	86,250	86,250	100.0
TOTAL CAPITAL EXPENDITURES	607,500	9,356	326,013	455,625	129,612	
INTERFUND TRANSFER OUT		-	-	-		
BUDGET SURPLUS (DEFICIT)	(232,500)	(6,582)	(479,734)	(174,375)	(305,359)	175.1

Humboldt Community Services District
Notes
March 2026

Note 1 - Non Operating and Miscellaneous Revenue

Non-operating, Construction/Capacity Charges and Miscellaneous income occurs occasionally throughout the year, and at the very end of the fiscal year.

Note 2 - Interest Income

Increase in Interest Income due to continued performance with funds held in CA CLASS JPA investment pool being better than expected.

Note 3 - Benefits - PERS

CalPERS UAL Payment submitted as lump sum instead of as monthly payments. Submitting annual PERS UAL payment as lump sum instead of in monthly installements provides the District with ~\$11,000 in cost savings.

Note 4 - Water Analysis

Water analysis costs are elevated due to triennial Lead and Copper sampling as well as UCMR 5 sampling. Lead and Copper tests are once every three years, and UCMR testing is once every five years. Due to the infrequent testing requirement, the additional costs were not included in budget. Overage is not projected to have significant impact.

Note 5 - Telephone

Additional billing of annual maintenance agreement of phone system. Total expense for the fiscal year is projected to be \$3,000 above budgeted amount, which will be \$3,500 less than prior year total expense. Overage is not expected to impact District finances, and additional expected amount will be included in subsequent year budgets.

Note 6 - Postage

Purchase of postage for postage machine in August. Postage purchased is expected to be for entire year.

Note 7 - Liability Insurance

Liability insurance is billed in lump sums in August and November. Expense for full year expected to be within budgeted amount.

Note 8 - Legal

Additional \$36,169 in expense due to special investigation performed by legal council and additional 3rd party. Was not anticipated, and therefore not included in budget. Overage is not expected to have significant impact on District finances

Note 9 - Computer Software Maintenance

Maintenance/Licensing fees for computer software is paid in annual charges paid near beginning of Fiscal Year. Additionally, upgrade to primary District software (SpringBrook) resulted in increase in annual fees, which were not included in original budget. Additional software has also been purchased for District use, such as Grammarly and Adobe Acrobat Pro. Expenditures for the fiscal year are expected to be approximately \$65,000, \$19,000 above budgeted amount. Overage is not expected to have significant impact, and full cost will be included in budget for future years.

Note 10 - Memberships and Subscriptions

ACWA Annual membership dues paid in September. Total costs for year are projected to be within budgeted amount.

Note 11 - Certifications

Multiple trainings in February 2026. Expense for full fiscal year is expected to be in line with budgeted amount.

Note 12 - State/County & LAFCO Charges and Charges

Annual Water system fees to SWRCB Paid in November. Additionally, annual fee has increased by ~\$20,000 compared to prior years due to District no longer being classified as a disadvantaged community. This is expected to result in expenditure for the year being higher than budgeted. Overage is not expected to have significant impact.

Note 13 - Human Resources

Increased Human Resources expenses due to advertising for numerous District Positions. Overage is not expected to have significant impact on District Finances.

Note 14 - Debt Service

Loan Payments are made throughout the year. Total expenditures by the end of the year will match budget amounts.

Note 15 - CIP

District has received \$457,437.97 in Grant funds in FY 2026. \$402,972.09 towards Walnut EQ Repair project and \$54,468.88 towards Hoover Flood Protection project. GM and FM are continuing to pursue and submit grant funding.

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

MEMORANDUM

TO: Board of Directors

FROM: Ana Rodriguez, Utility Services Planner

DATE: April 24th, 2026

SUBJECT: Utility Services Planner Report for April 28th, 2026 Board Meeting

Automated Meter Reading (AMR) CIP Project Planning 2026

The planning department will be hiring four temporary employees to install AMR meters this summer. The implementation has been significantly revised from previous efforts. This year temporary meter installation staff will only work during the summer months and the District has set a goal of installing 1,000 meters during that period. The District has received over 20 applicants for the position and plans to interview qualified applicants this Friday, May 1. During a senior level staff meeting on April 23rd, all departments met to review the project and contribute to accelerating the installation of AMR's. I look forward to updating you throughout the summer on the project's progress and introducing the employees at a future meeting.

Urban Water Management Plan (UWMP)

The Humboldt Bay Municipal Water District (HBMWD) is updating and developing the 2025 Urban Water Management Plan (UWMP). As part of this process, they set up a Working Group meeting with other municipalities to coordinate their UWMP updates.

HCSD participated in their second meeting on April 20th and sent a 60-day notification required by Water Code Section 10621 which states: "Every urban water supplier required to prepare a plan shall (...) at least 60 days prior to the public hearing on the plan (...) notify any city or county within which the supplier provides waters supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan". All stakeholders and agencies have been notified.

Water Sample: Wells and Distribution

To remain in compliance with the State Water Board, staff completed the first quarterly well testing on April 17th and will conduct distribution system testing during the week of April 27th. These efforts include testing District wells for hexavalent chromium (HEX Chromium) and nitrate, as well as HAA5 (haloacetic acids) and TTHM (total trihalomethanes), which are disinfection byproducts monitored in the distribution system.

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Humboldt Community Services District

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AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: April 28, 2026

AGENDA ITEM: G.1

TITLE: Consideration of Report on Out-of-District Service Connections and Voter Franchisement

Presented by: Terrence Williams, General Manager

Recommendation:

Review the District’s intermingled and out-of-district service connections, discuss voter franchisement considerations for individuals served by out-of-district service connections, and provide direction to staff.

Summary:

Humboldt Community Services District is an independent local government authorized under the Community Services District Law (Government Code §61000-61850). The Community Services District Law was created to provide an alternative method for delivering services to unincorporated areas.

The District’s geographic boundaries serve communities that surround and abut the city limits of Eureka.

City of Eureka:

Water:

There are 99 properties in the City of Eureka that are served by District water, are metered by the City of Eureka, and are billed by the City of Eureka:

Location	No. of Services
Allard	14
O St/Brogan Way	1
Campton	16
H Street	1
E. Higgins	1
Fairway	2
Fern	4

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F.1 Consideration of Report on Out-of-District Service Connections and Voter Franchisement

La Pointe	1
Leslie Rd.	21
Morgan Place	8
Randy Rd.	1
Vista	<u>29</u>

There is one property in the City of Eureka that is served by a District water and sewer main and is metered by HCSD and billed by HCSD:

Location	No. of Services
Artino	1

There are five properties that are in the District that are served by a City of Eureka water main and are metered by HCSD and billed by HCSD:

Location	No. of Services
Bainbridge	1
California	1
H Street	1
Hemlock	2

Sewer:

There are 283 residential connections in the District that are connected directly to the City of Eureka’s wastewater system. The District does not meter sewage flow directly and instead estimates that the city collects 2,094,200 gallons of wastewater from these District residences every month. (average 7,400 gallons per month per connection)

The City of Eureka has seven connections that are directly connected to the District’s wastewater collection system. The District estimates that 51,800 gallons of wastewater are collected from city customers every month (an average of 7,400 gallons per customer per month).

Reconciliation:

Each month, as part of the District’s monthly billing with the city of Eureka, the District reconciles water usage for the 99 properties within the city limits and the 5 properties within the District as part of the District’s monthly cost for water purchased from the City of Eureka. The District also reconciles the total District sewage flow subject to billing by the city of Eureka each month.

Connections to properties outside of the District in unincorporated areas

F.1 Consideration of Report on Out-of-District Service Connections and Voter Franchisement

The District provides water service to multiple properties located outside of the District boundaries, but within the District's Sphere of Influence in unincorporated Humboldt County:

Location	No. of Services
Tompkins Hill Road	5
Harris Street	5
Cypress Street	2

The Tompkins Hill Road water main serves two private residences (only one of which is currently active), in addition to an agricultural/irrigation connection, the Humboldt Botanical Gardens, and the College of the Redwoods campus, which houses up to 150 students.

The Harris Street water main serves four connections at Redwood Acres. There are 52 spaces for Recreational Vehicles (RVs) at the fairgrounds. One residence that is accessed from Harris Street and located in the McKay forest tract, receives water service from a service line connection adjacent to Redwood Fields in Cutten.

Two properties on Cypress Street, Glen Paul School and Winship Middle School, are outside the District boundaries but connected to District services.

Local Agencies who provide services to customers outside of District Boundaries

There are other municipalities that provide water service to customers who reside outside of their agency's boundaries. Some local examples include:

City of Arcata: The City of Arcata provides water services outside of its boundary to residents in the Pacific Manor Subdivision located on the West Side of Janes Road across from Mad River Hospital. There are approximately 110 residential parcels served by the City of Arcata, and they are located within Arcata's sphere of influence. Arcata also provides water to several major agricultural parcels outside of the city's sphere of influence.

City of Blue Lake: The City of Blue Lake has 687 active water connections. 115 of the connections are outside of the city's boundaries.

Franchisement and Annexation Considerations

Unincorporated Areas

The District estimates that there are up to 225 people that are served HCSD services outside District boundaries within unincorporated Humboldt County. These include individuals who stay in dormitories on the College of the Redwoods Campus and at the RV Park at Redwood Acres Fairgrounds, live on Tompkins Hill Road, and in the residence accessed off Harris Street.

F.1 Consideration of Report on Out-of-District Service Connections and Voter Franchisement

Annexation would require an application to the Humboldt Local Agency Formation Commission (LAFCo) and typically takes 6–9 months. At this time, the District has not received any annexation requests from people associated with these connected properties.

City of Eureka – Artino Property

There is one residence on Artino Street within the City of Eureka that is:

- Served by District infrastructure
- Metered and billed by the District

The residence was constructed in 2015 under City permitting, and service plans were submitted to the District by the current resident.

Currently, District boundaries do not overlap with the City. While some Community Services Districts in California do overlap incorporated areas, doing so would require annexation through LAFCo and coordination with the City of Eureka. This process would also have electoral and governance implications, creating a single-parcel precinct that would vote in both HCSD and City of Eureka elections.

Alternatively, the District could coordinate with the City to replace the District meter with a City-owned meter and incorporate the property into the existing intermingled services inventory. This approach would be consistent with the 99 similarly situated properties within City limits and aligns with existing service arrangements, including a nearby property on East Higgins.

Fiscal Impact:

Potential minimum expenditure of \$5,000 for each application for boundary change submitted to Humboldt LAFCo, plus additional costs associated with boundary surveys and administration of annexation(s).

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service to our customers

AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: April 28, 2026

AGENDA ITEM: **G.2**

TITLE: Review of CalPERS Actuarial Valuation Report and Consideration of Pension Liability Reduction Strategies

Presented by: Rob Christensen, Administrative Services Manager

Recommendation:

Review the Actuarial Valuation Report provided by CalPERS for the District Plans in CalPERS Miscellaneous Risk Pool as of June 30, 2024. Consider authorizing staff to make an Additional Discretionary Payment (ADP) towards the District's Unfunded Accrued Liability (UAL) in an amount to be determined and begin budgeting for an Annual Additional Discretionary Payment.

Summary:

Humboldt Community Services District entered into a contract with the California Public Employee Retirement System (CalPERS) in 1965. CalPERS is a defined benefit system that provides employees with a defined retirement benefit based on age at retirement, years of service, and highest average pay.

In 2013, the state of California passed the Public Employees' Pension Reform Act of 2013, which fundamentally changed retirement benefits for employees.

All District employees hired prior to 2013 are considered "classic" employees, and any District employee hired after January 1, 2013, is considered a "PEPRA" employee. As of April 16, 2026, the District has 18 PEPRA employees and 2 classic employees.

In the 2025-26 Fiscal Year, the District budgeted \$607,000 for retirement-related expenses. The District budgets for four different CalPERS expenses (Table 1):

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G.2 Review of CalPERS Actuarial Valuation Report and Consideration of Pension Liability Reduction Strategies

Table 1: HCSD budgeted CalPERS contributions.

CalPERS Budgeted Contributions			
Employer Contribution based on actual payroll for PEPRA Employees	Employer Contribution based on actual payroll for Classic Employees	Employer paid employee contribution based on actual payroll for Classic Employees	Unaccrued Liability Payment
7.96% (FY 2026) 7.93% (FY 2027)	12.58% (FY 2026) 12.56 % (FY 2027)	7% (FY 2026) 7% (FY2027)	\$383,794 (FY 2026) \$431,711 (FY 2027) \$449,000 (FY 2028 est)

These expenses are broken down into normal costs, expressed as a percentage of payroll, and the Unfunded Accrued Liability (UAL) Contribution, expressed as a dollar amount. The UAL reflects an amortized payment based on a 20-year amortization schedule found on page 17 of the attached valuation report. Amortization is based on an unaccrued liability balance of **\$4,702,499**. Based on the actuarial report as of June 30, 2024, the future funded status of the District’s retirement liability is 70.9%

For Fiscal Year 2025-2026, the District made a single annual payment at the beginning of the year, reducing the total cost by 3%. The total unfunded accrued liability paid for each program is described in Table 2:

Table 2: HCSD budgeted Unfunded Accrued Liability (UAL) payment for FY-2025-26

PROGRAM	AMOUNT
CLASSIC UAL	\$371,375.00
PEPRA UAL	\$5,622.00

The attached actuarial valuation report provides significant information on the District Pension liabilities. Notably, the report, based on projections as of June 30, 2024, projects that the District will see the annual UAL Payments increase each fiscal year for the next six years based on an assumed 6.8% return on CalPERS investments (Table 3):

Table 3: Projected UAL payments by fiscal year.

FISCAL YEAR	Unfunded Accrued Liability Payment
2026-2027	\$431,711
2027-2028	\$449,000
2028-2029	\$492,000
2029-2030	\$496,000
2030-2031	\$499,000
2031-2032	\$509,000

The annual UAL payment amount can vary significantly based on both investment and non-investment conditions.

The UAL payment also includes an interest-to-payment ratio. The interest-to-payment ratio for the FY 2026-27 minimum required UAL payment is 67%, which means the

G.2 Review of CalPERS Actuarial Valuation Report and Consideration of Pension Liability Reduction Strategies

required payment of \$431,711 includes \$291,201 of interest cost and results in a \$140,510 reduction in the UAL.

The attached report provides significant information on the District's valuation and future considerations that may affect the District's valuation. As of June 30, 2024, the District's funded ratio is 70.9%.

Options for Reducing Unaccrued Liability Balance

One-Time Discretionary UAL Payment

Participating CalPERS employers may make a discretionary payment at any time to their UAL Balance. The discretionary payment would be fully allocated to paying the principal of the district's UAL balance. Staff has reviewed the District's current year budget and has determined that the District will have available one-time savings in the following wages and benefits budget line items and, with board approval, can apply the surplus to the UAL balance:

Budget Line Item	Amount	Explanation for Surplus
PERS	\$31,000.00	Approximately \$11,000 in savings from the CalPERS UAL lump sum payment in June 2025; \$20,000 in savings from reduced contributions due to vacancy throughout fiscal year 2026
Group Insurance	\$130,000	Savings from vacancies in positions throughout fiscal year 2026
Wages	\$160,000	Savings from vacancies in positions throughout fiscal year 2026
TOTAL	\$321,000	

Based on the actuarial report as of June 30, 2024, a one-time discretionary UAL payment of \$321,000 would improve the future funded status by June 30, 2028, from 76.76% to 82.28%. Making a discretionary payment of \$321,000 in the current Fiscal Year would result in interest savings of \$449,000 over the remaining amortization period.

The District has never made a discretionary payment to reduce its UAL.

More information on Additional Employer Contributions can be found on page 12 of the attached valuation report.

Alternative Amortization Schedule of Annual UAL Payment

The attached valuation report includes the current 20-year amortization schedule, and alternative amortization schedules (15-year and 10-year) are based on the UAL balance as of June 30, 2026, as shown on page 16. The current 20-year amortization schedule assumes increasing payments until 2033, as shown in Table 3 above, after which payments begin to decline significantly. The District could consider an alternative

G.2 Review of CalPERS Actuarial Valuation Report and Consideration of Pension Liability Reduction Strategies

amortization which would increase, but stabilize the annual UAL payment. Based on the CalPERS Actuarial Valuation dated June 30, 2024, a 15-year amortization would create a “fresh start” with an assumption of payments at \$471,503 annually and save the District \$117,833 in interest costs, and a 10-year amortization would set the payments at \$613,514 annually and save the District \$1,055,235 in interest costs.

Attachments:

- Actuarial Valuation for the Rate Plans of the Humboldt Community Services District in the Miscellaneous Risk Pool

Fiscal Impact:

A one-time additional discretionary payment of **\$321,000** would reduce the District's unfunded accrued liability from **\$4,702,499 to \$4,381,499** based on the valuation report as of June 30, 2024, and result in an interest savings of \$449,400 over the remaining amortization period

Reamortizing the District's current amortization schedule from 20 years to 15 years or 10 years would save the District interest costs estimated at **\$117,833** (15 years) or **\$1,055,235** (10 years) based on the valuation report as of June 30, 2024.

Reamortizing and making an additional discretionary payment would result in additional savings.



**California Public Employees' Retirement System
Actuarial Office**

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888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2025

**All Rate Plans of the Humboldt Community Services District in the Miscellaneous Risk Pool (CalPERS ID: 6870678952)
Annual Valuation Report as of June 30, 2024**

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2024, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2026-27.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
 - 604, Miscellaneous Plan
 - 26645, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2024.

[Section 2](#) can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to “Forms & Publications” and select “View All”. In the search box, enter “Risk Pool” and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2024.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2026-27 along with an estimate of the required employer UAL contribution for FY 2027-28. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate	Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2026-27	604	12.56%	7.00%	2026-27	\$431,711
	26645	7.93%	7.75%		
					<i>Projected (Estimated)</i>
				2027-28	\$449,000

The actual investment return for FY 2024-25 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2024-25 differs from 6.8%, the actual UAL contribution requirement for FY 2027-28 will differ from that shown above. For additional information on future contribution requirements, please refer to [Projected Employer Contributions](#). This section also contains projected required contributions through FY 2031-32.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See [Member Contribution Rates](#) for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks

[Required Employer Contributions](#)
[Member Contribution Rates](#)
[Summary of Key Valuation Results](#)
[Funded Status – Funding Policy Basis](#)
[Projected Employer Contributions](#)

CalPERS Website Links

[Required Employer Contribution Search Tool](#)
[Public Agency PEPRAs Member Contribution Rates](#)
[Pension Outlook Overview](#)
[Interactive Summary of Public Agency Valuation Results](#)
[Public Agency Actuarial Valuation Reports](#)

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, have been combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Further descriptions of general changes are included in the [Highlights and Executive Summary](#) section and in Appendix A - Actuarial Methods and Assumptions in Section 2.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,



Yang Yang, FSA, CFA, MAAA
Actuary, CalPERS



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



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

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Humboldt Community Services District in the Miscellaneous Risk Pool as of June 30, 2024

(CalPERS ID: 6870678952)
(Rate Plan IDs: 604, 26645)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027



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Section 1 – Employer Specific Information

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Section 1

California Public Employees' Retirement System

Employer Specific Information for the Rate Plans of the Humboldt Community Services District in the Miscellaneous Risk Pool

**(CalPERS ID: 6870678952)
(Rate Plan IDs: 604, 26645)**

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Rate Plans belonging to the Miscellaneous Risk Pool

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 Humboldt Community Services 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 Humboldt Community Services District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Yang Yang, FSA, CFA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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- **Purpose of Section 1** 3
- **Summary of Key Valuation Results** 4
- **Changes Since the Prior Year's Valuation** 5
- **Subsequent Events** 5

Introduction

This report presents the results of the June 30, 2024, actuarial valuation of the rate plans of the Humboldt Community Services 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 Humboldt Community Services 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).

- 604, Miscellaneous Plan
- 26645, PEPRAs 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 (LDRM) 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 604	12.58%	12.56%
Rate Plan 26645	7.96%	7.93%
Unfunded Accrued Liability (UAL) Contribution Amount	\$389,604	\$431,711
Paid either as		
Option 1) 12 Monthly Payments of	\$32,467.00	\$35,975.92
Option 2) Annual Prepayment in July	\$376,997	\$417,741

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 604	7.00%	7.00%
Rate Plan 26645	7.75%	7.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 604	Rate Plan 26645	
2027-28	12.6%	7.9%	\$449,000
2028-29	12.6%	7.9%	\$492,000
2029-30	12.6%	7.9%	\$496,000
2030-31	12.6%	7.9%	\$499,000
2031-32	12.6%	7.9%	\$509,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	\$15,364,773	\$15,876,438
Market Value of Assets (MVA)	10,691,779	11,257,552
Unfunded Accrued Liability (UAL) [AL – MVA]	\$4,672,994	\$4,618,886
Funded Ratio [MVA ÷ AL]	69.6%	70.9%

Summary of Valuation Data — Page 28

	June 30, 2023	June 30, 2024
Active Member Count	19	22
Annual Covered Payroll	\$1,412,403	\$1,529,525
Transferred Member Count	3	4
Separated Member Count	12	13
Retired Members and Beneficiaries Count	34	36

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** 7
- **Required Employer Contributions** 8
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- **Funding History** 18

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 PEPRAs 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 604	12.56%
PEPRA Rate Plan 26645	7.93%
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[†]	\$431,711
<i>Paid either as</i>	
1) Monthly Payment	\$35,975.92
<i>Or</i>	
2) Annual Prepayment Option[‡]	\$417,741
<p>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).</p> <p>[†]The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.</p> <p>[‡]Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</p>	

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 604		
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 604	12.58%	12.56%
PEPRA Rate Plan 26645		
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 26645	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.

<u>Benefit Formula</u>	<u>Percent Contributed above the Breakpoint</u>
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.

<u>Rate Plan Identifier</u>	<u>Benefit Group Name</u>	<u>Basis for Current Rate</u>		<u>Rates Effective July 1, 2026</u>			
		<u>Total Normal Cost</u>	<u>Member Rate</u>	<u>Total Normal Cost</u>	<u>Change in Normal Cost</u>	<u>Adj. Needed</u>	<u>Member Rate</u>
26645	PEPRA Miscellaneous Plan	15.43%	7.75%	15.68%	0.25%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	\$3,577,199
Transferred Members	390,783
Separated Members	1,163,164
Members and Beneficiaries Receiving Payments	<u>10,745,292</u>
Total	\$15,876,438

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	\$15,876,438
2. Projected UAL Balance at 6/30/2024	4,702,499
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2024 for Asset Share	4,702,499
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: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(279,767)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	196,154
11. Plan's New (Gain)/Loss as of 6/30/2024: $(9) + (10)$	(83,613)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	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: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(279,767)

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: $(2) + (3) + (11) + (13) + (15)$	\$4,618,886
19. Plan's Share of Pool's Market Value of Assets (MVA): $(1) - (18)$	\$11,257,552

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	\$17,364,715	\$18,281,682
2. Entry Age Accrued Liability	15,364,773	15,876,438
3. Market Value of Assets (MVA)	10,691,779	11,257,552
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$4,672,994	\$4,618,886
5. Funded Ratio [(3) ÷ (2)]	69.6%	70.9%

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	\$17,795,752	\$15,876,438	\$14,273,937
2. Market Value of Assets (MVA)	11,257,552	11,257,552	11,257,552
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$6,538,200	\$4,618,886	\$3,016,385
4. Funded Ratio [(2) ÷ (1)]	63.3%	70.9%	78.9%

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 \$431,711 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 67%, which means the required payment of \$431,711 includes \$291,201 of interest cost and results in a \$140,510 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 \$431,711 it would take 17.6 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
\$431,711	17.6 years	\$0	\$156,212	\$587,923
471,503	15 years	39,792	156,212	627,715
613,514	10 years	181,803	156,212	769,726
1,055,052	5 years	623,341	156,212	1,211,264

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)							
604	\$568,971	12.56%	12.6%	12.6%	12.6%	12.6%	12.6%
26645	960,554	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment		\$431,711	\$449,000	\$492,000	\$496,000	\$499,000	\$509,000

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	Escalation 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	1,219,371	91,625	1,207,599	94,191	1,192,375	96,828
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	19	(12,224)	(919)	(12,105)	(944)	(11,953)	(971)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	11	746,910	73,902	721,327	75,972	691,865	78,099
Assumption Change	6/30/14	100%	Up/Dn	2.80%	10	468,730	57,354	441,332	58,960	410,411	60,611
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	(883,498)	(64,126)	(877,305)	(65,922)	(868,835)	(67,768)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	999	73	991	74	982	77
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	565,491	39,742	562,873	40,855	558,927	41,999
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	(47,500)	(3,338)	(47,280)	(3,432)	(46,948)	(3,528)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	12	197,807	20,886	189,673	21,471	180,382	22,072
Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	706,883	48,206	705,133	49,556	701,869	50,943
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	(89,931)	(6,133)	(89,708)	(6,305)	(89,292)	(6,481)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	13	235,533	23,358	227,410	24,012	218,059	24,684
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	(367,593)	(24,373)	(367,401)	(25,055)	(366,491)	(25,756)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	(19,531)	(1,295)	(19,521)	(1,331)	(19,473)	(1,369)
Assumption Change	6/30/18	100%	Up/Dn	2.80%	14	399,121	37,393	387,618	38,440	374,251	39,516
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	(115,302)	(7,446)	(115,448)	(7,655)	(115,387)	(7,869)
Method Change	6/30/18	100%	Up/Dn	2.80%	14	110,013	10,307	106,842	10,595	103,158	10,892
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	58,988	3,809	59,063	3,916	59,032	4,026
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	15	53,210	4,241	52,445	5,301	50,533	5,301
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	15	49,497	4,838	47,863	4,838	46,118	4,838

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation 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	256,826	15,442	258,332	20,589	254,621	25,737
Non-Investment (Gain)/Loss	6/30/20	No Ramp	No Ramp	0.00%	16	42,434	4,023	41,162	4,023	39,803	4,023
Assumption Change	6/30/21	No Ramp	No Ramp	0.00%	17	57,237	5,279	55,674	5,279	54,004	5,278
Fresh Start	6/30/21	No Ramp	No Ramp	0.00%	0	630	651	0	0	0	0
Net Investment (Gain)	6/30/21	80%	Up Only	0.00%	17	(1,269,623)	(52,191)	(1,302,021)	(78,286)	(1,309,654)	(104,381)
Non-Investment (Gain)/Loss	6/30/21	No Ramp	No Ramp	0.00%	17	(60,103)	(5,543)	(58,462)	(5,543)	(56,709)	(5,543)
Investment (Gain)/Loss	6/30/22	60%	Up Only	0.00%	18	1,836,738	39,480	1,970,836	78,960	1,969,852	118,440
Non-Investment (Gain)/Loss	6/30/22	No Ramp	No Ramp	0.00%	18	233,861	21,030	228,030	21,030	221,803	21,030
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	74,446	0	79,508	1,709	83,148	3,418
Non-Investment (Gain)/Loss	6/30/23	No Ramp	No Ramp	0.00%	19	253,079	0	270,288	24,306	263,549	24,305
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(279,767)	0	(298,791)	0	(319,109)	(6,859)
Non-Investment (Gain)/Loss	6/30/24	No Ramp	No Ramp	0.00%	20	196,154	0	209,492	0	223,737	20,119
Total						4,618,886	336,275	4,585,449	389,604	4,494,628	431,711

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)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2026	4,494,628	431,711	4,494,628	471,503	4,494,628	613,514
6/30/2027	4,354,118	448,796	4,312,992	471,503	4,166,232	613,514
6/30/2028	4,186,392	492,220	4,119,005	471,503	3,815,505	613,514
6/30/2029	3,962,385	496,419	3,911,827	471,503	3,440,929	613,514
6/30/2030	3,718,807	499,172	3,690,561	471,503	3,040,882	613,514
6/30/2031	3,455,818	509,054	3,454,249	471,503	2,613,632	613,514
6/30/2032	3,164,737	504,905	3,201,867	471,503	2,157,329	613,515
6/30/2033	2,858,148	500,243	2,932,323	471,503	1,669,996	613,514
6/30/2034	2,535,529	489,527	2,644,451	471,503	1,149,525	613,514
6/30/2035	2,202,050	471,610	2,337,003	471,503	593,662	613,515
6/30/2036	1,864,410	439,129	2,008,649	471,503		
6/30/2037	1,537,378	315,180	1,657,967	471,503		
6/30/2038	1,316,203	292,840	1,283,438	471,503		
6/30/2039	1,103,075	275,442	883,441	471,502		
6/30/2040	893,430	264,218	456,246	471,503		
6/30/2041	681,129	228,366				
6/30/2042	491,442	192,427				
6/30/2043	325,997	304,266				
6/30/2044	33,724	34,852				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		7,190,377		7,072,544		6,135,142
Interest Paid		2,695,749		2,577,916		1,640,514
Estimated Savings				117,833		1,055,235

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.

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 604	Rate Plan 26645	
06/30/2015	2017-18	8.921%	6.533%	\$187,996
06/30/2016	2018-19	9.409%	6.842%	224,377
06/30/2017	2019-20	10.221%	6.985%	264,339
06/30/2018	2020-21	11.031%	7.732%	215,436
06/30/2019	2021-22	10.88%	7.59%	254,502
06/30/2020	2022-23	10.87%	7.47%	292,339
06/30/2021	2023-24	12.47%	7.68%	278,933
06/30/2022	2024-25	12.52%	7.87%	336,275
06/30/2023	2025-26	12.58%	7.96%	389,604
06/30/2024	2026-27	12.56%	7.93%	431,711

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	\$10,242,620	\$7,895,853	\$2,346,767	77.1%	\$1,114,019
06/30/2016	10,680,751	7,665,208	3,015,543	71.8%	1,189,231
06/30/2017	11,260,846	8,301,192	2,959,654	73.7%	1,191,418
06/30/2018	12,100,367	8,745,647	3,354,720	72.3%	1,255,605
06/30/2019	12,542,536	9,072,877	3,469,659	72.3%	1,302,342
06/30/2020	12,915,124	9,207,995	3,707,129	71.3%	1,143,553
06/30/2021	13,846,529	11,247,230	2,599,299	81.2%	1,380,092
06/30/2022	14,588,804	10,238,616	4,350,188	70.2%	1,342,322
06/30/2023	15,364,773	10,691,779	4,672,994	69.6%	1,412,403
06/30/2024	15,876,438	11,257,552	4,618,886	70.9%	1,529,525

Risk Analysis

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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)	\$459,000	\$524,000	\$560,000	\$607,000	\$672,000
10.8% (95th percentile)	\$438,000	\$458,000	\$426,000	\$377,000	\$142,000

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)	\$431,711	\$515,000
(5.2%) (1 standard deviation loss)	\$431,711	\$482,000

- 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 604	24.53%	19.49%	15.66%
Rate Plan 26645	19.63%	15.68%	12.68%
b) Accrued Liability	\$17,795,752	\$15,876,438	\$14,273,937
c) Market Value of Assets	\$11,257,552	\$11,257,552	\$11,257,552
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$6,538,200	\$4,618,886	\$3,016,385
e) Funded Ratio	63.3%	70.9%	78.9%

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 604	20.43%	19.49%	17.79%
Rate Plan 26645	16.54%	15.68%	14.26%
b) Accrued Liability	\$16,397,156	\$15,876,438	\$14,749,521
c) Market Value of Assets	\$11,257,552	\$11,257,552	\$11,257,552
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$5,139,604	\$4,618,886	\$3,491,969
e) Funded Ratio	68.7%	70.9%	76.3%

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 604	19.82%	19.49%	19.18%
Rate Plan 26645	15.95%	15.68%	15.43%
b) Accrued Liability	\$16,235,192	\$15,876,438	\$15,547,037
c) Market Value of Assets	\$11,257,552	\$11,257,552	\$11,257,552
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$4,977,640	\$4,618,886	\$4,289,485
e) Funded Ratio	69.3%	70.9%	72.4%

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	\$9,212,439	\$10,745,292
2. Total Accrued Liability	\$15,364,773	\$15,876,438
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	60%	68%

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	19	22
2. Number of Retirees	34	36
3. Support Ratio [(1) ÷ (2)]	0.56	0.61

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	\$10,691,779	\$11,257,552
2. Payroll	\$1,412,403	\$1,529,525
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	7.6	7.4
4. Accrued Liability	\$15,364,773	\$15,876,438
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	10.9	10.4

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	68%	0.69	7.0	9.5
06/30/2018	65%	0.70	7.0	9.6
06/30/2019	63%	0.70	7.0	9.6
06/30/2020	62%	0.63	8.1	11.3
06/30/2021	64%	0.68	8.1	10.0
06/30/2022	63%	0.59	7.6	10.9
06/30/2023	60%	0.56	7.6	10.9
06/30/2024	68%	0.61	7.4	10.4

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 benefits 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	\$23,022,144	\$17,889,218
2. Market Value of Assets (MVA)	11,257,552	11,257,552
3. Unfunded Termination Liability [(1) – (2)]	\$11,764,592	\$6,631,666
4. Funded Ratio [(2) ÷ (1)]	48.9%	62.9%

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 Index¹ 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	\$4,580,976
b) Transferred Members	495,803
c) Separated Members	1,416,265
d) Members and Beneficiaries Receiving Payments	12,292,333
e) Total	\$18,785,377
2. Market Value of Assets (MVA)	11,257,552
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$7,527,825
4. Unfunded Accrued Liability – Funding Policy Basis	4,618,886
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$2,908,939

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

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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
604	Miscellaneous Plan	19.49%	6.93%	12.56%	7	\$568,971
26645	PEPRA Miscellaneous Plan	<u>15.68%</u>	<u>7.75%</u>	<u>7.93%</u>	<u>15</u>	<u>960,554</u>
	<i>Hypothetical Plan Totals¹</i>	<i>17.10%</i>	<i>7.44%</i>	<i>9.65%</i>	<i>22</i>	<i>\$1,529,525</i>

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	19	22
Average Attained Age	N/A	42.6
Average Entry Age to Rate Plan	N/A	34.7
Average Years of Credited Service	N/A	7.9
Average Annual Covered Pay	\$74,337	\$69,524
Annual Covered Payroll	\$1,412,403	\$1,529,525
Present Value of Future Payroll	\$12,540,941	\$15,151,991
Transferred Members		
Counts	3	4
Separated Members		
Counts	12	13
Retired Members and Beneficiaries*		
Counts	34	36
Average Annual Benefits	\$22,522	\$24,149
Total Annual Benefits	\$765,748	\$869,378

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	15	68.2%
Average Attained Age	48.1	40.1	
Average Entry Age	28.4	37.7	
Average Years of Credited Service	19.8	2.4	
Average Annual Covered Payroll	\$81,282	\$64,037	
Annual Covered Payroll	\$568,971	\$960,554	62.8%
Present Value of Future Payroll	\$4,676,638	\$10,475,353	69.1%
Transferred Members			
Count	2	2	50.0%
Separated Members			
Count	9	4	30.8%
Retired Members and Beneficiaries Receiving Payments			
Count	34	2	5.6%
Average Annual Benefit	\$24,969	\$10,223	
Total Annual Benefits	\$848,933	\$20,445	2.4%
Accrued Liabilities			
Active Members	\$3,076,640	\$500,559	14.0%
Transferred Members	342,437	48,346	12.4%
Separated Members	1,122,644	40,520	3.5%
Retired Members and Beneficiaries	<u>10,454,610</u>	<u>290,682</u>	<u>2.7%</u>
Total	\$14,996,331	\$880,107	5.5%

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 604	Rate Plan 26645
One Year Final Compensation (FAC 1)	<u>0.64%</u>	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.

Member Category	Benefit Group					
	Misc	Misc	Misc	Misc	Misc	Misc
Demographics						
Actives	No	No	Yes	No	No	No
Transfers/Separated Receiving	No	No	Yes	No	No	No
	Yes	Yes	Yes	Yes	Yes	Yes
Benefit Provision						
Benefit Formula			2% @ 55			
Social Security Coverage Full/Modified			Yes 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 Special			No			
Alternate (firefighters)			No			
Post-Retirement Death Benefits Lump Sum		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Survivor Allowance (PRSA)	No	No	No	No	No	No
COLA	2%	2%	2%	2%	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 26645		Benefit Group
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated Receiving	Yes	
	Yes	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage Full/Modified	Yes 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 Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits Lump Sum	\$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

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Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

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

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