REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE MEETING

Tuesday, March 17, 2026
at 1:30 p.m.

2295 Gateway Oaks, Suite 100
Sacramento, CA 95833
(916) 967-7692

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:
The Regional Water Authority currently provides in person as well as virtual public participation via the Zoom link below until further notice. The public shall have the opportunity to directly address the Committee on any item of interest before or during the Committee's consideration of that item. Public comment on items within the jurisdiction of the Committee is welcomed, subject to reasonable time limitations for each speaker.

Join Zoom Meeting

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Meeting ID: 879 1070 0156

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If we experience technical difficulties and the Zoom link drops and you are no longer able to connect to the Board meeting, please dial 1-877-654-0338 – Guest Code 198

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors may consider any agenda item at any time during the meeting.

AGENDA

1. **CALL TO ORDER AND ROLL CALL**

2. **PUBLIC COMMENT:**
   Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

3. **CONSENT CALENDAR:** All items listed under the Consent Calendar are considered and acted upon by one motion. Committee members may request an item be removed for separate consideration.

   3.1 Approve draft meeting minutes of February 17, 2026, Executive Committee meeting

   3.2 Approve Task Order #5 with Khadam Consulting Inc. for an additional amount not to exceed $45,000

   Action: Approve Consent Calendar

4. **PRESENTATION: CAPITAL CAUCUS FOUNDATION**
   Presenter: Jim Peifer, Executive Director and Nick Mirman, Capital Caucus Foundation, Executive Director

5. **FISCAL YEAR 2026/27 BUDGET PLANNING**
   Presenter: Tom Hoffart, Finance Director
   Action: Provide staff direction for the FY 2026/27 Budget

6. **OPEB ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2025 AND CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST ASSET ALLOCATION STRATEGY**
   Presenter: Tom Hoffart, Finance Director
   Action: Approve Other Post-Employment Benefits Actuarial Valuation Report as of June 30, 2025 and California Employers' Retiree Benefit Trust Asset Allocation Strategy

7. **LEGISLATIVE UPDATE**
   Presenter: Ryan Ojakian, Manager of Government Relations
   Action: Take positions on State and Federal legislation

8. **INFORMATION: RWA PROGRAM UPDATES**
   Presenter: Jim Peifer, Executive Director

9. **EXECUTIVE DIRECTOR'S REPORT**

10. **DIRECTORS' COMMENT**

ADJOURNMENT

Upcoming meetings:
Next RWA Board of Director's Meeting: Regular RWA Board Meeting, May 14, 2026, 9:00 a.m. at the Carmichael Water District, 7837 Fair Oaks Blvd., Carmichael, CA 95608. The location is subject to change.

Next RWA Executive Committee Meeting: The next RWA Executive Committee Meeting is scheduled for April 28, 2026, 1:30 p.m. at the RWA Office located at 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833.

Notification will be emailed when the RWA electronic packet is complete and posted on the RWA website at: https://www.rwah2o.org/meetings/board-meetings/.

Posted on: March 13, 2026

Ashley Flores
Ashley Flores, CMC, Clerk of the Board

Topic:	Public Comment
Type:	New Business
Item For:	Information/Discussion
Purpose:	Policy 200.1, Rule 11

SUBMITTED BY:	Ashley Flores, CMC Board Clerk	PRESENTER:	Michael Saunders Chair

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Regional Water Authority Executive Committee to recognize or hear from visitors that may be attending the meeting or to allow members of the public to address the Executive Committee on matters that are not on the agenda.

As noted on the agenda, members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

Public agencies are required by law to provide an opportunity for the public to address the RWA Executive Committee matters that are not on the agenda.

3.0 CONSENT CALENDAR

Topic:	Meeting Minutes
Type:	Consent Calendar
Item For:	Action; Motion to Approve
Purpose:	Policy 200.1, Rule 14

SUBMITTED BY:	Ashley Flores, CMC Board Clerk	PRESENTER:	Ashley Flores, CMC Board Clerk

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Executive Committee to review and consider approving the draft minutes of the Regional Water Authority Executive Committee Meeting of February 17, 2026.

STAFF RECOMMENDED ACTION

A motion to approve the minutes, as presented or amended.

BACKGROUND

The draft minutes of the above referenced meetings are included with this Agenda. The minutes reflect the RWA Policy 200.1 to document specific details on items discussed at the meetings. The Executive Director may list on the agenda a "consent calendar," which will consist of routine matters on which there is generally no opposition or need for discussion. Examples of consent calendar items might include approval of minutes, financial reports and routine resolutions. Any matter may be removed from the consent calendar and placed on the regular calendar at the request of any member of the Board. The entire consent calendar may be approved by a single motion made, seconded and approved by the Board.

FINDING/CONCLUSION

Staff believes the draft of the presented minutes correctly reflect the information shared and actions taken by the Executive Committee.

ATTACHMENTS

Attachment 1- Draft meeting minutes of the Regional Water Authority Executive Committee Meeting of February 17, 2026

Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

Executive Committee Meeting
Draft Minutes
February 17, 2026

1. CALL TO ORDER

Chair Saunders called the meeting of the Executive Committee to order on February 17, 2026, at 1:30 p.m. at the RWA Board Room located at 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833. Eight of the Executive Committee Members were present at roll call; a quorum was established. Individuals in attendance are listed below:

Executive Committee Members
Michael Saunders, Georgetown Divide Public Utility District, Chair
Sean Twilla, Golden State Water Company
Nichole Baxter, California American Water
Ron Greenwood, Carmichael Water District
Chris Nelson, City of Lincoln
Brett Ewart, City of Sacramento
Bruce Kamilos, Elk Grove Water District
Michael Grinstead, Sacramento County Water Agency
Robert Wichert, Sacramento Suburban Water District

Staff Members
Jim Peifer, Tom Hoffart, Ryan Ojakian, Trevor Joseph, Amy Talbot, Michelle Banonis, Monica Garcia, and Ashley Flores.

Others in Attendance:
None

2. PUBLIC COMMENT
None

3. CONSENT CALENDAR

3.1 Approve draft meeting minutes of January 27, 2026 Executive Committee meeting; draft minutes of RWA GM and Utility Management Workshop Quarterly Meeting minutes of January 21, 2026; and RWA Special Closed Session – HRLP Workshop of January 26, 2026

A motion was made to the Consent Calendar as amended.

Motion/Second/Carried Director Greenwood moved, with a second by Director Wichert

Michael Saunders, Georgetown Divide Public Utility District; Sean Twilla, Golden State Water Company; Nichole Baxter, California American Water; Ron Greenwood, Carmichael Water District; Chris Nelson, City of Lincoln; Brett Ewart, City of Sacramento; Bruce Kamilos, Elk Grove Water District; Michael Grinstead, Sacramento County Water Agency; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

4. FY 2025/26 Mid-Year Budget Review and FY 2026/27 Planning

Executive Director Peifer and Finance Director Hoffart presented this discussion item to brief the Executive Committee on the Fiscal Year 2025-2026 Mid-Year Budget Review and Fiscal Year 2026 - 2027 Planning.

No action taken, information only. Staff direction provided on key issues for the FY 2026/27 Budget.

5. INFORMATION: STRATEGIC PLAN

This was an information item presented by Associate Project Manager Flores to brief the Executive Committee on the latest progress on the Strategic Plan update. It was reported that the Ad Hoc Committee met last month and selected Integrated Communication Strategies LLC as the consultant. They have accepted and entered into a contract for $40,000. A project kickoff meeting is scheduled for the end of the month.

No action taken, information only.

6. RWA PROGRAM UPDATES

Executive Director Peifer presented this information item for the Executive Committee to receive a report on the various programs and initiatives the RWA and SGA currently have underway. These programs and initiatives included: The Sacramento Regional Water Bank, the North American Subbasin (NASb) Groundwater Sustainability Plan (GSP) update, implementation of the current NASb GSP, the Watershed Resilience Pilot Project, the Water Forum Agreement update, the Healthy Rivers and Landscapes Program, and the Reinitiation of Consultation for the Biological Opinions. The report included key milestones reached to date, the overall status of the programs, upcoming key milestones, and current and future anticipated resources.

No action taken, information only.

7. RWA BOARD MEETING AGENDA

Executive Director Peifer presented this action item for the Executive Committee to review and consider approving the draft agenda of the Regional Water Authority, Board of Directors Meeting of March 12, 2026.

A motion was made to approve RWA Board Meeting Agenda for March 12, 2026.

Motion/Second/Carried Director Greenwood moved, with a second by Director Kamilos Michael Saunders, Georgetown Divide Public Utility District; Sean Twilla, Golden State Water Company; Nichole Baxter, California American Water; Ron Greenwood, Carmichael Water District; Chris Nelson, City of Lincoln; Brett Ewart, City of Sacramento; Bruce Kamilos, Elk Grove Water District; Michael Grinstead, Sacramento County Water Agency; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

8. EXECUTIVE DIRECTOR'S REPORT
Executive Director Peifer reported out that we are getting a lot of good press recently.

9. DIRECTORS' COMMENT
None

ADJOURNMENT
Chair Saunders adjourned the meeting at 4:01p.m.

By:	Attest:
______________________________	______________________________
Michael Saunders, RWA Chair	Ashley Flores, CMC, Clerk of the Board

Topic:	Approve Task Order #5 with Khadam Consulting Inc.
Type:	New Business
Item For:	Consent Calendar
Purpose:	RWA Policy 300.2

SUBMITTED BY:	Trevor Joseph, Manager of Technical Services	PRESENTER:	Trevor Joseph, Manager of Technical Services

EXECUTIVE SUMMARY

This is an action item for the RWA Board of Directors to approval Task Order #5 with Khadam Consulting Inc for additional technical support for Sacramento Regional Water Bank (SRWB) project development. Approval of Task Order #5 in the amount of $45,000 will be funded with Phase 3 Program Committee funds.

STAFF RECOMMENDED ACTION:

Approve Task Order #5 with Khadam Consulting Inc. for an additional amount not to exceed $45,000.

BACKGROUND

The RWA Board of Directors has previously authorized the Executive Director to enter into a Professional Services Agreement with Khadam Consulting Inc. in the amount of $103,750 for technical support (Task Order #1) of Sacramento Regional Water Bank (SRWB) project development. Task Order #1 provided support from January 1, 2023 through June 30, 2023.

The RWA Board of Directors later authorized the Executive Director to enter into task order #2 in the amount of $150,000 for continued technical support for SRWB project development. The term of Task Order #2 was from September 1, 2023 through December 31, 2024. Most recently the Executive Committee authorized the Executive Director to enter into task order #3 in the amount of $88,000 for continued technical support from January 1, 2025 through June 30, 2025.

RWA staff continue to recommend limited scopes and short duration task orders to ensure sufficient funding has been secured from multiple sources in order to advance Khadam Consulting Inc.'s support. These limited scope and short duration task orders are also recommended by RWA staff due to shifting input and direction of the Program Committee resulting in a highly iterative and evolving SRWB project development process.

Task Order #4 was authorized by the RWA Board of Directors, and provided funding for Khadam Consulting Inc to provide support in the amount of $108,000 on finalizing the development of Water Banking losses approach and methodology, continued review of Preliminary CalSim 3 and

CoSANA modeling results, providing support on a revised governance structure document incorporating WAS methodology and processes, incorporation of Water Bank starting balance into the WAS technical memorandum, developing a financial & operational barriers assessment technical memorandum, and coordination and meeting participation.

Authorization of Task Order #5 will increase the amount not to exceed $45,000, taking the total budget with Khadam Consulting Inc. from $449,750 to $494,750. Task Order #5 focuses development of the modeling assumptions for SRWB operations (including recharge/recovery schedules, facility capacities, and PBW starting balances), coordination and alignment of urban demand information, reviewing and verity input of data, development recharge and rover assumptions for the SRWB 65/55 scenario for implementation in both CoSANA and CalSim and maintain an integrated model assumptions log documenting datasets, assumptions, and issue resolutions.

In addition, Task Order #5, provides for the refinement and update the SRWB Recharge and Recovery Spreadsheet Tool consistent with the revised CalSim and CoSANA modeling assumptions and development of a tool to support validation of recharge and recovery results from CoSANA and CalSim.

Task Order #5 provides compensation for the following tasks as follows:

- Task 1 - Project Management and Coordination (3/1/2026 – 6/30/2026): $5,000
- Task 2 – Modeling Assumptions Development and Coordination: $15,000
- Task 4 – Water Accounting System (WAS) Spreadsheet Tool & Modeling Spreadsheet: $25,000

RWA staff anticipated seeking RWA Executive Committee consideration on other task within this scope of work that will extend support services beyond June 30, 2026 when anticipated United States Bureau of Reclamation WIIN act federal funds become available to RWA. RWA anticipates these funds becoming available to RWA during the second quarter of 2026.

FISCAL IMPACT
Approval of Task Order #5 in the amount of $45,000 will be funded with Phase 3 Program Committee funds.

FINDING/CONCLUSION
RWA staff recommend the RWA Board of Directors approval Task Order #5 with Khadam Consulting Inc for additional technical support for Sacramento Regional Water Bank (SRWB) project development.

ATTACHMENTS
Attachment 1 - Professional Services Agreement with Khadam Consulting Inc.
Attachment 2 - Task Order #5 with Khadam Consulting Inc.

Technical Support for the Sacramento Regional Water Bank Conceptualization, Definition, Evaluation, and Formalization

Proposed Task Order No. 5

The tasks below outline the proposed work to be completed under Task Order No.5 by Khadam Consulting Inc. (Consultant) in support of the Regional Water Authority (RWA) development of the Sacramento Region Water Bank (SRWB).

Task 1 – Project Management and Coordination

Activities:

- Conduct bi-weekly technical coordination calls with Stantec and RWA (≈ 6 sessions).
- Present results to RWA and stakeholders (one meetings each).

Deliverables:

- Meeting materials, and presentation slides.

Task 2 – Modeling Assumptions Development and Coordination

Activities:

- Develop unified modeling assumptions for SRWB operations, including recharge/recovery schedules, facility capacities, and PBW starting balances.
- Coordinate alignment of urban-demand for 2020 and 2040 LOD and water-supply attribution.
- Review and verify input data, hydrologic boundaries, and operating assumptions across both modeling platforms.
- Develop recharge and recovery operations for the SRWB 65/55 scenario for implementation in both CoSANA and CalSim.
- Maintain an integrated model assumptions log documenting datasets, assumptions, and issue resolutions.

Deliverables:

- Modeling assumptions documentation.

Task 3 – Review and QA/QC of Modeling Outputs (planned to be added in second phase of work)

Task 4 – Water Accounting System (WAS) Spreadsheet Tool & Modeling Spreadsheet

Activities:

- Refine and update the SRWB Recharge and Recovery Spreadsheet Tool consistent with the revised CalSim and CoSANA modeling assumptions.
- Use the tool to support validation of recharge and recovery results from CoSANA and CalSim.
- Develop a WAS tool for pilot implementation that incorporate agencies accounting benchmark and codify the recharge and recovery accounting procedures consistent with the WAS document.

Deliverables:

- Updated Modeling Recharge and Recovery Tool.
- Water Accounting System (WAS) Tool.

Task 5 – CEQA Impact Support (planned to be added in second phase of work)

Task Order No. 5

TASK	
Task 1 - Project Management and Coordination (03/01/2026 - 06/30/2026)	$5,000
Task 2 – Modeling Assumptions Development and Coordination	$15,000
Task 3 - Review and QA/QC of Modeling Outputs (planned to be added in second phase of work)	$0
Task 4 - Water Accounting System (WAS) Spreadsheet Tool & Modeling Spreadsheet	$25,000
Task 5 - CEQA Impact Support (planned to be added in second phase of work)	$0
TOTAL	$45,000

Signatures

Regional Water Authority:

By: ______________________________ Dated: ____________________
Jim Peifer, Executive Director

Khadam Consulting Inc.:

By: ______________________________ Dated: ____________________
Ibrahim Khadam, President

Technical Support for the Sacramento Regional Water Bank Conceptualization, Definition, Evaluation, and Formalization

Proposed Task Order No. 2

The tasks below outline the proposed work to be completed under Task Order No.2 by Khadam Consulting Inc. in support of the Regional Water Authority (RWA) development of the Sacramento Region Water Bank (SWB).

Task 2 – Project Management and Coordination

The Consultant will support the coordination activities necessary for successful development of the SRWB. These activities include ensuring strategic alignment with the objectives of the SRWB, consistent approach on the technical studies, environmental analysis, and messaging for stakeholders and partners engagement. The Consultant is anticipated participate in the following meetings for **the period September 1, 2023, through December 31, 2024**:

- Water Bank Program Committee meeting – 1 each quarter.
- Water Bank Technical Group and other Ad-hoc meetings – 1 each month.
- Technical and planning coordination calls/meetings – 2 each week.
- Partners engagement meetings – 1 every 2 months.

Deliverables

- Monthly invoices with status reports (electronic format)
- Meeting agendas and meeting summaries (electronic format)

Task 6 - Institutional Arrangements

The Consultant will support RWA and its members decision-making on evaluating and implementing the most appropriate institutional arrangements for the SRWB governance and management. These institutional arrangements will include:

- The Water Accounting Framework, which will establish a set of policies and procedures to encourage and support conjunctive use operations to facilitate the long-term sustainability of the underlying groundwater basin as source of public water supply.
- The Water Bank Governance Structure, which will formalize the operational and management protocols and roles and responsibilities for coordination of banking activities, finance, conflict resolution, and engagement with partners.

Deliverables

- Draft and Final Water Accounting Framework TM
- Draft and Final Water Bank Governance Framework TM

Task 7 - Environmental Compliance

The development of the Environmental Compliance documentation, including managing scoping and public notices, and consultation and coordination will resource agencies will be conducted by others under separate contract with RWA.

The Consultant will support RWA's coordination of the environmental impact analysis to ensure alignment with the strategic intent of the SRWB. The Consultant will assist in developing the approach and strategy for the environmental impact analysis, participate in the review of the draft environmental report sections and appendices. The Consultant may also support the consultation and coordination with resource agencies, as requested by RWA.

Deliverables

- Review of Draft and Final EIR sections and appendices

Task Order No. 2

TASK	
Task 1 - Project Management and Coordination (9/1/2023 - 12/31/2024)	$ 19,760
Task 6 - Institutional Arrangements	$ 67,640
Task 7 - Environmental Compliance	$ 62,600
TOTAL	**$ 150,000**

Signatures

Regional Water Authority:

By: ____________________ Dated: 9/19/2023

[Name] James Peifer

[Title] Executive Director

Khadam Consulting Inc.:

By: ____________________ Dated: 9/20/23

Ibrahim Khadam

President

Topic:	Capital Caucus Foundation
Type:	New Business
Item For:	Presentation/Discussion
Purpose:	Advocacy

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Jim Peifer Executive Director

EXECUTIVE SUMMARY

This is a presentation discussion item to provide an opportunity for the Regional Water Authority Executive Committee to receive and file a presentation from Nick Mirman, Executive Director of Capital Caucus Foundation and answer any questions the Committee has regarding their mission.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

At the February Executive Committee meeting, the Committee wanted to learn more about the Capital Caucus Foundation. As a reminder, this was when the Executive Committee was discussing the budget and staff was inquiring to program into the budget a $10,000 sponsorship for the Capital Caucus Foundation.

The Capital Caucus Foundation was recently formed and is a 501(c)3 non-profit corporation which will provide legislators and regional stakeholders with an opportunity to collaborate on key issues such as flood control, infrastructure, health care, climate initiatives, and economic development. The Capital Caucus works to foster bipartisan collaboration and educate the public on shared regional goals. By bringing legislators from the Greater Capital region together, the Caucus strives to amplify the region's collective voice in a way that enhances its future.

Topic:	Fiscal Year 2026/27 Budget Planning
Type:	Unfinished; Old Business
Item For:	Information/Discussion
Purpose:	RWA Policy 500.11

SUBMITTED BY:	Tom Hoffart Finance Director	PRESENTER:	Tom Hoffart Finance Director

EXECUTIVE SUMMARY

This is an information/discussion item for the Executive Committee to receive Fiscal Year 2026/27 Budget proposals and to provide staff direction.

STAFF RECOMMENDED ACTION

Discuss and provide direction for the Fiscal year 2026/27 Budget.

BACKGROUND

At the January and February Executive Committee meetings, the Committee discussed the development of the Fiscal Year 2026/27 Budget and provided staff direction. Based on that direction, staff has prepared two budget scenarios.

Proposed Budget Scenarios:

The only distinction between the two scenarios is the allocation of $131,083 overhead costs and the proposed dues rate increases.

Scenario 1: No Overhead Allocation to Programs Under this model, the RWA Core absorbs all overhead costs.

- **Proposed Dues Rate Increase:** 8%
- **Planned Core Net Deficit:** $310,688
- **Reserve Position:** Combined Operating Fund and Undesignated Reserves cover 6.9 months of expenses.

Scenario 2: Overhead Allocated to Subscription Programs This model allocates overhead to subscription programs.

- **Proposed Dues Rate Increase:** 5%
- **Planned Core Net Deficit:** $215,463

- **Reserve Position:** Combined Operating Fund and Undesignated Reserves cover 8.2 months of expenses.

Analysis of Overhead Allocation Impact:

Staff has included a scheduled titled "Effect of Not Allocating 2026/27 Budgeted Overhead Costs to Programs" to illustrate the financial shift between the two proposed budget scenarios. This analysis shows how the responsibility for the $131,083 in budgeted overhead would be distributed among members based on their proportional percentage of program dues.
The “Total Net Effect” column represents the projected increase or (decrease) in cost responsibility for each member agency.

ATTACHMENTS
Attachment 1 – Fiscal Year 2026/27 RWA Core Budget and Dues Schedules (Not Allocating Overhead to Programs)
Attachment 2 – Fiscal Year 2026/27 RWA Core Budget and Dues Schedules (Allocating Overhead to Programs)
Attachment 3 – Effect of Not Allocating 2026/27 Budgeted Overhead Costs to Programs

Attachment 1

Fiscal Year 2026/27 RWA Core Budget and Dues Schedules

(Not Allocating Overhead to Programs)

Regional Water Authority Proposed Fiscal Year 2026-2027 Core Operating Budget (Allocating Overhead to Programs)				4-Year Projection				Notes
	RWA Adopted Budget FY 25-26	RWA Projected Actuals FY 25-26	RWA Proposed Budget FY 26-27	RWA Projected Budget FY 27-28	RWA Projected Budget FY 28-29	RWA Projected Budget FY 29-30	RWA Projected Budget FY 30-31	
ANNUAL DUES RATE INCREASE %	**0%**	**0%**	**8%**	**8%**	**8%**	**8%**	**8%**	
ANNUAL CORE REVENUES								
REVENUES								
General Membership Dues	$ 1,150,751	$ 1,150,751	$ 1,245,760	$ 1,352,148	$ 1,467,621	$ 1,592,956	$ 1,728,995	See Dues Schedule
Associate Membership Dues	$ 74,922	$ 74,922	$ 80,917	$ 87,390	$ 94,382	$ 101,932	$ 110,087	See Dues Schedule
Affiliate Membership Dues	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	For ten Affiliate Members
Misc. Revenues	$ 5,000	$ 5,000	$ 5,000	$ 6,000	$ 7,000	$ 8,000	$ 9,000	Holiday Social and Miscellaneous Revenue
Interest Income	$ 70,000	$ 75,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	Interest from Local Agency Investment Fund (LAIF) account
TOTAL CORE REVENUES	**$ 1,308,673**	**$ 1,313,673**	**$ 1,409,677**	**$ 1,523,538**	**$ 1,647,003**	**$ 1,780,888**	**$ 1,926,081**	
ANNUAL CORE EXPENSES								
STAFF EXPENSES								
Staff Salaries/Wages	$ 1,788,864	$ 1,725,907	$ 1,843,907	$ 1,926,288	$ 2,001,234	$ 2,076,071	$ 2,151,490	For nine full time positions
Benefits	$ 508,556	$ 498,233	$ 523,592	$ 542,461	$ 563,441	$ 585,229	$ 607,482	PERS, medical, vision, dental, disability, OPEB and workers' comp
Pension Plan Unfunded Liability	$ 93,800	$ 93,800	$ 89,500	$ 80,000	$ 80,000	$ 80,000	$ 80,000	Per Policy 500.15: UAL divided by four years
Payroll Taxes	$ 122,722	$ 113,368	$ 126,244	$ 134,912	$ 143,431	$ 152,085	$ 161,137	Payroll taxes for nine staff members
Travel/Meals/Conferences	$ 45,000	$ 28,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	Travel and Conferences
TOTAL STAFF EXPENSES	**$ 2,558,942**	**$ 2,459,308**	**$ 2,628,243**	**$ 2,728,661**	**$ 2,833,105**	**$ 2,938,384**	**$ 3,045,109**	
OFFICE EXPENSES								
Rent & Utilities Contract	$ 77,000	$ 76,477	$ 80,200	$ 82,200	$ 85,000	$ 87,500	$ 90,000	Office and Storage lease per agreement
Insurance	$ 64,000	$ 65,500	$ 73,000	$ 78,000	$ 83,000	$ 88,000	$ 93,000	Property, Liability, Auto and Cyber
Office Maintenance	$ 2,200	$ 2,300	$ 2,600	$ 2,800	$ 3,000	$ 3,200	$ 3,400	General office maintenance
Postage and Postal Meter	$ 4,200	$ 3,400	$ 4,200	$ 4,400	$ 4,600	$ 4,800	$ 5,000	Meter rental and postage
Internet/Web Hosting	$ 10,000	$ 10,000	$ 15,000	$ 16,000	$ 17,000	$ 18,000	$ 19,000	Conference call service, web hosting, and internet service costs
Meetings	$ 9,000	$ 12,000	$ 14,000	$ 15,000	$ 16,000	$ 17,000	$ 18,000	Meetings
Events	$ 24,000	$ 14,000	$ 44,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	Holiday and ACWA Socials
Printing/Supplies	$ 20,000	$ 13,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	Printing, copier maintenance and lease costs, office supplies
Dues, Subscriptions and Sponsorships	$ 31,000	$ 33,000	$ 45,000	$ 47,500	$ 50,000	$ 52,500	$ 55,000	ACWA, CSDA, PPIC, Sac Metro Chamber, etc.
Computer Hardware/Software	$ 14,000	$ 18,900	$ 19,000	$ 20,000	$ 21,000	$ 22,000	$ 23,000	Computer hardware and software
Computer Support and Maintenance	$ 37,000	$ 37,000	$ 41,000	$ 43,000	$ 45,000	$ 47,000	$ 49,000	Phone and computer support and maintenance
Office Furniture & Equipment	$ 5,000	$ 2,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	Office furniture and equipment
Professional Development/Training	$ 14,000	$ 11,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	License renewals, training and professional development classes
TOTAL OFFICE EXPENSES	**$ 311,400**	**$ 298,577**	**$ 377,000**	**$ 371,900**	**$ 387,600**	**$ 403,000**	**$ 418,400**	
PROFESSIONAL FEES								
RWA/SGA Audit	$ 34,000	$ 34,000	$ 36,000	$ 38,000	$ 40,000	$ 42,000	$ 44,000	Audit fees
ADP Payroll Services/Banking/Misc. Fees	$ 4,200	$ 5,000	$ 5,500	$ 5,750	$ 6,000	$ 6,250	$ 6,500	Payroll service, banking and miscellaneous fees
Actuarial Services	$ 8,500	$ 7,425	$ 3,500	$ 8,000	$ 4,000	$ 8,500	$ 4,500	Actuary consultant for OPEB
Human Resources Services	$ 15,000	$ 5,000	$ 35,000	$ 35,000	$ 15,000	$ 15,000	$ 15,000	Recruitments, onboarding, and guidance
General Consulting Services	$ 25,000	$ 15,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	General consulting services
TOTAL PROFESSIONAL FEES	**$ 86,700**	**$ 66,425**	**$ 105,000**	**$ 111,750**	**$ 90,000**	**$ 96,750**	**$ 95,000**	

Regional Water Authority

Proposed Fiscal Year 2026-2027 Core Operating Budget (Allocating Overhead to Programs)

				4-Year Projection				**Notes**
	RWA Adopted Budget FY 25-26	**RWA Projected Actuals FY 25-26**	**RWA Proposed Budget FY 26-27**	**RWA Projected Budget FY 27-28**	**RWA Projected Budget FY 28-29**	**RWA Projected Budget FY 29-30**	**RWA Projected Budget FY 30-31**	
CORE PROGRAM (REVENUES)/EXPENSES								
RWA Legal	$ 90,000	$ 80,000	$ 95,000	$ 97,500	$ 100,000	$ 102,500	$ 105,000	Legal expenses in support of RWA activities
RWA Lobbyist Services	$ 125,000	$ 120,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	Lobbying Services for RWA Core Membership
RWA Public Outreach Services	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	Communication consultant for RWA Core Membership
Strategic Plan Update	$ 40,000	$ 22,222	$ 17,778	$ -	$ -	$ -	$ -	Strategic Plan update consulting services
Powerhouse Science Center	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ -	$ -	Powerhouse Science Center exhibit
American River Climate Adaptation Program	$ 60,000	$ 60,000	$ -	$ -	$ -	$ -	$ -	ARCAP consulting services
PPIC - Revenue	$ (50,000)	$ (50,000)	$ -	$ -	$ -	$ -	$ -	
PPIC - Expense	$ 50,000	$ 50,000	$ -	$ -	$ -	$ -	$ -	
Watershed Resilience Grant - Revenue (Consulting)	$ (1,137,343)	$ (1,056,955)	$ -	$ -	$ -	$ -	$ -	RWA Core Grant reimbursement for consulting services
Watershed Resilience Grant - Expense (Consulting)	$ 1,137,343	$ 1,056,955	$ -	$ -	$ -	$ -	$ -	RWA Core Grant related consulting expenses
TOTAL CORE PROGRAM (REVENUES)/EXPENSES	**$ 485,000**	**$ 452,222**	**$ 407,778**	**$ 392,500**	**$ 395,000**	**$ 372,500**	**$ 375,000**	
EXPENSE REIMBURSEMENTS								
SGA Service Agreement Fee	$ (1,015,605)	$ (930,000)	$ (1,048,218)	$ (1,083,415)	$ (1,118,072)	$ (1,164,958)	$ (1,208,675)	Expenses covered by Sacramento Groundwater Authority
Water Efficiency Program	$ (256,547)	$ (214,876)	$ (236,715)	$ (244,674)	$ (253,367)	$ (262,434)	$ (271,072)	Expenses covered by Water Efficiency Program
Common Interest Management Services	$ (349,443)	$ (380,109)	$ (388,350)	$ (432,459)	$ (446,789)	$ (461,698)	$ (477,195)	Expenses covered by Common Interest Management Services
Other Sub. Programs/Grants - Staff Reimbursement	$ (315,123)	$ (299,707)	$ (124,373)	$ (118,412)	$ (122,637)	$ (127,056)	$ (131,349)	Other program and grants staff time reimbursement
TOTAL EXPENSE REIMBURSEMENTS	**$ (1,936,718)**	**$ (1,824,692)**	**$ (1,797,656)**	**$ (1,878,959)**	**$ (1,940,864)**	**$ (2,016,147)**	**$ (2,088,291)**	
TOTAL CORE EXPENSES	**$ 1,505,324**	**$ 1,451,840**	**$ 1,720,365**	**$ 1,725,852**	**$ 1,764,841**	**$ 1,794,487**	**$ 1,845,218**	
CORE NET SURPLUS/(DEFICIT)	**$ (196,651)**	**$ (138,167)**	**$ (310,688)**	**$ (202,314)**	**$ (117,838)**	**$ (13,599)**	**$ 80,863**	
RESERVES SUMMARY:								
CORE RESERVES, BEGINNING	**$ 1,766,130**	**$ 1,766,130**	**$ 1,627,963**	**$ 1,317,276**	**$ 1,114,962**	**$ 997,123**	**$ 983,525**	
Core Reserves Increase/(Decrease)	$ (196,651)	$ (138,167)	$ (310,688)	$ (202,314)	$ (117,838)	$ (13,599)	$ 80,863	
CORE RESERVES, ENDING	**$ 1,569,479**	**$ 1,627,963**	**$ 1,317,276**	**$ 1,114,962**	**$ 997,123**	**$ 983,525**	**$ 1,064,388**	
DESIGNATIONS/RESERVES								
Operating Fund	$ 501,775	$ 501,775	$ 573,455	$ 575,284	$ 588,280	$ 598,162	$ 615,073	RWA Designations are set per RWA Policy 500.1
Membership Dues Stabilization Fund	$ 185,051	$ 185,051	$ 200,202	$ 217,131	$ 235,500	$ 255,433	$ 277,062	RWA Designations are set per RWA Policy 500.1
Subscription Program Revenue Fund	$ 92,111	$ 92,111	$ 74,944	$ 79,554	$ 82,279	$ 85,119	$ 87,962	RWA Designations are set per RWA Policy 500.1
Powerhouse Science Center	$ 75,000	$ 75,000	$ 50,000	$ 25,000	$ -	$ -	$ -	
Undesignated	$ 715,542	$ 774,026	$ 418,675	$ 217,992	$ 91,063	$ 44,810	$ 84,291	Undesignated Reserves
TOTAL DESIGNATIONS/RESERVES	**$ 1,569,479**	**$ 1,627,963**	**$ 1,317,276**	**$ 1,114,962**	**$ 997,123**	**$ 983,525**	**$ 1,064,388**	
Number of Months "Operating Fund plus Undesignated" Covers Expenses			**6.9**	**5.5**	**4.6**	**4.3**	**4.5**	

Regional Water Authority
Fiscal Year 2026-2027
Dues Schedule (8% Increase, Not Allocating Overhead to Programs)

	2025 Retail Connections	First 3,000 Connections	3,001-7,000 Connections				Proposed Dues FY 26/27	Actual Dues FY 25/26	$ Increase (Decrease) Dues	% Increase (Decrease) Dues
Small agencies		$2.58	$1.29							
Rancho Murrieta CSD	**2,922**	$ 7,539					**$ 7,539**	$ 6,972	$ 567	8.1%
Georgetown Divide PUD	**3,804**	$ 7,740	$ 1,037				**$ 8,777**	$ 8,126	$ 651	8.0%
Orange Vale WC	**5,733**	$ 7,740	$ 3,526				**$ 11,266**	$ 10,285	$ 981	9.5%
		Up to 30,000 Connections								
Medium agencies		$2.58								
Carmichael WD	**11,810**	$ 30,470					**$ 30,470**	$ 28,486	$ 1,984	7.0%
Elk Grove WD	**13,214**	$ 34,092					**$ 34,092**	$ 31,290	$ 2,802	9.0%
Fair Oaks WD	**14,398**	$ 37,147					**$ 37,147**	$ 34,380	$ 2,767	8.0%
City of West Sacramento (1)	**15,949**	$ 41,148					**$ 37,034**	$ 34,274	$ 2,760	8.1%
Golden State WC	**17,312**	$ 44,665					**$ 44,665**	$ 41,206	$ 3,459	8.4%
Yuba City (1)	**19,658**	$ 50,718					**$ 45,646**	$ 41,994	$ 3,652	8.7%
Nevada Irrigation District (1)	**20,024**	$ 51,662					**$ 46,496**	$ 43,003	$ 3,493	8.1%
Citrus Heights WD	**20,565**	$ 53,058					**$ 53,058**	$ 49,117	$ 3,941	8.0%
City of Lincoln	**23,123**	$ 59,657					**$ 59,657**	$ 53,918	$ 5,739	10.6%
City of Folsom	**25,827**	$ 66,634					**$ 66,634**	$ 60,771	$ 5,863	9.6%
		Up to 30,000 Connections	Up to 40,000 Connections	Up to 50,000 Connections	Up to 60,000 Connections	Over 60,000 Connections				
Large agencies		$2.58	$1.29	$0.65	$0.32	$0.08				
San Juan WD (2)	**11,135**	$ 77,400					**$ 77,400**	$ 71,700	$ 5,700	7.9%
Placer County WA	**41,130**	$ 77,400	$ 12,900	$ 729			**$ 91,029**	$ 84,074	$ 6,955	8.3%
El Dorado ID	**44,085**	$ 77,400	$ 12,900	$ 2,635			**$ 92,935**	$ 85,950	$ 6,985	8.1%
Sacramento Suburban WD	**48,911**	$ 77,400	$ 12,900	$ 5,748			**$ 96,048**	$ 88,965	$ 7,083	8.0%
City of Roseville	**56,842**	$ 77,400	$ 12,900	$ 6,450	$ 2,207		**$ 98,957**	$ 91,399	$ 7,558	8.3%
Sacramento County WA	**65,889**	$ 77,400	$ 12,900	$ 6,450	$ 3,225	$ 412	**$ 100,387**	$ 92,915	$ 7,472	8.0%
CA American Water	**67,745**	$ 77,400	$ 12,900	$ 6,450	$ 3,225	$ 542	**$ 100,517**	$ 93,270	$ 7,247	7.8%
City of Sacramento	**146,193**	$ 77,400	$ 12,900	$ 6,450	$ 3,225	$ 6,034	**$ 106,009**	$ 98,655	$ 7,354	7.5%
Total	**676,269**						**$ 1,245,760**	$ 1,150,750	$ 95,010	8.3%

(1) Agencies outside of the core American River Basin region receive a 10% discount on dues after they are calculated based on # of connections.
(2) San Juan Water District *Wholesale* is a community services district that provides drinking water to 150,000 people in portions of Sacramento and Placer Counties so it is treated as the minimum size of a large member agency.
(3) New members receive a 50 percent discount on their first-year dues and a 25 percent discount on their second-year dues. No members received this discount for Fiscal Year 2026-2027.

RWA Associate Members	Proposed Dues FY 26/27	Actual Dues FY 25/26
El Dorado Water Agency	**$ 6,868**	$ 6,359
Placer County	**$ 17,733**	$ 16,419
Sacramento Area Flood Control Agency	**$ 9,793**	$ 9,068
Sacramento Municipal Utilities District	**$ 17,733**	$ 16,419
Sacramento Area Sewer District	**$ 17,733**	$ 16,419
Yuba Water Agency	**$ 11,057**	$ 10,238
TOTAL ASSOCIATE MEMBER DUES	**$ 80,917**	$ 74,922

Attachment 2

Fiscal Year 2026/27 RWA Core Budget and Dues Schedules

(Allocating Overhead to Programs)

Regional Water Authority Proposed Fiscal Year 2026-2027 Core Operating Budget (Allocating Overhead to Programs)				4-Year Projection				Notes
	RWA Adopted Budget FY 25-26	**RWA Projected Actuals FY 25-26**	**RWA Proposed Budget FY 26-27**	**RWA Projected Budget FY 27-28**	**RWA Projected Budget FY 28-29**	**RWA Projected Budget FY 29-30**	**RWA Projected Budget FY 30-31**	
ANNUAL DUES RATE INCREASE %	**0%**	**0%**	**5%**	**5%**	**5%**	**5%**	**5%**	
ANNUAL CORE REVENUES								
REVENUES								
General Membership Dues	$ 1,150,751	$ 1,150,751	$ 1,212,150	$ 1,279,121	$ 1,349,793	$ 1,424,369	$ 1,503,065	See Dues Schedule
Associate Membership Dues	$ 74,922	$ 74,922	$ 78,668	$ 82,601	$ 86,731	$ 91,068	$ 95,621	See Dues Schedule
Affiliate Membership Dues	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	For ten Affiliate Members
Misc. Revenues	$ 5,000	$ 5,000	$ 5,000	$ 6,000	$ 7,000	$ 8,000	$ 9,000	Holiday Social and Miscellaneous Revenue
Interest Income	$ 70,000	$ 75,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	Interest from Local Agency Investment Fund (LAIF) account
TOTAL CORE REVENUES	**$ 1,308,673**	**$ 1,313,673**	**$ 1,373,818**	**$ 1,445,723**	**$ 1,521,524**	**$ 1,601,437**	**$ 1,685,687**	
ANNUAL CORE EXPENSES								
STAFF EXPENSES								
Staff Salaries/Wages	$ 1,788,864	$ 1,725,907	$ 1,843,907	$ 1,926,288	$ 2,001,234	$ 2,076,071	$ 2,151,490	For nine full time positions
Benefits	$ 508,556	$ 498,233	$ 523,592	$ 542,461	$ 563,441	$ 585,229	$ 607,482	PERS, medical, vision, dental, disability, OPEB and workers' comp
Pension Plan Unfunded Liability	$ 93,800	$ 93,800	$ 89,500	$ 80,000	$ 80,000	$ 80,000	$ 80,000	Per Policy 500.15: UAL divided by four years
Payroll Taxes	$ 122,722	$ 113,368	$ 126,244	$ 134,912	$ 143,431	$ 152,085	$ 161,137	Payroll taxes for nine staff members
Travel/Meals/Conferences	$ 45,000	$ 28,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	Travel and Conferences
TOTAL STAFF EXPENSES	**$ 2,558,942**	**$ 2,459,308**	**$ 2,628,243**	**$ 2,728,661**	**$ 2,833,105**	**$ 2,938,384**	**$ 3,045,109**	
OFFICE EXPENSES								
Rent & Utilities Contract	$ 77,000	$ 76,477	$ 80,200	$ 82,200	$ 85,000	$ 87,500	$ 90,000	Office and Storage lease per agreement
Insurance	$ 64,000	$ 65,500	$ 73,000	$ 78,000	$ 83,000	$ 88,000	$ 93,000	Property, Liability, Auto and Cyber
Office Maintenance	$ 2,200	$ 2,300	$ 2,600	$ 2,800	$ 3,000	$ 3,200	$ 3,400	General office maintenance
Postage and Postal Meter	$ 4,200	$ 3,400	$ 4,200	$ 4,400	$ 4,600	$ 4,800	$ 5,000	Meter rental and postage
Internet/Web Hosting	$ 10,000	$ 10,000	$ 15,000	$ 16,000	$ 17,000	$ 18,000	$ 19,000	Conference call service, web hosting, and internet service costs
Meetings	$ 9,000	$ 12,000	$ 14,000	$ 15,000	$ 16,000	$ 17,000	$ 18,000	Meetings
Events	$ 24,000	$ 14,000	$ 44,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	Holiday and ACWA Socials
Printing/Supplies	$ 20,000	$ 13,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	Printing, copier maintenance and lease costs, office supplies
Dues, Subscriptions and Sponsorships	$ 31,000	$ 33,000	$ 45,000	$ 47,500	$ 50,000	$ 52,500	$ 55,000	ACWA, CSDA, PPIC, Sac Metro Chamber, etc.
Computer Hardware/Software	$ 14,000	$ 18,900	$ 19,000	$ 20,000	$ 21,000	$ 22,000	$ 23,000	Computer hardware and software
Computer Support and Maintenance	$ 37,000	$ 37,000	$ 41,000	$ 43,000	$ 45,000	$ 47,000	$ 49,000	Phone and computer support and maintenance
Office Furniture & Equipment	$ 5,000	$ 2,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	Office furniture and equipment
Professional Development/Training	$ 14,000	$ 11,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	$ 14,000	License renewals, training and professional development classes
TOTAL OFFICE EXPENSES	**$ 311,400**	**$ 298,577**	**$ 377,000**	**$ 371,900**	**$ 387,600**	**$ 403,000**	**$ 418,400**	
PROFESSIONAL FEES								
RWA/SGA Audit	$ 34,000	$ 34,000	$ 36,000	$ 38,000	$ 40,000	$ 42,000	$ 44,000	Audit fees
ADP Payroll Services/Banking/Misc. Fees	$ 4,200	$ 5,000	$ 5,500	$ 5,750	$ 6,000	$ 6,250	$ 6,500	Payroll service, banking and miscellaneous fees
Actuarial Services	$ 8,500	$ 7,425	$ 3,500	$ 8,000	$ 4,000	$ 8,500	$ 4,500	Actuary consultant for OPEB
Human Resources Services	$ 15,000	$ 5,000	$ 35,000	$ 35,000	$ 15,000	$ 15,000	$ 15,000	Recruitments, onboarding, and guidance
General Consulting Services	$ 25,000	$ 15,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	General consulting services
TOTAL PROFESSIONAL FEES	**$ 86,700**	**$ 66,425**	**$ 105,000**	**$ 111,750**	**$ 90,000**	**$ 96,750**	**$ 95,000**	

Regional Water Authority Proposed Fiscal Year 2026-2027 Core Operating Budget (Allocating Overhead to Programs)				4-Year Projection				Notes
	RWA Adopted Budget FY 25-26	**RWA Projected Actuals FY 25-26**	**RWA Proposed Budget FY 26-27**	**RWA Projected Budget FY 27-28**	**RWA Projected Budget FY 28-29**	**RWA Projected Budget FY 29-30**	**RWA Projected Budget FY 30-31**	
CORE PROGRAM (REVENUES)/EXPENSES								
RWA Legal	$ 90,000	$ 80,000	$ 95,000	$ 97,500	$ 100,000	$ 102,500	$ 105,000	Legal expenses in support of RWA activities
RWA Lobbyist Services	$ 125,000	$ 120,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	Lobbying Services for RWA Core Membership
RWA Public Outreach Services	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	$ 145,000	Communication consultant for RWA Core Membership
Strategic Plan Update	$ 40,000	$ 22,222	$ 17,778	$ -	$ -	$ -	$ -	Strategic Plan update consulting services
Powerhouse Science Center	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ -	$ -	Powerhouse Science Center exhibit
American River Climate Adaptation Program	$ 60,000	$ 60,000	$ -	$ -	$ -	$ -	$ -	ARCAP consulting services
PPIC - Revenue	$ (50,000)	$ (50,000)	$ -	$ -	$ -	$ -	$ -	
PPIC - Expense	$ 50,000	$ 50,000	$ -	$ -	$ -	$ -	$ -	
Watershed Resilience Grant - Revenue (Consulting)	$ (1,137,343)	$ (1,056,955)	$ -	$ -	$ -	$ -	$ -	RWA Core Grant reimbursement for consulting services
Watershed Resilience Grant - Expense (Consulting)	$ 1,137,343	$ 1,056,955	$ -	$ -	$ -	$ -	$ -	RWA Core Grant related consulting expenses
TOTAL CORE PROGRAM (REVENUES)/EXPENSES	**$ 485,000**	**$ 452,222**	**$ 407,778**	**$ 392,500**	**$ 395,000**	**$ 372,500**	**$ 375,000**	
EXPENSE REIMBURSEMENTS								
SGA Service Agreement Fee	$ (1,015,605)	$ (930,000)	$ (1,048,218)	$ (1,083,415)	$ (1,118,072)	$ (1,164,958)	$ (1,208,675)	Expenses covered by Sacramento Groundwater Authority
Water Efficiency Program	$ (256,547)	$ (214,876)	$ (281,998)	$ (292,005)	$ (299,822)	$ (310,990)	$ (320,831)	Expenses covered by Water Efficiency Program
Common Interest Management Services	$ (349,443)	$ (380,109)	$ (455,084)	$ (509,683)	$ (522,584)	$ (540,921)	$ (558,381)	Expenses covered by Common Interest Management Services
Other Sub. Programs/Grants - Staff Reimbursement	$ (315,123)	$ (299,707)	$ (143,440)	$ (135,850)	$ (139,752)	$ (144,945)	$ (149,681)	Other program and grants staff time reimbursement
TOTAL EXPENSE REIMBURSEMENTS	**$ (1,936,718)**	**$ (1,824,692)**	**$ (1,928,739)**	**$ (2,020,952)**	**$ (2,080,229)**	**$ (2,161,814)**	**$ (2,237,567)**	
TOTAL CORE EXPENSES	**$ 1,505,324**	**$ 1,451,840**	**$ 1,589,281**	**$ 1,583,859**	**$ 1,625,476**	**$ 1,648,820**	**$ 1,695,942**	
CORE NET SURPLUS/(DEFICIT)	**$ (196,651)**	**$ (138,167)**	**$ (215,463)**	**$ (138,136)**	**$ (103,952)**	**$ (47,383)**	**$ (10,255)**	
RESERVES SUMMARY:								
CORE RESERVES, BEGINNING	**$ 1,766,130**	**$ 1,766,130**	**$ 1,627,963**	**$ 1,412,500**	**$ 1,274,364**	**$ 1,170,412**	**$ 1,123,028**	
Core Reserves Increase/(Decrease)	$ (196,651)	$ (138,167)	$ (215,463)	$ (138,136)	$ (103,952)	$ (47,383)	$ (10,255)	
CORE RESERVES, ENDING	**$ 1,569,479**	**$ 1,627,963**	**$ 1,412,500**	**$ 1,274,364**	**$ 1,170,412**	**$ 1,123,028**	**$ 1,112,773**	
DESIGNATIONS/RESERVES								
Operating Fund	$ 501,775	$ 501,775	$ 529,760	$ 527,953	$ 541,825	$ 549,607	$ 565,314	RWA Designations are set per RWA Policy 500.1
Membership Dues Stabilization Fund	$ 185,051	$ 185,051	$ 194,823	$ 205,458	$ 216,679	$ 228,516	$ 241,003	RWA Designations are set per RWA Policy 500.1
Subscription Program Revenue Fund	$ 92,111	$ 92,111	$ 88,052	$ 93,754	$ 96,216	$ 99,686	$ 102,889	RWA Designations are set per RWA Policy 500.1
Powerhouse Science Center	$ 75,000	$ 75,000	$ 50,000	$ 25,000	$ -	$ -	$ -	
Undesignated	$ 715,542	$ 774,026	$ 549,865	$ 422,199	$ 315,692	$ 245,220	$ 203,567	Undesignated Reserves
TOTAL DESIGNATIONS/RESERVES	**$ 1,569,479**	**$ 1,627,963**	**$ 1,412,500**	**$ 1,274,364**	**$ 1,170,412**	**$ 1,123,028**	**$ 1,112,773**	
Number of Months "Operating Fund plus Undesignated" Covers Expenses			**8.2**	**7.2**	**6.3**	**5.8**	**5.4**	

Regional Water Authority
Fiscal Year 2026-2027
Dues Schedule (5% Increase, Allocating Overhead to Programs)

	2025 Retail Connections						Proposed Dues FY 26/27	Actual Dues FY 25/26	$ Increase (Decrease) Dues	% Increase (Decrease) Dues
Small agencies		First 3,000 Connections $2.51	3,001-7,000 Connections $1.26							
Rancho Murrieta CSD	**2,922**	$ 7,334					**$ 7,334**	$ 6,972	$ 362	5.2%
Georgetown Divide PUD	**3,804**	$ 7,530	$ 1,009				**$ 8,539**	$ 8,126	$ 413	5.1%
Orange Vale WC	**5,733**	$ 7,530	$ 3,430				**$ 10,960**	$ 10,285	$ 675	6.6%
Medium agencies		Up to 30,000 Connections $2.51								
Carmichael WD	**11,810**	$ 29,643					**$ 29,643**	$ 28,486	$ 1,157	4.1%
Elk Grove WD	**13,214**	$ 33,167					**$ 33,167**	$ 31,290	$ 1,877	6.0%
Fair Oaks WD	**14,398**	$ 36,139					**$ 36,139**	$ 34,380	$ 1,759	5.1%
City of West Sacramento (1)	**15,949**	$ 40,032					**$ 36,029**	$ 34,274	$ 1,755	5.1%
Golden State WC	**17,312**	$ 43,453					**$ 43,453**	$ 41,206	$ 2,247	5.5%
Yuba City (1)	**19,658**	$ 49,342					**$ 44,407**	$ 41,994	$ 2,413	5.7%
Nevada Irrigation District (1)	**20,024**	$ 50,260					**$ 45,234**	$ 43,003	$ 2,231	5.2%
Citrus Heights WD	**20,565**	$ 51,618					**$ 51,618**	$ 49,117	$ 2,501	5.1%
City of Lincoln	**23,123**	$ 58,039					**$ 58,039**	$ 53,918	$ 4,121	7.6%
City of Folsom	**25,827**	$ 64,826					**$ 64,826**	$ 60,771	$ 4,055	6.7%
Large agencies		Up to 30,000 Connections $2.51	Up to 40,000 Connections $1.26	Up to 50,000 Connections $0.63	Up to 60,000 Connections $0.31	Over 60,000 Connections $0.08				
San Juan WD (2)	**11,135**	$ 75,300					**$ 75,300**	$ 71,700	$ 3,600	5.0%
Placer County WA	**41,130**	$ 75,300	$ 12,550	$ 709			**$ 88,559**	$ 84,074	$ 4,485	5.3%
El Dorado ID	**44,085**	$ 75,300	$ 12,550	$ 2,563			**$ 90,413**	$ 85,950	$ 4,463	5.2%
Sacramento Suburban WD	**48,911**	$ 75,300	$ 12,550	$ 5,592			**$ 93,442**	$ 88,965	$ 4,477	5.0%
City of Roseville	**56,842**	$ 75,300	$ 12,550	$ 6,275	$ 2,147		**$ 96,272**	$ 91,399	$ 4,873	5.3%
Sacramento County WA	**65,889**	$ 75,300	$ 12,550	$ 6,275	$ 3,138	$ 412	**$ 97,675**	$ 92,915	$ 4,760	5.1%
CA American Water	**67,745**	$ 75,300	$ 12,550	$ 6,275	$ 3,138	$ 542	**$ 97,805**	$ 93,270	$ 4,535	4.9%
City of Sacramento	**146,193**	$ 75,300	$ 12,550	$ 6,275	$ 3,138	$ 6,034	**$ 103,296**	$ 98,655	$ 4,641	4.7%
Total	**676,269**						**$ 1,212,150**	$ 1,150,750	$ 61,400	5.3%

(1) Agencies outside of the core American River Basin region receive a 10% discount on dues after they are calculated based on # of connections.
(2) San Juan Water District *Wholesale* is a community services district that provides drinking water to 150,000 people in portions of Sacramento and Placer Counties so it is treated as the minimum size of a large member agency.
(3) New members receive a 50 percent discount on their first-year dues and a 25 percent discount on their second-year dues. No members received this discount for Fiscal Year 2026-2027.

RWA Associate Members	Proposed Dues FY 26/27	Actual Dues FY 25/26
El Dorado Water Agency	**$ 6,677**	$ 6,359
Placer County	**$ 17,240**	$ 16,419
Sacramento Area Flood Control Agency	**$ 9,521**	$ 9,068
Sacramento Municipal Utilities District	**$ 17,240**	$ 16,419
Sacramento Area Sewer District	**$ 17,240**	$ 16,419
Yuba Water Agency	**$ 10,750**	$ 10,238
TOTAL ASSOCIATE MEMBER DUES	**$ 78,668**	$ 74,922

Attachment 3

Effect of Not Allocating Fiscal Year 2026/27 Budgeted Overhead Costs to Programs

Effect of Not Allocating 2026/27 Budgeted Overhead Costs to Programs
(Allocated Based on Proportion of Dues)

	RWA	Water Efficiency	CIMS	BOSS	Water Bank	Miscellaneous Grants	Total Net Effect
General Members							
Rancho Murrieta CSD	$ 747.17					$ (38.14)	**$ 709.03**
Georgetown Divide PUD	$ 865.15						**$ 865.15**
Orange Vale WC	$ 1,101.10	$ (520.75)					**$ 580.34**
Carmichael WD	$ 3,041.13	$ (1,526.04)	$ (2,181.21)		$ (727.38)	$ (103.47)	**$ (1,496.97)**
Elk Grove WD	$ 3,342.62	$ (1,458.11)			$ (363.69)	$ (17.16)	**$ 1,503.65**
Fair Oaks WD	$ 3,670.32	$ (1,815.85)			$ (874.19)	$ (103.47)	**$ 876.82**
City of West Sacramento	$ 3,670.32	$ (1,630.19)					**$ 2,040.14**
Golden State WC	$ 4,404.39	$ (2,006.04)	$ (3,633.70)		$ (1,748.38)		**$ (2,983.73)**
Yuba City	$ 4,496.15						**$ 4,496.15**
Nevada Irrigation District	$ 4,601.01						**$ 4,601.01**
Citrus Heights WD	$ 5,256.43	$ (2,635.47)			$ (874.19)		**$ 1,746.77**
City of Lincoln	$ 5,767.65	$ (1,344.91)			$ (363.69)	$ (103.47)	**$ 3,955.59**
City of Folsom	$ 6,501.72	$ (2,400.00)	$ (6,251.16)	$ (1,906.48)	$ (583.91)	$ (252.47)	**$ (4,892.28)**
San Juan WD	$ 7,668.36	$ (1,571.32)			$ (874.19)	$ (103.47)	**$ 5,119.38**
Placer County WA	$ 8,992.29	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (583.91)	$ (132.79)	**$ (3,934.86)**
El Dorado ID	$ 9,188.92	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (363.69)	$ (227.43)	**$ (3,612.66)**
Sacramento Suburban WD	$ 9,516.63	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (2,038.66)	$ (262.00)	**$ (4,994.50)**
City of Roseville	$ 9,778.79	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (800.78)	$ (280.36)	**$ (3,512.81)**
Sacramento County WA	$ 9,936.09	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (1,748.38)	$ (251.04)	**$ (4,273.78)**
CA American Water	$ 9,975.42	$ (4,052.83)			$ (800.78)		**$ 5,121.80**
City of Sacramento	$ 10,552.18	$ (4,052.83)	$ (6,251.16)	$ (1,906.48)	$ (2,769.38)	$ (279.88)	**$ (4,707.54)**
Associate Members							
El Dorado Water Agency	$ 681.63			$ (1,906.48)	$ (220.22)		**$ (1,445.06)**
County of Placer	$ 1,756.51				$ (146.81)		**$ 1,609.70**
Sacramento Area Flood Control Agency	$ 970.01					$ (108.95)	**$ 861.07**
Sacramento Municipal Utilities District	$ 1,756.51			$ (1,906.48)			**$ (149.96)**
Sacramento Area Sewer District	$ 1,756.51				$ (800.78)	$ (119.68)	**$ 836.05**
Yuba Water Agency	$ 1,101.10						**$ 1,101.10**
2026/27 Budgeted Overhead	**$ 131,083.00**	**$ (45,283.00)**	**$ (49,573.00)**	**$ (17,160.00)**	**$ (16,683.00)**	**$ (2,384.00)**	**$ -**

Topic:	Approve Other Post-Employment Benefits Actuarial Valuation Report as of June 30, 2025 and California Employers' Retiree Benefit Trust Asset Allocation Strategy
Type:	New Business
Item For:	Action
Purpose:	Policy 500.10

SUBMITTED BY:	Tom Hoffart Finance Director	PRESENTER:	Tom Hoffart Finance Director

EXECUTIVE SUMMARY

This is an action item for the Executive Committee to approve the Other Post-Employment Benefits (OPEB) Actuarial Valuation report as of June 30, 2025 and to approve the California Employers' Retiree Benefit Trust (CERBT) Asset Allocation Strategy.

STAFF RECOMMENDATION:

Approve the OPEB Actuarial Valuation report as of June 30, 2025; and consider and approve CERBT Asset Allocation Strategy 1.

BACKGROUND

OPEB Actuarial Valuation Report:

The RWA's OPEB plan covers retiree health benefits outlined in RWA Policy 400.1 Appendix G – Employee and Retiree Health Benefits. As a requirement of CERBT and Governmental Accounting Standards Board Statement No. 75, the RWA obtains an actuarial valuation report for OPEB every two years and an interim update in the years between the full valuations. The OPEB Actuarial Valuation as of June 30, 2025 is a full valuation report.

The primary purpose of the actuarial valuation report is to determine the Net OPEB Liability and the Actuarially Determined Contribution (ADC). The Net OPEB Liability is the difference between the CERBT Assets and the Actuarial Accrued Liability. The ADC is the Actuary's recommended OPEB payment amount, which is calculated to cover the cost of benefits earned by current employees and pays down past unfunded liabilities.

The Net OPEB Liability for fiscal year ending June 30, 2026 is $1,998, which is significantly lower than the fiscal year ending June 30, 2025 amount of $69,147. Per RWA Policy 500.10 – OPEB Funding Policy, the RWA shall pay an additional amount of 1/10th of the liability to CERBT. Staff will include an additional payment of $200 in the Fiscal Year 2026/27 budget to satisfy the policy, compared to an additional payment of $6,915 in Fiscal Year 2025/26.

The ADC for fiscal year ending June 30, 2027 is $143,154, which is down from $154,331 for fiscal year ending June 30, 2026. Per RWA Policy 500.10 – OPEB Funding Policy, the RWA shall pay the full amount of the ADC. Staff will include the ADC net of implied subsidy payment of $130,549 in the fiscal year 2026/27 budget to satisfy the policy, compared to ADC net of implied subsidy payment of $136,437 in Fiscal Year 2025/26.

CERBT Asset Allocation Strategy:

The RWA funds OPEB through CERBT that is administered by CalPERS. The RWA's CERBT balance as of June 30, 2025 was $1,867,863, up from $1,603,258 as of June 30, 2024. CERBT has three asset allocation strategies that the RWA can choose to invest OPEB funds. Strategy 1 is the most aggressive and has the most risk, Strategy 2 is in the middle and Strategy 3 is the most conservative and has the least risk. The primary difference between the strategies is the asset allocation, with Strategy 1 having a higher allocation of equities and lower allocation of bonds and other assets. Annualized investment returns for the past 10 years as of June 30, 2025 are 6.90%, 5.58% and 4.49% for Strategy 1, 2 and 3, respectively. Currently, the RWA is invested in CERBT Asset Allocation Strategy 1.

FINDING/CONCLUSION

Staff have reviewed the OPEB Actuarial Valuation report as of June 30, 2025 and recommends approval of the report.

The RWA is currently invested in CERBT Asset Allocation Strategy 1. Strategy 1 is the most aggressive and has the most risk of the three strategies. The CERBT projects that Strategy 1 will have the highest long-term expected rate of return and the highest volatility. Over the past 10 years, Strategy 1 has outperformed the other strategies, however, past performance is not an indicator of future results. Since, the OPEB funding is a long-term investment, staff recommends the consideration and approval of CERBT Asset Allocation Strategy 1.

ATTACHMENTS

Attachment 1 – OPEB Actuarial Valuation report as of June 30, 2025
Attachment 2 – CERBT Valuation Packet, June 30, 2025
Attachment 3 – CERBT – Account Update Summary as of June 30, 2025
Attachment 4 – Policy 400.1 Appendix G – Employee and Retiree Health Benefits
Attachment 5 – Policy 500.10 – OPEB Funding Policy

MacLeod Watts

February 25, 2026

Tom Hoffart
Finance Director
Regional Water Authority
2295 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

Re: Regional Water Authority Other Post-Employment Benefits
June 30, 2025, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026

Dear Mr. Hoffart:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of Regional Water Authority (the Authority). The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Recalculate plan liabilities as of June 30, 2025, in accordance with GASB 75's biennial valuation requirement.
2. Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Authority's financial statements for the fiscal year ending June 30, 2026.
3. Develop Actuarially Determined Contributions levels for prefunding plan benefits.
4. Provide information to be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust.

The exhibits presented in this report reflect that the Authority is contributing, on average, 100% or more of the Actuarially Determined Contribution each year. We assumed that OPEB trust assets will remain in CERBT Strategy 1. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by the Authority. Please review our summary of this information to be comfortable that it matches your records. ***We estimated OPEB contributions and covered-employee payroll for the fiscal year. When actual amounts are known, we'd be happy to update the report.***

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Authority employees who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Raegann Conner

Raegann Conner, ASA, ACA, MAAA
Consulting Actuary

Enclosure

Regional Water Authority

Actuarial Valuation of Other
Post-Employment Benefit Programs
As of June 30, 2025

Development of OPEB Prefunding Levels
& GASB 75 Report for the FYE June 30, 2026

Submitted February 2026

MacLeod Watts

Table of Contents

A. Executive Summary

This report presents the results of the June 30, 2025, actuarial valuation and the accounting information for financial reporting of the other post-employment benefit (OPEB) program of the Regional Water Authority (the Authority). The purposes of this report are to: 1) summarize the results of the valuation; 2) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2026; 3) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 4) provide information required by the California Employers' Retiree Benefit Trust (CERBT).

A description of the valuation process can be found in the appendices. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations. The glossary also contains descriptive definitions of terms you may see in this or other actuarial reports.

Results of this June 30, 2025, valuation may also be used to prepare the Authority's GASB 75 report for the fiscal year ending June 30, 2027. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations

The Authority provides continuation of certain types of post-employment coverage to its retiring employees. See Retiree Benefit Provisions for a description of these benefits. Post-employment coverage may create one or more types of OPEB liabilities:

- **Explicit subsidy liabilities**: An "explicit subsidy" exists when the employer contributes directly toward the cost of a retiree's coverage, such as contributing toward the cost of healthcare premiums.
- **Implicit subsidy liabilities**: An "implicit subsidy" may exist when premiums paid for retiree coverage are not expected to cover retiree claims, and the cost difference is expected to be borne by the employer. This commonly occurs when the employer is charged the same premium for active and retired employees, even though retirees generally incur higher claims.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit subsidy liability as the projected difference between (a) estimated retiree claim costs by age and (b) premiums charged for retiree coverage, to the extent borne by the Authority.

Important Dates

GASB 75 allows reporting liabilities using (1) a *valuation date* no more than 30 months plus 1 day prior to the fiscal year end; and (2) a *measurement date* up to one year prior to the fiscal year end. The following dates were used for this report:

Fiscal Year End	June 30, 2026
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025
Valuation Date	June 30, 2025

Executive Summary
(Continued)

Summary of Results

The plan's impact on Net Position will be the sum of the difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. The plan's impact on Net Position and Expense for the current fiscal year is shown below.

Summary of Results for Fiscal Year Ending June 30, 2026		**RWA**
Total OPEB Liability	$	1,870,563
Fiduciary Net Position		(1,868,565)
Net OPEB Liability	**$**	**1,998**
Adjustment for Deferred Resources:		
Deferred (Outflows)		(447,143)
Deferred Inflows		237,833
Impact on Statement of Net Position	**$**	**(207,312)**
OPEB Expense, FYE 6/30/2026	**$**	**104,000**

OPEB Funding Policy

The Authority's OPEB funding pattern over the most recent 5-year period has been to contribute 100% or more of the Actuarially Determined Contribution each year. When fully funding, GASB 75 prescribes the expected long-term trust earnings rate as the discount rate for determining liabilities for plan disclosures.

With the Authority's approval, we used 6.25% as the discount rate to develop accounting disclosures and Actuarially Determined Contributions for plan funding. Information on how this rate was determined is provided in the Expected Return on Trust Assets section of Accounting Information.

Updates Since the Prior Report

The Authority reported no plan changes since the prior report. The Authority provided an updated census of plan participants which was used in the valuation to determine "plan experience". A description of the components of plan experience and their impact on the liability can be found in the Reconciliation shown in Valuation Results. See the Glossary for a definition of Plan Experience. Certain assumptions were changed for this valuation. A description of the changes can be found in the Changes section of Actuarial Methods and Assumptions. The liability impact of the assumption changes can be found in the Reconciliation provided in Valuation Results. Investment experience (the difference between actual and expected trust earnings) was determined as well. The financial impact is shown in the Reconciliation provided in Valuation Results.

Executive Summary
(Concluded)

Use and Reliance

This report is intended to present actuarial information related to other postemployment benefits (OPEB) for the Authority's financial statements in accordance with GASB Statement No. 75. The results and conclusions are appropriate for this purpose but may not be suitable for other uses, as different assumptions, methods, or actuarial standards of practice may be required or more suitable.

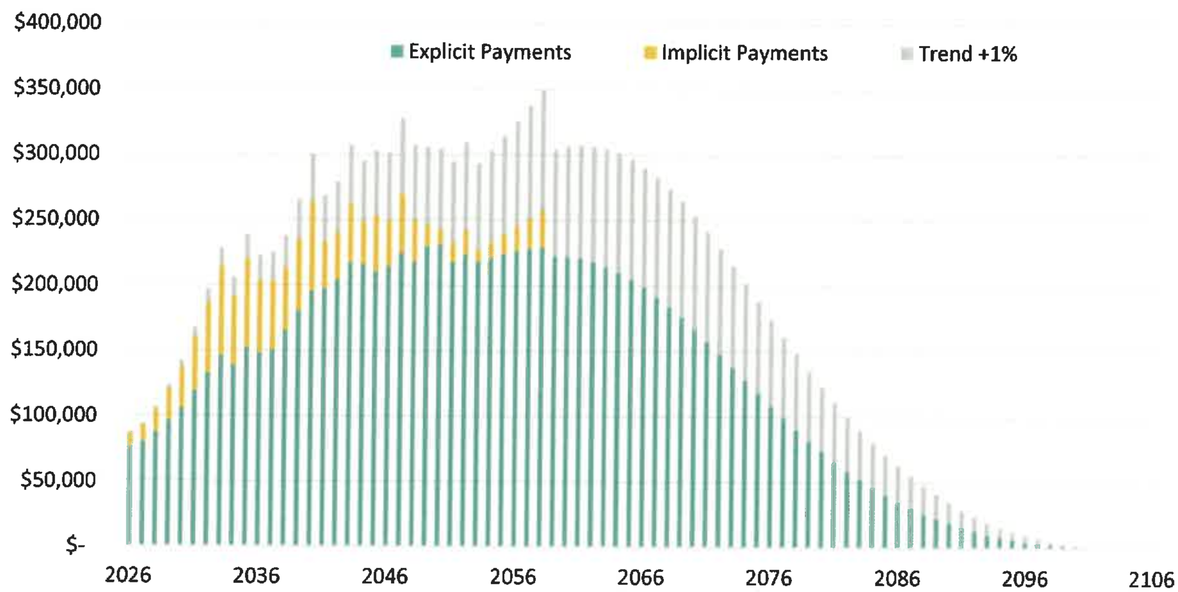
The actuarial valuation reflects plan provisions and related information as provided by the Authority. The Authority is assumed to have access to, and to rely upon, its own legal counsel for advice on legal matters, including the compliance of plan provisions with applicable laws, regulations, Board requirements, or other governing authorities. MacLeod Watts does not practice law, and nothing in this report should be construed as legal advice. While MacLeod Watts is not a public accounting firm, any financial reporting information herein has been prepared in accordance with our understanding of applicable reporting requirements. The Authority should coordinate with its internal accounting staff and external auditors regarding the application of these results to the Authority's financial statements.

B. Valuation Results

The Authority's OPEB liability as of June 30, 2025, was determined using the updated employee data, plan provisions and asset information provided to us for the valuation. The actuarial information was derived following the Valuation Process described in the appendices. This process uses many assumptions which can be reviewed in the Actuarial Assumptions section of this report. We recommend the Authority review our understanding of retiree benefits found in the Retiree Benefits Provisions section of this report. Finally, the Summary of Employee Data section provides a summary of the data provided by the Authority for this valuation.

Using all the information provided for this report, we projected all future benefit payments expected to be paid on behalf of current retirees and current employees of the Authority (see the chart below).

OPEB Payments
Projected to be Paid During Retirement to Current Employees and Retirees



Explicit payments represent direct payments by the Authority to or on behalf of retirees. Implicit payments reflect the difference between expected retiree claims and premiums paid for coverage, to the extent the cost difference is expected to be borne by the Authority. The grey area on the chart indicates the increase in projected payments if the assumption for healthcare cost inflation were 1% higher in all future years.

The first 15 years of projected benefit payments are shown in tabular form in the Projected Benefit Payments section of Accounting Information. Liabilities relating to these projected benefits are shown beginning on the following page.

Valuation Results
(Continued)

This chart compares the results measured as of June 30, 2024, with the new results measured as of June 30, 2025, based on the current valuation.

Valuation Date		**6/30/2023**			**6/30/2025**	
Fiscal Year Ending		**6/30/2025**			**6/30/2026**	
Measurement Date		**6/30/2024**			**6/30/2025**	
Discount rate		6.25%			6.25%	
Number of Covered Employees						
Actives		9			9	
Retirees		7			7	
Total Participants		16			16	
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	$ 1,286,716	$ 358,562	$ 1,645,279	$ 1,422,022	$ 398,716	$ 1,820,738
Retirees	1,015,536	113,582	1,129,118	1,059,394	120,957	1,180,351
Total APVPB	2,302,252	472,145	2,774,397	2,481,416	519,673	3,001,089
Total OPEB Liability (TOL)						
Actives	438,320	105,592	543,912	558,784	131,428	690,212
Retirees	1,015,536	113,582	1,129,118	1,059,394	120,957	1,180,351
TOL	1,453,856	219,174	1,673,030	1,618,178	252,385	1,870,563
Fiduciary Net Position			1,603,883			1,868,565
Net OPEB Liability			69,147			1,998
Service Cost For the period following the measurement date	94,531	30,661	125,192	98,231	33,626	131,857

A reconciliation between the liabilities shown above begins on the following page.

Valuation Results
(Concluded)

Reconciliation

Between the June 30, 2024, and June 30, 2025, measurement dates, the Net OPEB Liability (NOL) decreased by $67,149. This change can be broadly grouped into expected changes and unexpected changes.

- **Expected changes** - The NOL was expected to decrease by $12,741 through normal plan operation. These changes are shown in the first section of the reconciliation chart on the following page.

- **Unexpected changes** – The NOL experiences unexpected changes when results projected in the prior valuation are not exactly realized. These unexpected changes can be broadly grouped into one of these categories:

    1. *Changes in Benefit Provisions* – Changes in plan benefits since the prior valuation are reflected as an unexpected change. The Authority reported no changes to the plan since the prior valuation.
    2. *Plan Experience* – Plan experience reflects unexpected changes in a plan's actual demographic outcomes (see Glossary – Plan Experience). Unexpected plan experience caused the NOL to increase by $8,754.
    3. *Assumption Changes* – Each full valuation includes a review of assumptions to ensure current expectations are used in the future projection and discounting of plan benefits. Assumption changes caused the NOL to increase by $35,370. For more details on the assumptions used in the current valuation, see Actuarial Methods and Assumptions later in the report.
    4. *Investment Experience* – Trust earnings deviating from the expected trust earnings rate decreased the NOL by $98,532.

The reconciliation chart appears on the following page.

Valuation Results – Reconciliation

(Concluded)

This chart reconciles the Net OPEB Liability measured on June 30, 2024, to the Net OPEB Liability from the current valuation measured on June 30, 2025.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	$ 1,673,030	$ 1,603,883	$ 69,147
Expected Changes During the Period:			
Service Cost	125,192		125,192
Interest Cost	109,838		109,838
Expected Investment Income		102,240	(102,240)
RWA Contributions		146,036	(146,036)
Trust Administrative Expenses		(505)	505
Benefit Payments	(81,621)	(81,621)	-
Total Expected Changes During the Period	153,409	166,150	(12,741)
Expected at Fiscal Year Ending 6/30/2026 *Measurement Date 6/30/2025*	$ 1,826,439	$ 1,770,033	$ 56,406
Unexpected Changes During the Period:			
Change Due to Investment Experience		98,532	(98,532)
Plan Experience:			
Premiums and Estimated Claims Other Than Expected	21,265		
Turnover Other Than Expected	(17,436)		
Retiree Retention and Mortality Other Than Expected	22,176		
Other Plan Experience	(17,251)		
Change Due to Plan Experience			8,754
Assumption Changes:			
Change in Healthcare Trend	33,888		
Demographic Assumptions	1,482		
Change Due to Assumption Changes			35,370
Total Unexpected Changes During the Period	44,124	98,532	(54,408)
Balance at Fiscal Year Ending 6/30/2026 *Measurement Date 6/30/2025*	$ 1,870,563	$ 1,868,565	$ 1,998

C. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2026.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2026 *Measurement Date is June 30, 2025*		**Regional Water Authority**
Items Impacting Net Position:		
Total OPEB Liability	$	1,870,563
Fiduciary Net Position		(1,868,565)
Net OPEB Liability (Asset)		1,998
Deferred (Outflows) Due to:		
Assumption Changes		(73,918)
Plan Experience		(156,241)
Investment Experience		(62,653)
Deferred Contributions		(154,331)
Deferred Inflows Due to:		
Assumption Changes		48,843
Plan Experience		65,440
Investment Experience		123,550
Impact on Statement of Net Position, FYE 6/30/2026	**$**	**(207,312)**
Items Impacting OPEB Expense:		
Service Cost	$	125,192
Cost of Plan Changes		-
Interest Cost		109,838
Expected Earnings on Assets		(102,240)
Trust Administrative Expenses		505
Recognition of Deferred Outflows:		
Assumption Changes		21,505
Plan Experience		32,177
Investment Experience		62,655
Recognition of Deferred (Inflows):		
Assumption Changes		(24,608)
Plan Experience		(33,933)
Investment Experience		(87,091)
OPEB Expense, FYE 6/30/2026	**$**	**104,000**

Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End *Measurement Date*	**6/30/2025** *6/30/2024*	**6/30/2026** *6/30/2025*	**Change During Period**
Total OPEB Liability	$ 1,673,030	$ 1,870,563	$ 197,533
Fiduciary Net Position	(1,603,883)	(1,868,565)	(264,682)
Net OPEB Liability (Asset)	69,147	1,998	(67,149)
Deferred (Outflows) Due to:			
Assumption Changes	(60,053)	(73,918)	(13,865)
Plan Experience	(179,664)	(156,241)	23,423
Investment Experience	(125,308)	(62,653)	62,655
Deferred Contributions	(146,036)	(154,331)	(8,295)
Deferred Inflows Due to:			
Assumption Changes	73,451	48,843	(24,608)
Plan Experience	99,373	65,440	(33,933)
Investment Experience	112,109	123,550	11,441
Impact on Statement of Net Position	$ (156,981)	$ (207,312)	$ (50,331)

Change in Net Position During the Fiscal Year	
Impact on Statement of Net Position, FYE 6/30/2025	$ (156,981)
OPEB Expense (Income)	104,000
RWA Contributions During Fiscal Year	(154,331)
Impact on Statement of Net Position, FYE 6/30/2026	$ (207,312)

OPEB Expense	
RWA Contributions During Fiscal Year	$ 154,331
Deterioration (Improvement) in Net Position	(50,331)
OPEB Expense (Income), FYE 6/30/2026	$ 104,000

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

Fiduciary Net Position at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	**$ 1,603,883**
Changes During the Period:	
Investment Income	200,772
RWA Contributions	146,036
Trust Administrative Expenses	(505)
Benefit Payments	(81,621)
Net Changes During the Period	264,682
Fiduciary Net Position at Fiscal Year Ending 6/30/2026 *Measurement Date 6/30/2025*	**$ 1,868,565**

Expected Long-term Return on Trust Assets

CalPERS last updated the projected future investment returns for CERBT in June 2024. The returns were determined using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6-20. We assumed that the returns for years 6 through 20 would continue in later years.

CERBT Strategy 1		Years 1-5			Years 6-20		
Major Asset Classification	**Target Allocation**	**General Inflation Rate Assumption**	**1-5 Year Expected Real Rate of Return**	**Compound Return Yrs 1-5**	**General Inflation Rate Assumption**	**6-20 Year Expected Real Rate of Return**	**Compound Return Years 6-20**
Global Equity	49%	2.40%	3.90%	6.30%	2.40%	4.70%	7.10%
Fixed Income	23%	2.40%	2.70%	5.10%	2.40%	2.60%	5.00%
Global Real Estate (REITs)	20%	2.40%	3.70%	6.10%	2.40%	4.00%	6.40%
Treasury Inflation Protected Securities	5%	2.40%	1.70%	4.10%	2.40%	1.40%	3.80%
Commodities	3%	2.40%	2.90%	5.30%	2.40%	2.00%	4.40%
Volatility	11.5%		Portfolio	6.1%		Portfolio	6.6%

Portfolio compound return is time-weighted and net of administrative fees.

To derive the expected future trust return specifically for the Authority, we first adjusted CalPERS' future return expectations to align with the 2.50% general inflation assumption used in this report. Then applying the plan specific benefit payments (as determined from the June 30, 2025, valuation) to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.55%. The Authority is less optimistic about future expected returns and approved 6.25% as the expected return on assets.

Accounting Information
(Continued)

Deferred Resources and Expected Future Recognition

The exhibit below shows deferred resources used in the current fiscal year. The plan's Expected Average Remaining Service Life ("EARSL") is 6.48 years. This period is used to recognize any non-investment related deferred resources established as of the measurement date. Investment related deferred resources are always recognized over five years. Details of deferred resources used in the current fiscal year are presented in the Schedule of Deferred Resources.

Regional Water Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 73,918	$ 48,843
Differences Between Expected and Actual Experience	156,241	65,440
Net Difference Between Projected and Actual Earnings on Investments	-	60,897
Deferred Contributions	154,331	-
Total	$ 384,490	$ 175,180

The Authority will recognize Deferred Contributions in the next fiscal year. The exhibit below shows future recognition of all other deferred resources.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2027	$ 22,703
2028	(14,998)
2029	4,142
2030	13,827
2031	22,448
Thereafter	6,857

Accounting Information
(Continued)

Sensitivity of Liabilities

The discount rate used for accounting purposes for the fiscal year ending June 30, 2026, is 6.25%. Future healthcare cost increases (i.e., healthcare trend rate) were assumed to start with a 6.5% increase effective January 1, 2027, and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	**Current - 1% 5.25%**	**Current 6.25%**	**Current + 1% 7.25%**
Total OPEB Liability	2,097,297	1,870,563	1,681,772
Increase (Decrease)	226,734		(188,791)
% Increase (Decrease)	12.1%		-10.1%
Net OPEB Liability (Asset)	228,732	1,998	(186,793)
Increase (Decrease)	226,734		(188,791)
% Increase (Decrease)	11348.0%		-9449.0%
Change in Healthcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	1,661,538	1,870,563	2,124,715
Increase (Decrease)	(209,025)		254,152
% Increase (Decrease)	-11.2%		13.6%
Net OPEB Liability (Asset)	(207,027)	1,998	256,150
Increase (Decrease)	(209,025)		254,152
% Increase (Decrease)	-10461.7%		12720.3%

Accounting Information
(Continued)

Schedule of Changes in the Net OPEB Liability

Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service Cost	$ 125,192	$ 125,825	$ 93,184	$ 83,549	$ 78,624	$ 76,149	$ 66,236	$ 64,152	$ 57,930
Interest Cost	109,838	95,049	77,862	73,189	81,028	75,707	84,785	78,135	71,699
Changes of benefit terms	-	-	-	-	-	-	1,871	-	-
Differences between expected and actual experience	8,754	89,065	140,280	-	(190,864)	-	(58,867)	-	(141,761)
Changes of assumptions	35,370	(28,393)	(13,726)	65,842	49,216	-	(152,520)	-	139,794
Benefit payments	(81,621)	(81,729)	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Change in total OPEB liability	197,533	199,817	239,779	159,425	(61,390)	76,820	(114,311)	99,368	86,690
Total OPEB liability - beginning	1,673,030	1,473,213	1,233,434	1,074,009	1,135,399	1,058,579	1,172,890	1,073,522	986,832
Total OPEB liability - ending	$ 1,870,563	$ 1,673,030	$ 1,473,213	$ 1,233,434	$ 1,074,009	$ 1,135,399	$ 1,058,579	$ 1,172,890	$ 1,073,522
Fiduciary Net Position									
Contributions - employer	$ 146,036	$ 81,729	$ 65,364	$ 56,710	$ 58,947	$ 87,282	$ 84,977	$ 73,980	$ 72,745
Net investment income	200,772	157,983	88,419	(211,501)	345,183	45,208	70,945	77,895	90,150
Benefit payments	(81,621)	(81,729)	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Trust Administrative Expenses	(505)	(471)	(394)	(399)	(475)	(601)	(240)	(1,817)	(460)
Change in fiduciary net position	264,682	157,512	95,568	(218,345)	324,261	56,853	99,866	107,139	121,463
Fiduciary net position - beginning	1,603,883	1,446,371	1,350,803	1,569,148	1,244,887	1,188,034	1,088,168	981,029	859,566
Fiduciary net position - ending	$ 1,868,565	$ 1,603,883	$ 1,446,371	$ 1,350,803	$ 1,569,148	$ 1,244,887	$ 1,188,034	$ 1,088,168	$ 981,029
Net OPEB liability - ending	$ 1,998	$ 69,147	$ 26,842	$ (117,369)	$ (495,139)	$ (109,488)	$ (129,455)	$ 84,722	$ 92,493
Covered-employee payroll	$ 1,595,061	$ 1,528,284	$ 1,259,512	$ 1,168,267	$ 1,018,771	$ 933,449	$ 799,048	$ 834,157	$ 752,115
Net OPEB liability as a percentage of covered-employee payroll	0.13%	4.52%	2.13%	-10.05%	-48.60%	-11.73%	-16.20%	10.16%	12.30%

Accounting Information – Schedule of Changes in the Net OPEB Liability
(Concluded)

Used in Development of the NOL for the Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Valuation date	6/30/2025	6/30/2023	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Discount rate	6.25%	6.25%	6.10%	6.00%	6.50%	6.90%	6.90%	7.00%	7.00%
Investment rate of return	6.25%	6.25%	6.10%	6.00%	6.50%	6.90%	6.90%	7.00%	7.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Healthcare cost trend rates	6.5% in 2027 3.9% by 2075	6.5% in 2025 3.9% by 2075	6.5% in 2025 3.9% by 2075	5.6% in 2024 3.9% by 2075	5.6% in 2024 3.9% by 2075	6.5% in 2021 5.0% by 2024	6.5% in 2021 5.0% by 2024	6.5% in 2021 5.0% by 2024	7.5% in 2017 4.5% by 2023
Retirement age	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75
Mortality	CalPERS 2025	CalPERS 2021	CalPERS 2021	CalPERS 2017	CalPERS 2017	CalPERS 2017	CalPERS 2017	CalPERS 2014	CalPERS 2014
Mortality Improvement	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2018	MacLeod Watts 2017	MacLeod Watts 2017	MacLeod Watts 2014

Accounting Information
(Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), the Authority's contribution, and the excess or shortfall.

Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 147,416	$ 143,291	$ 79,297	$ 60,646	$ 56,710	$ 58,626	$ 87,603	$ 84,977	$ 73,980
Contributions in relation to the ADC	154,331	146,036	81,729	65,364	56,710	58,947	87,282	84,977	73,980
Contribution deficiency (excess)	$ (6,915)	$ (2,745)	$ (2,432)	$ (4,718)	$ -	$ (321)	$ 321	$ -	$ -
Covered-employee payroll	$ 1,689,714	$ 1,595,061	$ 1,528,284	$ 1,259,512	$ 1,168,267	$ 1,018,771	$ 933,449	$ 799,048	$ 834,157
Contributions as a percentage of covered-employee payroll	9.13%	9.16%	5.35%	5.19%	4.85%	5.79%	9.35%	10.63%	8.87%

Used in Development of the ADC for the Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Valuation Date	6/30/2023	6/30/2023	6/30/2021	6/30/2021	6/30/2021	6/30/2019	6/30/2017	6/30/2017	7/1/2015
Discount rate/Trust return	6.10%	6.10%	6.00%	6.50%	6.50%	6.90%	7.00%	7.00%	7.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Healthcare cost trend rates	6.0% in 2026 3.9% by 2075	6.0% in 2026 3.9% by 2075	5.6% in 2024 3.9% by 2075	5.6% in 2024 3.9% by 2075	5.6% in 2024 3.9% by 2075	6.5% in 2021 5.0% by 2024	6.5% in 2021 5.0% by 2024	6.5% in 2021 5.0% by 2024	7.5% in 2017 4.5% by 2023
Retirement age	From 50 to 75	From 50 to 75	50 to 75	50 to 75	50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	CalPERS 2021	CalPERS 2021	CalPERS 2017	CalPERS 2017	CalPERS 2017	CalPERS 2017	CalPERS 2014	CalPERS 2014	CalPERS 2014
Mortality Improvement	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2018	MacLeod Watts 2017	MacLeod Watts 2017	MacLeod Watts 2014
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Amortization period	28 yrs remain	29 yrs remain	30 yrs remain	30 yrs remain	30 yrs remain	8 yrs remain	9 yrs remain	10 yrs remain	10 yrs remain
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value

Accounting Information
(Continued)

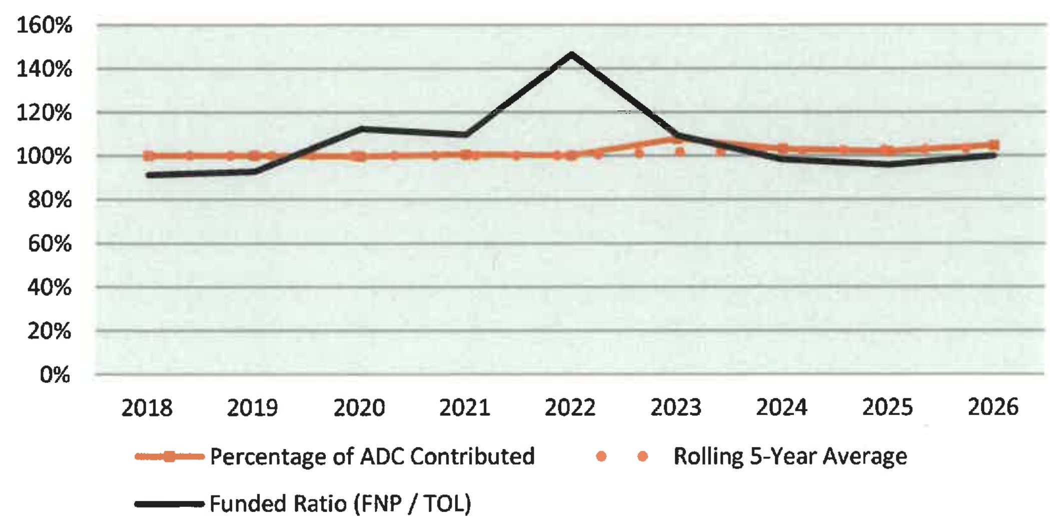
Progress in Plan Funding

The Authority's contribution history and progress in funding is shown below. This chart itself is not a required disclosure but may assist the Authority in monitoring plan funding. The measures shown include:

- *Contribution Percentage*: Annual percentage of Actuarially Determined Contributions contributed by the Authority.
- *Average Contribution Ratio*: The rolling 5-year average of the Contribution Percentage above. Paragraph 38 of GASB 75 states that the most recent 5-year history of contributions should be considered when developing the liability discount rate in partially funded plans.
- *Funded ratio*: The ratio of plan assets (Fiduciary Net Position) to the Total OPEB Liability is a standard measure of plan funded status at a point in time. See Funded Status in the Glossary.

	Contribution History				GASB 75 Funded Status History			
Fiscal Year Ending	Actuarially Determined Contribution (ADC)	Contribution	Percentage of ADC Contributed	Rolling 5-Year Average	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability	Funded Ratio (FNP / TOL)
2018	73,980	73,980	100%	100%	1,073,522	981,029	92,493	91%
2019	84,977	84,977	100%	100%	1,172,890	1,088,168	84,722	93%
2020	87,603	87,282	100%	100%	1,058,579	1,188,034	(129,455)	112%
2021	58,626	58,947	101%	100%	1,135,399	1,244,887	(109,488)	110%
2022	56,710	56,710	100%	100%	1,074,009	1,569,148	(495,139)	146%
2023	60,646	65,364	108%	102%	1,233,434	1,350,803	(117,369)	110%
2024	79,297	81,729	103%	102%	1,473,213	1,446,371	26,842	98%
2025	143,291	146,036	102%	103%	1,673,030	1,603,883	69,147	96%
2026	147,416	154,331	105%	103%	1,870,563	1,868,565	1,998	100%

The relevant ratios shown above are provided in the chart below.



Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Regional Water Authority	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows: Assumption Changes	(d) Deferred Outflows: Plan Experience	(d) Deferred Outflows: Investment Experience	(d) Deferred Outflows: Deferred Contributions	(e) Deferred Inflows: Assumption Changes	(e) Deferred Inflows: Plan Experience	(e) Deferred Inflows: Investment Experience	Impact on Statement of Net Position (f) = (c) - (d) + (e)
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 6/30/2024*	$ 1,673,030	$ 1,603,883	$ 69,147	$ 60,053	$ 179,664	$ 125,308	$ 146,036	$ 73,451	$ 99,373	$ 112,109	$ (156,981)
Changes During the Period:											
Service Cost	125,192		125,192								125,192
Interest Cost	109,838		109,838								109,838
Expected Investment Income		102,240	(102,240)								(102,240)
RWA Contributions		146,036	(146,036)								(146,036)
Changes of Benefit Terms	-		-								-
Trust Administrative Expenses		(505)	505								505
Benefit Payments	(81,621)	(81,621)	-								-
Assumption Changes	35,370		35,370	35,370							-
Plan Experience	8,754		8,754		8,754						-
Investment Experience		98,532	(98,532)							98,532	-
Recognized Deferred Resources				(21,505)	(32,177)	(62,655)	(146,036)	(24,608)	(33,933)	(87,091)	116,741
Contributions After Measurement Date							154,331				(154,331)
Net Changes in Fiscal Year 2025-2026	197,533	264,682	(67,149)	13,865	(23,423)	(62,655)	8,295	(24,608)	(33,933)	11,441	(50,331)
Balance at Fiscal Year Ending 6/30/2026 *Measurement Date 6/30/2025*	$ 1,870,563	$ 1,868,565	$ 1,998	$ 73,918	$ 156,241	$ 62,653	$ 154,331	$ 48,843	$ 65,440	$ 123,550	$ (207,312)

Accounting Information
(Continued)

Schedule of Deferred Resources

A listing of all deferred resource bases used to develop the Net Position and Pension Expense is shown below. Deferred Contributions are not shown.

	Deferred Outflow or (Inflow)					Scheduled Recognition in Expense						
Source	Date Created	Initial Amount	Period (Yrs)	Annual Recognition	Balance as of Jun 30, 2025	2024-25 (FYE 2026)	2025-26 (FYE 2027)	2026-27 (FYE 2028)	2027-28 (FYE 2029)	2028-29 (FYE 2030)	2029-30 (FYE 2031)	Thereafter
Assumption Changes	6/30/2019	(152,520)	8.05	(18,947)	(19,891)	(18,947)	(18,947)	(944)	-	-	-	-
	6/30/2021	49,216	7.17	6,864	14,896	6,864	6,864	6,864	1,168	-	-	-
	6/30/2022	65,842	7.17	9,183	29,110	9,183	9,183	9,183	9,183	1,561	-	-
	6/30/2023	(13,726)	7.44	(1,845)	(8,191)	(1,845)	(1,845)	(1,845)	(1,845)	(1,845)	(811)	-
	6/30/2024	(28,393)	7.44	(3,816)	(20,761)	(3,816)	(3,816)	(3,816)	(3,816)	(3,816)	(3,816)	(1,681)
	6/30/2025	35,370	6.48	5,458	29,912	5,458	5,458	5,458	5,458	5,458	5,458	2,622
Investment Earnings	6/30/2021	(260,008)	5.00	(52,002)	-	(52,000)	-	-	-	-	-	-
	6/30/2022	313,273	5.00	62,655	62,653	62,655	62,653	-	-	-	-	-
	6/30/2023	(7,156)	5.00	(1,431)	(2,863)	(1,431)	(1,431)	(1,432)	-	-	-	-
	6/30/2024	(69,769)	5.00	(13,954)	(41,861)	(13,954)	(13,954)	(13,954)	(13,953)	-	-	-
	6/30/2025	(98,532)	5.00	(19,706)	(78,826)	(19,706)	(19,706)	(19,706)	(19,706)	(19,708)	-	-
Plan Experience	6/30/2019	(58,867)	8.05	(7,313)	(7,676)	(7,313)	(7,313)	(363)	-	-	-	-
	6/30/2021	(190,864)	7.17	(26,620)	(57,764)	(26,620)	(26,620)	(26,620)	(4,524)	-	-	-
	6/30/2023	140,280	7.44	18,855	83,715	18,855	18,855	18,855	18,855	18,855	8,295	-
	6/30/2024	89,065	7.44	11,971	65,123	11,971	11,971	11,971	11,971	11,971	11,971	5,268
	6/30/2025	8,754	6.48	1,351	7,403	1,351	1,351	1,351	1,351	1,351	1,351	648

Accounting Information
(Continued)

Contributions to the Plan

Authority contributions to the Plan occur as benefits are paid to or on behalf of retirees and/or as contributions are made to the OPEB trust. Benefit payments may occur in the form of direct payments for retiree benefits ("explicit subsidies") and/or indirect payments to retirees in the form of indirect payments to retirees for claims costs not expected to be fully supported by retiree premiums ("Implicit subsidies"). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For more details, see the Implicit Subsidy definition in the Glossary.

Authority contributions during the measurement period are shown below.

For the Measurement Period, Jul 1, 2024 through Jun 30, 2025		**Regional Water Authority**
RWA		
(a) Contribution To CERBT	$	64,415
(b) Benefits Paid Directly To or On Behalf of Retirees		68,641
(c) Implicit Subsidy Payment		12,980
CERBT		
(d) Benefits Paid Directly To or On Behalf of Retirees		-
(e) Reimbursements to RWA		-
Total Benefits Paid During the MP, (b)+(c)+(d)		81,621
RWA Contribution During the MP, (a)+(b)+(c)-(e)		146,036

Estimated Authority contributions during the fiscal year are shown below. ***When actual contributions are known, we'd be happy to update the report.***

For the Fiscal Year, Jul 1, 2025 through Jun 30, 2026		**Regional Water Authority**
RWA		
(f) Contribution To CERBT	$	67,006
(g) Benefits Paid Directly To or On Behalf of Retirees		76,346
(h) Implicit Subsidy Payment		10,979
CERBT		
(i) Benefits Paid Directly To or On Behalf of Retirees		-
(j) Reimbursements to RWA		-
Total Benefits Paid During the Current FY, (g)+(h)+(i)		87,325
RWA Contribution During the Current FY, (f)+(g)+(h)-(j)		154,331

Accounting Information
(Continued)

Projected Benefit Payments

The following is a 15-year projection of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Authority. Expected annual benefits have been projected based on the actuarial assumptions outlined in Actuarial Methods and Assumptions.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2026	$ 76,346	$ -	$ 76,346	$ 10,979	$ -	$ 10,979	$ 87,325
2027	73,904	6,941	80,845	9,895	2,710	12,605	93,450
2028	76,592	11,431	88,023	11,910	5,210	17,120	105,143
2029	79,316	17,637	96,953	14,162	9,152	23,314	120,267
2030	82,046	24,368	106,414	16,699	14,233	30,932	137,346
2031	84,748	34,909	119,657	19,549	21,578	41,127	160,784
2032	87,378	45,628	133,006	22,739	30,976	53,715	186,721
2033	89,873	56,386	146,259	26,272	41,926	68,198	214,457
2034	80,126	58,405	138,531	13,147	39,940	53,087	191,618
2035	81,693	70,801	152,494	15,001	52,793	67,794	220,288
2036	71,805	76,398	148,203	-	55,564	55,564	203,767
2037	72,578	78,181	150,759	-	52,878	52,878	203,637
2038	73,148	92,937	166,085	-	46,834	46,834	212,919
2039	73,463	107,340	180,803	-	54,543	54,543	235,346
2040	73,489	122,382	195,871	-	67,936	67,936	263,807

The amounts shown in the explicit subsidy columns reflect the expected payment by the Authority toward retiree benefits in each of the years shown. The amounts shown in the implicit subsidy columns reflect the estimated excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

Accounting Information
(Concluded)

Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	By Source Debit	By Source Credit	Sources Combined Debit	Sources Combined Credit
Net OPEB Liability		69,147		69,147
Deferred Outflow:				
Assumption Changes	60,053			
Plan Experience	179,664			
Investment Experience	125,308			
Contribution Subsequent to MD	146,036			
Deferred Outflows			511,061	
Deferred Inflow:				
Assumption Changes		73,451		
Plan Experience		99,373		
Investment Experience		112,109		
Deferred Inflows				284,933

Record Benefits Paid to Retirees	Debit	Credit
Net OPEB Liability	76,346	
Cash		76,346

Record Contributions to the Trust	Debit	Credit
Net OPEB Liability	67,006	
Cash		67,006

Record Implicit Subsidy Payment	Debit	Credit
Net OPEB Liability	10,979	
Premium Expense		10,979

Record End of Year Updates to OPEB Accounts	By Source Debit	By Source Credit	Sources Combined Debit	Sources Combined Credit
Net OPEB Liability		87,182		87,182
Deferred Outflow:				
Assumption Changes	13,865			
Plan Experience		23,423		
Investment Experience		62,655		
Contribution Subsequent to MD	8,295			
Deferred Outflows				63,918
Deferred Inflow:				
Assumption Changes	24,608			
Plan Experience	33,933			
Investment Experience		11,441		
Deferred Inflows			47,100	
OPEB Expense	104,000		104,000	

D. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the Unfunded Actuarial Accrued Liability, or UAAL). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the Actuarial Accrued Liability (AAL) exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.

Funding Information
(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums*? Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

The Authority has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the *negative* unfunded actuarial accrued liability (i.e., a surplus) over a 30-year period on a level dollar basis. This approach is consistent with the funding policy guidance in the California Actuarial Advisory Panel's *Actuarial Funding Policies and Practices for Public Pension and OPEB Plans* (November 2015).

Actuarially Determined Contributions, developed as described above for the Authority's fiscal years ending June 30, 2026, 2027, and 2028 are shown the exhibit on the next page. Contributions credited toward meeting the ADC will be comprised of:

1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the Authority by the trust; plus
2) each year's implicit subsidy payment, to the extent not reimbursed to the Authority by the trust; and
3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the Authority contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.

Funding Information
(Continued)

We developed the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2027, and June 30, 2028, from the results of this valuation. The ADC for fiscal year end June 30, 2026, was developed from the prior valuation and is included for reference as well.

Valuation date	6/30/2023	6/30/2025	
Discount rate	6.10%	6.25%	
Number of Covered Employees			
Actives	9	9	
Retirees	7	7	
Total Participants	16	16	
For fiscal year ending	6/30/2026	6/30/2027	6/30/2028
Actuarial Present Value of Projected Benefits	$ 2,843,689	$ 3,100,143	$ 3,197,532
Actuarial Accrued Liability (AAL)			
Actives	732,668	873,448	1,072,341
Retirees	1,030,609	1,165,609	1,142,089
Total AAL	1,763,277	2,039,057	2,214,430
Market Value of Assets	1,686,502	2,054,450	2,234,110
Unfunded AAL (UAAL)	76,775	(15,393)	(19,680)
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	28	30	30
Amortization Factor	14.0794	14.2421	14.2421
Actuarially Determined Contribution (ADC)			
Normal Cost	$ 133,488	$ 135,814	$ 139,888
Amortization of UAAL	5,453	(1,081)	(1,382)
Interest to fiscal year end	8,475	8,421	8,657
Total ADC	**147,416**	**143,154**	**147,163**

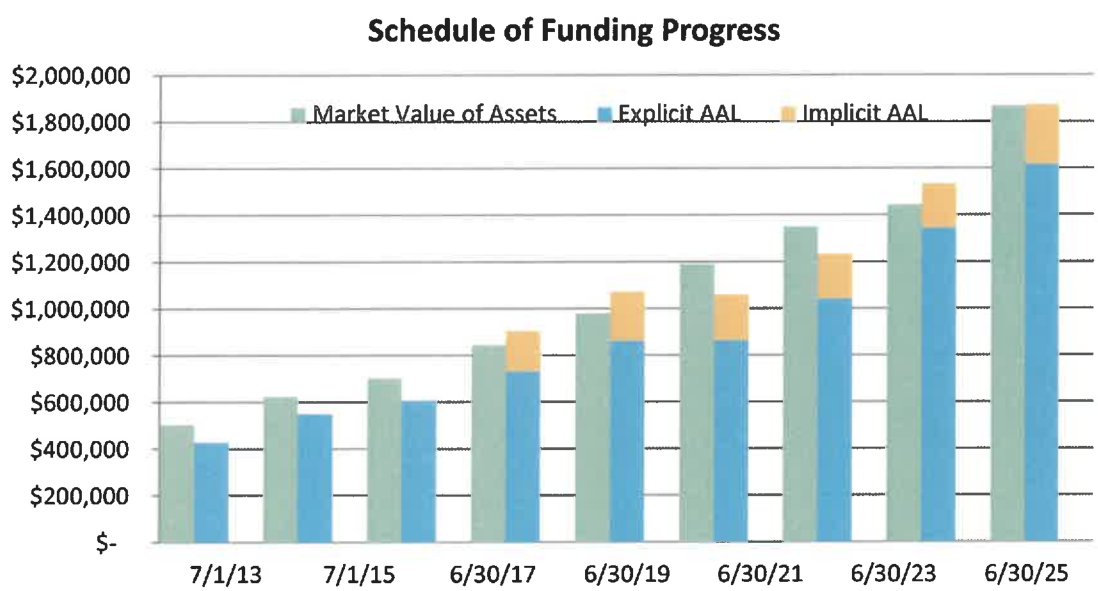
1 Implicit subsidy contribution	$ 10,979	$ 12,605	$ 17,120
Additional payments needed to meet ADC	136,437	130,549	130,043
2 *Estimated paid premiums for retirees*	$ 76,346	$ 80,845	$ 88,023
3 *Estimated contribution to OPEB trust*	67,006	49,704	42,020
Total Expected Contributions (1+2+3)	**$ 154,331**	**$ 143,154**	**$ 147,163**
Expected shortfall (excess) relative to the ADC	**$ (6,915)**	**$ -**	**$ -**

As described on the prior page, OPEB funding consists of 3 different sources. Items 1-3 in the chart above estimates how these 3 contribution sources would apply toward satisfying the ADC for each of these years.

Funding Information
(Concluded)

The charts below provide key measures of the progress in plan funding.

Schedule of Funding Progress							
Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2010	$ 506,326	$ 431,286	$ (75,040)	117.4%	$ 477,165	-15.7%	7.75%
7/1/2011	$ 627,174	$ 552,007	$ (75,167)	113.6%	$ 483,445	-15.5%	7.25%
7/1/2013	$ 703,796	$ 609,640	$ (94,156)	115.4%	$ 565,992	-16.6%	7.25%
7/1/2015	$ 847,343	$ 904,567	$ 57,224	93.7%	$ 600,184	9.5%	7.00%
6/30/2017	$ 981,029	$ 1,073,523	$ 92,494	91.4%	$ 867,349	10.7%	7.00%
6/30/2019	$ 1,188,034	$ 1,058,578	$ (129,456)	112.2%	$ 825,017	-15.7%	6.90%
6/30/2021	$ 1,350,803	$ 1,233,434	$ (117,369)	109.5%	$ 1,018,771	-11.5%	6.00%
6/30/2023	$ 1,446,371	$ 1,534,689	$ 88,318	94.2%	$ 1,259,512	7.0%	6.25%
6/30/2025	$ 1,868,565	$ 1,870,563	$ 1,998	99.9%	$ 1,595,061	0.1%	6.25%



E. Summary of Participant Data

The data provided by the Authority for use in this valuation is summarized below. We reviewed and updated the data as needed and found it reasonably accurate and consistent for the purpose of the current valuation. The review does not constitute an audit and, therefore, we relied on the Authority for its completeness and accuracy.

Active employees: The Authority reported 9 active members for the June 30, 2025, valuation. Of these, 7 were enrolled in the medical program and 2 employees were waiving coverage. The exhibit below summarizes the distribution of reported employees by age and service.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29							0	0%
30 to 34		1					1	11%
35 to 39							0	0%
40 to 44		2		1			3	33%
45 to 49		1	1				2	22%
50 to 54		1		1			2	22%
55 to 59			1				1	11%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	0	5	2	2	0	0	**9**	**100%**
Percent	0%	56%	22%	22%	0%	0%	**100%**	

Valuation	June 2023	June 2025
Average Attained Age for Actives	44.9	46.9
Average Years of Service	4.0	5.9

Retirees: The Authority reported 7 retirees receiving benefits on the valuation date. Their ages are summarized in the chart below.

Retirees by Age		
Current Age	Number	Percent
Below 50		0%
50 to 54		0%
55 to 59	1	14%
60 to 64		0%
65 to 69	3	43%
70 to 74		0%
75 to 79	1	14%
80 & up	2	29%
Total	**7**	**100%**
Average Age:		
On 6/30/2025	72.3	
At retirement	60.4	

Summary of Participant Data
(Continued)

The chart below reconciles the number of actives and retirees included in the June 30, 2023, valuation with those included in the current June 30, 2025, valuation.

Reconciliation of RWA Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Waiving Retirees To Re-Enroll	Total
Number reported as of June 30, 2023	7	2	6	1	16
New employees		1			1
Separated employees		(1)			(1)
Number reported as of June 30, 2025	**7**	**2**	**6**	**1**	**16**

The various categories of change between the counts reported for the prior valuation and the counts reported for the current valuation should be reviewed for consistency with Authority records.

Finally, GASB 75 requires the employer to report specific plan member counts. The chart below shows the required counts as of the June 30, 2025, valuation date.

Summary of Plan Member Counts	
Number of active plan members	9
Number of inactive plan members currently receiving benefits	6
Number of inactive plan members entitled to but not receiving benefits	1

F. Retiree Benefit Provisions

OPEB provided: The only OPEB provided by the Authority is medical coverage to qualified retirees.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (if Classic) or 52 (if PEPRA) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the Authority to be eligible to continue medical coverage through the Authority and be entitled to the benefits described below. It is the timing of initiating retirement benefits and not timing of enrollment in the medical program which determines whether the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.

Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event.

Premium rates: The 2026 CalPERS monthly medical plan rates in Region 1 are shown in the table below. If different rates apply where the member resides outside of this region, those rates are reflected in the valuation but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2026 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Blue Shield Access+ HMO & EPO	$1,301.95	$2,603.90	$3,385.07	$ 539.43	$1,078.86	$1,860.03
Kaiser*	1,168.86	2,337.72	3,039.04	426.31	852.62	1,553.94
PERS Platinum	1,670.14	3,340.28	4,342.36	665.50	1,331.00	2,333.08

**Medicare rates shown are for Kaiser Senior Advantage Summit*

Benefits provided: As a PEMHCA employer, the Authority is obligated to contribute toward the cost of retiree medical coverage through CalPERS for the retiree's lifetime or until coverage is discontinued. A covered surviving spouse receiving survivor pension benefits will continue to receive benefits until death.

- The current PEMHCA resolution provides that all employees retiring from the Authority will receive the required PEMHCA Minimum Employer Contribution (MEC). The MEC was $158 per month in 2025 and increased to $162 per month in 2026.
- Employees who meet additional service requirements receive higher benefits. These are summarized in the chart on the next page.

Retiree Benefit Provisions
(Continued)

Tier	Date of Hire	Date of Retirement	Eligibility	Benefit
I	Not Applicable	Prior to 9/1/2007	Eligible for retirement through CalPERS: Age 50/52 with 5 years of CalPERS service credit	$400 per month
II	Prior to 7/1/2019	On/after 9/1/2007	At least 5 YOS with RWA or SGA *Plus* at least 5 additional years of service credit with a CalPERS agency	Applicable CalPERS "100/90" formula cap *times* applicable (vesting) percentage. The cap varies for single, two-party and family coverage.
III	On/after 7/1/2019	Not Applicable	At least 5 YOS with RWA or SGA *Plus* at most 5 additional years of service credit with a CalPERS agency	Applicable CalPERS "100/90" formula cap *times* applicable (vesting) percentage. The cap varies for single and two-party coverage.
All	Any	Any	Retires from RWA and begins pension benefit wtithin 120 days. Age 50/52 with 5 years of CalPERS service credit.	Tier I, II or III benefit above if eligible, *but not less than* PEMHCA minimum employer contribution ($162 per month in 2026).

The maximum monthly amounts paid under the State 100/90 formula are updated annually by CalPERS. These 100/90 cap amounts payable in 2026 are:

$1,084 for single party coverage,
$2,057 for two party coverage and
$2,638 for family coverage.

The applicable (vesting) percentage applied to determine the enhanced benefits provided for Tier II and Tier III retirees varies based on years of *includable* PERS and Authority/Sacramento Groundwater Authority service as shown in the chart below.

- Includable service for Tier II retirees requires *at least* 5 years of service with the Authority/ Sacramento Groundwater Authority.
- Includable service for Tier III retirees allows for *at most* 5 years of PERS service with employers other than the Authority/Sacramento Groundwater Authority.

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

G. Actuarial Assumptions and Methods

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	June 30, 2025
Fiscal Year End	June 30, 2026
GASB 75 Measurement Date	June 30, 2025 (last day of the prior fiscal year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (see Appendices).

Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums.

Representative claim costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Estimated age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum *and* covered by Medicare Supplement plans.

Actuarial Assumptions and Methods
(Continued)

Development of Age-related
Medical Premiums (continued)

Expected Monthly Claims by Medical Plan for Selected Ages - Male						
		Non-Medicare Male Retirees				
Region	Medical Plan	50	53	56	59	62
Region 1	Blue Shield Access+ HMO & EPO	$ 1,271	$ 1,499	$ 1,741	$ 1,995	$ 2,268
	Kaiser	1,058	1,248	1,449	1,661	1,888
	PERS Platinum	1,787	2,108	2,448	2,806	3,190
Out of State	PERS Platinum	$ 1,088	$ 1,282	$ 1,490	$ 1,707	$ 1,941
		Medicare Male Retirees				
Region	Medical Plan	65	70	75	80	85
Region 1	Blue Shield Access+ HMO & EPO	*Claims not developed for Medicare Advantage plans*				
	Kaiser					
	PERS Platinum	$ 566	$ 634	$ 689	$ 722	$ 712
Out of State	PERS Platinum	$ 566	$ 634	$ 689	$ 722	$ 712

Expected Monthly Claims by Medical Plan for Selected Ages - Female						
		Non-Medicare Female Retirees				
Region	Medical Plan	50	53	56	59	62
Region 1	Blue Shield Access+ HMO & EPO	$ 1,575	$ 1,730	$ 1,861	$ 2,011	$ 2,217
	Kaiser	1,311	1,440	1,550	1,675	1,846
	PERS Platinum	2,215	2,433	2,618	2,829	3,118
Out of State	PERS Platinum	$ 1,348	$ 1,480	$ 1,593	$ 1,721	$ 1,897
		Medicare Female Retirees				
Region	Medical Plan	65	70	75	80	85
Region 1	Blue Shield Access+ HMO & EPO	*Claims not developed for Medicare Advantage plans*				
	Kaiser					
	PERS Platinum	$ 542	$ 613	$ 664	$ 693	$ 700
Out of State	PERS Platinum	$ 542	$ 613	$ 664	$ 693	$ 700

Actuarial Assumptions and Methods
(Continued)

Economic Assumptions

Long Term Return on Assets	As of June 30, 2025: 6.25% As of June 30, 2024: 6.25% Assumed returns above are net of plan investment expenses
Discount Rate	As of June 30, 2025: 6.25% (accounting) and 6.25% (funding) As of June 30, 2024: 6.25% (accounting) and 6.10% (funding)
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2026	Actual	2035	4.7%
2027	6.5%	2036-2044	4.6%
2028	6.3%	2045-2058	4.5%
2029	6.0%	2059-2066	4.4%
2030	5.8%	2067-2068	4.3%
2031	5.6%	2069-2070	4.2%
2032	5.3%	2071-2072	4.1%
2033	5.1%	2073-2074	4.0%
2034	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2025 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth .90%; Expected Health Share of GDP in 2034 19%; Resistance Point 18%; Year after which medical growth is limited to growth in GDP 2075.

PEMHCA Minimum Required Benefit	The PEMHCA minimum employer contribution is assumed to increase by 4.0% per year.

Actuarial Assumptions and Methods

(Continued)

Participant Election Assumptions

Unless otherwise noted, demographic assumptions in this section were selected based on the Authority's historical patterns, the plan's eligibility rules, and our experience with similar California public-sector OPEB plans.

Participation Rate	*Active employees:* All (100%) employees who are currently enrolled in a medical plan offered by the Authority are assumed to continue their current plan election in retirement. For employees currently waiving coverage through the Authority, we assumed an 80% chance they would elect coverage through the Authority in retirement. *Retired participants*: Existing medical plan elections for currently enrolled retirees are assumed to be continued until the retiree's death. One retiree currently waiving coverage, is assumed a 50% chance for re-enrollment.
Spouse Coverage	*Active employees and retired participants:* We assumed current spouse coverage elections would continue in retirement until the spouse's death. Husbands are assumed to be 3 years older than their wives.
Dependent Coverage	*Active employees and retired participants* covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Actuarial Assumptions and Methods
(Continued)

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2025 experience study of the California Public Employees Retirement System using data from 2000 to 2023, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, projected as described below. Demographic assumptions based on the CalPERS experience study were selected because they reflect the actual experience of the population covered by this plan and therefore provide the most relevant and current representation of expected future experience for the Authority members.

Mortality Before Retirement

CalPERS 2025 Experience Study Public Agency Miscellaneous Pre-Retirement Mortality		
Age	Male	Female
15	0.00018	0.00010
20	0.00039	0.00014
30	0.00044	0.00019
40	0.00075	0.00039
50	0.00134	0.00081
60	0.00287	0.00179
70	0.00594	0.00404
80	0.01515	0.01149

Mortality After Retirement
(before improvement applied)

Healthy Lives

CalPERS 2025 Experience Study Public Agency Healthy Retiree Mortality		
Age	Male	Female
40	0.00075	0.00039
50	0.00266	0.00197
60	0.00578	0.00458
70	0.01333	0.00989
80	0.04371	0.03401
90	0.14539	0.11086
100	0.36198	0.31582
110	1.00000	1.00000

Disabled Miscellaneous

CalPERS 2025 Experience Study Public Agency Miscellaneous Disabled Retiree Mortality		
Age	Male	Female
20	0.00411	0.00240
30	0.00482	0.00319
40	0.00807	0.00729
50	0.01701	0.01424
60	0.02708	0.01983
70	0.04001	0.02854
80	0.07936	0.06051
90	0.16608	0.14301

Mortality Improvement — MacLeod Watts Scale 2022 applied generationally from 2017 (see Appendices)

Actuarial Assumptions and Methods
(Continued)

Termination Rates

Each rate in this table reflects the probability that an employee with that age and service will end its employment with the agency in the next 12 months for reasons other than retirement or death.

Male Miscellaneous Employees: Sum of Vested & Refund Termination Rates CalPERS 2025 Experience Study						
Attained Age	Years of Service					
	0	5	10	20	25	30
25	0.1698	0.0825	0.0366	0.0000	0.0000	0.0000
30	0.1600	0.0793	0.0366	0.0000	0.0000	0.0000
35	0.1502	0.0723	0.0358	0.0147	0.0000	0.0000
40	0.1404	0.0653	0.0330	0.0147	0.0086	0.0000
45	0.1433	0.0557	0.0302	0.0147	0.0086	0.0054
50	0.1463	0.0523	0.0246	0.0115	0.0086	0.0054
55	0.1492	0.0507	0.0200	0.0083	0.0069	0.0054

Female Miscellaneous Employees: Sum of Vested & Refund Termination Rates CalPERS 2025 Experience Study						
Attained Age	Years of Service					
	0	5	10	20	25	30
25	0.1779	0.1000	0.0468	0.0000	0.0000	0.0000
30	0.1729	0.0972	0.0468	0.0000	0.0000	0.0000
35	0.1678	0.0868	0.0460	0.0183	0.0000	0.0000
40	0.1628	0.0763	0.0425	0.0183	0.0112	0.0000
45	0.1665	0.0704	0.0389	0.0183	0.0112	0.0060
50	0.1702	0.0683	0.0312	0.0138	0.0112	0.0060
55	0.1740	0.0629	0.0242	0.0092	0.0081	0.0060

Service Retirement Rates

The following miscellaneous retirement formulas apply:

Classic: 2% @ 55
PEPRA: 2% @ 62

Sample rates of assumed future retirements are shown in the next two tables. Each rate reflects the probability that an employee at that age and service will take a service retirement in the next 12 months.

Miscellaneous Employees: 2% at 55 formula CalPERS 2025 Experience Study						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0070	0.0140	0.0170	0.0230	0.0280	0.0280
55	0.0160	0.0310	0.0460	0.0830	0.1160	0.1160
60	0.0560	0.0650	0.0830	0.1180	0.1450	0.1730
65	0.1490	0.1950	0.2230	0.2650	0.2930	0.3070
70	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Actuarial Assumptions and Methods
(Continued)

Service Retirement Rates
(continued)

Miscellaneous "PEPRA" Employees: 2% at 62 formula CalPERS 2025 Experience Study						
Current	Years of Service					
Age	5	10	15	20	25	30
52	0.0080	0.0130	0.0150	0.0190	0.0230	0.0230
55	0.0130	0.0250	0.0370	0.0660	0.0920	0.0920
60	0.0350	0.0410	0.0500	0.0740	0.0900	0.1070
65	0.1020	0.1330	0.1530	0.1810	0.2010	0.2100
70	0.2120	0.2120	0.2120	0.2120	0.2120	0.2120
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates — Not applied due to the small size of the active employee group and low likelihood of occurrence.

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums in Appendices.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Discount Rate — *For accounting*: no change (stays at 6.25%)

For funding (ADCs): increased from 6.10% to 6.25% reflecting a change in the long term expected return on trust assets since the June 30, 2023, valuation date

Demographic Assumptions — Updated demographic assumptions from those in the 2021 CalPERS experience study to those recommended in the CalPERS 2025 Experience Study report issued November 2025.

Healthcare Trend — Updated the base healthcare trend scale from Getzen Model 2023 to Getzen Model 2025, as published by the Society of Actuaries.

H. Certification

The purpose of this report is to provide actuarial information in compliance with Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits (OPEB) provided by the Regional Water Authority (the Authority). The results presented herein are based on a full actuarial valuation of the plan as of the June 30, 2025, valuation date.

We relied, without audit, on information supplied by the Authority, including but not limited to participant census data, plan provisions, and financial information. We performed limited reviews for reasonableness and internal consistency and found the information suitable for valuation purposes. The accuracy of this report depends on the completeness and accuracy of that information; if any data provided were incomplete or inaccurate, the results herein may differ materially.

We consider the actuarial methods and assumptions used in this valuation to be reasonable and appropriate for purposes of complying with GASB 75 and consistent with generally accepted actuarial principles and practices. The results represent estimates of the plan's financial condition as of the valuation date; actual future results may differ materially due to demographic or economic experience, changes in plan provisions, applicable law, or other factors.

Alternative assumptions or methods may also be reasonable; evaluating such alternatives was beyond the scope of this engagement except as required by GASB 75. These results are intended solely for financial reporting purposes may be materially different from results that would be obtained under alternative measurement objectives, such as plan termination, liability settlement, or an assessment of the economic value of the promises made by the plan.

This report has been prepared solely for the use and benefit of the Regional Water Authority. It may not be distributed to third parties without the prior written consent of MacLeod Watts, except as required by law or to the Authority's professional accounting or legal advisors who are subject to confidentiality obligations. No part of this report may be used as the basis for any representation or warranty in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that would impair the objectivity of this work. Nothing in this report should be construed as legal or accounting advice. The signing actuaries are members of the American Academy of Actuaries and meet its qualification standards to issue this opinion.

Signed: February 25, 2026

Raegann Conner, ASA, ACA, MAAA

Michael J. Papendieck, EA, FCA, MAAA

Catherine L. MacLeod, FSA, FCA, MAA

Appendix 1: Valuation Process

The valuation process begins with the collection of participant data and a description of the plan's benefit provisions. These materials are reviewed for completeness and reasonableness, though the review is not a formal audit. The results of the valuation therefore rely on the accuracy of the information provided.

The following steps outline how these data are transformed into the key valuation measures.

Projecting Future Benefits

We begin by estimating the future stream of benefit payments (e.g., premiums) for each current retiree and active employee, incorporating both:

- **Explicit subsidies** – direct employer payments toward retiree benefits or premiums; and
- **Implicit subsidies** – indirect employer payments occurring when retiree claims costs are not expected to be fully supported by retiree premiums, and the cost difference is expected to be borne by the employer.

To develop these projections, assumptions are applied about future benefit cost trends, the ages at which benefits will end, and the likelihood that employees will continue working and elect coverage for themselves and their dependents.

Calculating Present Values

Each projected payment is then discounted to the valuation date using a discount rate. This produces the *Present Value of Projected Benefits (PVPB)* — the current value of all expected future benefit payments for participants who are already in the plan. Anticipated future participants are not included in this measure.

The chart below represents the present value of all benefits expected to be paid to current employees, beneficiaries, and retirees of the plan.

Present Value of Projected Benefit (PVPB)
Value on the valuation date of all future benefits expected to be paid to all current participants.

Attributing Benefits to Service

When accounting for the plan, or determining contributions to the plan, it's necessary to divide the value of all expected future benefits into two pieces:

1. Past service benefits -- the value of benefits already earned through past service, and
2. Future service benefits -- the value of benefits expected to be earned through future service of current employees.

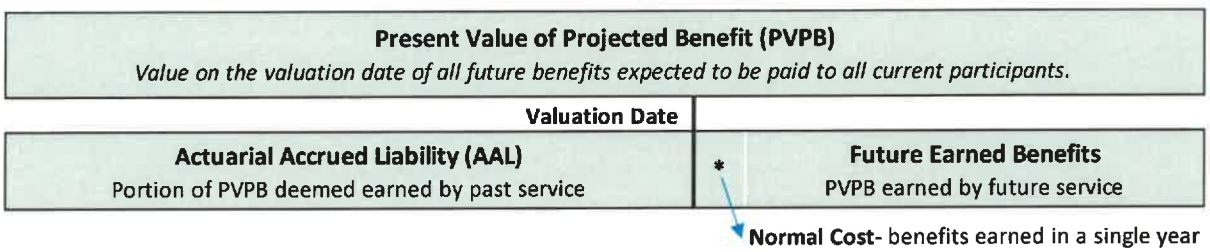
An *attribution method* – also referred to as the actuarial cost method -- is used to divide the PVPB into past service and future service components.

Valuation Process
(Continued)

For public-sector financial reporting, GASB requires use of the *Entry Age Normal (EAN)* attribution method. The EAN method spreads total expected future costs for an individual as a level percentage of pay so that the value of compensation earned to date over the value of all expected pay earned over an individual's career represents the fraction of the PVPB earned to date.

The portion of all future benefits attributed to past service is called the *Actuarial Accrued Liability (AAL)*. In GASB statements, the AAL is called the Total OPEB Liability or Total Pension Liability. The portion of the PVPB attributed to a single additional year of employee service is called the *Normal Cost* or *Service Cost*.

The chart below shows the PVPB split between past and future service.

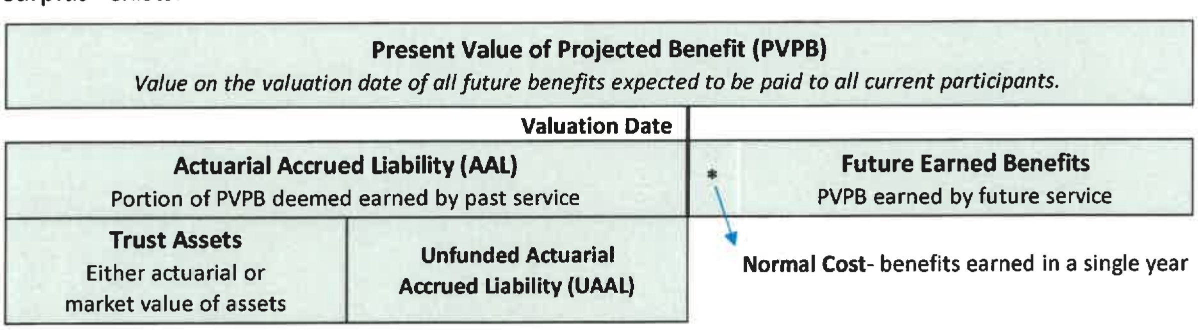


Funding Liabilities

When contributions are set aside in a trust, those funds and their investment earnings accumulate to pay future benefits or to reimburse the employer for benefit payments made directly. One measure of the plan's funding progress — the *Unfunded Actuarial Accrued Liability (UAAL)* — is found by subtracting the trust's *Market Value of Assets (MVA)* or *Actuarial Value of Assets (AVA)* from the Actuarial Accrued Liability (AAL). The UAAL shows, at a single point in time, how much of the benefits earned to date are already funded by the trust.

A plan is considered *fully funded* when the UAAL equals zero (i.e., past service benefits are covered by current trust assets). Even then, however, new contributions are needed each year to fund benefits earned by continued employee service. If no trust assets are held, the Unfunded Actuarial Accrued Liability equals the Actuarial Accrued Liability itself, since all benefits earned to date remain unfunded.

The chart below adds the split of the accrued liability between trust assets and the unfunded liability. Note that if assets exceed the Actuarial Accrued Liability, then the unfunded liability is negative, and a "surplus" exists.



Valuation Process
(Concluded)

Contributing to a Trust

When a trust is present, future trust contributions are generally designed to:

1. Fund the annual Normal Cost, the value of benefits earned by current service, and
2. Pay down (or, if applicable, recognize credits for) any difference between assets and actuarial accrued liabilities.

In terms of the chart shown on the previous page, funding contributions generally are the sum of the Normal Cost plus a slice of the unfunded actuarial accrued liability (with interest and administrative expenses, if applicable). The timing and pattern of these contributions can vary, but spreading the recognition of funding deficits or surpluses over a number of years helps maintain long-term stability in funding levels.

Managing Uncertainty

Actuarial valuations rely on long-term projections — often extending 70 years or more — and depend on many economic and demographic assumptions. Actual plan experience will differ from these assumptions, so plan costs evolve over time.

The methods and assumptions used in an actuarial valuation are intended to be reasonable and consistent with professional standards. However, valuation results should be viewed as point-in-time estimates rather than precise forecasts.

Plan sponsors assume certain risks when providing long-term post-retirement benefits. Frequent actuarial valuations and monitoring of results can help manage these risks, though unplanned variation in results cannot be eliminated.

Understanding Terminology

Certain actuarial and accounting terms describe the same underlying concepts and may be used interchangeably for discussion purposes. The table below summarizes common actuarial measures and their corresponding terms used in GASB statements for OPEB and pension plans.

Actuarial Term	GASB 68 / 75 Equivalent
Present Value of Projected Benefits (PVPB)	No equivalent term
Actuarial Accrued Liability (AAL)	Total Pension Liability (TPL) / Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position (FNP)
Actuarial Value of Assets (AVA)	No equivalent term
Unfunded Actuarial Accrued Liability (UAAL)	Net Pension Liability (NPL) / Net OPEB Liability (NOL)
Normal Cost	Service Cost

While terminology varies between actuarial and accounting contexts, these measures describe the same fundamental relationships between plan benefits, assets, and liabilities. The Glossary has more detailed definitions for these and other topics.

Appendix 2: MacLeod Watts Age Rating Methodology

Accounting standards such as GASB 75 and actuarial standards such as ASOP No. 6 require actuaries to measure retiree healthcare liabilities using expected claims, not premiums. In many valuations, credible claims experience is unavailable or too limited to rely on directly. In these cases, actuaries estimate expected claims by "age rating" the premiums paid by the plan sponsor.

Premiums for active employees and non-Medicare retirees are typically uniform across most ages and sexes. Though total premiums are designed to cover total expected costs, they do not capture the variations in healthcare costs typically incurred at older ages or the variation by sex. Younger participants generally pay more in premiums than their expected cost; older participants generally pay less. Age rating reallocates the total premium to approximate the expected claims at each age and sex.

The process involves three steps:

1. **Develop relative age/sex cost factors.**

   Claims cost curves show how expected costs vary by age and sex (e.g., a factor of 1.00 for a 50-year-old male, 1.25 for a 50-year-old female, 0.40 for a 30-year-old male, etc.). These factors come from industry studies or other credible sources.

2. **Identify the covered population and premiums.**

   The participants enrolled in coverage, their coverage elections, and their applicable premiums are used to model the group supporting the premium rates. Dependents are included for rating purposes; when dependent data is incomplete, assumptions about spouse age and child demographics are applied.

3. **Allocate total premium dollars based on expected claims.**

   Total premiums for the group are spread across participants in proportion to their age/sex cost factors, producing **estimated per-capita claims** for the current year. These estimates are then projected using the valuation's medical trend assumptions.

This approach provides a reasonable estimate of expected claims when plan-specific experience is not credible, or not available, and aligns with applicable actuarial standards.

Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards (ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP No. 6, Measuring Retiree Group Benefits Obligations) require actuaries to reflect future mortality improvement when valuing long-term retiree obligations. Because credible improvement rates must be based on large national datasets, actuaries rely on published research rather than plan-specific experience.

Best practices for building mortality improvement scales generally recommend that the actuary:

1. Set **short-term** improvement rates using recent mortality experience.
2. Set **long-term** improvement rates using expert judgment.
3. Join short- and long-term rates smoothly over an **appropriate transition period**.

MacLeod Watts Scale 2022 follows these principles. In developing the scale, we relied on sources from the Society of Actuaries (SOA) and the Social Security Administration (SSA).

Society of Actuaries (SOA) – For historical and short-term improvement rates we used the SOA's MP-2021 Improvement scale, published in October 2021. We duplicate MP-2021's historical rates of improvement from 1951-2017 and utilize their projected improvement rates for years 2018-2020.

Social Security Administration (SSA) – To set long-term expected mortality improvement rates, we looked to the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds (August 2021), specifically the SSA's Intermediate mortality improvement assumptions. This report uses constant long-term improvement rates for various age bands for the years 2030-2044 with a final step down for years 2045 and beyond.

The short-term and long-term rates were joined by a linear transition over the 10-year period 2021-2030. For ages 95 to 117, we graded improvement rates to zero.

The SOA's MP-2021 materials and the SSA Trustees Report assumptions are available on their respective public websites.

Appendix 4: Funding Considerations

This appendix outlines key considerations in financing retiree benefit obligations. Public employers generally use one of three approaches: (1) Pay-As-You-Go (PAYGO), (2) designated reserves, or (3) prefunding through an irrevocable trust. Each approach affects financial reporting, long-term costs, and budget flexibility. The following discussion summarizes these differences to support long-term planning and budgeting.

Pay-As-You-Go (PAYGO) Financing

Under PAYGO financing, retiree benefits are paid from current revenues as they come due. PAYGO requires minimal administration and provides maximum near-term budget flexibility. Because no assets are set aside, employer costs track the pattern of benefit payments directly.

Over time, PAYGO costs typically rise as retiree populations increase or healthcare trend elevates premiums. For financial reporting, unfunded OPEB and pension liabilities must be discounted using a municipal bond index rate under GASB Statements 67, 68, 74, and 75, which typically produces higher reported liabilities and annual expense than under a prefunded arrangement. Also, rating agencies may view large unfunded liabilities as an indicator of long-term fiscal stress.

PAYGO may be reasonable when obligations are small, stable, or diminishing, or when the employer provides benefits solely through an implicit subsidy (see Glossary). In these cases, annual costs may remain manageable without establishing a trust.

Potentially Beneficial For:

- Employers with small, stable, or declining liabilities.
- Plans providing short-term benefits or those offering only an implicit subsidy.
- Closed plans with short remaining duration.
- Employers requiring maximum near-term budget flexibility.
- Agencies without capacity for trust governance, investment oversight, or formal funding policy development.

Informal Funding Through Designated Reserves

Some employers set aside resources within governmental funds—such as the General Fund or an Internal Service Fund—as designated reserves for future retiree benefit payments. These reserves can help smooth future PAYGO volatility, support multi-year planning, and demonstrate internal fiscal discipline while preserving budget flexibility.

Designated reserves remain employer assets and are not plan assets under GASB. They do not reduce reported liabilities or allow use of the trust discount rate when measuring obligations. Rating agencies generally view such reserves as part of available liquidity rather than evidence of prefunding and may note that designated funds can be repurposed or borrowed during fiscal stress or changing priorities

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Funding Considerations
(Continued)

Even with these limitations, designated reserves can be useful when employers anticipate rising costs but are not prepared to commit assets to an irrevocable trust. They also provide a practical transitional step toward prefunding.

Potentially Beneficial For:
- Employers seeking planning structure without irrevocable commitment.
- Agencies accumulating resources before establishing a trust.
- Organizations valuing flexibility while preparing for rising costs.
- Plans with modest obligations where GASB benefits of prefunding may be limited.
- Employers adopting a gradual or transitional funding strategy.

Formal Prefunding Through an Irrevocable Trust

Prefunding involves contributing assets to an irrevocable trust dedicated exclusively to retiree benefits. Trust assets may be invested for long-term growth, allowing investment earnings to offset future employer contributions and enhance cost stability.

Under GASB 67, 68, 74, and 75, projected benefit payments expected to be covered by trust assets may be discounted using the trust's long-term expected rate of return, which is typically higher than the municipal bond rate applied to unfunded periods. As a result, prefunding generally produces lower reported liabilities, lower annual expense, and improved funded ratios. Rating agencies often view ongoing prefunding as evidence of disciplined financial management and long-range planning.

Prefunding supports intergenerational equity by better matching benefit costs to the periods in which those benefits are earned. It may be especially valuable when retiree populations are expected to grow, producing steeply rising retiree benefit payments in future years.

Prefunding requires maintaining a funding policy, adopting an investment policy, providing governance oversight, and making regular contributions. Trust assets are legally restricted and may not be redirected for other purposes; however, under the terms of most OPEB trusts, the employer may request reimbursement from the trust for eligible retiree benefit payments made directly to or on behalf of retirees during the fiscal year.

Potentially Beneficial For:
- Employers with material, ongoing obligations and long time horizons
- Agencies prioritizing cost stability, intergenerational equity, and long-term planning
- Employers seeking to reduce reported liabilities and annual expense
- Organizations aiming to strengthen their credit profile
- Employers able to sustain regular, structured contributions
- Plans with growing retiree populations or rising subsidy costs
- Employers seeking greater assurance that resources will be available to pay retiree benefits over the long term

Funding Considerations
(Continued)

Hybrid Approaches

Employers are not limited to choosing exclusively among PAYGO, designated reserves, or full prefunding. Many agencies use hybrid approaches that apply different strategies to different segments of the obligation or phase in prefunding over time.

One common hybrid method treats the plan as having two components—current retirees and current active employees. Because retiree obligations are a shorter duration and already in pay status, some employers continue to finance these payments on a PAYGO basis. At the same time, they establish an irrevocable trust for active employees, prefunding Normal Cost and amortizing the portion of the actuarial accrued liability attributable to active service.

Another hybrid approach applies different funding strategies to different benefit tiers. For example, a plan may include a higher-cost legacy tier and a lower-cost tier for newer hires. An employer might prefund the newer tier while using PAYGO for the legacy tier, gradually improving the plan's overall funding outlook as legacy benefits decline over time.

Other hybrid strategies include prefunding a portion of annual costs, contributing to a trust in surplus years, or combining trust contributions with designated reserves. Hybrid methods allow employers to balance long-term planning with near-term flexibility and support gradual movement toward stronger funding practices without requiring an abrupt transition to full prefunding.

Potentially Beneficial For:

- Employers tailoring funding approaches to specific goals or constraints
- Agencies seeking to prefund long-duration obligations while managing short-duration liabilities on a PAYGO basis
- Employers transitioning from pay-as-you-go financing toward prefunding over time
- Plans with multiple tiers or differing benefit structures
- Organizations balancing budget flexibility with long-term cost control

Funding Approaches and Long-Term Financial Risk

The funding approaches described above differ not only in administration and accounting treatment, but also in how benefit costs are distributed across time and which revenue sources—current or future—are expected to bear those costs. From a long-term financial perspective, these differences influence the timing of cash outlays, the degree of reliance on future operating revenues, and the variability of required budgetary resources over time.

Pay-As-You-Go Financing

Under a pay-as-you-go approach, benefit costs are largely deferred to future operating budgets as payments come due. This structure places primary reliance on future revenues to absorb both expected benefit costs and any adverse experience. As a result, long-term affordability depends on the employer's future revenue capacity and its ability to accommodate rising benefit payments alongside other budget priorities. Effective use of a PAYGO approach therefore requires an understanding of the full projected path of benefit payments, rather than a focus limited to near-term costs.

Funding Considerations
(Continued)

Designated Reserves

Designated reserves alter the timing of cash flows by setting aside current resources to support future benefit payments. When used consistently, reserves can moderate year-to-year budget volatility and reduce short-term pressure during periods of rising costs or constrained revenues. However, because these assets remain available for other employer purposes, designated reserves generally do not change the extent to which long-term benefit costs ultimately depend on future operating revenues. Their primary effect is on budget smoothing rather than on the long-term allocation of plan costs across periods.

Prefunding Through an Irrevocable Trust

Prefunding through an irrevocable trust shifts a greater portion of plan costs toward periods in which benefits are earned or recognized, reducing reliance on future operating revenues to finance benefit payments. Investment earnings on trust assets can offset a portion of future cash outlays, contributing to more stable contribution patterns over time. While prefunding does not alter the underlying benefit obligations, it can improve predictability by spreading funding requirements more evenly across periods and by reducing the concentration of plan costs in future budgets.

Hybrid Funding Approaches

Hybrid funding approaches combine elements of these strategies by allocating different portions of the obligation to different revenue sources. By determining which costs are funded in advance and which are paid as incurred, employers can tailor the timing of benefit costs to their fiscal capacity, risk tolerance, and planning objectives. Hybrid approaches provide flexibility to manage long-term budget exposure without committing to a single funding method for all components of the plan.

Long-Term Perspective

Regardless of the funding strategy adopted, long-term benefit obligations require long-term planning. In practice, funding decisions for retiree benefit plans are often made in the context of an employer's broader financial obligations, including the funding status and contribution requirements of multiple benefit plans and other long-term commitments. Understanding how these funding choices affect the timing of costs and reliance on future revenues is central to managing financial uncertainty and maintaining budgetary sustainability.

Funding Considerations
(Concluded)

Comparison Summary

The table below summarizes key differences among PAYGO financing, designated reserves, and formal trust prefunding. Hybrid approaches are not shown in a separate column because they blend elements of the three methods in ways that vary by employer policy and plan design.

Feature / Consideration	1. PAYGO	2. Designated Reserves	3. Irrevocable Trust
Asset Status	No assets accumulated	Earmarked but unrestricted	Legally restricted
Legal Restrictions	None	None (policy only)	Irrevocable; For plan benefit only
GASB Discount Rate	Municipal bond rate	Municipal bond rate	Long-term expected return
Impact on Reported Liabilities & Expense	Highest liability and expense	Same as PAYGO	Lower reported liability and expense
Long-Term Cost Profile	Usually rising costs over time	Rising costs Reserves provide smoothing	Investment earnings reduce long-term contributions
Deferral of Plan Costs	High in early years; None once benefits mature	Moderate; reduced to extent reserves offset future costs	Minimal - trust funding alligns costs with periods of accrual
Intergenerational Cost Allocation	Costs largely borne by future taxpayers or ratepayers	Partial alignment; depends on reserve use consistency	Strong alignment of costs with periods of service
Governance & Oversight Requirements	Minimal	Minimal	Requires funding investment policies; Investment oversight
Investment Return	None	Typically low pooled returns	Potential for higher long-term returns
Rating Agency Perspective	Unfunded liability may be a credit risk	Viewed as liquidity, not prefunding	Viewed favorably as structured prefunding

Glossary

Actuarial Accrued Liability (AAL) – The portion of the actuarial present value of projected benefits that is not covered by future normal costs; the accumulated value of benefits attributed to past service under the actuarial cost method. See also: Service Cost; Total OPEB Liability; Total Pension Liability

Actuarial Cost Method – A procedure used to allocate the present value of projected benefits to periods of employee service. It determines how benefit costs and liabilities are assigned over time, based on actuarial assumptions about future events such as salary increases, retirement, and mortality.

Actuarial cost methods are defined in actuarial standards (such as ASOP Nos. 4 and 6) and may be used for various purposes, including funding, accounting, or plan design. In accounting standards such as GASB 68 & 75, this concept is referred to as the attribution method.

See also: Attribution Method; Actuarial Funding Method

Actuarial Funding Method – An actuarial funding method determines the pattern of contributions required to finance a benefit plan's obligations over time. It combines the actuarial cost method, which allocates the present value of projected benefits between past and future service, with an additional step specifying how any unfunded actuarial accrued liability (UAAL) will be recognized and amortized.

Under a funding method, the normal cost (the cost of benefits accruing for active employees during the year) is added to an amortization payment designed to eliminate the UAAL over a prescribed period. The resulting total is the Actuarially Determined Contribution (ADC).

Actuarial funding methods are typically used for funding valuations, not for financial reporting under GASB 68 & 75. GASB 68 & 75 focuses solely on the measurement of liabilities using the actuarial cost method (referred to in the standard as the attribution method) and does not prescribe contribution requirements.

See also: Actuarial Cost Method; Attribution Method

Actuarial Present Value of Projected Benefits (APVPB) – The amount currently required to fund all projected plan benefits of current employees and retirees. This value is determined by discounting expected future benefit payments using an appropriate interest rate and the estimated probability of payment.

Actuarial Valuation Report – A formal report prepared by an actuary that presents the results of an actuarial valuation of plan liabilities.

Actuarial Value of Assets (AVA) – A smoothed measure of plan assets sometimes used in valuations to limit the impact of short-term investment swings. The AVA averages market gains and losses over several years to show a steadier trend in the plan's funding progress. Under GASB standards, a plan's financial reporting must use market value of assets, but an AVA may be used in the determination of funding contributions. See also: Market Value of Assets

Actuarially Determined Contribution (ADC) – The contribution amount calculated by the actuary for a given fiscal period to fund the employer's obligations for Pension or Other Post-Employment Benefits (OPEB). It generally consists of the normal cost (the portion of benefits earned during the current year) plus an amortization payment to reduce the unfunded actuarial accrued liability. Actuarial Standards of Practice No. 4 and No. 6 require the ADC to be determined consistent with the trust being able to pay plan benefits when due (see ASOP No. 4 §3.11 and ASOP No. 6 §3.12). Note that the ADC represents a recommended contribution level based on actuarial methods and assumptions and may or may not be a required contribution depending on the plan and it's governing authority.

Glossary
(Continued)

Amortization Policy – Amortization Policy refers to a prescribed or adopted set of rules governing how unfunded actuarial accrued liabilities (UAALs) are paid down over time through a series of contributions or, for accounting, a series of expense recognition. The policy defines the amortization method, amortization period, and treatment of new gains and losses (e.g., whether separate "bases" are established for each year's changes). Common amortization methods include level dollar (a fixed annual payment) and level percentage of payroll (a payment that grows with expected payroll). A well-designed amortization policy balances intergenerational equity, contribution stability, and funding progress, ensuring that unfunded liabilities are reduced systematically and within a reasonable timeframe.

Assumption Changes – Revisions to the demographic or economic actuarial assumptions used in determining a plan's liabilities, reflecting updated expectations of future plan experience. Assumption changes may involve updates to the discount rate, mortality tables, retirement or termination rates, salary or payroll growth, retiree participation rates, healthcare cost trends, or other relevant assumptions.

Under GASB 68 & 75, the changes in liability resulting from assumption changes are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Attribution Method – The attribution method is the term used in accounting standards—such as GASB Statements No. 68 and 75 or FASB ASC 715-30 and 715-60—to describe how the total projected benefit, and therefore the related cost, is assigned or *attributed*, to periods of employee service for financial reporting purposes.

Conceptually, this is equivalent to the actuarial cost method used in actuarial practice. GASB 68 & 75 specifies the Entry Age Normal (level percentage of pay) method as the required attribution method for OPEB and pension plans.

See also: Actuarial Cost Method; Actuarial Funding Method

Closed Group – A closed group actuarial valuation includes only the current members of the plan as of the valuation date—active, inactive, retired, and beneficiaries—and does not assume any future entrants. The valuation projects future benefit payments, contributions, and liabilities solely for this fixed population, reflecting assumptions regarding future terminations, retirements, or deaths, without regard to future workforce growth. Closed group valuations are commonly used for establishing near-term plan contributions and for financial reporting purposes (e.g., under GASB 67, 68, 74, or 75).

Covered Payroll – The payroll on which contributions to the plan are based, typically representing the pensionable or contributory earnings of employees currently covered by the plan. Under GASB Statement No. 82, covered payroll replaced covered-employee payroll for use in certain ratios presented in financial statement disclosures when plan contributions are determined with reference to payroll.

Glossary
(Continued)

Covered-Employee Payroll – The total payroll of employees who are eligible, or who through continued service can become eligible, for retirement benefits through the plan, regardless of whether contributions are based on payroll or whether the benefits themselves are related to pay. For plans whose contributions are not payroll-based (for example, most OPEB plans), this measure represents the aggregate payroll of employees potentially eligible for retirement benefits and remains the appropriate denominator for certain ratios in financial statement disclosures required by GASB.

Because GASB does not prescribe a specific payroll measure, covered-employee payroll generally reflects the employer's total gross or W-2 payroll for employees potentially eligible for OPEB. Consultation with auditors may be appropriate to consider whether employee-specific or nonrecurring items included in gross payroll could materially affect reported ratios. Whatever measure is adopted should be documented, applied consistently, administratively sustainable, and reflect the spirit of the GASB concept of 'total payroll of covered employees.

Crossover Test – Also called the Trust Sufficiency Test, the Crossover Test is a projection required under GASB 68 & 75 to determine whether a plan's fiduciary net position (trust assets) is expected to be sufficient to make all projected benefit payments given the sponsor's pattern of contributions. The Crossover Test is only required for plans whose funding policy provides for contributions that are less than the Actuarially Determined Contribution (ADC). When the sponsor contributes the full ADC—calculated in accordance with Actuarial Standards of Practice—the actuarial funding method itself ensures that, if all assumptions are realized, assets will be sufficient to pay benefits when due. When a Crossover Test is required, the projection determines the effective discount rate to be used in valuing plan liabilities, based on a blend between the long-term expected trust earnings rate and the municipal bond rate, reflecting the relative periods during which plan assets are and are not projected to be sufficient. See GASB 68 paragraphs 29–31 and GASB 75 paragraphs 30-32.

Deferred Resources – Deferred Resources represent the difference between the timing of recognition of certain events and their impact on expense. They include Deferred Outflows of Resources (assets consumed before they are recognized as expenses) and Deferred Inflows of Resources (resources received before they are recognized as revenue or reductions in expense). In the context of GASB 68 & 75, deferred resources are established for actuarial gains or losses (i.e., plan and investment experience), and assumption changes. For cost-sharing plans, deferred resources are also established for changes in proportions and the difference between actual and proportionate share of employer contributions. Deferred resources are recognized over time in the calculation of benefit expense.

Defined Benefit (DB) Plan – A pension or OPEB plan that specifies the amount of benefits a plan member will receive, typically based on factors such as age, years of service, and salary history.

Defined Contribution (DC) Plan – A pension or OPEB plan that establishes an individual account for each member and specifies how contributions are determined and distributed after separation from employment.

Glossary
(Continued)

Demographic Assumptions – Rates and patterns used to model how members enter, move through, and exit the plan. They reflect expected future experience and may vary by age, service, benefit tier, and (when relevant) sex. Typical components include mortality (pre and post retirement) and mortality improvement, retirement, termination of employment, disability incidence, benefit option elections (e.g., form of payment), participation in coverage at and after retirement, spouse & dependent coverage and spouse-age differentials, and marriage assumptions. Demographic assumptions are selected using plan experience, relevant industry tables or studies, and professional judgment, and are reviewed periodically for continued reasonableness.

Discount Rate (GASB) – The interest rate used to convert projected future benefit payments into present values as of the valuation date. Under GASB standards, the discount rate depends on the plan's funding policy. For prefunded plans that consistently contribute the Actuarially Determined Contribution (ADC), the rate is based on the long-term expected return on plan investments. For pay-as-you-go plans, the rate is based on a 20-year, tax-exempt, AA/Aa-rated municipal bond index composed of general obligation bonds (not revenue or other special-purpose bonds). When contributions are made at levels below the ADC, GASB requires a blended discount rate—reflecting both the expected return on trust assets and the municipal bond rate—determined through a crossover test that measures when projected trust assets are expected to be depleted. See also: Crossover Test

Economic Assumptions – Financial variables that affect the timing and amount of projected benefits and contributions. Core elements typically include the discount rate (and, where applicable, the long-term expected return on assets), general price inflation, salary-increase scale (merit and longevity plus inflation), payroll growth, cost-of-living adjustments (COLAs) if provided, and (for OPEB) the health care cost trend. Economic assumptions are selected to be internally consistent and appropriate for the measurement objective and are reviewed periodically alongside demographic assumptions.

Entry Age Normal Actuarial Cost Method – An actuarial cost allocation method in which, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last potential retirement age at which benefits are paid. Under GASB 68 & 75, the Entry Age Normal (Level Percent of Pay) method is required for financial reporting.

Expected Average Remaining Service Lifetime (EARSL) – The average of the expected remaining service lives of all current and former employees covered by the plan. Former employees receiving or expected to receive benefits are included in the average with zero future service. Used to determine the period over which certain deferred resources are recognized under GASB standards.

Expense – The annual accounting recognition of the cost of benefits under applicable GASB standards. Expense includes the normal cost (service cost), interest on the total liability, expected earnings on plan assets, and the amortization of deferred items such as differences between expected and actual experience or assumption changes.

Experience Study – A periodic (commonly 3–5 year) statistical review of actual plan experience versus current assumptions, conducted to assess the continued appropriateness of demographic (and, where applicable, economic) assumptions. The study summarizes observed rates (e.g., retirement, termination, mortality, disability, elections), evaluates credibility, and recommends assumption updates to better reflect expected future experience. Results are documented, adopted by the appropriate authority, and incorporated prospectively into valuations.

Glossary
(Continued)

Explicit Subsidy – An explicit subsidy occurs when an employer makes a direct contribution toward the cost of retiree health coverage. This may take the form of a fixed dollar amount, a percentage of premium, or payment of the entire premium on behalf of the retiree. The value of these payments represents a direct employer cost and is recognized as part of the employer's Other Postemployment Benefits (OPEB) liability under GASB 75.

Explicit subsidies are typically easier to measure and track than implicit subsidies because they are typically defined in plan documents, labor agreements, or employer policy, and the payments are made directly by or on behalf of the employer.

Fiduciary Net Position – The value of assets held in trust for the payment of benefits, reduced by any liabilities of the trust. It represents the net position restricted for future benefit payments and is measured at fair value.

Fully Funded – Fully Funded describes a plan whose assets are sufficient to cover the actuarial present value of accrued or projected benefit obligations as of a specific measurement date, based on the valuation method and assumptions in use. The term applies differently under various measurement bases:

- In funding valuations, a plan is fully funded when the Actuarial Value of Assets equals or exceeds the Actuarial Accrued Liability (AAL).
- For financial reporting, a plan is fully funded when the Plan Fiduciary Net Position equals or exceeds the Total Pension or OPEB Liability under GASB standards.

However, *fully funded* does not mean that no further contributions will be required. Even when a plan is fully funded on the valuation date, future normal cost accruals (i.e., employees earning additional benefits due to service), investment experience, assumption changes, or demographic events typically create new funding needs. Accordingly, "fully funded" reflects a momentary actuarial condition rather than a permanent financial destination.

Funded Ratio – A point-in-time measure of funding status. Under GASB financial reporting, it is typically defined as Plan Fiduciary Net Position ÷ Total Pension (or OPEB) Liability at the measurement date. In funding valuations, a comparable measure may be shown as Actuarial Value of Assets ÷ Actuarial Accrued Liability.

Glossary
(Continued)

Funded Status – Represents the relationship between a plan's assets and its benefit obligations at a specific measurement date, based on the applicable actuarial or accounting valuation. It is typically expressed as the difference between plan assets and the actuarial present value of liabilities, or as a ratio comparing those two values.

Funded status is commonly presented using either the Actuarial Value of Assets and Actuarial Accrued Liability (AAL) for funding purposes, or the Plan Fiduciary Net Position and Total Pension or OPEB Liability (TPL/TOL) for financial reporting under GASB Statements No. 67, 68, 74, and 75. Funded status provides a point-in-time measure of a plan's financial position.

The degree of funding can be described using the following generalized categories.

- *Underfunded* - Assets are less than the AAL. The shortfall represents the Unfunded Actuarial Accrued Liability (UAAL). In this category, assets do not yet cover the value of benefits earned by past service.
- *Fully Funded* - Assets equal the AAL. The plan's assets cover benefits earned to date.
- *Overfunded* - Assets exceed the AAL but are less than the Present Value of Projected Benefits (PVPB). The plan holds a surplus relative to the Actuarial Accrued Liability so that current assets cover a portion of expected benefits that will be earned by future employee service.
- *Super-Funded* - Assets equal or exceed the Present Value of Projected Benefits (PVPB). The plan's assets are expected to be sufficient to cover all expected future benefits for current participants if the plan were frozen to new entrants.

If Assets			
< AAL	= AAL	> AAL but < PVPB	>= PVPB
Underfunded	Fully Funded	Overfunded	Super-funded

A plan sponsor may shift these relationships to meet their particular view on plan funding. For example, "fully funded" could be viewed as anywhere between 95% and 110% of the Actuarial Accrued Liability. In this case, each category could be used to change the funding strategy depending on the funding level.

Funding Policy – The formal strategy adopted by a plan sponsor or governing board to determine how contributions will be made to systematically fund benefit obligations. The funding policy establishes the principles and methods used to calculate the Actuarially Determined Contribution (ADC), including the actuarial cost method, amortization policy, and asset valuation method.

A sound funding policy aims to achieve and maintain a sustainable, fully funded plan over the long term while balancing the need for predictable and affordable contribution levels. Under ASOP No. 4 (Measuring Pension Obligations and Determining Pension Plan Costs or Contributions) and 6 (Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions), an actuarially sound funding policy should be designed so that, if contributions are made as intended and all assumptions are realized, plan assets will be sufficient to pay benefits when due.

Funding policy decisions often reflect both actuarial considerations (such as risk, smoothing, and amortization) and budgetary or statutory constraints.

Glossary
(Continued)

Gain/Loss Analysis – A reconciliation that decomposes period-to-period changes in liabilities and assets into expected changes (based on prior assumptions) and experience gains/losses. Typical components include demographic experience (e.g., retirements, terminations, mortality), economic experience (e.g., actual salary growth, actual health claims or premiums), assumption changes, plan/method changes, investment gains/losses relative to expectation, and contribution differences. For GASB reporting, many of these items create deferred outflows/inflows of resources recognized in expense over prescribed periods; for funding, they may establish new amortization bases that affect the Actuarially Determined Contribution.

Governmental Accounting Standards Board (GASB) – A private, not-for-profit organization that establishes generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed annual rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to medical inflation, utilization, and technological advancements.

Implicit Subsidy – An implicit subsidy occurs when retiree benefit claims are expected to exceed the premiums charged for retiree coverage. The difference must be paid from another source of funds that is said to implicitly subsidize the retiree benefit. GASB 75 and applicable actuarial standards specify when such a subsidy must be recognized as an employer liability and how that liability is recognized in expense and extinguished over time as retiree benefits are paid.

The simplest situation creating an implicit subsidy arises when active and retired employees are covered under the same medical plan, the employer's actives and retirees are the only experience used to determine premiums, and a single blended premium rate is charged for both groups even though retirees generally have higher expected health costs. In these cases, employer premiums for active employees indirectly subsidize retiree coverage. Although the subsidy is not a separate or explicitly identified payment, it represents a real economic transfer from the employer to retirees—hidden within the plan's blended rate structure.

Under GASB 75, this type of implicit subsidy is recognized as an OPEB liability during employees' active service as the benefit is earned over their careers. When retirees later participate in the plan and their estimated claims exceed their premiums, the difference represents an implicit benefit payment to retirees and is treated as a benefit paid by the plan. To the extent the employer is not reimbursed by a trust for these payments, the employer is credited with a plan contribution.

Other, more complex situations can also create implicit subsidies, but those arrangements do not lend themselves to a simple general definition.

Intergenerational Equity – Intergenerational Equity refers to the principle that the cost of benefits should be borne equitably by the generations of taxpayers, employers, and employees who receive the benefit of associated services or compensation. In the context of pension and OPEB funding, it means that each generation's contributions should be sufficient to cover the benefits earned during that generation's period of employment, without shifting significant costs to future participants or taxpayers. Funding policies that align contributions closely with benefit accruals—such as those using the Entry Age Normal actuarial cost method and level percentage of payroll amortization—are designed to promote intergenerational equity. Conversely, policies that defer or extend payments long after the associated services are provided potentially violate intergenerational equity principles by transferring costs from current to future taxpayers or employees.

Glossary
(Continued)

Investment experience – Investment experience reflects the difference between actual investment returns on plan assets and the expected returns based on the assumptions used in the prior valuation. Favorable differences produce investment gains; unfavorable differences produce losses.

For GASB 68 & 75 reporting, plan assets are measured at market value. Investment gains or losses are recognized as deferred outflows or inflows of resources and are amortized as expense over a period of five years.

Level Dollar Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a fixed dollar amount each year over the amortization period. This approach results in declining payments as a percentage of payroll if payroll is expected to grow, since the dollar payment remains constant while payroll increases. This method is generally most appropriate for benefit programs not directly tied to payroll, such as OPEB plans where benefits are based on fixed-dollar medical subsidies or premium-sharing arrangements rather than a percentage of salary.

Level Percentage of Payroll Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a constant percentage of expected payroll over the amortization period. As payroll is assumed to grow each year, the dollar amount of the contribution increases, maintaining a stable contribution rate relative to payroll. This method is generally most appropriate for benefit programs that are payroll-related, such as defined benefit pension plans where liabilities and normal costs are expressed as a percentage of covered payroll. When both benefits and contributions are tied to payroll, using a constant contribution rate as a percent of payroll better maintains intergenerational equity between current and future taxpayers or employers. However, this approach may be less suitable for OPEB plans or flat-dollar benefit structures, where payroll growth is not related to benefit growth.

Market Value of Assets (MVA) – The Market Value of Assets (MVA) represents the fair value of plan assets as of the measurement date. Fair value is the amount that could be realized if all plan assets were sold in an orderly transaction between willing market participants on that date. In most cases fair value is determined by market or quoted prices.

In contrast to a smoothed or actuarial value of assets (AVA) — which averages asset gains and losses over time to reduce short-term volatility — the MVA represents the plan's assets at actual market value on the reporting date. GASB 68 & 75 requires use of the MVA for financial reporting purposes.

Measurement Date – The date as of which the Total OPEB Liability or Total Pension Liability and the plan's Fiduciary Net Position are measured for financial reporting. Under GASB Statements 67, 68, 74, and 75, the measurement date must fall within the employer's reporting period and cannot rely on an actuarial valuation older than 30 months and 1 day before the employer's fiscal year-end. When the valuation date precedes the measurement date, results must be updated to the measurement date using roll-forward procedures. See also: Valuation Date; Roll-Forward Valuation

Net OPEB Liability (NOL) – The total OPEB liability minus the fiduciary net position. This represents the employer's liability for OPEB benefits provided through a defined benefit plan.

Net Pension Liability (NPL) – The Total Pension Liability minus the fiduciary net position. This represents the employer's liability for Pension benefits provided through a defined benefit plan.

Glossary
(Continued)

Net Position – The residual of all other elements presented in a statement of financial position. In the context of OPEB reporting, it reflects the impact of the Net OPEB Liability adjusted for deferred inflows and outflows of resources.

Normal Cost – The portion of the actuarial present value of projected benefits that is allocated to a given year under the actuarial cost method. For a valuation year, Normal Cost is equal to the Service Cost, representing the value of benefits expected to be earned by active employees during that year. See also: Service Cost

Open Group – An open group actuarial valuation considers both current plan participants and future entrants who are expected to join the plan in the future. The projection of liabilities and assets assumes the ongoing operation of the plan as a continuing entity, with new members entering according to specified demographic, economic, and plan participation assumptions.

Open group valuations require additional demographic and economic assumptions beyond those used in closed-group studies, including 1) population entry and exit assumptions (e.g., expected new hires, turnover, retirements, and mortality), 2) payroll growth and new entrant profiles (age, service, pay), 3) plan participation rates among new hires, and 4) future contribution and benefit accrual patterns consistent with long-term plan sustainability.

Open group valuations are often used for funding policy analysis, long-range financial projections, long-term plan risk assessment, or plan design studies, rather than for current financial reporting or establishing near-term contribution levels of the current plan.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pensions, most commonly healthcare benefits, but may also include life insurance or other non-pension benefits provided separately from a pension plan.

Overfunded – Overfunded describes a plan whose assets exceed the actuarial present value of accrued or projected benefit obligations as of the measurement date, based on the chosen actuarial or accounting method. This condition occurs when the Actuarial Value of Assets or Plan Fiduciary Net Position is greater than the Actuarial Accrued Liability (AAL) or Total Pension or OPEB Liability (TPL/TOL). An overfunded status typically reflects favorable investment performance, assumption experience, or past contribution patterns, but it does not necessarily eliminate the need for future contributions to fund benefits expected to be earned by active employees or to maintain the plan's funding target over time.

Participation Rate – The assumed proportion of eligible members who will elect to participate in a plan or a specific benefit/coverage option when first eligible (for example, electing retiree medical coverage, Medicare coordination, or a particular tier). Participation rates are commonly stratified by age, service, subsidy level, union/class, or coverage tier, and can materially affect projected benefit payments (especially for OPEB). For pensions, "participation" may also refer to elections such as optional forms of payment or DROP participation where applicable.

Pay-As-You-Go (PAYGO) – A funding arrangement under which contributions to the plan are made when benefit payments and expenses come due.

Glossary
(Continued)

Plan Experience – Plan experience reflects unexpected changes in a plan's actual demographic outcomes. Plan experience is distinct from differences in investment performance, assumption changes, or plan amendments, each of which is recognized separately.

Common sources of plan experience gains or losses include:
- Retirements, terminations, disability rates, or mortality rates differing from the assumptions used in a prior valuation.
- Salary progression, service accrual, or payroll growth deviating from expected patterns.
- Coverage or benefit elections (e.g., dependent participation, healthcare plan selection, Medicare coordination) differing from assumptions.
- Data updates, corrections, or retroactive changes in participant status.

Under GASB 68 & 75, plan-experience gains or losses are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Present Value of Projected Benefits (PVPB) – The actuarial present value of all benefits expected to be paid to current plan participants, based on both service to date and projected future service, with benefits determined according to the plan provisions and actuarial assumptions in effect as of the measurement date.

The PVPB encompasses benefits for existing active, inactive, and retired members, discounted to the valuation date. It includes both the portion attributable to past service (the Actuarial Accrued Liability, AAL) and the portion expected to be earned through future service of current employees (the value of future normal costs).

The PVPB provides the broadest measure of a plan's obligations with respect to its current participants.

Reporting Date – The employer's fiscal year-end to which financial statement disclosures apply (for example, June 30, 2025). Under GASB reporting, amounts are measured as of the measurement date (which may precede the reporting date by up to one year) and then reported as of the reporting date in the notes and required supplementary information. Distinguishing reporting date from valuation date and measurement date is essential for reconciling year-over-year changes.

Glossary
(Continued)

Roll-Forward Valuation – A simplified actuarial process that estimates liabilities as of a measurement date by projecting results from a prior full actuarial valuation forward. Rather than collecting new census data and fully re-measuring liabilities, the actuary updates the earlier valuation to reflect expected changes such as the passage of time, benefit payments, and updated plan assets.

Roll-forward valuations are used to reduce the time and cost of performing a full valuation each year while providing a reasonable interim estimate of liabilities. Under a roll-forward, demographic events (such as retirements, deaths, or new entrants) and other plan experience are assumed to occur as expected, rather than being explicitly measured.

Because of these simplifications, a roll-forward valuation is less detailed than a full actuarial valuation and is appropriate only when no material changes to the plan or membership have occurred since the prior valuation. GASB 68 & 75 specifically permits roll-forward valuations for OPEB plans to support consistent annual reporting.

A full actuarial valuation, by contrast, uses current participant data and a complete review of plan provisions and assumptions to recalculate all liabilities and costs, and serves as the foundation for subsequent roll-forward measurements.

Section 115 Trust – An irrevocable trust established under Section 115 of the Internal Revenue Code, which permits state and local government agencies to set aside funds for essential governmental purposes—such as the prefunding of Other Post-Employment Benefits (OPEB) and pension obligations. To qualify for tax-exempt status, the trust must serve a recognized governmental purpose and remain under the substantial control of the sponsoring public agency. Assets held in a Section 115 Trust are legally segregated from the employer's general funds, may be invested pursuant to the agency's adopted investment policy, and are restricted to use for the designated governmental purpose. Because the trust is separate from general assets, its balances may be recognized as plan assets for financial reporting under GASB standards.

Select and Ultimate – A type of actuarial assumption that applies varying rates for an initial "select" period, followed by a long-term stable "ultimate" rate.

Sensitivity Analysis – A required GASB disclosure showing how the Net Pension or Net OPEB Liability would change if the discount rate or healthcare cost trend rate (for OPEB plans) were 1% higher or lower.

Service Cost – The portion of the actuarial present value of projected benefits that is assigned to the current valuation year under the actuarial cost method. Service Cost represents the value of benefits earned by active employees during that year. See also: Normal Cost; Actuarial Cost Method.

Total OPEB Liability (TOL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability

Total Pension Liability (TPL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability

Glossary
(Concluded)

Trust – A separate legal entity established to hold assets for the purpose of paying benefits to participants. To qualify as a trust for GASB reporting, assets must be held for the exclusive benefit of plan members and their beneficiaries, be legally protected from the creditors of the employer, and be used solely to provide benefits and related administrative expenses.

Trust Sufficiency Test – See Crossover Test

Underfunded – Underfunded describes a plan whose assets are less than the actuarial present value of accrued or projected benefit obligations at the valuation date, based on the applicable actuarial or accounting measurement basis. Underfunding indicates that the Actuarial Value of Assets (for funding valuations) or the Plan Fiduciary Net Position (for financial reporting) is less than the corresponding liability measure—the Actuarial Accrued Liability (AAL) or the Total Pension or OPEB Liability (TPL/TOL). An underfunded position does not imply insolvency; rather, it represents the portion of benefits earned to date that are not yet covered by current assets and will need to be funded over time through future contributions, investment returns, or both.

Unfunded Actuarial Accrued Liability (UAAL) – On a funding (actuarial) basis, the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL reflects past service costs not yet funded under the adopted funding policy and is commonly amortized over a closed period using level-dollar or level-percent-of-pay methods. UAAL is distinct from the GASB accounting measures Net Pension Liability (NPL) or Net OPEB Liability (NOL), which are defined as Total Liability – Plan Fiduciary Net Position at fair value.

Valuation Date – The date as of which the actuarial valuation is performed. The valuation date may precede the measurement date. See also: Measurement Date

Vesting – Requirements, as defined by the plan, which when met make a benefit nonforfeitable upon separation from service.

CERBT Valuation Packet

The California Employers' Retiree Benefit Trust (CERBT) Fund is an Internal Revenue Code Section 115, multiple-employer OPEB trust fund and has a fiduciary responsibility for financial reporting in accordance to the Governmental Accounting Standards Statement No. 74. As such, we request all participating employers to submit a renewal OPEB Valuation or AMM Report at least every two years, along with this valuation packet consisting of the Certification of Funding Policy, the Summary of Actuarial Information, and the Certification of Actuarial Information. The information provided in the OPEB valuation or AMM report is essential to the accuracy of the administration and reporting of the CERBT Fund.

Regional Water Authority

Employer Name

06/30/2025

Valuation Date

Renewal Valuation Checklist

Please email a copy of your agency's final OPEB valuation or AMM report, along with this completed packet to CERBT4U@calpers.ca.gov. If you have any questions, contact us at CERBT4U@calpers.ca.gov.

☒ OPEB Valuation or AMM Report (Final version)

☒ Certification of Funding Policy (pages 2-3, completed and signed)

☒ Summary of Actuarial Information (pages 4-5, completed)

☒ Certification of Actuarial Information (page 6, completed and signed)

CalPERS

CERBT Valuation Packet
Certification of Funding Policy (1 of 2)

Regional Water Authority

Employer Name

06/30/2025

Valuation Date

CERBT Asset Allocation Strategy Selection

As the employer, I certify that my agency chooses the following CERBT asset allocation strategy:

CERBT Asset Allocation Strategy	Long-Term Expected Rate of Return	Expected Volatility (Standard Deviation)
☒ **Strategy 1**	6.4%	11.5%
☐ **Strategy 2**	6.1%	9.5%
☐ **Strategy 3**	5.8%	8.1%

Funding Method

As the employer, I certify that our OPEB funding method and intent for the period covered by our current OPEB valuation or AMM report is to contribute consistently an amount that is equal to:

☒ ADC funding method: 100 % of the Actuarially Determined Contribution (ADC) as determined in our OPEB valuation or AMM report.

☐ Other funding method: We will contribute to the trust using an approach not directly related to the ADC. Please describe in the comment section below.

If applicable, please provide ADC amounts and periods covered as determined in the report:

	MM/DD/YYYY	ADC Amount
First Fiscal Year-End :	06/30/2027	$ 143,154
Second Fiscal Year-End:	06/30/2028	$ 147,163

Comments

The ADCs for FYE 2027 and 2028 above were determined using a 6.25% discount rate.
The ADC for FYE 2026 of $147,416 was developed from the results of the 2023 OPEB valuation using a 6.10% discount rate.

CERBT Valuation Packet
Certification of Funding Policy (2 of 2)

Contribution and Reimbursement Method

As the employer, I certify that we intend to make CERBT contributions and request eligible reimbursements in the following manner:

- ☐ Contribute full ADC payments to the trust and seek reimbursements for pay-go costs.
- ☒ Contribute ADC payments to the CERBT net of pay-go costs and not seek reimbursement (ADC minus pay-go = Trust Contribution).
- ☐ Other contribution and/or reimbursement method, e.g. initial/ ad hoc lump sum contribution. Please describe in the comment section below.

Comments

Employer Certification

As the employer, we understand that we must obtain an OPEB valuation or AMM report on at least a biennial basis.

We understand that we will be asked to provide accounting information to CalPERS as required to facilitate CalPERS compliance with Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans (OPEB Standards) reporting requirements and we agree to make any information requested available to CalPERS on a timely basis.

We understand that CalPERS will provide us the Schedule of Changes in Fiduciary Net Position by Employer, which can be used to prepare our GASB OPEB Standards reporting. CalPERS will report information pertaining to GASB OPEB Standards for Agent OPEB Plans.

Regional Water Authority

Employer Name

06/30/2025

Valuation Date

Name | Title

Signature | Date

CERBT Valuation Packet
Summary of Actuarial Information (1 of 2)

Regional Water Authority

Employer Name

06/30/2025

Valuation Date

Actuarial Firm Contact Information

Raegann Conner, ASA, ACA, MAAA	MacLeod Watts, Inc.
Actuary/Contact Name	Actuarial Firm
rconner@macleodwatts.com	503-419-0464
Email	Phone Number

Person Completing this Form

Yelena Goleta, Actuarial Analyst	MacLeod Watts, Inc.
Contact Name	Organization
ygoleta@macleodwatts.com	503-419-0468
Email	Phone Number

If using a GASB 75 accounting valuation or AMM report, complete sections I, II, IV, and V. If using a funding valuation, complete sections I, III, IV, and V. If using a blended valuation, complete all sections, as applicable.

Section I: Actuarial Data

1. Valuation type (Accounting, Funding, or both) — Both
2. Valuation frequency (Annual or Biennial) — Biennial
3. Total Present Value of Future Benefits (PVFB) — $ 3,001,089.00
    i. Date PVFB was calculated as of — 06/30/2025

Section II: GASB 75 Accounting Valuation or AMM (complete if using a GASB 75 accounting valuation or AMM)

4. Measurement Date — 06/30/2025
5. Total OPEB Liability (TOL) — $ 1,870,563.00
6. Fiduciary Net Position (FNP) at Measurement Date — $ 1,868,565.00
7. Net OPEB Liability (TOL-FNP) — $ 1,998.00
8. This report provides financial reporting data for the following period:

    Fiscal Year-End for your GASB 75 reporting — 06/30/2026
    MM/DD/YYYY

CERBT Valuation Packet
Summary of Actuarial Information (2 of 2)

Section III: Funding Valuation (complete if using a funding valuation)

9. Actuarial Accrued Liability (AAL)	$ 1,870,563.00
10. Actuarial Value of Assets (AVA)	$ 1,868,565.00
11. Unfunded Actuarial Accrued Liability (AAL-AVA)	$ 1,998.00

Section IV: Demographic Data (as of valuation date)

12. Number of active plan members	9
13. Number of inactive plan members currently receiving benefit payments	7
14. Number of inactive plan members entitled to but not yet receiving benefit payments	1

Section V: Benefit Payment Data

	Year ending date of projected benefit payments (MM/DD/YYYY)	Projected employer paid retiree premium payments (Do not include implicit rate subsidy)	Projected implicit rate subsidy payments
Year 1	06/30/2026	$ 76,346.00	$ 10,979.00
Year 2	06/30/2027	$ 80,845.00	$ 12,605.00
Year 3	06/30/2028	$ 88,023.00	$ 17,120.00
Year 4	06/30/2029	$ 96,953.00	$ 23,314.00

Comments

Both plan funding (ADC) and accounting (GASB 75) liabilities were determined using a 6.25% discount rate.

CERBT Valuation Packet
Certification of Actuarial Information (1 of 1)

As Actuary of the plan, I certify that the Other Post-Employment Benefits (OPEB) actuarial valuation upon which the enclosed summary of actuarial information is based meets the following criteria:

- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries, or an Enrolled Actuary of the Joint Board for the Enrollment of Actuaries, and a Member of the American Academy of Actuaries.[1]
- The valuation has been prepared in accordance with the Actuarial Standards of Practice.
- If the valuation is an accounting valuation, then it has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements related to OPEB reporting.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the CERBT, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant sections in GASB and ASOP, and the employer's certification.

Regional Water Authority

Employer Name

06/30/2025

Valuation Date

Raegann Conner, ASA, ACA, MAAA

Printed Name of Actuary and Designation

Raegann Conner

Signature

02/27/2026

Date

[1] In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CalPERS Board. Please provide the qualifications of the actuary performing the valuation.

CERBT Account Update Summary

Regional Water Authority

as of June 30, 2025

CalPERS

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by MacLeod Watts, Inc.	
Valuation Date	6/30/2023
Measurement Date	6/30/2023
Total OPEB Liability (TOL)	$1,473,213
Valuation Assets	$1,446,371
Net OPEB Liability (NOL)	$26,842
Funded Status	98%
Actuarially Determined Contribution (ADC)	$147,357
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	6.10%

CERBT Account Summary

As of June 30, 2025	Strategy 1
Initial contribution (06/08/2009)	$425,984
Additional contributions	$608,165
Disbursements	($425,362)
CERBT expenses	($15,539)
Investment earnings	$1,274,616
Total assets	$1,867,863
Annualized net rate of return* (06/08/2009-06/30/2025 = 16.06 years)	8.46%

**Net rate of return is unaudited and includes rounding variances.*

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	$0	$0	$0	$0	$0
2007-08	$0	$0	$0	$0	$0
2008-09	$425,984	$0	($339)	($21)	$425,624
2009-10	$32,600	($17,747)	$65,991	($503)	$506,326
2010-11	$18,088	($21,960)	$191,459	($1,251)	$627,174
2011-12	$19,136	($25,604)	$191,880	($1,974)	$620,402
2012-13	$38,236	($26,437)	$264,500	($3,000)	$703,796
2013-14	$40,299	($27,042)	$395,983	($4,076)	$847,461
2014-15	$29,114	($27,664)	$395,279	($4,939)	$847,343
2015-16	$31,505	($29,027)	$404,774	($5,641)	$858,615
2016-17	$59,349	($27,576)	$495,213	($6,403)	$980,065
2017-18	$56,415	($25,354)	$573,419	($7,281)	$1,088,453
2018-19	$58,425	($29,264)	$644,898	($8,235)	$1,188,139
2019-20	$56,504	($44,258)	$690,625	($9,294)	$1,245,053
2020-21	$18,690	($39,137)	$1,036,367	($10,517)	$1,569,125
2021-22	$33,515	($39,960)	$825,486	($11,841)	$1,350,474
2022-23	$51,874	($44,331)	$914,417	($13,013)	$1,445,777
2023-24	$0	$0	$1,073,171	($14,285)	$1,603,258
as of 6/30/2025	$64,415	$0	$1,274,616	($15,539)	$1,867,863

CERBT/CEPPT Investment Returns

Periods ended June 30, 2025

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	$22,009,428,766	3.17%	7.00%	12.35%	12.35%	9.92%	7.97%	6.90%	5.68%
Benchmark		3.13%	6.87%	11.97%	11.97%	9.65%	7.73%	6.57%	5.30%
CERBT Strategy 2 (Inception October 1, 2011)	$2,262,897,488	2.86%	5.36%	10.62%	10.62%	7.45%	5.37%	5.58%	6.54%
Benchmark		2.82%	5.28%	10.33%	10.33%	7.26%	5.19%	5.31%	6.29%
CERBT Strategy 3 (Inception January 1, 2012)	$917,124,660	2.59%	4.11%	9.31%	9.31%	5.70%	3.67%	4.49%	5.01%
Benchmark		2.56%	4.04%	9.08%	9.08%	5.54%	3.54%	4.28%	4.76%
CERBT Total	**$25,189,450,914**								
CEPPT Strategy 1 (Inception October 1, 2019)	$235,449,236	2.60%	5.51%	10.72%	10.72%	8.22%	5.60%	-	5.44%
Benchmark		2.57%	5.47%	10.56%	10.56%	8.06%	5.42%	-	5.32%
CEPPT Strategy 2 (Inception January 1, 2020)	$77,118,114	2.11%	3.66%	8.88%	8.88%	5.78%	2.63%	-	2.89%
Benchmark		2.09%	3.62%	8.68%	8.68%	5.68%	2.50%	-	2.77%
CEPPT Total	**$312,567,350**								

CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.4%	6.1%	5.8%
Standard Deviation	11.5%	9.5%	8.1%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index IMI (Net)	49% ±5%	34% ±5%	23% ±5%
Fixed Income	Bloomberg Long Liability Index	23% ±5%	41% ±5%	51% ±5%
Real Estate Investment Trusts (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20% ±5%	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5% ±3%	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	3% ±3%	3% ±3%
Cash	91-Day Treasury Bill	- +2%	- +2%	- +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
  - Combines administrative, custodial, and investment fees
  - Separate trust funds
  - Self-funded, not-for-profit
  - Fee is applied daily to assets under management
    - 8.5 basis points - CERBT
    - 25 basis points - CEPPT

Financial Reporting

- CERBT provides audited and compliant GASB 75 report in a Schedule of Changes in Fiduciary Net Position (FNP)
  - Published in January each year

CERBT FNP Fiscal Year	Availability
2021-22 2022-23 2023-24	Available at https://www.calpers.ca.gov/cerbt

Questions?

Phone: (916) 795-8454

Email: CERBT4U@calpers.ca.gov

Website: https://www.calpers.ca.gov/CERBT

Policy Type:	Employment
Policy Title:	Employee and Retiree Health Benefits
Policy Number:	400.1 Appendix G
Date Adopted:	January 10, 2019
Date Amended:	June 13, 2019
	October 30, 2023
Effective:	July 1, 2019

I. Employee Health Benefits

The Regional Water Authority (RWA) provides medical, dental and vision insurance benefits to employees pursuant to the terms and conditions set forth below.

(a) Medical and Hospital Insurance. Medical and hospital care benefits are provided by RWA to eligible employees under the provisions of the California Public Employees Medical and Hospital Care Act (PEMHCA) as administered by CalPERS. All eligible employees may participate in RWA's medical and hospital insurance for themselves and all eligible dependents in accordance with the terms of the medical and hospital insurance policy or policies provided under PEMHCA and pursuant to the terms set forth in this Policy Number 400.1, Appendix G.

The RWA contribution available to each eligible employee will be equal to the Median Premium for the applicable coverage level in which an eligible employee enrolls. The "Median Premium" is the premium of the Basic Plan in the Sacramento Area Region that falls directly in the middle of all the Basic Plans which are *available* to eligible employees. In the event that the number of Basic Plans is an even number, the Median Premium will be higher of the two middle rates. For example, for the 2019 plan year, there are nine Basic Plans in the Sacramento Area Region that are available to RWA employees (the PORAC plan is not available to miscellaneous members). Of these, the rate for the BSC Access+ plan is the Median Premium ($881.01 for employee only, $1,762.02 for employee +1 and $2,290.63 for family). An eligible employee can enroll in any available plan offered by CalPERS. However, if the premium of the selected plan is higher than the RWA contribution, then the employee must pay the difference out of pocket, but on a pre-tax basis through payroll deductions. If an eligible employee enrolls in a plan with a premium that is less than the RWA contribution, the remaining RWA contribution is forfeited.

(b) Medical Opt-Out Amount. Employees eligible for the RWA contribution pursuant to the preceding section that are covered by another group health plan may receive a monthly taxable payment equal to one-half of the Median Premium for employee only coverage in lieu of enrolling in a group health plan offered by RWA. The monthly opt-out amount is $440.50 for the 2019 calendar year. Employees may elect this option by completing an opt-out agreement provided by RWA and providing satisfactory proof of enrollment of the employee and his or her spouse and dependents, if any, in an alternative group health plan. This election will only apply for the calendar year in which it was made. A new opt-out election must be made each calendar year during open enrollment to be eligible to receive the opt-out amount.

(c) Dental Insurance Benefits. RWA provides dental benefits to employees through the Delta Dental Plan. The details of the RWA dental plan are set forth in the Delta Dental Plan. RWA pays 100% of the premium for employees and all eligible family members.

(d) Vision Insurance Benefits. RWA provides vision benefits through the Vision Service Plan. The details of RWA vision plan are set forth in the Vision Service Plan. RWA pays 100% of the premium for employees and all eligible family members.

(e) Medical FSA/HSA. RWA provides optional participation in a medical Flexible Spending Account (FSA) and/or Limited Purpose Health Savings account (HSA). RWA pays 100% of the annual administrative charge for employee's eligible medical expenses.

(f) Medical FSA Dependent Care Program. In conjunction with the Medical FSA, RWA provides an FSA Dependent Care Program option for dependents up to 13 years of age. RWA pays 100% of the annual administrative charge for employee's eligible dependents.

II. Retiree Health Benefits.

RWA contracts with CalPERS pursuant to PEMHCA to make medical insurance plans available to eligible retirees. Pursuant to the terms and conditions set forth below, RWA provides an Allowance, as defined below, to eligible retirees, to offset the costs of enrolling in such medical insurance plans.

The Allowance available to each eligible retiree will be determined on the basis of several factors set forth below which include the date of hire, date of retirement and years of service with RWA, Sacramento Groundwater Authority (SGA) and other CalPERS employers. The allocation of the Allowance is addressed in paragraph (b), below. The Allowance will only be available for the payment of premiums of a medical insurance plan offered by CalPERS.

An "Eligible Retiree" is an employee of RWA that has retired from service with RWA through CalPERS. An employee is deemed to be "retired from service with RWA" if his or her effective retirement date is within 120 days of separation from employment with RWA and he or she is receiving a service or disability retirement allowance from CalPERS resulting from the employee's service with RWA. The Allowance for an Eligible Retiree will be determined on the basis of the tier applicable to the Eligible Retiree set forth in paragraph (a), below. All Eligible Retirees, including retirees that fail to meet the requirements of below, will be eligible for the PEMHCA Minimum, defined below, if he or she enrolls in a medical insurance plan offered by CalPERS.

(a) Determination of Allowance.

(1) **Tier I Retiree**.

(i) "Tier I Retiree" means an Eligible Retiree who retired prior to September 1, 2007.

(ii) The Allowance for a Tier 1 Retiree is a fixed monthly amount equal to $400. The allocation of the Allowance is discussed in paragraph (b), below.

(2) **Tier II Retiree**.

(i) "Tier II Retiree" means an Eligible Retiree who: (a) was hired prior to July 1, 2019, (b) retired on or after September 1, 2007, and (c) has at least five (5) years of CalPERS service credit accrued from service with RWA and/or SGA *plus* at least five (5) years of additional CalPERS service credit accrued from service with RWA, SGA or other CalPERS employers.

(ii) The Allowance for a Tier II Retiree will be equal to the Applicable Percentage, defined in subparagraph (4) below, of the contributions determined by CalPERS using the State Contribution 100/90 Formula and published annually on the CalPERS website for the coverage level in which the Tier II Retiree enrolls. The allocation of the Allowance is discussed in paragraph (b), below.

(3) **Tier III Retiree**.

(i) "Tier III Retiree" means an Eligible Retiree who: (a) was hired on or after July 1, 2019 and (b) has at least five (5) years of CalPERS service credit accrued from service with RWA and/or SGA *plus* at least five (5) years of additional CalPERS service credit accrued from service with RWA, SGA or other CalPERS employers.

(ii) The Allowance for a Tier III Retiree will be equal to the Applicable Percentage, defined in subparagraph (4) below, of the contributions determined by CalPERS using the State Contribution 100/90 Formula and published annually on the CalPERS website for the coverage level in which the Tier III Retiree enrolls up to the contribution for the Employee +1 coverage level. The allocation of the Allowance is discussed in paragraph (b), below.

(4) **Determination of Applicable Percentage**. The "Applicable Percentage" will be determined on the basis of the Tier II or Tier III Retiree's years of CalPERS service credit (with a minimum of ten (10) years of service, inclusive of five (5) years of service with RWA/SGA) pursuant to the table below. No more than five (5) years of CalPERS

service credit accrued from service with other CalPERS employers may be counted for purposes of determining the Applicable Percentage for Tier III Retirees.

Years of Service Credit	Applicable Percentage
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or More	100%

For reference, the contributions determined by CalPERS using the State Contribution 100/90 Formula for the 2019 calendar year are the following:

Employee Only: $734*
Employee +1: $1398*
Family: $1,788*

**These contribution amounts are subject to change each year based on CalPERS' determination.*

For example, a Tier III Retiree with five (5) years of service with RWA/SGA and ten (10) years of service with other CalPERS employers enrolled in family coverage level will be eligible for a monthly Allowance of $699 (e.g., 50% x $1,398) in 2019. No more than five (5) years of service with other CalPERS employers count for purposes of determining the Allowance for a Tier III Retiree *and* the contribution coverage level is capped at the Employee +1 level for a Tier III Retiree. A Tier II Retiree with the same scenario will be eligible for a monthly Allowance of $1,341 (e.g., 75% x $1,788) in 2019.

(b) Allocation of the Allowance. The Allowance for which each Tier I, Tier II and Tier III Retiree (collectively, "Retiree") is eligible shall be allocated in the following manner and payable in the following forms: (1) PEMHCA Minimum, described in (1) below, payable by RWA directly to CalPERS, and (2) Reimbursement Amount, described in (2) below, payable to the Retiree.

(1) PEMHCA Minimum Contribution. Pursuant to Resolution No. 2019-07, RWA will pay to CalPERS, on behalf of each Retiree, a monthly employer contribution equal to the minimum contribution required under Government Code Section 22892(b)(2) (PEMHCA Minimum). This amount ($136 for 2019) is established annually by CalPERS.

(2) Reimbursement Amount. A reimbursement paid by RWA to the Retiree for health insurance premiums actually paid by the Retiree in an amount not to exceed the difference between the Allowance and the PEMHCA Minimum. RWA has adopted a retiree health reimbursement plan (Retiree Plan) for the purpose of paying the Reimbursement Amount on a nontaxable basis to each Retiree enrolling in the Retiree Plan.

(c) Additional Terms. The PEMHCA Minimum *plus* the Reimbursement Amount will be available to Retirees solely for the purpose of paying for premiums for any group health plan offered through CalPERS. To the extent that the selected premium is less than the Allowance, the remaining Allowance shall not be available to the Retiree. To the extent the selected premium is more than the Allowance, the Retiree will be responsible for the additional premium.

REGIONAL WATER AUTHORITY
POLICIES AND PROCEDURES MANUAL

Policy Type	:	Fiscal Management
Policy Title	:	Other Post Employment Benefits (OPEB) Funding Policy
Policy Number	:	500.10
Date Adopted	:	July 9, 2009
Date Amended		January 13, 2011
		July 12, 2018
		May 12, 2022 (reviewed by staff)

OTHER POST EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY

The fundamental financial objective of the OPEB policy is to fund the long-term costs of the benefits promised to participants. The principal goal of the funding policy is to plan for future contributions and current plan assets to provide for OPEB benefits expected to be paid to participants.

This funding policy is separate from the accounting policy in determining the overall net OPEB liability. RWA follows Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75") for financial statement purposes. The net OPEB liability determined under GASB 75 will be different than the unfunded actuarially accrued liability determined for funding purposes due to shorter allocation time horizons that GASB 75 uses to allocate unfunded liabilities for past services.

OPEB Actuarially Determined Contribution (ADC)

RWA hires an actuary to determine the ADC for funding based upon biennial actuarial valuations. The ADC will include the normal cost for current employee services and amortization of the unfunded liability for past services, plus any interest due to the timing of the funding. It is RWA's policy to fund the annual ADC into an irrevocable trust.

The RWA Executive Committee will review and approve the biennial actuarial report. Any funding in excess or less than the ADC would require prior approval by the RWA Executive Committee.

<u>Normal Costs</u>

RWA incurs an annual OPEB obligation for current employees. In order to keep RWA's OPEB obligations current, the normal cost for service will be paid for on an annual basis and included as part of the overall RWA budget. The payment of these funds will be made to an OPEB retirement trust vehicle.

The normal cost will be calculated using the entry age normal cost method using economic and non-economic assumptions. RWA will review these assumptions and employee census data with the actuary.

The actuarial assumptions used in the calculations may vary from actual results. Three significant assumptions for the calculations include the discount rate for assets and liabilities, annual salary increase, and health care costs increases over a period of years. RWA may use a modified discount rate to account for a margin for adverse deviation[1].

To the extent these assumptions vary from the actual results, RWA could incur additional liabilities resulting from these differences.

Amortizing the differences between Actuarial Accrued Liability and the Actuarial Asset Value generated from valuation assumptions.

Differences resulting from the actuarial accrued liability and the actuarial asset value due to changes in valuation assumptions can be computed at such times as an actuarial analysis is required by GASB or the OPEB trustee.

RWA's policy is to amortize these differences over ten years as part of the annual required contribution, using a level dollar closed period basis. The additional required funding resulting from estimate versus actual differences would be included in the ADC. This liability represents a general operating and administrative obligation of RWA. From time to time, RWA may establish a fresh start amortization period for these unfunded liabilities so as to avoid over funding the OPEB trust.

Implicit and Explicit Subsidy

RWA's calculation of OPEB funding includes both the implicit and explicit subsidy determination. RWA currently participates in a health plan that charges the same health premiums for active and retired members. In theory, since retired or older workers incur higher health care costs, active employees are subsidizing these retirees' health premiums. In other words, if health premiums were based upon expected costs, active employees' health premiums would be lower and retirees' health premiums would be higher.

RWA will consider annually whether to fund both the explicit and implicit subsidy. RWA will also evaluate the actuarial value of total plan assets in comparison to

[1] For example, RWA is using a 7.0% discount rate for the July 1, 2017 valuation whereas the California Employers' Retiree Benefit Trust (CERBT) allows a 7.28% discount rate for strategy one.

actuarial present value of projected benefits for the explicit subsidy.[2] If the total assets exceed the actuarial present value of projected benefits for the explicit subsidy, RWA may consider reducing the implicit portion of the annual determined contribution. This consideration of reduction would be based upon avoiding over funding the trust assets in light of the probability that health care premiums would continue to be same cost for both active and retirees.

Investment/Trust Vehicle

In order to maximize the earnings rate for these OPEB deposits, RWA invests these funds into an irrevocable trust vehicle. Once the funds are invested into the trust, they can only be used to fund ongoing OPEB retirement obligations.

At its March 12, 2009 meeting, the Board of Directors approved using the California Employers' Retiree Benefits Trust (CERBT), which is managed by CalPERS. From time to time, the Executive Committee may evaluate this trust advisor/organization to determine if the service and safety goals are being met for these funds.

[2] The present value of projected benefits represents the amount presently required to fund all projected benefits in the future, including future benefits expected to be earned by continuing employment of existing employees.

Topic:	Legislative Update
Type:	Legislative
Item For:	Action; Take positions
Purpose:	Policy 100.5 and Strategic Plan Priority- Advocacy Objective A

SUBMITTED BY:	Ryan Ojakian Manager of Government Relations	PRESENTER:	Ryan Ojakian Manager of Government Relations

EXECUTIVE SUMMARY

This is an action item for the Executive Committee to consider and take positions on proposed legislation.

STAFF RECOMMENDED ACTION

Take positions on state legislation.

BACKGROUND

The bill introduction deadline was February 20th. Approximately two thousand bills have been introduced during this legislative session. The spot bill amendment deadline was March 16, 2026. RWA is currently tracking 31 substantive bills and monitoring several dozen spot bills. Staff is recommending the RWA take positions on the following bills:

Bill Number and Author	Bill Summary and recommend position
AB 2013 (Bennette D- Ventura)	Would require a water supplier that services more than 100 customers that are located in a moderate, high, or very high fire hazard severity zone to establish an emergency preparedness plan for response to red flag warnings, extreme weather events, and other major power outages or emergencies that pose a potential threat to providing adequate water service. This would essentially take the requirements in last years AB 367 that creates significant liability exposure for agencies statewide. **Current Position: None** **Recommended Change: Oppose Unless Amended**

AB 2026 (Aguilar-Curry D- Winters)	This is the groundwater recharge bill the RWA has been involved in. The bill would increase the value of recharge permits through measures that will either reduce the cost of obtaining a permit or increase the ability to divert water for recharge under the permit. **Current Position: None** **Recommended Change: Formally Co-Sponsor**
AB 2180 (Ward D- San Diego)	Would authorize a local government to demonstrate the proportional cost of the service attributable to the parcel by any method that reasonably allocates the ascertainable cost of providing service to all parcels. The bill would provide that for water or sewer service fee or charge impositions, a local government is not required to provide an exact measure of the cost of the service at each parcel and may instead impose uniform or tiered fees or charges to parcel or customer classes that are defined based on common characteristics. **Current Position: None** **Recommended Change: Support**
AB 2366 (Avila Farias D- Concord)	The bill would require an assessment of the potential for adverse economic impact in a revision of or a new regulation on cost-of-living impacts on residents of the state. This is substantially similar to AB 1232 that RWA took a position on last year. **Current Position: None** **Recommended Change: Support**
SB 1001 (Archuleta D- Pico Rivera)	Would require the Office of Emergency Services to develop a water utility worker identification program to issue identification cards to employees of a city, county, city and county, special district, water corporation, or mutual water company that provides water utility services to authorize access to an area during or following a flood, storm, fire, earthquake, or other disaster, for the purpose of protection of public health and safety, preservation of life and property, and repair and restoration of water service.

	Current Position: None **Recommended Change: Support If Amended**
[SB 1085 (Durazo D- Los Angeles)]()	Would require a city or county to make a water supply assessment for large projects that the city or county approves, without regard to whether the project is determined to be subject to the requirements of CEQA. This addresses a gap created by the housing CEQA exemptions passed in June 2025. **Current Position: None** **Recommended Change: Support**
[SB 1125 (Menjivar D- San Fernando Valley)]()	Will address what is required of a water agency LIRA program while preserving the ability of existing programs. **Current Position: None** **Recommended Change: Support**
[SB 1153 (Caballero D- Merced)]()	Would deem the inability of a public water system to maintain water supply or water pressure during a wildfire not a substantial cause of the damages resulting from a wildfire. The bill would also deem the spread of wildfire not an inherent risk presented by the deliberate design, construction, or maintenance of a public water system. **Current Position: None** **Recommended Change: Support**

FINDING/CONCLUSION
This information is consistent with Policy Principles adopted as part of RWA policy 100.5 and Strategic Plan Priority - Advocacy Objective A.

Topic:	RWA Program Update
Type:	Old Business
Item For:	Information/Discussion
Purpose:	Policy 200.2

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Jim Peifer Executive Director

EXECUTIVE SUMMARY
This is an information/discussion item for the Executive Committee to have a two-way dialogue with staff regarding various programs and initiatives the RWA currently has underway.

STAFF RECOMMENDED ACTION
None. This item is for information/discussion only.

BACKGROUND
The RWA and SGA have a number of programs underway, the Executive Director will brief the Executive Committee on the status of many of those programs and initiatives. The report will include key milestones reached to date, the overall status of the programs, upcoming key milestones, and current and future anticipated resources.

Topic:	Executive Directors' Report
Type:	New Business
Item For:	Information
Purpose:	General

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Jim Peifer Executive Director

EXECUTIVE SUMMARY
This is an information item for the Executive Director to provide a briefing on important activities, reports, communications, advocacy, and other updates.

STAFF RECOMMENDED ACTION
None. This item is for information/discussion only.

BACKGROUND
This report is intended to provide an opportunity for the Executive Director to report to the Executive Committee on important activities, reports, communications, advocacy, and other updates.

Executive Director Peifer attended and spoke at the Sacramento Suburban Water District's Well Commissioning Ceremony which highlighted the construction of three new wells, partially funded by the ARTESIAN grant. Several dignitaries spoke including Director Bob Wichert, Congressman Ami Bera, State Senator Roger Niello, Sacramento County Supervisor Rich Desmond, and General Manager Dan York.

The RWA staff attended a lunch and tour of the San Juan Water District water treatment plant with the San Juan Water District staff, including Mr. Adam Larson, General Manager, Mr. Andrew Piersen, Engineering Manager, and Michael Spencer, Chief Operator.

Executive Director Peifer has been invited to the California Extreme Precipitation Symposium to present on the Watershed Resilience Pilot Project on July 16th.

SAVE THE DATE: RWA Coffee and Conversation with John Watts, Water Policy Counsel for Senator Alex Padilla, Wednesday, April 15, at 10 a.m. Details and registration link to come!

Topic:	Directors' Comments
Type:	New Business
Item For:	Information
Purpose:	Routine

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Michael Saunders Chair

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the RWA Executive Committee to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

This report is intended to provide an opportunity for the Board of Directors to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.