

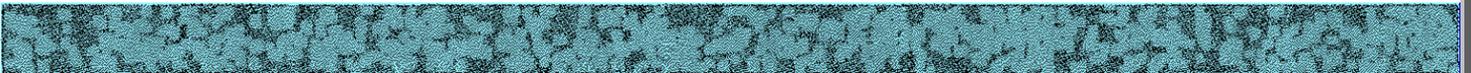


CARMEL AREA WASTEWATER DISTRICT

Pension & Long-term Investment
Standing Committee Meeting

3945 Rio Road, Carmel, CA 93923

January 14, 2026
Wednesday
1:00P.M.



Staff Report



TO: Board of Directors

FROM: Barbara Buikema, General Manager

DATE: January 29, 2026

SUBJECT: CalPERS Actuarial Report for 2024

RECOMMENDATION

It is recommended that the Board of Directors make a motion to accept the 2024 Actuary Report for the Carmel Area Wastewater District Pension Plan.

DISCUSSION

Effective with the June 30, 2024 Actuarial Valuation, a separate amortization schedule for each tier of benefits is no longer necessary. Multiple amortization schedules are combined.

The District entered CalPERS on October 29, 2005. Currently we hold two plans with CalPERS; The Classic Plan and Public Employee's Pension Reform Act (PEPRA). The chart below summarizes the two participant plans.

CalPERS	FY 2025-26 Active CAWD Employees	FY 2025-26 Annual Required Contribution (Employer)	FY 2025-26 Annual Required Contribution (Employee)	Benefit Formula	Final Compensation
Classic	15	10.19%	7.00%	2% of final compensation at age 60 (maximum of 2.418 at 63)	The highest average annual compensation over 36 consecutive months
PEPRA	13	7.96%	7.75%	2% of final compensation per year of service at age 62	The highest average annual compensation over 36 consecutive months

The CalPERS actuarial valuation for the period ending June 30, 2024 reports a funded ratio of 97.1% and an unfunded accrued liability (UAL) of \$360,139. A comparison of the prior year follows:

Fiscal Year	Normal Accrued Liability	Market Value of Assets	Unfunded Liability (UAL)	Funded Ratio
06/30/24	\$12,509,519	\$12,149,380	\$360,139	97.1%
06/30/23	\$11,214,702	\$10,139,155	\$1,075,547	90.4%

A data sheet is appended to this staff report showing historical funding levels and additional discretionary payments made back to 2020.

FINANCIAL

The plan is 97.1% funded with an Unfunded Accrued Liability of \$360,139.

CalPERS reported a preliminary net investment return of 11.6% for the fiscal year ending June 30, 2025, significantly exceeding its discount rate of 6.8% and improving the funds overall financial health. The funded status was 71.4% in 2023 and 75% in 2024. The funded status for 2025 is estimated at 81%.

The 11.6% return, however, trailed the S&P 500, which returned 15% ending June 30, 2025 and a 70/30 blend of the S&P 500 and the [iShares Core Aggregate Bond](#) exchange-traded fund, a broad U.S. bond index, Barron’s calculates. That 70/30 blend gained about 12.4%, Barron’s estimates. Non-U. S. stocks also outperformed CalPERS with [iShares Core MSCI EAFE ETF](#) returning nearly 19%. CalPERS’s 10-year annualized return of 7.1% is markedly/lagging behind the S&P 500’s 13.5% annualized return and the 10% yearly return of a 70/30 blend of the S&P 500 and U.S. bonds.

Definitions:

[iShares Core Aggregate Bond](#)

is a broad-based, low-cost bond fund designed to mirror the performance of the **Bloomberg U.S. Aggregate Bond Index**—a benchmark that spans the entire U.S. investment-grade, taxable bond market

[iShares Core MSCI EAFE ETF-](#)

is a cost-efficient and widely used exchange-traded fund that provides diversified exposure to developed international markets outside of the U.S. and Canada

California Public Employees' Retirement System

Actuarial Valuation for the
Rate Plans of the Carmel Area
Wastewater District in the
Miscellaneous Risk Pool
as of June 30, 2024

(CalPERS ID: 7018407272)
(Rate Plan IDs: 5923, 26996)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027

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Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 1

California Public Employees' Retirement System

**Employer Specific Information
for the
Rate Plans of the
Carmel Area Wastewater District
in the Miscellaneous Risk Pool**

**(CalPERS ID: 7018407272)
(Rate Plan IDs: 5923, 26996)**

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Actuarial Certification

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

Actuarial Methods and Assumptions

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

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

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

Actuarial Data and Rate Plan Results

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

Rory Jensen, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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Introduction

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

Purpose of Section 1

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

- 5923, Miscellaneous Plan
- 26996, PEPRAs Miscellaneous Plan

The purpose of the valuation is to:

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

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

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

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

Assessment and Disclosure of Risk

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

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

Summary of Key Valuation Results

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

Required Employer Contributions — page 8

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Normal Cost Rates		
Rate Plan 5923	10.19%	10.18%
Rate Plan 26996	7.96%	7.93%
Unfunded Accrued Liability (UAL) Contribution Amount	\$37,323	\$0
Paid either as		
Option 1) 12 Monthly Payments of	\$3,110.25	\$0.00
Option 2) Annual Prepayment in July	\$36,115	\$0

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 5923	7.00%	7.00%
Rate Plan 26996	7.75%	7.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 5923	Rate Plan 26996	
2027-28	10.2%	7.9%	\$0
2028-29	10.2%	7.9%	\$0
2029-30	10.2%	7.9%	\$0
2030-31	10.2%	7.9%	\$0
2031-32	10.2%	7.9%	\$0

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	\$11,214,702	\$12,509,519
Market Value of Assets (MVA)	10,139,155	12,149,380
Unfunded Accrued Liability (UAL) [AL – MVA]	\$1,075,547	\$360,139
Funded Ratio [MVA ÷ AL]	90.4%	97.1%

Summary of Valuation Data — Page 27

	June 30, 2023	June 30, 2024
Active Member Count	27	26
Annual Covered Payroll	\$3,032,401	\$3,200,567
Transferred Member Count	8	9
Separated Member Count	11	12
Retired Members and Beneficiaries Count	14	16

Changes Since the Prior Year's Valuation

Benefits

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

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

Board Policy

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

Actuarial Methods and Assumptions

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

Report Enhancements

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

Subsequent Events

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

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

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

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

Liabilities and Contributions

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Determination of Required Contributions

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

Contribution Components

Two components comprise required contributions:

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

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

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

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

Required Employer Contributions

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

Required Employer Contributions	Fiscal Year 2026-27
Employer Normal Cost Rate	
Classic Rate Plan 5923	10.18%
PEPRA Rate Plan 26996	7.93%
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[†]	\$0
<i>Paid either as</i>	
1) Monthly Payment	\$0.00
<i>Or</i>	
2) Annual Prepayment Option[‡]	\$0
<p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly(1) or prepaid annually(2) in dollars).</p> <p>[†]The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.</p> <p>[‡]Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</p>	

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 5923		
Base Total Normal Cost for Formula	17.13%	17.12%
Surcharge for Class 1 Benefits ¹	0.00%	0.00%
Plan's Total Normal Cost	<u>17.13%</u>	<u>17.12%</u>
Offset Due to Employee Contributions ²	<u>(6.94%)</u>	<u>(6.94%)</u>
Employer Normal Cost for Rate Plan 5923	10.19%	10.18%
PEPRA Rate Plan 26996		
Base Total Normal Cost for Formula	15.71%	15.68%
Surcharge for Class 1 Benefits ¹	0.00%	0.00%
Plan's Total Normal Cost	<u>15.71%</u>	<u>15.68%</u>
Offset Due to Employee Contributions ²	<u>(7.75%)</u>	<u>(7.75%)</u>
Employer Normal Cost for Rate Plan 26996	7.96%	7.93%

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

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

Member Contribution Rates

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

Classic Members

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

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

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

PEPRA Members

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

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

<u>Rate Plan Identifier</u>	<u>Benefit Group Name</u>	<u>Basis for Current Rate</u>		<u>Rates Effective July 1, 2026</u>			
		<u>Total Normal Cost</u>	<u>Member Rate</u>	<u>Total Normal Cost</u>	<u>Change in Normal Cost</u>	<u>Adj. Needed</u>	<u>Member Rate</u>
26996	PEPRA Miscellaneous Plan	15.43%	7.75%	15.68%	0.25%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	\$7,721,765
Transferred Members	633,845
Separated Members	595,965
Members and Beneficiaries Receiving Payments	<u>3,557,944</u>
Total	\$12,509,519

Allocation of Plan's Share of Pool's Experience

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

1. Plan's Accrued Liability	\$12,509,519
2. Projected UAL Balance at 6/30/2024	493,828
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2024 for Asset Share	996,962
5. Pool's Accrued Liability ¹	24,701,567,178
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2024 ¹	5,686,499,631
7. Pool's 2023-24 Investment (Gain)/Loss ¹	(476,088,386)
8. Pool's 2023-24 Non-Investment (Gain)/Loss ¹	305,188,638
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(288,245)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	154,556
11. Plan's New (Gain)/Loss as of 6/30/2024: $(9) + (10)$	(133,689)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(288,245)

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

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

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$360,139
19. Plan's Share of Pool's Market Value of Assets (MVA): $(1) - (18)$	\$12,149,380

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

Funded Status – Funding Policy Basis

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

	June 30, 2023	June 30, 2024
1. Present Value of Benefits	\$15,361,452	\$16,735,808
2. Entry Age Accrued Liability	11,214,702	12,509,519
3. Market Value of Assets (MVA)	10,139,155	12,149,380
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$1,075,547	\$360,139
5. Funded Ratio [(3) ÷ (2)]	90.4%	97.1%

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

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

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$14,391,175	\$12,509,519	\$10,961,086
2. Market Value of Assets (MVA)	12,149,380	12,149,380	12,149,380
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$2,241,795	\$360,139	(\$1,188,294)
4. Funded Ratio [(2) ÷ (1)]	84.4%	97.1%	110.8%

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

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in [Amortization Schedule and Alternatives](#). Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments.

No Required UAL Payment

As of the valuation date, June 30, 2024, the projected UAL two years after the valuation date is negative, as shown in the [Schedule of Amortization Bases](#), so no UAL payment is required in FY 2026-27. Depending on factors such as the funded status of the plan, the financial condition of the employer and the investment return of the PERF since the valuation date, an ADP s till may be worthwhile. Agencies considering making an ADP should contact CalPERS for additional information.

Additional Discretionary Payment History

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

<u>Fiscal Year</u>	<u>ADP</u>	<u>Fiscal Year</u>	<u>ADP</u>
2019-20	\$0	2022-23	\$0
2020-21	781,674	2023-24	644,443
2021-22	0	2024-25	801,000

Projected Employer Contributions

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

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

Rate Plan Identifier	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost Rates (Percentage of Payroll)							
5923	\$1,914,468	10.18%	10.2%	10.2%	10.2%	10.2%	10.2%
26996	1,286,099	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment		\$0	\$0	\$0	\$0	\$0	\$0

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

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

Schedule of Amortization Bases

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

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

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

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

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Projected Surplus	6/30/24	No Ramp		0.00%	N/A	360,139	805,673	(447,987)	0	(478,450)	0
Total						360,139	805,673	(447,987)	0	(478,450)	0

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

Amortization Schedule and Alternatives

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

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

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

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

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

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

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	Alternative Schedule 1		Alternative Schedule 2	
			Balance	Payment	Balance	Payment
6/30/2026	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
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6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

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

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 5923	Rate Plan 26996	
06/30/2015	2017-18	7.200%	6.533%	\$7,329
06/30/2016	2018-19	7.634%	6.842%	14,125
06/30/2017	2019-20	8.081%	6.985%	21,071
06/30/2018	2020-21	8.794%	7.732%	35,818
06/30/2019	2021-22	8.65%	7.59%	51,415
06/30/2020	2022-23	8.63%	7.47%	9,982
06/30/2021	2023-24	10.10%	7.68%	0
06/30/2022	2024-25	10.15%	7.87%	30,440
06/30/2023	2025-26	10.19%	7.96%	37,323
06/30/2024	2026-27	10.18%	7.93%	0

Funding History

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

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	\$4,472,960	\$4,374,499	\$98,461	97.8%	\$2,096,389
06/30/2016	5,014,289	4,533,868	480,421	90.4%	1,963,850
06/30/2017	5,777,264	5,348,488	428,776	92.6%	2,184,307
06/30/2018	6,642,510	5,977,813	664,697	90.0%	2,426,396
06/30/2019	7,304,525	6,511,546	792,979	89.1%	2,586,478
06/30/2020	8,141,724	7,102,465	1,039,259	87.2%	2,695,994
06/30/2021	9,409,350	10,273,702	(864,352)	109.2%	2,906,505
06/30/2022	10,237,776	9,488,834	748,942	92.7%	2,802,532
06/30/2023	11,214,702	10,139,155	1,075,547	90.4%	3,032,401
06/30/2024	12,509,519	12,149,380	360,139	97.1%	3,200,567

Risk Analysis

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Future Investment Return Scenarios

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

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

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

Assumed Annual Return FY 2024-25 through FY 2043-44	Projected Employer UAL Contributions				
	2027-28	2028-29	2029-30	2030-31	2031-32
3.0% (5th percentile)	\$310	\$12,000	\$36,000	\$72,000	\$121,000
10.8% (95th percentile)	\$0	\$0	\$0	\$0	\$0

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

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

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

Assumed Annual Return for Fiscal Year 2024-25	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2026-27	2027-28
(17.2%) (2 standard deviation loss)	\$0	\$60,000
(5.2%) (1 standard deviation loss)	\$0	\$25,000

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

Discount Rate Sensitivity

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

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

As of June 30, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost			
Rate Plan 5923	21.40%	17.12%	13.84%
Rate Plan 26996	19.63%	15.68%	12.68%
b) Accrued Liability	\$14,391,175	\$12,509,519	\$10,961,086
c) Market Value of Assets	\$12,149,380	\$12,149,380	\$12,149,380
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,241,795	\$360,139	(\$1,188,294)
e) Funded Ratio	84.4%	97.1%	110.8%

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

As of June 30, 2024	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost			
Rate Plan 5923	17.98%	17.12%	15.59%
Rate Plan 26996	16.54%	15.68%	14.26%
b) Accrued Liability	\$13,034,996	\$12,509,519	\$11,500,562
c) Market Value of Assets	\$12,149,380	\$12,149,380	\$12,149,380
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$885,616	\$360,139	(\$648,818)
e) Funded Ratio	93.2%	97.1%	105.6%

Mortality Rate Sensitivity

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

As of June 30, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 5923	17.44%	17.12%	16.83%
Rate Plan 26996	15.95%	15.68%	15.43%
b) Accrued Liability	\$12,789,568	\$12,509,519	\$12,252,110
c) Market Value of Assets	\$12,149,380	\$12,149,380	\$12,149,380
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$640,188	\$360,139	\$102,730
e) Funded Ratio	95.0%	97.1%	99.2%

Maturity Measures

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

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

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2023	June 30, 2024
1. Retiree Accrued Liability	\$2,975,774	\$3,557,944
2. Total Accrued Liability	\$11,214,702	\$12,509,519
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	27%	28%

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

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

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

Support Ratio	June 30, 2023	June 30, 2024
1. Number of Actives	27	26
2. Number of Retirees	14	16
3. Support Ratio [(1) ÷ (2)]	1.93	1.63

Maturity Measures (continued)

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

Asset Volatility Ratio

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

Liability Volatility Ratio

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

Contribution Volatility	June 30, 2023	June 30, 2024
1. Market Value of Assets	\$10,139,155	\$12,149,380
2. Payroll	\$3,032,401	\$3,200,567
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	3.3	3.8
4. Accrued Liability	\$11,214,702	\$12,509,519
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	3.7	3.9

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	38%	2.50	2.4	2.6
06/30/2018	35%	2.60	2.5	2.7
06/30/2019	32%	2.70	2.5	2.8
06/30/2020	30%	2.45	2.6	3.0
06/30/2021	27%	2.33	3.5	3.2
06/30/2022	30%	1.86	3.4	3.7
06/30/2023	27%	1.93	3.3	3.7
06/30/2024	28%	1.63	3.8	3.9

Funded Status – Termination Basis

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

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

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

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

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

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

	Discount Rate: 3.61% Price Inflation: 2.45%	Discount Rate: 5.61% Price Inflation: 2.45%
1. Termination Liability ¹	\$18,185,699	\$13,490,198
2. Market Value of Assets (MVA)	12,149,380	12,149,380
3. Unfunded Termination Liability [(1) – (2)]	\$6,036,319	\$1,340,818
4. Funded Ratio [(2) ÷ (1)]	66.8%	90.1%

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

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

Funded Status – Low-Default-Risk Basis

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

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

As shown below, the discount rate used for the LDROM is 5.35%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2024.

Selected Measures on a Low-Default-Risk Basis	June 30, 2024
Discount Rate	5.35%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	\$9,631,661
b) Transferred Members	894,467
c) Separated Members	749,218
d) Members and Beneficiaries Receiving Payments	4,095,692
e) Total	\$15,371,038
2. Market Value of Assets (MVA)	12,149,380
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$3,221,658
4. Unfunded Accrued Liability – Funding Policy Basis	360,139
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$2,861,519

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

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

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

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

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Normal Cost by Benefit Group

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

Rate Plan Identifier	Benefit Group Name	Total Normal Cost as of June 30, 2024	Offset due to Employee Contributions as of June 30, 2024	Employer Normal Cost as of June 30, 2024	Number of Actives	Payroll on 6/30/2024
5923	Miscellaneous Plan	17.12%	6.94%	10.18%	14	\$1,914,468
26996	PEPRA Miscellaneous Plan	<u>15.68%</u>	<u>7.75%</u>	<u>7.93%</u>	<u>12</u>	<u>1,286,099</u>
	<i>Hypothetical Plan Totals¹</i>	16.54%	7.27%	9.28%	26	\$3,200,567

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

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

Summary of Valuation Data

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

	June 30, 2023	June 30, 2024
Active Members		
Counts	27	26
Average Attained Age	N/A	51.3
Average Entry Age to Rate Plan	N/A	41.3
Average Years of Credited Service	N/A	9.9
Average Annual Covered Pay	\$112,311	\$123,099
Annual Covered Payroll	\$3,032,401	\$3,200,567
Present Value of Future Payroll	\$24,479,716	\$25,098,193
Transferred Members		
Counts	8	9
Separated Members		
Counts	11	12
Retired Members and Beneficiaries*		
Counts	14	16
Average Annual Benefits	\$16,814	\$17,472
Total Annual Benefits	\$235,402	\$279,555

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

* Values include community property settlements.

Status of PEPRA Transition

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

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	14	12	46.2%
Average Attained Age	56.5	45.1	
Average Entry Age	43.0	39.4	
Average Years of Credited Service	13.6	5.6	
Average Annual Covered Payroll	\$136,748	\$107,175	
Annual Covered Payroll	\$1,914,468	\$1,286,099	40.2%
Present Value of Future Payroll	\$12,702,298	\$12,395,895	49.4%
Transferred Members			
Count	7	2	22.2%
Separated Members			
Count	6	6	50.0%
Retired Members and Beneficiaries Receiving Payments			
Count	14	2	12.5%
Average Annual Benefit	\$17,811	\$15,100	
Total Annual Benefits	\$249,354	\$30,200	10.8%
Accrued Liabilities			
Active Members	\$6,249,792	\$1,471,973	19.1%
Transferred Members	577,286	56,559	8.9%
Separated Members	502,980	92,985	15.6%
Retired Members and Beneficiaries	<u>3,144,243</u>	<u>413,701</u>	<u>11.6%</u>
Total	\$10,474,301	\$2,035,218	16.3%

Surcharge for Class 1 Benefits

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

Class 1 benefit provisions

None

Plan's Major Benefit Options

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

Rate Plan 5923	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 60	
Social Security Coverage	Yes	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Plan's Major Benefit Options (Continued)

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

Rate Plan 26996	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	Yes	
Full/Modified	Full	
Employee Contribution Rate	7.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

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

Staff Report



TO: Board of Directors

FROM: Barbara Buikema, General Manager

DATE: January 29, 2026

SUBJECT: Actuarial Report for 2025 - Nicolay Consulting

RECOMMENDATION

It is recommended that the Board of Directors make a motion to accept the 2025 Actuary Report for the Carmel Area Wastewater District Pension Plan.

DISCUSSION

Last year the District made a contribution of \$109,127 because the plan was slightly underfunded and it has been our practice to fully fund. This year it has flipped the other direction and we are overfunded (106%) because the investments made more than anticipated.

Description	Amounts
Annual Contribution To Fully Amortize The Unfunded Actuarial Accrued Liability in five years	\$ -0-
Market Value of Asset on July 1, 2025	\$6,839,964
Actuarial Asset Value on July 1, 2025	\$6,364,745
Present Value Of All Accrued Plan Benefits On July 1, 2025	\$6,027,762

Number of Participants at July 1, 2025	
Retired Participants Receiving Benefits	5

Terminated Vested Participant Entitled To Future Benefits	2
Active Participants Receiving Benefits	6

Funded Status – All Expected Future Plan Benefits:

Date:	06-30-25	06-30-24	06-30-23
Percentage:	106%	98%	108%

FINANCIAL

Costs for 2025 Actuarial Reports	\$10,500
Budget 2025-26 Actuarial Reports	\$13,600

Note: The District also funded benefit estimate for a separated employee in the amount of \$2,516.

In previous reports this plan was referred to as the Strategic Asset Management Plan (SAM). The legal name of the plan is “Carmel Area Wastewater District Pension Plan”.

Carmel Area Wastewater District

Pension Plan

July 1, 2025 Actuarial Report for Funding



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CERTIFICATION

Certification

At the request of Carmel Area Wastewater District we have performed an actuarial valuation of Carmel Area Wastewater District Pension Plan (the Plan) for the purpose of determining

- the Plan's funded status as of 7/1/2025,
- the Actuarially Determined Contribution (ADC) for the plan year,

The results included in this report may not be appropriate for other purposes and should not be relied on for any other purposes without first contacting Nicolay Consulting Group (NCG). Specifically, the results of this report are not appropriate to assess the Plan's sufficiency for plan termination or de-risking activities, or disclosure in company financials. This report should not be disclosed to other parties without prior consent from NCG. When shared, this report should be shared in its entirety. No party other than the District may rely on the results of this report for any reason.

The valuation is based on the understanding that the Plan is a governmental plan as defined in IRC §414(d). The Plan is not subject to the funding requirements, among others, of ERISA.

The valuation assumes that the Plan will continue in its current form, without amendment. We make no determination about the Plan Sponsor's intentions to continue the Plan in its current form, or the Plan Sponsors ability to make contributions when due. The contributions calculated as part of the valuation were determined based on standard actuarial practices and outline a potential contribution pattern intended to fund benefits over a reasonable timeframe such that assets will be sufficient to cover plan benefits. Any number of other contribution patterns may be available to fund plan benefits. As a governmental plan, annual minimum contributions are not required to be made by law, however, consistently funding less than the actuarially determined contributions included in this report may jeopardize the ability to pay benefits when due.

This report sets forth the principal results of the valuation. The report is based on actual experience through 7/1/2025 and the provisions of the plan in effect on 7/1/2025. The results summarized in this report are based on participant data provided by the District as of 7/1/2025, and on financial data from the Trustee. We have reviewed the data provided for reasonableness compared to prior data collections, however, we have not audited the data. Where data was missing, we have made assumptions we believe to be reasonable given the purpose of the measurement. In general, we have relied on the data as provided. The accuracy of the valuation and results summarized in this report are directly contingent on the accuracy of the data provided. Any errors or omissions in the provided data will cause the results of our report to differ.

Prior year information is included for comparison purposes only and any assumptions, caveats, assumptions, or limitations on reliance from the prior year report should be reviewed prior to relying on the prior year information included. Results have not been rounded as a matter of convenience and does not imply a specific level of accuracy.

Actuarial assumptions were selected by the plan sponsor. The selected discount rate of 4.50% is lower than could be supported based on the Plan's current investment mix resulting in a measurement that is

CERTIFICATION

likely conservative. NCG has reviewed the assumptions and believes them to be reasonable and suitable for the purposes of this actuarial measurement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
- Changes in plan provisions or applicable law.

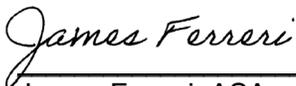
We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

The valuation was based on results generated in ProVal, a third-party valuation system. Use of this software required us to code the plan provisions, assumptions, and methods outlined in this report. We reviewed the output for reasonableness at a high level and also reviewed sample calculations in detail. We are not aware of any material weaknesses or limitations in the software or its parameterization. We certify that the amounts presented in the accompanying report have been appropriately determined according to the actuarial assumptions stated herein.

The results included in this report have not been adjusted for any events subsequent to the measurement date, nor are we aware of any subsequent events that would significantly alter the included results. To the best of our knowledge, we have reflected all applicable plan provisions in preparing these results.

The undersigned actuaries are members of the American Academy of Actuaries, Society of Actuaries and/or the Conference of Consulting Actuaries and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and to render the actuarial opinion contained herein.

We would be pleased to answer any questions on the material contained in this report.



James Ferreri, ASA
Actuarial Analyst



Malcolm Merrill, FSA, EA, FCA
Vice President and Senior Consulting Actuary
Enrolled Actuary No. 23-8053

EXECUTIVE SUMMARY

Executive Summary

Key Valuation Results

	7/1/2025	7/1/2024
Contributions		
Actuarially Determined Contribution (ADC)	\$0	\$20,639
As % of Payroll	0%	3.0%
Funding Maintenance Contribution (FMC)	\$0	\$4,457
As % of Payroll	0%	0.6%
Actual Contribution	TBD	\$109,127
As % of Payroll	TBD	15.9%
As % of ADC	TBD	528.7%
Assets		
Market Value of Assets (MVA)	\$6,839,964	\$6,142,322
Actuarial Valuation Assets (AVA)	6,364,745	5,870,543
Ratio of AVA to MVA	93%	96%
Return on MVA (trailing one-year)	12.8%	12.0%
Funded Status		
Accrued Liability	\$6,027,762	\$5,969,578
MVA Funded Percent	113%	103%
MVA Unfunded Liability	\$(812,202)	\$(172,744)
AVA Funded Percent	106%	98%
AVA Unfunded Liability	\$(336,983)	\$99,035
Demographic Data		
Headcount		
Active	6	6
Terminated Vested	2	2
Retired	5	5
Beneficiary	0	0
Disabled	0	0
Total	13	13
Total Payroll	\$962,923	\$939,262
Covered Payroll	\$716,780	\$686,143
Average Covered Payroll	\$119,463	\$114,357
Key Assumptions		
Discount Rate	4.50%	4.50%
Salary Scale	3.50%	3.50%
COLA	0.00%	0.00%
Administrative Expenses	\$0	\$0

EXECUTIVE SUMMARY

Discussion of Key Results

Unfunded Accrued Liability

The Plan's Unfunded Accrued Liability, or UAL, is the amount of promised plan benefits earned to date, in today's dollars, that are not covered by assets currently on hand. In general, the lower the UAL, the more secure the promised benefits are. The Plan's UAL decreased from \$99,035 to \$(336,983) during the prior plan year. The key changes in UAL are outlined below.

	UAL
Prior year	\$99,035
Expected UAL in Current Year	82,393
Unexpected change due to:	
Contribution (Above)/Below ADC	(90,457)
Admin Expenses Above/(Below) Expected	2,590
Assumption Changes	(14,337)
Plan Changes	0
Asset (Gain)/Loss	(312,946)
Other Plan Experience	(4,226)
Current Year	\$(336,983)

Another way to assess the Plan's funded situation is the funding percent. The funding percent is the percent of benefits earned to date that current plan assets (with future asset returns) are expected to be able to cover. During the prior plan year, the funded percent decreased from 98% to 106%.

Actuarially Determined Contribution

Plan benefits are funded by employer contributions and asset returns. The Actuarially Determined Contribution (ADC) is one pattern of contributions that if followed is expected to accumulate assets sufficient to pay benefits when owed. The ADC is a function of the Plan's adopted funding policy.

The ADC is \$0, a decrease of \$20,639 over the prior year.

Funding Maintenance Contribution

It is our understanding that this plan is intended to be a tax qualified pension plan. As a governmental plan under IRC Code Section §414(d), the Plan is exempt from the funding requirements of ERISA, however, it is still required that the plan be funded (benefits must be paid from a qualified trust, and not company assets). The Funding Maintenance Contribution (FMC) is not a funding recommendation but is helpful in determining a contribution policy. The FMC is the contribution amount that is projected to result in a UAL in the next year that is unchanged from the current UAL of \$(336,983).

If contributions consistently fall short of the FMC, it is expected that the dollar amount of the Plan's funding shortfall will increase. If contributions consistently exceed the FMC, it is expected that the dollar amount of the Plan's funding shortfall will decrease.

EXECUTIVE SUMMARY

To maintain the Plan's beginning of year unfunded accrued liability (UAL), a contribution is required equal to the sum of:

- The cost of new benefits being earned in the upcoming year (Normal Cost),
- plus expenses expected to be paid from Plan assets,
- plus interest on the unfunded liability.

The Funding Maintenance Contribution is \$0.

Amortization Period

A portion of contributions will go towards funding the interest on unfunded liability and cost of accruals. Contributions in excess of these amounts will pay off the Plan's unfunded liability. In the prior year, contributions exceeded the interest on unfunded liability and the cost of accruals by \$107,098. If this amount were annually paid towards the unfunded liability, the unfunded would be paid off in 0 years.

	Amortization Period
Based on contributions made during plan year ending:	
2025	0
2024	Infinite
2023	0
2022	0
2021	0

Key Changes

Since the prior year, the base mortality table was updated from the PUB-2010 general, above median mortality table to the PUB-2016 general, above median mortality table. This represented the latest public plan mortality experience study completed by the Society of Actuaries. This change resulted in a reduction in plan liabilities. The mortality projections scale has remained unchanged.

EXECUTIVE SUMMARY

History of Key Valuation Results

	7/1/2025	7/1/2024	7/1/2023	7/1/2022	7/1/2021
Contributions					
Actuarially Determined Contribution	\$0	\$20,639	\$0	\$0	\$0
As % of Covered Payroll	0%	3.0%	0%	0%	0%
Funding Maintenance Contribution	\$0	\$4,457	\$0	\$0	\$0
As % of Covered Payroll	0%	0.6%	0%	0%	0%
Actual Contribution	TBD	\$109,127	\$0	\$0	\$0
As % of Covered Payroll	TBD	15.9%	0%	0%	0%
As % of ADC	TBD	528.7%	100.0%	100.0%	100.0%
Projected UAL Amortization Period	0	Infinite	0	0	0
Funded Status					
Accrued Liability	\$6,027,762	\$5,969,578	\$5,644,720	\$5,500,816	\$5,512,764
Market Value of Assets	\$6,839,964	\$6,142,322	\$5,662,100	\$5,608,182	\$6,705,582
Actuarial Value of Assets	\$6,364,745	\$5,870,543	\$6,081,734	\$6,053,791	\$5,957,082
Return on MVA (trailing one-year)	12.8%	12.0%	4.2%	(13.9)%	24.8%
MVA Funded Percent	113%	103%	100%	102%	122%
AVA Funded Percent	106%	98%	108%	110%	108%
UAL	\$(336,983)	\$99,035	\$(437,014)	\$(552,975)	\$(444,318)
Demographic Data					
Active	6	6	6	6	6
Terminated Vested	2	2	3	3	3
Retired/Beneficiary/Disabled	5	5	4	4	4
Total	13	13	13	13	13
Total Payroll	\$962,923	\$939,262	\$843,629	\$804,534	\$784,366
Covered Payroll	\$716,780	\$686,143	\$843,629	\$804,534	\$784,366
Key Assumptions					
Discount Rate	4.50%	4.50%	4.50%	4.50%	4.50%
Salary Scale	3.50%	3.50%	3.50%	3.50%	3.50%
COLA	0.00%	0.00%	0.00%	0.00%	0.00%
Administrative Expenses	\$0	\$0	\$0	\$0	\$0

ASSETS

Assets

Plan Holdings

	7/1/2025	7/1/2024
Investment Category		
Equities		
Domestic Large Cap	\$2,368,678	\$3,929,300
Domestic Small/Mid Cap	0	0
International Developed	0	0
Emerging Markets	0	0
Fixed Income		
Domestic	\$1,900,342	\$2,073,142
Emerging Market	0	0
International	0	0
Government	0	0
Alternatives		
Hedge Fund	\$0	\$0
Commodities	0	0
Real Estate	0	0
Cash and Equivalents	\$473,431	\$139,880
Other/Unclassified	\$2,097,513	\$0
Receivable Contributions	\$0	\$0
Total	\$6,839,964	\$6,142,322

*Sufficient detail to divide Equity and Fixed Income investments into subcategories was not provided, therefore, the total equity investment has been listed as Domestic Large Cap, and the entire fixed income has been listed as Domestic.

ASSETS

Reconciliation of Market Value of Assets

	7/1/2025	7/1/2024
Market Value of Assets, Beginning of Year	\$6,142,322	\$5,662,100
Additions		
Employer Contributions	\$109,127	\$0
Employee Contributions	0	0
Interest and Dividends	266,371	118,656
Increase in Investment Value	528,209	582,366
Investment Expenses	(15,825)	(33,103)
Other	0	0
Total	\$887,882	\$667,919
Deductions		
Benefit Payments	\$(187,707)	\$(185,267)
Administrative Expenses	(2,533)	(2,430)
Other	0	0
Total	\$(190,240)	\$(187,697)
Market Value of Assets, End of Year	\$6,839,964	\$6,142,322
Return		
Net of Investment Expenses	12.8%	12.0%
Expected Asset Return (net of investment expenses)	\$274,600	\$250,571
Asset Gain/(Loss) in excess of expected return	\$504,155	\$417,348

ASSETS

Determination of Actuarial Value of Assets

Volatility of plan asset returns is the single largest source of volatility to the ADC and plan funded status. To help reduce this volatility, a method of smoothing any asset gains (returns in excess of the expected 4.50%) or losses (returns in deficit of the expected 4.50%) has been adopted. Asset smoothing will not have a long-term impact on the cost to fund the Plan but will help smooth the pattern of contributions and volatility of the funded status.

Market Value of Assets (MVA)			\$6,839,964
Previous Asset Gain/(Loss)	Amount	Weighting	Weighted
2024	\$504,155	67%	\$336,103
2023	417,348	33%	139,116
	\$921,503		\$475,219
Adjusted Assets			\$6,364,745
Minimum (85% of MVA)			5,813,969
Maximum (115% of MVA)			7,865,959
Actuarial Value of Assets (AVA)			\$6,364,745
Ratio of AVA to MVA			93%

PLAN LIABILITIES

Plan Liabilities

The true liability of the Plan sponsor is to pay the benefits earned by plan participants – a series of cashflows that is expected to extend for approximately 80 years in the future. For convenience, these cashflows are discounted back to the valuation date using the long-term expected rate of return on assets to produce a single liability number which represents the value of assets needed today to fully fund all future benefits.

Plan liabilities can be determined based only on benefits earned to date (Accrued Liability) or can include the cost of future benefit accruals as well (Present Value of Future Benefits). The excess of the Present Value of Future Benefits over the Accrued Liability represents the value of future benefit accruals, and COLAs. The Actuarial Cost method adopted by the plan determines how the cost of future accruals is divided up amongst future years. The annual cost of the next year's accruals is referred to as the Normal Cost. The plan uses the Projected Unit Credit to determine the Accrued Liability and Normal Cost.

Actuarial Accrued Liability

	7/1/2025	7/1/2024
Active		
Due to:		
Retirement	\$3,216,750	\$3,098,413
Terminations	0	0
Death	0	0
Disability	0	0
Employee Contributions	0	0
Total Active Accrued Liability	<u>\$3,216,750</u>	<u>\$3,098,413</u>
Terminated Vested	\$232,831	\$220,014
Retired	2,578,181	2,651,151
Beneficiary	0	0
Disabled	0	0
Total Inactive Accrued Liability	<u>\$2,811,012</u>	<u>\$2,871,165</u>
Total Accrued Liability	\$6,027,762	\$5,969,578
Future Accruals for Active Participants	\$0	\$0
Present Value of Future Benefits	<u>\$6,027,762</u>	<u>\$5,969,578</u>
Normal Cost	\$0	\$0
As % of Covered Payroll	0%	0%

PLAN LIABILITIES

Reconciliation of Unfunded Accrued Liability

	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability
Beginning of Prior Year	\$5,969,578	\$5,870,543	\$99,035
Normal Cost	0	N/A	0
Interest	264,454	260,457	3,997
Benefit Payments	(187,707)	(187,707)	0
Actuarially Determined Contribution	N/A	20,639	(20,639)
Expected Admin Expenses	N/A	0	0
Expected	\$ 6,046,325	\$5,963,932	\$82,393
Unexpected			
Contributions	N/A	\$90,457	\$(90,457)
Admin Expenses	N/A	(2,590)	2,590
Asset Returns	N/A	312,946	(312,946)
Assumption Changes	(14,337)	N/A	(14,337)
Method Changes	0	N/A	0
Plan Changes	0	N/A	0
Other Plan Experience	(4,226)	N/A	(4,226)
Unfunded Accrued Liability	\$6,027,762	\$6,364,745	\$(336,983)

ACTUARIAL CONTRIBUTIONS

Actuarial Contributions

Actuarial Determined Contribution

	7/1/2025	7/1/2024
Unfunded Liability	\$(336,983)	\$99,035
Amortization Period	5	5
Discount Rate	4.50%	4.50%
Payroll escalation factor	3.50%	3.50%
Effective Amortization Rate	0.97%	0.97%
Normal Cost	\$0	\$0
Amortization of Unfunded Liability	0	20,190
Interest to Middle of Year	0	449
ADC	\$0	\$20,639
ADC as a Percent of Covered Compensation	0%	3.0%

ACTUARIAL CONTRIBUTIONS

Funding Maintenance Contribution

The FMC is the contribution amount that is projected to result in an Unfunded Accrued Liability in the next year that is unchanged from the current funding shortfall of \$(336,983). This contribution amount is not recommended as a reasonable contribution policy as it is NOT projected to result in a plan attaining full funding.

The FMC is informational as it is the tread-water contribution rate. If contributions consistently fall short of the FMC, it is expected that the dollar amount of the Plan's funding shortfall will increase. If contributions consistently exceed the FMC, it is expected that the dollar amount of the Plan's funding shortfall will decrease.

To maintain the Plan's beginning of year unfunded accrued liability (UAL), a contribution is required equal to the sum of:

- The cost of new benefits being earned in the upcoming year (Normal Cost),
- plus expenses expected to be paid from Plan assets,
- plus interest on the unfunded liability.

Due to past asset smoothing, and future asset returns, the FMC may experience meaningful annual volatility.

	7/1/2025	7/1/2024
Actuarial Accrued Liability (AAL)	\$6,027,762	\$5,969,578
Actuarial Value of Assets	6,364,745	5,870,543
Unfunded Liability (UAAL)	\$(336,983)	\$99,035
Interest on Unfunded Liability	\$(15,164)	\$4,457
Normal Cost	0	0
Interest on Normal Cost	0	0
Admin Expenses	0	0
Interest on Admin Expenses	0	0
Funding Maintenance Contribution, Not less than 0	\$0	\$4,457
As percent of Covered Payroll	0.0%	0.6%

ACTUARIAL CONTRIBUTIONS

Unfunded Liability Amortization Period

Any contributions in excess of the prior year Funding Maintenance Contribution (FMC) will reduce the Plan's unfunded liability. It is possible to estimate the time until the Plan's unfunded liability will be paid off assuming the contribution to the unfunded liability remains constant each year.

	7/1/2025	7/1/2024
Prior Year Contribution	\$109,127	\$0
Interest to End of Year	2,428	0
Prior Funding Maintenance Contribution (FMC)	4,457	0
Contribution Towards Unfunded Liability	107,098	0
Unfunded Liability	\$(336,983)	\$99,035
Years to fully fund assuming level contributions towards Unfunded Liability	0	Infinite

ASOP REQUIRED DISCLOSURES

ASOP Required Disclosures

Low Default Risk Obligation Metric (LDRM)

Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, requires the disclosure of a low-default-risk obligation measure (LDRM) of benefit costs accrued as of the valuation date using a discount rate based on high quality fixed income securities with cash flows that replicate expected benefit payments. This measure approximates the cost to purchase low-default-risk fixed income securities to fund the accrued benefit.

Traditional actuarial practice determines the plan liability using a long-term rate of return on assets. This liability does not fully demonstrate the economic value of the benefits being promised as the true economic value of the benefit payment is independent of how the plan's assets are invested. Instead, the traditional actuarial liability reflects the cost to the plan sponsor to fund the promised benefit assuming they are able to cover a portion of the plan cost via asset returns.

The difference between the liabilities on a low-default-risk basis and on the funding policy basis is the market value of the future investment risk being used to reduce required contributions before the risk premium is earned. This hypothetical cost would be paid by future generations (either through reduced benefits or higher contributions) if annual returns fall short of the funding policy discount rate of 6.00% over the funding horizon.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 4.50%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations, nor is it appropriate for assessing the need for future contributions. The LDRM is helpful in demonstrating the potential cost of the risk being undertaken by investing in return seeking assets.

Low Default Risk Obligation Measure (LDRM)	
Discount Rate ¹	5.29%
Actuarial Cost Method	Projected Unit Credit
LDRM Accrued Liability	
Active	\$2,984,105
Terminated Vested	\$218,108
Retiree	<u>\$2,398,642</u>
Total	\$5,600,855
Market Value of Assets	\$6,839,964
Unfunded Accrued Liability (LDRM Basis)	(1,239,109)
Unfunded Accrued Liability (Funding Policy Basis)	\$(812,202)
Hypothetical Cost of Future Investment Risk	<u>\$(426,907)</u>

ASOP REQUIRED DISCLOSURES

Risk Analysis

While the valuation results are based on the actuary's best estimate, future costs will fluctuate due to actual experience being different than assumed. We have identified the following risks that could affect the plan's future funding condition:

Risk	Risk Description
Investment Risk	There is a risk that actual assets returns will differ from those assumed. To the extent that asset returns underperform the expectation contributions higher than those determined in this valuation may be needed to secure promised benefits. As the selected assumption for investment returns is conservative, this risk is not as large as may be the case for other pension plans.
Asset/Liability Mismatch	Plan benefits owed are independent of asset performance and liabilities are measured based on long term expectations of future asset returns. As a result, it is unlikely that any change in assets due to market changes will be mirrored by a change in liabilities. This mismatch can result in the unfunded liability increasing or decreasing and consequently a change in the necessary contributions to fund promised benefits.
Demographic Risk	There is risk that participants' turnover, retirements, mortality and salary increases will be different than expected, leading to higher costs.

It is important for the Plan Sponsor to understand the implications of contribution and investment risk. If desired, an additional analysis could be conducted to demonstrate the impact to benefit security if contributions or investment returns are not in line with those assumed in the valuation.

Plan Maturity

The make-up of a plan changes over its lifetime. A young plan will have minimal plan assets, small liabilities, be made up of primarily active participants, and contributions to the plan will exceed benefits paid out of the plan. As the plan ages, these characteristics flip – the plan assets and liabilities will become larger, the plan will be weighted towards inactive employees, and contributions may no longer exceed benefit payments.

ASOP REQUIRED DISCLOSURES

In general, as a plan matures it will become more difficult for the plan sponsor to address via contributions any shortfalls that may occur making the plan much more sensitive to the identified risks. This is because contributions to the plan are often a function of active payroll, or the revenue generated by the active workforce.

There are several ways to measure a plan's maturity.

	2025	2024	2023	2022	2021
Ratio of:					
Plan assets to payroll	954%	895%	671%	697%	855%
Retired liability to total plan liability	43%	44%	44%	46%	47%
Benefit Payments to Contributions	172%	Infinite	Infinite	Infinite	Infinite
Net Cashflows to Plan Assets	-1.3%	-3.3%	-3.7%	-3.3%	-3.9%
Duration of liability	8.9	9.3	10.0	N/A	N/A

The ratio of plan assets to payroll is useful as it can be interpreted as the percent of payroll contribution that is required to make up an asset loss. For example, if the plan lost 10% of their assets, a one-time contribution of 954% of payroll would be needed to restore the plan to its pre-loss funded position.

If the ratio of benefit payments to contributions exceeds 100%, then there are not enough liquid assets coming into the plan to cover promised benefit payments. This can result in the plan having to liquidate assets at inopportune times which can cause a drag on the plan's asset performance. If this ratio consistently exceeds 100% then the cashflows in coming years should be carefully considered in selecting plan investments.

The ratio of net cashflows to Plan assets is similar in use to the ratio of benefit payments to contributions, however, if the ratio is negative (benefit payments and expenses exceeded contributions) and exceeds the targeted investments held in cash then it is expected that plan investments need to be liquidated to pay plan benefits when due.

The Plan's liability duration is helpful as it demonstrates approximate percentage increase in plan liability due to a 1% decrease in the assumed discount rate. A very mature plan will tend to have a lower liability duration, however, this is also impacted by the presence of certain plan features such as lump sums or cost of living adjustments.

SUMMARY OF PARTICIPANT DATA

Summary of Participant Data

Participant Statistics

	7/1/2025	7/1/2024
Active	6	6
Average Age	56.9	55.9
Average Service	27.0	26.0
Total Payroll	\$962,923	\$939,262
Covered Payroll	\$716,780	\$686,143
Average Covered Payroll	\$143,356	\$137,229
Terminated Vested	2	2
Average Age	56.1	55.1
Average Monthly Benefit	\$460	\$437
Retired	5	5
Average Age	69.5	68.5
Average Monthly Benefit	\$3,128	\$3,128
Beneficiary	0	0
Average Age	N/A	N/A
Average Monthly Benefit	N/A	N/A
Disabled	0	0
Average Age	N/A	N/A
Average Monthly Benefit	N/A	N/A
Total	13	13

SUMMARY OF PARTICIPANT DATA

Active Age Service Chart

Age Nearest	Completed Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	34 to 39	35 to 39		40 & up
Under 25												
25 to 29												
30 to 34												
35 to 39												
40 to 44												
45 to 49												
50 to 54						2		1				3
55 to 59							1	1				2
60 to 64												
65 to 69							1					1
70 & up												
Total						2	2	2				6

SUMMARY OF PARTICIPANT DATA

Inactive Participant Age and Benefit Summary

Age Nearest	Deferred Benefits		Receiving Benefits	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit
Under 40				
45 to 49	1	\$643		
50 to 54				
55 to 59				
60 to 64			1	\$1,220
65 to 69	1	\$948	1	\$3,720
70 to 74			3	\$3,567
75 to 79				
80 to 74				
85 to 89				
Over 89				
Total	2	\$795	5	\$3,128

SUMMARY OF PARTICIPANT DATA

Participant Status Reconciliation

	Active	Terminated Vested	Receiving Benefits	Total
Included in Prior Valuation	6	2	5	13
Changes:				
New Hire				
Rehire				
Nonvested Termination				
Vested Termination				
Retirement				
Death (w/ beneficiary)				
Death (w/o beneficiary)				
Lump Sum				
Other				
Subtotal	0	0	0	0
Included in Valuation	6	2	5	13

SUMMARY OF PLAN PROVISIONS

Summary of Plan Provisions

Effective Date	The plan was initially effective 7/1/1969. It was last restated effective 7/1/2003 and amended effective 1/1/2009.
Eligibility	All employees hired prior to 10/29/2005.
Accrued Benefit	2.5% of average earnings paid to the employee during the highest one plan year, multiplied by the number of years of accrual service.
Normal Form of Benefits	Single Life Annuity with 120 payments guaranteed.
Normal Retirement	Eligibility: July 1 nearest 62 nd birthday or completion of five years of plan participation, if later. Benefit: Accrued benefit payable monthly as a single life annuity equal with 120 payments guaranteed.
Early Retirement	Eligibility: None Benefit: N/A
Severance Benefit	Eligibility: Termination prior to attainment of Normal or Early Retirement eligibility. Benefit: A deferred benefit payable at Normal Retirement equal to the Accrued Benefit times a vesting percent. The vested accrued benefit cannot be taken prior to attainment of Normal Retirement Date. Vesting: 20% upon 3 years of service, increasing by an additional 20% per year until 100% vested after 7 years of service.
Late Retirement	Eligibility: Continued employment beyond Normal Retirement Date. Benefit: Greater of A. or B. A. accrued benefit at Normal Retirement Date, increased actuarially to ultimate date of retirement, or B. accrued benefit based on all years of service
In-Service Retirement	Eligibility: None Benefit: N/A

SUMMARY OF PLAN PROVISIONS

Disability	Eligibility: Total and permanent disability which lasts at least six months resulting in termination of employment.
	Benefit: Immediate payment of the actuarial equivalent of the accrued benefit calculated the same as a retirement benefit, based on average earnings and accrual service as of the disability retirement date.
Death Benefits	Eligibility: Death prior to commencement of benefits.
	Benefit: The greater of the actuarial equivalent of the Vested Accrued Benefit (payable to married or unmarried participants), or the benefit the participant's spouse would have received if the participant had terminated on his date of death and elected to begin receiving his benefit under the automatic joint and 50% surviving spouse pension option commencing on his earliest retirement date.
Compensation	Form W2 compensation
Years of Service	Total number of Years in which an employee is credited with at least 1,000 hours of service. No accrual service shall be credited after 10/29/2005. Participants employed on 10/29/2005 shall be credited with an additional 3 years plus 0.333 years for the period July 1, 2005 through October 21, 2005.
Forms of Benefits	Single life annuity: A monthly benefit payable to the plan participant. Upon the death of the participant, no additional benefit is owed.
	Joint and Survivor Annuity: A monthly benefit payable to the plan participant. If the participant is survived by their named beneficiary, then payments of 50%, 66-2/3% or 100% of the monthly amount payable to the plan participant will continue to be paid for the lifetime of the named beneficiary.
	Lump Sum: A single payment equal to the actuarial equivalent value of the vested accrued benefit.
Actuarial Equivalence	Interest: 6.25% Pre-retirement Mortality: None Post-retirement Mortality: 94 GAR (50% Male/50% Female)
Benefits Not Valued	We are not aware of any significant plan benefits or provisions that have not been included in the valuation.

ACTUARIAL METHODS

Actuarial Methods

Actuarial Cost Method

Projected Unit Credit

Under the Projected Unit Credit cost method, the Accrued Liability is determined based on service accrued through date and earnings projected to expected benefit payment date. Consequently, the Accrued Liability includes the projected cost associated with future pay increases and the Normal Cost includes only the cost associated with future increases in service.

Asset Smoothing Method

3-Year Asset Smoothing Method

The actuarial value of assets are determined based on the smoothed market value (without phase-in). Under this method, a gain or loss for a year is determined by calculating the difference between the expected value of the assets for the year and the market value of the assets at the valuation date. The actuarial value of assets is equal to the market value of the plan's assets with gains subtracted or losses added at the rates described as follows:

- (1) 2/3 of the prior year's gain or loss
- (2) 1/3 of the second preceding year's gain or loss

The asset value determined under the method will be adjusted to be no greater than 115% and no less than 85% of the fair market value.

Valuation Procedures

No liability is held for nonvested, inactive participants who have a break-in-service, or for participants who have resigned, been terminated, or died, even if a break-in-service had not occurred as of the valuation date.

ACTUARIAL ASSUMPTIONS

Actuarial Assumptions

Discount Rate (CO)	For funding: 4.50% <i>The investment yield assumptions has been set by the plan sponsor. Based on the 2025 JP Morgan Capital Market Assumptions, historical asset returns, and the Plan's current invest mix, we believe this assumption is conservative. If the assumption were increased, the Plan's funding shortfall would decline, and the Actuarially Determined Contribution would still be \$0.</i> For LDRM: 5.29% <i>LDRM Discount Rate is equal to the single effective discount rate that would produce the same liability as discounting the plan's cashflows using the June 30, 2025 FTSE Above Median AA Pension Discount Curve.</i>
Inflation (FE)	2.5% per year for statutory limits.
Salary Scale (FE)	3.5% per year. <i>The salary scale assumption is based on actual salary increases during the 5 year period ending June 30, 2024.</i>
COLA	Not Applicable
Termination (FE)	None <i>Based on prior experience, and to be conservative, it is assumed that all participants will continue in employment until Normal Retirement Age.</i>
Retirement (FE)	100% assumed to retire at normal retirement age. <i>As the plan does not provide for early retirement, and late retirement benefits are actuarially equivalent to the Normal Retirement Benefit, assuming retirement at Normal Retirement Age is reasonable.</i>
Mortality (FE)	Pre-retirement: None Post-retirement: Society of Actuaries' PubG(A)-2016 Healthy Annuitant Mortality, projected generationally based on scale MP-2021. <i>Mortality rates are set in accordance with recent mortality studies completed by the SOA. Based on employee compensation, the above median mortality rates were selected. No pre-retirement mortality is selected to approximate the value of the death benefit under the plan.</i>

ACTUARIAL ASSUMPTIONS

Disability (FE)

None.

Based on prior experience, and to be conservative, it is assumed that all participants will continue in employment until Normal Retirement Age.

Form of Payment

50% of participants elect a lump sum, 50% elect a 10-year certain and life annuity.

Admin Expenses

None. Returns are assumed to be net of all fees.

Adjustment for Subsequent Events

We are not aware of any events subsequent to the valuation date that would meaningfully impact the results of the valuation.

Historical Funding Data

	CLASSIC		PEPRA	
	Funded Ratio	UAL	Funded Ratio	UAL
2024	97.10%	\$360,139	97.10%	
2023	90.40%	\$1,075,547	89.60%	\$174,709
2022	92.80%	\$635,765	91.80%	\$113,177
2021	109.10%	(\$748,128)	110.10%	(\$116,224)
2020	87.00%	\$958,602	89.80%	\$80,657
2019	89.10%	\$739,538	90.20%	\$53,441
2018	90.00%	\$627,963	89.70%	\$36,734
2017	92.60%	\$410,274	92.60%	\$18,502
2016	90.50%	\$461,282	89.60%	\$19,139
2015	97.80%	\$94,506	95.60%	\$3,955
2014	89.00%	\$427,808	105.40%	(\$1,933)
2013	84.30%	\$526,846	134.20%	(\$302)
2012	79.80%	\$514,627		
2011	83.60%	\$367,475		

Note: PEPRA plan started 01-01-13

Additional Discretionary Payment History

2024-25	\$801,000
2023-24	\$644,443
2022-23	
2021-22	
2020-21	\$781,674
2019-20	



Carmel Area Wastewater District Portfolio

10/1/2025 - 12/31/2025

Carmel Area Wastewater District
P.O. Box 221428
Carmel, CA 93922

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Portfolio Valuation

There are certain assets, such as certain private funds, which reflect values that are estimates only and based on good faith valuations determined by either Osborne, the applicable issuer or sponsor, or a third party firm. Osborne believes these valuations are current as of the date of the report, but all such values are unaudited. Actual values can be higher or lower than the amounts shown, and as a result the performance can also be affected.

Additionally, some of these private investments are not held by your primary custodian and as such will not appear on your custodian statement but will be included in this report. OPCM urges you to compare account reports that you received from our firm with account statements received from your custodian on a quarterly basis. Please contact OPCM if you are not receiving account statements from your custodian on a regular basis or if you have any questions.

Realized Gain/Loss Report and Portfolio Appraisal Report

The realized gain and loss report is provided for informational purposes only and should be used only as an estimate. The information contained in our report can differ from the custodian's 1099 report due to the sale of uncovered positions, the sale of unsupervised assets, settlement dates and the selected accounting methodology. Please use your custodial 1099 year-end report for tax purposes.

The annual income calculations in the portfolio appraisal report are provided for informational purposes only and should be used only as an estimate. The actual income might be higher or lower than the reported amounts. For certain types of securities, the calculations could include a return of principal or capital gains in which case the annual income would be overstated.

Performance Reporting

Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance is calculated net of advisory fees, net of transaction costs and includes the reinvestment of dividends and other income. Gross of fee performance is calculated gross of advisory fees, but net of transaction costs and includes the reinvestment of dividends and other income. Any performance returns that are not run on quarter-end dates are considered PRELIMINARY numbers and subject to change. Annualized returns are presented for periods greater than 1 year. Past performance is not indicative of future results. Inherent in any investment is the possibility of loss. Please refer to the Benchmark Descriptions page at the end of your report for index descriptions.

Contributions and Withdrawals

Reported contributions and withdrawals can be affected by corporate actions and internal accounting procedures. Please compare your reports to the custodian statement.

Fractional Shares

Fractional shares less than 0.500 will be reflected with a quantity of 0. Fractional shares above 0.500 shares will be reflected with a quantity of 1. The report rounds the share values for reporting purposes only.

Management Fees

It is the responsibility of the client to verify the accuracy of the investment management fees billed by Osborne Partners Capital Management, LLC. The custodian does not verify the accuracy of the management fees billed prior to payment to the firm.

Portfolio Review

If your investment objectives and/or financial circumstances have changed, please contact your Osborne Partners Portfolio Counselor directly or our main line at (800) 362-7734.

Firm Brochure

For a copy of our current Disclosure Brochure that includes a description of Osborne's services provided, fees charged and other important information, please call us at (800) 362-7734.

Report Disclaimer

Osborne Partners recommends you compare portfolio reports from our firm with the statements from your custodian on a quarterly basis. Please contact Osborne Partners if you are not receiving statements from your custodian or if you have any questions.

S&P 500® Index

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value.

MSCI ACWI Index ex US

A market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S. based companies. The MSCI All Country World Index ex U.S. includes both developed and emerging markets.

Bloomberg Intermediate US Gov/Credit

The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

Bloomberg Commodity Total Return Index

The Bloomberg Commodity Total Return Index aims to provide broadly diversified representation of commodity markets as an asset class. The index is made up of exchange-traded futures on physical commodities. The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity.

Bloomberg Municipal 1-10 Year Index

The Bloomberg Barclays 1-10 Year Municipal Blend Index is a market value-weighted index which covers the short and intermediate components of the Barclays Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The Index tracks tax-exempt municipal General Obligation, Revenue, Insured, and Pre-refunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from 1 up to (but not including) 12 years. The index includes reinvestment of income.

NAREIT Global Index

The FTSE EPRA/NAREIT Global Index is designed to track the performance of listed real estate companies and REITS in both developed and emerging markets. By making the index constituents free-float adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products, such as derivatives and Exchange Traded Funds (ETFs).

Past performance is not indicative of future results. Inherent in any investment is the possibility of loss. Please Note: An investor cannot invest directly in an index.

PORTFOLIO OVERVIEW

Carmel Area Wastewater District
As of 12/31/2025

Account Summary

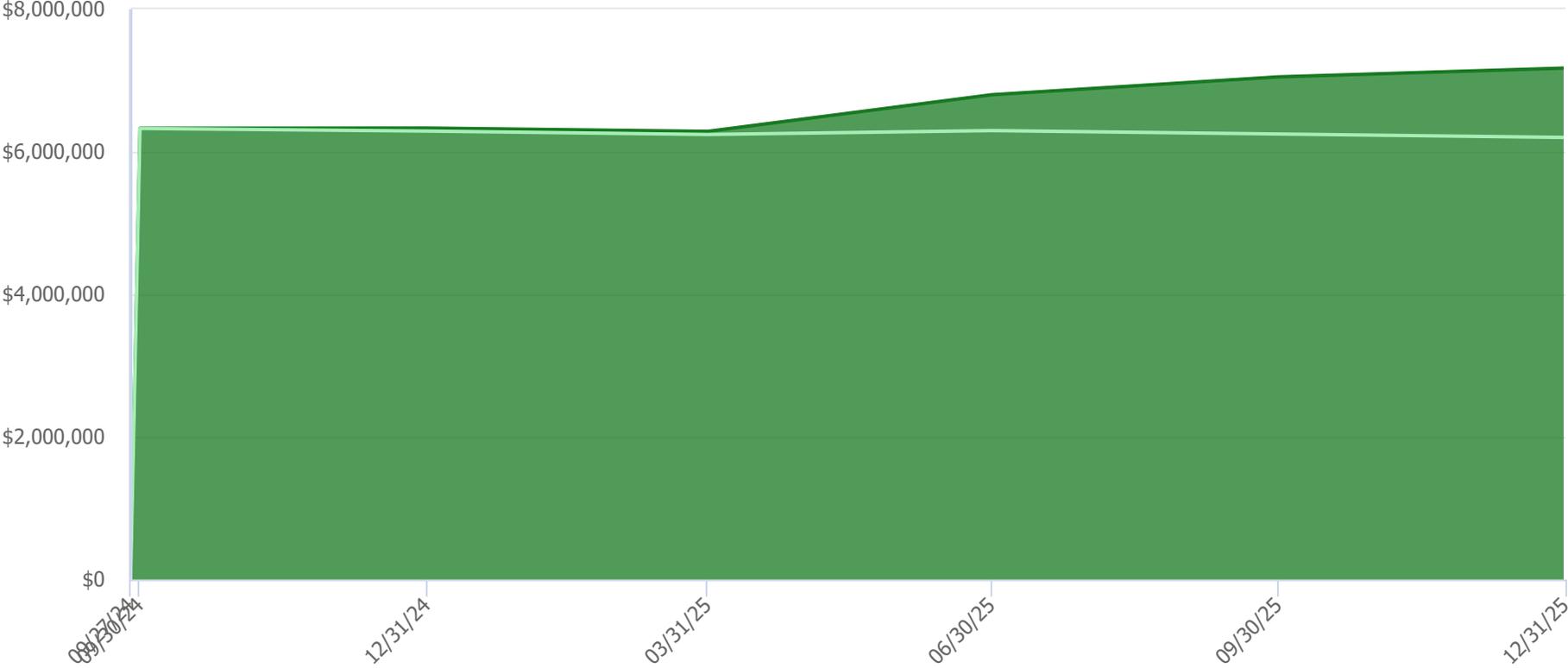
Account Name	Market Value	Percent of Total Portfolio
Carmel Area Wastewater District Defined Benefit Plan, Barbara Buikema Pension Trustee	\$7,173,774	100.0 %
Total Portfolio	\$7,173,774	100 %

Portfolio Summary

	QTD (10/1/2025- 12/31/2025)	YTD (1/1/2025 - 12/31/2025)
Beginning Value	\$7,050,147	\$6,331,972
Ending Value	\$7,173,774	\$7,173,774
Change in Account Value	\$123,627	\$841,802
Contributions and Withdrawals	-\$48,000	-\$88,805
Taxable Realized Gain/Loss	\$0	\$0
Management Fees Paid	-\$12,439	-\$29,247

PORTFOLIO VALUE VS NET AMOUNT INVESTED

Carmel Area Wastewater District
As of 12/31/2025



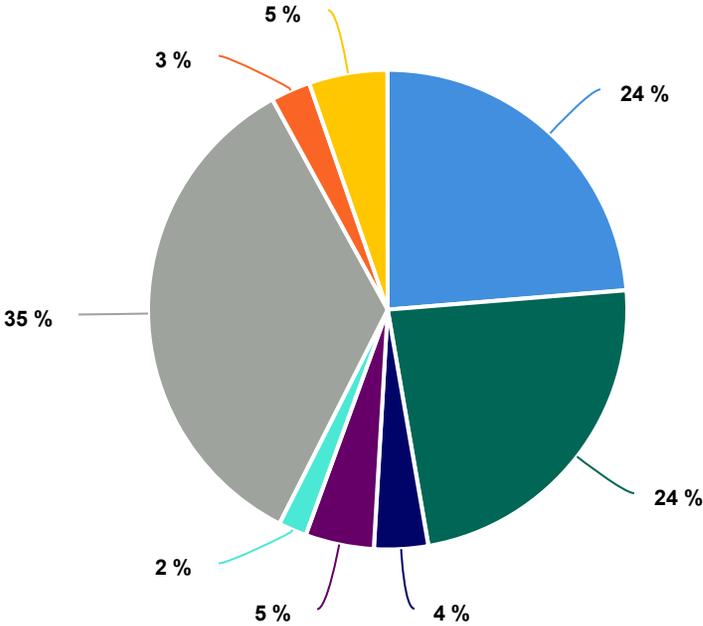
● Ending Market Value w/ Bond Accrual as of 12/31/2025: \$7,173,773.87 — Net Amount Invested as of 12/31/2025: \$6,200,517.35

This chart shows your total account value compared to the total amount you have invested with Osborne Partners (net of any additions or withdrawals).

ASSET ALLOCATION SUMMARY

Carmel Area Wastewater District
As of 12/31/2025

Portfolio Allocation



	Value	Allocation
DOMESTIC EQUITIES	\$1,700,938	23.8 %
Domestic Equities	\$1,700,938	23.8 %
FOREIGN EQUITIES	\$1,691,127	23.7 %
Developed Market	\$1,141,992	16.0 %
Emerging Market	\$549,135	7.7 %
NATURAL RESOURCES	\$261,084	3.7 %
Diversified Resources	\$101,735	1.4 %
Industrial Metals	\$16,507	0.2 %
Precious Metals	\$76,590	1.1 %
Energy	\$66,252	0.9 %
REAL ESTATE	\$332,556	4.7 %
Domestic Real Estate	\$206,556	2.9 %
Foreign Real Estate	\$126,000	1.8 %
ALTERNATIVE INVESTMENTS	\$136,336	1.9 %
Alternative Investments	\$136,336	1.9 %
FIXED INCOME	\$2,479,440	34.3 %
Corporate Bonds	\$2,117,311	29.2 %
Tactical Fixed Income	\$362,130	5.1 %
CASH	\$191,841	2.7 %
Money Market	\$191,841	2.7 %
CASH EQUIVALENTS	\$380,451	5.3 %
Position Traded Money Market	\$380,451	5.3 %
Total Managed:	\$7,173,774	100 %

PORTFOLIO APPRAISAL

Carmel Area Wastewater District
As of 12/31/2025

Carmel Area Wastewater District Portfolio

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
DOMESTIC EQUITIES											
■ Domestic Equities											
Communication Services											
330	Alphabet Inc Class A	GOOGL	2/27/2025	\$166.52	\$54,951	\$313.00	\$103,290	\$48,339	\$277	0.3 %	1.45 %
60	Meta Platforms Inc	META	3/12/2025	\$605.70	\$36,342	\$660.09	\$39,605	\$3,264	\$126	0.3 %	0.55 %
270	Walt Disney Co	DIS	3/12/2025	\$96.20	\$25,975	\$113.77	\$30,718	\$4,743	\$405	1.3 %	0.43 %
Consumer Discretionary											
310	Amazon com Inc	AMZN	3/28/2025	\$186.97	\$57,960	\$230.82	\$71,554	\$13,594	\$0	0.0 %	1.00 %
3	Booking Holdings Inc	BKNG	3/12/2025	\$4,425.71	\$13,277	\$5,355.33	\$16,066	\$2,789	\$115	0.7 %	0.22 %
1,015	Borg Warner Inc	BWA	2/21/2025	\$28.66	\$29,091	\$45.06	\$45,736	\$16,645	\$690	1.5 %	0.64 %
985	Caesars Entertainment Inc	CZR	2/21/2025	\$31.11	\$30,642	\$23.39	\$23,039	-\$7,603	\$0	0.0 %	0.32 %
105	Lowe's Companies Inc	LOW	3/17/2025	\$225.97	\$23,727	\$241.16	\$25,322	\$1,595	\$504	2.0 %	0.35 %
1,440	MGM Resorts International	MGM	3/12/2025	\$31.91	\$45,954	\$36.49	\$52,546	\$6,591	\$14	0.0 %	0.74 %
390	Nike Inc Class B	NKE	2/21/2025	\$70.05	\$27,321	\$63.71	\$24,847	-\$2,474	\$640	2.6 %	0.35 %
195	Planet Fitness Inc Cl A	PLNT	4/10/2025	\$94.08	\$18,346	\$108.47	\$21,152	\$2,806	\$0	0.0 %	0.30 %
145	Pool Corp	POOL	3/17/2025	\$316.59	\$45,905	\$228.75	\$33,169	-\$12,737	\$725	2.2 %	0.46 %
Consumer Staples											
200	Pepsico Incorporated	PEP	2/21/2025	\$149.79	\$29,959	\$143.52	\$28,704	-\$1,255	\$1,138	4.0 %	0.40 %
Energy											
120	Cheniere Energy Inc	LNG	3/17/2025	\$221.73	\$26,608	\$194.39	\$23,327	-\$3,281	\$266	1.1 %	0.33 %
191	Phillips 66	PSX	3/17/2025	\$109.43	\$20,901	\$129.04	\$24,647	\$3,746	\$917	3.7 %	0.35 %
885	SLB Limited	SLB	2/21/2025	\$39.24	\$34,725	\$38.38	\$33,966	-\$759	\$1,009	3.0 %	0.48 %
Financials											
830	Block Inc	XYZ	2/21/2025	\$65.41	\$54,293	\$65.09	\$54,025	-\$268	\$0	0.0 %	0.76 %
310	Fidelity National Information	FIS	2/21/2025	\$69.24	\$21,464	\$66.46	\$20,603	-\$862	\$496	2.4 %	0.29 %
400	Global Payments Inc	GPN	2/21/2025	\$97.72	\$39,088	\$77.40	\$30,960	-\$8,128	\$400	1.3 %	0.43 %
155	JP Morgan Chase & Co.	JPM	3/12/2025	\$230.47	\$35,722	\$322.22	\$49,944	\$14,222	\$930	1.9 %	0.70 %
100	Marsh & McLennan Co Inc	MMC	3/12/2025	\$228.71	\$22,871	\$185.52	\$18,552	-\$4,319	\$360	1.9 %	0.26 %
100	Visa Inc	V	2/27/2025	\$344.59	\$34,459	\$350.71	\$35,071	\$612	\$268	0.8 %	0.49 %
Health Care											
150	Abbott Laboratories	ABT	3/17/2025	\$125.86	\$18,878	\$125.29	\$18,794	-\$85	\$354	1.9 %	0.26 %
400	CVS Health Corp	CVS	3/17/2025	\$67.18	\$26,870	\$79.36	\$31,744	\$4,874	\$1,064	3.4 %	0.44 %
245	Danaher Corp	DHR	2/21/2025	\$206.30	\$50,545	\$228.92	\$56,085	\$5,541	\$314	0.6 %	0.79 %
730	SPDR S&P Biotech	XBI	2/21/2025	\$83.16	\$60,705	\$121.93	\$89,009	\$28,304	\$325	0.4 %	1.25 %
110	Thermo Fisher Scientific Inc	TMO	2/21/2025	\$514.51	\$56,596	\$579.45	\$63,740	\$7,144	\$189	0.3 %	0.89 %
70	UnitedHealth Group Inc	UNH	12/16/2025	\$332.12	\$23,248	\$330.11	\$23,108	-\$141	\$619	2.7 %	0.32 %
Industrials											
100	RTX Corporation	RTX	3/31/2025	\$129.59	\$12,959	\$183.40	\$18,340	\$5,381	\$272	1.5 %	0.26 %

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
DOMESTIC EQUITIES											
■ Domestic Equities											
Industrials											
80	Union Pacific Corp	UNP	3/17/2025	\$227.87	\$18,229	\$231.32	\$18,506	\$276	\$442	2.4 %	0.26 %
1,000	Willscot Mobile Mini Hldgs Corp	WSC	3/12/2025	\$29.01	\$29,014	\$18.83	\$18,830	-\$10,184	\$280	1.5 %	0.26 %
Information Technology											
410	Advanced Micro Devices	AMD	2/21/2025	\$102.35	\$41,963	\$214.16	\$87,806	\$45,842	\$0	0.0 %	1.23 %
430	Apple Inc	AAPL	3/17/2025	\$206.33	\$88,723	\$271.86	\$116,900	\$28,177	\$447	0.4 %	1.64 %
260	Elastic N V	ESTC	2/27/2025	\$98.33	\$25,567	\$75.44	\$19,614	-\$5,952	\$0	0.0 %	0.27 %
150	Keysight Technologies Inc	KEYS	3/12/2025	\$151.72	\$22,758	\$203.19	\$30,479	\$7,721	\$0	0.0 %	0.43 %
100	Microsoft Corp	MSFT	3/12/2025	\$385.06	\$38,506	\$483.62	\$48,362	\$9,856	\$364	0.8 %	0.68 %
115	NXP Semiconductors NV	NXPI	3/31/2025	\$182.33	\$20,968	\$217.06	\$24,962	\$3,994	\$466	1.9 %	0.35 %
165	Palo Alto Networks Com	PANW	2/27/2025	\$182.82	\$30,165	\$184.20	\$30,393	\$228	\$0	0.0 %	0.43 %
210	Salesforce Inc	CRM	2/21/2025	\$302.20	\$63,461	\$264.91	\$55,631	-\$7,830	\$349	0.6 %	0.78 %
155	Take-Two Interactive Software	TTWO	4/7/2025	\$199.74	\$30,959	\$256.03	\$39,685	\$8,726	\$0	0.0 %	0.56 %
90	Workday Inc	WDAY	3/4/2025	\$248.34	\$22,351	\$214.78	\$19,330	-\$3,020	\$0	0.0 %	0.27 %
Materials											
130	Air Products & Chemicals Inc	APD	2/27/2025	\$273.76	\$35,589	\$247.02	\$32,113	-\$3,476	\$931	2.9 %	0.45 %
550	Trex Co Inc	TREX	12/12/2025	\$34.98	\$19,236	\$35.08	\$19,294	\$58	\$0	0.0 %	0.27 %
110	Vulcan Materials Company	VMC	2/27/2025	\$234.10	\$25,751	\$285.22	\$31,374	\$5,623	\$216	0.7 %	0.44 %
Domestic Equities Total							\$1,700,938	\$208,316	\$15,913	0.9 %	23.8 %
DOMESTIC EQUITIES Total							\$1,700,938	\$208,316	\$15,913	0.9 %	23.8 %

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
FOREIGN EQUITIES											
■ Developed Market											
950	Akzo Nobel Nv ADR	AKZOY	2/20/2025	\$21.19	\$20,134	\$23.15	\$21,993	\$1,859	\$570	2.6 %	0.31 %
25	ASML Holding NV	ASML	2/20/2025	\$719.14	\$17,978	\$1,069.86	\$26,747	\$8,768	\$157	0.6 %	0.37 %
1,380	Carnival PLC ADR	CUK	4/2/2025	\$14.89	\$20,546	\$30.33	\$41,855	\$21,309	\$0	0.0 %	0.59 %
495	Dassault Systemes SA ADR	DASTY	4/7/2025	\$35.49	\$17,568	\$27.92	\$13,820	-\$3,747	\$109	0.8 %	0.19 %
2,440	Ermenegildo Zegna Nv Ord Shs Usd	ZGN	3/19/2025	\$7.48	\$18,240	\$10.25	\$25,010	\$6,770	\$345	1.4 %	0.35 %
1,860	Global X Funds DAX Germany ETF	DAX	3/12/2025	\$38.21	\$71,062	\$45.62	\$84,854	\$13,792	\$1,250	1.5 %	1.19 %
220	Icon PLC ADR	ICLR	2/20/2025	\$186.46	\$41,022	\$182.22	\$40,088	-\$934	\$0	0.0 %	0.56 %
1,130	Infineon Technologies AG	IFNNY	2/20/2025	\$37.18	\$42,017	\$43.98	\$49,697	\$7,680	\$277	0.6 %	0.70 %
1,715	iShares MSCI Japan Index	EWJ	2/20/2025	\$69.58	\$119,335	\$80.74	\$138,469	\$19,134	\$2,839	2.1 %	1.94 %
1,190	iShares MSCI Netherlands Index	EWN	2/20/2025	\$48.36	\$57,550	\$57.03	\$67,866	\$10,316	\$3,415	5.0 %	0.95 %
285	LVMH Moet Hennessy Louis Vuitton SA	LVMUY	2/20/2025	\$141.08	\$40,209	\$150.81	\$42,981	\$2,772	\$675	1.6 %	0.60 %
350	NICE Ltd	NICE	2/20/2025	\$146.15	\$51,154	\$113.04	\$39,564	-\$11,590	\$183	0.5 %	0.55 %
690	Ryanair Holdings PLC ADR	RYAAY	2/20/2025	\$46.56	\$32,126	\$72.19	\$49,811	\$17,685	\$571	1.1 %	0.70 %
1,660	Vanguard European Stock	VGK	3/12/2025	\$67.40	\$111,877	\$83.61	\$138,793	\$26,916	\$3,864	2.8 %	1.94 %
4,900	Vanguard FTSE All-World ex-US	VEU	3/12/2025	\$60.86	\$298,220	\$73.56	\$360,444	\$62,224	\$9,569	2.7 %	5.05 %

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
FOREIGN EQUITIES											
■ Developed Market											
Index ETF											
Developed Market Total							\$1,141,992	\$182,955	\$23,826	2.1 %	16.0 %
■ Emerging Market											
325	Alibaba Group Holding Limited ADR	BABA	2/20/2025	\$134.89	\$43,839	\$146.58	\$47,639	\$3,799	\$335	0.7 %	0.67 %
730	Columbia Shs India Consumer ETF	INCO	2/20/2025	\$59.29	\$43,278	\$64.81	\$47,311	\$4,033	\$0	0.0 %	0.66 %
2,280	iShares S&P Latin America 40 Index	ILF	2/20/2025	\$23.48	\$53,528	\$30.45	\$69,426	\$15,898	\$2,589	3.7 %	0.97 %
680	Las Vegas Sands Corp	LVS	4/3/2025	\$35.49	\$24,133	\$65.09	\$44,261	\$20,128	\$680	1.5 %	0.62 %
20	Mercadolibre Inc	MELI	2/20/2025	\$2,085.02	\$41,700	\$2,014.26	\$40,285	-\$1,415	\$12	0.0 %	0.56 %
765	SPDR Index Shs S&P China	GXC	2/20/2025	\$86.21	\$65,951	\$96.81	\$74,060	\$8,109	\$1,780	2.4 %	1.04 %
440	Trip.com Group Ltd	TCOM	2/20/2025	\$60.92	\$26,804	\$71.91	\$31,640	\$4,836	\$123	0.4 %	0.44 %
3,250	Vanguard FTSE Emerging Markets	VWO	3/12/2025	\$44.02	\$143,070	\$53.76	\$174,720	\$31,650	\$4,974	2.8 %	2.45 %
635	Wal-Mart De Mexico ADR	WMMVY	4/7/2025	\$27.52	\$17,477	\$31.17	\$19,793	\$2,316	\$407	2.1 %	0.28 %
Emerging Market Total							\$549,135	\$89,356	\$10,899	2.0 %	7.7 %
FOREIGN EQUITIES Total							\$1,691,127	\$272,310	\$34,725	2.1 %	23.7 %
Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
NATURAL RESOURCES											
■ Diversified Resources											
2,705	iPath DJ-UBS Commodity	DJP	2/20/2025	\$34.53	\$93,403	\$37.61	\$101,735	\$8,332	\$0	0.0 %	1.42 %
Diversified Resources Total							\$101,735	\$8,332	\$0	0.0 %	1.4 %
■ Industrial Metals											
325	Freeport McMoran Inc	FCX	2/20/2025	\$38.40	\$12,479	\$50.79	\$16,507	\$4,027	\$195	1.2 %	0.23 %
Industrial Metals Total							\$16,507	\$4,027	\$195	1.2 %	0.2 %
■ Precious Metals											
1,800	Goldman Sachs Physical Gold Etf	AAAU	2/20/2025	\$29.83	\$53,690	\$42.55	\$76,590	\$22,900	\$0	0.0 %	1.07 %
Precious Metals Total							\$76,590	\$22,900	\$0	0.0 %	1.1 %
■ Energy											
1,250	Alerian MLP Index ETN	AMJB	3/12/2025	\$30.92	\$38,645	\$29.91	\$37,388	-\$1,258	\$2,435	6.5 %	0.52 %
1,050	Kinder Morgan Inc	KMI	2/20/2025	\$27.38	\$28,754	\$27.49	\$28,865	\$111	\$1,229	4.3 %	0.40 %
Energy Total							\$66,252	-\$1,147	\$3,664	5.5 %	0.9 %
NATURAL RESOURCES Total							\$261,084	\$34,112	\$3,859	1.5 %	3.7 %
Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
REAL ESTATE											
■ Domestic Real Estate											
Real Estate Investment Trusts											
120	ProLogis Inc	PLD	2/20/2025	\$120.41	\$14,449	\$127.66	\$15,319	\$871	\$485	3.2 %	0.21 %
160	Sun Communities Inc	SUI	2/20/2025	\$125.43	\$20,069	\$123.91	\$19,826	-\$243	\$666	3.4 %	0.28 %
1,610	Vanguard Real Estate	VNQ	2/20/2025	\$91.15	\$146,753	\$88.49	\$142,469	-\$4,284	\$5,590	3.9 %	1.99 %

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
REAL ESTATE											
■ Domestic Real Estate											
Real Estate Services											
180	CBRE Group Inc	CBRE	2/20/2025	\$130.81	\$23,546	\$160.79	\$28,942	\$5,396	\$0	0.0 %	0.41 %
Domestic Real Estate Total							\$206,556	\$1,740	\$6,740	3.3 %	2.9 %
■ Foreign Real Estate											
Foreign Real Estate											
4,500	SPDR Dow Jones International Real Estate	RWX	2/20/2025	\$24.26	\$109,191	\$28.00	\$126,000	\$16,809	\$4,598	3.6 %	1.76 %
Foreign Real Estate Total							\$126,000	\$16,809	\$4,598	3.6 %	1.8 %
REAL ESTATE Total							\$332,556	\$18,549	\$11,338	3.4 %	4.7 %
Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
ALTERNATIVE INVESTMENTS											
■ Alternative Investments											
95	Apollo Global Management Inc	APO	4/4/2025	\$110.33	\$10,481	\$144.76	\$13,752	\$3,271	\$194	1.4 %	0.19 %
1,695	NYLI Merger Arbitrage ETF	MNA	2/20/2025	\$33.77	\$57,236	\$35.79	\$60,664	\$3,428	\$640	1.1 %	0.85 %
2,400	WisdomTree Bloomberg US Dollar Bullish	USDU	2/20/2025	\$26.72	\$64,129	\$25.80	\$61,920	-\$2,209	\$2,372	3.8 %	0.87 %
Alternative Investments Total							\$136,336	\$4,489	\$3,206	2.4 %	1.9 %
ALTERNATIVE INVESTMENTS Total							\$136,336	\$4,489	\$3,206	2.4 %	1.9 %
Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Yield to Maturity	Percent Assets
FIXED INCOME											
■ Corporate Bonds											
Corporate Bonds											
75,000	Alexandria Real Estate Equities, Inc 1.875% 01-FEB-2033	015271AV1	2/20/2025	\$77.81	\$58,355	\$81.88	\$61,409	\$3,053	\$1,406	4.78 %	0.86 %
75,000	Kimco Realty Corp Note Call Make Whole 4.60% 2/1/2033	49446RBA6	3/14/2025	\$96.08	\$72,062	\$99.82	\$74,864	\$2,802	\$3,450	4.63 %	1.05 %
75,000	INTEL CORP 5.20% 2/10/2033	458140CG3	3/24/2025	\$98.43	\$73,820	\$101.93	\$76,446	\$2,626	\$3,900	4.89 %	1.07 %
75,000	Constellation Energy Genera Note 5.80% 3/1/2033	210385AC4	2/20/2025	\$102.87	\$77,150	\$106.64	\$79,980	\$2,830	\$4,350	4.74 %	1.12 %
150,000	Magna Intl Inc Sr Nt Isin#Us559222Ay07 5.50% 3/21/2033	559222AY0	2/20/2025	\$100.90	\$151,350	\$104.77	\$157,161	\$5,811	\$8,250	4.74 %	2.20 %
75,000	Ohio Pwr Co Sr Nt Ser S 5.00% 6/1/2033	677415CV1	2/27/2025	\$98.50	\$73,872	\$101.41	\$76,061	\$2,189	\$3,750	4.77 %	1.06 %
100,000	Verizon MD Inc 5.125% 6/15/2033	92344WAB7	6/26/2025	\$100.19	\$100,185	\$100.19	\$100,193	\$8	\$5,125	5.09 %	1.40 %
75,000	The Southern Co 5.20% Due 6/15/2033	842587DR5	2/20/2025	\$99.40	\$74,550	\$102.54	\$76,908	\$2,358	\$3,900	4.79 %	1.08 %
75,000	Arizona Pub Svc Co Nt 5.55% 8/1/2033	040555DG6	3/27/2025	\$100.65	\$75,484	\$104.46	\$78,343	\$2,859	\$4,163	4.87 %	1.10 %

Corporate Bonds											
Corporate Bonds											
75,000	Veralto Corp Sr 5.45% 9/18/2033	92338CAF0	2/20/2025	\$101.02	\$75,768	\$104.27	\$78,201	\$2,433	\$4,088	4.80 %	1.09 %
50,000	Goldman Sachs Group Inc Ser N Med Term Nts 5.60% 12/5/2033	38150AW92	3/14/2025	\$101.96	\$50,979	\$103.90	\$51,949	\$970	\$2,800	5.00 %	0.73 %
75,000	American Honda Fi 4.90% 1/10/2034	02665WEZ0	3/14/2025	\$97.49	\$73,116	\$100.27	\$75,205	\$2,089	\$3,675	4.86 %	1.05 %
75,000	Athene Hldg Ltd Sr Nt Isin#Us04686Jag67 5.875% 1/15/2034	04686JAG6	8/21/2025	\$103.57	\$77,677	\$103.53	\$77,648	-\$29	\$4,406	5.35 %	1.09 %
150,000	Regency Ctrs L P Note Call Make Whole 5.25% 1/15/2034	75884RBB8	2/27/2025	\$100.35	\$150,525	\$102.79	\$154,184	\$3,659	\$7,875	4.85 %	2.16 %
75,000	Aercap Ireland L P 5.30% 1/19/2034	00774MBH7	3/24/2025	\$98.98	\$74,233	\$102.14	\$76,608	\$2,375	\$3,975	4.99 %	1.07 %
100,000	Lauder Estee Cos Inc Note Call Make Whole 5.00% 2/14/2034	29736RAV2	6/26/2025	\$100.04	\$100,036	\$101.37	\$101,374	\$1,338	\$5,000	4.80 %	1.42 %
75,000	Pacificorp Note Call Make Whole 5.45% 2/15/2034	695114DD7	2/27/2025	\$100.48	\$75,363	\$101.28	\$75,961	\$598	\$4,088	5.26 %	1.06 %
75,000	Realty Income Corp Sr Nt 5.125% 2/15/2034	756109CG7	2/20/2025	\$98.63	\$73,970	\$102.51	\$76,882	\$2,913	\$3,844	4.76 %	1.08 %
75,000	Cigna Corp New 5.25% 2/15/2034	125523CV0	2/27/2025	\$100.69	\$75,520	\$102.73	\$77,050	\$1,530	\$3,938	4.85 %	1.08 %
75,000	Transcanada Pipelines Ltd 4.625% 3/1/2034	89352HAM1	3/24/2025	\$94.28	\$70,706	\$97.53	\$73,150	\$2,444	\$3,469	4.98 %	1.02 %
100,000	Aon North Amer Inc Gtd Sr Nt 5.45% 3/1/2034	03740MAD2	6/26/2025	\$102.57	\$102,566	\$104.02	\$104,021	\$1,456	\$5,450	4.87 %	1.46 %
100,000	Unitedhealth Group Inc Nt 5.00% 4/15/2034	91324PFB3	6/26/2025	\$99.66	\$99,662	\$101.61	\$101,615	\$1,953	\$5,000	4.77 %	1.42 %
100,000	Elevance Health, Inc. 5.375% 15-JUN-2034	036752AZ6	6/26/2025	\$102.05	\$102,049	\$103.18	\$103,184	\$1,135	\$5,375	4.91 %	1.44 %
75,000	Equinix Europe Fing Corp Llc 5.5% 15-JUN-2034	29390XAA2	8/21/2025	\$102.28	\$76,710	\$103.69	\$77,768	\$1,058	\$4,125	4.96 %	1.09 %
Accrued Interest							\$31,147				
Corporate Bonds Total							\$2,117,311	\$50,459	\$105,400	4.87 %	29.2 %
Tactical Fixed Income											
Holdings											
1,200	iShares 20+ Year Treasury Bond ETF	TLT	2/20/2025	\$88.63	\$106,352	\$87.16	\$104,592	-\$1,760	\$4,633	4.4 %	1.46 %
880	iShares Convertible Bond ETF	ICVT	2/20/2025	\$86.85	\$76,431	\$98.50	\$86,680	\$10,249	\$1,498	1.7 %	1.21 %
4,140	SPDR Blackstone / GSO Senior Loan ETF	SRLN	2/20/2025	\$41.67	\$172,511	\$41.27	\$170,858	-\$1,653	\$13,186	7.7 %	2.39 %
Accrued Interest							\$0				
Tactical Fixed Income Total							\$362,130	\$6,837	\$19,317	5.3 %	5.1 %
FIXED INCOME Total							\$2,479,440	\$57,295	\$124,717	34.3 %	

Units	Security	Symbol	Acquired Date	Unit Cost	Total Cost	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	Percent Assets
CASH											
■ Money Market											
191,841	Schwab Bank Sweep	SchwabCash	9/27/2024	\$1.00	\$191,841	\$1.00	\$191,841	\$0	\$96	0.1 %	2.69 %
Money Market Total							\$191,841	\$0	\$96	0.1 %	2.7 %
CASH EQUIVALENTS											
■ Position Traded Money Market											
380,451	Schwab Treasury Obligations Money Fd Ultra	SCOXX	10/25/2024	\$1.00	\$380,451	\$1.00	\$380,451	\$0	\$15,142	4.0 %	5.33 %
Position Traded Money Market Total							\$380,451	\$0	\$15,142	4.0 %	5.3 %
CASH & EQUIVALENTS Total							\$572,292	\$0	\$15,238	2.7 %	8.0 %
Total Managed Portfolio							\$7,173,774	\$595,071	\$208,996	2.91 %	100 %
Total Portfolio							\$7,173,774	\$595,071	\$208,996	2.91 %	100 %

u = Unknown Cost Basis. There are units with unidentified cost basis contained in the asset. The cost basis listed on the report may be incorrect depending upon the selected reporting method.

PERFORMANCE OVERVIEW

Carmel Area Wastewater District
as of 12/31/2025

Performance History Annualized

	% of Portfolio Allocation	Year to Date	Last 1-Year	Last 3-Years	Last 5-Years	Last 7-Years	Last 10-Years	Inception* 3/1/2025
DOMESTIC EQUITIES	23.71 %	-	-	-	-	-	-	10.34 %
<i>S&P 500 Index</i>		-	-	-	-	-	-	<i>16.20 %</i>
FOREIGN EQUITIES	23.57 %	-	-	-	-	-	-	24.17 %
<i>MSCI All Country World Index ex US</i>		-	-	-	-	-	-	<i>25.52 %</i>
NATURAL RESOURCES	3.64 %	-	-	-	-	-	-	19.23 %
<i>Bloomberg Commodity Index</i>		-	-	-	-	-	-	<i>10.51 %</i>
REAL ESTATE	4.64 %	-	-	-	-	-	-	6.47 %
<i>NAREIT Global Index</i>		-	-	-	-	-	-	<i>7.04 %</i>
ALTERNATIVE INVESTMENTS	1.90 %	-	-	-	-	-	-	5.92 %
FIXED INCOME	34.56 %	-	-	-	-	-	-	6.73 %
<i>Bloomberg Intermediate US Gov/Credit</i>		-	-	-	-	-	-	<i>4.90 %</i>
<i>Bloomberg Municipal 1-10 Yr</i>		-	-	-	-	-	-	<i>3.48 %</i>
Total Portfolio Gross of Fees		-	-	-	-	-	-	12.78 %
Total Portfolio Net of Fees		-	-	-	-	-	-	12.29 %

*The inception column represents the annualized return from inception of owning each asset class.

Osborne Partners uses the Alternative Investments asset class primarily for portfolio hedges and does not believe the asset class correlates to any available alternatives benchmark. The Bloomberg Barclays 1-10 Year Municipal Blend Index is a benchmark comparison to the Fixed Income asset class for municipal bonds. Although the Barclays Capital U.S. Gov/Credit Intermediate Term Bond Index is one of the most common fixed income benchmarks, it does not hold municipal bonds. Please see the enclosed Benchmark Descriptions page for more information.

Carmel Area Wastewater District Defined Benefit Plan, Barbara Buikema Pension Trustee
Transaction Summary
10/1/2025 - 12/31/2025

Purchases

Trade Date	Settle Date	Units	Security	Symbol	Unit Price	Total Cost
11/25/2025	11/26/2025	105,663	Schwab Treasury Obligations Money Fd Ultra	SCOXX	\$1.00	\$105,662.70
12/12/2025	12/15/2025	550	Trex Co Inc	TREX	\$34.98	\$19,236.31
12/16/2025	12/17/2025	70	UnitedHealth Group Inc	UNH	\$332.12	\$23,248.48
12/30/2025	12/31/2025	12,864	Schwab Treasury Obligations Money Fd Ultra	SCOXX	\$1.00	\$12,864.00
Total Purchases						\$161,011.49

Sales

Trade Date	Settle Date	Units	Security	Symbol	Unit Cost	Total Cost	Unit Price	Proceeds	Gain/Loss
10/28/2025	10/29/2025	-850	Centene Corp Del	CNC	\$59.49	\$50,570.01	\$33.29	\$28,300.19	-\$22,269.82
11/11/2025	11/12/2025	-920	Las Vegas Sands Corp	LVS	\$42.99	\$39,548.35	\$67.12	\$61,753.75	\$22,205.40
11/25/2025	11/26/2025	-330	Alphabet Inc Class A	GOOGL	\$175.17	\$57,807.38	\$323.02	\$106,595.23	\$48,787.85
12/9/2025	12/10/2025	-690	Caesars Entertainment Inc	CZR	\$35.53	\$24,513.24	\$23.54	\$16,239.59	-\$8,273.65
12/11/2025	12/12/2025	-1,230	Dentsply Sirona Inc	XRAY	\$16.62	\$20,446.25	\$11.60	\$14,262.14	-\$6,184.11
12/29/2025	12/30/2025	-925	LKQ Corporation	LKQ	\$41.16	\$38,069.54	\$30.56	\$28,271.55	-\$9,797.99
12/30/2025	12/31/2025	-670	Willscot Mobile Mini Hldgs Corp	WSC	\$33.25	\$22,277.95	\$19.07	\$12,773.98	-\$9,503.97
Total Sales and Maturities						\$253,232.73		\$268,196.43	\$14,963.70

Dividends

Pay-Date	Security	Symbol	Amount
10/1/2025	Nike Inc Class B	NKE	\$156.00
10/6/2025	iShares 20+ Year Treasury Bond ETF	TLT	\$372.54
10/6/2025	SPDR Blackstone / GSO Senior Loan ETF	SRLN	\$1,042.32
10/6/2025	iShares Convertible Bond ETF	ICVT	\$114.54
10/8/2025	NXP Semiconductors NV	NXPI	\$116.61
10/8/2025	Air Lease Corporation	AL	\$112.20
10/9/2025	SLB Limited	SLB	\$252.23
10/9/2025	Salesforce Inc	CRM	\$87.36
10/10/2025	Dentsply Sirona Inc	XRAY	\$196.80
10/15/2025	Sun Communities Inc	SUI	\$166.40
10/15/2025	Thermo Fisher Scientific Inc	TMO	\$47.30
10/31/2025	Schwab Treasury Obligations Money Fd Ultra	SCOXX	\$937.83
10/31/2025	Danaher Corp	DHR	\$78.40
10/31/2025	JP Morgan Chase & Co.	JPM	\$232.50
11/3/2025	Freeport McMoran Inc	FCX	\$48.75
11/3/2025	CVS Health Corp	CVS	\$266.00
11/5/2025	Lowe's Companies Inc	LOW	\$126.00
11/6/2025	iShares 20+ Year Treasury Bond ETF	TLT	\$390.15
11/6/2025	ASML Holding NV	ASML	\$46.60

Dividends

Pay-Date	Security	Symbol	Amount
11/6/2025	SPDR Blackstone / GSO Senior Loan ETF	SRLN	\$1,170.78
11/6/2025	iShares Convertible Bond ETF	ICVT	\$100.60
11/10/2025	Air Products & Chemicals Inc	APD	\$232.70
11/12/2025	Las Vegas Sands Corp	LVS	\$400.00
11/13/2025	Akzo Nobel Nv ADR	AKZOY	\$160.77
11/13/2025	Apple Inc	AAPL	\$111.80
11/14/2025	Marsh & McLennan Co Inc	MMC	\$90.00
11/17/2025	Kinder Morgan Inc	KMI	\$307.13
11/17/2025	Abbott Laboratories	ABT	\$88.50
11/18/2025	Cheniere Energy Inc	LNG	\$66.60
11/25/2025	Vulcan Materials Company	VMC	\$53.90
11/26/2025	Pool Corp	POOL	\$181.25
11/28/2025	Schwab Treasury Obligations Money Fd Ultra	SCOXX	\$824.89
11/28/2025	Apollo Global Management Inc	APO	\$48.45
12/1/2025	Visa Inc	V	\$67.00
12/1/2025	Phillips 66	PSX	\$229.20
12/1/2025	Wal-Mart De Mexico ADR	WMMVY	\$288.16
12/4/2025	iShares 20+ Year Treasury Bond ETF	TLT	\$384.78
12/4/2025	SPDR Blackstone / GSO Senior Loan ETF	SRLN	\$1,030.48
12/4/2025	iShares Convertible Bond ETF	ICVT	\$102.64
12/4/2025	LKQ Corporation	LKQ	\$277.50
12/9/2025	Alerian MLP Index ETN	AMJB	\$625.75
12/11/2025	Microsoft Corp	MSFT	\$91.00
12/11/2025	RTX Corporation	RTX	\$68.00
12/15/2025	Borg Warner Inc	BWA	\$172.55
12/15/2025	Alphabet Inc Class A	GOOGL	\$69.30
12/17/2025	Willscot Mobile Mini Hldgs Corp	WSC	\$116.90
12/19/2025	iShares MSCI Japan Index	EWJ	\$4,980.96
12/19/2025	iShares MSCI Japan Index	EWJ	\$269.30
12/19/2025	iShares S&P Latin America 40 Index	ILF	\$1,231.10
12/19/2025	iShares MSCI Netherlands Index	EWN	\$2,571.46
12/19/2025	LVMH Moet Hennessy Louis Vuitton SA	LVMUY	\$364.79
12/23/2025	SPDR Blackstone / GSO Senior Loan ETF	SRLN	\$1,068.75
12/23/2025	Fidelity National Information	FIS	\$124.00
12/23/2025	Meta Platforms Inc	META	\$31.50
12/23/2025	Vanguard FTSE Emerging Markets	VWO	\$3,355.63
12/23/2025	Vanguard European Stock	VGK	\$1,292.48
12/23/2025	Vanguard FTSE All-World ex-US Index ETF	VEU	\$6,164.20
12/24/2025	iShares 20+ Year Treasury Bond ETF	TLT	\$410.92
12/24/2025	Vanguard Real Estate	VNQ	\$1,288.81
12/24/2025	SPDR Dow Jones International Real Estate	RWX	\$1,213.79
12/24/2025	iShares Convertible Bond ETF	ICVT	\$191.70
12/24/2025	SPDR S&P Biotech	XBI	\$296.79
12/26/2025	Global Payments Inc	GPN	\$100.00
12/29/2025	SPDR Index Shs S&P China	GXC	\$1,012.93

Dividends

Pay-Date	Security	Symbol	Amount
12/29/2025	Wal-Mart De Mexico ADR	WMMVY	\$299.35
12/30/2025	WisdomTree Bloomberg US Dollar Bullish	USDU	\$2,372.45
12/30/2025	Union Pacific Corp	UNP	\$110.40
12/31/2025	Schwab Treasury Obligations Money Fd Ultra	SCOXX	\$1,185.46
12/31/2025	ProLogis Inc	PLD	\$121.20
12/31/2025	Booking Holdings Inc	BKNG	\$28.80
Total Dividends			\$42,237.93

Interest

Pay-Date	Security	Symbol	Amount
10/15/2025	Schwab Bank Sweep	SchwabCash	\$3.69
10/15/2025	Unitedhealth Group Inc Nt 5.00% 4/15/2034	91324PFB3	\$2,500.00
11/15/2025	Schwab Bank Sweep	SchwabCash	\$4.17
12/1/2025	Ohio Pwr Co Sr Nt Ser S 5.00% 6/1/2033	677415CV1	\$1,875.00
12/4/2025	Goldman Sachs Group Inc Ser N Med Term Nts 5.60% 12/5/2033	38150AW92	\$1,400.00
12/15/2025	Schwab Bank Sweep	SchwabCash	\$5.53
12/15/2025	The Southern Co 5.20% Due 6/15/2033	842587DR5	\$1,950.00
12/15/2025	Verizon MD Inc 5.125% 6/15/2033	92344WAB7	\$2,562.50
12/15/2025	Elevance Health, Inc. 5.375% 15-JUN-2034	036752AZ6	\$2,687.50
12/15/2025	Equinix Europe Fing Corp Llc 5.5% 15-JUN-2034	29390XAA2	\$2,062.50
Total Interest Received			\$15,050.89

Cash Withdrawals

Trade Date	Description	Security	Symbol	Amount
10/31/2025	Client Distribution	Schwab Bank Sweep	SchwabCash	-\$16,000.00
11/28/2025	Client Distribution	Schwab Bank Sweep	SchwabCash	-\$16,000.00
12/31/2025	Client Distribution	Schwab Bank Sweep	SchwabCash	-\$16,000.00
Total Cash Withdrawals				-\$48,000.00

Expenses

Trade Date	Description	Security	Symbol	Amount
10/8/2025	Management Fee	Schwab Bank Sweep	SchwabCash	-\$12,439.00
10/8/2025	Foreign Dividend Tax	NXP Semiconductors NV	NXPI	-\$17.49
10/9/2025	ADR Fee	Schwab Bank Sweep	SchwabCash	-\$6.90
10/28/2025	Trading Expense	Centene Corp Del	CNC	-\$0.14
11/6/2025	Foreign Dividend Tax	ASML Holding NV	ASML	-\$6.99
11/11/2025	Trading Expense	Las Vegas Sands Corp	LVS	-\$0.15
11/13/2025	ADR Fee	Schwab Bank Sweep	SchwabCash	-\$19.00
11/13/2025	Foreign Dividend Tax	Akzo Nobel Nv ADR	AKZOY	-\$24.12
11/25/2025	Trading Expense	Alphabet Inc Class A	GOOGL	-\$0.05
12/1/2025	ADR Fee	Schwab Bank Sweep	SchwabCash	-\$12.70
12/1/2025	Foreign Dividend Tax	Wal-Mart De Mexico ADR	WMMVY	-\$28.82

Expenses

Trade Date	Description	Security	Symbol	Amount
12/9/2025	Trading Expense	Caesars Entertainment Inc	CZR	-\$0.11
12/11/2025	Trading Expense	Dentsply Sirona Inc	XRAY	-\$0.20
12/19/2025	ADR Fee	Schwab Bank Sweep	SchwabCash	-\$19.95
12/19/2025	Foreign Dividend Tax	LVMH Moet Hennessy Louis Vuitton SA	LVMUY	-\$91.20
12/29/2025	ADR Fee	Schwab Bank Sweep	SchwabCash	-\$6.35
12/29/2025	Trading Expense	LKQ Corporation	LKQ	-\$0.15
12/29/2025	Foreign Dividend Tax	Wal-Mart De Mexico ADR	WMMVY	-\$29.94
12/30/2025	Trading Expense	Willscot Mobile Mini Hldgs Corp	WSC	-\$0.11
Total Expenses				-\$12,703.37