

**NOTICE OF REGULAR MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
FINANCE COMMITTEE**

**April 21, 2026
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held on **April 21, 2026, at 10:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5400 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT WWW.SOCWA.COM, ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY LYNDA MAY AT LMAY@SOCWA.COM WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5400. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS FOR AUDIO OF MEETING USE
THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

Join Zoom Meeting
<https://socwa.zoom.us>

Meeting ID: 817 7039 1970
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AGENDA

1. Call Meeting to Order
2. Public Comments

THOSE WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.

PAGE NO.

3. Approval of Minutes..... 1
 - Finance Committee Meeting of March 17, 2026

Recommended Action: Staff recommend that the Finance Committee approve the subject minutes as submitted.
4. FY 24-25 Use Audit Update..... 3

Recommended Action: Committee Discussion, Direction, or Action
5. FY 26-27 Budget..... 4

Recommended Action: Committee Discussion, Direction, or Action
6. Quarterly Investment Reporting Under Government Code Section 53646..... 31

Recommended Action: Information Item
7. Financial Reports for the Month of March 2026..... 34

Recommended Action: Staff recommend that the Finance Committee recommend that the Board of Directors receive and file the March 2026 Financial Reports.
8. SOCWA Revenue Discussion 47

Recommended Action: Committee Discussion, Direction, or Action
9. Other Post-Employment Benefits (OPEB) Trust Account Annual Review..... 49

Recommended Action: Committee Discussion, Direction, or Action
10. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 72 hours prior to the scheduled time of the Regular Meeting referred to above.

FINANCE COMMITTEE MEETING
April 21, 2026

I hereby certify that the foregoing Notice was posted at least 72 hours prior to the time of the above-referenced Finance Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 17th day of April 2026.



Lynda May, Assistant Clerk
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

**MINUTES OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

Finance Committee

DRAFT

March 17, 2026

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was held on March 17, 2026, at 10:30 a.m. in-person and via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

MICHELLE BANNIGAN	City of Laguna Beach	Alternate Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	South Coast Water District	Alternate Director (Zoom)
PAUL PENDER	Santa Margarita Water District	Alternate Director

Staff Participation:

AMBER BOONE	General Manager
JIM BURROR	Deputy GM/Chief Engineer
JACK BECK	Accountant
ANNA SUTHERLAND	Staff Accountant
MATT CLARKE	Chief Technology Officer
LYNDA MAY	Administrative Assistant/ Assistant Clerk
DINA ASH	Human Resources Administrator

Also Participating:

KATHRYN FRESHLEY	El Toro Water District
SCOTT GOLDMAN	South Coast Water District
KELSEY DECASAS	Moulton Niguel Water District

1. Call Meeting to Order

Chairperson Paul Pender called the meeting to order at 10:32 a.m.

2. Public Comments

None.

3. Approval of Minutes

- Finance Committee Special Meeting of March 3, 2026.

ACTION TAKEN

A motion was made by Director Cafferty and seconded by Director Bannigan to approve the Minutes for March 3, 2026, as submitted.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 0
Director Cafferty Aye
Director Bannigan Aye
Director Pender Aye
Director Castillo Aye

4. Use Audit FY 24-25

After a review of the Use Audit, the committee requested a recalculation of PC 17's allocations for Lab services, UAL and OPEB. Ms. Amber Boone, General Manager, agreed to bring the items back to the next Finance Committee meeting for more discussion.

5. FY 26-27 Draft Budget

After an open discussion on the need for a quality check before recommendation to the SOCWA Board, which the Manager committed to including at the April 7, 2026 Board meeting.

ACTION TAKEN

A motion was made by Director Cafferty and seconded by Director Bannigan to recommend the FY 26-27 Draft Budget for presenting to the Board of Directors, with the distinction of the committee's approval taking place after the next Finance Committee meeting on April 21, 2026.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 0
Director Cafferty Aye
Director Bannigan Aye
Director Pender Aye
Director Castillo Aye

6. Chart of Accounts Update to Improve Administrative Efficiency

Ms. Boone updated the committee on the streamlined chart of accounts and GL codes, and noted that the Request for Proposal was released for the audit services.

7. Contract Services

After an open discussion on the allocation of revenue from new services, the committee agreed to bring back a summary of revenue sources and additional details.

8. Adjournment

There being no further business, Chairperson Pender adjourned the meeting at 11:16 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of March 17, 2026, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

Lynda May/ Assistant Clerk
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item

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Finance Committee Meeting

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
STAFF CONTACT: Jack Beck, Accountant
SUBJECT: FY 24-25 Use Audit Update

Summary/Discussion

The Annual Use Audit was presented at the January 10, 2026, Finance Committee meeting. Agencies requested that staff break out the use audit pre and post reorganization to show where the transferred capacity ownership would be allocated to using the “C/O” methodology to track capacity transfers post 2024 SOCWA Reorganization. At the March 3, 2026, Finance Committee meeting, SOCWA presented the “C/O” financials with a 50% split pre and post Reorganization. The Finance Committee requested the following, which also incorporated comments received by the Moulton Niguel Water District:

1. Split costs 45%/55% to account for the December 12, 2024, transfer date for pre and post transition use audits.
2. Reflect laboratory services (Department 02) provided after the transition in the post-transition spreadsheet, while allocating all other applicable costs to the pre-transition spreadsheet.

At the March 17, 2026, Finance Committee meeting, additional comments were provided to further allocate costs for laboratory services. SOCWA staff pulled actual costs pre-transition and all other costs were included in the post-transition costs reflected in #2 above. Updated spreadsheets were distributed to the Committee for additional comment with no comments received.

This agenda item contains the updated Use Audit and Presentation of the information contained in the audit.

Recommended Action: Committee Discussion, Direction, or Action.

Separate Cover: Updated Use Audit with “C/O” columns Pre-Transition (45%)
Updated Use Audit with “C/O” columns Post-Transition (55%)

Agenda Item

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Finance Committee Meeting

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
SUBJECT: FY 26-27 Budget

Summary/Discussion

The draft FY 26-27 budget summary tables were included for review and discussion in an interactive workshop format at the March 3, 2026, Finance Committee meeting and April 7, 2026, Special Board Meeting. Additional information provided to the SOCWA Board included an internal and external quality control check which is included in the Budget Adjustments section.

Budget Adjustments

External quality control recommendations were carefully reviewed and largely incorporated into the updated budget presentation. These included right-aligning all numbers for easier comparison of year-over-year changes, limiting dollar signs to column headers and totals to reduce visual clutter, color-coding linked cells (which can be removed for final printing), and adding footnotes to clarify the basis for allocations (included in the Budget Book). Rounding to the nearest \$100 for improved readability was considered but not implemented at this time. These changes result in a modest reduction to the overall totals compared to the March 3, 2026, draft (\$3,107 reduction prior to final internal review).

Internal quality control adjustments included an additional \$75,000 to account 02-5076-01-00-00 (Department 01) and \$75,000 to account 15-5076-01-00-00 (Department 01) to support implementation of the Aptean EAM (Tabware) system, along with \$12,000 added to account 01-5018-04-00-00 to fund Governmental Affairs activities (distributed to five member agencies).

The Consumer Price Index (CPI) for Orange County was published on April 14, 2026. Staff are using 3.4% as the 12-month average based on the CPI-U requirement in the SOCWA MOU.

Budget Impacts

The updated COLA increased the overall budget by \$20,149 due to the 0.4% increase over the original 3.0% COLA previously included in the budgets. The total budget request for Operations and Maintenance is \$20,059,648 as reflected in Table 1.

Table 1: FY 26-27 Budget Summary

Project Committee	FY 2026-27 (\$)	FY 2025-26 (\$)	Difference (\$)	Change (%)
PC2	\$9,004,449	\$8,616,078	\$388,372	4.51%
PC5	\$928,180	\$944,588	(\$16,407)	-1.74%
PC8	\$295,428	\$289,662	\$5,766	1.99%
PC12	\$111,425	\$88,769	\$22,655	25.52%
PC15	\$3,702,773	\$3,822,519	(\$119,746)	-3.13%
Lab Services	\$641,711	\$576,240	\$65,471	11.36%
PC21	\$24,183	\$27,589	(\$3,406)	-12.35%
PC23	\$10,290	\$17,500	(\$7,210)	-41.20%
PC24	\$805,445	\$807,995	(\$2,550)	-0.32%
Total Operating	\$15,523,883	\$15,190,939	\$332,944	2.19%
Administration & General Fund	\$1,803,814	\$1,801,514	\$2,300	0.13%
Subtotal O&M and Admin	\$17,327,697	\$16,992,453	\$335,245	1.97%
UAL & OPEB	\$ 2,731,951	\$2,477,818	\$254,133	10.26%
TOTAL BUDGET	\$20,059,648	\$19,470,271	\$589,378	3.03%

The Board also requested that staff provide:

1. A comparison of FY 25-26 vs. FY 26-27 per Member Agency (Table 2)
2. More details on the Capital Improvement Projects (CIP) by PC, which are included as attachments per Project Committee.
3. An updated summary to include a consolidated view of budgeted requests per SOCWA member agency (removing the C/O) portion attributed to MNWD. Staff will consolidate budget requests for the Board budget materials but will also provide the C/O portion for billing purposes for the Finance Managers of the SOCWA Member Agencies.

Table 2: FY 25-26 vs. FY 26-27 per Member Agency

Member Agency	Total (\$) FY 26-27	Total (\$) FY 25-26	Difference
City of Laguna Beach	\$ 2,256,024	\$ 2,304,861	\$ (48,837)
City of San Clemente	\$ 310,069	\$ 336,228	\$ (26,159)
EBSD	\$ 190,351	\$ 214,486	\$ (24,135)
ETWD	\$ 325,238	\$ 331,283	\$ (6,045)
IRWD (C/O ETWD)	\$ 201,042	\$ 198,328	\$ 2,714
MNWD	\$ 2,008,017	\$ 1,803,152	\$ 204,865
MNWD (C/O ETWD)	\$ 392,393	\$ 400,063	\$ (7,670)
MNWD (C/O SCWD)	\$ 2,253,922	\$ 2,147,413	\$ 106,509
MNWD (CO SMWD)	\$ 92,666	\$ 93,699	\$ (1,033)
SCWD	\$ 5,408,672	\$ 5,328,656	\$ 80,016
SMWD	\$ 6,621,255	\$ 6,312,100	\$ 309,155
Total	\$ 20,059,648	\$ 19,470,269	\$ 589,379

Recommended Action: Staff recommends that the Finance Committee recommends approval of the FY 26-27 Budget

Attachments: CIP per PC Memo

Separate Cover: FY 26-27 Budget Master Template



South Orange County Wastewater Authority

DATE: April 16, 2026
FROM: Amber Boone, General Manager
SUBJECT: FY26-27 Budget CIP Summary PC2 **(DRAFT)**

This memorandum clarifies the multi-year nature of capital projects for the Board. Large infrastructure projects follow a standard lifecycle:

1. Design / Planning Phase (engineering, permitting, cost estimating – typically 1–2 years).
2. Budget Approval & Procurement Phase (bidding, contract awards).
3. Construction / Implementation Phase (building, installation, testing, commissioning – often 1–3+ years).

Cash requests in any Fiscal Year (FY) reflect only the portion of work scheduled that year. This phased approach protects cash flow, minimizes plant disruptions, and allows adjustments based on actual bids and conditions.

This is a 2-Year Capital Cash Request review covering FY 2026-27 and FY 2027-28. All projects are prioritized exclusively on Safety, Obsolescence (aging assets at high risk of failure), or Compliance (maintaining treatment reliability and regulatory standards).

Financial Summary

- FY 2026-27 Total Cash Request: \$5.669 million
- FY 2027-28 Total Cash Request: \$7.621 million
- Combined 2-Year Request: \$10.101 million
- FY 2026-27 estimated Capital outlays (expenses) are estimated at \$7.996 million and will draw drawn from existing Large Capital funds on hand.

Analysis of Capital Improvement Planning Spend

The Authority's total Large Capital Projects program has a proposed cash request budget of approximately \$87.058 million over the next 10 years.

- Amount expended or committed through FY 2025-26: \$4.243 million for projects to be active in FY26-27 and beyond. Attached is a map of the planned projects for reference.

This is approximately \$87.058 million scheduled across the following future periods:

- FY 2026-27: \$5.669 million
- FY 2027-28: \$7.621 million
- FY 2028-29 and beyond: \$73.768 million.

FY26-27 Budget CIP Summary PC2 (DRAFT)

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Planned spending as a percentage of the remaining capital program (over the 2-year request period):

- FY 2026-27: \$5.669 million → 6.51%
- FY 2027-28: \$7.621 million → 8.75%

This represents a measured and responsible pace of capital investment — addressing the highest-priority Safety, Obsolescence, and Compliance projects first.

Key Projects with Safety / Obsolescence / Compliance Context

Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
3252-000 - MCC M and G Replacement	\$4,232,843	\$500,000	\$1,447,693	S/O	C / C	The existing equipment is in poor condition or failing and beyond the end of its useful life.
3285-000 - Main Plant Drain Line Reconstruction (2018)	\$1,000,000	\$568,833	\$0	O	C	The existing equipment is in poor condition or failing and beyond the end of its useful life.
32241L-000 - Effluent PS Storage and Staging Area	\$850,000	\$0	\$0	O/C	C	The project will create needed space/staging area for future construction projects. No additional cash is being requested.
32226L-000 - Effluent Pump Station Upgrades	\$950,000	\$0	\$0	O/C	C	The existing equipment is in poor condition or failing and beyond the end of its useful life. No additional cash is being requested.
32243L-000 - Plant 2 Headworks Rehabilitation	\$1,500,000	\$705,000	\$0	S	C	The existing roof structural members are severely corroded and beyond their useful life.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

FY26-27 Budget CIP Summary (DRAFT)

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
32225S-000 - Energy Building Roof Upgrades	\$1,163,000	\$506,804	\$0	S	C	The building does not comply with current building seismic codes and requires upgrades.
32225C-000 - JBL Energy Building Upgrades - Common	\$895,000	\$217,500	\$0	S	C	The building does not comply with current building seismic codes and requires upgrades.
3216-000 - Hoist System for Maintenance Shop (2013)	\$250,000	\$0	\$0	S	C	The project is included with the on going roof project and will provide access to needed storage space. No additional cash is being requested.
32232S-000 - Buried Digester and Flare Gasline Replacement	\$125,000	\$0	\$0	S/O/C	D	The existing underground piping has failed and requires replacement. No additional cash is being requested to complete the design phase.
32234S-000 - JBL Heat exchanger #4 pipe replacement	\$250,000	\$137,500	\$0	O	D / C	The existing piping and equipment are in poor condition and require replacement.

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FY26-27 Budget CIP Summary PC2 (DRAFT)

April 16, 2026

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
32231S-000 - Gas Flare Replacement	\$1,500,000	\$231,104	\$500,000	S/O/C	D / C	The existing flare is not compliant with existing regulations and requires relocation and replacement.
Digester 3 and 4 Upgrades and Coatings	\$1,000,000	\$200,000	\$800,000	O	D / C	The existing coating systems have failed and require rehabilitation.
SCADA Integration - Upgrade Project (2 PCs split)	\$175,000	\$175,000	\$0	C	I	The existing equipment does not have full audit capability and modern traceability functions which require updates for cybersecurity protection.
Business Network Server Replacement Project (2 PCs split)	\$175,000	\$175,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.
Firewall Reliability Upgrade (2 PCs split)	\$9,000	\$9,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.

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(2) C= Construction, D= Design, I=Implementation

FY26-27 Budget CIP Summary PC2 (DRAFT)

April 16, 2026

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
WIMS Server Replacement (2 PCs split)	\$20,000	\$20,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.
32261S-000 - Odor Control Scrubber No.2 Replacement	\$2,000,000	\$0	\$700,000	O/C	D	Planned to start design in FY2027-28. The odor control equipment is in poor condition and is undersized for the current H2S loadings risking AQMD violations.
SC-02L PC 2 Liquids Small Cap	\$3,920,000	\$392,000	\$392,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.
SC-02C PC 2 Common Small Cap	\$1,400,000	\$140,000	\$140,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.
SC-02S PC 2 Solids Small Cap	\$1,530,000	\$153,000	\$153,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

FY26-27 Budget CIP Summary PC2 (DRAFT)

April 16, 2026

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
Non-Cap Liquids (including assessments)	\$916,000	\$16,000	\$100,000	S/O/C	I / I	This budget is for engineering studies and assessments and is anticipated to fund the upcoming master planning of JBL.
Non-Cap Common (including assessments and Facility Plan Updates)	\$2,400,000	\$1,500,000	\$100,000	S/O/C	I / I	This budget is for engineering studies and assessments and is anticipated to fund the upcoming master planning of JBL.
Non-Cap Solids (including assessments)	\$922,000	\$22,000	\$100,000	S/O/C	I / I	This budget is for engineering studies and assessments and is anticipated to fund the upcoming master planning of JBL.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

Realistic Multi-Year Execution Calendar (2-Year View)

- FY 2026-27: Emphasis on completing and commissioning projects in construction or starting new IT implementation projects.
- FY 2027-28: Construction and commissioning of projects initiated earlier and starting the planning for facilities known to be in poor condition as planned.
- Quarterly Breakdown (FY 2026-27):
 - Q1–Q2: Continuing construction started in FY2025-26, or earlier, including equipment delivery and installations, phased to allow for continued operation of the plant and starting implementation for IT-related projects.
 - Q3–Q4: Continuing construction, including equipment delivery and installations, phased to allow for continued operation of the plant and finalizing implementation of the IT-related projects. Starting the planning/design for projects to start in FY2026-27
 - This structured phasing ensures visible annual progress while spreading costs and risks responsibly across the 2-year request period.

Why This Prioritization Matters

- Safety: Protects staff and prevents accidents (e.g., personnel building structural upgrades).
- Obsolescence: Replaces failing equipment before emergencies occur, avoiding costly reactive repairs or treatment bypasses.
- Compliance: Maintains reliable treatment processes to meet discharge permits and avoid violations.
- The 2-year request approach allows the Authority to address these critical needs proactively without large single-year budget spikes.



South Orange County Wastewater Authority

DATE: April 16, 2026
FROM: Amber Boone, General Manager
SUBJECT: FY26-27 Budget CIP Summary PC-5 – San Juan Creek Ocean Outfall (**DRAFT**)

This memorandum clarifies the multi-year nature of capital projects for the Board. Large infrastructure projects follow a standard lifecycle:

1. Design / Planning Phase (engineering, permitting, cost estimating – typically 1–2 years).
2. Budget Approval & Procurement Phase (bidding, contract awards).
3. Construction / Implementation Phase (building, installation, testing, commissioning – often 1–3+ years).

Cash requests in any Fiscal Year (FY) reflect only the portion of work scheduled that year. This phased approach protects cash flow, minimizes outfall disruptions, and allows adjustments based on actual bids and conditions.

This is a 2-Year Capital Cash Request review covering FY 2026-27 and FY 2027-28. All projects are prioritized exclusively on Safety, Obsolescence (aging assets at high risk of failure), or Compliance (maintaining treatment reliability and regulatory standards).

Financial Summary

- FY 2026-27 Total Cash Request: \$25,000
- FY 2027-28 Total Cash Request: \$400,000
- Combined 2-Year Request: \$425,000
- There is no cash on hand for PC-5 for these expenditures.

Analysis of Capital Improvement Planning Spend

The Authority's total Large Capital Projects program has a proposed cash request budget of approximately \$2,267,500 over the next 10 years.

- Amount expended or committed through FY 2025-26: \$0 for projects to be active in FY26-27 and beyond. Attached is a map of the planned projects for reference.

This \$2,267,000 scheduled across the following future periods:

- FY 2026-27: \$25,000
- FY 2027-28: \$400,000
- FY 2028-29 and beyond: \$1,842,500.

This represents a measured and responsible pace of capital investment — addressing the highest-priority Safety, Obsolescence, and Compliance projects first.

Key Projects with Safety / Obsolescence / Compliance Context

Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
05062 Outfall Inspections, Port Cleaning, and Repairs	\$500,000	\$0	\$100,000	C	I	This is a permit-required condition to periodically inspect and rehabilitate the outfall.
05059 Monitoring Vault Rehabilitation	\$200,000	\$0	\$200,000	S/C	D	The existing sampling vault and personnel access system are in need of rehabilitation to ensure safe access and operation.
05060 Outfall Inspection Concept Development	\$75,000	\$0	\$75,000	C	D	This project will assess how an internal ocean outfall inspection could be performed. This is an expected condition in the next NPDES outfall permit.
SC-5 PC 5 Small Cap	\$100,000	\$10,000	\$10,000	S/O/C	I / I	The small capital program addresses small capital repairs and equipment.
Special Studies (including assessments)	\$150,000	\$15,000	\$15,000	S/O/C	I / I	This budget is for studies, inspections, and assessments anticipated for or part of NPDES permit renewals.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

Realistic Multi-Year Execution Calendar (2-Year View)

- FY 2026-27: Emphasis is on newly identified issues for the outfall or permit renewals and the replacement of equipment needed to monitor ocean outfall discharges.
- FY 2027-28: Emphasis is on newly identified issues for the outfall or permit renewals and the replacement of equipment needed to monitor ocean outfall discharges.

Why This Prioritization Matters

- Safety: Protects staff and prevents accidents (e.g., sampler pit access).
- Obsolescence: Replaces failing equipment before emergencies occur, avoiding costly reactive repairs or treatment bypasses.
- Compliance: Maintains reliable treatment processes to meet discharge permits and avoid violations.
- The 2-year request approach allows the Authority to address these critical needs proactively without large single-year budget spikes.



South Orange County Wastewater Authority

DATE: April 16, 2026
FROM: Amber Boone, General Manager
SUBJECT: FY26-27 Budget CIP Summary PC15 **(DRAFT)**

This memorandum clarifies the multi-year nature of capital projects for the Board. Large infrastructure projects follow a standard lifecycle:

1. Design / Planning Phase (engineering, permitting, cost estimating – typically 1–2 years).
2. Budget Approval & Procurement Phase (bidding, contract awards).
3. Construction / Implementation Phase (building, installation, testing, commissioning – often 1–3+ years).

Cash requests in any Fiscal Year (FY) reflect only the portion of work scheduled that year. This phased approach protects cash flow, minimizes plant disruptions, and allows adjustments based on actual bids and conditions.

This is a 2-Year Capital Cash Request review covering FY 2026-27 and FY 2027-28. All projects are prioritized exclusively on Safety, Obsolescence (aging assets at high risk of failure), or Compliance (maintaining treatment reliability and regulatory standards).

Financial Summary

- FY 2026-27 Total Cash Request: \$4.594 million
- FY 2027-28 Total Cash Request: \$5.689 million
- Combined 2-Year Request: \$10.283 million
- FY 2026-27 estimated Capital outlays (expenses) are estimated at \$7,488 million and will draw drawn from existing Large Capital funds on hand.

Analysis of Capital Improvement Planning Spend

The Authority's total Large Capital Projects program has a proposed cash request budget of approximately \$47.135 million over the next 10 years.

- Amount expended or committed through FY 2025-26: \$7.488 million for projects to be active in FY26-27 and beyond.

This is approximately \$47.135 million scheduled across the following future periods:

- FY 2026-27: \$4.594 million
- FY 2027-28: \$5.689 million
- FY 2028-29 and beyond: \$36.852 million.

FY26-27 Budget CIP Summary PC15 (DRAFT)

April 16, 2026

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Planned spending as a percentage of the remaining capital program (over the 2-year request period):

- FY 2026-27: \$4.594 million → 9.75%
- FY 2027-28: \$5.689 million → 12.07%

This represents a measured and responsible pace of capital investment — addressing the highest-priority Safety, Obsolescence, and Compliance projects first.

Key Projects with Safety / Obsolescence / Compliance Context

Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
3541-000/001 Export Sludge System Construction	\$5,947,668 (Spent thru 6/30/2026 \$3,872,725)	\$291,900	\$600,000	O	C / C	This project is implementing permit-required mitigations to offset construction impacts from the recently completed Export Sludge Pipeline in the Aliso and Wood Canyons Wilderness Park.
35247L-000 - Aeration Blower System Upgrades	\$500,000	\$0	\$175,000	S/O/C	C / C	Critical for biological treatment and NPDES compliance. The replacement timeline is driven by the equipment's age and degraded condition; equipment installation is planned to be sequenced over several years.
35235L-000 - Odor Control Scrubber Improvements	\$1,500,000	\$222,323	\$363,954	S/C	C / C	The odor control equipment is in poor condition and is undersized for the current H2S loadings risking AQMD violations.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

FY26-27 Budget CIP Summary PC15 (DRAFT)

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
35242L-000 - CTP grit baffles and diffusers	\$631,000	\$531,000	\$0	C	C	The grit baffles are in poor condition and failing, impacting effective treatment.
3525-000 - Personnel Building Improvements	\$911,586	\$0	\$0	S	C	Addresses failed plumbing, degraded electrical systems, and other life-safety issues. Phased implementation is being performed to minimize exposure to construction change orders.
35248L-000 - Access Road Repaving	\$1,750,000	\$750,000	\$0	S	C	The access road is degraded in many areas during to elevated rain amounts and the recent Coastal Fire and requires extensive repairs.
35229L-000 - Foul Air System	\$150,000	\$0	\$0	S/C	C	Failed secondary sludge collectors are at risk of collapsing, impacting proper treatment and recycled water production. Design finalization in FY25-26; major construction in FY26-27.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

FY26-27 Budget CIP Summary PC15 (DRAFT)

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
3522AL-000 - Drainage Pump Station Rehabilitation	\$4,200,000	\$279,980	\$1,850,000	O/C	C / C	The drainage pumping station is within the 100-yr flood plain and in poor condition. The NPDES permit for the plant requires facilities to be located outside the 100-yr flood plain.
SC-15C PC 15 Common Small Cap	\$2,415,000	\$381,000	\$226,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.
SC-15L PC 15 Liquids Small Cap	\$3,872,000	\$209,000	\$407,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.
SC-15A PC 15 AWT Small Cap	\$113,000	\$50,000	\$7,000	S/O/C	I / I	The small capital program addresses small capital repairs outside the large capital program.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

FY26-27 Budget CIP Summary PC15 (DRAFT)

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
Non-Cap Liquids (including assessments and Facility Plan Update)	\$2,400,000	\$1,500,000	\$100,000	S/O/C	I / I	This budget is no engineering studies and assessments and is anticipated to fund the upcoming master planning of CTP.
Business Network Server Replacement Project (2 PCs)	\$175,000	\$175,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.
Firewall Reliability Upgrade (2 PCs)	\$9,000	\$9,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.
WIMS Server Replacement (2 PCs)	\$20,000	\$20,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

FY26-27 Budget CIP Summary PC15 (DRAFT)

April 16, 2026

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
SCADA Integration - Upgrade Project (2 PCs)	\$175,000	\$175,000	\$0	O	I	The existing equipment is at the end of its useful life and is no longer supported for firmware updates, risking cybersecurity attacks.
CTP East Primary Tank Sludge Piping	\$125,000	\$0	\$125,000	S	FY27-28 Start	The existing piping system is in poor condition and requires rehabilitation and is planned for FY27-28.
CTP East Primary Troughs and Primary Scum Skimmers	\$150,000	\$0	\$150,000	S/O	FY27-28 Start	The skimmers are in poor condition and require rehabilitation and is planned for FY27-28.
CTP East Secondary Sludge Collection System Upgrades	\$500,000	\$0	\$500,000	S/O	FY27-28 Start	The collectors are in poor condition and require rehabilitation and is planned for FY27-28.
35233L-000 - Scum Pump Station and Wet Well (construction only)	\$250,000	\$0	\$250,000	O	FY27-28 Start	The scum pump system is in poor condition and requires rehabilitation and is planned for FY27-28.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

FY26-27 Budget CIP Summary PC15 (DRAFT)

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Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
35234L-000 - RAS/WAS Pump Station Repairs	\$100,000	\$0	\$100,000	O	FY27-28 Start	The WAS/RAS pump system is in poor condition and requires rehabilitation and is planned for FY27-28.
35236L-000 - Scum Pump Station and Wet Well Project (assessment and design only)	\$50,000	\$0	\$50,000	O	FY27-28 Start	The scum pump system is in poor condition and requires rehabilitation and is planned for FY27-28.
35237L-000 - Electrical Manhole/Cable Project	\$85,000	\$0	\$85,000	S	FY27-28 Start	The manhole was damaged by subsidence and repairs are needed to stabilize the hanhole and electrical wiring and is planned for FY27-28.
CTP Export Eq Tank Liner Rehabilitation	\$300,000	\$0	\$300,000	S	FY27-28 Start	The liner is failing and periodically plugging the export pumps, and the exposed concrete needs relining and is planned for FY27-28.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, I=Implementation

Realistic Multi-Year Execution Calendar (2-Year View)

- FY 2026-27: Emphasis on completing and commissioning projects in construction or starting new IT implementation projects.
- FY 2027-28: Construction and commissioning of projects initiated earlier and starting the planning for facilities known to be in poor condition as planned.
- Quarterly Breakdown (FY 2026-27):
 - Q1–Q2: Continuing construction started in FY2025-26 or earlier, including equipment delivery and installations, phased to allow for continued operation of the plant and starting implementation for IT-related projects.
 - Q3–Q4: Continuing construction, including equipment delivery and installations, phased to allow for continued operation of the plant and finalizing implementation of the IT-related projects.
 - This structured phasing ensures visible annual progress while spreading costs and risks responsibly across the 2-year request period.

Why This Prioritization Matters

- Safety: Protects staff and prevents accidents (e.g., personnel building structural upgrades).
- Obsolescence: Replaces failing equipment before emergencies occur, avoiding costly reactive repairs or treatment bypasses.
- Compliance: Maintains reliable treatment processes to meet discharge permits and avoid violations.
- The 2-year request approach allows the Authority to address these critical needs proactively without large single-year budget spikes.



South Orange County Wastewater Authority

DATE: April 16, 2026
FROM: Amber Boone, General Manager
SUBJECT: FY26-27 Budget CIP Summary PC-21 - Effluent Transmission Main (**DRAFT**)

This memorandum clarifies the multi-year nature of capital projects for the Board. Large infrastructure projects follow a standard lifecycle:

1. Design / Planning Phase (engineering, permitting, cost estimating – typically 1–2 years).
2. Budget Approval & Procurement Phase (bidding, contract awards).
3. Construction / Implementation Phase (installation, testing, commissioning).

Cash requests in any Fiscal Year (FY) reflect only the portion of work scheduled that year. This phased approach protects cash flow, minimizes plant disruptions, and allows adjustments based on actual bids and conditions.

This is a 2-Year Capital Cash Request review covering FY 2026-27 and FY 2027-28. All projects are prioritized exclusively on Safety, Obsolescence (aging assets at high risk of failure), or Compliance (maintaining treatment reliability and regulatory standards).

Financial Summary

- FY 2026-27 Total Cash Request: \$1.433 million
- FY 2027-28 Total Cash Request: \$5.250 million
- Combined 2-Year Request: \$6.683 million
- FY 2026-27 estimated Capital outlays (expenses) are estimated at \$1.917 million and will be drawn from existing Large Capital funds on hand.

Analysis of Capital Improvement Planning Spend

The Authority's total Large Capital Projects program has a proposed cash request budget of approximately \$11.093 million over the next 10 years.

- Amount expended or committed through FY 2025-26: \$0.483 million for projects to be active in FY26-27 and beyond. Attached is a map of the planned projects for reference.

This is approximately \$6.683 million scheduled across the following future periods:

- FY 2026-27: \$1.433 million
- FY 2027-28: \$5.250 million
- FY 2028-29 and beyond: \$4.409 million.

Planned spending as a percentage of the remaining capital program (over the 2-year request period):

- FY 2026-27: \$5.669 million → 12.92%
- FY 2027-28: \$7.621 million → 47.33%

FY26-27 Budget CIP Summary PC21 (DRAFT)

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This represents a measured and responsible pace of capital investment — addressing the highest-priority Safety, Obsolescence, and Compliance projects first.

Key Projects with Safety / Obsolescence / Compliance Context

Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
3101-000 - Trail Bridge Crossing Protection - Phase I (D) (2016)	\$1,241,771	\$14,000	\$384,600	O	D / D	The ETM is exposed at this Aliso Creek crossing point. Efforts are underway to apply for grant funding to offset the project costs.
31221B-000 - Trail Bridge Crossing (D)	\$6,546,296	\$0	\$1,542,000	O	C	The ETM is exposed at this Aliso Creek crossing point. Efforts are underway to apply for grant funding to offset the project costs.
3105-000 - Air Valve Replacement Design and Permitting (D)	\$164,000	\$24,996	\$0	O	C	The air valves on the force main are corroded, in poor condition, and/or failed.
3107-000 - Air Valve Replacement Construction (D)	\$273,000	\$120,188	\$0	O	C	The air valves on the force main are corroded, in poor condition, and/or failed.
3106-000 - Air Valve Replacement Design and Permitting (E)	\$130,000	\$0	\$0	O	C	The air valves on the force main are corroded, in poor condition, and/or failed.

FY26-27 Budget CIP Summary PC21 (DRAFT)

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Project ID & Description	Total Proposed Budget	FY 2026-27 Cash Request	FY 2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
3108-000 - Air Valve Replacement Construction (E)	\$347,000	\$83,948	\$0	O	C	The air valves on the force main are corroded, in poor condition, and/or failed.
31222B-000 - Aliso ETM Reach B/C Techite Replacement	\$7,891,000	\$1,190,000	\$3,324,000	O	C / C	The Techite ETM is in poor condition and has failed several times.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

Realistic Multi-Year Execution Calendar (2-Year View)

- FY 2026-27: Emphasis on completing and commissioning projects in construction or getting design projects into construction.
- FY 2027-28: Construction and commissioning of projects initiated earlier.
- Quarterly Breakdown (FY2026-27):
 - Q1–Q2: Continuing construction started in FY2025-26, or earlier, including equipment delivery and installations, phased to address the highest risk section of the ETM first.
 - Q3–Q4: Continuing construction, including equipment delivery and installations, phased to allow for continued operation of the pipe and completing the design of the Reach B/C pipeline. Starting the bidding processes for projects to start construction in FY2026-27.
 - This structured phasing ensures visible annual progress while spreading costs and risks responsibly across the 2-year request period.

Why This Prioritization Matters

- Obsolescence: Replaces failing pipe and appurtenances before additional spills occur.
- The 2-year request approach allows the Authority to address these critical needs proactively without large single-year budget spikes.



South Orange County Wastewater Authority

DATE: April 16, 2026
FROM: Amber Boone, General Manager
SUBJECT: FY26-27 Budget CIP Summary PC-24 – Aliso Creek Ocean Outfall (**DRAFT**)

This memorandum clarifies the multi-year nature of capital projects for the Board. Large infrastructure projects follow a standard lifecycle:

1. Design / Planning Phase (engineering, permitting, cost estimating – typically 1–2 years).
2. Budget Approval & Procurement Phase (bidding, contract awards).
3. Construction / Implementation Phase (building, installation, testing, commissioning – often 1–3+ years).

Cash requests in any Fiscal Year (FY) reflect only the portion of work scheduled for that year. This phased approach protects cash flow, minimizes outfall disruptions, and allows adjustments based on actual bids and conditions.

This is a 2-Year Capital Cash Request review covering FY 2026-27 and FY 2027-28. All projects are prioritized exclusively on Safety, Obsolescence (aging assets at high risk of failure), or Compliance (maintaining treatment reliability and regulatory standards).

Financial Summary

- FY 2026-27 Total Cash Request: \$70,000
- FY 2027-28 Total Cash Request: \$125,000
- Combined 2-Year Request: \$195,000
- There is no cash on hand for PC-24 for these expenditures.

Analysis of Capital Improvement Planning Spend

The Authority’s total Large Capital Projects program has a proposed cash request budget of approximately \$8,645,000 over the next 10 years.

- Amount expended or committed through FY 2025-26: \$0 for projects to be active in FY26-27 and beyond. Attached is a map of the planned projects for reference.

This is approximately \$250,000 scheduled across the following future periods:

- FY 2026-27: \$70,000
- FY 2027-28: \$125,000
- FY 2028-29 and beyond: \$8,450,000.

This represents a measured and responsible pace of capital investment — addressing the highest-priority Safety, Obsolescence, and Compliance projects first.

Key Projects with Safety / Obsolescence / Compliance Context

Project ID & Description	Total Proposed Budget	FY2026-27 Cash Request	FY2027-28 Cash Request	S/O/C (1)	Phase (FY26-27/ FY27-28) (2)	Rationale & Execution Notes
542210-000 Outfall Inspections, Port Cleaning, and Repairs	\$500,000	\$0	\$100,000	C	I	This is a permit-required condition to periodically inspect and rehabilitate the outfall.
342220-000 - Golf Course Road	\$45,000	\$45,000	\$0	S	I	This project is an assessment of the degraded emergency access road from CTP to Laguna Beach. The road is also the road to access the land section of the ocean outfall, SCWD utilities, and CLB utilities. Additional capital funding may be added to PC24 upon completion of the assessment.
SC-5 PC 5 Small Cap	\$100,000	\$10,000	\$10,000	S/O/C	I / I	The small capital program addresses small capital repairs and equipment.
Special Studies (including assessments)	\$150,000	\$15,000	\$15,000	S/O/C	I / I	This budget is for studies, inspections (internal and external), and assessments anticipated for or part of NPDES permit renewals.

(1) S=Safety, O=Obsolescence, C=Compliance

(2) C= Construction, D= Design, I=Implementation

Realistic Multi-Year Execution Calendar (2-Year View)

- FY 2026-27: Emphasis is on newly identified issues for the outfall or permit renewals and the replacement of equipment needed to monitor ocean outfall discharges.
- FY 2027-28: Emphasis is on newly identified issues for the outfall or permit renewals and the replacement of equipment needed to monitor ocean outfall discharges.

Why This Prioritization Matters

- **Safety:** Protects staff and prevents accidents (e.g., internal outfall inspections to assess past emergency repairs).
- **Obsolescence:** Replaces failing equipment before emergencies occur, avoiding costly reactive repairs or treatment bypasses.
- **Compliance:** Maintains reliable treatment processes to meet discharge permits and avoid violations.
- The 2-year request approach allows the Authority to address these critical needs proactively without large single-year budget spikes.

Agenda Item

6

Legal Counsel Review: Yes

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
SUBJECT: Quarterly Investment Reporting Under Government Code Section 53646

Summary

At the May 20, 2025, Finance Committee meeting, the Committee asked SOCWA staff to produce quarterly reports of investments applicable to SOCWA as a Joint Powers Authority (JPA) under California Government Code Section 53646. Given SOCWA's current investment in the Local Agency Investment Fund (LAIF), certain simplified reporting provisions apply that reduce our administrative burden while maintaining optional compliance with state law.

Background

California Government Code Section 53646 established quarterly investment reporting requirements for all local agencies, including Joint Powers Authorities. These requirements are designed to ensure transparency, accountability, and proper oversight of public investment activities. SOCWA currently maintains investments in the California Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office. LAIF is specifically created under Government Code Section 16429.1 and provides a pooled investment option for California public agencies.

At the May 20, 2025, Finance Committee meeting, the Committee requested the General Manager to complete the following:

1. **At Least Quarterly:** Distribute the most recent LAIF quarterly statement(s) to:
 - Finance Committee, and/or
 - Board of Directors

2. **Include with LAIF statements:**
 - Brief staff memo confirming compliance with investment policy
 - Statement regarding liquidity and ability to meet six-month expenditure requirements
 - Any additional information requested by the Board

Reportable Action

Attached are the LAIF statements ending Q1 2026. No other investments were made outside of LAIF, in compliance with the Investment Policy. All expenses were met, concluding March 31, 2026, with ample liquidity to meet the Authority's expenses.

Recommended Action: Information Item

Attachment: LAIF Statements for Q1 2026



MALIA M. COHEN
California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name SO ORANGE CO WSTWTR AUTH
Account Number

As of 4/15/2026, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 3/31/2026.

Earnings Ratio		0.00010906180047888
Interest Rate		3.98%
Dollar Day Total	\$	1,884,979,569.34
Quarter End Principal Balance	\$	19,852,349.49
Quarterly Interest Earned	\$	205,579.27

Agenda Item

7

Finance Committee Meeting

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
STAFF CONTACT: Jack Beck, Accountant
SUBJECT: Financial Reports for the Month of March 2026

Summary/Discussion

The enclosed financial reports are provided to the Finance Committee for recommendation to the Board of Directors to receive and file the summary of the O&M Budget vs. Actual Expenses as of March 31, 2026:

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant	8,616,077	6,299,116	2,316,961	73.1%
05 - San Juan Creek Ocean Outfall	944,588	699,328	245,260	74.0%
08 - Pre Treatment	289,662	173,343	116,319	59.8%
12 - Water Reclamation Permits	88,769	38,735	50,034	43.6%
15 - Coastal Treatment Plant	3,822,518	2,499,180	1,323,338	65.4%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	568,217	450,695	117,522	79.3%
21 - Effluent Transmission Main	27,589	8,789	18,800	31.9%
23 - North Coast Interceptor	17,500	5,168	12,332	29.5%
24 - Aliso Creek Ocean Outfall	807,466	655,254	152,212	81.1%
Total	15,182,386	10,829,609	4,352,777	71.5%

The O&M expenses should be less than 75% to remain in budget for March.

The reports included are as follows:

- a. Budget vs. Actual Expenses:
 - Capital Projects Summaries (Exhibit A)
 - Operations and Environmental Summary (Exhibit B-1)
 - Operations and Environmental by PC (B-1.2)
 - Administration (Exhibit B-3)
 - Information Technology (IT) (Exhibit B-4)

Recommended Action: Staff recommend that the Finance Committee recommend that the Board of Directors receive and file the March 2026 Financial Reports.

Attachment: Q3 FY25-26 Budget vs. Actuals

**South Orange County Wastewater Authority
Capital Projects Summaries
For the Period Ended March 31, 2026
(in dollars)**

FY 2025-26 Budget vs. Actual Spending				
<u>Description</u>	Capital Budget	Fiscal Year Spending	(Over)/ Under Budget	% Expended
PC 2-JB Latham	\$ 8,213,790	\$ 2,812,892	\$ 5,400,898	34.2%
PC 5-San Juan Creek Outfall	-	7,626	(7,626)	-
PC 15-Coastal	3,771,345	733,464	3,037,881	19.4%
PC 17-Regional	176,500	7,111	169,389	4.0%
PC 21 Effluent Transmission	827,273	65,119	762,154	7.9%
PC 24 Aliso Creek Outfall	45,000	13,862	31,138	30.8%
Total Large Capital	\$ 13,033,908	\$ 3,640,074	\$ 9,393,834	27.9%
Non-Capital Engineering	836,000	165,166	670,834	19.8%
Small Internal Capital	1,380,000	605,549	774,451	43.9%
Total Capital	\$ 15,249,908	\$ 4,410,789	\$ 10,839,119	28.9%

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary¹
 For the Period Ended March 31, 2026
 (in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
-5000--**-**	Regular Salaries-O&M	3,891,857	2,601,939	1,289,918	66.9%
-5001--**-**	Overtime Salaries-O&M	56,941	46,866	10,075	82.3% (1)
-5304--**-**	Severance Pay	-	45,701	(45,701)	N/A
-5306--**-**	Scheduled Holiday Work	40,772	20,320	20,452	49.8%
-5315--**-**	Comp Time - O&M	16,966	38,312	(21,346)	225.8% (1)
-5401--**-**	Fringe Benefits IN to PC's & Depts.	1,962,205	1,320,219	641,986	67.3%
-5700--**-**	Standby Pay	53,000	57,000	(4,000)	107.5% (2)
	Total Payroll Costs	6,021,741	4,130,356	1,891,385	68.6%
Other Expenses					
-5002--**-**	Electricity	1,101,040	1,141,059	(40,019)	103.6% (3)
-5003--**-**	Natural Gas	225,980	70,135	155,845	31.0% (4)
-5004--**-**	Potable & Reclaimed Water	51,000	45,439	5,561	89.1%
-5006--**-**	Chlorine/Sodium Hypochlorite	182,500	162,396	20,104	89.0% (5)
-5007--**-**	Polymer Products	550,000	444,277	105,723	80.8%
-5008--**-**	Ferric Chloride	700,000	502,397	197,603	71.8%
-5009--**-**	Odor Control Chemicals	115,000	63,802	51,198	55.5%
-5010--**-**	Small Purchases and Consumables	217,516	152,684	64,832	70.2%
-5011--**-**	Laboratory Services	66,104	66,460	(356)	100.5% (6)
-5012--**-**	Grit Hauling	102,000	70,371	31,629	69.0%
-5015--**-**	Management Support Services	407,500	316,160	91,340	77.6%
-5016--**-**	Audit - Environmental	4,356	-	4,356	0.0%
-5017--**-**	Legal Fees	10,000	8,460	1,541	84.6%
-5019--**-**	Contract Services Misc.	566,100	350,190	215,910	61.9%
-5027--**-**	Insurance - Property/Liability	737,903	433,592	304,311	58.8%
-5030--**-**	Trash Disposal	6,000	5,715	285	95.3%
-5033--**-**	Recruitment	-	749	(749)	N/A
-5034--**-**	Memberships, Conferences, Training & Travel	212,430	102,453	109,977	48.2%
-5036--**-**	Laboratory Supplies	144,522	130,148	14,374	90.1%
-5037--**-**	Office Equipment	17,000	716	16,284	4.2%
-5038--**-**	Permits	749,801	625,000	124,801	83.4% (7)
-5044--**-**	Offshore Monitoring	100,000	88,811	11,189	88.8%

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary¹
 For the Period Ended March 31, 2026
 (in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended	
_5045--**-**	Offshore Biochemistry - 20B	22,000	24,321	(2,321)	110.5% (8)
_5046--**-**	Effluent Chemistry	52,880	38,236	14,644	72.3%
_5047--**-**	Access Road Expenses	48,000	-	48,000	0.0%
_5048--**-**	Storm Damage	20,000	-	20,000	0.0%
_5049--**-**	Biosolids Disposal	800,000	523,676	276,324	65.5%
_5054--**-**	Diesel Truck Maint	30,500	3,847	26,653	12.6%
_5056--**-**	Maintenance Equip. & Facilities (Solids)	125,000	73,070	51,930	58.5%
_5057--**-**	Maintenance Equip. & Facilities (Liquids)	300,000	269,812	30,188	89.9%
_5058--**-**	Maintenance Equip. & Facilities (Common)	56,000	45,901	10,099	82.0%
_5059--**-**	Maintenance Equip. & Facilities (Co-Gen)	308,000	234,268	73,732	76.1%
_5060--**-**	Maintenance Equip. & Facilities (AWT)	30,000	25,811	4,189	86.0%
_5068--**-**	MNWD Potable Water Supplies & Svcs.	41,000	35,602	5,398	86.8%
_5076--**-**	SCADA Infrastructure	220,000	12,039	207,961	5.5%
_5080--**-**	CCWRP Contracted Service Expenses	-	1,696	(1,696)	N/A
_5101--**-**	Employee Recognition	1,300	200	1,100	15.4%
_5303--**-**	Group Insurance Waiver	3,600	-	3,600	0.0%
_5309--**-**	Operating Leases	66,000	1,555	64,445	2.4%
_5705--**-**	Monthly Car Allowance	22,800	17,400	5,400	76.3%
_5777--**-**	Laboratory Lease	12,000	12,000	-	100.0%
_5799--**-**	Stormwater Station Costs Share - O&M	(14,000)	(14,992)	992	107.1%
_6500--**-**	IT Allocations in to PC's & Depts.	749,343	613,797	135,546	81.9%
	Total Other Expenses	9,161,175	6,699,252	2,461,923	73.1%
	Total O&M Expenses	15,182,916	10,829,609	4,353,307	71.3%

¹ This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

- (1) Overtime and comp time are budgeted jointly.
- (2) Additional shifts were needed to support the training of staff covering both CTP and JBL.
- (3) Power costs elevated due to 60k cogeneration startup issues.
- (4) Gas purchases reduced due to 60k cogeneration startup issues.
- (5) Bleach Usage is elevated due to ongoing sewage septicity issues and elevated recycled water deliveries.
- (6) Lab Services is elevated due to Verily payment in August 2025
- (7) Annual payments are made at the beginning of the FY.
- (8) 'Offshore Biochemistry is elevated due to molecular lab supplies.

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended March 31, 2026
 (in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant	8,616,077	6,299,116	2,316,961	73.1%
05 - San Juan Creek Ocean Outfall	944,588	699,328	245,260	74.0%
08 - Pre Treatment	289,662	173,343	116,319	59.8%
12 - Water Reclamation Permits	88,769	38,735	50,034	43.6%
15 - Coastal Treatment Plant	3,822,518	2,499,180	1,323,338	65.4%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	568,217	450,695	117,522	79.3%
21 - Effluent Transmission Main	27,589	8,789	18,800	31.9%
23 - North Coast Interceptor	17,500	5,168	12,332	29.5%
24 - Aliso Creek Ocean Outfall	807,466	655,254	152,212	81.1%
Total	15,182,386	10,829,609	4,352,777	71.5%

02 - Jay B. Latham Plant					
Salary and Fringe					
02-5000-**-**-**	Regular Salaries-O&M	2,114,092	1,400,398	713,694	66.2%
02-5001-**-**-**	Overtime Salaries-O&M	41,564	34,750	6,814	83.6% (1)
02-5304-**-**-**	Severance Pay	-	22,850	(22,850)	N/A
02-5306-**-**-**	Scheduled Holiday Work	24,475	13,966	10,509	57.1%
02-5315-**-**-**	Comp Time - O&M	13,574	24,931	(11,357)	183.7% (1)
02-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,065,880	713,515	352,365	66.9%
02-5700-**-**-**	Standby Pay	41,000	50,000	(9,000)	122.0%
	Total Payroll Costs	3,300,585	2,260,410	1,040,175	68.5%

Other Expenses					
02-5002-**-**-**	Electricity	791,040	855,842	(64,802)	108.2%
02-5003-**-**-**	Natural Gas	222,480	68,763	153,717	30.9%
02-5004-**-**-**	Potable & Reclaimed Water	27,000	26,351	649	97.6%
02-5006-**-**-**	Chlorine/Sodium Hypochlorite	65,000	54,502	10,498	83.8% (2)
02-5007-**-**-**	Polymer Products	550,000	444,277	105,723	80.8%
02-5008-**-**-**	Ferric Chloride	400,000	398,732	1,268	99.7% (2)
02-5009-**-**-**	Odor Control Chemicals	45,000	29,101	15,899	64.7%
02-5010-**-**-**	Small Purchases and Consumables	151,100	92,810	58,290	61.4%
02-5011-**-**-**	Laboratory Services	16,924	11,905	5,019	70.3% (3)
02-5012-**-**-**	Grit Hauling	80,000	49,535	30,465	61.9%
02-5015-**-**-**	Management Support Services	25,000	37,136	(12,136)	148.5% (3)
02-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
02-5017-**-**-**	Legal Fees	5,000	8,460	(3,460)	169.2%
02-5019-**-**-**	Contract Services Misc.	343,000	214,411	128,589	62.5%
02-5027-**-**-**	Insurance - Property/Liability	353,523	212,438	141,085	60.1%
02-5030-**-**-**	Trash Disposal	3,000	3,936	(936)	131.2%
02-5033-**-**-**	Recruitment	-	749	(749)	N/A
02-5034-**-**-**	Travel Expense/Tech. Conferences	90,785	63,765	27,020	70.2%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
For the Period Ended March 31, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02-5036-**-**-**	Laboratory Supplies	21,630	20,288	1,342	93.8%
02-5037-**-**-**	Office Equipment	14,000	716	13,284	5.1%
02-5038-**-**-**	Permits	34,195	66,936	(32,741)	195.7% (4)
02-5049-**-**-**	Biosolids Disposal	800,000	522,658	277,342	65.3%
02-5054-**-**-**	Diesel Truck Maint	29,000	2,414	26,586	8.3%
02-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	125,000	73,070	51,930	58.5%
02-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	172,665	27,335	86.3%
02-5058-**-**-**	Maintenance Equip. & Facilities (Common)	30,000	29,031	969	96.8%
02-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	308,000	234,268	73,732	76.1%
02-5076-**-**-**	SCADA Infrastructure	110,000	9,089	100,911	8.3%
02-5101-**-**-**	Employee Recognition	1,000	100	900	10.0%
02-5309-**-**-**	Operating Leases	66,000	1,555	64,445	2.4%
02-5705-**-**-**	Monthly Car Allowance	10,000	10,735	(735)	107.3%
02-5777-**-**-**	Laboratory Lease	3,000	3,000	-	100.0%
02-5799-**-**-**	Stormwater Station Costs Share - O&M	(14,000)	(14,992)	992	107.1%
02-6500-**-**-**	IT Allocations in to PC's & Depts.	408,315	334,456	73,859	81.9%
	Total Other Expenses	5,315,492	4,038,705	1,276,787	76.0%
	Total Expenses	8,616,077	6,299,116	2,316,961	73.1%

05 - San Juan Creek Ocean Outfall

Salary and Fringe

05-5000-**-**-**	Regular Salaries-O&M	85,709	61,112	24,597	71.3%
05-5001-**-**-**	Overtime Salaries-O&M	106	596	(490)	562.7%
05-5306-**-**-**	Scheduled Holiday Work	515	-	515	0.0%
05-5315-**-**-**	Comp Time - O&M	-	2,847	(2,847)	N/A
05-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	42,743	30,858	11,885	72.2%
	Total Payroll Costs	129,073	95,413	33,660	73.9%

Other Expenses

05-5015-**-**-**	Management Support Services	150,000	117,925	32,075	78.6%
05-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
05-5027-**-**-**	Insurance - Property/Liability	114,398	62,732	51,666	54.8%
05-5034-**-**-**	Travel Expense/Tech. Conferences	15,585	3,572	12,013	22.9%
05-5036-**-**-**	Laboratory Supplies	41,300	23,395	17,905	56.6%
05-5038-**-**-**	Permits	382,658	303,991	78,667	79.4% (4)
05-5044-**-**-**	Offshore Monitoring	50,000	43,806	6,195	87.6%
05-5045-**-**-**	Offshore Biochemistry - 20B	11,000	12,006	(1,006)	109.1% (5)
05-5046-**-**-**	Effluent Chemistry	29,000	19,565	9,435	67.5%
05-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,000	-	1,000	0.0%
05-5705-**-**-**	Monthly Car Allowance	700	512	188	73.1%
05-5777-**-**-**	Laboratory Lease	3,000	3,000	-	100.0%
05-6500-**-**-**	IT Allocations in to PC's & Depts.	16,374	13,412	2,962	81.9%
	Total Other Expenses	815,515	603,915	211,600	74.1%
	Total Expenses	944,588	699,328	245,260	74.0%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
For the Period Ended March 31, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
08 - Pre Treatment					
Salary and Fringe					
08-5000-**-**-**	Regular Salaries-O&M	141,939	91,797	50,142	64.7%
08-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	71,671	46,352	25,319	64.7%
	Total Payroll Costs	213,610	138,149	75,461	64.7%
Other Expenses					
08-5010-02-00-00	Small Purchases and Consumables	8,416	935	7,481	11.1%
08-5011-02-00-00	Laboratory Services	3,180	4,022	(842)	126.5% (3)
08-5015-02-00-00	Management Support Services	20,000	-	20,000	0.0%
08-5016-02-00-00	Audit - Environmental	1,356	-	1,356	0.0%
08-5019-02-00-00	Contract Services Misc.	1,600	-	1,600	0.0%
08-5027-02-00-00	Insurance - Property/Liability	4,152	3,319	833	79.9%
08-5034-02-00-00	Travel Expense/Tech. Conferences	9,295	4,430	4,865	47.7%
08-5038-02-00-00	Permits	598	-	598	0.0%
08-6500-02-00-00	IT Allocations in to PC's & Depts.	27,455	22,489	4,966	81.9%
	Total Other Expenses	76,052	35,195	40,857	46.3%
	Total Expenses	289,662	173,343	116,319	59.8%
12 - Water Reclamation Permits					
Salary and Fringe					
12-5000-**-**-**	Regular Salaries-O&M	26,785	20,743	6,042	77.4%
12-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	13,525	10,474	3,051	77.4%
	Total Payroll Costs	40,310	31,216	9,094	77.4%
Other Expenses					
12-5015-02-00-00	Management Support Services	35,000	-	35,000	0.0%
12-5016-02-00-00	Audit - Environmental	500	-	500	-
12-5027-02-00-00	Insurance - Property/Liability	1,283	1,067	216	83.2%
12-5034-02-00-00	Travel Expense/Tech. Conferences	5,795	-	5,795	0.0%
12-5080-02-00-00	CCWRP Contracted Service Expenses	-	1,696	(1,696)	N/A
12-5705-02-00-00	Monthly Car Allowance	700	512	188	73.1%
12-6500-02-00-00	IT Allocations in to PC's & Depts.	5,181	4,244	937	81.9%
	Total Other Expenses	48,459	7,519	40,940	15.5%
	Total Expenses	88,769	38,735	50,034	43.6%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
For the Period Ended March 31, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
15 - Coastal Treatment Plant					
Salary and Fringe					
15-5000-**-**-**	Regular Salaries-O&M	1,174,166	770,476	403,690	65.6%
15-5001-**-**-**	Overtime Salaries-O&M	14,223	9,375	4,848	65.9% (1)
15-5306-**-**-**	Scheduled Holiday Work	12,602	3,640	8,962	28.9%
15-5304-**-**-**	Severance Pay	-	22,850	(22,850)	N/A
15-5315-**-**-**	Comp Time - O&M	2,120	9,284	(7,164)	437.9% (1)
15-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	592,346	389,043	203,303	65.7%
15-5700-**-**-**	Standby Pay	12,000	7,000	5,000	58.3%
	Total Payroll Costs	1,807,457	1,211,667	595,790	67.0%
Other Expenses					
15-5002-**-**-**	Electricity	310,000	285,217	24,783	92.0%
15-5003-**-**-**	Natural Gas	3,500	1,372	2,128	39.2%
15-5004-**-**-**	Potable & Reclaimed Water	24,000	19,087	4,913	79.5%
15-5006-**-**-**	Chlorine/Sodium Hypochlorite	117,500	107,894	9,606	91.8% (2)(6)
15-5008-**-**-**	Ferric Chloride	300,000	103,665	196,335	34.6%
15-5009-**-**-**	Odor Control Chemicals	70,000	34,701	35,299	49.6%
15-5010-**-**-**	Other Chemicals - Misc.	56,500	51,897	4,603	91.9%
15-5011-**-**-**	Laboratory Services	16,000	17,344	(1,344)	108.4% (3)
15-5012-**-**-**	Grit Hauling	22,000	20,836	1,164	94.7%
15-5015-**-**-**	Management Support Services	27,500	20,440	7,060	74.3%
15-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
15-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
15-5019-**-**-**	Contract Services Misc.	221,500	135,778	85,722	61.3%
15-5027-**-**-**	Insurance - Property/Liability	159,272	95,446	63,826	59.9%
15-5030-**-**-**	Trash Disposal	3,000	1,779	1,221	59.3%
15-5034-**-**-**	Travel Expense/Tech. Conferences	78,625	24,630	53,995	31.3%
15-5036-**-**-**	Laboratory Supplies	23,000	25,136	(2,136)	109.3%
15-5037-**-**-**	Office Equipment	3,000	-	3,000	0.0%
15-5038-**-**-**	Permits	3,450	3,474	(24)	100.7%
15-5047-**-**-**	Access Road Expenses	45,000	-	45,000	0.0%
15-5048-**-**-**	Storm Damage	20,000	-	20,000	0.0%
15-5049-**-**-**	Biosolids Disposal	-	1,019	(1,019)	N/A
15-5054-**-**-**	Diesel Truck Maint	1,500	1,433	67	95.5%
15-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	100,000	97,146	2,854	97.1%
15-5058-**-**-**	Maintenance Equip. & Facilities (Common)	24,000	16,869	7,131	70.3%
15-5060-**-**-**	Maintenance Equip. & Facilities (AWT)	30,000	25,811	4,189	86.0%
15-5076-**-**-**	SCADA Infrastructure	110,000	2,950	107,050	2.7%
15-5101-**-**-**	Employee Recognition	300	100	200	33.3%
15-5705-**-**-**	Monthly Car Allowance	10,000	4,619	5,381	46.2%
15-5777-**-**-**	Laboratory Lease	3,000	3,000	-	100.0%
15-6500-**-**-**	IT Allocations in to PC's & Depts.	226,914	185,869	41,045	81.9%
	Total Other Expenses	2,015,061	1,287,513	727,548	63.9%
	Total Expenses	3,822,518	2,499,180	1,323,338	65.4%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
For the Period Ended March 31, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
17 - Joint Regional Wastewater Reclamation and Sludge Handling					
Salary and Fringe					
17-5000-**-**-**	Regular Salaries-O&M	264,922	191,977	72,945	72.5%
17-5001-**-**-**	Overtime Salaries-O&M	530	1,482	(952)	279.6% (1)
17-5306-**-**-**	Scheduled Holiday Work	3,180	2,715	465	85.4%
17-5315-**-**-**	Comp Time - O&M	1,272	957	315	75.2% (1)
17-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	133,769	96,936	36,833	72.5%
	Total Payroll Costs	403,673	294,066	109,607	72.8%
Other Expenses					
17-5010-**-**-**	Small Purchases and Consumables	1,500	7,042	(5,542)	469.5%
17-5011-**-**-**	Laboratory Services	30,000	33,189	(3,189)	110.6% (3)
17-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
17-5034-**-**-**	Memberships, Conferences, Training & Travel	5,000	1,298	3,702	26.0%
17-5036-**-**-**	Laboratory Supplies	31,000	37,011	(6,011)	119.4%
17-5068-**-**-**	MNWD Potable Water Supplies & Svcs.	41,000	35,602	5,398	86.8%
17-5303-**-**-**	Group Insurance Waiver	3,600	-	3,600	0.0%
17-5705-**-**-**	Monthly Car Allowance	700	512	188	73.1%
17-6500-**-**-**	IT Allocations in to PC's & Depts.	51,244	41,975	9,269	81.9%
	Total Other Expenses	164,544	156,629	7,915	95.2%
	Total Expenses	568,217	450,695	117,522	79.3%
21 - Effluent Transmission Main					
Salary and Fringe					
21-5000-**-**-**	Regular Salaries-O&M	7,060	-	7,060	0.0%
21-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	3,565	-	3,565	0.0%
	Total Payroll Costs	10,625	-	10,625	0.0%
Other Expenses					
21-5027-**-**-**	Insurance - Property/Liability	16,964	8,789		
	Total Other Expenses	16,964	8,789	8,175	51.8%
	Total Expenses	27,589	8,789	18,800	31.9%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
For the Period Ended March 31, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
23 - North Coast Interceptor					
Salary and Fringe					
23-5000-**-**-**	Regular Salaries-O&M	5,000	-	5,000	0.0%
23-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	2,525	-	2,525	0.0%
	Total Payroll Costs	7,525	-	7,525	0.0%
Other Expenses					
23-5027-**-**-**	Insurance - Property/Liability	9,975	5,168	4,807	51.8%
	Total Other Expenses	9,975	5,168	4,807	51.8%
	Total Expenses	17,500	5,168	12,332	29.5%
24 - Aliso Creek Ocean Outfall					
Salary and Fringe					
24-5000-**-**-**	Regular Salaries-O&M	71,654	65,437	6,217	91.3%
24-5001-**-**-**	Overtime Salaries-O&M	518	663	(145)	128.0%
24-5315-**-**-**	Comp Time - O&M	-	292	(292)	N/A
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	36,181	33,042	3,139	91.3%
	Total Payroll Costs	108,353	99,434	8,919	91.8%
Other Expenses					
24-5015-**-**-**	Management Support Services	150,000	140,658	9,342	93.8%
24-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
24-5027-**-**-**	Insurance - Property/Liability	78,336	44,634	33,702	57.0%
24-5034-**-**-**	Travel Expense/Tech. Conferences	7,345	4,758	2,587	64.8%
24-5036-**-**-**	Laboratory Supplies	27,592	24,316	3,276	88.1%
24-5038-**-**-**	Permits	328,900	250,598	78,302	76.2% (4)
24-5044-**-**-**	Offshore Monitoring	50,000	45,006	4,995	90.0%
24-5045-**-**-**	Offshore Biochemistry - 20B	11,000	12,315	(1,315)	112.0% (5)
24-5046-**-**-**	Effluent Chemistry	23,880	18,671	5,209	78.2%
24-5047-**-**-**	Access Road Expenses	3,000	-	3,000	0.0%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,000	-	1,000	0.0%
24-5705-**-**-**	Monthly Car Allowance	700	512	188	73.1%
24-5777-**-**-**	Laboratory Lease	3,000	3,000	-	100.0%
24-6500-**-**-**	IT Allocations in to PC's & Depts.	13,860	11,353	2,507	81.9%
	Total Other Expenses	699,113	555,820	143,293	79.5%
	Total Expenses	807,466	655,254	152,212	81.1%
Total O&M Expenses		15,182,386	10,829,609	4,352,777	71.3%

¹ This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC
For the Period Ended March 31, 2026

- (1) Overtime and comp time are budgeted jointly.
- (2) Ferric chloride and bleach usage have continued to increase due to sewage septicity.
- (3) Elevated due to Verily payment in August 2025
- (4) Annual payments are made at the beginning of the FY.
- (5) Offshore Biochemistry is elevated due to molecular lab supplies
- (6) Bleach Usage is elevated due to elevated recycled water deliveries.

**South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison- Administration**

For the Period Ended March 31, 2026

(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
01-5000-04-00-00	Regular Salaries-ADMIN	773,482	500,144	273,338	64.7%
01-5001-04-00-00	Overtime Salaries-O&M	530	972	(442)	183.4%
01-5315-04-00-00	Comp Time - O&M	1,060	-	1,060	0.0%
01-5401-04-00-00	Fringe Benefits IN to PC's & Depts.	390,561	252,542	138,019	64.7%
01-6318-04-00-00	Severance & Termination Costs	-	15,376	(15,376)	N/A
	Total Payroll Costs	2,331,266	769,034	396,599	66.0%
Other Expenses					
01-5010-04-00-00	Small Purchases and Consumables	26,000	13,312	12,688	51.2%
01-5015-04-00-00	Management Support Services	150,000	45,719	104,281	30.5%
01-5016-04-00-00	Audit	45,000	42,450	2,550	94.3% (1)
01-5017-04-00-00	Legal Fees	100,000	72,288	27,712	72.3%
01-5018-04-00-00	Public Notices/ Public Relations	-	4,000	(4,000)	N/A
01-5019-04-00-00	Contract Services Misc. - 29	9,709	10,945	(1,236)	112.7%
01-5034-04-00-00	Memberships & Trainings	121,000	97,327	23,673	80.4%
01-5037-04-00-00	Office Equipment	1,000	-	1,000	0.0%
01-5074-04-00-00	Education Reimbursement	1,000	-	1,000	0.0%
01-5079-04-00-00	Scholarship Reimbursement	1,000	-	1,000	0.0%
01-5101-04-00-00	Employee Recognition	26,050	24,233	1,817	93.0%
01-5705-04-00-00	Monthly Car Allowance	16,200	12,231	3,969	75.5%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	138,922	122,552	16,370	88.2%
	Total Other Expenses	635,881	445,057	190,824	70.0%
	Total Admin Expenses	2,967,147	1,214,091	587,423	67.4%

(1) Annual payments are made in the middle of the FY.

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison-IT
 For the Period Ended March 31, 2026
 (in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-5000-05-00-00	Regular Salaries-IT	151,848	118,912	32,936	78.3%
01-5401-05-00-00	Fringe Benefits IN to PC's & Depts.	76,674	60,043	16,631	78.3%
	Total Salary & Fringe	228,522	178,956	49,566	78.3%
Other Expenses					
01-5010-05-00-00	Small Tools & Supplies	4,000	726	3,274	18.2%
01-5015-05-00-00	Management Support Services	150,000	64,383	85,617	42.9%
01-5034-05-00-00	Memberships & Trainings	7,025	4,490	2,535	63.9%
01-5076-05-00-00	IT Software and Hardware	303,831	282,678	21,153	93.0%
01-5078-05-00-00	Telecommunications	145,382	156,400	(11,018)	107.6%
01-5309-05-00-00	Operating Leases	56,000	45,808	10,192	81.8%
01-5705-05-00-00	Monthly Car Allowance	4,200	2,908	1,292	69.2%
	Total Other Expenses	670,438	557,393	113,045	83.1%
	Total Expenses before Allocation	898,960	736,349	162,611	81.9%

Agenda Item

8

Finance Committee Meeting

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
STAFF CONTACT: Jack Beck, Accountant
SUBJECT: SOCWA Revenue Discussion

Summary/Discussion

At the March 17, 2026, Finance Committee meeting, there was a discussion on how to handle additional revenue based on the MOU Transfer Price Agreement which requested SOCWA to:

- 6. b. Identify and evaluate potential new services and opportunities for SOCWA to generate revenue.

Staff reviewed the SOCWA JPA with additional context to provide to the Committee in Section 6.3 as described below.

SOCWA JPA Section 6.3:

After the Board approves a Project Budget, it shall be submitted to each Member Agency which has expressed a desire to participate and is to be obligated for the payment of any amount thereunder. The Authority shall not incur any expense for the Project until the Project Budget has been approved by the governing body of each of the proposed Participating Member Agencies. In the event a Project Budget is not approved, the cost of preparing the budget shall be divided among the proposed Participating Member Agencies in accordance with the proposed allocation of the total Project costs.

The Finance Committee members requested the following list of additional sources of revenue that have been offset by expenses which are broken down by project committee (PC) or general services with a description of the methods employed to offset revenue.

PC2

Revenue Source:

- Zephyr Wall: \$15,000-\$20,000

Method:

- Offsets PC2 Expenses

PC8

Revenue Source:

- Pretreatment Laboratory Services: \$3000-\$5,000

Method:

- Offsets Expenses

PC12:

Revenue Source:

- TCWD PC12 Permit Services: \$7000-\$10,000
- The Oaks Crystal Cove Water Reclamation Plant: \$25,000-\$40,000

Method

- Offsets Expenses

Lab Services

Revenue Source:

- ETWD As Needed Laboratory Support: \$20,000-\$25,000
- MNWD Contract Obligated Services: \$576,000
- MNWD Additional Laboratory Work: \$103,500
- SMWD Weekend Laboratory Support: \$3,000-\$5,000
- SCWD Ground Water Treatment Analysis: <\$2000

Method

- Use Audit Reconciliation

Recommended Action: Committee Discussion, Direction, Action

Agenda Item

9

Finance Committee Meeting

Meeting Date: April 21, 2026

TO: Finance Committee
FROM: Amber Boone, General Manager
STAFF CONTACT: Jack Beck, Accountant
SUBJECT: Other Post-Employment Benefits (OPEB) Trust Account Annual Review

Summary/Discussion

Attached, please find the Summary of SOCWA's OPEB Plan showing performance results from inception through June 30, 2024. The Account Balance as of June 30, 2025, is \$7,750,994, up \$712,721 from the prior year balance of \$7,038,273, or +10.13%. According to GASB 75, an actuarial valuation of OPEB (Other Post-Employment Benefits) liabilities must occur at least every two years, which this report complies with.

Recommended Action: Information Item.

Attachment: PARS Presentation



SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

PARS 115 Trust – OPEB Prefunding Program Client Review

December 18, 2025

CONTACTS



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Alexandra Irving
Client Services Coordinator
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airving@pars.org

PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc. See additional disclosures at the end of this presentation

PARS 115 TRUST TEAM

As of September 30, 2025

Trust Administrator & Consultant*



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

40+ Years of Experience (1984-2025)	2,300+ Plans under Administration	1,100+ Public Agency Clients	550+ 115 Trust Clients	750K+ Plan Participants	\$10.3B+ Assets under Administration
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* See important information regarding PARS in the Disclaimer page at the end of the presentation.

Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

162 Years of Experience (1863-2025)	\$11.0T Assets under Administration
--	--

Investment Manager



- A division of U.S. Bancorp Asset Management, Inc.
- Fixed income and multi asset portfolios
- Strategic blend and passive platform options
- Customized portfolios (with minimum asset level)

40+ Years of Investment Experience (As of 6/30/2025)	\$256.3B* Assets under Management & Advisement
--	---

*As of June 30, 2025. Total assets under management for U.S. Bancorp Asset Management, Inc. were \$404.9 billion. Please see disclosures at the end of this presentation

PARS ADMINISTRATIVE SERVICES

- Fielding Agency information requests
- Preparing monthly and annual Agency statements
- Provide Quarterly Investment Updates
- Coordinating annual audit of PARS Trust by independent CPA firm for purposes of GASB reporting
- Assisting Agency with ongoing compliance and qualification issues

PARS PLANS AND PROGRAMS

115 Combo Trust

1 Pension Rate Stabilization Program (PRSP)

A pension prefunding trust designed specifically to address GASB 68 liabilities on its financial statements and stabilize future costs.

2 OPEB Trust Program

An OPEB prefunding trust designed to address OPEB liabilities and increase investment rates of return (discount rate).

3 Alternate Retirement System (ARS)

An alternative to Social Security for part-time employees offered to provide a valuable benefit for employees and permanent payroll savings to the Agency.

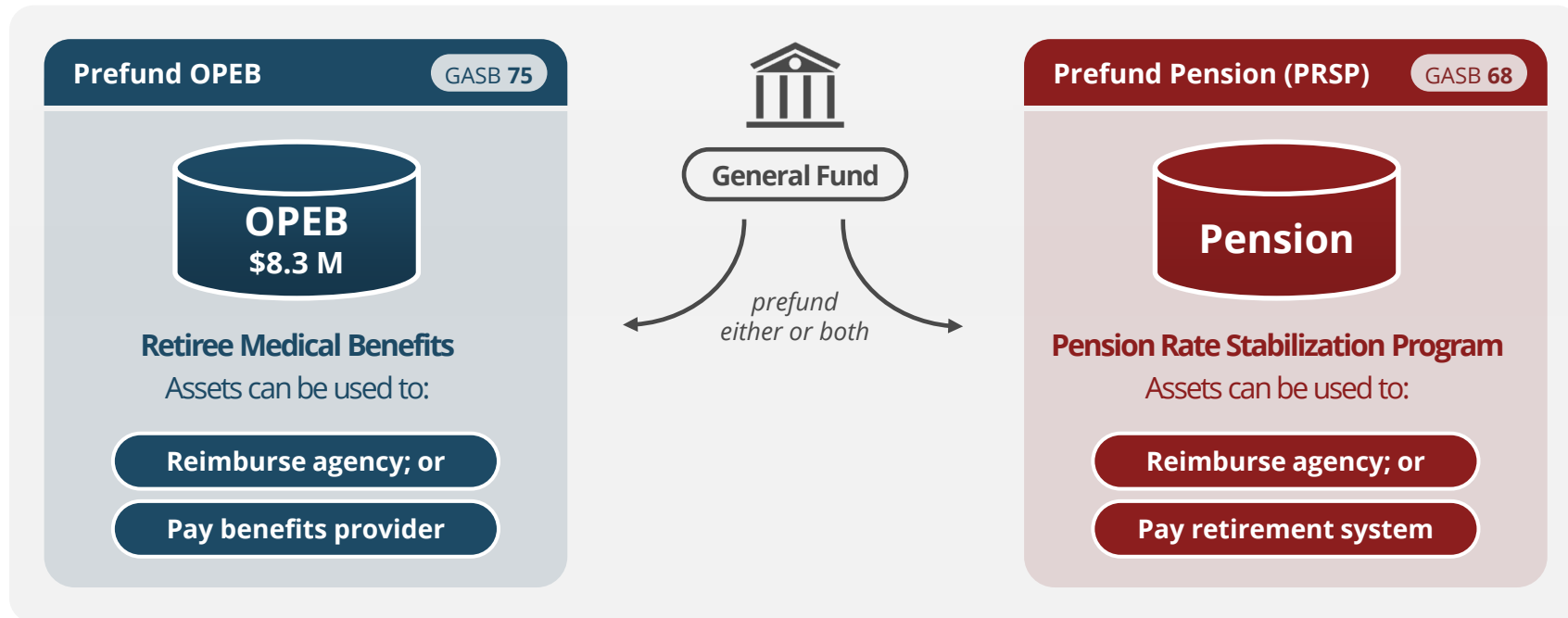
4 Supplemental Defined Contribution Plan

A locally designed retirement plan offered in addition to PERS or 37-Act retirement system with the goal of attracting and retaining select employees to the Agency.

5 Accumulated Leave Plan

A Defined Contribution solution that reduces leave balances on an annual basis during employment and minimizes total payout amounts.

PARS IRS-APPROVED SECTION 115 TRUST



Subaccounts
 OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center.

Financial Stability
 Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Flexible Investing
 Allows separate investment strategies for OPEB and pension subaccounts.

Anytime Access
 Trust funds are available anytime; OPEB for OPEB and pension for pension.

Economies-of-Scale
 OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!

No Set Up Cost or Minimums
 No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

SECTION 115 TRUST BACKGROUND

- Section 115 Trusts are used by local governments to fund essential governmental functions (i.e., pension benefits and retiree health care) into an irrevocable trust
- The PARS Trust received the first IRS Private Letter Ruling (PLR) in June 2015 to fund both OPEB and Pension Liabilities for a multiple-employer trust
- Any income derived from a Section 115 Trust is tax exempt
- Govt Code Section 53216.6 and 53620 govern plan investments within the Trust
- Once contributions are placed into The PARS Trust, assets from the Trust can be used for specific benefit plan purposes including:
 - Reimbursing the Authority for OPEB Pay-as-you-Go expenses
 - Pay OPEB expenses directly to retiree
 - Paying plan expenses (actuarial valuation or audit)

SUMMARY OF AGENCY'S OPEB PLAN

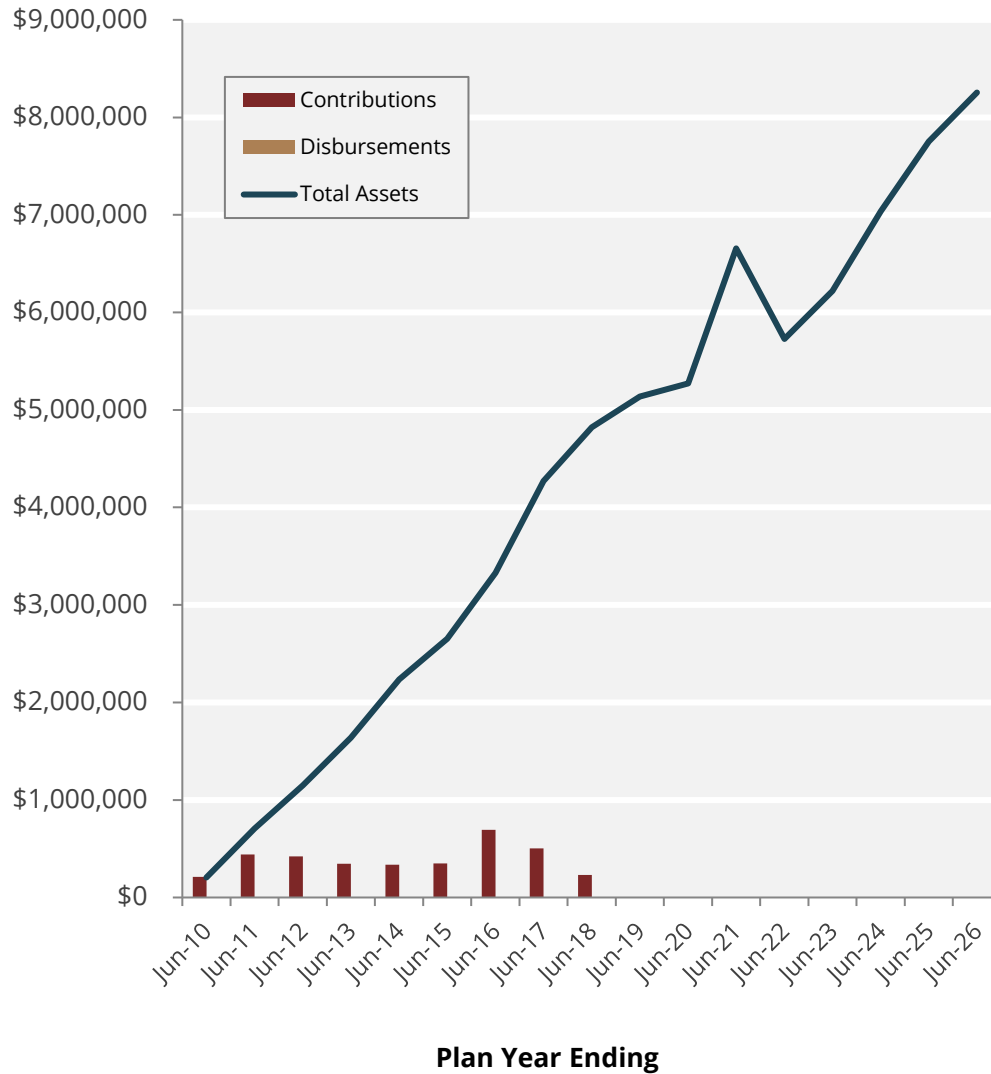
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	August 6, 2009
Plan Administrator:	General Manager
Current Investment Strategy:	Balanced Strategic Blend; Pooled Account

AS OF NOVEMBER 30, 2025:

Initial Contribution:	December 2009: \$211,652
Additional Contributions:	\$3,326,955
Total Contributions:	\$3,538,607
Disbursements:	\$0
Net Investment Earnings:	\$4,716,035
Account Balance:	\$8,254,643

SUMMARY OF AGENCY'S OPEB PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF NOVEMBER 30, 2025:



Year	Contributions	Disbursements	Total Assets
Jun-10*	\$211,652	\$0	\$205,233
Jun-11	\$442,146	\$0	\$706,354
Jun-12	\$420,956	\$0	\$1,150,952
Jun-13	\$345,000	\$0	\$1,638,204
Jun-14	\$335,445	\$0	\$2,235,194
Jun-15	\$350,186	\$0	\$2,652,657
Jun-16	\$694,403	\$0	\$3,330,221
Jun-17	\$504,000	\$0	\$4,269,924
Jun-18	\$231,000	\$0	\$4,823,410
Jun-19	\$0	\$0	\$5,137,817
Jun-20	\$0	\$0	\$5,270,639
Jun-21	\$0	\$0	\$6,657,222
Jun-22	\$0	\$0	\$5,727,973
Jun-23	\$0	\$0	\$6,218,496
Jun-24	\$3,818	\$0	\$7,038,273
Jun-25	\$0	\$0	\$7,750,994
Jun-26**	\$0	\$0	\$8,254,643

*Plan Year Ending June 2010 is based on 7 months of activity
 **Plan Year Ending June 2026 is based on 5 months of activity

OPEB ACTUARIAL RESULTS

- We have received the GASB 74/75 Interim Actuarial Valuation by *Foster & Foster* dated December 4, 2025, with a measurement date as of June 30, 2025. In the table below, we have summarized the results.

Demographic Study	Measurement Date: June 30, 2024 <i>From the 2024 GASB 75 Actuarial Valuation</i>	Measurement Date: June 30, 2025 <i>From the 2025 GASB 75 Actuarial Valuation</i>
Actives	57	53
Retirees	50	40
Total	107	93

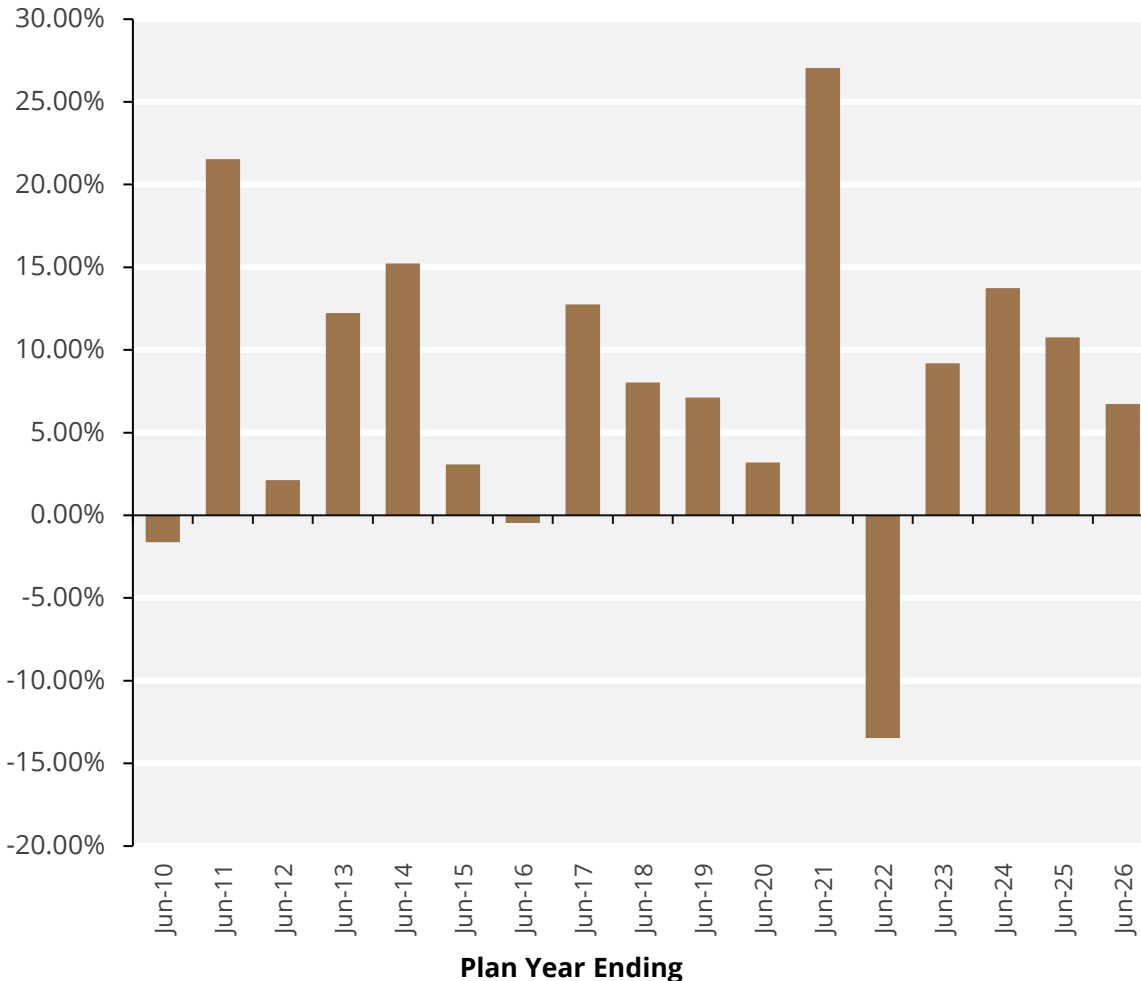
OPEB ACTUARIAL RESULTS

	Measurement Date: June 30, 2024 Discount Rate: 6.50% <i>From the 2024 GASB 75 Actuarial Valuation</i>	Measurement Date: June 30, 2025 Discount Rate: 5.75% <i>From the 2025 GASB 75 Actuarial Valuation</i>
Total OPEB liability	\$12,001,605	\$14,499,764
Fiduciary Net Position	\$7,038,273*	\$7,750,994*
Net OPEB liability	\$4,963,332	\$6,748,770
Funded Ratio (%)	58.6%	53.5%
Actuarially Determined Contribution (ADC)	\$681,796 <i>for FY 2023-24</i>	\$755,739 <i>for FY 2024-25</i>
Annual Benefit Payments (Pay-as-you-Go)	\$741,656 <i>for FY 2023-24</i>	\$795,977 <i>for FY 2024-25</i>

*As of November 30, 2025, assets at \$8,254,643 (approx. 56.9% funded), assuming no change in TOL.
Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

OPEB PLAN TOTAL RETURNS

AS OF NOVEMBER 30, 2025:



Year	Returns
Jun-10	-1.62%
Jun-11	21.53%
Jun-12	2.14%
Jun-13	12.23%
Jun-14	15.23%
Jun-15	3.07%
Jun-16	-0.46%
Jun-17	12.75%
Jun-18	8.03%
Jun-19	7.12%
Jun-20	3.20%
Jun-21	27.05%
Jun-22	-13.47%
Jun-23	9.18%
Jun-24	13.73%
Jun-25	10.75%
Jun-26	6.74%

Inception to Date (Annualized)
8.18%

*Plan Year Ending June 2010 is based on 7 months of activity
 **Plan Year Ending June 2026 is based on 5 months of activity

Returns are net of the embedded fund fees and gross of trustee and trust administrator fees

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value. Past performance does not guarantee future results. Performance returns are impacted by agency plan activity and may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

The advisor to the PARS portfolios is U.S. Bank, and PFM Asset Management serves as sub-advisor to U.S. Bank to manage these portfolios. Please see important additional disclosures to the PARS portfolios included in the individual strategy information at the end of this presentation.

INVESTMENT REVIEW



PARS OPEB Trust Balanced Strategic Blend

Investment Performance Review For the Quarter Ended September 30, 2025

Client Management Team

PFM Asset Management
A division of U.S. Bancorp Asset Management, Inc.

PFM Asset Management

1 California Street
Suite 1000
San Francisco, CA 94111

1735 Market Street
43rd Floor
Philadelphia, PA 19103

About PFM Asset Management*

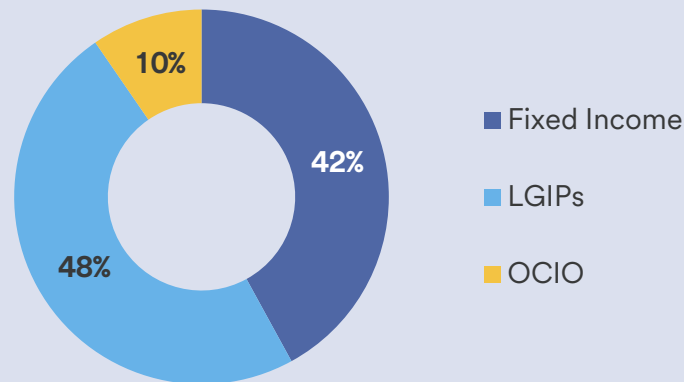
Our Investment Solutions

- **Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- **Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- **Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- **Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years of experience in the public sector**

\$177.5b in public sector assets under management**

Assets by Investment Solution¹



¹Illustrates public sector assets under management by investment solution as of June 30, 2025. Total may not add up to 100% due to rounding.

*A division of U.S. Bancorp Asset Management, Inc.

**As of June 30, 2025. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were \$404.9 billion.

Financial Markets & Investment Strategy Review

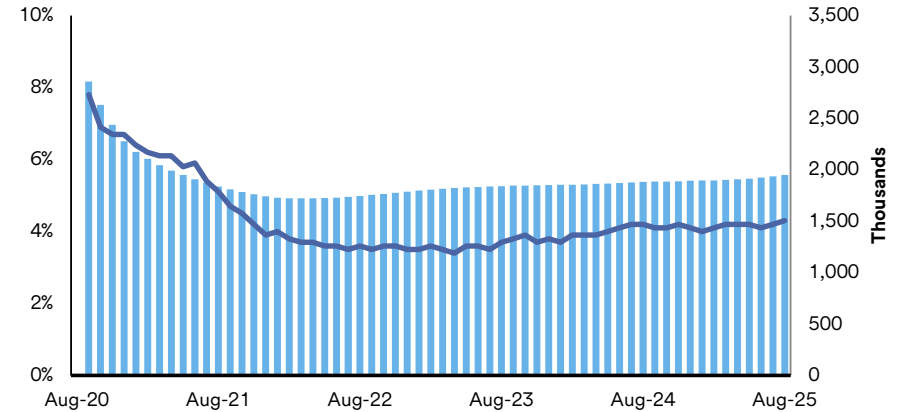
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500 (TR)	8.12%	14.83%	17.60%	24.91%	16.46%	14.44%	15.29%
Russell 3000	8.18%	14.40%	17.41%	24.09%	15.73%	13.70%	14.70%
Russell 1000 Growth	10.51%	17.24%	25.53%	31.58%	17.56%	18.09%	18.81%
Russell 1000	7.99%	14.60%	17.75%	24.61%	15.98%	14.17%	15.02%
Russell 1000 Value	5.33%	11.65%	9.44%	16.95%	13.87%	9.52%	10.71%
Russell Midcap	5.33%	10.42%	11.11%	17.67%	12.65%	10.06%	11.38%
Russell Midcap Growth	2.78%	12.84%	22.02%	22.82%	11.25%	11.99%	13.36%
Russell Midcap Value	6.18%	9.50%	7.58%	15.50%	13.66%	8.64%	9.95%
Russell 2000 Growth	12.19%	11.65%	13.56%	16.67%	8.41%	6.61%	9.90%
Russell 2000	12.39%	10.39%	10.76%	15.20%	11.55%	6.75%	9.76%
Russell 2000 Value	12.60%	9.04%	7.88%	13.55%	14.59%	6.39%	9.22%
INTERNATIONAL EQUITY							
MSCI EAFE	4.77%	25.14%	14.99%	21.68%	11.15%	7.71%	8.16%
MSCI AC World	7.62%	18.44%	17.27%	23.10%	13.54%	11.27%	11.90%
MSCI AC World ex USA	6.89%	26.02%	16.45%	20.65%	10.25%	7.48%	8.22%
MSCI AC World ex USA Small Cap	6.68%	25.54%	15.93%	19.34%	9.96%	7.16%	8.36%
MSCI EM (Emerging Markets)	10.64%	27.53%	17.32%	18.19%	7.01%	6.16%	7.98%
LISTED REAL ASSETS							
FTSE Nareit / Equity REITs - INV	4.77%	4.51%	-1.98%	10.79%	9.32%	6.10%	6.60%
MSCI US REIT INDEX	4.49%	3.75%	-2.88%	9.50%	8.03%	4.89%	5.31%
MSCI World Core Infrastructure	1.80%	15.48%	8.21%	11.33%	7.86%	7.46%	8.26%
FIXED INCOME							
Bloomberg U.S. Aggregate	2.03%	6.13%	2.88%	4.92%	-0.45%	2.06%	1.84%
Bloomberg U.S. Government/Credit	1.91%	5.93%	2.67%	4.87%	-0.61%	2.22%	1.99%
Bloomberg U.S. Intermediate Government/Credit	1.51%	5.70%	4.01%	5.17%	0.81%	2.61%	2.09%
Bloomberg U.S. Treasury (1-3 Y)	1.12%	3.99%	3.89%	4.35%	1.53%	2.24%	1.67%
ICE BofA U.S. High Yield	2.40%	7.06%	7.23%	10.96%	5.53%	5.17%	6.07%
Bloomberg Global Aggregate	0.60%	7.91%	2.40%	5.44%	-1.56%	0.79%	1.14%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	1.08%	3.21%	4.43%	4.85%	3.03%	2.66%	2.11%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

THE ECONOMY

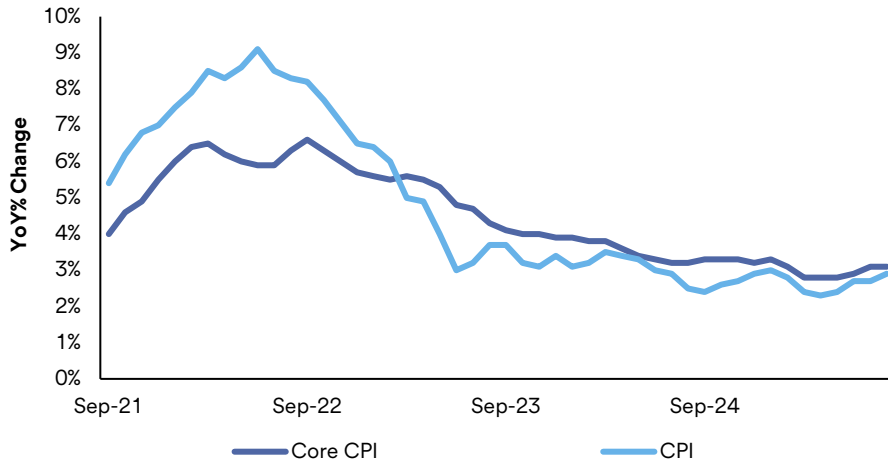
- In the second quarter, U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 3.8%, marking the strongest growth since Q3 2023. This rebound in growth was supported by an uptick in consumer spending and business investment. While the data still points to some moderation in activity compared to last year, the slowdown may not be as severe as originally feared.
- The U.S. unemployment rate ticked up over the quarter, rising to 4.3% in August. The latest initial jobless claims ended the quarter slightly lower at 218.0k (for the week ending September 20) after an early September spike, while the outstanding claims also fell to approximately 1,926.0k signaling layoffs remain subdued despite broader signs of labor market cooling. The other side of the “low-hire, low-fire” environment can be seen in the duration of unemployment, with 25.7% of the job seekers experiencing unemployment for more than six months, the highest share since February 2022.
- Inflation accelerated in the third quarter. Headline inflation (CPI) grew at a year-over-year (YoY) rate of 2.9% in August, the highest rate since January, as prices of food and energy rose while core CPI, which excludes volatile food and energy, grew at 3.10% on an annual basis.

U.S. Unemployment and Monthly Average Continued Claims



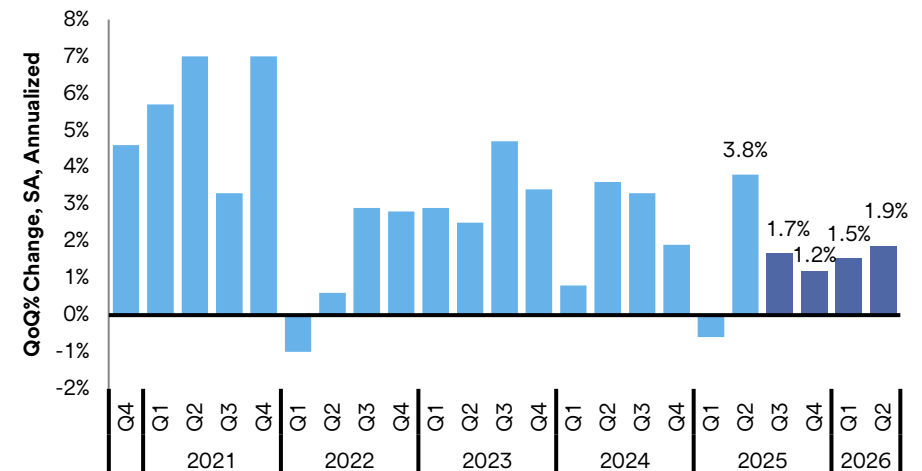
Source: Bloomberg.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

U.S. GDP Growth

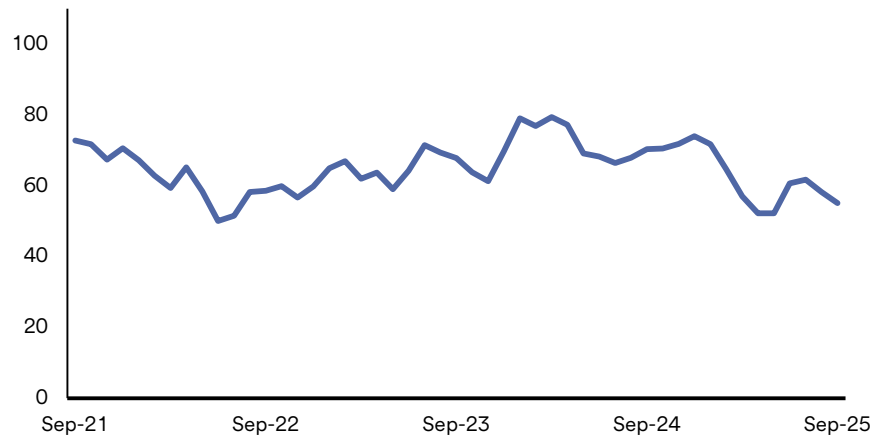


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

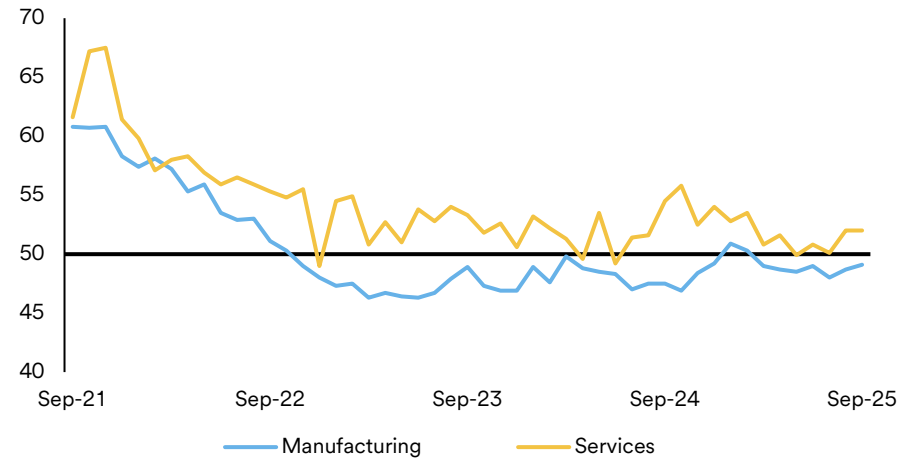
- The Federal Reserve (Fed) cut rates in the third quarter by a quarter percentage point, prompted by increasing weakness in the labor market. The Fed also signaled that two more quarter-percentage-point rate reductions are likely before the end of the year. However, with inflation above the 2% policy target, the Fed will be focused on balancing maximum employment and price stability. Outside of the U.S., the European Central Bank (ECB) which preceded the U.S. with cuts earlier in the year, held rates flat in the third quarter.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, fell during the third quarter as consumers continued to express concerns about the impact of high prices on personal finances. Consumer spending, which drives more than two-thirds of the economy, rose 0.6% month-over-month in August, supported by higher-income consumers benefiting from a strong wealth effect as equity markets continue to rise.
- Manufacturing in the U.S. remains challenged, with the ISM U.S. Manufacturing PMI reading coming in at 49.1 in September. This marked the seventh consecutive month of contraction as input prices remain elevated while demand is relatively weak. The threat of volatility stemming from trade and tariffs has mostly passed, though some trade agreement deadlines are set in Q4, which pose continued uncertainty for many countries and companies.

University of Michigan Consumer Sentiment



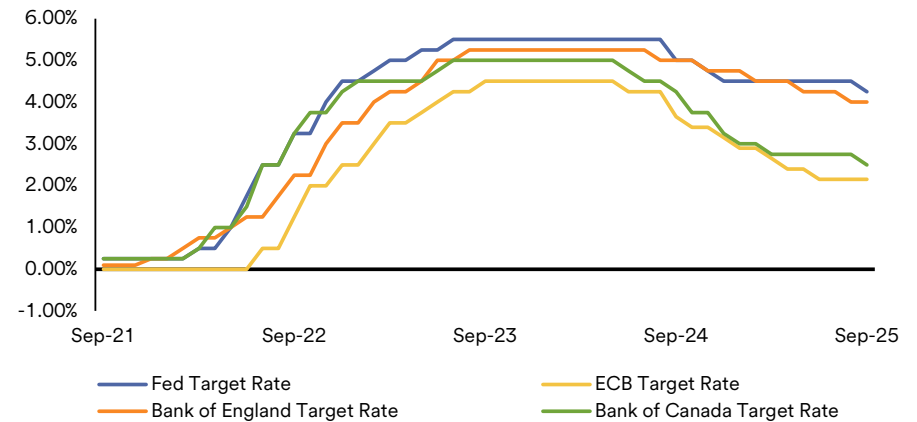
Source: Bloomberg.

U.S. ISM Manufacturing & Services PMI



Source: Bloomberg.

Global Central Bank Rates



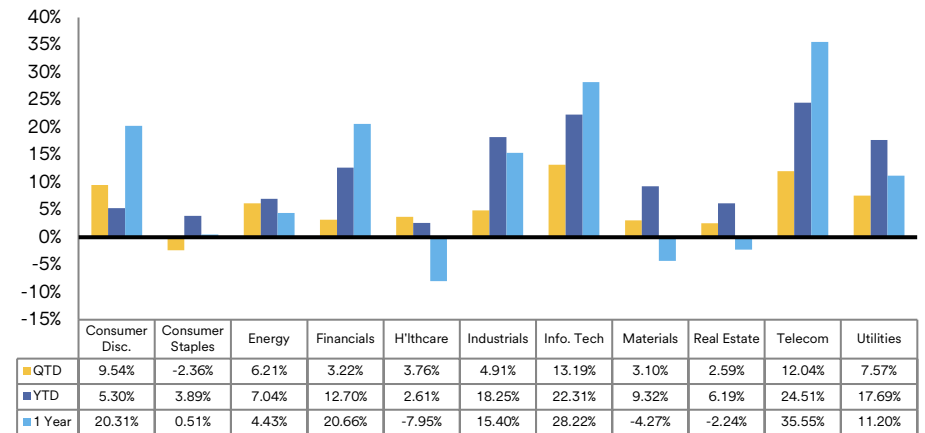
Source: Bloomberg.

DOMESTIC EQUITY

- The S&P 500 Index (S&P) posted an 8.1% return in the third quarter (of 2025). The Index has hit 23 new all-time closing highs and the year-to-date (YTD) return stands at 14.8%.
- Within the S&P, the performance varied greatly across sectors, with 10 of the 11 seeing positive returns. The best performing sectors were Information Technology (13.2%), Communication Services (12.0%), and Consumer Discretionary (9.5%). Real Estate saw a relatively weak return (2.6%) while only Consumer Staples saw a negative return (-2.4%).
- Positive returns were seen across all capitalizations with large caps, as represented by the Russell 1000 Index, returning 8.0% during the quarter while mid and small caps, as represented by the Russell Midcap and Russell 2000 indices returned 5.3% and 12.4% respectively. Small caps outperformed large caps over the quarter, and the Russell 2000 ended the quarter at an all-time high.
- According to FactSet Earnings Insight as of September 26, 2025, analysts are projecting earnings growth of 7.9% in Q3 2025, up from a prior estimate of 7.3% at the start of the quarter. This unusual upward revision (over the past 10 years estimates fell an average of 3.2% during the quarter) was led by the Information Technology sector as companies benefiting from artificial intelligence (AI) continued to have an outsized impact on the market. For calendar year 2025, analysts are projecting YoY earnings growth of 10.9%. If the projected earnings growth in Q3 is correct and comes to fruition, this will mark the ninth consecutive quarter of earnings growth for the index.
- At quarter end, the forward 12-month adjusted positive price-to-earnings (P/E) ratio (including only positive earnings results for consistency) for the S&P 500 is 27.4, which is above the 5-year average of 23.3. The Russell 2000 Index, which represents small cap stocks, had an adjusted positive forward P/E ratio of 21.2, also above its 5-year average of 17.7.

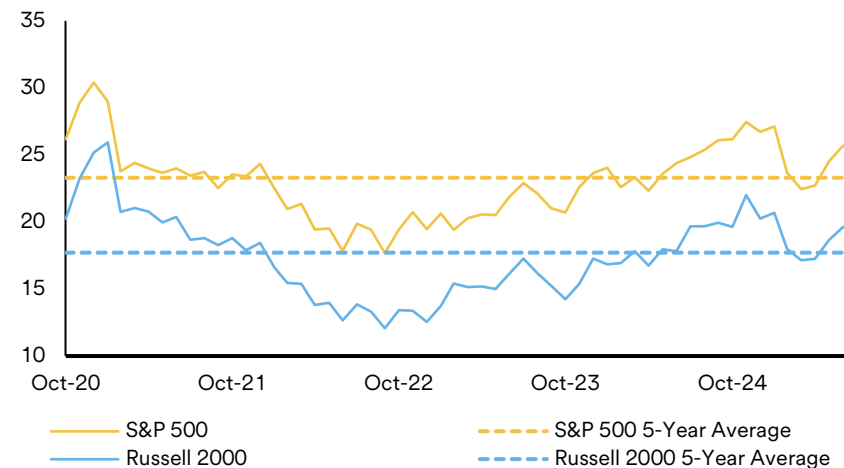
S&P 500 Index Performance by Sector

Periods Ended September 30, 2025



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



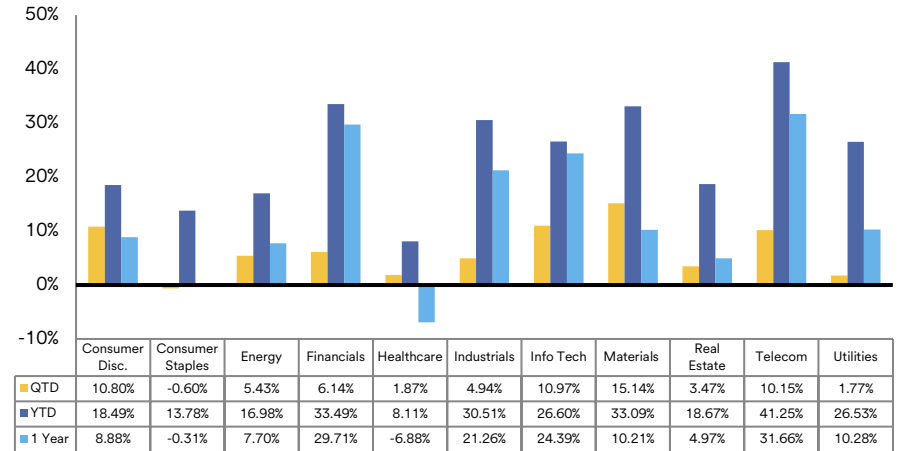
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

INTERNATIONAL EQUITY

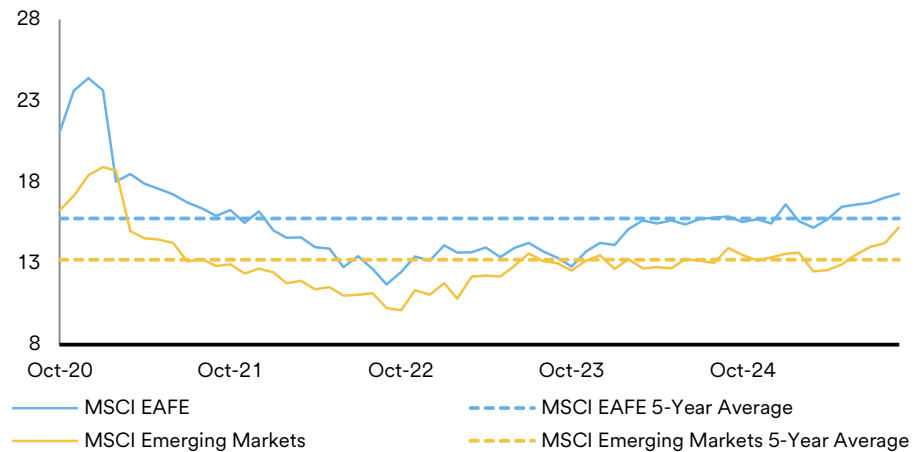
- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, cooled somewhat in the third quarter returning 6.9%, just over half of the previous quarter’s strong returns.
- 10 of the 11 sectors posted positive returns for the quarter. The top performing sectors were Materials (15.1%), Information Technology (11.0%) and Consumer Discretionary (10.8%). The worst performers for the quarter were Healthcare (1.9%), Utilities (1.8%), and Consumer Staples (-0.6%).
- Developed ex-U.S. Markets, as represented by the MSCI EAFE Index, underperformed emerging markets (EM), as represented by the MSCI Emerging Market Index, returning 4.8% versus 10.6% for the quarter. Returns from all international indices are in U.S. Dollars (USD) and were positively impacted by the continued softness of the U.S. dollar.
- Of the five largest-weighted countries in the MSCI EAFE Index, the MSCI Japan (8.0%) and MSCI United Kingdom (5.9%) indices outperformed the overall EAFE index. The MSCI France (3.2%) and MSCI Switzerland (1.4%) indices underperformed while the MSCI Germany Index (-1.1%) was the only of the top five that saw negative returns.
- Of the five largest-weighted countries in EM, MSCI China (20.7%), MSCI Taiwan (14.3%), and MSCI Korea (12.8%) outperformed the MSCI Emerging Markets index, while MSCI Brazil (8.3%) and MSCI India (-7.6%) underperformed. Taiwan and Korea continued their streak of double-digit returns supported by semiconductor names positively impacted by the AI theme.
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned 5.7%, while the MSCI AC World ex-USA Value Index returned 8.1%. Within EM, growth outperformed value, returning 12.0% versus 7.9%. Small caps, as represented by the MSCI ACWI ex-U.S. Small Cap Index posted a return of 6.7%.
- Non-U.S. equity valuations rose over the third quarter. Both sit slightly above long-term averages. As of quarter-end, the MSCI EAFE’s Adjusted Positive Forward P/E stood at 17.3 versus a 5-year average of 15.7. MSCI EM ended the quarter with an Adjusted Positive Forward P/E ratio of 15.2, above its 5-year average of 13.2.

MSCI ACWI ex-U.S. Sectors
Periods Ended September 30, 2025



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



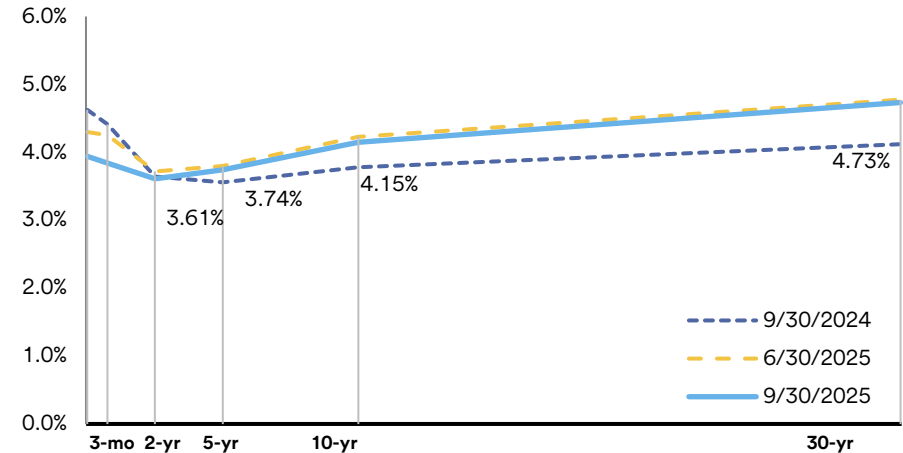
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

FIXED INCOME

- The U.S. bond market, represented by the Bloomberg U.S. Aggregate Index, returned 2.0% during the third quarter.
- The Bloomberg U.S. Treasury Index closed the quarter returning 1.5%. As the Fed cut rates for the first time in September 2025 and guided two more rate cuts for the year, the yield curve flattened slightly as rates fell across the duration spectrum. 30-year Treasury yields fell to 4.7%, while the 2-year ended at 3.6%. Cash markets continued to provide higher yields than the 2-year Treasuries.
- Corporate credit saw positive returns across the quality spectrum for the quarter. The Investment Grade Bloomberg U.S. Corporate (IG Corp) Index returned 2.6% while High Yield bonds, as represented by the ICE BofA High Yield (HY) Index, returned 2.4%. Spreads tightened slightly over the quarter and are now below the 10-year average for both investment-grade and high yield. High profit margins, continued issuance, continued buybacks and ongoing mergers and acquisitions (M&A) activity points to positive corporate sentiment.
- The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index returned 2.4%. On the commercial side, the Bloomberg U.S. Agency CMBS Index returned 1.6% while the non-agency CMBS Index posted a return of 1.9%.

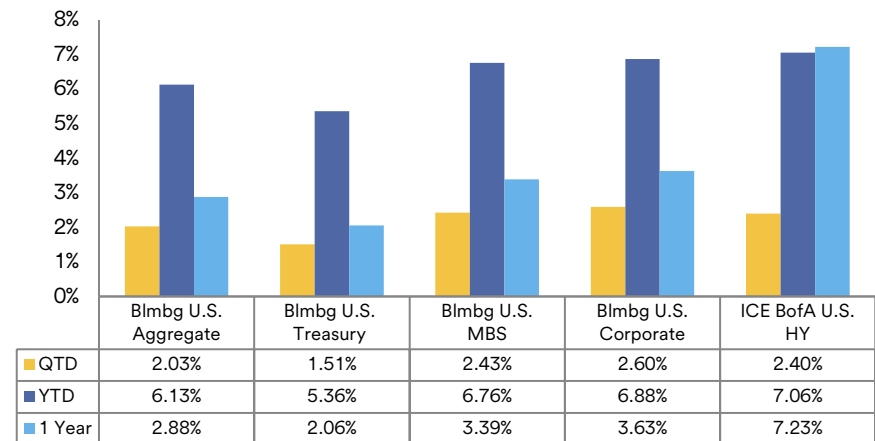
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended September 30, 2025

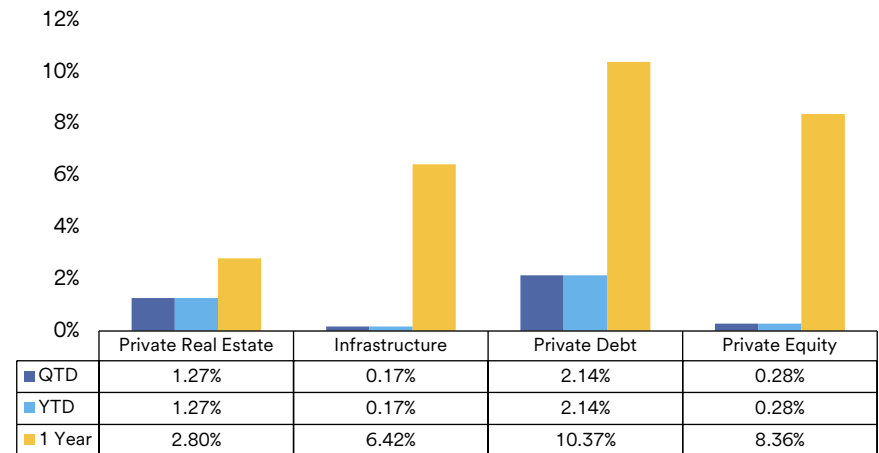


Source: Bloomberg.

ALTERNATIVES

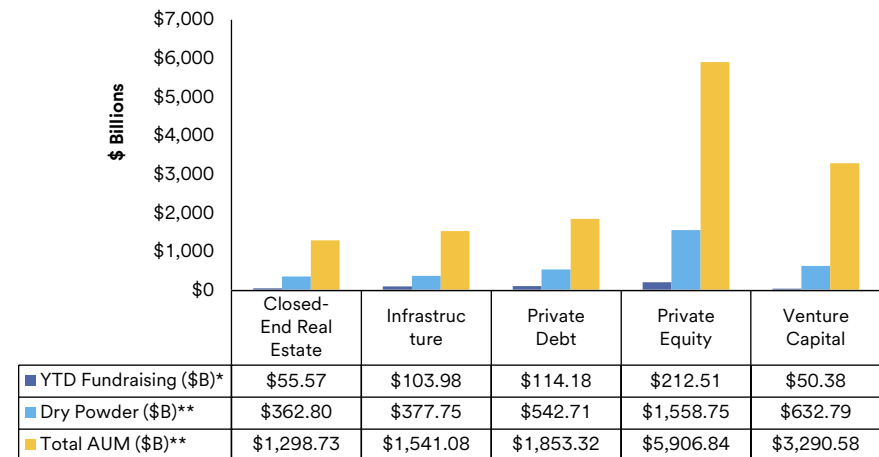
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned 4.8% in the third quarter (a reversal from negative returns in the second quarter) leading to a YTD return of 4.7%. Private real estate, as measured by the NCREIF Property Index, gained 1.27% in the first quarter of 2025. Q1 2025 marked the second quarter of positive total returns in two years as property value declines leveled off across most sectors. The Seniors Housing category was the top performer, returning 1.9%, while Hotels returned a marginally positive 0.5%.
- Listed infrastructure, as measured by the MSCI World Core Infrastructure Index, returned 1.8% in the third quarter, down from a 5.4% return in the prior quarter. By the end of Q2 2025, 39 private infrastructure funds raised \$104.0 billion, maintaining the brisk pace of Q1. Most of the capital went to funds larger than \$5 billion which seek to capitalize on rising AI demand. Infrastructure dry powder has fallen from the previous year and stands at \$377.8 billion as of the end of 2024. According to PitchBook, infrastructure funds posted a return of 0.2% in Q1 2025. The asset class has generated an annualized return of 11.1% for the five years ended Q1 2025.
- By the end of Q2 2025, 82 private debt funds raised \$114.2 billion, with fundraising now on pace for another strong year by historical standards. Private debt dry powder remains above the long-term average at \$542.7 billion as of the end of 2024; although over 50% has been outstanding for more than two years. According to PitchBook, private debt funds posted a return of 2.14% in Q1 2025. The asset class has generated an annualized return of 10.37% for the five years ended Q1 2025.
- As of Q2 2025, 252 private equity funds raised \$212.5 billion – continuing the slower pace compared to the historical norms as constrained distributions hindered fundraising efforts. The bulk of the capital raised continues to flow to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.6 trillion as of the end of 2024. Recent private equity performance continues to feel the effects of higher borrowing costs and a slowdown in deal activity. According to PitchBook, private equity funds posted a return of 0.3% in Q1 2025. The asset class has generated an annualized return of 18.29% for the five years ended Q1 2025.

Returns for Private Capital Assets



Source: NCREIF, PitchBook.
As of March 31, 2025, the most recent period for which all index data is available.

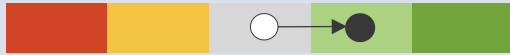
Private Capital Fundraising & Dry Powder



Sources: Pitchbook.
* Total capital raised in 2025 as of June 30, 2025 - most recent period for which ALL fundraising data is available.
** Cumulative dry powder and total AUM as of December 31, 2024.
*** Excluding open-end, evergreen fund vehicles.

Factors to Consider Over the Next 6-12 Months

Monetary Policy (Global):



- The Fed cut rates by 25 bps in September citing rising downside risks to employment despite inflation remaining above its 2% target. Further rate cuts expected in 2025 and 2026.
- Major central banks have already eased (ECB and BOE) or are in the process of further easing (U.S. and Canada) except for the BOJ.

Economic Growth (Global):



- Resilient U.S. growth driven by robust consumer spending and elevated business investment despite growing softness in the labor market.
- Trade tensions, elevated tariffs and a prolonged U.S. government shutdown remain key downside risks, while AI driven investment and fiscal support in some regions provide partial offsets.

Inflation (U.S.):



- Inflation accelerated in Q3 led by rising goods prices and sticky services costs, keeping core inflation closer to 3%, well above the Fed's 2% target – a consideration for further rate cuts.
- Fed Chair Powell noted tariffs have begun to push up goods prices in some categories, but the base case is for these effects to be short-lived.

Financial Conditions (U.S.):



- Financial conditions eased as tariff announcements were digested, renewing market confidence which resulted in equities reaching new all-time highs and credit spreads tightening to historical lows.
- Financial conditions expected to remain tailwind as monetary policy eases.

Consumer Spending (U.S.):



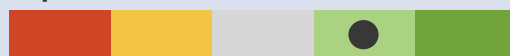
- Slower nominal wage growth combined with higher inflation has eroded real purchasing power. However, consumer activity remained resilient, driven by spending from higher income households.
- Further labor market softness, a significant correction in the equity market or higher pass-through of tariffs to goods prices remain the largest threats to consumer spending.

Labor Markets (U.S.):



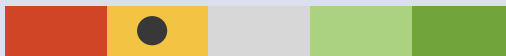
- Labor market conditions continued to cool with net new job creation nearing zero while being concentrated in just a few service sectors. Continued weakening can have impact on consumption.
- Despite some signs of cooling, the layoff rate remains low and points towards employers adopting a “no hire, no fire” approach.

Corporate Fundamentals:



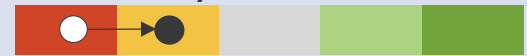
- Earnings growth expectations are positive across global equities, but expectations within U.S. positively impacted by AI spending tailwinds.
- In the U.S., capex deduction changes and rate cuts are positives while tariff/cost pressure impact on both earnings growth expectations and profit margins needs attention.

Valuations:



- U.S. equities and credit markets trade at valuations that are expensive relative to their history.
- Resilient growth, AI related spending tailwinds and higher profit margins are supportive of the current valuations while inflation and tariff risks are not fully reflected in the current valuations.

Political/Policy Risks:



- Reconciliation bill passage, ongoing trade deals, peace progress on Israel– Hamas conflict are positives on policy front.
- Prolonged U.S. government shutdown, legal challenges to tariffs and possibility of further tariffs, Russia-Ukraine conflict are negatives.

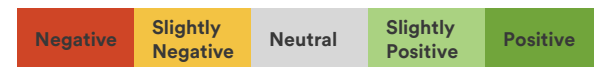


Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (September 30, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Investment Strategy Overview

Asset Class	Our Q4 2025 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> Equity market rally on the back of trade deals led us to maintain neutral positioning through Q3 unwinding defensive stance taken in Q2. Looking ahead, we remain neutral at a time when easing monetary and fiscal policies and strong corporate earnings are positives while higher inflation, softening labor market, tariff/trade tensions (effective tariff rate currently at ~20%) and elevated valuations lead to some caution. Small-caps have been rallying recently in anticipation of Fed rate cuts, higher liquidity and improving sentiment, reaching their all time high at the end of Q3. We expect to remain neutral until we see some recovery across employment and manufacturing indicators.
Large-Caps		
Small-Caps		
Non-U.S. Equities		<ul style="list-style-type: none"> International equities have posted strong returns this year. Valuations are attractive relative to U.S. equities, but multiples have continued to creep higher this year as earnings growth has not kept the pace. Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance. Fed rate cuts, weaker USD, improved sentiment and continued stimulus in China led to strong performance for EM equities but tariff driven uncertainty remains in place.
Developed Markets		
Emerging Markets		
Fixed Income		<ul style="list-style-type: none"> Fed cut rates by 25 bps in September for the first time in 2025 and provided guidance for two more rate cuts this year. Yield curve has steepened in anticipation of the rate cuts. We expect long term rates to be range-bound due to inflation expectations and fiscal debt concerns. We remain duration neutral at this time. Absolute yield levels look attractive even as credit spreads are closer to historical lows. We are neutral to credit sectors at this time given the tighter spreads even as corporate fundamentals remain strong.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Diversifying Assets		<ul style="list-style-type: none"> REIT performance has been sensitive to the long-term yields and have recently shown recovery in performance. Rate cuts and period of slow but continued growth are expected to be tailwinds. Improving AI sentiment bodes well for data center buildout and utilities are long-term tailwinds for listed infrastructure.
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (September 30, 2025) and are subject to change.

Sources

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empsit.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

Disclosures

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Plan Performance Summary

Asset Allocation & Performance

	Allocation		Performance(%)							Inception Date
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	
Total Portfolio	100.00	4.85	11.36	9.94	14.71	8.50	7.85	8.37	6.48	02/01/2007
<i>Blended Benchmark</i>		5.17	11.04	10.08	14.80	8.62	7.96	8.50	6.72	
Domestic Equity	36.56	8.11	14.35	17.24	22.99	15.29	12.39	13.66	9.63	02/01/2007
<i>Russell 3000 Index</i>		8.18	14.40	17.41	24.12	15.74	13.71	14.71	10.46	
Columbia Contrarian Core Inst3	7.67	7.71	14.52	17.26	25.78	16.73	14.85	14.97	21.80	02/01/2024
<i>S&P 500</i>		8.12	14.83	17.60	24.94	16.47	14.45	15.30	22.99	
Putnam Core Equity Fund Y	3.15	8.26	13.22	15.98	25.92	18.24	15.00	15.64	15.98	10/01/2024
Schwab US Large-Cap ETF	23.74	8.04	14.73	17.95	24.89	16.04	14.28	15.13	17.95	10/01/2024
<i>S&P 500</i>		8.12	14.83	17.60	24.94	16.47	14.45	15.30	17.60	
Undisc Managers Behavioral Val R6	1.03	5.31	2.60	2.27	13.85	19.84	8.37	10.47	9.12	02/01/2024
<i>Russell 2000 Value Index</i>		12.60	9.04	7.88	13.56	14.59	6.40	9.23	13.46	
<i>Russell 2000 Index</i>		12.39	10.39	10.76	15.21	11.56	6.76	9.77	16.02	
Columbia Small Cap Growth Inst3	0.48	14.20	16.75	21.42	23.81	7.80	11.96	14.87	21.42	10/01/2024
<i>Russell 2000 Growth Index</i>		12.19	11.65	13.56	16.68	8.41	6.62	9.90	13.56	
<i>Russell 2000 Index</i>		12.39	10.39	10.76	15.21	11.56	6.76	9.77	10.76	
Emerald Growth Institutional	0.50	17.99	24.36	27.59	23.39	11.99	9.81	11.80	29.42	02/01/2024
<i>Russell 2000 Growth Index</i>		12.19	11.65	13.56	16.68	8.41	6.62	9.90	18.57	
<i>Russell 2000 Index</i>		12.39	10.39	10.76	15.21	11.56	6.76	9.77	16.02	
International Equity	18.15	5.60	24.48	14.54	19.18	9.19	7.26	7.95	4.11	02/01/2007
<i>MSCI AC World ex USA (Net)</i>		6.89	26.02	16.45	20.67	10.26	7.49	8.23	4.42	
MFS International Growth R6	2.68	3.49	19.50	10.47	19.69	9.30	8.93	10.28	17.89	02/01/2024
<i>MSCI AC World ex USA (Net)</i>		6.89	26.02	16.45	20.67	10.26	7.49	8.23	19.37	
Fidelity International Index	7.28	4.62	26.17	15.60	22.34	11.38	7.97	8.34	18.80	07/01/2024
<i>MSCI EAFE (net)</i>		4.77	25.14	14.99	21.70	11.15	7.71	8.17	18.27	
Goldman Sachs GQG Ptnrs Intl Opportunities	2.60	0.35	16.26	5.19	19.33	9.40	10.47	N/A	4.28	07/01/2024
<i>MSCI AC World ex USA (Net)</i>		6.89	26.02	16.45	20.67	10.26	7.49	8.23	20.18	
Fidelity Emerging Markets Index Fund	5.60	10.65	28.11	18.64	18.05	6.64	5.94	7.72	9.21	08/01/2025
<i>MSCI EM (net)</i>		10.64	27.53	17.32	18.21	7.02	6.17	7.99	8.53	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Asset Allocation & Performance

	Allocation		Performance(%)							
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Other Growth	5.65	2.17	11.27	4.41	N/A	N/A	N/A	N/A	10.43	02/01/2024
Cohen & Steers Inst Realty Shares	2.67	1.24	5.81	-3.28	9.54	8.10	7.36	7.57	10.95	06/01/2024
MSCI US REIT Index		4.81	4.72	-1.69	10.87	9.30	6.14	6.61	12.82	
Lazard Global Listed Infrastructure Inst	1.51	1.80	17.99	15.63	15.26	11.65	9.19	9.72	15.63	10/01/2024
MSCI World Core Infrastructure Index (Net)		1.80	15.48	8.21	11.34	7.86	7.47	8.27	8.21	
NYLI CBRE Global Infrastructure	1.47	4.33	15.37	9.13	12.54	8.95	8.06	8.69	14.46	06/01/2024
FTSE Global Core Infrastructure 50/50 Index (Net)		3.80	13.45	6.94	11.45	8.53	7.16	7.68	13.38	
Fixed Income	37.38	2.19	6.39	3.35	5.79	0.58	2.51	2.37	3.59	02/01/2007
Blmbg. U.S. Aggregate		2.03	6.13	2.88	4.93	-0.45	2.06	1.84	3.20	
Baird Aggregate Bond Inst	10.06	2.14	6.29	3.08	5.58	-0.12	2.47	2.26	6.07	03/01/2024
iShares Core US Aggregate Bond ETF	8.31	2.04	6.13	2.89	4.92	-0.45	2.04	1.81	5.78	03/01/2024
Blmbg. U.S. Aggregate		2.03	6.13	2.88	4.93	-0.45	2.06	1.84	5.78	
Dodge & Cox Income	6.36	2.51	6.94	3.39	6.57	1.29	3.27	3.23	5.57	02/01/2024
PGIM Total Return Bond R6	6.34	2.37	6.57	3.73	6.58	0.39	2.79	2.82	5.61	02/01/2024
Blmbg. U.S. Aggregate		2.03	6.13	2.88	4.93	-0.45	2.06	1.84	4.58	
Voya Intermediate Bond	3.54	2.11	6.48	3.52	6.05	0.31	2.66	2.59	3.27	05/01/2025
Blmbg. U.S. Aggregate		2.03	6.13	2.88	4.93	-0.45	2.06	1.84	2.86	
NYLI MacKay High Yield Corp Bond Fund	2.77	1.85	5.76	5.97	9.67	5.29	5.08	5.82	7.96	03/01/2024
ICE BofA US High Yield Index		2.40	7.06	7.23	10.97	5.53	5.18	6.07	9.51	
Cash Equivalent	2.26	1.06	3.22	4.42	4.59	2.86	2.46	1.95	1.23	01/01/2008
ICE BofA 3 Month U.S. T-Bill		1.08	3.17	4.38	4.77	2.98	2.62	2.08	1.32	
First American Government Obligation - X	2.26	1.06	3.22	4.42	4.78	2.98	2.56	N/A	4.78	02/01/2024
ICE BofA 3 Month U.S. T-Bill		1.08	3.17	4.38	4.77	2.98	2.62	2.08	4.80	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Calendar Year Comparative Performance

	Performance(%)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Portfolio	10.98	15.95	-15.21	11.52	13.60	20.13	-4.73	15.63	6.69	0.07
<i>Blended Benchmark</i>	<i>11.61</i>	<i>15.19</i>	<i>-14.58</i>	<i>12.54</i>	<i>13.07</i>	<i>19.78</i>	<i>-4.18</i>	<i>13.54</i>	<i>8.39</i>	<i>-0.30</i>
Domestic Equity	21.60	24.92	-18.85	23.57	18.56	29.35	-5.92	21.73	11.40	1.15
<i>Russell 3000 Index</i>	<i>23.81</i>	<i>25.96</i>	<i>-19.21</i>	<i>25.66</i>	<i>20.89</i>	<i>31.02</i>	<i>-5.24</i>	<i>21.13</i>	<i>12.74</i>	<i>0.48</i>
Columbia Contrarian Core Inst3	23.51	32.21	-18.45	24.45	22.44	33.08	-8.81	21.89	8.77	3.25
Putnam Core Equity Fund Y	26.47	27.99	-15.87	30.75	17.66	32.50	-7.91	24.01	13.58	-2.89
Schwab US Large-Cap ETF	24.91	26.87	-19.45	26.75	20.90	31.40	-4.53	21.92	11.77	1.02
<i>S&P 500</i>	<i>25.02</i>	<i>26.29</i>	<i>-18.11</i>	<i>28.71</i>	<i>18.40</i>	<i>31.49</i>	<i>-4.38</i>	<i>21.83</i>	<i>11.96</i>	<i>1.38</i>
Undisc Managers Behavioral Val R6	10.35	14.57	-1.10	34.50	3.62	23.34	-15.20	13.53	20.97	3.52
<i>Russell 2000 Value Index</i>	<i>8.05</i>	<i>14.65</i>	<i>-14.48</i>	<i>28.27</i>	<i>4.63</i>	<i>22.39</i>	<i>-12.86</i>	<i>7.84</i>	<i>31.74</i>	<i>-7.47</i>
<i>Russell 2000 Index</i>	<i>11.54</i>	<i>16.93</i>	<i>-20.44</i>	<i>14.82</i>	<i>19.96</i>	<i>25.53</i>	<i>-11.01</i>	<i>14.65</i>	<i>21.31</i>	<i>-4.41</i>
Columbia Small Cap Growth Inst3	24.45	26.39	-36.51	-2.54	70.41	41.18	-1.92	28.94	13.00	4.19
Emerald Growth Institutional	19.41	19.06	-24.50	4.04	38.85	28.70	-11.57	28.11	10.89	1.24
<i>Russell 2000 Growth Index</i>	<i>15.15</i>	<i>18.66</i>	<i>-26.36</i>	<i>2.83</i>	<i>34.63</i>	<i>28.48</i>	<i>-9.31</i>	<i>22.17</i>	<i>11.32</i>	<i>-1.38</i>
<i>Russell 2000 Index</i>	<i>11.54</i>	<i>16.93</i>	<i>-20.44</i>	<i>14.82</i>	<i>19.96</i>	<i>25.53</i>	<i>-11.01</i>	<i>14.65</i>	<i>21.31</i>	<i>-4.41</i>
International Equity	4.22	14.07	-15.86	4.69	14.40	23.68	-15.54	30.22	3.33	-5.23
<i>MSCI AC World ex USA (Net)</i>	<i>5.53</i>	<i>15.62</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>	<i>4.50</i>	<i>-5.66</i>
MFS International Growth R6	9.24	14.96	-15.02	9.65	15.82	27.31	-8.79	32.58	2.79	0.40
<i>MSCI AC World ex USA (Net)</i>	<i>5.53</i>	<i>15.62</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>	<i>4.50</i>	<i>-5.66</i>
Fidelity International Index	3.71	18.31	-14.24	11.45	8.17	22.00	-13.52	25.38	1.34	-0.73
<i>MSCI EAFE (net)</i>	<i>3.82</i>	<i>18.24</i>	<i>-14.45</i>	<i>11.26</i>	<i>7.82</i>	<i>22.01</i>	<i>-13.79</i>	<i>25.03</i>	<i>1.00</i>	<i>-0.81</i>
Goldman Sachs GQG Pttrs Intl Opportunities	5.99	21.25	-11.10	12.49	15.77	27.64	-6.04	31.76	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	<i>5.53</i>	<i>15.62</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>	<i>4.50</i>	<i>-5.66</i>
Fidelity Emerging Markets Index Fund	6.80	9.50	-20.07	-3.04	17.82	18.26	-14.63	37.65	11.26	-15.84
<i>MSCI EM (net)</i>	<i>7.50</i>	<i>9.83</i>	<i>-20.09</i>	<i>-2.54</i>	<i>18.31</i>	<i>18.42</i>	<i>-14.57</i>	<i>37.28</i>	<i>11.19</i>	<i>-14.92</i>

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Calendar Year Comparative Performance

	Performance(%)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Other Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cohen & Steers Inst Realty Shares	6.24	12.72	-24.73	42.47	-2.57	33.01	-3.99	7.45	5.91	5.23
MSCI US REIT Index	8.75	13.74	-24.51	43.06	-7.57	25.84	-4.57	5.07	8.60	2.52
Lazard Global Listed Infrastructure Inst	6.71	10.89	-1.30	19.87	-4.48	22.26	-3.73	20.80	9.30	9.30
MSCI World Core Infrastructure Index (Net)	5.73	4.01	-7.93	17.13	-0.80	26.64	-2.66	19.25	10.96	-9.89
NYLI CBRE Global Infrastructure	7.68	3.96	-6.08	15.22	1.17	28.46	-6.56	20.48	10.13	-4.89
FTSE Global Core Infrastructure 50/50 Index (Net)	9.53	2.21	-4.87	14.88	-4.06	25.13	-3.99	18.39	10.87	-8.79
Fixed Income	2.22	6.94	-12.26	-0.73	7.26	8.33	-0.27	4.53	3.21	0.22
Blmbg. U.S. Aggregate	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01	3.54	2.65	0.55
Baird Aggregate Bond Inst	1.85	6.43	-13.35	-1.46	8.63	9.48	-0.30	4.20	3.52	0.55
iShares Core US Aggregate Bond ETF	1.37	5.59	-13.06	-1.67	7.42	8.68	-0.05	3.53	2.56	0.48
Dodge & Cox Income	2.26	7.70	-10.87	-0.91	9.45	9.73	-0.31	4.36	5.61	-0.59
PGIM Total Return Bond R6	3.03	7.78	-14.86	-1.15	8.10	11.14	-0.63	6.71	4.83	0.09
Voya Intermediate Bond	2.93	7.07	-14.16	-0.99	8.22	10.06	-0.25	4.84	4.04	0.73
Blmbg. U.S. Aggregate	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01	3.54	2.65	0.55
NYLI MacKay High Yield Corp Bond Fund	7.14	11.97	-7.81	5.35	5.28	13.03	-1.34	6.79	15.99	-1.44
ICE BofA US High Yield Index	8.20	13.46	-11.22	5.36	6.17	14.41	-2.27	7.48	17.49	-4.64
Cash Equivalent	4.73	4.95	1.48	0.02	0.35	2.08	1.72	0.75	0.27	0.04
ICE BofA 3 Month U.S. T-Bill	5.25	5.02	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05
First American Government Obligation - X	5.19	5.00	1.54	0.03	0.40	2.12	1.74	0.79	N/A	N/A
ICE BofA 3 Month U.S. T-Bill	5.25	5.02	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Historical Hybrid Composition - PARS Balanced/Moderately Aggressive

Allocation Mandate	Weight (%)
Jul-2025	
Russell 3000 Index	36.0
MSCI AC World ex USA (Net)	18.0
MSCI US REIT Index	3.0
MSCI World Core Infrastructure Index (Net)	3.0
Blmbg. U.S. Aggregate	35.0
ICE BofA US High Yield Index	3.0
ICE BofA 3 Month U.S. T-Bill	2.0
Oct-2012	
S&P 500	32.0
Blmbg. U.S. Aggregate	27.0
Russell 2000 Index	9.0
MSCI EAFE (net)	7.0
ICE BofA 1-3 Yr. Gov/Corp	6.8
Russell Midcap Index	6.0
FTSE 1 Month T-Bill	5.0
MSCI EM (net)	4.0
Wilshire US REIT Index	2.0
ICE BofA US High Yield Index	1.3
Apr-2007	
S&P 500	51.0
Blmbg. U.S. Aggregate	30.0
MSCI EAFE (net)	6.0
ICE BofA 1-3 Yr. Gov/Corp	5.0
FTSE 1 Month T-Bill	5.0
Russell 2000 Index	3.0

Allocation Mandate	Weight (%)
Jul-1986	
S&P 500	60.0
Blmbg. U.S. Aggregate	30.0
ICE BofA 1-3 Yr. Gov/Corp	5.0
FTSE 1 Month T-Bill	5.0

*The benchmark for the PARS Balanced strategy defined above was assigned to the PARS OPEB Trust Balanced Strategic Blend upon its inception on February 2007

IMPORTANT DISCLOSURES

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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ADMINISTRATIVE REVIEW

- 1 Client funding policy & feedback (future contributions & disbursement)
- 2 Agency's future actuarial valuation for GASB 75 compliance
Next valuation measurement date: June 2026
- 3 Pension Rate Stabilization Program (PRSP)
- 4 Employer Portal – Available
- 5 Reporting & Compliance



EMPLOYER PORTAL

The Public Agency Retirement Services (PARS) employer portal for the IRC Section 115 Trust includes the following features:

- Latest monthly account balance
- Downloadable prior statements
- Transaction history
- Investment Performance

To access this powerful tool for account management, please provide:

- Opt-In Addendum
- Agency Personnel Designation Form

employer.pars.org

GASB COMPLIANCE

- **To assist our public agency clients with GASB compliance, PARS will be providing the following:**
 - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
 - Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by CliftonLarsonAllen (CLA) that is intended to be compliant with GASB 67/68 and GASB 74/75 requirements.
 - Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
 - Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB

The

PARS PENSION RATE STABILIZATION PROGRAM

for prefunding pension obligations



PENSION FUNDING STATUS

As of June 30, 2024, South Orange County Wastewater Authority’s CalPERS pension plan is funded as follows*:

Combined Miscellaneous Groups *	Valuation as of June 30, 2023	Valuation as of June 30, 2024	Change
Actuarial Liability	\$71.2 M	\$74.7 M	4.9% ↑
Assets	\$49.7 M	\$53.5 M	7.6% ↑
Unfunded Liability	\$21.5 M	\$21.2 M	1.4% ↓
Funded Ratio	69.8%	71.6%	2.6% ↑
Employer Contribution Amount	\$2.3 M (FY 24-25)	\$2.5 M (FY 25-26)	10.6% ↑
Employer Contribution Amount – Projected *	---	\$3.1 M (FY 31-32)	24.7% ↑

* Data through 2031-32 from Agency’s latest CalPERS actuarial valuation.

PARS CLIENT LIST – PRSP (333)

Updated December 2025

CITIES & TOWNS (159)

Alameda	Commerce	Foster City	Lake Forest	Oakley	Rocklin
Anaheim	Corcoran	Fountain Valley	Lakeport	Oroville	Rohnert Park
Angels Camp	Coronado	Fullerton	Lemon Grove	Pacifica	Rolling Hills
Atherton	Costa Mesa	Garden Grove	Lincoln	Page	Ross
Atwater	Cudahy	Gilroy	Lindsay	Palmdale	San Anselmo
Bakersfield	Cupertino	Glendale	Live Oak	Palo Alto	San Clemente
Beaumont	Cypress	Glendora	Livermore	Pasadena	San Jacinto
Bell Gardens	Daly City	Goleta	Lodi	Patterson	San Leandro
Benicia	Dana Point	Grand Terrace	Los Alamitos	Perris	San Ramon
Bishop	Del Rey Oaks	Grass Valley	Los Altos Hills	Pico Rivera	Sanger
Brea	Desert Hot Springs	Half Moon Bay	Manhattan Beach	Piedmont	Santa Ana
Brentwood	Dinuba	Healdsburg	Merced	Pinole	Santa Barbara
Brisbane	Duarte	Hemet	Modesto	Pittsburg	Santa Clara
Burlingame	Dublin	Hercules	Monrovia	Pleasant Hill	Santa Clarita
Calabasas	El Cajon	Hollister	Monterey	Pleasanton	Sausalito
Camarillo	El Centro	Huntington Beach	Moreno Valley	Pomona	Seaside
Capitola	El Cerrito	Imperial Beach	Morgan Hill	Port Hueneme	Selma
Carlsbad	Elk Grove	Indian Wells	Morro Bay	Quincy	Solana Beach
Carmel	Emeryville	Indio	Murrieta	Rancho Cucamonga	Stanton
Chino Hills	Escondido	lone	Napa	Redwood City	Sutter Creek
Chula Vista	Fairfax	La Habra	National City	Rialto	Taft
Claremont	Fairfield	La Mesa	Newark	Richmond	Temecula
Clifton	Fort Bragg	La Quinta	Norco	Rio Vista	Thousand Oaks
Colma	Fortuna	Laguna Niguel	Novato	Ripon	Tiburon

COUNTIES (33)

Tucson	Amador	Placer
Tustin	Calaveras	Plumas
Twentynine Palms	Del Norte	Riverside
Vallejo	Colusa	San Benito
Villa Park	Glenn	San Joaquin
Walnut	Humboldt	Shasta
West Covina	Inyo	Siskiyou
West Sacramento	Kings	Solano
Westminster	Lake	Sutter
Woodland	Lassen	Tehama
Woodside	Madera	Trinity
Yountville	Mariposa	Tulare
Yuba City	Mendocino	Tuolumne
Yucca Valley	Merced	Yolo
	Monterey	Yuba
	Mono	
	Napa	
	Nevada	

EDUCATION DISTRICTS (56)

Alisal Union School District	Corning Union Elementary SD	Hesperia Unified School District	Natomas Unified School District	Roseville Joint Union High SD	Victor Valley CCD
Allan Hancock CCD	Coronado Unified School District	Imperial Community College District	Ocean View School District	Salinas City Elementary SD	Visalia Unified School District
Alta Loma Unified School District	Cotati-Rohnert Park USD	Jurupa Unified School District	Ontario-Montclair School District	San Bernardino CCD	West Valley-Mission CCD
Bass Lake Joint Union ESD	Dry Creek Joint Elementary SD	Lake Elsinore Unified School District	Pasadena CCD	San Luis Obispo Co. CCD (Cuesta)	Whittier City School District
Beverly Hills Unified SD	El Monte Union High School District	Lakeside Union School District	Peralta Community College District	San Marino Unified School District	Yosemite Community College District
Brea Olinda Unified SD	Folsom Cordova Unified SD	Lemon Grove School District	Placer Union High School District	Santa Rita Union School District	Yuba Community College District
Calistoga Joint Unified SD	Fontana Unified School District	Lindsay Unified School District	Porterville Unified School District	Savanna School District	
Campbell Union High SD	Grossmont-Cuyamaca CCD	Madera Unified School District	Rancho Santiago CCD	Shasta County Office of Education	
Citrus Community College District	Hartnell Community College District	Marin Community College District	Rio Hondo CCD	Shasta-Trinity-Tehama Joint CCD	
Coast Community College District	Hermosa Beach City School District	Monterey Peninsula CCD	River Delta Unified School District	Upland Unified School District	

SPECIAL DISTRICTS (86)

Agoura Hills/Calabasas Community Center Auth.	Goleta West Sanitary District	Napa County Mosquito Abatement District	Santa Barbara Co. Law Library
Alameda County Mosquito Abatement District	Great Basin Unified Air Pollution Control District	Nevada County Consolidated Fire Department	Santa Fe Irrigation District
Alpine Fire Protection District	Greater Vallejo Recreation District	Newcastle-Rocklin-Gold Hill Cemetery District	Shasta Valley Cemetery District
Beach Cities Health District	Hesperia Fire Protection District	North Central Fire District	South Coast Water District
Bighorn-Desert View Water Agency	Housing Authority of the City of Fresno	North Coast Air Quality Management District	South Placer Fire Protection District
California Governmental Risk Authority	Housing Authority of the County of Butte	North County Fire Protection District	Southern Marin Fire Protection District
Calaveras County Water District	Housing Authority of the County of Fresno	Novato Sanitary District	Superior Court of CA, County of Inyo
Central Arizona Fire and Medical Authority	Housing Authority of the County of San Bernardino	Oakland Housing Authority	Superior Court of CA, County of Kern
Central Contra Costa Sanitary District	Housing Authority of the County of Santa Cruz	Orange County Fire Authority	Sweetwater Springs Water District
Central Contra Costa Transit Authority	Humboldt Bay Municipal Water District	Orange County LAFCO	Tahoe City Public Utility District
Coachella Valley Water District	Mesa Water District	Orange County Mosquito & Vector District	Three Valleys Municipal Water District
Colusa Mosquito Abatement District	Metropolitan Transportation Commission	Orange County Sanitation District	Twentynine Palms Water District
County Sanitation District No. 2 of Los Angeles Co.	Midpeninsula Regional Open Space District	Orchard Dale Water District	Union Sanitary District
Delta Diablo (Sanitation District)	Midpeninsula Water District	Pebble Beach Community Services District	Waterloo Morada Fire District
East Bay Regional Park District	Mojave Desert Air Quality Management District	Placer County Air Pollution Control District	West Bay Sanitary District
East Orange County Water District	Montecito Fire Protection District	Rancho Adobe Fire Protection District	West County Wastewater District
El Dorado Hills County Water District	Monterey Bay Unified Air Pollution Control District	Rancho Cucamonga Fire Protection Department	Western Riverside Council of Governments
Estero Municipal Improvement District	Monterey County Mosquito Abatement District	Redwood Empire Municipal Insurance Fund (REMIF)	Yolo-Solano Air Quality Management District
Fallbrook Public Utility District	Monterey One Water	Regional Housing Authority	Yorba Linda Water District
Feather River Qir Quality Management District	Moraga-Orinda Fire Protection District	Sacramento Area Flood Control Agency	Zone 7 Water District
Fort Mojave Mesa Fire District	Municipal Pooling Authority	San Elijo Joint Powers Authority	
Golder Ranch Fire District	Municipal Water District of Orange County	San Mateo Mosquito & Vector Control District	

WHY PREFUND PENSION OBLIGATIONS?

1. Complete Local Control over Assets

Agency has complete control over assets, including contributions, disbursements and the timing, amount, and risk tolerance level of investments

2. Pension Rate Smoothing Tool

Assets can be transferred to the retirement system at the Agency's direction, potentially reducing/eliminating large fluctuations in employer contribution amounts

3. Rainy Day Fund

Emergency source of funds when employer revenues are strained in difficult budgetary or economic times

4. Diversification

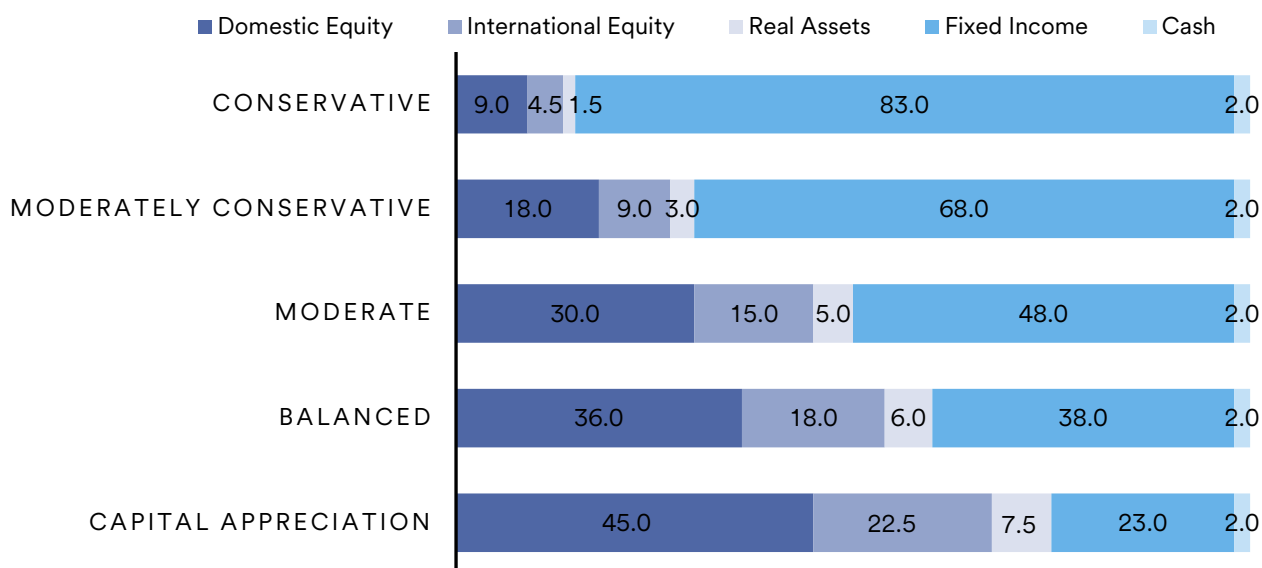
Allows for investment flexibility and offers the potential for assets to earn greater returns than the general fund; spread the risk vs. sending additional money to CalPERS

INVESTMENT PERFORMANCE SHEETS

Strategy	Asset Class	Strategic Range	Policy	Tactical	Gross Annualized Total Rate of Return						
					Portfolio	3Q25*	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Conservative	Equity	5-20%	15%	15%	Strategic Blend	2.78	7.61	5.05	7.94	2.64	3.80
	Fixed Income	60-95%	83%	83%	Benchmark	2.82	7.05	5.36	7.50	2.64	3.66
	Cash	0-20%	2%	2%							
Moderately Conservative	Equity	20-40%	30%	30%	Strategic Blend	3.51	8.94	6.74	10.11	4.49	5.31
	Fixed Income	50-80%	68%	68%	Index	3.62	9.16	7.24	10.18	4.47	5.12
	Cash	0-20%	2%	2%	Benchmark	3.60	8.51	6.84	9.92	4.49	5.27
Moderate	Equity	40-60%	50%	50%	Strategic Blend	4.37	10.55	8.85	13.10	7.12	7.34
	Fixed Income	40-60%	48%	48%	Index	4.65	11.13	9.92	13.03	7.08	7.20
	Cash	0-20%	2%	2%	Benchmark	4.64	10.18	9.01	13.17	7.27	7.44
Balanced	Equity	50-70%	60%	60%	Strategic Blend	4.85	11.36	9.94	14.71	8.50	8.37
	Fixed Income	30-50%	38%	38%	Index	5.14	11.83	11.01	14.77	8.55	8.24
	Cash	0-20%	2%	2%	Benchmark	5.17	11.04	10.08	14.80	8.62	8.50
Capital Appreciation	Equity	65-85%	75%	75%	Index	5.87	13.43	12.99	17.01	10.33	9.56
	Fixed Income	10-30%	23%	23%							
	Cash	0-20%	2%	2%							

*Returns for periods under one year are not annualized. Returns are gross of investment management fees and net of fund embedded fees. Please see important disclosures on the following page and your U.S. Bank fee schedule for investment management fees applied to your specific portfolio, as net of fee performance will differ.

Strategy	Portfolio	Gross Calendar Year Returns									
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Conservative	Strategic Blend	4.45	9.04	-12.54	2.20	8.82	10.70	-1.34	6.73	3.86	0.44
	Blended Benchmark	4.77	7.82	-10.59	2.24	7.81	10.12	-0.60	5.25	3.92	0.30
Moderately Conservative	Strategic Blend	6.53	11.15	-13.58	5.12	10.70	13.82	-2.32	9.53	4.89	0.32
	Index	6.82	10.69	-12.96	5.48	9.61	12.92	-2.35	8.15	5.25	-0.16
	Blended Benchmark	6.79	10.29	-12.35	5.50	9.89	13.55	-1.87	8.13	5.45	0.13
Moderate	Strategic Blend	9.64	14.08	-14.72	9.19	13.28	17.84	-4.16	13.54	6.19	0.20
	Index	9.83	12.93	-14.13	10.23	11.45	17.58	-4.06	11.62	7.16	-0.49
	Blended Benchmark	10.03	13.56	-13.74	10.21	12.02	17.66	-3.37	11.66	7.41	-0.12
Balanced	Strategic Blend	10.98	15.95	-15.21	11.52	13.60	20.13	-4.73	15.63	6.69	0.07
	Index	12.01	14.46	-14.82	12.65	11.80	19.58	-4.88	13.32	8.29	-0.72
	Blended Benchmark	11.61	15.19	-14.58	12.54	13.07	19.78	-4.18	13.54	8.39	-0.30
Capital Appreciation	Index	13.93	16.47	-15.88	15.30	12.82	22.45	-6.34	16.04	9.50	-0.26
	Blended Benchmark	13.82	17.60	-15.64	15.93	14.37	22.81	-5.53	16.57	9.59	-0.62



Strategic Blend - Holdings: Portfolios are invested in a strategic mix of actively managed and passive index-based investment vehicles.

Baird Aggregate Bond Fund
 Cohen & Steers Institutional Realty Fund
 Columbia Contrarian Core Fund
 Columbia Small Cap Growth Fund
 Dodge Cox Income Fund
 Emerald Growth Fund
 Fidelity International Index Fund
 First American Government Obligations Fund
 Goldman Sachs GQG International Opportunities Fund
 Fidelity Emerging Markets Index Fund
 iShares Core U.S. Aggregate ETF
 Lazard Global Infrastructure

NYLI CBRE Global Infrastructure Fund
 NYLI MacKay High Yield Corporate Bond Fund
 MFS International Growth Fund
 PGIM Total Return Bond Fund
 Putnam Core Equity Fund
 Schwab US Large CAP ETF
 Undiscovered Managers Behavioral Fund
 Voya Intermediate Bond Fund

Index - Holdings: Portfolios are invested in passive index-based investment vehicles.

Fidelity Total Stock Market Index Fund
 First American Government Obligations Fund
 iShares Core MSCI Total International Stock ETF
 iShares Core US Aggregate Bond ETF
 iShares Global Infrastructure ETF
 SPDR High Yield Bond ETF

Vanguard Real Estate ETF

For illustrative purposes only and subject to change at PFMAM's discretion. Individual portfolio allocations and holdings will vary based on many factors, including each portfolio's specific investment policy and market conditions.

Benchmark Definitions

		Conservative	Moderately Conservative	Moderate	Balanced	Capital Appreciation
7/1/2025 - Current:	Russell 3000 Index	9.00%	18.00%	30.00%	36.00%	45.00%
	MSCI AC World ex USA (Net)	4.50%	9.00%	15.00%	18.00%	22.50%
	MSCI US REIT Index	0.75%	1.50%	2.50%	3.00%	3.75%
	MSCI World Core Infra Index (Net)	0.75%	1.50%	2.50%	3.00%	3.75%
	Blmbg. U.S. Aggregate	76.50%	62.50%	44.25%	35.00%	21.25%
	ICE BofA US High Yield Index	6.50%	5.50%	3.75%	3.00%	1.75%
	ICE BofA 3 Month U.S. T-Bill	2.00%	2.00%	2.00%	2.00%	2.00%

Historical Benchmark Definitions

		Conservative	Moderately Conservative	Moderate	Balanced		Capital Appreciation
10/1/2012 – 6/30/2025:	S&P 500	7.50%	15.50%	26.50%	32.00%	Since Inception:	39.50%
	Russell Mid Cap	1.50%	3.00%	5.00%	6.00%		16.00%
	Russell 2000	2.50%	4.50%	7.50%	9.00%		10.50%
	Wilshire REIT	0.50%	1.00%	1.75%	2.00%		10.25%
	MSCI EM Free (Net USD)	1.00%	2.00%	3.25%	4.00%		7.50%
	MSCI EAFE (Net USD)	2.00%	4.00%	6.00%	7.00%		5.25%
	Bloomberg US Aggregate Bond	52.25%	49.25%	33.50%	27.00%		5.00%
	ICE BofA 1-3 Yr US Corp/Govt	25.75%	14.00%	10.00%	6.75%		3.00%
	ICE BofA US High Yield Master II	2.00%	1.75%	1.50%	1.25%		2.00%
	FTSE 1 Month T-Bill	5.00%	5.00%	5.00%	5.00%		1.00%

About the Adviser: PFM Asset Management (PFMAM)

PFM Asset Management is the division of U.S. Bancorp Asset Management, Inc. that provides investment services to the public sector. We have more than 40 years of experience working with public sector clients. Our solutions include local government investment pools (LGIPs), fixed income strategies, outsourced chief investment officer (OCIO), and other specialized solutions.

Gross returns are time weighted and are calculated based on trade-date accounting. Actual returns for each agency’s participation within the portfolio may vary from returns shown based on each agency’s own cash flows as well as the specific portfolio in which they are invested. The advisor to the PARS portfolios is U.S. Bank N.A., and PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., serves as sub-advisor to U.S. Bank N.A. to manage these portfolios.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

U.S. Bank N.A. pays PFMAM up to 67% of the annual management fee for assets sub-advised by PFMAM under its sub-advisory agreement with U.S. Bank N.A. Refer to your U.S. Bank N.A. fee schedule for investment management fees applied to your specific portfolio. U.S. Bank N.A. compensates PFMAM for these services from its own fees.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE



Disclosures

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U.S. Bank N.A. pays the sub-adviser up to 67% of the annual management fee for assets sub-advised under its sub-advisory agreement with U.S. Bank N.A. Refer to your U.S. Bank N.A. fee schedule for investment management fees applied to your specific portfolio. U.S. Bank N.A. compensates the sub-adviser for these services from its own fees.

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Additional Disclosures

Assets under management as of 6/30/2024 represent the assets managed by PFM asset Management LLC (PFMAM). As of 10/1/2024 PFMAM and U.S. Bancorp Asset Management, Inc. (USBAM) formerly separately registered investment advisers consolidated into one legal entity and one registered investment adviser with the SEC, with USBAM as the continuing legal entity and registered investment adviser.

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SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
RETIREE HEALTHCARE PLAN
ACTUARIAL VALUATION
AS OF JANUARY 1, 2025

PLAN FUNDING FOR 2025/26 AND 2026/27



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 4, 2025

Jack Beck
Accountant
South Orange County Wastewater Authority

Re: South Orange County Wastewater Authority Retiree Healthcare Plan

Dear Mr. Beck:

We are pleased to present this report of the actuarial valuation of the South Orange County Wastewater Authority Retiree Healthcare Plan. The purpose of this report is to determine the January 1, 2025 funded status and to develop actuarially determined contributions for the applicable plan years. Use of the results for other purposes may not be appropriate.

In conducting the valuation, we have relied on:

- Census data for active employees and retirees supplied by the Authority
- Trust statements prepared by the trustee
- Program benefit design including copies of relevant documents
- Premium, expense, and enrollment data
- Actuarial assumptions and methods described in this report

While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

This valuation report is only an estimate of the plan's financial condition as of a single date and cannot guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of benefits, only the timing of contributions. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Actual medical premiums, participation, and level of coverage different than expected
- Changes in plan provisions or applicable laws
- Changes in actuarial methods or in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used (such as the end of an amortization period)

Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

The actuarial valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In our opinion, the assumptions used in this valuation represent reasonable expectations of anticipated plan experience. The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report are considered an integral part of the actuarial opinions.

The signing actuaries are independent of the plan sponsor. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (650) 377-1600.

Respectfully submitted,

Foster & Foster Consulting Actuaries, Inc.



By:

Drew Ballard, FSA, EA, MAAA



By:

Tak Frazita, FSA, EA, MAAA

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SUMMARY OF RESULTS

The Authority pays a portion of the retiree medical premium based on a percentage (currently 95%) of the average of all health plans (excluding the PERS Platinum Plan) made available to SOCWA employees through the CalPERS Health Program. Employees hired on or after July 1, 2017 are only eligible for the PEMHCA minimum contribution (\$158 in 2025, \$162 in 2026).

In addition, the Authority incurs an “implicit subsidy” since the per capita healthcare costs (expected claims) are higher for pre-Medicare retirees than the blended premium. Actuarial Standards of Practice No. 6 (ASOP 6) requires the implicit subsidy be included in actuarial liabilities for participants in pooled plans. See the Implicit Subsidy Section of this report for additional detail.

The Authority pre-funds with the PARS Balanced portfolio.

Governmental Accounting Standards Board Statement No. 75 accounting information is provided in a separate report.

Valuation Date	January 1, 2025
Discount Rate	5.75%
Participant Data	
• Actives	41
• Benefiting Inactives	51
• Waived Inactives	<u>2</u>
• Total	94
Present Value of Benefits	
• Actives	\$5,712,467
• Retirees	<u>10,963,472</u>
• Total	16,675,939
Actuarial Accrued Liability	
• Actives	3,381,904
• Retirees	<u>10,963,472</u>
• Total	14,345,376
Market Value of Assets	<u>7,317,958</u>
UAAL	7,027,418
Funded Ratio	51.0%
Normal Cost	291,304
Pay-Go Cost	795,025



CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no plan change since the January 1, 2023 valuation.

Actuarial Assumption/Method Changes

This is the first valuation of the Authority's retiree medical plan performed by Foster & Foster. The following assumption changes were made:

- Updated the discount rate to 5.75%
- Updated the mortality to the CalPERS 2000-2019 Experience Study assumptions
- Updated PEMHCA and medical trend rates
- Updated participation
- Added family coverage

There have been no method changes since the prior valuation.



ASSETS

Market Value of Plan Assets

	2023	2024
Market Value (Beginning of Year)	\$5,737,543	\$6,623,730
Contributions	3,818	-
Benefit Payments	-	-
Admin. Expenses	(15,168)	(17,589)
Investment Expenses	(18,788)	(21,812)
Investment Earnings	<u>916,325</u>	<u>733,630</u>
Market Value (End of Year)	6,623,730	7,317,958
Approximate Return	15.6%	10.7%



ASSETS

Discount Rate Development

	PARS Capital Appreciation	PARS Balanced	PARS Moderate	PARS Moderately Conservative	PARS Conservative
Target Allocation					
Global Equity	75%	60%	50%	30%	15%
Fixed Income	20%	35%	45%	65%	80%
Cash	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Total	100%	100%	100%	100%	100%
Discount Rate					
Confidence Level					
50%	6.25%	5.75%	5.50%	4.50%	4.00%
55%	6.00%	5.50%	5.25%	4.50%	3.75%
60%	5.50%	5.25%	5.00%	4.25%	3.75%

Future expected returns

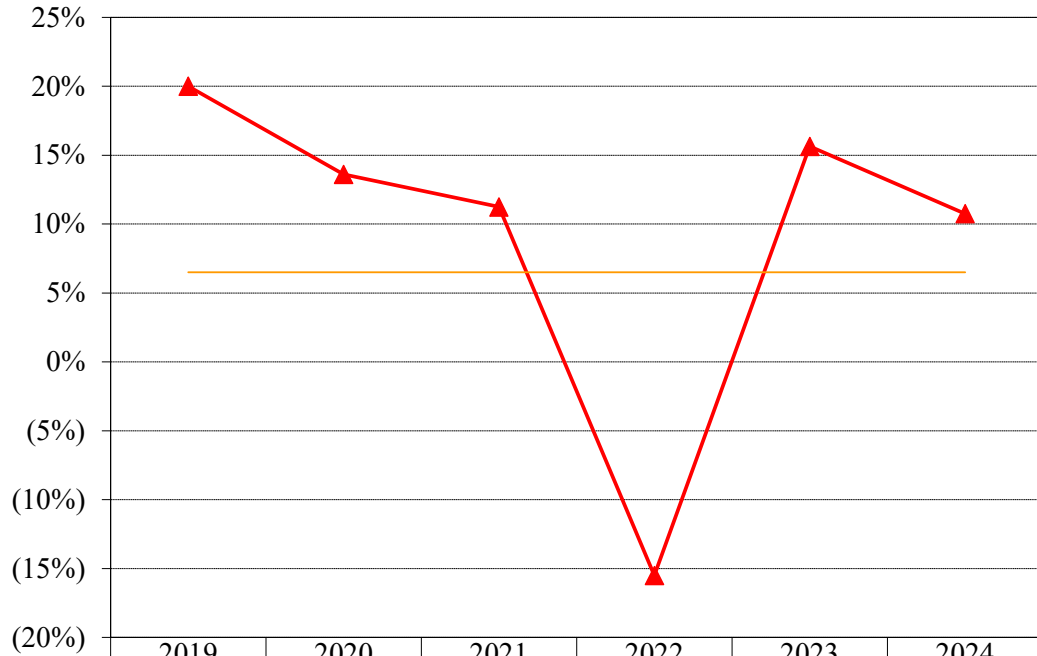
- Stochastic simulations of geometric average returns over 20 years
- 5,000 trials
- 2.50% inflation assumption

Projections based on 8 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors long-term trends



ASSETS

History of Investment Returns



	2019	2020	2021	2022	2023	2024
▲ Market Value	20.0%	13.6%	11.2%	-15.5%	15.6%	10.7%
— Expected Return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%



ACTUARIALLY DETERMINED CONTRIBUTION

Valuation Date	January 1, 2023		January 1, 2025	
	2023/24	2024/25	2025/26	2026/27
Contribution Year				
Discount Rate	6.50%	6.50%	5.75%	5.75%
Actuarially Determined Contribution (ADC)				
Normal Cost ¹	\$272,922	\$309,599	\$291,304	\$275,021
Admin. Expenses	0	0	21,678	23,309
UAAL Amortization	<u>408,874</u>	<u>446,140</u>	<u>633,568</u>	<u>650,991</u>
Total ADC	681,796	755,739	946,550	949,321
Projected Payroll	n/a	n/a	5,513,644	5,665,269
ADC as a % of Projected Payroll	n/a	n/a	17.2%	16.8%
Recommended Trust Contribution				
ADC			\$946,550	\$949,321
Est. Explicit Subsidy Benefits ²			(680,517)	(731,018)
Est. Implicit Subsidy Benefits			(114,508)	(105,187)
Est. PEMHCA Admin. Fees			<u>(1,752)</u>	<u>(1,961)</u>
Recommended Net Trust Contribution			149,773	111,155

¹ Decrease in normal cost from 2025/26 to 2026/27 reflects the transition of the active population to new Tier 2 members with their lower normal costs as Tier 1 members leave the population.

² Table shows projected benefit payments and expenses, but actual amounts (paid outside of the trust) should be substituted.



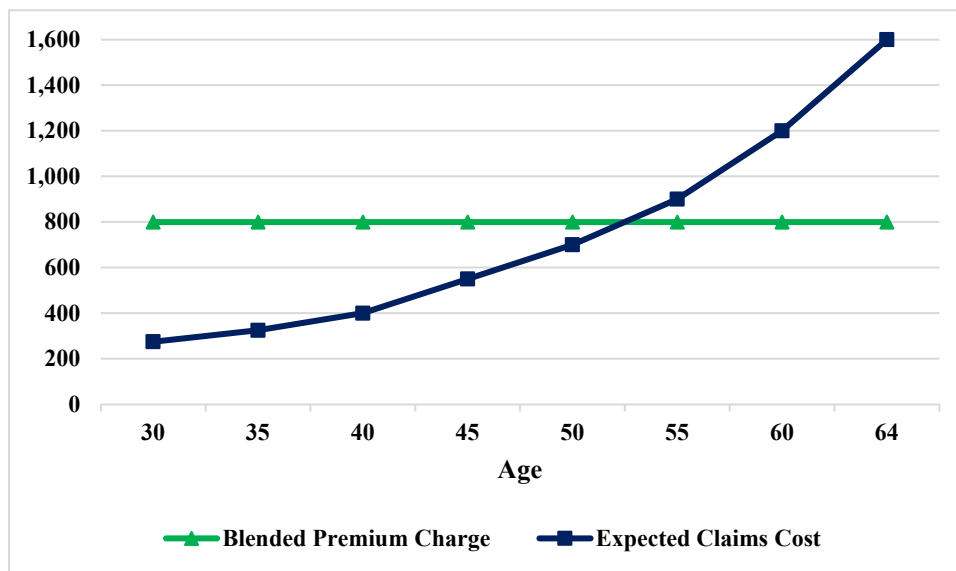
IMPLICIT SUBSIDY

Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, provides guidance to actuaries when performing actuarial services with respect to measuring obligations under a retiree group benefits program.

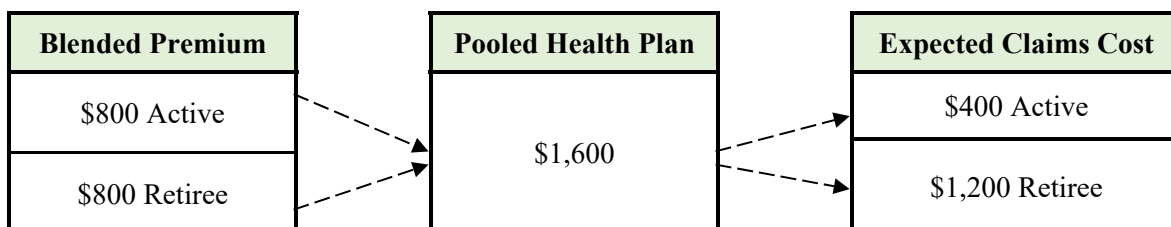
Effective for actuarial valuations of a group participating in a pooled health plan with a measurement date on or after March 31, 2015, ASOP No. 6 advises that in (almost all instances), the actuary should use age-specific costs in the development of the initial per capita costs and in the projection of future benefit plan costs. The implicit subsidy is the difference between the expected age-specific retiree per capita claims cost and the charged premium rate.

In general, for health coverage, benefit costs vary by age. Retiree healthcare costs are, on average, significantly higher than active employees. When claims experience of both active employees and retirees are pooled in determining healthcare premiums, the implicit rate is an inherent subsidy of retiree healthcare costs by active employee healthcare costs due to the blended premium charged.

Retirees are charged a smaller premium than they would be if the premiums were calculated based on retiree-only claims experience, and vice versa for active employees. In a pooled environment, expected retiree claims are covered by premiums charged to the retiree plus an added cost included in active premiums (the active employee premiums are subsidizing the retiree premiums). The blended premium charge represents an “explicit” cost, while the added cost represents an “implicit” cost.



Sample active age 40, retiree age 60:



DETAILED RESULTS

Benefit Payment Projection

Fiscal Year	Explicit Subsidy	Implicit Subsidy	Total Payments
2026	\$680,517	\$114,508	\$795,025
2027	731,018	105,187	836,205
2028	767,885	96,204	864,089
2029	804,294	98,554	902,848
2030	829,061	92,945	922,006
2031	841,748	75,258	917,006
2032	863,539	59,675	923,214
2033	887,104	57,129	944,233
2034	905,854	52,820	958,674
2035	921,804	44,448	966,252



DETAILED RESULTS

Actuarial Obligations as of January 1, 2025

	Explicit Subsidy	Implicit Subsidy	Total
Present Value of Benefits			
• Actives	\$5,058,928	\$653,539	\$5,712,467
• Retirees	<u>10,284,449</u>	<u>679,023</u>	<u>10,963,472</u>
• Total	15,343,377	1,332,562	16,675,939
Actuarial Accrued Liability			
• Actives	3,052,045	329,858	3,381,904
• Retirees	<u>10,284,449</u>	<u>679,023</u>	<u>10,963,472</u>
• Total	13,336,494	1,008,881	14,345,376
Normal Cost	255,500	35,804	291,304
Pay-Go Cost	680,517	114,508	795,025



BENEFIT SUMMARY

Eligibility Retire³ (service or disability) under CalPERS

Medical Benefit Based on the member hire date:

Tier	Eligibility	Medical Benefit								
1	Hired before 1/1/2017	Authority pays a percentage (currently 95%) of the average premium of all health plans (excluding PERS Platinum) for the coverage elected (single, 2-party, family) <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: left;">Coverage</th> <th style="text-align: left;">2025 Monthly Cap</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: right;">\$ 864.40</td> </tr> <tr> <td>2-Party</td> <td style="text-align: right;">1,728.80</td> </tr> <tr> <td>Family</td> <td style="text-align: right;">2,247.43</td> </tr> </tbody> </table>	Coverage	2025 Monthly Cap	Single	\$ 864.40	2-Party	1,728.80	Family	2,247.43
Coverage	2025 Monthly Cap									
Single	\$ 864.40									
2-Party	1,728.80									
Family	2,247.43									
2	Hired on or after 1/1/2017	Authority pays the PEMHCA minimum amount. <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: left;">Year</th> <th style="text-align: left;">PEMHCA Monthly Benefit</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td style="text-align: right;">\$158</td> </tr> <tr> <td>2026</td> <td style="text-align: right;">162</td> </tr> </tbody> </table>	Year	PEMHCA Monthly Benefit	2025	\$158	2026	162		
Year	PEMHCA Monthly Benefit									
2025	\$158									
2026	162									

Surviving Spouse Benefit Retiree benefit paid to surviving spouse of retiree who elected CalPERS joint and survivor payment option

Dental & Vision None

Life Insurance None

³ Age 50 and 5 years for Miscellaneous First/Second Tier retirees, age 52 and 5 years for Miscellaneous PEPPA retirees



PREMIUMS

PREMIUMS

Region 2 PEMHCA Monthly Medical Premiums

Non-Medicare Eligible

Medical Plan	2025			2026		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 919.00	\$ 1,838.00	\$ 2,389.40	\$ 1,016.32	\$ 2,032.64	\$ 2,642.43
Anthem Traditional	1,110.97	2,221.94	2,888.52	1,158.26	2,316.52	3,011.48
Blue Shield Access+	948.53	1,897.06	2,466.18	1,052.89	2,105.78	2,737.51
Blue Shield Trio	909.10	1,818.20	2,363.66	936.58	1,873.16	2,435.11
Health Net Salud y Más	823.49	1,646.98	2,141.07	879.57	1,759.14	2,286.88
Kaiser	944.34	1,888.68	2,455.28	987.69	1,975.38	2,567.99
Sharp	868.45	1,736.90	2,257.97	916.20	1,832.40	2,382.12
UnitedHealthcare Alliance	890.66	1,781.32	2,315.72	950.99	1,901.98	2,472.57
UnitedHealthcare Harmony	819.64	1,639.28	2,131.06	857.14	1,714.28	2,228.56
PERS Platinum	1,258.76	2,517.52	3,272.78	1,426.24	2,852.48	3,708.22
PERS Gold	864.75	1,729.50	2,248.35	956.28	1,912.56	2,486.33

Medicare Eligible

Medical Plan	2025			2026		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Medicare Preferred	\$ 487.56	\$ 975.12	\$ 1,462.68	\$ 571.70	\$ 1,143.40	\$ 1,715.10
Blue Shield Medicare	448.28	896.56	1,344.84	539.43	1,078.86	1,618.29
Kaiser Senior Advantage	343.08	686.16	1,029.24	356.83	713.66	1,070.49
Kaiser SA Summit	408.31	816.62	1,224.93	426.31	852.62	1,278.93
Sharp	272.44	544.88	817.32	291.38	582.76	874.14
UnitedHealthcare MA	442.25	884.50	1,326.75	481.29	962.58	1,443.87
PERS Platinum	584.70	1,169.40	1,754.10	665.50	1,331.00	1,996.50
PERS Gold	546.13	1,092.26	1,638.39	597.57	1,195.14	1,792.71



ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

Valuation Date	January 1, 2025
Contribution Years	2025/26 and 2026/27
Funding Policy	Authority contributes on a pay-as-you-go basis
Discount Rate	5.75% per year based on long-term expected net return on assets (previously 6.50%)
General Inflation	2.50% per year (previously 2.80%)
Implicit Subsidy	Due to age-risk adjusted federal subsidies, no age-based claims costs were included for Medicare Advantage plans No age-based claims cost included after Medicare eligibility for PEMHCA minimum only retirees.
Mortality, Retirement, Withdrawal, and Disability Rates	CalPERS 2000-2019 Experience Study Previously used the SOA Pub-2010 mortality tables
Projected Mortality Improvement	Mortality projected fully generational with Scale MP-2021 (previously Scale MP-2020)
Administrative Fees	Included in ADC <u>PARS:</u> 0.25% of assets <u>PEMHCA:</u> 0.25% of PEMHCA premiums based on a 5-year average
PEMHCA Minimum Increase	3.50% annually (previously 4.00%)
Contribution Cap Increase	Medical Trend
Aggregate Payroll Increases	2.75% per year (previously 2.80%)
Merit and Longevity Payroll Increases	CalPERS 2000-2019 Experience Study
Participation at Retirement	100% for Tier 1 benefit, 50% for Tier 2 benefit Previously 100% for all future retirees.



ACTUARIAL ASSUMPTIONS AND METHODS

Medical Plan at Retirement	<p><u>Future retirees:</u> Weighted average of the current medical plans similar to the current retiree distribution</p> <p><u>Current retirees:</u> Same as current plan election</p>
Waived Retiree Re-election	None
Spouse Coverage	Current election if covered, 65% if waived
Spouse Age	<p><u>Actives:</u> Males 3 years older than females</p> <p><u>Retirees:</u> Males 3 years older than females if spouse birth date not provided</p>
Family Coverage at Retirement	<p><u>Pre-65:</u> Actives - 20% until age 65 Retirees - Same as current coverage until age 65</p> <p><u>Post-65:</u> None</p>
Medicare Eligibility Rate	100% eligible for Medicare at age 65



ACTUARIAL ASSUMPTIONS AND METHODS

Medical Trend Rates (increases from prior year)

Year	January 1, 2023 Valuation		January 1, 2025 Valuation		
	Non-Medicare	Medicare	Non-Medicare	Non-Kaiser Medicare	Kaiser Medicare
2023	Actual Premiums			n/a	
2024	Actual Premiums			n/a	
2025	8.00%	6.50%		Actual Premiums	
2026	7.75%	6.25%		Actual Premiums	
2027	7.50%	6.00%	7.35%	6.50%	5.45%
2028	7.25%	5.75%	6.75%	6.10%	5.25%
2029	7.00%	5.50%	6.20%	5.70%	5.05%
2030	6.75%	5.25%	5.60%	5.25%	4.85%
2031	6.50%	5.00%	5.05%	4.85%	4.65%
2032	6.25%	4.75%	4.45%	4.45%	4.45%
2033	6.00%	4.50%	4.45%	4.45%	4.45%
2034	5.75%	4.50%	4.45%	4.45%	4.45%
2035	5.50%	4.50%	4.45%	4.45%	4.45%
2036	5.25%	4.50%	4.45%	4.45%	4.45%
2037	5.00%	4.50%	4.45%	4.45%	4.45%
2038	4.75%	4.50%	4.45%	4.45%	4.45%
2039-40	4.50%	4.50%	4.35%	4.35%	4.35%
2041	4.50%	4.50%	4.30%	4.30%	4.30%
2042-44	4.50%	4.50%	4.25%	4.25%	4.25%
2045-47	4.50%	4.50%	4.20%	4.20%	4.20%
2048-50	4.50%	4.50%	4.15%	4.15%	4.15%
↓	↓	↓	↓	↓	↓
2076+	4.50%	4.50%	3.45%	3.45%	3.45%



ACTUARIAL ASSUMPTIONS AND METHODS

PEMHCA Region 2 - 2026 Sample Medical Claims Cost

Non-Medicare Eligible								
Age	<u>Anthem Select</u>		<u>Anthem Trad.</u>		<u>BS Access+</u>		<u>BS Trio</u>	
	M	F	M	F	M	F	M	F
25	\$390	\$620	\$445	\$706	\$404	\$642	\$360	\$571
35	501	851	571	970	519	882	461	785
45	699	918	796	1,047	724	951	644	846
55	1,077	1,173	1,227	1,337	1,115	1,215	992	1,081
60	1,344	1,353	1,532	1,542	1,393	1,402	1,239	1,247
64	1,591	1,536	1,813	1,751	1,648	1,592	1,466	1,416

Non-Medicare Eligible								
Age	<u>Kaiser</u>		<u>Sharp</u>		<u>UHC Alliance</u>		<u>UHC Harmony</u>	
	M	F	M	F	M	F	M	F
25	\$379	\$602	\$352	\$559	\$365	\$580	\$329	\$523
35	487	827	451	767	468	797	422	718
45	679	892	630	828	654	859	589	775
55	1,046	1,140	971	1,058	1,008	1,098	908	989
60	1,306	1,315	1,212	1,220	1,258	1,266	1,134	1,141
64	1,546	1,493	1,434	1,385	1,488	1,438	1,342	1,296

Non-Medicare Eligible				
Age	<u>PERS Platinum</u>		<u>PERS Gold</u>	
	M	F	M	F
25	\$514	\$804	\$392	\$632
35	654	1,097	507	874
45	904	1,181	715	944
55	1,381	1,503	1,110	1,210
60	1,719	1,730	1,389	1,399
64	2,031	1,962	1,647	1,590

Medicare Eligible				
Age	<u>PERS Platinum</u>		<u>PERS Gold</u>	
	M	F	M	F
65	\$608	\$582	\$546	\$523
75	701	672	630	604
85	715	696	642	625



ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Methods

Cost Method	Entry Age Normal
Actuarial Value of Assets	Set equal to Market Value of Assets
Amortization Method	Level percent of payroll with payroll increasing 2.75% per year
Amortization Period	Fiscal year 2025/26, 14 years remaining



ACTUARIAL ASSUMPTIONS AND METHODS

Basis for Assumptions

- CalPERS November 2021 experience study covering 2000 to 2019 experience was used since covered employees are in CalPERS
- Mortality improvement based on Society of Actuaries table
- Inflation based on our estimate for the Plan's very long-time horizon
- Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms
- Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends
- Age-based claims costs were based on tables published by the Society of Actuaries and demographic data for the CalPERS health plans provided by CalPERS.
- Other demographic assumptions are based on our best estimates, taking into account the limited experience of this plan and other similarly situated plans.



PARTICIPANT STATISTICS

Active Participant Statistics

	January 1, 2023	January 1, 2025
Count	54	41
Average Age	43.7	45.7
Average Service		
• Authority	9.0	8.9
• CalPERS	n/a	10.9
Payroll	n/a	\$5,294,000

Retiree Participant Statistics

	January 1, 2023	January 1, 2025
Count	50	53
Average Age	67.3	69.1
Average Retirement Age		
• Service Retirement	n/a	59.0
• Disability	n/a	56.3



PARTICIPANT STATISTICS

Active Age and Service Distribution

Age	Authority Service						Total	
	0	1-4	5-9	10-14	15-19	20-24		25+
Under 25	-	-	-	-	-	-	-	-
25-29	-	4	-	-	-	-	-	4
30-34	1	1	2	1	-	-	-	5
35-39	-	2	2	3	-	-	-	7
40-44	-	3	3	1	-	-	-	7
45-49	-	1	1	1	-	-	-	3
50-54	-	1	-	1	-	-	-	2
55-59	-	1	-	3	-	2	-	6
60-64	-	-	2	-	1	2	-	5
65+	-	-	1	1	-	-	-	2
Total	1	13	11	11	1	4	-	41

Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	2	1	3	-	6
Blue Shield Access+	-	1	-	-	1
Blue Shield Trio	1	-	-	-	1
Kaiser	5	1	4	-	10
Sharp	-	-	1	-	1
UnitedHealthcare Alliance	1	1	3	-	5
PERS Platinum	-	-	1	-	1
PERS Gold	5	4	5	-	14
Waived	-	-	-	2	2
Total	14	8	17	2	41



PARTICIPANT STATISTICS

Retiree Medical Coverage - Under Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+	-	1	-	-	1
Kaiser	-	1	2	-	3
PERS Platinum	2	3	1	-	6
PERS Gold	1	1	2	-	4
Waived	-	-	-	-	-
Total	3	6	5	-	14

Retiree Medical Coverage - Over Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Medicare Preferred	2	1	-	-	3
Blue Shield Medicare	1	1	-	-	2
Kaiser Senior Advantage	3	2	-	-	5
Kaiser Senior Advantage Summit	-	1	-	-	1
UnitedHealthcare MA	2	7	-	-	9
PERS Platinum	7	6	2	-	15
PERS Gold	1	1	-	-	2
Waived	-	-	-	2	2
Total	16	19	2	2	39

Retiree Age Distribution

Age	Count
Under 50	-
50-54	-
55-59	3
60-64	11
65-69	16
70-74	14
75-79	5
80-84	3
85+	1
Total	53



PARTICIPANT STATISTICS

Medical Plan Participation (Non-Waived)

Medical Plan	Actives	Retirees	
		Pre-65	Post-65
Anthem Select	15%	0%	8%
Blue Shield Access+	3%	7%	5%
Blue Shield Trio	2%	0%	0%
Kaiser / Senior Advantage	26%	21%	14%
Kaiser SA Summit	n/a	n/a	3%
Sharp	2%	0%	0%
UnitedHealthcare	13%	0%	24%
PERS Platinum	3%	43%	41%
PERS Gold	36%	29%	5%
Total	100%	100%	100%



GLOSSARY

Actuarial Accrued Liability (AAL)	The portion of the actuarial present value of benefits, as determined under a particular actuarial cost method that is not provided for by future normal costs.
Actuarial Cost Method	A procedure for allocating the actuarial present value of projected benefits (and expenses, if applicable) to time periods, usually in the form of a normal cost and an actuarial accrued liability.
Actuarial Gain/Loss	A measure of the difference between actual experience and expected experience based on a set of actuarial assumptions during the period between two actuarial valuation dates.
Actuarial Value of Assets	The asset value used in the valuation to determine the actuarially determined contribution. It represents the plan's market value of assets with adjustments according to the plan's actuarial asset method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the market value of assets.
Actuarially Determined Contribution (ADC)	A target or recommended contribution as determined by the actuary for the applicable plan year. This is typically comprised of the normal cost (and expenses, if applicable) plus a UAAL amortization payment, adjusted for interest according to the timing of contributions during the applicable plan year.
Amortization Method	A method for determining the amount, timing, and pattern of recognition of the unfunded actuarial accrued liability
Discount Rate	The estimated long-term net expected return on assets used to determine the actuarial present value of benefits.
Entry Age Actuarial Cost Method	Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is determined by allocating the actuarial present value of benefits on a level basis between the entry age and assumed exit age(s).



GLOSSARY

Medical Trend Rate	The expected annual rate of change in per capita health claims cost due to factors such as inflation, medical inflation, utilization, technological improvements, and plan design. Aging factors are not reflected in trend rates.
Normal Cost	The portion of the actuarial present value of benefits which represents the current year's cost for benefits yet to be funded.
Present Value of Benefits	The discounted value of benefits that are expected to be paid in the future, determined as of a given date by the application of a particular set of assumptions with regard to future events.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the actuarial accrued liability and the actuarial value of assets.





**South Orange County Wastewater Authority
Retiree Healthcare Plan**



June 30, 2025 GASBS 75 Accounting Information
As of Measurement Date June 30, 2025
Based on the January 1, 2025 Actuarial Valuation

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Joseph Herm
Foster & Foster, Inc.

December 4, 2025

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Applicable Dates

Applicable Dates and Periods

	Fiscal Year Ended June 30, 2025
■ Measurement date	June 30, 2025
■ Measurement period	July 1, 2024 to June 30, 2025
■ Actuarial valuation date	January 1, 2025

Update procedures were used to roll forward the Total OPEB Liability from the valuation date (January 1, 2025) to the measurement date (June 30, 2025).



Note Disclosures

Plan Information

	Fiscal Year Ended June 30, 2025
■ Plan type	Agent Multiple Employer
■ OPEB trust	Yes
■ Special funding situation	No
■ Nonemployer contributing entities	No



Note Disclosures

Expected Long-Term Rate of Return

	Target Allocation PARS-Balanced	Expected Real Rate of Return
■ Asset Class Component		
● Global Equity	60%	4.56%
● Fixed Income	35%	0.78%
● Cash	5%	(0.50%)
■ Assumed Long-Term Rate of Inflation		2.50%
■ Expected Long-Term Net Rate of Return, Rounded		5.75%

The long-term expected real rates of return are presented as geometric means.



Note Disclosures

Covered Participants*

At June 30, 2025, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
■ Inactives currently receiving benefits	53
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	40
■ Total	93

* As reported by the Authority.



Note Disclosures

Net OPEB Liability/(Asset)

	Fiscal Year Ended	
	6/30/24	6/30/25
■ Total OPEB Liability (TOL)	\$ 12,001,605	\$ 14,499,764
■ Fiduciary Net Position (FNP)*	7,038,273	7,750,994
■ Net OPEB Liability (NOL)	4,963,332	6,748,770
■ Funded status (FNP/TOL)	58.6%	53.5%

* Asset information is from asset reconciliation provided by PARS.



Note Disclosures

Changes in Net OPEB Liability/(Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/24	\$ 12,001,605	\$ 7,038,273	\$ 4,963,332
■ Changes for the year			
● Service Cost	290,703	-	290,703
● Interest	773,131	-	773,131
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	424,630	-	424,630
● Assumption changes	1,805,672	-	1,805,672
● Contributions - employer*	-	795,977	(795,977)
● Contributions - employee	-	-	-
● Net investment income	-	731,082	(731,082)
● Benefit payments*	(795,977)	(795,977)	-
● Administrative expenses	-	(18,361)	18,361
■ Net Changes	2,498,159	712,721	1,785,438
■ Balance at 6/30/25	\$ 14,499,764	\$ 7,750,994	\$ 6,748,770

* See the measurement period column on page 20 for details.



Note Disclosures

Sensitivity of Net OPEB Liability/(Asset)

■ **Changes in the Discount Rate**

	Discount Rate		
	1% Decrease (4.75%)	Current Rate (5.75%)	1% Increase (6.75%)
■ Net OPEB Liability	\$ 8,657,807	\$ 6,748,770	\$ 5,175,002

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ 5,004,867	\$ 6,748,770	\$ 8,884,619



Note Disclosures

OPEB Expense/(Income) for Fiscal Year

	2024/25
■ OPEB Expense/(Income)*	\$ 873,523

* See page 26 for OPEB expense/(income) detail, which is not a required disclosure.



Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2025

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ 728,283	\$ 503,858
■ Changes in assumptions	1,989,626	69,147
■ Net difference between projected and actual earnings on plan investments*	-	285,140
■ Employer contributions made subsequent to the measurement date	N/A	-
■ Total	2,717,909	858,145

* Deferred Inflows and Outflows combined for footnote disclosure.



Note Disclosures

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2026	\$ 464,052
■ 2027	199,399
■ 2028	229,962
■ 2029	387,529
■ 2030	330,267
■ Thereafter	248,555



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2025 Measurement Date
■ Actuarial Valuation Date	■ January 1, 2025
■ Contribution Policy	■ Authority contributes on a pay-as-you-go basis ■ Benefits paid outside the trust and not reimbursed
■ Discount Rate and Long-Term Expected Rate of Return on Assets	■ 5.75% at June 30, 2025 ■ 6.50% at June 30, 2024 ■ Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.50% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 2000-2019 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2025 Measurement Date
■ Salary Increases	■ Aggregate - 2.75% annually ■ Merit - CalPERS 2000-2019 Experience Study
■ Medical Trend	■ Non-Medicare - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Non-Kaiser) - 6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Kaiser) - 5.45% for 2027, decreasing to an ultimate rate of 3.45% in 2076
■ PEMHCA Minimum Increases	■ 3.50% annually
■ Cap Increases	■ 95% of average premium cap - Non-Medicare healthcare trend
■ Healthcare Participation for Future Retirees	■ Hired before 1/1/2017 - 100% ■ Hired on or after 1/1/2017 - 50%



Note Disclosures

Changes Since June 30, 2024 Measurement Date

	June 30, 2025 Measurement Date
■ Changes of assumptions	<ul style="list-style-type: none"> ■ Discount rate was updated to 5.75% ■ Updated medical and PEMHCA minimum trend ■ Updated mortality to CalPERS 2000-2019 Experience Study ■ Updated participation for those hired on or after January 1, 2017 ■ Added family coverage at retirement
■ Changes of benefit terms	■ None



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios

	2024/25
■ Changes in Total OPEB Liability	
● Service Cost	\$ 290,703
● Interest	773,131
● Changes of benefit terms	-
● Actual vs. expected experience	424,630
● Assumption changes	1,805,672
● Benefit payments	(795,977)
■ Net Changes	2,498,159
■ Total OPEB Liability (beginning of year)	12,001,605
■ Total OPEB Liability (end of year)	14,499,764



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios

	2024/25
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 795,977
● Contributions - employee	-
● Net investment income	731,082
● Benefit payments	(795,977)
● Administrative expenses	(18,361)
● Other changes	-
● Net Changes	<u>712,721</u>
■ Plan Fiduciary Net Position (beginning of year)	<u>7,038,273</u>
■ Plan Fiduciary Net Position (end of year)	<u>7,750,994</u>



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios

	2024/25
	Measurement Date 6/30/25
■ Net OPEB Liability/(Asset)	\$ 6,748,770
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	53.5%
■ Covered employee payroll*	6,603,902
■ Net OPEB Liability as a percentage of covered employee payroll	102.2%

* For the 12-month period ended on June 30, 2025 (Measurement Date).
As reported by the Authority.



Required Supplementary Information

Schedule of Employer Contributions

	Fiscal Year 2024/25
■ Actuarially Determined Contribution (ADC)	\$ 755,739
■ Contributions in relation to the actuarially determined contribution*	795,977
■ Contribution deficiency/(excess)	(40,238)
■ Covered employee payroll**	6,603,902
■ Contributions as a percentage of covered employee payroll	12.1%

* See page 20 for details.

** For the 12-month period ended on June 30, 2025 (fiscal year end).

As reported by the Authority.



Required Supplementary Information

**Notes to Schedule of Employer Contribution
Methods and Assumptions for
2024/25 Actuarially Determined Contribution**

■ Valuation Date	■ January 1, 2023
■ Actuarial Cost Method	■ Entry Age Normal, Level % of pay
■ Amortization Method	■ Level % of pay
■ Amortization Period	■ 15-year fixed period for 2024/25
■ Asset Valuation Method	■ Market value of assets
■ Discount Rate	■ 6.50%
■ Medical Trend	■ Non-Medicare - 8.00% for 2025, decreasing to an ultimate rate of 4.50% in 2039 ■ Medicare - 6.50% for 2025, decreasing to an ultimate rate of 4.50% in 2033



Actuarial Certification

This report presents the South Orange County Wastewater Authority Retiree Healthcare Plan 2024/25 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). This report may not be appropriate for other purposes, although it may be useful to the Authority for the Plan's financial management.

This report is based on information provided by the Authority which we relied on and did not audit. Additional information on the actuarial valuation can be found in the January 1, 2025 actuarial valuation report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

The Journal Entries in this report are provided for the Authority's convenience and are not an actuarial communication. Therefore, this actuarial certification does not apply to the Journal Entries.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices and complies with applicable Actuarial Standards of Practice. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As the actuary, we have recommended the assumptions used in this report, and we believe they are reasonable. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Drew Ballard, FSA, EA, MAAA
Foster & Foster, Inc.
December 4, 2025



Tak Frazita, FSA, EA, MAAA
Foster & Foster, Inc.
December 4, 2025



December 4, 2025

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GASBS 75

South Orange County Wastewater Authority

Supporting Calculations

Employer Contributions

	Measurement Period
	7/1/24 to 6/30/25
■ Cash benefit payments	\$ 615,004
■ Implicit subsidy benefit payments	180,973
■ Total benefit payments	795,977
■ Benefit payments reimbursed from trust	-
■ Benefit payments paid outside of trust	795,977
■ Non-trust admin expenses	-
■ Non-trust admin expenses reimbursed from trust	-
■ Trust contributions	-
■ Total employer contributions	795,977

Measurement period (7/1/24 to 6/30/25): \$795,977

Fiscal year (7/1/24 to 6/30/25): \$795,977



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South Orange County Wastewater Authority

Supporting Calculations

Average of the Expected Remaining Service Lives

July 1, 2024 (beginning of the measurement period) was not a valuation date and no census data was available to the actuary as of that date. Therefore, the average of the expected remaining service lives was estimated as follows:

Valuation Date	Total expected remaining service lives*	Covered participants*	Average of the expected remaining service lives as of valuation date	Average of the expected remaining service lives as of 7/1/24 (not less than 1 yr)
1/1/25	516.7 years	92	5.6 years	5.6 years

* Participants with no liability excluded for the purpose of calculating the average.



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Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2025 Differences between Expected and Actual Experience

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	(840,090)	8.0	(105,011)	(105,011)	(105,011)	(105,013)	-	-	-	-	(315,035)
21/22	(377,647)	8.0	(47,206)	(47,206)	(47,206)	(47,206)	(47,205)	-	-	-	(188,823)
22/23	217,884	9.0	24,209	24,209	24,209	24,209	24,209	24,209	24,212	145,257	-
23/24	292,779	10.0	29,278	29,278	29,278	29,278	29,278	29,278	87,833	234,223	-
24/25	424,630	5.6	75,827	75,827	75,827	75,827	75,827	45,495	-	348,803	-
Total			(22,903)	(22,903)	(22,903)	(22,905)	82,109	98,982	112,045	728,283	(503,858)



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South Orange County Wastewater Authority

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2025 Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	297,733	8.0	37,217	37,217	37,217	37,214	-	-	-	111,648	-
21/22	-	-	-	-	-	-	-	-	-	-	-
22/23	(103,722)	9.0	(11,525)	(11,525)	(11,525)	(11,525)	(11,525)	(11,525)	(11,522)	-	(69,147)
23/24	493,433	10.0	49,343	49,343	49,343	49,343	49,343	49,343	148,032	394,747	-
24/25	1,805,672	5.6	322,441	322,441	322,441	322,441	322,441	193,467	-	1,483,231	-
Total			397,476	397,476	397,476	397,473	360,259	231,285	136,510	1,989,626	(69,147)



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South Orange County Wastewater Authority

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2025 Projected Versus Actual Earnings on Investments

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	(1,079,171)	5.0	(215,835)	-	-	-	-	-	-	-	-
21/22	1,323,263	5.0	264,653	264,651	-	-	-	-	-	264,651	-
22/23	(152,832)	5.0	(30,566)	(30,566)	(30,568)	-	-	-	-	-	(61,134)
23/24	(448,840)	5.0	(89,768)	(89,768)	(89,768)	(89,768)	-	-	-	-	(269,304)
24/25	(274,191)	5.0	(54,838)	(54,838)	(54,838)	(54,838)	(54,839)	-	-	-	(219,353)
Total			(126,354)	89,479	(175,174)	(144,606)	(54,839)	-	-	264,651	(549,791)
Net Deferred Outflows/(Inflows)										-	(285,140)

Calculation of initial amount for 2024/25:

Projected earnings on investments of \$456,891 (page 27), less

Actual earnings on investments of \$731,082 (net investment income, page 15)



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South Orange County Wastewater Authority

Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

	25/26	26/27	27/28	28/29	29/30	Thereafter 30/31+
■ Differences between Expected and Actual Experience	(22,903)	(22,903)	(22,905)	82,109	98,982	112,045
■ Changes of Assumptions	397,476	397,476	397,473	360,259	231,285	136,510
■ Projected Versus Actual Earnings on Investments	89,479	(175,174)	(144,606)	(54,839)	-	-
■ Total	464,052	199,399	229,962	387,529	330,267	248,555



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South Orange County Wastewater Authority

Supporting Calculations

Components of GASBS 75 OPEB Expense

	2024/25
■ Service Cost	\$ 290,703
■ Interest on Total OPEB Liability	773,131
■ Projected earnings on investments	(456,891)
■ Employee contributions	-
■ Administrative expense	18,361
■ Changes of benefit terms	-
■ Recognition of deferred outflows/(inflows)	
● Experience	(22,903)
● Assumptions	397,476
● Asset returns	(126,354)
■ OPEB Expense/(Income)	873,523



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South Orange County Wastewater Authority

Supporting Calculations

Components of GASBS 75 OPEB Expense*
Calculation of Projected Earnings on Investments
2024/25 Measurement Period

	Dollar Amount	Expected Return	Portion of Year	Projected Earnings
■ Fiduciary Net Position (beginning of year)	\$ 7,038,273	6.50%	100%	\$ 457,488
■ Employer contributions	-	6.50%	0%	-
■ Employee contributions	-	6.50%	0%	-
■ Disbursements	-	6.50%	0%	-
■ Administrative expenses	(18,361)	6.50%	50%	(597)
■ Projected earnings				<u>456,891</u>

* The items on this page reflect trust activity only.



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GASBS 75

South Orange County Wastewater Authority

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability
2024/25 Measurement Period

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 12,001,605	6.50%	100%	\$ 780,104
■ Service Cost	290,703	6.50%	100%	18,896
■ Changes of benefit terms	-	6.50%	0%	-
■ Experience*	424,630	6.50%	0%	-
■ Assumption changes*	1,805,672	6.50%	0%	-
■ Benefit payments	(795,977)	6.50%	50%	(25,869)
■ Total interest				<u>773,131</u>

* Liability determined as of the end of the measurement period, so no interest charge is applicable.



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South Orange County Wastewater Authority

Supporting Calculations

GASBS 75 Balance Equation

	Fiscal Year Ended	
	6/30/24	6/30/25
■ Total OPEB Liability	\$ 12,001,605	\$ 14,499,764
■ Fiduciary Net Position	7,038,273	7,750,994
■ Net OPEB Liability/(Asset)	4,963,332	6,748,770
■ Deferred inflows of resources	874,050	858,145
■ Deferred (outflows) of resources	(1,025,922)	(2,717,909)
■ Balance Sheet	4,811,460	4,889,006

Check:

■ Balance Sheet 6/30/24	\$ 4,811,460
● OPEB Expense/(Income)	873,523
● Employer Contributions*	(795,977)
■ Balance Sheet 6/30/25	4,889,006

* See the measurement period column on page 20 for details.



Supporting Calculations

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Journal Entries

Employer Contributions

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to OPEB Expense when paid, and that no accounting entries have been made for the current year implicit subsidy payment, which is recorded as a reduction to active employee health care costs. See page 20 for details.

Following records the impact of employer contributions

	Debit	(Credit)
■ Net OPEB Liability - (for contributions paid 7/1/24 to 6/30/25)	\$ 795,977	\$ -
■ Deferred Outflow - 6/30/24 to 6/30/24 contributions	-	-
■ Deferred Outflow - 6/30/25 to 6/30/25 contributions	-	-
■ Active employee health care costs - (implicit subsidy payments 7/1/24 to 6/30/25)	-	(180,973)
■ OPEB Expense - (for contributions paid 7/1/24 to 6/30/25)	-	(615,004)
<i>Check</i>	<i>795,977</i>	<i>(795,977)</i>



Journal Entries

Summary Journal Entries - OPEB Expense

Following records the impact of current year OPEB expense

	Debit	(Credit)
■ Deferred Outflows*	\$ 1,691,987	\$ -
■ Deferred Inflows**	163,742	(147,837)
■ OPEB Expense/Credit	873,523	-
■ Net OPEB Liability	-	(2,581,415)

Check *2,729,252* *(2,729,252)*

* See page 34 ('Subtotal' row) for details.

** See page 35 for details.



Journal Entries

Ending Balances at June 30, 2025

	Debit	(Credit)
■ Deferral: Differences between expected and actual experience	\$ 728,283	\$ (503,858)
■ Deferral: Changes of assumptions	1,989,626	(69,147)
■ Deferral: Net differences between projected and actual earnings on plan investments	-	(285,140)
■ Total deferred outflow/inflow	2,717,909	(858,145)
■ Net OPEB Liability (NOL)	-	(6,748,770)
■ Contributions after the Measurement Date	-	-
■ Net Impact	4,889,006	-

Check: 7,606,915 (7,606,915)

■ Total OPEB expense/(income) for FYE 2025	873,523	-
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Journal Entries

Reconciliation of Deferred Outflows

Detail for page 32

Deferred Outflows	Opening Balance - Debit	Journal Entry - Debit	Journal Entry - (Credit)	Ending Balance - Debit
■ Differences between actual and expected experience	\$ 432,967	\$ 295,316	\$ -	\$ 728,283
■ Change in assumptions	592,955	1,396,671	-	1,989,626
■ Differences between projected and actual earnings on plan investments	-	-	-	-
■ Subtotal - actuarial deferrals	1,025,922	1,691,987	-	2,717,909
■ Contributions after the Measurement Date	-	-	-	-
■ Total Deferred Outflows	1,025,922	1,691,987	-	2,717,909



Journal Entries

Reconciliation of Deferred Inflows

Detail for page 32

Deferred Inflows	Opening Balance - (Credit)	Journal Entry- (Credit)	Journal Entry - Debit	Ending Balance - (Credit)
■ Differences between actual and expected experience	\$ (656,075)	\$ -	\$ 152,217	\$ (503,858)
■ Change in assumptions	(80,672)	-	11,525	(69,147)
■ Differences between projected and actual earnings on plan investments	(137,303)	(147,837)	-	(285,140)
■ Total Deferred (Inflows)	(874,050)	(147,837)	163,742	(858,145)



Journal Entries

Reconciliation of Deferred Outflows/(Inflows)

Summary of Balances

	Fiscal Year Ended	
	6/30/24	6/30/25
■ Total OPEB (Liability)	\$ (12,001,605)	\$ (14,499,764)
■ Fiduciary Net Position	7,038,273	7,750,994
■ Net OPEB (Liability)/Asset	(4,963,332)	(6,748,770)
■ Deferred (inflows) of resources	(874,050)	(858,145)
■ Deferred outflows of resources	1,025,922	2,717,909
■ Balance Sheet Impact	(4,811,460)	(4,889,006)

