



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 15, 2026**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

**SUBJECT: Review and Acceptance of the June 30, 2026,
GASB 68 Actuarial Valuation**

On June 25th, 2012, the Governmental Accounting Standards Board (GASB) approved GASB 68. According to GASB, the objective of the new Statements is to improve financial reporting by state and local governmental pension plans and became effective for fiscal years beginning after June 15, 2014. The statement brought into effect the term Net Pension Liability. Under GASB standards, the unfunded pension liability will be calculated as Net Pension Liability/Asset (NPL/A). Statement No. 68 requires that the NPL/A be reported on the Districts Statement of Net Position in the annual audit report.

The District's Defined Benefit plan was adopted in Fiscal year 2015-2016 and the attached GASB 68 actuarial is prepared by Foster-Foster (formerly Bartel & Associates) on an annual basis. As noted above, the report is used to determine & disclose the related pension asset or liability given an agreed upon measurement date, in this case June 30, 2025 for disclosure in the fiscal year end June 30, 2026 audit report.

For fiscal year ended June 30, 2026, Foster-Foster has determined that funding by the District and eligible employees has resulted in a **net pension asset** of \$224,842 (funding status of 112.8%) which is an increase of our previous asset of \$56,789 from the previous fiscal.

As noted above, the report uses a measurement period of July 1, 2024 – June 30, 2025. During this period the District contribution rate was 7.3%, and the employee contribution rate was 7.75% of regular wages.

Braeleen Ballard, a representative of Foster-Foster, will be presenting the results of the actuarial study.

RECOMMENDATION:

Receive GASB 68 Actuarial Evaluation



Montara Water and Sanitary District PARS Retirement Plan



June 30, 2026 GASBS 68 Accounting Information As of Measurement Date June 30, 2025 Based on the June 30, 2025 Actuarial Valuation

Drew Ballard, FSA, EA, MAAA
Braelen Ballard, FSA, EA, MAAA
Foster & Foster, Inc.

September 29, 2026

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Applicable Dates

Applicable Dates and Periods

	Fiscal Year Ended June 30, 2026
■ Measurement date	June 30, 2025
■ Measurement period	July 1, 2024 to June 30, 2025
■ Actuarial valuation date	June 30, 2025



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Note Disclosures

Plan Information

	Fiscal Year Ended June 30, 2026
■ Plan type	Agent Multiple Employer
■ Pension trust	Yes
■ Special funding situation	No
■ Nonemployer contributing entities	No



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Note Disclosures

Expected Long-Term Rate of Return

	Target Allocation PARS-Capital Appreciation	Expected Real Rate of Return
■ Asset Class Component		
● Global Equity	75%	4.56%
● Fixed Income	20%	0.78%
● Cash	5%	(0.50%)
■ Assumed Long-Term Rate of Inflation		2.50%
■ Expected Long-Term Net Rate of Return, Rounded		6.25%

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



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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	2
■ Inactives entitled to but not yet receiving benefits	2
■ Active employees	8
■ Total	12



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Note Disclosures

Net Pension Liability/(Asset)

	Fiscal Year Ended	
	6/30/25	6/30/26
	Measurement Date 6/30/24	Measurement Date 6/30/25
■ Total Pension Liability (TPL)	\$ 1,585,011	\$ 1,756,980
■ Fiduciary Net Position (FNP)	1,641,800	1,981,822
■ Net Pension Liability (NPL)	(56,789)	(224,842)
■ Funded status (FNP/TPL)	103.6%	112.8%



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Note Disclosures

Changes in Net Pension Liability/(Asset)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
■ Balance at 6/30/25 (6/30/24 measurement date)	\$ 1,585,011	\$ 1,641,800	\$ (56,789)
■ Changes for the year			
● Service Cost	135,769	-	135,769
● Interest	107,100	-	107,100
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	57,525	-	57,525
● Assumption changes	(114,044)	-	(114,044)
● Contributions - employer*	-	73,123	(73,123)
● Contributions - employee	-	65,880	(65,880)
● Net investment income	-	226,469	(226,469)
● Benefit payments	(14,381)	(14,381)	-
● Administrative expenses	-	(11,069)	11,069
■ Net Changes	171,969	340,022	(168,053)
■ Balance at 6/30/26 (6/30/25 measurement date)	\$ 1,756,980	\$ 1,981,822	\$ (224,842)

* See the measurement period column on page 19 for details.



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Note Disclosures

Sensitivity of Net Pension Liability/(Asset)

■ Changes in the Discount Rate

	Discount Rate		
	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
■ Net Pension Liability	\$ 128,647	\$ (224,842)	\$ (509,603)



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Note Disclosures

Pension Expense/(Income) for Fiscal Year

	2025/26
	Measurement Period 2024/25
■ Pension Expense/(Income)*	\$ 64,705

* See page 25 for pension expense detail, which is not a required disclosure.



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Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2026

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ 162,519	\$ 12,971
■ Changes in assumptions	17,001	106,863
■ Net difference between projected and actual earnings on plan investments*	-	124,841
■ Employer contributions made subsequent to the measurement date**	89,103	-
■ Total	268,623	244,675

* Deferred Inflows and Outflows combined for footnote disclosure.

** See page 19 for details.



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Note Disclosures

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

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2027	\$ 24,056
■ 2028	(37,189)
■ 2029	(42,598)
■ 2030	(18,705)
■ 2031	5,358
■ Thereafter	3,923



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Note Disclosures

Significant Actuarial Assumptions Used for Total Pension Liability

Actuarial Assumption	June 30, 2025 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2025
■ Contribution Policy	■ District contributes full ADC
■ Discount Rate and Long-Term Expected Rate of Return on Assets	■ 6.25% at June 30, 2025 ■ 6.25% at June 30, 2024 ■ Expected District contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.50% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 2000-2023 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021



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Note Disclosures

Changes Since June 30, 2024 Measurement Date

	June 30, 2025 Measurement Date
■ Changes of assumptions	■ Demographic assumptions and merit salary increases were updated based on the CalPERS 2000-2023 Experience Study
■ Changes of benefit terms	■ None



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Required Supplementary Information

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

	2025/26
	Measurement Period 2024/25
■ Changes in Total Pension Liability	
● Service Cost	\$ 135,769
● Interest	107,100
● Changes of benefit terms	-
● Actual vs. expected experience	57,525
● Assumption changes	(114,044)
● Benefit payments	(14,381)
■ Net Changes	171,969
■ Total Pension Liability (beginning of year)	1,585,011
■ Total Pension Liability (end of year)	1,756,980



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Required Supplementary Information

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

	2025/26
	Measurement Period 2024/25
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 73,123
● Contributions - employee	65,880
● Net investment income	226,469
● Benefit payments	(14,381)
● Administrative expenses	(11,069)
● Other changes	-
● Net Changes	340,022
■ Plan Fiduciary Net Position (beginning of year)	1,641,800
■ Plan Fiduciary Net Position (end of year)	1,981,822



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Required Supplementary Information

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

	2025/26
	Measurement Date 6/30/2025
■ Net Pension Liability/(Asset)	\$ (224,842)
■ Fiduciary Net Position as a percentage of the Total Pension Liability	112.8%
■ Covered employee payroll*	850,057
■ Net Pension Liability as a percentage of covered employee payroll	-26.5%

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



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Required Supplementary Information

Schedule of Employer Contributions

	Fiscal Year 2025/26
■ Actuarially Determined Contribution (ADC)	\$ 89,103
■ Contributions in relation to the actuarially determined contribution*	89,103
■ Contribution deficiency/(excess)	-
■ Covered employee payroll**	877,929
■ Contributions as a percentage of covered employee payroll	10.1%

* See page 19 for details.

** For the 12-month period ended on June 30, 2026 (fiscal year end).
As reported by the District.



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Required Supplementary Information

Notes to Schedule of Employer Contribution **Methods and Assumptions for** **2025/26 Actuarially Determined Contribution**

■ Valuation Date	■ June 30, 2023
■ Actuarial Cost Method	■ Entry Age Normal, Level % of pay
■ Amortization Method	■ Level percent of pay
■ Amortization Period	■ 10 years
■ Asset Valuation Method	■ Investment gains and losses smoothed over 5-year fixed period
■ Discount Rate	■ 6.25%
■ General Inflation	■ 2.50%
■ Salary Increases	■ Aggregate - 2.75% annually ■ Merit - CalPERS 2000-2019 Experience Study
■ Mortality	■ CalPERS 2000-2019 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021



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Actuarial Certification

This report presents the Montara Water and Sanitary District PARS Retirement Plan 2025/26 disclosure under Governmental Accounting Standards Board Statement No. 68 (GASBS 68). This report may not be appropriate for other purposes, although it may be useful to the District for the Plan's financial management.

This report is based on information provided by the District which we relied on and did not audit. Additional information on the actuarial valuation can be found in the June 30, 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.

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 68. 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.
September 29, 2026

Braelen Ballard, FSA, EA, MAAA
Foster & Foster, Inc.
September 29, 2026



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Supporting Calculations

Employer Contributions

	Measurement Period	Measurement Date to FYE	Prior Measurement Date to Prior FYE
	7/1/24 to 6/30/25	7/1/25 to 6/30/26	Same as Measurement Period
■ Trust contributions	\$ 62,054	\$ 77,702	\$ 62,054
■ Benefit payments paid outside of trust	-	-	-
■ Administrative expenses paid outside of trust	11,069	11,401	11,069
■ Total employer contributions	73,123	89,103	73,123

Measurement period (7/1/24 to 6/30/25): \$73,123

Fiscal year (7/1/25 to 6/30/26): \$89,103



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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)
6/30/25	126.8 years	10	12.7 years	12.7 years
6/30/23	126.5 years	10	12.7 years	



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Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2026 Differences between Expected and Actual Experience

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in Pension Expense for FY							Deferred Balances June 30, 2026	
			25/26	26/27	27/28	28/29	29/30	30/31	31/32+	Outflows	(Inflows)
16/17	297,568	11.6	25,763	25,763	14,175	-	-	-	-	39,938	-
17/18	(37,021)	12.0	(3,095)	(3,095)	(3,095)	(2,976)	-	-	-	-	(9,166)
18/19	-	-	-	-	-	-	-	-	-	-	-
19/20	(9,020)	12.1	(745)	(745)	(745)	(745)	(745)	(745)	(80)	-	(3,805)
20/21	-	-	-	-	-	-	-	-	-	-	-
21/22	68,833	13.1	5,254	5,254	5,254	5,254	5,254	5,254	16,293	42,563	-
22/23	-	-	-	-	-	-	-	-	-	-	-
23/24	35,048	13.1	2,675	2,675	2,675	2,675	2,675	2,675	13,648	27,023	-
24/25	-	-	-	-	-	-	-	-	-	-	-
25/26	57,525	12.7	4,530	4,530	4,530	4,530	4,530	4,530	30,345	52,995	-
Total			34,382	34,382	22,794	8,738	11,714	11,714	60,206	162,519	(12,971)



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Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2026 Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in Pension Expense for FY							Deferred Balances June 30, 2026	
			25/26	26/27	27/28	28/29	29/30	30/31	31/32+	Outflows	(Inflows)
17/18	(7,271)	12.0	(608)	(608)	(608)	(583)	-	-	-	-	(1,799)
18/19	-	-	-	-	-	-	-	-	-	-	-
19/20	17,159	12.1	1,418	1,418	1,418	1,418	1,418	1,418	143	7,233	-
20/21	-	-	-	-	-	-	-	-	-	-	-
21/22	15,798	13.1	1,206	1,206	1,206	1,206	1,206	1,206	3,738	9,768	-
22/23	-	-	-	-	-	-	-	-	-	-	-
23/24	-	-	-	-	-	-	-	-	-	-	-
24/25	-	-	-	-	-	-	-	-	-	-	-
25/26	(114,044)	12.7	(8,980)	(8,980)	(8,980)	(8,980)	(8,980)	(8,980)	(60,164)	-	(105,064)
Total			(6,964)	(6,964)	(6,964)	(6,939)	(6,356)	(6,356)	(56,283)	17,001	(106,863)



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Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2026 **Projected Versus Actual Earnings on Investments**

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in Pension Expense for FY							Deferred Balances June 30, 2026	
			25/26	26/27	27/28	28/29	29/30	30/31	31/32+	Outflows	(Inflows)
21/22	(206,233)	5.0	(41,245)	-	-	-	-	-	-	-	-
22/23	248,272	5.0	49,654	49,656	-	-	-	-	-	49,656	-
23/24	(43,106)	5.0	(8,621)	(8,621)	(8,622)	-	-	-	-	-	(17,243)
24/25	(101,680)	5.0	(20,336)	(20,336)	(20,336)	(20,336)	-	-	-	-	(61,008)
25/26	(120,307)	5.0	(24,061)	(24,061)	(24,061)	(24,061)	(24,063)	-	-	-	(96,246)
Total			(44,609)	(3,362)	(53,019)	(44,397)	(24,063)	-	-	49,656	(174,497)
Net Deferred Outflows/(Inflows)										-	(124,841)

Calculation of initial amount for 2025/26 (2024/25 measurement period):

Projected earnings on investments of \$106,162 (page 26), less

Actual earnings on investments of \$226,469 (net investment income, page 14)



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Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future Pension Expense

	26/27	27/28	28/29	29/30	30/31	Thereafter 31/32+
■ Differences between Expected and Actual Experience	34,382	22,794	8,738	11,714	11,714	60,206
■ Changes of Assumptions	(6,964)	(6,964)	(6,939)	(6,356)	(6,356)	(56,283)
■ Projected Versus Actual Earnings on Investments	(3,362)	(53,019)	(44,397)	(24,063)	-	-
■ Total	24,056	(37,189)	(42,598)	(18,705)	5,358	3,923



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Supporting Calculations

Components of GASBS 68 Pension Expense

	2025/26
	Measurement Period 2024/25
■ Service Cost	\$ 135,769
■ Interest on Total Pension Liability	107,100
■ Projected earnings on investments	(106,162)
■ Employee contributions	(65,880)
■ Administrative expense	11,069
■ Changes of benefit terms	-
■ Recognition of deferred outflows/(inflows)	
● Experience	34,382
● Assumptions	(6,964)
● Asset returns	(44,609)
■ Pension Expense/(Income)	64,705



Supporting Calculations

Components of GASBS 68 Pension 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)	\$ 1,641,800	6.25%	100%	\$ 102,613
■ Employer contributions	62,054	6.25%	50%	1,939
■ Employee contributions	65,880	6.25%	50%	2,059
■ Benefit payments	(14,381)	6.25%	50%	(449)
■ Administrative expenses	-	6.25%	0%	-
■ Projected earnings				<u>106,162</u>



Supporting Calculations

Components of GASBS 68 Pension Expense **Calculation of Interest on Total Pension Liability** **2024/25 Measurement Period**

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total Pension Liability	\$ 1,585,011	6.25%	100%	\$ 99,063
■ Service Cost	135,769	6.25%	100%	8,486
■ Changes of benefit terms	-	6.25%	0%	-
■ Experience*	57,525	6.25%	0%	-
■ Assumption changes*	(114,044)	6.25%	0%	-
■ Benefit payments	(14,381)	6.25%	50%	(449)
■ Total interest				107,100

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



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Supporting Calculations

GASBS 68 Balance Equation

	Fiscal Year Ended	
	6/30/25	6/30/26
	Measurement Date 6/30/24	Measurement Date 6/30/25
■ Total Pension Liability	\$ 1,585,011	\$ 1,756,980
■ Fiduciary Net Position	1,641,800	1,981,822
■ Net Pension Liability/(Asset)	(56,789)	(224,842)
■ Deferred inflows of resources	68,361	244,675
■ Deferred (outflows) of resources	(162,841)	(179,520)
■ Balance Sheet	(151,269)	(159,687)

Check:

■ Balance Sheet 6/30/25	\$ (151,269)
● Pension Expense/(Income)	64,705
● Employer Contributions*	(73,123)
■ Balance Sheet 6/30/26	(159,687)

* See the measurement period column on page 19 for details.



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