

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

	2020	2019	Change	
			Dollar	Percentage
Cash and equivalents	\$ 765,869	\$ 786,769	\$ (20,900)	(3%)
Other current assets	56,842	28,387	28,455	>100%
Net capital assets	1,960,981	2,019,431	(58,450)	(3%)
Other assets	5,568,694	5,359,214	209,480	4%
Total assets	8,352,386	8,193,801	158,585	2%
Deferred outflows of resources	472,854	405,653	67,201	17%
Total Assets & Deferred Outflows	\$ 8,825,240	\$ 8,599,454	\$ 225,786	3%
Current liabilities	\$ 207,963	\$ 207,553	\$ 410	0%
Non-current liabilities	2,319,156	2,155,312	163,844	8%
Total liabilities	2,527,119	2,362,865	164,254	7%
Deferred inflows of resources	257,185	168,240	88,945	53%
Net investment in capital assets	1,947,181	1,998,431	(51,250)	(3%)
Restricted net position	-	-	-	0%
Unrestricted net position	4,093,755	4,069,918	23,837	1%
Total net position	6,040,936	6,068,349	(27,413)	0%
Total Liabilities, Deferred Inflows, & Net Position	\$ 8,825,240	\$ 8,599,454	\$ 225,786	3%

Net Position decreased \$27,413 (0%) as a result of the following major factors:

Cash and equivalents decreased \$20,900 (3%) mostly due to lower-than-expected rental receipts related to the COVID-19 pandemic and payouts for employee retirements. Likewise, Other current assets increased \$28,455 (>100%) as a result of increased tenant accounts receivable due to lower-than-expected rental receipts.

Net capital assets decreased \$58,450 (3%) due to regular depreciation which was offset by an increase in capital assets due to unit renovations and planned maintenance projects.

Other assets increased \$209,480 (4%) mostly due to an increase in interest receivable of \$151,215 related to several loans and an increase in Pension and OPEB (Other Post-Employment Benefits) receivable of \$45,240 and \$21,485, respectively (See Note 15).

Deferred outflows of resources increased \$67,201 (17%) due to an increase in deferred outflows related to OPEB of \$107,120 (see Note 8) and a decrease in deferred outflows related to Pensions of \$39,919 (see Note 9).

Management's Discussion and Analysis (Required Supplemental Information – Unaudited)

Non-current liabilities increased \$163,844 (8%) mostly due to an increase in OPEB liability of \$71,617 (see Note 8) and an increase in Pension liability of \$150,798 (see Note 9) offset by a decrease in accrued compensated absences (employee paid-time-off) of \$51,371 due to employee retirements.

Deferred inflows of resources increased \$88,945 (53%) due to an increase in deferred inflows related to OPEB (See Note 8).

Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	2020	2019	Change	
			Dollar	Percentage
Operating revenues	\$ 1,065,107	\$ 1,022,617	\$ 42,490	4%
Operating grants and subsidies	942,382	879,369	63,013	7%
Depreciation expense	(220,477)	(206,599)	(13,878)	7%
Housing assistance payments	-	-	-	0%
Other operating expenses	(1,980,564)	(1,987,838)	7,274	(0%)
Operating Income (Loss)	(193,552)	(292,451)	98,899	34%
Investment income	166,139	164,877	1,262	1%
Interest expense	-	-	-	0%
Other non-routine revenues (expenses)	-	-	-	0%
Income (Loss) Before Contributions and Other Items	(27,413)	(127,574)	100,161	79%
Special items	-	-	-	0%
Net operating transfers in (out)	-	-	-	0%
Capital contributions	-	-	-	0%
Change in Net Position	\$ (27,413)	\$ (127,574)	\$ 100,161	79%
Beginning net position	\$ 6,068,349	\$ 6,195,923		
Change in net position	(27,413)	(127,574)		
Prior-period adjustments	-	-		
Equity transfers	-	-		
Ending Net Position	\$ 6,040,936	\$ 6,068,349		

Our change in net position decreased \$27,413 in 2020 compared to 2019's decrease of \$127,574 in net position due to the following factors:

Revenues

Operating revenues increased \$42,490 (4%) primarily due to receiving an insurance claim refund related to a unit flooding that occurred in 2019. Our tenant rental revenues were higher due to a change in mix of tenant income but was offset by higher bad-debt expense due to a lower collection rate related to the pandemic.

Operating grants and subsidies increased \$63,013 (7%). The increase in funding was mostly a result of receiving an increase in our Capital Fund grant of \$44,866 (8%) in addition to receiving CARES Act funds of \$12,760.

Expenses

Depreciation expense increased \$13,878 (7%) due to the completion of unit renovations and planned maintenance projects (See Note 6).

Other operating expenses were similar to the prior year with a decrease of \$7,274 (0%) that was affected most by the following factors:

- Maintenance salary expense increased \$26,412 (12%) due to requiring additional workers to support an increase in extensive unit turns.
- Utility expense increased \$16,420 (8%) due to planned increases in City sewer and water rates.
- Tenant relocation expense increased \$12,110 (>100%) due to tenant relocation needed for extensive maintenance work related to flood damage.
- Materials expense decreased \$21,008 (18%) due to timing of water heater replacements needed in 2019.
- Building repairs expense decreased \$25,018 (27%) due to less flood damage expense compared to 2019.

CAPITAL ASSETS

As of year-end, we had \$1,960,981 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$58,450 from the end of last year.

	2020	2019	Change	
			Dollar	Percentage
Land	\$ 322,315	\$ 322,315	\$ -	0%
Construction in progress	16,792	58,387	(41,595)	(71%)
Buildings	8,531,965	8,328,343	203,622	2%
Furniture & equipment - dwellings	-	-	-	0%
Furniture & equipment - administration	333,190	333,190	-	0%
Accumulated depreciation	(7,243,281)	(7,022,804)	(220,477)	3%
Capital Assets, Net	\$ 1,960,981	\$ 2,019,431	\$ (58,450)	(3%)

The change in Capital Assets is presented in detail in the Notes to Financial Statements.

DEBT ADMINISTRATION

The Authority had the following amounts of debt outstanding:

			Change	
	2020	2019	Dollar	Percentage
Total Debt	\$ 13,800	\$ 21,000	\$ (7,200)	(34%)

ECONOMIC FACTORS

Significant economic factors affecting us are as follows:

- Federal funding by the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Cheryl Churchill, Executive Director for the Housing Authority of the City of Eureka, at (707) 443-4583. Specific requests may be submitted to Dustin Wiesner, Director of Finance, Housing Authority of the City of Eureka, 735 West Everding, Eureka, CA 95503.

Housing Authority of the City of EurekaStatement of Net Position
December 31, 2020

	Primary Government	Discretely Presented Component Units
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and equivalents - operating	\$ 687,489	\$ 79,276
Restricted cash and equivalents	78,380	482,646
Receivables, net of allowances	41,878	17,790
Accrued interest receivable	824	-
Prepaid expenses and other current assets	14,140	13,618
Total current assets	<u>822,711</u>	<u>593,330</u>
Non-current assets:		
Notes receivables, net of current	3,109,673	-
Investment in joint ventures	397,361	-
Other long-term assets	2,061,660	-
Capital assets, net of accumulated depreciation	<u>1,960,981</u>	<u>6,677,746</u>
Total non-current assets	<u>7,529,675</u>	<u>6,677,746</u>
Total assets	<u>8,352,386</u>	<u>7,271,076</u>
Total deferred outflows of resources	<u>472,854</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 8,825,240</u></u>	<u><u>\$ 7,271,076</u></u>

Housing Authority of the City of Eureka

Statement of Net Position
December 31, 2020

	Primary Government	Discretely Presented Component Units
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable	\$ 53,404	\$ 10,698
Unearned revenues	16,192	6,663
Deposits held in trust, contra	78,380	31,390
Other current liabilities	50,938	65,907
Accrued wages payable	-	-
Accrued employee benefits payable	1,849	130
Debt, current portion	7,200	147,404
Total current liabilities	<u>207,963</u>	<u>262,192</u>
Non-current liabilities:		
Accrued employee benefits payable, net of current	2,312,556	4,199
Long-term accrued interest payable	-	687,939
Debt, net of current	6,600	5,165,930
Other long-term liabilities	-	1,568,221
Total non-current liabilities	<u>2,319,156</u>	<u>7,426,289</u>
Total liabilities	<u>2,527,119</u>	<u>7,688,481</u>
Total deferred inflows of resources	<u>257,185</u>	<u>-</u>
Net position:		
Net investment in capital assets	1,947,181	1,203,035
Restricted	-	-
Unrestricted	<u>4,093,755</u>	<u>(1,620,440)</u>
Total net position	<u>6,040,936</u>	<u>(417,405)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,825,240</u>	<u>\$ 7,271,076</u>

Housing Authority of the City of Eureka

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2020

	Primary Government	Discretely Presented Component Units
Operating revenues:		
Tenant rental revenue, net of collection losses	\$ 869,330	\$ 747,520
Operating grants and subsidies	942,382	-
Other revenue	195,777	2,210
Total operating revenues	<u>2,007,489</u>	<u>749,730</u>
Operating expenses:		
Administrative	808,959	98,259
Tenant services	59,357	15,769
Utilities	225,859	64,165
Ordinary maintenance and operations	696,892	190,475
Protective services	-	81
Insurance premiums	67,609	35,089
Other general expenses	121,888	51,783
Depreciation	220,477	252,344
Total operating expenses	<u>2,201,041</u>	<u>707,965</u>
Operating income (loss)	(193,552)	41,765
Non-operating revenues (expenses):		
Investment income	166,139	6,140
Interest expense	-	(275,811)
Gain (loss) on disposition of capital assets	-	(53,123)
Total non-operating revenues (expenses)	<u>166,139</u>	<u>(269,671)</u>
Income (loss) before contributions and other items	(27,413)	(227,906)
Special items gains (losses)	-	-
Capital contributions	-	-
Change in Net Position	<u>\$ (27,413)</u>	<u>\$ (281,029)</u>
Net position, beginning of year	\$ 6,068,349	\$ (136,376)
Change in net position	(27,413)	(281,029)
Prior-period restatements	-	-
Equity transfers	-	-
Net Position, End of Year	<u>\$ 6,040,936</u>	<u>\$ (417,405)</u>

Housing Authority of the City of EurekaStatement of Cash Flows
Year Ended December 31, 2020

	Primary Government
Cash flows from operating activities:	
Cash receipts from tenants	\$ 854,130
Cash receipts from grants	934,402
Cash payments to suppliers for goods and services	(882,563)
Cash payments for wages and benefits	(959,997)
Other cash payments and receipts	<u>34,911</u>
Net cash provided (used) by operating activities	<u>(19,117)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(162,027)
Principal payments on debt	<u>(7,200)</u>
Net cash provided (used) by capital and related financing activities	<u>(169,227)</u>
Cash flows from investing activities:	
Interest on cash deposits	4,406
Interest on notes receivable	<u>163,038</u>
Net cash provided (used) by investing activities	<u>167,444</u>
Net change in cash and equivalents	(20,900)
Cash at beginning of period	<u>786,769</u>
Cash at End of Period	<u>\$ 765,869</u>
Reconciliation of cash to the Statement of Net Position:	
Cash and equivalents - operating	\$ 687,489
Restricted cash and equivalents	<u>78,380</u>
Total Cash and Equivalents	<u>\$ 765,869</u>

Housing Authority of the City of EurekaStatement of Cash Flows
Year Ended December 31, 2020

	Primary Government
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (193,552)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	220,477
Bad debt expense	49,813
Pension	121,777
Other post-employment benefits	71,617
Changes in operating assets and liabilities:	
Accounts receivable	(74,138)
Prepaid expenses and other assets	(164,150)
Accounts payable	(2,430)
Accrued wages and benefits	(52,960)
Deposits held in trust, contra	(422)
Unearned revenues	1,567
Other liabilities	3,284
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,117)</u>

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

The Housing Authority of the City of Eureka (Authority, we, us, our) was incorporated on August 6, 1946, under the California State Health and Safety Code, Section 34200. The Housing Authority was established to provide clean, decent, safe, sanitary and affordable housing to low-income families.

Commissioners are appointed by the mayor. Regular commissioners serve terms of four years and tenant commissioners serve two years. The Board consists of six commissioners.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with us to administer certain HUD funds.

Our primary operations are comprised of the Low Rent Housing Program. This program is designed to provide very low-income families with decent, safe, and sanitary rental housing. The Low Rent Housing Program operates the Authority's own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). This program has 196 units owned at twelve different sites as of December 31, 2020, as well as a community center and police annex. This program is operated by the Authority under HUD contract SF-216. Funding is provided by tenant rent payments and subsidies provided by HUD based upon a formula that takes into consideration factors such as: prior formula funding, population of the area, number of dwelling units, bedroom sizes, building height and building age, utility costs, and rental income.

The Low Rent Housing Program is supplemented by the Capital Fund Program. The purpose of this program is to utilize funds granted by HUD for remodeling and upgrading the facilities in the Low Rent Housing Program, as well as to support overall operations. These grant funds are authorized by HUD each year but can be spent over the course of several years.

In addition, the Authority operates other non-federal housing programs. Marine View Terrace was formed for the purpose of investing excess funds of the Authority and to loan other programs operating funds throughout the year when their funds require operating capital. Marine View Terrace also acts as manager for the dwelling units owned by Eureka Family Housing, LP and Eureka Housing Associates, LP and receives a management fee for its services. Funds from this program can be used as "seed" money for the development of low-income housing.

Reporting Entity

As described in GASB Statement No. 34, paragraph 134, the Authority is considered a primary government and meets the definition of a special purpose government ("SPG"). The Authority is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which includes Management's Discussion and Analysis ("MD&A"), basic financial statements, and Required Supplemental Information ("RSI"). All inter-program activities have been eliminated in these financial statements.

We are an independent agency, with operations separate from those of the City of Eureka (City). Our obligations, including loans through direct borrowing or the sale of bonds, are not obligations of the City. The City provides us no funding. Additionally, the City does not hold title to any of our assets, nor does it have any right to our surpluses. The City does not have the ability to exercise influence over our daily operations or approve our budgets.

We are a separate entity from the Housing Authority of the County of Humboldt. Each Housing Authority has a separate Board of Commissioners and separate by-laws to adhere to. One executive director administers both housing authorities; staff, office space and equipment are shared. Costs associated with these shared resources are allocated based on actual time spent on programs, square footage, and other methods deemed appropriate by management.

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Authority appoints the voting majority of the governing board, there is a financial benefit/burden relationship, the Authority is able to impose its will, the component unit is fiscally dependent on the Authority, the component unit's governing body is substantially the same as the Authority, and management of the Authority have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Blended Component Units:

Eureka Housing Development Corporation - This is a legally separate entity that is a 501 (c) (3) not-for-profit corporation. The board of the corporation is nearly identical to the board of the Authority. The purpose is to provide affordable housing for low-income persons and to serve as a general partner in Eureka Housing Associates, LP and as the single member of the Eureka Family Housing, LP. Eureka Housing Development Corporation shares the December 31st year-end with the Authority. There are no separately issued audited financial statements for this entity, however a copy of the most recent informational tax return (Form 990) can be obtained from staff at our office.

Discrete Component Units:

Eureka Family Housing, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and Merritt Community Capital Fund X, L.P. The purpose is to provide low-rent housing to qualifying residents of the City of Eureka in accordance with guidelines and requirements established by CalHFA. Funds to construct dwellings, subsidize rents and use for operating expenses are obtained through contracts with the Department of Housing and Urban Development (HUD) and the California Housing Finance Agency (CalHFA). At December 31, 2020, 50 units were contracted through CalHFA. This entity shares the December 31st year-end with the Authority.

Eureka Housing Associates, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and an investment partner. The purpose is to own and operate a 22-unit scattered-site multi-family project for the benefit of elderly low-income persons who need affordable, decent, safe and sanitary housing and related services. This entity shares the December 31st year-end with the Authority.

Reports for discrete component units are issued under separate cover. They may be obtained at the Housing Authority of the City of Eureka, 735 West Everding Street, Eureka, CA 95503.

NOTE 02 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Accrual Basis of Accounting*

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Agency has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Authority include program specific grants, and rental income from tenants of the various housing projects. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds, and certificates of deposit.

Restricted Cash

Restricted cash consists of cash and investments that are held in trust, reserves and escrows, as well as other cash and investments that are restricted for specific purposes.

Accounts Receivable from Tenants

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$49,813 for the year ended December 31, 2020.

Accounts Receivable from HUD and Other Governments.

The amounts reported as accounts receivable from HUD or due from other governments represent reimbursable costs or grant subsidies earned that have not been received as of year-end; these amounts are considered fully collectible.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable fixed assets range from 3 – 40 years.

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of December 31, 2020, there has been no impairment of the capital assets.

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. Currently, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Tenant Security Deposits

Security deposits consist of amounts held in trust with Housing Authority of the City of Eureka for tenants to secure apartment leases.

Compensated Absences

Compensated absences are absences for which employees will be paid, e.g., sick leave, vacation, and other approved leave. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, we accrue the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees. Our policy is that annual vacation leave is limited to 320 hours at year-end, and sick leave is limited to 1,000 hours.

Unearned Revenue

Unearned revenues consist of rental payments made by tenants in advance of their due date, and/or rental subsidies received in advance of the period earned.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows of resources related to the net pension liability resulted from Authority contributions to the employee pension plan subsequent to the measurement date of the actuarial valuation for the pension plan, the difference between actual and expected, the effect of changes in actuarial assumptions, and the effect of the Authority's change in proportion. The deferred outflows related to the net pension liability will be deferred and amortized as detailed in Note 9 to the financial statements.

The deferred outflows of resources related to the net OPEB obligation resulted from the effect of changes in actuarial assumptions. The deferred outflows related to the net pension obligation will be deferred and amortized as detailed in Note 8 to the financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

The deferred inflow of resources related to the net pension liability results from the difference between actual and expected experience and difference between projected and actual earnings on pension plan investments, the effect of changes in actuarial assumptions, the change in the Authority's proportionate share of pension contributions and the effect of the change in the Authority's proportion. These amounts are deferred and amortized as detailed in Note 9 to the financial statements.

The deferred inflows of resources related to the net OPEB obligation resulted from the differences between expected and actual experience in measurements. The deferred inflows related to the net pension obligation will be deferred and amortized as detailed in Note 8 to the financial statements.

Leasing Activities

We are the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled at any time or renewed annually. We may cancel the leases only for a cause. Revenues associated with these leases are reported in the accompanying financial statements and related schedules within dwelling rent revenue.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System ("CalPERS") plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.