

CPS HR Board of Directors  
Board Meeting Agenda

Friday, November 7, 2025  
9:00 AM PST

CPS HR Consulting  
2450 Del Paso Road, Suite 220  
Sacramento, CA 95834  
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## **CPS HR Consulting Board Meeting Teleconference Locations November 7, 2025**

### **Open Session 9:00AM PST (12:00 PM EST)**

Click on the "Join Microsoft Teams Meeting" link in your meeting invitation or phone in to: (916) 562-0871 or the toll-free number (866) 343-5340, Conference ID 468 196 737 #

#### **Locations**

CPS HR Consulting, 2450 Del Paso Road, Suite 220, Sacramento, CA 95834

City of Las Vegas, 495 S. Main Street, 1<sup>st</sup> Floor, Las Vegas, NV 89101

Mecklenburg County, 700 E. 4<sup>th</sup> Street, Suite 220, Charlotte, NC 28202

Pinellas County, HR Dept., 400 S. Fort Harrison, Clearwater, FL 33756

City of Plano, 1520 Avenue K, Suite 300, Plano, TX 75074

Sacramento County, 2 Songshou Rd, Taipei, Taiwan 11051

# The CPS Board Year

Revised Nov. 2024

The following calendar outlines “routine” agenda items that are addressed throughout the year. Other items are added as required based on business/governance requirements.

## **Every Meeting**

- ◆ Minutes from previous meeting – for approval
- ◆ Budget and Cash Flow Update – for information
- ◆ Performance Dashboard – for information (variances only)
- ◆ Investment Update – for information (as required by law)
- ◆ Approve Class/Pay Plan (to meet CalPERS requirements)
- ◆ Return to Board Funds Update – for information
- ◆ Employee Recognition – for information (recognize the individual, and highlight the accomplishment)
- ◆ Board Development/Emerging Trends (30-60 minutes)
  - Organizational Showcase
  - Current trends or client success stories

## **November**

- ◆ Review CPS HR cash minimum every two years. (Next review Nov. 2026) –For information
- ◆ Annual Financial Audit Report – discussion/approval
- ◆ Salary market survey results/class and pay plan implementation – discussion/approval
- ◆ Meeting dates/locations for following year’s Board Meetings – for approval
- ◆ Disclosure of reimbursement for special districts – for information (no report out)
- ◆ Board Member Meeting Attendance Cost Summary – annual report – for information (no report out)
- ◆ Board Development Activity (new in 2011)

## **March**

- ◆ Board Offsite Meeting for Strategic Planning and Board Integration Activities
- ◆ Review By-Laws & Ground Rules annually (eff. 3/2012)
- ◆ Review Board Orientation (Eff. 2016)
- ◆ Review Return to Board Funds availability and amount for next FY (Friday agenda)
- ◆ Senior Leader/Board Dialogue
- ◆ Board report out of CEO-level interviews on business trends (eff. 3/2014)

## **June**

- ◆ Next Fiscal Year Budget and Strategic Plan – for approval
- ◆ Election of Board Officers (every 2 years) – upcoming in 2026, 2028, etc. or as needed – for approval
- ◆ Annual appointment of Board Development Committee, Executive Committee and Financial Audit Committee members – for approval
- ◆ Investment Policy for Next FY – for approval
- ◆ Delegation of Authority/Authority to Contract (approval) - if needed
- ◆ FY Strategic Plan and Accomplishments – for info and discussion (variances only)
- ◆ Annual Diversity Report – for information (year to year performance)
- ◆ Client Satisfaction Survey Data - for information
- ◆ Emergency Succession Plan – Review and update for approval by the Board every two years starting in 2018.
- ◆ Executive Performance Plan Accomplishments – discussion/closed session
- ◆ Executive Performance Plan for Next FY – discussion/acceptance/closed session

## **As Needed**

- ◆ Information on policy changes, internal operations, investments, special projects, and Board subcommittee reports.
- ◆ CEO Report – info and discussion on an as-needed basis.
- ◆ Insurance/Benefits-for information at the beginning of each calendar year; sent out as separate report



## **CPS HR Board Committee Appointments**

### ***Board Executive Subcommittee*** (standing committee)

July 1, 2024 – June 30, 2026

- LaShon Ross, Board Chair, City of Plano
- Joseph Hsieh, Vice Chair/Secretary, Sacramento County
- Vince Zamora, Member-At-Large, City of Las Vegas

### ***Board Development Subcommittee*** (standing committee)

July 1, 2025 – June 30, 2026

- Vince Zamora, City of Las Vegas
- Linda Andal, City of Anaheim
- Joannette Freeman, Mecklenburg County

### ***Board Financial Audit Subcommittee*** (ad-hoc committee)

2025 members:

- Wade Childress, Pinellas County
- Fernando Yañez, Hayward USD

**CPS HR Consulting – Agenda**  
**Board of Directors Meeting**  
**Friday, November 7, 2025 – 9:00 a.m. PST**

CPS HR Consulting  
2450 Del Paso Road, Suite 220  
Sacramento, CA 95834

**Action may be taken on any item on the Agenda**

**Open Session**

Board Meeting Attendee Introductions  
CEO Welcome

I. Consent Calendar

- |  |              |
|--|--------------|
| 1. Disclosure of Reimbursement for Special Districts | Attachment 1 |
| 2. Board Member Meeting Attendance Cost Summary      | Attachment 2 |
| 3. Return to Board Funds Update                      | Attachment 3 |

II. Action Items

- |  |              |
|--|--------------|
| 4. Approval of Annual Financial Audit Report ( <i>under separate cover</i> ) | Attachment 4 |
| 5. Approval of Minutes from June 6, 2025 Board Meeting                       | Attachment 5 |
| 6. Approval of Salary Market Survey Results/Class and Pay Plan               | Attachment 6 |
| 7. Approval of Board Meeting Dates and Locations for 2026                    | Attachment 7 |

III. Information Only

- |   |               |
|---|---------------|
| 8. FY26 Budget/Cash Flow Update           | Attachment 8  |
| 9. CPS HR Performance Scorecard Dashboard | Attachment 9  |
| 10. FY26 Strategic Initiative Updates     | Attachment 10 |
| 11. CPS HR Investment Update              | Attachment 11 |
| 12. Employee Recognition                  | Attachment 12 |

Public Comment on Matters Not on the Agenda

**End of Open Session**

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**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Sandy MacDonald-Hopp, CFO  
**SUBJECT:** Disclosure of Reimbursement for Special Districts

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

This fulfills our requirement as a governmental agency to disclose information related to reimbursements of employee travel and expenses.

**DISCUSSION:**

In 1994, legislation was passed requiring special districts to disclose employee travel and expense related reimbursements (under Government Code sec. 53065.5). Accordingly, we are required to print and make available our warrant (check) list at least annually. CPS HR prints a list of all checks as part of the check run process and all lists are kept in the Finance SharePoint site. Employee travel and expense-related reimbursements are included in each check run. The documents are public information and available for viewing by interested parties.

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, no expense will be incurred.

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**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Dana Henderson, Executive Assistant  
**SUBJECT:** Board Member Meeting Attendance Cost Summary – Annual Report

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

This item is related to Board Operations rather than the Business Plan.

**DISCUSSION:**

As a special district, CPS HR is required to disclose expense reimbursements of at least \$100 on an annual basis. This will occur as a standard annual agenda item, providing the expense reimbursement disclosure for the Board meetings for the previous year.

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, for information only.

SUMMARY REPORT - CPS HR CONSULTING BOARD MEMBER MEETING EXPENSES							
	June 23 Total	Nov 23 Total	Mar 24 Total	June 24 Total	Nov 24 Total	Mar 25 Total	June 25 Total
<b>Category</b>							
Transportation			\$ 3,151.00			\$ 3,407.00	
Lodging			\$ 2,441.00			\$ 2,252.00	
Food			\$ 1,882.00			\$ 2,206.00	
Meeting Room/ A/V/Phone			\$ -			\$ -	
<b>Totals</b>			<b>\$ 7,474.00</b>			<b>\$ 7,865.00</b>	
	Board meeting held via teleconference	Board meeting held via teleconference		Board meeting held via teleconference	Board meeting held via teleconference		Board meeting held via teleconference
Amounts are rounded to the nearest dollar.							
**None of the above includes Sr. Leader costs.							

**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Dana Henderson, Executive Assistant  
**SUBJECT:** Return to Board Funds Update

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The fund is provided to allow board member organizations to access our products and services as a demonstration project. Funds go toward improvement of management, culture, or the HR function of the organization. These funds are a part of the investment CPS HR makes in our board member agencies from the Professional and Community Investment Fund segment of our operating budget.

**DISCUSSION:**

Due to budget constraints, the Return to Board Funds were suspended until next fiscal year.

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, for information only.

**RETURN TO BOARD FUNDING - November 2025**

<b>Board Agency</b>	<b>Beginning balance as of November 2025</b>	<b>Description of Funds Spent /Encumbered</b>	<b>Spent / Encumbered Amount</b>	<b>Current Balance</b>
City of Anaheim	\$0		\$0	\$0
Hayward USD	\$0		\$0	\$0
City of Las Vegas	\$0		\$0	\$0
Mecklenburg County	\$0		\$0	\$0
City of Plano	\$0		\$0	\$0
Pinellas County	\$0		\$0	\$0
Sacramento County	\$0		\$0	\$0

**DATE:** November 7, 2025

**TO:** CPS HR Consulting Board of Directors

**FROM:** Ad-Hoc Finance Audit Subcommittee

**PREPARED BY:** Sandy MacDonald-Hopp, CFO

**SUBJECT:** CPS HR Audited Financial Statements (under separate cover)

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The CPS JPA agreement requires that an audit be conducted annually. The audit ensures that the financial statements present fairly, in all material aspects, the financial position of CPS and the results of its operations and cash flows are in conformity with the accounting principles generally accepted in the United States of America.

**DISCUSSION:**

The CPS audited financial statements for the fiscal year ending June 30, 2025 are provided under separate cover along with the required communication from our independent auditor. On October 22, 2025, representatives Kevin Wong, Pam Sailor, and Amanda Jamerson of Gilbert CPAs, CPS' audit firm met by teleconference with the ad-hoc Finance Audit Subcommittee (Wade Childress, County of Pinellas board member and Fernando Yanez, Hayward School District board member) to present and discuss the financial statements. A representative of Gilbert CPAs will provide a live presentation at the board meeting which will include a summary of the audit and commentary. Once the fiscal 2024-2025 audited financial statements are accepted by the Board, the ad-hoc Finance Audit Subcommittee will have completed its responsibilities regarding the fiscal 2024-2025 audit.

**RECOMMENDATIONS:**

1. The Board accepts the audited financial statements for fiscal 2024-2025.
2. The Board disbands the ad-hoc Finance Audit Subcommittee, to be reconstituted for the fiscal year 2024-2025 financial audit.

**FISCAL IMPACT:** None.

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## Minutes of Board of Directors Meeting

June 6, 2025

The Board of Directors of CPS HR Consulting met on Friday, June 6, 2025, via teleconference.

### **Board members attending:**

LaShon Ross, City of Plano, TX, (Chair)  
 Joseph Hsieh, County of Sacramento, CA (Vice Chair/Secretary)  
 Vince Zamora, City of Las Vegas, NV  
 Linda Andal, City of Anaheim, CA  
 Joannette Freeman, County of Mecklenburg, NC  
 Wade Childress, County of Pinellas, FL  
 Carla Romine, City of Plano, TX (Alternate)  
 Victoria Huynh, City of Plano, (Alternate)

### **Board Members Not Attending:**

Fernando Yañez, Hayward Unified School District  
 Sue Brown, City of Las Vegas, NV (Alternate)  
 Maria Ciro, County of Pinellas, FL (Alternate)

### **Staff attending:**

Jerry Greenwell, CEO	Dana Henderson	Sandy MacDonald-Hopp
Melissa Asher	Vicki Quintero Brashear	Jaclyn Del Carlo
Greg Roberson	Manpreet Kaur	Mathew Berg
Cerri Mansfield	Fatima Nukic Gilles	Laborde Lagrave
Kristin Morris	Abby Ackers	Christina Peacock
Heather Moore	Allen Myers	Sarah Kleinberg
Kale Brinley	Lynne Harris	Kaley Cooper
Edward Sisson	Jan Nishikawa	Breana Lopez
Don Ronyak	Eliza Da La Cruz	Holly Hatada
Kevin Nicholson	Tiffany Bose	Kinsey Mitchell
Pranita Chand	Suzanne Ansari	Alan Tomassetti
Jody Lecheler	Matthew Christoffersen	Veronica Lara-Lopez
Michelle Long	Jose Gonzalez	John Freeburn
Kimberly Sumagit	Sara Randazzo	Angela Love
Ome Enebeli	Vickie Legkiy	Dimple Patel
Karina Mendez	Erich WonSavage	Chanelle Ceralde
Karen Evans	Michelle Garbato	Chelle Ramon
Sophia Farrington	Megan Misasi-Randles	Layla Mansfield
David Krolikowski	Amy Bigone	Denise Moran
Chris Atkinson	Darlene McPhaul-Smith (PC)	

### **Others attending:**

Jeff Mitchell, Legal Counsel from KMTG  
 Mary Christian, private citizen

**Closed Session for CPS HR Consulting – Board Meeting**

Closed Session was called to order at 9:36 a.m. PDT. The following Board Members, along with Jerry Greenwell were in attendance:

LaShon Ross, City of Plano, TX, Chair  
Joseph Hsieh, County of Sacramento, CA, Vice Chair/Secretary  
Vince Zamora, City of Las Vegas, NV  
Linda Andal, City of Anaheim, CA  
Joanette Freeman, County of Mecklenburg, NC  
Wade Childress, County of Pinellas, FL  
Carla Romine, City of Plano, TX (Alternate)  
Victoria Huynh, City of Plano, TX (Alternate)

The Board Members met to discuss the terms of employment for the new Chief Executive Officer.

Closed Session adjourned at 10:11 a.m. PDT.

**Open Session for CPS HR Consulting - Board Meeting**

Open Session was called to order at 10:31 a.m. PDT by LaShon Ross, Board Chair. Roll call was taken to ensure there was a quorum.

LaShon welcomed everyone and all Board Members and senior staff attending the meeting introduced themselves.

**Action Items**

***Action Item #1 – Approval of terms of employment for the new Chief Executive Officer (no attachment)***

Lashon stated this closed session was to discuss the appointment of a new Chief Executive Officer (CEO) as the current CEO, Jerry Greenwell, is retiring at the end of the month. The recruitment process was completed, and an offer of employment was made and accepted by Katrina Hagan. The terms of the contract include a base compensation rate of \$275,000 annually, an accrued leave bank with 80 hours as of the date of employment, and the opportunity for an annual performance-based bonus of up to 10% of the base salary (one-time payment).

Lashon asked for a motion to approve the decision made during the closed session to hire Katrina Hagan as the CEO of CPS HR Consulting, with the terms stated and also allowing the Chair of the Board to execute the contract effective July 7th, 2025.

The Board of Directors of CPS HR Consulting approved Katrina Hagen as CEO of CPS HR Consulting, and to allow the Board Chair to execute the employment contract effective July 7<sup>th</sup>, 2025.

Motion: Andal, City of Anaheim  
Second: Zamora, City of Las Vegas  
Vote:

City of Anaheim	Aye
City of Las Vegas	Aye
County of Pinellas	Aye
City of Plano	Aye
County of Sacramento	Aye
County of Mecklenburg	Absent (technical problems during vote)
Hayward USD	Absent

**Resolution # 25-04**

Lashon expressed gratitude to the senior team for their involvement and engagement throughout the CEO recruitment process. She emphasized the importance of the transition and the board's commitment to the organization's best interests.

**Attachment #1 – Approval of the March 7, 2025, Board Meeting Minutes**

The minutes from the March 7, 2025, Board Meeting were presented for approval. There were no comments or changes to the minutes. The Board of Directors of CPS HR Consulting approved the Minutes from the March 7, 2025, Board Meeting.

Motion:	Freeman, County of Mecklenburg
Second:	Zamora, City of Las Vegas
Vote:	
	City of Anaheim                      Aye
	City of Las Vegas                      Aye
	County of Pinellas                      Aye
	City of Plano                              Aye
	County of Sacramento                      Aye
	County of Mecklenburg                      Aye
	Hayward USD                              Absent

**Attachment #2 – Election of Board Officers and Appointment of Board Committee Members**

Board Development Committee: Linda volunteered to step down if another member was interested but ultimately decided to remain on the committee. Vince expressed his willingness to stay on the committee, despite his anticipated retirement in January 2026. Jonnette also agreed to continue to participate after understanding the committee's role.

Finance Audit Committee: Wade expressed his preference to remain on the Finance Audit Committee, and Fernando was nominated to continue serving on the committee, even though he was not present at the meeting.

The Board of Directors of CPS HR Consulting approved the Board Development Committee Members as Linda Andal (City of Anaheim), Vince Zamora (City of Las Vegas) and Joannette Freeman (County of Mecklenburg).

Motion:	Childress, County of Pinellas
Second:	Hsieh, County of Sacramento

Vote:

City of Anaheim	Aye
City of Las Vegas	Aye
County of Pinellas	Aye
City of Plano	Aye
County of Sacramento	Aye
County of Mecklenburg	Aye
Hayward USD	Absent

**Resolution # 25-05**

The Board of Directors of CPS HR Consulting approved the members of the Ad-Hoc Finance Audit Committee as Wade Childress (County of Pinellas) and Fernando Yanez (Hayward USD).

Motion: Zamora, City of Las Vegas  
 Second: Andal, City of Anaheim  
 Vote:

City of Anaheim	Aye
City of Las Vegas	Aye
County of Pinellas	Aye
City of Plano	Aye
County of Sacramento	Aye
County of Mecklenburg	Aye
Hayward USD	Absent

**Resolution # 25-06**

Sandy mentioned she already received an engagement letter from our auditors, Gilbert & Associates, and they are requesting a signature from a committee member to schedule the audit field work. Sandy will send the letter to Wade for a signature today.

**Attachment #3 – Approval of the FY2026 Strategic Plan and FY2026 Budget (under separate cover)**

Jerry presented the updated strategic plan which is continuing the framework used in prior years with a clear focus on the organization’s mission, values, and 2030 vision to achieve a national presence.

Key strategic goals for FY2026 include:

**Revenue Growth & Diversification:**

- Increased project diversity, focusing on contracts >\$50K
- Entry into the Great Lakes market with a \$500K goal

**Profitability:**

- Target gross margin of 37%
- Emphasis on retained income for reinvestment

**Talent Strategy:**

- Balance of FTEs and intermittent consultants to ensure agility and capacity
- Focus on strategic workforce alignment

**Organizational Culture:**

- Roll out of foundational training to strengthen engagement and shared vision
- Culture initiatives to support alignment with strategic goals

**Product & Services Focus:**

- Revitalization of high-margin classification & compensation service line

Sandy presented the FY2026 budget, noting a return to growth following a financially challenging FY2025.

- **Revenue:**
  - Increase from \$28.4M (FY25) to \$32.5M (FY26)
  - Key drivers: Chicago test administration and a growth in class & comp services
- **Net Operating Result:**
  - Break-even budget projected (\$20K net income)
  - Operating loss offset by investment income and OPEB subsidy
  - No bonuses budgeted; potential accruals may be considered mid-year
- **Compensation:**
  - Return to January salary increase cycle
  - Provisional 3% salary increase, subject to financial viability review in November
- **Expenses & Capital:**
  - Direct project costs increase to support revenue growth
  - \$40K capital spend allocated for server upgrades
- **Staffing Plan:**
  - Targeted FTE headcount: 110
  - Continued strategic use of project consultants
- **Service Line & Market Insights:**
  - Strongest revenue is from the local market (Chicago testing)
  - Growth expected in test development, class & comp, and org strategy
  - Margins improving in test rental services

The Board of Directors of CPS HR Consulting approved the FY2026 Strategic Plan and Budget as presented.

Motion:	Childress, County of Pinellas	
Second:	Freeman, County of Mecklenburg	
Vote:		
	City of Anaheim	Aye
	City of Las Vegas	Aye
	County of Pinellas	Aye
	City of Plano	Aye
	County of Sacramento	Aye
	County of Mecklenburg	Aye
	Hayward USD	Absent

**Resolution # 25-07**

**Attachment #4 – Approval of the CPS HR Investment Policy for FY2026**

Sandy presented the CPS Investment Policy and noted that the Board approves this policy annually often with no changes. For FY2026, there are no changes.

The Board of Directors of CPS HR Consulting approved the CPS HR Investment Policy for FY2026 as presented in the June 6, 2025, Board Agenda.

Motion:	Zamora, City of Las Vegas	
Second:	Childress, County of Pinellas	
Vote:		
	City of Anaheim	Aye
	City of Las Vegas	Aye
	County of Pinellas	Aye
	City of Plano	Aye
	County of Sacramento	Aye
	County of Mecklenburg	Aye
	Hayward USD	Absent

**Resolution # 25-08**

**Attachment #5 – Approval of Class/Pay Plan**

Jaclyn Del Carlo presented the Class and Pay Plan to the board. The class and pay plan was last approved in March 2025.

**Updates to the Pay Plan include:**

- Elimination of Classifications
  - Several job classifications, most of which have not been in use were formally removed from the plan to streamline the classification structure.
  - A few active positions are being phased out as part of the organizational restructuring. Affected incumbents were notified in advance (approximately one month prior to this meeting) and will exit the organization at the end of June 2025.
- Structural Realignment
  - The Contracts Manager classification was abolished. This role is now integrated under a general Manager classification, similar to how other functional areas (like State Practice) were reorganized in previous years.
- Addition of a New Classification
  - A new Principal Contracts Coordinator role was added.
    - This position establishes a promotional pathway within the contracts' coordination job family.
- Salary Range Adjustments
  - Affected classifications were updated to reflect increases due to minimum wage changes effective January 1, 2025. The salary range adjustments were necessary for compliance and did not result in salary changes for current incumbents, unless already required due to minimum wage law.

Linda inquired about the use and identification of retired annuitants before their actual hire, particularly in relation to CalPERS regulations. Linda is worried this may trigger CalPERS scrutiny.

Sandy acknowledged the issue and confirmed that current annuitants are closely monitored for compliance with the 960-hour limit and work is classified as limited duration. Sandy and Jaclyn also noted adjustments have been made to contract language in response to past CalPERS inquiries, and CPS HR remains vigilant in avoiding misclassification or pre-identification issues.

The Board of Directors of CPS HR Consulting approved the CPS HR Class & Pay Plan as presented in the June 6, 2025, Board Agenda.

Motion: Andal, City of Anaheim  
 Second: Freeman, County of Mecklenburg  
 Vote:

City of Anaheim	Aye
City of Las Vegas	Aye
County of Pinellas	Aye
City of Plano	Aye
County of Sacramento	Aye
County of Mecklenburg	Aye
Hayward USD	Absent

**Resolution # 25-09**

**Attachment 6: Conflict of Interest Code Amendment**

Jerry presented the Conflict-of-Interest Code Amendment. Jerry noted the proposed amendment was approved by the FPPC earlier in the week with a few title changes, position eliminations, and additions to the code. There were no questions or comments by the board about the amendment.

The Board of Directors of CPS HR Consulting approved the Conflict-of-Interest Code Amendment as presented in the June 6, 2025, Board Agenda.

Motion: Andal, City of Anaheim  
 Second: Freeman, County of Mecklenburg  
 Vote:

City of Anaheim	Aye
City of Las Vegas	Aye
County of Pinellas	Aye
City of Plano	Aye
County of Sacramento	Aye
County of Mecklenburg	Aye
Hayward USD	Absent

**Resolution # 25-10**

**Public Comment:****Mary Christian, private citizen**

Comment Topic: Potential conflict of interest involving the CEO appointment and existing CPS HR contracts.

Mary Christian raised a concern following the approval of Katie Hagen as the new CEO of CPS HR Consulting, effective July 7, 2025. Her concern related to the potential conflict-of-interest involving Katie's current role as Director of the CA Department of Industrial Relations (DIR), and the contracts between DIR and CPS HR, specifically a classification study contract spanning 2023 to 2025, and an anticipated contract for 2025–2026.

Mary questioned whether CPS HR would proceed with the current and upcoming contracts with DIR, given Katie's past involvement and whether there had been an adequate review for conflict-of-interest in this situation.

LaShon acknowledged the question, and redirected to Legal Counsel, Jeff Mitchell for a response. Jeff stated he did not believe there was a conflict-of-interest at this time, however, due to the complexity of conflict-of-interest matters, he preferred to review the situation more carefully before offering a definitive legal opinion in a public forum.

LaShon requested that Mary provide her contact information to receive follow-up if appropriate. Mary confirmed that the Board's Executive Assistant, Dana Henderson already had her contact information on file.

Sandy added context that CPS HR has had a long-standing relationship with DIR, including multiple contracts over many years and the current DIR contract was executed well before the CEO recruitment process began.

**For Information Only*****Attachment #7 – FY25 Budget/Cash Flow Update***

Sandy MacDonald-Hopp presented the FY25 budget and cash flow update covering financials through April 2025. Year-to-date revenue was reported at \$23.M, which was \$3.6M below the budgeted \$27.4M and represented a 9% decline compared to the same period in FY24. The shortfall was primarily due to lower-than-expected performance in DEI, classification and compensation services, and delays in the Chicago test administration project.

Gross profit still fell short of expectations at \$8.4M —approximately \$1.3M under budget. Operating expenses were slightly over budget, driven by increased proposal development activity and unexpected facility cost adjustments. These factors contributed to a net operating loss of approximately \$2.2M as of April.

Investment income and an OPEB subsidy provided over \$800K in financial offsets, helping reduce the overall net loss to approximately \$1.4M year-to-date. CPS HR maintained a healthy cash position, with approximately \$15.1M in reserves and 112 days of cash on hand—well above the organization's \$4M minimum reserve threshold.

Staffing stood at approximately 106 full-time employees, compared to a budgeted 124, with some positions intentionally left vacant to control costs. The organization continued to rely on intermittent project consultants to maintain delivery capacity. Capital expenditures remained low, with only \$12.8K spent on a server and additional hardware purchases deferred due to extended warranties.

LaShon asked if conversations and adjustments were happening to underperforming areas such as test rental. Jerry said senior leadership is actively evaluating these trends through service line improvements, portfolio diversification, and cost-efficiency initiatives to address revenue variability and to strengthen financial performance going forward.

### ***Attachment #8 – CPS HR Performance Scorecard***

Jerry presented the CPS HR Performance Scorecard as a tool for tracking progress on strategic priorities for FY25. He explained that the scorecard was designed to measure both organizational outcomes and operational effectiveness across several key focus areas.

Revenue and gross margin results reflected the earlier financial discussion, particularly the impact of project delays and service line underperformance.

Jerry noted that the scorecard showed a client satisfaction score of 4.55, which is higher than the goal of 4.3. Jerry highlighted client retention as one of our strongest metrics through May. The engagement response scored an 88% on a 75% metric. The New Client indicator is falling a little short, and Jerry is not sure we will hit our goal by the end of the fiscal year.

### ***Attachment #9 – Investment Update***

Sandy provided a brief update on the investment portfolio as part of the FY26 Investment Policy discussion. Our portfolio value as of April 2025 is \$7,725,635 which includes accrued interest of \$71K. We have 13% of our investment dollars in CDs that are FDIC insured, and an average maturity of 2.02 years.

### ***Attachment #10 – FY25 Strategic Plan Progress Update and FY25 Accomplishments***

Jerry provided an overview of the FY25 Strategic Plan progress and accomplishments. He noted that the strategic plan document is updated quarterly for staff. The FY25 accomplishments are submitted by each business line. Jerry emphasized that while he would not be reviewing the full contents during the meeting, the attachment captures the significant impact each group has made in meeting customer needs across various industries. The accomplishments demonstrate the organization's expertise, reach, and influence in the market.

LaShon thanked Jerry and acknowledged the importance of his comments. She echoed Jerry's emphasis on the breadth and depth of work done across the organization. LaShon reflected on the impressive range of services described in the accomplishments. She praised the staff's ability to handle complex challenges across diverse industries, cultures, and political environments, noting the high level of professionalism and capability demonstrated in their day-to-day work.

Jerry thanked LaShon for her remarks.

**Attachment #11 – Annual Diversity Report**

Jaclyn presented the annual Diversity Report. She noted that the most significant change was the inclusion of intermittent employees in the workforce data. This addition altered the overall demographic figures slightly but did not result in any major shifts or changes to existing diversity trends.

**Attachment #12 – Client Satisfaction Update**

Jerry presented the Client Satisfaction update. The goal for client satisfaction was set at 4.3, but we surpassed that with a 4.55 rating, which is a testament to the work the staff has done.

**Attachment #13 – Return to Board Funds Update**

Jerry spoke briefly about the Return to Board Funds. We did not include RTB funds in the budget for the upcoming fiscal year in order for us to be at a break-even budget.

**Attachment 14 – Employee Recognition**

Jerry presented the Team Impact Awards, which are team performance awards focusing on the accomplishments, results, and achievements of a group of 2 or more.

Annual Meeting Committee: Every year we bring all of the staff to Sacramento for a day of training and development and charity. This was written by Edward and submitted to the committee that does the organizing for that day, the logistics, getting everybody in and out and making sure that the day is meaningful for everyone that participates.

EExcel Committee: Is made up of employees that really look at culture and communication in the organization and make sure that we're disseminating information in a way that resonates with all of our stakeholders and that we are aligned in terms of our cultural initiatives. And as you can see, the committee has consistently demonstrated exceptional teamwork, dedication, and a deep commitment to our overall success.

**End of Meeting Comments:**

LaShon acknowledged the significance of this occasion and thanked the senior team, legal counsel, and the board members for their time and efforts in supporting the organization during this transitional period.

Linda expressed her gratitude towards Jerry, praising his leadership and the team he has developed.

Joanette wished Jerry the best in his next chapter and thanked him for his kindness and support.

Jerry thanked everyone for their commitment to CPS and their support of his leadership team. He appreciated the board's understanding of CPS HR's impact on the public sector and their dedication to moving the organization forward.

**Public Comment:**

**Mary Christian, private citizen**

Mary congratulated Jerry on his retirement. She said she doesn't know him, but she has attended a lot of CPS events as a student. She also said she put a question in the chat for the board.

LaShon and Jerry acknowledged the question can be seen in the chat and will be addressed.

Having no other questions or business to discuss, the meeting was adjourned at 12:13 p.m. PDT.

Minutes prepared by:  
Dana Henderson

Minutes reviewed by:  
Jerry Greenwell

Respectfully Submitted:

Dated: 6/24/25

Signed: Joseph Hsieh  
Joseph Hsieh, CPS HR Vice Chair/Secretary  
County of Sacramento

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**DATE:** November 7, 2025

**TO:** CPS HR Consulting Board of Directors

**FROM:** Katie S. Hagen, CEO

**PREPARED BY:** Jaclyn Del Carlo, CHRO

**SUBJECT:** Approval of Salary Market Survey & Classification and Pay Plans

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

Maintaining competitive compensation is vital for attracting and retaining a skilled workforce, thereby ensuring we meet our clients' diverse needs in the public sector effectively.

**DISCUSSION:**

Prior to each Board meeting, HR staff updates the Classification and Pay Plan to incorporate any additions, deletions, or modifications to the plan that have occurred during the time since the previous approval.

In September/October of 2025, HR conducted a biennial salary survey to evaluate how benchmark classifications aligned with the defined labor market (next review scheduled for Fiscal Year 2028).

The current salary survey refines the methodology approved by the Board in November 2023 to better reflect CPS HR’s dual position in the public sector and professional services (consulting firm) markets while maintaining continuity with prior Board direction.

■ **Data Sources**

The Fiscal Year 2026 salary survey methodology included an updated approach<sup>1</sup> using two data sources:

1. **Radford (Aon) McLagan Private Sector Dataset (weighted 30%):** Providing data for professional services, HR consulting, sales, accounting, finance, and technology positions within the private sector market.

<sup>1</sup> The 2023 CPS HR Salary Study included private sector data from Economic Research Institute (ERI) weighted 30%; public sector data from ERI weighted 30%; and public sector data from a pool of 9 regional agencies weighted 40%.

2. **Public Sector Labor Market Agencies<sup>2</sup> (weighted 70%):** Comprised of 9 CPS HR's current and founding Board member agencies.
- a. County of Sacramento (CA)
  - b. City of Plano (TX)
  - c. County of Mecklenburg (NC)
  - d. City of Las Vegas (NV)
  - e. Hayward Unified School District (CA)
  - f. City of Anaheim (CA)
  - g. County of Pinellas (FL)
  - h. State of CA Dept of Human Resources (proxy for founding member CA State Personnel Board)
  - i. County of Sonoma (CA; founding member organization)

### ■ Benchmark Classifications

An updated list<sup>3</sup> of eighteen classifications were selected for comparison in the market:

#### **Supervisory, Management, and HR/Technical Specialists**

1. Manager
2. Technical Specialist - professional services
3. Technical Specialist - IT
4. Senior HR Consultant
5. Principal Contracts Coordinator
6. Principal Accountant

#### **Specialized Roles**

7. Principal Software Developer
8. Senior Network Administrator
9. Helpdesk Technician
10. Business Development/HR Consultant
11. Marketing and Communications Specialist
12. Senior Bid and Proposal Coordinator
13. Instructional Designer

#### **Operational Functions**

14. Training Coordinator
15. Administrative Technician
16. Digital Print Specialist
17. Order Fulfillment Specialist
18. Office Assistant

<sup>2</sup> The 2023 CPS HR Salary Study included the following comparator agencies: Cities of Elk Grove, Fairfield, Roseville, Sacramento, Stockton, Counties of El Dorado, Yolo, Placer County Water Agency, Sacramento Municipal Utility District.

<sup>3</sup> The 2023 CPS HR Salary Study included 6 benchmark classifications: Office Assistant, Administrative Technician, Senior Accountant, Senior HR Accountant, Senior Network Administrator, CHRO.

### ■ Analytical Approach and Findings

Data from both sources were aggregated, and key statistical measures (mean and median) analyzed. The CEO, CFO, HR Team, and Classification & Compensation Technical Expert reviewed the findings for market alignment (see Attachment A).

Based on the analysis, current pay bands remain competitive; therefore, **no adjustments are recommended at this time**. CPS HR will continue to:

- Use the **midpoint** of each pay range as the control point for market alignment.
- **Recognize that range minimums may fall below market** since hires are based on relevant experience and education, not automatically placed at minimum.
- Apply a **10% variance threshold** to determine when adjustments may be warranted.

This approach ensures continued market alignment, internal equity, and fiscal responsibility.

### **RECOMMENDATIONS:**

It is recommended that the Board approve the following:

1. **Updated Market Survey Methodology** – Approval of the refined methodology utilizing public sector labor market agencies (weighted 70%) and the Radford McLagan (Aon) dataset (weighted 30%), along with the updated benchmark classification list.
2. **No Changes to Current Class and Pay Plan** – Affirmation that current market variances do not warrant pay grade adjustments currently; the existing pay plan remains in effect (see Attachment B).
3. **Implementation, Ongoing Monitoring and Executive Review** – Authorize the CEO to:
  - Implement the recommendations of the current salary market survey
  - Continue monitoring market conditions and prepare for the FY2028 salary survey
  - Initiate a compensation study in FY2027 (and every two years thereafter) of senior level classifications and the CEO position, to be conducted by an external consulting firm.

**FISCAL IMPACT:** No pay grade changes are recommended currently, resulting in no immediate fiscal impact.

Future costs to contract with an external provider for a biennial executive compensation study will be incorporated into future budgets.

## ATTACHMENT A

**SALARY SURVEY RESULTS**

CPS HR Benchmark Classification	CPS HR Min	CPS HR Mid	CPS HR Max	Market Min	Market Mid	Market Max	Variance from Min	Variance from Mid	Variance from Max
1. Technical Specialist (Client Svcs)	\$ 8,983	\$11,229	\$13,475	\$10,628	\$12,194	\$13,760	18.3%	8.6%	2.1%
2. Principal Accountant	\$ 7,044	\$ 8,805	\$10,566	\$7,843	\$9,502	\$11,118	11.3%	7.9%	5.2%
3. Senior HR Consultant	\$ 7,101	\$ 8,877	\$10,652	\$8,284	\$9,130	\$10,841	16.6%	2.9%	1.8%
4. Principal Contracts Coordinator	\$ 7,044	\$ 8,805	\$10,566	\$7,450	\$8,969	\$10,394	5.8%	1.9%	-1.6%
5. Helpdesk Technician	\$ 5,146	\$ 6,175	\$ 7,204	\$4,881	\$6,230	\$7,504	-5.1%	0.9%	4.2%
6. Office Assistant	\$ 3,539	\$ 4,247	\$ 4,955	\$3,567	\$4,268	\$5,152	0.8%	0.5%	4.0%
7. Administrative Technician	\$ 5,146	\$ 6,175	\$ 7,204	\$4,713	\$5,993	\$7,290	-8.4%	-2.9%	1.2%
8. Technical Specialist (IT)	\$10,205	\$12,757	\$15,308	\$10,147	\$12,257	\$14,008	-0.6%	-3.9%	-8.5%
9. Senior Bid and Proposal Coord.	\$ 6,391	\$ 7,989	\$ 9,587	\$6,319	\$7,664	\$9,412	-1.1%	-4.1%	-1.8%
10. Principal Software Developer	\$ 9,278	\$11,597	\$13,916	\$9,243	\$11,020	\$13,147	-0.4%	-5.0%	-5.5%
11. Manager	\$10,361	\$12,952	\$15,542	\$9,621	\$12,127	\$14,305	-7.2%	-6.4%	-8.0%
12. Instructional Designer	\$ 6,125	\$ 7,656	\$ 9,187	\$5,920	\$7,086	\$8,251	-3.3%	-7.5%	-10.2%
13. Training Coordinator	\$ 6,125	\$ 7,656	\$ 9,187	\$5,910	\$6,946	\$8,018	-3.5%	-9.3%	-12.7%
14. Marketing and Communications Specialist	\$ 6,391	\$ 7,989	\$ 9,587	\$5,864	\$7,232	\$8,531	-8.3%	-9.5%	-11.0%
15. Senior Network Administrator	\$ 8,067	\$10,084	\$12,101	\$7,315	\$9,006	\$10,615	-9.3%	-10.7%	-12.3%
16. Order Fulfillment Specialist	\$ 5,146	\$ 6,175	\$ 7,204	\$4,453	\$5,413	\$6,337	-13.5%	-12.3%	-12.0%
17. Digital Print Specialist	\$ 5,146	\$ 6,175	\$ 7,204	\$4,598	\$5,404	\$6,417	-10.6%	-12.5%	-10.9%
18. Business Development/HR Cons.	\$ 8,167	\$10,208	\$12,250	\$6,732	\$8,362	\$10,098	-17.6%	-18.1%	-17.6%

Positive numbers in the variance columns indicate lagging the market; negative numbers indicate leading the market.

Variance greater than 5.0% is highlighted. Sorted by % variance from the midpoint. Finalized on 10/15/25.

ATTACHMENT B



Pay Scale

Classification and Compensation Pay Scale  
 Full Time/Part Time  
 Board Approved: June 6, 2025  
 Effective: July 1, 2025

Occupational Series	Class Code	Classification Title	Occupational Group	FLSA Status	Annual Minimum Salary	Annual Midrange Salary	Annual Maximum Salary
<b>Executive</b>							
	101	Chief Executive Officer	Executive	Exempt	\$250,000		\$300,000
<b>Senior Level</b>							
	105	Chief Financial Officer	Sr. Management	Exempt	\$155,421	\$194,276	\$233,131
	114	Chief Human Resources Officer	Sr. Management	Exempt	\$155,421	\$194,276	\$233,131
	110	Chief of Client Services	Sr. Management	Exempt	\$155,421	\$194,276	\$233,131
	113	Chief Information Officer	Sr. Management	Exempt	\$155,421	\$194,276	\$233,131
	112	Chief of Marketing and Business Development	Sr. Management	Exempt	\$155,421	\$194,276	\$233,131
<b>Mid-Manager</b>							
	501	Manager	Management	Exempt	\$124,337	\$155,421	\$186,505
<b>Specialist</b>							
	910	Technical Specialist	Professional	Exempt	\$107,798	\$134,748	\$161,698
	914	Business Intelligence Specialist	Professional	Exempt	\$102,409	\$128,011	\$153,613
<b>Human Resources</b>							
	1327	Principal HR Consultant	Professional	Exempt	\$97,998	\$122,498	\$146,998
	1527	Senior HR Consultant	Professional	Exempt	\$85,216	\$106,520	\$127,824
	1717	HR Consultant	Professional	Exempt	\$72,434	\$90,542	\$108,650
	1726	Associate HR Consultant	Professional	Exempt	\$68,640	\$85,800	\$102,960
<b>Program Coordinator</b>							
	1330	Principal Program Coordinator	Professional	Exempt	\$97,998	\$122,498	\$146,998
	1522	Senior Program Coordinator	Professional	Exempt	\$85,216	\$106,520	\$127,824
	1714	Program Coordinator	Professional	Exempt	\$72,434	\$90,542	\$108,650
<b>Contracts</b>							
	1301	Principal Contracts Coordinator	Professional	Exempt	\$84,524	\$105,655	\$126,786
	1533	Senior Contracts Coordinator	Professional	Exempt	\$76,694	\$95,868	\$115,042
	1722	Contracts Coordinator	Professional	Exempt	\$68,640	\$85,800	\$102,960

## Attachment 6

Occupational Series	Class Code	Classification Title	Occupational Group	FLSA Status	Annual Minimum Salary	Annual Midrange Salary	Annual Maximum Salary
<b>Accountant</b>							
	1332	Principal Accountant	Professional	Exempt	\$84,524	\$105,655	\$126,786
	1512	Senior Accountant	Professional	Exempt	\$73,499	\$91,874	\$110,249
	1706	Accountant	Professional	Exempt	\$68,469	\$85,586	\$102,703
	1719	Accounting Coordinator	Professional	Exempt	\$68,640	\$85,800	\$102,960
	2105	Accounting Technician	Technician	Hourly	\$61,750	\$74,100	\$86,450
					\$29.69	\$35.63	\$41.56
<b>Information Technology</b>							
	912	IT Technical Specialist	Professional	Exempt	\$122,462	\$153,078	\$183,694
	1302	Principal Software Developer	Professional	Exempt	\$111,330	\$139,162	\$166,994
	1328	Principal Business Solutions Analyst	Professional	Exempt	\$111,330	\$139,162	\$166,994
	1508	Senior Network Administrator	Professional	Exempt	\$96,808	\$121,010	\$145,212
	2107	Helpdesk Technician <sup>1</sup>	Technician	Hourly	\$61,750	\$74,100	\$86,450
					\$29.69	\$35.63	\$41.56
<b>Marketing</b>							
	1331	Business Development/HR Consultant	Professional	Exempt	\$97,998	\$122,498	\$146,998
	1530	Marketing and Communications Specialist	Professional	Exempt	\$76,694	\$95,868	\$115,042
	1531	Inside Sales Representative	Professional	Exempt	\$76,694	\$95,868	\$115,042
	1532	Senior Bid and Proposal Coordinator	Professional	Exempt	\$76,694	\$95,868	\$115,042
	1718	Bid and Proposal Coordinator	Professional	Exempt	\$73,499	\$91,874	\$110,249
	1727	Associate Bid and Proposal Coordinator	Professional	Exempt	\$68,640	\$85,800	\$102,960
<b>Training</b>							
	1721	Training Coordinator	Professional	Exempt	\$73,499	\$91,874	\$110,249
	1724	Instructional Designer	Professional	Exempt	\$73,499	\$91,874	\$110,249
	1723	Associate Training Coordinator	Professional	Exempt	\$68,640	\$85,800	\$102,960
<b>Technician</b>							
	2106	Executive Administrative Assistant	Technician	Hourly	\$67,925	\$81,510	\$95,095
					\$32.66	\$39.19	\$45.72
	2101	Administrative Technician	Technician	Hourly	\$61,750	\$74,100	\$86,450
					\$29.69	\$35.63	\$41.56

**Attachment 6**

Occupational Series	Class Code	Classification Title	Occupational Group	FLSA Status	Annual Minimum Salary	Annual Midrange Salary	Annual Maximum Salary
<b>Print Shop</b>							
	2201	Digital Print Specialist	Technician	Hourly	\$61,750	\$74,100	\$86,450
					\$29.69	\$35.63	\$41.56
	2202	Order Fulfillment Specialist	Technician	Hourly	\$61,750	\$74,100	\$86,450
					\$29.69	\$35.63	\$41.56
<b>Clerical/Support</b>							
	2303	Senior Office Assistant	Office/Allied	Hourly	\$46,720	\$56,064	\$65,408
					\$22.46	\$26.95	\$31.45
	2302	Office Assistant	Office/Allied	Hourly	\$42,473	\$50,967	\$59,462
					\$20.42	\$24.50	\$28.59

### Classification and Compensation Pay Scale

#### Intermittent

Board Approved: June 6, 2025

Effective: July 1, 2025

Occupational Series	Class Code	Classification Title	Occupational Group	FLSA Status	Minimum Hourly Rate	Maximum Hourly Rate
<b>Intermittent Professional</b>						
	9018	Business Development Associate I	Professional	Hourly	\$20	\$50
	9037	Business Development Associate II	Professional	Hourly	\$50	\$90
	9020	Employment Law Advisor	Professional	Hourly	\$70	\$125
	9016	Expert Consultant	Professional	Hourly	\$150	\$225
	9011	Investigator	Professional	Hourly	\$40	\$150
	9007	Project Consultant I	Professional	Hourly	\$25	\$65
	9008	Project Consultant II	Professional	Hourly	\$40	\$85
	9014	Project Consultant III	Professional	Hourly	\$50	\$125
	9015	Project Consultant IV	Professional	Hourly	\$85	\$185
	9004	Subject Matter Expert I	Professional	Hourly	\$16	\$45
	9031	Subject Matter Expert II	Professional	Hourly	\$40	\$85
	9032	Subject Matter Expert III	Professional	Hourly	\$50	\$125
	9033	Subject Matter Expert IV	Professional	Hourly	\$60	\$150
	9009	Trainer	Professional	Hourly	\$40	\$200
	9010	Trainer / Project Consultant	Professional	Hourly	\$40	\$200
	9034	Trainer/Coach	Professional	Hourly	\$40	\$200
<b>Intermittent Technical</b>						
	9006	Consulting Assistant/Bid and Proposal Writer	Technician	Hourly	\$16.50	\$35
<b>Intermittent Office/Allied</b>						
	9001	Assistant Proctor	Office/Allied	Hourly	\$20	\$25
	9002	Chief Proctor	Office/Allied	Hourly	\$22	\$35
	9019	General Office Clerk	Office/Allied	Hourly	\$18	\$24

## Classification and Compensation Pay Scale

## Retired Annuitant

Board Approved: June 6, 2025

Effective: July 1, 2025

Occupational Series	Class Code	Classification Title	Occupational Group	FLSA Status	Minimum Hourly Rate	Maximum Hourly Rate
<b>Retired Annuitant Professional</b>						
	9027	RA Employment Law Advisor	Professional	Hourly	\$70	\$125
	9038	RA Expert Consultant	Professional	Hourly	\$50	\$200
	9026	RA Investigator	Professional	Hourly	\$40	\$150
	9013	RA Principal Consultant	Professional	Hourly	\$52	\$65
	9023	RA Subject Matter Expert I	Professional	Hourly	\$16.50	\$45
	9028	RA Subject Matter Expert II	Professional	Hourly	\$40	\$85
	9029	RA Subject Matter Expert III	Professional	Hourly	\$50	\$125
	9035	RA Subject Matter Expert IV	Professional	Hourly	\$60	\$150
	9012	RA Technical Specialist	Professional	Hourly	\$57	\$72
	9024	RA Trainer	Professional	Hourly	\$40	\$200
	9036	RA Trainer/Coach	Professional	Hourly	\$40	\$200
	9025	RA Trainer/Project Consultant	Professional	Hourly	\$40	\$200
	9027	RA Employment Law Advisor	Professional	Hourly	\$70	\$125
<b>Retired Annuitant Office/Allied</b>						
	9021	RA Assistant Proctor	Office/Allied	Hourly	\$20	\$25
	9022	RA Chief Proctor	Office/Allied	Hourly	\$20	\$35

**Classification and Compensation Pay Scale**

**Retired Annuitant**

**FTE Classification Mapping for CalPERS Compensation Reporting**

**Board Approved: June 6, 2025**

**Effective: July 1, 2025**

<b>Class Code</b>	<b>Intermittent Classification Title</b>	<b>Maximum Hourly Rate</b>	<b>FTE Classification Compensation Limit</b>	<b>Maximum Hourly Rate</b>
9001	Assistant Proctor	\$25	Office Assistant	\$28.59
9002	Chief Proctor	\$35	Office Assistant	\$28.59
9004	Subject Matter Expert I	\$45	Principal HR Consultant	\$70.67
9006	Consulting Assistant / Bid & Proposal Writer	\$35	Administrative Technician	\$41.56
9007	Project Consultant I	\$65	Technical Specialist	\$77.74
9008	Project Consultant II	\$85	Technical Specialist	\$77.74
9009	Trainer	\$200	Technical Specialist	\$77.74
9010	Trainer/Project Consultant	\$200	Technical Specialist	\$77.74
9011	Investigator	\$150	Technical Specialist	\$77.74
9014	Project Consultant III	\$125	Technical Specialist	\$77.74
9015	Project Consultant IV	\$185	Technical Specialist	\$77.74
9016	Expert Consultant	\$225	Technical Specialist	\$77.74
9018	Business Development Associate I	\$50	Marketing & Communications Specialist	\$55.31
9019	General Office Clerk	\$24	Office Assistant	\$28.59
9020	Employment Law Advisor	\$125	Technical Specialist	\$77.74
9031	Subject Matter Expert II	\$85	Technical Specialist	\$77.74
9032	Subject Matter Expert III	\$125	Technical Specialist	\$77.74
9033	Subject Matter Expert IV	\$150	Technical Specialist	\$77.74
9034	Trainer/Coach	\$200	Technical Specialist	\$77.74
9037	Business Development Associate II	\$90	Business Development/HR Consultant	\$70.67

**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Dana Henderson, Executive Assistant  
**SUBJECT:** Approval of 2026 Proposed Board Meeting Dates & Locations

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The Board governance role is essential to CPS HR’s ability to successfully carry out the goals and initiatives that are a part of the annual and long-term business plan.

**DISCUSSION:**

Board Meetings are generally held on the first or second Friday in the months of March, June, and November. The proposed March 2026 meeting date will be on the first or second Thursday and Friday of the month per the dates indicated below. Board meeting locations will be held either at the CPS HR Sacramento office, remote teleconference, or an identified location within one of our Board Member agency’s jurisdictions.

**Proposed Board Meeting Schedule for 2026**

March 11 - 13, 2026	TBD
June 5, 2026	Sacramento/Remote teleconference
November 6, 2026	Sacramento/Remote teleconference

**RECOMMENDATIONS:** Approve proposed Board meeting dates above and choose a location to hold the March 2026 Board Meeting.

**FISCAL IMPACT:** Costs are built into the budget annually. Board meeting costs in Sacramento are approximately \$7,000 - \$8,000 per meeting (based on 7 - 8 Board Members attending) considering airfare/transportation, hotel, and food. Board meetings in alternate cities are likely to double or triple that amount depending on the location.

### Historical CPS March Board Meetings

#### List of Locations

Date	Facility	City	State
March 2025	CPS HR Headquarters	Sacramento	CA
March 2024	CPS HR Headquarters	Sacramento	CA
March 2023	CPS HR Headquarters	Sacramento	CA
March 2022	Remote Meeting	-	-
March 2021	Remote Meeting	-	-
March 2020	Board Meeting Cancelled (COVID19)	-	-
March 2019	Hotel Maya	Long Beach	CA
March 2018	Waterfront Inn	Oakland	CA
March 2017	JW Marriott Resort & Spa	Las Vegas	NV
March 2016	Hilton Charlotte City Center	Charlotte	NC
March 2015	Emgcy Ops Ctr & Hilton Dallas Granite Park	Plano	TX
March 2014	Sheraton Sand Key Resort	Clearwater	FL
March 2013	City Hall	Las Vegas	NV
March 2012	Disney's Grand Californian Hotel & Spa	Anaheim	CA
March 2011	JW Marriott Resort & Spa	Las Vegas	NV
March 2010	Harvest Inn, Vineyard View Rm	St. Helena	CA
March 2009	Disneyland Hotel, Sleeping Beauty Pavilion	Anaheim	CA
March 2008	Handlery Union Square Hotel/Moscone Ctr	San Francisco	CA
March 2007	Wine & Roses	Lodi	CA
March 2006	The Beach House Inn & Conf Ctr	Half Moon Bay	CA
Sept 2005	Madison Concourse Hotel	Madison	WI
March 2005	Hyatt Regency Islandia	San Diego	CA
Sept 2004	Marriott Oakland City Center	Oakland	CA
March 2004	City University of NY	New York	NY
Sept 2003	S.F. Public Library	San Francisco	CA
March 2003	Venetian Hotel	Las Vegas	NV
Sept 2002	East Bay MUD	Oakland	CA
March 2002	Disney's Grand Californian Hotel	Anaheim	CA
Sept 2001	S.F. City Hall-Mayor's Conf Rm	San Francisco	CA
March 2001	Tiburon Lodge	Tiburon	CA
March 2000	Calistoga Spa Hot Springs	Calistoga	CA

**DATE:** November 7, 2025

**TO:** CPS HR Consulting Board of Directors

**FROM:** Katie S. Hagen CEO

**PREPARED BY:** Sandy MacDonald-Hopp, CFO

**SUBJECT:** FY2026 Budget and Cash Flow Update

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The attached schedules depict unaudited financial performance for the month-ending September 30, 2025 in comparison to the budget. These schedules depict the organization in its' component groups of State, Local, Emerging Markets, Client Services, and Operation Management Services.

**DISCUSSION:****Revenue**

The total CPS revenue of \$7.4 million for the fiscal year-to-date as of September 30, 2025 is \$593k or 7.4% less than budget. This revenue represents 1% increase from year-to-date September 2024 in which CPS HR had \$86k less in revenue. The year-over-year revenue change reflects an increase in Test Development & Administration and TAHRS consulting offset by decreases in Assessment, Training and Org Strat consulting services. Year-to-date, State Markets and Training are exceeding revenue budget while the other markets are below budget.

**Expense**

Fiscal year-to-date through September 2025, direct expenses are underrunning budget by \$434k and the mix generated gross profit margin of 35.8% versus budgeted 35.1% as a percent of revenue. Operating expenses are \$96k over budget with labor expense overrunning due to increased proposal activities and strategic initiatives. OMS indirect expense, a component of total operating expense, is \$60k under budget. Average monthly operating expense is running \$1.03M per month versus FY25's \$1.11M monthly average. We anticipate spending the full \$12.3 million FY26 operating expense to achieve strategic goals and invest in staff/technology.

**Net Operating Income/Loss and Cash Flow**

Year-to-date CPS has net operating loss of \$468k, which is \$254k worse than the budgeted operating loss thru September 2025. The net loss of \$248k equates to 3.4% of revenue and \$214k worse than \$33k budgeted net loss. The cash flow forecast for the next 12 months indicates some ups and downs in cash reserves with capital expenditures, ongoing disbursements, and timing of collections. Monthly variations in cashflow reflect changes in the timing of receipt of invoice payments and payments to vendors. Minimum cash reserve balance of \$4M was established in November 2018 and as of September 30, 2025 cash balance is \$14.8M. Based on three-month Operating Expense average of \$1.03M the \$4M reserve would cover 116 days of operations.

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, for information only.


**CPS HR CONSULTING**  
**FY2026 Operating Budget**  
 November 2025 Update

	Comparable Period Prior Year	Fiscal Year-To-Date thru September 30, 2025			Full Year FY26 Budget
		Actual	Budget	Variance Fav. (Unfav.)	
Project Revenue	\$ 7,276,888	\$ 7,363,012	\$ 7,955,595	\$ (592,583)	\$ 32,452,852
Direct Project Costs:					
Direct Labor	2,797,739	2,847,655	3,275,680	428,025	13,045,121
Sub/Contract Svcs	166,118	251,863	224,289	(27,574)	975,600
Other Direct Costs	1,510,775	1,627,546	1,661,403	33,857	6,930,544
Total Direct Project Costs	4,474,632	4,727,064	5,161,372	434,308	20,951,265
Gross Profit	2,802,256 38.5%	2,635,948 35.8%	2,794,223 35.1%	(158,275)	11,501,587 35.4%
Business Unit Overhead	1,057,967	1,106,364	950,722	(155,642)	3,880,538
Business Unit Op. Income	1,744,289	1,529,584	1,843,501	(313,917)	7,621,049
OMS Expense	2,185,032	1,997,538	2,057,189	59,651	8,400,460
Net Operating Income (Loss)	(440,743)	(467,954)	(213,688)	(254,266)	(779,411)
Net interest Income (Expense)	283,783	157,091	120,000	37,091	800,000
Other Income (Expense)	54,519	62,893	60,000	2,893	-
Net Income (Loss)	\$ (102,441)	\$ (247,970)	\$ (33,688)	\$ (214,282)	\$ 20,589

**State Market**  
**FY26 Operating Budget**  
**November 2025 Update**



<b>Fiscal Year-To-Date thru September 30, 2025</b>			
	Actual	Budget	Variance Fav. (Unfav.)
Project Revenue	\$ 2,336,397	\$ 2,080,898	\$ 255,499
Direct Project Costs:			
Direct Labor	819,058	829,750	10,692
Subcontractors/Cont Svcs	12,543	-	(12,543)
Other Direct Costs	693,698	553,942	(139,756)
Total Direct Project Costs	<u>1,525,299</u>	<u>1,383,692</u>	<u>(141,607)</u>
Gross Profit	811,098 34.7%	697,206 33.5%	113,892
Operating Expenses	<u>78,013</u>	<u>70,077</u>	<u>(7,936)</u>
Operating Income (Loss)	<u>\$ 733,085</u>	<u>\$ 627,129</u>	<u>\$ 105,956</u>

**Local Market  
FY26 Operating Budget  
November 2025 Update**



<b>Fiscal Year-To-Date thru September 30, 2025</b>			
	<b>Actual</b>	<b>Budget</b>	<b>Variance Fav. (Unfav.)</b>
Project Revenue	\$ 2,661,618	\$ 3,145,308	\$ (483,690)
Direct Project Costs:			
Direct Labor	973,382	1,138,969	165,587
Subcontractors/Cont Svcs	154,148	160,689	6,541
Other Direct Costs	632,974	730,000	97,026
Total Direct Project Costs	<u>1,760,504</u>	<u>2,029,658</u>	<u>269,154</u>
Gross Profit	901,114 33.9%	1,115,650 35.5%	(214,536)
Operating Expenses	<u>156,974</u>	<u>104,429</u>	<u>(52,545)</u>
Operating Income (Loss)	<u>\$ 744,140</u>	<u>\$ 1,011,221</u>	<u>\$ (267,081)</u>

**Emerging Markets  
FY26 Operating Budget  
November 2025 Update**



<b>Fiscal Year-To-Date thru September 30, 2025</b>			
	Actual	Budget	Variance Fav. (Unfav.)
Project Revenue	\$ 1,046,110	\$ 1,362,806	\$ (316,696)
Direct Project Costs:			
Direct Labor	470,400	695,146	224,746
Subcontractors/Cont Svcs	19,343	-	(19,343)
Other Direct Costs	61,136	73,445	12,309
Total Direct Project Costs	<u>550,879</u>	<u>768,591</u>	<u>217,712</u>
Gross Profit	495,231 47.3%	594,215 43.6%	(98,984)
Operating Expenses	<u>50,489</u>	<u>33,375</u>	<u>(17,114)</u>
Operating Income (Loss)	<u>\$ 444,742</u>	<u>\$ 560,840</u>	<u>\$ (116,098)</u>

**Client Services**  
**FY26 Operating Budget**  
**November 2025 Update**



<b>Fiscal Year-To-Date thru September 30, 2025</b>			
	Actual	Budget	Variance Fav. (Unfav.)
Test Rental	\$ 274,106	\$ 332,058	\$ (57,952)
Training	1,044,781	1,034,525	10,256
Project Revenue	<u>\$ 1,318,887</u>	<u>\$ 1,366,583</u>	<u>\$ (47,696)</u>
Direct Project Costs:			
Direct Labor	584,815	611,816	27,001
Subcontractors	65,830	63,600	(2,230)
Other Direct Costs	<u>239,737</u>	<u>304,016</u>	<u>64,279</u>
Total Direct Project Costs	<u>890,382</u>	<u>979,432</u>	<u>89,050</u>
Gross Profit	428,505 32.5%	387,151 28.3%	41,354
Operating Expenses	<u>820,888</u>	<u>742,841</u>	<u>(78,047)</u>
Operating Income (Loss)	<u>\$ (392,383)</u>	<u>\$ (355,690)</u>	<u>\$ (36,693)</u>

**OMS**  
**FY26 Operating Budget**  
**November 2025 Update**



<b>Fiscal Year-To-Date thru September 30, 2025</b>			
	Actual	Budget	Variance Fav. (Unfav.)
Project Revenue	\$ -	\$ -	\$ -
Direct Project Costs	-	-	-
Gross Profit	\$ -	\$ -	\$ -
Operating Expenses:			
Indirect Labor Costs	1,462,564	1,490,799	28,235
Facilities and Other	463,324	492,611	29,287
Depreciation & Amort.	71,650	73,779	2,129
Total Operating Expenses	1,997,538	2,057,189	59,651
Operating Income (Loss)	(1,997,538)	(2,057,189)	59,651
Net Interest Income (Expense)	157,091	120,000	37,091
Other Income (Expense)	62,893	60,000	2,893
Operating Income (Loss)	<u>\$ (1,777,554)</u>	<u>\$ (1,877,189)</u>	<u>\$ 99,635</u>

**CPS HR  CONSULTING**  
**Statement of Net Position**

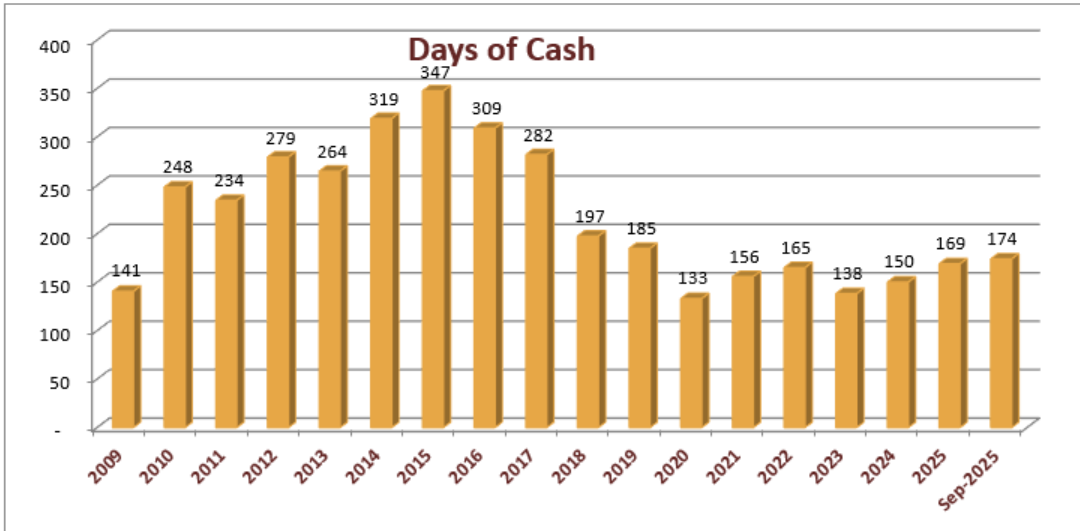
	Audited June 30, 2024	Audited June 30, 2025	Unaudited Sept 30, 2025
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Investments	8,352,306	10,227,076	8,730,512
Accounts Receivable	6,224,476	3,298,898	3,415,595
Unbilled Receivable	4,998,990	2,639,356	3,231,902
Interest Receivable	108,090	150,445	35,334
Prepaid Expenses	450,729	444,932	1,016,295
	<u>20,134,591</u>	<u>16,760,707</u>	<u>16,429,638</u>
<b>Fixed Assets</b>			
Depreciable Assets	10,345,050	10,265,547	10,265,547
GASB 87 Right-to-Use Lease Asset	6,506,883	6,506,883	6,506,883
GASB 96 Right-to-Use SBITA Asset	1,145,766	1,145,766	1,145,766
Non-Depreciable Work in Process	-	-	-
Less Accumulated Depreciation	(8,811,128)	(9,015,177)	(9,086,828)
Less Accumulated Amortization	(3,203,082)	(4,432,641)	(4,432,641)
	<u>5,983,489</u>	<u>4,470,378</u>	<u>4,398,727</u>
<b>Other Non-Current Assets</b>			
Long Term Investments	5,478,313	5,820,063	6,098,992
Net Pension Asset	-	-	-
OPEB Asset	4,779,854	5,583,537	5,583,537
Deposits	99,060	99,060	99,060
Intangible Assets-Ewing Acquisition	495,000	495,000	495,000
	<u>10,852,227</u>	<u>11,997,660</u>	<u>12,276,589</u>
<b>Total Assets</b>	<u>\$ 36,970,307</u>	<u>\$ 33,228,745</u>	<u>\$ 33,104,954</u>
<b>Deferred Outflows Related to OPEB/Pensions</b>	<u>\$ 5,501,543</u>	<u>\$ 3,505,750</u>	<u>\$ 3,505,750</u>
<b>Liabilities &amp; Equity</b>			
<b>Current Liabilities</b>			
Accounts Payable	1,735,499	737,273	1,014,055
Accrued Payroll & Benefits	1,058,848	632,054	359,108
Accrued Vacation	938,420	921,341	987,160
Deferred Income	82,729	74,263	57,062
Lease Liability-Current	878,712	897,165	875,261
Software Subscription Liability-Current	341,557	182,397	182,397
	<u>5,035,765</u>	<u>3,444,493</u>	<u>3,475,043</u>
<b>Long-Term Liabilities: Lease &amp; SBITA</b>	4,111,413	3,031,851	3,031,851
<b>Long Term Liabilities: Net Pension Liability</b>	8,196,883	7,775,438	7,869,067
<b>Deferred Inflows Related to OPEB/Pensions</b>	768,055	596,377	596,377
	<u>768,055</u>	<u>596,377</u>	<u>596,377</u>
<b>Net Position</b>			
Investment in Capital Assets	5,983,489	4,470,378	4,398,727
Current Year Retained Earnings/(Loss)	(817,128)	(2,473,398)	(247,970)
Retained Earnings	25,176,862	24,359,734	21,886,336
	<u>24,359,734</u>	<u>21,886,336</u>	<u>21,638,366</u>
	<u>\$ 42,471,850</u>	<u>\$ 36,734,495</u>	<u>\$ 36,610,704</u>



**CASH FLOW PROJECTION**  
Oct 2025 - Sept 2026

	OCT 2025	NOV 2025	DEC 2025	JAN 2026	FEB 2026	MAR 2026	APR 2026	MAY 2026	JUN 2026	JUL 2026	AUG 2026	SEP 2026	TOTAL
BEGINNING BALANCE	14,800,000	14,529,717	14,956,115	15,644,943	15,054,883	14,995,734	15,818,492	15,867,091	16,011,442	16,647,616	16,853,791	17,022,966	17,192,140
Collections	2,391,000	2,591,000	2,834,000	2,218,000	2,181,000	2,915,000	2,658,000	2,565,000	2,849,000	2,419,000	2,382,000	2,382,000	30,385,000
Interest Income(Expense)	60,000	60,000	60,000	60,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	800,000
<b>TOTAL RECEIPTS</b>	<b>2,451,000</b>	<b>2,651,000</b>	<b>2,894,000</b>	<b>2,278,000</b>	<b>2,251,000</b>	<b>2,985,000</b>	<b>2,728,000</b>	<b>2,635,000</b>	<b>2,919,000</b>	<b>2,489,000</b>	<b>2,452,000</b>	<b>2,452,000</b>	<b>31,185,000</b>
<b>DISBURSEMENTS</b>	<b>-2,721,283</b>	<b>-2,224,602</b>	<b>-2,205,173</b>	<b>-2,868,059</b>	<b>-2,310,150</b>	<b>-2,162,242</b>	<b>-2,679,401</b>	<b>-2,490,649</b>	<b>-2,282,825</b>	<b>-2,282,825</b>	<b>-2,282,825</b>	<b>-2,282,825</b>	<b>-28,792,860</b>
<b>NET CASH FLOW</b>	<b>-270,283</b>	<b>426,398</b>	<b>688,827</b>	<b>-590,059</b>	<b>-59,150</b>	<b>822,758</b>	<b>48,599</b>	<b>144,351</b>	<b>636,175</b>	<b>206,175</b>	<b>169,175</b>	<b>169,175</b>	<b>2,392,140</b>
<b>ENDING BALANCE</b>	<b>14,529,717</b>	<b>14,956,115</b>	<b>15,644,943</b>	<b>15,054,883</b>	<b>14,995,734</b>	<b>15,818,492</b>	<b>15,867,091</b>	<b>16,011,442</b>	<b>16,647,616</b>	<b>16,853,791</b>	<b>17,022,966</b>	<b>17,192,140</b>	<b>17,192,140</b>

Minimum Cash Reserve: \$4M  
Equates to ~116 Days of Cash Op Exp Only



**CPS HR  CONSULTING**  
**Project Performance Report**  
**FY2026 Operating Budget thru September 2025**

Rank	Project Name	Business Unit	YTD Revenue	% of Revenue	Cum. % of Revenue
<b>Over \$41k Revenue</b>					
1	M1109QQ Chicago-Police Lieutenant Exams 2025	Local Markets	\$ 533,878	7.3%	7.3%
2	S6192 CCHCS-Digital Talent Marketing	State Markets	\$ 524,784	7.1%	14.4%
3	A0200FY26 Notary 7/1/25 - 6/30/26	State Markets	\$ 508,003	6.9%	21.3%
4	A0800 Test Rental	Test Rental	\$ 274,106	3.7%	25.0%
5	M1109SS Chicago-Police Officer 2025	Local Markets	\$ 243,058	3.3%	28.3%
6	L6125 NYC-DOB Construction Trade Licensing	Local Markets	\$ 194,157	2.6%	30.9%
7	S3926 CalHR-Comp & Skill Trng	Training	\$ 177,937	2.4%	33.4%
8	S2919 CDSS-Online Training	Training	\$ 129,628	1.8%	35.1%
9	E6321 Sacramento Public Library-Interim HR Cons	Emerging Markets	\$ 122,373	1.7%	36.8%
10	L6150A Co of Los Angeles Probation Dept-Digi Tal	Local Markets	\$ 118,182	1.6%	38.4%
11	M1237U DIR-Safety Engineer Series	State Markets	\$ 116,463	1.6%	40.0%
12	A0278FY26 BSCC 7/1/25 - 6/30/26	State Markets	\$ 96,622	1.3%	41.3%
13	A2410 Unassigned Group Training	Training	\$ 86,564	1.2%	42.5%
14	S6367 DSH-Talent Marketing-Various Positions	State Markets	\$ 85,484	1.2%	43.6%
15	S6475 Caltrans-Talent Mktg for Engineers and Plar	State Markets	\$ 83,319	1.1%	44.7%
16	E6522 IEUA - Class and Total Comp	Emerging Markets	\$ 75,487	1.0%	45.8%
17	L6626 County of La Paz-Ongoing HR Consultation	Local Markets	\$ 70,354	1.0%	46.7%
18	L6609 Arlington-Police Sergeant and Lieutenant	Local Markets	\$ 67,644	0.9%	47.6%
19	S5334 DIR-Labor Commissioner's Office	Training	\$ 61,843	0.8%	48.5%
20	S6577 CA State Auditor-Job Classification Analyse	State Markets	\$ 61,376	0.8%	49.3%
21	L6666 Allegheny County-FY26 Ongoing HR Consul	Local Markets	\$ 59,561	0.8%	50.1%
22	S5771 DGS-Consulting Services	State Markets	\$ 57,688	0.8%	50.9%
23	L6631 City of Carlsbad-Carlsbad CCEA Total Comj	Local Markets	\$ 57,091	0.8%	51.7%
24	E6227 Bay Area AQMD-Performance Evaluation Sys	Emerging Markets	\$ 50,495	0.7%	52.4%
25	M1237FF DIR-WCA Coll. Pilot Migration Process &	State Markets	\$ 46,638	0.6%	53.0%
26	M1237Z DIR-Class Study C - Workers Compensati	State Markets	\$ 45,769	0.6%	53.6%
27	A0589FY26 Environmental Health 7/1/25-6/30/26	State Markets	\$ 43,172	0.6%	54.2%
28	E4459 CA JPIA-Online Trng BBP&B	Training	\$ 43,025	0.6%	54.8%
29	E6594 West Metro FPD-2025 Fire Engineer	Emerging Markets	\$ 41,623	0.6%	55.4%
30	L5522 Town of Eaton-HR Outsourcing	Local Markets	\$ 41,385	0.6%	55.9%
		All others under \$41k	3,245,303	44.1%	
		<b>Total Revenue</b>	<b>7,363,012</b>		

**CPS HR  CONSULTING**  
**Fiscal Year 2026 Budget**  
**Capital Spend Plan**

<b>Asset Class</b>	<b>Asset Description</b>	<b>Service Date</b>	<b>Useful Life (Yrs)</b>	<b>Capital Budget</b>	<b>Actual Capital Spend</b>
<b>ISD Operations:</b>					
H/W	Veeam Server (Replacement backup servers for Cloud & Onprem)	Mar 2026	3	\$ 20,000	Deferred
H/W	VMWare ESX Servers (2 of 2)	Dec 2025	3	\$ 20,000	
<b>Total Capital Expenditures</b>				<b>\$ 40,000</b>	<b>\$ -</b>

CPS HR  CONSULTING

**POSITION CONTROL LIST as of September 2025**  
**BUDGETED POSITIONS FY2026**

UNIT	BUDGETED POSITIONS	ACTUALS	VACANCIES
EXECUTIVE	2.00	2.00	0.00
FINANCE	8.00	8.00	0.00
Contracts	2.00	2.00	0.00
HUMAN RESOURCES	4.00	4.00	0.00
ISD	6.00	6.00	0.00
Production	2.00	2.00	0.00
MARKETING	13.00	13.00	0.00
STATE	1.00	1.00	0.00
PRODUCTS & SERVICES	2.00	2.00	0.00
Assessment & Selection	7.00	6.00	1.00
Classification & Compensation	11.00	9.00	2.00
Executive Search	7.00	7.00	0.00
Test Development & Admin	16.00	15.00	1.00
Organizational Strategy	6.00	5.00	1.00
Talent Acquisition/HR Services	12.00	12.00	0.00
Organizational Culture (DEI/IPSEE)	1.00	2.00	-1.00
Test Rental	5.00	5.00	0.00
Training	5.00	4.00	1.00
<b>CPS GRAND TOTAL</b>	<b>110.00</b>	<b>105.00</b>	<b>5.00</b>

**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Dana Henderson, Executive Assistant  
**SUBJECT:** CPS HR Performance Scorecard

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

At the request of the Board, the purpose of the Performance Scorecard is to provide the Board with a high-level overview of the performance of the organization at a glance. The Senior team and staff monitor these indicators in order to assess organizational performance as tracked to goals.

**DISCUSSION:**

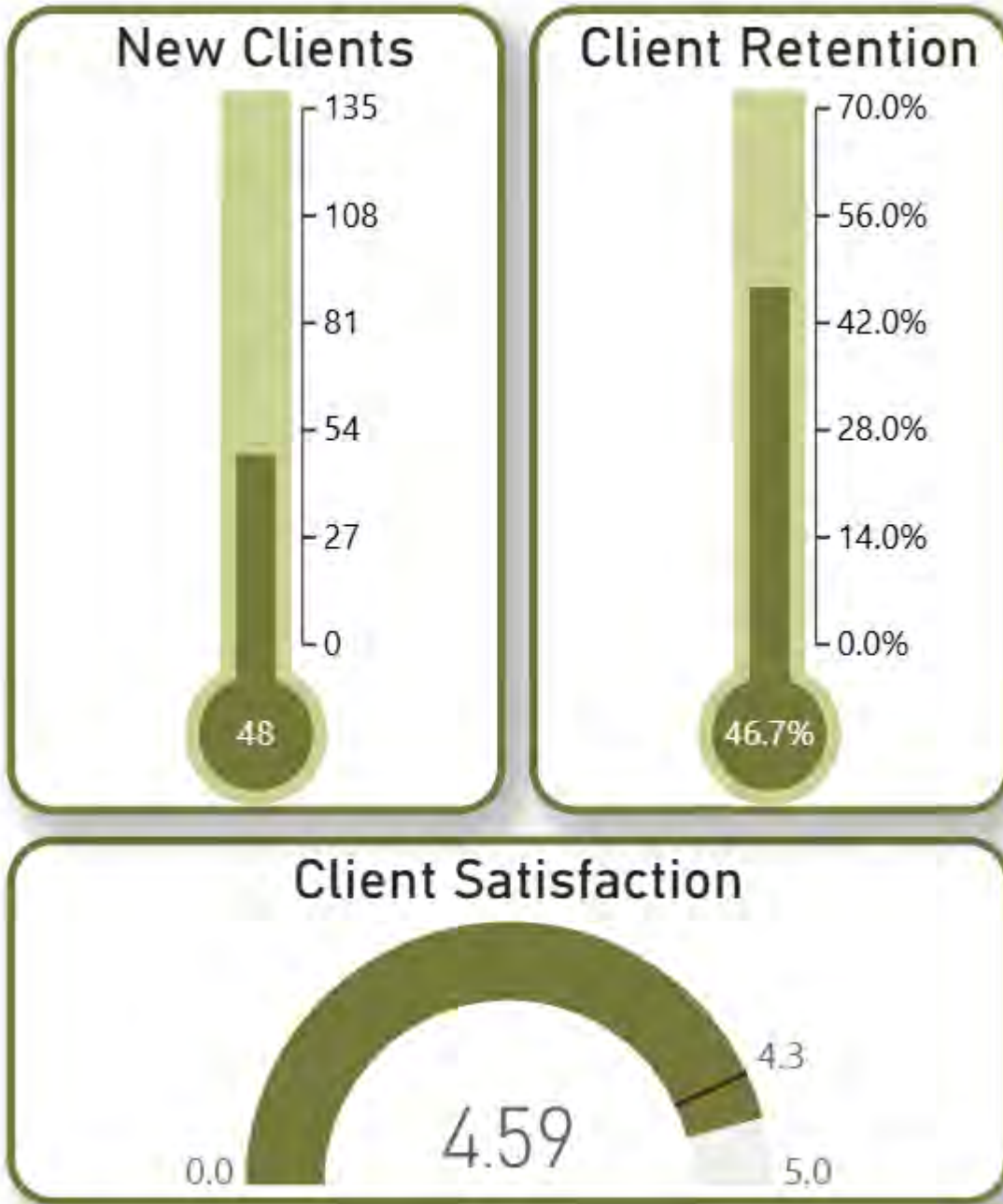
The performance indicators on the Performance Scorecard reflect the key elements that are monitored to assess organizational success at a high level.

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, for information only.

# CPS HR CONSULTING ORGANIZATIONAL SCORECARD







**Note:** Received Opportunities do not include "need established"

<b>53.94%</b> Win Rate FY25	<b>\$5,208,577</b> Win Revenue FY25	<b>71.52%</b> Win Rate FY26	<b>\$4,191,927</b> Win Revenue FY26												
<table border="1"> <thead> <tr> <th colspan="4">In Play</th> </tr> <tr> <th>FY26</th> <th>FY25</th> <th>FY24</th> <th></th> </tr> </thead> <tbody> <tr> <td>241</td> <td>93</td> <td>2</td> <td></td> </tr> </tbody> </table>				In Play				FY26	FY25	FY24		241	93	2	
In Play															
FY26	FY25	FY24													
241	93	2													

The metrics above are based on the opportunity *start date* and credited to the fiscal year based on that date. An opportunity begun last year may not be awarded until this year, therefore, the metrics below reflect wins and estimated revenue using the *award date*:

<b>182</b> Won via Award Date FY26	<b>\$6,649,373</b> Win Revenue via Award Date FY26
---------------------------------------	---

\*Information current as of 10/24/25

**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Katie S. Hagen, CEO and Dana Henderson, Executive Assistant  
**SUBJECT:** FY26 Strategic Initiatives – Progress Update

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

Our FY26 strategic goals are aligned with the FY2024 Strategic Direction approved by the Board in June 2023. These goals are designed to strengthen our market position and improve organizational sustainability, while staying true to our mission, vision, and core principles.

**DISCUSSION:**

**Overall Position**

After the first quarter, our economic position is mixed but stable; we show solid gross margins paired with some early revenue shortfalls relative to budget. Proposal activity is up 40% year-over-year, a strong sign of engagement across multiple service lines. Win rates remain healthy, and we expect these gains to convert into revenue in the coming quarters as awarded projects move into contract and delivery.

**Strategic Progress**

We are on track with our strategic plan initiatives, meeting timelines with no significant barriers identified. The core service areas are performing well. Where limitations exist, they relate more to internal capacity than to market opportunity. Demand across service lines remains strong, reflected in a strong increase in RFPs this quarter. As wins materialize, we will continue to monitor the balance between FTE and Project Consultant capacity. The new talent profiling initiative for our intermittent workforce will help identify gaps and guide resourcing decisions.

**Service Line Development**

Our effort to re-engineer the compensation study methodology remains a top priority. Client demand for streamlined study options continues to grow, and this initiative will help us remain competitive. The net margin analysis initiative, completed in Q1, has already generated actionable recommendations now moving into implementation.

A consistent theme across service areas is the need for more technological and AI-driven solutions. In response, we will develop a **Technology Roadmap** in the coming quarter to align innovation with business needs.

### **Business Development and Market Trends**

Business development continues to focus on growing market share, expanding existing client relationships, and securing larger, high-value projects.

- **State market:** continues to exceed budget expectations.
- **Local and emerging markets:** slightly below plan but expected to recover as proposal activity converts to projects.
- **High-performing service areas:** Talent Marketing and Talent Acquisition & HR Services continue to outperform.

New clients are engaging CPS HR primarily for classification and compensation, executive search, HR consulting, investigations, employment testing, and training. Special districts remain a niche but steady market, supported by partnerships with law firms and professional associations.

### **Service Line Transitions and Innovations**

Our DEI service line has been refreshed and renamed **Inclusive Leadership** to reflect how organizations now approach this work. The new focus emphasizes practical, leadership-centered strategies for inclusion and belonging, which is aligned with our clients' evolving priorities.

Public agencies are also shifting toward **skills-based hiring**, prioritizing competencies over formal degrees. CPS HR is exploring ways to help agencies test and validate these skills to strengthen hiring and promotional practices.

We also made the difficult but necessary decision to sunset our **Employee Engagement** line. While the service had long been valued by clients, demand had declined and could no longer sustain its cost structure. We supported a Principal Consultant through an offboarding process and reassigned a Senior Consultant to a high-demand service area. These decisions were made thoughtfully, with appreciation for the people, the work, and the clients involved.

### **Looking Ahead**

As we move into winter/spring, we will continue monitoring market conditions and begin preparing for FY27 budgeting and strategic planning.

**RECOMMENDATION:** None; for information only.

**FISCAL IMPACT:** None; for information only.



## 3 Year Strategic Plan

**Strategic Planning Team:** Jerry Greenwell, Melissa Asher, Geralyn Gorshing, Sandy MacDonald-Hopp, Greg Roberson, Vicki Brashear, Jaclyn Del Carlo

### Commitment to Inclusivity

We are committed to creating an environment where everyone feels valued, respected, and empowered to contribute fully. We believe that diversity of perspectives enhances our collective success and actively work to include individuals from all backgrounds and experiences. Inclusiveness is demonstrated by our intentional efforts to involve a broad range of perspectives, fostering equity and a sense of belonging for all.

#### MISSION (WHY)

Promoting HR excellence in the public sector to drive high-level organizational performance.

#### CORE VALUES (WHO)

ACCOUNTABLE	INNOVATIVE
AGILE	INTEGRITY
EMPOWERED ENGAGEMENT	RELATIONSHIP FOCUSED
INCLUSIVE LEADERSHIP	STRATEGIC MINDSET

#### 2030 OUTLOOK (WHERE)

We are nationally recognized for our expertise in public sector HR Consulting.

#### VALUE PROPOSITION (WHAT)

We deliver comprehensive HR solutions built on unparalleled government expertise to meet our clients' unique needs.

#### We help clients succeed by (HOW we deliver value):

- **Understanding Your Goals:** We listen to your needs, understand your business, and focus on achieving your desired outcomes.
- **Unlocking New Perspectives:** Together we explore new ideas, expand possibilities, and consider the broader impact on those you serve.
- **Bringing Solutions to Life:** We put plans into action, making strategies operational and effective.
- **Empowering Your Growth:** Provide you with the tools and knowledge to elevate performance and expand capabilities for your organization and those you serve.

#### 2025/26

#### SUCCESS MEASURES

Annual Revenue of \$92.5M  
 Margin of 35.4%  
 Client Retention of 70%  
 135 New Clients  
 Client Satisfaction Rating of 4.3  
 Employee Engagement Score of >75% overall response rate and >40% of employees are fully engaged

Approved by the Board of Directors [June 6, 2025]

### 3 Year Picture From FY24 to FY27:

- Annual Revenue of \$40M
- Client Retention Rate of 70%/400 New Clients/40% Margin
- Regional approach to business development
- Known as a national HR Leader/trusted advisor
- Employer of Choice (living our values)
- Staffing fluidity
- Digitally fluent workforce
- Digitized products
- Continuous process improvement for intelligent efficiency

ANNUAL GOALS (HOW)	OWNER	MEASUREMENT – JUNE 30, 2026
<b>Revenue</b> <b>1A. Increase income diversity and reduce risk by penetrating new markets, targeting larger clients and securing more high-value projects.</b>	Geralyn	<ul style="list-style-type: none"> <li>• Increase the number of proposals over \$50K by 10% compared to the FY25 baseline.</li> <li>• Increase revenue by 5% from projects over \$50K compared to the FY25 baseline.</li> <li>• Grow GL region by \$500K compared to the FY25 baseline.</li> </ul>
<b>Revenue</b> <b>1B. Proactively manage the annual profit margin.</b>	Vicki	<ul style="list-style-type: none"> <li>• Complete a margin impact analysis and deliver a report by P &amp; S identifying at least three key drivers of margin erosion and three actionable efficiency opportunities.</li> <li>• Increase overall gross margin to 37% by year end.</li> </ul>
<b>People</b> <b>2A. Leverage a dynamic pool of talented intermittent employees to expand our capacity.</b>	Jaclyn	<ul style="list-style-type: none"> <li>• Achieve a 25% reduction in RFPs and client requests declined due to capacity or skill shortages, using FY25 as the baseline.</li> <li>• 100% adoption of Intermittent Employee Program &amp; Tools by Project Managers and Intermittent Employees.</li> <li>• Increase the percentage of project work fulfilled by intermittent employees, reducing reliance on fixed-cost staffing models to achieve revenue goals (target ratio of 45:55/regular vs PC).</li> </ul>
<b>People</b> <b>2B. Cultivate a company culture around care and our core values.</b>	Melissa	<ul style="list-style-type: none"> <li>• Above average rating in the annual employee survey on how well we are living our culture and core values.</li> <li>• Develop and deliver four foundational training courses to all employees.</li> </ul>
<b>Products and Services</b> <b>3A. Re-engineer Compensation Study Methodology and Processes.</b>	Vicki	<ul style="list-style-type: none"> <li>• Achieve a 55% win rate on compensation proposals submitted within the fiscal year.</li> <li>• Meet classification &amp; compensation revenue goal of \$3.4M.</li> </ul>

# 1A. PENETRATE NEW MARKETS, TARGET LARGER CLIENTS AND OBTAIN MORE HIGH-VALUE PROJETS

(Geralyn)

## Q1 PROGRESS

- Developed regional BD plans
- Created nationwide strategy focused on expanding state-level BD efforts
- Identified Service Bundles to capture larger scale projects
- Operationalized the Great Lakes growth strategy
- Utilized GovSpend for market intelligence

# 1A. PENETRATE NEW MARKETS, TARGET LARGER CLIENTS AND OBTAIN MORE HIGH-VALUE PROJETS

(Geralyn)

## NEXT 90 DAYS

- Continue analyzing FY25 pipeline to identify sectors and clients that generated >\$50K/prioritize high-potential clients
- Strengthen communication strategy to include integrated value propositions across marketing activities and proposals
- Identify and engage purchasing co-ops and procurement management companies
- Continue advancing the Great Lakes expansion plan

# 1B. PROACTIVELY MANAGE PROJECT GROSS MARGINS

(Vicki)

## Q1 PROGRESS

- Managers completed a comprehensive margin driver analysis across all Client Services product lines
- Identified common margin driver challenges and created list of top opportunities (unit vs org led)

# 1B. PROACTIVELY MANAGE PROJECT GROSS MARGINS

(Vicki)

## NEXT 90 DAYS

- Units to implement 2-3 high impact initiatives from findings
- Create plans for larger, resource-heavy projects

## 2A. LEVERAGE A DYNAMIC POOL OF INTERMITTENT EMPLOYEES TO EXPAND CAPACITY

(Jaclyn)

### Q1 PROGRESS

- **Talent Profile:** Successful pilot with enhancements from feedback; released to all employees — *157 profiles completed*
- **Recruitment & Branding:** New Careers website launched; regional intermittent recruitments and new recruitment flyers shared across the organization
- **Communication:** Implemented notifications to intermittent employees' personal emails when CPS HR emails are received

## 2A. LEVERAGE A DYNAMIC POOL OF INT EMPLOYEES TO EXPAND CAPACITY

(Jaclyn)

### NEXT 90 DAYS

- **Skill Gap Analysis:** Identify experience and skill gaps from Talent Profiles to align workforce with organizational needs
- **Classification & Compensation Study:** Review intermittent classifications for equity, consistency, and market alignment
- **IEP Workgroup Subgroups:**
  - *Change Management & Adoption* – drive engagement and implementation
  - *Marketplace Creation* – design talent-matching framework
  - *Data Review* – analyze insights to inform decisions

## 2B. CULTIVATE A CULTURE AROUND CARE AND OUR CORE VALUES (Melissa)

### Q1 PROGRESS

- Org culture class, Living the CPS HR Culture, delivered
- Pulse Survey plan developed with input from Senior Leaders and enlisted EExcel Council for ongoing feedback
- Entrepreneurial Mindset pilot group selected

## **2B. CULTIVATE A CULTURE AROUND CARE AND OUR CORE VALUES (Melissa)**

### **NEXT 90 DAYS**

- Deploy Q1 Pulse Point Survey results
- Reimagine Live Well Squad
- Develop Entrepreneurial Mindset curriculum
- Lock in eLearning framework and resource plan for CPS HR Business Model class

## 3A. RE-ENGINEER COMPENSATION STUDY METHODOLOGY

(Vicki)

### Q1 PROGRESS

- Mapped compensation study workflow using recent studies
- Identified top process bottleneck for major revamp

## 3A. RE-ENGINEER COMPENSATION STUDY METHODOLOGY

(Vicki)

### NEXT 90 DAYS

- Create project plan to revamp top process obstacle; secure resources
- Conduct analysis against competitors' methods, pricing, and deliverables to create a win profile and ID innovative practices worth adopting

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**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen CEO  
**PREPARED BY:** Sandy MacDonald-Hopp, CFO  
**SUBJECT:** Investment Update

**ACTION REQUESTED:**

Information Item  
 Approval and/or Authorization  
 Policy Change or Adoption  
 Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The CPS schedule of investments is presented for Board information and to comply with the reporting section of CPS's Investment Policy. It is the intent of CPS to maximize investment earnings through longer-term investments while maintaining a balance of short-term investments to meet current obligations. All investments must conform to CPS's investment policy. Current reserves are sufficient to meet the next 30 days' obligations.

**DISCUSSION:**

As part of the Board's role in providing financial oversight each meeting, an updated investment portfolio is provided for informational purposes. At the request of the board, portfolio summary statistics are provided below, including the annualized investment total return on the long-term portfolio.

Portfolio Value as of September 30, 2025: **\$8,023,132** (includes accrued interest of \$68k)

Average Maturity 2.46 years  
Average S&P Rating A+; 12.3% investment dollars are CDs that are FDIC insured

<b>Performance</b>	<u>1 month</u>	<u>YTD</u>	<u>Since Inception</u>
Period Total Return	0.20%	1.15%	3.67%
Annualized Total Return	2.39%	4.69%	4.69%

**RECOMMENDATIONS:** None, for information only.

**FISCAL IMPACT:** None, no expense will be incurred.



**Schedule of Investments  
As of September 30, 2025**

1) Investment portfolio held at Wells Fargo Bank	\$ 8,023,132	(see attached)
2) Short-term investments held at Wells Fargo Bank	\$ 970,636	
3) Short-term investments held at LAIF / CalTrust	<u>\$ 5,835,736</u>	
Total	<u>\$ 14,829,504</u>	



*Investment Portfolio: Account Positions As of 9/30/2025*

<i>Description</i>	<i>Moody's</i>	<i>S&amp;P</i>	<i>Rate</i>	<i>Maturity</i>	<i>Current Par</i>	<i>Market Value</i>
FIDELITY FUNDS			4.29		1.00	398,752.10
GOLDMAN SACH FINL			4.22		1.00	398,752.49
NORSK HYDRO A/S	AA2	AA-	7.13	11/15/2025	100,000.00	100,318.00
DISCOVER BANK CD			5.07	3/23/2026	250,000.00	251,425.00
ENERBANK USA CD			0.77	6/19/2026	250,000.00	244,535.00
MORGAN STANLEY	A1	A-	6.13	8/9/2026	450,000.00	458,455.50
BANK OAKRIDGE CD			0.57	9/18/2026	250,000.00	242,330.00
SUMITOMO MITSUI FINL GRP	A1	A-	3.47	1/11/2027	245,000.00	243,169.85
FEDERAL HOME LOAN BANK	AA1	AA+	2.20	2/25/2027	350,000.00	342,562.50
TEXAS EXCHANGE BK SSB CD			1.05	6/25/2027	250,000.00	238,735.00
DEUTSCHE BANK NY	A1	A	5.24	9/9/2027	250,000.00	256,230.00
FEDERAL FARM CREDIT BANK	AA1	AA+	5.36	10/20/2027	250,000.00	250,000.00
TORONTO-DOMINION BANK	A2	A-	5.04	1/10/2028	250,000.00	255,942.50
CREDIT SUISSE NEW YORK	AA2	A+	6.97	2/15/2028	875,000.00	942,068.75
MERRILL LYNCH & CO	A1	A-	6.33	6/1/2028	250,000.00	266,735.00
ASSURED GUARANTY US HLDG	BAA1	A	5.83	9/15/2028	250,000.00	262,832.50
BANCO SANTANDER SA	A2	A+	6.18	11/7/2028	200,000.00	213,838.00
FIRST UNION NATL NC	AA3	0	6.12	12/1/2028	250,000.00	265,415.00
FEDERAL HOME LOAN BANK	AA1	AA+	4.83	1/29/2029	250,000.00	250,257.50
FED HOME LN MTG CORP	AA1	AA+	6.07	9/15/2029	500,000.00	556,155.00
UNITEDHEALTH GRP INC	A2	A+	5.09	2/15/2030	250,000.00	260,250.00
FED NATL MTG ASSN	AA1	AA+	6.32	5/15/2030	400,000.00	459,220.00
SUMITOMO MITSUI FINL GRP	A1	A-	5.49	7/13/2030	500,000.00	532,700.00
BHP BILLITON FIN USA LTD	A1	A-	5.04	9/8/2030	250,000.00	260,550.00
<b>Total CD/Bonds/Mutual Funds</b>						<b>\$ 7,951,229.69</b>
WF ADV CASH INVEST Money Market						\$3,537.35
Accrued Interest						\$68,364.79
<b>Total Market Value</b>						<b>\$ 8,023,131.83</b>

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**DATE:** November 7, 2025  
**TO:** CPS HR Consulting Board of Directors  
**FROM:** Katie S. Hagen, CEO  
**PREPARED BY:** Dana Henderson, Executive Assistant  
**SUBJECT:** Employee Recognition

**ACTION REQUESTED:**

- Information Item
- Approval and/or Authorization
- Policy Change or Adoption
- Closed Session Item

**RELATIONSHIP TO BUSINESS PLAN:**

The CPS HR “Make an Impact” Employee Recognition Program, which was implemented in July 2017, and supports an organizational culture in which our CPS HR Guiding Values, and our strategic direction and goals are hallmarks of our individual and collective work practices. Our recognition programs reinforce these values.

The CPS HR Guiding Values are Care for Our Customers, Care for the Organization, and Care for Each Other.

**DISCUSSION:**



The **Team Impact Award** is a team performance award focusing on the accomplishments, results, and achievements of a group of 2 or more. The purpose of this award is to recognize stellar team performance that leads to outstanding results, and especially noteworthy achievements in accomplishment of CPS HR strategic direction and goals.

**Team Impact Award Winners since June 2025**

**Team Name: Proposal & Business Development Team**

**Team Members: Tiffany Bose, Kevin Nicholson, Deanna Heyn, Eliza De La Cruz, Sarah Kleinberg, Amy Androy, Karina Mendez, and Margie Hertneck**

**Submitted by: Geralyn Gorshing**

During a critical 12-week period when the Proposal team was operating one member short, this team demonstrated exceptional collaboration, adaptability, and commitment to maintaining

excellence. Despite the added workload and resource constraints, they ensured that there was no interruption in our proposal process, which is a vital function for our organization.

To manage the increased workload, the team quickly reorganized and worked in pairs, alternating weeks to review RFPs, entered them into our CRM system, and distribute them through the appropriate channels. They also stepped up to take on additional proposals while maintaining their regular responsibilities. This required rapid cross training on processes and workflows, which they embraced without hesitation.

This achievement is especially significant because it ensured business continuity during a period of potential disruption. The team's willingness to help one another, share responsibilities, and proactively learn new tasks exemplifies the very best of teamwork. Their ability to come together, adapt quickly, and execute seamlessly under pressure not only met organizational needs but also showcased their resilience and dedication.

This success was only possible because of their collaborative spirit, open communication, genuine care for each other and our clients, and shared commitment to getting the job done.

I am proud to nominate this team for the Team Impact Award in recognition of their exemplary teamwork and significant contributions during this challenging period.

**Team Name: Human Resources**

**Team Members: Kale Brinley and Megan Misasi-Randles**

**Submitted by: Jaclyn Del Carlo**

Since March 17, Kale and Megan have exemplified exceptional teamwork, leadership, and resilience by stepping up to sustain and advance key HR functions with one fewer team member. Their unwavering commitment and remarkable performance during this time have been critical to maintaining service delivery and progressing strategic initiatives across the organization.

Kale and Megan ensured seamless coverage of core HR responsibilities without service disruption. Their efforts spanned: Recruitment Support, Job Advertisements & Pipeline Management, NEOGOV Admin Duties, Surveys, Metrics, Reporting and Audit and Compliance Excellence.

Kale and Megan proactively updated and maintained resource libraries, responded to ongoing information requests, and kept the broader team aligned with regular, clear communications.

In a time of transition and increased responsibility, Kale and Megan didn't just fill a gap—they raised the bar. Their ability to balance routine operations, drive strategic projects forward, and maintain a cohesive team culture is a testament to their professionalism and impact. They embody what it means to be team players and leaders in action, and their performance has had an unmistakable, positive ripple effect throughout the organization.

**Team Name: NEOGOV Implementation Team**

**Team Members: Jaclyn Del Carlo, Kaley Cooper, Kale Brinley, Megan Misasi-Randles, Greg Roberson, Rich Lorraine, Allen Myers, Gilles Laborde Lagrave, Sandy MacDonald-Hopp, Brian Blunt, Kathy Ithurnburn, Dimple Patel, and Vickie Legkiy**

**Submitted by: Jaclyn Del Carlo**

In September 2023, the NEOGOV implementation Team embarked on ambitious, multi-year journey to modernize and streamline our HR systems. This cross-departmental team, representing Human Resources, ISD, and Finance, took on the task of implementing a full suite of seven NEOGOV modules: HR Core, Benefits, Perform, Insight/OHC, Onboard, eForms and Attract.

By September 2025, the team had successfully launched all seven modules, a scale and timeline rarely achieved by organizations of our size. This accomplishment reflects not only exceptional planning and execution, but also the team's deep commitment to building a stronger, more efficient, and people-focused foundation for our organization.

The implementation required extensive planning, evaluation of existing processes, data integrity work, and system mastery. Team members invested countless hours learning the platform, collaborating on innovative workflows, and ensuring data accuracy. Through their efforts, the team designed updated processes that optimize the employee lifecycle, enhance service delivery, and align with our organizational values. Care for Our Organization, Care for Each other and Care for our Customers.

Throughout this process, the team demonstrated the values of Innovation, by designing creative and tailored solutions; accountability, by meeting ambitious milestones and ensuring data integrity, relationship focus by fostering strong partnership across departments, and Empowered Engagement, by encouraging shared ownership and active learning at every stage.

A key driver of success was the team's intentional change management strategy. Recognizing that technology alone does not create change, they developed training, communication, and feedback loops to support adoption across the organization. This proactive approach ensured a smooth transition for users, built trust, and created a culture of learning around the new system.

The project directly advanced Strategic Goal 2A, "Leverage a dynamic pool of talented intermittent employees to expand our capacity." The NEOGOV system enables real-time tracking, faster recruitment, improved onboard, and streamlined workforce management for all employees. As a result, the organization is better equipped to respond to changing operational needs with agility and precision.

The impact has been both measurable and meaningful. To date, the team has successfully automated over 151 task assignments and 57 electronic forms and related notifications, streamlining workflows across the employee lifecycle. This automation has reduced manual data entry, minimized errors, and improved the speed and consistency of transactions. Data accuracy has significantly improved, and onboarding timelines have shortened, allowing new employees to become more productive more quickly.

In addition, the centralized system has enhanced visibility into workforce data, improved reporting capabilities, and strengthen compliance tracking. These outcomes have elevated the employee experience and expanded the organizations ability to deliver services efficiently, strategically, and with greater agility.

This milestone represents not just a project completed, but a transformation achieved through leadership, resilience, and collaboration. The team navigated challenges with creativity, maintained transparent communication, and modeled what cross-functional excellence looks like. Their work is far from done; this achievement is just a launchpad for continued improvement as the team continues to refine, innovate, and leverage the system to its fullest potential to support our mission and values.

**Team Name: Client Services Management Team**

**Team Members: Melissa Asher, Amy Bigone, Lynette Conn, Ana Costa, Sheila McAuliff, Michelle Garbato, Chrissy Peacock, Pam Derby, Sara Randazzo, and Karen Evans**

**Submitted by: Vicki Quintero Brashear**

The Client Services management team demonstrated exceptional effort and skills in completing the FY26 Strategic Initiative 1B margin driver analysis. Each manager conducted a comprehensive review of their product line(s), analyzing projects to identify specific margin drivers, challenges, and opportunities. They examined factors including staffing mix, project overruns, process inefficiencies, and resource allocation, while distinguishing between controllable and uncontrollable variables. They also developed a presentation detailing their approach, findings, and recommendations.

The impact of this work extends beyond the immediate analysis. The managers successfully identified common margin challenges affecting multiple service areas and documented best practices that can be replicated across the organization. Their willingness to question assumptions and challenge "the way we've always done things" resulted in a comprehensive action list of high/medium/low-impact improvement opportunities. This allows CPS HR to create a clear plan for the remainder of the fiscal year, with targeted initiatives that will work to drive the organization toward the initiative's 37% margin goal.

Most significantly, this team's work established a framework for ongoing margin management and continuous improvement. Their analysis and insights provided senior leadership with the visibility needed to address organization-wide issues while empowering individual managers with actionable strategies for their product lines. The quality and depth of their work have positioned CPS HR to implement meaningful, data-driven improvements that will benefit the organization. Thank you for all of your hard work and dedication, team!



### **Instant Impact Award Winners for 2025**

The **Instant Impact Award** is a recognition award that allows a supervisor to appreciate an employee's extra efforts and initiative. It requires the employee to have acted with initiative in volunteering and completing a project or assignment that is outside of their normal duties and responsibilities.

**Name: Igor Shegolev**

**Submitted by: Vicki Quintero Brashear**

Igor went above and beyond his regular responsibilities by taking on the CPS HR internal compensation study, a visible and time-sensitive project. He provided expert consultation, conducted complex job matching, developed data sheets, and offered recommendations that directly informed executive decision-making.

His work exemplified initiative, teamwork, and deep commitment to best practice. The work was outside his normal scope, and he consistently modeled CPS HR's Guiding Values of caring for our organization and each other.

Igor's contributions had an immediate and lasting impact on the organization by ensuring the credibility, timeliness, and professionalism of a foundational HR initiative. His actions exemplify initiative, leadership, and excellence under pressure.

**Name: Sheila McAuliff**

**Submitted by: Vicki Quintero Brashear**

Sheila went above and beyond her regular responsibilities by taking on the CPS HR internal compensation study, a visible and time-sensitive project. She provided expert consultation, conducted complex job matching, developed comprehensive data sheets, performed quality control, and offered recommendations that directly informed executive decision-making.

Her work exemplified initiative, teamwork, and deep commitment to quality. The work was outside her normal scope, and she consistently modeled CPS HR's Guiding Values of caring for our organization and each other.

Sheila's contributions had an immediate and lasting impact on the organization by ensuring the credibility, timeliness, and professionalism of a foundational HR initiative. Her actions exemplify initiative, leadership, and excellence under pressure.

**Name: Edward Sisson**

**Submitted by: Chrissy Peacock**

Edward demonstrated exceptional commitment and adaptability by stepping in to replace a colleague who had to attend to a family emergency. His ability to swiftly manage in making travel arrangements and collaborating with team members to create and finalize presentation materials with less than a week's notice is truly commendable.

Edward was entrusted with representing CPS HR at the American Association of Special Districts Conference. Despite the short notice, Edward will not only attend the event but also deliver two significant presentations at various summits, showcasing his expertise in public sector human resources.

The first presentation, "HR Strategies for Today's Libraries," will be delivered at the Americas Library District Summit. Edward will provide insights into innovative human resources strategies tailored specifically for modern libraries, addressing the unique challenges and opportunities faced by these institutions.

The second presentation, "Attracting Top Talent," will be delivered at the MidAmerica Special Districts Summit. Edward will share extensive knowledge on effective strategies for attracting and retaining top talent, offering practical advice and actionable steps that will be relative to attendees.

Edward's ability to manage these responsibilities with such poise and professionalism is a testament to his agility, commitment, and expertise. His contributions will not only uphold the reputation of CPS HR but also significantly impact the participants of both summits.

**Name: Rachel Danke**

**Submitted by: Chrissy Peacock**

Rachael has demonstrated exemplary dedication and skill in her recent contributions to the Americas Library District Summit and the MidAmerica Special Districts Government Summit.

Rachael created a new, comprehensive presentation on HR Strategies for Today's Libraries, tailored specifically for the Americas Library District Summit. This presentation was meticulously researched and crafted, providing invaluable insights and practical strategies for the attendees. Her innovative approach and attention to detail have set a new standard for HR presentations within our organization. Remarkably, Rachael accomplished this task with less than a week's notice, showcasing her exceptional ability to deliver high-quality work under tight deadlines.

In addition, Rachael updated an existing presentation on Attracting Top Talent for the MidAmerica Special Districts Government Summit. This update was not only timely but enhanced the content, making it more relevant and impactful for the audience. Rachael's ability to swiftly improve the presentation on less than a week's notice is a testament to her expertise and commitment.

Rachael's dedication extended to supporting her colleague, Edward, by preparing the presentations for Edward to deliver at the American Association of Special District conference. Her willingness to assist and ensure the success of others in the team highlights her collaborative spirit and exceptional teamwork.

**Name: Heather Moore**

**Submitted by: Chrissy Peacock**

Heather deserves to be recognized for her outstanding contribution and unwavering dedication through her service in Morgan County, Colorado. Heather stepped in as Interim HR Director at a crucial time when the County had been operating without dedicated HR leadership for two years. Her leadership facilitated seamless HR operations, maintaining employee confidence and providing stability to this essential function. Heather actively contributed to recruitment, compliance, leave management, job fairs, and employee relations, both remotely and on-site. Her efforts kept operations running smoothly and provided employees with a trusted point of contact for HR support.

In addition to maintaining daily operations, Heather improved recruitment efforts and raised the County's profile as a preferred employer. She collaborated with the local workforce center to attract candidates for challenging roles and began digitizing personnel files, facilitating the County's digital transition. Her timely responses to employee concerns and focus on building stronger department-level relationships ensured that HR services remained available and responsive during organizational change.

Finally, Heather facilitated the recruitment and selection of a new HR Director and is currently training and transitioning this individual to fully assume the role by the end of April.

**Name: Jennifer Houston**

**Submitted by: Chrissy Peacock**

Our project team working with Sacramento Public Library realized the client was not on target to complete the required Affordable Care Act (ACA) reporting for 2024. After trying to resolve the issue internally, we needed to bring in additional resources to address the issue. Jennifer stepped in to provide this assistance since she has experience with ACA reporting. Under normal circumstances, agencies would begin this process in November. Jennifer was brought in mid-January. With an extremely short time frame, she was able to research and find a vendor (ACA GPS) that would be able to send out the 1095s to the employees by the required postmark date of 3/3/25 and file the annual report electronically by the required date of 3/31/25. We received buy in from the client to purchase the vendor services. Then came the daunting task of retrieving, compiling, and uploading all required employee data into the system in order for ACA GPS to be able to execute their tasks. After much back and forth with the client on employee data and consolidating various reports, Jennifer was able to load files for approximately 600 employees into the vendor database by 2/28/25 in order for ACA GPS to be able to rush the printing and postmarking of 1095s by 3/3/25. This was an incredible effort on Jennifer's part to assist with this monumental scope of work that required collaboration with various stakeholders, analyzing data, and adhering to a shortened time frame while also balancing her other projects. And she saved Sacramento Public Library from potential penalties from the IRS for not being in compliance.



The **Impact! Award** is a “Thank You” for a substantive amount of effort put forth by an eligible employee. This is a semi-formal recognition award allowing a co-worker or supervisor to appreciate an employee’s extra efforts and initiatives beyond that of a Shout Out Award. It requires the employee to have achieved something noteworthy that stands out within the otherwise understood scope of their job duties and responsibilities.

**Name: Rich Lorraine**

**Submitted by: Allen Myers**

Thank you, Rich, for taking the time to implement the Professional Overview section of the Employee Profiler, your attention to detail and quick call to action helped us deliver a last-minute demonstration to the IEP and Senior Leader teams.

**Name: Gilles Laborde Lagrave**

**Submitted by: Sarah Kleinberg**

Gilles put in considerable effort to: 1) design programming for our PC lunch and learn, 2) present the information and respond to PC questions, and 3) provide continued follow-up support. With his trademark kindness and smile, Gilles not only put in the effort to make the event a success, he continues to provide responsive and quick follow up to the numerous requests coming after.

Bringing our State Practice PCs to the office for a lunch and learn discussing CPS HR technological systems was strategically connected to the following goals: 1) increasing PC engagement with CPS HR and making them feel more connected to the organization, 2) increasing the general understanding of systems so that PCs could be deployed with other product and services teams, and 3) reducing risk associated with compliance with records retention requirements. Because Gilles went above and beyond expectations to ensure that this program was a success and the PCs increased their understanding and had better resources on which to rely, he demonstrated Care for the Organization and Care for Each Other, which will also result in better outcomes for our clients.

**Name: Pat Williams**

**Submitted by: Veronica Lara-Lopez**

Thank you for thinking outside the box and figuring out a way to print bar code labels using Word! Printing these labels allowed you to print books on the floor while Walter was out, and the big printers were down. The labels allowed us to fulfill several expediated orders that came in, the books with labels still looked professional and met our high standards! It was a super busy week, but we appreciate working with you to keep our orders going out! Thank you, Pat!

**Name: Kim Augustin**

**Submitted by: Megan Misasi-Randles**

Kim's proactive approach in identifying and sharing shortcuts has significantly enhanced our team's efficiency and effectiveness. By exploring the full capabilities of our technology and streamlining workflows, Kim has enabled the team to work smarter, reducing time spent on repetitive tasks while improving productivity. Their ability to translate complex processes into user-friendly solutions demonstrates their deep understanding of our systems and a commitment to continuous improvement. Not only did Kim discover and implement using this time-saving feature of MS Teams, but has also taken the initiative to educate colleagues, ensuring that everyone benefits from these enhancements. Kim's willingness to go above and beyond to empower the team reflects exceptional leadership and dedication to operational excellence. Specific enhancements were teaching people how to add a message or chat or post in teams to the Planner and being able to easily find message or follow up items and set due dates and reminders as well as discovering the MS Teams delayed send feature to schedule chats for future date/time sends.

**Name: Channelle Ceralde**

**Submitted by: Chrissy Peacock**

Channelle, in collaboration with Amy, was tasked with reviewing inquiries from the California Special Districts Association (CSDA) regarding new legislation and providing responses based on their analysis. The required turnaround time for these responses was within 24 hours (one business day), and both prioritized this task to ensure timely and high-quality customer service to CSDA. Additionally, Channelle has been supporting Amy with a complex mediation with our client at Sacramento Public Library, which has demanded considerable time and analysis.

**Name: Amy Hagan**

**Submitted by: Chrissy Peacock**

Amy, in collaboration with Channelle, was tasked with reviewing inquiries from the California Special Districts Association (CSDA) regarding new legislation and providing responses based on their analysis. The required turnaround time for these responses was within 24 hours (one business day), and both prioritized this task to ensure timely and high-quality customer service to CSDA. Additionally, Amy, supported by Channelle, has been working on a complex mediation with our client at Sacramento Public Library, which has demanded considerable time and analysis.

**Name: Debbie Gutman**

**Submitted by: Debora Boutte**

Deb has been consistently managing a sensitive issue for a client with utmost diligence. Her professionalism throughout the process has been exemplary.

**Name: Laural Davis**

**Submitted by: Veronica Lara-Lopez**

Client feedback - Fire Chief at Illinois Valley Fire District

I wanted to take a moment to express my appreciation for your outstanding staff and products. I have utilized your services before and am in the process of arranging another testing this week.

I would especially like to recognize Holly Hatada and Laurel Davis for going above and beyond to ensure that all of my questions were answered. Their professionalism and dedication have made the process seamless, and I truly appreciate their efforts.

Thank you for fostering such an excellent team. I look forward to continuing to work with your company.

**Name: Holly Hatada**

**Submitted by: Veronica Lara-Lopez**

Client feedback - Fire Chief at Illinois Valley Fire District

I wanted to take a moment to express my appreciation for your outstanding staff and products. I have utilized your services before and am in the process of arranging another testing this week.

I would especially like to recognize Holly Hatada and Laurel Davis for going above and beyond to ensure that all of my questions were answered. Their professionalism and dedication have made the process seamless, and I truly appreciate their efforts.

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# Board Meeting

Meeting to Discuss Summary of Audit Results

June 30, 2025

November 7, 2025

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Review of June 30, 2025 CPS Financials with Auditor's Report	5

# COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

Professional standards require that we provide you with information related to our audit of CPS. This information is summarized below:

## Responsibilities and Opinion

- Responsibilities under Generally Accepted Auditing Standards (GAAS)
  - Financial statements are the responsibility of management.
  - Our responsibility as auditors is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles
- Required Supplementary Information
  - Reviewed for proper content but no opinion expressed
  - MD&A, ten years of GASB 68 disclosures, and eight years of GASB 75 disclosures

## Interactions with Management

- Management Consultations with Other Independent Accountants
  - None
- Disagreements with Management or Serious Difficulties Encountered
  - None, management was very cooperative and well-prepared

## Qualitative Aspects of Accounting Practices

- Significant Accounting Policies and Changes in Those Policies
- Management Judgments and Accounting Estimates within the Financial Statements
  - Appeared appropriate and in line with industry standards

## Results of the Audit

- Planned Scope and Timing
  - Scope and timing as anticipated
- Findings Identified in Performing the Audits
  - None
- Significant Adjustments or Disclosures Not Reflected in the Financial Statements
  - None

## Areas of Audit Focus

- Improper revenue recognition due to fraud.
- Management override of controls.
- Expense vs. capitalization
- Direct/Indirect expense allocations
- Employee-related expenses

# Review of Financial Statements with Independent Auditor's Report

## Independent Auditor's Report

- Unmodified, best opinion that we can give

## Management's Discussion and Analysis

- Comparative analysis of financial data
- Decrease in net position of \$2.5M, attributable to decrease in project revenue and direct project expenses.
- Budget vs. Actual data shows that total project-based revenues were less than projected budget by \$4.8M due to reductions in various projects across all markets. This was offset by direct project expenses which decreased by \$2.9M due to decreased costs of various. Indirect expenses were \$576K higher than budgeted. Overall change in Net Position was \$2.5M less than budgeted.

## Statement of Net Position

- Favorable ratio of Current Assets (\$16.8M) to Current Liabilities (\$3.4M).
- Net Position at June 30, 2025 was \$21.9M

## Statement of Revenues, Expenses, and Changes in Net Position

- Decrease in Net Position of \$2.5M

## Statement of Cash Flows

- Sources and Uses of cash, which increased by \$1.5M overall

## Notes to the Financial Statements

## Supplemental Information



# Audit Committee

Meeting to Discuss Summary of Audit Results

June 30, 2025

October 22, 2025

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# COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

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- Required Supplementary Information
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  - Ten years of GASB 68 disclosures and eight years of GASB 75 disclosures

## Interactions with Management

- Management Consultations with Other Independent Accountants
  - None
- Disagreements with Management or Serious Difficulties Encountered
  - None, management was very cooperative and well-prepared

## **Qualitative Aspects of Accounting Practices**

- Significant Accounting Policies and Changes in Those Policies
- Management Judgments and Accounting Estimates within the Financial Statements
  - Appeared appropriate and in line with industry standards

## **Results of the Audit**

- Planned Scope and Timing
  - Scope and timing as anticipated
- Findings Identified in Performing the Audits
  - None
- Significant Adjustments or Disclosures Not Reflected in the Financial Statements
  - None

## **Significant Risks Identified by the Auditor**

- Improper revenue recognition due to fraud.
- Management override of controls.
- Expense vs. capitalization
- Direct/Indirect expense allocations
- Employee-related expenses

# Review of Financial Statements with Independent Auditor's Report

## Independent Auditor's Report

- Unmodified, best opinion that we can give

## Management's Discussion and Analysis

- Comparative analysis of financial data
- Decrease in net position of \$2.5M, attributable to decrease in project revenue and direct project expenses.
- Budget vs. Actual data shows that total project-based revenues were less than projected budget by \$4.8M due to decreases in various projects across all markets. This was offset by direct project expenses which decreased by \$2.9M due to reduced costs of various projects. Indirect expenses were \$576K higher than budgeted. Overall change in Net Position was \$2.5M less than budgeted.

## Statement of Net Position

- Favorable ratio of Current Assets to Current Liabilities.

## Statement of Revenues, Expenses, and Changes in Net Position

- Negative Change in Net Position

## Statement of Cash Flows

- Sources and Uses of cash

## Notes to the Financial Statements

## Supplemental Information

**Report of Independent Auditors and  
Financial Statements with Required  
Supplemental Information for  
CPS HR Consulting**

**June 30, 2025**



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## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Cooperative Personnel Services  
d/b/a CPS HR Consulting  
Sacramento, California**

### **Opinion**

We have audited the accompanying financial statements of Cooperative Personnel Services d/b/a CPS HR Consulting (CPS) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CPS's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CPS, as of June 30, 2025, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CPS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in Net OPEB Liability and Related Ratios during the Measurement Period, Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period, Schedule of Contributions for OPEB, and Schedule of Contributions for Pension be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Gilbert CPAs*  
**GILBERT CPAs**  
**Sacramento, California**

**October 20, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2025**

---

As management of Cooperative Personnel Services d/b/a CPS HR Consulting (CPS HR), we offer readers of CPS HR's financial statements this narrative overview and analysis of the financial activities of CPS HR for the fiscal year-ended June 30, 2025.

### **Financial Highlights**

Highlights of the year include the following:

- CPS HR Consulting generated \$28.4 million in revenue in fiscal year 2025.
- CPS HR Consulting gained 86 new clients, expanded teaming/partnerships, and grew our Organizational Strategy and Talent Management lines of business.
- We continue to focus on quality and meeting our client's needs and track this with client satisfaction surveys. FY2025 Client Satisfaction score registers 4.53 on a 5-point scale.
- The assets and deferred outflows of resources of CPS exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21.9 million (*net position*). Of that amount, \$20.6 million (*unrestricted net position*) may be used to meet CPS's ongoing obligations to creditors.
- CPS's total net position decreased by \$2.5 million. That decrease was attributable to reduced revenue and increased operating expense including the impact of pension valuation and staffing investments.
- Current liabilities decreased by \$1.6 million while long term liabilities decreased \$1.5 million as a result of accounts and wages payable decreases, GASB 68 Pension valuation decreased liability, decrease in lease liability, and GASB 96 Subscription-Based Information Technology Arrangements (SBITA) decreased.
- GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71) *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* impacted CPS HR this fiscal year with Net Pension Liability of \$7,775,438, Deferred Outflows of Resources Related to Pension equaling \$3,365,075, and no Deferred Inflows of Resources Related to Pensions.
- GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* impacted CPS HR this fiscal year with \$0.8 million increase of Net OPEB Asset to \$5,583,537. Deferred Outflows of Resources Related to OPEB had a balance of \$140,675 and \$596,377 balance for Deferred Inflows of Resources Related to OPEB.
- GASB Statement No. 87 (GASB 87), *Leases*, impacted CPS HR this fiscal year with \$879k decrease in Long Term Lease Liability.
- GASB Statement No. 96 (GASB 96) *Accounting and Financial Reporting for subscription-based information technology arrangements (SBITAs)* impacted this fiscal year with \$182,397 decrease in SBITA Long/Current Liabilities related to Microsoft Enterprise Licenses, ExpertUsOne LMS, NEOGov and RFPIO.

## **Overview**

CPS HR Consulting, a Joint Powers Authority (JPA) since 1985, is a self-supporting governmental agency created to assist public employers by offering comprehensive HR solutions to elevate organizational performance. Client services provided include Talent Management, HR Compliance, Organizational Culture, Learning & Development, Testing & Selection, Licensing & Certification, and Management Consulting. CPS HR is governed by a Board of Directors with representatives from the City of Anaheim, County of Sacramento, City of Las Vegas, Hayward Unified School District, City of Plano, TX, County of Pinellas, FL, and County of Mecklenburg, NC. Our vision is enabling people to realize the promise of public service. Our mission is promoting HR excellence in the public sector. Guiding values are care for our customers; care for each other, and care for the organization.

CPS is headquartered in Sacramento, CA, with virtual marketing/client support offices in Texas, Ohio, and Colorado. Our staff of over 105 full time employees serves over 1,200 clients throughout the United States and Canada. Clients include federal, state and local government agencies, public safety, special districts and non-profit organizations.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to CPS's basic financial statements. CPS is structured as a single enterprise fund. Therefore, CPS's basic financial statements consist of two components: 1) enterprise fund financial statements, and 2) notes to the financial statements. This report contains other required supplementary information in addition to the basic financial statements.

The financial statements contained in this report are designed to provide readers with a broad overview of CPS's finances, in a manner similar to a private sector business. CPS's financial statements are prepared in accordance with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. A Statement of Net Position, a Statement of Revenues, Expenses & Changes in Net Position, and a Statement of Cash Flows are included along with Notes to Basic Financial Statements to clarify unique accounting policies and financial information.

The Statement of Net Position provides information on all of CPS's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CPS is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing total revenues and total expenses and the resulting change in net position during the most recent year. The assets, deferred outflows of resources, liabilities and deferred inflows of resources, revenues and expenses are reported on an accrual basis, meaning that changes in net position are recorded upon the occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, revenue is recorded when work generating the revenue is earned and may not be collected until a later period. Similarly, expense is recorded for vacation leave as it is earned, even if not taken until a later period.

**Financial Analysis of Net Position**

As mentioned earlier, net position, or the excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources, may serve as a useful indicator of financial health. For CPS, assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$21.9 million at the close of the most recent fiscal year, a decrease of \$2.5 million over the prior year.

A portion of net position, \$1,256,130, represents investment in capital assets. Capital assets include leasehold improvements, computer equipment, and office equipment/furniture. Such assets are used to provide services to clients; consequently, those assets are not available for future spending. The remaining balance of unrestricted net position, \$20.6 million, may be used to meet ongoing obligations to creditors.

**Financial Analysis of Overall Financial Position**

**Statement of Net Position**

	June 30, 2025	%	June 30, 2024	%
Current Assets	\$ 16,760,707	50.4%	\$ 20,134,591	54.4%
Capital Assets	4,470,378	13.5%	5,983,489	16.2%
Non-Current Other Assets	11,997,660	36.1%	10,852,227	29.4%
<b>Total Assets</b>	<b>33,228,745</b>	100.0%	<b>36,970,307</b>	100.0%
<b>Deferred Outflows of Resources</b>				
Related to OPEB/Pensions	3,505,750	100.0%	5,501,543	100.0%
Current Liabilities	3,444,493	24.2%	5,035,765	29.0%
Long Term Liabilities	10,807,289	75.8%	12,308,296	71.0%
<b>Total Liabilities</b>	<b>14,251,782</b>	100.0%	<b>17,344,061</b>	100.0%
<b>Deferred Inflows of Resources</b>				
Related to OPEB/Pensions	596,377	100.0%	768,055	100.0%
<b>Net Position</b>				
Net Investment in Capital Assets	1,256,130	5.7%	1,530,519	6.3%
Unrestricted	20,630,206	94.3%	22,829,215	93.7%
<b>Total Net Position</b>	<b>\$ 21,886,336</b>	100.0%	<b>\$ 24,359,734</b>	100.0%

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

In comparison to the prior fiscal year-end, net position decreased by \$2.5 million. Components of the decrease included a \$5.3 million conversion of receivables to cash, \$691k increase in investments offset by \$1.5 million decrease in depreciable capital assets.

A review of total assets, deferred outflows of resources, liabilities, deferred inflows of resources and the changes therein can also provide an indication of the financial health of an organization. In comparison to the prior fiscal year, total assets decreased from \$37 million as of June 30, 2024 to \$33 million at June 30, 2025. Cash and short-term investments increased \$1.9 million while long-term investments increased \$342k. Other long-term assets reflect \$804k increase due to OPEB asset valuation. Deferred outflows of resources related to OPEB and pensions decreased \$2 million.

The investment portfolio is made up of fixed income Certificates of Deposit, Corporate, Government, Foreign Bonds, and Mutual Funds. These funds are invested in a manner consistent with CPS's investment policy that protects principal, optimizes returns and is in conformance with all federal, state and local statutes governing such investments of public funds. The cash needed for current operations is maintained in Wells Fargo Investment account.

Current liabilities decreased from \$5 million as of June 30, 2024 to \$3.4 million at June 30, 2025. Long term liabilities decreased \$1.5 million with \$421k Pension Liability decrease, \$897k Lease Liability decrease and \$182k reduction in GASB 96 SBITA liability.

**Financial Analysis of Results of Operations**

**Statement of Revenues, Expenses and Changes in Net Position**

	Year Ended June 30, 2025	Year Ended June 30, 2024
Project Revenue	\$ 28,389,075	\$ 33,722,445
Direct Project Costs	<u>18,279,174</u>	<u>21,231,688</u>
Gross Profit	10,109,901	12,490,757
Operating Expenses	<u>13,319,577</u>	<u>13,912,822</u>
Net Operating Income / (Loss)	(3,209,676)	(1,422,065)
Non-Operating Income/(Loss)	<u>736,278</u>	<u>604,937</u>
Change in Net Position	<u>(2,473,398)</u>	<u>(817,128)</u>
NET POSITION - Beginning of Year	<u>24,359,734</u>	<u>25,176,862</u>
NET POSITION - End of Year	<u><b>\$ 21,886,336</b></u>	<u><b>\$ 24,359,734</b></u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

In comparison to the prior fiscal year, project revenue decreased 15.8%, from \$33.7 million in FY2024 to \$28.4 million in FY2025. The \$5.3 million revenue decrease reflects market challenges for DEI consulting, talent marketing, test rental, and test administration offset by increased demand for org strategy and HR outsourcing/recruitment solutions.

To deliver those services direct project costs decreased from \$21.2 million in FY2024 to \$18.3 million in FY2025. Operating expenses decreased from \$13.9 million in FY2024 to \$13.3 million for FY2025 due mainly to pension expense.

Non-operating income for FY2025 increased by \$131k from \$605k income in FY2024 to \$736k income in FY2025 due to market performance and converting receivables to additional investments.

**Budgetary Highlights**

Each year the CPS Board of Directors approves an annual budget at their June meeting. The following is a summary of the FY2025 budget with comparison to revenue and actual expenses:

	Actual	Original Budget	Variance fav/(unfav)	Variance %
Project Revenue	\$ 28,389,075	\$ 33,194,921	\$ (4,805,846)	(14.5%)
Direct Project Expenses:				
Direct Labor	11,490,097	13,480,317	1,990,220	14.8%
Contract Services	989,623	1,136,792	147,169	12.9%
Other Direct Costs	5,799,454	6,531,664	732,210	11.2%
Total Direct Project Expenses	18,279,174	21,148,773	2,869,599	13.6%
Gross Profit	10,109,901	12,046,148	(1,936,247)	(16.1%)
Indirect Expenses	13,319,577	12,743,696	(575,881)	(4.5%)
Net Operating Income/(Loss)	(3,209,676)	(697,548)	(2,512,128)	360.1%
Non-Operating Income/(Loss)	736,278	752,000	(15,722)	(2.1%)
Increase/(Decrease) in Net Position	<b>(\$2,473,398)</b>	<b>\$ 54,452</b>	<b>(\$2,527,850)</b>	<b>(4,642.3%)</b>

The variances illustrated above under "Project Revenue" and "Direct Project Expenses" resulted from numerous projects across all markets. Indirect Expenses overran budget due to additional staffing and hardware/software expenses.

### Capital Asset and Debt Administration

**Capital assets.** CPS's capital assets include fixed assets and other long-term assets. As of June 30, 2025, fixed assets totaled \$4.5 million (net of accumulated depreciation and amortization). The investment in capital assets includes computer hardware and software, office furniture/equipment, leasehold improvements, lease and SBITA assets. Capital asset value decreased \$80k this fiscal year with the disposal of aged computer equipment. Other capital information can be found in Note 3 Capital Assets.

**Long-term liabilities.** CPS HR Consulting carries no debt yet GASB 87 and GASB 96 implementation requires presentation of \$3 million Lease Liability and \$65k SBITA Liability. GASB 68 pension liability is \$7.8 million as of June 30, 2025.

**Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations.** Like our clients, economic and political activities present challenges in finding expertise to meet capacity needs while balancing remote/virtual work yet no impact on operations is anticipated.

**CPS HR  CONSULTING**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 8,228,054
Accounts Receivable, Net	3,298,898
Unbilled Receivables	2,639,356
Interest Receivable	150,445
Investments	1,999,022
Prepaid Expenses	444,932
Total Current Assets	16,760,707
<b>CAPITAL ASSETS</b>	
Depreciable Assets	10,265,547
Lease Asset	6,506,883
Software Subscription Asset	1,145,766
Accumulated Depreciation/Amortization	(13,447,818)
Total Capital Assets, Net of Depreciation/Amortization	4,470,378
<b>OTHER NON-CURRENT ASSETS</b>	
Long Term Investments	5,820,063
Net OPEB Asset	5,583,537
Intangible Asset	495,000
Deposits	99,060
Total Other Assets	11,997,660
Total Assets	33,228,745
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to OPEB	140,675
Deferred Outflows Related to Pensions	3,365,075
Total Deferred Outflows of Resources	3,505,750
<b>CURRENT LIABILITIES</b>	
Accounts Payable	737,273
Wages Payable	632,054
Accrued Vacation	921,341
Unearned Revenue	74,263
Lease Liability - Current	897,165
Software Subscription Liability - Current	182,397
Total Current Liabilities	3,444,493
<b>LONG TERM LIABILITIES</b>	
Net Pension Liability	7,775,438
Lease Liability	2,967,240
Software Subscription Liability	64,611
Total Long Term Liabilities	10,807,289
Total Liabilities	14,251,782
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to OPEB	596,377
Total Deferred Inflows of Resources	596,377
<b>NET POSITION</b>	
Investment in Capital Assets	1,256,130
Unrestricted	20,630,206
<b>Total Net Position</b>	<b>\$ 21,886,336</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>OPERATING REVENUES</b>	
Project Revenue	\$ 28,389,075
Total Operating Revenues	<u>28,389,075</u>
<b>OPERATING EXPENSES</b>	
Direct Project Expenses	18,279,174
Indirect Project Expenses	10,794,882
Pension Expense	2,524,695
Total Operating Expenses	<u>31,598,751</u>
<b>OPERATING LOSS</b>	<u>(3,209,676)</u>
<b>NON-OPERATING REVENUES</b>	
Interest Income/Loss	<u>736,278</u>
Total Non-Operating Revenues	<u>736,278</u>
<b>CHANGE IN NET POSITION</b>	<u>(2,473,398)</u>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>24,359,734</u>
<b>TOTAL NET POSITION END OF YEAR</b>	<u><b>\$ 21,886,336</b></u>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

**CASH FLOWS FROM/(USED BY) OPERATING ACTIVITIES**

Cash Received from Customers	\$ 33,664,224
Cash Paid to Suppliers	(9,823,194)
Cash Paid for Personnel Services	<u>(20,954,324)</u>
Net Cash Flows Provided By Operating Activities	<u>2,886,706</u>

**CASH FLOWS FROM/(USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Asset Additions	(12,819)
Payments on Long Term Liabilities	<u>(1,406,407)</u>
Net Cash Flows Used By Capital & Related Financing Activities	<u>(1,419,226)</u>

**CASH FLOWS FROM/(USED BY) INVESTING ACTIVITIES**

Purchases of Securities Held for Investment	(2,516,552)
Proceeds from Investment Maturities and Sales	1,881,000
Interest Income/(Loss)	<u>693,922</u>
Net Cash Flows Used By Investing Activities	<u>58,370</u>

**NET INCREASE IN CASH** 1,525,850

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 6,702,204

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 8,228,054

  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**RECONCILIATION OF OPERATING INCOME TO NET  
CASH USED BY OPERATING ACTIVITIES**

Operating Income/(Loss)	\$ <u>(3,209,676)</u>
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Allowance for Doubtful Accounts	8,497
Depreciation and Amortization	1,528,362
(Increase)/Decrease in Assets and Deferred Outflows of Resources	
Accounts Receivable	5,276,715
Prepaid Expenses	5,798
OPEB Asset	(803,683)
Deferred Outflows of Resources Related to OPEB/Pensions	1,995,793
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources	
Accounts Payable	(999,823)
Other Liabilities	(8,465)
Wages and Employee Benefits Payable	(443,873)
Net Pension Liability	(421,445)
Deferred Inflows of Resources Related to OPEB/Pensions	(171,678)
Lease/SBITA Liability	<u>130,184</u>
Total Adjustments	<u>6,096,382</u>
<b>NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 2,886,706</u></b>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization.* Cooperative Personnel Services d/b/a CPS HR CONSULTING (CPS) (the Agency) is a Joint Powers Authority (JPA). The Agency was founded in 1942 as a local government services unit within the California State Personnel Board, and on March 15, 1985 by agreement pursuant to Section 6500 of the California State Government Code, it became a California JPA. Today the Agency is governed by a seven-member Board of Directors with representation from the following organizations: City of Anaheim, County of Sacramento, City of Las Vegas, Hayward Unified School District, City of Plano, TX, County of Pinellas, FL, and County of Mecklenburg, NC.

*Financial Statements.* The financial statements of the Agency have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Standards and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

*Operation.* The Agency is a leading integrated human resource (HR) solutions provider to public organizations. It offers services in talent management, organizational strategy, classification and compensation, recruitment and selection, and training and development. Services are offered to cities, counties, special districts, school districts, community colleges, four-year colleges and universities, state and federal agencies and non-profit organizations. The Agency is a 100% self-supporting public agency deriving all revenues from fees and contracts for services. Headquartered in Sacramento, CA, the Agency has virtual offices in Colorado, Texas, and Ohio.

*Basis of Accounting.* The financial statements are prepared using the accrual basis of accounting. The Agency accounts for its operations using an enterprise fund. Generally, enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's ongoing principal operations. The principal operating revenues of the Agency are generated from consulting engagements related to organizational strategy, classification and compensation, recruitment and selection, and training and development. Operating expenses include the cost of providing the services mentioned above, as well as administrative expenses. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Cash and Investments.* The Agency maintains two bank accounts with Wells Fargo Bank; a main bank account and a payroll bank account. The payroll account is zero balance account consolidating through the main bank account and swept nightly.

The Agency invests short term funds in a Local Agency Investment Fund (LAIF) managed by the Treasurer of the State of California, and the Investment Trust of California (CalTRUST). All are considered cash or equivalents. The Agency invests long term funds at Wells Fargo in money market funds, corporate bonds, municipal bonds, federal agency bonds and treasury bonds which are recorded at fair value. Demand deposits are considered cash, but the remainder of the portfolio is classified as investments. (See Note 2)

*Statement of Cash Flows.* The statement of cash flows is presented in accordance with GASB 9. For purposes of the cash flows statement, "Cash and cash equivalents" include currency and demand deposits at banks and instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in CalTRUST or LAIF. The investment portion of the Wells Fargo investment account is reported in the investment section of the statement of cash flows.

*Operating Cycle.* The Agency's contracts are performed under time-and-materials and fixed-price contracts. Contract length varies from less than one year to five years or more.

*Use of Estimates.* The preparation of financial statements in conformance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Reporting periods reflect weekly Sunday through Saturday timesheet cycles such that FY2025 labor expenses are through June 28, 2025.

*Revenue and Cost Recognition.* Revenues are calculated using the accrual method of accounting, whereby income is measured based upon actual costs incurred plus specified fees or actual time and materials as required. Costs incurred, and fees earned related to revenue for work that has been completed and performed, but not yet billed, are classified as "unbilled receivables."

The Agency is engaged principally in two types of contracts with government agencies:

1. Time and Materials Contracts. Revenue from time and material contracts is recognized on the basis of hours utilized plus other reimbursable contract costs incurred during the period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

2. Fixed Price Contracts. Revenue from fixed-price contracts is recognized on the percentage-of-completion method. Under this method, individual contract revenue earned is measured by the percentage relationship that contract cost incurred bears to management's estimate of total contract cost.

Direct contract costs of contracts include, among other items, direct labor, subcontractors, materials, social media advertising, test site rentals, and travel. Most costs traditionally classified as indirect, that are not associated with contracts, including facilities costs, insurance, administrative costs, overhead labor and fringe costs, etc. are allocated to jobs through indirect rates. These rates are calculated in accordance with the Federal Acquisition Regulations (FAR).

Provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined. Claims and change orders are not recorded and recognized until such time as they have been accepted.

Revenue on long-term, fixed-price contracts is recognized on the basis of the estimated percentage-of-completion of services rendered based on GASB 62. The Agency has applied this method of revenue recognition because projected contract revenues and costs are reasonably estimable based on the Agency's business practices, methods, and historical experience. This method requires estimates of costs and profits over the entire term of the contract, including estimates as to resources and costs necessary to complete performance. Management regularly reviews project profitability and underlying estimates. Revisions to the estimates at completion are reflected in results of operations as a change in accounting estimate in the period in which the facts that give rise to the revision become known and are reviewed by management. Provisions for estimated losses, if any, on long-term, fixed-price contracts, are recognized in the period in which the loss is determined.

The Agency's contracts with agencies of the government are subject to periodic funding by the respective contracting agency. Funding for a contract may be provided in full at inception of the contract or incrementally throughout the contract as the services are provided. In evaluating the probability of funding for purposes of assessing collectability of the contract price, the Agency considers its previous experiences with its customers, communications with its customers regarding funding status, and the Agency's knowledge of available funding for the contract or program. If funding is not assessed as probable, revenue recognition is deferred until realization is deemed probable.

The allowability of certain costs under government contracts is subject to audit by the government.

*Accounts Receivable.* Accounts receivable represent the amount billed but uncollected on completed contracts and contracts in progress, less an allowance for doubtful accounts. Accounts receivable are carried at original invoice amount less an estimate

**CPS HR  CONSULTING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

made for doubtful receivables based on a periodic review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts totaled \$108,497 as of June 30, 2025.

*Unbilled Receivables.* Unbilled receivables represent costs incurred and fees earned related to revenue for work that has been completed and performed, but for various reasons, have not yet been billed.

*Prepaid Expenses.* Prepaid expenses represent amounts paid for normal operating expenses in advance of receiving the related goods or services.

*Capital Assets.* Property and equipment are carried at cost. Assets costing at least \$5,000 with a useful life of at least three years are capitalized. Depreciation of property and equipment is determined using the straight-line method for financial statement purposes at rates based on the following useful lives:

Leasehold Improvements	10 years or the life of the lease, whichever is less
Computer Equipment	3 years
Machinery and Equipment	5 years
Furniture and Fixtures	5 years

Additions, improvements and expenditures for repairs and maintenance on equipment that significantly add to the productivity or extend the economic life of assets are capitalized. Any amounts incurred as recurring expenditures or that do not extend or improve the economic life of the asset are expensed as incurred. Gains and losses on disposition of property and equipment are recognized upon disposition by charges or credits to operating income.

*Compensated Absence Valuation.* Vested or accumulated compensated leave is recorded as an expense and liability when earned by each employee.

*Unearned Revenue.* Unearned revenue represents amounts paid by clients for work not yet performed. As services are delivered to the client, revenue is recognized, and the liability is reduced.

*OPEB.* For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CPS's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Pensions.* For purposes of measuring the net pension asset/liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of CPS's California Public Employees' Retirement System (CalPERS) plan (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. Investments are reported at fair value.

*Leases.* The Agency recognizes leases when the terms are more than one year.

*Lessee:* The Agency recognizes a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The Agency estimates its incremental borrowing rate as 2%. Additionally, the Agency monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect their lease liability.

For the year ended June 30, 2023, the Agency implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangement (SBITA), which provides guidance on the accounting and financial reporting for SBITAs with additional SBITAs in FY2024. The statement defines a SBITA; establishes that an SBITA results in a right-to-use subscription asset (intangible asset) and corresponding subscription liability; provides capitalization criteria for outlays other than subscription payments, including SBITA implementation costs; and requires note disclosures. Short-term SBITAs, with a maximum possible term of 12 months, including extension options regardless of reasonable certainty of extending, are excluded from the GASB Statement No. 96 requirements.

*Net position.* The Agency's equity is classified as follows:

*Net Investment in Capital Assets.* This represents the Agency's total investment in capital assets.

*Unrestricted.* Net position not included in other classifications are unrestricted.

*Tax Status.* The Agency is a governmental entity and is therefore not subject to federal or state income tax. Accordingly, the Agency has no tax liability.

**CPS HR  CONSULTING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

At June 30, 2025, the carrying amount of the Agency's cash and cash equivalents was \$8,228,054.

The Agency utilizes LAIF for its temporary investments. LAIF is regulated by California Government Code Section 16429, which is managed by the Treasurer of the State of California and the Pooled Money Investment Board. The Fund is not registered with the SEC. The funds are pooled together with those of other governmental agencies. The Agency's share of the pool assets is based upon its proportion of the fair value provided by LAIF for the entire LAIF portfolio. The Pooled Money Investment Board has established policies and goals to protect the value of the invested funds. The balance of LAIF, reported at fair value, on June 30, 2025 was \$3,147,867.

The Agency utilizes CalTRUST to invest in their short-term fund, medium-term fund, and liquidity fund (the Pool). CalTRUST is a Joint Powers Authority that pools and invests local agency funds, operating reserves and bond proceeds. The Pool is not registered with the SEC. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et seq. and 53635, et seq. Investment guidelines adopted by CalTRUST's Board of Trustees may further restrict the types of investments held by the Pool. Leveraging within CalTRUST's portfolio is prohibited. The Agency's share of the Pool assets is based upon its proportion of the fair value provided by CalTRUST for the entire Pool portfolio. The balance of the Agency's portion of CalTRUST reported at fair value on June 30, 2025 was \$3,514,791.

*Deposit and Investment Risk.* The following investment risk information is presented for the year ending June 30, 2025 in accordance with GASB 40 *Deposit and Investment Risk Disclosures*.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1     Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2     Inputs to the valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

U.S Agency Bonds and U.S Treasury Notes are valued using quoted market prices (Level 1 Input).

Corporate notes, certificates of deposit, Municipal bonds and asset-backed securities/collateralized mortgage obligations are valued using a matrix pricing model (Level 2 Input).

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2025:

<b><u>Assets at Fair Value as of June 30, 2025</u></b>			
<b><u>Investment Type</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Corporate Bonds		\$ 1,412,436	
Government Bonds		1,646,300	
Foreign Bonds		2,800,933	
Certificates of Deposit		969,420	
Mutual Funds	989,996		
<b>Total</b>	<b><u>\$ 989,996</u></b>	<b><u>\$ 6,829,089</u></b>	<b><u>\$ -</u></b>

As of June 30, 2025, the Agency had the following investments:

<b><u>Investment</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturities (years)</u></b>		
		<b><u>Less than 1</u></b>	<b><u>1-5</u></b>	<b><u>Greater than 5</u></b>
Wells Fargo				
Corporate Bonds	\$ 1,412,436	\$ 164,909	\$ 1,247,527	\$ -
Government Bonds	1,646,300	249,342	1,396,958	
Foreign Bonds	2,800,933	100,921	2,700,012	-
Certificates of Deposit	969,420	493,853	475,567	
Total Investments	<b><u>\$ 6,829,089</u></b>	<b><u>\$ 1,009,025</u></b>	<b><u>\$ 5,820,064</u></b>	<b><u>\$ -</u></b>
Accrued Interest	112,413			
Open End Mutual Funds	<u>989,996</u>			
Total Investments	<b><u>\$ 7,931,498</u></b>			

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

*Interest Rate Risk.* Interest rate risk is the risk of exposure to fair value losses resulting from rising interest rates. The Agency has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Other than certificates of deposit, U.S. government and U.S. government backed securities, maturities are limited to five years at time of purchase. Furthermore, U.S. government and U.S. government backed securities are limited to terms of 10 years and the percentage of the portfolio with maturities greater than 5 years is limited to 50% of the entire portfolio. As of June 30, 2025, the average effective maturity of the investments contained in CPS's portfolio is approximately 2.1 years.

*Custodial Risk.* Custodial credit risk is the risk that in the event of the failure of a depository financial institution or custodial third party the Agency would not be able to recover the value of its deposits and investments or collateral securities that are in the possession of an outside third party. As a matter of policy, the Agency follows the California Government Code requiring that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The Agency's demand deposits at Wells Fargo may exceed federally insured limits at times. Agency's deposits held with Wells Fargo in excess of federal depository insurance limits totaled \$1,343,070 and \$522,411 as of June 30, 2025 and June 30, 2024. Deposit amounts in excess of \$100,000 were secured by eligible securities in compliance with California Government Code Section 53651. All investments, including cash, held at Wells Fargo Securities are also subject to the custodial credit risk described above. The Securities Investors Protection Corporation offers coverage in the event of insolvency or liquidation of the custodian in the amount of \$500,000. The financial strength of Wells Fargo Securities is monitored by CPS management to mitigate this risk.

*Credit Risk.* On June 13, 2008, the CPS Board of Directors adopted an investment policy requiring that short-term securities selected for investment shall have credit ratings at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch. Long-term securities selected for investment shall have credit ratings at or above A- by Standard & Poor's, A3 by Moody's, and if available, A- by Fitch. Municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch. Credit ratings are evaluated only at time of purchase. Security selection shall be in compliance with California Government Code Section 53600, et seq. Investments are held in a custodian account at Wells Fargo Securities and registered in the name of Cooperative Personnel Services. At June 30, 2025, no securities were rated less than A- or Aa3 by their respective rating agency.

*Concentration of Investment Credit Risk.* The Agency does not place limits on the amount it may invest in any one issuer; however, the Investment Policy states that the portfolio will be diversified to reduce the risk related to concentration. At June 30, 2025, the Agency

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

had the following investments representing 5% or more of total investments:

	<u>Market Value</u>	<u>%Total Inv</u>
Credit Suisse New York SR Unsecured	\$ 1,483,295	18.97%
Fed Home Loan Mtg Corp Bonds	\$ 556,965	7.12%
Goldman Sach Finl	\$ 503,752	6.44%
Fidelity Funds	\$ 486,245	6.22%
Morgan Stanley	\$ 458,942	5.87%

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity & balances consist of the following for year ended June 30, 2025:

	<u>Ending Balance at 6/30/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance at 6/30/25</u>	<u>Accumulated Depreciation Amortization</u>	<u>Net Book Value</u>
<b>Depreciable Assets:</b>							
Leasehold Improvement	\$ 1,923,650	\$ -	\$ -	\$ -	\$ 1,923,650	\$ 1,211,101	\$ 712,549
Computer Equipment	7,325,156	12,819	(87,055)		7,250,920	6,732,433	518,487
Machinery & Equipment	776,801		(5,267)		771,534	752,200	19,334
Furniture & Fixtures	319,443				319,443	319,443	-
Lease Asset	6,506,883				6,506,883	3,568,128	2,938,755
SBITA Asset	1,145,766				1,145,766	864,513	281,253
<b>Total Depreciable Assets</b>	<b>17,997,699</b>	<b>12,819</b>	<b>(92,322)</b>	<b>-</b>	<b>17,918,196</b>	<b>13,447,818</b>	<b>4,470,378</b>
<b>Non-Depreciable Assets:</b>							
Work-in-Process	-				-	-	-
<b>Total Capital Assets</b>	<b>\$17,997,699</b>	<b>\$ 12,819</b>	<b>\$ (92,322)</b>	<b>\$ -</b>	<b>\$ 17,918,196</b>	<b>\$ 13,447,818</b>	<b>\$ 4,470,378</b>

Beginning accumulated depreciation on July 1, 2024 was \$17,997,699 and depreciation expense for the year is \$294,773. GASB 87 lease amortization for FY2025 is \$892,032 and GASB 96 SBITA amortization is \$341,557. Asset disposals totaled \$92,322 this fiscal period.

Depreciation and amortization expense was charged as follows:

Leasehold Improvements	\$ 161,075
Computer Equipment	32,064
Machinery & Equipment	7,612
Furniture & Fixtures	-
Dynamics ERP	94,022
<b>Total Depreciation Expense</b>	<b>\$ 294,773</b>
<b>Lease/SBITA Amortization</b>	<b>\$ 1,233,589</b>

During the fiscal year ended June 30, 2018, the Agency entered into a 141-month lease agreement as lessee for the right-to-use the office building. An initial lease liability was recorded in the amount of \$7,287,900 at the beginning of the fiscal year ended June 30,

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 - CAPITAL ASSETS** (Continued)

2022. As of June 30, 2025, the value of the lease liability is \$3,864,405. The Agency is required to make monthly principal and interest payments of varying amounts. For purposes of discounting future payments on the lease, the Agency used a discount rate of 2%. The right-to-use asset value as of the year ended June 30, 2025 was \$2,938,755 and is being amortized over the remaining term of the lease.

GASB 96 SBITA implementation includes Microsoft Enterprise 3-year licensing contract start date of September 2022 with annual payments. Initial SBITA liability was recorded in the amount of \$551,043 assuming 2.4% discount rate. As of June 30, 2025 the value of this SBITA liability is \$0. GASB 96 SBITA implementation also includes 5-year Learning Management System subscription contracted September 2022 with annual payments. Initial SBITA liability was recorded in the amount of \$309,961 assuming 2.4% discount rate. As of June 30, 2025, the value of this SBITA liability is \$127,692. Agency added new HRIS 3-year licensing contract start date of July 2023 with annual payments. Initial SBITA liability recorded in the amount of \$174,833 assuming 2.4% discount rate. As of June 30, 2025 the value of this SBITA liability is \$82,239. Agency added new proposal software 3-year licensing contract start date of December 2023 with annual payments. Initial SBITA liability recorded in the amount of \$109,929 assuming 2.4% discount rate. As of June 30, 2025 the value of this SBITA liability is \$37,078.

	Beginning			Ending	Amounts
	Balance	Additions	Deductions	Balance	due within
					1 year
Lease Liabilities	\$ 4,743,118	\$ -	\$ (878,713)	\$ 3,864,405	\$ 897,165
SBITA Liabilities	588,566		(341,558)	\$ 247,008	\$ 182,397
<b>Total Long-Term Obligations</b>	<b>\$ 5,331,684</b>	<b>\$ -</b>	<b>\$ (1,220,271)</b>	<b>\$ 4,111,413</b>	<b>\$ 1,079,562</b>

The future minimum interest and lease payments as of June 30, 2025, are as follows:

**Future Payments**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	897,165	71,859	\$ 969,024
2027	916,006	53,018	\$ 969,024
2028	935,241	33,783	\$ 969,024
2029	954,880	14,144	\$ 969,024
2030	161,113	419	\$ 161,532
<b>Totals</b>	<b>\$3,864,405</b>	<b>\$ 173,223</b>	<b>\$ 4,037,628</b>

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 - CAPITAL ASSETS** (Continued)

The future minimum interest and SBITA payments as of June 30, 2025, are as follows:

<b><u>Future Payments</u></b>			
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2026	182,397	2,861	\$ 185,258
2027	64,611	388	\$ 64,999
Totals	\$ 247,008	\$ 3,249	\$ 250,257

**NOTE 4 - COMPENSATED ABSENCE VALUATION**

Employees of the Agency are granted total leave at varying accrual rates based on length of service. In addition, employees are paid for accrued hours upon termination. The Agency accrues a liability for unused compensated absences earned through year end. An expense is recognized for the increase in liability from the prior year. The accrued liability at June 30, 2025 was \$912,522.

Long-term sick leave is available to part-time (24 or more hours per week) regular and full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. The Agency's policy does not provide for payment for accumulated sick leave and accordingly, no provision for payment of sick leave has been included in the financial statements.

GASB 101 became effective for fiscal years beginning after December 15, 2023 and the Agency performed data analysis for implementation. Based on long-term sick leave policy and historical usage, the Agency has determined the immaterial amount doesn't warrant a liability amount be included in the financial statements.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

*Legal Actions.* The Agency is a party to disputes and legal actions arising in the normal course of business. While the outcome of any pending or future litigation or regulatory matter cannot be predicted, management does not believe that any pending litigation or regulatory matter will have a material adverse effect on our business or financial position. The outcome of such matters is always uncertain, and unforeseen results can occur. It is possible that such outcomes could materially affect net income in a quarter or annual period.

**NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

For purposes of measuring the net OPEB liability/assets, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CPS HR's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

*Plan description.* On May 20, 2008, the Agency elected to participate in an irrevocable trust. The Trust, California Employers' Retiree Benefit Trust (CERBT) fund, is administered by California Public Employees' Retirement System (CalPERS) and replaced the prior single-employer defined benefit healthcare plan that provided post-retirement healthcare insurance for eligible retirees and their spouses through the Agency's group health insurance plans. The CERBT is a plan that is intended to perform as an agent multiple-employer plan as defined in GASB 74 consisting of an aggregation of single-employer plans with pooled administrative and investment functions. To be eligible for retiree coverage, an employee must retire at or after age 50 with at least five years of service.

*Benefits Provided.* Upon retirement, CPS employees hired on or after January 1, 2003, vest at 30% of this benefit for five years of service plus 7% per year for each additional year up to 100% of the benefit. The Agency pays an amount equal to 100% of the single individual premium for the lowest cost HMO plan offered, or 80% of the PPO plan premium, whichever the retiree chooses. The Agency's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. At June 30, 2025, there were 48 retirees receiving the post-employment healthcare benefit. The Agency's Board of Directors (the Board) has the authority to amend the plan, including the determination of benefits.

*Funding policy.* The contribution is based on an actuarially determined amount. In consultation with the Board, the Agency management determines the appropriate level of funding each year, including the contribution to the CERBT.

*Employees Covered.* As of the June 30, 2024 actuarial valuation, the following number of inactive and active employees were covered by the benefit terms under the OPEB Plan:

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Inactive Employees Receiving Benefits	48
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	112
<b>Total</b>	<b><u>160</u></b>

*Net OPEB Liability/Asset.*

Change in Net Position: The change in the Net OPEB Asset for the Plan is as follows:

CPS HR Consulting	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)	(d) Deferred Outflows:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
<b>Balance at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 6/30/2023</i>	\$ 3,810,389	\$ 8,590,443	\$ (4,779,854)	\$ -126,737	\$ -	\$ 1,170,608	\$ -	\$ 110,544	\$ 485,122	\$ 871,248	\$ (4,610,282)
<b>Changes During the Period:</b>											
Service Cost	72,606		72,606								72,606
Interest Cost	229,907		229,907								229,907
Expected Investment Income		514,611	(514,611)								(514,611)
CPS HR Consulting Contributions											-
Changes of Benefit Terms											-
Administrative Expenses		(2,805)	2,805								2,805
Benefit Payments	(166,150)	(166,150)									-
Assumption Changes	(167,149)		(167,149)					167,149			-
Plan Experience											-
Investment Experience		427,241	(427,241)							427,241	-
Recognized Deferred Resources				(49,789)		(420,594)		(89,127)	(127,311)	(412,205)	(108,260)
Contributions After Measurement Date											-
<b>Net Changes in Fiscal Year 2024-2025</b>	(30,786)	772,897	(803,683)	(49,789)		(420,594)		128,022	(127,311)	15,036	(317,553)
<b>Balance at Fiscal Year Ending 6/30/2025</b> <i>Measurement Date 6/30/2024</i>	\$ 3,779,603	\$ 9,363,340	\$ (5,583,537)	\$ 76,948	\$ -	\$ 750,011	\$ -	\$ 238,566	\$ 357,811	\$ 686,284	\$ (5,127,835)

The CPS HR net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2025, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Funding Method	Entry Age Normal Cost, Level Percentage of Pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.50%, net of plan investment expenses
Discount Rate	6.50%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered for this valuation
Salary Increase	3.0% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years
General Inflation Rate	2.5% per year
Mortality Improvement	CalPERS 2021 Experience Study
Mortality Improvement	MW Scale 2022

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements.*

*Healthcare Trend:* Monthly medical plan premiums and estimated claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the days shown below:

<b>Effective January 1</b>	<b>Premium Increase</b>	<b>Effective January 1</b>	<b>Premium Increase</b>
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

*Discount Rate.* When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 required that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

The discount rate used for accounting purposes for the fiscal year-end 2025 is 6.50%. Healthcare Cost Trend Rate was assumed to start at 6.5% (increase effective January 1, 2025) and grade down and to 3.9% for years 2075 and later. The impact of a 1% decrease or 1% increase in these assumptions is shown in the chart below:

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

<b>Sensitivity to:</b>			
<b>Change in Discount Rate</b>	<b>Current - 1% 5.50%</b>	<b>Current 6.50%</b>	<b>Current + 1% 7.50%</b>
<b>Total OPEB Liability</b>	<b>4,167,527</b>	<b>3,779,803</b>	<b>3,446,668</b>
Increase (Decrease)	387,724		(333,135)
% Increase (Decrease)	10.3%		-8.8%
<b>Net OPEB Liability (Asset)</b>	<b>(5,195,813)</b>	<b>(5,583,537)</b>	<b>(5,916,672)</b>
Increase (Decrease)	387,724		(333,135)
% Increase (Decrease)	6.9%		-6.0%
<b>Change in Healthcare Cost Trend Rate</b>	<b>Current Trend -1%</b>	<b>Current Trend</b>	<b>Current Trend +1%</b>
<b>Total OPEB Liability</b>	<b>3,384,275</b>	<b>3,779,803</b>	<b>4,251,176</b>
Increase (Decrease)	(395,528)		471,373
% Increase (Decrease)	-10.5%		12.5%
<b>Net OPEB Liability (Asset)</b>	<b>(5,979,065)</b>	<b>(5,583,537)</b>	<b>(5,112,164)</b>
Increase (Decrease)	(395,528)		471,373
% Increase (Decrease)	-7.1%		8.4%

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, CPS recognized OPEB credit of \$317,553. At June 30, 2025, CPS HR reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 76,948	\$ 238,566
Differences Between Expected and Actual Experience	-	357,811
Net Difference Between Projected & Actual Earnings on Investments	63,727	-
Deferred Contributions	-	-
<b>Total</b>	<b>\$ 140,675</b>	<b>\$ 596,377</b>

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

The OPEB Trust issues a separate financial report that may be obtained by contacting CalPERS, CERBT (OPEB) at 400 Q Street, Sacramento, CA 95811.

Recognition of Deferred Outflows and Deferred Inflows of Resources. Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARS�) of plan participants

CPS HR will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<b>For the Fiscal Year Ending June 30</b>	<b>Recognized Net Deferred Outflows (Inflows) of Resources</b>
2026	(131,916)
2027	185,972
2028	(181,512)
2029	(172,645)
2030	(87,196)
Thereafter	(68,405)

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

*Plan Description.* CPS provides pension benefits to its employees through the Miscellaneous Plan of the Cooperative Personnel Services (the Plan), an agent multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN** (Continued)

*Benefits Provided.* The benefits for the Plans are established by contract with CalPERS, in accordance with the provisions of the California Public Employees’ Retirement Law (PERL). The benefits are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of five years of CalPERS-credited service. Members after January 1, 2013 must be at least 52. The California Legislature passed, and the Governor signed the “Public Employees’ Pension Reform Act of 2013” (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. PEPRA plan members are included in the Plan’s actuarial valuations.

Employees Covered - At June 30, 2025, the following number of employees were covered by the benefit terms of the Plan:

Inactive Employees/Beneficiaries Currently Receiving Benefits	211
Inactive Employees Entitled to But Not Yet Receiving Benefits	346
Active Employees	132
Total	689

*Contributions.* Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through CalPERS’ annual actuarial valuation process. The Plan’s actuarially determined rate is based on the estimated amount necessary to pay to finance the costs of benefits earned by employees during the year, and any unfunded accrued liability. CPS is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Agency’s required contribution rate on covered payroll for the measurement period ended June 30, 2024 (the measurement date) was 11.08% of annual pay. The Agency’s required contribution rate for period ended June 30, 2025 was 10.6% of annual pay. Employer contributions rates may change if the Plan’s contract is amended.

For the year ended June 30, 2025, the contributions recognized as part of pension expense was \$1,335,906.

Net Pension Asset/(Liability)

The net pension asset/(liability) of the Plan is measured as of June 30, 2024. The total pension liability (TPL) used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures.

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions:* The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2021 funding valuation report

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2021, funding valuation report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2021, funding valuation report.
Inflation	2.3%
Salary Increases	Varies by entry age and service
Payroll Growth	2.8%
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

*Benefit Changes:* The figures below generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the June 30, 2024 valuation date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures below, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

*Changes in Assumptions:* There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount.

*Discount Rate.* Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00	(0.92%)

[1] In the Basic Financial Statements, Liquidity is included in Short-Term Investments; Inflation Assets are included in both Public Equity & Fixed Income

[2] An expected inflation of 2.00% used for this period.

[3] An expected inflation of 2.92% used for this period.

[4] Figures are based on the previous ALM of 2017.

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN** (Continued)

Change in Net Pension Asset/(Liability) - Change in Net Pension Asset/(Liability) for the Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at: 6/30/2023 (Valuation Date)</b>	<b>\$ 79,601,503</b>	<b>\$ 71,404,620</b>	<b>\$ 8,196,883</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	2,313,461		2,313,461
Interest on the Total Pension Liability	5,527,423		5,527,423
Changes of Benefit Terms	-		-
Changes of Assumptions	-		-
Differences between Expected and Actual Experience	1,036,303		1,036,303
Net Plan to Plan Resource Movement		-	-
Contributions from the Employer		1,566,895	(1,566,895)
Contributions from Employees		1,028,684	(1,028,684)
Net Investment Income		6,761,155	(6,761,155)
Benefit Payments, including Refunds of Employee Contributions	(3,373,902)	(3,373,902)	-
Administrative Expense		(58,102)	58,102
Other Miscellaneous Income/(Expense)			-
<b>Net Changes during 2024-25</b>	<b>\$ 5,503,285</b>	<b>\$ 5,924,730</b>	<b>\$ (421,445)</b>
<b>Balance at: 6/30/2025</b>	<b>\$ 85,104,788</b>	<b>\$ 77,329,350</b>	<b>\$ 7,775,438</b>

*Sensitivity Net Pension Asset/(Liability) to Changes in the Discount Rate.* The following presents net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9%) or 1 percentage-point higher (7.9%) than the current rate:

	Discount Rate -1% 5.9%	Current Discount Rate 6.9%	Discount Rate +1% 7.9%
Plan's Net Pension Liability/(Asset)	\$ 19,484,089	\$ 7,775,438	\$ (1,838,899)

*Pension Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2025, CPS HR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$0	\$0
Differences between Expected and Actual Experiences	542,825	
Net difference between projected and actual investment earnings of pension plan investments	1,214,095	
Contributions subsequent to the measurement date	1,608,155	-
<b>Total</b>	<b>\$ 3,365,075</b>	<b>\$ -</b>

The \$1,608,155 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year-ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows):

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 478,203
2026	1,920,178
2027	(268,644)
2028	(372,817)
2029	-
Thereafter	-

**NOTE 8 - RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. No settlements of any claims exceeded the insurance coverage in the past three years.

**NOTE 9 – FY2025 SCHEDULE OF OPERATING EXPENSES**

**OPERATING EXPENSES**

Direct Project Expenses	
Salaries and Benefits	\$ 11,490,097
Contract Services	989,623
Travel	666,977
Occupancy-Direct	212,253
Reproduction and Freight	675,320
Other Direct Costs	<u>4,244,904</u>
Total Direct Project Expenses	<u>18,279,174</u>
Indirect Project Expenses	
Salaries and Benefits	7,451,273
Contract and Professional Services	293,239
Occupancy-Indirect	7,591
Depreciation and Amortization	1,528,362
Retiree Medical Benefits	(356,627)
Marketing	360,228
Reproduction and Freight	(413,207)
Travel	255,849
Supplies	26,532
Telephone	9,829
Repairs and Maintenance	166,013
Insurance	203,096
Charitable Contributions	11,965
Other General and Administrative Expenses	<u>1,250,739</u>
Total Indirect Project Expenses	<u>10,794,882</u>
Pension Expense	<u>2,524,695</u>
Total Indirect Project and Pension Expense	<u>13,319,577</u>
<b>Total Operating Expenses</b>	<b><u><u>\$ 31,598,751</u></u></b>

**REQUIRED SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
DURING THE MEASUREMENT PERIOD  
AS OF JUNE 30, 2025  
LAST 10 YEARS\***

\*GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability; however, since this is the eighth year of implementation, results for fiscal years 2018-2024 are shown in the following table:

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>TOTAL OPEB LIABILITY</b>								
Service Cost	\$ 72,606	\$ 55,297	\$ 53,686	\$ 65,618	\$ 63,707	\$ 71,643	\$ 69,388	\$ 77,749
Interest	229,907	250,205	242,973	265,930	258,420	271,208	259,874	259,096
Changes of Benefit Terms	-	-	-	(46,117)	-	-	-	-
Difference Between Expected and Actual Experience	-	(361,957)	-	(275,980)	-	(211,985)	-	(314,940)
Changes of Assumptions	(167,149)	(127,473)	-	230,848	-	72,154	-	154,000
Benefit Payments	(166,150)	(171,598)	(185,890)	(236,576)	(185,613)	(181,344)	(157,855)	(154,990)
<b>Net Change in Total OPEB Liability</b>	<b>(30,786)</b>	<b>(355,526)</b>	<b>110,769</b>	<b>3,723</b>	<b>136,514</b>	<b>21,676</b>	<b>171,407</b>	<b>20,915</b>
Total OPEB Liability – Beginning	3,810,589	4,166,115	4,055,346	4,051,623	3,915,109	3,893,433	3,722,026	3,701,111
Total OPEB Liability – Ending (a)	<b>\$ 3,779,803</b>	<b>\$ 3,810,589</b>	<b>\$ 4,166,115</b>	<b>\$ 4,055,346</b>	<b>\$ 4,051,623</b>	<b>\$ 3,915,109</b>	<b>\$ 3,893,433</b>	<b>\$ 3,722,026</b>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions – Employer	\$ -	\$ -	\$ 37,616	\$ 236,576	\$ 48,615	\$ 40,256	\$ 36,047	\$ 32,201
Net Investment Income/(Loss)	941,852	536,842	(1,294,390)	2,093,558	263,420	443,127	540,242	659,960
Benefit Payments	(166,150)	(171,598)	(185,890)	(236,576)	(185,613)	(181,344)	(157,855)	(154,990)
Administrative Expense	(2,805)	(2,396)	(2,449)	(2,876)	(3,649)	(1,536)	(3,605)	(3,341)
Other Expenses	-	-	-	-	-	-	(8,930)	-
<b>Net Change in Fiduciary Net Position</b>	<b>772,897</b>	<b>362,848</b>	<b>(1,445,113)</b>	<b>2,090,682</b>	<b>122,773</b>	<b>300,503</b>	<b>405,899</b>	<b>533,830</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>8,590,443</b>	<b>8,227,595</b>	<b>9,672,708</b>	<b>7,582,026</b>	<b>7,459,253</b>	<b>7,158,750</b>	<b>6,752,851</b>	<b>6,219,021</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>\$ 9,363,340</b>	<b>\$ 8,590,443</b>	<b>\$ 8,227,595</b>	<b>\$ 9,672,708</b>	<b>\$ 7,582,026</b>	<b>\$ 7,459,253</b>	<b>\$ 7,158,750</b>	<b>\$ 6,752,851</b>
Plan Net OPEB Liability/(Asset) – Ending (a) - (b)	<b>\$(5,583,537)</b>	<b>\$(4,779,854)</b>	<b>\$(4,061,480)</b>	<b>\$(5,617,362)</b>	<b>\$(3,530,403)</b>	<b>\$(3,544,144)</b>	<b>\$(3,265,317)</b>	<b>\$(3,030,825)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>247.72%</b>	<b>225.44%</b>	<b>197.49%</b>	<b>238.52%</b>	<b>187.14%</b>	<b>190.52%</b>	<b>183.87%</b>	<b>181.43%</b>
<b>Covered-Employee Payroll</b>	<b>\$12,288,952</b>	<b>\$10,716,203</b>	<b>\$ 9,141,636</b>	<b>\$11,439,315</b>	<b>\$12,183,053</b>	<b>\$13,643,609</b>	<b>\$13,364,229</b>	<b>\$ 9,149,119</b>
<b>Net OPEB Liability/(Asset) as Percentage of Covered-Employee Payroll</b>	<b>(45.44%)</b>	<b>(44.60%)</b>	<b>(44.43%)</b>	<b>(49.11%)</b>	<b>(28.98%)</b>	<b>(25.98%)</b>	<b>(24.43%)</b>	<b>(33.13%)</b>

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
DURING THE MEASUREMENT PERIOD  
AS OF JUNE 30, 2025  
LAST 10 YEARS**

**Schedule of Changes in Net Pension Liability and Related Ratios  
During the Measurement Period**

Fiscal Year	2025	2024	2023	2022	2021
Measurement Period	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 2,313,461	\$ 2,042,203	\$ 1,861,651	\$ 1,648,145	\$ 2,107,674
Interest	5,527,423	5,174,965	4,936,259	4,755,044	4,581,906
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	-	2,491,494	-	-
Difference Between Expected and Actual Experience	1,036,303	(344,779)	(971,653)	(1,068,376)	(1,139,498)
Benefit Payments, Including Refunds of Employee Contributions	(3,373,902)	(3,188,120)	(2,979,682)	(3,008,118)	(2,931,771)
<b>Net Change in Total Pension Liability</b>	<b>5,503,285</b>	<b>3,684,269</b>	<b>5,338,069</b>	<b>2,326,695</b>	<b>2,618,311</b>
<b>Total Pension Liability – Beginning</b>	<b>79,601,503</b>	<b>75,917,234</b>	<b>70,579,165</b>	<b>68,252,470</b>	<b>65,634,159</b>
<b>Total Pension Liability – Ending (a)</b>	<b>\$85,104,788</b>	<b>\$79,601,503</b>	<b>\$75,917,234</b>	<b>\$70,579,165</b>	<b>\$68,252,470</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions – Employer	\$ 1,566,895	\$ 1,586,951	\$ 1,375,862	\$ 1,292,291	\$ 1,336,627
Contributions – Employee	1,028,684	840,044	748,297	697,019	801,366
Net Investment Income	6,761,155	4,146,644	(5,585,700)	13,810,483	2,985,982
Benefit Payments, Including Refunds of Employee Contributions	(3,373,902)	(3,188,120)	(2,979,682)	(3,008,118)	(2,931,771)
Net Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expense	(58,102)	(50,055)	(46,444)	(61,761)	(84,189)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>5,924,730</b>	<b>3,335,464</b>	<b>(6,487,667)</b>	<b>12,729,914</b>	<b>2,108,015</b>
<b>Plan Fiduciary Net Position – Beginning<sup>2</sup></b>	<b>71,404,620</b>	<b>68,069,156</b>	<b>74,556,823</b>	<b>61,826,909</b>	<b>59,718,894</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>\$77,329,350</b>	<b>\$71,404,620</b>	<b>\$68,069,156</b>	<b>\$74,556,823</b>	<b>\$61,826,909</b>
<b>Plan Net Pension Liability/(Asset) – Ending (a) - (b)</b>	<b>\$ 7,775,438</b>	<b>\$ 8,196,883</b>	<b>\$ 7,848,078</b>	<b>\$(3,977,658)</b>	<b>\$ 6,425,561</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>90.86%</b>	<b>89.66%</b>	<b>89.66%</b>	<b>105.64%</b>	<b>90.59%</b>
<b>Covered-Employee Payroll<sup>3</sup></b>	<b>\$12,518,726</b>	<b>\$10,857,006</b>	<b>\$10,046,688</b>	<b>\$ 9,401,856</b>	<b>\$12,023,242</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>62.11%</b>	<b>75.50%</b>	<b>78.12%</b>	<b>(42.31%)</b>	<b>53.44%</b>

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Includes one year's payroll growth using 2.8% payroll growth assumption for fiscal years ended 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended 2014 through 2017.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
DURING THE MEASUREMENT PERIOD  
AS OF JUNE 30, 2025  
LAST 10 YEARS**

**Schedule of Required Supplementary Information (Continued)**

Fiscal Year	2020	2019	2018	2017	2016
Measurement Period	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 1,973,234	\$ 2,010,044	\$ 1,661,629	\$ 1,630,908	\$ 1,422,203
Interest	4,393,392	4,075,468	3,820,900	3,630,624	3,512,481
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	(218,016)	3,336,532	-	(907,954)
Difference Between Expected and Actual Experience	656,068	223,133	(492,699)	(1,382,845)	(8,684)
Benefit Payments, Including Refunds of Employee Contributions	(2,383,780)	(2,169,599)	(2,033,323)	(2,248,103)	(1,975,515)
<b>Net Change in Total Pension Liability</b>	<b>4,638,914</b>	<b>3,921,030</b>	<b>6,293,039</b>	<b>1,630,584</b>	<b>2,042,531</b>
<b>Total Pension Liability – Beginning</b>	<b>60,995,245</b>	<b>57,074,215</b>	<b>50,781,176</b>	<b>49,150,592</b>	<b>47,108,061</b>
<b>Total Pension Liability – Ending (a)</b>	<b>\$65,634,159</b>	<b>\$60,995,245</b>	<b>\$57,074,215</b>	<b>\$50,781,176</b>	<b>\$ 49,150,592</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions – Employer	\$ 1,146,493	\$ 1,086,563	\$ 921,815	\$ 909,258	\$ 713,546
Contributions – Employee	804,291	772,452	680,990	573,574	474,096
Net Investment Income	3,659,012	4,428,391	5,286,083	254,609	1,037,661
Benefit Payments, Including Refunds of Employee Contributions	(2,383,780)	(2,169,599)	(2,033,323)	(2,248,103)	(1,975,515)
Net Plan to Plan Resource Movement	-	(131)	-	-	24,715
Administrative Expense	(40,343)	(82,048)	(70,674)	(29,502)	(54,458)
Other Miscellaneous Income/(Expense) <sup>1</sup>	131	(155,811)	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>3,185,804</b>	<b>3,879,817</b>	<b>4,784,891</b>	<b>(540,164)</b>	<b>220,045</b>
<b>Plan Fiduciary Net Position – Beginning<sup>2</sup></b>	<b>56,533,090</b>	<b>52,653,273</b>	<b>47,868,382</b>	<b>48,408,546</b>	<b>48,188,501</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>\$59,718,894</b>	<b>\$56,533,090</b>	<b>\$52,653,273</b>	<b>\$47,868,382</b>	<b>\$ 48,408,546</b>
<b>Plan Net Pension Liability/(Asset) – Ending (a) - (b)</b>	<b>\$ 5,915,265</b>	<b>\$ 4,462,155</b>	<b>\$ 4,420,942</b>	<b>\$ 2,912,794</b>	<b>\$ 742,046</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>90.99%</b>	<b>92.68%</b>	<b>92.25%</b>	<b>94.26%</b>	<b>98.49%</b>
<b>Covered-Employee Payroll<sup>3</sup></b>	<b>\$11,338,468</b>	<b>\$11,373,532</b>	<b>\$ 9,430,893</b>	<b>\$ 9,895,083</b>	<b>\$ 8,693,706</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>52.17%</b>	<b>39.23%</b>	<b>46.88%</b>	<b>29.44%</b>	<b>8.54%</b>

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Includes one year's payroll growth using 2.8% payroll growth assumption for fiscal years ended 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended 2014 through 2017.

**SCHEDULE OF CONTRIBUTIONS for OPEB  
AS OF JUNE 30, 2025  
LAST 10 YEARS\***

\*GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability; however, since this is the eighth year of implementation, results for fiscal years 2018-2024 are shown in the following table:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial Determined Contribution	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in Relation to the Actuarially Determined Contribution					236,576	48,615	40,256	36,047
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (236,576)	\$ (48,615)	\$ (40,256)	\$ (36,047)
Covered-Employee Payroll	12,722,200	12,288,952	10,716,203	9,141,636	11,439,315	12,183,053	13,798,566	13,364,229
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	2.07%	0.40%	0.29%	0.27%

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal year 2019 and Fiscal Year 2018 were from the June 30, 2017 valuation. Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal year 2024 were from the June 30, 2023 valuation.

There were no changes to benefit terms for the measurement period June 30, 2023 or 2024. There were no changes to benefit terms for the measurement period June 30, 2022. The changes in assumptions for measurement period June 30, 2021 are: Rate of Return lowered from 6.65% to 6.05%; Employer Contribution rate for retiree premiums decreased from 85% to 80%. The changes in assumptions for measurement period June 30, 2020 are: Trust Rate of Return lowered from 7% to 6.65%; Mortality Improvement; Participation Rate decreased from 30% to 25%; Employer Contribution annual HRA decreased from 4.5% to 3%; General Information Rate decreased from 2.75% to 2.5%; and Salary Increase decreased from 3.25% to 3% per year. There were no changes to assumptions for measurement periods ending June 30, 2018 and June 30, 2019.

**SCHEDULE OF CONTRIBUTIONS for Pension  
AS OF JUNE 30, 2025  
LAST 10 YEARS**

**Schedule of Plan Contributions for the Fiscal Years Ended June 30**

	2025	2024	2023	2022	2021
Actuarially Determined Contribution <sup>1</sup>	\$ 2,524,695	\$ 1,566,895	\$ 1,586,951	\$ 1,375,862	\$ 1,292,291
Contributions in Relation to the Actuarially Determined Contribution Deficiency (Excess)	(2,524,695)	(1,566,895)	(1,586,951)	(1,375,862)	(1,292,291)
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Covered Payroll<sup>2</sup></b>	<b>\$ 13,496,407</b>	<b>\$ 12,518,726</b>	<b>\$ 10,857,006</b>	<b>\$ 10,046,688</b>	<b>\$ 9,401,856</b>
Contributions as a Percentage of Covered Payroll <sup>2</sup>	18.71%	12.52%	14.62%	13.69%	13.75%

	2020	2019	2018	2017	2016
Actuarially Determined Contribution <sup>1</sup>	\$ 1,336,627	\$ 1,146,493	\$ 1,086,563	\$ 921,815	\$ 909,258
Contributions in Relation to the Actuarially Determined Contribution Deficiency (Excess)	(1,336,627)	(1,146,493)	(1,086,563)	(921,815)	(909,258)
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Covered Payroll<sup>2</sup></b>	<b>\$ 12,023,242</b>	<b>\$ 11,338,468</b>	<b>\$ 11,373,532</b>	<b>\$ 9,430,893</b>	<b>\$ 9,895,083</b>
Contributions as a Percentage of Covered Payroll <sup>2</sup>	11.12%	10.11%	9.55%	9.77%	9.19%

<sup>1</sup>Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>2</sup>Includes one year's payroll growth using 2.80% payroll assumption for fiscal years ended 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended 2018 through 2021; 3.00% percent payroll assumption for fiscal years ended 2014 through 2017.

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were derived from the June 30, 2020 funding valuation report

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2020 Funding Valuation Report
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.5%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by Society of Actuaries.