

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

**August 20, 2019  
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called by the Chairman to be held on **August 20, 2019** at **10:30 a.m.** at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

*THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS (I.E., ACCESS TO AN AMPLIFIED SOUND SYSTEM, ETC.) PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5421 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON WRITTEN REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING.*

*AGENDA EXHIBITS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT TO DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY OFFICE, 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"). IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE MEMBERS, EXCEPT THAT, IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE FINANCE COMMITTEE MEETING ROOM.*

**AGENDA**

- 1. Call Meeting to Order**
- 2. Pledge of Allegiance**
- 3. Public Comments**

*THOSE WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA SHOULD SUBMIT A "REQUEST TO BE HEARD" FORM TO THE CLERK OF THE BOARD BEFORE THE PRESIDING OFFICER ANNOUNCES THAT AGENDA ITEM. YOUR NAME WILL BE CALLED TO SPEAK AT THAT TIME.*

**4. Approval of Minutes**

- Finance Committee Meeting Minutes of May 21, 2019

**Recommendation:**

Finance Committee approval of minutes as submitted.

**5. Cash Reports for the Month of June 2019**

- a) Summary of Disbursements for June 2019 (Exhibit A)
- b) Schedule of Funds Available for Reinvestment (Exhibit B)
  - Local Agency Investment Fund (LAIF)
- c) Schedule of Cash and Investments (Exhibit C)

**Recommendation:**

Staff recommends that the Finance Committee recommend the Board of Directors to ratify the June 2019 disbursements for the period from June 1, 2019, through June 30, 2019, totaling \$6,065,041, and to receive and file the June 2019 Cash Reports as submitted.

**6. Annual Financial Statements Audit FY 2018-19 – Progress**

**Recommendation:**

Information Item

**7. SOCWA 457b Plan Update**

**Recommendation:**

Information Item

**8. Use Audit Flow and Solids Methodology – Annual Update**

**Recommendation:**

Information Item

**9. Revised SOCWA Policy Establishing Guidelines for Travel and Expense Reimbursement**

**Recommendation:**

- 1) Approve the August 2019 revision to the SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement*
- 2) Rescind prior Policy, SOCWA Resolution No. 2011-04 SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement*

attachment(s)      Revised SOCWA Travel and Reimbursement Policy

**10. Adjournment**

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Finance Committee at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 15<sup>th</sup> day of August 2019.



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Betty C. Burnett, General Manager/Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**May 21, 2019**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on May 21, 2019, at 10:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

DENNIS ERDMAN	South Coast Water District
TONI ISEMAN	City of Laguna Beach
RAY MILLER	City of San Juan Capistrano
DENNIS CAFFERTY	El Toro Water District
MATT COLLINGS	Moulton Niguel Water District

Absent:

ROBB GRANTHAM	Santa Margarita Water District
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Staff Present:

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
BRIAN PECK	Director of Engineering
AMBER BAYLOR	Director of Environmental Compliance
JASON MANNING	Senior Engineer
RONI YOUNG	Associate Engineer
KONSTANTIN SHILKOV	Senior Accountant
NADYN KIM	Accountant
ANNA SUTHERLAND	Accounts Payable
JEANETTE COTINOLA	Procurement & Contracts Administrator
DANITA HIRSH	Administrative Assistant

Also Present:

NEELY SHAHBAKTI	El Toro Water District
TREVOR AGRELIUS	Moulton Niguel Water District
PAMELA ARENDS-KING	South Coast Water District
SOPHIA PHUY	Irvine Ranch Water District

**1. Call Meeting to Order**

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

**2. Pledge of Allegiance – Director Iseman**

**3. Public Comments – None**

Chairperson Erdman introduced Mr. Paul Bender, Financial Analyst for Santa Margarita Water District, who was filling in for Alternate Director Grantham as a non-voting participant.

#### **4. Approval of Minutes**

- a. Finance Committee Meeting Minutes of March 26, 2019
- b. Finance Committee Meeting Minutes of April 23, 2019

#### **ACTION TAKEN**

Motion was made by Director Miller and seconded by Director Collings to approve Finance Committee Minutes for March 26, 2018 with the correction of adding “Annual UAL payment of the Unfunded Liability Pension Fund” to paragraph 1 of page 6 of the Finance packet, and approve Minutes for April 23, 2019, as submitted.

Motion carried:	Aye 4, Nay 0, Abstained 1, Absent 1
	Director Erdman Aye
	Director Iseman Abstained
	Director Miller Aye
	Director Grantham Absent
	Director Collings Aye
	Director Cafferty Aye

#### **5. Financial Reports for the Month of April 2019**

#### **ACTION TAKEN**

Motion was made by Director Miller and seconded by Director Collings to recommend the Board of Directors to ratify April 2019 disbursements for the period from April 1, 2019 through April 30, 2019, totaling \$2,076,414, and to receive and file the April 2019 Financial Reports as submitted.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Erdman Aye
	Director Iseman Aye
	Director Miller Aye
	Director Grantham Absent
	Director Collings Aye
	Director Cafferty Aye

#### **6. Review Draft Budget FY2019-20**

Ms. Burnett refreshed the Committee members on prior budget meeting discussions and stated that the presentation slides were related only to some minor revisions that was previously requested. An open discussion ensued.

#### **ACTION TAKEN**

Motion was made by Director Erdman and seconded by Director Cafferty to proceed with forwarding the Finance Committees comments and recommendations to the Board of Directors for consideration of the FY2019-20 Budget at the Budget Workshop on May 23, 2019.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Erdman Aye
	Director Iseman Aye
	Director Miller Aye
	Director Grantham Absent
	Director Collings Aye
	Director Cafferty Aye

The Finance Committee recessed at 11:52 a.m.  
Director Iseman exited the meeting at 11:52 a.m.  
The Finance Committee reconvened at 12:00 p.m.

## **7. Agenda Preparation Software / Audio Visual Hardware**

Ms. Burnett briefed the Committee on the need to automate the preparation of agenda packets, creating and keeping accurate meeting records and minutes efficiently. Ms. Burnett introduced Chris Cardenas of SOCTV and stated he had assisted staff with determining a solution for selecting the software and hardware for better sound enhancement that was proposed. An open discussion ensued.

Mr. Cardenas provided the Committee with expert knowledge of his experience on the benefit of streamlining the automation of agenda preparation software and meeting management hardware for the means to produce Minutes promptly as well as an additional tool for increasing transparency. An open discussion ensued.

Director Collings stated there were Policy level questions that drive the meeting that had not yet happened. He stated that he understood the need to improve the system, but he questioned at what level of improvement was necessary to support what the Board is looking for. He also stated he was not comfortable supporting the item but was comfortable with the Board level discussion on what the needs are for the organization before deciding what to buy.

Director Cafferty stated that he agreed that the Board discussion was needed regarding the needs of the organization. He also requested when forwarding to the Board that the cost components are broken down to specify the audio, video, and any other components and how they function with the agendas.

Chairperson Erdman stated to include information on future enhancements as it relates to improving the sound issues within the meeting room. He specified that the costs could add up should the Board decided to go forward with the improvements.

### **ACTION TAKEN**

Motion was made by Director Miller and seconded by Director Erdman to proceed with forwarding the Finance Committees comments to the Board of Directors for discussion and consideration.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 2
	Director Erdman Aye
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Absent
	Director Collings Aye
	Director Cafferty Aye

## **8. Investment Policy for Public Funds Annual Review**

Ms. Burnett reported there was a requirement called for the General Manager and Counsel to review the Investment Policy on an annual basis. She stated that she checked with Greg Moser, SOCWA's General Counsel, regarding whether there had been any statutory or regulatory changes, and he had confirmed the policy can remain as it had been written. An open discussion ensued.

**ACTION TAKEN**

Motion was made by Director Collings and seconded by Director Cafferty to recommend to the Board of Directors to receive and file subject report indicating there were no changes to the SOCWA Investment Policy based on the annual review.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 2
	Director Erdman Aye
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Absent
	Director Collings Aye
	Director Cafferty Aye

**9. Large Capital Cash Roll Forward as of March 31, 2019 (Q3) and Large Capital Refund of Inactive Projects Cash as of March 31, 2019 (Q3)**

Ms. Carey presented the Cash Roll Forward Reconciliation for the fiscal year end of 2016, 2017 and 2018 as of March 31, 2019 (Q3). An open discussion ensued.

Staffed received comments and corrections from the Committee and will make the necessary changes before submitting to the Board at the Budget Workshop on May 23, 2019.

This was an information item; no action was taken.

**10. Adjournment**

There being no further business, Chairperson Erdman adjourned the meeting at 1:46 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of May 21, 2019 and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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Betty Burnett, General Manager/Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

# Agenda Item

# 5

**Finance Committee Meeting**

**Meeting Date: August 20, 2019**

**TO:** Board of Directors

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** Cash Reports for the Month of June 2019

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## Summary/Discussion

The following cash reports are routinely provided monthly to the Finance Committee for recommendation to the Board of Directors to ratify Cash Disbursements. The reporting package normally include Budget vs. Actuals for project committees and SOCWA's various departments; however, due to fiscal year end and the annual financial statements audit that is in progress, the remaining reports will not be presented until the audit has been completed.

The reports included are as follows:

- a) Summary of Disbursements for June 2019 (Exhibit A)
- b) Schedule of Funds Available for Reinvestment (Exhibit B)
  - Local Agency Investment Fund (LAIF)
- c) Schedule of Cash and Investments (Exhibit C)

## Fiscal impact

June 2019 cash disbursements were: \$6,065,041 (Increased primarily due to Large Capital Closed Projects Refund to Member Agencies, \$3.6MM.)

- Monthly disbursements are summarized in the attached Exhibit A.
- The attached Exhibits B and C are informational reports only.

## Recommendation

Staff recommends that the Finance Committee recommend the Board of Directors to ratify the June 2019 disbursements for the period from June 1, 2019, through June 30, 2019, totaling \$6,065,041, and to receive and file the June 2019 Cash Reports as submitted.



Exhibit A

**South Orange County Wastewater Authority  
Summary of Disbursements for June 2019  
Staff Recommendation of Fiscal Matters**

	<b>Actual</b>
General Fund	(456,135)
PC 2 - Jay B. Latham Plant	(1,432,798)
PC 3 - SOCWA Plant/PCA AWT	(123,797)
PC 5 - San Juan Creek Ocean Outfall	(55,103)
PC 8 - Pretreatment Program	(12,244)
PC 12 SO - Water Reclamation Permits	(20,604)
PC 15 - Coastal Treatment Plant/AWT	(1,583,417)
PC 17 - Joint Regional Wastewater Reclamation	(2,221,335)
PC 21 - Effluent Transmission Main	(140,642)
PC 24 - Aliso Creek Ocean Outfall	(18,966)
<b>Total</b>	<b><u>(\$6,065,041)</u></b>

\*Increase primarily due to Inactive/Closed Projects refund checks paid to Member Agencies, \$3.6MM.

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of June 30, 2019**

CASH IN BANK: (BEGINNING BAL.)	6,213,478
L.A.I.F. FUNDS: (BEGINNING BAL.)	8,747,584
DEPOSITS, TRANSFERS & ADJUSTMENTS:	610,099
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION	(6,065,041) *
	<u>\$ 9,506,121</u>

\*Includes Inactive/Closed Projects refund checks paid to Member Agencies, \$3.6MM.

In accordance with Government Code 53646(c), since all funds are placed in the State LAIF, staff has included in the Financial Packet, the most current statement from the State LAIF, in lieu of the report required by Government Code 53646(b)(1).

In accordance with requirements of the Government Code and the "SOCWA Investment Policy",

I hereby certify that:

- 1). All investment actions executed since the last report have been made in full compliance with the Investment Policy.
  
- 2). SOCWA does not have sufficient funds currently on hand to meet its expenditure obligations for the next six months (see note) due to the fact that SOCWA bills and receives operational funds on a quarterly basis only.

**Betty Burnett**  
**General Manager**

Note: Operational funds are collected on a quarterly basis at the beginning of the quarter. Capital funds are collected on a quarterly basis in connection with projected needs. Member agencies have pledged to have funds available to meet all obligations.



## CALIFORNIA STATE TREASURER FIONA MA, CPA



### PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
06/24/19	2.41	2.44	166
06/25/19	2.40	2.44	167
06/26/19	2.41	2.44	168
06/27/19	2.41	2.44	169
06/28/19	2.40	2.44	174
06/29/19	2.40	2.44	174
06/30/19	2.39	2.44	173
07/01/19	2.40	2.40	180
07/02/19	2.40	2.40	180
07/03/19	2.39	2.40	182
07/04/19	2.39	2.40	182
07/05/19	2.39	2.40	182
07/06/19	2.39	2.40	182
07/07/19	2.39	2.39	182
07/08/19	2.39	2.39	179
07/09/19	2.39	2.39	179
07/10/19	2.39	2.39	178
07/11/19	2.38	2.39	179
07/12/19	2.38	2.39	179
07/13/19	2.38	2.39	179
07/14/19	2.38	2.39	179
07/15/19	2.38	2.39	176
07/16/19	2.38	2.39	178
07/17/19	2.38	2.39	179
07/18/19	2.37	2.39	180
07/19/19	2.37	2.39	179
07/20/19	2.37	2.39	179
07/21/19	2.37	2.39	179
07/22/19	2.37	2.38	179
07/23/19	2.37	2.38	177
07/24/19	2.37	2.38	178

\*Daily yield does not reflect capital gains or losses

### LAIF Performance Report

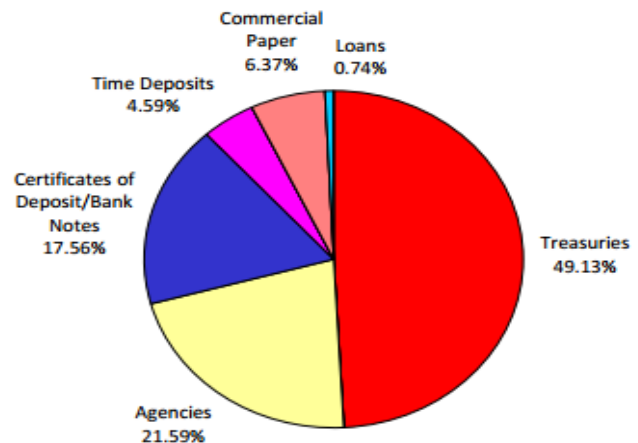
Quarter Ending 06/30/19

Apportionment Rate: 2.57  
 Earnings Ratio: .00007028813234525  
 Fair Value Factor: 1.001711790  
 Daily: 2.39%  
 Quarter to Date: 2.44%  
 Average Life: 173

#### PMIA Average Monthly Effective Yields

June 2019 **2.428**  
 May 2019 2.449  
 Apr 2019 2.445

### Pooled Money Investment Account Portfolio Composition 06/30/19 \$105.7 billion



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 07/24/2019

Exhibit C

**South Orange County Wastewater Authority  
Schedule of Cash and Investments  
as of June 30, 2019**

MVA	\$ 12,696	(A)
A/P Checking	762,521	(B)
Payroll Checking	224,320	(C)
State LAIF	8,506,584	(D)
<b>Total Cash in Bank</b>	<b>\$ 9,506,121</b>	
Petty Cash	1,600	(E)
<b>Total Operating Cash</b>	<b>\$ 9,507,721</b>	
OPEB Trust	5,137,817	(F)
<b>Total Cash and Investments</b>	<b>\$ 14,645,538</b>	

Notes:

- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred into this account, as needed, from the LAIF account.
- (D) LAIF balance.
- (E) Cash on hand with GM's office and held by Chief Operators at each Treatment facility.
- (F) OPEB Trust Fund; these funds can only be used for Retiree Health Benefits.

# Agenda Item

# 6

**Finance Committee Meeting**

**Meeting Date: August 20, 2019**

**TO:** Board of Directors

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** Annual Financial Statements Audit FY 2018-19 – Progress

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## Summary/Discussion

FY 2018-19 Annual Financial Statements Audit began on July 23, 2019 for the interim field work; the final field work will be completed the week of September 16<sup>th</sup>.

The Draft Final Report is scheduled for Finance Committee Review on November 12<sup>th</sup> and presentation to the Board on December 5, 2019.

Staff has recorded the change in the Net Pension Liability and the Balance Sheet impact is:

## Summary of Balances

	Fiscal year ending	
	6/30/2018	6/30/2019
■ Measurement date	6/30/2017	6/30/2018
■ Total pension liability	\$ (49,973,230)	\$ (52,230,824)
■ Fiduciary net position	36,562,793	39,044,508
■ Net pension (liability)/asset	(13,410,437)	(13,186,316)
■ Deferred (inflows) of resources	(798,038)	(1,078,306)
■ Deferred outflows of resources	4,069,991	3,475,719
■ Net balance sheet impact	(10,138,484)	(10,788,903)

The Distribution of the Net Pension Liability and Deferred Inflows and Outflows by Project Committee and Member Agency was based on the Board Approved Methodology, Historical Labor Distribution, updated with FY 2017-18 actuals.

Net Pension Liability Distribution by Member Agencies and the Allocation Percentages for FY 2018-19 are:

	PC2	PC3A	PC5	PC8	PC12	PC15	PC17	PC24	Total	Allocation %'s
<b>Net Pension Liability</b>										
<b>Net Pension Liability</b>										
<b>Reported 2018</b>										
<b>Measurement</b>										
<b>Date 2017</b>										
CLB	-	-	-	27,119	-	1,049,582	283,760	40,082	1,400,543	10.62%
CSC	-	-	52,930	35,574	-	-	-	-	88,504	0.67%
CSJC	1,274,909	-	49,714	36,565	1,037	-	-	-	1,362,226	10.33%
EBSD	-	-	-	1,891	-	46,314	11,063	1,537	60,806	0.46%
ETWD	-	-	-	21,930	971	-	373,139	74,886	470,926	3.57%
IRWD	-	-	-	37,706	1,347	-	-	62,500	101,553	0.77%
MNWD	690,685	1,301,854	35,367	78,879	4,532	127,547	3,648,654	81,739	5,969,257	45.27%
SCWD	999,858	-	34,304	59,197	1,373	1,111,038	200,397	14,989	2,421,155	18.36%
SMWD	883,000	255,636	94,195	73,793	3,367	-	-	-	1,309,990	9.93%
TCWD	-	-	-	-	1,355	-	-	-	1,355	0.01%
	-	-	-	-	-	-	-	-	-	0.00%
<b>Total</b>	<b>3,848,452</b>	<b>1,557,489</b>	<b>266,510</b>	<b>372,654</b>	<b>13,984</b>	<b>2,334,481</b>	<b>4,517,013</b>	<b>275,733</b>	<b>13,186,316</b>	<b>100.00%</b>

The Authority's proportionate share of the net pension liability decreased by roughly \$224K from last year. The biggest factor was actuarial experience for the year. This would have increased SOCWA's NPL for the year, but it was offset by reductions from small investment gains (earnings for the year were 1.25% higher than assumed) and changes in actuarial assumptions. (The Full Actuary Report is attached.)

## Recommendation

Staff recommends that the Finance Committee recommends the Board of Directors receive and file the GASB 68, Net Pension Liability Reporting Information Report.

## South Orange County Wastewater Authority CalPERS Miscellaneous Pension Plans

June 30, 2019

Consolidated GASB 68 Reporting Information  
CalPERS Risk Pools  
Preliminary Results

Mary Beth Redding  
Kateryna Doroshenko  
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July 17, 2019

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## Net Pension Liability

### Applicable Dates and Periods

	<b>June 30, 2019 Employer Fiscal Year</b>
■ Measurement date (MD)	June 30, 2018
■ Measurement period	July 1, 2017 to June 30, 2018
■ Actuarial valuation date	June 30, 2017



## Net Pension Liability

### Basis of Report

This report presents employer-specific amounts for reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68) for CalPERS public agency cost-sharing plans. Our calculations are based on information provided in actuarial valuation reports prepared by CalPERS and on the "Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts", prepared by CalPERS and audited by KPMG. We have followed the methodology described in that report and in other CalPERS publications including the GASB 68 Guide for Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plans. It was not part of the scope of this project, nor was information available, to review the census data, actuarial calculations or the actuarial assumptions used to prepare those reports. CalPERS reports used for our calculations are available at: <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>

Additional information to be presented in each agency's Notes and RSI can be found on CalPERS website in the CalPERS Risk Pool reports as of the June 30, 2018 Measurement Date and CalPERS CAFR:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-miscellaneous-risk-pool-2018.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-safety-risk-pool-2018.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>





## Net Pension Liability

### Proportionate Share of Net Pension Liability/(Asset)

	Fiscal Year Ending	
	June 30, 2019	June 30, 2018
■ Total	\$ 13,186,316	\$ 13,410,437

See page 14 for supporting detail.



## Note Disclosures

### Proportionate Share of Net Pension Liability/(Asset)

	Percentage Share of Plan		Change: Increase/ (Decrease)
	6/30/2019	6/30/2018	
■ Fiscal Year End	6/30/2019	6/30/2018	
■ Measurement Date	6/30/2018	6/30/2017	
■ Percentage of Plan (PERF C) NPL	0.13684%	0.13522%	0.00162%

See page 14 for supporting detail.



## Note Disclosures

### **Sensitivity of Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate**

	Discount Rate		
	6.15% (1% Decrease )	7.15% (Current Rate)	8.15% (1% Increase )
■ Measurement Date	6/30/2018		
■ Fiscal Year End	6/30/2019		
■ Net Pension Liability	\$ 20,251,641	\$ 13,186,316	\$ 7,354,006

See page 15 for supporting detail.



## Note Disclosures

### **Pension Expense (Income) for Fiscal Year**

	2018/19
■ Total pension expense (income) for fiscal year	\$ 1,947,765

See page 25 for supporting detail.



## Note Disclosures

### Deferred Outflows/Inflows Balances at June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience *	\$ 505,936	\$ (172,167)
■ Changes of assumptions *	1,503,279	(368,425)
■ Net differences between projected and actual earnings on plan investments *	65,190	-
■ Change in employer's proportion **	103,968	(54,862)
■ Differences between the employer's contributions and the employer's proportionate share of contributions***	-	(482,852)
■ Pension contributions subsequent to measurement date	1,297,346	-
■ Total	3,475,719	(1,078,306)

\* Supporting detail on page 17.

\*\* Supporting detail on page 20.

\*\*\* Supporting detail on page 23.



## Note Disclosures

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

	Deferred Outflows/(Inflows) of Resources
■ <b>Fiscal Year Ending June 30:</b>	
● 2020	\$ 1,138,700
● 2021	571,613
● 2022	(491,643)
● 2023	(118,603)
● 2024	-
● Thereafter	-

Supporting detail on page 24.



**Required Supplementary Information**

**Schedule of Authority's Proportionate Share  
of the Plan's (PERF C) Net Pension Liability**

	<b>Fiscal Year End</b>	
	<b>6/30/19</b>	<b>6/30/18</b>
■ Measurement Date	6/30/18	6/30/17
■ Authority's proportion of the net pension liability	0.13684%	0.13522%
■ Authority's proportionate share of the net pension liability	\$ 13,186,316	\$ 13,410,437
■ Authority's covered-employee payroll *	6,083,399	5,784,596
■ Authority's proportionate share of the net pension liability as a percentage of covered-employee payroll	216.76%	231.83%
■ Plan's fiduciary net position as a percentage of the plan's total pension liability **	75.26%	73.31%

\* For the year ending on the measurement date.

\*\* Supporting detail on page 11.



**Required Supplementary Information**

**Schedule of the Authority's Contributions**

<b>Contributions for the fiscal year ending:</b>	<b>6/30/19</b>	<b>6/30/18</b>
■ Actuarially determined contribution	\$ 1,297,346	\$ 1,094,606
■ Contributions in relation to the actuarially determined contribution	<u>1,297,346</u>	<u>1,094,606</u>
■ Contribution deficiency (Excess)	-	-
■ Authority's covered-employee payroll *	6,331,043	6,083,399
■ Contributions as a percentage of covered-employee payroll	20.49%	17.99%

\* For the fiscal year ending on the date shown.



## Data as of 6/30/18 Measurement Date

	Miscellaneous Risk Pool	Safety Risk Pool	Total
<b>■ Employer Allocation Basis*</b>			
Total Pension Liability	0.30922%	N/A	N/A
Fiduciary Net Postion	0.29754%	N/A	N/A
<b>■ Data from Risk Pool Reports for Measurement Date June, 30 2018</b>			
Total Pension Liability	\$ 16,891,153,209	\$ 22,053,702,155	\$ 38,944,855,364
(1) Fiduciary Net Postion	13,122,440,092	16,186,149,467	29,308,589,559
Net Pension Liability	3,768,713,117	5,867,552,688	9,636,265,805
Funded Percentage	N/A	N/A	75.26%
<b>■ Sensitivity</b>			
(2) NPL @ 6.15% discount rate	6,053,599,297	8,907,796,860	
(1) + (2) TPL @ 6.15% discount rate	19,176,039,389	25,093,946,327	
(3) NPL @ 8.15% discount rate	1,882,577,074	3,376,616,970	
(1) + (3) TPL @ 8.15% discount rate	15,005,017,166	19,562,766,437	
<b>■ Collective Pension Expense</b>	584,881,668	979,582,204	



<b>■ Deferred Outflows (Inflows) Balances at June 30, 2018 Measurement Date (MD)</b>			
MD			
2016 Differences between expected and actual experience	(719,949)	(478,255)	N/A
2017 Differences between expected and actual experience	(48,486,159)	39,697,202	N/A
2018 Differences between expected and actual experience	144,598,868	86,376,714	N/A
2017 Change in Assumptions	429,644,509	575,709,251	N/A
2018 Change in Assumptions	(105,297,568)	(77,673,473)	N/A
2015 Differences between projected and actual earnings on plan investments	114,295,501	149,612,057	N/A
2016 Differences between projected and actual earnings on plan investments	309,147,108	395,448,940	N/A
2017 Differences between projected and actual earnings on plan investments	(269,221,669)	(342,768,439)	N/A
2018 Differences between projected and actual earnings on plan investments	(135,589,390)	(162,566,478)	N/A
<b>■ Other</b>			
Aggregate Employer Contributions	499,847,617	682,838,026	N/A
Expected Average Remaining Service Lifetime (EARS�)		N/A	3.8
Future Recognition of Deferred Amounts			
Measurement Date			
2019	370,302,019	536,961,280	N/A
2020	214,375,541	319,448,983	N/A
2021	(112,408,963)	(152,411,126)	N/A
2022	(33,897,346)	(40,641,618)	N/A

\*From the report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2018.pdf>



## Supporting Calculations

### Employer Contributions during Year

	Fiscal Year Paid:	
	2018/19	2017/18
■ Misc Tier 1	\$ 1,001,702	\$ 862,885
■ Misc Tier 2	104,325	87,986
■ Misc PEPRA	191,319	143,735
■ Total	1,297,346	1,094,606



## Supporting Calculations

### Proportionate Share of Net Pension (Liability)/Asset

	Fiscal Year Ending 6/30/2019		
	Measurement Date 6/30/2018		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
■ Authority % *	0.30922%	0.29754%	
■ Total Misc Risk Pool *	\$ 16,891,153,209	\$ 13,122,440,092	N/A
■ Authority's Proportionate Share	52,230,824	39,044,508	\$ 13,186,316
■ Total PERF-C NPL *	N/A	N/A	9,636,265,805
■ Authority's Proportionate Share of	N/A	N/A	0.13684%

\* Supporting detail on page 11.



## Supporting Calculations

### **Sensitivity of Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate**

	Discount Rate		
	6.15%	7.15%	8.15%
■ Measurement Date	6/30/2018		
■ Fiscal Year End	6/30/2019		
■ Miscellaneous			
Risk Pool Total Pension Liability *	\$ 19,176,039,389	\$ 16,891,153,209	\$ 15,005,017,166
Employer's TPL Proportion	<u>0.30922%</u>	<u>0.30922%</u>	<u>0.30922%</u>
Proportionate share of TPL	\$ 59,296,149	\$ 52,230,824	\$ 46,398,514
Less: Proportionate share of FNP **	<u>39,044,508</u>	<u>39,044,508</u>	<u>39,044,508</u>
Net Pension Liability	20,251,641	13,186,316	7,354,006

\* Supporting detail on page 11.

\*\* Supporting detail on page 14.



## Supporting Calculations

### **Allocation Factor for Deferred Inflows and Outflows**

	<u>Miscellaneous</u>
(1) Total Misc Risk Pool Net Pension Liability*	\$ 3,768,713,117
(2) Authority's Proportionate Share of Net Pension Liability **	13,186,316
(3) Authority's Deferred Outflows/Inflows of Resources Allocation Basis	0.34989%

\* Supporting detail on page 11.

\*\* Supporting detail on page 14.

\*\*\* Deferred Outflows/Inflows of resources allocated based on the employer's share of the Miscellaneous Risk Pool net pension liability, per CalPERS' guidance in the 6/30/2018 Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts.



## Supporting Calculations

### Total Risk Pool Deferred Outflows/(Inflows)

Measurement Date	Item	Misc Risk Pool*	Employer Amount (0.349889%)**	Employer Deferred Outflow	Employer Deferred (Inflow)
Differences between Actual and Expected Experience					
2016		\$ (719,949)	\$ (2,519)	\$ -	(2,519)
2017		(48,486,159)	(169,648)	-	(169,648)
2018		144,598,868	505,936	505,936	-
Actual and Expected Experience			333,769	505,936	(172,167)
Changes of assumptions					
2017		429,644,509	1,503,279	1,503,279	-
2018		(105,297,568)	(368,425)	-	(368,425)
Total Assumptions Change			1,134,854	1,503,279	(368,425)
Net Difference between Projected and Actual Return on Investments					
2015 to 2018		18,631,550	65,190	65,190	-

\* Supporting detail on page 12. \*\* Supporting detail on page 16.



## Supporting Calculations

### Change in Proportion Calculation

	Unrecognized Differences between Expected and Actual Experience	Unrecognized Changes in Assumptions	Unrecognized Net Difference Between Projected and Actual Earnings on Investments	Total Pension Liability	Fiduciary Net Position	Total
■ Miscellaneous Risk Pool						
Net deferral at 6/30/2017 MD	\$ (71,784,872)	\$617,374,651	\$151,150,027	\$(16,016,547,402)	\$12,074,499,781	
Employer proportion at 6/30/2018 MD*	0.34989%	0.34989%	0.34989%	0.30922%	0.29754%	
Employer amount using 6/30/2018 basis	(251,167)	2,160,127	528,857	(49,526,368)	35,926,467	(11,162,084)
Employer balances at 6/30/2017 MD	(223,976)	1,926,271	471,603	(49,973,230)	36,562,793	(11,236,539)
Difference	27,191	(233,856)	(57,254)	(446,862)	636,326	(74,455)

\* Supporting details on pages 11 and 16.





## Supporting Calculations

### Change in Proportion

Calculation at June 30, 2019 financial statement date

	<b>2015 Measurement Date</b>	<b>2016 Measurement Date</b>	<b>2017 Measurement Date</b>	<b>2018 Measurement Date</b>	<b>Total</b>
Balance reported at June 30, 2018	\$ 190,533	\$ 137,535	\$ 73,633	\$ (74,455) *	
Remaining Amortization Years	0.8 years	1.7 years	2.8 years	3.8 years	
Current Year Amortization	(190,533)	(80,902)	(26,298)	19,593	(278,140)
Balance reported at June 30, 2019	-	56,633	47,335	(54,862)	49,106

\* Balance at July 1, 2018, after 6/30/18 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2019 Employer-Specific Deferral: Change in Proportions

	<b>Initial Recognition Period</b>				<b>Total</b>
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	
■ Measurement Period	2014/15	2015/16	2016/17	2017/18	
■ Initial amount	\$ 905,028	\$ 299,339	\$ 99,931	\$ (74,455)	
■ Initial recognition period	3.8 years	3.7 years	3.8 years	3.8 years	
■ Amount recognized in FY pension expense					
● 2015/16 (3rd prior year)	238,165	N/A	N/A	N/A	238,165
● 2016/17 (2nd prior year)	238,165	80,902	N/A	N/A	319,067
● 2017/18 (Prior year)	238,165	80,902	26,298	N/A	345,365
● 2018/19 (Current year)	190,533	80,902	26,298	(19,593)	278,140
● 2019/20	-	56,633	26,298	(19,593)	63,338
● 2020/21	-	-	21,037	(19,593)	1,444
● 2021/22	-	-	-	(15,676)	(15,676)
● Total	905,028	299,339	99,931	(74,455)	1,229,843
■ Deferred Outflows at FYE 6/30/2019	-	56,633	47,335	-	103,968
■ Deferred Inflows at FYE 6/30/2019	-	-	-	(54,862)	(54,862)



## Supporting Calculations

### Difference in Actual Contribution and Proportionate Share of Contribution Calculation

	<u>Miscellaneous</u>
(1) Aggregate Risk Pool employer contributions for MP 2017/18*	\$ 499,847,617
(2) Employer proportion (FNP %)**	0.29754%
(3) Proportionate share of aggregate Employer contribution (1) * (2)	1,487,247
(4) Actual Contribution for Measurement Period 2017/2018	<u>1,094,606</u>
(5) Difference (4) - (3)	(392,641)

\* Supporting detail on page 12.

\*\* Supporting detail on page 11.



## Supporting Calculations

### Difference in Actual Contributions and Proportionate Share of Contributions

Calculation at June 30, 2019 financial statement date

	<u>2015 Measurement Date</u>	<u>2016 Measurement Date</u>	<u>2017 Measurement Date</u>	<u>2018 Measurement Date</u>	<u>Total</u>
Balance reported at June 30, 2018	(78,657)	(51,562)	(268,033)	(392,641) *	(790,893)
Remaining Amortization Years	0.8 years	1.7 years	2.8 years	3.8 years	
Current Year Amortization	78,657	30,331	95,726	103,327	308,041
Balance reported at June 30, 2019	-	(21,231)	(172,307)	(289,314)	(482,852)

\* Balance at July 1, 2018, after 6/30/18 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2019 Employer-Specific Deferral: Difference Between Actual & Proportionate Share of Employer Contributions

	Initial Recognition Period				Total
	2015/16	2016/17	2017/18	2018/19	
■ Measurement Period	2014/15	2015/16	2016/17	2017/18	
■ Initial amount	\$ (373,623)	\$ (112,224)	\$ (363,759)	\$ (392,641)	
■ Initial recognition period	3.8 years	3.7 years	3.8 years	3.8 years	
■ Amount recognized in FY pension expense					
● 2015/16 (3rd prior year)	(98,322)	N/A	N/A	N/A	(98,322)
● 2016/17 (2nd prior year)	(98,322)	(30,331)	N/A	N/A	(128,653)
● 2017/18 (Prior year)	(98,322)	(30,331)	(95,726)	N/A	(224,379)
● 2018/19 (Current year)	(78,657)	(30,331)	(95,726)	(103,327)	(308,041)
● 2019/20	-	(21,231)	(95,726)	(103,327)	(220,284)
● 2020/21	-	-	(76,581)	(103,327)	(179,908)
● 2021/22	-	-	-	(82,660)	(82,660)
● Total	(373,623)	(112,224)	(363,759)	(392,641)	(1,242,247)
■ Deferred Outflows at FYE 6/30/2019	-	-	-	-	-
■ Deferred Inflows at FYE 6/30/2019	-	(21,231)	(172,307)	(289,314)	(482,852)



## Supporting Calculations

### Recognition of Deferrals in Future Pension Expense

Measurement Period Ending June 30:	Fiscal Year Ending June 30:	Miscellaneous Risk Pool Amount			Employer Specific Amounts		Total
		Risk Pool Amount*	Applicable Percentage**	Authority's Proportionate Share	Change in Proportion***	Difference Between Actual and Proportionate Share of Contributions ****	
■ 2019	■ 2020	\$370,302,019	0.34989%	\$ 1,295,646	\$ 63,338	\$ (220,284)	\$ 1,138,700
■ 2020	■ 2021	214,375,541	0.34989%	750,077	1,444	(179,908)	571,613
■ 2021	■ 2022	(112,408,963)	0.34989%	(393,307)	(15,676)	(82,660)	(491,643)
■ 2022	■ 2023	(33,897,346)	0.34989%	(118,603)	-	-	(118,603)
■ 2023	■ 2024	-	0.34989%	-	-	-	-
■ Thereafter	■ Thereafter	-	0.34989%	-	-	-	-

\* See page 12.

\*\* See page 16.

\*\*\* See page 20.

\*\*\*\* See page 23.



## Supporting Calculations

### **GASB 68 Balance Equation for Pension Expense Calculation**

	Fiscal year ending		Change
	6/30/2018	6/30/2019	
■ Measurement date	6/30/2017	6/30/2018	
■ Total pension liability	\$ 49,973,230	\$ 52,230,824	\$ 2,257,594
■ Fiduciary net position	36,562,793	39,044,508	2,481,715
■ Net pension liability/(asset)	13,410,437	13,186,316	(224,121)
■ Deferred inflows of resources	798,038	1,078,306	280,268
■ Deferred (outflows) of resources *	(2,975,385)	(2,178,373)	797,012
■ Contributions in the measurement period	-	1,094,606	1,094,606
■ Net balance sheet impact	11,233,090	13,180,855	1,947,765
■ Pension Expense (Income)			1,947,765

\* The deferral for contributions after the measurement date is excluded.



## Supporting Calculations

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## Journal Entries

### Beginning Balances

Following summarizes the beginning balances from the 2017 measurement date \*

	<u>Debit</u>	<u>Credit</u>
Differences between expected and actual experience	\$ 16,806	\$ (240,782)
Changes of assumptions	2,085,275	(159,004)
Net differences between projected and actual earnings on plan investments	471,603	-
Change in employer's proportion	401,701	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(398,252)
Pension contributions subsequent to measurement date	1,094,606	-
Net Pension Liability	-	(13,410,437)
Net Impact	10,138,484	-
<i>Check</i>	<i>14,208,475</i>	<i>(14,208,475)</i>

\* Recorded at 6/30/18 fiscal year end.



## Journal Entries

### Employer Contributions

Following records the impact of employer contributions, assuming employer contributions were recorded as pension expense when paid.

	<u>Debit</u>	<u>Credit</u>
Net pension liability	\$ 1,094,606	
Deferred Outflow - FY 2018 contributions		\$ (1,094,606)
Deferred Outflow - FY 2019 contributions	1,297,346	
Pension Expense		(1,297,346)
<i>Check</i>	<i>2,391,952</i>	<i>(2,391,952)</i>



## Journal Entries

### Summary Journal Entries - Pension Expense

Following records the impact of current year pension expense

	<u>Debit</u>	<u>Credit</u>
Deferred Outflows	\$ 489,130	\$ (1,286,142)
Deferred Inflows	68,615	(348,883)
Pension Expense (Income)	1,947,765	-
Net pension liability	-	(870,485)
<i>Check</i>	<i>2,505,510</i>	<i>(2,505,510)</i>

See pages 32 and 31 ("Subtotal" row) for details.



## Journal Entries

### Ending Balances at June 30, 2019

	<u>Debit</u>	<u>Credit</u>
Differences between expected and actual experience	\$ 505,936	\$ (172,167)
Changes of assumptions	1,503,279	(368,425)
Net differences between projected and actual earnings on plan investments	65,190	-
Change in employer's proportion	103,968	(54,862)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(482,852)
Pension contributions subsequent to measurement date	1,297,346	-
Net Pension Liability (NPL)	-	(13,186,316)
Net Impact	10,788,903	-
<i>Check</i>	<i>14,264,622</i>	<i>(14,264,622)</i>
Total pension expense (income) for FYE 2019	1,947,765	-



## Reconciliation of Deferred Outflows

(Detail for page 29)

Deferred Outflows	Opening Balance Debit	Journal Entry- Debit	Journal Entry - (Credit)	Ending Balance Debit
Differences between actual and expected experience	\$ 16,806	\$ 489,130	\$ -	\$ 505,936
Change in assumptions	2,085,275	-	(581,996)	1,503,279
Differences between projected and actual earnings on plan investments	471,603	-	(406,413)	65,190
<u>Employer Specific</u>				
Change in employer's proportion	401,701	-	(297,733)	103,968
Differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-
Subtotal	2,975,385	489,130	(1,286,142)	2,178,373
Contributions after the Measurement Date	1,094,606	1,297,346	(1,094,606)	1,297,346
Total Deferred Outflows	4,069,991	1,786,476	(2,380,748)	3,475,719

Note "Changes" for Risk Pool deferrals equals total change from prior year to current year. "Changes" for employer-specific deferrals includes recognition of previous deferral or establishment of new deferral.



## Reconciliation of Deferred Inflows

(Detail for page 29)

Deferred Inflows	Opening Balance (Credit)	Journal Entry- (Credit)	Journal Entry - Debit	Ending Balance (Credit)
Differences between actual and expected experience	\$ (240,782)	\$ -	\$ 68,615	\$ (172,167)
Change in assumptions	(159,004)	(209,421)	-	(368,425)
Differences between projected and actual earnings on plan investments	-	-	-	-
<u>Employer Specific</u>				
Change in employer's proportion	-	(54,862)	-	(54,862)
Differences between the employer's contributions and the employer's proportionate share of contributions	(398,252)	(84,600)	-	(482,852)
Total Deferred Inflows	(798,038)	(348,883)	68,615	(1,078,306)

Note "Changes" for Risk Pool deferrals equals total change from prior year to current year. "Changes" for employer-specific deferrals includes recognition of previous deferral or establishment of new deferral.



# Reconciliation of Deferred Outflows/(Inflows)

## Summary of Balances

	Fiscal year ending	
	6/30/2018	6/30/2019
■ Measurement date	6/30/2017	6/30/2018
■ Total pension liability	\$ (49,973,230)	\$ (52,230,824)
■ Fiduciary net position	<u>36,562,793</u>	<u>39,044,508</u>
■ Net pension (liability)/asset	(13,410,437)	(13,186,316)
■ Deferred (inflows) of resources	(798,038)	(1,078,306)
■ Deferred outflows of resources	<u>4,069,991</u>	<u>3,475,719</u>
■ Net balance sheet impact	(10,138,484)	(10,788,903)

Deferred Outflows includes contributions after the measurement date.





# Agenda Item

# 7

**Legal Counsel Review:** N/A

**Meeting Date:** August 20, 2019

**TO:** Finance Committee  
**FROM:** Betty Burnett, General Manager  
**STAFF CONTACT:** Dina Ash, Human Resources Administrator  
**SUBJECT:** SOCWA 457b Plan Update

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## **Summary:**

Staff will provide an oral progress update on SOCWA's 457b Plan.

## **Recommendation:**

Information Item

# Agenda Item

# 8

**Finance Committee Meeting**

**Meeting Date: August 20, 2019**

**TO:** Finance and Engineering Committee Members

**STAFF CONTACT:** Amber Baylor, Director of Environmental Compliance

**SUBJECT:** Use Audit Flow and Solids Methodology – Annual Update

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## **Summary**

The Use Audit flow allocation methodology has relied on historical practice for allocation of costs. Historically, flow allocation data has been assembled from available flow reporting with estimations based on known circumstances. The intent of this agenda item is to review the historical methodology per project committee (PC). SOCWA staff requests that each project committee approve the historical methodology utilized for the Use Audit for FY 18-19 or provide an alternative agreed upon methodology. Staff is preparing to update the procedure and calculations to provide all flow and solids usage to the Finance Committee to complete the Use Audit for FY 18-19.

## **Annual Update to Standard Procedure**

On July 28, 2019 Member Agencies were provided with daily flow and loading data organized by each project committee. This data represented the 'raw data'. The raw data is stored in the Water Information Management System (WIMS) database. The raw data is reviewed on a daily and monthly basis for incongruencies or data quality issues. The WIMS database has an auditing feature that allows each data point to be tracked by user, date, and time entered or changed in the database. The WIMS database has a tiered user privilege system that ensures data integrity. Inclusion of variables and data type included here memorializes where the data is in the database for consistency and transparency when accounting for flows at the end of the FY. The goal is to send out the compiled raw flow data at the end of each FY annually by the 20<sup>th</sup> of the July after the close of the FY **with comments or questions due from the member agencies by the 15<sup>th</sup> of the month in August** after the close of the FY. This process will ensure timely use audits and audits of the financials for SOCWA.

## **Export to Excel**

The data management tool that is utilized for extraction of data is the HACH Water Information Management System (WIMS). The variables are chosen from the list described in the following sections. The data is extracted by choosing the variable and the date range. For this use audit, the date range for all variables is July 1, 2018 through June 30, 2019 (FY 18-19) except for the solids in PC2 where the date range is July 1, 2016 through July June 30, 2019 (FY 16-17 through FY 18-19). Please refer to figure 1 for an example of the extraction procedure for PC 2 in FY 18-19.

Export to Excel

**Options**

Export Folder: C:\Hach\WIMS\Client\OpsExcel\

Excel File Name: Export\_2019\_27\_07\_09\_08\_33.xls

Sheet Name: Sheet1

Export Format: Wide

Wide Format Options:

Export: Values

Export Result Comments: ☐

Export data only when it occurs: ☐

... Add Remove Remove All

**Start Date**  
7 / 1 / 2018

**End Date**  
8 / 30 / 2019

< Jun 2019 >

Var #	Var Name
10545	PC2 JBL\JBL Plant\JBL Pretreatment San Juan Flow
10540	PC2 JBL\JBL Plant\JBL Pretreatment Oso-Trabuco Flow
10064	PC2 JBL\Influent SCWD DP FLOW
10535	PC2 JBL\JBL Plant\JBL Pretreatment SCWD Victoria Flow
10394	PC05 SJCOO\3A Treatment Plant\3A Influent 3A Influent Flow
10533	PC2 JBL\Influent *JBL Influent and Effluent Flow*

Preview

Export

Load List

Save List

Delete List

Figure 1: Data extraction from WIMS to Excel

## PC2 Variables Used & Methodology Distribution

### PC2 Variables used:

Variable Number	10545	10540	10064	10535	10394	10533	10541	10543	10546	10548	10159	10304	10636	10638
WIMS Variable Name	PC2 JBL\JBL Plant\JBL Pretreatment San Juan Flow	PC2 JBL\JBL Plant\JBL Pretreatment Oso-Trabuco Flow	PC2 JBL\Influent SCWD DP FLOW	PC2 JBL\JBL Plant\JBL Pretreatment SCWD Victoria Flow	PC05 SJCOO\3A Treatment Plant\3A Influent 3A Influent Flow	PC2 JBL\Influent *JBL Influent and Effluent Flow*	PC2 JBL\JBL Plant\JBL Pretreatment Oso-Trabuco TSS	PC2 JBL\JBL Plant\JBL Pretreatment Oso-Trabuco BOD	PC2 JBL\JBL Plant\JBL Pretreatment SAN JUAN TSS	PC2 JBL\JBL Plant\JBL Pretreatment San Juan BOD	PC2 JBL\Influent DANA POINT TSS	PC2 JBL\Influent JBL Plant 2 Influent BOD (DANA POINT)	PC05 SJCOO\3A Treatment Plant\3A Influent 3A Influent TSS	PC05 SJCOO\3A Treatment Plant\3A Influent 3A Influent BOD
Data Type	FY 17-18 Flow (MGD)	FY 17-18 Flow (MGD)	FY 17-18 Flow (MGD)	FY 17-18 Flow (MGD)	FY 17-18 Flow (MGD)	FY 17-18 Flow (MGD)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)	3Y FY Average Loading (mg/L)

### PC2 Allocation Methodology:

Flow meters are calibrated on an annual basis and should be within 10% of the flow. JBL Effluent flow meters average flow was 5.852 MGD (please note that there is not a combined influent meter). The influent and effluent reporting flow is based on the combined flow from four meters and three trunk lines. Member agency average flows for the FY were used in the flow allocation and applied proportionally from the total combined flow from each tributary trunk line. The PC2 use audit uses FY flows and three-year FY average solid loadings to reconcile the budgeted amounts. Solids loadings are calculated from adding the average FY BOD and TSS and dividing by 2 and then multiplying the result by the flow and the 8.34 pounds conversion factor.

In March 2018, PC2 members MNWD & SMWD came to an agreement on how to allocate solids for budgeting and use audit purposes. The new method captures the influent loading at Plant 3A as it was recognized that this allocation would isolate MNWD's solids contributions to JBL to a single variable. Please note that the loading rate (TSS & BOD) was used with the MNWD constant flow number of 1.4MGD was used in the total solids loading (the excel attachment provides the formula, cell 'D19' in the PC2 Summary Table). SMWD solids to JBL would then be the balance of solids contributed by the Oso Creek Water Reclamation Plant, 3A and any other discharges to the Oso Trabuco line to JBL. This year's table includes an update with a constant vs. billing loading for flows. There has been discussion this year on the additional loadings that enter the 3A plant after the current influent sampler. MNWD is working on a project to calculate the unaccounted loadings. There was also discussion on an updated study to determine if the 1.4MGD is a good constant for flow contribution for the neighborhood upstream of the JBL facility. SOCWA staff recommends both studies to better inform accounting and actual billing for FY 19-20.

**PC2 Allocation Table:**

<b>Member Agency</b>	<b>2017-2018 Budgeted Flow</b>	<b>2017-2018 Budgeted Percent</b>	<b>2018-2019 Total Avg. Flow</b>	<b>2018-2019 Total Billing Flow</b>	<b>Total Percent To Date</b>
CSJC	1.975	38.02%	2.070	2.070	35.38%
MNWD	1.400	16.69%	Constant	1.400	23.92%
SCWD	1.717	23.84%	1.691	1.691	28.89%
SMWD	<u>2.090</u>	<u>21.45%</u>	<u>2.091</u>	<u>0.691</u>	<u>11.81%</u>
	<u>7.182</u>	<u>100.00%</u>	<u>5.852</u>	<u>5.852</u>	<u>100.00%</u>

Please refer to the MNWD & SMWD Agreement from 2018 for flow/solids splitting in the Oso-Trabuco line.

**SOLIDS LOADING SUMMARY (Pounds)**

<b>Member Agency</b>	<b>2017-2018 Budgeted Loadings</b>	<b>2017-2018 Budgeted Percent</b>	<b>Total Avg. Loadings To Date</b>	<b>Total Percent To Date</b>
CSJC	5,402	23.82%	5,706	23.01%
MNWD	3,456	15.24%	<u>5,562</u>	22.42%
SCWD	4,926	21.73%	5,181	20.89%
SMWD	<u>8,890</u>	<u>39.21%</u>	<u>8,356</u>	<u>33.69%</u>
	<u>22,674</u>	<u>100.00%</u>	<u>24,805</u>	<u>100.00%</u>

## PC5 Variables Used & Methodology Distribution

### PC5 Variables Used:

10540 PC2 JBL\JBL Plant\JBL Pretreatment Oso- Trabuco Flow	10603 PC2 JBL\Influent SCWD JBL Flow	10064 PC2 JBL\Influent SCWD DP FLOW	10535 PC2 JBL\JBL Plant\JBL Pretreatment SCWD Victoria Flow	10335 PC05 SJCOO\3A Treatment Plant\3A Effluent 3A Effluent Flow	10960 PC05 SJCOO\SCWD GRF\SCWD SCWD Desalter M-001F Flow	10651 PC05 SJCOO\City of San Juan Capistrano_Area\City of San Juan Capistrano SJ Desalter Brine Flow	72322 Recycle 001-RO Flow APWTF	10342 PC05 SJCOO\SMWD\SMWD Effluent SMWD Effluent Flow	10341 PC05 SJCOO\City of San Clemente\CSC Effluent CSC Effluent Flow	11105 PC05 SJCOO\City of San Clemente\CSC M02 CSC M02 Treated Urban Runoff Flow	10529 PC05 SJCOO\SJCOO_Area\JC OO NPDES Monitoring SJCOO OUTFALL FLOW
MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD

### PC5 Allocation Methodology:

PC5 is based on flows only. Each member agency has input to the San Juan Creek Outfall which is summed based on the flows contributed where applicable. The City of San Clemente is solely the flow from the San Clemente Land Outfall line which includes the San Clemente Water Reclamation Plant effluent and the urban treated runoff flow from the Segunda Deschecha treatment facility. San Juan Capistrano is the sum of the brine from the groundwater facility and the flow contribution to JBL. MNWD is the sum of the proportional influent flow to 3A times the effluent flow to the outfall and the standing flow contribution factor of 1.4MGD. For FY 18-19, the average SMWD influent flow contribution to 3A was 30% as indicated in cell F5 in the 'PC5 Raw Data' file. SCWD is the sum of the ground water replenishment brine flow and the combined sewer flow into JBL. SMWD is the sum of the remaining flow in the Oso Trabuco trunk line minus the MNWD 1.4MGD flow, proportional influent flow to 3A times the effluent flow to the outfall, and the contribution from the Chiquita Water Reclamation Plant (Chiquita Land Outfall). The Lake Mission Viejo brine was added to the contribution of flow to the SJCOO for the first time this fiscal year due to incorporation of the brine flows into the water information management system.

The total flow was summed to 13.06 MGD while the NPDES annual average reported flow was 12.31 MGD, which represents a 6.12% difference in the reported compliance result compared to the billing flow. The percent difference is within acceptable quality control criteria.

### PC5 Allocation Table:

PC 5 FY 18-19 Actual Flows		
Member Agency	Outfall Flows MGD	Outfall Flows Percent
CSC	2.531	19.38
CSJC	2.460	18.83
MNWD	3.372	25.82
SCWD	1.845	14.12
SMWD	2.855	21.85
Totals	13.06	100.00

## PC12 Variables Used & Methodology Distribution

### PC12 Variables Used:

40970	40971	70807	40966	40969	40964	40963	40965	40961	40968
Recycle\C SJC CSC Mission	Recycle\C SJC Rosenbau	Recycle\C SJC Non- Domestic	Recycle\R TP - AWT #2 RTP #2	Recycle\C TP - WRP CTP	Recycle\S MWD - OSO WRP	Recycle\S MWD- Chiquita	Recycle\S MWD - Nichols	Recycle\T CWD- RRWRP	Recycle\3 A WRP 3A Recycled
acre-feet	acre-feet	Acre Ft	AF/day	AF/day	AF/Day	AF/day	AF/day	af/day	AF/Day

### PC12 Allocation Methodology:

PC12 is based on application of recycled water by each member agency. San Juan Capistrano it is the acre-foot sum of the Rosembaum well, the Mission Street Well, and the total reclaimed water from the SMWD/CSJC intertie. For the Moulton Niguel Water District (MNWD) it is the amount of reclaimed water produced from the Regional Treatment Plant (RTP) and the 3A Treatment Plant. South Coast Water District (SCWD) is the total reclaimed water produced from the Coastal Treatment Plant (CTP). The Santa Margarita Water District (SMWD) is the combined sum of reclaimed water produced from the 3A Treatment Plant, the Oso Creek Water Reclamation Plant (OCWRP), the Chiquita Water Reclamation Plant (CWRP), and the Nichols Water Reclamation Plant (NWRP). The Trabuco Canyon Water District (TCWD) is reclaimed water produced from the Robinson Ranch Water Reclamation Plant (RRWRP). PC12 sums each agency's production of reclaimed water and allocates a proportional amount based on the total acre feet produced in Region 9.

On May 8, 2019 the El Toro Water District and the Irvine Ranch Water District excited PC12 through Executive Order signature and approval of the amendment of Order No. 97.52 (Appendix A)

### PC12 Allocation Table:

PC 12 Recycled Water		
FY 18-19		
Member Agency	Region 9 Recyled Use FY 18-19 Ac-ft	% RW Use FY 17/18 %
CSJC	517	3.84
MNWD	5997	44.58
SCWD	789	5.87
SMWD	5680	42.22
TCWD	470	3.49
<b>Total</b>	<b>13452</b>	<b>100</b>

## PC15 Variables Used & Methodology Distribution

### PC15 Variables Used:

Variable Number	20002	20003	20001
WMS Variable Name	PC15 CTP\Influent CLB INF FLOW	PC15 CTP\Effluent EBSD EFF FLOW	PC15 CTP\Effluent SCWD Billing Flow
Data Type	MGD	MGD	MGD

### PC15 Allocation Methodology:

Due to the lack of solids handling capacity at the Coastal Treatment Plant (CTP), allocation methodology is based on flows to the treatment plant. In addition, there is no current flow meters installed to account for any flow sent to CTP from MNWD so no flow is being accounted for in this PC flow allocation methodology. The City of Laguna Beach (CLB) is the average annual flow into CTP (metered). The Emerald Bay Services District (EBSD) is the average annual flow into CTP (calculated from monthly meter read from the lift station divided by the days in the month). The South Coast Water District (SCWD) is the average annual flow into CTP (metered).

### PC15 Allocation Table:

<b>PC 15 FY 18-19 Actual Flows</b>		
<b>Member Agency</b>	<b>Plant Flows MGD</b>	<b>Plant Flow Percent</b>
<b>CLB</b>	<b>1.620</b>	<b>60.23</b>
<b>EBSD</b>	<b>0.050</b>	<b>1.88</b>
<b>SCWD</b>	<b>1.019</b>	<b>37.89</b>
<b>MNWD</b>	<b>0.000</b>	<b>0.0</b>
<b>Total</b>	<b>2.690</b>	<b>100.00</b>

## PC17 Variables Used & Methodology Distribution

### PC17 Variables Used:

Variable Number	1	1613	9	445	15192	15191	15193	15194	15144	2022
WIMS Variable Name	PC17 RTP\Influent Influent	PC17 RTP\Solids CTP EXPORT SLUDGE	PC17 RTP\Centrifuge Centrate Flow	PC17 RTP\Biosolids 503 Average Sludge Cake %	PC2 JBL\Operations Agenda Report\RTP Operation Agenda CTP Monthly Total CLB Lbs	PC2 JBL\Operations Agenda Report\RTP Operation Agenda CTP Monthly Total EBSD Lbs	PC2 JBL\Operations Agenda Report\RTP Operation Agenda CTP Monthly Total SCWD Lbs	PC2 JBL\Operations Agenda Report\RTP Operation Agenda CTP Monthly Total MNWD Lbs	PC2 JBL\Operations Agenda Report\RTP Operation Agenda RTP Monthly Total Solids	PC17 RTP\Biosolids Management Site ETWD Total Monthly Solids
Data Type	MGD	gal	gal	%	LBS	LBS	LBS	LBS	LBS	LBS

### PC17 Allocation Methodology:

PC17 has liquid and solids contribution. The liquid flow allocation is based on influent flow to the plant. The influent flow is solely contributed by the MNWD. Due to liquid flow from CTP, the centrate flow is divided by 5 and distributed to each agency then summed to create a total liquid flow to the RTP. The flows are then distributed on a proportional basis. The ETWD liquid flow is equal to the divided total centrate flow. The solids contribution is based on the total daily average pounds contributed by each agency distributed proportionally.

### PC17 Allocation Tables:

PC 17 Liquids					PC 17 Solids		
FY 18-19					FY 18-19		
Member Agency	Plant Flow (MGD)	Centrate Flow (MGD)	Total Flow (MGD)	Liquid Flow (%)	Member Agency	FY 2018-2019 #/Day	FY 2018-2019 %
CLB	0	0.0186	0.011205282	0.1473	CLB	5770	15.34
EBSD	0	0.0186	0.000348886	0.0046	ETWD	5701	15.15
SCWD	0	0.0186	0.007049582	0.0927	EBSD	180	0.48
ETWD	0	0.0186	0.018603749	0.2445	MNWD	22346	59.40
MNWD	7.55169863	0.0186	7.570302379	99.5109	SCWD	3626	9.64
Total	7.55169863	0.09302	7.607509877	100.0000	Total	37622	100.00



## PC24 Variables Used & Methodology Distribution

### PC24 Variables Used:

Variable Number	30080	30023	30004	30063	30695	30696	30043	31131
WMS Variable Name	PC24 AC00\O UTFALL\ Outfall NPDES AC00 FLOW	PC24 AC00\S OCWA RTP\RT P Effluent RTP Effluent Flow	PC24 AC00\S OCWA CTP\CTP Effluent CTP Effluent Flow	PC24 AC00\IR WD\IRW D LAWRP Effluent LAWRP Effluent Flow	PC24 AC00\IR WD\IRW D IDP- PTP IRWD IDP-PTP Flow	PC24 AC00\IR WD\IRW D IDP- SGU IRWD IDP-SGU Flow	PC24 AC00\E TWD WRP\ET WD Effluent ETWD Effluent Flow	PC24 AC00\S CWD\SC WD ACWRF SCWD ACWRF Flow
Data Type	MGD	MGD	MGD	MGD	MGD	MGD	MGD	MGD

### Allocation Methodology:

PC24 is based on average daily flow from each member agency in the PC. The combined average flow from the AC00 was 10.88MGD. Please note the difference in PC15 values for CTP as the sum allocation for CTP is based on effluent flows from each contributing agency and not based on effluent flows as there are not separate effluent meters. The summed influent values for CTP for PC15 was 2.69MGD while the reported effluent value for CTP for NPDES purposes was 2.13MGD.

Laguna Beach is based on average annual influent flow multiplied by the agency percent ownership in CTP (71.25%). EBSD is based on the average influent flow multiplied by the percent ownership in CTP (2%). ETWD is based on the average annual effluent discharged into the effluent transmission main from the WRP. IRWD is based on the sum of the average annual effluent discharged into the effluent transmission main from the LAWRP, the average annual effluent brine discharge from the shallow groundwater unit (SGU), and the average annual effluent brine discharge from the Irvine Desalter Project (IDP). MNWD is the average annual effluent from RTP minus flow contribution from PC15 members & ETWD. The SCWD is the average annual effluent flow multiplied by the percent ownership in CTP (26.39%) plus the average annual effluent brine discharged from the Aliso Creek Water Harvesting Plant (ACWHP).

### PC24 Allocation Table:

PC 24 FY 2018-2019 Actual Flows		
Member Agency	Flow (MGD)	Cost (%)
CLB	1.52	13.96
EBSD	0.04	0.39
ETWD	2.60	23.86
IRWD	3.06	28.13
MNWD	3.04	27.98
SCWD	0.62	5.68
Total	10.88	100.00

**Recommendation:** Information Item; receive and file.

# Agenda Item

9

**Legal Counsel Review:** No

**Meeting Date:** August 20, 2019

**TO:** Board of Directors

**FROM:** Betty Burnett, General Manager

**SUBJECT:** Revised SOCWA Policy Establishing Guidelines for Travel and Expense Reimbursement

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## Summary

Attached is a revised document for the SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement* with changes shown in underline and ~~striketrough~~ text. The current version of the Policy was approved in June 2011 and allowed for both employee and Director attendance at authorized activities, which include meetings with other wastewater agencies as well as attendance at conferences and seminars. The existing Policy is dated, and the suggested changes will bring the Policy forward to currently anticipated costs as well as allow for traveling with work-related equipment such as laptops, tablets, and cell phones.

## Prior Related Project Committee or Board Action(s)

Approval of June 2, 2011, Resolution No. 2011-04, SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement*.

## Recommendation

- 1) Approve the August 2019 revision to the SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement*
- 2) Rescind prior Policy, SOCWA Resolution No. 2011-04 SOCWA *Policy Establishing Guidelines for Travel and Expense Reimbursement*

attachment(s)      Revised SOCWA Travel and Reimbursement Policy

## Policy Establishing Guidelines for Travel and Expense Reimbursement

August, 2019



## **TABLE OF CONTENTS**

1. Purpose of Policy
2. General Policy
3. Definitions
4. General Policy Guidelines
5. Reporting Requirements
6. Transportation Guidelines
7. Lodging Guidelines
8. Meal Reimbursement Guidelines
9. Miscellaneous Expense Guidelines
10. Policy Revisions

1. PURPOSE OF POLICY:

The purpose of this travel and expense policy is to set forth the procedures governing reimbursement for reasonable and necessary travel expenses and to establish certain procedures concerning travel authorization, documentation, and accounting.

2. GENERAL POLICY

To advance training, professionalism and further the interests of the South Orange County Wastewater Authority ("SOCWA"), the SOCWA Board of Directors authorizes attendance at "authorized activities" such as seminars and conferences by its Directors and employees. In addition, Directors and employees are sometimes required to travel both in and outside the State to conduct official SOCWA business. SOCWA's objectives are to allow participation in authorized activities and official SOCWA business that: 1) are moderate, reasonable and necessary; 2) provide uniform travel and expense treatment among Directors, and among employees; and, 3) require that Directors receive authorization from the Board of Directors for reimbursement of prior to travel expenses related to their performance of official duties and the outside activities described ; and 4) provide that employees receive authorization from the General Manager for travel and expenses.

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3. DEFINITIONS

Authorized Activities - Meetings with other wastewater, recycled water, desalination, agencies or cities, counties, or their staff; with community groups with wastewater/recycled/desalination interests, or their staff; with administrative or regulatory agencies, or their staff; with legislators, or their staff; and conferences and seminars.

Conference - Any organized function (including training classes, professional organization meeting, ethics training and other business meetings) that employees may attend that would benefit SOCWA in some manner as determined by the Board of Directors or the General Manager.

Seminar - A small group of professionals engaged in study, dialogue or original research meeting regularly to exchange information and hold discussions.

4. GENERAL POLICY GUIDELINES

A. Conference Attendance. Decisions as to funding available for conferences and seminars are generally made through the budget approval process. Prior to reimbursing Director expenses, the Board of Directors must authorize a Director's reimbursement for authorized activities, including conferences and seminars.

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B. Activity Reporting. Directors who have any travel expenses paid or reimbursed by

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SOCWA are required to provide a brief report of the authorized activity or official SOCWA business at the next a regular SOCWA Board meeting.

- C. Economy of Travel. Directors and employees are expected to exercise good judgment and a proper regard for economy when incurring travel expenses.
- D. Prepaid Expenses. Whenever possible, SOCWA will prepay airfares, lodging costs and conference registration fees. The Board of Directors or the General Manager, depending on the participant making such request in advance of any travel, must approve all such payment requests. Prepaid travel expenses may be made with a SOCWA credit card ~~or a SOCWA check.~~
- E. Advanced Cash. When traveling on official SOCWA business or for authorized activities, Directors and employees are encouraged to utilize their personal credit cards and/or cash for all expenses other than those mentioned in paragraph D and then to request reimbursement for such expense. However, in circumstances where the use of such credit cards and/or cash is deemed impractical, and where the total expense is expected to exceed fifty dollars (\$50.00), SOCWA may provide an advance of funds. Such advance shall not exceed one hundred percent (100%) of the total estimated expense as determined by the General Manager.
- F. Note: Travel Expense Reporting requirements moved below to Section 5.
- F. Companion Travel. A companion may accompany the Director or employee on an official trip, provided that his/her presence does not detract from the Director or employee's performance of duty. SOCWA will not reimburse any expenses attributable to any companion.
- G. Authorization of Exceptions. In any situation where extraordinary travel expenses are expected to be incurred, or where this policy does not adequately cover the situation or would work an undue hardship, the Board of Directors must authorize an exception, in accordance with all legal restrictions.
- H. Ethics Training Required. Members of the Board of Directors shall receive at least two (2) hours of ethics training every two (2) years, pursuant to the provisions of Government Code Section 33234 *et seq.*, in order to be eligible for reimbursement of expenses under this Policy. All Members of the Board of Directors, shall provide a certificate to the Clerk of the Board, indicating the dates upon which they attended an Ethics Training session(s), to satisfy requirements. Said certificate shall also include the name of the entity that provided the training. The Clerk of the Board shall maintain the records, indicating the dates that each of the Members of the Board of Directors satisfied their requirements, and the entity which provided the training. These records shall be maintained for at least five (5) years after the training, and are subject to disclosure under the Public Records Act. The General Manager shall provide members of the Board of Directors information on the Ethics Training available to meet these requirements.

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Note: Transportation Guidelines moved to Section 6.

5. REPORTING REQUIREMENTS

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- A. Expense Forms. Within twenty (20) working days after completion of a trip, a request for reimbursement shall be submitted on SOCWA's standard Travel Expense Report Form (see Exhibit "A") with all required supporting documentation attached. The request must be submitted to SOCWA's Finance Department. Adequate detail must be provided for the receipts to explain all expenses. This procedure will facilitate the auditing of the Expense Report Forms and provide for more efficient and timely processing. If there are any anticipated reimbursements from outside organizations, documentation of such should be noted on the Expense Report Form. SOCWA follows the general rules of the IRS and California Government Code which requires i) that expenses be supported by receipts and that the persons involved and ii) that the business purpose of each expenditure be identified.
- B. Supporting Documentation. Supporting documentation should include, whenever applicable, the following:
- i. Purpose/Reason for business expenses and identification of persons involved where applicable.
  - ii. Airfare – reservation confirmation from Airlines or e-ticket.
  - iii. Car Rental – car rental invoice.
  - iv. Lodging – detailed hotel invoice.
  - v. Parking – receipt from parking garage/service.
  - vi. Mileage – mileage report documenting miles traveled, origin and destination points and business purpose.
  - vii. Meals – original itemized payment receipts, with persons included and business purpose noted on receipt.
  - viii. Business Telephone/Fax – detailed telephone bill identifying business calls, to whom call was placed and the business purpose.
  - ix. All other expenses - receipts shall be included.

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6. TRANSPORTATION GUIDELINES

- A. Travel Options. A Director or employee may use any mode of transportation including airline, railroad, bus or automobile. Travel shall be by the most direct route. If an indirect route is used, any additional costs shall be at the employee's personal expense. Reimbursement will be based on the parameters outlined in Sections 5B-5F. Notwithstanding any other term in this Policy, the total daily transportation rate shall not exceed \$700 unless approved by the General Manager.

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- B. Airfare. Whenever air travel is used, advance notice shall be provided in order to receive the most cost-effective ticket price. Air travel reimbursement shall be limited to "coach" or "economy" fares where such service is available. Travel to and from airports shall be by a reasonable and cost-effective method for the location of travel.
- C. Other Transportation Expenses. Actual and necessary expenses for taxi, bus, shuttle, and tolls are reimbursable. Directors or employees are encouraged expected to use hotel courtesy cars and shuttles, and may use ride-sharing services. ~~or shuttles where practical before using taxis or rental car services.~~
- D. Mileage. The reimbursement rate for the use of personal vehicles shall be consistent with the Internal Revenue Service (IRS) mileage reimbursement rate for business miles deduction. Mileage shall be calculated as the actual mileage incurred assuming a reasonable and direct route between origin and destination point is taken. Employees assigned and driving a company vehicle may not be reimbursed for mileage. No reimbursement other than mileage reimbursement shall be made for expenses incurred in route to/from the authorized activity or official SOCWA business, other than tolls or parking, whenever a personal vehicle is used.
- E. Parking Expenses. Actual necessary parking expenses while on SOCWA business will be reimbursed with the submission of supporting documentation.
- F. Rental Cars. Reimbursement for use of rental cars will be allowed only when such use has been approved in advance by the Board of Directors or General Manager, as deemed necessary to conduct assigned SOCWA business or authorized activities. The size of the car rental shall be appropriate to the number of individuals traveling in the group and the intended business of the group. Association or Governmental discounts should be requested to minimize cost. Use of rental car transportation is recommended to be booked in advance of travel in order that reasonable rates can be secured. For solo travelers, SOCWA will pay only for the equivalent of a compact to full size model and all other upgrades will be at the Director's or employee's expense.
- G. Rental Car Insurance. SOCWA is insured for collision and comprehensive coverage when renting vehicles, and employees may elect to decline these coverages. ~~Directors shall decline these coverages when renting vehicles.~~
- H. Use of SOCWA Vehicles. Travel in SOCWA vehicles by employees may be approved when circumstances warrant it. Directors are not authorized to travel to authorized activities or official SOCWA business in SOCWA vehicles. When traveling in a SOCWA vehicle, SOCWA credit cards shall be used for the purchase of gas, oil, and other supplies necessary in route. These receipts shall note the license number of the vehicle used. If emergency repairs are necessary, every attempt shall be made to have the repairs charged to a SOCWA credit card. Whenever this is not possible, the employee to whom the car is assigned should

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pay for repairs and seek reimbursement from SOCWA with supporting documentation.

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## 7. LODGING GUIDELINES

A. Lodging Choice. It is expected that hotel and motel reservations will be made in advance whenever possible. Choice of lodging may shall be determined by convenience to the seminar, conference, or other form of event location within reasonable economic limits. Association or governmental discounts should be requested based on whichever provides a lower cost. If lodging is in connection with a conference or other educational activity conducted in compliance with this Policy, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor provided that the group rate is available at the time of booking, which is hereby deemed reasonable for purposes of this Policy. If the group rate is not available, Directors shall use comparable lodging, either at a rate not more than the maximum group rate published by the conference or the activity sponsor or at a rate not more than the lowest rack rate available for a single room. Notwithstanding any other terms in this Policy, the daily lodging rate shall not exceed \$375.

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B. Length of Stay. Reimbursement for lodging shall be limited to the minimum number of nights required to conduct the assigned SOCWA business or for the authorized activity. If an early morning activity or business meeting would require travel the night before, in order to be there on time, the Director or employee may be reimbursed for lodging at or near the activity or business meeting location. If the activity or business extends beyond a time on the last day that would allow the Director or employee to arrive home at a reasonable time, lodging at or near the activity or business location will be reimbursed in accordance with these guidelines. If a Director or employee chooses for personal reasons to arrive earlier or stay later when traveling to/from an authorized activity or business meeting, the additional lodging and all other expenses related to this arrangement will be at the Director or employee's personal expense. Generally, a Director or employee will not use lodging unless the destination is more than 50 miles from SOCWA's Administration Office, or the employee's or Director's home (whichever is closer).

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C. Shared Lodging. If the Director's or employee's spouse or other family members share the Director's or employee's lodging, reimbursement will be limited to the lowest cost rate for the room occupied. In no event will SOCWA incur any additional expense due to a companion's travel with the employee or Director.

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D. Service Charges. Any room service charges appearing on the lodging bill other than those covered under Section 6F, Section 7 and Section 8A.6, shall be the responsibility of the Director or employee and shall be paid directly to the hotel or reimbursed to SOCWA.

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E. Computer/Phone Charges. Where the employee has been issued SOCWA

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computing equipment or provided a cell phone or tablet(ipad) (or other computing device) those devices shall be used for communication and the employee may incur reimbursable internet connection charges reasonable to the period of the hotel stay. Local and long-distance telephone charges made by land line will be covered only when such calls are made in conducting official SOCWA business or for one personal phone call per day. Printing and fax charges are allowable service charges where an employee has SOCWA related work responsibilities while traveling.

## 8. MEAL REIMBURSEMENT GUIDELINES

A. When meals are associated with Director or employee travel, the following policies and procedures will apply:

- i. Meal Allowances. Reimbursement for breakfast and dinner meals shall not apply to trips that do not require an overnight stay, except under the following circumstances: (a) a breakfast or dinner meeting is arranged prior to or just after the conference or meeting to conduct SOCWA business or discuss SOCWA related matters; and (b) the meeting or conference requires travel before 7:30 a.m. or runs late requiring the Director or employee to travel earlier or later than a usual travel day. Maximum daily allowances to cover such meals not including meal tips will be \$25.00 for breakfast, \$45.00 for lunch and \$65.00 for dinner, not to exceed \$135.00 per day whenever an overnight stay is not required. No reimbursement shall be made for alcohol. Conference scheduled meals are deemed to be reasonable meal expenses. ~~Directors and employees are expected to eat at scheduled group meal functions (for example, at seminars/conferences) whenever possible.~~

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- ii. Meal Receipts. For travel that requires more than a full day, meals reimbursements shall be limited to a maximum of \$135.00 per day not including meal tips or room service fees, with no single meal exceeding \$65.00. If a receipt is to be split between two or more Directors or employees then the names of each, along with their respective charges, is to be noted on the original detailed receipt before copies are made. No reimbursement shall be provided for meals hosted by others or through conference attendance. Room service charges are a reimbursable expense. No reimbursement shall be made for alcohol.

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## 9. MISCELLANEOUS EXPENSE GUIDELINES

A. List of Expenses. For miscellaneous expenses associated with travel, Directors and employees will be reimbursed for all receipted business expenses necessary to conduct the assigned SOCWA business or authorized activity. Examples include:

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- i. Airport parking charges when air transportation is used.
- ii. Parking charges at the destination hotel or garage when

transportation is by private car.

- iii. Airport bus charges or taxi fares where airport bus service is not available.
- iv. Conference registration fees.
- v. Local transportation (only as required for official SOCWA business).
- vi. A reasonable amount is allowed for laundry and dry cleaning for Directors or employees attending a conference of five days or more in length.
- vii. No reimbursement will be made for personal expenses such as newspapers, magazines, haircuts, shoeshine, personal land-line telephone calls in excess of one per day, alcohol, in-room movie fees, and other incidental personal expenses

- B. Tips, Gratuities and Misc. Although original receipts are desired for all reimbursable expenses, SOCWA realizes that there are some charges where receipts are not provided. The following is a list of expenses where receipts are not generally provided and where reimbursement, not to exceed \$15.00 per incident, will be made:

- i. Sky cap or bellmen fees
- ii. Room Service Tips
- iii. Courtesy Shuttle Tips
- iv. Taxi driver tips
- v. Subway fares
- vi. Non-attended Toll Booths
- vii. Parking Meter Expenses

## 10. POLICY REVISIONS

This document will be maintained and revised by the SOCWA management staff in consultation with the SOCWA's legal counsel and upon approval by the SOCWA's Board of Directors. Revisions will occur whenever applicable federal, State or local regulations change, or otherwise as the Board directs.

**Approved by the Board of Directors: [date]**

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