

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

**FINANCE COMMITTEE  
TELECONFERENCE MEETING**

**September 21, 2021  
10:30 a.m.**

**Join Zoom Meeting by clicking on the link below:**

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

Meeting ID: 881 6056 6963  
Passcode: 881417

One tap mobile  
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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 by Teleconference on **September 21, 2021**, located at 34156 Del Obispo Street, Dana Point, California. This meeting is being conducted via Teleconference pursuant to the California Governor Executive Order N-29-20.

*MEMBERS OF THE PUBLIC ARE INVITED TO PARTICIPATE IN THIS TELECONFERENCE MEETING AND MAY JOIN THE MEETING VIA THE TELECONFERENCE PHONE NUMBER AND ENTER THE ID CODE. THIS IS A PHONE CALL MEETING AND NOT A WEB-CAST MEETING SO PLEASE REFER TO AGENDA MATERIALS AS POSTED WITH THE AGENDA ON THE WEB-SITE [WWW.SOCWA.COM](http://WWW.SOCWA.COM). ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST **TWENTY-FOUR (24)** HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST DISABILITY RELATED ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON 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 FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE BY PHONE REQUEST MADE TO THE AUTHORITY ADMINISTRATIVE OFFICE AT 949-234-5452. THE AUTHORITY ADMINISTRATIVE OFFICES ARE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"). IF SUCH WRITINGS*

September 21, 2021

ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN **TWENTY-FOUR (24)** HOURS PRIOR TO THE MEETING, THEY WILL BE SENT TO PARTICIPANTS REQUESTING VIA EMAIL DELIVERY. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IMMEDIATELY ON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES.

### **AGENDA**

#### **1. Call Meeting to Order**

#### **2. Public Comments**

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

#### **3. Approval of Minutes**

- Finance Committee Meeting of August 17, 2021

**Recommended Action:** Staff recommends to the Finance Committee to approve minutes as submitted.

#### **4. Financial Reports for the Month of July 2021**

The reports included are as follows:

- a. Summary of Disbursements for July 2021 (Exhibit A)
- b. Schedule of Funds Available for Reinvestment (Exhibit B)
  - Local Agency Investment Fund (LAIF)
- c. Schedule of Cash and Investments (Exhibit C)
- d. Capital Schedule (Exhibit D)
  - Capital Projects – Graph (Exhibit D-1)
- e. Budget vs. Actual Expenses:
  - Operations and Environmental Summary (Exhibit E-1)
  - Operations and Environmental by PC (E-1.2)
  - Residual Engineering, after transfer to Capital (Exhibit E-2)
  - Administration (Exhibit E-3)
  - Information Technology (IT) (Exhibit E-4)

**Recommended Action:** Staff recommends to the Board of Directors to ratify the July 2021 disbursements for the period from July 1, 2021, through July 31, 2021, totaling \$6,771,917, and to receive and file the July 2021 Financial Reports as submitted.

#### **5. Draft GASB 75, OPEB/Retiree Health, Report for the Fiscal Year Ended June 30, 2021**

**Recommended Action:** Staff recommends to the Finance Committee to review the report as an information item prior to receipt of the Annual Financial Report and the Auditor's report on the Annual Financial Statements Audit.

September 21, 2021

6. **CalPERS Pension Plan and OPEB (Retiree Health) Unfunded Termination Liabilities Calculation for an Individual Agency-Draft Template and Assumptions**

**Recommended Action:** The Finance Committee to review and comment.

7. **Uniform Purchasing Policy and Procedure – Nondiscretionary Spending**

**Recommended Action:** The Finance Committee to review the Appendix 1 and Exhibit 2 and provide comments and recommendations for changes to the policy.

**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 15th day of August 2021.



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

MINUTES OF SPECIAL MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Finance Committee

August 17, 2021

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on August 17, 2021 at 10:30 a.m. via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present via Teams Meeting:

DAN FERONS	Santa Margarita Water District	Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
MATT COLLINGS	Moulton Niguel Water District	Director
PAMELA ARENDS-KING	South Coast Water District	Alternate Director

Absent:

SERGIO FARIAS	City of San Juan Capistrano	Director
TONI ISEMAN	City of Laguna Beach	Director

Staff Participation:

BETTY BURNETT	General Manager
AMBER BAYLOR	Director of Environmental Compliance
JASON MANNING	Director of Engineering
JIM BURROR	Director of Operations
MARY CAREY	Finance Controller
KONSTANTIN SHILKOV	Senior Accountant
NADYN KIM	Accountant
RONI YOUNG	Associate Engineer
JEANETTE COTINOLA	Contracts/Procurement Administrator
MATT CLARKE	IT Administrator
DANITA HIRSH	Executive Assistant

Also Participating:

ADRIANA OCHOA	Procopio Law Firm
KATHRYN FRESHLEY	El Toro Water District
TREVOR AGRELIUS	Moulton Niguel Water District
SHERRY WANNINGER	Moulton Niguel Water District
GAVIN CURRAN	City of Laguna Beach
JASON HAYDEN	El Toro Water District

1. **Call Meeting to Order**

Chairman Ferons called the meeting to order at 10:31 a.m.

2. **Public Comments**

None

**3. Approval of Minutes**

- Finance Committee Meeting of June 15, 2021

**ACTION TAKEN**

Motion was made by Director Collings and seconded by Director Arends-King to approve Finance Committee Meeting Minutes for June 15, 2021 as submitted.

Motion carried:      Aye 4, Nay 0, Abstained 0, Absent 2  
Director Ferons              Aye  
Director Iseman              Absent  
Director Farias              Absent  
Director Cafferty              Aye  
Director Collings              Aye  
Director Arends-King              Aye

**4. Preliminary Financial Reports for the Fiscal Year Ended June 30, 2021**

**ACTION TAKEN**

Motion was made by Director Cafferty and seconded by Director Collings to recommend to the Board of Directors to ratify the June 2021 disbursements for the period of June 1 through June 30, 2021, totaling \$2,157,842, and to receive and file the April 2021 Financial Reports as submitted.

Motion carried:      Aye 4, Nay 0, Abstained 0, Absent 2  
Director Ferons              Aye  
Director Iseman              Absent  
Director Farias              Absent  
Director Cafferty              Aye  
Director Collings              Aye  
Director Arends-King              Aye

**5. Preliminary FY 2020-21 Cash Roll Forward as of June 30, 2021**

**ACTION TAKEN**

Motion was made by Director Collings and seconded by Director Cafferty to recommend to the Board of Directors to receive and file the Fiscal Year 2020-21 Cash Roll Forward as submitted.

Motion carried:      Aye 4, Nay 0, Abstained 0, Absent 2  
Director Ferons              Aye  
Director Iseman              Absent  
Director Farias              Absent  
Director Cafferty              Aye  
Director Collings              Aye  
Director Arends-King              Aye

**6. Actuarial Valuation Report on Retiree Health Program as of December 31, 2020**

**ACTION TAKEN**

Motion was made by Director Arends-King and seconded by Director Collings to recommend to the Board of Directors to receive and file the report.

Motion carried:      Aye 4, Nay 0, Abstained 0, Absent 2  
Director Ferons            Aye  
Director Iseman            Absent  
Director Farias            Absent  
Director Cafferty            Aye  
Director Collings            Aye  
Director Arends-King      Aye

**7. Other Post-Employment Benefits (OPEB) Trust Account Annual Review**

**ACTION TAKEN**

Motion was made by Director Collings and seconded by Director Cafferty to recommend to the Board of Directors to receive and file the PARS report and request their agencies to review the Draft Investment Guidelines Document which revisions will be considered at the Finance Committee September meeting.

Motion carried:      Aye 4, Nay 0, Abstained 0, Absent 2  
Director Ferons            Aye  
Director Iseman            Absent  
Director Farias            Absent  
Director Cafferty            Aye  
Director Collings            Aye  
Director Arends-King      Aye

**8. Draft GASB 68 Report for the Fiscal Year Ended 30, 2021**

This was an information item and will be addressed prior to the Annual Financial Audit.

**Adjournment**

There being no further business, Chairman Ferons adjourned the meeting at 11:42 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Regular Meeting of the South Orange County Wastewater Authority Finance Committee of August 17, 2021 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

# 4

**Finance Committee Meeting**

**Meeting Date:** September 21, 2021

**TO:** Finance Committee  
**FROM:** Betty Burnett, General Manager  
**STAFF CONTACT:** Mary Carey, Finance Controller  
**SUBJECT:** Financial Reports for the Month of July 2021

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## Summary/Discussion

The following selected financial reports are routinely provided monthly to the Finance Committee for recommendation to the Board of Directors to ratify Cash Disbursements and receive and file the remaining documents.

The reports included are as follows:

- a. Summary of Disbursements for July 2021 (Exhibit A)
- b. Schedule of Funds Available for Reinvestment (Exhibit B)
  - Local Agency Investment Fund (LAIF)
- c. Schedule of Cash and Investments (Exhibit C)
- d. Capital Schedule (Exhibit D)
  - Capital Projects – Graph (Exhibit D-1)
- e. Budget vs. Actual Expenses:
  - Operations and Environmental Summary (Exhibit E-1)
  - Operations and Environmental by PC (E-1.2)
  - Residual Engineering, after transfer to Capital (Exhibit E-2)
  - Administration (Exhibit E-3)
  - Information Technology (IT) (Exhibit E-4)

## Fiscal impact

July 2021 cash disbursements were: \$ 6,771,917.

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

**Recommended Action:** Staff recommends to the Board of Directors to ratify the July 2021 disbursements for the period from July 1, 2021, through July 31, 2021, totaling \$6,771,917, and to receive and file the July 2021 Financial Reports as submitted.

**Exhibit A**

**South Orange County Wastewater Authority  
Summary of Disbursements for July 2021  
Staff Recommendation of Fiscal Matters**

	<u>Actual<sup>1</sup></u>
General Fund	\$ (1,926,019)
PC 2 - Jay B. Latham Plant	(1,370,713)
PC 5 - San Juan Creek Ocean Outfall	(51,111)
PC 8 - Pretreatment Program	(11,669)
PC 12 SO - Water Reclamation Permits	(144,822)
PC 15 - Coastal Treatment Plant/AWT	(2,326,489)
PC 17 - Joint Regional Wastewater Reclamation	(899,510)
PC 21 - Effluent Transmission Main	(22,862)
PC 23 - North Coast Interceptor	(318)
PC 24 - Aliso Creek Ocean Outfall	(18,403)
<b>Total</b>	<u><u>\$ (6,771,917)</u></u>

<sup>1</sup> Disbursements increased \$4.6 million over the prior month, primarily due to the following:

CalPERS UAL payment of \$1.2 million for FY 21-22

PCL Construction, \$1.4 million

Olsson Construction, \$615 thousand

Filanc Construction, \$413 thousand.



**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of July 31, 2021**

CASH IN BANK: (BEGINNING BAL.)	\$ 1,271,925
L.A.I.F. FUNDS: (BEGINNING BAL.)	13,927,065
DEPOSITS, TRANSFERS & ADJUSTMENTS:	2,032,791
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION <sup>1</sup>	<u>(6,771,917)</u>
<b>TOTAL CASH IN BANK</b>	<b><u>\$ 10,459,864</u></b>

<sup>1</sup> GL postings.

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.



# PMIA/LAIF Performance Report as of 08/13/21



## PMIA Average Monthly Effective Yields<sup>(1)</sup>

Jul	0.221
Jun	0.262
May	0.315

## Quarterly Performance Quarter Ended 06/30/21

LAIF Apportionment Rate <sup>(2)</sup> :	0.33
LAIF Earnings Ratio <sup>(2)</sup> :	0.0000897371743018
LAIF Fair Value Factor <sup>(1)</sup> :	1.00008297
PMIA Daily <sup>(1)</sup> :	0.22%
PMIA Quarter to Date <sup>(1)</sup> :	0.30%
PMIA Average Life <sup>(1)</sup> :	291

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 07/31/21 \$181.8 billion

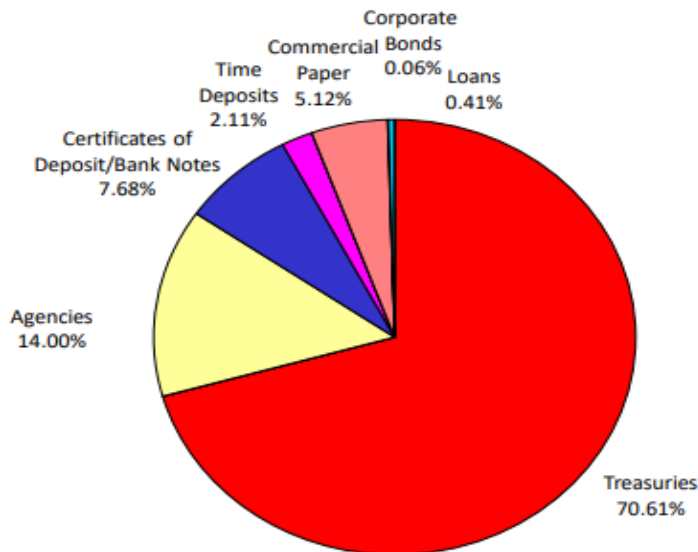


Chart does not include 0.01% of mortgages. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

**Exhibit C**

**South Orange County Wastewater Authority  
Schedule of Cash and Investments  
as of July 31, 2021**

MVA	\$ 413,414	(A)
A/P Checking	1,420,184	(B)
Payroll Checking	26,901	(C)
State LAIF	8,599,365	(D)
<b>Total Cash in Bank</b>	<b>\$ 10,459,864</b>	
Petty Cash	1,600	(E)
<b>Total Operating Cash</b>	<b>\$ 10,461,464</b>	
OPEB Trust	6,681,045	(F)
<b>Total Cash and Investments</b>	<b>\$ 17,142,509</b>	

Notes:

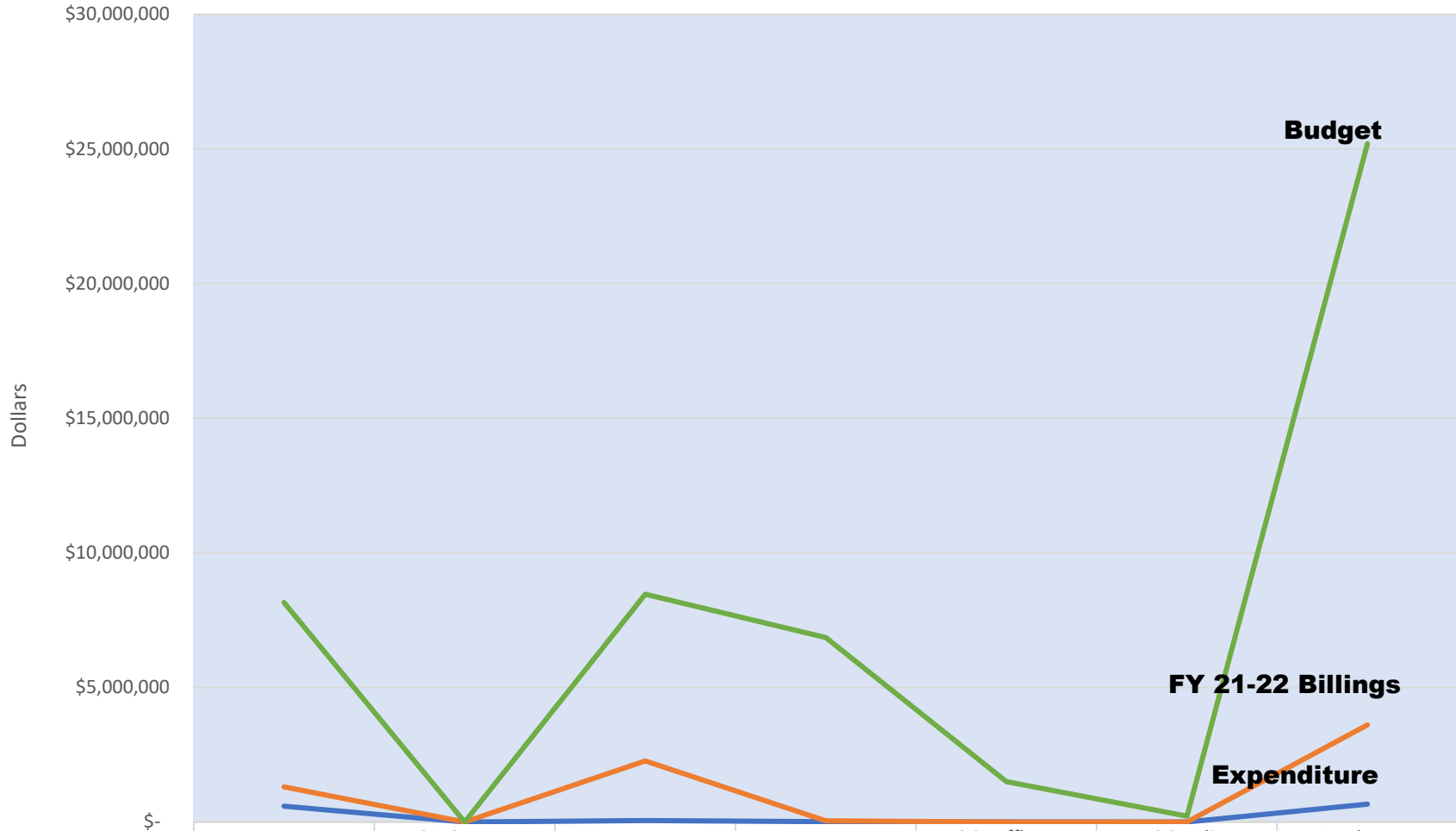
- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred into this account, as needed, from the LAIF account.
- (D) California State Local Agency Investment Fund (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.

**South Orange County Wastewater Authority  
Capital Projects Summaries  
For the Period Ended July 31, 2021  
(in dollars)**

<b>FY 2021-22 Budget vs. Actual Spending</b>								
<u>Description</u>	<b>Capital Budget</b>	<b>Fiscal Year Spending</b>	<b>(Over)/ Under Budget</b>	<b>% Expended</b>	<b>Member Agency Billed</b>	<b>Member Agency Collections</b>	<b>Open Receivables</b>	<b>% Expended vs. Billed</b>
PC 2-JB Latham	\$ 8,153,937	\$ 591,461	\$ 7,562,476	7.3%	\$ 1,303,750	\$ -	\$ 1,303,750	45.4%
PC 5-San Juan Creek Outfall	-	-	-	-	-	-	-	-
PC 15-Coastal	8,464,653	53,677	8,410,976	0.6%	2,264,999	67,611	2,197,388	2.4%
PC 17-Regional	6,851,959	12,899	6,839,060	0.2%	38,249	4,050	34,199	-
PC 21 Effluent Transmission	1,502,000	4,979	1,497,021	0.3%	-	-	-	-
PC 24 Aliso Creek Outfall	220,000	-	220,000	0.0%	-	-	-	-
<b>Total Large Capital</b>	<b>\$ 25,192,549</b>	<b>\$ 663,016</b>	<b>\$ 24,529,533</b>	<b>2.6%</b>	<b>\$ 3,606,998</b>	<b>\$ 71,661</b>	<b>\$ 3,535,337</b>	<b>18.4%</b>
Non-Capital Engineering	405,871	-	405,871	0.0%	25,000	746	24,254	0.0%
Non-Capital Misc Engineering	254,500	12,057	242,443	4.7%	6,000	1,260	4,740	200.9%
Small Internal Capital	2,061,000	122,206	1,938,794	5.9%	515,250	19,103	496,147	23.7%
<b>Total Capital</b>	<b>\$ 27,913,920</b>	<b>\$ 797,278</b>	<b>\$ 27,116,642</b>	<b>2.9%</b>	<b>\$ 4,153,248</b>	<b>\$ 92,770</b>	<b>\$ 4,060,478</b>	<b>19.2%</b>

# Large Capital Projects Fiscal Year '21-22 Budget vs. Year-to-Date Expenditures & Billings as of 7/31/2021

Exhibit D-1



	PC 2-JB Latham	PC 5-San Juan Creek Outfall	PC 15-Coastal	PC 17-Regional	PC 21 Effluent Transmission	PC 24 Aliso Creek Outfall	Total Large Capital
Spent - YTD 7/31/21	\$591,461	-	\$53,677	\$12,899	\$4,979.18	-	\$663,016
FY 21-22 Billings	\$1,303,750	-	\$2,264,999	\$38,249	-	-	\$3,606,998
Capital Budget 21-22	\$8,153,937	-	\$8,464,653	\$6,851,959	\$1,502,000	\$220,000	\$25,192,549

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary**  
For the Period Ended July 31, 2021  
(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
<b>Salary and Fringe</b>					
**5000-**-***	Regular Salaries-O&M	4,847,168	369,092	4,478,076	7.6%
**5001-**-***	Overtime Salaries-O&M	107,256	9,249	98,007	8.6%
**5306-**-***	Scheduled Holiday Work	91,000	12,011	78,989	13.2%
**5315-**-***	Comp Time - O&M	15,980	3,419	12,561	21.4%
**5401-**-***	Fringe Benefits IN to PC's & Depts.	2,511,460	191,278	2,320,182	7.6%
**5700-**-***	Standby Pay	67,600	5,720	61,880	8.5%
	<b>Total Payroll Costs</b>	<b>7,640,464</b>	<b>590,769</b>	<b>7,049,695</b>	<b>7.7%</b>
<b>Other Expenses</b>					
**5002-**-***	Electricity	1,170,780	111,259	1,059,521	9.5%
**5003-**-***	Natural Gas	226,008	24,569	201,439	10.9%
**5004-**-***	Potable & Reclaimed Water	85,000	4,730	80,270	5.6%
**5005-**-***	Co-generation Power Credit	(686,000)	(93,122)	(592,878)	13.6%
**5006-**-***	Chlorine/Sodium Hypochlorite	502,008	53,630	448,378	10.7%
**5007-**-***	Polymer Products	747,004	108,707	638,297	14.6%
**5008-**-***	Ferric Chloride	588,004	49,122	538,882	8.4%
**5009-**-***	Odor Control Chemicals	107,016	11,185	95,831	10.5%
**5010-**-***	Other Chemicals - Misc.	2,004	-	2,004	-
**5011-**-***	Laboratory Services	65,196	948	64,248	1.5%
**5012-**-***	Grit Hauling	120,000	6,415	113,585	5.3%
**5013-**-***	Landscaping	219,008	10,627	208,381	4.9%
**5015-**-***	Management Support Services	475,000	1,347	473,653	0.3%
**5016-**-***	Audit - Environmental	1,304	-	1,304	-
**5017-**-***	Legal Fees	48,612	-	48,612	-
**5018-**-***	Public Notices/ Public Relations	6,000	-	6,000	-
**5019-**-***	Contract Services Misc.	277,016	-	277,016	-
**5021-**-***	Small Vehicle Expense	23,080	1,483	21,597	6.4%
**5022-**-***	Miscellaneous Expense	16,012	-	16,012	-
**5023-**-***	Office Supplies - All	46,008	1,272	44,736	2.8%
**5024-**-***	Petroleum Products	34,008	-	34,008	-
**5025-**-***	Uniforms	70,996	5,671	65,325	8.0%
**5026-**-***	Small Vehicle Fuel	22,656	65	22,591	0.3%
**5027-**-***	Insurance - Property/Liability	317,684	14,624	303,060	4.6%
**5028-**-***	Small Tools & Supplies	80,000	3,883	76,117	4.9%
**5030-**-***	Trash Disposal	8,500	308	8,192	3.6%
**5031-**-***	Safety Program & Supplies	119,344	10,099	109,245	8.5%
**5032-**-***	Equipment Rental	7,004	1,509	5,495	21.6%
**5033-**-***	Recruitment	2,500	-	2,500	-
**5034-**-***	Travel Expense/Tech. Conferences	29,928	-	29,928	-
**5035-**-***	Training Expense	47,996	4,056	43,940	8.5%
**5036-**-***	Laboratory Supplies	124,400	7,773	116,627	6.2%
**5037-**-***	Office Equipment	25,992	699	25,293	2.7%
**5038-**-***	Permits	489,996	18,743	471,253	3.8%
**5039-**-***	Membership Dues/Fees	17,872	687	17,185	3.8%
**5044-**-***	Offshore Monitoring	151,000	3,339	147,662	2.2%
**5045-**-***	Offshore Biochemistry - 20B	23,024	-	23,024	-
**5046-**-***	Effluent Chemistry	70,000	52	69,948	0.1%
**5047-**-***	Access Road Expenses	45,000	-	45,000	-
**5048-**-***	Storm Damage	21,000	-	21,000	-
**5049-**-***	Biosolids Disposal	1,470,000	97,801	1,372,199	6.7%
**5050-**-***	Contract Services Generators - 29A	28,008	-	28,008	-
**5052-**-***	Janitorial Services	101,004	8,278	92,726	8.2%
**5053-**-***	Contract Serv - Digester Cleaning - 29E	60,000	7,993	52,007	13.3%
**5054-**-***	Diesel Truck Maint	42,000	354	41,646	0.8%
**5055-**-***	Diesel Truck Fuel	11,500	-	11,500	-
**5056-**-***	Maintenance Equip. & Facilities (Solids)	366,000	87,781	278,219	24.0%
**5057-**-***	Maintenance Equip. & Facilities (Liquids)	651,996	38,715	613,281	5.9%
**5058-**-***	Maintenance Equip. & Facilities (Common)	90,008	12,208	77,800	13.6%
**5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	738,996	32,203	706,793	4.4%
**5060-**-***	Maintenance Equip. & Facilities (AWT)	88,000	-	88,000	-
**5061-**-***	Mileage	3,608	149	3,459	4.1%
**5068-**-***	MNWD Potable Water Supplies & Svcs.	28,000	7,304	20,696	26.1%
**5074-**-***	Education Reimbursement	1,996	-	1,996	-
**5076-**-***	SCADA Infrastructure	86,596	15,000	71,596	17.3%
**5077-**-***	IT Direct	5,508	-	5,508	-
**5105-**-***	Co-Generation Power Credit - Offset	685,992	93,122	592,870	13.6%
**5303-**-***	Group Insurance Waiver	14,392	1,218	13,174	8.5%
**5305-**-***	Medicare Tax Payments for Employees	2,160	170	1,990	7.9%
**5309-**-***	Operating Leases	26,000	2,896	23,104	11.1%
**5705-**-***	Monthly Car Allowance	35,396	3,480	31,916	9.8%
**5799-**-***	Zephyr Wall Costs Share-O&M	(14,000)	(14,000)	0	100.0%
**6500-**-***	IT Allocations in to PC's & Depts.	610,540	31,568	578,972	5.2%
	<b>Total Other Expenses</b>	<b>10,881,660</b>	<b>789,923</b>	<b>10,091,737</b>	<b>7.3%</b>
	<b>Total O&amp;M Expenses</b>	<b>18,522,124</b>	<b>1,380,691</b>	<b>17,141,433</b>	<b>7.5%</b>

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary**  
For the Period Ended July 31, 2021  
(in dollars)

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended July 31, 2021  
(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
<b>02 - Jay B. Latham Plant</b>					
Salary and Fringe					
02-5000-***.**	Regular Salaries-O&M	1,585,228	133,748	1,451,480	8.4%
02-5001-***.**	Overtime Salaries-O&M	37,904	6,676	31,228	17.6%
02-5306-***.**	Scheduled Holiday Work	36,600	4,390	32,210	12.0%
02-5315-***.**	Comp Time - O&M	8,264	1,793	6,471	21.7%
02-5401-***.**	Fringe Benefits IN to PC's & Depts.	821,352	69,299	752,053	8.4%
02-5700-***.**	Standby Pay	25,096	1,885	23,211	7.5%
	Total Payroll Costs	2,514,444	217,792	2,296,652	8.7%
Other Expenses					
02-5002-***.**	Electricity	506,564	40,047	466,517	7.9%
02-5003-***.**	Natural Gas	132,160	10,306	121,854	7.8%
02-5004-***.**	Potable & Reclaimed Water	25,000	2,476	22,525	9.9%
02-5006-***.**	Chlorine/Sodium Hypochlorite	8,000	-	8,000	-
02-5007-***.**	Polymer Products	305,000	55,414	249,586	18.2%
02-5008-***.**	Ferric Chloride	200,000	14,576	185,424	7.3%
02-5009-***.**	Odor Control Chemicals	21,004	-	21,004	-
02-5010-***.**	Other Chemicals - Misc.	1,000	-	1,000	-
02-5011-***.**	Laboratory Services	19,000	228	18,772	1.2%
02-5012-***.**	Grit Hauling	55,000	2,989	52,011	5.4%
02-5013-***.**	Landscaping	77,004	4,039	72,965	5.2%
02-5015-***.**	Management Support Services	30,008	-	30,008	-
02-5017-***.**	Legal Fees	4,996	-	4,996	-
02-5019-***.**	Contract Services Misc.	70,636	-	70,636	-
02-5021-***.**	Small Vehicle Expense	11,000	50	10,950	0.5%
02-5022-***.**	Miscellaneous Expense	8,000	-	8,000	-
02-5023-***.**	Office Supplies - All	29,000	914	28,086	3.2%
02-5024-***.**	Petroleum Products	11,004	-	11,004	-
02-5025-***.**	Uniforms	33,996	1,912	32,084	5.6%
02-5026-***.**	Small Vehicle Fuel	10,004	65	9,939	0.7%
02-5027-***.**	Insurance - Property/Liability	108,384	5,257	103,127	4.9%
02-5028-***.**	Small Tools & Supplies	38,000	862	37,138	2.3%
02-5030-***.**	Trash Disposal	3,000	95	2,905	3.2%
02-5031-***.**	Safety Program & Supplies	41,000	4,152	36,848	10.1%
02-5032-***.**	Equipment Rental	3,000	-	3,000	-
02-5033-***.**	Recruitment	348	-	348	-
02-5034-***.**	Travel Expense/Tech. Conferences	9,012	-	9,012	-
02-5035-***.**	Training Expense	16,976	1,385	15,591	8.2%
02-5036-***.**	Laboratory Supplies	21,004	608	20,396	2.9%
02-5037-***.**	Office Equipment	13,000	61	12,939	0.5%
02-5038-***.**	Permits	13,496	17,773	(4,277)	131.7%
02-5039-***.**	Membership Dues/Fees	4,516	96	4,420	2.1%
02-5049-***.**	Biosolids Disposal	620,000	35,679	584,321	5.8%
02-5050-***.**	Contract Services Generators - 29A	10,004	-	10,004	-
02-5052-***.**	Janitorial Services	47,000	4,264	42,736	9.1%
02-5053-***.**	Contract Serv - Digester Cleaning - 29E	60,000	7,993	52,007	13.3%
02-5054-***.**	Diesel Truck Maint	22,000	15	21,985	0.1%
02-5055-***.**	Diesel Truck Fuel - 37B	2,996	-	2,996	-
02-5056-***.**	Maintenance Equip. & Facilities (Solids)	155,000	27,482	127,518	17.7%
02-5057-***.**	Maintenance Equip. & Facilities (Liquids)	260,000	6,839	253,161	2.6%
02-5058-***.**	Maintenance Equip. & Facilities (Common)	29,000	9,662	19,338	33.3%
02-5059-***.**	Maintenance Equip. & Facilities (Co-Gen)	277,120	21,037	256,083	7.6%
02-5061-***.**	Mileage	2,104	57	2,047	2.7%
02-5076-***.**	SCADA Infrastructure	28,960	5,000	23,960	17.3%
02-5077-***.**	IT Direct	2,620	-	2,620	-
02-5303-***.**	Group Insurance Waiver	3,596	305	3,291	8.5%
02-5309-***.**	Operating Leases	26,000	2,091	23,909	8.0%
02-5705-***.**	Monthly Car Allowance	22,804	1,929	20,875	8.5%
02-5799-***.**	Zephyr Wall Costs Share-O&M	(14,000)	(14,000)	0	100.0%
02-6500-***.**	IT Allocations in to PC's & Depts.	199,812	10,331	189,481	5.2%
	Total Other Expenses	3,585,128	281,991	3,303,137	7.9%
	Total Expenses	6,099,572	499,782	5,599,790	8.2%



**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended July 31, 2021  
(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
<b>05 - San Juan Creek Ocean Outfall</b>					
Salary and Fringe					
05-5000-**-**	Regular Salaries-O&M	146,556	10,664	135,892	7.3%
05-5001-**-**	Overtime Salaries-O&M	72	-	72	-
05-5306-**-**	Scheduled Holiday Work	416	44	372	10.5%
05-5401-**-**	Fringe Benefits IN to PC's & Depts.	75,928	5,526	70,402	7.3%
	Total Payroll Costs	222,972	16,234	206,738	7.3%
Other Expenses					
05-5015-**-**	Management Support Services	212,500	459	212,041	0.2%
05-5017-**-**	Legal Fees	2,008	-	2,008	-
05-5026-**-**	Small Vehicle Fuel	500	-	500	-
05-5027-**-**	Insurance - Property/Liability	9,668	433	9,235	4.5%
05-5031-**-**	Safety Supplies	1,052	-	1,052	-
05-5033-**-**	Recruitment	556	-	556	-
05-5034-**-**	Travel Expense/Tech. Conferences	1,512	-	1,512	-
05-5035-**-**	Training Expense	1,952	-	1,952	-
05-5036-**-**	Laboratory Supplies	35,000	3,302	31,698	9.4%
05-5038-**-**	Permits	228,968	-	228,968	-
05-5039-**-**	Membership Dues/Fees	216	-	216	-
05-5044-**-**	Offshore Monitoring	75,496	-	75,496	-
05-5045-**-**	Offshore Biochemistry - 20B	11,512	-	11,512	-
05-5046-**-**	Effluent Chemistry	35,000	26	34,974	0.1%
05-5058-**-**	Maintenance Equip. & Facilities (Common)	1,004	-	1,004	-
05-6500-**-**	IT Allocations in to PC's & Depts.	18,464	954	17,510	5.2%
	Total Other Expenses	635,408	5,174	630,234	0.8%
	Total Expenses	858,380	21,407	836,973	2.5%
<b>08 - Pre Treatment</b>					
Salary and Fringe					
08-5000-**-**	Regular Salaries-O&M	117,772	10,427	107,345	8.9%
08-5306-**-**	Scheduled Holiday Work	-	-	-	-
08-5315-**-**	Comp Time - Environment	-	-	-	-
08-5401-**-**	Fringe Benefits IN to PC's & Depts.	61,016	5,402	55,614	8.9%
	Total Payroll Costs	178,788	15,829	162,959	8.9%
Other Expenses					
08-5011-**-**	Laboratory Services	3,200	295	2,905	9.2%
08-5016-**-**	Audit - Environmental	1,304	-	1,304	-
08-5017-**-**	Legal Fees	2,596	-	2,596	-
08-5018-**-**	Public Notices/ Public Relations	6,000	-	6,000	-
08-5021-**-**	Small Vehicle Expense - 31A	1,076	-	1,076	-
08-5022-**-**	Miscellaneous Expense	2,008	-	2,008	-
08-5026-**-**	Small Vehicle Fuel - 37A	1,148	-	1,148	-
08-5027-**-**	Insurance - Property/Liability	3,024	135	2,889	4.5%
08-5028-**-**	Small Tools & Supplies	3,000	41	2,959	1.4%
08-5034-**-**	Travel Expense/Tech. Conferences	2,732	-	2,732	-
08-5035-**-**	Training Expense	-	150	(150)	-
08-5038-**-**	Permits and Fines	3,132	-	3,132	-
08-6500-**-**	IT Allocations in to PC's & Depts.	14,832	767	14,065	5.2%
	Total Other Expenses	44,052	1,388	42,664	3.2%
	Total Expenses	222,840	17,217	205,623	7.7%
<b>12 - Water Reclamation Permits</b>					
Salary and Fringe					
12-5000-**-**	Regular Salaries-O&M	44,808	10,879	33,929	24.3%
12-5401-**-**	Fringe Benefits IN to PC's & Depts.	23,208	5,637	17,571	24.3%
	Total Payroll Costs	68,016	16,516	51,500	24.3%
Other Expenses					
12-5015-**-**	Management Support Services	-	-	-	-
12-5017-**-**	Legal Fees	2,000	-	2,000	-
12-5027-**-**	Insurance - Property/Liability	5,164	231	4,933	4.5%
12-5034-**-**	Travel Expense/Tech. Conferences	920	-	920	-
12-5038-**-**	Permits	12,044	-	12,044	-
12-5039-**-**	Membership Dues/Fees	68	-	68	-
12-6500-**-**	IT Allocations in to PC's & Depts.	5,640	292	5,348	5.2%
	Total Other Expenses	25,836	523	25,313	2.0%
	Total Expenses	93,852	17,039	76,813	18.2%

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended July 31, 2021  
(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
<b>15 - Coastal Treatment Plant</b>					
Salary and Fringe					
15-5000-**-**	Regular Salaries-O&M	1,083,504	62,063	1,021,441	5.7%
15-5001-**-**	Overtime Salaries-O&M	19,208	-	19,208	-
15-5306-**-**	Scheduled Holiday Work	15,584	2,533	13,051	16.3%
15-5315-**-**	Comp Time - O&M	2,000	-	2,000	-
15-5401-**-**	Fringe Benefits IN to PC's & Depts.	561,396	33,060	528,336	5.9%
15-5700-**-**	Standby Pay	16,504	130	16,374	0.8%
	Total Payroll Costs	1,698,196	97,786	1,600,410	5.8%
Other Expenses					
15-5002-**-**	Electricity	202,348	17,429	184,919	8.6%
15-5003-**-**	Natural Gas	2,872	35	2,837	1.2%
15-5004-**-**	Potable & Reclaimed Water	25,000	1,965	23,035	7.9%
15-5006-**-**	Chlorine/Sodium Hypochlorite	94,004	5,123	88,881	5.4%
15-5007-**-**	Polymer Products	1,004	-	1,004	-
15-5008-**-**	Ferric Chloride	58,000	5,548	52,452	9.6%
15-5009-**-**	Odor Control Chemicals	51,004	4,021	46,983	7.9%
15-5011-**-**	Laboratory Services	20,000	80	19,920	0.4%
15-5012-**-**	Grit Hauling	23,000	1,662	21,338	7.2%
15-5013-**-**	Landscaping	57,000	-	57,000	-
15-5015-**-**	Management Support Services	10,000	-	10,000	-
15-5017-**-**	Legal Fees	30,000	-	30,000	-
15-5019-**-**	Contract Services Misc.	91,732	-	91,732	-
15-5021-**-**	Small Vehicle Expense	4,004	813	3,191	20.3%
15-5022-**-**	Miscellaneous Expense	1,000	-	1,000	-
15-5023-**-**	Office Supplies - All	4,004	58	3,946	1.5%
15-5024-**-**	Petroleum Products	3,000	-	3,000	-
15-5025-**-**	Uniforms	9,000	705	8,295	7.8%
15-5026-**-**	Small Vehicle Fuel	2,000	-	2,000	-
15-5027-**-**	Insurance - Property/Liability	47,112	2,108	45,004	4.5%
15-5028-**-**	Small Tools & Supplies	9,000	-	9,000	-
15-5030-**-**	Trash Disposal	2,996	145	2,851	4.8%
15-5031-**-**	Safety Supplies	35,000	3,111	31,889	8.9%
15-5032-**-**	Equipment Rental	1,000	-	1,000	-
15-5033-**-**	Recruitment	312	-	312	-
15-5034-**-**	Travel Expense/Tech. Conferences	5,244	-	5,244	-
15-5035-**-**	Training Expense	11,632	1,260	10,372	10.8%
15-5036-**-**	Laboratory Supplies	14,000	223	13,777	1.6%
15-5037-**-**	Office Equipment	2,996	61	2,935	2.0%
15-5038-**-**	Permits	4,820	481	4,339	10.0%
15-5039-**-**	Membership Dues/Fees	4,960	298	4,662	6.0%
15-5047-**-**	Access Road Expenses	45,000	-	45,000	-
15-5048-**-**	Storm Damage	21,000	-	21,000	-
15-5050-**-**	Contract Services Generators - 29A	5,000	-	5,000	-
15-5052-**-**	Janitorial Services	12,004	1,033	10,971	8.6%
15-5054-**-**	Diesel Truck Maint - 31B	1,000	-	1,000	-
15-5055-**-**	Diesel Truck Fuel - 37B	504	-	504	-
15-5057-**-**	Maintenance Equip. & Facilities (Liquids)	149,996	12,740	137,256	8.5%
15-5058-**-**	Maintenance Equip. & Facilities (Common)	23,000	545	22,455	0.02
15-5060-**-**	Maintenance Equip. & Facilities (AWT)	38,000	-	38,000	-
15-5061-**-**	Mileage	500	-	500	-
15-5076-**-**	SCADA Infrastructure	28,952	5,000	23,952	17.3%
15-5077-**-**	IT Direct	264	-	264	-
15-5303-**-**	Group Insurance Waiver	3,600	305	3,295	8.5%
15-5305-**-**	Medicare Tax Payments for Employees	2,160	170	1,990	7.9%
15-5705-**-**	Monthly Car Allowance	4,196	355	3,841	8.5%
15-6500-**-**	IT Allocations in to PC's & Depts.	136,476	7,057	129,419	5.2%
	Total Other Expenses	1,299,696	72,332	1,227,364	5.6%
	Total Expenses	2,997,892	170,118	2,827,774	5.7%

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended July 31, 2021  
(in dollars)

	FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended	
<b>17 - Joint Regional Wastewater Reclamation and Sludge Handling</b>					
Salary and Fringe					
17-5000-**-**-**	Regular Salaries-O&M	1,718,916	130,087	1,588,829	7.6%
17-5001-**-**-**	Overtime Salaries-O&M	49,452	4,302	45,150	8.7%
17-5306-**-**-**	Scheduled Holiday Work	38,136	5,000	33,136	13.1%
17-5315-**-**-**	Comp Time - O&M	5,716	1,640	4,076	28.7%
17-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	890,632	67,402	823,230	7.6%
17-5700-**-**-**	Standby Pay	26,000	3,705	22,295	14.3%
	Total Payroll Costs	<u>2,728,852</u>	<u>212,136</u>	<u>2,516,716</u>	<u>7.8%</u>
Other Expenses					
17-5002-**-**-**	Electricity	461,868	53,783	408,085	11.6%
17-5003-**-**-**	Natural Gas	90,976	14,229	76,747	15.6%
17-5004-**-**-**	Potable & Reclaimed Water	35,000	290	34,710	0.8%
17-5005-**-**-**	Co-generation Power Credit	(686,000)	(93,122)	(592,878)	13.6%
17-5006-**-**-**	Chlorine/Sodium Hypochlorite	400,004	48,507	351,497	12.1%
17-5007-**-**-**	Polymer Products	441,000	53,293	387,707	12.1%
17-5008-**-**-**	Ferric Chloride	330,004	28,998	301,006	8.8%
17-5009-**-**-**	Odor Control Chemicals	35,008	7,164	27,844	20.5%
17-5010-**-**-**	Other Chemicals - Misc.	1,004	-	1,004	-
17-5011-**-**-**	Laboratory Services	22,996	345	22,651	1.5%
17-5012-**-**-**	Grit Hauling - 21A	42,000	1,764	40,236	4.2%
17-5013-**-**-**	Landscaping	85,004	6,587	78,417	7.7%
17-5015-**-**-**	Management Support Services	9,996	-	9,996	-
17-5017-**-**-**	Legal Fees	5,004	-	5,004	-
17-5019-**-**-**	Contract Services Misc.	96,312	-	96,312	-
17-5021-**-**-**	Small Vehicle Expense	7,000	620	6,380	8.9%
17-5022-**-**-**	Miscellaneous Expense	5,004	-	5,004	-
17-5023-**-**-**	Office Supplies - All	13,004	300	12,704	2.3%
17-5024-**-**-**	Petroleum Products	20,004	-	20,004	-
17-5025-**-**-**	Uniforms	28,000	3,054	24,946	10.9%
17-5026-**-**-**	Small Vehicle Fuel	9,004	-	9,004	-
17-5027-**-**-**	Insurance - Property/Liability	135,628	6,070	129,558	4.5%
17-5028-**-**-**	Small Tools & Supplies	30,000	2,980	27,020	9.9%
17-5030-**-**-**	Trash Disposal	2,504	67	2,437	2.7%
17-5031-**-**-**	Safety Supplies	41,248	2,837	38,411	6.9%
17-5032-**-**-**	Equipment Rental	3,004	1,509	1,495	50.2%
17-5033-**-**-**	Recruitment	728	-	728	-
17-5034-**-**-**	Travel Expense/Tech. Conferences	8,996	-	8,996	-
17-5035-**-**-**	Training Expense	15,480	1,260	14,220	8.1%
17-5036-**-**-**	Laboratory Supplies	24,392	339	24,053	1.4%
17-5037-**-**-**	Office Equipment	9,996	577	9,419	5.8%
17-5038-**-**-**	Permits	10,612	488	10,124	4.6%
17-5039-**-**-**	Membership Dues/Fees	7,892	293	7,599	3.7%
17-5049-**-**-**	Biosolids Disposal	850,000	62,123	787,877	7.3%
17-5050-**-**-**	Contract Services Generators - 29A	13,004	-	13,004	-
17-5052-**-**-**	Janitorial Services	42,000	2,981	39,019	7.1%
17-5054-**-**-**	Diesel Truck Maint	19,000	339	18,661	1.8%
17-5055-**-**-**	Diesel Truck Fuel	8,000	-	8,000	-
17-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	211,000	60,299	150,701	28.6%
17-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	242,000	19,136	222,864	7.9%
17-5058-**-**-**	Maintenance Equip. & Facilities (Common)	36,000	2,001	33,999	5.6%
17-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	461,876	11,166	450,710	2.4%
17-5060-**-**-**	Maintenance Equip. & Facilities (AWT) 41-E	50,000	-	50,000	-
17-5061-**-**-**	Mileage	1,004	92	913	9.1%
17-5068-**-**-**	MNWD Potable Water Supplies & Svcs.	28,000	7,304	20,696	26.1%
17-5074-**-**-**	Education Reimbursement	1,996	-	1,996	-
17-5076-**-**-**	SCADA Infrastructure	28,684	5,000	23,684	17.4%
17-5077-**-**-**	IT Direct	2,624	-	2,624	-
17-5105-**-**-**	Co-Generation Power Credit - Offset	685,992	93,122	592,870	13.6%
17-5303-**-**-**	Group Insurance Waiver	7,196	609	6,587	8.5%
17-5309-**-**-**	Operating Leases	-	805	(805)	-
17-5705-**-**-**	Monthly Car Allowance	8,396	1,195	7,201	14.2%
17-6500-**-**-**	IT Allocations in to PC's & Depts.	216,520	11,195	205,325	5.2%
	Total Other Expenses	<u>4,655,964</u>	<u>419,600</u>	<u>4,236,364</u>	<u>9.0%</u>
	Total Expenses	<u>7,384,816</u>	<u>631,736</u>	<u>6,753,080</u>	<u>8.6%</u>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended July 31, 2021  
(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
<b>21 - Effluent Transmission Main</b>					
Salary and Fringe					
21-5000-**-**-**	Regular Salaries-O&M	1,088	-	1,088	-
21-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	564	-	564	-
	Total Payroll Costs	1,652	-	1,652	-
Other Expenses					
21-5019-**-**-**	Contract Services Misc.	18,336	-	18,336	-
21-5027-**-**-**	Insurance - Property/Liability	-	-	-	-
	Total Other Expenses	18,336	-	18,336	-
	Total Expenses	19,988	-	19,988	-
<b>24 - Aliso Creek Ocean Outfall</b>					
Salary and Fringe					
24-5000-**-**-**	Regular Salaries-O&M	149,296	9,481	139,815	6.4%
24-5001-**-**-**	Overtime Salaries-O&M	620	-	620	-
24-5306-**-**-**	Scheduled Holiday Work	264	44	220	16.6%
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	77,364	4,951	72,413	6.4%
	Total Payroll Costs	227,544	14,476	213,068	6.4%
Other Expenses					
24-5015-**-**-**	Management Support Services	212,496	888	211,608	0.4%
24-5017-**-**-**	Legal Fees	2,008	-	2,008	-
24-5027-**-**-**	Insurance - Property/Liability	8,704	390	8,314	4.5%
24-5031-**-**-**	Safety Supplies	1,044	-	1,044	-
24-5033-**-**-**	Recruitment	556	-	556	-
24-5034-**-**-**	Travel Expense/Tech. Conferences	1,512	-	1,512	-
24-5035-**-**-**	Training Expense	1,956	-	1,956	-
24-5036-**-**-**	Laboratory Supplies	30,004	3,302	26,702	11.0%
24-5038-**-**-**	Permits	216,924	-	216,924	-
24-5039-**-**-**	Membership Dues/Fees	220	-	220	-
24-5044-**-**-**	Offshore Monitoring	75,504	3,339	72,166	4.4%
24-5045-**-**-**	Offshore Biochemistry - 20B	11,512	-	11,512	-
24-5046-**-**-**	Effluent Chemistry	35,000	26	34,974	0.1%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,004	-	1,004	-
24-6500-**-**-**	IT Allocations in to PC's & Depts.	18,796	972	17,824	5.2%
	Total Other Expenses	617,240	8,916	608,324	1.4%
	Total Expenses	844,784	23,392	821,392	2.8%
<b>Total O&amp;M Expenses</b>		<b>18,522,124</b>	<b>1,380,691</b>	<b>17,141,433</b>	<b>7.5%</b>

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

For the Period Ended July 31, 2021  
(in dollars)

		<b>FY 2021-22 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary and Fringe</b>					
01-5000-03-00-00	Regular Salaries-O&M	175,927	11,706	164,221	6.7%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	91,154	6,065	85,089	6.7%
	<b>Total Payroll Costs</b>	<b>267,081</b>	<b>17,772</b>	<b>249,310</b>	<b>6.7%</b>
<b>Other Expenses</b>					
01-5022-03-00-00	Miscellaneous Expense	3,184	-	3,184	-
01-5023-03-00-00	Office Supplies - All	208	-	208	-
01-5031-03-00-00	Safety Supplies	306	-	306	-
01-5034-03-00-00	Travel Expense/Tech. Conferences	6,439	-	6,439	-
01-5035-03-00-00	Training Expense	2,244	-	2,244	-
01-5037-03-00-00	Office Equipment	408	-	408	-
01-5039-03-00-00	Membership Dues/Fees	1,377	-	1,377	-
01-5061-03-00-00	Mileage	510	-	510	-
01-5309-03-00-00	Operating Leases	9,300	-	9,300	-
01-5705-03-00-00	Monthly Car Allowance	4,200	355	3,845	8.5%
01-5802-03-00-00	Shipping/Freight	312	-	312	-
01-6500-03-00-00	IT Allocations in to PC's & Depts.	54,293	2,834	51,459	5.2%
	<b>Total Other Expenses</b>	<b>82,781</b>	<b>3,190</b>	<b>79,591</b>	<b>3.9%</b>
	<b>Total Engineering Expenses</b>	<b>349,863</b>	<b>20,962</b>	<b>328,901</b>	<b>6.0%</b>

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison- Administration**  
 For the Period Ended July 31, 2021  
 (in dollars)

		<b>FY 2021-22 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary and Fringe</b>					
01-6000-04-00-00	Regular Salaries-Admin or IT	998,424	57,399	941,025	5.7%
01-6001-04-00-00	Overtime Salaries-Admin or IT	10,000	-	10,000	-
01-6315-04-00-00	Comp Time - Admin	5,000	129	4,871	2.6%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	517,316	29,740	487,576	5.7%
	<b>Total Payroll Costs</b>	<b>1,530,740</b>	<b>87,268</b>	<b>1,443,472</b>	<b>5.7%</b>
<b>Other Expenses</b>					
01-6018-04-00-00	Public Notices/Public Relations	3,270	-	3,270	-
01-6101-04-00-00	HR Recruitment & Employee Relations	24,350	1,379	22,971	5.7%
01-6102-04-00-00	Subscriptions	2,081	1,261	820	60.6%
01-6103-04-00-00	Contract Labor	50,000	315	49,685	0.6%
01-6200-04-00-00	Management Support Services	90,000	-	90,000	-
01-6201-04-00-00	Audit	46,000	12,500	33,500	27.2%
01-6202-04-00-00	Legal	220,000	9,110	210,890	4.1%
01-6204-04-00-00	Postage	1,500	18	1,482	1.2%
01-6223-04-00-00	Office Supplies - Admin	4,500	787	3,713	17.5%
01-6224-04-00-00	Office Equipment Admin or IT	1,200	221	979	18.4%
01-6234-04-00-00	Memberships & Trainings	88,000	3,488	84,512	4.0%
01-6239-04-00-00	Travel & Conference	11,000	-	11,000	-
01-6241-04-00-00	Education Reimbursement	1,500	-	1,500	-
01-6310-04-00-00	Miscellaneous	18,000	1,296	16,704	7.2%
01-6311-04-00-00	Mileage	1,236	-	1,236	-
01-6317-04-00-00	Contract Services Misc	5,722	-	5,722	-
01-6500-04-00-00	IT Allocations in to PC's & Depts.	125,761	6,502	119,258	5.2%
01-6601-04-00-00	Shipping/Freight	3,815	1,237	2,578	32.4%
01-6705-04-00-00	Monthly Car Allowance	12,000	1,015	10,985	8.5%
	<b>Total Other Expenses</b>	<b>709,934</b>	<b>39,130</b>	<b>670,804</b>	<b>5.5%</b>
	<b>Total Admin Expenses</b>	<b>2,240,674</b>	<b>126,398</b>	<b>2,114,276</b>	<b>5.6%</b>

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison-IT**  
 For the Period Ended July 31, 2021  
 (in dollars)

		<b>FY 2021-22 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary &amp; Fringe</b>					
01-6000-05-00-00	Regular Salaries-Admin or IT	100,076	5,689	94,387	5.7%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	51,852	2,948	48,904	5.7%
	<b>Total Salary &amp; Fringe</b>	<b>151,928</b>	<b>8,637</b>	<b>143,291</b>	<b>5.7%</b>
<b>Other Expenses</b>					
01-6028-05-00-00	Small Tools & Supplies	1,000	200	800	20.0%
01-6035-05-00-00	Training Expense	3,000	-	3,000	-
01-6224-05-00-00	Office Equipment Admin or IT	600	-	600	-
01-6234-05-00-00	Memberships & Trainings	2,750	-	2,750	-
01-6239-05-00-00	Travel & Conference	1,500	-	1,500	-
01-6300-05-00-00	Software Maintenance Agreements	41,026	860	40,166	2.1%
01-6301-05-00-00	Hardware Maintenance Agreements	14,726	-	14,726	-
01-6302-05-00-00	Cloud Subscriptions (Internet)	177,328	8,190	169,138	4.6%
01-6303-05-00-00	Telecommunications	165,582	8,560	157,022	5.2%
01-6305-05-00-00	IT Professional Services	92,400	2,331	90,069	2.5%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	40,985	498	40,487	1.2%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	28,968	3,928	25,040	13.6%
01-6308-05-00-00	IT Memberships	160	-	160	-
01-6309-05-00-00	Operating Leases	64,173	7,702	56,471	12.0%
01-6310-05-00-00	Miscellaneous	5,000	-	5,000	-
	<b>Total Other Expenses</b>	<b>639,198</b>	<b>32,268</b>	<b>606,930</b>	<b>5.0%</b>
	<b>Total Expenses before Allocation</b>	<b>791,126</b>	<b>40,905</b>	<b>750,221</b>	<b>5.2%</b>
<b>IT Allocations (Out) to PC's &amp; Depts</b>					
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(791,126)	(40,905)	(750,221)	5.2%
	<b>Total IT Allocations (Out) to PC's &amp; Depts</b>	<b>(791,126)</b>	<b>(40,905)</b>	<b>(750,221)</b>	<b>5.2%</b>

# Agenda Item

# 5

Finance Committee Meeting

Meeting Date: September 21, 2021

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

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

**SUBJECT:** Draft GASB 75, OPEB/Retiree Health, Report for the Fiscal Year Ended June 30, 2021

## Summary/Discussion

This report is a roll-forward to the fiscal yearend of the Full OPEB/Retiree Health Valuation Report as of December 31, 2020, previously presented to the Finance Committee on June 15, 2021.

This report presents the specific amounts for reporting in accordance with Governmental Accounting Standards Board Statement No. 75 (GASB 75) for OPEB/Retiree Health.

The report details the calculation of the Net OPEB Liability that the Authority will record in its Audited Net Position Statement as of June 30, 2021.

The Net OPEB Liability will also be distributed by Project Committee and Member Agency in the Annual Supplemental Financial Statements.

Net OPEB (Retiree Health) Liability				
Description	2020	2021	Positive Change <sup>1</sup>	% Change
Measurement date	6/30/2020	6/30/2021		
Total OPEB Liability	(\$10,959,190)	(\$10,799,701)	\$159,489	-1.5%
PARS Savings <sup>2</sup>	5,270,639	6,657,222	1,386,583	26.3%
Net OPEB (liability)	(\$5,688,551)	(\$4,142,479)	\$1,546,072	-27.2%
<b>% Funded</b>	<b>48.1%</b>	<b>61.6%</b>		

<sup>1</sup>The OPEB Liability as of 12-31-2020 decreased due to:

- Lower healthcare costs
- Change in Employee population mix
- Change in Actuarial Assumptions

<sup>2</sup>PARS Earnings as of 6-30-2021 grew 26.3%

**Recommended Action:** Staff recommends to the Finance Committee to review the report as an information item prior to receipt of the Annual Financial Report and the Auditor's report on the Annual Financial Statements Audit.





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# GASB 74/75 ACTUARIAL VALUATION

## Fiscal Year Ending June 30, 2021

# SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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**August 31, 2021**

**Ms. Mary Carey**  
**South Orange County Wastewater Authority**  
**34156 Del Obispo Street**  
**Dana Point, CA 92629**

This report summarizes the GASB actuarial valuation for the South Orange County Wastewater Authority 2020/21 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries “Code of Professional Conduct” Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Suraj M. Datta, FSA, MAAA  
Consulting Actuary

John Mallows, FSA, MAAA  
Valuation Actuary

DRAFT

# Executive Summary

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2021 compared to the prior fiscal year as shown in the Authority's Notes to Financial Statement.

	As of June 30, 2020	As of June 30, 2021
<b>Total OPEB Liability</b>	\$ 10,959,190	\$ 10,799,701
<b>Actuarial Value of Assets</b>	\$ (5,270,639)	\$ (6,657,222)
<b>Net OPEB Liability</b>	\$ 5,688,551	\$ 4,142,479
<b>Funded Ratio</b>	48.1%	61.6%

	FY 2019/20	FY 2020/21
<b>OPEB Expense</b>	\$ 598,510	\$ 387,119
<b>Annual Employer Contributions</b>	\$ 457,597	\$ 592,075
<b>Actuarially Determined Contribution</b>	\$ 631,614	\$ 595,227

	As of June 30, 2020	As of June 30, 2021
<b>Discount Rate</b>	6.50%	6.50%
<b>Expected Return on Assets</b>	6.50%	6.50%

	As of June 30, 2021
<b>Total Active Participants</b>	61
<b>Total Retiree Participants</b>	47

The active participants' number above may include active employees who currently have no health care coverage through SOCWA. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

# Executive Summary

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Summary of Results

Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre- and post- Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Present Value of Future Benefits	As of June 30, 2020	As of June 30, 2021
Active Employees	\$ 6,255,068	\$ 5,972,949
Retired Employees	7,218,949	6,979,394
<b>Total Present Value of Future Benefits</b>	<b>\$ 13,474,017</b>	<b>\$ 12,952,343</b>

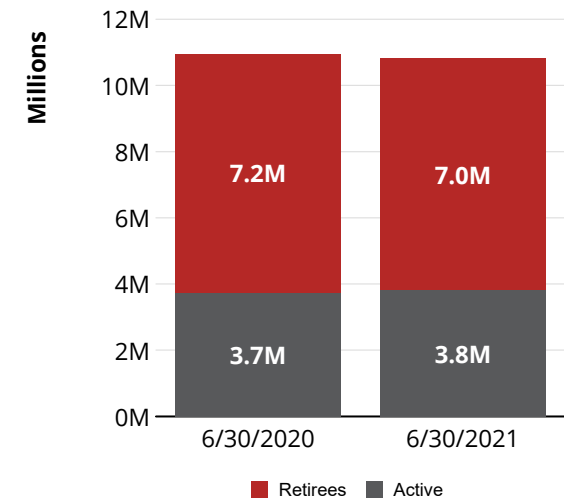
Total OPEB Liability	As of June 30, 2020	As of June 30, 2021
Active Pre-Medicare	\$ 1,734,536	\$ 1,927,576
Active Post-Medicare	2,005,705	1,892,731
Active Liability	\$ 3,740,241	\$ 3,820,307

Retiree Pre-Medicare	\$ 2,402,537	\$ 2,178,299
Retiree Post-Medicare	4,816,412	4,801,095
Retiree Liability	\$ 7,218,949	\$ 6,979,394

<b>Total OPEB Liability</b>	<b>\$ 10,959,190</b>	<b>\$ 10,799,701</b>
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	As of June 30, 2020	As of June 30, 2021
Discount Rate	6.50%	6.50%

### Changes In Total OPEB Liability



**Present Value of Future Benefits (PVFB)** is the amount needed as of June 30, 2021 and June 30, 2020, to fully fund the Authority's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

**Total OPEB Liability** is the portion of PVFB considered to be accrued or earned as of June 30, 2021 and June 30, 2020. This amount is a required disclosure in the Required Supplementary Information section.

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
<b>Total OPEB Liability</b>				
Total OPEB Liability - beginning of year	\$ 10,959,190	\$ 9,885,778	\$ 10,182,408	\$ 9,602,387
Service cost	264,352	231,479	274,847	256,866
Interest	710,590	692,192	713,467	677,737
Change of benefit terms	0	0	(42,119)	0
Changes in assumptions	297,733	607,338	109,406	0
Differences between expected and actual experience	(840,089)	0	(822,505)	0
Benefit payments	(592,075)	(457,597)	(529,726)	(354,582)
Net change in total OPEB liability	\$ (159,489)	\$ 1,073,412	\$ (296,630)	\$ 580,021
Total OPEB Liability - end of year	\$ 10,799,701	\$ 10,959,190	\$ 9,885,778	\$ 10,182,408
<b>Plan Fiduciary Net Position</b>				
Plan fiduciary net position - beginning of year	\$ 5,270,639	\$ 5,137,817	\$ 4,823,410	\$ 4,269,924
Contributions - employer	592,075	457,597	529,726	585,582
Contributions - active employees	0	0	0	0
Net investment income	1,420,672	163,035	341,412	348,619
Benefit payments	(592,075)	(457,597)	(529,726)	(354,582)
Trust administrative expenses	(34,089)	(30,213)	(27,005)	(26,133)
Net change in plan fiduciary net position	\$ 1,386,583	\$ 132,822	\$ 314,407	\$ 553,486
Plan fiduciary net position - end of year	\$ 6,657,222	\$ 5,270,639	\$ 5,137,817	\$ 4,823,410
<b>Net OPEB Liability - end of year</b>	<b>\$ 4,142,479</b>	<b>\$ 5,688,551</b>	<b>\$ 4,747,961</b>	<b>\$ 5,358,998</b>
Plan fiduciary net position as % of total OPEB liability	61.6%	48.1%	52.0%	47.4%
Covered employee payroll	N/A	N/A	N/A	N/A
Net OPEB liability as % of covered payroll	N/A	N/A	N/A	N/A

# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Authority's financial statements.

	FY 2020/21	FY 2019/20	FY 2018/19
Actuarially Determined Contribution (ADC)	\$ 595,227	\$ 631,614	\$ 613,218
Contributions in relation to the ADC	592,075	457,597	529,726
Contribution deficiency/(excess)	\$ 3,152	\$ 174,017	\$ 83,492
Covered employee payroll	N/A	N/A	N/A
Contribution as a % of covered payroll	N/A	N/A	N/A



# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## OPEB Expense

OPEB Expense	FY 2020/21	FY 2019/20
<b>Discount Rate</b>		
Beginning of year	6.50%	7.00%
End of year	6.50%	6.50%
<b>Service cost</b>		
Service cost	\$ 264,352	\$ 231,479
Interest	710,590	692,192
Change of benefit terms	0	0
Projected earnings on OPEB plan investments	(341,501)	(358,590)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	34,089	30,213
<b>Current period recognition of deferred outflows / (inflows) of resources</b>		
Differences between expected and actual experience	\$ (310,637)	\$ (205,626)
Changes in assumptions	216,404	179,186
Net difference between projected and actual earnings on OPEB plan investments	(186,178)	29,656
Total current period recognition	\$ (280,411)	\$ 3,216
Total OPEB expense	\$ 387,119	\$ 598,510

# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ (822,505)	4	\$ (205,626)	\$ (205,627)
June 30, 2020	\$ 0	N/A	\$ 0	\$ 0
June 30, 2021	\$ (840,089)	8	\$ (105,011)	\$ (735,078)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ 109,406	4	\$ 27,352	\$ 27,350
June 30, 2020	\$ 607,338	4	\$ 151,835	\$ 303,668
June 30, 2021	\$ 297,733	8	\$ 37,217	\$ 260,516

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Deferred Outflows / (Inflows) of Resources (Continued)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2018	\$ (42,554)	5	\$ (8,511)	\$ (8,510)
June 30, 2019	\$ (4,718)	5	\$ (944)	\$ (1,886)
June 30, 2020	\$ 195,555	5	\$ 39,111	\$ 117,333
June 30, 2021	\$ (1,079,171)	5	\$ (215,834)	\$ (863,337)

As of fiscal year ending June 30, 2021	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (940,705)
Changes in assumptions	591,534	0
Net difference between projected and actual earnings in OPEB plan investments	0	(756,400)
<b>Total</b>	<b>\$ 591,534</b>	<b>\$ (1,697,105)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2021 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2022	\$ (280,413)
2023	\$ (93,626)
2024	\$ (244,517)
2025	\$ (283,629)
2026	\$ (67,794)
Thereafter	\$ (135,592)

# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2021, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.50%.
- The 1% decrease in discount rate would be 5.50%.
- The 1% increase in discount rate would be 7.50%.

As of June 30, 2021	Net OPEB Liability	
1% Decrease	\$	5,344,943
Current Discount Rate	\$	4,142,479
1% Increase	\$	2,906,753

The following presents the Net OPEB Liability as of June 30, 2021, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.50%, decreasing to an ultimate rate of 5.00%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.50%, decreasing to an ultimate rate of 4.00%.
- The 1% increase in health care trend rates would assume an initial rate of 9.50%, decreasing to an ultimate rate of 6.00%.

As of June 30, 2021	Net OPEB Liability	
1% Decrease	\$	2,832,946
Current Trend Rates	\$	4,142,479
1% Increase	\$	5,452,748

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Asset Information

Asset Breakdown	FY 2019/20	FY 2020/21
<b>Assets</b>		
Cash and deposits	\$ 0	\$ 0
Securities lending cash collateral	0	0
Total cash	\$ 0	\$ 0
Receivables		
Contributions	\$ 0	\$ 0
Accrued interest	0	0
Total receivables	\$ 0	\$ 0
Investments		
Fixed income	\$ 0	\$ 0
Equities	0	0
Mutual Funds	5,270,639	6,657,222
Total investments	\$ 5,270,639	\$ 6,657,222
Total Assets	\$ 5,270,639	\$ 6,657,222
<b>Liabilities</b>		
Payables		
Investment management fees	\$ 0	\$ 0
Securities lending expense	0	0
Total liabilities	\$ 0	\$ 0
<b>Net Position Restricted to OPEB</b>	<b>\$ 5,270,639</b>	<b>\$ 6,657,222</b>

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Asset Information (Continued)

Asset Reconciliation	FY 2019/20	FY 2020/21
<b>Additions</b>		
Contributions Received		
Employer	\$ 457,597	\$ 592,075
Active employees	0	0
Total contributions	\$ 457,597	\$ 592,075
Investment Income		
Net increase in fair value of investments	\$ 163,035	\$ 1,420,672
Interest and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 163,035	\$ 1,420,672
Total additions	\$ 620,632	\$ 2,012,747
<b>Deductions</b>		
Benefit payments	\$ 457,597	\$ 592,075
Administrative expenses	30,213	34,089
Other	0	0
Total deductions	\$ 487,810	\$ 626,164
Net increase in net position	\$ 132,822	\$ 1,386,583
Net position restricted to OPEB		
Beginning of year	\$ 5,137,817	\$ 5,270,639
End of year	\$ 5,270,639	\$ 6,657,222

# Projection of GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

### Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

### Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs when the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2020/21	FY 2021/22
TOL as of beginning of year	\$ 10,959,190	\$ 10,799,701
Normal cost as of beginning of year	264,352	223,338
Exp. benefit payments during the year	(592,075)	(634,908)
Interest adjustment to end of year	710,590	696,188
Exp. TOL as of end of year	\$ 11,342,057	\$ 11,084,319
Actuarial Loss / (Gain)	(542,356)	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 10,799,701</b>	<b>\$ TBD</b>

Discount rate as of beginning of year	6.50%	6.50%
Discount rate as of end of year	6.50%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2020/21	FY 2021/22
AVA as of beginning of year	\$ 5,270,639	\$ 6,657,222
Exp. employer contributions during the year	592,075	634,908
Exp. benefit payments during the year	(592,075)	(634,908)
Expected investment income	341,501	432,187
Exp. Trust administrative expenses	(34,089)	(16,643)
Exp. AVA as of end of year	\$ 5,578,051	\$ 7,072,766
Differences between expected and actual experience	1,079,171	TBD
<b>AVA as of end of year</b>	<b>\$ 6,657,222</b>	<b>\$ TBD</b>

Expected asset return as of beginning of year	6.50%	6.50%
Expected asset return as of end of year	6.50%	TBD

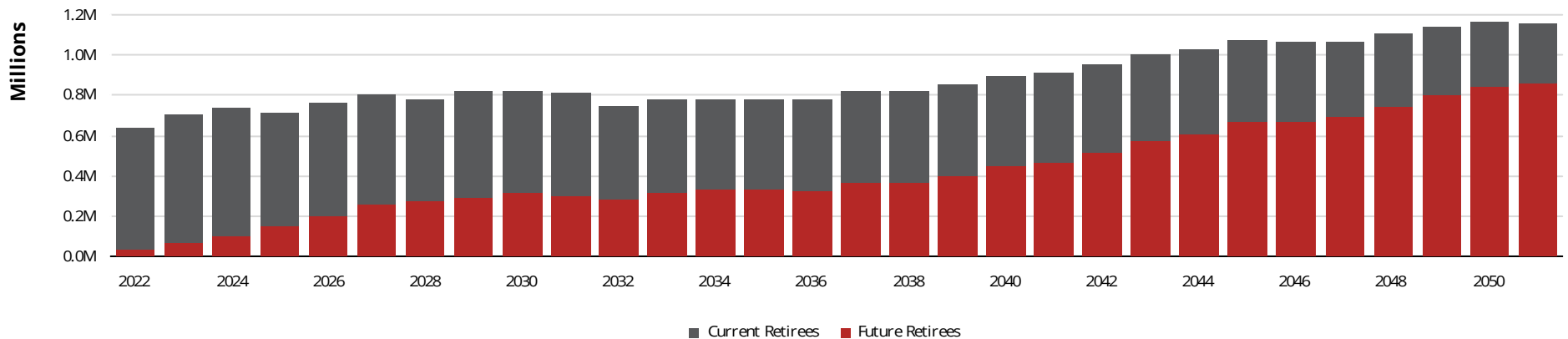
# Cash Flow Projections

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current/future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total	FYE	Current Retirees	Future Retirees*	Total
2022	\$ 605,541	\$ 29,367	\$ 634,908	2032	\$ 462,549	\$ 284,878	\$ 747,427	2042	\$ 438,621	\$ 510,282	\$ 948,903
2023	\$ 636,705	\$ 62,859	\$ 699,564	2033	\$ 461,157	\$ 316,544	\$ 777,701	2043	\$ 430,728	\$ 570,574	\$ 1,001,302
2024	\$ 633,228	\$ 102,146	\$ 735,374	2034	\$ 443,130	\$ 332,502	\$ 775,632	2044	\$ 420,949	\$ 604,385	\$ 1,025,334
2025	\$ 565,619	\$ 147,022	\$ 712,641	2035	\$ 447,342	\$ 328,268	\$ 775,610	2045	\$ 409,270	\$ 667,170	\$ 1,076,440
2026	\$ 563,989	\$ 196,523	\$ 760,512	2036	\$ 450,399	\$ 326,485	\$ 776,884	2046	\$ 395,719	\$ 671,657	\$ 1,067,376
2027	\$ 546,400	\$ 252,695	\$ 799,095	2037	\$ 452,194	\$ 368,031	\$ 820,225	2047	\$ 380,367	\$ 691,382	\$ 1,071,749
2028	\$ 503,416	\$ 277,045	\$ 780,461	2038	\$ 452,623	\$ 366,793	\$ 819,416	2048	\$ 363,329	\$ 747,069	\$ 1,110,398
2029	\$ 525,633	\$ 291,727	\$ 817,360	2039	\$ 451,579	\$ 398,668	\$ 850,247	2049	\$ 344,755	\$ 801,467	\$ 1,146,222
2030	\$ 502,943	\$ 314,500	\$ 817,443	2040	\$ 448,963	\$ 448,160	\$ 897,123	2050	\$ 324,832	\$ 846,113	\$ 1,170,945
2031	\$ 515,688	\$ 299,058	\$ 814,746	2041	\$ 444,675	\$ 464,368	\$ 909,043	2051	\$ 303,799	\$ 858,459	\$ 1,162,258

### Projected Employer Pay-go Cost



\* Projections for future retirees do not take into account future new hires.



# Discussion of Discount Rates

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield 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) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 6.50%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.75%). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Asset Class	Target Allocation	L/T Expected Real ROR
Fixed Income	35.0%	1.50%
Equities	60.0%	5.75%
Cash	5.0%	0.00%
Total	100.00%	7.00%

Yield as of	July 1, 2020	June 30, 2021
Bond Buyer Go 20-Bond Municipal Bond Index	2.21%	2.16%
S&P Municipal Bond 20-Year High Grade Rate Index	2.66%	2.19%
Fidelity 20-Year Go Municipal Bond Index	2.45%	1.94%
Bond Index Range	2.21% - 2.66%	1.94% - 2.19%

3. The final equivalent single discount rate used for this year's valuation is 6.50%. This discount rate assumes the Authority continues to fully fund for its retiree health benefits under its current investment strategy.

# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Active Employees

Actives with coverage	Single	Non-Single	Total	Avg. Age	Avg. Svc	Salary <sup>1</sup>
Kaiser	13	19	32	40.7	9.7	\$ 3,490,466
BS Access+		1	1	57.0	5.4	\$ N/A
PERS Choice	3	4	7	48.6	10.9	\$ 961,229
PERS Select	3	8	11	44.0	7.0	\$ 1,319,208
UHC HMO	1		1	31.6	9.8	\$ N/A
Anthem HMO Select		3	3	45.0	3.6	\$ 361,124
Health Net SmartCare		1	1	42.9	4.7	\$ N/A
<b>Total actives with coverage</b>	<b>20</b>	<b>36</b>	<b>56</b>	<b>41.9</b>	<b>8.5</b>	<b>\$ 6,549,562</b>

Actives without coverage	Total	Avg. Age	Avg. Svc	Salary
<b>Total actives without coverage</b>	<b>5</b>	<b>32.7</b>	<b>4.5</b>	<b>\$ 420,454</b>

Active employees who currently have no coverage through SOCWA are assumed to elect coverage at retirement.

Enrollment information above is for full-time employees who are eligible for retiree health care benefits only.

<sup>1</sup> For privacy purposes, salary information for individual employees is not shown.

# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Active Age-Service Distribution

Age	Years of Service									Total
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
20 to 24	3									3
25 to 29	6	1								7
30 to 34	9	4	1							14
35 to 39	5	2	1							8
40 to 44	4	1		1						6
45 to 49	1	1		1						3
50 to 54	1	2	1	2			1			7
55 to 59	1	2		1	2	3		1		10
60 to 64	1	1								2
65 to 69		1								1
70 & up										0
<b>Total</b>	<b>31</b>	<b>15</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>61</b>

# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Retirees

Retirees with coverage	Single	Non-Single	Total	Avg. Age
Kaiser	4	5	9	65.9
BS Access+		1	1	54.7
PERS Choice	6	12	18	62.5
PERS Select	3	2	5	62.6
PERS CARE	2	1	3	69.7
UHC HMO	1	7	8	72.4
Anthem HMO Select	2		2	70.4
Anthem HMO Traditional		1	1	67.7
<b>Total retirees with coverage</b>	<b>18</b>	<b>29</b>	<b>47</b>	<b>66.3</b>

## Retiree Age Distribution

Age	Retirees
< 45	
45 to 49	
50 to 54	1
55 to 59	7
60 to 64	14
65 to 69	14
70 to 74	4
75 to 79	6
80 to 84	1
85 & up	
<b>Total</b>	<b>47</b>

# Substantive Plan Provisions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

This study analyzes the retiree health benefits of SOCWA. The retiree health benefits provided to retirees are basically a continuation of the plans for active employees. Our findings and assumptions are based on the plans and rates effective January 1, 2019.

All permanent full-time and part-time employees working at least half-time are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). SOCWA currently pays an amount each year that is based on a percentage of the average of all health plans (excluding the PERS Care Plan) made available to SOCWA employees through the CalPERS Health Program. Any premium costs above this amount are paid for by the employee. Alternatively, the employee may elect a cash-in-lieu option of \$300/month but opt back into the health plan at any time before retirement during an enrollment period. SOCWA offers the same medical plans to eligible retirees except once retirees are eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. Employees hired on or after July 1, 2017 are only eligible for the PEMHCA minimum contribution (\$143.00 for 2021) and an HSA contribution. For the purposes of GASB 75, only the PEMHCA minimum contribution will be valued for these employees.

Eligibility for retiree health benefits requires retirement from SOCWA on or after age 50 with at least 5 years of PERS service. Eligible employees must retire (commence pension payment) with CalPERS within 120 days of separation from service. Retiree benefits are paid for the lifetime of the retiree, spouse or surviving spouse and to age 26 for dependents.

### Premium Rates

SOCWA participates in the CalPERS Health Program, a community-rated program for its medical coverage. The following tables summarize the current monthly premiums for the primary medical plans in which the retirees are enrolled. All premiums are effective for the 2021 calendar year.

2021 CalPERS Premiums - Region 2	Kaiser	BS Access+	BS Trio	PERS Care	PERS Choice	PERS Select
Retiree Only	\$ 669.77	\$ 938.96	\$ 722.56	\$ 1,115.68	\$ 783.19	\$ 476.92
Retiree plus Spouse	\$ 1,339.54	\$ 1,877.92	\$ 1,445.12	\$ 2,231.36	\$ 1,566.38	\$ 953.84
Retiree Only - Medicare	\$ 324.48	N/A	N/A	\$ 381.25	\$ 349.97	\$ 349.97

2021 CalPERS Premiums - Region 2	UHC HMO	Anthem HMO Select	Anthem HMO Traditional	Health Net SmartCare	Health Net Salud
Retiree Only	\$ 723.84	\$ 674.69	\$ 1,046.04	\$ 769.11	\$ 458.66
Retiree plus Spouse	\$ 1,447.68	\$ 1,349.38	\$ 2,092.08	\$ 1,538.22	\$ 917.32
Retiree Only - Medicare	\$ 311.56	\$ 383.37	\$ 383.37	N/A	N/A

# Actuarial Methods and Assumptions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and District experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2020. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, mortality table, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2023.

<b>Measurement Date</b>	For fiscal year ending June 30, 2021, June 30, 2021 measurement date was used.
<b>Actuarial Valuation Date</b>	December 31, 2020 with no adjustments to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of December 31, 2020 projected to June 30, 2021 on a "no loss / no gain" basis.
<b>Funding Practice</b>	SOCWA does not plan to make contributions to the Trust in the near future but will continue to make pay-go contributions directly (outside of the Trust).
<b>Expected Return on Assets</b>	6.50% per annum; assumes that SOCWA invests in PARS Balanced Highmark Plus asset allocation
<b>Actuarial Value of Assets</b>	The actuarial value of assets is equal to the market value of assets
<b>Discount Rate</b>	6.50% as of July 1, 2021 and June 30, 2020 for accounting disclosure purposes 6.50% for funding disclosure purposes (in calculating the Actuarially Determined Contribution) Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.
<b>Payroll Growth</b>	2.75% per annum, in aggregate  <i>[The prior valuation used a rate of 3.0% and has been updated to reflect the 2017 CalPERS pension plan valuation.]</i>
<b>Inflation Rate</b>	2.75% per annum

# Actuarial Methods and Assumptions

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## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

### Census Data

Census information was provided by the District and it was provided in May 2021. We have reviewed it for reasonableness and no material modifications were made to the census data.

### Health Care Coverage Election Rate

100% of eligible active employees are assumed to elect medical coverage at retirement. 100% of future retirees are assumed to elect PPO coverage at retirement. Actual plan coverage is used for current retirees.

### Spousal Coverage

65% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.

### Mortality

General: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020

*[Mortality rates as of the prior valuation were based on the CalPERS 2014 pension plan valuation.]*

### Disability

None

### Pre-retirement Turnover

According to the termination rates under the 2017 experience study for the CalPERS pension plan.

*[Rates have been updated to the CalPERS 2017 pension plan valuation from the 2014 experience study for the pension plan.]*

# Actuarial Methods and Assumptions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Retirement Rate

According to the retirement rates under the 2017 experience study for the CalPERS pension plan. According to the following retirement tables:

Miscellaneous Tier 1: 2.5% @55  
 Miscellaneous Tier 2: 2.0% @55  
 Miscellaneous Tier 3: 2.0% @62

*[Rates have been updated to the CalPERS 2017 experience study from the 2014 experience study for the pension plan.]*

### Health Care Trend Rates

Medical and prescription costs are adjusted in future years by the following trends:

FYE	Medical/Rx	FYE	Medical/Rx
2021	6.50%	2026	5.25%
2022	6.25%	2027	5.00%
2023	6.00%	2028	4.75%
2024	5.75%	2029+	4.50%
2025	5.50%		

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

### Per Capita Costs

The valuation claim costs are based on the premiums paid for medical insurance coverage. The Authority participates in CalPERS, a community rated plan. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy. Please see sample claim costs in the tables below:

Age	Region 2							
	PERS Choice	PERS Select	PERSCare	Anthem HMO Select	Anthem HMO Traditional	Blue Shield Access+	Kaiser CA	United Healthcare
40 - 44	\$ 6,620	\$ 4,031	\$ 9,430	\$ 5,703	\$ 8,841	\$ 7,936	\$ 5,661	\$ 6,118
45 - 49	\$ 8,299	\$ 5,054	\$ 11,823	\$ 7,149	\$ 11,085	\$ 9,950	\$ 7,097	\$ 7,670
50 - 54	\$ 10,007	\$ 6,094	\$ 14,256	\$ 8,621	\$ 13,366	\$ 11,998	\$ 8,558	\$ 9,249
55 - 59	\$ 12,174	\$ 7,413	\$ 17,342	\$ 10,487	\$ 16,259	\$ 14,595	\$ 10,411	\$ 11,251
60 - 64	\$ 15,070	\$ 9,177	\$ 21,468	\$ 12,983	\$ 20,128	\$ 18,068	\$ 12,888	\$ 13,928



# APPENDIX

# Appendix

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage through SOCWA. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of July 1, 2019	As of July 1, 2021
Active Participants	62	61
Retired Participants	42	47
Averages for Active		
Age	42.5	41.9
Service	8.9	8.5
Averages for Inactive		
Age	65.1	66.3

# Appendix

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Detailed Actuary's Notes

There have been no substantive plan provision changes since the last full GASB valuation, which was for the fiscal year ending June 30, 2019.

The following assumptions have also been updated:

1. Mortality table has been updated to the following tables. Mortality rates as of the prior valuation were based on the CalPERS 2014 pension plan valuation.
  - General: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
  - Surviving spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

The impact of this change is a decrease in liabilities for the Authority.

2. Pre-retirement termination has been updated from the 2014 experience study for the CalPERS pension plan to the 2017 experience study for the CalPERS pension plan. The impact of this change is an increase in liabilities for the Authority.
3. Retirement table has been updated from the 2014 experience study for the CalPERS pension plan to the 2017 experience study for the CalPERS pension plan. The impact of this change is a decrease in liabilities for the Authority.
4. Payroll increase assumption has been updated from a rate of 3.00% per annum to 2.75% per annum to reflect the 2017 CalPERS pension plan valuation. The impact of this change is an increase in liabilities for the Authority.
5. Health care trend rates have been reset to an initial rate of 6.5% decreasing by 0.5% annually to an ultimate rate of 4.50% as shown below. This change caused an increase in liabilities for the Authority.

<b>FYE</b>	<b>Prior</b>	<b>Current</b>
2021	5.00%	6.50%
2022	5.00%	6.25%
2023	5.00%	6.00%
2024	5.00%	5.75%
2025	5.00%	5.50%
2026	5.00%	5.25%
2027	5.00%	5.00%
2028	5.00%	4.75%
2029	5.00%	4.50%

# Appendix

## South Orange County Community College District GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Valuation Results Summary

Below is the summary of the GASB results for fiscal year ending June 30, 2021 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 6.5%.

Present Value of Employer Contributions	Explicit	Implicit	Total
Active	\$ 5,055,857	\$ 917,092	\$ 5,972,949
Retirees	\$ 6,371,971	\$ 607,423	\$ 6,979,394
<b>Total</b>	<b>\$ 11,427,828</b>	<b>\$ 1,524,515</b>	<b>\$ 12,952,343</b>

Total (Accrued) OPEB Liability	Explicit	Implicit	Total
Active	\$ 3,233,734	\$ 586,573	\$ 3,820,307
Retirees	\$ 6,371,971	\$ 607,423	\$ 6,979,394
<b>Total</b>	<b>\$ 9,605,705</b>	<b>\$ 1,193,996</b>	<b>\$ 10,799,701</b>

Projected Employer Contributions	Explicit	Implicit	Total
2021	\$ 501,080	\$ 133,829	\$ 634,909
2022	\$ 534,495	\$ 165,070	\$ 699,564
2023	\$ 570,256	\$ 165,118	\$ 735,374
2024	\$ 576,729	\$ 135,913	\$ 712,642
2025	\$ 616,041	\$ 144,470	\$ 760,511
2026	\$ 653,060	\$ 146,035	\$ 799,095
2027	\$ 660,170	\$ 120,291	\$ 780,461
2028	\$ 695,689	\$ 121,671	\$ 817,360
2029	\$ 716,282	\$ 101,161	\$ 817,443
2030	\$ 731,390	\$ 83,355	\$ 814,746

# GLOSSARY

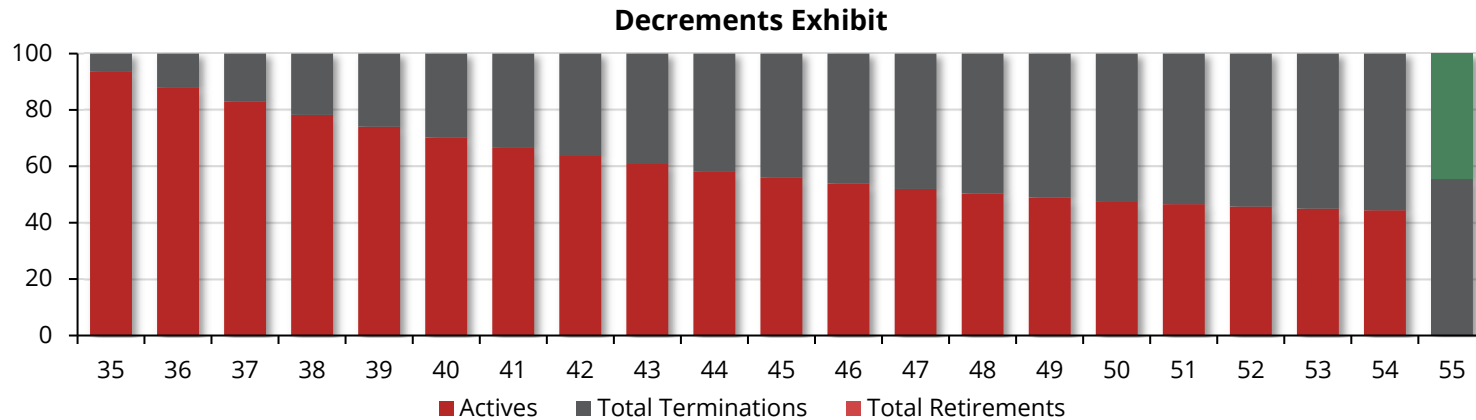
# Glossary – Decrements Exhibit

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year <sup>2</sup>	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



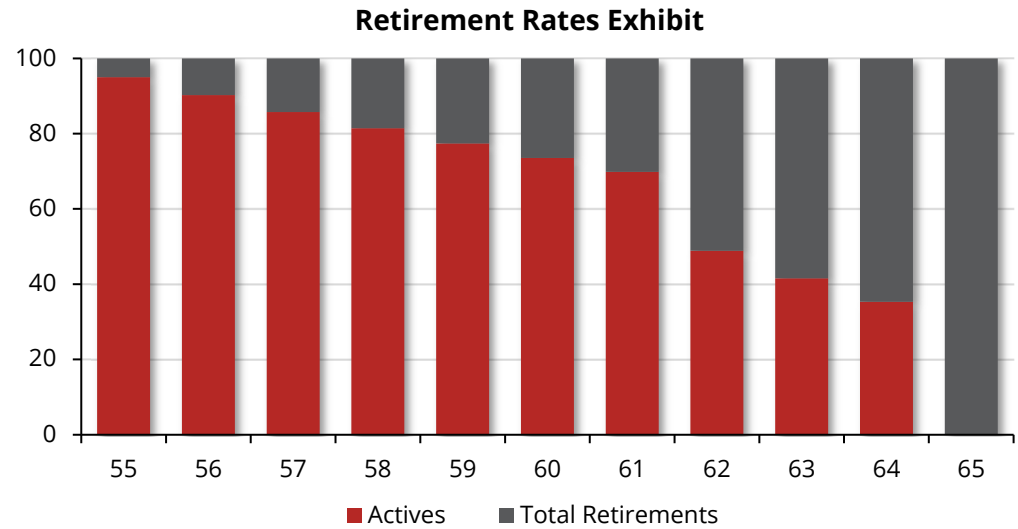
<sup>2</sup> The above rates are illustrative rates and are not used in our GASB calculations.

# Glossary – Retirement Rates Exhibit

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



\* The above rates are illustrative rates and are not used in our GASB calculations.

# Glossary – Definitions

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## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
  - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
  - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
  - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
  - a. Differences between expected and actual experience of the OPEB plan
  - b. Changes in assumptions
  - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.



# Glossary – Definitions

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## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

# Glossary – Definitions

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## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 2020, then 7.5% for 2021, and 7% for 2022 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

# Agenda Item

# 6

**Finance Committee Meeting**

**Meeting Date:** September 21, 2021

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

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

**SUBJECT:** CalPERS Pension Plan and OPEB (Retiree Health) Unfunded Termination Liabilities Calculation for an Individual Agency-Draft Template and Assumptions

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## Summary/Discussion

To facilitate the discussions on the Termination Liability if an Individual Agency leaves SOCWA, Staff has worked with an Actuary Firm, Bartel Associates, to prepare a Draft Template to calculate the UAL and OPEB Termination Liabilities using different discount rate scenarios.

The attached PowerPoint details the assumptions, risk factors, time span, and investment strategy used to determine the appropriate discount rates to be used in the template.

### Key Assumptions:

- Use CalPERS Termination Formula.
- The Terminating Agency will pay all of its allocated obligations for UAL and Retiree Health.
- The Investment Strategy for the discount rate is conservative, secured by risk-free assets, the 20-year Treasury Rate.
- The termination liability will be significantly larger than the current UAL and OPEB for the Terminating agency, largely due to a lower discount rate.
- The Termination Formula includes benefits for the lifetime of Participants, both current retirees and active employees.
- Remaining Member Agencies Risk is mitigated by the usage of a lower discount rate than the current Public Employees' Retirement Fund (PERF) expected rate of return or discount rate.
- **The amounts included in the presentation are Hypothetical and should not be considered as the final termination liability.**

The draft UAL liability work was completed by Bartel Associates and Nyhart Actuary Firm completed the work on Retiree Health.

**Prior to a final decision on funding, the calculation should be confirmed by Bartel.**

**Recommended Action:** The Finance Committee to review and comment.

**CalPERS Pension Plan  
and  
OPEB (Retiree Health)  
Unfunded Termination Liability  
Calculation  
for an Individual Agency**

# CalPERS Hypothetical Termination Liability Assumptions

1. The Plan Liability on a Termination Basis is Calculated **differently** from the Plan's ongoing funding Liability
2. The Hypothetical Termination Liability Calculation assumes:
  - Compensation and Service are Frozen as of the Valuation Date
  - There are No Future Pay Increases or Service Accruals
  - The Measure of Funded Status is **Not** Appropriate for determining future plan contributions.

# CalPERS Hypothetical Termination Liability Assumptions (cont.)

3. A more **Conservative Investment Policy and Asset Allocation Strategy** was adopted by the CalPERS Board for the Terminated Agency Pool:
- The Terminated Agency Pool has limited funding sources since no future employer contributions will be made
  - Expected Benefit Payments are secured by **Risk-Free Assets** and **Benefit Security** for members is **increased** while limiting the funding risk.
  - The Asset Allocation has a lower rate of return than the Public Employees' Retirement Fund (PERF) and consequently, a lower discount rate assumption.
  - The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination.

# Selection of CalPERS Termination Formula and Remaining Member Agencies Risk

SOCWA's CalPERS plan will not be terminated if one member agency leaves, and its assets will not be placed in the Terminated Agency Pool

- We have selected CalPERS' termination basis as the value of the plan's liabilities on a risk-free basis, since the terminating member agency will have **no future obligation** for any SOCWA CalPERS payments.
- SOCWA's Assets will remain the same but distributed amongst the remaining agencies using SOCWA's Board Approved Actuarial Methodology for distributing Long Term Liabilities.
- Because SOCWA's assets are still invested in the PERF, there is still a **risk of investment loss as well as longevity loss.**
- Any loss would need to be **repaid** by the **remaining agencies.**

# The Calculated Termination Liability Mitigates the Remaining Agencies Risk

The calculated payment will be larger than the terminating member agency's currently allocated net pension liability.

- This extra amount compensates the remaining agencies for the **additional risk** they are taking on (they each have a larger allocated share of assets, so the potential dollar amount of investment loss is larger).

The Termination Formula includes the following assumptions to mitigate risk for the remaining agencies:

- 5% increase in liabilities for longevity risk (CalPERS termination assumption)
- Use of the 20 year Treasury rate, a lower discount rate increases liabilities substantially.

If the payment from the Terminated Agency is paid to CalPERS, it will reduce the required contributions and net pension liability for the remaining member agencies in the short term.

- Compensation for their extra<sup>61</sup> risk.

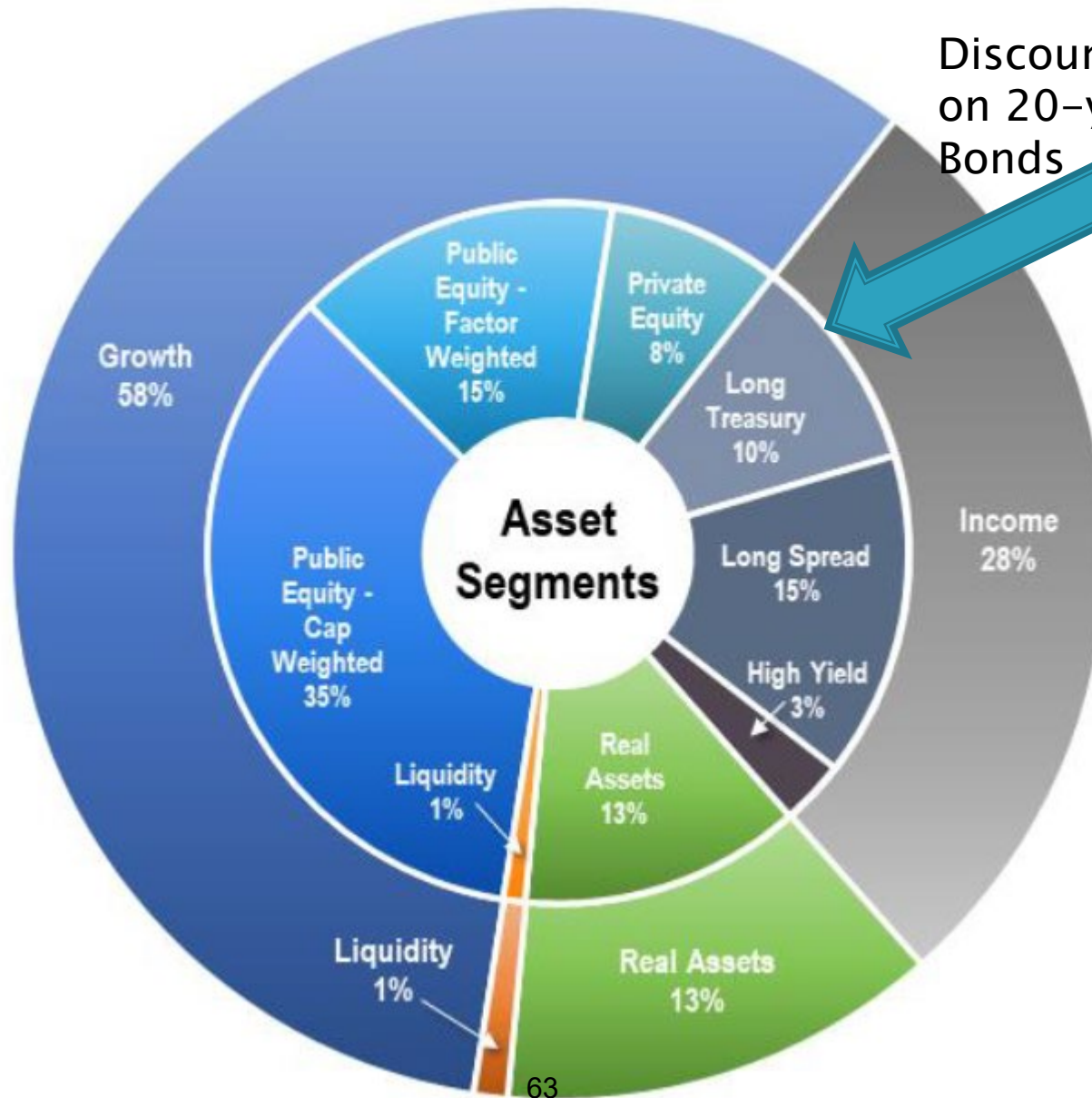


# The Termination Formula Includes Benefits for the Lifetime of Plan Participants

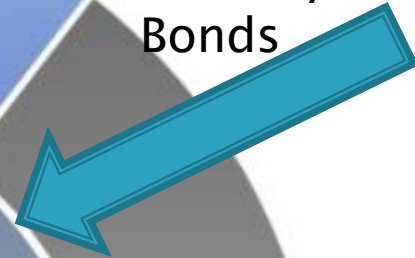
CalPERS pension calculations and the GASB–required Net Pension Liability include the total pension liability accrued to date. This is the discounted present value now of:

- All benefits that will be paid to current retirees for the remainder of their lifetimes and to their beneficiaries thereafter
- All benefits attributable to SOCWA service to be paid to terminated employees after their retirement for the remainder of their lifetimes and thereafter to their beneficiaries
- All benefits attributable to SOCWA service to date, to be paid to current employees after their retirement for the remainder of their lifetimes and thereafter to their beneficiaries

# Strategic Asset Allocation Policy Targets



Discount Rate based on 20-year Treasury Bonds



# 20 Year Treasury Rate

DATE	LT COMPOSITE (>10 Yrs)	TREASURY 20-Yr CMT
08/02/21	1.76	1.77
08/03/21	1.74	1.76
08/04/21	1.73	1.74
08/05/21	1.76	1.77
08/06/21	1.84	1.85
08/09/21	1.86	1.87
08/10/21	1.89	1.90
08/11/21	1.89	1.90
08/12/21	1.91	1.92
08/13/21	1.83	1.85
08/16/21	1.81	1.82
08/17/21	1.81	1.82
08/18/21	1.80	1.84
08/19/21	1.77	1.80
08/20/21	1.77	1.79
08/23/21	1.76	1.79
08/24/21	1.80	1.83
08/25/21	1.85	1.88
08/26/21	1.84	1.87
08/27/21	1.81	1.84

**Process: Calculate Net Pension Liability on CalPERS plan termination basis and determine the allocated share for the terminating agency as of the selected termination date.**

Enter information in all cells with blue text. See screen shots at right for sources of data.

Calculation should be reviewed and certified by the actuary before payments are finalized.

Selected termination date 6/30/2021

**Step 1. Enter data from most recent CalPERS funding reports (SOCWA Gross) .**

	Tier 1	Tier 2	PEPRA	Total
Discount Rate (Current Assumptions)	7.00%			
1% Higher Real Return Rate	8.00%			
Hypothetical Termination Rate 1	<b>0.75%</b>			
Hypothetical Termination Rate 2	2.50%			
Accrued Liability 7%	56,841,906	1,753,952	1,940,639	60,536,497
Accrued Liability 8%	50,843,999	1,482,731	1,578,002	53,904,732
Hypothetical Termination Liability @ 0.75%	130,181,853	4,697,388	5,482,666	140,361,907
Hypothetical Termination Liability @ 2.50%	100,642,422	3,144,027	3,325,098	



# Hypothetical Termination Liability for Agency Leaving SOCWA

Step 8	Calculate terminating agency's allocated portion of termination basis NPL	
Enter terminating agency % from most recent financial reporting calculation		0.761%
Agency Net Pension Liability @ termination rate @FYE 6/30/21		523,605
Portion of year to calculation date		12.60%
Interest adjustment		1.00231
Immediate payment required from terminating agency		<b>524,816</b>

Termination  
Liability



# Additional Facts

1. Information needed for the calculation is available in early August of each year. For example, in August 2021 we knew:
  - SOCWA's Net Pension Liability for 6/30/2021 reporting, which is the actual amount measured at 6/30/2020
  - CalPERS termination basis pension liabilities and discount rate sensitivities, as published in the 6/30/2020 valuation reports.
2. The resulting termination calculation is really as of June 30, 2020 (but using the current termination basis discount rate) and does not reflect any asset gains or losses in the meantime
  - This penalizes a member agency wishing to terminate following a year of good asset performance and would incent member agencies to wait to terminate after a year of poor investment returns.

## Additional Facts (Cont.)

3. To compensate for this, the assets used in the calculation are increased or decreased by the difference between the discount rate used to calculate the Net Pension Liability (eg, 7.15% at 6/30/2021) and CalPERS' published rate of return for the most recent fiscal year.
4. No adjustment is made for:
  - Asset changes from contributions or benefit payments during the year. These are often very roughly equal.
  - Changes in CalPERS discount rate. Liabilities have already been adjusted to the current termination discount rate
  - Growth in liabilities during the year for benefits earned, interest, and benefits paid. CalPERS does not provide the data needed to do this calculation. However, adjusting the assets for performance relative to 7.15% rather than relative to the 20 year bond rate (1.85% in the example) will compensate for this.

# OPEB (Retiree Health)



# OPEB (Retiree Health)

1. Process will be the same as for CalPERS pensions. We recommend using the following actuarial assumptions:
  - Liabilities adjusted to same Treasury bond rate as for pensions
  - 5% load for longevity risk, same as for pensions
  - Medical trend rate 1% per year higher than in the actuary's current valuation. Medical trend is the annual increase in health care cost for all reasons except a participant's increasing age. The 1% trend sensitivity is a GASB-required disclosure. While 1% higher trend may not adequately cover the risk of health care premium fluctuations in the short term, we believe that when applied over all future years it is a reasonable estimate that minimizes potential health premium risk.

# Retiree Health Termination Liability Discount Rate Scenarios

	<b>Entry Age Normal – level % of pay Liability as of 12/31/2020</b>		
	DR = 6.5%	DR = 0.75%	DR = 2.5%
Baseline	10,665,771	24,468,103	18,219,460
+ 1% Trend	12,750,922	30,123,068	21,791,689

# Questions and Discussion

# Agenda Item

# 7

**Finance Committee Meeting**

**Meeting Date:** September 21, 2021

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

**CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** Uniform Purchasing Policy and Procedure – Nondiscretionary Spending

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## Summary / Discussion

In December 2019 SOCWA staff proposed revisions to the SOCWA Uniform Purchasing Policy and Procedures (“Policy”). At that time, the spending authorizations identified in Appendix 1 to Exhibit 1 and repeated on Exhibit 5 were revised to clarify the personnel designations of authority. This request was submitted by staff largely due to changes in positions and reassignments of responsibility in the organization due to retirements.

At that time, Director Collings and Director Cafferty expressed some interest in the review of Exhibit 2 to the Policy to discuss Non-Discretionary Expenses. In the January timeframe 2020 the work among the agencies changed to focus on adjustment to Covid-19 related matters and this item was never concluded at the level of the Finance Committee. The item was brought back at the October 2020 Finance Committee and no action was taken at that time.

## Background

Director Collings has shared the following information on this topic from the experience of MNWD and the manner in which MNWD views non-discretionary expenses, which differs slightly from the approach SOCWA utilizes to the same issue. SOCWA’s approach mirrors that of Santa Margarita Water District and its approach to non-discretionary spending. The Santa Margarita approach was the model used for SOCWA’s development of its Policy in 2015.

The MNWD approach views non-discretionary expenses as those where agency does not have the ability to change vendors or a change would require substantial effort and planning to accomplish the change. Second, just because a budget is approved does not mean that an expenditure is authorized. At MNWD, the organization views non-discretionary expenses as those where the vendors are pre-determined and cannot be adjusted, such as CalPERS payments, water purchases; or where it would take a substantial effort and future board action to change vendors, such as insurance, legal expenses, investment advisors, software license renewals.

In 2019, Director Collings comment on the SOCWA policy noting that a number of the services identified under the contractual agreements (Exhibit 2) could have multiple vendor alternatives including: landscape maintenance, routine facilities maintenance, materials used in wastewater treatment, chemicals for treatment plants, hauling contracts, uniforms, and possibly others like outreach services. These should be Board decisions.

For purposes of comparison, the relevant sections of the MNWD policy read:

“Non-Discretionary Purchases do not require Board approval for payment, including those over the General Manager limit of \$75,000. Initial software license agreements and cloud-based services are subject to the purchase limits in Table 2. Purchase Orders are not required for Non-Discretionary Purchases.”

“Non-Discretionary Purchases – Payments to utilities and national, state or local agencies that relate to routine obligations and **expenses essential to the District’s ability to provide service to customers and that have been approved in fiscal year operating or capital budgets**, and for the purposes of this policy, shall **also include expenses previously approved by the Board**, which would require significant advanced planning to change service providers, such as software license agreement renewal/ cloud based services renewal, insurance providers, and healthcare providers.”

As noted, the SOCWA Policy takes a more restrictive approach to non-discretionary spending, as follows:

- The SOCWA budget(s) comprise the spending authorization for the coming Fiscal Year and identify both discretionary and non-discretionary funds to be expended.
- The General Manager is authorized to expend the Budgeted funds up to and including \$50,000. All non-discretionary budgeted costs exceeding \$50,001 are reported to the Board.
- SOCWA defines “non-discretionary expenses” as - items that are approved for expenditure within a FY Budget and do not require further action of the Board for payment (see Exhibit 2 examples), which items may be less than or greater than the General Manager Authorization limit of \$50,000. Non-discretionary expenses relate to expenses essential to SOCWA’s ability to provide service to Member Agencies and other customers (includes water purchases and power costs) and payroll related costs (tax obligations, PERS, employee benefits, and voluntary deductions). Non-Discretionary Expenses include but are not limited to the examples shown in Exhibit 2.
- Exhibit 2 is a list of examples of non-discretionary, budgeted expenses (attached).
- The approval of the budget in each fiscal year for each PC includes the statement: “[A]uthorize the General Manager to expend up to and not more than the total budget funds per the purchasing and/or emergency services policy.”

Because the SOCWA GM (as other agency GMs) has spending authorization for budgeted funds up to \$50,001, the non-discretionary spending in issue here would be amounts over \$50,001. For MNWD the authorization extends to \$75,000 and above for non-discretionary spending. For SOCWA, non-discretionary amounts over \$50,001 are reported to the Board.

**Recommended Action:** The Finance Committee to review the Appendix 1 and Exhibit 2 and provide comments and recommendations for changes to the policy.

 <b>SocWA</b> <small>South Orange County Watershed Authority</small>	<b>POLICY NUMBER: Administration 1.715</b>
Revised: December 12, 2019	<b>Title: Uniform Purchasing Policy and Procedures</b>

### Appendix 1- (to Exhibit 1)

#### Board Delegation of Approval Authority for Discretionary Expenses (Effective December 12, 2019)

Dollar Limits	Board of Directors	General Manager	Department Heads	Department Managers	Chief Operators	Supervisors
<b>Purchase Orders &amp; Contracts</b>						
\$50,001 & up	X					
up to \$50,000		X				
up to \$25,000			X			
up to \$5,000				X	X	
up to \$2,500						X
<b>Check Requests</b>						
\$50,001 and over	X					
up to \$50,000		X				
up to \$25,000			X			
up to \$5,000				X	X	
up to \$2,500						X
<b>Petty Cash</b>						
\$400 and under		X	X	X	X	X
<b>Contracts</b>						
\$50,001 and over	X					
Up to \$50,000 (Construction Chg. Order w/in budget) 10% of contract		X				
Non-Discretionary Budgeted Costs reported to Board - \$50,001 and up		X				
<b>Emergencies</b>						
\$50,001 and over	X (or their designee)	X				

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## Exhibit 2

### Non – Discretionary Expenses

Non-discretionary Expenses are items that are approved for expenditure with the FY Budget and do not require further Board Action for payment, including those that exceed the General Manager limit of \$50,000. Non-Discretionary Expenses are listed under two categories, known as Contractual Agreements<sup>3</sup> and Essential Expenses.

#### ***Contractual Agreements, Purchase Orders:***

##### **1. Budgeted Expense:**

Cash Management Fees for Bank Services – and deposits to LAIF, if any  
Insurance Payments (general liability, worker’s compensation, etc.)  
Computer System Purchases, Maintenance Contracts, and Computing Support Services:

- Blackbaud / Financial Edge (ERP Systems)
- Tabware
- SCADA Systems

##### Facilities Maintenance Agreements

- HVAC Equipment and Services
- Landscape Maintenance
- Building Cleaning Services
- Plumbing Services
- Trash disposal
- Security Patrols and Services
- Routine facilities maintenance and upkeep
- Approved or Authorized Equipment Manufacture Parts and Services Agreements
- Manufacture Equipment Warranty and Service Agreements Deliveries
- Chemicals for Treatment Plants
- Materials used in wastewater treatment, Ferric Chloride, etc.
- Natural Gas Purchases

##### Regional Participation Agreements

- Integrated Regional Watershed Management annual fee

##### Operations and Maintenance

- Operating Leases, trailer space, equipment, etc.
- Hauling Contracts
  - Biosolids
  - Grit & Screenings

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<sup>3</sup> Where a Non – Discretionary Contractual Agreement with a vendor exceeds \$50,000, the award will be reported to the Board of Directors.

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- Solids & Residuals, Scum, etc.
- Deliveries
  - Chemicals for Treatment Plants
  - Materials used in wastewater treatment, Ferric Chloride, etc.
- Routine Operational
  - Uniforms
  - Machining
  - Equipment servicing
    - Scrubber system maintenance
  - Centrifuge servicing, etc.
- Fleet / Truck / Vehicle Expenses
- Business Supplies
  - Printers, Computer & Paper Supplies
  - Miscellaneous Business Supplies

#### Human Resources Expenses

- Training & conferences
- Routine cost evaluations, market salary verifications,
- Employment verifications, etc.
- Employee contingent liabilities
- Salaries and benefit payments
- Deferred compensation payments
- PERS – Employer Costs
- Federal and State Employee Taxes
- Medicare Taxes
- Approved Capital Projects
- FY Expenditures
- Retention Releases

## 2. Essential Expenses:

- Utilities (power, gas, phone, mobile services, emergency services and data communications lines).
- Water Purchases, water meter
- Sales and Use Tax payments
- Permit Fees
- Regulatory Fees and Charges