

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

**August 16, 2022  
10:30 a.m.**

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

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

Meeting ID: 885 5026 3456  
Passcode: 685847

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+16699006833,,88550263456#,,,,\*685847# US (San Jose)

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Find your local number: <https://socwa.zoom.us/j/88550263456>

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held by teleconference on **August 16, 2022**, located at 34156 Del Obispo Street, Dana Point, California.

*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 ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT TO DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE 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"), BUT ARE NOT OPEN TO THE PUBLIC DURING THE PERIOD OF STAY AT HOME ORDERS. IF SUCH WRITINGS 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
  - a. Finance Committee Meeting of April 19, 2022
  - b. Finance Committee Meeting of May 10, 2022

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

4. Financial Reports for the Month of May 2022, and June 2022 Disbursements

The reports included are as follows:

- a. Summary of Disbursements for May 2022 (Exhibit A-1); and Summary of Disbursements for June 2022 (Exhibit A-2)
- 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)
- f. Q3 Fringe Pool and Fringe Rate Forecast (Exhibit E-5) (Updated Fringe Rate)

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors (i) ratify the May 2022 disbursements for the period from May 1, 2022, through May 31, 2022, totaling \$3,370,435, and to receive and file the May 2022 Financial Reports as submitted; and (ii) ratify the June 2022 disbursements for the period from June 1, through June 30, 2022, totaling \$3,206,691.

5. Adoption of Other Post-Employment Benefits (OPEB) PARS Trust Account Investment Guidelines and the GM Signature Authority as Plan Administrator

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors provide comments on the Draft Guidelines and adopt the Investment Guidelines including the GM Signature Authority as the Plan Administrator.

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

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the PARS report.

7. Draft GASB 68 Report for the Fiscal Year Ended June 30, 2022

**Recommended Action:** Staff recommends that the Finance Committee 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.

8. Update on 457b Plan Services, Pricing, and Survey

**Recommended Action:** Committee discussion/comments/direction

9. Bartel Associates, LLC was acquired by Foster & Foster Consulting Actuaries, Inc. Effective July 1, 2022

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors authorize the General Manager to modify the Bartel services contract to receive services from the acquiring firm, Foster and Foster.

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 10th day of August 2022.



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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**

**April 19, 2022**

**DRAFT**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on April 19, 2022 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 Zoom Meeting:

DAN FERONS	Santa Margarita Water District	Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
PAMELA ARENDS-KING	South Coast Water District	Alternate Director
MATT COLLINGS	Moulton Niguel Water District	Director [exited @ 11:50 a.m.]
STEVE MAY	City of San Juan Capistrano	Alternate Director

**Absent:**

TONI ISEMAN	City of Laguna Beach	Director
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**Staff Participation:**

BETTY BURNETT	General Manager
AMBER BAYLOR	Director of Environmental Compliance
JIM BURROR	Director of Operations
MARY CAREY	Finance Controller
KONSTANTIN SHILKOV	Senior Accountant
NADYN KIM	Accountant
ANNA SUTHERLAND	Accounts Payable
DAVID BARANOWSKI	Senior Engineer
RONI YOUNG	Associate Engineer
JEANETTE COTINOLA	Procurement/ Contracts Manager
DINA ASH	HR Administrator
MATT CLARKE	IT Administrator
DANITA HIRSH	Executive Assistant

**Also Participating:**

TRACIE STENDER	Procopio Law
KATHRYN FRESHLEY	El Toro Water District
SHERRY WANNINGER	Moulton Niguel Water District
TREVOR AGRELIUS	Moulton Niguel Water District
MIKE GASKINS	El Toro Water District
ERICA CASTILLO	Santa Margarita Water District
GAVIN CURRAN	City of Laguna Beach
FERNANDO PALUDI	Trabuco Canyon Water District
JASON HAYDEN	El Toro Water District

**1. Call Meeting to Order**

Chairman Ferons called the meeting to order at 10:30 a.m.

2. Public Comments

None.

3. Approval of Minutes

- a. Finance Committee Meeting of March 15, 2022
- b. Finance Committee Meeting of March 29, 2022

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Cafferty to recommend to the Board of Directors to approve subject Minutes as submitted.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
Director Ferons	Aye
Director Iseman	Absent
Director May	Aye
Director Cafferty	Aye
Director Collings	Aye
Director Arends-King	Aye

4. Financial Reports for the Month of March 2022

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Ferons to recommend to the Board of Directors to ratify the March 2022 disbursements for the period from March 1, 2022, through March 31, 2022, totaling \$3,237,151, and to receive and file the March 2022 Financial Reports as submitted.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
Director Ferons	Aye
Director Iseman	Absent
Director May	Aye
Director Cafferty	Aye
Director Collings	Aye
Director Arends-King	Aye

5. Q3 FY 2021-22 Cash Roll Forward as of March 31, 2022

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 Q3 Fiscal Year 2021-22 Cash Roll Forward as submitted.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
Director Ferons	Aye
Director Iseman	Absent
Director May	Aye
Director Cafferty	Aye
Director Collings	Aye
Director Arends-King	Aye

6. 457b Plan Loan Program Update

Ms. Betty Burnett, General Manager updated the Finance Committee stating at the direction of the Committee staff agreed to look at the paperwork that would be prepared to accomplish the ability for SOCWA to process loan payments from the money that would otherwise be paid directly to the retirees having to do with funding that is due them for medical expenses payable for their medical plan. Additionally, as requested by Director Arends-King staff was asked to check into the 457b plan to determine how many loans are participants allowed to have. Ms. Burnett commented that staff is only allowed one loan at a time and that there was not a significant amount of loans out currently. She continued by stating the documentation is very clear that if for any reason the payments coming from PERS were not available to cover the loan payment for the retiree, then that money from the loan would become a distribution and the retiree would be responsible for paying the taxes on just like any other distribution. An open discussion ensued.

ACTION TAKEN

Motion was made by Director Arends-King and seconded by Director Collings to recommend that the Board of Directors to approve the SOCWA 457b Plan Loan Program to allow for an offset of payments otherwise due to retirees to be allocated to retiree loan repayments following separation from employment with the caveat that should the repayment source become unavailable the loan balance would then become a taxable distribution event, and to approve the revision to the Nationwide 457b Plan Administration Agreement to allow for SOCWA to submit the offset monies for the repayment of loan amounts via Nationwide's Fast Pay system.

Motion carried:	Aye 3, Nay 2, Abstained 0, Absent 1
	Director Ferons           Nay
	Director Iseman         Absent
	Director May             Nay
	Director Cafferty       Aye
	Director Collings       Aye
	Director Arends-King   Aye

7. SOCWA 457b Plan Investment Policy Update

ACTION TAKEN

Motion was made by Director Arends-King and seconded by Director Collings to recommend to the Board of Directors to approve the SOCWA Employee Committee moving ahead to sign a revised Investment Policy Statement and also to bring back to the Finance Committee the discussion on the services that are being provided.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Ferons           Aye
	Director Iseman         Absent
	Director May             Aye
	Director Cafferty       Aye
	Director Collings       Aye
	Director Arends-King   Aye

8. FY2021/22 O&M Budget Update and Proposed Budget Amendments

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Cafferty to recommend to the PC 2 Board to approve JBL budget line items to be amended by \$430,000 and allocated as reported and recommend to the PC 17 Board to approve RTP budget line items to be amended by \$100,000 and allocated as reported.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Ferons Aye
	Director Iseman Absent
	Director May Aye
	Director Cafferty Aye
	Director Collings Aye
	Director Arends-King Aye

9. FY 2022-23 O&M Environmental Safety, General Fund, Administration, Residual Engineering, IT, and Capital Budget Workshop

Ms. Carey presented the proposed FY 2022-23 budget as follows:

- O&M, Environmental, and Safety proposed budget was presented for Fiscal Year 2022-23 in the amount of \$19.3 million; a year-over-year increase of 4.4%.
- Admin budget was presented including the General Fund in the amount of \$2.2 million a year-over-year decrease of -3.8%. Also, the Residual Engineering proposed budget was presented in the amount of \$326,000, a year-over-year decrease of -6.9%.
- IT budget was presented in the amount of \$780,000; a year-over-year decrease of -1.4%.
- FY 2022-23 Fringe Pool and Rate was presented at \$3.4 million a year-over-year increase of 3.3%. The Fringe Rate is 52.2%; a year-over-year increase of .4%.
- Unfunded Liability & OPEB was presented in the amount of \$1.8 million; a year-over-year increase of 11.53%.
- SOCWA Total Budget was presented in the amount of \$21.8 million or 3.4% increase year-over-year before UAL and OPEB. Total Budget after UAL and OPEB is \$23.7 million and a year-over-year increase of 4.0%.

An open discussion ensued.

**Recommended Action:** This was an information item; no action was taken.

Adjournment

There being no further business, Chairman Ferons adjourned the meeting at 12:20 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of April 19, 2022 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



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

**Finance Committee**

**May 10, 2022**

**DRAFT**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on May 10, 2022 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 Zoom Meeting:

DAN FERONS	Santa Margarita Water District	Director
TONI ISEMAN	City of Laguna Beach	Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
PAMELA ARENDS-KING	South Coast Water District	Alternate Director
MATT COLLINGS	Moulton Niguel Water District	Director [arrived @ 10:32 a.m.]

**Absent:**

STEVE MAY	City of San Juan Capistrano	Alternate Director
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**Staff Participation:**

BETTY BURNETT	General Manager
AMBER BAYLOR	Director of Environmental Compliance
JIM BURROR	Director of Operations
MARY CAREY	Finance Controller
KONSTANTIN SHILKOV	Senior Accountant
NADYN KIM	Accountant
ANNA SUTHERLAND	Accounts Payable
DAVID BARANOWSKI	Senior Engineer
RONI YOUNG	Associate Engineer
JEANETTE COTINOLA	Procurement/ Contracts Manager
DINA ASH	HR Administrator
MATT CLARKE	IT Administrator
DANITA HIRSH	Executive Assistant

**Also Participating:**

TRACIE STENDER	Procopio Law
ADRIANA OCHOA	Procopio Law
KATHRYN FRESHLEY	El Toro Water District
SHERRY WANNINGER	Moulton Niguel Water District
TREVOR AGRELIUS	Moulton Niguel Water District
MIKE GASKINS	El Toro Water District
ERICA CASTILLO	Santa Margarita Water District

**1. Call Meeting to Order**

Chairman Ferons called the meeting to order at 10:30 a.m.

2. Public Comments

None.

3. Financial Reports for the Month of April 2022

ACTION TAKEN

Motion was made by Director Iseman and seconded by Director Arends-King to recommend to the Board of Directors to ratify the April 2022 disbursements for the period from April 1, 2022, through April 30, 2022, totaling \$2,687,927, and to receive and file the April 2022 Financial Reports as submitted.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Ferons           Aye
	Director Iseman           Aye
	Director May           Absent
	Director Cafferty       Aye
	Director Collings       Aye
	Director Arends-King   Aye

4. FY 2022-23 Workshop Total Budget and Response to Questions and Comments

Ms. Burnett and Ms. Carey presented the new Budget Assumptions for the General Fund and various scenarios.

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Ferons to recommend to the Board of Directors to approve Fiscal Year 2022-23 Budget at the May 19, 2022 Board Budget Workshop.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Ferons           Aye
	Director Iseman           Aye
	Director May           Absent
	Director Cafferty       Aye
	Director Collings       Aye
	Director Arends-King   Aye

Adjournment

There being no further business, Chairman Ferons adjourned the meeting at 11:41 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of May 10, 2022 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:** August 16, 2022

**TO:** Finance Committee  
**FROM:** Betty Burnett, General Manager  
**STAFF CONTACT:** Mary Carey, Finance Controller  
**SUBJECT:** Financial Reports for the Month of May 2022, and June 2022 Disbursements

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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 May 2022 (Exhibit A-1); Summary of Disbursements for June 2022 (Exhibit A-2)
- 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)
- f. Q3 Fringe Pool and Fringe Rate Forecast (Exhibit E-5) (Updated Fringe Rate)

## Fiscal impact

May 2022 cash disbursements were: \$ 3,370,435.

- 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 that the Finance Committee recommend that the Board of Directors (i) ratify the May 2022 disbursements for the period from May 1, 2022, through May 31, 2022, totaling \$3,370,435, and to receive and file the May 2022 Financial Reports as submitted; and (ii) ratify the June 2022 disbursements for the period from June 1, through June 30, 2022, totaling \$3,206,691.

**Exhibit A-1**

**South Orange County Wastewater Authority  
Summary of Disbursements for May 2022  
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	\$ (142,324)
PC 2 - Jay B. Latham Plant	(875,994)
PC 5 - San Juan Creek Ocean Outfall	(29,295)
PC 8 - Pretreatment Program	(17,038)
PC 12 SO - Water Reclamation Permits	(802)
PC 15 - Coastal Treatment Plant/AWT	(818,021)
PC 17 - Joint Regional Wastewater Reclamation	(1,455,609)
PC 21 - Effluent Transmission Main	(5,057)
PC 23 - North Coast Interceptor	-
PC 24 - Aliso Creek Ocean Outfall	(26,295)
<b>Total</b>	<u><u>\$ (3,370,435)</u></u>

**South Orange County Wastewater Authority  
Summary of Disbursements for June 2022  
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	\$ (388,322)
PC 2 - Jay B. Latham Plant	(1,277,940)
PC 5 - San Juan Creek Ocean Outfall	(15,079)
PC 8 - Pretreatment Program	(15,302)
PC 12 SO - Water Reclamation Permits	(17,268)
PC 15 - Coastal Treatment Plant/AWT	(656,693)
PC 17 - Joint Regional Wastewater Reclamation	(797,504)
PC 21 - Effluent Transmission Main	(24,980)
PC 23 - North Coast Interceptor	-
PC 24 - Aliso Creek Ocean Outfall	(13,603)
<b>Total</b>	<u><u>\$ (3,206,691)</u></u>

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of May 31, 2022**

CASH IN BANK: (BEGINNING BAL.)	\$ 1,455,709
L.A.I.F. FUNDS: (BEGINNING BAL.)	9,013,334
DEPOSITS, TRANSFERS & ADJUSTMENTS:	6,747,285
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION <sup>1</sup>	<u>(3,370,435)</u>
<b>TOTAL CASH IN BANK</b>	<b><u>\$ 13,845,892</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 07/18/22



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

June	0.861
May	0.684
Apr	0.523

### Quarterly Performance Quarter Ended 06/30/22

LAIF Apportionment Rate <sup>(2)</sup> :	0.75
LAIF Earnings Ratio <sup>(2)</sup> :	0.00002057622201151
LAIF Fair Value Factor <sup>(1)</sup> :	0.987125414
PMIA Daily <sup>(1)</sup> :	0.99%
PMIA Quarter to Date <sup>(1)</sup> :	0.69%
PMIA Average Life <sup>(1)</sup> :	311

### Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 06/30/22 \$234.5 billion

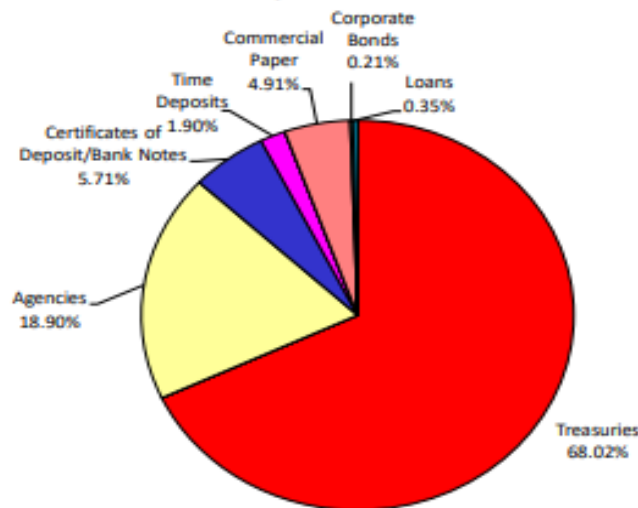


Chart does not include \$4,693,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

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).

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller

**Exhibit C**

**South Orange County Wastewater Authority  
Schedule of Cash and Investments  
as of May 31, 2022**

MVA	\$ 3,162	(A)
A/P Checking	1,146,570	(B)
Payroll Checking	41,826	(C)
State LAIF	12,654,334	(D)
<b>Total Cash in Bank<sup>1</sup></b>	<b>\$ 13,845,892</b>	
Petty Cash	1,600	(E)
<b>Total Operating Cash</b>	<b>\$ 13,847,492</b>	
OPEB Trust	6,079,019	(F)
<b>Total Cash and Investments</b>	<b>\$ 19,926,511</b>	

<sup>1</sup>Bank balance at the end of a month may differ from an accounting closing balance as there may be in-transit items that haven't cleared the bank.

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.



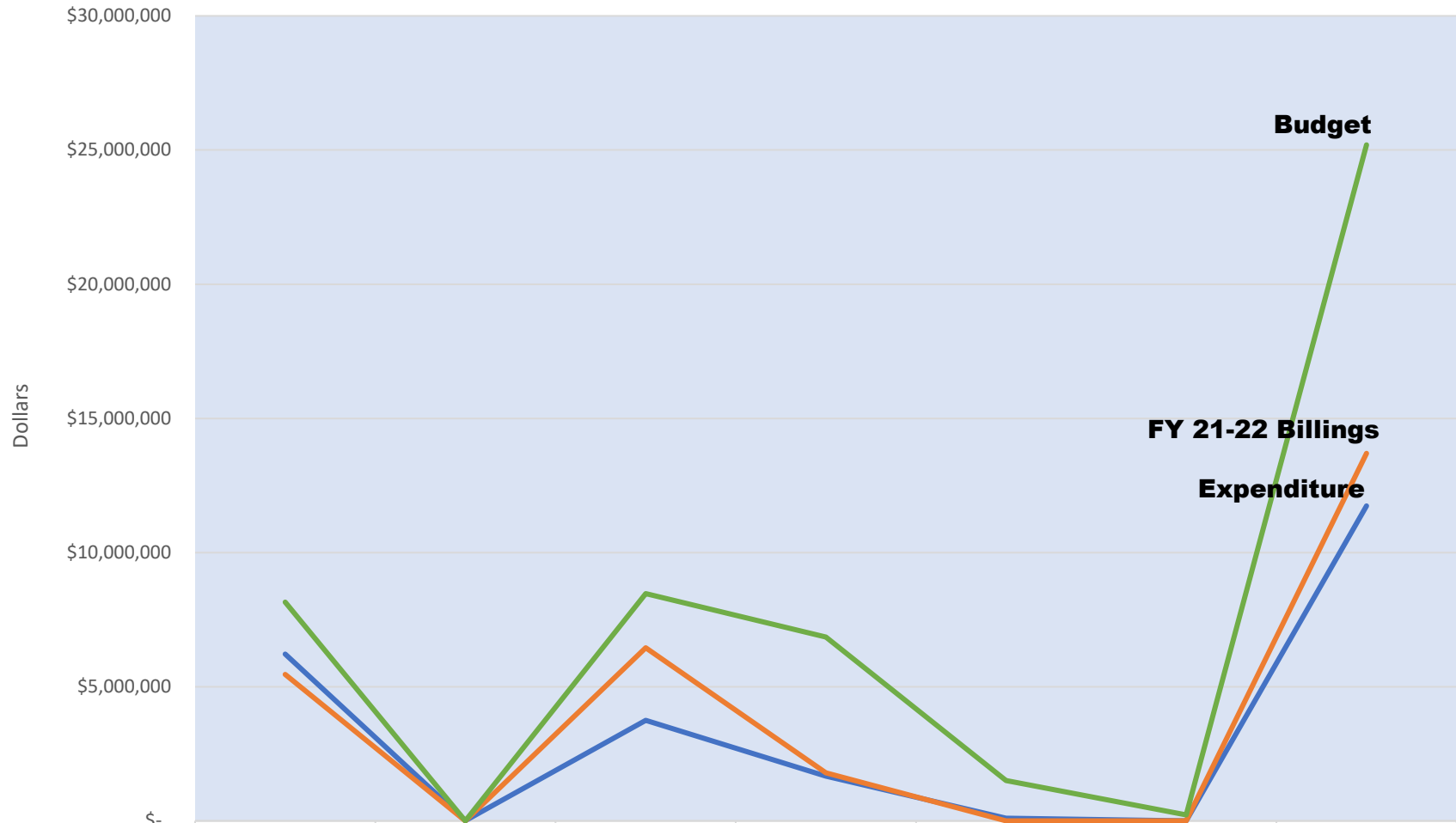
**South Orange County Wastewater Authority  
Capital Projects Summaries  
For the Period Ended May 31, 2022  
(in dollars)**

<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	\$ 6,214,930	\$ 1,939,007	76.2%	\$ 5,452,000	\$ 5,452,000	\$ -	114.0%
PC 5-San Juan Creek Outfall <sup>1</sup>	-	7,904	(7,904)	-	-	-	-	-
PC 15-Coastal	8,464,653	3,750,447	4,714,206	44.3%	6,454,999	6,454,999	-	58.1%
PC 17-Regional	6,851,959	1,668,726	5,183,233	24.4%	1,788,249	1,788,249	-	93.3%
PC 21 Effluent Transmission	1,502,000	95,103	1,406,897	6.3%	-	-	-	-
PC 24 Aliso Creek Outfall	220,000	-	220,000	0.0%	-	-	-	-
<b>Total Large Capital</b>	<b>\$ 25,192,549</b>	<b>\$ 11,737,110</b>	<b>\$ 13,455,439</b>	<b>46.6%</b>	<b>\$ 13,695,248</b>	<b>\$ 13,695,248</b>	<b>\$ -</b>	<b>85.7%</b>
Non-Capital Engineering	405,871	60,625	345,246	14.9%	100,000	100,000	-	60.6%
Non-Capital Misc Engineering	254,500	4,778	249,723	1.9%	104,000	104,000	-	4.6%
Small Internal Capital	2,061,000	1,493,534	567,466	72.5%	2,061,000	2,061,000	-	72.5%
<b>Total Capital</b>	<b>\$ 27,913,920</b>	<b>\$ 13,296,046</b>	<b>\$ 14,617,874</b>	<b>47.6%</b>	<b>\$ 15,960,248</b>	<b>\$ 15,960,248</b>	<b>\$ -</b>	<b>83.3%</b>

<sup>1</sup> PC 5 is paid out of Cash on Hand collected in an earlier year

# Large Capital Projects Fiscal Year '21-22 Budget vs. Year-to-Date Expenditures & Billings as of 5/31/2022

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 5/31/22	\$6,214,930	7,904.31	\$3,750,447	\$1,668,726	\$95,102.92	-	\$11,737,110
FY 21-22 Billings	\$5,452,000	-	\$6,454,999	\$1,788,249	-	-	\$13,695,248
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 May 31, 2022  
(in dollars)

		<b>FY 2021-22 Budget</b>	<b>Board Approved Expenditures*</b>	<b>Adjusted Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary and Fringe</b>							
**5000-***.**	Regular Salaries-O&M	4,847,168		4,847,168	3,963,360	883,808	81.8%
**5001-***.**	Overtime Salaries-O&M	107,256		107,256	124,091	(16,835)	115.7%
**5306-***.**	Scheduled Holiday Work	91,000		91,000	77,593	13,407	85.3%
**5315-***.**	Comp Time - O&M	15,980		15,980	26,645	(10,665)	166.7%
**5401-***.**	Fringe Benefits IN to PC's & Depts.	2,511,460		2,511,460	2,250,400	261,060	89.6%
**5700-***.**	Standby Pay	67,600		67,600	62,141	5,459	91.9%
	<b>Total Payroll Costs</b>	<b>7,640,464</b>	<b>-</b>	<b>7,640,464</b>	<b>6,504,229</b>	<b>1,136,235</b>	<b>85.1%</b>
<b>Other Expenses</b>							
**5002-***.**	Electricity	1,170,780	30,000	1,200,780	1,079,874	120,906	89.9%
**5003-***.**	Natural Gas	226,008	100,000	326,008	340,011	(14,003)	104.3% (1)
**5004-***.**	Potable & Reclaimed Water	85,000		85,000	60,941	24,059	71.7%
**5005-***.**	Co-generation Power Credit	(686,000)		(686,000)	(920,985)	234,985	134.3%
**5006-***.**	Chlorine/Sodium Hypochlorite	502,008	15,000	517,008	539,918	(22,910)	104.4% (2)
**5007-***.**	Polymer Products	747,004		747,004	693,066	53,938	92.8% (2)
**5008-***.**	Ferric Chloride	588,004	90,000	678,004	623,011	54,993	91.9% (2)
**5009-***.**	Odor Control Chemicals	107,016	15,000	122,016	105,747	16,269	86.7% (2)
**5010-***.**	Other Chemicals - Misc.	2,004		2,004	-	2,004	-
**5011-***.**	Laboratory Services	65,196		65,196	24,953	40,243	38.3%
**5012-***.**	Grit Hauling	120,000	18,000	138,000	153,565	(15,565)	111.3% (3)
**5013-***.**	Landscaping	219,008		219,008	209,013	9,995	95.4%
**5015-***.**	Management Support Services	475,000	60,000	535,000	105,566	429,434	19.7%
**5016-***.**	Audit - Environmental	1,304		1,304	-	1,304	-
**5017-***.**	Legal Fees	48,612	37,070	85,682	60,244	25,438	70.3%
**5018-***.**	Public Notices/ Public Relations	6,000		6,000	-	6,000	-
**5019-***.**	Contract Services Misc.	277,016		277,016	317,676	(40,660)	114.7% (2)
**5021-***.**	Small Vehicle Expense	23,080		23,080	30,233	(7,153)	131.0%
**5022-***.**	Miscellaneous Expense	16,012		16,012	4,063	11,949	25.4%
**5023-***.**	Office Supplies - All	46,008		46,008	26,035	19,973	58.6%
**5024-***.**	Petroleum Products	34,008		34,008	15,508	18,500	45.6%
**5025-***.**	Uniforms	70,996		70,996	68,106	2,890	95.9%
**5026-***.**	Small Vehicle Fuel	22,656		22,656	15,295	7,361	67.5%
**5027-***.**	Insurance - Property/Liability	317,684	75,000	392,684	410,049	(17,365)	104.4% (4)
**5028-***.**	Small Tools & Supplies	80,000		80,000	62,597	17,403	78.2%
**5030-***.**	Trash Disposal	8,500		8,500	7,121	1,379	83.8%
**5031-***.**	Safety Program & Supplies	119,344		119,344	83,880	35,464	70.3%
**5032-***.**	Equipment Rental	7,004		7,004	25,069	(18,065)	357.9% (5)
**5033-***.**	Recruitment	2,500		2,500	3,070	(570)	122.8%
**5034-***.**	Travel Expense/Tech. Conferences	29,928		29,928	7,396	22,532	24.7%
**5035-***.**	Training Expense	47,996		47,996	26,718	21,278	55.7%
**5036-***.**	Laboratory Supplies	124,400		124,400	120,963	3,437	97.2%
**5037-***.**	Office Equipment	25,992		25,992	18,502	7,490	71.2%
**5038-***.**	Permits	489,996	12,000	501,996	545,780	(43,784)	108.7% (6)
**5039-***.**	Membership Dues/Fees	17,872		17,872	19,249	(1,377)	107.7%
**5044-***.**	Offshore Monitoring	151,000		151,000	79,867	71,133	52.9%
**5045-***.**	Offshore Biochemistry - 20B	23,024		23,024	-	23,024	-
**5046-***.**	Effluent Chemistry	70,000		70,000	19,471	50,530	27.8%
**5047-***.**	Access Road Expenses	45,000		45,000	1,861	43,139	4.1%
**5048-***.**	Storm Damage	21,000		21,000	-	21,000	-
**5049-***.**	Biosolids Disposal	1,470,000	20,000	1,490,000	1,418,154	71,846	95.2% (2)
**5050-***.**	Contract Services Generators - 29A	28,008		28,008	16,884	11,124	60.3%
**5052-***.**	Janitorial Services	101,004		101,004	72,446	28,558	71.7%
**5053-***.**	Contract Serv - Digester Cleaning - 29E	60,000	30,000	90,000	39,938	50,062	44.4%
**5054-***.**	Diesel Truck Maint	42,000		42,000	25,490	16,510	60.7%
**5055-***.**	Diesel Truck Fuel	11,500		11,500	9,688	1,812	84.2%
**5056-***.**	Maintenance Equip. & Facilities (Solids)	366,000	50,000	416,000	304,252	111,748	73.1%
**5057-***.**	Maintenance Equip. & Facilities (Liquids)	651,996		651,996	547,336	104,660	83.9%
**5058-***.**	Maintenance Equip. & Facilities (Common)	90,008	45,000	135,008	90,023	44,985	66.7%
**5059-***.**	Maintenance Equip. & Facilities (Co-Gen)	738,996		738,996	750,590	(11,594)	101.6%
**5060-***.**	Maintenance Equip. & Facilities (AWT)	88,000		88,000	57,732	30,268	65.6%
**5061-***.**	Mileage	3,608		3,608	1,853	1,755	51.4%
**5068-***.**	MNWD Potable Water Supplies & Svcs.	28,000		28,000	37,445	(9,445)	133.7% (7)
**5074-***.**	Education Reimbursement	1,996		1,996	551	1,445	27.6%

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary**  
 For the Period Ended May 31, 2022  
 (in dollars)

	FY 2021-22 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
**-5076-**-**	SCADA Infrastructure	86,596	86,596	81,411	5,185	94.0%	
**-5077-**-**	IT Direct	5,508	5,508	1,996	3,512	36.2%	
**-5105-**-**	Co-Generation Power Credit - Offset	685,992	685,992	920,985	(234,993)	134.3%	
**-5303-**-**	Group Insurance Waiver	14,392	14,392	15,134	(742)	105.2%	
**-5305-**-**	Medicare Tax Payments for Employees	2,160	2,160	1,906	254	88.3%	
**-5309-**-**	Operating Leases	26,000	26,000	-	26,000	-	
**-5705-**-**	Monthly Car Allowance	35,396	35,396	33,349	2,047	94.2%	
**-5799-**-**	Zephyr Wall Costs Share-O&M	(14,000)	(14,000)	6,853	(20,853)	-49.0%	
**-6500-**-**	IT Allocations in to PC's & Depts.	610,540	610,540	502,865	107,675	82.4%	
	Total Other Expenses	10,881,660	597,070	11,478,730	9,920,313	1,558,417	86.4%
	<b>Total O&amp;M Expenses</b>	<b>18,522,124</b>	<b>597,070</b>	<b>19,119,194</b>	<b>16,424,543</b>	<b>2,694,651</b>	<b>85.9%</b>

- \* 02/03/2022 Board approved budget amendment for PC 12-Water Reclamation Management Support Services, \$45,000, for Support Services Salt & Nutrient Management Plan.
- \* 02/03/2022 Board approved budget amendment for PC 2- \$5,000, PC 15- \$5,000, PC 17- \$5,000 Management Support Services, total \$15,000 for CASA Climate Change Program.
- \* 02/14/2022 PC 23 Committee approved budget amendment for PC 23 - \$7,070, for work performed on the Intertie Project.
- \* 05/19/2022 Board approved budget amendment for PC 2 - \$430,000 and PC 17 - \$100,000, due to expense inflationary increase.

- (1) Additional natural gas was used to run the cogeneration system at RTP during warranty repairs on the digester gas cleaning system.
- (2) Costs elevated due to contract increases.
- (3) Increased grit from digester cleaning process and upstream treatment plant to JBL.
- (4) Property Liability insurance rate increased due to insurers' increases in California.
- (5) Rental usage increased due to supply chain interruptions delaying SOCWA's equipment repairs.
- (6) Increased permit fees reported to the Board November 2021.
- (7) Annual laboratory proficiency testing costs for potable water certification and increased costs of consumables.

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended May 31, 2022  
(in dollars)

**02 - Jay B. Latham Plant**

		FY 2021-22 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
<b>Salary and Fringe</b>							
02-5000.**.**	Regular Salaries-O&M	1,585,228		1,585,228	1,380,575	204,653	87.1%
02-5001.**.**	Overtime Salaries-O&M	37,904		37,904	63,631	(25,727)	167.9%
02-5306.**.**	Scheduled Holiday Work	36,600		36,600	29,916	6,684	81.7%
02-5315.**.**	Comp Time - O&M	8,264		8,264	14,766	(6,502)	178.7%
02-5401.**.**	Fringe Benefits IN to PC's & Depts.	821,352		821,352	783,892	37,460	95.4%
02-5700.**.**	Standby Pay	25,096		25,096	24,928	168	99.3%
	<b>Total Payroll Costs</b>	<b>2,514,444</b>	<b>-</b>	<b>2,514,444</b>	<b>2,297,708</b>	<b>216,736</b>	<b>91.4%</b>
<b>Other Expenses</b>							
02-5002.**.**	Electricity	506,564	30,000	536,564	494,171	42,393	92.1%
02-5003.**.**	Natural Gas	132,160	70,000	202,160	173,386	28,774	85.8%
02-5004.**.**	Potable & Reclaimed Water	25,000		25,000	21,167	3,833	84.7%
02-5006.**.**	Chlorine/Sodium Hypochlorite	8,000	15,000	23,000	17,079	5,921	74.3%
02-5007.**.**	Polymer Products	305,000		305,000	275,223	29,777	90.2%
02-5008.**.**	Ferric Chloride	200,000	90,000	290,000	222,009	67,991	76.6%
02-5009.**.**	Odor Control Chemicals	21,004	15,000	36,004	24,780	11,224	68.8%
02-5010.**.**	Other Chemicals - Misc.	1,000		1,000	-	1,000	-
02-5011.**.**	Laboratory Services	19,000		19,000	6,823	12,177	35.9%
02-5012.**.**	Grit Hauling	55,000	18,000	73,000	92,328	(19,328)	126.5%
02-5013.**.**	Landscaping	77,004		77,004	64,559	12,445	83.8%
02-5015.**.**	Management Support Services	30,008	5,000	35,008	35,503	(495)	101.4%
02-5017.**.**	Legal Fees	4,996		4,996	4,283	713	85.7%
02-5019.**.**	Contract Services Misc.	70,636		70,636	105,245	(34,609)	149.0%
02-5021.**.**	Small Vehicle Expense	11,000		11,000	10,643	357	96.8%
02-5022.**.**	Miscellaneous Expense	8,000		8,000	2,231	5,769	27.9%
02-5023.**.**	Office Supplies - All	29,000		29,000	14,603	14,397	50.4%
02-5024.**.**	Petroleum Products	11,004		11,004	717	10,287	6.5%
02-5025.**.**	Uniforms	33,996		33,996	30,895	3,101	90.9%
02-5026.**.**	Small Vehicle Fuel	10,004		10,004	6,269	3,735	62.7%
02-5027.**.**	Insurance - Property/Liability	108,384	35,000	143,384	146,075	(2,691)	101.9%
02-5028.**.**	Small Tools & Supplies	38,000		38,000	27,066	10,934	71.2%
02-5030.**.**	Trash Disposal	3,000		3,000	3,141	(141)	104.7%
02-5031.**.**	Safety Program & Supplies	41,000		41,000	38,937	2,063	95.0%
02-5032.**.**	Equipment Rental	3,000		3,000	6,324	(3,324)	210.8%
02-5033.**.**	Recruitment	348		348	970	(622)	278.7%
02-5034.**.**	Travel Expense/Tech. Conferences	9,012		9,012	845	8,167	9.4%
02-5035.**.**	Training Expense	16,976		16,976	9,363	7,613	55.2%
02-5036.**.**	Laboratory Supplies	21,004		21,004	15,344	5,660	73.1%
02-5037.**.**	Office Equipment	13,000		13,000	5,812	7,188	44.7%
02-5038.**.**	Permits	13,496	12,000	25,496	26,401	(905)	103.6%
02-5039.**.**	Membership Dues/Fees	4,516		4,516	2,906	1,610	64.3%
02-5049.**.**	Biosolids Disposal	620,000	20,000	640,000	648,110	(8,110)	101.3%
02-5050.**.**	Contract Services Generators - 29A	10,004		10,004	12,739	(2,735)	127.3%
02-5052.**.**	Janitorial Services	47,000		47,000	36,639	10,361	78.0%
02-5053.**.**	Contract Serv - Digester Cleaning - 29E	60,000	30,000	90,000	39,938	50,062	44.4%
02-5054.**.**	Diesel Truck Maint	22,000		22,000	8,631	13,369	39.2%
02-5055.**.**	Diesel Truck Fuel - 37B	2,996		2,996	2,948	48	98.4%
02-5056.**.**	Maintenance Equip. & Facilities (Solids)	155,000	50,000	205,000	131,662	73,338	64.2%
02-5057.**.**	Maintenance Equip. & Facilities (Liquids)	260,000		260,000	160,907	99,093	61.9%
02-5058.**.**	Maintenance Equip. & Facilities (Common)	29,000	45,000	74,000	53,759	20,241	72.6%
02-5059.**.**	Maintenance Equip. & Facilities (Co-Gen)	277,120		277,120	267,682	9,438	96.6%
02-5061.**.**	Mileage	2,104		2,104	763	1,341	36.2%
02-5076.**.**	SCADA Infrastructure	28,960		28,960	27,137	1,823	93.7%
02-5077.**.**	IT Direct	2,620		2,620	1,996	624	76.2%
02-5303.**.**	Group Insurance Waiver	3,596		3,596	5,206	(1,610)	144.8%
02-5309.**.**	Operating Leases	26,000		26,000	-	26,000	-
02-5705.**.**	Monthly Car Allowance	22,804		22,804	20,959	1,845	91.9%
02-5799.**.**	Zephyr Wall Costs Share-O&M	(14,000)		(14,000)	6,853	(20,853)	-49.0%
02-6500.**.**	IT Allocations in to PC's & Depts.	199,812		199,812	164,570	35,242	82.4%
	<b>Total Other Expenses</b>	<b>3,585,128</b>	<b>435,000</b>	<b>4,020,128</b>	<b>3,475,597</b>	<b>544,531</b>	<b>86.5%</b>
	<b>Total Expenses</b>	<b>6,099,572</b>	<b>435,000</b>	<b>6,534,572</b>	<b>5,773,305</b>	<b>761,267</b>	<b>88.4%</b>

**South Orange County Wastewater Authority  
O&M Budget vs. Actual Comparison by PC**  
For the Period Ended May 31, 2022  
(in dollars)

		FY 2021-22 Budget	Board Approved Expenditures*	Adjusted 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		146,556	117,729	28,827	80.3%
05-5001.**.**	Overtime Salaries-O&M	72		72	297	(225)	412.9%
05-5306.**.**	Scheduled Holiday Work	416		416	350	66	84.0%
05-5401.**.**	Fringe Benefits IN to PC's & Depts.	75,928		75,928	66,847	9,081	88.0%
	Total Payroll Costs	222,972	-	222,972	185,223	37,749	83.1%
Other Expenses							
05-5015.**.**	Management Support Services	212,500		212,500	37,373	175,127	17.6%
05-5017.**.**	Legal Fees	2,008		2,008	-	2,008	-
05-5026.**.**	Small Vehicle Fuel	500		500	-	500	-
05-5027.**.**	Insurance - Property/Liability	9,668		9,668	13,478	(3,810)	139.4% (4)
05-5031.**.**	Safety Supplies	1,052		1,052	-	1,052	-
05-5033.**.**	Recruitment	556		556	-	556	-
05-5034.**.**	Travel Expense/Tech. Conferences	1,512		1,512	457	1,055	30.2%
05-5035.**.**	Training Expense	1,952		1,952	187	1,765	9.6%
05-5036.**.**	Laboratory Supplies	35,000		35,000	35,400	(400)	101.1%
05-5038.**.**	Permits	228,968		228,968	237,612	(8,644)	103.8% (6)
05-5039.**.**	Membership Dues/Fees	216		216	225	(9)	104.2%
05-5044.**.**	Offshore Monitoring	75,496		75,496	39,779	35,717	52.7%
05-5045.**.**	Offshore Biochemistry - 20B	11,512		11,512	-	11,512	-
05-5046.**.**	Effluent Chemistry	35,000		35,000	8,227	26,774	23.5%
05-5056.**.**	Maintenance Equip. & Facilities (Solids) 41-A	-		-	572	(572)	-
05-5058.**.**	Maintenance Equip. & Facilities (Common)	1,004		1,004	375	629	37.4%
05-6500.**.**	IT Allocations in to PC's & Depts.	18,464		18,464	15,203	3,261	82.3%
	Total Other Expenses	635,408	-	635,408	388,888	246,520	61.2%
	Total Expenses	858,380	-	858,380	574,111	284,269	66.9%
<b>08 - Pre Treatment</b>							
Salary and Fringe							
08-5000.**.**	Regular Salaries-O&M	117,772		117,772	96,273	21,499	81.7%
08-5401.**.**	Fringe Benefits IN to PC's & Depts.	61,016		61,016	54,664	6,352	89.6%
	Total Payroll Costs	178,788	-	178,788	150,938	27,850	84.4%
Other Expenses							
08-5011.**.**	Laboratory Services	3,200		3,200	-	3,200	-
08-5016.**.**	Audit - Environmental	1,304		1,304	-	1,304	-
08-5017.**.**	Legal Fees	2,596		2,596	4,695	(2,099)	180.9%
08-5018.**.**	Public Notices/ Public Relations	6,000		6,000	-	6,000	-
08-5021.**.**	Small Vehicle Expense - 31A	1,076		1,076	-	1,076	-
08-5022.**.**	Miscellaneous Expense	2,008		2,008	41	1,967	2.0%
08-5026.**.**	Small Vehicle Fuel - 37A	1,148		1,148	303	845	26.4%
08-5027.**.**	Insurance - Property/Liability	3,024		3,024	4,384	(1,360)	145.0% (4)
08-5028.**.**	Small Tools & Supplies	3,000		3,000	2,033	967	67.8%
08-5034.**.**	Travel Expense/Tech. Conferences	2,732		2,732	2,473	259	90.5%
08-5035.**.**	Training Expense	-		-	450	(450)	-
08-5038.**.**	Permits and Fines	3,132		3,132	-	3,132	-
08-5039.**.**	Membership Dues/Fees	-		-	438	(438)	-
08-6500.**.**	IT Allocations in to PC's & Depts.	14,832		14,832	12,218	2,614	82.4%
	Total Other Expenses	44,052	-	44,052	27,036	17,016	61.4%
	Total Expenses	222,840	-	222,840	177,974	44,866	79.9%
<b>12 - Water Reclamation Permits</b>							
Salary and Fringe							
12-5000.**.**	Regular Salaries-O&M	44,808		44,808	15,791	29,017	35.2%
12-5401.**.**	Fringe Benefits IN to PC's & Depts.	23,208		23,208	8,966	14,242	38.6%
	Total Payroll Costs	68,016	-	68,016	24,758	43,258	36.4%
Other Expenses							
12-5015.**.**	Management Support Services	-	45,000	45,000	-	45,000	-
12-5017.**.**	Legal Fees	2,000		2,000	4,036	(2,036)	201.8%
12-5027.**.**	Insurance - Property/Liability	5,164		5,164	1,623	3,541	31.4% (4)
12-5034.**.**	Travel Expense/Tech. Conferences	920		920	99	821	10.7%
12-5038.**.**	Permits	12,044		12,044	24,491	(12,447)	203.3% (6)
12-5039.**.**	Membership Dues/Fees	68		68	122	(54)	179.6%
12-6500.**.**	IT Allocations in to PC's & Depts.	5,640		5,640	4,648	992	82.4%
	Total Other Expenses	25,836	45,000	70,836	35,019	35,817	49.4%
	Total Expenses	93,852	45,000	138,852	59,777	79,075	43.1%

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
 For the Period Ended May 31, 2022  
 (in dollars)

		FY 2021-22 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
<b>15 - Coastal Treatment Plant</b>								
Salary and Fringe								
15-5000-**-**	Regular Salaries-O&M	1,083,504		1,083,504	808,516	274,988	74.6%	
15-5001-**-**	Overtime Salaries-O&M	19,208		19,208	27,734	(8,526)	144.4%	(7)
15-5306-**-**	Scheduled Holiday Work	15,584		15,584	15,575	9	99.9%	
15-5315-**-**	Comp Time - O&M	2,000		2,000	4,627	(2,627)	231.4%	(7)
15-5401-**-**	Fringe Benefits IN to PC's & Depts.	561,396		561,396	459,076	102,320	81.8%	
15-5700-**-**	Standby Pay	16,504		16,504	8,418	8,086	51.0%	
	Total Payroll Costs	1,698,196	-	1,698,196	1,323,945	374,251	78.0%	
Other Expenses								
15-5002-**-**	Electricity	202,348		202,348	263,453	(61,105)	130.2%	
15-5003-**-**	Natural Gas	2,872		2,872	4,106	(1,234)	143.0%	
15-5004-**-**	Potable & Reclaimed Water	25,000		25,000	21,539	3,461	86.2%	
15-5006-**-**	Chlorine/Sodium Hypochlorite	94,004		94,004	88,037	5,967	93.7%	
15-5007-**-**	Polymer Products	1,004		1,004	-	1,004	-	
15-5008-**-**	Ferric Chloride	58,000		58,000	66,342	(8,342)	114.4%	(2)
15-5009-**-**	Odor Control Chemicals	51,004		51,004	42,124	8,880	82.6%	
15-5011-**-**	Laboratory Services	20,000		20,000	7,772	12,228	38.9%	
15-5012-**-**	Grit Hauling	23,000		23,000	19,115	3,885	83.1%	
15-5013-**-**	Landscaping	57,000		57,000	62,871	(5,871)	110.3%	(7)
15-5015-**-**	Management Support Services	10,000	5,000	15,000	1,125	13,875	7.5%	
15-5017-**-**	Legal Fees	30,000		30,000	8,014	21,986	26.7%	
15-5019-**-**	Contract Services Misc.	91,732		91,732	95,559	(3,827)	104.2%	
15-5021-**-**	Small Vehicle Expense	4,004		4,004	5,831	(1,827)	145.6%	
15-5022-**-**	Miscellaneous Expense	1,000		1,000	557	443	55.7%	
15-5023-**-**	Office Supplies - All	4,004		4,004	3,909	95	97.6%	
15-5024-**-**	Petroleum Products	3,000		3,000	4,717	(1,717)	157.2%	(7)
15-5025-**-**	Uniforms	9,000		9,000	7,783	1,217	86.5%	
15-5026-**-**	Small Vehicle Fuel	2,000		2,000	2,453	(453)	122.6%	
15-5027-**-**	Insurance - Property/Liability	47,112		47,112	63,865	(16,753)	135.6%	(4)
15-5028-**-**	Small Tools & Supplies	9,000		9,000	4,223	4,777	46.9%	
15-5030-**-**	Trash Disposal	2,996		2,996	2,166	830	72.3%	
15-5031-**-**	Safety Supplies	35,000		35,000	13,926	21,074	39.8%	
15-5032-**-**	Equipment Rental	1,000		1,000	-	1,000	-	
15-5033-**-**	Recruitment	312		312	100	212	32.1%	
15-5034-**-**	Travel Expense/Tech. Conferences	5,244		5,244	180	5,064	3.4%	
15-5035-**-**	Training Expense	11,632		11,632	6,376	5,256	54.8%	
15-5036-**-**	Laboratory Supplies	14,000		14,000	21,585	(7,585)	154.2%	
15-5037-**-**	Office Equipment	2,996		2,996	4,953	(1,957)	165.3%	
15-5038-**-**	Permits	4,820		4,820	6,451	(1,631)	133.8%	(6)
15-5039-**-**	Membership Dues/Fees	4,960		4,960	5,282	(322)	106.5%	
15-5047-**-**	Access Road Expenses	45,000		45,000	1,861	43,139	4.1%	
15-5048-**-**	Storm Damage	21,000		21,000	-	21,000	-	
15-5049-**-**	Biosolids Disposal	-		-	10,308	(10,308)	-	(8)
15-5050-**-**	Contract Services Generators - 29A	5,000		5,000	-	5,000	-	
15-5052-**-**	Janitorial Services	12,004		12,004	11,382	622	94.8%	
15-5054-**-**	Diesel Truck Maint - 31B	1,000		1,000	-	1,000	-	
15-5055-**-**	Diesel Truck Fuel - 37B	504		504	-	504	-	
15-5057-**-**	Maintenance Equip. & Facilities (Liquids)	149,996		149,996	183,942	(33,946)	122.6%	(7)
15-5058-**-**	Maintenance Equip. & Facilities (Common)	23,000		23,000	7,812	15,188	34.0%	
15-5060-**-**	Maintenance Equip. & Facilities (AWT)	38,000		38,000	33,451	4,549	88.0%	
15-5061-**-**	Mileage	500		500	353	147	70.7%	
15-5076-**-**	SCADA Infrastructure	28,952		28,952	27,137	1,815	93.7%	
15-5077-**-**	IT Direct	264		264	-	264	-	
15-5303-**-**	Group Insurance Waiver	3,600		3,600	3,448	152	95.8%	
15-5305-**-**	Medicare Tax Payments for Employees	2,160		2,160	1,906	254	88.3%	
15-5705-**-**	Monthly Car Allowance	4,196		4,196	3,861	335	92.0%	
15-6500-**-**	IT Allocations in to PC's & Depts.	136,476		136,476	112,408	24,068	82.4%	
	Total Other Expenses	1,299,696	5,000	1,304,696	1,232,279	72,417	94.4%	
	Total Expenses	2,997,892	5,000	3,002,892	2,556,223	446,669	85.1%	

**South Orange County Wastewater Authority  
O&M Budget vs. Actual Comparison by PC**  
For the Period Ended May 31, 2022  
(in dollars)

		FY 2021-22 Budget	Board Approved Expenditures*	Adjusted 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		1,718,916	1,437,561	281,355	83.6%	
17-5001.**.**	Overtime Salaries-O&M	49,452		49,452	31,467	17,985	63.6%	
17-5306.**.**	Scheduled Holiday Work	38,136		38,136	31,403	6,733	82.3%	
17-5315.**.**	Comp Time - O&M	5,716		5,716	7,251	(1,535)	126.9%	
17-5401.**.**	Fringe Benefits IN to PC's & Depts.	890,632		890,632	816,249	74,383	91.6%	
17-5700.**.**	Standby Pay	26,000		26,000	28,795	(2,795)	110.8%	
	Total Payroll Costs	2,728,852	-	2,728,852	2,352,726	376,126	86.2%	
Other Expenses								
17-5002.**.**	Electricity	461,868		461,868	322,250	139,618	69.8%	
17-5003.**.**	Natural Gas	90,976	30,000	120,976	162,519	(41,543)	134.3%	(9)
17-5004.**.**	Potable & Reclaimed Water	35,000		35,000	18,234	16,766	52.1%	
17-5005.**.**	Co-generation Power Credit	(686,000)		(686,000)	(920,985)	234,985	134.3%	
17-5006.**.**	Chlorine/Sodium Hypochlorite	400,004		400,004	434,803	(34,799)	108.7%	(2)
17-5007.**.**	Polymer Products	441,000		441,000	417,843	23,157	94.7%	
17-5008.**.**	Ferric Chloride	330,004		330,004	334,660	(4,656)	101.4%	(2)
17-5009.**.**	Odor Control Chemicals	35,008		35,008	38,843	(3,835)	111.0%	(2)
17-5010.**.**	Other Chemicals - Misc.	1,004		1,004	-	1,004	-	
17-5011.**.**	Laboratory Services	22,996		22,996	10,358	12,638	45.0%	
17-5012.**.**	Grit Hauling - 21A	42,000		42,000	42,123	(123)	100.3%	
17-5013.**.**	Landscaping	85,004		85,004	81,583	3,421	96.0%	
17-5015.**.**	Management Support Services	9,996	5,000	14,996	10,625	4,371	70.9%	
17-5017.**.**	Legal Fees	5,004	30,000	35,004	32,154	2,850	91.9%	(10)
17-5019.**.**	Contract Services Misc.	96,312		96,312	116,873	(20,561)	121.3%	(2)
17-5021.**.**	Small Vehicle Expense	7,000		7,000	13,760	(6,760)	196.6%	
17-5022.**.**	Miscellaneous Expense	5,004		5,004	1,235	3,769	24.7%	
17-5023.**.**	Office Supplies - All	13,004		13,004	7,523	5,481	57.9%	
17-5024.**.**	Petroleum Products	20,004		20,004	10,073	9,931	50.4%	
17-5025.**.**	Uniforms	28,000		28,000	29,428	(1,428)	105.1%	
17-5026.**.**	Small Vehicle Fuel	9,004		9,004	6,271	2,733	69.6%	
17-5027.**.**	Insurance - Property/Liability	135,628	40,000	175,628	168,400	7,228	95.9%	(4)
17-5028.**.**	Small Tools & Supplies	30,000		30,000	29,274	726	97.6%	
17-5030.**.**	Trash Disposal	2,504		2,504	1,814	690	72.5%	
17-5031.**.**	Safety Supplies	41,248		41,248	31,017	10,231	75.2%	
17-5032.**.**	Equipment Rental	3,004		3,004	18,745	(15,741)	624.0%	(5)
17-5033.**.**	Recruitment	728		728	2,000	(1,272)	274.7%	
17-5034.**.**	Travel Expense/Tech. Conferences	8,996		8,996	1,834	7,162	20.4%	
17-5035.**.**	Training Expense	15,480		15,480	10,155	5,325	65.6%	
17-5036.**.**	Laboratory Supplies	24,392		24,392	20,532	3,860	84.2%	
17-5037.**.**	Office Equipment	9,996		9,996	7,737	2,259	77.4%	
17-5038.**.**	Permits	10,612		10,612	27,744	(17,132)	261.4%	(6)
17-5039.**.**	Membership Dues/Fees	7,892		7,892	10,051	(2,159)	127.4%	
17-5049.**.**	Biosolids Disposal	850,000		850,000	759,737	90,263	89.4%	
17-5050.**.**	Contract Services Generators - 29A	13,004		13,004	4,145	8,859	31.9%	
17-5052.**.**	Janitorial Services	42,000		42,000	24,424	17,576	58.2%	
17-5054.**.**	Diesel Truck Maint	19,000		19,000	16,859	2,141	88.7%	
17-5055.**.**	Diesel Truck Fuel	8,000		8,000	6,740	1,260	84.3%	
17-5056.**.**	Maintenance Equip. & Facilities (Solids)	211,000		211,000	172,018	38,982	81.5%	
17-5057.**.**	Maintenance Equip. & Facilities (Liquids)	242,000		242,000	202,488	39,512	83.7%	
17-5058.**.**	Maintenance Equip. & Facilities (Common)	36,000		36,000	28,076	7,924	78.0%	
17-5059.**.**	Maintenance Equip. & Facilities (Co-Gen)	461,876		461,876	482,907	(21,031)	104.6%	
17-5060.**.**	Maintenance Equip. & Facilities (AWT) 41-E	50,000		50,000	24,281	25,719	48.6%	
17-5061.**.**	Mileage	1,004		1,004	737	267	73.4%	
17-5068.**.**	MNWD Potable Water Supplies & Svcs.	28,000		28,000	37,445	(9,445)	133.7%	(11)
17-5074.**.**	Education Reimbursement	1,996		1,996	551	1,445	27.6%	
17-5076.**.**	SCADA Infrastructure	28,684		28,684	27,137	1,547	94.6%	
17-5077.**.**	IT Direct	2,624		2,624	-	2,624	-	
17-5105.**.**	Co-Generation Power Credit - Offset	685,992		685,992	920,985	(234,993)	134.3%	
17-5303.**.**	Group Insurance Waiver	7,196		7,196	6,480	716	90.0%	
17-5309.**.**	Operating Leases	-		-	-	-	-	
17-5705.**.**	Monthly Car Allowance	8,396		8,396	8,529	(133)	101.6%	
17-6500.**.**	IT Allocations in to PC's & Depts.	216,520		216,520	178,329	38,191	82.4%	
	Total Other Expenses	4,655,964	105,000	4,760,964	4,401,345	359,619	92.4%	
	Total Expenses	7,384,816	105,000	7,489,816	6,754,071	735,745	90.2%	



**South Orange County Wastewater Authority  
O&M Budget vs. Actual Comparison by PC**  
For the Period Ended May 31, 2022  
(in dollars)

		FY 2021-22 Budget	Board Approved Expenditures*	Adjusted 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	191	898	17.5%
21-5001-**-**-**	Overtime Salaries-O&M	-		-	-	-	-
21-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	564		564	108	456	19.2%
	Total Payroll Costs	1,652	-	1,652	299	1,353	18.1%
Other Expenses							
21-5019-**-**-**	Contract Services Misc.	18,336		18,336	-	18,336	-
21-5027-**-**-**	Insurance - Property/Liability	-		-	10	(10)	-
	Total Other Expenses	18,336	-	18,336	10	18,326	0.1%
	Total Expenses	19,988	-	19,988	309	19,679	1.5%
<b>23 - North Coast Interceptor</b>							
Other Expenses							
23-5017-**-**-**	Legal Fees	-	7,070	7,070	7,063	7	99.9%
	Total Expenses	-	7,070	7,070	7,063	7	99.9%
<b>24 - Aliso Creek Ocean Outfall</b>							
Salary and Fringe							
24-5000-**-**-**	Regular Salaries-O&M	149,296		149,296	106,724	42,572	71.5%
24-5001-**-**-**	Overtime Salaries-O&M	620		620	962	(342)	155.1%
24-5306-**-**-**	Scheduled Holiday Work	264		264	350	(86)	132.4%
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	77,364		77,364	60,598	16,766	78.3%
	Total Payroll Costs	227,544	-	227,544	168,634	58,910	74.1%
Other Expenses							
24-5015-**-**-**	Management Support Services	212,496		212,496	20,939	191,557	9.9%
24-5017-**-**-**	Legal Fees	2,008		2,008	-	2,008	-
24-5027-**-**-**	Insurance - Property/Liability	8,704		8,704	12,214	(3,510)	140.3%
24-5031-**-**-**	Safety Supplies	1,044		1,044	-	1,044	-
24-5033-**-**-**	Recruitment	556		556	-	556	-
24-5034-**-**-**	Travel Expense/Tech. Conferences	1,512		1,512	1,507	5	99.7%
24-5035-**-**-**	Training Expense	1,956		1,956	187	1,769	9.6%
24-5036-**-**-**	Laboratory Supplies	30,004		30,004	28,103	1,901	93.7%
24-5038-**-**-**	Permits	216,924		216,924	223,079	(6,155)	102.8%
24-5039-**-**-**	Membership Dues/Fees	220		220	225	(5)	102.3%
24-5044-**-**-**	Offshore Monitoring	75,504		75,504	40,089	35,415	53.1%
24-5045-**-**-**	Offshore Biochemistry - 20B	11,512		11,512	-	11,512	-
24-5046-**-**-**	Effluent Chemistry	35,000		35,000	11,244	23,756	32.1%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,004		1,004	-	1,004	-
24-6500-**-**-**	IT Allocations in to PC's & Depts.	18,796		18,796	15,489	3,307	82.4%
	Total Other Expenses	617,240	-	617,240	353,076	264,164	57.2%
	Total Expenses	844,784	-	844,784	521,710	323,074	61.8%
	<b>Total O&amp;M Expenses</b>	<b>18,522,124</b>	<b>597,070</b>	<b>19,119,194</b>	<b>16,424,543</b>	<b>2,694,651</b>	<b>85.9%</b>

- \* 02/03/2022 Board approved budget amendment for PC 12-Water Reclamation Management Support Services, \$45,000, for Support Services Salt & Nutrient Management Plan.
- \* 02/03/2022 Board approved budget amendment for PC 2- \$5,000, PC 15- \$5,000, PC 17- \$5,000 Management Support Services, total \$15,000 for CASA Climate Change Program.
- \* 02/14/2022 PC 23 Committee approved budget amendment for PC 23 - \$7,070, for work performed on the Intertie Project.
- \* 05/19/2022 Board approved budget amendment for PC 2 - \$430,000 and PC 17 - \$100,000, due to expense inflationary increase.

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended May 31, 2022

- (1) Increased solids from upstream treatment plants to JBL impacted operational costs.
- (2) Costs elevated due to contract increases.
- (3) Increased grit maintenance due to digester cleaning process and upstream treatment plant to JBL.
- (4) Property Liability insurance rate increased due to insurers' increases in California.
- (5) Rental usage increased due to supply chain interruptions delaying SOCWA's equipment repairs.
- (6) Increased permit fees reported to the Board November 2021.
- (7) Increased costs due to the Coastal Fire.
- (8) Soils from the May and June sludge lines leaks were dried and disposed of as Biosolids.
- (9) Additional natural gas was used to run the cogeneration system at RTP during warranty repairs on the digester gas cleaning system.
- (10) Cost associated with BKK Landfill matter
- (11) Annual laboratory proficiency testing costs for potable water certification and increased costs of consumables.

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

For the Period Ended May 31, 2022  
(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	158,125	17,802	89.9%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	91,154	89,784	1,371	98.5%
	<b>Total Payroll Costs</b>	<b>267,081</b>	<b>247,908</b>	<b>19,173</b>	<b>92.8%</b>
<b>Other Expenses</b>					
01-5022-03-00-00	Miscellaneous Expense	3,184	1,097	2,087	34.5%
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	1,223	154	88.8%
01-5061-03-00-00	Mileage	510	102	408	20.1%
01-5309-03-00-00	Operating Leases	9,300	27,988	(18,688)	300.9% (1)
01-5705-03-00-00	Monthly Car Allowance	4,200	2,294	1,906	54.6%
01-5802-03-00-00	Shipping/Freight	312	-	312	-
01-6500-03-00-00	IT Allocations in to PC's & Depts.	54,293	45,152	9,142	83.2%
	<b>Total Other Expenses</b>	<b>82,781</b>	<b>77,856</b>	<b>4,926</b>	<b>94.0%</b>
	<b>Total Engineering Expenses</b>	<b>349,863</b>	<b>325,764</b>	<b>24,099</b>	<b>93.1%</b>

(1) Reclassification

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

For the Period Ended May 31, 2022

(in dollars)

		FY 2021-22 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
01-6000-04-00-00	Regular Salaries-Admin or IT	998,424	851,733	146,691	85.3%
01-6001-04-00-00	Overtime Salaries-Admin or IT	10,000	28,851	(18,851)	288.5% (1)
01-6315-04-00-00	Comp Time - Admin	5,000	2,833	2,167	56.7%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	517,316	483,615	33,701	93.5%
	<b>Total Payroll Costs</b>	<b>1,530,740</b>	<b>1,367,032</b>	<b>163,708</b>	<b>89.3%</b>
Other Expenses					
01-6018-04-00-00	Public Notices/Public Relations	3,270	-	3,270	-
01-6101-04-00-00	HR Recruitment & Employee Relations	24,350	18,391	5,959	75.5%
01-6102-04-00-00	Subscriptions	2,081	2,428	(348)	116.7%
01-6103-04-00-00	Contract Labor	50,000	23,081	26,919	46.2%
01-6200-04-00-00	Management Support Services	90,000	30,132	59,868	33.5%
01-6201-04-00-00	Audit	46,000	32,500	13,500	70.7%
01-6202-04-00-00	Legal	220,000	293,813	(73,813)	133.6%
01-6204-04-00-00	Postage	1,500	1,142	358	76.2%
01-6223-04-00-00	Office Supplies - Admin	4,500	2,558	1,942	56.8%
01-6224-04-00-00	Office Equipment Admin or IT	1,200	4,775	(3,575)	397.9% (2)
01-6234-04-00-00	Memberships & Trainings	88,000	98,017	(10,017)	111.4% (3)
01-6239-04-00-00	Travel & Conference	11,000	11,422	(422)	103.8%
01-6241-04-00-00	Education Reimbursement	1,500	904	596	60.3%
01-6310-04-00-00	Miscellaneous	18,000	19,009	(1,009)	105.6%
01-6311-04-00-00	Mileage	1,236	148	1,087	12.0%
01-6317-04-00-00	Contract Services Misc	5,722	5,196	526	90.8%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	125,761	103,581	22,180	82.4%
01-6601-04-00-00	Shipping/Freight	3,815	3,686	129	96.6%
01-6705-04-00-00	Monthly Car Allowance	12,000	11,031	969	91.9%
	<b>Total Other Expenses</b>	<b>709,934</b>	<b>661,814</b>	<b>48,120</b>	<b>93.2%</b>
	<b>Total Admin Expenses</b>	<b>2,240,674</b>	<b>2,028,846</b>	<b>211,828</b>	<b>90.5%</b>

- (1) Additional information requests and Meeting schedules impacted the need for overtime work.
- (2) Planned purchase of ergonomic chairs.
- (3) Increased membership fees for WEROC, NACWA, and CASA.

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison-IT**  
 For the Period Ended May 31, 2022  
 (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	95,581	4,495	95.5%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	51,852	54,271	(2,419)	104.7%
	<b>Total Salary &amp; Fringe</b>	<b>151,928</b>	<b>149,853</b>	<b>2,075</b>	<b>98.6%</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	1,725	1,275	57.5%
01-6224-05-00-00	Office Equipment Admin or IT	600	634	(34)	105.6%
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	26,308	14,718	64.1%
01-6301-05-00-00	Hardware Maintenance Agreements	14,726	10,036	4,690	68.2%
01-6302-05-00-00	Cloud Subscriptions (Internet)	177,328	172,744	4,584	97.4%
01-6303-05-00-00	Telecommunications	165,582	153,505	12,077	92.7%
01-6305-05-00-00	IT Professional Services	92,400	42,505	49,895	46.0%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	40,985	9,258	31,727	22.6%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	28,968	23,897	5,071	82.5%
01-6308-05-00-00	IT Memberships	160	-	160	-
01-6309-05-00-00	Operating Leases	64,173	58,074	6,099	90.5%
01-6310-05-00-00	Miscellaneous	5,000	187	4,813	3.7%
01-6312-05-00-00	Computer & Photocopy Supplies	-	2,672	(2,672)	-
	<b>Total Other Expenses</b>	<b>639,198</b>	<b>501,745</b>	<b>137,453</b>	<b>78.5%</b>
	<b>Total Expenses before Allocation</b>	<b>791,126</b>	<b>651,598</b>	<b>139,528</b>	<b>82.4%</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)	(651,598)	(139,528)	82.4%
	<b>Total IT Allocations (Out) to PC's &amp; Depts</b>	<b>(791,126)</b>	<b>(651,598)</b>	<b>(139,528)</b>	<b>82.4%</b>

# Agenda Item

5

**Finance Committee Meeting**

**Meeting Date:** August 16, 2022

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

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

**SUBJECT:** Adoption of Other Post-Employment Benefits (OPEB) PARS Trust Account Investment Guidelines and the GM Signature Authority as Plan Administrator

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## Summary/Discussion

PARS has requested that SOCWA consider the adoption of Investment Guidelines for the Trust. A Draft Guidelines Document is attached for your review and comment. The document was previously presented to the Finance Committee for review and comment on August 17, 2021. The Finance Committee had no issues with the Guidelines and recommended that it moves forward to the Board of Directors for review, comment, and adoption.

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors provide comments on the Draft Guidelines and adopt the Investment Guidelines including the GM Signature Authority as the Plan Administrator.



## Investment Guidelines Document

South Orange County Wastewater Authority (SOCWA)

Trust for OPEB Funding

June 2022

# Investment Guidelines Document

## Scope and Purpose

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The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's investment needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

### Key Plan Sponsor Account Information as of October 2017

<b>Plan Sponsor:</b>	South Orange County Wastewater Authority. (SOCWA)
<b>Plan Administrator:</b>	SOCWA General Manager
<b>Governance:</b>	SOCWA Board of Directors
<b>Portfolio Type:</b>	<b>HighMark Plus (Active strategy)</b>
<b>Plan Name ("Plan"):</b>	SOCWA Trust for OPEB
<b>Trustee:</b>	US Bank Contact: Sue Hughes, 949-224-7209 <a href="mailto:Susan.Hughes@usbank.com">Susan.Hughes@usbank.com</a>
<b>Type of Account:</b>	<i>Trust for OPEB liability</i>
<b>Investment Manager:</b>	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Keith Stribling, CFA, 949-553-2591 <a href="mailto:keith.stribling@highmarkcapital.com">keith.stribling@highmarkcapital.com</a>



**Investment Authority:** Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

## **Investment Objectives and Constraints**

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The goal of the Plan's investment program is to provide a reasonable level of growth which, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the life of the Plan.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic perspective of the capital markets.

**Investment Time Horizon:** Long-term (10+ years)

**Anticipated Cash Flows:** Distributions are expected to be low in the early years of the Plan.

**Target Rate of Return:** 6.50% annual target

**Investment Objective:** The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Balanced Objective, which has a dual goal to seek growth of income and principal.

**Investment Objective:** *Balanced*  
The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Balanced Objective, which has a dual goal to seek growth of income and principal. The assets in this Plan will eventually be used to pay agency OPEB obligations

**Risk Tolerance:** *Moderate*  
The account's risk tolerance has been rated moderate, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

**Portfolio Type:** *HighMark Plus (Active strategy)*

**Strategic Asset Allocation:** The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	30%-50%	50%-70%
Policy: 5%	Policy: 35%	Policy: 60%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

**Security Guidelines:**

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	50%-70%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	20%-50%
Domestic Mid Cap Equity	0%-15%
Domestic Small Cap Equity	0%-20%
International Equity (incl. Emerging Markets)	0%-20%
Real Estate Investment Trust (REIT)	0%-10%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	30%-50%
<i>Fixed Income Style</i>	<i>Range</i>
Long-term bonds (maturities >7 years)	0%-20%
Intermediate-term bonds (maturities 3-7 years)	15%-50%
Short-Term bonds (maturities <3 years)	0%-15%
High Yield bonds	0%-8%

**Performance Benchmarks:**

The performance of the total Plan shall be measured over three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

**Total Portfolio Blended Benchmark**

32.00%	S&P 500 Index
6.00%	Russell Mid Cap
9.00%	Russell 2000
4.00%	MSCI EM FREE
7.00%	MSCI EAFE
2.00%	Wilshire REIT
27.00%	BC US Aggregate
6.75%	ML 1-3 Year US Corp/Gov't
1.25%	US High Yield Master II
5.00%	Citi 1Mth T-Bill

**Asset Class/Style Benchmarks**

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell MidCap Index
Growth	Russell MidCap Growth
Value	Russell MidCap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	BarCap US Aggregate Bond
High Yield	US High Yield Master II

**Security Selection**

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

**Investment Limitations:**

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales\*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions\*
- Commodities Transactions Puts, calls, straddles, or other option strategies\*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs\*

*\*Permissible in diversified mutual funds and exchange-traded funds*

**Duties and Responsibilities**

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**Responsibilities of Plan Sponsor**

The General Manager or their designee is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

**Responsibilities of Trustee**

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

**Responsibilities of Investment Manager**

The Investment Manager is responsible for:

- Assisting the Plan Sponsor or their designee with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with the General Manager or their designee annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.
- Recommending changes to any of the above.

- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

## **Acknowledgement and Acceptance**

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I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

\_\_\_\_\_ Date: \_\_\_\_\_  
 Plan Administrator, General Manager, SOCWA

 \_\_\_\_\_ Date: 6/8/2022  
 Investment Manager: Keith Stribling, CFA, Senior Portfolio Manager, (949) 553-2591

# Agenda Item

# 6

**Finance Committee Meeting**

**Meeting Date:** August 16, 2022

**TO:** Finance Committee  
**FROM:** Betty Burnett, General Manager  
**STAFF CONTACT:** Mary Carey, Finance Controller  
**SUBJECT:** Other Post-Employment Benefits (OPEB) Trust Account Annual Review

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## Summary/Discussion

Attached, please find the Summary of SOCWA's OPEB Plan showing performance results from inception through June 30, 2022. The Account Balance as of June 30, 2022, is \$5,727,973, down \$929, 249 from the prior year balance of \$6,657,222, or -14%.

Since the plan's inception in December 2009, the Authority has contributed \$3.5 million and earned \$2.2 million, 62% of the contributions (net of expenses).

Staff will be presenting the highlights of the PARS Savings Program and the complete report is attached hereto.

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the PARS report.



PUBLIC  
AGENCY  
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**PARS**

TRUSTED SOLUTIONS. LASTING RESULTS.



# SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

PARS 115 Trust – OPEB Prefunding Program Client Review  
July 29, 2022

# CONTACTS

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**Rachael Sanders, CEBS**  
**Senior Manager, Consulting**  
(800) 540-6369 x121  
rsanders@pars.org

**Keith Stribling, CFA**  
**Senior Portfolio Manager**  
(949) 553-2591  
keith.stribling@highmarkcapital.com

**Will Rogers, RPA**  
**Client Services Coordinator**  
(800) 540-6369 x161  
wrogers@pars.org



# PARS 115 TRUST TEAM

## Trust Administrator & Consultant



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

<b>38</b> Years of Experience (1984-2022)	<b>2,000+</b> Plans under Administration	<b>1,000+</b> Public Agency Clients	<b>490+</b> 115 Trust Clients	<b>500K+</b> Plan Participants	<b>\$6.1B</b> Assets under Administration
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## Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

<b>159</b> Years of Experience (1863-2022)	<b>\$9.0T</b> Assets under Trust Custody
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## Investment Manager



- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

<b>103</b> Years of Experience (1919-2022)	<b>\$19.0B</b> Assets under Management & Advisement
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# SUMMARY OF AGENCY'S OPEB PLAN

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<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	August 6, 2009
<b>Plan Administrator:</b>	General Manager
<b>Current Investment Strategy:</b>	Balanced HighMark PLUS (Active) Strategy; Pooled Account

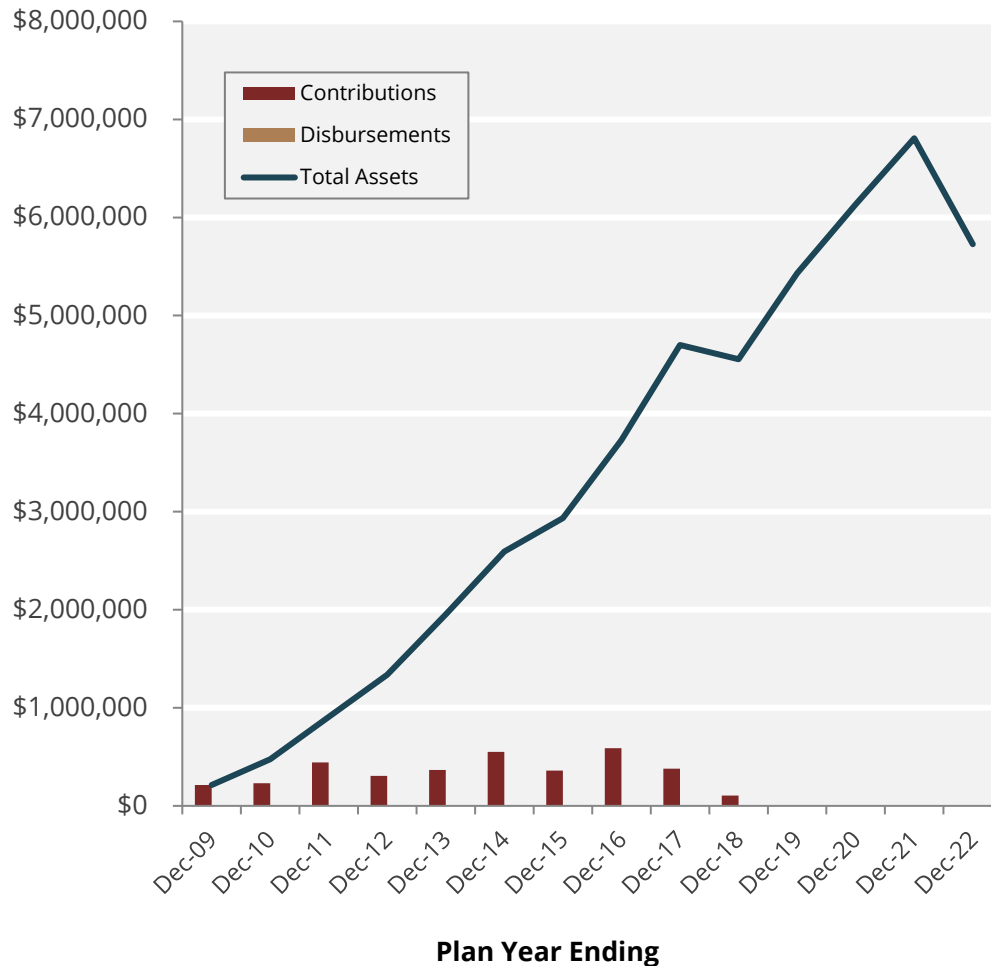
## AS OF JUNE 30, 2022:

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<b>Initial Contribution:</b>	December 2009: \$211,652
<b>Additional Contributions:</b>	\$3,323,137
<b>Total Contributions:</b>	\$3,534,789
<b>Disbursements:</b>	\$0
<b>Total Investment Earnings:</b>	\$2,429,850
<b>Account Balance:</b>	\$5,727,973

# SUMMARY OF AGENCY'S OPEB PLAN

## HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF JUNE 30, 2022:



Year	Contributions	Disbursements	Total Assets
Dec-09*	\$211,652	\$0	\$212,094
Dec-10	\$230,000	\$0	\$474,880
Dec-11	\$442,146	\$0	\$905,653
Dec-12	\$305,956	\$0	\$1,337,155
Dec-13	\$365,445	\$0	\$1,952,486
Dec-14	\$550,186	\$0	\$2,593,537
Dec-15	\$358,403	\$0	\$2,933,757
Dec-16	\$588,000	\$0	\$3,730,913
Dec-17	\$378,000	\$0	\$4,699,966
Dec-18	\$105,000	\$0	\$4,554,334
Dec-19	\$0	\$0	\$5,431,436
Dec-20	\$0	\$0	\$6,134,690
Dec-21	\$0	\$0	\$6,808,004
Dec-22**	\$0	\$0	\$5,727,973

\*Plan Year Ending December 2009 is based on 1 month of activity.  
 \*\*Plan Year Ending December 2022 is based on 6 months of activity.

# OPEB ACTUARIAL RESULTS

- We have received the actuarial report by Nyhart dated June 4, 2021 with a valuation date as of December 31, 2020. In the table below, we have summarized the results.

<b>Demographic Study</b>	<b>Valuation Date: January 1, 2019</b>	<b>Valuation Date: December 31, 2020</b>
<b>Actives</b>	62	61
<b>Retirees</b>	42	47
<b>Total</b>	104	108
<b>Average Active Age</b>	42.5	41.9
<b>Average Active Agency Years of Service</b>	8.9	8.5

# OPEB ACTUARIAL RESULTS

	Valuation Date: January 1, 2019 Discount Rate: 7.00%	Valuation Date: December 31, 2020 Discount Rate: 6.50%
<b>Total OPEB Liability (TOL)</b> <i>Actuarial Accrued Liability (AAL)</i>	\$9,708,832	\$10,665,771
<b>Fiduciary Net Position</b> <i>Actuarial Value of Assets</i>	\$4,554,334	\$6,134,689*
<b>Net OPEB Liability (NOL)</b> <i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$5,154,498	\$4,531,082
<b>Funded Ratio (%)</b>	47.0%	57.5%
<b>Actuarially Determined Contribution (ADC)</b>	\$631,614 <i>For FY 2019-20</i>	\$595,227 <i>for FY 2020-21</i>
<b>Annual Benefit Payments (Pay-as-you-Go)</b>	\$592,075 <i>For FY 2019-20</i>	\$619,973 <i>for FY 2020-21</i>

\*As of June 30, 2021, assets at \$5,727,973. (approx. ~53.7% funded).

**Rule of thumb:** For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

# **South Orange County Wastewater Authority Post Retirement Healthcare Plan**

**July 29, 2022**

**Presented by  
Keith Stribling, CFA**

# DISCUSSION HIGHLIGHTS – South Orange County Wastewater Authority

## Investment objective – Balanced HM Plus

### Asset Allocation: PARS/HCM Balanced HM Plus (As of 6-30-2022)

- Allocation Target – 56.60% stocks (50-70% range), 36.71% bonds (30-50% range), 6.69% cash (0-20% range)
- Large cap 31.23%, Mid-cap 5.46%, Small cap 8.65%, International 9.28%, REIT 1.99%

### Performance: South Orange County Wastewater Authority

(as of 6-30-2022) gross of investment management fees, net of fund fees

- 3 months: -11.26%
- 6-months (YTD): -15.68%
- 1-Year: -13.56%
- 3-Years: 4.25%
- 5-Years: 5.57%
- 10-Years: 6.98%
- Inception to date (12-1-2009) 7.25%

#### Asset Allocation:

- Recently lowered equities
- Favoring value style over growth
- Recently lowered high yield
- Short duration fixed income

#### Economic Review

- Aggressive fiscal policy...stoking inflation
- Monetary policy changing...pullback on QE
- Rate hikes to curb inflation expectations
- Vaccines & now antiviral pills...even as covid surges possible light at the end of the covid tunnel?
- Eventually global economies will improve...but Beijing lockdowns and the Moscow war hampering global recovery
- Recession risks rising as yield curve steepens and inverts
- Risks: Inflation...Inflation...inflation...still more covid hurdles; Fed tapering & Russian aggression with Ukraine & NATO; China slowing

Account Name: PARS/PRHCP BALANCED HM PLUS

Account ID: xxxxx19207



As of: June 30, 2022

Performance Report

	3 Months	Year to Date (6 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 12/01/2009
Cash Equivalents	.14	.15	.16	.48	.95	.54	.44
Lipper Money Market Funds Index	.13	.14	.14	.47	.91	.49	.39
Total Fixed Income	-5.08	-10.33	-10.42	-.83	.93	1.79	2.61
Bloomberg US Aggregate Bd Index (USD)	-4.69	-10.35	-10.29	-.93	.88	1.54	2.41
Total Equities	-16.04	-20.11	-16.89	6.99	8.04	10.22	10.01
Large Cap Funds	-17.10	-20.99	-14.73	9.92	10.53	12.52	11.65
S&P 500 Composite Index	-16.10	-19.96	-10.62	10.60	11.31	12.96	12.56
Mid Cap Funds	-16.84	-21.60	-17.32	6.55	7.87	9.71	
Russell Midcap Index	-16.85	-21.57	-17.30	6.59	7.96	11.29	11.89
Small Cap Funds	-15.65	-18.83	-21.25	4.86	7.85	11.56	12.65
Russell 2000 Index (USD)	-17.20	-23.43	-25.20	4.21	5.17	9.35	10.43
International Equities	-12.43	-17.70	-20.31	2.22	2.82	4.63	3.97
MSCI EAFE Index (Net)	-14.51	-19.57	-17.77	1.07	2.20	5.40	4.17
MSCI EM Free Index (Net USD)	-11.45	-17.63	-25.28	.57	2.18	3.06	2.81
REIT Funds	-15.40	-20.53	-8.06	4.11	5.24		
Wilshire REIT Index	-18.48	-21.64	-6.70	4.01	5.26	7.28	10.43
Total Managed Portfolio	-11.26	-15.68	-13.56	4.25	5.57	6.98	7.25

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.



## ASSET ALLOCATION- Balanced HM Plus

	Ticker	Investment Vehicle	Weight
<b>Equity</b>			<b>56.60%</b>
Large Cap Core	COFYX	Columbia Contrarian Core Cl Y	5.84%
	VGIAX	Vanguard Gro & Inc Admiral Shares	11.10%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	5.26%
	IVE	iShares S&P 500 Value ETF	2.39%
Large Cap Growth	HNACX	Harbor CP Appre Rtrmt Cl	3.32%
	PRUFX	T. Rowe Price Growth Stock Fund	3.31%
Mid Cap Growth	IWR	iShares Russell Mid Cap ETF	5.46%
Small Cap Value	UBVFX	Undiscovered Mgrs Behavrl R6	4.47%
Small Cap Growth	VBK	Vanguard Small Cap Gr Vipers	4.18%
International Core	DFALX	DFA Large Cap International Port	3.25%
International Value	DODFX	Dodge & Cox International Stock Fund	1.16%
International Growth	MGRDX	MFS International Growth Fund	1.17%
Emerging Markets	HHHFX	Hartford Schrodr Mkts Eq	3.71%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	1.99%
<b>Fixed Income</b>			<b>36.71%</b>
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	7.64%
Intermediate-Term	PTRX	PIMCO Total Return Instl Fund	9.42%
	PTRQX	Prudential Total Return BD	9.39%
	DBLFX	Doubleline Core Fixed Inc Cl I	9.36%
High Yield	PHIYX	PIMCO High Yield	0.90%
<b>Cash</b>			<b>6.69%</b>
	FGZXX	First Amern Govt Oblig Fd CL Z	6.69%
<b>TOTAL</b>			<b>100.00%</b>

# PARS South Orange County Wastewater Authority

## For Period Ending June 30, 2022

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-7.86	-16.27	-18.76	-12.91	11.28	10.53	13.12
Vanguard Growth & Income Adm	-8.77	-15.78	-19.06	-9.83	10.87	11.32	13.00
Dodge & Cox Stock I	-9.31	-12.42	-11.53	-7.57	11.27	9.92	13.09
iShares S&P 500 Value ETF	-8.25	-11.32	-11.51	-5.04	8.05	8.01	10.78
Harbor Capital Appreciation Retirement	-7.93	-25.46	-35.59	-32.06	8.25	12.14	13.69
T. Rowe Price Growth Stock I	-8.62	-25.40	-36.60	-34.11	4.36	8.70	12.52
<b>S&amp;P 500 TR USD</b>	<b>-8.25</b>	<b>-16.10</b>	<b>-19.96</b>	<b>-10.62</b>	<b>10.60</b>	<b>11.31</b>	<b>12.96</b>
MID CAP EQUITY FUNDS							
iShares Russell Mid Cap TR USD	-9.99	-16.88	-21.63	-17.43	6.42	7.81	11.11
<b>Russell Mid Cap TR USD</b>	<b>-9.98</b>	<b>-16.85</b>	<b>-21.57</b>	<b>-17.30</b>	<b>6.59</b>	<b>7.96</b>	<b>11.29</b>
SMALL CAP EQUITY FUNDS							
Vanguard Small-Cap Growth ETF	-8.00	-20.44	-29.94	-31.77	2.34	6.81	9.82
Undiscovered Managers Behavioral Val R6	-9.94	-11.05	-7.91	-3.11	10.76	8.19	11.83
<b>Russell 2000 TR USD</b>	<b>-8.22</b>	<b>-17.20</b>	<b>-23.43</b>	<b>-25.20</b>	<b>4.21</b>	<b>5.17</b>	<b>9.35</b>
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	-8.77	-9.49	-10.02	-10.93	3.52	2.14	6.11
DFA Large Cap International I	-9.31	-13.22	-17.50	-15.71	2.48	3.01	5.62
MFS International Growth R6	-6.78	-12.24	-19.38	-17.98	3.33	5.71	7.08
<b>MSCI EAFE NR USD</b>	<b>-9.28</b>	<b>-14.51</b>	<b>-19.57</b>	<b>-17.77</b>	<b>1.07</b>	<b>2.20</b>	<b>5.40</b>
Hartford Schrodgers Emerging Mkts Eq F	-6.94	-12.08	-19.78	-28.42	0.75	2.70	3.53
<b>MSCI EM NR USD</b>	<b>-6.65</b>	<b>-11.45</b>	<b>-17.63</b>	<b>-25.28</b>	<b>0.57</b>	<b>2.18</b>	<b>3.06</b>
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	-7.51	-15.47	-20.52	-8.07	4.73	5.69	7.47
BOND FUNDS							
DoubleLine Core Fixed Income I	-2.01	-5.50	-10.11	-10.18	-1.24	0.74	2.08
PIMCO Total Return Instl	-2.07	-5.46	-11.31	-11.11	-0.77	0.99	1.87
PGIM Total Return Bond R6	-2.59	-6.71	-12.78	-12.53	-1.34	1.08	2.56
Vanguard Short-Term Investment-Grade Adm	-1.30	-1.86	-5.58	-6.10	0.22	1.25	1.70
<b>Bloomberg US Agg Bond TR USD</b>	<b>-1.57</b>	<b>-4.69</b>	<b>-10.35</b>	<b>-10.29</b>	<b>-0.93</b>	<b>0.88</b>	<b>1.54</b>
PIMCO High Yield Instl	-6.81	-9.69	-13.94	-12.68	-0.62	1.53	3.92
<b>ICE BofA US High Yield Mstr II Index</b>	<b>-6.81</b>	<b>-9.97</b>	<b>-14.04</b>	<b>-12.66</b>	<b>-0.04</b>	<b>1.95</b>	<b>4.44</b>

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

# ADMINISTRATIVE REVIEW

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- 1 Future contributions
- 2 Future disbursement requests/options
- 3 Agency's future actuarial valuation for compliance  
Next valuation measurement date: December 2022
- 4 Investment Guidelines Document – Needed
- 5 GASB 74/75 Compliance
- 6 Employer Portal – Available
- 7 Pension Rate Stabilization Program (PRSP)



# EMPLOYER PORTAL

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**Public Agency Retirement Services (PARS) is pleased to announce the launch of our new employer portal for the IRC Section 115 Trust. Features include:**

- Latest monthly account balance
- Transaction history
- Downloadable prior statements
- Investment Performance

**To access this powerful new tool for account management, please provide:**

- Opt-In Addendum
- Agency Personnel Designation Form

[employer.pars.org](https://employer.pars.org)

# GASB COMPLIANCE

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- **To assist our public agency clients with GASB compliance, PARS will be providing the following:**
  - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
  - Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by CliftonLarsonAllen (CLA) that is intended to be compliant with GASB 67/68 and GASB 74/75 requirements.
  - Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
  - Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB

# Agenda Item

# 7

## Finance Committee Meeting

Meeting Date: August 16, 2022

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

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

**SUBJECT:** Draft GASB 68 Report for the Fiscal Year Ended June 30, 2022

### Summary/Discussion

This report presents employer-specific amounts for reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68) for CalPERS public agency cost sharing plans.

The report details the calculation of the Net Pension Liability that the Authority will record in its Audited Net Position Statement as of June 30, 2022.

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

### Net Pension Liability Fiscal Year Ended June 30

Description	2022	2021	2020	2019	Change between 2022 and 2021	
					\$ +/-	%
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018		
Total pension liability	(\$62,175,535)	(\$59,026,089)	(\$55,450,648)	(\$52,230,824)	(\$3,149,446)	5.3%
Fiduciary net position	52,918,317	43,498,406	41,089,097	39,044,508	9,419,911	21.7%
Net pension (liability)	(\$9,257,218)	(\$15,527,683)	(\$14,361,551)	(\$13,186,316)	\$6,270,465	-40.4%
% Funded	85.1%	73.7%	74.1%	74.8%	11.4%	

- Net pension liability decreased by \$6.3 million primarily due to the Risk Pool's asset gain in fiscal year 2020-21, 21.3% return on investments vs. the targeted 7.15% gain. (The 7% target rate is before administrative expenses.)
- The Authority has reached the Finance Officers recommended % Funded Target, 80%-85%, per discussions on November 5, 2020.
- CalPERS FY 2021-22 loss of 6.1% vs. the targeted 6.8% gain will not be reflected until next year's financial statements.

**Recommended Action:** Staff recommends that the Finance Committee 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.



# **Draft GASB 68 Report Net Pension Liability as of June 30, 2022**

### Net Pension Liability Fiscal Year Ended June 30

Description	2022	2021	2020	2019	Change between 2022 and 2021	
					\$ +/-	% Change
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018		
Total pension liability	(\$62,175,535)	(\$59,026,089)	(\$55,450,648)	(\$52,230,824)	(\$3,149,446)	5.3%
Fiduciary net position	52,918,317	43,498,406	41,089,097	39,044,508	9,419,911	<b>21.7%</b>
Net pension (liability)	(\$9,257,218)	(\$15,527,683)	(\$14,361,551)	(\$13,186,316)	<b>\$6,270,465</b>	-40.4%
% Funded	<b>85.1%</b>	73.7%	74.1%	74.8%	11.4%	

- Net pension liability decreased by \$6.3 million primarily due to the Risk Pool’s asset gain in fiscal year 2020–21, 21.3% return on investments vs. the targeted 7.15% gain. (The 7% target rate is before administrative expenses.)
- The Authority has reached the Finance Officers recommended % Funded Target, 80%–85%, per discussions on November 5, 2020.
- CalPERS FY 2021–22 loss of 6.1% vs. the targeted 6.8% gain will not be reflected until next year’s financial statements.



**South Orange County Wastewater Authority  
CalPERS Miscellaneous Pension Plans**

June 30, 2022

Consolidated GASB 68 Reporting Information  
CalPERS Risk Pools  
Preliminary Results

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July 25, 2022

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## Applicable Dates and Periods

	<b>June 30, 2022 Employer Fiscal Year</b>
■ Measurement date	June 30, 2021
■ Measurement period	July 1, 2020 to June 30, 2021
■ Actuarial valuation date	June 30, 2020



## Basis of Report

This report presents employer-specific amounts for reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68) for CalPERS public agency cost-sharing plans. Our calculations are based on information provided in actuarial valuation reports prepared by CalPERS and on the June 30, 2021 "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts", prepared by CalPERS and audited by BDO. We have followed the methodology described in that report and in other CalPERS publications including the GASB 68 Guide for Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plans. It was not part of the scope of this project, nor was information available, to review the census data, actuarial calculations or the actuarial assumptions used to prepare those reports. CalPERS reports used for our calculations are available at:

<https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>

Additional information to be presented in each agency's Notes and RSI can be found on CalPERS website in the CalPERS Risk Pool reports as of the June 30, 2021 Measurement Date and CalPERS Annual Comprehensive Financial Report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-miscellaneous-risk-pool-2021.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-safety-risk-pool-2021.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf>



**Net Pension Liability**

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

	<b>Fiscal Year Ending</b>	
■ <b>Fiscal Year End</b>	<b>6/30/2022</b>	<b>6/30/2021</b>
■ Measurement Date	6/30/2021	6/30/2020
■ Total	\$ 9,257,418	\$ 15,527,683

See page 20 for supporting detail.



**Net Pension Liability**

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

	<b>Percentage Share of Plan</b>		<b>Change: Increase/ (Decrease)</b>
■ <b>Fiscal Year End</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	
■ Measurement Date	6/30/2021	6/30/2020	
■ Percentage of Plan (PERF C) NPL	0.17117%	0.14271%	0.02846%

See page 20 for supporting detail.



**Plan Description \***

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (the System or CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2020 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>

\* This description is from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2021.pdf>



**Net Pension Liability Assumptions \***

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

- |                                    |  |
|------------------------------------|--|
| ■ Discount Rate                    | 7.15%  |
| ■ Inflation                        | 2.50%  |
| ■ Salary increases                 | Varies by Entry Age and Service  |
| ■ Mortality                        | Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website |
| ■ Post-retirement benefit increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies  |

\* These assumptions are from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2021.pdf>



## Note Disclosures

### Long-Term Expected Rate of Return \*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return<sup>1</sup> Years 1 - 10<sup>2</sup></u>	<u>Real Return<sup>1</sup> Years 11 + <sup>3</sup></u>
Public equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

\* This information is from the CalPERS report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2021.pdf>

<sup>1</sup> Figures are based on previous 2017 ALM.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.



## Note Disclosures

### Discount Rate \*

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

\* This description is from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2021.pdf>



**Note Disclosures**

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

	<b>Discount Rate</b>		
	<b>6.15% (1% Decrease)</b>	<b>7.15% (Current Rate)</b>	<b>8.15% (1% Increase)</b>
■ Measurement Date	6/30/2021		
■ Fiscal Year End	6/30/2022		
■ Net Pension Liability	\$ 17,466,537	\$ 9,257,418	\$ 2,471,058

See page 21 for supporting detail.



**Note Disclosures**

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

	<b>2021/22</b>
■ Total pension expense (income) for fiscal year	\$ 3,743,103

See page 31 for supporting detail.



**Deferred Outflows/Inflows Balances at June 30, 2022**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
■ Differences between expected and actual experience *	\$ 1,038,120	-
■ Changes of assumptions *	-	-
■ Net differences between projected and actual earnings on plan investments *	-	(8,081,236)
■ Change in employer's proportion **	227,982	(31,530)
■ Differences between the employer's contributions and the employer's proportionate share of contributions***	-	(659,931)
■ Pension contributions subsequent to measurement date	1,783,637	-
■ Total	<u>3,049,739</u>	<u>(8,772,697)</u>

\* Supporting detail on page 23.

\*\* Supporting detail on page 26.

\*\*\* Supporting detail on page 29.



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

	<b>Deferred Outflows/(Inflows) of Resources</b>
■ <b>Fiscal Year Ending June 30:</b>	
● 2023	\$ (1,656,966)
● 2024	(1,736,662)
● 2025	(1,879,730)
● 2026	(2,233,237)
● 2027	-
● Thereafter	-

Supporting detail on page 30.



**Required Supplementary Information**

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

	<b>Fiscal Year End</b>	
	<b>6/30/22</b>	<b>6/30/21</b>
■ Measurement Date	6/30/21	6/30/20
■ Authority's proportion of the net pension liability	0.17117%	0.14271%
■ Authority's proportionate share of the net pension liability	\$ 9,257,418	\$ 15,527,683
■ Authority's covered payroll *	6,607,567	6,456,681
■ Authority's proportionate share of the net pension liability as a percentage of covered payroll	140.10%	240.49%
■ Plan's fiduciary net position as a percentage of the plan's total pension liability **	88.29%	75.10%

\* For the year ending on the measurement date.

\*\* Supporting detail on page 17.



**Required Supplementary Information**

**Schedule of the Authority's Contributions**

<b>Contributions for the fiscal year ending:</b>	<b>6/30/22</b>	<b>6/30/21</b>
■ Actuarially determined contribution	\$ 1,783,637	\$ 1,620,095
■ Contributions in relation to the actuarially determined contribution	1,783,637	1,620,095
■ Contribution deficiency (Excess)	-	-
■ Authority's covered payroll *	6,812,966	6,607,567
■ Contributions as a percentage of covered payroll	26.18%	24.52%

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





**Actuarially Determined Contribution Assumptions \***

■ Valuation Date	June 30, 2019
■ Actuarial cost method	Entry age normal cost method
■ Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing
■ Remaining Amortization Periods	Differs by employer rate plan but not more than 29 years
■ Asset valuation method	Market value of assets
■ Inflation	2.50%
■ Salary increases	Varies by Entry Age and Service
■ Discount Rate **	7.00% (net of administrative expenses)
■ Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

\* From the CalPERS reports (Appendix A):

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-miscellaneous-2019.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-safety-2019.pdf>

\*\* Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability (page 6). You can find more information on this here:

<https://www.bartel-associates.com/news/2020/03/27/pension-plan-funding-and-accounting-comparison>



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**Data as of 6/30/21 Measurement Date**

	Miscellaneous Risk Pool	Safety Risk Pool	Total
<b>■ Employer Allocation Basis*</b>			
Total Pension Liability	0.31143%	N/A	N/A
Fiduciary Net Postion	0.29292%	N/A	N/A
<b>■ Data from Risk Pool Reports for Measurement Date June 30, 2021</b>			
Total Pension Liability	\$ 19,964,594,105	\$ 26,210,348,159	\$ 46,174,942,264
(1) Fiduciary Net Postion	18,065,791,524	22,700,862,352	40,766,653,876
Net Pension Liability	1,898,802,581	3,509,485,807	5,408,288,388
Funded Percentage	N/A	N/A	88.29%
<b>■ Sensitivity</b>			
(2) NPL @ 6.15% discount rate	4,534,745,933	7,037,624,888	
(1) + (2) TPL @ 6.15% discount rate	22,600,537,457	29,738,487,240	
(3) NPL @ 8.15% discount rate	(280,294,125)	611,555,373	
(1) + (3) TPL @ 8.15% discount rate	17,785,497,399	23,312,417,725	
<b>■ Collective Pension Expense</b>			
	148,495,760	188,401,318	



<b>■ Deferred Outflows (Inflows) Balances at June 30, 2021 Measurement Date (MD)</b>				
MD				
2019	Differences between expected and actual experience	52,906,588	95,545,819	N/A
2020	Differences between expected and actual experience	36,653,287	178,055,063	N/A
2021	Differences between expected and actual experience	123,370,455	325,991,748	N/A
2018	Differences between projected and actual earnings on plan investments	(33,897,346)	(40,641,618)	N/A
2019	Differences between projected and actual earnings on plan investments	28,294,262	33,417,976	N/A
2020	Differences between projected and actual earnings on plan investments	180,298,870	217,660,052	N/A
2021	Differences between projected and actual earnings on plan investments	(1,832,250,032)	(2,299,255,130)	N/A
<b>■ Other</b>				
	Aggregate Employer Contributions	710,555,982	1,212,802,371	N/A
	Expected Average Remaining Service Lifetime (EARSL)		N/A	3.7
	Future Recognition of Deferred Amounts			
	Measurement Date			
	2022	(298,750,813)	(210,990,080)	N/A
	2023	(321,832,644)	(285,678,176)	N/A
	2024	(365,977,951)	(417,744,053)	N/A
	2025	(458,062,508)	(574,813,781)	N/A

\*From the report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2021.pdf>



## Supporting Calculations

### Employer Contributions during Fiscal Year

	2021/22	2020/21
■ Misc Tier 1 - 9523	\$ 1,337,610	\$ 1,201,232
■ Misc Tier 2 - 9524	138,886	134,083
■ Misc PEPR - 27120	307,141	284,780
■ Total	1,783,637	1,620,095



## Supporting Calculations

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

	Fiscal Year Ending 6/30/2022		
	Measurement Date 6/30/2021		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
■ Authority % *	0.31143%	0.29292%	
■ Total Misc Risk Pool *	\$ 19,964,594,105	\$ 18,065,791,524	N/A
■ Authority's Proportionate Share	62,175,735	52,918,317	\$ 9,257,418
■ Total PERF-C NPL *	N/A	N/A	5,408,288,388
■ Authority's Proportionate Share of NPL	N/A	N/A	0.17117%

\* Supporting detail on page 17.



## Supporting Calculations

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

	Discount Rate		
	6.15%	7.15%	8.15%
■ Measurement Date	6/30/2021		
■ Fiscal Year End	6/30/2022		
■ Miscellaneous			
Risk Pool Total Pension Liability *	\$ 22,600,537,457	\$ 19,964,594,105	\$ 17,785,497,399
Employer's TPL Proportion	0.31143%	0.31143%	0.31143%
Proportionate share of TPL	\$ 70,384,854	\$ 62,175,735	\$ 55,389,375
Less: Proportionate share of FNP **	<u>52,918,317</u>	<u>52,918,317</u>	<u>52,918,317</u>
Net Pension Liability	17,466,537	9,257,418	2,471,058

\* Supporting detail on page 17.

\*\* Supporting detail on page 20.



## Supporting Calculations

### Allocation Factor for Deferred Inflows and Outflows

	<u>Miscellaneous</u>
(1) Total Misc Risk Pool Net Pension Liability*	\$ 1,898,802,581
(2) Authority's Proportionate Share of Net Pension Liability **	9,257,418
(3) Authority's Deferred Outflows/Inflows of Resources Allocation Basis (2) ÷ (1) ***	0.48754%

\* Supporting detail on page 17.

\*\* Supporting detail on page 20.

\*\*\* Deferred Outflows/Inflows of resources allocated based on the employer's share of the Miscellaneous Risk Pool net pension liability, per CalPERS' guidance in the 6/30/2021 Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts.



## Supporting Calculations

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

Measurement Date	Item	Misc Risk Pool*	Employer Amount (0.48754%)**	Employer Deferred Outflow	Employer Deferred (Inflow)
Differences between Actual and Expected Experience					
2019		\$ 52,906,588	\$ 257,941	\$ 257,941	-
2020		36,653,287	178,699	178,699	-
2021		123,370,455	<u>601,480</u>	<u>601,480</u>	<u>-</u>
Total Differences between Actual and Expected Experience			1,038,120	1,038,120	-
Net Difference between Projected and Actual Return on Investments					
2018 to 2021		(1,657,554,246)	(8,081,236)	-	(8,081,236)

\* Supporting detail on page 18. \*\* Supporting detail on page 22, unrounded allocation factor is used.



## Supporting Calculations

### Change in Proportion Calculation

	Unrecognized Differences between Expected and Actual Experience	Unrecognized Changes in Assumptions	Unrecognized Net Difference Between Projected and Actual Earnings on Investments	Total Pension Liability	Fiduciary Net Position	Total
■ Miscellaneous Risk Pool						
Net deferral at 6/30/2020 MD	\$217,370,008	\$ (30,085,020)	\$125,304,636	\$(18,920,437,526)	\$14,702,361,183	
Employer proportion at 6/30/2021 MD*	<u>0.48754%</u>	<u>0.48754%</u>	<u>0.48754%</u>	<u>0.31143%</u>	<u>0.29292%</u>	
Employer amount using 6/30/2021 basis	1,059,765	(146,676)	610,910	(58,923,919)	43,066,156	(14,333,764)
Employer balances at 6/30/2020 MD	<u>800,187</u>	<u>(110,750)</u>	<u>461,274</u>	<u>(59,026,089)</u>	<u>43,498,406</u>	<u>(14,376,972)</u>
Difference	(259,578)	35,926	(149,636)	(102,170)	432,250	(43,208)

\* Supporting details on pages 17 and 22, unrounded allocation factor is used.



## Supporting Calculations

### Change in Proportion

Calculation at June 30, 2022 financial statement date

	<b>2018</b> <b>Measurement</b> <b>Date</b>	<b>2019</b> <b>Measurement</b> <b>Date</b>	<b>2020</b> <b>Measurement</b> <b>Date</b>	<b>2021</b> <b>Measurement</b> <b>Date</b>	<b>Total</b>
Balance reported at June 30, 2021	\$ (15,676)	\$ 135,645	\$ 260,859	\$ (43,208) *	
Remaining Amortization Years	0.8 years	1.8 years	2.8 years	3.7 years	
Current Year Amortization	15,676	(75,358)	(93,164)	11,678	(141,168)
Balance reported at June 30, 2022	-	60,287	167,695	(31,530)	196,452

\* Balance at July 1, 2021, after 6/30/21 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2022 Employer-Specific Deferral: Change in Proportions

	Initial Recognition Period				Total
	2018/19	2019/20	2020/21	2021/22	
■ Measurement Period	2017/18	2018/19	2019/20	2020/21	
■ Initial amount	\$ (74,455)	\$ 286,361	\$ 354,023	\$ (43,208)	
■ Initial recognition period	3.8 years	3.8 years	3.8 years	3.7 years	
■ Amount recognized in FY pension expense					
● 2018/19 (3rd prior year)	(19,593)	N/A	N/A	N/A	(19,593)
● 2019/20 (2nd prior year)	(19,593)	75,358	N/A	N/A	55,765
● 2020/21 (Prior year)	(19,593)	75,358	93,164	N/A	148,929
● 2021/22 (Current year)	(15,676)	75,358	93,164	(11,678)	141,168
● 2022/23	-	60,287	93,164	(11,678)	141,773
● 2023/24	-	-	74,531	(11,678)	62,853
● 2024/25	-	-	-	(8,174)	(8,174)
● Total	(74,455)	286,361	354,023	(43,208)	522,721
■ Deferred Outflows at FYE 6/30/2022	-	60,287	167,695	-	227,982
■ Deferred Inflows at FYE 6/30/2022	-	-	-	(31,530)	(31,530)



## Supporting Calculations

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

	<u>Miscellaneous</u>
(1) Aggregate Risk Pool employer contributions for MP 2020/21*	\$ 710,555,982
(2) Employer proportion (FNP %)**	0.29292%
(3) Proportionate share of aggregate Employer contribution (1) * (2)	2,081,361
(4) Actual Contribution for Measurement Period 2020/2021	1,620,095
(5) Difference (4) - (3)	(461,266)

\* Supporting detail on page 18.

\*\* Supporting detail on page 17.



## Supporting Calculations

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

Calculation at June 30, 2022 financial statement date

	2018 Measurement Date	2019 Measurement Date	2020 Measurement Date	2021 Measurement Date	Total
Balance reported at June 30, 2021	(82,660)	(191,948)	(370,253)	(461,266) *	
Remaining Amortization Years	0.8 years	1.8 years	2.8 years	3.7 years	
Current Year Amortization	82,660	106,637	132,233	124,666	446,196
Balance reported at June 30, 2022	-	(85,311)	(238,020)	(336,600)	(659,931)

\* Balance at July 1, 2021, after 6/30/21 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2022 Employer-Specific Deferral: Difference Between Actual & Proportionate Share of Employer Contributions

	Initial Recognition Period				Total
	2018/19	2019/20	2020/21	2021/22	
■ Measurement Period	2017/18	2018/19	2019/20	2020/21	
■ Initial amount	\$ (392,641)	\$ (405,222)	\$ (502,486)	\$ (461,266)	
■ Initial recognition period	3.8 years	3.8 years	3.8 years	3.7 years	
■ Amount recognized in FY pension expense					
● 2018/19 (3rd prior year)	(103,327)	N/A	N/A	N/A	(103,327)
● 2019/20 (2nd prior year)	(103,327)	(106,637)	N/A	N/A	(209,964)
● 2020/21 (Prior year)	(103,327)	(106,637)	(132,233)	N/A	(342,197)
● 2021/22 (Current year)	(82,660)	(106,637)	(132,233)	(124,666)	(446,196)
● 2022/23	-	(85,311)	(132,233)	(124,666)	(342,210)
● 2023/24	-	-	(105,787)	(124,666)	(230,453)
● 2024/25	-	-	-	(87,268)	(87,268)
● Total	(392,641)	(405,222)	(502,486)	(461,266)	(1,761,615)
■ Deferred Outflows at FYE 6/30/2022	-	-	-	-	-
■ Deferred Inflows at FYE 6/30/2022	-	(85,311)	(238,020)	(336,600)	(659,931)



## Supporting Calculations

### Recognition of Deferrals in Future Pension Expense

Measurement Period Ending June 30:	Fiscal Year Ending June 30:	Miscellaneous Risk Pool Amount			Employer Specific Amounts		Total
		Risk Pool Amount*	Applicable Percentage**	Authority's Proportionate Share	Change in Proportion***	Difference Between Actual and Proportionate Share of Contributions****	
■ 2022	■ 2023	\$ (298,750,813)	0.48754%	\$ (1,456,529)	\$ 141,773	\$ (342,210)	\$ (1,656,966)
■ 2023	■ 2024	(321,832,644)	0.48754%	(1,569,062)	62,853	(230,453)	(1,736,662)
■ 2024	■ 2025	(365,977,951)	0.48754%	(1,784,288)	(8,174)	(87,268)	(1,879,730)
■ 2025	■ 2026	(458,062,508)	0.48754%	(2,233,237)	-	-	(2,233,237)
■ 2026	■ 2027	-	0.48754%	-	-	-	-
■ Thereafter	■ Thereafter	-	0.48754%	-	-	-	-

\* See page 18.

\*\* See page 22, unrounded allocation factor is used.

\*\*\* See page 26.

\*\*\*\* See page 29.





**Supporting Calculations**

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

	Fiscal year ending		Change
	6/30/2021	6/30/2022	
■ Measurement date	6/30/2020	6/30/2021	
■ Total pension liability	\$ 59,026,089	\$ 62,175,735	\$ 3,149,646
■ Fiduciary net position	43,498,406	52,918,317	9,419,911
■ Net pension liability/(asset)	15,527,683	9,257,418	(6,270,265)
■ Deferred inflows of resources	771,287	8,772,697	8,001,410
■ Deferred (outflows) of resources *	(1,657,965)	(1,266,102)	391,863
■ Contributions in the measurement period	-	1,620,095	1,620,095
■ Net balance sheet impact	14,641,005	18,384,108	3,743,103
■ Pension Expense (Income)			3,743,103

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



**Supporting Calculations**

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## Journal Entries

### Beginning Balances

Following summarizes the beginning balances from the 2020 measurement date \*

	<b>Debit</b>	<b>Credit</b>
Differences between expected and actual experience	\$ 800,187	\$ -
Changes of assumptions	-	(110,750)
Net differences between projected and actual earnings on plan investments	461,274	-
Change in employer's proportion	396,504	(15,676)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(644,861)
Total deferred outflow/inflow	1,657,965	(771,287)
Pension contributions subsequent to measurement date	1,620,095	-
Net Pension Liability	-	(15,527,683)
Net Impact	13,020,910	-
<i>Check</i>	16,298,970	(16,298,970)

\* Recorded at 6/30/21 fiscal year end.



## Journal Entries

### Employer Contributions

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

	<b>Debit</b>	<b>Credit</b>
Net pension liability	\$ 1,620,095	
Deferred Outflow - FY 2021 contributions		\$ (1,620,095)
Deferred Outflow - FY 2022 contributions	1,783,637	
Pension Expense		(1,783,637)
<i>Check</i>	3,403,732	(3,403,732)



## Journal Entries

### Summary Journal Entries - Pension Expense

Following records the impact of current year pension expense

	<b>Debit</b>	<b>Credit</b>
Deferred Outflows	\$ 237,933	\$ (629,796)
Deferred Inflows	110,750	(8,112,160)
Pension Expense (Income)	3,743,103	-
Net pension liability	4,650,170	-
 <i>Check</i>	 8,741,956	 (8,741,956)

See pages 38 and 37 ("Subtotal" row) for details.



## Journal Entries

### Ending Balances at June 30, 2022

	<b>Debit</b>	<b>Credit</b>
Differences between expected and actual experience	\$ 1,038,120	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(8,081,236)
Change in employer's proportion	227,982	(31,530)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(659,931)
Total deferred outflow/inflow	1,266,102	(8,772,697)
Pension contributions subsequent to measurement date	1,783,637	-
Net Pension Liability (NPL)	-	(9,257,418)
Net Impact	14,980,376	-
 <i>Check</i>	 18,030,115	 (18,030,115)
Total pension expense (income) for FYE 2022	3,743,103	-



## Reconciliation of Deferred Outflows

(Detail for page 35)

Deferred Outflows	Opening Balance Debit	Journal Entry- Debit	Journal Entry - (Credit)	Ending Balance Debit
Differences between actual and expected experience	\$ 800,187	\$ 237,933	\$ -	\$ 1,038,120
Change in assumptions	-	-	-	-
Differences between projected and actual earnings on plan investments	461,274	-	(461,274)	-
<u>Employer Specific</u>				
Change in employer's proportion	396,504	-	(168,522)	227,982
Differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-
Subtotal	1,657,965	237,933	(629,796)	1,266,102
Contributions after the Measurement Date	1,620,095	1,783,637	(1,620,095)	1,783,637
Total Deferred Outflows	3,278,060	2,021,570	(2,249,891)	3,049,739

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



## Reconciliation of Deferred Inflows

(Detail for page 35)

Deferred Inflows	Opening Balance (Credit)	Journal Entry- (Credit)	Journal Entry - Debit	Ending Balance (Credit)
Differences between actual and expected experience	\$ -	\$ -	\$ -	\$ -
Change in assumptions	(110,750)	-	110,750	-
Differences between projected and actual earnings on plan investments	-	(8,081,236)	-	(8,081,236)
<u>Employer Specific</u>				
Change in employer's proportion	(15,676)	(15,854)	-	(31,530)
Differences between the employer's contributions and the employer's proportionate share of contributions	(644,861)	(15,070)	-	(659,931)
Total Deferred Inflows	(771,287)	(8,112,160)	110,750	(8,772,697)

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



**Reconciliation of Deferred Outflows/(Inflows)**

**Summary of Balances**

	Fiscal year ending	
	6/30/2021	6/30/2022
■ Measurement date	6/30/2020	6/30/2021
■ Total pension liability	\$ (59,026,089)	\$ (62,175,735)
■ Fiduciary net position	43,498,406	52,918,317
■ Net pension (liability)/asset	(15,527,683)	(9,257,418)
■ Deferred (inflows) of resources	(771,287)	(8,772,697)
■ Deferred outflows of resources	3,278,060	3,049,739
■ Net balance sheet impact	(13,020,910)	(14,980,376)

Deferred Outflows includes contributions after the measurement date.



**Reconciliation of Deferred Outflows/(Inflows)**

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# Agenda Item

8

**Finance Committee Meeting**

**Meeting Date:** August 16, 2022

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Dina Ash, Human Resources Administrator

**SUBJECT:** Nationwide 457(b) Investment Plan Update

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## Summary:

SOCWA staff was asked to come back to the Finance Committee with an update on the SOCWA Government 457 (b) plan fee structures for Nationwide and the Advisory Services from First Light Retirement, LLC. (Tyler Wolfson and Thomas Wolfson) and report on the satisfaction from the employees.

SOCWA 457 (b) employee committee asked SOCWA employees to comment on the services received from Tyler and Tom. We are happy to report they are doing a fantastic job and the advice they give is good and with a lot of specific details. The service costs are quite a bit less for this top-notch advice we receive rather than what we were getting with our old plan.

SOCWA's Nationwide plan has an annual cost of \$1,000 as a base administrative fee plus \$28 per participant per year (approximately \$2800 annually). Additionally, Nationwide charges 19 bps, and First Light charges 20 bps.

SOCWA transitioned in 2020 from Nationwide public to Nationwide private, entering into a service agreement that may be terminate at any time with no termination fees. In 2020, we also negotiated a \$16,000 credit to use against the administration and participant fees along with Nationwide's 19bps. This runs about \$925 each quarter. To date, \$8,525 credit remains. Staff anticipates the credit may be renewable with Nationwide once it is spent down.

SOCWA Investment Committee held their quarterly meeting on Wednesday, August 3, 2022, followed by the All-Hands meeting to discuss Q3 Market Overview.

**Recommended Action:** Information Item.

**Market Overview** – Our outlook for the broader stock markets hasn't been this positive since March of 2020. This comes at a time when the S&P 500 is down more than 19% year to date and the most recent inflation data shows price increases over 9%, all amidst talk of the Federal Reserve potentially raising interest rates by 1% during their meeting at the end of July. Additionally, we continue to factor in the Russo- Ukrainian conflict driving up the cost of food and fuel; a variable that we have neither the tools to contain nor an end date for. To top it all off, we are likely headed for a recession. Over the past 8 recessions, Bloomberg and Goldman Sachs were able to demonstrate the median peak-to-trough drawdown for the S&P 500 was -21%; though having already seen a low of -23% in June, we are becoming increasingly optimistic.

Unfortunately, our crystal ball (along with all the others in industry) doesn't give an exact time at which the market will turn towards positivity. Given the uncertain, short-term nature of the market, we believe the best course of action is small, consistent, targeted changes to your allocation based on your overall goals. For some investors, that means selecting an aged-based investment (like a target date fund) that handles rebalancing for you; for others, that may be quarterly or semi-annual rebalancing. Regardless, now is a time for consistency. We strongly encourage taking the time to check in and let us help design and implement a plan tailored to your objectives.

**Fixed Income** – The best is yet to come for the broader bond market. Federal reserve policy remains the leading factor for the bond-based mutual funds accessible through your retirement plan, and rising interest rates continue to batter all varieties of bond funds. We've had a meteoric rise in interest rates since bottoming in early 2020; the Fed funds rate has risen from 0.25% to 1.75% today, with many analysts pointing to a terminal rate of 3.25-3.50% before this rate hiking cycle is over. Suggesting the Fed would raise rates as much as 1.00% at a single point in time would have been unfathomable just a year ago, but today it appears rational. Bond funds have lost significant value with this rapid increase, and provided it continues, finding alternatives to bond fund would be logical well into 2023. Investors may find cash or cash equivalents, like money market and stable value funds, offer better rates of return in the near term; those willing to take on more risk commonly migrate to dividend stocks found in large value funds.

Whenever the Fed can ultimately slow and stop these interest rate increases, bond funds will go from some of the least appealing investments in a plan today to one of the most interesting – potentially offering higher yields from conservative securities than we've seen in a decade.

**International Equities** – Stocks outside the United States offer diversification benefits as well as added value to anyone looking to migrate from the U.S. dollar but face more significant headwinds from a performance standpoint. We view international investing as a bit of a dichotomy; Emerging Markets is poised for significant upside, while Developed International looks to experience a slower recovery as the invasion of Ukraine weighs more on their short-term prospects. Analysts think there may be up to 17% upside in Emerging Markets, heavily driven by government spending in China following an unsuccessful attempt to entirely contain virus outbreaks. Developed International is on track to see gains closer to 13% over the next year.

**Domestic Equities** – U.S. markets continue to be the bright spot from a global standpoint, and we still believe investors should keep the largest portion of their portfolio in domestic stock. In recent newsletters, we suggested reducing risk by shifting away from small and mid-sized companies towards their larger counterparts. Investors with long time horizons and significant appetites for risk may start to reverse that; for those with shorter time horizons, we recommend a slower move down the size spectrum. From a rate of return standpoint, U.S. markets offer expected returns in line with Emerging Markets, while widely considered to be much safer.

**Want to review your account?**  
Reach your Advisors at 858-692-1283, [hello@firstlightretirement.com](mailto:hello@firstlightretirement.com), or  
[schedule a meeting.](#)

## Yearly Average and Year-To-Date Investment performance up to 6-30-2022

<u>Style</u>	<u>Fund Name</u>	<u>Symbol</u>	<u>M*RAT</u>	<u>Exp</u>	<u>10 YRS</u>	<u>5 YRS</u>	<u>3 YRS</u>	<u>1 YR</u>	<u>YTD</u>
Technology	Vanguard Information Technology Idx Adm	VITAX	*****	0.10%	18.24%	19.53%	16.76%	-17.49%	-28.45%
Real Estate	Principal Real Estate Securities Inst	PIREX	****	0.86%	8.69%	7.30%	5.36%	-6.98%	-20.08%
Diversified Emerging Mkts	American Funds New World R6	RNWGX	*****	0.57%	6.03%	5.15%	2.89%	-27.15%	-23.61%
Foreign Large Growth	Fidelity Advisor® Intl Capital App I	FCPIX	***	0.97%	8.07%	4.78%	1.51%	-25.27%	-29.44%
Foreign Large Blend	Fidelity® International Index	FSPSX	****	0.04%	5.55%	2.37%	1.37%	-17.33%	-19.19%
Global Large-Stock Growth	American Century Focused Global Gr R6	AGGDX	****	0.72%	10.64%	10.19%	7.75%	-20.06%	-21.40%
Small Growth	Federated Hermes Kaufmann Small Cap R6	FKALX	**	0.89%	12.87%	10.93%	1.08%	-37.17%	-33.05%
Small Blend	JPMorgan Small Cap Equity R5	JSERX	***	0.80%	11.01%	6.94%	5.66%	-16.81%	-20.33%
Small Blend	Fidelity® Small Cap Index	FSSNX	***	0.03%	9.51%	5.25%	4.26%	-25.20%	-23.37%
Small Value	American Century Small Cap Value R6	ASVDX	*****	0.84%	11.46%	8.48%	11.11%	-12.82%	-16.28%
Mid-Cap Growth	MFS Mid Cap Growth R6	OTCKX	****	0.65%	12.93%	10.77%	4.76%	-24.39%	-30.20%
Mid-Cap Blend	Fidelity® Mid Cap Index	FSMDX	***	0.03%	11.28%	7.95%	6.57%	-17.31%	-21.58%
Mid-Cap Value	Ivy Mid Cap Income Opportunities I	IVOIX	****	0.83%	N/A	8.31%	6.87%	-10.47%	-17.69%
Large Growth	American Funds Growth Fund of Amer R6	RGAGX	***	0.30%	13.04%	10.21%	7.99%	-24.85%	-30.22%
Large Growth	AB Large Cap Growth I	ALLIX	*****	0.62%	15.86%	13.90%	11.27%	-19.75%	-28.29%
Large Growth	Janus Henderson Forty N	JFRNX	***	0.70%	13.82%	11.67%	7.90%	-29.33%	-34.03%
Large Blend	Fidelity® 500 Index	FXAIX	****	0.01%	12.95%	11.29%	10.59%	-10.63%	-19.97%
Large Blend	T. Rowe Price Dividend Growth I	PDGIX	****	0.49%	12.91%	11.56%	10.03%	-5.16%	-15.37%
Large Value	American Funds American Mutual R6	RMFGX	*****	0.27%	11.25%	9.86%	9.46%	1.29%	-8.24%
Large Value	American Century Equity Income R6	AEUDX	***	0.57%	9.92%	7.11%	5.71%	-1.82%	-7.75%
Target-Date 2060	American Funds 2060 Trgt Date Retire R6	RFUTX	*****	0.38%	N/A	7.35%	5.89%	-17.60%	-21.87%
Target-Date 2055	American Funds 2055 Trgt Date Retire R6	RFKTX	****	0.38%	9.76%	7.41%	5.99%	-17.43%	-21.74%

Licensed Plan Advisor 858-692-1283  
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## Yearly Average and Year-To-Date Investment performance up to 6-30-2022

<u>Style</u>	<u>Fund Name</u>	<u>Symbol</u>	<u>M*RAT</u>	<u>Exp</u>	<u>10 YRS</u>	<u>5 YRS</u>	<u>3 YRS</u>	<u>1 YR</u>	<u>YTD</u>
<b>Target-Date 2050</b>	American Funds 2050 Trgt Date Retire R6	RFITX	*****	0.37%	9.85%	7.59%	6.25%	-16.74%	-21.15%
<b>Target-Date 2045</b>	American Funds 2045 Trgt Date Retire R6	RFHTX	*****	0.37%	9.87%	7.64%	6.43%	-15.92%	-20.43%
<b>Target-Date 2040</b>	American Funds 2040 Trgt Date Retire R6	RF GTX	*****	0.36%	9.81%	7.60%	6.48%	-15.23%	-19.74%
<b>Target-Date 2035</b>	American Funds 2035 Trgt Date Retire R6	RF FTX	*****	0.35%	9.60%	7.39%	6.33%	-13.60%	-18.04%
<b>Target-Date 2030</b>	American Funds 2030 Trgt Date Retire R6	RF ETX	*****	0.33%	8.95%	6.52%	5.46%	-11.66%	-15.72%
<b>Target-Date 2025</b>	American Funds 2025 Trgt Date Retire R6	RF DTX	*****	0.31%	8.17%	5.91%	5.06%	-9.98%	-13.73%
<b>Target-Date 2020</b>	American Funds 2020 Trgt Date Retire R6	RR CTX	*****	0.30%	7.10%	5.20%	4.41%	-8.42%	-11.94%
<b>Target-Date 2015</b>	American Funds 2015 Trgt Date Retire R6	RF JTX	*****	0.29%	6.44%	4.89%	4.26%	-7.62%	-11.07%
<b>Target-Date 2000-2010</b>	American Funds 2010 Trgt Date Retire R6	RF TTX	*****	0.28%	5.89%	4.62%	4.06%	-6.61%	-9.86%
<b>High Yield Bond</b>	MainStay MacKay High Yield Corp Bd I	MHYIX	****	0.70%	4.45%	2.50%	0.84%	-9.67%	-10.90%
<b>Intermediate Core</b>	Western Asset Core Bond I	WATFX	***	0.46%	2.02%	0.68%	-1.66%	-13.75%	-13.75%
<b>Inflation-Protected Bond</b>	Fidelity® Inflation-Prot Bd Index	FIPDX	***	0.05%	1.65%	3.12%	2.93%	-5.29%	-9.05%
<b>Safe Harbor</b>	Nationwide Fixed Select	N/A		N/A	N/A	N/A	N/A	N/A	0.92%



**Past Performance is not an indication of future returns.** The performance shown is the average annual return for each period reflected, except for the year-to-date (YTD) returns, and based on the net asset value (NAV) of each fund.

Investment return and principal value of an investment will fluctuate. There is a risk of loss investing in securities, including the loss of principal investment. Current performance for these mutual funds may be higher or lower than the performance data presented herein.

This data is being provided for informational purposes and is only intended to provide a brief overview of each mutual fund. Please read each fund's prospectus for more detailed information.

**Exp Ratio (Gross):** Expense ratio is a measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. For a mutual fund, the gross expense ratio is the total annual fund or class operating expenses directly paid by the fund from the fund's most recent prospectus (before waivers or reimbursements). This ratio also includes Acquired Fund Fees and Expenses, which are expenses indirectly incurred by a fund through its ownership of shares in other investment companies. If the investment option is not a mutual fund, the expense ratio may be calculated using methodologies that differ from those used for mutual funds.

**Exp Ratio (Net):** Expense ratio is a measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. For a mutual fund, the net expense ratio is the total annual fund or class operating expenses directly paid by the fund from the fund's most recent prospectus, after any fee waiver and/or expense reimbursements that will reduce any fund operating expenses. This ratio also includes Acquired Fund Fees and Expenses, which are expenses indirectly incurred by a fund through its ownership of shares in other investment companies. This number does not include any fee waiver arrangement or expense reimbursement that may be terminated without agreement of the fund's board of trustees during the one-year period. If the investment option is not a mutual fund, the expense ratio may be calculated using methodologies that differ from those used for mutual funds.

**M\*RAT** means Morningstar Rating™. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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# Agenda Item

9

**Finance Committee Meeting**

**Meeting Date:** August 16, 2022

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

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

**SUBJECT:** Bartel Associates, LLC was acquired by Foster & Foster Consulting Actuaries, Inc. Effective July 1, 2022

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## Summary/Discussion

This agenda item is to inform the Board that Bartel Associates was acquired by Foster and Foster Consulting Actuaries, Inc., a national actuarial consulting firm that has been serving the public sector since 1979. Bartel expects to continue business as usual, and most employees will remain with Foster and Foster.

Bartel Associates, LLC will continue to exist for a while and can continue doing business under the current DBA, or it can change all open contracts and new contracts to Foster and Foster if SOCWA prefers.

On April 7, 2022, the Board authorized the Authority to acquire valuation and actuary services from Bartel Associates and Nyhart over two years in a combined amount of \$15,000 for both firms.

Bartel Associates provides:

- Fiscal Year End Net Pension Liability Change
- Pension and OPEB Termination Liability Template for Agencies leaving the Joint Powers Authority (JPA)
- Potential Changes to Board Approved Methodology for Distribution of Long-Term Liabilities

Nyhart provides:

- Fiscal Yearend Net OPEB Liability Change
- Termination Liability for OPEB
- OPEB Valuation Reports

Bartel and Nyhart services were recommended as a continuation of the work the Firms completed previously to develop templates to distribute the Authority's three long-term liabilities by project committee and member agency, and the Net Pension Liability, and Net OPEB Liability annual reporting. This item was brought to the attention of the Finance Committee and Board due to expenditures over a number of years totaling cumulative greater than \$50,000 for each firm. The majority of the expenses in past years related to development of options for allocation of unfunded liabilities and other projects.

Bartel Associates, LLC was acquired by Foster & Foster  
Consulting Actuaries, Inc. Effective July 1, 2022  
August 16, 2022

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SOCWA uses the Firms because of their expertise, competence, and experience with our organization and in the type of service required and in line with the project's complexity.

SOCWA plans to issue New Purchase Orders in the Name of the New Ownership.

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors authorize the General Manager to modify the Bartel services contract to receive services from the acquiring firm, Foster and Foster.