

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

**September 19, 2023  
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held on **September 19, 2023, at 10:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, 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 SUCH 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. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT [WWW.SOCWA.COM](http://WWW.SOCWA.COM), ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT [DHIRSH@SOCWA.COM](mailto:DHIRSH@SOCWA.COM) WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

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 FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS FOR AUDIO OF MEETING USE  
THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

Join Zoom Meeting  
<https://socwa.zoom.us/>  
Meeting ID: 851 8392 7146  
Passcode: 496908

Dial by your location:  
+1 669 900 6833 US (San Jose)    +1 253 215 8782 US (Tacoma)  
+1 346 248 7799 US (Houston)    +1 312 626 6799 US (Chicago)  
Find your local number: <https://socwa.zoom.us/j/keFXQ3R7C5>

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.*

PAGE NO.

3. Approval of Minutes..... 1

- Finance Committee Meeting of June 20, 2023

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

4. Preliminary Financial Reports for the Month of June 2023 (Close of Fiscal Year) and Financial Reports for the Month of July 2023 ..... 6

- The June 2023 preliminary reports included are as follows:
  - a. Budget vs. Actual Expenses (June 2023)
    - 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)
    - Q4 Fringe Pool and Fringe Rate (Exhibit E-5)
- The July 2023 financial reports included are as follows:
  - a. Summary of Disbursements for July 2023 (Exhibit A-1);
  - b. Schedule of Funds Available for Reinvestment (Exhibit B)
    - Local Agency Investment Fund (LAIF)
  - c. Schedule of Cash and Investments (Exhibit C)
  - d. Capital Schedule (Exhibit D)
    - Capital Projects – Graph (Exhibit D-1)
  - e. Budget vs. Actual Expenses:
    - Operations and Environmental Summary (Exhibit E-1)
    - Operations and Environmental by PC (E-1.2)
    - Residual Engineering, after transfer to Capital (Exhibit E-2)
    - Administration (Exhibit E-3)
    - Information Technology (IT) (Exhibit E-4)

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors (i) receive and file the June 2023 (Preliminary) Financial Reports, (ii) ratify the July 2023 disbursement for the period from July 1, 2023, through July 31, 2023, totaling \$3,348,611.

5. Net Pension & Net OPEB Liability .....42

- PowerPoint Presentation and Report

**Recommended Action:** Information Item.

6. PARS Investment Update ..... 113

- PowerPoint Presentation and Report

**Recommended Action:** Information Item.

7. Audit Update .....

**Recommended Action:** Information Item.

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 meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 14th day of September 2023.



---

Danita Hirsh, Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**Finance Committee**

**DRAFT**

**June 20, 2023**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on June 20, 2023, at 10:30 a.m. in-person and 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:

MARK McAVOY	City of Laguna Beach	Alternate Director [arrived @ 10:34 a.m.]
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	Santa Margarita Water District	Alternate Director
MATT COLLINGS	Moulton Niguel Water District	Director
PAM ARENDS-KING	South Coast Water District	Alternate Director

Staff Participation:

JIM BURROR	Acting General Manager
MARY CAREY	Finance Controller
AMBER BAYLOR	Director of Environmental Compliance
DAVID BARANOWSKI	Director of Engineering
KONSTANTIN SHILKOV	Senior Accountant
ANNA SUTHERLAND	Accounts Payable
DINA ASH	HR Administrator
RONI YOUNG-GRANT	Associate Engineer
DAN GRILLEY	SCADA (IT Assistant)
DANITA HIRSH	Executive Assistant

Also Participating:

KEVIN DAVIS	Procopio Law
GREG PENNINGTON	South Coast Water District
SHERRY WANNINGER	Moulton Niguel Water District
JENNIFER LOPEZ	South Coast Water District
KATHRYN FRESHLEY	El Toro Water District
SAUNDRA JACOBS	Santa Margarita Water District

1. Call Meeting to Order

Chairperson Castillo called the meeting to order at 10:30 a.m.

2. Public Comments

None.

3. Approval of Minutes

a. Finance Committee Meeting of April 18, 2023

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Cafferty to approve the Minutes for April 18, 2023, as submitted.

Motion carried: Aye 3, Nay 0, Abstained 1, Absent 1  
Director Castillo Aye  
Director McAvoy Absent  
Director Cafferty Aye  
Director Collings Aye  
Director Arends-King Abstain

b. Finance Committee Meeting of May 16, 2023

ACTION TAKEN

Motion was made by Director Collings and seconded by Director Cafferty to approve the Minutes for May 16, 2023, as submitted.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 1  
Director Castillo Aye  
Director McAvoy Absent  
Director Cafferty Aye  
Director Collings Aye  
Director Arends-King Aye

4. Financial Reports for the Month of April 2023

ACTION TAKEN

Motion was made by Director Cafferty and seconded by Director Collings to recommend that the Board of Directors ratify the April 2023 disbursements, \$ 2,173,227, for the period from April 1, 2023, through April 30, 2023, and to receive and file the April 2023 Financial Reports as submitted.

Motion carried: Aye 5, Nay 0, Abstained 0, Absent 0  
Director Castillo Aye  
Director McAvoy Aye  
Director Cafferty Aye  
Director Collings Aye  
Director Arends-King Aye

5. Q3 FY 2022-23 Cash Roll Forward as of March 31, 2023

ACTION TAKEN

Motion was made by Director Cafferty and seconded by Director Collings to recommend that the Board of Directors receive and file the Q3 Fiscal Year 2022-23 Cash Roll Forward as submitted.

Motion carried: Aye 5, Nay 0, Abstained 0, Absent 0  
Director Castillo Aye  
Director McAvory Aye  
Director Cafferty Aye  
Director Collings Aye  
Director Arends-King Aye

6. Amend Bylaws of the South Orange County Wastewater Authority Finance Committee

Mr. Burror, Acting General Manager/Director of Operations, stated the Board of Directors had shown an interest in updating the Committee bylaws with the reduced membership of SOCWA

noting counsel prepared a memo (attached herewith) describing the background of the traditional conduct and options for the Committee to consider as it moves forward. Mr. Burror stated he is seeking input from the Committee that would be an advisory vote to the Board on suggested recommendations. An open discussion ensued.

Public Speaker: Sandra Jacobs, Santa Margarita Water District, provided comments.

There was a consensus of the Finance Committee directing staff to distribute the existing Bylaws to allow the Committee to provide input at the next meeting in August and provide an update on the process to the Board of Directors at the next Regular Meeting.

7. AWMA's GM December 21, 1999, Memo regarding Evaluation of Alternative Methods For Allocating AWMA/SERRA Overhead Costs

Mr. Burror gave a verbal report on re-evaluating how the Administrative and General Fund costs are allocated for AWMA/SERRA overhead. He provided historical background that would assist with considering potential alternative methods for applying those costs. An open discussion ensued.

This was an information item; no action was taken.

8. Fiscal Year 2022-23 Annual Financial Statements Audit Update

Ms. Carey reported that the interim audit was in progress and that no adjustments were made at this time. She stated the final audit would be conducted in September, and staff had requested to receive the final Annual Comprehensive Finance Report (ACFR) by mid to late November. An open discussion ensued.

This was an information item; no action was taken.

Adjournment

There being no further business, Chairperson Castillo adjourned the meeting at 11:12 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 June 20, 2023, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

---

Danita Hirsh / Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

# MEMORANDUM

DEL MAR HEIGHTS  
LAS VEGAS  
ORANGE COUNTY  
PHOENIX  
SAN DIEGO  
SILICON VALLEY  
WASHINGTON, DC

## VIA E-MAIL

**TO:** SOCWA Finance Committee **FILE NO:** 126694/00000001

**FROM:** Adriana R. Ochoa

**DATE:** June 15, 2023

**RE:** Finance Committee Bylaws – Amendments needed

---

## BACKGROUND

In September of 2019, the SOCWA Chair appointed six agencies to serve as the SOCWA Finance Committee: South Coast Water District, City of Laguna Beach, City of San Juan Capistrano, Moulton Niguel Water District, Santa Margarita Water District, and El Toro Water District. The City of San Juan Capistrano is no longer a SOCWA Member Agency, and since 2019, SOCWA's membership has been reduced from ten member agencies to seven. In light of these changes, we recommend SOCWA amend the SOCWA Finance Committee bylaws. Below, we present options for the Finance Committee's consideration and discussion.

## DISCUSSION POINTS FOR AMENDMENT

### Membership

Currently, the Finance Committee Bylaws state that the Finance Committee shall consist of "up to six" individual representatives from the SOCWA Board of Directors, appointed by the SOCWA Chair. In 2019, the Chair designated Member Agencies, not individuals, to the Finance Committee. There are a number of options for how to select Finance Committee Members moving forward:

1. Who appoints Finance Committee members?
  - a. SOCWA Chair, or
  - b. SOCWA Board of Directors

2. How many members should be on Finance Committee?
  - a. Four (a majority of SOCWA Board)? Three? Five?
3. Will Member Agencies be designated, or individual persons?
  - a. Member Agencies designated, and Member Agencies have discretion to appoint who fills the role?
  - b. Member Agencies designated, with SOCWA Board representative/alternate filling the role?
  - c. Individual persons designated (not merely as representative of specific Member Agency)?
  - d. Alternates – depending on the above, are members/individuals designating their own alternates, or is the SOCWA Board designative specific alternates?

#### Term

1. Annually appointed?

#### Quorum

1. How many members constitute quorum?

#### Miscellaneous

Other bylaw provisions include compensation for attendance at monthly meetings, frequency of meetings, and the scope of the committee's duties and responsibilities. Absent specific instructions on these points, we will assume the current terms will remain as drafted.

#### **CONCLUSION**

Once the Finance Committee and ultimately, the Board of Directors provide direction on the above, we will incorporate the new terms into the provisions of the Finance Committee bylaws and bring back amended bylaws for the Board's approval.

###



# Agenda Item

# 4

**Finance Committee Meeting**

**Meeting Date:** September 19, 2023

**TO:** Finance Committee

**FROM:** Jim Burror, Acting General Manager/Director of Operations

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

**SUBJECT:** Preliminary Financial Reports for the Month of June 2023 (Close of Fiscal Year) and Financial Report for the Month of July 2023

---

---

## 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.

- June 2023 preliminary reports included are as follows:
  - a. Budget vs. Actual Expenses (June 2023)
    - 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)
    - Q4 Fringe Pool and Fringe Rate (Exhibit E-5)
- July 2023 financial reports included are as follows:
  - a. Summary of Disbursements for July 2023 (Exhibit A-1);
  - b. Schedule of Funds Available for Reinvestment (Exhibit B)
    - Local Agency Investment Fund (LAIF)
  - c. Schedule of Cash and Investments (Exhibit C)
  - d. Capital Schedule (Exhibit D)
    - Capital Projects – Graph (Exhibit D-1)
  - e. Budget vs. Actual Expenses:
    - Operations and Environmental Summary (Exhibit E-1)
    - Operations and Environmental by PC (E-1.2)
    - Residual Engineering, after transfer to Capital (Exhibit E-2)
    - Administration (Exhibit E-3)
    - Information Technology (IT) (Exhibit E-4)

## Fiscal Impact

The June 2023 cash disbursements were \$2,041,032, and the above June 2023 schedules are for informational purposes only.

The July 2023 cash disbursements were \$3,348,611.

- 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) receive and file the June 2023 (Preliminary) Financial Reports, (ii) ratify the July 2023 disbursement for the period from July 1, 2023, through July 31, 2023, totaling \$3,348,611.

**Exhibit A**

**South Orange County Wastewater Authority  
Summary of Disbursements for June 2023  
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	\$ (507,752)
PC 2 - Jay B. Latham Plant	(744,312)
PC 3 - SOCWA Plant/PCA AWT	(67,096)
PC 5 - San Juan Creek Ocean Outfall	(18,133)
PC 8 - Pretreatment Program	(9,950)
PC 12 SO - Water Reclamation Permits	(20,533.85)
PC 15 - Coastal Treatment Plant/AWT	(215,793)
PC 17 - Joint Regional Wastewater Reclamation	(437,513)
PC 21 - Effluent Transmission Main	(4,525)
PC 23 - North Coast Interceptor	-
PC 24 - Aliso Creek Ocean Outfall	(15,424)
<b>Total</b>	<u><u>\$ (2,041,032)</u></u>

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of June 30, 2023**

CASH IN BANK: (BEGINNING BAL.)	\$	1,231,347
L.A.I.F. FUNDS: (BEGINNING BAL.)		5,670,525
DEPOSITS, TRANSFERS & ADJUSTMENTS:		4,808,551
FUND REQUIREMENTS:		
BILLS FOR CONSIDERATION <sup>1</sup>		(2,041,032)
<b>TOTAL CASH IN BANK</b>	<b>\$</b>	<b>9,669,391</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.

**Jim Burror**  
***Acting General Manager/Director of Operations***

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 09/06/23



### Quarterly Performance Quarter Ended 06/30/23

LAIF Apportionment Rate <sup>(2)</sup> :	3.15
LAIF Earnings Ratio <sup>(2)</sup> :	0.00008636172883763
LAIF Administrative Cost <sup>(1)*</sup> :	0.06
LAIF Fair Value Factor <sup>(1)</sup> :	0.984828499
PMIA Daily <sup>(1)</sup> :	3.26
PMIA Quarter to Date <sup>(1)</sup> :	3.01
PMIA Average Life <sup>(1)</sup> :	260

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

<b>August</b>	<b>3.434</b>
July	3.305**
June	3.167
May	2.993
April	2.870
March	2.831

### Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 07/31/23 \$173.5 billion

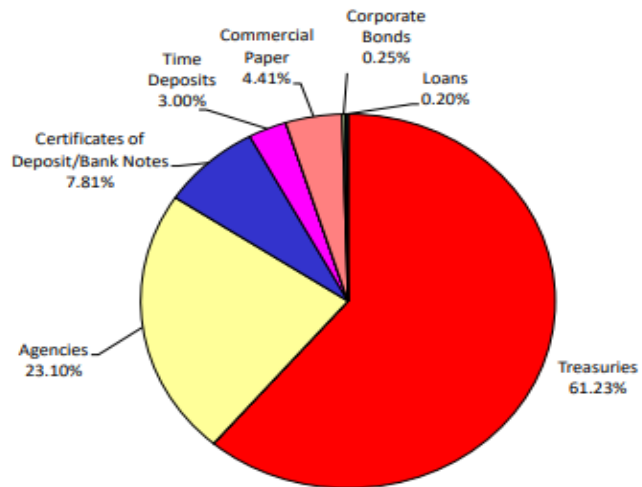


Chart does not include \$2,786,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

**Exhibit C**

**South Orange County Wastewater Authority  
Schedule of Cash and Investments  
as of June 30, 2023**

MVA	\$ 11,258	(A)
A/P Checking	758,272	(B)
Payroll Checking	404,778	(C)
State LAIF	8,495,083	(D)
<b>Total Cash in Bank<sup>1</sup></b>	<b>\$ 9,669,391</b>	
Petty Cash	1,600	(E)
<b>Total Operating Cash</b>	<b>\$ 9,670,991</b>	
OPEB Trust	6,218,496	(F)
<b>Total Cash and Investments</b>	<b>\$ 15,889,487</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:

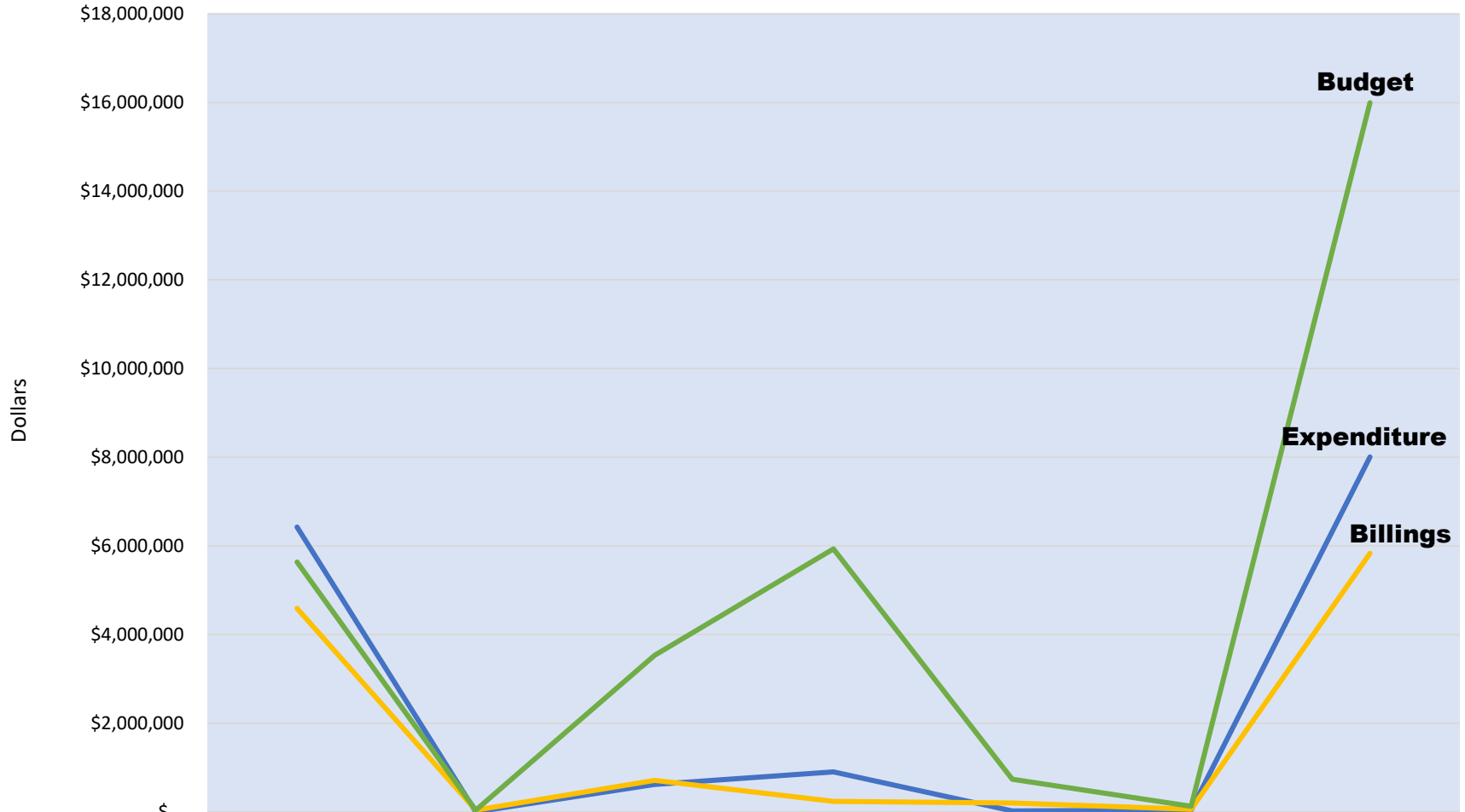
- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related 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 June 30, 2023  
(in dollars)**

<b>FY 2022-23 Budget vs. Actual Spending</b>								
<u>Description<sup>1</sup></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	\$ 5,638,569	\$ 6,424,581	\$ (786,012)	113.9%	\$ 4,588,405	\$ 4,588,405	\$ -	140.0%
PC 5-San Juan Creek Outfall	39,064	-	39,064	-	39,064	39,064	-	0.0%
PC 15-Coastal	3,529,980	617,473	2,912,507	17.5%	708,632	708,632	-	87.1%
PC 17-Regional	5,928,616	903,337	5,025,279	15.2%	234,155	234,155	-	385.8%
PC 21 Effluent Transmission	732,810	22,157	710,653	3.0%	200,000	200,000	-	11.1%
PC 24 Aliso Creek Outfall	127,065	37,695	89,370	29.7%	60,100	60,100	-	62.7%
<b>Total Large Capital</b>	<b>\$ 15,996,104</b>	<b>\$ 8,005,242</b>	<b>\$ 7,990,862</b>	<b>50.0%</b>	<b>\$ 5,830,356</b>	<b>\$ 5,830,356</b>	<b>\$ -</b>	<b>137.3%</b>
Non-Capital Engineering	217,326	58,967	158,359	27.1%	75,000	75,000	-	78.6%
Non-Capital Misc Engineering	17,500	104,809	(87,309)	598.9%	-	-	-	-
Small Internal Capital	2,061,000	1,462,396	598,604	71.0%	2,061,000	2,061,000	-	71.0%
<b>Total Capital</b>	<b>\$ 18,291,930</b>	<b>\$ 9,631,415</b>	<b>\$ 8,660,515</b>	<b>52.7%</b>	<b>\$ 7,966,356</b>	<b>\$ 7,966,356</b>	<b>\$ -</b>	<b>120.9%</b>

<sup>1</sup>All Project Committees had cash on hand at the end of FY 2021-22 to help cover the current year expenditures.

## Large Capital Projects Fiscal Year 2022-23 Budget vs. Exhibit D-1 Year-to-Date Expenditures & Billings as of 6/30/2023



	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 6/30/2023	\$6,424,581	\$-	\$617,473	\$903,337	\$22,157	\$37,695	\$8,005,242
FY 22-23 Billings	\$4,588,405	\$39,064	\$708,632	\$234,155	\$200,000	\$60,100	\$5,830,356
Capital Budget FY 22-23	\$5,638,569	\$39,064	\$3,529,980	\$5,928,616	\$732,810	\$127,065	\$15,996,104



**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

		<b>FY 2022-23 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	4,931,084		4,931,084	4,468,491	462,593	90.6%	
**5001-**-***	Overtime Salaries-O&M	73,524		73,524	125,957	(52,433)	171.3%	(1)
**5306-**-***	Scheduled Holiday Work	86,468		86,468	66,767	19,701	77.2%	
**5315-**-***	Comp Time - O&M	16,920		16,920	35,195	(18,275)	208.0%	(1)
**5401-**-***	Fringe Benefits IN to PC's & Depts.	2,572,272		2,572,272	2,503,343	68,929	97.3%	
**5700-**-***	Standby Pay	70,000		70,000	67,860	2,140	96.9%	
	<b>Total Payroll Costs</b>	<b>7,750,268</b>	<b>-</b>	<b>7,750,268</b>	<b>7,267,614</b>	<b>482,654</b>	<b>93.8%</b>	
<b>Other Expenses</b>								
**5002-**-***	Electricity	1,253,828	50,000	1,303,828	1,369,693	(65,865)	105.1%	(2)
**5003-**-***	Natural Gas	268,200	205,000	473,200	510,880	(37,680)	108.0%	(2)
**5004-**-***	Potable & Reclaimed Water	87,008		87,008	83,883	3,125	96.4%	
**5005-**-***	Co-generation Power Credit	(1,050,004)		(1,050,004)	(1,135,051)	85,047	108.1%	(2)
**5006-**-***	Chlorine/Sodium Hypochlorite	554,000		554,000	404,780	149,220	73.1%	
**5007-**-***	Polymer Products	789,548	70,000	859,548	944,395	(84,847)	109.9%	(2)
**5008-**-***	Ferric Chloride	688,256	125,000	813,256	991,409	(178,153)	121.9%	(2)
**5009-**-***	Odor Control Chemicals	117,572		117,572	159,874	(42,302)	136.0%	(2)
**5010-**-***	Other Chemicals - Misc.	2,004		2,004	-	2,004	-	
**5011-**-***	Laboratory Services	65,724		65,724	34,490	31,234	52.5%	
**5012-**-***	Grit Hauling	124,472		124,472	149,857	(25,385)	120.4%	
**5013-**-***	Landscaping	219,008		219,008	187,413	31,595	85.6%	
**5015-**-***	Management Support Services	501,512	90,000	591,512	160,600	430,912	27.2%	
**5017-**-***	Legal Fees	23,688	30,000	53,688	53,401	287	99.5%	
**5018-**-***	Public Notices/ Public Relations	3,732		3,732	-	3,732	-	
**5019-**-***	Contract Services Misc.	320,996		320,996	283,167	37,829	88.2%	
**5021-**-***	Small Vehicle Expense	23,104		23,104	27,779	(4,675)	120.2%	
**5022-**-***	Miscellaneous Expense	15,988		15,988	3,643	12,345	22.8%	
**5023-**-***	Office Supplies - All	46,008		46,008	33,276	12,732	72.3%	
**5024-**-***	Petroleum Products	34,000	15,000	49,000	26,959	22,041	55.0%	
**5025-**-***	Uniforms	71,004		71,004	97,082	(26,078)	136.7%	
**5026-**-***	Small Vehicle Fuel	22,764		22,764	19,552	3,212	85.9%	
**5027-**-***	Insurance - Property/Liability	491,248		491,248	463,720	27,528	94.4%	
**5028-**-***	Small Tools & Supplies	80,600		80,600	83,169	(2,569)	103.2%	
**5030-**-***	Trash Disposal	8,500		8,500	9,794	(1,294)	115.2%	
**5031-**-***	Safety Program & Supplies	112,712		112,712	107,722	4,990	95.6%	
**5032-**-***	Equipment Rental	7,004		7,004	14,879	(7,875)	212.4%	(3)
**5033-**-***	Recruitment	2,316		2,316	4,246	(1,930)	183.3%	
**5034-**-***	Travel Expense/Tech. Conferences	73,736		73,736	25,715	48,021	34.9%	
**5035-**-***	Training Expense	73,052		73,052	49,811	23,241	68.2%	
**5036-**-***	Laboratory Supplies	121,144		121,144	172,511	(51,367)	142.4%	(4)
**5037-**-***	Office Equipment	25,992		25,992	5,663	20,329	21.8%	
**5038-**-***	Permits	593,908		593,908	588,295	5,613	99.1%	
**5039-**-***	Membership Dues/Fees	25,120		25,120	11,605	13,515	46.2%	
**5044-**-***	Offshore Monitoring	80,000		80,000	104,708	(24,708)	130.9%	(5)
**5045-**-***	Offshore Biochemistry - 20B	30,004		30,004	-	30,004	-	
**5046-**-***	Effluent Chemistry	44,992		44,992	51,815	(6,823)	115.2%	(4)
**5047-**-***	Access Road Expenses	45,000		45,000	739	44,261	0.0	
**5048-**-***	Storm Damage	21,000		21,000	9,662	11,338	0.5	
**5049-**-***	Biosolids Disposal	1,568,996	355,000	1,923,996	1,731,672	192,324	90.0%	
**5050-**-***	Contract Services Generators - 29A	28,008		28,008	19,958	8,050	71.3%	
**5052-**-***	Janitorial Services	101,004		101,004	81,245	19,759	80.4%	
**5053-**-***	Contract Serv - Digester Cleaning - 29E	60,000		60,000	33,762	26,238	56.3%	
**5054-**-***	Diesel Truck Maint	41,996		41,996	40,215	1,781	95.8%	
**5055-**-***	Diesel Truck Fuel	11,496		11,496	15,860	(4,364)	138.0%	
**5056-**-***	Maintenance Equip. & Facilities (Solids)	361,000		361,000	301,146	59,854	83.4%	
**5057-**-***	Maintenance Equip. & Facilities (Liquids)	589,996		589,996	509,074	80,922	86.3%	
**5058-**-***	Maintenance Equip. & Facilities (Common)	90,008		90,008	93,543	(3,535)	103.9%	
**5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	715,996	125,000	840,996	974,653	(133,657)	115.9%	(6)
**5060-**-***	Maintenance Equip. & Facilities (AWT)	88,000		88,000	51,889	36,111	59.0%	
**5061-**-***	Mileage	3,652		3,652	4,351	(699)	119.1%	
**5068-**-***	MNWD Potable Water Supplies & Svcs.	44,000		44,000	27,288	16,712	62.0%	

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

	<b>FY 2022-23 Budget</b>	<b>Board Approved Expenditures*</b>	<b>Adjusted Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>	
**5076-**_**_**	SCADA Infrastructure	92,128	92,128	56,892	35,236	61.8%	
**5077-**_**_**	IT Direct	45,004	45,004	43,180	1,824	95.9%	
**5105-**_**_**	Co-Generation Power Credit - Offset	1,050,000	1,050,000	1,135,051	(85,051)	108.1% (2)	
**5303-**_**_**	Group Insurance Waiver	18,000	18,000	15,674	2,326	87.1%	
**5305-**_**_**	Medicare Tax Payments for Employees	2,388	2,388	1,522	866	63.7%	
**5309-**_**_**	Operating Leases	28,004	28,004	16,118	11,886	57.6%	
**5705-**_**_**	Monthly Car Allowance	35,400	35,400	30,344	5,056	85.7%	
**5797-**_**_**	Verily Stipends - WastewaterSCAN Monitoring	-	-	(37,350)	37,350	0.0%	
**5799-**_**_**	Zephyr Wall Costs Share-O&M	(14,000)	(14,000)	(14,321)	321	102.3%	
**6500-**_**_**	IT Allocations in to PC's & Depts.	609,236	609,236	504,584	104,652	82.8%	
	<b>Total Other Expenses</b>	<b>11,589,052</b>	<b>1,065,000</b>	<b>12,654,052</b>	<b>11,747,485</b>	<b>906,567</b>	<b>92.8%</b>
	<b>Total O&amp;M Expenses</b>	<b>19,339,320</b>	<b>1,065,000</b>	<b>20,404,320</b>	<b>19,015,099</b>	<b>1,389,221</b>	<b>93.2%</b>

<sup>1</sup> This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

- (1) Power emergencies to date between the three (3) Treatment Plants.
- (2) Chemical, fuel, and utilities increased with inflation and supply chain disruptions more than budgeted.
- (3) Several pieces are being rented due to delays associated with receiving newly purchased units.
- (4) New NPDES permit testing requirements and inflation of laboratory supplies.
- (5) Toxicity exceedances at the SJCOO triggering accelerated testing and additional costs.
- (6) Completed both 30k and 40k Cogen services for the Fiscal Year.

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

		FY 2022-23 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
<b>02 - Jay B. Latham Plant</b>							
Salary and Fringe							
02-5000-***	Regular Salaries-O&M	1,699,352		1,699,352	1,546,812	152,540	91.0%
02-5001-***	Overtime Salaries-O&M	27,144		27,144	54,606	(27,462)	201.2% (1)
02-5306-***	Scheduled Holiday Work	37,836		37,836	28,653	9,183	75.7%
02-5315-***	Comp Time - O&M	8,056		8,056	13,977	(5,921)	173.5%
02-5401-***	Fringe Benefits IN to PC's & Depts.	886,460		886,460	866,557	19,903	97.8%
02-5700-***	Standby Pay	26,000		26,000	26,163	(163)	100.6%
	Total Payroll Costs	2,684,848	-	2,684,848	2,536,767	148,081	94.5%
Other Expenses							
02-5002-***	Electricity	534,828	50,000	584,828	781,719	(196,891)	133.7% (2)
02-5003-***	Natural Gas	165,128	70,000	235,128	238,372	(3,244)	101.4% (2)
02-5004-***	Potable & Reclaimed Water	26,004		26,004	31,110	(5,106)	119.6% (2)
02-5006-***	Chlorine/Sodium Hypochlorite	9,000		9,000	45,281	(36,281)	503.1% (2)
02-5007-***	Polymer Products	319,544	40,000	359,544	383,325	(23,781)	106.6% (2)
02-5008-***	Ferric Chloride	255,252	40,000	295,252	309,333	(14,081)	104.8% (2)
02-5009-***	Odor Control Chemicals	23,568		23,568	35,572	(12,004)	150.9% (2)
02-5010-***	Other Chemicals - Misc.	1,000		1,000	-	1,000	-
02-5011-***	Laboratory Services	19,712		19,712	7,785	11,927	39.5%
02-5012-***	Grit Hauling	59,468		59,468	92,189	(32,721)	155.0% (2)
02-5013-***	Landscaping	77,004		77,004	74,833	2,171	97.2%
02-5015-***	Management Support Services	30,008		30,008	35,681	(5,673)	118.9%
02-5017-***	Legal Fees	4,996	30,000	34,996	27,210	7,786	77.8%
02-5019-***	Contract Services Misc.	82,000		82,000	93,289	(11,289)	113.8% (2)
02-5021-***	Small Vehicle Expense	11,000		11,000	11,120	(120)	101.1%
02-5022-***	Miscellaneous Expense	8,000		8,000	906	7,094	11.3%
02-5023-***	Office Supplies - All	29,000		29,000	16,388	12,612	56.5%
02-5024-***	Petroleum Products	11,000		11,000	8,883	2,117	80.8%
02-5025-***	Uniforms	34,008		34,008	42,116	(8,108)	123.8%
02-5026-***	Small Vehicle Fuel	10,004		10,004	8,307	1,697	83.0%
02-5027-***	Insurance - Property/Liability	167,039		167,039	164,006	3,033	98.2%
02-5028-***	Small Tools & Supplies	38,000		38,000	26,457	11,543	69.6%
02-5030-***	Trash Disposal	3,000		3,000	2,020	980	67.3%
02-5031-***	Safety Program & Supplies	39,248		39,248	36,321	2,927	92.5%
02-5032-***	Equipment Rental	3,000		3,000	274	2,726	0.09
02-5033-***	Recruitment	1,000		1,000	1,301	(301)	130.1%
02-5034-***	Travel Expense/Tech. Conferences	20,596		20,596	6,836	13,760	33.2%
02-5035-***	Training Expense	25,352		25,352	18,234	7,118	71.9%
02-5036-***	Laboratory Supplies	21,000		21,000	22,642	(1,642)	107.8% (3)
02-5037-***	Office Equipment	13,000		13,000	454	12,546	3.5%
02-5038-***	Permits	26,500		26,500	24,528	1,972	92.6%
02-5039-***	Membership Dues/Fees	5,808		5,808	4,077	1,731	70.2%
02-5049-***	Biosolids Disposal	687,000	180,000	867,000	630,733	236,267	72.7%
02-5050-***	Contract Services Generators - 29A	10,004		10,004	15,907	(5,903)	159.0% (2)
02-5052-***	Janitorial Services	47,000		47,000	37,807	9,193	80.4%
02-5053-***	Contract Serv - Digester Cleaning - 29E	60,000		60,000	33,762	26,238	56.3%
02-5054-***	Diesel Truck Maint	21,996		21,996	19,802	2,194	90.0%
02-5055-***	Diesel Truck Fuel	2,996		2,996	5,298	(2,302)	176.8%
02-5056-***	Maintenance Equip. & Facilities (Solids)	150,000		150,000	161,766	(11,766)	107.8% (4)
02-5057-***	Maintenance Equip. & Facilities (Liquids)	230,000		230,000	201,741	28,259	87.7%
02-5058-***	Maintenance Equip. & Facilities (Common)	29,000		29,000	56,072	(27,072)	193.4% (5)
02-5059-***	Maintenance Equip. & Facilities (Co-Gen)	277,000		277,000	259,117	17,883	93.5%
02-5061-***	Mileage	2,148		2,148	1,826	322	85.0%
02-5076-***	SCADA Infrastructure	27,832		27,832	18,964	8,868	68.1%
02-5077-***	IT Direct	15,004		15,004	14,061	943	93.7%
02-5303-***	Group Insurance Waiver	7,204		7,204	6,078	1,126	84.4%
02-5309-***	Operating Leases	22,000		22,000	16,118	5,882	73.3%
02-5705-***	Monthly Car Allowance	22,800		22,800	17,211	5,589	75.5%
02-5797-***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(12,450)	12,450	100.0%
02-5799-***	Zephyr Wall Costs Share-O&M	(14,000)		(14,000)	(14,321)	321	102.3%
02-6500-***	IT Allocations in to PC's & Depts.	211,980		211,980	175,564	36,416	82.8%
	Total Other Expenses	3,884,031	410,000	4,294,031	4,195,626	98,405	97.7%
	Total Expenses	6,568,879	410,000	6,978,879	6,732,393	246,486	96.5%

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

	FY 2022-23 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		108,564	95,861	12,703	88.3%
05-5001-**-***	Overtime Salaries-O&M		72	296	(224)	410.4%
05-5306-**-***	Scheduled Holiday Work		440	88	352	20.0%
05-5315-**-***	Comp Time - O&M		-	-	-	100.0%
05-5401-**-***	Fringe Benefits IN to PC's & Depts.		56,628	53,703	2,925	94.8%
	Total Payroll Costs		165,704	149,947	15,757	90.5%
Other Expenses						
05-5015-**-***	Management Support Services	45,000	170,004	46,660	123,344	27.4%
05-5017-**-***	Legal Fees		2,008	1,565	443	77.9%
05-5022-**-***	Miscellaneous Expense		-	36	(36)	100.0%
05-5026-**-***	Small Vehicle Fuel		500	-	500	-
05-5027-**-***	Insurance - Property/Liability		18,420	15,629	2,791	84.8%
05-5031-**-***	Safety Supplies		1,004	-	1,004	-
05-5034-**-***	Travel Expense/Tech. Conferences		5,592	3,150	2,442	56.3%
05-5035-**-***	Training Expense		2,500	31	2,469	0.01
05-5036-**-***	Laboratory Supplies		35,000	44,075	(9,075)	125.9% (3)
05-5038-**-***	Permits		275,000	273,143	1,857	99.3%
05-5039-**-***	Membership Dues/Fees		2,000	62	1,938	0.03
05-5044-**-***	Offshore Monitoring		40,000	54,314	(14,314)	135.8% (6)
05-5045-**-***	Offshore Biochemistry - 20B		15,004	-	15,004	-
05-5046-**-***	Effluent Chemistry		22,496	35,635	(13,139)	158.4% (3)
05-5058-**-***	Maintenance Equip. & Facilities (Common)		1,004	4,497	(3,493)	4.48
05-6500-**-***	IT Allocations in to PC's & Depts.		13,148	10,889	2,259	82.8%
	Total Other Expenses	45,000	603,680	489,686	113,994	81.1%
	Total Expenses	45,000	769,384	639,633	129,751	83.1%
<b>08 - Pre Treatment</b>						
Salary and Fringe						
08-5000-**-***	Regular Salaries-O&M		116,396	104,990	11,406	90.2%
08-5315-02-08-00	Comp Time - O&M		-	19	(19)	-
08-5401-**-***	Fringe Benefits IN to PC's & Depts.		60,716	58,818	1,898	96.9%
	Total Payroll Costs		177,112	163,827	13,285	92.5%
Other Expenses						
08-5011-**-***	Laboratory Services		3,004	2,935	69	97.7%
08-5015-**-***	Management Support Services		20,004	-	20,004	-
08-5017-**-***	Legal Fees		2,672	605	2,067	22.6%
08-5018-**-***	Public Notices/ Public Relations		3,732	-	3,732	-
08-5021-**-***	Small Vehicle Expense - 31A		1,100	-	1,100	-
08-5022-**-***	Miscellaneous Expense		1,984	-	1,984	-
08-5026-**-***	Small Vehicle Fuel - 37A		1,256	-	1,256	-
08-5027-**-***	Insurance - Property/Liability		6,141	4,639	1,502	75.5%
08-5028-**-***	Small Tools & Supplies		3,600	2,444	1,156	67.9%
08-5034-**-***	Travel Expense/Tech. Conferences		3,496	1,955	1,541	0.56
08-5035-**-***	Training Expense		2,000	1,239	762	-
08-5038-**-***	Permits and Fines		504	-	504	-
08-5039-**-***	Membership Dues/Fees		796	452	344	56.8%
08-6500-**-***	IT Allocations in to PC's & Depts.		14,092	11,673	2,419	82.8%
	Total Other Expenses		64,381	25,941	38,440	40.3%
	Total Expenses		241,493	189,768	51,725	78.6%
<b>12 - Water Reclamation Permits</b>						
Salary and Fringe						
12-5000-**-***	Regular Salaries-O&M		88,952	69,816	19,136	78.5%
12-5401-**-***	Fringe Benefits IN to PC's & Depts.		46,400	39,112	7,288	84.3%
	Total Payroll Costs		135,352	108,928	26,424	80.5%
Other Expenses						
12-5015-**-***	Management Support Services		164,996	1,827	163,170	1.1%
12-5017-**-***	Legal Fees		2,000	1,400	600	0.70
12-5027-**-***	Insurance - Property/Liability		8,884	3,702	5,182	41.7%
12-5034-**-***	Travel Expense/Tech. Conferences		4,796	866	3,930	18.1%
12-5038-**-***	Permits		22,508	25,470	(2,962)	113.2%
12-5039-**-***	Membership Dues/Fees		68	-	68	-
12-6500-**-***	IT Allocations in to PC's & Depts.		10,764	8,920	1,844	82.9%
	Total Other Expenses		214,016	42,186	171,830	19.7%
	Total Expenses		349,368	151,113	198,255	43.3%

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

		<b>FY 2022-23 Budget</b>	<b>Board Approved Expenditures*</b>	<b>Adjusted Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>15 - Coastal Treatment Plant</b>							
<b>Salary and Fringe</b>							
15-5000-***	Regular Salaries-O&M	954,888		954,888	884,597	70,291	92.6%
15-5001-***	Overtime Salaries-O&M	11,216		11,216	18,702	(7,486)	166.7% (1)
15-5306-***	Scheduled Holiday Work	15,672		15,672	8,306	7,366	53.0%
15-5315-***	Comp Time - O&M	1,996		1,996	9,853	(7,857)	493.6% (1)
15-5401-***	Fringe Benefits IN to PC's & Depts.	498,120		498,120	495,570	2,550	99.5%
15-5700-***	Standby Pay	17,000		17,000	10,433	6,568	61.4%
	<b>Total Payroll Costs</b>	<b>1,498,892</b>	<b>-</b>	<b>1,498,892</b>	<b>1,427,460</b>	<b>71,432</b>	<b>95.2%</b>
<b>Other Expenses</b>							
15-5002-***	Electricity	235,000		235,000	352,638	(117,638)	150.1% (2)
15-5003-***	Natural Gas	3,000		3,000	6,310	(3,310)	210.3%
15-5004-***	Potable & Reclaimed Water	25,004		25,004	22,839	2,165	91.3%
15-5006-***	Chlorine/Sodium Hypochlorite	90,000		90,000	112,284	(22,284)	124.8% (2)
15-5007-***	Polymer Products	1,000		1,000	-	1,000	-
15-5008-***	Ferric Chloride	70,000	55,000	125,000	158,554	(33,554)	126.8% (2)
15-5009-***	Odor Control Chemicals	52,004		52,004	55,478	(3,474)	106.7%
15-5011-***	Laboratory Services	20,000		20,000	7,840	12,160	39.2%
15-5012-***	Grit Hauling	21,004		21,004	20,202	802	96.2%
15-5013-***	Landscaping	57,000		57,000	47,966	9,034	84.2%
15-5015-***	Management Support Services	11,500		11,500	11,096	404	96.5%
15-5017-***	Legal Fees	5,000		5,000	1,565	3,435	31.3%
15-5019-***	Contract Services Misc.	110,000		110,000	96,420	13,580	87.7%
15-5021-***	Small Vehicle Expense - 31A	4,004		4,004	4,795	(791)	119.8%
15-5022-***	Miscellaneous Expense	1,000		1,000	569	431	56.9%
15-5023-***	Office Supplies - All	4,004		4,004	5,551	(1,547)	138.6%
15-5024-***	Petroleum Products	3,000	15,000	18,000	7,003	10,998	38.9%
15-5025-***	Uniforms	9,000		9,000	13,175	(4,175)	146.4%
15-5026-***	Small Vehicle Fuel	2,000		2,000	3,335	(1,335)	166.8%
15-5027-***	Insurance - Property/Liability	72,916		72,916	68,797	4,119	94.4%
15-5028-***	Small Tools & Supplies	9,000		9,000	11,217	(2,217)	124.6%
15-5030-***	Trash Disposal	2,996		2,996	3,282	(286)	109.5%
15-5031-***	Safety Supplies	32,804		32,804	22,490	10,314	68.6%
15-5032-***	Equipment Rental	1,000		1,000	-	1,000	-
15-5033-***	Recruitment	312		312	104	208	33.4%
15-5034-***	Travel Expense/Tech. Conferences	13,072		13,072	2,586	10,486	19.8%
15-5035-***	Training Expense	17,148		17,148	13,417	3,731	78.2%
15-5036-***	Laboratory Supplies	14,000		14,000	31,438	(17,438)	224.6% (3)
15-5037-***	Office Equipment	2,996		2,996	2,745	251	91.6%
15-5038-***	Permits	6,996		6,996	8,898	(1,902)	127.2%
15-5039-***	Membership Dues/Fees	4,800		4,800	2,540	2,260	52.9%
15-5047-***	Access Road Expenses	45,000		45,000	739	44,261	0.02
15-5048-***	Storm Damage	21,000		21,000	9,662	11,338	0.46
15-5050-***	Contract Services Generators	5,000		5,000	4,051	949	81.0%
15-5052-***	Janitorial Services	12,004		12,004	14,384	(2,380)	119.8%
15-5054-***	Diesel Truck Maint - 31B	1,000		1,000	13	987	0.01
15-5055-***	Diesel Truck Fuel - 37B	500		500	3,515	(3,015)	7.03
15-5057-***	Maintenance Equip. & Facilities (Liquids)	144,996		144,996	111,380	33,616	76.8%
15-5058-***	Maintenance Equip. & Facilities (Common)	23,000		23,000	10,109	12,891	44.0%
15-5060-***	Maintenance Equip. & Facilities (AWT)	38,000		38,000	26,063	11,937	68.6%
15-5061-***	Mileage	500		500	421	79	84.2%
15-5076-***	SCADA Infrastructure	32,296		32,296	18,964	13,332	58.7%
15-5077-***	IT Direct	15,000		15,000	13,941	1,059	92.9%
15-5303-***	Group Insurance Waiver	3,600		3,600	3,475	125	96.5%
15-5305-***	Medicare Tax Payments for Employees	2,240		2,240	1,522	718	68.0%
15-5705-***	Monthly Car Allowance	4,200		4,200	4,216	(16)	100.4%
15-5797-***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(12,450)	12,450	100.0%
15-6500-***	IT Allocations in to PC's & Depts.	118,660		118,660	98,277	20,383	82.8%
	<b>Total Other Expenses</b>	<b>1,368,556</b>	<b>70,000</b>	<b>1,438,556</b>	<b>1,403,417</b>	<b>35,139</b>	<b>97.6%</b>
	<b>Total Expenses</b>	<b>2,867,448</b>	<b>70,000</b>	<b>2,937,448</b>	<b>2,830,878</b>	<b>106,570</b>	<b>96.4%</b>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended June 30, 2023  
 (in dollars)

		FY 2022-23 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	1,844,716		1,844,716	1,676,248	168,468	90.9%
17-5001-***	Overtime Salaries-O&M	34,472		34,472	51,977	(17,505)	150.8% (1)
17-5306-***	Scheduled Holiday Work	32,244		32,244	29,543	2,701	91.6%
17-5315-***	Comp Time - O&M	6,868		6,868	11,011	(4,143)	160.3% (1)
17-5401-***	Fringe Benefits IN to PC's & Depts.	962,288		962,288	939,069	23,219	97.6%
17-5700-***	Standby Pay	27,000		27,000	31,265	(4,265)	115.8%
	Total Payroll Costs	2,907,588	-	2,907,588	2,739,113	168,475	94.2%
Other Expenses							
17-5002-***	Electricity	484,000		484,000	235,336	248,664	48.6%
17-5003-***	Natural Gas	100,072	135,000	235,072	266,198	(31,126)	113.2% (2)
17-5004-***	Potable & Reclaimed Water	36,000		36,000	29,934	6,066	83.2%
17-5005-***	Co-generation Power Credit	(1,050,004)		(1,050,004)	(1,135,051)	85,047	108.1%
17-5006-***	Chlorine/Sodium Hypochlorite	455,000		455,000	247,215	207,785	54.3%
17-5007-***	Polymer Products	469,004	30,000	499,004	561,070	(62,066)	112.4% (2)
17-5008-***	Ferric Chloride	363,004	30,000	393,004	523,522	(130,518)	133.2% (2)
17-5009-***	Odor Control Chemicals	42,000		42,000	68,824	(26,824)	163.9% (2)
17-5010-***	Other Chemicals - Misc.	1,004		1,004	-	1,004	-
17-5011-***	Laboratory Services	23,008		23,008	15,930	7,078	69.2%
17-5012-***	Grit Hauling - 21A	44,000		44,000	37,466	6,534	85.1%
17-5013-***	Landscaping	85,004		85,004	64,614	20,390	76.0%
17-5015-***	Management Support Services	24,996		24,996	14,096	10,900	56.4%
17-5017-***	Legal Fees	5,004		5,004	19,490	(14,486)	389.5%
17-5019-***	Contract Services Misc.	110,000		110,000	93,458	16,542	85.0%
17-5021-***	Small Vehicle Expense	7,000		7,000	11,864	(4,864)	169.5%
17-5022-***	Miscellaneous Expense	5,004		5,004	2,132	2,872	42.6%
17-5023-***	Office Supplies - All	13,004		13,004	11,336	1,668	87.2%
17-5024-***	Petroleum Products	20,000		20,000	11,074	8,926	55.4%
17-5025-***	Uniforms	27,996		27,996	41,791	(13,795)	149.3% (7)
17-5026-***	Small Vehicle Fuel	9,004		9,004	7,910	1,094	87.8%
17-5027-***	Insurance - Property/Liability	199,964		199,964	193,246	6,718	96.6%
17-5028-***	Small Tools & Supplies	30,000		30,000	43,050	(13,050)	143.5% (7)
17-5030-***	Trash Disposal	2,504		2,504	4,492	(1,988)	179.4%
17-5031-***	Safety Supplies	38,652		38,652	48,910	(10,258)	126.5% (7)
17-5032-***	Equipment Rental	3,004		3,004	14,605	(11,601)	486.2% (8)
17-5033-***	Recruitment	1,004		1,004	2,841	(1,837)	283.0%
17-5034-***	Travel Expense/Tech. Conferences	20,592		20,592	6,713	13,879	32.6%
17-5035-***	Training Expense	25,148		25,148	16,860	8,288	67.0%
17-5036-***	Laboratory Supplies	25,144		25,144	32,963	(7,819)	131.1% (3)
17-5037-***	Office Equipment	9,996		9,996	2,464	7,532	24.6%
17-5038-***	Permits	15,000		15,000	27,970	(12,970)	186.5%
17-5039-***	Membership Dues/Fees	5,804		5,804	4,410	1,394	76.0%
17-5049-***	Biosolids Disposal	881,996	175,000	1,056,996	1,100,939	(43,943)	104.2% (2)
17-5050-***	Contract Services Generators - 29A	13,004		13,004	-	13,004	-
17-5052-***	Janitorial Services	42,000		42,000	29,054	12,946	69.2%
17-5054-***	Diesel Truck Maint	19,000		19,000	20,400	(1,400)	107.4%
17-5055-***	Diesel Truck Fuel	8,000		8,000	7,047	953	88.1%
17-5056-***	Maintenance Equip. & Facilities (Solids)	211,000		211,000	139,380	71,620	66.1%
17-5057-***	Maintenance Equip. & Facilities (Liquids)	215,000		215,000	195,954	19,046	91.1%
17-5058-***	Maintenance Equip. & Facilities (Common)	36,000		36,000	21,471	14,529	59.6%
17-5059-***	Maintenance Equip. & Facilities (Co-Gen)	438,996	125,000	563,996	715,536	(151,540)	126.9% (9)
17-5060-***	Maintenance Equip. & Facilities (AWT)	50,000		50,000	25,826	24,174	51.7%
17-5061-***	Mileage	1,004		1,004	2,104	(1,100)	209.6%
17-5068-***	MNWD Potable Water Supplies & Svcs.	44,000		44,000	27,288	16,712	62.0%
17-5076-***	SCADA Infrastructure	32,000		32,000	18,964	13,036	59.3%
17-5077-***	IT Direct	15,000		15,000	15,179	(179)	101.2%
17-5105-***	Co-Generation Power Credit - Offset	1,050,000		1,050,000	1,135,051	(85,051)	108.1%
17-5303-***	Group Insurance Waiver	7,196		7,196	6,120	1,076	85.0%
17-5305-***	Medicare Tax Payments for Employees	148		148	-	148	-
17-5309-***	Operating Leases	6,004		6,004	-	6,004	-
17-5705-***	Monthly Car Allowance	8,400		8,400	8,917	(517)	106.2%
17-5797-***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(12,450)	12,450	100.0%
17-6500-***	IT Allocations in to PC's & Depts.	226,420		226,420	187,521	38,899	82.8%
	Total Other Expenses	4,956,080	495,000	5,451,080	5,171,035	280,045	94.9%
	<b>Total Expenses</b>	<b>7,863,668</b>	<b>495,000</b>	<b>8,358,668</b>	<b>7,910,148</b>	<b>448,520</b>	<b>94.6%</b>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
For the Period Ended June 30, 2023  
(in dollars)

		FY 2022-23 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	1,156		1,156	-	1,156	-
21-5401-**-**	Fringe Benefits IN to PC's & Depts.	600		600	-	600	-
	Total Payroll Costs	1,756	-	1,756	-	1,756	0.0%
Other Expenses							
21-5019-**-**	Contract Services Misc.	18,996		18,996	-	18,996	-
21-5027-**-**	Insurance - Property/Liability	-		-	-	-	-
	Total Other Expenses	18,996	-	18,996	-	18,996	0.0%
	Total Expenses	20,752	-	20,752	-	20,752	0.0%
<b>24 - Aliso Creek Ocean Outfall</b>							
Salary and Fringe							
24-5000-**-**	Regular Salaries-O&M	117,060		117,060	90,168	26,892	77.0%
24-5001-**-**	Overtime Salaries-O&M	620		620	376	244	60.7%
24-5306-**-**	Scheduled Holiday Work	276		276	178	98	64.6%
24-5315-**-**	Comp Time - O&M	-		-	336	(336)	100.0%
24-5401-**-**	Fringe Benefits IN to PC's & Depts.	61,060		61,060	50,514	10,546	82.7%
	Total Payroll Costs	179,016	-	179,016	141,572	37,444	79.1%
Other Expenses							
24-5015-**-**	Management Support Services	125,004	45,000	170,004	51,240	118,764	30.1%
24-5017-**-**	Legal Fees	2,008		2,008	1,565	443	77.9%
24-5027-**-**	Insurance - Property/Liability	17,884		17,884	13,702	4,182	76.6%
24-5031-**-**	Safety Supplies	1,004		1,004	-	1,004	-
24-5034-**-**	Travel Expense/Tech. Conferences	5,592		5,592	3,608	1,984	64.5%
24-5035-**-**	Training Expense	904		904	31	873	0.03
24-5036-**-**	Laboratory Supplies	26,000		26,000	41,393	(15,393)	159.2%
24-5038-**-**	Permits	247,400		247,400	228,285	19,115	92.3%
24-5039-**-**	Membership Dues/Fees	5,844		5,844	62	5,782	0.01
24-5044-**-**	Offshore Monitoring	40,000		40,000	50,394	(10,394)	126.0% (3)
24-5045-**-**	Offshore Biochemistry - 20B	15,000		15,000	-	15,000	-
24-5046-**-**	Effluent Chemistry	22,496		22,496	16,181	6,315	71.9%
24-5058-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,004		1,004	1,394	(390)	138.8%
24-6500-**-**	IT Allocations in to PC's & Depts.	14,172		14,172	11,740	2,432	82.8%
	Total Other Expenses	524,312	45,000	569,312	419,594	149,718	73.7%
	Total Expenses	703,328	45,000	748,328	561,166	187,162	75.0%
	<b>Total O&amp;M Expenses</b>	<b>19,339,320</b>	<b>1,065,000</b>	<b>20,404,320</b>	<b>19,015,099</b>	<b>1,389,221</b>	<b>93.2%</b>

<sup>1</sup> This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC**  
For the Period Ended June 30, 2023

- (1) Power emergencies to date between the three (3) Treatment Plants.
- (2) Chemicals, fuel, and utilities increased with inflation and supply chain disruptions more than budgeted.
- (3) New NPDES permit testing requirements and inflation of laboratory supplies.
- (4) Staff is performing additional work in areas isolated by ongoing construction work that is not normally accessible for O&M work.
- (5) JBL installed and replaced a failed welding fume hood.
- (6) Toxicity exceedances at the SJCOO triggering accelerated testing and additional costs.
- (7) Five new employees outfitted at RTP.
- (8) Several pieces are being rented due to delays associated with receiving newly purchased units.
- (9) 30,000-hour Cogen Service Completed.



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

For the Period Ended June 30, 2023  
(in dollars)

		FY 2022-23 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
01-5000-03-00-00	Regular Salaries-O&M	161,205	123,697	37,508	76.7%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	84,092	69,298	14,794	82.4%
	Total Payroll Costs	245,297	192,995	52,302	78.7%
Other Expenses					
01-5022-03-00-00	Miscellaneous Expense	3,184	1,325	1,859	41.6%
01-5023-03-00-00	Office Supplies - All	208	198	10	95.2%
01-5031-03-00-00	Safety Supplies	306	275	31	0.90
01-5034-03-00-00	Travel Expense/Tech. Conferences	6,439	1,927	4,512	0.30
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	881	496	64.0%
01-5061-03-00-00	Mileage	510	168	342	33.0%
01-5309-03-00-00	Operating Leases	9,300	17,237	(7,937)	185.3%
01-5705-03-00-00	Monthly Car Allowance	4,200	3,715	485	88.5%
01-5802-03-00-00	Shipping/Freight	312	-	312	-
01-6500-03-00-00	IT Allocations in to PC's & Depts.	52,639	43,595	9,044	82.8%
	Total Other Expenses	81,127	69,322	11,805	85.4%
	<b>Total Engineering Expenses</b>	<b>326,424</b>	<b>262,318</b>	<b>64,106</b>	<b>80.4%</b>

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison- Administration**  
 For the Period Ended June 30, 2023  
 (in dollars)

	<b>FY 2022-23 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>						
01-6000-04-00-00	Regular Salaries-Admin or IT		974,150	945,175	28,974	97.0%
01-6001-04-00-00	Overtime Salaries-Admin or IT	20,000	30,000	14,911	15,089	49.7%
01-6315-04-00-00	Comp Time - Admin		5,000	4,206	794	84.1%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT		508,162	529,223	(21,061)	104.1%
	<b>Total Payroll Costs</b>	<b>20,000</b>	<b>1,517,312</b>	<b>1,493,515</b>	<b>23,797</b>	<b>98.4%</b>
<b>Other Expenses</b>						
01-6018-04-00-00	Public Notices/Public Relations		3,270	-	3,270	-
01-6101-04-00-00	HR Recruitment & Employee Relations		29,190	10,630	18,560	36.4%
01-6102-04-00-00	Subscriptions		2,533	1,903	630	75.1%
01-6103-04-00-00	Contract Labor		30,000	7,792	22,208	26.0%
01-6200-04-00-00	Management Support Services	115,000	165,000	98,230	66,770	59.5%
01-6201-04-00-00	Audit		46,000	37,680	8,320	81.9%
01-6202-04-00-00	Legal	130,000	330,000	389,328	(59,328)	118.0%
01-6204-04-00-00	Postage		1,500	1,226	274	81.7%
01-6223-04-00-00	Office Supplies - Admin		4,294	1,799	2,495	41.9%
01-6224-04-00-00	Office Equipment Admin or IT		6,000	9,223	(3,223)	153.7%
01-6234-04-00-00	Memberships & Trainings		95,912	104,664	(8,752)	109.1% (1)
01-6239-04-00-00	Travel & Conference		25,000	13,878	11,122	55.5%
01-6240-04-00-00	Scholarship Sponsorship		-	1,000	(1,000)	
01-6241-04-00-00	Education Reimbursement		4,500	2,715	1,785	60.3%
01-6310-04-00-00	Miscellaneous		20,000	22,232	(2,232)	111.2%
01-6311-04-00-00	Mileage		569	686	(117)	120.6%
01-6317-04-00-00	Contract Services Misc		5,573	5,732	(159)	102.9%
01-6500-04-00-00	IT Allocations in to PC's & Depts.		117,968	97,701	20,267	82.8%
01-6601-04-00-00	Shipping/Freight		4,382	2,446	1,936	55.8%
01-6705-04-00-00	Monthly Car Allowance		12,000	13,500	(1,500)	112.5%
	<b>Total Other Expenses</b>	<b>245,000</b>	<b>903,691</b>	<b>822,365</b>	<b>81,326</b>	<b>91.0%</b>
	<b>Total Admin Expenses</b>		<b>2,421,003</b>	<b>2,315,881</b>	<b>105,122</b>	<b>95.7%</b>

(1) Inflationary impact on costs

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison-IT**  
For the Period Ended June 30, 2023  
(in dollars)

		FY 2022-23 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-6000-05-00-00	Regular Salaries-Admin or IT	106,310	107,479	(1,169)	101.1%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	55,456	60,212	(4,756)	108.6%
	Total Salary & Fringe	161,766	167,691	(5,925)	103.7%
Other Expenses					
01-6028-05-00-00	Small Tools & Supplies	1,000	-	1,000	-
01-6035-05-00-00	Training Expense	3,000	-	3,000	-
01-6224-05-00-00	Office Equipment Admin or IT	600	-	600	-
01-6234-05-00-00	Memberships & Trainings	12,850	1,810	11,040	14.1%
01-6239-05-00-00	Travel & Conference	1,500	-	1,500	-
01-6300-05-00-00	Software Maintenance Agreements	60,433	43,165	17,268	71.4%
01-6301-05-00-00	Hardware Maintenance Agreements	14,186	12,839	1,347	90.5%
01-6302-05-00-00	Cloud Subscriptions (Internet)	181,766	117,021	64,745	64.4%
01-6303-05-00-00	Telecommunications	164,582	147,876	16,706	89.8%
01-6305-05-00-00	IT Professional Services	53,500	41,599	11,901	77.8%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	28,900	24,308	4,592	84.1%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	26,444	18,521	7,923	70.0%
01-6308-05-00-00	IT Memberships	160	-	160	-
01-6309-05-00-00	Operating Leases	64,173	66,787	(2,614)	104.1%
01-6310-05-00-00	Miscellaneous	5,000	57	4,943	0.01
01-6312-05-00-00	Computer & Photocopy Supplies	-	1,882	(1,882)	-
	Total Other Expenses	618,094	475,864	142,230	77.0%
	<b>Total Expenses before Allocation</b>	<b>779,860</b>	<b>643,556</b>	<b>136,304</b>	<b>82.5%</b>
IT Allocations (Out) to PC's & Depts					
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(779,860)	(643,556)	(136,304)	82.5%
	Total IT Allocations (Out) to PC's & Depts	(779,860)	(643,556)	(136,304)	82.5%

**Exhibit A**

**South Orange County Wastewater Authority  
Summary of Disbursements for July 2023  
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	\$ (1,543,975)
PC 2 - Jay B. Latham Plant	(570,590)
PC 5 - San Juan Creek Ocean Outfall	(21,153)
PC 8 - Pretreatment Program	(15,692)
PC 12 SO - Water Reclamation Permits	(11,030.03)
PC 15 - Coastal Treatment Plant/AWT	(339,665)
PC 17 - Joint Regional Wastewater Reclamation	(806,198)
PC 21 - Effluent Transmission Main	-
PC 23 - North Coast Interceptor	-
PC 24 - Aliso Creek Ocean Outfall	(40,309)
<b>Total</b>	<u><u>\$ (3,348,611)</u></u>

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of July 31, 2023**

CASH IN BANK: (BEGINNING BAL.)	\$	1,174,308
L.A.I.F. FUNDS: (BEGINNING BAL.)		5,670,525
DEPOSITS, TRANSFERS & ADJUSTMENTS:		4,433,038
FUND REQUIREMENTS:		
BILLS FOR CONSIDERATION <sup>1</sup>		(3,348,611)
<b>TOTAL CASH IN BANK</b>	<b>\$</b>	<b>7,929,259</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.

**Jim Burror**  
***Acting General Manager/Director of Operations***

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 09/06/23



### Quarterly Performance Quarter Ended 06/30/23

LAIF Apportionment Rate <sup>(2)</sup> :	3.15
LAIF Earnings Ratio <sup>(2)</sup> :	0.00008636172883763
LAIF Administrative Cost <sup>(1)*</sup> :	0.06
LAIF Fair Value Factor <sup>(1)</sup> :	0.984828499
PMIA Daily <sup>(1)</sup> :	3.26
PMIA Quarter to Date <sup>(1)</sup> :	3.01
PMIA Average Life <sup>(1)</sup> :	260

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

<b>August</b>	<b>3.434</b>
July	3.305**
June	3.167
May	2.993
April	2.870
March	2.831

### Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 07/31/23 \$173.5 billion

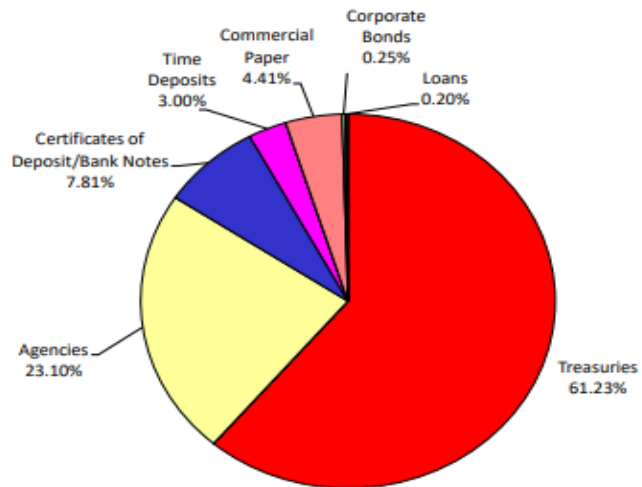


Chart does not include \$2,786,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

**Exhibit C**

**South Orange County Wastewater Authority  
Schedule of Cash and Investments  
as of July 31, 2023**

MVA	\$ 182,046	(A)
A/P Checking	1,228,489	(B)
Payroll Checking	392,051	(C)
State LAIF	6,126,674	(D)
<b>Total Cash in Bank<sup>1</sup></b>	<b>\$ 7,929,259</b>	
Petty Cash	1,600	(E)
<b>Total Operating Cash</b>	<b>\$ 7,930,859</b>	
OPEB Trust	6,369,353	(F)
<b>Total Cash and Investments</b>	<b>\$ 14,300,212</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:

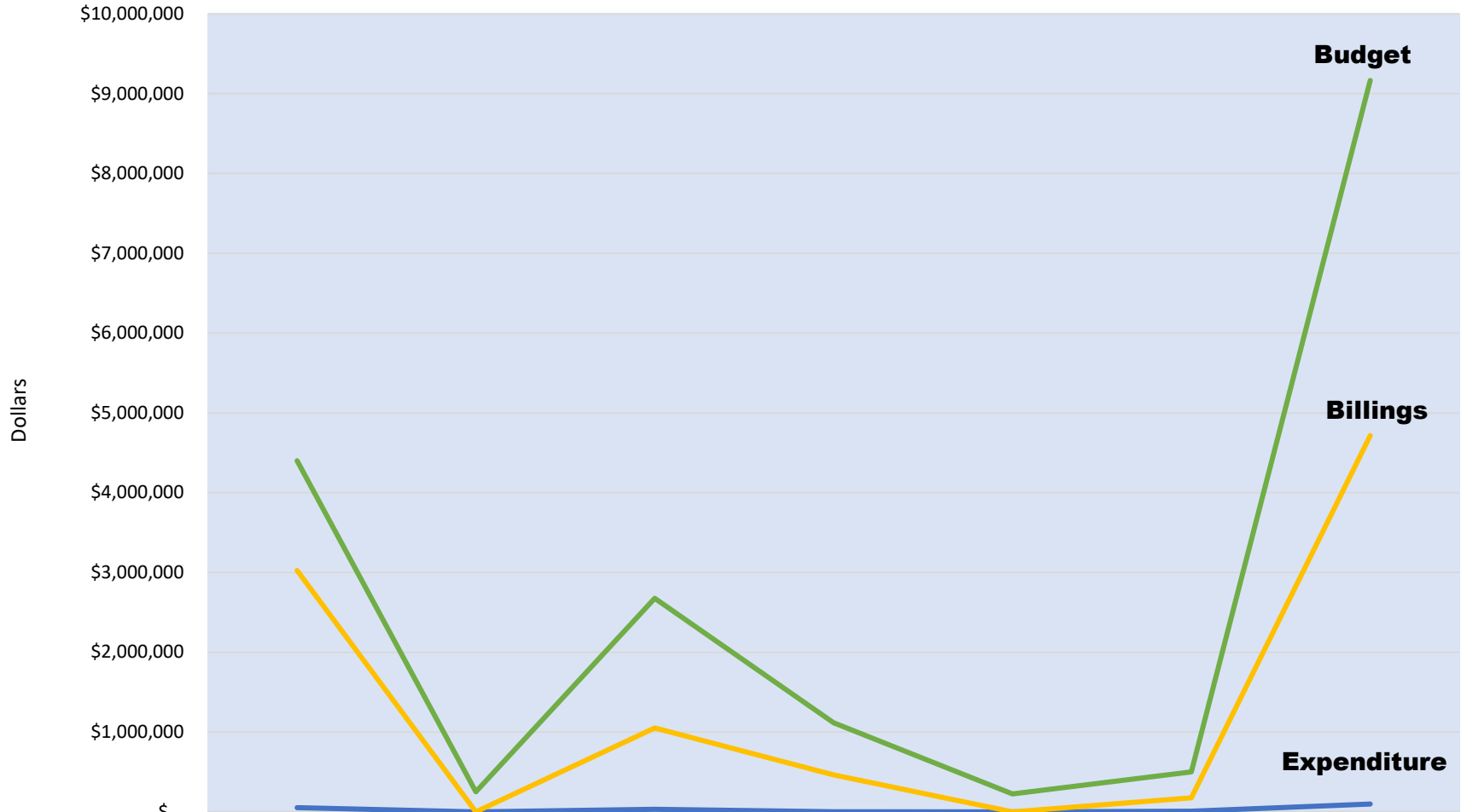
- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related 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 July 31, 2023  
(in dollars)**

<b>FY 2022-23 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	\$ 4,400,000	\$ 54,109	\$ 4,345,891	1.2%	\$ 3,025,000	\$ 3,025,000	\$ -	1.8%
PC 5-San Juan Creek Outfall	250,000	-	250,000	0.0%	-	-	-	-
PC 15-Coastal	2,675,000	33,350	2,641,650	1.2%	1,050,000	1,050,000	-	3.2%
PC 17-Regional	1,115,000	2,856	1,112,144	0.3%	465,000	465,000	-	0.6%
PC 21 Effluent Transmission	225,000	-	225,000	0.0%	-	-	-	-
PC 24 Aliso Creek Outfall	500,000	7,998	492,002	1.6%	175,000	175,000	-	4.6%
<b>Total Large Capital</b>	<b>\$ 9,165,000</b>	<b>\$ 98,313</b>	<b>\$ 9,066,687</b>	<b>1.1%</b>	<b>\$ 4,715,000</b>	<b>\$ 4,715,000</b>	<b>\$ -</b>	<b>2.1%</b>
Non-Capital Engineering	905,000	-	905,000	0.0%	75,000	75,000	-	0.0%
Non-Capital Misc Engineering	-	-	0	-	-	-	-	-
Small Internal Capital	2,013,000	60,194	1,952,806	3.0%	2,061,000	2,061,000	-	2.9%
<b>Total Capital</b>	<b>\$ 12,083,000</b>	<b>\$ 158,507</b>	<b>\$ 11,924,493</b>	<b>1.3%</b>	<b>\$ 6,851,000</b>	<b>\$ 6,851,000</b>	<b>\$ -</b>	<b>2.3%</b>



## Large Capital Projects Fiscal Year 2023-24 Budget vs. Exhibit D-1 Year-to-Date Expenditures & Billings as of 7/31/2023



	PC 2-JB Latham	PC 5-San Juan Creek Outfall	PC 15-Coastal	PC 17-Regional	PC 21 Effluent Transmission	PC 24 Aliso Creek Outfall	Total Large Capital
Spent - YTD 7/31/2023	\$54,109	\$-	\$33,350	\$2,856	\$-	\$7,998	\$98,313
FY 23-24 Billings	\$3,025,000	\$-	\$1,050,000	\$465,000	\$-	\$175,000	\$4,715,000
Capital Budget FY 23-24	\$4,400,000	\$250,000	\$2,675,000	\$1,115,000	\$225,000	\$500,000	\$9,165,000

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary<sup>1</sup>**  
For the Period Ended July 31, 2023  
(in dollars)

	FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended	
<b>Salary and Fringe</b>					
**-5000-**-**	Regular Salaries-O&M	5,065,446	348,763	4,716,683	6.9%
**-5001-**-**	Overtime Salaries-O&M	82,008	6,144	75,864	7.5%
**-5306-**-**	Scheduled Holiday Work	68,376	9,173	59,203	13.4%
**-5315-**-**	Comp Time - O&M	17,628	2,315	15,313	13.1%
**-5401-**-**	Fringe Benefits IN to PC's & Depts.	2,731,721	209,258	2,522,463	7.7%
**-5700-**-**	Standby Pay	104,000	7,700	96,300	7.4%
	Total Payroll Costs	8,069,179	583,353	7,485,826	7.2%
<b>Other Expenses</b>					
**-5002-**-**	Electricity	1,260,000	112,410	1,147,590	8.9%
**-5003-**-**	Natural Gas	490,500	31,442	459,058	6.4%
**-5004-**-**	Potable & Reclaimed Water	78,000	6,357	71,643	8.1%
**-5005-**-**	Co-generation Power Credit	(1,302,000)	(177,978)	(1,124,022)	13.7%
**-5006-**-**	Chlorine/Sodium Hypochlorite	181,000	21,780	159,220	12.0%
**-5007-**-**	Polymer Products	1,040,000	191,526	848,474	18.4%
**-5008-**-**	Ferric Chloride	880,000	96,044	783,956	10.9%
**-5009-**-**	Odor Control Chemicals	155,000	22,147	132,853	14.3%
**-5010-**-**	Other Chemicals - Misc.	2,000	-	2,000	-
**-5011-**-**	Laboratory Services	56,632	1,665	54,967	2.9%
**-5012-**-**	Grit Hauling	132,500	11,627	120,873	8.8%
**-5013-**-**	Landscaping	211,000	27,933	183,067	13.2%
**-5015-**-**	Management Support Services	527,000	1,900	525,100	0.4%
**-5016-**-**	Audit - Environmental	1,304	-	1,304	0.0%
**-5017-**-**	Legal Fees	30,672	590	30,083	1.9%
**-5018-**-**	Public Notices/ Public Relations	1,500	-	1,500	-
**-5019-**-**	Contract Services Misc.	372,996	50,120	322,876	13.4%
**-5021-**-**	Small Vehicle Expense	24,128	2,300	21,828	9.5%
**-5022-**-**	Miscellaneous Expense	16,032	94	15,938	0.6%
**-5023-**-**	Office Supplies - All	48,000	2,792	45,208	5.8%
**-5024-**-**	Petroleum Products	27,000	890	26,110	3.3%
**-5025-**-**	Uniforms	78,000	8,633	69,367	11.1%
**-5026-**-**	Small Vehicle Fuel	20,272	1,035	19,237	5.1%
**-5027-**-**	Insurance - Property/Liability	535,873	-	535,873	0.0%
**-5028-**-**	Small Tools & Supplies	77,668	12,676	64,992	16.3%
**-5030-**-**	Trash Disposal	9,000	796	8,204	8.8%
**-5031-**-**	Safety Program & Supplies	114,956	18,120	96,836	15.8%
**-5032-**-**	Equipment Rental	7,000	-	7,000	0.0%
**-5033-**-**	Recruitment	2,300	-	2,300	0.0%
**-5034-**-**	Travel Expense/Tech. Conferences	75,078	3,616	71,462	4.8%
**-5035-**-**	Training Expense	50,479	484	49,995	1.0%
**-5036-**-**	Laboratory Supplies	127,092	15,093	111,999	11.9%
**-5037-**-**	Office Equipment	27,000	-	27,000	0.0%
**-5038-**-**	Permits	635,836	20,824	615,013	3.3%
**-5039-**-**	Membership Dues/Fees	13,153	15,058	(1,904)	114.5%
**-5044-**-**	Offshore Monitoring	81,604	6,167	75,437	7.6%
**-5045-**-**	Offshore Biochemistry - 20B	22,500	-	22,500	-
**-5046-**-**	Effluent Chemistry	50,948	-	50,948	0.0%
**-5047-**-**	Access Road Expenses	45,000	2,460	42,540	0.1
**-5048-**-**	Storm Damage	20,000	-	20,000	-
**-5049-**-**	Biosolids Disposal	1,747,500	137,994	1,609,506	7.9%
**-5050-**-**	Contract Services Generators - 29A	23,000	-	23,000	0.0%
**-5052-**-**	Janitorial Services	95,000	6,838	88,163	7.2%

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

		<b>FY 2023-24 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
**-5053-**-**-**	Contract Serv - Digester Cleaning - 29E	80,000	-	80,000	0.0%
**-5054-**-**-**	Diesel Truck Maint	43,000	1,786	41,214	4.2%
**-5055-**-**-**	Diesel Truck Fuel	11,800	1,294	10,506	11.0%
**-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	300,000	32,174	267,826	10.7%
**-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	510,000	61,563	448,437	12.1%
**-5058-**-**-**	Maintenance Equip. & Facilities (Common)	92,008	4,552	87,456	4.9%
**-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	836,700	63,286	773,414	7.6%
**-5060-**-**-**	Maintenance Equip. & Facilities (AWT)	39,000	-	39,000	0.0%
**-5061-**-**-**	Mileage	2,900	161	2,739	5.5%
**-5068-**-**-**	MNWD Potable Water Supplies & Svcs.	44,880	1,883	42,997	4.2%

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

	<b>FY 2023-24 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>	
**-5076-**-**-**	SCADA Infrastructure	93,600	-	93,600	0.0%
**-5077-**-**-**	IT Direct	45,000	-	45,000	0.0%
**-5105-**-**-**	Co-Generation Power Credit - Offset	1,302,000	177,978	1,124,022	13.7%
**-5303-**-**-**	Group Insurance Waiver	14,400	1,385	13,015	9.6%
**-5305-**-**-**	Medicare Tax Payments for Employees	152	-	152	0.0%
**-5309-**-**-**	Operating Leases	20,000	1,274	18,726	6.4%
**-5705-**-**-**	Monthly Car Allowance	31,200	1,938	29,261	6.2%
**-5797-**-**-**	Verily Stipends - WastewaterSCAN Monitoring	-	(5,850)	5,850	0.0%
**-5799-**-**-**	Zephyr Wall Costs Share-O&M	(14,000)	-	(14,000)	0.0%
**-6500-**-**-**	IT Allocations in to PC's & Depts.	620,553	43,997	576,557	7.1%
	Total Other Expenses	12,165,718	1,040,851	11,124,867	8.6%
	<b>Total O&amp;M Expenses</b>	<b>20,234,898</b>	<b>1,624,204</b>	<b>18,610,694</b>	<b>8.0%</b>

(0)

<sup>1</sup> This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
<b>02 - Jay B. Latham Plant</b>					
Salary and Fringe					
02-5000-**-**	Regular Salaries-O&M	1,785,000	114,946	1,670,054	6.4%
02-5001-**-**	Overtime Salaries-O&M	27,208	2,675	24,533	9.8%
02-5306-**-**	Scheduled Holiday Work	30,000	3,221	26,779	10.7%
02-5315-**-**	Comp Time - O&M	8,604	191	8,413	2.2%
02-5401-**-**	Fringe Benefits IN to PC's & Depts.	962,625	68,967	893,657	7.2%
02-5700-**-**	Standby Pay	37,846	2,850	34,996	7.5%
	<b>Total Payroll Costs</b>	<b>2,851,283</b>	<b>192,850</b>	<b>2,658,433</b>	<b>6.8%</b>
Other Expenses					
02-5002-**-**	Electricity	660,000	58,705	601,295	8.9%
02-5003-**-**	Natural Gas	252,000	12,945	239,056	5.1%
02-5004-**-**	Potable & Reclaimed Water	27,000	2,114	24,886	7.8%
02-5006-**-**	Chlorine/Sodium Hypochlorite	21,000	6,714	14,286	32.0%
02-5007-**-**	Polymer Products	390,000	89,839	300,161	23.0%
02-5008-**-**	Ferric Chloride	300,000	28,456	271,544	9.5%
02-5009-**-**	Odor Control Chemicals	38,000	4,476	33,524	11.8%
02-5010-**-**	Other Chemicals - Misc.	1,000	-	1,000	-
02-5011-**-**	Laboratory Services	20,108	13	20,095	0.1%
02-5012-**-**	Grit Hauling	70,500	7,919	62,581	11.2%
02-5013-**-**	Landscaping	68,000	10,661	57,339	15.7%
02-5015-**-**	Management Support Services	16,500	1,620	14,880	9.8%
02-5017-**-**	Legal Fees	5,000	472	4,528	9.4%
02-5019-**-**	Contract Services Misc.	129,000	17,861	111,139	13.8%
02-5021-**-**	Small Vehicle Expense	11,000	2,133	8,867	19.4%
02-5022-**-**	Miscellaneous Expense	8,000	55	7,945	0.7%
02-5023-**-**	Office Supplies - All	30,000	1,773	28,227	5.9%
02-5024-**-**	Petroleum Products	11,000	647	10,353	5.9%
02-5025-**-**	Uniforms	36,000	4,148	31,852	11.5%
02-5026-**-**	Small Vehicle Fuel	8,000	292	7,708	3.7%
02-5027-**-**	Insurance - Property/Liability	188,606	-	188,606	0.0%
02-5028-**-**	Small Tools & Supplies	35,000	2,303	32,697	6.6%
02-5030-**-**	Trash Disposal	3,000	136	2,864	4.5%
02-5031-**-**	Safety Program & Supplies	40,032	8,319	31,713	20.8%
02-5032-**-**	Equipment Rental	3,000	-	3,000	-
02-5033-**-**	Recruitment	1,000	-	1,000	0.0%
02-5034-**-**	Travel Expense/Tech. Conferences	18,163	1,842	16,321	10.1%
02-5035-**-**	Training Expense	15,420	286	15,134	1.9%
02-5036-**-**	Laboratory Supplies	21,412	1,681	19,731	7.8%
02-5037-**-**	Office Equipment	14,000	-	14,000	0.0%
02-5038-**-**	Permits	27,032	20,824	6,208	77.0%
02-5039-**-**	Membership Dues/Fees	3,423	4,828	(1,405)	141.0%
02-5049-**-**	Biosolids Disposal	750,000	48,059	701,941	6.4%
02-5050-**-**	Contract Services Generators - 29A	10,000	-	10,000	0.0%
02-5052-**-**	Janitorial Services	43,000	2,987	40,014	6.9%
02-5053-**-**	Contract Serv - Digester Cleaning - 29E	15,000	-	15,000	0.0%
02-5054-**-**	Diesel Truck Maint	23,000	893	22,107	3.9%
02-5055-**-**	Diesel Truck Fuel	3,300	882	2,418	26.7%
02-5056-**-**	Maintenance Equip. & Facilities (Solids)	125,000	7,047	117,953	5.6%
02-5057-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	15,873	184,127	7.9%
02-5058-**-**	Maintenance Equip. & Facilities (Common)	30,000	2,433	27,567	8.1%
02-5059-**-**	Maintenance Equip. & Facilities (Co-Gen)	297,000	21,708	275,292	7.3%
02-5061-**-**	Mileage	1,400	50	1,350	3.6%
02-5076-**-**	SCADA Infrastructure	31,200	-	31,200	0.0%
02-5077-**-**	IT Direct	15,000	-	15,000	0.0%
02-5303-**-**	Group Insurance Waiver	3,600	277	3,323	7.7%
02-5309-**-**	Operating Leases	20,000	1,274	18,726	6.4%
02-5705-**-**	Monthly Car Allowance	18,600	969	17,631	5.2%
02-5797-**-**	Verily Stipends - WastewaterSCAN Monitoring	-	(1,950)	1,950	100.0%
02-5799-**-**	Zephyr Wall Costs Share-O&M	(14,000)	-	(14,000)	0.0%
02-6500-**-**	IT Allocations in to PC's & Depts.	218,718	15,507	203,211	7.1%
	<b>Total Other Expenses</b>	<b>4,263,015</b>	<b>407,069</b>	<b>3,855,947</b>	<b>9.5%</b>
	<b>Total Expenses</b>	<b>7,114,298</b>	<b>599,919</b>	<b>6,514,379</b>	<b>8.4%</b>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
<b>05 - San Juan Creek Ocean Outfall</b>					
Salary and Fringe					
05-5000-**-**	Regular Salaries-O&M	145,529	8,504	137,025	5.8%
05-5001-**-**	Overtime Salaries-O&M	72	48	24	66.2%
05-5306-**-**	Scheduled Holiday Work	468	95	373	20.4%
05-5315-**-**	Comp Time - O&M	-	-	-	100.0%
05-5401-**-**	Fringe Benefits IN to PC's & Depts.	78,482	5,102	73,380	6.5%
	<b>Total Payroll Costs</b>	<b>224,551</b>	<b>13,749</b>	<b>210,802</b>	<b>6.1%</b>
Other Expenses					
05-5015-**-**	Management Support Services	110,000	140	109,860	0.1%
05-5017-**-**	Legal Fees	7,000	-	7,000	0.0%
05-5022-**-**	Miscellaneous Expense	-	-	-	100.0%
05-5027-**-**	Insurance - Property/Liability	21,282	-	21,282	0.0%
05-5031-**-**	Safety Supplies	1,020	-	1,020	-
05-5034-**-**	Travel Expense/Tech. Conferences	5,696	443	5,253	7.8%
05-5035-**-**	Training Expense	1,087	-	1,087	-
05-5036-**-**	Laboratory Supplies	33,500	5,445	28,055	16.3%
05-5038-**-**	Permits	302,496	-	302,496	0.0%
05-5039-**-**	Membership Dues/Fees	1,000	-	1,000	-
05-5044-**-**	Offshore Monitoring	40,800	3,084	37,717	7.6%
05-5045-**-**	Offshore Biochemistry - 20B	7,500	-	7,500	-
05-5046-**-**	Effluent Chemistry	28,000	-	28,000	0.0%
05-5058-**-**	Maintenance Equip. & Facilities (Common)	1,004	-	1,004	-
05-6500-**-**	IT Allocations in to PC's & Depts.	17,832	1,264	16,568	7.1%
	<b>Total Other Expenses</b>	<b>578,218</b>	<b>10,376</b>	<b>567,842</b>	<b>1.8%</b>
	<b>Total Expenses</b>	<b>802,768</b>	<b>24,124</b>	<b>778,644</b>	<b>3.0%</b>
<b>08 - Pre Treatment</b>					
Salary and Fringe					
08-5000-**-**	Regular Salaries-O&M	132,256	8,214	124,041	6.2%
08-5315-02-08-00	Comp Time - O&M	-	-	-	-
08-5401-**-**	Fringe Benefits IN to PC's & Depts.	71,324	4,929	66,395	6.9%
	<b>Total Payroll Costs</b>	<b>203,579</b>	<b>13,143</b>	<b>190,436</b>	<b>6.5%</b>
Other Expenses					
08-5011-**-**	Laboratory Services	3,064	1,640	1,424	53.5%
08-5015-**-**	Management Support Services	20,000	-	20,000	-
08-5016-**-**	Audit - Environmental	1,304	-	-	-
08-5017-**-**	Legal Fees	2,672	-	1,304	0.0%
08-5018-**-**	Public Notices/ Public Relations	1,500	-	2,672	-
08-5021-**-**	Small Vehicle Expense - 31A	1,128	-	1,500	-
08-5022-**-**	Miscellaneous Expense	2,032	-	2,032	-
08-5026-**-**	Small Vehicle Fuel - 37A	1,272	-	1,272	-
08-5027-**-**	Insurance - Property/Liability	7,170	-	7,170	0.0%
08-5028-**-**	Small Tools & Supplies	3,668	-	3,668	0.0%
08-5034-**-**	Travel Expense/Tech. Conferences	3,500	-	3,500	-
08-5035-**-**	Training Expense	2,044	75	1,969	-
08-5038-**-**	Permits and Fines	508	-	508	-
08-5039-**-**	Membership Dues/Fees	816	-	816	0.0%
08-6500-**-**	IT Allocations in to PC's & Depts.	16,205	1,149	15,056	7.1%
	<b>Total Other Expenses</b>	<b>66,883</b>	<b>2,864</b>	<b>62,891</b>	<b>4.4%</b>
	<b>Total Expenses</b>	<b>270,462</b>	<b>16,007</b>	<b>253,328</b>	<b>5.9%</b>
<b>12 - Water Reclamation Permits</b>					
Salary and Fringe					
12-5000-**-**	Regular Salaries-O&M	13,572	3,583	9,990	26.4%
12-5401-**-**	Fringe Benefits IN to PC's & Depts.	7,319	2,150	5,170	29.4%
	<b>Total Payroll Costs</b>	<b>20,892</b>	<b>5,732</b>	<b>15,160</b>	<b>27.4%</b>
Other Expenses					
12-5015-**-**	Management Support Services	35,000	-	35,000	0.0%
12-5017-**-**	Legal Fees	2,000	-	2,000	-
12-5027-**-**	Insurance - Property/Liability	2,473	-	2,473	0.0%
12-5034-**-**	Travel Expense/Tech. Conferences	5,696	-	5,696	0.0%
12-5038-**-**	Permits	25,500	-	25,500	0.0%
12-5039-**-**	Membership Dues/Fees	68	-	68	-
12-6500-**-**	IT Allocations in to PC's & Depts.	1,663	118	1,545	7.1%
	<b>Total Other Expenses</b>	<b>72,401</b>	<b>118</b>	<b>72,283</b>	<b>0.2%</b>
	<b>Total Expenses</b>	<b>93,293</b>	<b>5,850</b>	<b>87,442</b>	<b>6.3%</b>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
<b>15 - Coastal Treatment Plant</b>					
Salary and Fringe					
15-5000-**-**	Regular Salaries-O&M	971,637	67,068	904,569	6.9%
15-5001-**-**	Overtime Salaries-O&M	13,732	1,444	12,288	10.5%
15-5306-**-**	Scheduled Holiday Work	10,260	945	9,315	9.2%
15-5315-**-**	Comp Time - O&M	2,000	435	1,565	21.7%
15-5401-**-**	Fringe Benefits IN to PC's & Depts.	523,990	40,241	483,749	7.7%
15-5700-**-**	Standby Pay	18,462	925	17,537	5.0%
	<b>Total Payroll Costs</b>	<b>1,540,081</b>	<b>111,058</b>	<b>1,429,023</b>	<b>7.2%</b>
Other Expenses					
15-5002-**-**	Electricity	300,000	41,980	258,020	14.0%
15-5003-**-**	Natural Gas	3,500	40	3,460	1.1%
15-5004-**-**	Potable & Reclaimed Water	24,000	2,003	21,997	8.3%
15-5006-**-**	Chlorine/Sodium Hypochlorite	100,000	9,320	90,680	9.3%
15-5007-**-**	Polymer Products	-	-	-	-
15-5008-**-**	Ferric Chloride	105,000	19,299	85,701	18.4%
15-5009-**-**	Odor Control Chemicals	50,000	5,494	44,506	11.0%
15-5011-**-**	Laboratory Services	10,000	-	10,000	0.0%
15-5012-**-**	Grit Hauling	22,000	1,619	20,381	7.4%
15-5013-**-**	Landscaping	63,000	4,882	58,118	7.7%
15-5015-**-**	Management Support Services	13,000	-	13,000	0.0%
15-5017-**-**	Legal Fees	5,000	-	5,000	0.0%
15-5019-**-**	Contract Services Misc.	110,000	15,353	94,647	14.0%
15-5021-**-**	Small Vehicle Expense - 31A	4,000	121	3,879	3.0%
15-5022-**-**	Miscellaneous Expense	1,000	-	1,000	0.0%
15-5023-**-**	Office Supplies - All	5,000	282	4,718	5.6%
15-5024-**-**	Petroleum Products	4,000	-	4,000	0.0%
15-5025-**-**	Uniforms	10,000	1,109	8,891	11.1%
15-5026-**-**	Small Vehicle Fuel	2,000	313	1,687	15.7%
15-5027-**-**	Insurance - Property/Liability	79,422	-	79,422	0.0%
15-5028-**-**	Small Tools & Supplies	9,000	1,688	7,312	18.8%
15-5030-**-**	Trash Disposal	3,000	166	2,834	5.5%
15-5031-**-**	Safety Supplies	33,456	2,786	30,670	8.3%
15-5032-**-**	Equipment Rental	1,000	-	1,000	-
15-5033-**-**	Recruitment	300	-	300	0.0%
15-5034-**-**	Travel Expense/Tech. Conferences	18,163	443	17,720	2.4%
15-5035-**-**	Training Expense	15,420	61	15,359	0.4%
15-5036-**-**	Laboratory Supplies	20,000	1,716	18,284	8.6%
15-5037-**-**	Office Equipment	3,000	-	3,000	0.0%
15-5038-**-**	Permits	5,000	-	5,000	0.0%
15-5039-**-**	Membership Dues/Fees	3,423	4,978	(1,555)	145.4%
15-5047-**-**	Access Road Expenses	45,000	2,460	42,540	0.05
15-5048-**-**	Storm Damage	20,000	-	20,000	-
15-5050-**-**	Contract Services Generators	5,000	-	5,000	0.0%
15-5052-**-**	Janitorial Services	15,000	1,182	13,818	7.9%
15-5054-**-**	Diesel Truck Maint - 31B	1,000	-	1,000	-
15-5055-**-**	Diesel Truck Fuel - 37B	500	-	500	-
15-5057-**-**	Maintenance Equip. & Facilities (Liquids)	110,000	11,100	98,900	10.1%
15-5058-**-**	Maintenance Equip. & Facilities (Common)	24,000	397	23,603	1.7%
15-5060-**-**	Maintenance Equip. & Facilities (AWT)	39,000	-	39,000	0.0%
15-5061-**-**	Mileage	500	41	459	8.2%
15-5076-**-**	SCADA Infrastructure	31,200	-	31,200	0.0%
15-5077-**-**	IT Direct	15,000	-	15,000	0.0%
15-5303-**-**	Group Insurance Waiver	3,600	277	3,323	7.7%
15-5305-**-**	Medicare Tax Payments for Employees	-	-	-	#N/A
15-5705-**-**	Monthly Car Allowance	4,200	323	3,877	7.7%
15-5797-**-**	Verily Stipends - WastewaterSCAN Monitoring	-	(1,950)	1,950	100.0%
15-6500-**-**	IT Allocations in to PC's & Depts.	119,057	8,441	110,616	7.1%
	<b>Total Other Expenses</b>	<b>1,455,741</b>	<b>135,925</b>	<b>1,319,816</b>	<b>9.3%</b>
	<b>Total Expenses</b>	<b>2,995,822</b>	<b>246,982</b>	<b>2,748,839</b>	<b>8.2%</b>

**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

	FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended	
<b>17 - Joint Regional Wastewater Reclamation and Sludge Handling</b>					
<b>Salary and Fringe</b>					
17-5000-**-**	Regular Salaries-O&M	1,884,409	139,889	1,744,520	7.4%
17-5001-**-**	Overtime Salaries-O&M	40,492	1,930	38,562	4.8%
17-5306-**-**	Scheduled Holiday Work	27,356	4,911	22,445	18.0%
17-5315-**-**	Comp Time - O&M	7,024	1,690	5,334	24.1%
17-5401-**-**	Fringe Benefits IN to PC's & Depts.	1,016,234	83,933	932,301	8.3%
17-5700-**-**	Standby Pay	47,692	3,925	43,767	8.2%
	<b>Total Payroll Costs</b>	<b>3,023,208</b>	<b>236,278</b>	<b>2,786,930</b>	<b>7.8%</b>
<b>Other Expenses</b>					
17-5002-**-**	Electricity	300,000	11,725	288,275	3.9%
17-5003-**-**	Natural Gas	235,000	18,457	216,543	7.9%
17-5004-**-**	Potable & Reclaimed Water	27,000	2,240	24,760	8.3%
17-5005-**-**	Co-generation Power Credit	(1,302,000)	(177,978)	(1,124,022)	13.7%
17-5006-**-**	Chlorine/Sodium Hypochlorite	60,000	5,746	54,254	9.6%
17-5007-**-**	Polymer Products	650,000	101,687	548,313	15.6%
17-5008-**-**	Ferric Chloride	475,000	48,289	426,711	10.2%
17-5009-**-**	Odor Control Chemicals	67,000	12,178	54,822	18.2%
17-5010-**-**	Other Chemicals - Misc.	1,000	-	1,000	-
17-5011-**-**	Laboratory Services	23,460	13	23,447	0.1%
17-5012-**-**	Grit Hauling - 21A	40,000	2,089	37,911	5.2%
17-5013-**-**	Landscaping	80,000	12,391	67,609	15.5%
17-5015-**-**	Management Support Services	17,500	-	17,500	0.0%
17-5017-**-**	Legal Fees	5,000	118	4,882	2.4%
17-5019-**-**	Contract Services Misc.	115,000	16,906	98,094	14.7%
17-5021-**-**	Small Vehicle Expense	8,000	46	7,954	0.6%
17-5022-**-**	Miscellaneous Expense	5,000	38	4,962	0.8%
17-5023-**-**	Office Supplies - All	13,000	738	12,262	5.7%
17-5024-**-**	Petroleum Products	12,000	243	11,757	2.0%
17-5025-**-**	Uniforms	32,000	3,376	28,624	10.6%
17-5026-**-**	Small Vehicle Fuel	9,000	430	8,570	4.8%
17-5027-**-**	Insurance - Property/Liability	212,048	-	212,048	4.1%
17-5028-**-**	Small Tools & Supplies	30,000	8,685	21,315	1.6%
17-5030-**-**	Trash Disposal	3,000	493	2,507	233.8%
17-5031-**-**	Safety Supplies	39,428	7,015	32,413	0.0%
17-5032-**-**	Equipment Rental	3,000	-	3,000	0.0%
17-5033-**-**	Recruitment	1,000	-	1,000	0.0%
17-5034-**-**	Travel Expense/Tech. Conferences	18,163	443	17,720	2.4%
17-5035-**-**	Training Expense	15,420	61	15,359	0.4%
17-5036-**-**	Laboratory Supplies	25,660	1,833	23,827	7.1%
17-5037-**-**	Office Equipment	10,000	-	10,000	0.0%
17-5038-**-**	Permits	15,300	-	15,300	0.0%
17-5039-**-**	Membership Dues/Fees	3,423	5,251	(1,828)	153.4%
17-5049-**-**	Biosolids Disposal	997,500	89,935	907,565	9.0%
17-5050-**-**	Contract Services Generators - 29A	8,000	-	8,000	-
17-5052-**-**	Janitorial Services	37,000	2,669	34,331	7.2%
17-5053-**-**	Contract Serv - Digester Cleaning - 29E	65,000	-	65,000	0.0%
17-5054-**-**	Diesel Truck Maint	19,000	893	18,107	1.4%
17-5055-**-**	Diesel Truck Fuel	8,000	412	7,588	2.2%
17-5056-**-**	Maintenance Equip. & Facilities (Solids)	175,000	25,127	(149,873)	314.1%
17-5057-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	34,590	165,410	19.8%
17-5058-**-**	Maintenance Equip. & Facilities (Common)	36,000	1,295	34,705	0.6%
17-5059-**-**	Maintenance Equip. & Facilities (Co-Gen)	539,700	41,578	(498,122)	115.5%
17-5060-**-**	Maintenance Equip. & Facilities (AWT)	0	-	539,700	0.0%
17-5061-**-**	Mileage	1,000	70	930	7.0%
17-5068-**-**	MNWD Potable Water Supplies & Svcs.	44,880	1,883	42,997	4.2%
17-5076-**-**	SCADA Infrastructure	31,200	-	31,200	0.0%
17-5077-**-**	IT Direct	15,000	-	15,000	0.0%
17-5105-**-**	Co-Generation Power Credit - Offset	1,302,000	177,978	1,124,022	13.7%
17-5303-**-**	Group Insurance Waiver	7,200	831	6,369	11.5%
17-5305-**-**	Medicare Tax Payments for Employees	152	-	152	-
17-5705-**-**	Monthly Car Allowance	8,400	646	7,754	7.7%
17-5797-**-**	Verily Stipends - WastewaterSCAN Monitoring		(1,950)	1,950	100.0%
17-6500-**-**	IT Allocations in to PC's & Depts.	230,899	16,370	214,528	7.1%
	<b>Total Other Expenses</b>	<b>4,975,334</b>	<b>474,839</b>	<b>4,565,495</b>	<b>9.4%</b>
	<b>Total Expenses</b>	<b>7,998,542</b>	<b>711,117</b>	<b>7,352,425</b>	<b>8.8%</b>



**South Orange County Wastewater Authority**  
**O&M Budget vs. Actual Comparison by PC<sup>1</sup>**  
 For the Period Ended July 31, 2023  
 (in dollars)

	FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended	
<b>21 - Effluent Transmission Main</b>					
Other Expenses					
21-5017-**-**-**	Legal Fees	500	-	500	0.0%
21-5019-**-**-**-**	Contract Services Misc.	18,996	-	18,996	0.0%
	Total Other Expenses	19,496	-	19,496	0.0%
	Total Expenses	19,496	-	19,496	0.0%
<b>23 - North Coast Interceptor</b>					
Salary and Fringe					
23-5000-**-**-**-**		1,000	-	1,000	0.0%
23-5401-**-**-**-**		539	-	539	0.0%
	Total Payroll Costs	1,539	-	1,539	0.0%
Other Expenses					
23-5017-**-**-**-**	Legal Fees	500	-	500	0.0%
	Total Other Expenses	500	-	500	0.0%
	Total Expenses	2,039	-	2,039	0.0%
<b>24 - Aliso Creek Ocean Outfall</b>					
Salary and Fringe					
24-5000-**-**-**-**	Regular Salaries-O&M	132,042	6,560	125,482	5.0%
24-5001-**-**-**-**	Overtime Salaries-O&M	504	48	456	9.5%
24-5306-**-**-**-**	Scheduled Holiday Work	292	-	292	0.0%
24-5315-**-**-**-**	Comp Time - O&M	-	-	-	100.0%
24-5401-**-**-**-**	Fringe Benefits IN to PC's & Depts.	71,209	3,936	67,272	5.5%
	Total Payroll Costs	204,047	10,544	193,503	5.2%
Other Expenses					
24-5015-**-**-**-**	Management Support Services	315,000	140	314,860	0.0%
24-5017-**-**-**-**	Legal Fees	3,000	-	3,000	0.0%
24-5027-**-**-**-**	Insurance - Property/Liability	24,872	-	24,872	0.0%
24-5031-**-**-**-**	Safety Supplies	1,020	-	1,020	-
24-5034-**-**-**-**	Travel Expense/Tech. Conferences	5,696	443	5,253	7.8%
24-5035-**-**-**-**	Training Expense	1,087	-	1,087	-
24-5036-**-**-**-**	Laboratory Supplies	26,520	4,419	22,101	16.7%
24-5038-**-**-**-**	Permits	260,000	-	260,000	0.0%
24-5039-**-**-**-**	Membership Dues/Fees	1,000	-	1,000	-
24-5044-**-**-**-**	Offshore Monitoring	40,804	3,084	37,721	7.6%
24-5045-**-**-**-**	Offshore Biochemistry - 20B	15,000	-	15,000	-
24-5046-**-**-**-**	Effluent Chemistry	22,948	-	22,948	0.0%
24-5058-**-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,004	428	576	42.6%
24-6500-**-**-**-**	IT Allocations in to PC's & Depts.	16,179	1,147	15,032	7.1%
	Total Other Expenses	734,131	9,661	724,470	1.3%
	Total Expenses	938,178	20,205	917,973	2.2%
	<b>Total O&amp;M Expenses</b>	<b>20,234,898</b>	<b>1,624,204</b>	<b>18,673,026</b>	<b>8.0%</b>

<sup>1</sup> This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

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

For the Period Ended July 31, 2023  
(in dollars)

		<b>FY 2023-24 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	194,546	7,711	186,835	4.0%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	104,916	4,627	100,289	4.4%
	<b>Total Payroll Costs</b>	<b>299,462</b>	<b>12,338</b>	<b>287,124</b>	<b>4.1%</b>
<b>Other Expenses</b>					
01-5022-03-00-00	Miscellaneous Expense	2,000	207	1,793	10.4%
01-5034-03-00-00	Travel Expense/Tech. Conferences	8,500	-	8,500	-
01-5035-03-00-00	Training Expense	1,300	-	1,300	-
01-5037-03-00-00	Office Equipment	150	-	150	-
01-5039-03-00-00	Membership Dues/Fees	1,775	-	1,775	0.0%
01-5061-03-00-00	Mileage	250	-	250	0.0%
01-5077-03-00-00	IT Direct	250	-	250	0.0%
01-5309-03-00-00	Operating Leases	30,000	1,572	28,428	5.2%
01-5705-03-00-00	Monthly Car Allowance	4,200	323	3,877	7.7%
01-5802-03-00-00	Shipping/Freight	100	-	100	-
01-6500-03-00-00	IT Allocations in to PC's & Depts.	54,993	4,075	50,919	7.4%
	<b>Total Other Expenses</b>	<b>103,518</b>	<b>6,176</b>	<b>97,342</b>	<b>6.0%</b>
	<b>Total Engineering Expenses</b>	<b>402,980</b>	<b>18,514</b>	<b>384,466</b>	<b>4.6%</b>

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

For the Period Ended July 31, 2023

(in dollars)

		<b>FY 2023-24 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary and Fringe</b>					
01-6000-04-00-00	Regular Salaries-Admin or IT	1,006,210	73,087	933,123	7.3%
01-6001-04-00-00	Overtime Salaries-Admin or IT	7,000	425	6,575	6.1%
01-6315-04-00-00	Comp Time - Admin	4,000	31	3,969	0.8%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	542,634	43,852	498,782	8.1%
	<b>Total Payroll Costs</b>	<b>1,559,845</b>	<b>117,396</b>	<b>1,442,449</b>	<b>7.5%</b>
<b>Other Expenses</b>					
01-6101-04-00-00	HR Recruitment & Employee Relations	48,100	6,476	41,624	13.5%
01-6102-04-00-00	Subscriptions	1,400	202	1,198	14.4%
01-6103-04-00-00	Contract Labor	30,000	1,649	28,351	5.5%
01-6200-04-00-00	Management Support Services	55,000	17,464	37,536	31.8%
01-6201-04-00-00	Audit	46,000	2,580	43,420	5.6%
01-6202-04-00-00	Legal	200,000	20,979	179,021	10.5%
01-6203-04-00-00	Outside Services	-	195	(195)	N/A
01-6204-04-00-00	Postage	1,500	20	1,480	1.3%
01-6223-04-00-00	Office Supplies - Admin	4,000	-	4,000	0.0%
01-6224-04-00-00	Office Equipment Admin or IT	1,000	1,789	(789)	178.9%
01-6234-04-00-00	Memberships & Trainings	105,000	23,759	81,241	22.6%
01-6239-04-00-00	Travel & Conference	25,000	1,759	23,241	7.0%
01-6240-04-00-00	Scholarship Sponsorship	1,000	-	1,000	
01-6241-04-00-00	Education Reimbursement	3,000	-	3,000	0.0%
01-6310-04-00-00	Miscellaneous	22,000	1,685	20,315	7.7%
01-6311-04-00-00	Mileage	600	-	600	0.0%
01-6317-04-00-00	Contract Services Misc	5,800	450	5,350	7.8%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	123,292	8,741	114,551	7.1%
01-6601-04-00-00	Shipping/Freight	1,200	307	893	25.6%
01-6705-04-00-00	Monthly Car Allowance	12,000	785	11,215	6.5%
	<b>Total Other Expenses</b>	<b>685,892</b>	<b>88,838</b>	<b>597,054</b>	<b>13.0%</b>
	<b>Total Admin Expenses</b>	<b>2,245,737</b>	<b>206,234</b>	<b>2,039,503</b>	<b>9.2%</b>

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison-IT**  
 For the Period Ended July 31, 2023  
 (in dollars)

		<b>FY 2023-24 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	116,046	8,509	107,537	7.3%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	62,582	5,106	57,477	8.2%
	<b>Total Salary &amp; Fringe</b>	<b>178,629</b>	<b>13,615</b>	<b>165,014</b>	<b>7.6%</b>
<b>Other Expenses</b>					
01-6028-05-00-00	Small Tools & Supplies	1,000	-	1,000	-
01-6035-05-00-00	Training Expense	3,000	-	3,000	-
01-6224-05-00-00	Office Equipment Admin or IT	600	-	600	-
01-6234-05-00-00	Memberships & Trainings	2,750	-	2,750	0.0%
01-6239-05-00-00	Travel & Conference	1,500	-	1,500	-
01-6300-05-00-00	Software Maintenance Agreements	84,700	2,600	82,100	3.1%
01-6301-05-00-00	Hardware Maintenance Agreements	22,400	3,437	18,963	15.3%
01-6302-05-00-00	Cloud Subscriptions (Internet)	196,935	14,291	182,644	7.3%
01-6303-05-00-00	Telecommunications	161,382	11,910	149,472	7.4%
01-6305-05-00-00	IT Professional Services	19,960	2,966	16,994	14.9%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	25,400	3,332	22,068	13.1%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	30,500	278	30,222	0.9%
01-6308-05-00-00	IT Memberships	160	-	160	-
01-6309-05-00-00	Operating Leases	64,200	4,384	59,816	6.8%
01-6310-05-00-00	Miscellaneous	5,000	-	5,000	-
01-6312-05-00-00	Computer & Photocopy Supplies	3,200	-	3,200	-
	<b>Total Other Expenses</b>	<b>622,687</b>	<b>43,197</b>	<b>579,489</b>	<b>6.9%</b>
	<b>Total Expenses before Allocation</b>	<b>801,315</b>	<b>56,812</b>	<b>744,503</b>	<b>7.1%</b>
<b>IT Allocations (Out) to PC's &amp; Depts</b>					
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(801,315)	(56,812)	(744,503)	7.1%
	<b>Total IT Allocations (Out) to PC's &amp; Depts</b>	<b>(801,315)</b>	<b>(56,812)</b>	<b>(744,503)</b>	<b>7.1%</b>

**Finance Committee Meeting  
September 19, 2023**

**Preliminary Long-Term Liabilities  
as of June 30, 2023**

**Draft GASB 68 Report  
Net Pension Liability  
as of June 30, 2023**

### Net Pension Liability Fiscal Year Ended June 30

Description	2023	2022	2021	2020	2019	Change between 2023 and 2022	
						\$ +/-(-)	%
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018		
Total pension liability	(\$66,443,205)	(\$62,175,535)	(\$59,026,089)	(\$55,450,648)	(\$52,230,824)	(\$4,267,670)	6.9%
Fiduciary net position	48,150,274	52,918,317	43,498,406	41,089,097	39,044,508	(4,768,043)	-9.0%
Net pension (liability)	(\$18,292,931)	(\$9,257,218)	(\$15,527,683)	(\$14,361,551)	(\$13,186,316)	(\$9,035,713)	97.6%
% Funded	72.5%	85.1%	73.7%	74.1%	74.8%	-12.6%	

- Net pension liability increased by \$9 million primarily due to the Risk Pool's asset loss in fiscal year 2021-22, -7.5% return on investments vs. the targeted 7.15% gain. (Rates used are accounting rates, not funding rates.)

## Recognition Timing is Different

Item	Funding Valuation	Contribution (First Impact)	GASB 68 Reporting	
			Measure-ment Date	Reporting Date
Good FY21 Return	6/30/21	FY23/24	6/30/21	6/30/22
6.8% Discount Rate	6/30/21	FY23/24	6/30/22	6/30/23
Poor FY22 Return	6/30/22	FY24/25	6/30/22	6/30/23

UAL Increase



- CalPERS Valuation Reports are used for Plan Funding and calculation of the Annual Required Contributions
- There is a two-year lag for the financial Impact
- GASB 68, financial reporting requirement, is a “Current Basis”, one-year lag
- The discount rate reduction from 7% to 6.8% is reflected in the valuation report as of 6-30-2021 and will impact FY 2023-24 Employer contributions
- The discount rate reduction will be reported in the financial records for FY 2022-23



# Net Pension Liability by Member Agency

## Last Nine Fiscal Years<sup>1</sup>

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net Pension Liability</b>									
City of Laguna Beach	\$707,518	\$950,501	\$1,216,301	\$1,424,347	\$1,409,954	\$1,534,919	\$1,662,452	\$992,808	\$1,961,317
City of San Clemente	47,198	61,300	77,311	90,008	88,503	96,580	106,056	64,420	128,064
City of San Juan Capistrano	703,507	936,034	1,193,586	1,385,379	1,370,129	1,497,375	1,619,904	961,210	1,878,892
Emerald Bay Service District	31,672	41,975	53,337	61,839	60,806	65,469	72,283	43,469	86,164
El Toro Water District	244,130	324,911	414,375	478,930	466,984	503,652	539,574	319,100	628,885
Irvine Ranch Water District	53,099	69,383	88,286	103,279	100,812	109,341	117,775	69,812	136,659
Moulton Niguel Water District	3,077,442	4,124,557	5,251,583	6,070,714	5,953,985	6,443,537	6,916,993	4,095,331	8,046,395
South Coast Water District	1,245,892	1,644,626	2,108,568	2,462,306	2,432,546	2,676,449	2,915,197	1,750,601	3,469,036
Santa Margarita Water District	683,820	901,247	1,145,985	1,332,256	1,301,158	1,431,672	1,574,485	958,894	1,957,518
Trabuco Canyon Water District			613	1,378	1,439	2,555	2,963	1,774	
Total	<b>\$6,794,277</b>	<b>\$9,054,535</b>	<b>\$11,549,944</b>	<b>\$13,410,437</b>	<b>\$13,186,316</b>	<b>\$14,361,551</b>	<b>\$15,527,683</b>	<b>\$9,257,418</b>	<b>\$18,292,931</b>
<b>% Change Year-Over-Year<sup>2</sup></b>									
		33.27%	27.56%	16.11%	-1.67%	8.91%	8.12%	-40.38%	97.60%
<b>Net Pension Liability Allocation</b>									
<b>%'s<sup>3</sup></b>									
City of Laguna Beach	10.41%	10.50%	10.53%	10.62%	10.69%	10.69%	10.71%	10.72%	10.72%
City of San Clemente	0.69%	0.68%	0.67%	0.67%	0.67%	0.67%	0.68%	0.70%	0.70%
City of San Juan Capistrano	10.35%	10.34%	10.33%	10.33%	10.39%	10.43%	10.43%	10.38%	10.27%
Emerald Bay Service District	0.47%	0.46%	0.46%	0.46%	0.46%	0.46%	0.47%	0.47%	0.47%
El Toro Water District	3.59%	3.59%	3.59%	3.57%	3.54%	3.51%	3.47%	3.45%	3.44%
Irvine Ranch Water District	0.78%	0.77%	0.76%	0.77%	0.76%	0.76%	0.76%	0.75%	0.75%
Moulton Niguel Water District	45.29%	45.55%	45.47%	45.27%	45.15%	44.87%	44.55%	44.24%	43.99%
South Coast Water District	18.34%	18.16%	18.26%	18.36%	18.45%	18.64%	18.77%	18.91%	18.96%
Santa Margarita Water District	10.06%	9.95%	9.92%	9.93%	9.87%	9.97%	10.14%	10.36%	10.70%
Trabuco Canyon Water District			0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.00%
Total	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1</sup>Prior to GASB 68 Implementation, FY 2015, the net pension liability was not reported in the Statement of Net Position; the annual required contribution was included in the Notes to the Financial Statements.

<sup>2</sup>The year-over-year changes are due to changes in CalPERS methodology in 2016; financial market returns less than 7.65% in 2017, and the discount rate decreased from 7.65% to 7.15% in 2018. Fiscal Year 2020 increase, \$1.2 million, is due to CalPERS method change and assets and non-assets loss. Fiscal Year 2021 increase, \$1.2 million, is due to Assets Loss, 4.7% return on investments vs. targeted 7.15%. Fiscal Year 2022 decrease of \$6.3 million, or 40%, is due to Assets Gain, 21.3% return on investment. The current year increase of \$9.0 million, or 98%, is due to Assets Loss, -7.5%, vs. an expected Gain of 7.15%. Also, the discount rate was lowered by 25 basis points to 6.8%.

<sup>3</sup>Distribution by Member Agency is based on a Board Approved Actuarial Methodology.

**Draft GASB 74/75  
Actuarial Full Valuation Report  
Net OPEB  
(Retiree Health)  
Liability  
as of June 30, 2023**

**Net OPEB (Retiree Health) Liability Fiscal Year Ended June 30**

Description	2023	2022	2021	2020	2019	Change between 2023 and 2022	
						\$ +/-	%
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019		
Total OPEB Liability	(\$10,993,133)	(\$10,676,580)	(\$10,799,701)	(\$10,959,190)	(\$9,885,778)	(\$316,553)	3.0%
Fiduciary net position	6,218,496	5,727,973	6,657,222	5,270,639	5,137,817	490,523	8.6%
Net OPEB (liability)	(\$4,774,637)	(\$4,948,607)	(\$4,142,479)	(\$5,688,551)	(\$4,747,961)	\$173,970	-3.5%
% Funded	56.6%	53.6%	61.6%	48.1%	52.0%	2.9%	

**Total OPEB Liability decreased by \$173 thousand due to the PARS Account financial markets gain, \$491k, offset by changes in actuarial assumptions.**

## Net OPEB (Retiree Health) Liability by Member Agency Last Eleven Fiscal Years<sup>1</sup>

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net OPEB Liability</b>											
City of Laguna Beach	\$106,591	\$108,208	\$112,872	\$78,307	\$61,896	\$569,189	\$507,678	\$607,975	\$443,509	\$530,711	\$511,923
City of San Clemente	7,558	7,449	7,530	5,050	3,934	35,969	31,867	38,255	28,294	34,436	33,426
City of San Juan Capistrano	109,765	109,758	112,232	77,116	60,740	553,617	493,339	593,104	432,158	513,820	490,410
Emerald Bay Service District	4,879	4,920	5,053	3,458	2,714	24,712	21,894	25,932	19,284	23,237	22,490
El Toro Water District	37,400	37,653	38,946	26,768	21,087	191,387	168,146	199,495	143,948	170,577	164,145
Irvine Ranch Water District	8,151	8,218	8,471	5,716	4,493	41,272	36,299	43,309	31,420	37,318	35,669
Moulton Niguel Water District	470,790	474,017	490,950	339,804	267,246	2,425,942	2,143,835	2,552,258	1,845,317	2,189,183	2,100,189
South Coast Water District	195,137	195,200	198,760	135,493	107,302	983,972	875,880	1,060,131	777,717	935,794	905,453
Santa Margarita Water District	107,174	106,898	109,091	74,250	58,318	532,388	468,504	567,080	420,042	512,582	510,932
Trabuco Canyon Water District					31,21	550.79	518.22	1,012.11	790.54	948.43	
Total	\$1,047,444	\$1,052,319	\$1,083,904	\$745,962	\$587,760	\$5,358,998	\$4,747,961	\$5,688,551	\$4,142,479	\$4,948,607	\$4,774,637
<b>% Change Year-Over-Year</b>		0.47%	3.00%	-31.18%	-21.21%	811.77%	-11.40%	19.81%	-27.18%	19.46%	-3.52%
<b>Net OPEB Liability Allocation %s<sup>2</sup></b>											
City of Laguna Beach	10.18%	10.28%	10.41%	10.50%	10.53%	10.62%	10.69%	10.69%	10.71%	10.72%	10.72%
City of San Clemente	0.72%	0.71%	0.69%	0.68%	0.67%	0.67%	0.67%	0.67%	0.68%	0.70%	0.70%
City of San Juan Capistrano	10.48%	10.43%	10.35%	10.34%	10.33%	10.33%	10.39%	10.43%	10.43%	10.38%	10.27%
Emerald Bay Service District	0.47%	0.47%	0.47%	0.46%	0.46%	0.46%	0.46%	0.46%	0.47%	0.47%	0.47%
El Toro Water District	3.57%	3.58%	3.59%	3.59%	3.59%	3.57%	3.54%	3.51%	3.47%	3.45%	3.44%
Irvine Ranch Water District	0.78%	0.78%	0.78%	0.77%	0.76%	0.77%	0.76%	0.76%	0.76%	0.75%	0.75%
Moulton Niguel Water District	44.95%	45.04%	45.29%	45.55%	45.47%	45.27%	45.15%	44.87%	44.55%	44.24%	43.99%
South Coast Water District	18.63%	18.55%	18.34%	18.16%	18.26%	18.36%	18.45%	18.64%	18.77%	18.91%	18.96%
Santa Margarita Water District	10.23%	10.16%	10.06%	9.95%	9.92%	9.93%	9.87%	9.97%	10.14%	10.36%	10.70%
Trabuco Canyon Water District					0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<sup>1</sup> Prior to GASB 75 implementation, FY 2018, only a portion of the OPEB liability was recorded in the Net Position Statement. GASB 75 required the recognition of the Full Net OPEB Liability. The decreases in FY's 2016 and 2017 are primarily due to \$500k contributions to the PARS Trust each year. FY 2019 decrease is due to Asset Gains. Fiscal year 2020 increase, \$941 thousand, is due to assumptions change and normal costs accruals. Fiscal year 2021 decrease, \$1.5 million, is due to Asset Gains, \$1.4 million or 26% return on investment. Fiscal year 2022 increase, \$880 thousand, is due to Asset Losses, \$929 thousand, or 14%. The current year decrease, \$174 thousand, or 3.5%, is primarily due to changes in actuarial assumptions.

<sup>2</sup> Distribution by Member Agency is based on a Board Approved Actuarial Methodology.



PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

**PARS**

TRUSTED SOLUTIONS. LASTING RESULTS.

# SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

PARS 115 Trust – OPEB Prefunding Program Client Review  
August 15, 2023

# SUMMARY OF AGENCY'S OPEB PLAN

---

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

## AS OF JUNE 30, 2023:

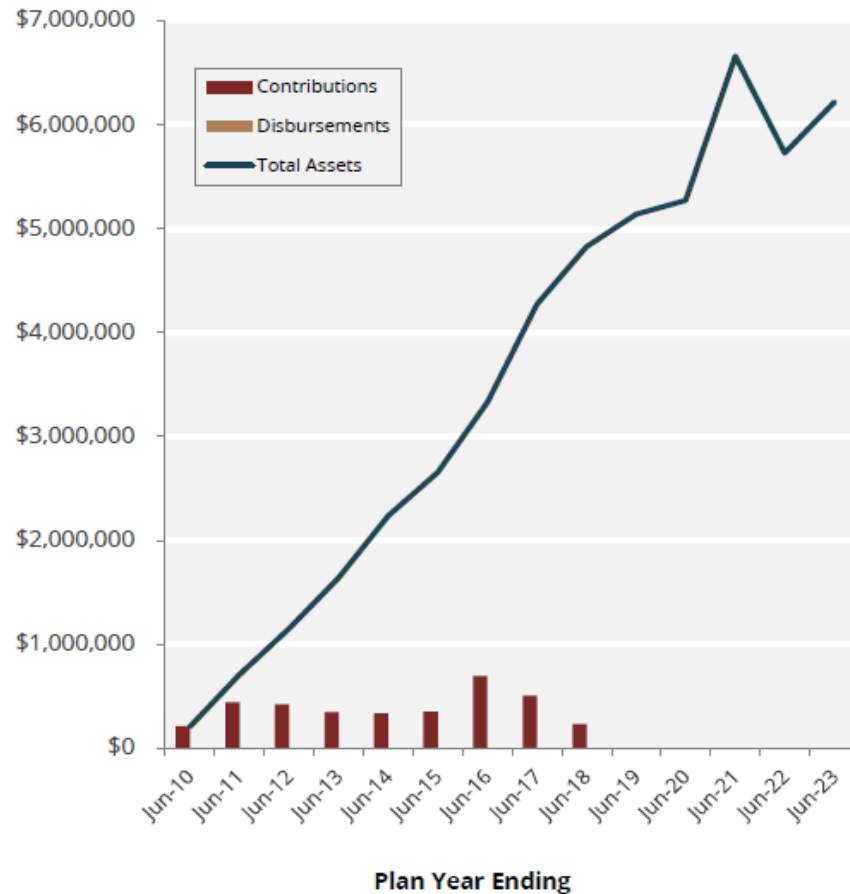
---

Initial Contribution:	December 2009: \$211,652
Additional Contributions:	\$3,327,137
Total Contributions:	\$3,534,789
Disbursements:	\$0
Total Investment Earnings:	\$2,953,926
Account Balance:	\$6,218,496

- Investment returns are compounded.
- Investment Gain (net of expenses) In FY 2022-23 is \$491k or 8.6% return on investments (ROI).
- Inception-to-date earnings since 2009 are \$2.95 MM and 84 % of inception-to date-contributions of \$3.5MM.

# SUMMARY OF AGENCY'S OPEB PLAN

## HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF JUNE 30, 2023:



Year	Contributions	Disbursements	Total Assets
Jun-10*	\$211,652	\$0	\$205,233
Jun-11	\$442,146	\$0	\$706,354
Jun-12	\$420,956	\$0	\$1,150,952
Jun-13	\$345,000	\$0	\$1,638,204
Jun-14	\$335,445	\$0	\$2,235,194
Jun-15	\$350,186	\$0	\$2,652,657
Jun-16	\$694,403	\$0	\$3,330,221
Jun-17	\$504,000	\$0	\$4,269,924
Jun-18	\$231,000	\$0	\$4,823,410
Jun-19	\$0	\$0	\$5,137,817
Jun-20	\$0	\$0	\$5,270,639
Jun-21	\$0	\$0	\$6,657,222
Jun-22	\$0	\$0	\$5,727,973
Jun-23	\$0	\$0	\$6,218,496

\*Plan Year Ending June 2010 is based on 7 months of activity.

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



June 30, 2023

Consolidated GASB 68 Reporting Information

CalPERS Risk Pools

Preliminary Results

Mary Beth Redding

Kateryna Pryor

**Foster & Foster, Inc.**

411 Borel Avenue, Suite 620

San Mateo, CA 94402

kateryna.pryor@foster-foster.com

August 29, 2023

© Copyright 2023

**Contents**

<u>Topic</u>	<u>Page</u>
Applicable Dates and Periods	1
Basis of Report	2
Net Pension Liability	3
Note Disclosures	5
Required Supplementary Information	13
Data as of 6/30/22 Measurement Date	17
Supporting Calculations	19
Journal Entries	33
Reconciliation of Deferred Outflows/(Inflows)	37



## Applicable Dates and Periods

	<b>June 30, 2023 Employer Fiscal Year</b>
■ Measurement date	June 30, 2022
■ Measurement period	July 1, 2021 to June 30, 2022
■ Actuarial valuation date	June 30, 2021



## 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, 2022 "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, 2022 Measurement Date and CalPERS Annual Comprehensive Financial Report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-miscellaneous-risk-pool-2022.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-safety-risk-pool-2022.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>



**Net Pension Liability**

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

	<b>Fiscal Year Ending</b>	
■ <b>Fiscal Year End</b>	<b>6/30/2023</b>	<b>6/30/2022</b>
■ <b>Measurement Date</b>	6/30/2022	6/30/2021
■ <b>Total</b>	\$ 18,292,931	\$ 9,257,418

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>6/30/2023</b>	<b>6/30/2022</b>	
■ <b>Measurement Date</b>	6/30/2022	6/30/2021	
■ <b>Percentage of Plan (PERF C) NPL</b>	0.15837%	0.17117%	-0.01280%

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 members 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, 2021 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-2022.pdf>



**Net Pension Liability Assumptions \***

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

■ Discount Rate	6.90%
■ Inflation	2.30%
■ Salary increases	Varies by Entry Age and Service
■ Mortality	Derived using CalPERS’ Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website
■ Post-retirement benefit increase	Contract COLA up to 2.30% 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-2022.pdf>



## Note Disclosures

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10<sup>1,2</sup></u>
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

\* This information is from the CalPERS report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2022.pdf>

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.



## Note Disclosures

### Discount Rate \*

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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-2022.pdf>



**Note Disclosures**

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

	Discount Rate		
	5.90% (1% Decrease)	6.90% (Current Rate)	7.90% (1% Increase)
■ Measurement Date	6/30/2022		
■ Fiscal Year End	6/30/2023		
■ Net Pension Liability	\$ 27,350,338	\$ 18,292,931	\$ 10,840,933

See page 21 for supporting detail.



**Note Disclosures**

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

	2022/23
■ Total pension expense (income) for fiscal year	\$ (754,293)

See page 31 for supporting detail.



**Deferred Outflows/Inflows Balances at June 30, 2023**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
■ Differences between expected and actual experience *	\$ 367,358	(246,040)
■ Changes of assumptions *	1,874,493	-
■ Net differences between projected and actual earnings on plan investments *	3,350,779	-
■ Change in employer's proportion **	74,531	(515,557)
■ Differences between the employer's contributions and the employer's proportionate share of contributions***	-	(838,716)
■ Pension contributions subsequent to measurement date	1,942,569	-
■ Total	7,609,730	(1,600,313)

\* 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>	
● 2024	\$ 850,256
● 2025	749,832
● 2026	417,309
● 2027	2,049,451
● 2028	-
● Thereafter	-

Supporting detail on page 30.



**Required Supplementary Information**

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

	Fiscal Year End	
	6/30/23	6/30/22
■ Measurement Date	6/30/22	6/30/21
■ Authority's proportion of the net pension liability	0.15837%	0.17117%
■ Authority's proportionate share of the net pension liability	\$ 18,292,931	\$ 9,257,418
■ Authority's covered payroll *	6,812,966	6,607,567
■ Authority's proportionate share of the net pension liability as a percentage of covered payroll	268.50%	140.10%
■ Plan's fiduciary net position as a percentage of the plan's total pension liability **	76.68%	88.29%

\* For the year ending on the measurement date.

\*\* Supporting detail on page 17.



**Required Supplementary Information**

**Schedule of the Authority's Contributions**

Contributions for the fiscal year ending:	6/30/23	6/30/22
■ Actuarially determined contribution	\$ 1,942,569	\$ 1,783,637
■ Contributions in relation to the actuarially determined contribution	<u>1,942,569</u>	<u>1,783,637</u>
■ Contribution deficiency (Excess)	-	-
■ Authority's covered payroll *	6,850,169	6,812,966
■ Contributions as a percentage of covered payroll	28.36%	26.18%

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



## Required Supplementary Information

### Actuarially Determined Contribution Assumptions \*

■ Valuation Date	June 30, 2020
■ 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 28 years
■ Asset valuation method	Market value of assets
■ Inflation	2.50%
■ Salary increases	Varies by category, entry age, and service
■ Discount Rate **	7.00% (net of investment and 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-2020.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-safety-2020.pdf>

\*\* Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability (page 6).



## Required Supplementary Information

**This page intentionally blank**





**Data as of 6/30/22 Measurement Date**

	Miscellaneous Risk Pool	Safety Risk Pool	Total
<b>■ Employer Allocation Basis*</b>			
Total Pension Liability	0.30976%	N/A	N/A
Fiduciary Net Postion	0.28711%	N/A	N/A
<b>■ Data from Risk Pool Reports for Measurement Date June 30, 2022</b>			
Total Pension Liability	\$ 21,449,898,398	\$ 28,076,076,740	\$ 49,525,975,138
(1) Fiduciary Net Postion	16,770,671,339	21,204,498,824	37,975,170,163
Net Pension Liability	4,679,227,059	6,871,577,916	11,550,804,975
Funded Percentage	N/A	N/A	76.68%
<b>■ Sensitivity</b>			
(2) NPL @ 5.90% discount rate	7,603,234,935	10,748,840,213	
(1) + (2) TPL @ 5.90% discount rate	24,373,906,274	31,953,339,037	
(3) NPL @ 7.90% discount rate	2,273,494,154	3,702,791,908	
(1) + (3) TPL @ 7.90% discount rate	19,044,165,493	24,907,290,732	
<b>■ Collective Pension Expense</b>	838,081,431	1,299,786,418	



<b>■ Deferred Outflows (Inflows) Balances at June 30, 2022 Measurement Date (MD)</b>				
MD				
2020	Differences between expected and actual experience	16,290,350	79,135,584	N/A
2021	Differences between expected and actual experience	77,677,694	205,254,063	N/A
2022	Differences between expected and actual experience	(62,935,700)	(74,619,914)	N/A
2022	Change in Assumptions	479,484,592	692,863,075	N/A
2019	Differences between projected and actual earnings on plan investments	14,147,130	16,708,988	N/A
2020	Differences between projected and actual earnings on plan investments	120,199,247	145,106,702	N/A
2021	Differences between projected and actual earnings on plan investments	(1,374,187,524)	(1,724,441,347)	N/A
2022	Differences between projected and actual earnings on plan investments	2,096,951,246	2,647,743,862	N/A
<b>■ Other</b>				
	Aggregate Employer Contributions	869,907,904	1,414,671,412	N/A
	Expected Average Remaining Service Lifetime (EARS�)		N/A	3.7
	Future Recognition of Deferred Amounts			
	Measurement Date			
	2023	356,682,534	605,236,738	N/A
	2024	312,537,227	473,170,861	N/A
	2025	174,169,461	247,407,447	N/A
	2026	524,237,813	661,935,967	N/A

\*From the report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2022.pdf>



## Supporting Calculations

### Employer Contributions during Fiscal Year

	2022/23	2021/22
■ Misc Tier 1 - 9523	\$ 1,486,730	\$ 1,337,610
■ Misc Tier 2 - 9524	143,599	138,886
■ Misc PEPRAs - 27120	312,240	307,141
■ Total	1,942,569	1,783,637



## Supporting Calculations

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

	Fiscal Year Ending 6/30/2023		
	Measurement Date 6/30/2022		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
■ Authority % *	0.30976%	0.28711%	
■ Total Misc Risk Pool *	\$ 21,449,898,398	\$ 16,770,671,339	N/A
■ Authority's Proportionate Share	66,443,205	48,150,274	\$ 18,292,931
■ Total PERF-C NPL *	N/A	N/A	11,550,804,975
■ Authority's Proportionate Share of NPL	N/A	N/A	0.15837%

\* Supporting detail on page 17.



## Supporting Calculations

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

	Discount Rate		
	5.90% (1% Decrease )	6.90% (Current Rate)	7.90% (1% Increase )
■ Measurement Date	6/30/2022		
■ Fiscal Year End	6/30/2023		
■ Miscellaneous			
Risk Pool Total Pension Liability *	\$ 24,373,906,274	\$ 21,449,898,398	\$ 19,044,165,493
Employer's TPL Proportion	<u>0.30976%</u>	<u>0.30976%</u>	<u>0.30976%</u>
Proportionate share of TPL	\$ 75,500,612	\$ 66,443,205	\$ 58,991,207
Less: Proportionate share of FNP **	<u>48,150,274</u>	<u>48,150,274</u>	<u>48,150,274</u>
Net Pension Liability	27,350,338	18,292,931	10,840,933

\* 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*	\$ 4,679,227,059
(2) Authority's Proportionate Share of Net Pension Liability **	18,292,931
(3) Authority's Deferred Outflows/Inflows of Resources Allocation Basis (2) ÷ (1) ***	0.39094%

\* 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 6/30/2022 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 (0.39094%)**	Employer Deferred Outflow	Employer Deferred (Inflow)
Differences between Actual and Expected Experience					
2020		\$ 16,290,350	\$ 63,685	\$ 63,685	-
2021		77,677,694	303,673	303,673	-
2022		(62,935,700)	(246,040)	-	(246,040)
Total Differences between Actual and Expected Experience			121,318	367,358	(246,040)
Changes of assumptions					
2022		479,484,592	1,874,493	1,874,493	-
Net Difference between Projected and Actual Return on Investments 2019 to 2022					
		857,110,099	3,350,779	3,350,779	-

\* 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 6/30/2021 MD	\$ 212,930,330	\$ -	\$ (1,657,554,246)	\$ (19,964,594,105)	\$ 18,065,791,524	
Employer proportion at 6/30/2022 MD*	<u>0.39094%</u>	<u>0.39094%</u>	<u>0.39094%</u>	<u>0.30976%</u>	<u>0.28711%</u>	
Employer amount using 6/30/2022 basis	832,428	-	(6,480,029)	(61,842,327)	51,868,694	(15,621,234)
Employer balances at 6/30/2021 MD	<u>1,038,120</u>	<u>-</u>	<u>(8,081,236)</u>	<u>(62,175,735)</u>	<u>52,918,317</u>	<u>(16,300,534)</u>
Difference	205,692	-	(1,601,207)	(333,408)	1,049,623	(679,300)

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



## Supporting Calculations

### Change in Proportion

Calculation at June 30, 2023 financial statement date

	2019 Measurement Date	2020 Measurement Date	2021 Measurement Date	2022 Measurement Date	Total
Balance reported at June 30, 2022	\$ 60,287	\$ 167,695	\$ (31,530)	\$ (679,300) *	
Remaining Amortization Years	0.8 years	1.8 years	2.7 years	3.7 years	
Current Year Amortization	(60,287)	(93,164)	11,678	183,595	41,822
Balance reported at June 30, 2023	-	74,531	(19,852)	(495,705)	(441,026)

\* Balance at July 1, 2022, after 6/30/22 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2023 Employer-Specific Deferral: Change in Proportions

	Initial Recognition Period				Total
	2019/20	2020/21	2021/22	2022/23	
■ Measurement Period	2018/19	2019/20	2020/21	2021/22	
■ Initial amount	\$ 286,361	\$ 354,023	\$ (43,208)	\$ (679,300)	
■ Initial recognition period	3.8 years	3.8 years	3.7 years	3.7 years	
■ Amount recognized in FY pension expense					
● 2019/20 (3rd prior year)	75,358	N/A	N/A	N/A	75,358
● 2020/21 (2nd prior year)	75,358	93,164	N/A	N/A	168,522
● 2021/22 (Prior year)	75,358	93,164	(11,678)	N/A	156,844
● 2022/23 (Current year)	60,287	93,164	(11,678)	(183,595)	(41,822)
● 2023/24	-	74,531	(11,678)	(183,595)	(120,742)
● 2024/25	-	-	(8,174)	(183,595)	(191,769)
● 2025/26	-	-	-	(128,515)	(128,515)
● Total	286,361	354,023	(43,208)	(679,300)	(82,124)
■ Deferred Outflows at FYE 6/30/2023	-	74,531	-	-	74,531
■ Deferred Inflows at FYE 6/30/2023	-	-	(19,852)	(495,705)	(515,557)



## Supporting Calculations

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

	<u>Miscellaneous</u>
(1) Aggregate Risk Pool employer contributions for MP 2021/22*	\$ 869,907,904
(2) Employer proportion (FNP %)**	0.28711%
(3) Proportionate share of aggregate Employer contribution (1) * (2)	2,497,593
(4) Actual Contribution for Measurement Period 2021/2022	1,783,637
(5) Difference (4) - (3)	(713,956)

\* 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, 2023 financial statement date

	2019 Measurement Date	2020 Measurement Date	2021 Measurement Date	2022 Measurement Date	Total
Balance reported at June 30, 2022	(85,311)	(238,020)	(336,600)	(713,956) *	
Remaining Amortization Years	0.8 years	1.8 years	2.7 years	3.7 years	
Current Year Amortization	85,311	132,233	124,666	192,961	535,171
Balance reported at June 30, 2023	-	(105,787)	(211,934)	(520,995)	(838,716)

\* Balance at July 1, 2022, after 6/30/22 reporting date.



## Supporting Calculations

### Recognition Schedule for Deferred Outflows/Inflows at June 30, 2023 Employer-Specific Deferral: Difference Between Actual & Proportionate Share of Employer Contributions

	Initial Recognition Period				Total
	2019/20	2020/21	2021/22	2022/23	
■ Measurement Period	2018/19	2019/20	2020/21	2021/22	
■ Initial amount	\$ (405,222)	\$ (502,486)	\$ (461,266)	\$ (713,956)	
■ Initial recognition period	3.8 years	3.8 years	3.7 years	3.7 years	
■ Amount recognized in FY pension expense					
● 2019/20 (3rd prior year)	(106,637)	N/A	N/A	N/A	(106,637)
● 2020/21 (2nd prior year)	(106,637)	(132,233)	N/A	N/A	(238,870)
● 2021/22 (Prior year)	(106,637)	(132,233)	(124,666)	N/A	(363,536)
● 2022/23 (Current year)	(85,311)	(132,233)	(124,666)	(192,961)	(535,171)
● 2023/24	-	(105,787)	(124,666)	(192,961)	(423,414)
● 2024/25	-	-	(87,268)	(192,961)	(280,229)
● 2025/26	-	-	-	(135,073)	(135,073)
● Total	(405,222)	(502,486)	(461,266)	(713,956)	(2,082,930)
■ Deferred Outflows at FYE 6/30/2023	-	-	-	-	-
■ Deferred Inflows at FYE 6/30/2023	-	(105,787)	(211,934)	(520,995)	(838,716)



## 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****	
■ 2023	■ 2024	\$ 356,682,534	0.39094%	\$ 1,394,412	\$ (120,742)	\$ (423,414)	\$ 850,256
■ 2024	■ 2025	312,537,227	0.39094%	1,221,830	(191,769)	(280,229)	749,832
■ 2025	■ 2026	174,169,461	0.39094%	680,897	(128,515)	(135,073)	417,309
■ 2026	■ 2027	524,237,813	0.39094%	2,049,451	-	-	2,049,451
■ 2027	■ 2028	-	0.39094%	-	-	-	-
■ Thereafter	■ Thereafter	-	0.39094%	-	-	-	-

\* 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
	6/30/2022	6/30/2023	
■ Measurement date	6/30/2021	6/30/2022	
■ Total pension liability	\$ 62,175,735	\$ 66,443,205	\$ 4,267,470
■ Fiduciary net position	52,918,317	48,150,274	(4,768,043)
■ Net pension liability/(asset)	9,257,418	18,292,931	9,035,513
■ Deferred inflows of resources	8,772,697	1,600,313	(7,172,384)
■ Deferred (outflows) of resources *	(1,266,102)	(5,667,161)	(4,401,059)
■ Contributions in the measurement period	-	1,783,637	1,783,637
■ Net balance sheet impact	16,764,013	16,009,720	(754,293)
■ Pension Expense (Income)			(754,293)

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



## Supporting Calculations

**This page intentionally blank**





## Journal Entries

### Beginning Balances

Following summarizes the beginning balances from the 2021 measurement date \*

	<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	-	(9,257,418)
Net Impact	14,980,376	-
<i>Check</i>	18,030,115	(18,030,115)

\* Recorded at 6/30/22 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	\$ 1,783,637	
Deferred Outflow - FY 2022 contributions		\$ (1,783,637)
Deferred Outflow - FY 2023 contributions	1,942,569	
Pension Expense		(1,942,569)
<i>Check</i>	3,726,206	(3,726,206)



## Journal Entries

### Summary Journal Entries - Pension Expense

Following records the impact of current year pension expense

	<b>Debit</b>	<b>Credit</b>
Deferred Outflows	\$ 5,225,272	\$ (824,213)
Deferred Inflows	8,081,236	(908,852)
Pension Expense (Income)	-	(754,293)
Net pension liability	-	(10,819,150)
 <i>Check</i>	 <i>13,306,508</i>	 <i>(13,306,508)</i>

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



## Journal Entries

### Ending Balances at June 30, 2023

	<b>Debit</b>	<b>Credit</b>
Differences between expected and actual experience	\$ 367,358	\$ (246,040)
Changes of assumptions	1,874,493	-
Net differences between projected and actual earnings on plan investments	3,350,779	-
Change in employer's proportion	74,531	(515,557)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(838,716)
Total deferred outflow/inflow	5,667,161	(1,600,313)
Pension contributions subsequent to measurement date	1,942,569	-
Net Pension Liability (NPL)	-	(18,292,931)
Net Impact	12,283,514	-
 <i>Check</i>	 <i>19,893,244</i>	 <i>(19,893,244)</i>
Total pension expense (income) for FYE 2023	-	(754,293)



## 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	\$ 1,038,120	\$ -	\$ (670,762)	\$ 367,358
Change in assumptions	-	1,874,493	-	1,874,493
Differences between projected and actual earnings on plan investments	-	3,350,779	-	3,350,779
<u>Employer Specific</u>				
Change in employer's proportion	227,982	-	(153,451)	74,531
Differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-
Subtotal	1,266,102	5,225,272	(824,213)	5,667,161
Contributions after the Measurement Date	1,783,637	1,942,569	(1,783,637)	1,942,569
Total Deferred Outflows	3,049,739	7,167,841	(2,607,850)	7,609,730

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	\$ -	\$ (246,040)	\$ -	\$ (246,040)
Change in assumptions	-	-	-	-
Differences between projected and actual earnings on plan investments	(8,081,236)	-	8,081,236	-
<u>Employer Specific</u>				
Change in employer's proportion	(31,530)	(484,027)	-	(515,557)
Differences between the employer's contributions and the employer's proportionate share of contributions	(659,931)	(178,785)	-	(838,716)
Total Deferred Inflows	(8,772,697)	(908,852)	8,081,236	(1,600,313)

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	
	6/30/2022	6/30/2023
■ Measurement date	6/30/2021	6/30/2022
■ Total pension liability	\$ (62,175,735)	\$ (66,443,205)
■ Fiduciary net position	<u>52,918,317</u>	<u>48,150,274</u>
■ Net pension (liability)/asset	(9,257,418)	(18,292,931)
■ Deferred (inflows) of resources	(8,772,697)	(1,600,313)
■ Deferred outflows of resources	<u>3,049,739</u>	<u>7,609,730</u>
■ Net balance sheet impact	(14,980,376)	(12,283,514)

Deferred Outflows includes contributions after the measurement date.



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

**This page intentionally blank**





**GASB 74/75 ACTUARIAL VALUATION**  
**Fiscal Year Ending June 30, 2023**

**SOUTH ORANGE COUNTY**  
**WASTEWATER AUTHORITY**

**CONTACT**

Sandy DeKalb, ASA, MAAA  
sandy.dekalb@nyhart.com

**PHONE**

General (317) 845-3500

# Table of Contents

---

	<b>Page</b>
Certification	1
Executive Summary	3
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	5
Schedule of Employer Contributions	7
OPEB Expense	8
Deferred Outflows / (Inflows) of Resources	9
Sensitivity Results	11
Asset Information	12
Actuarially Determined Contributions	14
Projection of GASB Disclosures	15
Cash Flow Projections	16
Discussion of Discount Rates	17
Summary of Plan Participants	18
Substantive Plan Provisions	21
Actuarial Methods and Assumptions	23
Appendix	28
Comparison of Participant Demographic Information	29
Detailed Actuary's Notes	30
Valuation Results Summary	31
Glossary	32
Decrements Exhibit	33
Retirement Rates Exhibit	34
Definitions	35

**August 15, 2023**

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

This report summarizes the GASB actuarial valuation for the South Orange County Wastewater Authority 2022/23 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

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

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

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

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

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

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

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

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



Sandy DeKalb, ASA, MAAA  
Actuary



Nisha Sundi, FSA, MAAA  
Actuary



# Executive Summary

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2023 compared to the prior fiscal year as shown in the Authority's Notes to Financial Statement.

	As of June 30, 2022	As of June 30, 2023
<b>Total OPEB Liability</b>	\$ 10,676,580	\$ 10,993,133
<b>Actuarial Value of Assets</b>	\$ (5,727,973)	\$ (6,218,496)
<b>Net OPEB Liability</b>	\$ 4,948,607	\$ 4,774,637
<b>Funded Ratio</b>	53.6%	56.6%

	FY 2021/22	FY 2022/23
<b>OPEB Expense</b>	\$ 464,782	\$ 681,060
<b>Annual Employer Contributions</b>	\$ 667,236	\$ 710,421
<b>Actuarially Determined Contribution</b>	\$ 611,596	\$ 648,238

	As of June 30, 2022	As of June 30, 2023
<b>Discount Rate</b>	6.50%	6.50%
<b>Expected Return on Assets</b>	6.50%	6.50%

	As of June 30, 2023
<b>Total Active Participants</b>	54
<b>Total Retiree Participants</b>	50

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

# Executive Summary

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Summary of Results

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

Present Value of Future Benefits	As of June 30, 2022	As of June 30, 2023
Active Employees	\$ 6,501,215	\$ 6,370,421
Retired Employees	6,520,195	7,691,953
<b>Total Present Value of Future Benefits</b>	<b>\$ 13,021,410</b>	<b>\$ 14,062,374</b>

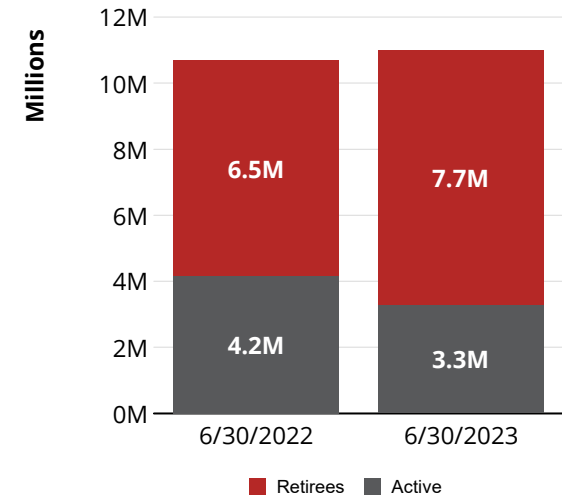
Total OPEB Liability	As of June 30, 2022	As of June 30, 2023
Active Pre-Medicare	\$ 2,137,301	\$ 1,489,413
Active Post-Medicare	2,019,084	1,811,767
Active Liability	\$ 4,156,385	\$ 3,301,180

Retiree Pre-Medicare	\$ 1,773,550	\$ 2,203,619
Retiree Post-Medicare	4,746,645	5,488,334
Retiree Liability	\$ 6,520,195	\$ 7,691,953

<b>Total OPEB Liability</b>	<b>\$ 10,676,580</b>	<b>\$ 10,993,133</b>
-----------------------------	----------------------	----------------------

	As of June 30, 2022	As of June 30, 2023
Discount Rate	6.50%	6.50%

### Changes In Total OPEB Liability



**Present Value of Future Benefits (PVFB)** is the amount needed as of June 30, 2023 and June 30, 2022, to fully fund the Authority's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

**Total OPEB Liability** is the portion of PVFB considered to be accrued or earned as of June 30, 2023 and June 30, 2022. This amount is a required disclosure in the Required Supplementary Information section.

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

OPEB Liability	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
<b>Total OPEB Liability</b>					
Total OPEB Liability - beginning of year	\$ 10,676,580	\$ 10,799,701	\$ 10,959,190	\$ 9,885,778	\$ 10,182,408
Service cost	226,817	226,409	264,352	231,479	274,847
Interest	685,995	695,353	710,591	692,192	713,467
Change of benefit terms	0	0	0	0	(42,119)
Changes in assumptions	(103,722)	0	297,733	607,338	109,406
Differences between expected and actual experience	217,884	(377,647)	(840,090)	0	(822,505)
Benefit payments	(710,421)	(667,236)	(592,075)	(457,597)	(529,726)
Net change in total OPEB liability	\$ 316,553	\$ (123,121)	\$ (159,489)	\$ 1,073,412	\$ (296,630)
Total OPEB Liability - end of year	\$ 10,993,133	\$ 10,676,580	\$ 10,799,701	\$ 10,959,190	\$ 9,885,778
<b>Plan Fiduciary Net Position</b>					
Plan fiduciary net position - beginning of year	\$ 5,727,973	\$ 6,657,222	\$ 5,270,639	\$ 5,137,817	\$ 4,823,410
Contributions - employer	710,421	667,236	592,075	457,597	529,726
Contributions - active employees	0	0	0	0	0
Net investment income	524,077	(891,743)	1,420,672	163,035	341,412
Benefit payments	(710,421)	(667,236)	(592,075)	(457,597)	(529,726)
Trust administrative expenses	(33,554)	(37,506)	(34,089)	(30,213)	(27,005)
Net change in plan fiduciary net position	\$ 490,523	\$ (929,249)	\$ 1,386,583	\$ 132,822	\$ 314,407
Plan fiduciary net position - end of year	\$ 6,218,496	\$ 5,727,973	\$ 6,657,222	\$ 5,270,639	\$ 5,137,817
<b>Net OPEB Liability - end of year</b>	<b>\$ 4,774,637</b>	<b>\$ 4,948,607</b>	<b>\$ 4,142,479</b>	<b>\$ 5,688,551</b>	<b>\$ 4,747,961</b>
Plan fiduciary net position as % of total OPEB liability	56.6%	53.6%	61.6%	48.1%	52.0%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as % of covered payroll	N/A	N/A	N/A	N/A	N/A

\* FY 2023 employer contributions and benefit payments are expected benefit payments from the FY 2022 valuation and are for the period July 1, 2022 to June 30, 2023.

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2017/18
<b>Total OPEB Liability</b>	
Total OPEB Liability - beginning of year	\$ 9,602,387
Service cost	256,866
Interest	677,737
Change of benefit terms	0
Changes in assumptions	0
Differences between expected and actual experience	0
Benefit payments	(354,582)
Net change in total OPEB liability	\$ 580,021
Total OPEB Liability - end of year	\$ 10,182,408
<b>Plan Fiduciary Net Position</b>	
Plan fiduciary net position - beginning of year	\$ 4,269,924
Contributions - employer	585,582
Contributions - active employees	0
Net investment income	348,619
Benefit payments	(354,582)
Trust administrative expenses	(26,133)
Net change in plan fiduciary net position	\$ 553,486
Plan fiduciary net position - end of year	\$ 4,823,410
<b>Net OPEB Liability - end of year</b>	<b>\$ 5,358,998</b>
Plan fiduciary net position as % of total OPEB liability	47.4%
Covered employee payroll	N/A
Net OPEB liability as % of covered payroll	N/A

# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Schedule of Employer Contributions

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

	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Actuarially Determined Contribution (ADC)	\$ 648,238	\$ 611,596	\$ 595,227	\$ 631,614	\$ 613,218
Contributions in relation to the ADC	710,421	667,236	592,075	457,597	529,726
Contribution deficiency/(excess)	\$ (62,184)	\$ (55,640)	\$ 3,152	\$ 174,017	\$ 83,492
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a % of covered payroll	N/A	N/A	N/A	N/A	N/A

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## OPEB Expense

OPEB Expense		FY 2022/23		FY 2021/22
Discount Rate				
Beginning of year		6.50%		6.50%
End of year		6.50%		6.50%
Service cost	\$	226,817	\$	226,409
Interest		685,995		695,353
Change of benefit terms		0		0
Projected earnings on OPEB plan investments		(371,245)		(431,520)
Reduction for contributions from active employees		0		0
OPEB plan administrative expenses		33,554		37,506
Current period recognition of deferred outflows / (inflows) of resources				
Differences between expected and actual experience	\$	(128,008)	\$	(357,844)
Changes in assumptions		177,525		216,402
Net difference between projected and actual earnings on OPEB plan investments		56,422		78,476
Total current period recognition	\$	105,939	\$	(62,966)
Total OPEB expense	\$	681,060	\$	464,782

# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Deferred Outflows / (Inflows) of Resources

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

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

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

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2023
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ (822,505)	4	\$ 0	\$ 0
June 30, 2020	\$ 0	N/A	\$ 0	\$ 0
June 30, 2021	\$ (840,090)	8	\$ (105,011)	\$ (525,057)
June 30, 2022	\$ (377,647)	8	\$ (47,206)	\$ (283,235)
June 30, 2023	\$ 217,884	9	\$ 24,209	\$ 193,675

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2023
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ 109,406	4	\$ 0	\$ 0
June 30, 2020	\$ 607,338	4	\$ 151,833	\$ 0
June 30, 2021	\$ 297,733	8	\$ 37,217	\$ 186,082
June 30, 2022	\$ 0	N/A	\$ 0	\$ 0
June 30, 2023	\$ (103,722)	9	\$ (11,525)	\$ (92,197)

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2023
June 30, 2019	\$ (4,718)	5	\$ (942)	\$ 0
June 30, 2020	\$ 195,555	5	\$ 39,111	\$ 39,111
June 30, 2021	\$ (1,079,171)	5	\$ (215,834)	\$ (431,669)
June 30, 2022	\$ 1,323,263	5	\$ 264,653	\$ 793,957
June 30, 2023	\$ (152,832)	5	\$ (30,566)	\$ (122,266)

As of fiscal year ending June 30, 2023	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 193,675	\$ (808,292)
Changes in assumptions	186,082	(92,197)
Net difference between projected and actual earnings in OPEB plan investments	279,133	0
<b>Total</b>	<b>\$ 658,890</b>	<b>\$ (900,489)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2023 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2024	\$ (44,952)
2025	\$ (84,064)
2026	\$ 131,769
2027	\$ (132,884)
2028	\$ (102,321)
Thereafter	\$ (9,147)



# GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2023, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

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

As of June 30, 2023	Net OPEB Liability	
1% Decrease	\$	6,013,883
Current Discount Rate	\$	4,774,637
1% Increase	\$	3,574,421

The following presents the Net OPEB Liability as of June 30, 2023, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 6.50%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 5.50%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 7.50%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2023	Net OPEB Liability	
1% Decrease	\$	3,469,407
Current Trend Rates	\$	4,774,637
1% Increase	\$	6,171,255

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Asset Information

Asset Breakdown	FY 2021/22	FY 2022/23
<b>Assets</b>		
Cash and deposits	\$ 0	\$ 0
Securities lending cash collateral	0	0
Total cash	\$ 0	\$ 0
Receivables		
Contributions	\$ 0	\$ 0
Accrued interest	0	0
Total receivables	\$ 0	\$ 0
Investments		
Fixed income	\$ 0	\$ 0
Equities	0	0
Mutual Funds	5,727,973	6,218,496
Total investments	\$ 5,727,973	\$ 6,218,496
Total Assets	\$ 5,727,973	\$ 6,218,496
<b>Liabilities</b>		
Payables		
Investment management fees	\$ 0	\$ 0
Securities lending expense	0	0
Total liabilities	\$ 0	\$ 0
<b>Net Position Restricted to OPEB</b>	<b>\$ 5,727,973</b>	<b>\$ 6,218,496</b>

# GASB Disclosures

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Asset Information (Continued)

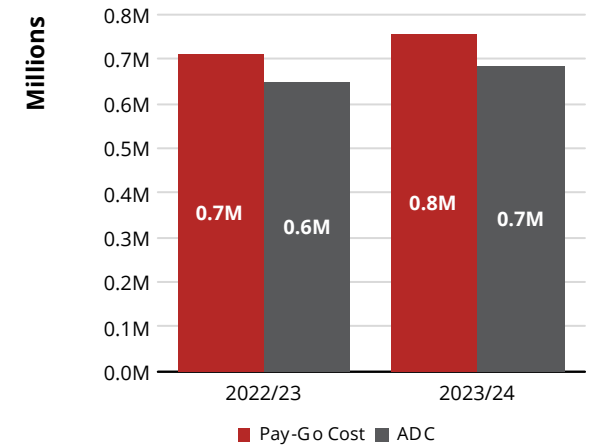
Asset Reconciliation	FY 2021/22	FY 2022/23
<b>Additions</b>		
Contributions Received		
Employer	\$ 667,236	\$ 710,421
Active employees	0	0
Total contributions	\$ 667,236	\$ 710,421
Investment Income		
Net increase in fair value of investments	\$ (891,743)	\$ 524,077
Interest and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ (891,743)	\$ 524,077
Total additions	\$ (224,507)	\$ 1,234,498
<b>Deductions</b>		
Benefit payments	\$ 667,236	\$ 710,421
Administrative expenses	37,506	33,554
Other	0	0
Total deductions	\$ 704,742	\$ 743,975
Net increase in net position	\$ (929,249)	\$ 490,523
Net position restricted to OPEB		
Beginning of year	\$ 6,657,222	\$ 5,727,973
End of year	\$ 5,727,973	\$ 6,218,496

# Actuarially Determined Contributions

South Orange County Wastewater Authority GASB 74/75 Valuation For Fiscal Year Ending June 30, 2023

	FY 2022/23	FY 2023/24
Discount rate (Funding)	6.50%	6.50%
Payroll growth factor used for amortization	2.75%	2.80%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Salary	Level % of Salary
Amortization period (years)	17	16
Actuarial Accrued Liability (AAL) - beginning of year	\$ 10,676,580	\$ 10,993,133
Actuarial Value of Assets (AVA) - beginning of year	(5,727,973)	(6,218,496)
Unfunded AAL - beginning of year	\$ 4,948,607	\$ 4,774,637
Normal Cost	\$ 226,817	\$ 256,265
Amortization of Unfunded AAL	381,857	383,919
Total normal cost plus amortization	\$ 608,674	\$ 640,184
Interest to end of year	39,564	41,612
<b>Actuarially Determined Contribution</b>	<b>\$ 648,238</b>	<b>\$ 681,796</b>

## Cash Vs Accrual Accounting



**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

\* Liabilities and assets used for the Actuarially Determined Contribution (ADC) are as of the beginning of the fiscal year. For the 2022/23 ADC, liabilities and assets are as of June 30, 2022 and for the 2023/24 ADC, liabilities and assets are as of June 30, 2023.

\*\* Assumptions use are as of the measurement date, so June 30, 2022 for the 2022/23 ADC and June 30, 2023 for the 2023/24 ADC.

# Projection of GASB Disclosures

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

### Expected Events

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

### Unexpected Events

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

Projection of Total OPEB Liability (TOL)	FY 2022/23	FY 2023/24
TOL as of beginning of year	\$ 10,676,580	\$ 10,993,133
Normal cost as of beginning of year	226,817	256,265
Exp. benefit payments during the year	(710,421)	(756,077)
Interest adjustment to end of year	685,996	707,025
Exp. TOL as of end of year	\$ 10,878,972	\$ 11,200,346
Actuarial Loss / (Gain)	114,161	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 10,993,133</b>	<b>\$ TBD</b>

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

Projection of Actuarial Value of Assets (AVA)	FY 2022/23	FY 2023/24
AVA as of beginning of year	\$ 5,727,973	\$ 6,218,496
Exp. employer contributions during the year	710,421	756,076
Exp. benefit payments during the year	(710,421)	(756,077)
Expected investment income	371,245	403,129
Exp. Trust administrative expenses	(33,554)	(33,554)
Exp. AVA as of end of year	\$ 6,065,664	\$ 6,588,071
Differences between expected and actual experience	152,832	TBD
<b>AVA as of end of year</b>	<b>\$ 6,218,496</b>	<b>\$ TBD</b>

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

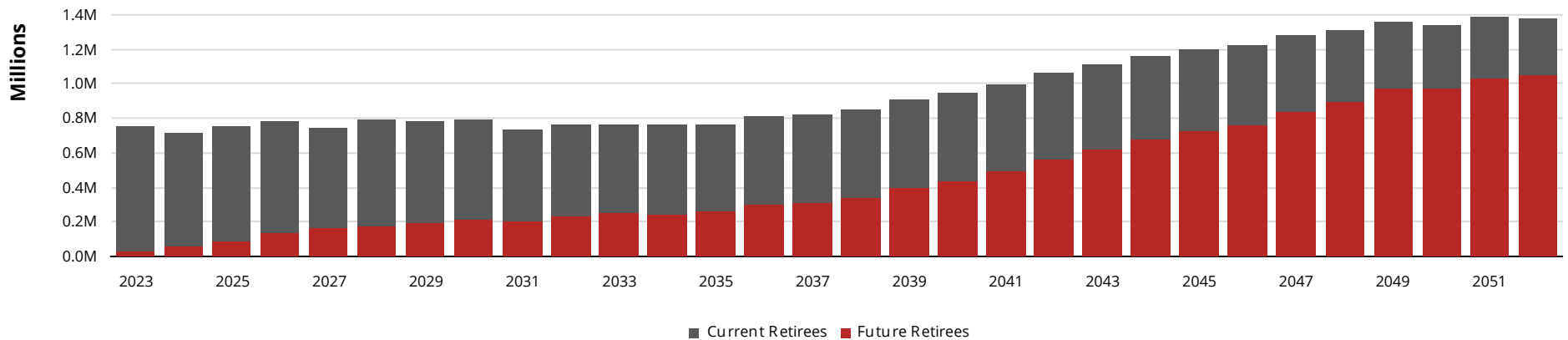
# Cash Flow Projections

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

CY	Current Retirees	Future Retirees*	Total	CY	Current Retirees	Future Retirees*	Total	CY	Current Retirees	Future Retirees*	Total
2023	\$ 731,083	\$ 24,994	\$ 756,077	2033	\$ 509,117	\$ 248,978	\$ 758,095	2043	\$ 496,857	\$ 615,044	\$ 1,111,901
2024	\$ 658,860	\$ 57,697	\$ 716,557	2034	\$ 516,338	\$ 245,974	\$ 762,312	2044	\$ 487,635	\$ 674,453	\$ 1,162,088
2025	\$ 664,406	\$ 91,037	\$ 755,443	2035	\$ 503,692	\$ 261,999	\$ 765,691	2045	\$ 476,383	\$ 724,835	\$ 1,201,218
2026	\$ 644,127	\$ 136,064	\$ 780,191	2036	\$ 507,993	\$ 303,752	\$ 811,745	2046	\$ 463,136	\$ 764,434	\$ 1,227,570
2027	\$ 579,980	\$ 166,339	\$ 746,319	2037	\$ 510,962	\$ 310,180	\$ 821,142	2047	\$ 447,975	\$ 840,984	\$ 1,288,959
2028	\$ 610,034	\$ 178,190	\$ 788,224	2038	\$ 513,117	\$ 338,925	\$ 852,042	2048	\$ 414,247	\$ 900,666	\$ 1,314,913
2029	\$ 586,501	\$ 196,712	\$ 783,213	2039	\$ 513,144	\$ 395,011	\$ 908,155	2049	\$ 394,485	\$ 971,488	\$ 1,365,973
2030	\$ 573,528	\$ 215,061	\$ 788,589	2040	\$ 511,476	\$ 433,770	\$ 945,246	2050	\$ 373,196	\$ 973,613	\$ 1,346,809
2031	\$ 531,641	\$ 203,095	\$ 734,736	2041	\$ 507,993	\$ 490,107	\$ 998,100	2051	\$ 350,632	\$ 1,035,423	\$ 1,386,055
2032	\$ 531,273	\$ 228,267	\$ 759,540	2042	\$ 502,594	\$ 564,053	\$ 1,066,647	2052	\$ 327,074	\$ 1,056,084	\$ 1,383,158

### Projected Employer Pay-go Cost



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

\*\*Cash flows shown are for the calendar year.

# Discussion of Discount Rates

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 6.50% under Balanced HighMark PLUS strategy. The target allocations as of June 30, 2023 are summarized in the following table.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Asset Class	Target Allocation	L/T Expected Real ROR
Fixed Income	35.0%	N/A
Equities	60.0%	N/A
Cash	5.0%	N/A
Total	100.00%	6.50 <sup>1</sup>

Yield as of	June 30, 2022	June 30, 2023
Bond Buyer Go 20-Bond Municipal Bond Index	3.54%	3.65%
S&P Municipal Bond 20-Year High Grade Rate Index	4.09%	4.13%
Fidelity 20-Year Go Municipal Bond Index	3.69%	3.86%
Bond Index Range	3.54% - 4.09%	3.65% - 4.13%

3. The final equivalent single discount rate used for this year's valuation is 6.50%. This discount rate assumes the Authority continues to make pay-go contributions directly (outside of the trust).

<sup>1</sup> Based on PARS Balanced HighMark Plus (Active Strategy) long-term expected rate of return. A discount rate of 6.50% is used for this year's valuation as selected by the Authority

# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Active Employees

Actives with coverage	Single	Non-Single	Total	Avg. Age as of 1/1/2023	Avg. Svc as of 1/1/2023
PERS Gold	3	8	11	46.3	6.3
PERS Platinum	1	4	5	57.0	16.4
Anthem HMO Select		5	5	41.2	3.0
BS Access+		1	1	59.0	7.4
Kaiser	10	15	25	42.4	10.6
UHC HMO		2	2	39.3	9.2
<b>Total actives with coverage</b>	<b>14</b>	<b>35</b>	<b>49</b>	<b>44.9</b>	<b>9.3</b>

Actives without coverage	Total	Avg. Age	Avg. Svc
<b>Total actives without coverage</b>	<b>5</b>	<b>31.8</b>	<b>5.8</b>

Three active employees were excluded from the valuation due to being hired after the valuation date of January 1, 2023.

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



# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Active Age-Service Distribution

Age	Years of Service										Total	
	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25												0
25 to 29	1	2	1									4
30 to 34		3	6	2								11
35 to 39	2	4	2	2								10
40 to 44	1	2	5		1							9
45 to 49			1	1								2
50 to 54		2	2		1			1				6
55 to 59			2		1	2	1	1				7
60 to 64			2				1					3
65 to 69			2									2
70 & up												0
<b>Total</b>	<b>4</b>	<b>13</b>	<b>23</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>		<b>54</b>

# Summary of Plan Participants

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

## Retirees

Retirees with coverage	Single	Non-Single	Total	Avg. Age
PERS Gold	1	4	5	63.3
PERS Platinum	9	13	22	66.1
Anthem HMO Select	2	1	3	71.5
BS Access+		1	1	56.7
BS Trio	1		1	63.9
Kaiser	3	6	9	66.2
UHC HMO	2	7	9	73.5
<b>Total retirees with coverage</b>	<b>18</b>	<b>32</b>	<b>50</b>	<b>67.3</b>

## Retiree Age Distribution

Age	Retirees
< 45	
45 to 49	
50 to 54	1
55 to 59	5
60 to 64	18
65 to 69	11
70 to 74	7
75 to 79	4
80 to 84	4
85 to 89	
90 & up	
<b>Total</b>	<b>50</b>

# Substantive Plan Provisions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Eligibility

All permanent full-time and part-time employees working at least half-time are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). SOCWA currently pays an amount each year that is based on a percentage of the average of all health plans (excluding the PERS Care Plan) made available to SOCWA employees through the CalPERS Health Program. Any premium costs above this amount are paid for by the employee. Alternatively, the employee may elect a cash-in-lieu option of \$300/month but opt back into the health plan at any time before retirement during an enrollment period. SOCWA offers the same medical plans to eligible retirees except once retirees are eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. Employees hired on or after July 1, 2017 are only eligible for the PEMHCA minimum contribution (\$151.00 for 2023) and an HSA contribution. For the purposes of GASB 75, only the PEMHCA minimum contribution will be valued for these employees.

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

### Medical Benefits

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

2023 CalPERS Premiums - Region 3	Kaiser	BS Access+	BS Trio	PERS Gold	PERS Platinum	PORAC
Retiree Only	\$ 754.64	\$ 738.29	\$ 661.49	\$ 680.37	\$ 992.59	\$ 820.00
Retiree plus Spouse	\$ 1,509.28	\$ 1,476.58	\$ 1,322.98	\$ 1,360.74	\$ 1,985.18	\$ 1,600.00
Retiree Only - Medicare	\$ 283.25	\$ 361.90	\$ 361.90	\$ 392.71	\$ 420.02	\$ 465.00

2023 CalPERS Premiums - Region 3	UHC Harmony	UHC Alliance	Anthem HMO Select	Anthem HMO Traditional	Health Net SmartCare	Health Net Salud
Retiree Only	\$ 713.55	\$ 790.46	\$ 737.91	\$ 942.73	\$ 755.29	\$ 606.34
Retiree plus Spouse	\$ 1,427.10	\$ 1,580.92	\$ 1,475.82	\$ 1,885.46	\$ 1,510.58	\$ 1,212.68
Retiree Only - Medicare	\$ 299.68	\$ 299.68	\$ 413.59	\$ 413.59	N/A	N/A

# Substantive Plan Provisions

South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

2023 CalPERS Premiums - Region 2	Kaiser	BS Access+	BS Trio	PERS Gold	PERS Platinum	Sharp	UHC Harmony
Retiree Only	\$ 756.21	\$ 842.61	\$ 760.71	\$ 695.93	\$ 1,014.80	\$ 764.96	\$ 781.58
Retiree plus Spouse	\$ 1,512.42	\$ 1,685.22	\$ 1,521.42	\$ 1,391.86	\$ 2,029.60	\$ 1,529.92	\$ 1,536.16
Retiree Only - Medicare	\$ 283.25	\$ 361.90	\$ 361.90	\$ 392.71	\$ 420.02	\$ 249.79	\$ 299.68

2023 CalPERS Premiums - Region 2	UHC Alliance	Anthem HMO Select	Anthem HMO Traditional	Health Net SmartCare	Health Net Salud	PORAC
Retiree Only	\$ 793.63	\$ 765.37	\$ 935.12	\$ 834.65	\$ 698.91	\$ 820.00
Retiree plus Spouse	\$ 1,587.26	\$ 1,530.74	\$ 1,870.26	\$ 1,669.30	\$ 1,397.82	\$ 1,650.00
Retiree Only - Medicare	\$ 299.68	\$ 413.59	\$ 413.59	N/A	N/A	\$ 465.00

# Actuarial Methods and Assumptions

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

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

There are changes to the actuarial assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2022. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, mortality table, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2024.

<b>Measurement Date</b>	For fiscal year ending June 30, 2023, June 30, 2023 measurement date was used.
<b>Actuarial Valuation Date</b>	January 1, 2023 with liabilities projected to the June 30, 2023 measurement date on a "no loss / no gain" basis. Liabilities as of June 30, 2022 are based on an actuarial valuation date of January 1, 2021 projected to June 30, 2022 on a "no loss / no gain" basis.
<b>Discount Rate</b>	6.50% as of June 30, 2022 and June 30, 2023 for accounting disclosure purposes 6.50% for funding disclosure purposes (in calculating the Actuarially Determined Contribution) Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.  The discount rate was chosen by the plan sponsor based on the information provided in the "Discussion of Discount Rates" section above.
<b>Payroll Growth</b>	2.80% per year with the 2021 CalPERS merit scale The payroll growth rates are based on the 2021 CalPERS pension plan valuation.

# Actuarial Methods and Assumptions

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

<b>Cost Method</b>	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <ul style="list-style-type: none"><li>• Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li><li>• Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.</li></ul>
<b>Employer Funding Policy</b>	SOCWA does not plan to make contributions to the Trust in the near future but will continue to make pay-go contributions directly (outside of the Trust).
<b>Census Data</b>	Census information is as of January 1, 2023 and was provided by the Authority in June 2023. We have reviewed it for reasonableness and no material modifications were made to the census data.
<b>Health Care Coverage Election Rate</b>	100% of eligible active employees are assumed to elect medical coverage at retirement. Active employees are assumed to elect plans similar to the current plan enrollment. Actual plan coverage is used for current retirees.
<b>Spousal Coverage</b>	Spousal coverage for current retirees is based on actual data.  65% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses.
<b>Mortality</b>	General: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021  Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
<b>Disability</b>	None
<b>Turnover Rate</b>	The termination rates are based on the rates under the 2021 experience study for the CalPERS pension plan.

# Actuarial Methods and Assumptions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Retirement Rate

According to the retirement rates under the 2021 experience study for the CalPERS pension plan. According to the following retirement tables:

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

### Health Care Trend Rates

	Medical/Rx <sup>1</sup>		Medical/Rx
2023	6.50%	2028	5.25%
2024	6.25%	2029	5.00%
2025	6.00%	2030	4.75%
2026	5.75%	2031+	4.50%
2027	5.50%		

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

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

### PEMHCA Minimum Required Contribution

The CalPERS PEMHCA Minimum Required Contribution (MRC) is assumed to increase 4% per year.

### Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

### Per Capita Costs

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

Sample annual per capita costs are as shown below:

Age	PERS Platinum	Kaiser CA	United Healthcare
40 - 44	\$ 8,577	\$ 6,392	\$ 6,708
45 - 49	\$ 10,754	\$ 8,013	\$ 8,410
50 - 54	\$ 12,967	\$ 9,663	\$ 10,141
55 - 59	\$ 15,774	\$ 11,754	\$ 12,336
60 - 64	\$ 19,527	\$ 14,551	\$ 15,271

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

<sup>1</sup> Trend rates shown are for the calendar year.

# Actuarial Methods and Assumptions

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Explicit Subsidy

The difference between (a) the premium rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a future retiree who is enrolled in the Kaiser plan.

	<b>Premium Rate</b>	<b>Retiree Contribution<sup>2</sup></b>	<b>Explicit Subsidy</b>
	<b>A</b>	<b>B</b>	<b>C = A - B</b>
Retiree	\$ 756.21	\$ 0.00	\$ 756.21
Spouse	\$ 756.21	\$ 756.21	\$ 0.00

### Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a retiree age 60 with spouse of the same age enrolled in the Kaiser plan.

	<b>Per Capita Cost</b>	<b>Premium Rate</b>	<b>Implicit Subsidy</b>
	<b>A</b>	<b>B</b>	<b>C = A - B</b>
Retiree	\$ 1,212.58	\$ 756.21	\$ 456.37
Spouse	\$ 1,212.58	\$ 756.21	\$ 456.37

All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

<sup>2</sup> Limited to premium rates for illustration purposes.



# Actuarial Methods and Assumptions

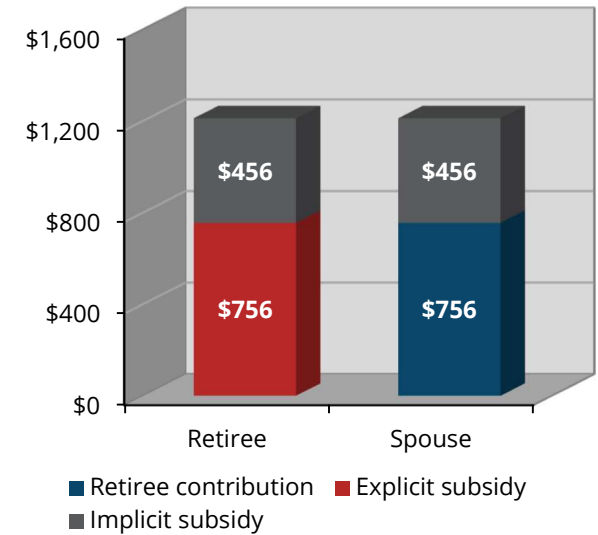
## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### GASB Subsidy Breakdown

Below is a breakdown of the GASB 75 monthly total cost for a retiree age 60 with spouse of the same age enrolled in the Kaiser plan.

	Retiree		Spouse	
Retiree contribution	\$	0.00	\$	756.21
Explicit subsidy	\$	756.21	\$	0.00
Implicit subsidy	\$	456.37	\$	456.37
Total monthly cost	\$	1,212.58	\$	1,212.58

**GASB Subsidy Breakdown**



### Models

#### ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

#### CalPERS 2021 Aging Factors

Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. Aging factors used for this valuation are the CalPERS 2021 aging factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

# APPENDIX

# Appendix

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Comparison of Participant Demographic Information

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

	As of January 1, 2021	As of January 1, 2023
Active Participants	61	54
Retired Participants	47	50
Averages for Active		
Age	41.9	43.7
Service	8.5	9.0
Averages for Inactive		
Age	66.3	67.3

# Appendix

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Detailed Actuary's Notes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2021.

The following assumptions have also been updated:

1. The mortality rate tables have been updated from PubG.H-2010 - Generational MP-2020 to PubG.H-2010 - Generational MP-2021. Mortality tables for surviving spouses have been updated from Pub.H-2010 Continuing Survivor - Generational MP-2020 to Pub.H-2010 Continuing Survivor - Generational MP-2021. The impact of these changes is a slight increase in liabilities.
2. The retirement rate tables have been updated according to the 2021 CalPERS pension experience study. These updates led to a slight decrease in liabilities.
3. Termination rate tables have been updated according to the 2021 CalPERS pension experience study. This update led to an increase in liabilities.
4. Payroll growth rate has been updated to 2.80% plus merit increases according to the 2021 CalPERS pension experience study. This update led to a decrease in liabilities.
5. Health care trend rates have been reset to use an initial rate of 6.50% down to an ultimate rate of 4.50% decreasing by 0.25% per year. This update led to an increase in liabilities.
6. Elections have been updated to be consistent with the 2023 census data. This update led to a decrease in liabilities.

In addition, claims costs and premiums were updated for 2023 which caused a decrease in liabilities. The updated census data resulted in an increase in liabilities.

# Appendix

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

### Valuation Results Summary

Below is the summary of the GASB results for fiscal year ending June 30, 2023 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 6.50%.

Present Value of Employer Contributions	Explicit	Implicit	Total
Active	\$ 5,410,256	\$ 960,165	\$ 6,370,421
Retirees	\$ 7,114,568	\$ 577,385	\$ 7,691,953
<b>Total</b>	<b>\$ 12,524,824</b>	<b>\$ 1,537,550</b>	<b>\$ 14,062,374</b>

Total (Accrued) OPEB Liability	Explicit	Implicit	Total
Active	\$ 2,803,618	\$ 497,562	\$ 3,301,180
Retirees	\$ 7,114,568	\$ 577,385	\$ 7,691,953
<b>Total</b>	<b>\$ 9,918,186</b>	<b>\$ 1,074,947</b>	<b>\$ 10,993,133</b>

Projected Employer Contributions (Calendar Year)	Explicit	Implicit	Total
2023	\$ 570,330	\$ 185,747	\$ 756,077
2024	\$ 569,951	\$ 146,605	\$ 716,556
2025	\$ 600,365	\$ 155,077	\$ 755,442
2026	\$ 632,671	\$ 147,519	\$ 780,190
2027	\$ 635,761	\$ 110,557	\$ 746,318
2028	\$ 677,119	\$ 111,104	\$ 788,223
2029	\$ 695,818	\$ 87,393	\$ 783,211
2030	\$ 712,432	\$ 76,157	\$ 788,589
2031	\$ 693,385	\$ 41,350	\$ 734,735
2032	\$ 704,947	\$ 54,592	\$ 759,539

# GLOSSARY

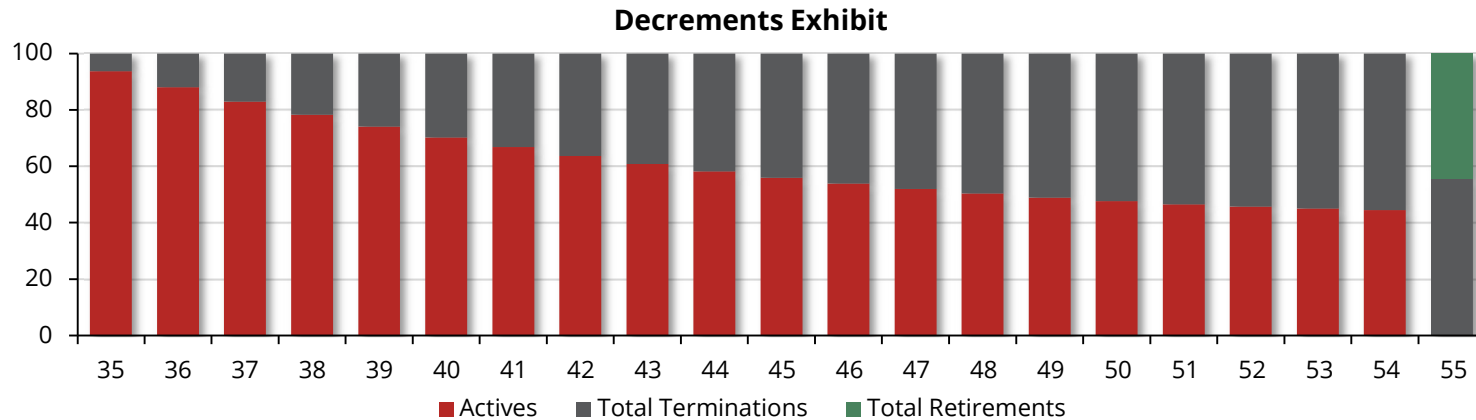
# Glossary – Decrements Exhibit

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

Age	# Remaining Employees	# of Terminations per Year <sup>3</sup>	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

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



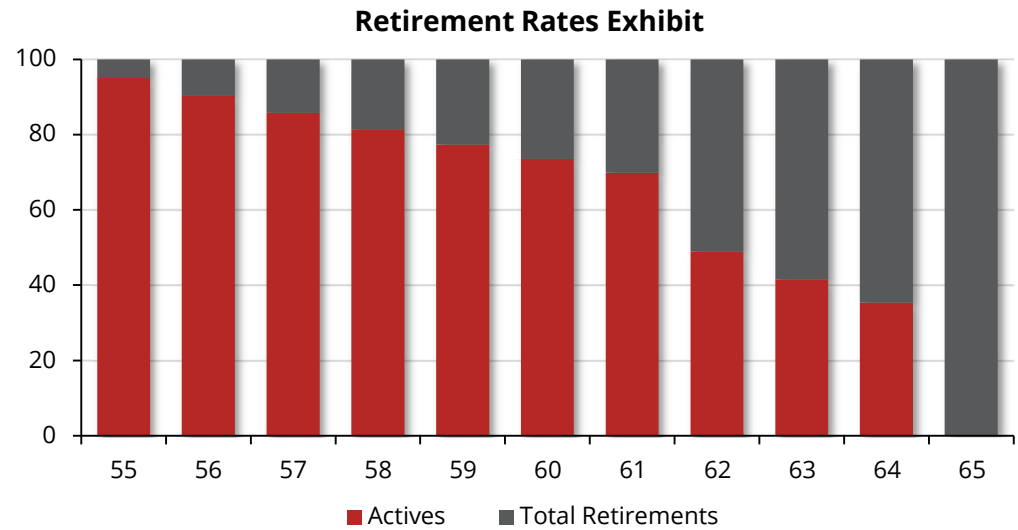
<sup>3</sup> The above rates are illustrative rates and are not used in our GASB calculations.

# Glossary – Retirement Rates Exhibit

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

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



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



# Glossary – Definitions

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

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

# Glossary – Definitions

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

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

# Glossary – Definitions

---

## South Orange County Wastewater Authority GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

**PARS**

TRUSTED SOLUTIONS. LASTING RESULTS.

Agenda Item 6



# SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

PARS 115 Trust – OPEB Prefunding Program Client Review  
August 15, 2023

# CONTACTS

---



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

**J. Keith Stribling, CFA**  
**Senior Portfolio Manager**  
(714) 315-0685  
james.stribling@usbank.com

**Alexandra Irving**  
**Client Services Coordinator**  
(800) 540-6369 x105  
airving@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>39</b>	<b>2,000+</b>	<b>1,000+</b>	<b>500+</b>	<b>500K+</b>	<b>\$7.0B</b>
Years of Experience (1984-2023)	Plans under Administration	Public Agency Clients	115 Trust Clients	Plan Participants	Assets under Administration

## 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>160</b>	<b>\$9.5T</b>
Years of Experience (1863-2023)	Assets under Administration

## 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>104</b>	<b>\$8.7B</b>
Years of Experience (1919-2023)	Assets under Management

# PARS PLANS AND PROGRAMS

---

115 Combo Trust

## 1 Pension Rate Stabilization Program (PRSP)

A pension prefunding trust designed specifically to address GASB 68 liabilities on its financial statements and stabilize future costs.

## 2 OPEB Trust Program

An OPEB prefunding trust designed to address OPEB liabilities and increase investment rates of return (discount rate).

## 3 Alternate Retirement System (ARS)

An alternative to Social Security for part-time employees offered to provide a valuable benefit for employees and permanent payroll savings to the Agency.

## 4 Supplemental Defined Contribution Plan

A locally designed retirement plan offered in addition to PERS or 37-Act retirement system with the goal of attracting and retaining select employees to the Agency.

## 5 Accumulated Leave Plan

A Defined Contribution solution that reduces leave balances on an annual basis during employment and minimizes total payout amounts.

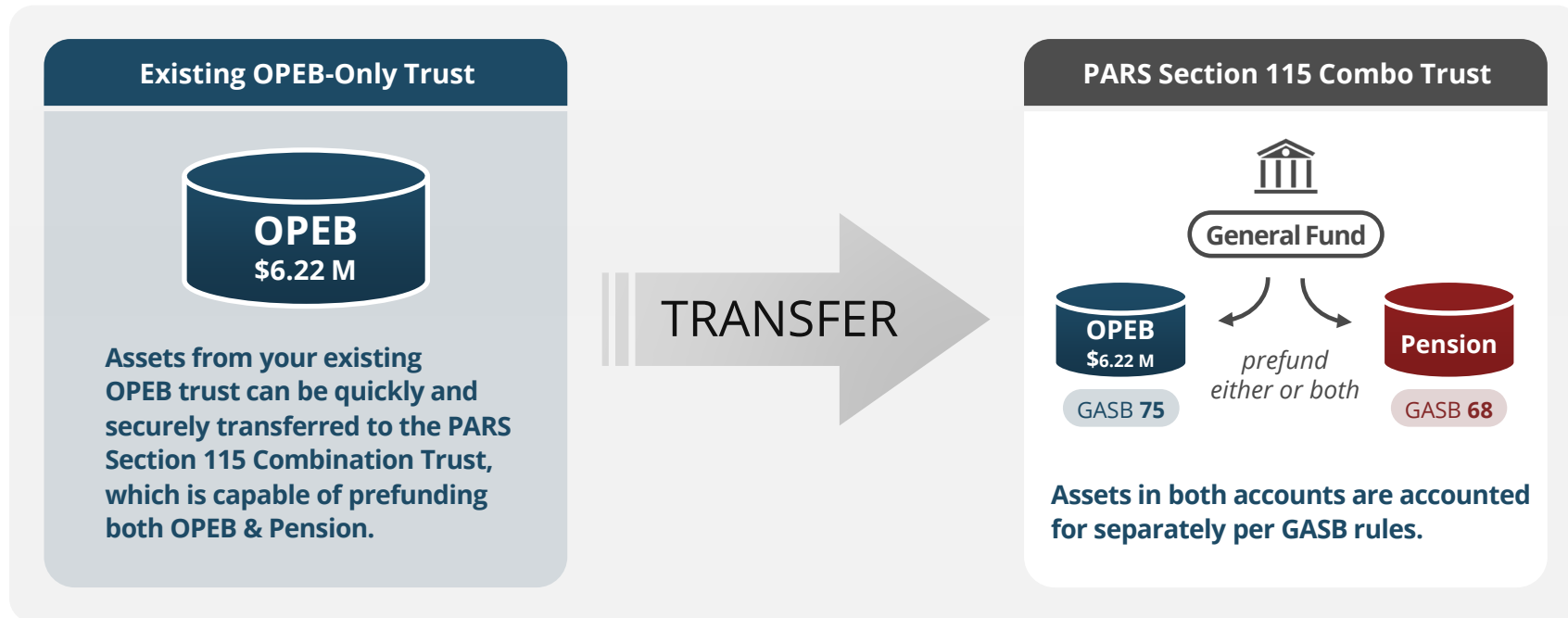
*The*

# PARS SECTION 115 TRUST

*for prefunding OPEB & Pension obligations*



# PARS IRS-APPROVED SECTION 115 TRUST



## Subaccounts

OPEB and Pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center



## Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.



## Flexible Investing

Allows separate investment strategies for OPEB and Pension subaccounts.



## Anytime Access

Trust funds are available anytime; OPEB for OPEB and Pension for Pension.



## Economies-of-Scale

OPEB and Pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!



## No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

# SUMMARY OF AGENCY'S OPEB PLAN

---

<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

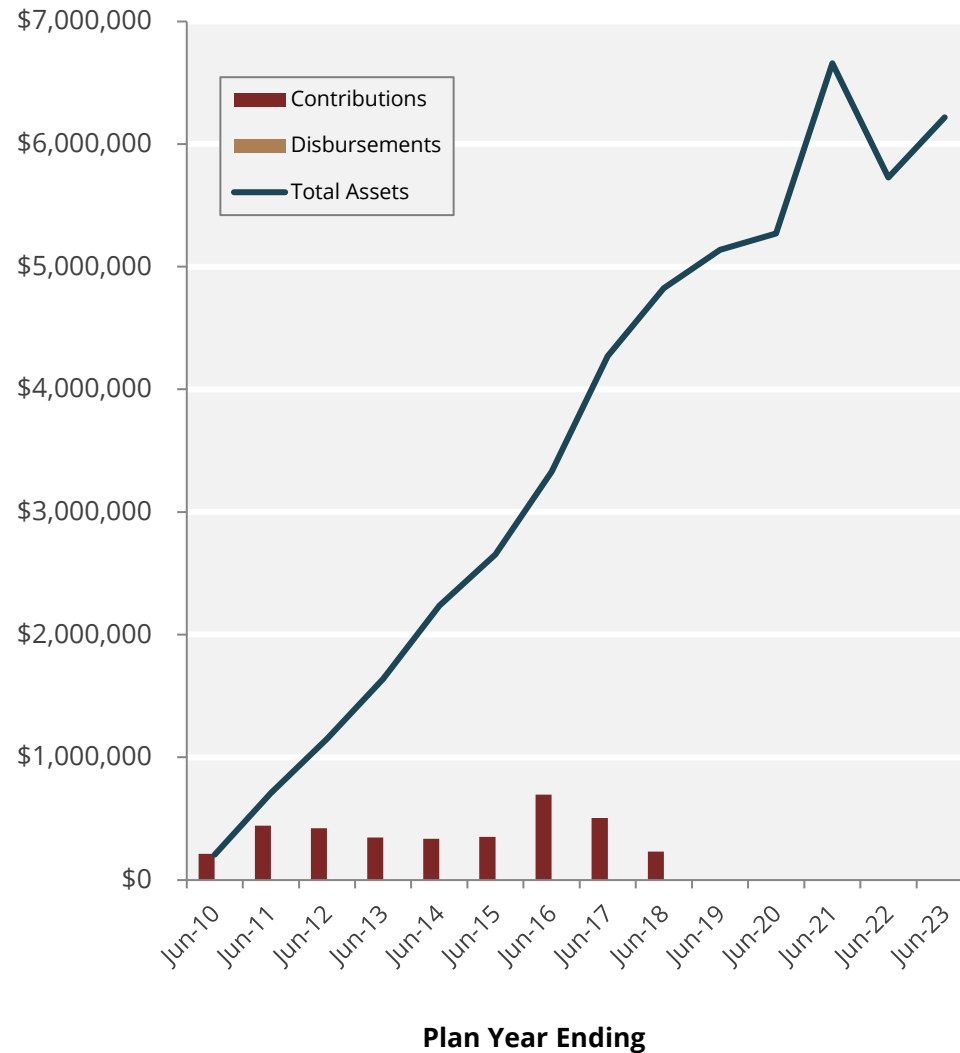
## AS OF JUNE 30, 2023:

---

<b>Initial Contribution:</b>	December 2009: \$211,652
<b>Additional Contributions:</b>	\$3,327,137
<b>Total Contributions:</b>	\$3,534,789
<b>Disbursements:</b>	\$0
<b>Total Investment Earnings:</b>	\$2,953,926
<b>Account Balance:</b>	\$6,218,496

# SUMMARY OF AGENCY'S OPEB PLAN

## HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF JUNE 30, 2023:



Year	Contributions	Disbursements	Total Assets
Jun-10*	\$211,652	\$0	\$205,233
Jun-11	\$442,146	\$0	\$706,354
Jun-12	\$420,956	\$0	\$1,150,952
Jun-13	\$345,000	\$0	\$1,638,204
Jun-14	\$335,445	\$0	\$2,235,194
Jun-15	\$350,186	\$0	\$2,652,657
Jun-16	\$694,403	\$0	\$3,330,221
Jun-17	\$504,000	\$0	\$4,269,924
Jun-18	\$231,000	\$0	\$4,823,410
Jun-19	\$0	\$0	\$5,137,817
Jun-20	\$0	\$0	\$5,270,639
Jun-21	\$0	\$0	\$6,657,222
Jun-22	\$0	\$0	\$5,727,973
Jun-23	\$0	\$0	\$6,218,496

\*Plan Year Ending June 2010 is based on 7 months of activity.

# OPEB ACTUARIAL RESULTS

- We have received the Annual Comprehensive Financial Report with a measurement date as of June 30, 2022. In the table below, we have summarized the results.

Demographic Study	Measurement Date: <b>June 30, 2021</b> <i>From the Annual Comprehensive Financial Report</i>	Measurement Date: <b>June 30, 2022</b> <i>From the Annual Comprehensive Financial Report</i>
<b>Actives</b>	61	64
<b>Retirees</b>	47	50
<b>Total</b>	108	114

# OPEB ACTUARIAL RESULTS

	<b>Measurement Date:</b> <b>June 30, 2021</b> <b>Discount Rate: 6.50%</b> <i>From the Annual Comprehensive                      Financial Report</i>	<b>Measurement Date:</b> <b>June 30, 2022</b> <b>Discount Rate: 6.50%</b> <i>From the Annual Comprehensive                      Financial Report</i>
<b>Total OPEB liability</b>	\$10,799,701	\$10,676,580
<b>Fiduciary Net Position</b>	\$6,657,222	\$5,727,973*
<b>Net OPEB liability</b>	\$4,142,479	\$4,948,607
<b>Funded Ratio (%)</b>	61.6%	53.6%
<b>Actuarially Determined Contribution (ADC)</b>	\$595,227 <i>For FY 2020-21</i>	\$611,596 <i>for FY 2021-22</i>
<b>Annual Benefit Payments (Pay-as-you-Go)</b>	\$592,075 <i>For FY 2020-21</i>	\$667,236 <i>for FY 2021-22</i>

\*As of June 30, 2023, assets at \$6,218,496 (approx. ~58.2% funded).

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

# HIGHMARK CAPITAL MANAGEMENT INVESTMENT REVIEW

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

**August 2023**

**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 7-31-2023)

- Allocation Target – 58.88% stocks (50-70% range), 37.11% bonds (30-50% range), 4.01% cash (0-20% range)
- Large cap 31.82%, Mid-cap 5.21%, Small cap 8.38%, International 11.71%, REIT 1.77%

### Performance: South Orange County Wastewater Authority

(as of 7-31-2023) gross of investment management fees, net of fund fees

- 3 months: 5.54%
- Y-T-D (7 months): 11.36%
- 1-Year: 6.22%
- 3-Years: 5.85%
- 5-Years: 5.97%
- 10-Years: 6.60%
- Inception to date (12-1-2009) 7.54%

### Asset Allocation:

- Modestly underweight equities
- Favoring value style over growth
- Recently added to international
- Neutral duration fixed income
- Added mortgages & eliminated high yield

## Economic Review

- Aggressive fiscal policy
- Monetary policy changing from inflationary to restrictive with rate hikes and a pullback on QE
- Rate hikes expected to curb inflation expectations but is the Fed done hiking
- Yield curve inverted implying a recession is in the offing
- Regional banks under duress
- Eventually global economies will improve
- Risks: Inflation...further policy mistake at the Fed; China slowing; Russian aggression in Ukraine



PARS/PRHCP BALANCED HM PLUS (\*\*\*\*019207)  
Performance Report

As of: July 31, 2023



	3 Months	Year to Date (7 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 12/01/2009
Cash Equivalents	1.25	2.70	3.95	1.40	1.49	.94	.70
Lipper Money Market Funds Index	1.26	2.73	4.01	1.41	1.48	.90	.66
Total Fixed Income	-.66	2.97	-1.46	-3.11	1.04	1.65	2.45
Bloomberg US Aggregate Bd Index (USD)	-1.51	2.02	-3.37	-4.46	.75	1.50	2.14
Total Equities	10.18	18.14	11.70	11.52	8.76	9.75	10.69
Large Cap Funds	11.64	21.90	13.61	13.22	11.27	12.07	12.41
S&P 500 Composite Index	10.51	20.65	13.02	13.72	12.20	12.66	13.24
Mid Cap Funds	9.48	13.56	9.00	11.87	8.68	9.12	
Russell Midcap Index	9.49	13.33	8.75	11.82	8.77	10.13	12.35
Small Cap Funds	13.03	16.15	11.07	14.48	7.60	10.41	13.21
Russell 2000 Index (USD)	13.68	14.70	7.91	12.01	5.09	8.17	10.98
International Equities	5.71	14.24	13.66	6.82	4.28	5.00	4.83
MSCI EAFE Index (Net)	3.37	15.28	16.79	9.25	4.55	5.20	5.39
MSCI EM Free Index (Net USD)	8.41	11.42	8.35	1.46	1.71	3.47	3.17
REIT Funds	3.48	6.08	-9.30	5.31	4.31		
Wilshire REIT Index	5.58	10.00	-5.51	8.09	4.90	6.62	9.78
Total Managed Portfolio	5.54	11.36	6.22	5.85	5.97	6.60	7.54

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>58.88%</b>
Large Cap Core	<b>COFYX</b>	Columbia Contrarian Core Cl Y	5.82%
	<b>VGIAX</b>	Vanguard Gro & Inc Admiral Shares	11.55%
Large Cap Value	<b>DODGX</b>	Dodge & Cox Stock Fund	5.40%
	<b>IVE</b>	iShares S&P 500 Value ETF	2.35%
Large Cap Growth	<b>HNACX</b>	Harbor CP Appre Rtrmt Cl	3.39%
	<b>IVW</b>	iShares S&P 500 Growth ETF	3.31%
Mid Cap Growth	<b>IWR</b>	iShares Rusell Mid Cap ETF	5.21%
Small Cap Value	<b>UBVFX</b>	Undiscovered Mgrs Behavrl R6	4.23%
Small Cap Growth	<b>FGROX</b>	Emerald Growth Fund	4.14%
International Core	<b>DFALX</b>	DFA Large Cap International Port	4.26%
International Value	<b>DODFX</b>	Dodge & Cox International Stock Fund	1.46%
International Growth	<b>MGRDX</b>	MFS International Growth Fund	1.39%
Emerging Markets	<b>HHHFX</b>	Hartford Schrodr Mkts Eq	4.60%
REIT	<b>VNQ</b>	Vngrd Index Tr Reit Viper Shs	1.77%
<b>Fixed Income</b>			<b>37.11%</b>
Short-Term	<b>VFSUX</b>	Vanguard Short-Term Corp Adm Fund	3.29%
Intermediate-Term	<b>PTRQX</b>	Prudential Total Return BD	9.69%
	<b>DBLFX</b>	Doubleline Core Fixed Inc Cl I	9.64%
	<b>DODIX</b>	Dodge & Cox Income	9.70%
	<b>GOVT</b>	iShares US Treasury ETF	2.38%
Mortgage Backed	<b>MBB</b>	iShares MBB ETF	2.40%
<b>Cash</b>			<b>4.01%</b>
	<b>FGXXX</b>	First Amern Govt Oblig Fd CL X	4.01%
<b>TOTAL</b>			<b>100.00%</b>

# PARS South Orange County Wastewater Authority

## For Period Ending July 31, 2023

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	3.42	12.35	24.88	16.08	14.09	12.70	12.48
Vanguard Growth & Income Adm	3.12	10.86	19.13	11.84	13.80	11.81	12.49
Dodge & Cox Stock I	4.93	9.53	12.44	12.11	19.09	10.09	11.36
iShares S&P 500 Value ETF	3.39	8.37	15.86	16.95	16.48	10.26	10.15
Harbor Capital Appreciation Retirement	3.20	18.00	41.33	20.35	7.14	13.16	15.05
iShares S&P 500 Growth ETF	3.03	12.30	24.80	7.81	10.21	12.73	14.06
<b>S&amp;P 500 TR USD</b>	<b>3.21</b>	<b>10.51</b>	<b>20.65</b>	<b>13.02</b>	<b>13.72</b>	<b>12.20</b>	<b>12.66</b>
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	3.96	9.46	13.26	8.62	11.64	8.62	9.96
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	9.57	11.34	9.96	9.54	27.50	8.42	10.35
Emerald Growth Institutional	4.93	14.60	18.84	15.68	6.73	6.59	10.16
<b>Russell 2000 TR USD</b>	<b>6.12</b>	<b>13.68</b>	<b>14.70</b>	<b>7.91</b>	<b>12.01</b>	<b>5.09</b>	<b>8.17</b>
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	4.90	6.78	16.14	18.30	14.03	4.89	5.23
DFA Large Cap International I	3.12	3.48	14.65	15.12	10.33	4.92	5.40
MFS International Growth R6	2.49	2.75	15.27	15.28	7.30	6.80	7.36
<b>MSCI EAFE NR USD</b>	<b>3.24</b>	<b>3.37</b>	<b>15.28</b>	<b>16.79</b>	<b>9.25</b>	<b>4.55</b>	<b>5.20</b>
Hartford Schroders Emerging Mkts Eq F	5.07	8.55	12.59	10.14	0.92	2.15	3.97
<b>MSCI EM NR USD</b>	<b>6.23</b>	<b>8.41</b>	<b>11.42</b>	<b>8.35</b>	<b>1.46</b>	<b>1.71</b>	<b>3.47</b>
REAL ESTATE FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	2.06	3.45	5.57	-9.79	5.34	4.64	6.25
BOND FUNDS							
Dodge & Cox Income I	0.24	-0.24	3.46	-0.53	-2.35	1.96	2.52
DoubleLine Core Fixed Income I	-0.04	-1.29	2.91	-2.17	-3.07	0.55	1.85
PGIM Total Return Bond R6	0.33	-0.47	3.51	-1.57	-3.97	1.13	2.37
Vanguard Short-Term Investment-Grade Adm	0.68	-0.08	2.46	0.80	-0.89	1.63	1.70
iShares MBS ETF	-0.07	-1.25	1.85	-4.61	-3.86	0.00	1.01
iShares US Treasury Bond ETF	-0.35	-2.21	1.56	-3.94	-5.32	0.37	0.85

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

---

- 1 Future contributions and disbursement requests/options
- 2 Agency's future actuarial valuation for GASB 45/75 compliance  
Next valuation measurement date: June 2023
- 3 Investment Guidelines Document – Needed
- 4 Pension Rate Stabilization Program (PRSP)
- 5 GASB 74/75 Compliance
- 6 Employer Portal – Available



# EMPLOYER PORTAL

---

**The Public Agency Retirement Services (PARS) employer portal for the IRC Section 115 Trust includes the following features:**

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

---

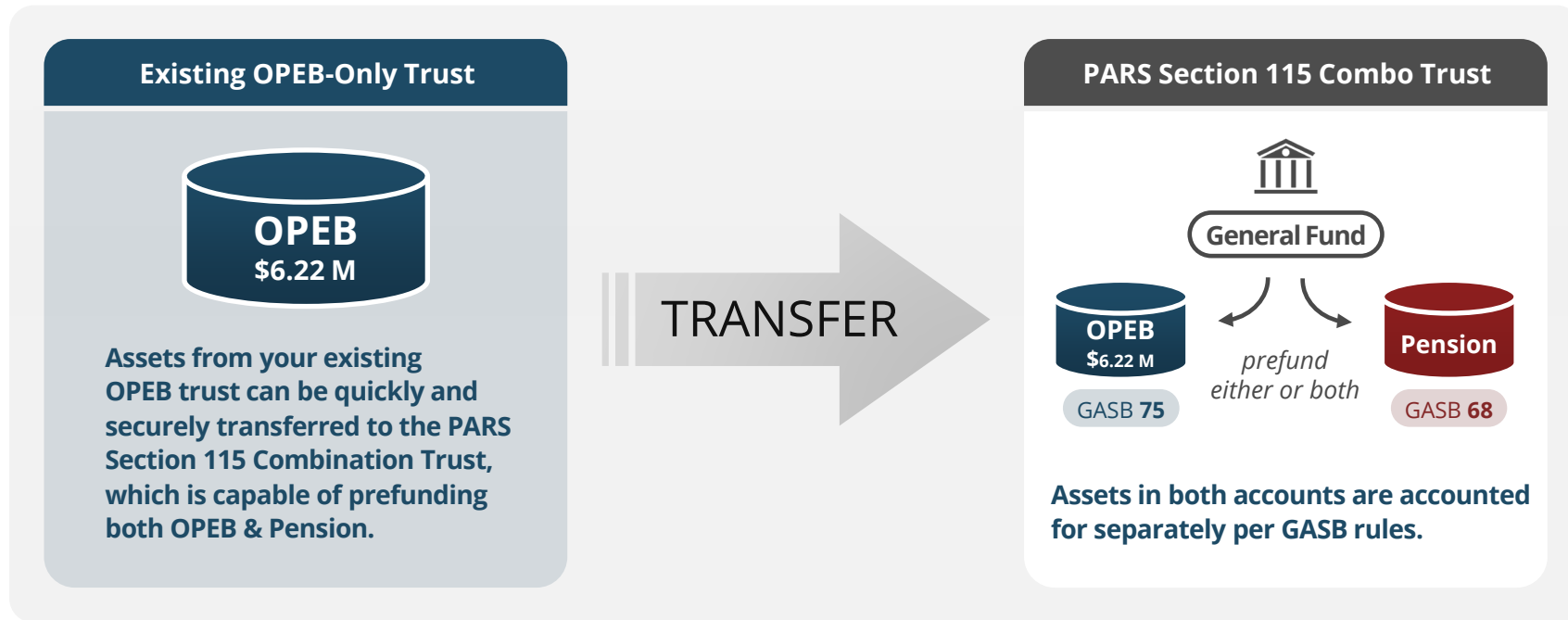
- **To assist our public agency clients with GASB compliance, PARS will be providing the following:**
  - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate 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

*The*

# **PARS PENSION RATE STABILIZATION PROGRAM**

*for prefunding pension obligations*

# PARS IRS-APPROVED SECTION 115 TRUST



## Subaccounts

OPEB and Pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center



## Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.



## Flexible Investing

Allows separate investment strategies for OPEB and Pension subaccounts.



## Anytime Access

Trust funds are available anytime; OPEB for OPEB and Pension for Pension.



## Economies-of-Scale

OPEB and Pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!



## No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.



# PARS CLIENT LIST – PRSP (296)

Updated July 2023

## CITIES & TOWNS (144)

Alameda	Commerce	Fountain Valley	Laguna Niguel
Anaheim	Corcoran	Fullerton	Lake Forest
Angels Camp	Coronado	Garden Grove	Lakeport
Atherton	Costa Mesa	Gilroy	Lemon Grove
Atwater	Cudahy	Glendale	Lodi
Bakersfield	Cupertino	Glendora	Los Alamitos
Beaumont	Cypress	Goleta	Los Altos Hills
Bell Gardens	Daly City	Grand Terrace	Manhattan Beach
Benicia	Dana Point	Grass Valley	Merced
Bishop	Del Rey Oaks	Half Moon Bay	Modesto
Brea	Dinuba	Healdsburg	Monrovia
Brisbane	Duarte	Hemet	Monterey
Burlingame	Dublin	Hercules	Moraga
Calabasas	El Cajon	Huntington Beach	Moreno Valley
Camarillo	El Centro	Imperial Beach	Morgan Hill
Capitola	El Segundo	Indian Wells	Morro Bay
Carmel	Emeryville	Indio	Murrieta
Chino Hills	Escondido	Ione	Napa
Chula Vista	Fairfax	La Habra	National City
Claremont	Fairfield	La Mesa	Norco
Colma	Fort Bragg	La Quinta	Norwalk

## COUNTIES (29)

Amador	Riverside
Calaveras	San Benito
Tiburon	San Joaquin
Glenn	Siskiyou
Humboldt	Solano
Union City	Sutter
Kings	Tehama
Lake	Tulare
Lassen	Tuolumne
Madera	Yolo
Mariposa	Yuba
Mendocino	
Merced	
Mono	
Monterey	
Napa	
Nevada	
Placer	
Plumas	

## EDUCATION DISTRICTS (53)

Alisal Union SD	Coast CCD	Hermosa Beach City SD	Monterey Peninsula CCD	Rio Hondo CCD	South Bay Union SD
Allan Hancock CCD	Corning Union ESD	Hesperia Unified SD	Natomas USD	River Delta USD	Upland USD
Alta Loma USD	Coronado USD	Imperial CCD	Ocean View SD	Roseville JUHSD	Victor Valley CCD
Bass Lake Joint Union ESD	Cotati-Rohnert Park USD	Jurupa USD	Ontario-Montclair SD	San Bernardino CCD	Visalia USD
Beverly Hills USD	Dry Creek JESD	Lakeside Union SD	Palos Verdes Peninsula USD	San Marino USD	West Valley-Mission CCD
Brea Olinda USD	El Monte Union HSD	Lemon Grove SD	Pasadena CCD	Santa Rita Union SD	Whittier City SD
Calistoga Joint USD	Fontana USD	Lindsay USD	Placer Union HSD	Shasta County OE	Yosemite CCD
Campbell Union HSD	Grossmont-Cuyamaca CCD	Madera Unified SD	Porterville USD	Shasta-Trinity-Tehama Joint CCD	Yuba CCD
Citrus CCD	Hartnell CCD	Marin CCD	Rancho Santiago CCD	SLO County CCD (Cuesta College)	

## SPECIAL DISTRICTS (70)

Alameda County Mosquito Abatement District	Housing Authority of the County of Butte	North Central Fire District	Shasta Valley Cemetery District
Alpine Fire Protection District	Housing Authority of the County of San Bernardino	North Coast Air Quality Management District	South Coast Water District
Beach Cities Health District	Housing Authority of the County of Santa Cruz	North County Fire Protection District	South Placer Fire Protection District
Bighorn-Desert View Water Agency	Humboldt Bay Municipal Water District	Novato Sanitary District	Southern Marin Fire Protection District
California Intergovernmental Risk Authority	Mesa Water District	Orange County Fire Authority	Superior Court of CA, County of Inyo
Central Contra Costa Sanitary District	Metropolitan Transportation Commission	Orange County LAFCO	Superior Court of CA, County of Kern
Central Contra Costa Transportation Authority	Midpeninsula Regional Open Space District	Orange County Mosquito & Vector District	Sweetwater Springs Water District
Colusa Mosquito Abatement District	Midpeninsula Water District	Orange County Sanitation District	Three Valleys Municipal Water District
Delta Diablo (Sanitation District)	Mojave Desert Air Quality Management District	Orchard Dale Water District	Twentynine Palms Water District
East Bay Regional Park District	Montecito Fire Protection District	Pebble Beach Community Services District	Union Sanitary District
East Orange County Water District	Monterey Bay Unified Air Pollution Control District	Placer County Air Pollution Control District	West Bay Sanitary District
El Dorado Hills County Water District	Monterey County Mosquito Abatement District	Rancho Cucamonga Fire Protection Department	West County Wastewater District
Fallbrook Public Utility District	Monterey One Water	Redwood Empire Municipal Insurance Fund (REMIF)	Western Riverside Council of Governments
Feather River Air Quality Management District	Moraga-Orinda Fire Protection District	Regional Housing Authority	Yolo-Solano Air Quality Mgmt District
Goleta West Sanitary District	Municipal Pooling Authority	Sacramento Area Flood Control Agency	Yorba Linda Water District
Great Basin Unified Air Pollution Control District	Municipal Water District of Orange County	San Elijo Joint Powers Authority	Zone 7 Water District
Greater Vallejo Recreation District	Napa County Mosquito Abatement District	San Mateo Mosquito and Vector Control District	
Hesperia Fire Protection District	Nevada County Consolidated Fire Department	Santa Fe Irrigation District	



# PENSION FUNDING STATUS

As of June 30, 2021, South Orange County Wastewater Authority’s CalPERS pension plan is funded as follows\*:

Combined Miscellaneous Groups	Valuation as of June 30, 2020	Valuation as of June 30, 2021	Change
Actuarial Liability	\$60.5 M	\$64.4 M	6.4% ↑
Assets	\$43.5 M	\$52.6 M	20.9% ↑
Unfunded Liability	\$17.0 M	\$11.8 M	30.7% ↓
Funded Ratio	71.9%	81.7%	13.7% ↑
Employer Contribution Amount	\$1.87 M (FY 21-22)	\$2.000 M (FY 22-23)	7.2% ↑
Employer Contribution Amount – Projected*	---	\$2.001 M (FY 28-29)	0.01% ↑

\* Data through 2028-29 from Agency’s latest CalPERS actuarial valuation.

# WHY PREFUND PENSION OBLIGATIONS?

---

## 1. Complete Local Control over Assets

Agency has complete control over assets, including contributions, disbursements and the timing, amount, and risk tolerance level of investments

## 2. Pension Rate Stabilization

Assets can be transferred to the retirement system at the Agency's direction, potentially reducing/eliminating large fluctuations in employer contribution amounts

## 3. Rainy Day Fund

Emergency source of funds when employer revenues are strained in difficult budgetary or economic times

## 4. Diversification

Allows for investment flexibility and offers the potential for assets to earn greater returns than the general fund; spread the risk vs. sending additional money to CalPERS

# HIGHMARK CAPITAL MANAGEMENT

As of June 30, 2023

## ACTIVE PORTFOLIO RETURNS

Strategy	Equity (%)	1 Year	3 Years	5 Years	10 Years
Capital Appreciation	65-85%	11.33%	8.19%	6.75%	7.86%
Balanced	50-70%	9.02%	6.16%	5.72%	6.59%
Moderate	40-60%	7.66%	4.73%	5.01%	5.80%
Moderately Conservative	20-40%	4.83%	1.81%	3.44%	4.14%
Conservative	5-20%	2.65%	-0.40%	2.30%	2.90%

\* Past performance does not guarantee future results.

# SAMPLE FUNDING POLICIES

---

1. Contribute 50% of a given year's realized year end surplus to address pension liability
2. Contribute full amount of annual PERS employer cont., allowing anytime access to trust assets
3. Contribute funds to stabilize PERS employer Misc. and Safety rates through FY 23-24
4. "One equals five plan" - \$1M contribution for 5 years will save taxpayers \$5M over 25 years
5. Contribute Employer contribution equal to the 2.8% discount rate (as opposed to the standard 7.5% rate), with difference going into the Section 115 Trust
6. Maintain a 15% general fund reserve and target add 'l cont. over and above that threshold
7. Earmark a portion of a local sales tax to be set aside for unfunded pension liabilities
8. Use ongoing savings from prepaying CalPERS unfunded liability vs. higher monthly payments
9. Use one-time revenue source & lower the minimum General Fund Reserve level (30% → 20%)

# HIGHMARK CAPITAL MANAGEMENT PERFORMANCE SHEETS

## PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q2 2023

### WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### PORTFOLIO FACTS

#### HighMark Plus (Active)

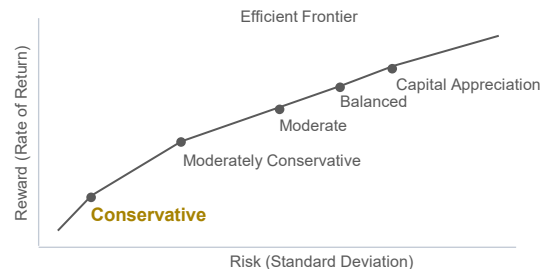
Composite Inception Date 07/2004  
No of Holdings in Portfolio 20

#### Index Plus (Passive)

Composite Inception Date 07/2004  
No of Holdings in Portfolio 13

### INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



### ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	14%
Fixed Income	60 – 95%	80%	82%
Cash	0 – 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

	Gross	Net
Current Quarter*	0.74%	0.65%
Blended Benchmark*, **	0.51%	
Year To Date*	4.14%	3.95%
Blended Benchmark*, **	3.54%	
1 Year	2.65%	2.28%
Blended Benchmark**	2.49%	
3 Year	-0.40%	-0.76%
Blended Benchmark**	-0.30%	
5 Year	2.30%	1.94%
Blended Benchmark**	2.33%	
10 Year	2.90%	2.54%
Blended Benchmark**	2.81%	

#### Index Plus Composite (Passive)

	Gross	Net
Current Quarter*	0.30%	0.21%
Blended Benchmark*, **	0.51%	
Year To Date*	3.57%	3.38%
Blended Benchmark*, **	3.54%	
1 Year	1.97%	1.60%
Blended Benchmark**	2.49%	
3 Year	-0.94%	-1.30%
Blended Benchmark**	-0.30%	
5 Year	2.11%	1.75%
Blended Benchmark**	2.33%	
10 Year	2.64%	2.28%
Blended Benchmark**	2.81%	

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM (net), 2% MSCI EAFE (net), 52.25% Bloomberg US Agg, 25.75% ICE BofA 1-3 Yr US Corp/Gov't, 2% ICE BofA US High Yield Master II, 0.5% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012, the blended benchmark was 12% S&P 500, 1% Russell 2000, 2% MSCI EAFE (net), 40% ICE BofA 1-3 Year Corp./Gov't, 40% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007, the blended benchmark was 15% S&P 500, 40% ICE BofA 1-3Yr Corp/Gov, 40% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%
2017	6.73%
2018	-1.35%
2019	11.05%
2020	9.03%
2021	2.20%
2022	-12.63%

#### Index Plus Composite (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%
2017	5.52%
2018	-1.09%
2019	10.37%
2020	8.56%
2021	1.97%
2022	-12.06%



## HOLDINGS

### HighMark Plus (Active)

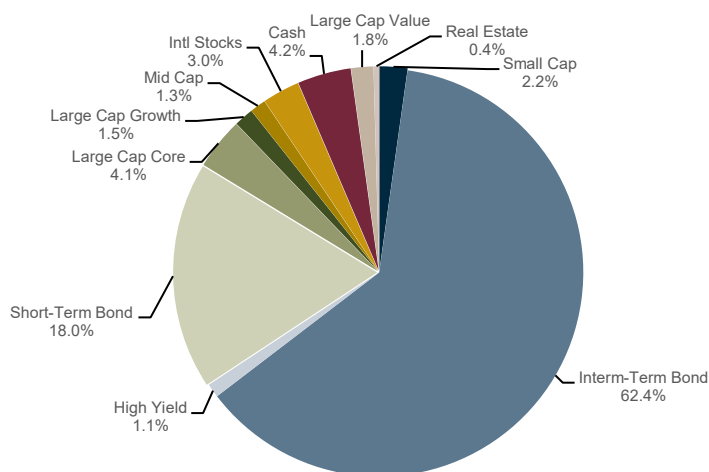
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Emerald Growth Fund-I  
 DFA Large Cap International Portfolio  
 Dodge & Cox International Stock  
 MFS International Growth - R6  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO High Yield Instl  
 Dodge & Cox Income-I  
 PGIM Total Return Bond - R6  
 DoubleLine Core Fixed Income - I  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500 Value ETF  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 iShares Russell 2000 Value ETF  
 iShares Russell 2000 Growth ETF  
 iShares Core MSCI EAFE ETF  
 Vanguard FTSE Emerging Markets ETF  
 Vanguard Short-Term Invest-Grade Adm  
 iShares Core U.S. Aggregate  
 Vanguard High-Yield Corp Adm  
 First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Conservative active and passive objectives.

The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
 Suite 1600  
 San Francisco, CA 94104  
 800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.7 billion in assets under management\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

#### Asset Allocation Committee

Number of Members: 13  
 Average Years of Experience: 29  
 Average Tenure (Years): 17

#### Manager Review Group

Number of Members: 4  
 Average Years of Experience: 26  
 Average Tenure (Years): 14

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Advisement ("AUA") are no longer advised by HighMark.



## PARS DIVERSIFIED PORTFOLIOS MODERATELY CONSERVATIVE

Q2 2023

### WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### PORTFOLIO FACTS

#### HighMark Plus (Active)

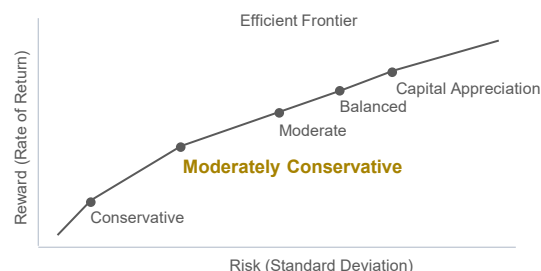
Composite Inception Date	08/2004
No of Holdings in Portfolio	20

#### Index Plus (Passive)

Composite Inception Date	05/2005
No of Holdings in Portfolio	13

### INVESTMENT OBJECTIVE

To provide current income, with capital appreciation as a secondary objective. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



### ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

	Gross	Net
Current Quarter*	1.76%	1.66%
Blended Benchmark*,**	1.52%	
Year To Date*	5.58%	5.39%
Blended Benchmark*,**	5.26%	
1 Year	4.83%	4.46%
Blended Benchmark**	4.88%	
3 Year	1.81%	1.44%
Blended Benchmark**	1.75%	
5 Year	3.44%	3.07%
Blended Benchmark**	3.59%	
10 Year	4.14%	3.77%
Blended Benchmark**	4.23%	

#### Index Plus Composite (Passive)

	Gross	Net
Current Quarter*	1.26%	1.17%
Blended Benchmark*,**	1.52%	
Year To Date*	5.03%	4.84%
Blended Benchmark*,**	5.26%	
1 Year	4.13%	3.75%
Blended Benchmark**	4.88%	
3 Year	1.24%	0.87%
Blended Benchmark**	1.75%	
5 Year	3.32%	2.95%
Blended Benchmark**	3.59%	
10 Year	3.97%	3.60%
Blended Benchmark**	4.23%	

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM (net), 4% MSCI EAFE (net), 49.25% Bloomberg US Agg, 14% ICE BofA 1-3 Yr US Corp/Gov't, 1.75% ICE BofA US High Yield Master II, 1% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 - 9/30/2012: the blended benchmark was 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE (net), 25% ICE BofA 1-3 Year Corp./Gov't, 40% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007, the blended benchmark was 30% S&P 500, 25% ICE BofA 1-3Yr Corp/Gov, 40% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-15.37%
2009	18.71%
2010	10.46%
2011	1.75%
2012	10.88%
2013	7.30%
2014	4.41%
2015	0.32%
2016	4.94%
2017	9.56%
2018	-2.60%
2019	13.73%
2020	10.76%
2021	5.15%
2022	-13.46%

#### Index Plus Composite (Passive)

2008	-12.40%
2009	11.92%
2010	9.72%
2011	3.24%
2012	8.24%
2013	6.78%
2014	5.40%
2015	-0.18%
2016	5.42%
2017	8.08%
2018	-2.33%
2019	13.53%
2020	9.74%
2021	5.33%
2022	-13.00%

## HOLDINGS

### HighMark Plus (Active)

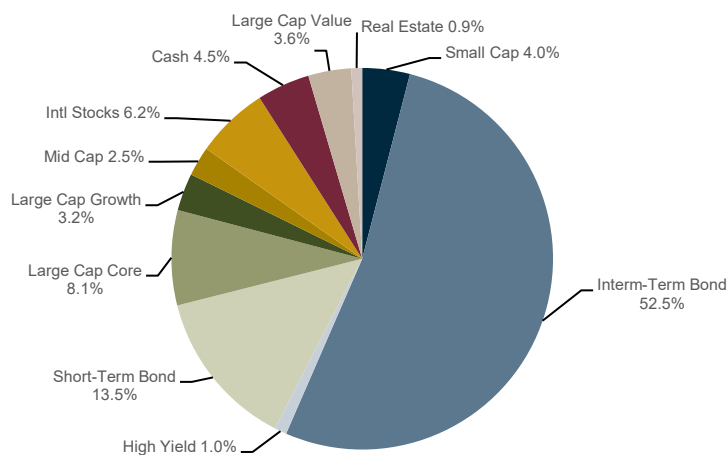
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Emerald Growth Fund-I  
 DFA Large Cap International Portfolio  
 Dodge & Cox International Stock  
 MFS International Growth - R6  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO High Yield Instl  
 Dodge & Cox Income-I  
 PGIM Total Return Bond - R6  
 DoubleLine Core Fixed Income - I  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500 Value ETF  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 iShares Russell 2000 Value ETF  
 iShares Russell 2000 Growth ETF  
 iShares Core MSCI EAFE ETF  
 Vanguard FTSE Emerging Markets ETF  
 Vanguard Short-Term Invest-Grade Adm  
 iShares Core U.S. Aggregate  
 Vanguard High-Yield Corp Adm  
 First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent a size-weighted composite of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Moderately Conservative active and passive objectives.

The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
 Suite 1600  
 San Francisco, CA 94104  
 800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.7 billion in assets under management\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

#### Asset Allocation Committee

Number of Members: 13  
 Average Years of Experience: 29  
 Average Tenure (Years): 17

#### Manager Review Group

Number of Members: 4  
 Average Years of Experience: 26  
 Average Tenure (Years): 14

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Admision ("AUA") are no longer advised by HighMark.

**PARS DIVERSIFIED PORTFOLIOS**  
**MODERATE**

Q2 2023

**WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?**

**Comprehensive Investment Solution**

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

**Rigorous Manager Due Diligence**

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

**Flexible Investment Options**

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

**Risk Management**

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

**PORTFOLIO FACTS**

**HighMark Plus (Active)**

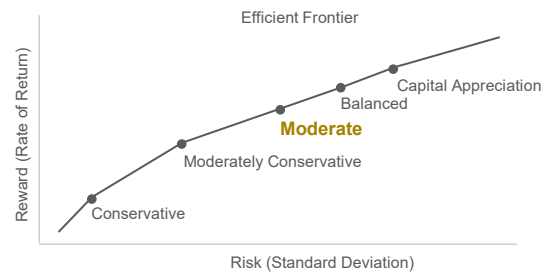
Composite Inception Date	10/2004
No of Holdings in Portfolio	20

**Index Plus (Passive)**

Composite Inception Date	05/2006
No of Holdings in Portfolio	13

**INVESTMENT OBJECTIVE**

To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



**ASSET ALLOCATION — MODERATE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	47%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	5%

**ANNUALIZED TOTAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

	HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
	Gross	Net	Gross	Net
Current Quarter*	3.00%	2.91%	2.62%	2.53%
Blended Benchmark*, **	2.98%		2.98%	
Year To Date*	7.56%	7.36%	7.02%	6.83%
Blended Benchmark*, **	7.50%		7.50%	
1 Year	7.66%	7.28%	7.18%	6.79%
Blended Benchmark**	8.25%		8.25%	
3 Year	4.73%	4.35%	4.34%	3.96%
Blended Benchmark**	4.91%		4.91%	
5 Year	5.01%	4.64%	4.86%	4.49%
Blended Benchmark**	5.28%		5.28%	
10 Year	5.80%	5.42%	5.61%	5.23%
Blended Benchmark**	6.06%		6.06%	

\* Returns less than one year are not annualized. \*\* Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% Bloomberg US Agg, 10% ICE BofA 1-3 Yr US Corp/Gov't, 1.50% ICE BofA US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Year Corp./Gov't, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3Yr Corp/Gov, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

**ANNUAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

	HighMark Plus Composite (Active)	Index Plus Composite (Passive)
2008	-22.88%	-18.14%
2009	21.47%	16.05%
2010	12.42%	11.77%
2011	0.55%	2.29%
2012	12.25%	10.91%
2013	13.06%	12.79%
2014	4.84%	5.72%
2015	0.14%	-0.52%
2016	6.45%	7.23%
2017	13.19%	11.59%
2018	-4.03%	-4.03%
2019	17.71%	17.52%
2020	12.92%	11.23%
2021	9.31%	10.18%
2022	-14.63%	-14.21%

## HOLDINGS

### HighMark Plus (Active)

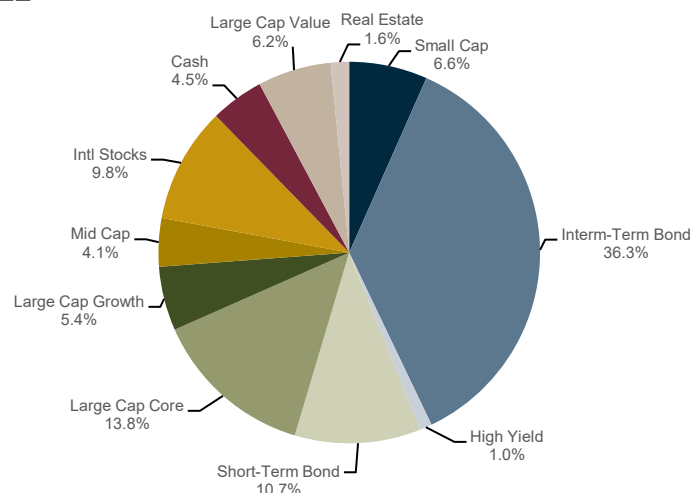
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Emerald Growth Fund-I  
 DFA Large Cap International Portfolio  
 Dodge & Cox International Stock  
 MFS International Growth - R6  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO High Yield Instl  
 Dodge & Cox Income-I  
 PGIM Total Return Bond - R6  
 DoubleLine Core Fixed Income - I  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500 Value ETF  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 iShares Russell 2000 Value ETF  
 iShares Russell 2000 Growth ETF  
 iShares Core MSCI EAFE ETF  
 Vanguard FTSE Emerging Markets ETF  
 Vanguard Short-Term Invest-Grade Adm  
 iShares Core U.S. Aggregate  
 Vanguard High-Yield Corp Adm  
 First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Moderate active and passive objectives.

The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the FDIC or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
 Suite 1600  
 San Francisco, CA 94104  
 800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.6 billion in assets under management\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

### Asset Allocation Committee

Number of Members: 13  
 Average Years of Experience: 29  
 Average Tenure (Years): 17

### Manager Review Group

Number of Members: 4  
 Average Years of Experience: 26  
 Average Tenure (Years): 14

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Advisement ("AUA") are no longer advised by HighMark.



**PARS DIVERSIFIED PORTFOLIOS**  
**BALANCED**

Q2 2023

**WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?**

**Comprehensive Investment Solution**

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

**Rigorous Manager Due Diligence**

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

**Flexible Investment Options**

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

**Risk Management**

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

**PORTFOLIO FACTS**

**HighMark Plus (Active)**

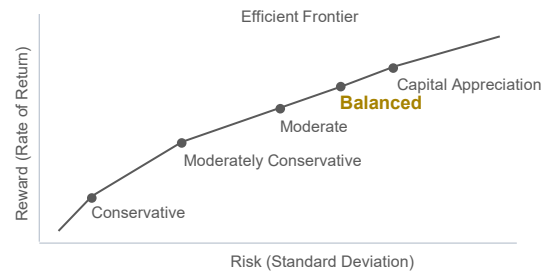
Composite Inception Date 10/2006  
No of Holdings in Portfolio 20

**Index Plus (Passive)**

Composite Inception Date 10/2007  
No of Holdings in Portfolio 13

**INVESTMENT OBJECTIVE**

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



**ASSET ALLOCATION — BALANCED PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	57%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	5%

**ANNUALIZED TOTAL RETURNS**

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

	HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
	Gross	Net	Gross	Net
Current Quarter*	3.66%	3.57%	3.31%	3.22%
Blended Benchmark*, **	3.69%		3.69%	
Year To Date*	8.48%	8.28%	8.04%	7.85%
Blended Benchmark*, **	8.62%		8.62%	
1 Year	9.02%	8.63%	8.67%	8.28%
Blended Benchmark**	9.87%		9.87%	
3 Year	6.16%	5.78%	5.85%	5.47%
Blended Benchmark**	6.42%		6.42%	
5 Year	5.72%	5.34%	5.60%	5.22%
Blended Benchmark**	6.08%		6.08%	
10 Year	6.59%	6.21%	6.42%	6.04%
Blended Benchmark**	6.95%		6.95%	

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM (net), 7% MSCI EAFE (net), 27% Bloomberg US Agg, 6.75% ICE BofA 1-3 Yr US Corp/Gov't, 1.25% ICE BofA US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 51% S&P 500, 3% Russell 2000, 6% MSCI EAFE (net), 5% ICE BofA 1-3 Year Corp./Gov't, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 60% S&P 500, 5% ICE BofA 1-3Yr Corp/Gov, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

**ANNUAL RETURNS**

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

	HighMark Plus Composite (Active)	Index Plus Composite (Passive)
2008	-25.72%	-23.22%
2009	21.36%	17.62%
2010	14.11%	12.76%
2011	-0.46%	1.60%
2012	13.25%	11.93%
2013	16.61%	15.63%
2014	4.70%	6.08%
2015	0.04%	-0.81%
2016	6.81%	8.26%
2017	15.46%	13.39%
2018	-4.88%	-5.05%
2019	19.85%	19.59%
2020	13.85%	12.07%
2021	11.44%	12.63%
2022	-15.28%	-14.97%

## HOLDINGS

### HighMark Plus (Active)

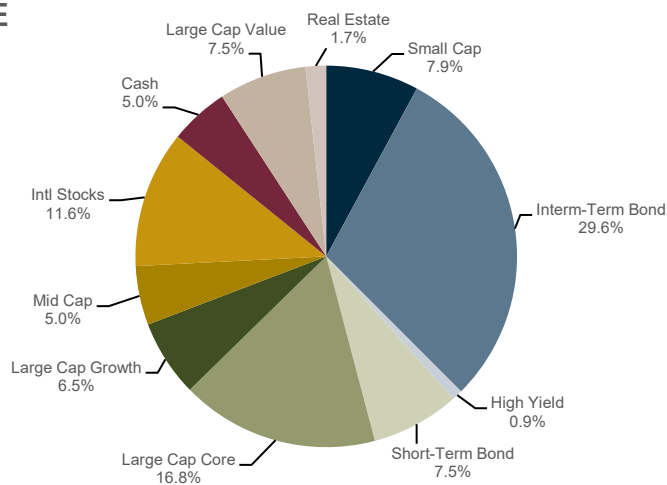
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Emerald Growth Fund-I  
 DFA Large Cap International Portfolio  
 Dodge & Cox International Stock  
 MFS International Growth - R6  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO High Yield Instl  
 Dodge & Cox Income-I  
 PGIM Total Return Bond - R6  
 DoubleLine Core Fixed Income - I  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500 Value ETF  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 iShares Russell 2000 Value ETF  
 iShares Russell 2000 Growth ETF  
 iShares Core MSCI EAFE ETF  
 Vanguard FTSE Emerging Markets ETF  
 Vanguard Short-Term Invest-Grade Adm  
 iShares Core U.S. Aggregate  
 Vanguard High-Yield Corp Adm  
 First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Balanced active and passive objectives.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
 Suite 1600  
 San Francisco, CA 94104  
 800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.7 billion in assets under management\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

### Asset Allocation Committee

Number of Members: 13  
 Average Years of Experience: 29  
 Average Tenure (Years): 17

### Manager Review Group

Number of Members: 4  
 Average Years of Experience: 26  
 Average Tenure (Years): 14

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Advisement ("AUA") are no longer advised by HighMark.

## PARS DIVERSIFIED PORTFOLIOS CAPITAL APPRECIATION

Q2 2023

### WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

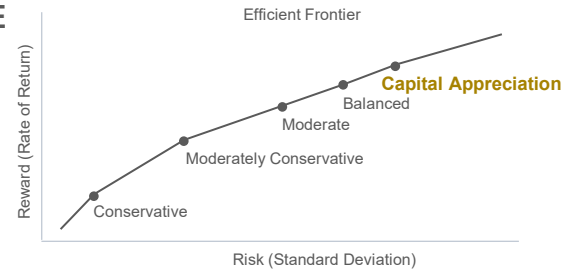
### PORTFOLIO FACTS

#### Consolidated Composite

Composite Inception Date	01/2009
No of Holdings in Portfolio	20

### INVESTMENT OBJECTIVE

To provide growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



### ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	71%
Fixed Income	10 - 30%	20%	23%
Cash	0 - 20%	5%	6%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

	Gross	Net
Current Quarter*	4.52%	4.43%
Blended Benchmark*,**	4.70%	
Year To Date*	9.94%	9.74%
Blended Benchmark*,**	10.31%	
1 Year	11.33%	10.93%
Blended Benchmark**	12.48%	
3 Year	8.19%	7.80%
Blended Benchmark**	8.67%	
5 Year	6.75%	6.36%
Blended Benchmark**	7.15%	
10 Year	7.86%	7.48%
Blended Benchmark**	8.16%	

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM (net), 10.25% MSCI EAFE (net), 16% Bloomberg US Agg, 3% ICE BofA 1-3 Yr US Corp/Gov't, 1% ICE BofA US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

2008	N/A
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.26%
2016	8.79%
2017	16.72%
2018	-5.82%
2019	22.62%
2020	14.50%
2021	14.96%
2022	-16.08%

## HOLDINGS

### HighMark Plus (Active)

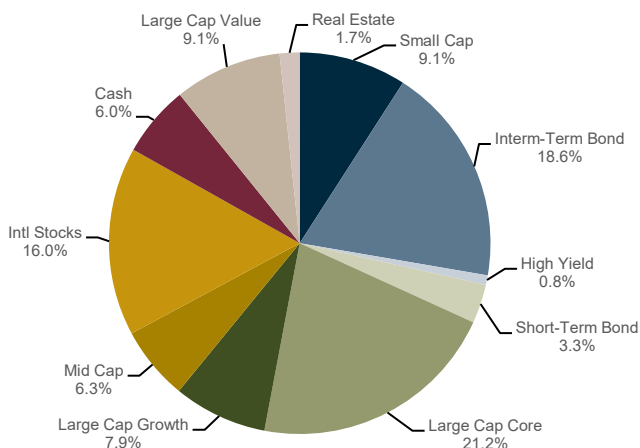
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Emerald Growth Fund-I  
 DFA Large Cap International Portfolio  
 Dodge & Cox International Stock  
 MFS International Growth - R6  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO High Yield Instl  
 Dodge & Cox Income-I  
 PGIM Total Return Bond - R6  
 DoubleLine Core Fixed Income - I  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500 Value ETF  
 iShares S&P 500 Growth ETF  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 iShares Russell 2000 Value ETF  
 iShares Russell 2000 Growth ETF  
 iShares Core MSCI EAFE ETF  
 Vanguard FTSE Emerging Markets ETF  
 Vanguard Short-Term Invest-Grade Adm  
 iShares Core U.S. Aggregate  
 Vanguard High-Yield Corp Adm  
 First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent a size-weighted composite of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Capital Appreciation active and passive objectives.

The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the FDIC or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
 Suite 1600  
 San Francisco, CA 94104  
 800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.7 billion in assets under management\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

### Asset Allocation Committee

Number of Members: 13  
 Average Years of Experience: 29  
 Average Tenure (Years): 17

### Manager Review Group

Number of Members: 4  
 Average Years of Experience: 26  
 Average Tenure (Years): 14

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Advisement ("AUA") are no longer advised by HighMark.