

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

**March 3, 2026  
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 **March 3, 2026, 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) 234-5400 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 LYNDA MAY AT [LMAY@SOCWA.COM](mailto:LMAY@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 949-234-5400. 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: 842 0965 6945  
Passcode: 555994

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+16699006833,, 84209656945#,,,,\*555994# US (San Jose)

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 February 17, 2026

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

4. Use Audit 24/25.....4

**Recommended Action:** Committee Discussion, Direction, or Action

5. FY 26-27 Draft Budget ..... 5

**Recommended Action:** Committee Discussion, Direction, or Action

6. 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 24th day of February 2026.



\_\_\_\_\_  
Lynda May, Assistant Clerk  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**Finance Committee**

**DRAFT**

**February 17, 2026**

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was held on February 17, 2026, 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:

GAVIN CURRAN	City of Laguna Beach	Alternate Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	South Coast Water District	Alternate Director
PAUL PENDER	Santa Margarita Water District	Alternate Director

Staff Participation:

AMBER BOONE	General Manager
JIM BURROR	Deputy GM/Chief Engineer
JACK BECK	Accountant
ANNA SUTHERLAND	Staff Accountant
RONI GRANT	Capital Improvement Program Manager
MATT CLARKE	Chief Technology Officer
LYNDA MAY	Administrative Assistant/ Assistant Secretary
DINA ASH	Human Resources Administrator
JAMES JONES	Operations Superintendent

Also Participating:

KATHRYN FRESHLEY	El Toro Water District
SCOTT GOLDMAN	South Coast Water District
SANDER HUANG	South Coast Water District
RICK SHINTAKU	South Coast Water District
SHANNON ESPINOZA	South Coast Water District
KELSEY DECASAS	Moulton Niguel Water District
MATT COLLINGS	Moulton Niguel Water District
MICHELLE BANNIGAN	City of Laguna Beach
ADRIANA OCHOA	Snell and Wilmer
RACHEL SANDERS	PARS
KEITH STRIBLING	PFM Asset Management
SOPHIA KUO	PUN Group
FRANCES KUO	PUN Group

1. Call Meeting to Order

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

2. Public Comments

None.

3. Approval of Committee Member Request for Remote Participation (Standing Item)

None.

4. Approval of Minutes

- Finance Committee Meeting of January 20, 2026.

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Cafferty to approve the Minutes for January 20, 2026, as submitted.

Motion carried:	Aye 3, Nay 0, Abstained 0, Absent 1
	Director Curran            Absent
	Director Cafferty        Aye
	Director Pender         Aye
	Director Castillo        Aye

5. FY 24-25 Annual Audit Presentation

A presentation was given by the PUN Group on the FY 24-25 Annual Financial Audir. Ms. Boone noted they are working on internal controls as part of the new financial manual and will provide an updated to the SOCWA Board on the disucssion.

6. PARS 115 Trust Presentation

A presentation was given by PARS highlighting the actuarial valuation process. PFM Asset Management discussed the investment strategy and portfolio performance. The committee agreed to wait for the upcoming valuation report by Foster and Foster to reconcile MNWD liabilities contained in the OPEB report.

7. Use Audit Update and Presentation

An open discussion ensued on how the use audit numbers were broken down by agency, with a note on adding more time to reconcile "C/O" allocations due to the reorganization. Adriana Ochoa provided legal context on the withdrawl agreement of Moulton Niguel Water District. The committee agreed on the need for a workshop to address use audit details.

8. FY 26-27 Final Draft O&M Budget

A discussion opened on the pending breakdown of costs by member agency and the impact of the cost allocation policy on these numbers. Staff agreed to present the breakdown at the next budget workshop.

9. Draft Allocation Policy

A brief discussion ensued on the inclusion of the allocation of balance sheet items in the Finance Manual as opposed to the policy with agreement by the Committee. Ms. Boone noted that the cost allocation policy will be finalized after the engineering committee meeting and will be presented to the board in March.

10. Adjournment

There being no further business, Chairperson Pender adjourned the meeting at 12:27 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of February 17, 2026, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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Lynda May/ Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

# Agenda Item

4

**Finance Committee Meeting**

**Meeting Date:** March 3, 2026

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**STAFF CONTACT:** Jack Beck, Accountant  
**SUBJECT:** Use Audit Update and Presentation

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## Summary/Discussion

The Annual Use Audit was presented at the January 10, 2026, Finance Committee meeting. Agencies requested that staff break out the use audit pre and post reorganization to show where the transferred capacity ownership would be allocated to. This agenda item contains the updated Use Audit and Presentation of the information contained in the audit.

**Separate Cover:** Updated Use Audit with "C/O" columns

Use Audit Presentation

# Agenda Item

5

**Finance Committee Meeting**

**Meeting Date:** March 3, 2026

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**SUBJECT:** FY 26-27 Final Draft O&M Budget

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## Summary/Discussion

The draft FY 26-27 budget summary tables are included for review and discussion in an interactive workshop format.

**Recommended Action:** Finance Committee Discussion, Direction, Action

**Attachment:** OPEB Valuation Report

**Under Separate Cover:** FY 26-27 Final Draft O&M Budget Presentation  
FY 26-27 Final Draft O&M Budget template

**DRAFT**

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
RETIREE HEALTHCARE PLAN  
ACTUARIAL VALUATION  
AS OF JANUARY 1, 2025

PLAN FUNDING FOR 2025/26 AND 2026/27



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

November 26, 2025

Jack Beck  
Accountant  
**South Orange County Wastewater Authority**

**Re: South Orange County Wastewater Authority Retiree Healthcare Plan**

Dear Mr. Beck:

We are pleased to present this report of the actuarial valuation of the South Orange County Wastewater Authority Retiree Healthcare Plan. The purpose of this report is to determine the January 1, 2025 funded status and to develop actuarially determined contributions for the applicable plan years. Use of the results for other purposes may not be appropriate.

In conducting the valuation, we have relied on:

- Census data for active employees and retirees supplied by the Authority
- Trust statements prepared by the trustee
- Program benefit design including copies of relevant documents
- Premium, expense, and enrollment data
- Actuarial assumptions and methods described in this report

While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

This valuation report is only an estimate of the plan's financial condition as of a single date and cannot guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of benefits, only the timing of contributions. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Actual medical premiums, participation, and level of coverage different than expected
- Changes in plan provisions or applicable laws
- Changes in actuarial methods or in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used (such as the end of an amortization period)

Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

The actuarial valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In our opinion, the assumptions used in this valuation represent reasonable expectations of anticipated plan experience. The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report are considered an integral part of the actuarial opinions.

The signing actuaries are independent of the plan sponsor. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (650) 377-1600.

Respectfully submitted,

Foster & Foster Consulting Actuaries, Inc.

DRAFT

By: \_\_\_\_\_  
Drew Ballard, FSA, EA, MAAA

DRAFT

By: \_\_\_\_\_  
Tak Frazita, FSA, EA, MAAA

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# SUMMARY OF RESULTS

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The Authority pays a portion of the retiree medical premium based on a percentage (currently 95%) of the average of all health plans (excluding the PERS Platinum Plan) made available to SOCWA employees through the CalPERS Health Program. Employees hired on or after July 1, 2017 are only eligible for the PEMHCA minimum contribution (\$158 in 2025, \$162 in 2026).

In addition, the Authority incurs an “implicit subsidy” since the per capita healthcare costs (expected claims) are higher for pre-Medicare retirees than the blended premium. Actuarial Standards of Practice No. 6 (ASOP 6) requires the implicit subsidy be included in actuarial liabilities for participants in pooled plans. See the Implicit Subsidy Section of this report for additional detail.

The Authority pre-funds with the PARS Balanced portfolio.

Governmental Accounting Standards Board Statement No. 75 accounting information is provided in a separate report.

Valuation Date	January 1, 2025
Discount Rate	5.75%
<b>Participant Data</b>	
• Actives	41
• Benefiting Inactives	51
• Waived Inactives	<u>2</u>
• Total	94
<b>Present Value of Benefits</b>	
• Actives	\$5,712,467
• Retirees	<u>10,963,472</u>
• Total	16,675,939
<b>Actuarial Accrued Liability</b>	
• Actives	3,381,904
• Retirees	<u>10,963,472</u>
• Total	14,345,376
<b>Market Value of Assets</b>	<u>7,317,958</u>
<b>UAAL</b>	7,027,418
<b>Funded Ratio</b>	51.0%
<b>Normal Cost</b>	291,304
<b>Pay-Go Cost</b>	795,025



# CHANGES SINCE PRIOR VALUATION

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## Plan Changes

There have been no plan change since the January 1, 2023 valuation.

## Actuarial Assumption/Method Changes

This is the first valuation of the Authority's retiree medical plan performed by Foster & Foster. The following assumption changes were made:

- Updated the discount rate to 5.75%
- Updated the mortality to the CalPERS 2000-2019 Experience Study assumptions
- Updated PEMHCA and medical trend rates
- Updated participation
- Added family coverage

There have been no method changes since the prior valuation.

# ASSETS

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## Market Value of Plan Assets

	2023	2024
<b>Market Value (Beginning of Year)</b>	\$5,737,543	\$6,623,730
Contributions	3,818	-
Benefit Payments	-	-
Admin. Expenses	(15,168)	(17,589)
Investment Expenses	(18,788)	(21,812)
Investment Earnings	<u>916,325</u>	<u>733,630</u>
<b>Market Value (End of Year)</b>	6,623,730	7,317,958
Approximate Return	15.6%	10.7%

# ASSETS

## Discount Rate Development

	PARS Capital Appreciation	PARS Balanced	PARS Moderate	PARS Moderately Conservative	PARS Conservative
<b>Target Allocation</b>					
Global Equity	75%	60%	50%	30%	15%
Fixed Income	20%	35%	45%	65%	80%
Cash	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Total	100%	100%	100%	100%	100%
<b>Discount Rate</b>					
<b>Confidence Level</b>					
50%	6.25%	5.75%	5.50%	4.50%	4.00%
55%	6.00%	5.50%	5.25%	4.50%	3.75%
60%	5.50%	5.25%	5.00%	4.25%	3.75%

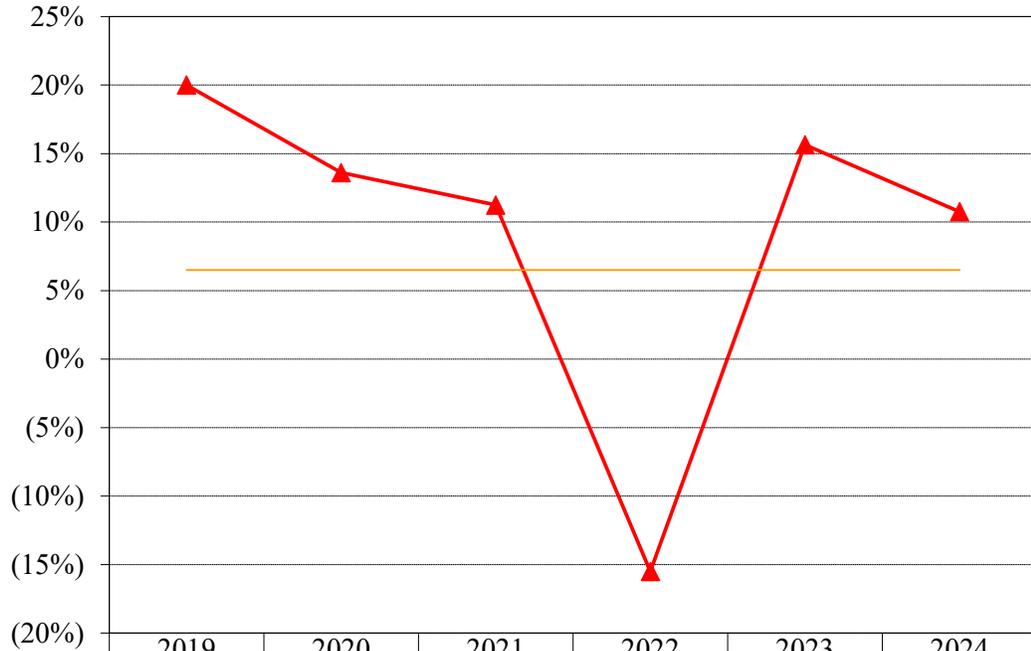
Future expected returns

- Stochastic simulations of geometric average returns over 20 years
- 5,000 trials
- 2.50% inflation assumption

Projections based on 8 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors long-term trends

# ASSETS

## History of Investment Returns



	2019	2020	2021	2022	2023	2024
▲ Market Value	20.0%	13.6%	11.2%	-15.5%	15.6%	10.7%
— Expected Return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

# ACTUARIALLY DETERMINED CONTRIBUTION

Valuation Date	January 1, 2023		January 1, 2025	
	2023/24	2024/25	2025/26	2026/27
Contribution Year				
Discount Rate	6.50%	6.50%	5.75%	5.75%
<b>Actuarially Determined Contribution (ADC)</b>				
Normal Cost <sup>1</sup>	\$272,922	\$309,599	\$291,304	\$275,021
Admin. Expenses	0	0	21,678	23,309
UAAL Amortization	<u>408,874</u>	<u>446,140</u>	<u>633,568</u>	<u>650,991</u>
Total ADC	681,796	755,739	946,550	949,321
Projected Payroll	n/a	n/a	5,513,644	5,665,269
ADC as a % of Projected Payroll	n/a	n/a	17.2%	16.8%
<b>Recommended Trust Contribution</b>				
ADC			\$946,550	\$949,321
Est. Explicit Subsidy Benefits <sup>2</sup>			(680,517)	(731,018)
Est. Implicit Subsidy Benefits			(114,508)	(105,187)
Est. PEMHCA Admin. Fees			<u>(1,752)</u>	<u>(1,961)</u>
<b>Recommended Net Trust Contribution</b>			149,773	111,155

<sup>1</sup> Decrease in normal cost from 2025/26 to 2026/27 reflects the transition of the active population to new Tier 2 members with their lower normal costs as Tier 1 members leave the population.

<sup>2</sup> Table shows projected benefit payments and expenses, but actual amounts (paid outside of the trust) should be substituted.

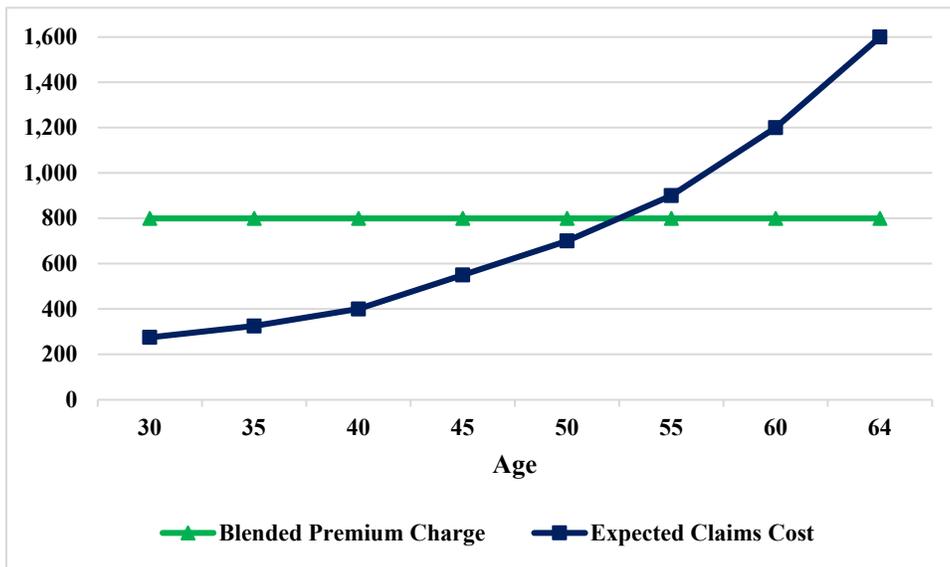
# IMPLICIT SUBSIDY

Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, provides guidance to actuaries when performing actuarial services with respect to measuring obligations under a retiree group benefits program.

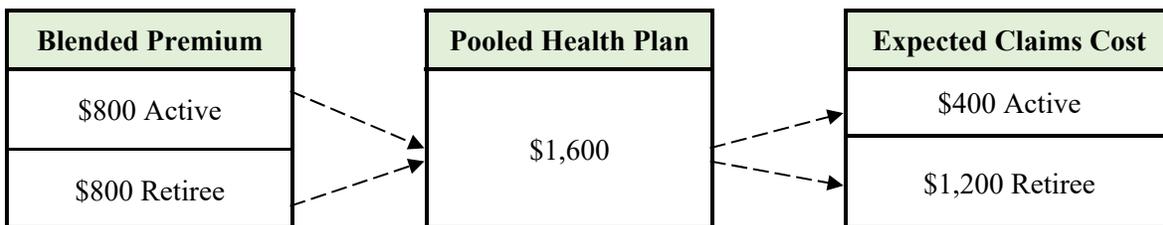
Effective for actuarial valuations of a group participating in a pooled health plan with a measurement date on or after March 31, 2015, ASOP No. 6 advises that in (almost all instances), the actuary should use age-specific costs in the development of the initial per capita costs and in the projection of future benefit plan costs. The implicit subsidy is the difference between the expected age-specific retiree per capita claims cost and the charged premium rate.

In general, for health coverage, benefit costs vary by age. Retiree healthcare costs are, on average, significantly higher than active employees. When claims experience of both active employees and retirees are pooled in determining healthcare premiums, the implicit rate is an inherent subsidy of retiree healthcare costs by active employee healthcare costs due to the blended premium charged.

Retirees are charged a smaller premium than they would be if the premiums were calculated based on retiree-only claims experience, and vice versa for active employees. In a pooled environment, expected retiree claims are covered by premiums charged to the retiree plus an added cost included in active premiums (the active employee premiums are subsidizing the retiree premiums). The blended premium charge represents an “explicit” cost, while the added cost represents an “implicit” cost.



Sample active age 40, retiree age 60:



# DETAILED RESULTS

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## Benefit Payment Projection

<b>Fiscal Year</b>	<b>Explicit Subsidy</b>	<b>Implicit Subsidy</b>	<b>Total Payments</b>
2026	\$680,517	\$114,508	\$795,025
2027	731,018	105,187	836,205
2028	767,885	96,204	864,089
2029	804,294	98,554	902,848
2030	829,061	92,945	922,006
2031	841,748	75,258	917,006
2032	863,539	59,675	923,214
2033	887,104	57,129	944,233
2034	905,854	52,820	958,674
2035	921,804	44,448	966,252

# DETAILED RESULTS

## Actuarial Obligations as of January 1, 2025

	Explicit Subsidy	Implicit Subsidy	Total
<b>Present Value of Benefits</b>			
• Actives	\$5,058,928	\$653,539	\$5,712,467
• Retirees	<u>10,284,449</u>	<u>679,023</u>	<u>10,963,472</u>
• Total	15,343,377	1,332,562	16,675,939
<b>Actuarial Accrued Liability</b>			
• Actives	3,052,045	329,858	3,381,904
• Retirees	<u>10,284,449</u>	<u>679,023</u>	<u>10,963,472</u>
• Total	13,336,494	1,008,881	14,345,376
<b>Normal Cost</b>	255,500	35,804	291,304
<b>Pay-Go Cost</b>	680,517	114,508	795,025

# BENEFIT SUMMARY

Eligibility Retire<sup>3</sup> (service or disability) under CalPERS

Medical Benefit Based on the member hire date:

Tier	Eligibility	Medical Benefit								
1	Hired before 1/1/2017	Authority pays a percentage (currently 95%) of the average premium of all health plans (excluding PERS Platinum) for the coverage elected (single, 2-party, family) <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: left;">Coverage</th> <th style="text-align: left;">2025 Monthly Cap</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Single</td> <td style="text-align: right;">\$ 864.40</td> </tr> <tr> <td style="text-align: left;">2-Party</td> <td style="text-align: right;">1,728.80</td> </tr> <tr> <td style="text-align: left;">Family</td> <td style="text-align: right;">2,247.43</td> </tr> </tbody> </table>	Coverage	2025 Monthly Cap	Single	\$ 864.40	2-Party	1,728.80	Family	2,247.43
Coverage	2025 Monthly Cap									
Single	\$ 864.40									
2-Party	1,728.80									
Family	2,247.43									
2	Hired on or after 1/1/2017	Authority pays the PEMHCA minimum amount. <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="text-align: left;">Year</th> <th style="text-align: left;">PEMHCA Monthly Benefit</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">2025</td> <td style="text-align: right;">\$158</td> </tr> <tr> <td style="text-align: left;">2026</td> <td style="text-align: right;">162</td> </tr> </tbody> </table>	Year	PEMHCA Monthly Benefit	2025	\$158	2026	162		
Year	PEMHCA Monthly Benefit									
2025	\$158									
2026	162									

Surviving Spouse Benefit Retiree benefit paid to surviving spouse of retiree who elected CalPERS joint and survivor payment option

Dental & Vision None

Life Insurance None

<sup>3</sup> Age 50 and 5 years for Miscellaneous First/Second Tier retirees, age 52 and 5 years for Miscellaneous PEPPA retirees



# PREMIUMS

## PREMIUMS

### Region 2 PEMHCA Monthly Medical Premiums

#### Non-Medicare Eligible

Medical Plan	2025			2026		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 919.00	\$ 1,838.00	\$ 2,389.40	\$ 1,016.32	\$ 2,032.64	\$ 2,642.43
Anthem Traditional	1,110.97	2,221.94	2,888.52	1,158.26	2,316.52	3,011.48
Blue Shield Access+	948.53	1,897.06	2,466.18	1,052.89	2,105.78	2,737.51
Blue Shield Trio	909.10	1,818.20	2,363.66	936.58	1,873.16	2,435.11
Health Net Salud y Más	823.49	1,646.98	2,141.07	879.57	1,759.14	2,286.88
Kaiser	944.34	1,888.68	2,455.28	987.69	1,975.38	2,567.99
Sharp	868.45	1,736.90	2,257.97	916.20	1,832.40	2,382.12
UnitedHealthcare Alliance	890.66	1,781.32	2,315.72	950.99	1,901.98	2,472.57
UnitedHealthcare Harmony	819.64	1,639.28	2,131.06	857.14	1,714.28	2,228.56
PERS Platinum	1,258.76	2,517.52	3,272.78	1,426.24	2,852.48	3,708.22
PERS Gold	864.75	1,729.50	2,248.35	956.28	1,912.56	2,486.33

#### Medicare Eligible

Medical Plan	2025			2026		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Medicare Preferred	\$ 487.56	\$ 975.12	\$ 1,462.68	\$ 571.70	\$ 1,143.40	\$ 1,715.10
Blue Shield Medicare	448.28	896.56	1,344.84	539.43	1,078.86	1,618.29
Kaiser Senior Advantage	343.08	686.16	1,029.24	356.83	713.66	1,070.49
Kaiser SA Summit	408.31	816.62	1,224.93	426.31	852.62	1,278.93
Sharp	272.44	544.88	817.32	291.38	582.76	874.14
UnitedHealthcare MA	442.25	884.50	1,326.75	481.29	962.58	1,443.87
PERS Platinum	584.70	1,169.40	1,754.10	665.50	1,331.00	1,996.50
PERS Gold	546.13	1,092.26	1,638.39	597.57	1,195.14	1,792.71



# ACTUARIAL ASSUMPTIONS AND METHODS

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## Actuarial Assumptions

Valuation Date	January 1, 2025
Contribution Years	2025/26 and 2026/27
Funding Policy	Authority contributes on a pay-as-you-go basis
Discount Rate	5.75% per year based on long-term expected net return on assets (previously 6.50%)
General Inflation	2.50% per year (previously 2.80%)
Implicit Subsidy	Due to age-risk adjusted federal subsidies, no age-based claims costs were included for Medicare Advantage plans  No age-based claims cost included after Medicare eligibility for PEMHCA minimum only retirees.
Mortality, Retirement, Withdrawal, and Disability Rates	CalPERS 2000-2019 Experience Study  Previously used the SOA Pub-2010 mortality tables
Projected Mortality Improvement	Mortality projected fully generational with Scale MP-2021 (previously Scale MP-2020)
Administrative Fees	Included in ADC  <u>PARS:</u> 0.25% of assets  <u>PEMHCA:</u> 0.25% of PEMHCA premiums based on a 5-year average
PEMHCA Minimum Increase	3.50% annually (previously 4.00%)
Contribution Cap Increase	Medical Trend
Aggregate Payroll Increases	2.75% per year (previously 2.80%)
Merit and Longevity Payroll Increases	CalPERS 2000-2019 Experience Study
Participation at Retirement	100% for Tier 1 benefit, 50% for Tier 2 benefit  Previously 100% for all future retirees.

# ACTUARIAL ASSUMPTIONS AND METHODS

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Medical Plan at Retirement	<p><u>Future retirees:</u> Weighted average of the current medical plans similar to the current retiree distribution</p> <p><u>Current retirees:</u> Same as current plan election</p>
Waived Retiree Re-election	None
Spouse Coverage	Current election if covered, 65% if waived
Spouse Age	<p><u>Actives:</u> Males 3 years older than females</p> <p><u>Retirees:</u> Males 3 years older than females if spouse birth date not provided</p>
Family Coverage at Retirement	<p><u>Pre-65:</u> Actives - 20% until age 65 Retirees - Same as current coverage until age 65</p> <p><u>Post-65:</u> None</p>
Medicare Eligibility Rate	100% eligible for Medicare at age 65

# ACTUARIAL ASSUMPTIONS AND METHODS

## Medical Trend Rates (increases from prior year)

Year	January 1, 2023 Valuation		January 1, 2025 Valuation		
	Non-Medicare	Medicare	Non-Medicare	Non-Kaiser Medicare	Kaiser Medicare
2023	Actual Premiums			n/a	
2024	Actual Premiums			n/a	
2025	8.00%	6.50%		Actual Premiums	
2026	7.75%	6.25%		Actual Premiums	
2027	7.50%	6.00%	7.35%	6.50%	5.45%
2028	7.25%	5.75%	6.75%	6.10%	5.25%
2029	7.00%	5.50%	6.20%	5.70%	5.05%
2030	6.75%	5.25%	5.60%	5.25%	4.85%
2031	6.50%	5.00%	5.05%	4.85%	4.65%
2032	6.25%	4.75%	4.45%	4.45%	4.45%
2033	6.00%	4.50%	4.45%	4.45%	4.45%
2034	5.75%	4.50%	4.45%	4.45%	4.45%
2035	5.50%	4.50%	4.45%	4.45%	4.45%
2036	5.25%	4.50%	4.45%	4.45%	4.45%
2037	5.00%	4.50%	4.45%	4.45%	4.45%
2038	4.75%	4.50%	4.45%	4.45%	4.45%
2039-40	4.50%	4.50%	4.35%	4.35%	4.35%
2041	4.50%	4.50%	4.30%	4.30%	4.30%
2042-44	4.50%	4.50%	4.25%	4.25%	4.25%
2045-47	4.50%	4.50%	4.20%	4.20%	4.20%
2048-50	4.50%	4.50%	4.15%	4.15%	4.15%
↓	↓	↓	↓	↓	↓
2076+	4.50%	4.50%	3.45%	3.45%	3.45%

# ACTUARIAL ASSUMPTIONS AND METHODS

## PEMHCA Region 2 - 2026 Sample Medical Claims Cost

Non-Medicare Eligible								
Age	<u>Anthem Select</u>		<u>Anthem Trad.</u>		<u>BS Access+</u>		<u>BS Trio</u>	
	M	F	M	F	M	F	M	F
25	\$390	\$620	\$445	\$706	\$404	\$642	\$360	\$571
35	501	851	571	970	519	882	461	785
45	699	918	796	1,047	724	951	644	846
55	1,077	1,173	1,227	1,337	1,115	1,215	992	1,081
60	1,344	1,353	1,532	1,542	1,393	1,402	1,239	1,247
64	1,591	1,536	1,813	1,751	1,648	1,592	1,466	1,416

Non-Medicare Eligible								
Age	<u>Kaiser</u>		<u>Sharp</u>		<u>UHC Alliance</u>		<u>UHC Harmony</u>	
	M	F	M	F	M	F	M	F
25	\$379	\$602	\$352	\$559	\$365	\$580	\$329	\$523
35	487	827	451	767	468	797	422	718
45	679	892	630	828	654	859	589	775
55	1,046	1,140	971	1,058	1,008	1,098	908	989
60	1,306	1,315	1,212	1,220	1,258	1,266	1,134	1,141
64	1,546	1,493	1,434	1,385	1,488	1,438	1,342	1,296

Non-Medicare Eligible				
Age	<u>PERS Platinum</u>		<u>PERS Gold</u>	
	M	F	M	F
25	\$514	\$804	\$392	\$632
35	654	1,097	507	874
45	904	1,181	715	944
55	1,381	1,503	1,110	1,210
60	1,719	1,730	1,389	1,399
64	2,031	1,962	1,647	1,590

Medicare Eligible				
Age	<u>PERS Platinum</u>		<u>PERS Gold</u>	
	M	F	M	F
65	\$608	\$582	\$546	\$523
75	701	672	630	604
85	715	696	642	625

# ACTUARIAL ASSUMPTIONS AND METHODS

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## Actuarial Methods

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Cost Method	Entry Age Normal
Actuarial Value of Assets	Set equal to Market Value of Assets
Amortization Method	Level percent of payroll with payroll increasing 2.75% per year
Amortization Period	Fiscal year 2025/26, 14 years remaining

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# ACTUARIAL ASSUMPTIONS AND METHODS

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## Basis for Assumptions

- CalPERS November 2021 experience study covering 2000 to 2019 experience was used since covered employees are in CalPERS
- Mortality improvement based on Society of Actuaries table
- Inflation based on our estimate for the Plan's very long-time horizon
- Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms
- Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends
- Age-based claims costs were based on tables published by the Society of Actuaries and demographic data for the CalPERS health plans provided by CalPERS.
- Other demographic assumptions are based on our best estimates, taking into account the limited experience of this plan and other similarly situated plans.

# PARTICIPANT STATISTICS

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## Active Participant Statistics

	January 1, 2023	January 1, 2025
Count	54	41
Average Age	43.7	45.7
Average Service		
• Authority	9.0	8.9
• CalPERS	n/a	10.9
Payroll	n/a	\$5,294,000

## Retiree Participant Statistics

	January 1, 2023	January 1, 2025
Count	50	53
Average Age	67.3	69.1
Average Retirement Age		
• Service Retirement	n/a	59.0
• Disability	n/a	56.3

# PARTICIPANT STATISTICS

## Active Age and Service Distribution

Age	Authority Service						Total	
	0	1-4	5-9	10-14	15-19	20-24		25+
Under 25	-	-	-	-	-	-	-	-
25-29	-	4	-	-	-	-	-	4
30-34	1	1	2	1	-	-	-	5
35-39	-	2	2	3	-	-	-	7
40-44	-	3	3	1	-	-	-	7
45-49	-	1	1	1	-	-	-	3
50-54	-	1	-	1	-	-	-	2
55-59	-	1	-	3	-	2	-	6
60-64	-	-	2	-	1	2	-	5
65+	-	-	1	1	-	-	-	2
<b>Total</b>	<b>1</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>41</b>

## Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	2	1	3	-	6
Blue Shield Access+	-	1	-	-	1
Blue Shield Trio	1	-	-	-	1
Kaiser	5	1	4	-	10
Sharp	-	-	1	-	1
UnitedHealthcare Alliance	1	1	3	-	5
PERS Platinum	-	-	1	-	1
PERS Gold	5	4	5	-	14
Waived	-	-	-	2	2
<b>Total</b>	<b>14</b>	<b>8</b>	<b>17</b>	<b>2</b>	<b>41</b>



# PARTICIPANT STATISTICS

## Retiree Medical Coverage - Under Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+	-	1	-	-	1
Kaiser	-	1	2	-	3
PERS Platinum	2	3	1	-	6
PERS Gold	1	1	2	-	4
Waived	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>-</b>	<b>14</b>

## Retiree Medical Coverage - Over Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Medicare Preferred	2	1	-	-	3
Blue Shield Medicare	1	1	-	-	2
Kaiser Senior Advantage	3	2	-	-	5
Kaiser Senior Advantage Summit	-	1	-	-	1
UnitedHealthcare MA	2	7	-	-	9
PERS Platinum	7	6	2	-	15
PERS Gold	1	1	-	-	2
Waived	-	-	-	2	2
<b>Total</b>	<b>16</b>	<b>19</b>	<b>2</b>	<b>2</b>	<b>39</b>

## Retiree Age Distribution

Age	Count
Under 50	-
50-54	-
55-59	3
60-64	11
65-69	16
70-74	14
75-79	5
80-84	3
85+	1
<b>Total</b>	<b>53</b>

# PARTICIPANT STATISTICS

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## Medical Plan Participation (Non-Waived)

Medical Plan	Actives	Retirees	
		Pre-65	Post-65
Anthem Select	15%	0%	8%
Blue Shield Access+	3%	7%	5%
Blue Shield Trio	2%	0%	0%
Kaiser / Senior Advantage	26%	21%	14%
Kaiser SA Summit	n/a	n/a	3%
Sharp	2%	0%	0%
UnitedHealthcare	13%	0%	24%
PERS Platinum	3%	43%	41%
PERS Gold	36%	29%	5%
Total	100%	100%	100%



# GLOSSARY

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Actuarial Accrued Liability (AAL)	The portion of the actuarial present value of benefits, as determined under a particular actuarial cost method that is not provided for by future normal costs.
Actuarial Cost Method	A procedure for allocating the actuarial present value of projected benefits (and expenses, if applicable) to time periods, usually in the form of a normal cost and an actuarial accrued liability.
Actuarial Gain/Loss	A measure of the difference between actual experience and expected experience based on a set of actuarial assumptions during the period between two actuarial valuation dates.
Actuarial Value of Assets	The asset value used in the valuation to determine the actuarially determined contribution. It represents the plan's market value of assets with adjustments according to the plan's actuarial asset method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the market value of assets.
Actuarially Determined Contribution (ADC)	A target or recommended contribution as determined by the actuary for the applicable plan year. This is typically comprised of the normal cost (and expenses, if applicable) plus a UAAL amortization payment, adjusted for interest according to the timing of contributions during the applicable plan year.
Amortization Method	A method for determining the amount, timing, and pattern of recognition of the unfunded actuarial accrued liability
Discount Rate	The estimated long-term net expected return on assets used to determine the actuarial present value of benefits.
Entry Age Actuarial Cost Method	Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is determined by allocating the actuarial present value of benefits on a level basis between the entry age and assumed exit age(s).

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# GLOSSARY

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Medical Trend Rate	The expected annual rate of change in per capita health claims cost due to factors such as inflation, medical inflation, utilization, technological improvements, and plan design. Aging factors are not reflected in trend rates.
Normal Cost	The portion of the actuarial present value of benefits which represents the current year's cost for benefits yet to be funded.
Present Value of Benefits	The discounted value of benefits that are expected to be paid in the future, determined as of a given date by the application of a particular set of assumptions with regard to future events.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the actuarial accrued liability and the actuarial value of assets.



**DRAFT**

**South Orange County Wastewater Authority  
Retiree Healthcare Plan**



**June 30, 2025 GASBS 75 Accounting Information**  
As of Measurement Date June 30, 2025  
Based on the January 1, 2025 Actuarial Valuation

Drew Ballard, FSA, EA, MAAA  
Tak Frazita, FSA, EA, MAAA  
Joseph Herm  
**Foster & Foster, Inc.**

November 26, 2025

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## Applicable Dates

### Applicable Dates and Periods

	<b>Fiscal Year Ended June 30, 2025</b>
■ Measurement date	June 30, 2025
■ Measurement period	July 1, 2024 to June 30, 2025
■ Actuarial valuation date	January 1, 2025

Update procedures were used to roll forward the Total OPEB Liability from the valuation date (January 1, 2025) to the measurement date (June 30, 2025).



## Note Disclosures

### Plan Information

	<b>Fiscal Year Ended June 30, 2025</b>
■ Plan type	Agent Multiple Employer
■ OPEB trust	Yes
■ Special funding situation	No
■ Nonemployer contributing entities	No



**Note Disclosures**

**Expected Long-Term Rate of Return**

	<b>Target Allocation PARS-Balanced</b>	<b>Expected Real Rate of Return</b>
<ul style="list-style-type: none"> <li>■ Asset Class Component                             <ul style="list-style-type: none"> <li>● Global Equity</li> <li>● Fixed Income</li> <li>● Cash</li> </ul> </li> </ul>	60% 35% 5%	4.56% 0.78% (0.50%)
■ Assumed Long-Term Rate of Inflation		2.50%
■ Expected Long-Term Net Rate of Return, Rounded		5.75%

The long-term expected real rates of return are presented as geometric means.



**Note Disclosures**

**Covered Participants\***

At June 30, 2025, the measurement date, the following numbers of participants were covered by the benefit terms:

	<b>Number of Covered Participants</b>
■ Inactives currently receiving benefits	53
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	40
■ Total	93

\* As reported by the Authority.



**Note Disclosures**

**Net OPEB Liability/(Asset)**

	<b>Fiscal Year Ended</b>	
	<b>6/30/24</b>	<b>6/30/25</b>
■ Total OPEB Liability (TOL)	\$ 12,001,605	\$ 14,499,764
■ Fiduciary Net Position (FNP)*	7,038,273	7,750,994
■ Net OPEB Liability (NOL)	4,963,332	6,748,770
■ Funded status (FNP/TOL)	58.6%	53.5%

\* Asset information is from asset reconciliation provided by PARS.



**Note Disclosures**

**Changes in Net OPEB Liability/(Asset)**

	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
■ Balance at 6/30/24	\$ 12,001,605	\$ 7,038,273	\$ 4,963,332
■ Changes for the year			
● Service Cost	290,703	-	290,703
● Interest	773,131	-	773,131
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	424,630	-	424,630
● Assumption changes	1,805,672	-	1,805,672
● Contributions - employer*	-	795,977	(795,977)
● Contributions - employee	-	-	-
● Net investment income	-	731,082	(731,082)
● Benefit payments*	(795,977)	(795,977)	-
● Administrative expenses	-	(18,361)	18,361
■ Net Changes	2,498,159	712,721	1,785,438
■ Balance at 6/30/25	\$ 14,499,764	\$ 7,750,994	\$ 6,748,770

\* See the measurement period column on page 20 for details.



**Note Disclosures**

**Sensitivity of Net OPEB Liability/(Asset)**

■ **Changes in the Discount Rate**

	<b>Discount Rate</b>		
	<b>1% Decrease (4.75%)</b>	<b>Current Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
■ Net OPEB Liability	\$ 8,657,807	\$ 6,748,770	\$ 5,175,002

■ **Changes in the Healthcare Trend Rate**

	<b>Healthcare Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
■ Net OPEB Liability	\$ 5,004,867	\$ 6,748,770	\$ 8,884,619



**Note Disclosures**

**OPEB Expense/(Income) for Fiscal Year**

	<b>2024/25</b>
■ OPEB Expense/(Income)*	\$ 873,523

\* See page 26 for OPEB expense/(income) detail, which is not a required disclosure.



**Note Disclosures**

**Deferred Outflows/Inflows Balances at June 30, 2025**

	<b>June 30, 2025</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
■ Differences between expected and actual experience	\$ 728,283	\$ 503,858
■ Changes in assumptions	1,989,626	69,147
■ Net difference between projected and actual earnings on plan investments*	-	285,140
■ Employer contributions made subsequent to the measurement date	N/A	-
■ Total	2,717,909	858,145

\* Deferred Inflows and Outflows combined for footnote disclosure.



**Note Disclosures**

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

<b>FYE June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
■ 2026	\$ 464,052
■ 2027	199,399
■ 2028	229,962
■ 2029	387,529
■ 2030	330,267
■ Thereafter	248,555



**Note Disclosures**

**Significant Actuarial Assumptions Used for Total OPEB Liability**

Actuarial Assumption	June 30, 2025 Measurement Date
■ Actuarial Valuation Date	■ January 1, 2025
■ Contribution Policy	■ Authority contributes on a pay-as-you-go basis ■ Benefits paid outside the trust and not reimbursed
■ Discount Rate and Long-Term Expected Rate of Return on Assets	■ 5.75% at June 30, 2025 ■ 6.50% at June 30, 2024 ■ Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.50% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 2000-2019 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021



**Note Disclosures**

**Significant Actuarial Assumptions Used for Total OPEB Liability**

Actuarial Assumption	June 30, 2025 Measurement Date
■ Salary Increases	■ Aggregate - 2.75% annually ■ Merit - CalPERS 2000-2019 Experience Study
■ Medical Trend	■ Non-Medicare - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Non-Kaiser) - 6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare (Kaiser) - 5.45% for 2027, decreasing to an ultimate rate of 3.45% in 2076
■ PEMHCA Minimum Increases	■ 3.50% annually
■ Cap Increases	■ 95% of average premium cap - Non-Medicare healthcare trend
■ Healthcare Participation for Future Retirees	■ Hired before 1/1/2017 - 100% ■ Hired on or after 1/1/2017 - 50%



**Note Disclosures**

**Changes Since June 30, 2024 Measurement Date**

	<b>June 30, 2025 Measurement Date</b>
■ Changes of assumptions	<ul style="list-style-type: none"> <li>■ Discount rate was updated to 5.75%</li> <li>■ Updated medical and PEMHCA minimum trend</li> <li>■ Updated mortality to CalPERS 2000-2019 Experience Study</li> <li>■ Updated participation for those hired on or after January 1, 2017</li> <li>■ Added family coverage at retirement</li> </ul>
■ Changes of benefit terms	■ None



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios**

	<b>2024/25</b>
■ Changes in Total OPEB Liability	
● Service Cost	\$ 290,703
● Interest	773,131
● Changes of benefit terms	-
● Actual vs. expected experience	424,630
● Assumption changes	1,805,672
● Benefit payments	(795,977)
■ Net Changes	2,498,159
■ Total OPEB Liability (beginning of year)	12,001,605
■ Total OPEB Liability (end of year)	14,499,764



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios**

	<b>2024/25</b>
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 795,977
● Contributions - employee	-
● Net investment income	731,082
● Benefit payments	(795,977)
● Administrative expenses	(18,361)
● Other changes	-
● Net Changes	712,721
■ Plan Fiduciary Net Position (beginning of year)	7,038,273
■ Plan Fiduciary Net Position (end of year)	7,750,994



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios**

	<b>2024/25</b>
	<b>Measurement Date 6/30/25</b>
■ Net OPEB Liability/(Asset)	\$ 6,748,770
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	53.5%
■ Covered employee payroll*	6,603,902
■ Net OPEB Liability as a percentage of covered employee payroll	102.2%

\* For the 12-month period ended on June 30, 2025 (Measurement Date).  
As reported by the Authority.



**Required Supplementary Information**

**Schedule of Employer Contributions**

	<b>Fiscal Year 2024/25</b>
■ Actuarially Determined Contribution (ADC)	\$ 755,739
■ Contributions in relation to the actuarially determined contribution*	795,977
■ Contribution deficiency/(excess)	(40,238)
■ Covered employee payroll**	6,603,902
■ Contributions as a percentage of covered employee payroll	12.1%

\* See page 20 for details.

\*\* For the 12-month period ended on June 30, 2025 (fiscal year end).  
As reported by the Authority.



**Required Supplementary Information**

**Notes to Schedule of Employer Contribution  
Methods and Assumptions for  
2024/25 Actuarially Determined Contribution**

■ Valuation Date	■ January 1, 2023
■ Actuarial Cost Method	■ Entry Age Normal, Level % of pay
■ Amortization Method	■ Level % of pay
■ Amortization Period	■ 15-year fixed period for 2024/25
■ Asset Valuation Method	■ Market value of assets
■ Discount Rate	■ 6.50%
■ Medical Trend	■ Non-Medicare - 8.00% for 2025, decreasing to an ultimate rate of 4.50% in 2039 ■ Medicare - 6.50% for 2025, decreasing to an ultimate rate of 4.50% in 2033



## Actuarial Certification

This report presents the South Orange County Wastewater Authority Retiree Healthcare Plan 2024/25 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). This report may not be appropriate for other purposes, although it may be useful to the Authority for the Plan's financial management.

This report is based on information provided by the Authority which we relied on and did not audit. Additional information on the actuarial valuation can be found in the January 1, 2025 actuarial valuation report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

The Journal Entries in this report are provided for the Authority's convenience and are not an actuarial communication. Therefore, this actuarial certification does not apply to the Journal Entries.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices and complies with applicable Actuarial Standards of Practice. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As the actuary, we have recommended the assumptions used in this report, and we believe they are reasonable. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

**DRAFT**

**DRAFT**

\_\_\_\_\_  
Drew Ballard, FSA, EA, MAAA  
Foster & Foster, Inc.  
November 26, 2025

\_\_\_\_\_  
Tak Frazita, FSA, EA, MAAA  
Foster & Foster, Inc.  
November 26, 2025



November 26, 2025 (DRAFT)

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South Orange County Wastewater Authority

## Supporting Calculations

### Employer Contributions

	Measurement Period
	7/1/24 to 6/30/25
■ Cash benefit payments	\$ 615,004
■ Implicit subsidy benefit payments	180,973
■ Total benefit payments	795,977
■ Benefit payments reimbursed from trust	-
■ Benefit payments paid outside of trust	795,977
■ Non-trust admin expenses	-
■ Non-trust admin expenses reimbursed from trust	-
■ Trust contributions	-
■ Total employer contributions	795,977

Measurement period (7/1/24 to 6/30/25): \$795,977

Fiscal year (7/1/24 to 6/30/25): \$795,977



November 26, 2025 (DRAFT)

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South Orange County Wastewater Authority

## Supporting Calculations

### Average of the Expected Remaining Service Lives

July 1, 2024 (beginning of the measurement period) was not a valuation date and no census data was available to the actuary as of that date. Therefore, the average of the expected remaining service lives was estimated as follows:

Valuation Date	Total expected remaining service lives*	Covered participants*	Average of the expected remaining service lives as of valuation date	Average of the expected remaining service lives as of 7/1/24 (not less than 1 yr)
1/1/25	516.7 years	92	5.6 years	5.6 years

\* Participants with no liability excluded for the purpose of calculating the average.



## Supporting Calculations

### Recognition of Deferred Outflows/Inflows at June 30, 2025 Differences between Expected and Actual Experience

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	(840,090)	8.0	(105,011)	(105,011)	(105,011)	(105,013)	-	-	-	-	(315,035)
21/22	(377,647)	8.0	(47,206)	(47,206)	(47,206)	(47,206)	(47,205)	-	-	-	(188,823)
22/23	217,884	9.0	24,209	24,209	24,209	24,209	24,209	24,209	24,212	145,257	-
23/24	292,779	10.0	29,278	29,278	29,278	29,278	29,278	29,278	87,833	234,223	-
24/25	424,630	5.6	75,827	75,827	75,827	75,827	75,827	45,495	-	348,803	-
Total			(22,903)	(22,903)	(22,903)	(22,905)	82,109	98,982	112,045	728,283	(503,858)



## Supporting Calculations

### Recognition of Deferred Outflows/Inflows at June 30, 2025 Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	297,733	8.0	37,217	37,217	37,217	37,214	-	-	-	111,648	-
21/22	-	-	-	-	-	-	-	-	-	-	-
22/23	(103,722)	9.0	(11,525)	(11,525)	(11,525)	(11,525)	(11,525)	(11,525)	(11,522)	-	(69,147)
23/24	493,433	10.0	49,343	49,343	49,343	49,343	49,343	49,343	148,032	394,747	-
24/25	1,805,672	5.6	322,441	322,441	322,441	322,441	322,441	193,467	-	1,483,231	-
<b>Total</b>			397,476	397,476	397,476	397,473	360,259	231,285	136,510	1,989,626	(69,147)



## Supporting Calculations

### Recognition of Deferred Outflows/Inflows at June 30, 2025 Projected Versus Actual Earnings on Investments

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2025	
			24/25	25/26	26/27	27/28	28/29	29/30	30/31+	Outflows	(Inflows)
20/21	(1,079,171)	5.0	(215,835)	-	-	-	-	-	-	-	-
21/22	1,323,263	5.0	264,653	264,651	-	-	-	-	-	264,651	-
22/23	(152,832)	5.0	(30,566)	(30,566)	(30,568)	-	-	-	-	-	(61,134)
23/24	(448,840)	5.0	(89,768)	(89,768)	(89,768)	(89,768)	-	-	-	-	(269,304)
24/25	(274,191)	5.0	(54,838)	(54,838)	(54,838)	(54,838)	(54,839)	-	-	-	(219,353)
<b>Total</b>			(126,354)	89,479	(175,174)	(144,606)	(54,839)	-	-	264,651	(549,791)
<b>Net Deferred Outflows/(Inflows)</b>										-	(285,140)

Calculation of initial amount for 2024/25:

Projected earnings on investments of \$456,891 (page 27), less

Actual earnings on investments of \$731,082 (net investment income, page 15)



**Supporting Calculations**

**Recognition of Deferred Outflows/Inflows in Future OPEB Expense**

	25/26	26/27	27/28	28/29	29/30	Thereafter 30/31+
■ Differences between Expected and Actual Experience	(22,903)	(22,903)	(22,905)	82,109	98,982	112,045
■ Changes of Assumptions	397,476	397,476	397,473	360,259	231,285	136,510
■ Projected Versus Actual Earnings on Investments	89,479	(175,174)	(144,606)	(54,839)	-	-
■ Total	464,052	199,399	229,962	387,529	330,267	248,555



**Supporting Calculations**

**Components of GASBS 75 OPEB Expense**

	2024/25
■ Service Cost	\$ 290,703
■ Interest on Total OPEB Liability	773,131
■ Projected earnings on investments	(456,891)
■ Employee contributions	-
■ Administrative expense	18,361
■ Changes of benefit terms	-
■ Recognition of deferred outflows/(inflows)	
● Experience	(22,903)
● Assumptions	397,476
● Asset returns	(126,354)
■ OPEB Expense/(Income)	873,523



**Supporting Calculations**

**Components of GASBS 75 OPEB Expense\***  
**Calculation of Projected Earnings on Investments**  
**2024/25 Measurement Period**

	Dollar Amount	Expected Return	Portion of Year	Projected Earnings
■ Fiduciary Net Position (beginning of year)	\$ 7,038,273	6.50%	100%	\$ 457,488
■ Employer contributions	-	6.50%	0%	-
■ Employee contributions	-	6.50%	0%	-
■ Disbursements	-	6.50%	0%	-
■ Administrative expenses	(18,361)	6.50%	50%	(597)
■ Projected earnings				<u>456,891</u>

\* The items on this page reflect trust activity only.



**Supporting Calculations**

**Components of GASBS 75 OPEB Expense**  
**Calculation of Interest on Total OPEB Liability**  
**2024/25 Measurement Period**

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 12,001,605	6.50%	100%	\$ 780,104
■ Service Cost	290,703	6.50%	100%	18,896
■ Changes of benefit terms	-	6.50%	0%	-
■ Experience*	424,630	6.50%	0%	-
■ Assumption changes*	1,805,672	6.50%	0%	-
■ Benefit payments	(795,977)	6.50%	50%	(25,869)
■ Total interest				<u>773,131</u>

\* Liability determined as of the end of the measurement period, so no interest charge is applicable.



**Supporting Calculations**

**GASBS 75 Balance Equation**

	<b>Fiscal Year Ended</b>	
	<b>6/30/24</b>	<b>6/30/25</b>
■ Total OPEB Liability	\$ 12,001,605	\$ 14,499,764
■ Fiduciary Net Position	7,038,273	7,750,994
■ Net OPEB Liability/(Asset)	4,963,332	6,748,770
■ Deferred inflows of resources	874,050	858,145
■ Deferred (outflows) of resources	(1,025,922)	(2,717,909)
■ Balance Sheet	4,811,460	4,889,006

Check:

■ Balance Sheet 6/30/24	\$ 4,811,460
● OPEB Expense/(Income)	873,523
● Employer Contributions*	(795,977)
■ Balance Sheet 6/30/25	4,889,006

\* See the measurement period column on page 20 for details.



**Supporting Calculations**

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**Journal Entries**

**Employer Contributions**

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to OPEB Expense when paid, and that no accounting entries have been made for the current year implicit subsidy payment, which is recorded as a reduction to active employee health care costs. See page 20 for details.

Following records the impact of employer contributions

	<b>Debit</b>	<b>(Credit)</b>
■ Net OPEB Liability - (for contributions paid 7/1/24 to 6/30/25)	\$ 795,977	\$ -
■ Deferred Outflow - 6/30/24 to 6/30/24 contributions	-	-
■ Deferred Outflow - 6/30/25 to 6/30/25 contributions	-	-
■ Active employee health care costs - (implicit subsidy payments 7/1/24 to 6/30/25)	-	(180,973)
■ OPEB Expense - (for contributions paid 7/1/24 to 6/30/25)	-	(615,004)
<i>Check</i>	<i>795,977</i>	<i>(795,977)</i>



**Journal Entries**

**Summary Journal Entries - OPEB Expense**

Following records the impact of current year OPEB expense

	<b>Debit</b>	<b>(Credit)</b>
■ Deferred Outflows*	\$ 1,691,987	\$ -
■ Deferred Inflows**	163,742	(147,837)
■ OPEB Expense/Credit	873,523	-
■ Net OPEB Liability	-	(2,581,415)
<i>Check</i>	<i>2,729,252</i>	<i>(2,729,252)</i>

\* See page 34 ('Subtotal' row) for details.

\*\* See page 35 for details.



**Journal Entries**

**Ending Balances at June 30, 2025**

	<b>Debit</b>	<b>(Credit)</b>
■ Deferral: Differences between expected and actual experience	\$ 728,283	\$ (503,858)
■ Deferral: Changes of assumptions	1,989,626	(69,147)
■ Deferral: Net differences between projected and actual earnings on plan investments	-	(285,140)
■ Total deferred outflow/inflow	2,717,909	(858,145)
■ Net OPEB Liability (NOL)	-	(6,748,770)
■ Contributions after the Measurement Date	-	-
■ Net Impact	4,889,006	-

*Check:* 7,606,915      (7,606,915)

■ Total OPEB expense/(income) for FYE 2025	873,523	-
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**Journal Entries**

**Reconciliation of Deferred Outflows**

Detail for page 32

<b>Deferred Outflows</b>	<b>Opening Balance - Debit</b>	<b>Journal Entry - Debit</b>	<b>Journal Entry - (Credit)</b>	<b>Ending Balance - Debit</b>
■ Differences between actual and expected experience	\$ 432,967	\$ 295,316	\$ -	\$ 728,283
■ Change in assumptions	592,955	1,396,671	-	1,989,626
■ Differences between projected and actual earnings on plan investments	-	-	-	-
■ Subtotal - actuarial deferrals	1,025,922	1,691,987	-	2,717,909
■ Contributions after the Measurement Date	-	-	-	-
■ Total Deferred Outflows	1,025,922	1,691,987	-	2,717,909



**Journal Entries**

**Reconciliation of Deferred Inflows**

Detail for page 32

Deferred Inflows	Opening Balance - (Credit)	Journal Entry- (Credit)	Journal Entry - Debit	Ending Balance - (Credit)
■ Differences between actual and expected experience	\$ (656,075)	\$ -	\$ 152,217	\$ (503,858)
■ Change in assumptions	(80,672)	-	11,525	(69,147)
■ Differences between projected and actual earnings on plan investments	(137,303)	(147,837)	-	(285,140)
■ Total Deferred (Inflows)	(874,050)	(147,837)	163,742	(858,145)



**Journal Entries**

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

**Summary of Balances**

	Fiscal Year Ended	
	6/30/24	6/30/25
■ Total OPEB (Liability)	\$ (12,001,605)	\$ (14,499,764)
■ Fiduciary Net Position	7,038,273	7,750,994
■ Net OPEB (Liability)/Asset	(4,963,332)	(6,748,770)
■ Deferred (inflows) of resources	(874,050)	(858,145)
■ Deferred outflows of resources	1,025,922	2,717,909
■ Balance Sheet Impact	(4,811,460)	(4,889,006)

