

IX. A.

MacLeod Watts

March 30, 2022

Anthea Hansen
General Manager
Del Puerto Water District
P.O. Box 1596
Patterson, CA 95363

Re: Del Puerto Water District Other Post-Employment Benefits
GASB 75 Actuarial Report for Fiscal Year Ending February 28, 2022

Dear Ms. Hansen:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Del Puerto Water District. The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the District's financial statements for the fiscal year ending February 28, 2022. The information included in this report reflects our understanding that the District will continue to contribute 100% or more of the Actuarially Determined Contribution this year and for the foreseeable future.

The exhibits presented are based on the results of an actuarial valuation prepared as of February 28, 2020, and on the employee data and details on plan benefits provided to us by the District for that valuation. The District also provided information on retiree benefit payments and total covered employee payroll for the current fiscal year. As with any analysis, the soundness of the report is dependent on the inputs. Please review the information shown in the report to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of District employees who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

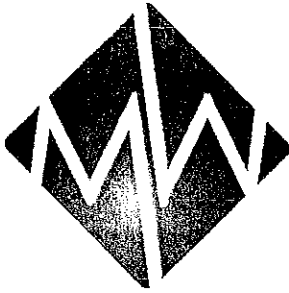
Sincerely,



J. Kevin Watts, FSA, FCA, MAAA
Principal & Consulting Actuary

Enclosure

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Del Puerto Water District

GASB 75 Actuarial Report
Measured as of February 28, 2021
For Fiscal Year End February 2022 Financial Reporting

Submitted March 2022

MacLeod Watts

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A. Executive Summary

This report presents actuarial information for financial reporting of the other post-employment benefit (OPEB) program of the Del Puerto Water District (the District). The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending February 28, 2022.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present various exhibits and other relevant information appropriate for disclosures under GASB 75.

A new biennial valuation should be prepared as of February 28, 2022. The results of this new valuation will first be applied for the District's financial reporting for its fiscal year ending February 28, 2023.

OPEB Obligations of the District

The District allows its qualifying retired employees to continue medical, dental, and vision coverage. This coverage may create one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the District pays a portion of medical, dental, and vision premiums for qualifying retirees. Details are provided in Supporting Information Section 2.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. CalPERS has confirmed that the claims experience of these members is considered together in setting premium rates.

As is the nature of group premium rate structures, at some ages, retirees may be expected to experience higher claims than the premiums they pay, where at other ages, the reverse may be true. We determine the implicit rate subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

Different monthly premiums are charged for Medicare-eligible members. Our understanding is that with both CalPERS and Teamsters only claims experience of these members is considered in setting Medicare-eligible premium rates. There is no implicit subsidy by active employee premiums, and we assume that the Medicare Supplement premium structure is adequate to cover their expected claims for these retirees.

We assumed no implicit liability exists with respect to dental or vision benefits provided to retirees.



Executive Summary
(Continued)

OPEB Funding Policy

The District's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year.

GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. With the District's approval, the discount rate used in this valuation is 6.55%, reflecting the District's current expectation of the long-term return on trust assets invested with CERBT. Actuarially Determined Contributions for plan funding purposes were developed using a 6.45% discount rate, equal to the assumed trust rate of return less 0.10% for trust administrative fees. For additional information, see Expected Return on Trust Assets on page 6.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering District employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	February 28, 2022
Measurement Date	February 28, 2021
Measurement Period	February 29, 2020, to February 28, 2021
Valuation Date	February 28, 2020



Executive Summary
 (Concluded)

Significant Results and Differences from the Prior Valuation

This report was prepared based on a roll forward of the February 28, 2020, actuarial valuation. No benefit changes and no material changes in plan members or premium rates were reported to MacLeod Watts since the 2020 valuation was prepared. Accordingly, no plan (liability) experience was recognized, and no assumptions were changed. Investment experience relative to the assumed rate of return was identified and the difference will be recognized ratably over a five-year period.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year 2022

The plan's impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan's impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending February 28, 2022
Total OPEB Liability	\$ 594,489
Fiduciary Net Position	877,464
Net OPEB Liability (Asset)	(282,975)
Deferred (Outflows) of Resources	(64,121)
Deferred Inflows of Resources	106,244
Impact on Statement of Net Position	\$ (240,852)
 OPEB Expense, FYE 2/28/2022	 \$ 13,682

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.



B. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end February 28, 2022.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE February 28, 2022
Measurement Date is February 28, 2021



Items Impacting Net Position:

Total OPEB Liability	\$	594,489
Fiduciary Net Position		877,464
Net OPEB Liability (Asset)		(282,975)
 <i>Deferred (Outflows) Inflows of Resources Due to:</i>		
Assumption Changes		(23,332)
Plan Experience		40,833
Investment Experience		59,293
Deferred Contributions		(34,671)
Net Deferred (Outflows) Inflows of Resources		42,123
Impact on Statement of Net Position, FYE 2/28/2022	\$	(240,852)

Items Impacting OPEB Expense:

Service Cost	\$	40,848
Cost of Plan Changes		-
Interest Cost		36,868
Expected Earnings on Assets		(49,897)
Administrative Expenses		659
 <i>Recognized Deferred Resource items:</i>		
Assumption Changes		5,373
Plan Experience		(6,660)
Investment Experience		(13,509)
OPEB Expense, FYE 2/28/2022	\$	13,682



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Accounting Information
 (Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End	2/28/2021	2/28/2022	Change
<i>Measurement Date</i>	<i>2/29/2020</i>	<i>2/28/2021</i>	During
			Period
Total OPEB Liability	\$ 527,259	\$ 594,489	\$ 67,230
Fiduciary Net Position	750,640	877,464	126,824
Net OPEB Liability (Asset)	(223,381)	(282,975)	(59,594)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(28,705)	(23,332)	5,373
Plan Experience	47,493	40,833	(6,660)
Investment Experience	18,153	59,293	41,140
Deferred Contributions	(33,423)	(34,671)	(1,248)
Net Deferred (Outflows) Inflows	3,518	42,123	38,605
Impact on Statement of Net Position	\$ (219,863)	\$ (240,852)	\$ (20,989)

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 2/28/2021	\$ (219,863)
OPEB Expense (Income)	13,682
Employer Contributions During Fiscal Year	(34,671)
Impact on Statement of Net Position, FYE 2/28/2022	<u>\$ (240,852)</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 34,671
Deterioration (Improvement) in Net Position	(20,989)
OPEB Expense (Income), FYE 2/28/2022	<u>\$ 13,682</u>



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Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

		Del Puerto Water District
Fiduciary Net Position at Fiscal Year Ending 2/28/2021	\$	750,640
<i>Measurement Date 2/29/2020</i>		
Changes During the Period:		
Investment Income		104,546
Employer Contributions		33,423
Administrative Expenses		(659)
Benefit Payments		(10,486)
Net Changes During the Period		126,824
Fiduciary Net Position at Fiscal Year Ending 2/28/2022	\$	877,464
<i>Measurement Date 2/28/2021</i>		

Expected Long-term Return on Trust Assets

The expected long-term return on trust assets was derived from information published by CalPERS for CERBT Strategy 2. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are summarized in the following table:

CERBT Strategy 2		Years 1-10			Years 11+		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-10 Year Expected Real Rate of Return*	Compound Return Yrs 1-10	General Inflation Rate Assumption	11+ Year Expected Real Rate of Return*	Compound Return Years 11+
Global Equity	40%	2.00%	4.80%	6.80%	2.92%	5.98%	8.90%
Fixed Income	43%	2.00%	1.10%	3.10%	2.92%	2.62%	5.54%
Global Real Estate(REITs)	8%	2.00%	3.20%	5.50%	2.92%	5.00%	7.92%
Treasury Inflation Protected Securities	5%	2.00%	0.25%	2.25%	2.92%	1.46%	4.38%
Commodities	4%	2.00%	1.50%	3.50%	2.92%	2.87%	5.79%
Volatility	9.24%	weighted		5.22%	weighted		7.49%

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.00%.

CalPERS' expected returns are split for years 1-10 and years 11 and thereafter. To derive the expected return specifically for the District, we projected plan benefits in each future year. Then applying the plan specific benefit payments to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.55%. The District approved 6.55% as the assumed asset return for GASB 75 purposes. We decreased the discount rate by 10 basis points to 6.45% to accommodate expected trust administrative fees to develop the Actuarially Determined Contributions.



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Accounting Information

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Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 9.90 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end February 28, 2022.

Del Puerto Water District	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 29,450	\$ 6,118
Differences Between Expected and Actual Experience	-	40,833
Net Difference Between Projected and Actual Earnings on Investments	-	59,293
Deferred Contributions	34,671	-
Total	\$ 64,121	\$ 106,244

The District will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending February 28,	Recognized Net Deferred Outflows (Inflows) of Resources
2023	\$ (14,796)
2024	(12,982)
2025	(24,447)
2026	(12,216)
2027	(1,749)
Thereafter	(10,604)



Accounting Information

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2022 is 6.55%. Healthcare Cost Trend Rate was assumed to start at 5.4% (effective January 2021) and grade down to 4.0% for years 2076 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 5.55%	Current 6.55%	Current + 1% 7.55%
Total OPEB Liability	689,845	594,489	516,848
Increase (Decrease)	95,356		(77,641)
% Increase (Decrease)	16.0%		-13.1%
Net OPEB Liability (Asset)	(187,619)	(282,975)	(360,616)
Increase (Decrease)	95,356		(77,641)
% Increase (Decrease)	33.7%		-27.4%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	502,276	594,489	712,191
Increase (Decrease)	(92,213)		117,702
% Increase (Decrease)	-15.5%		19.8%
Net OPEB Liability (Asset)	(375,188)	(282,975)	(165,273)
Increase (Decrease)	(92,213)		117,702
% Increase (Decrease)	-32.6%		41.6%



Other Post-Employment Benefit Program of the Del Puerto Water District
 GASB 75 Actuarial Report for Fiscal Year Ending February 28, 2022

Accounting Information
 (Continued)

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Only results for years since GASB 75 was implemented (fiscal years 2018 through 2022) are shown in the table.

Fiscal Year Ending	2/28/2022	2/28/2021	2/29/2020	2/28/2019
Measurement Date	2/28/2021	2/29/2020	2/28/2019	2/28/2018
Discount Rate	6.55%	6.55%	6.55%	6.73%
Total OPEB liability				
Service Cost	\$ 40,848	\$ 30,913	\$ 28,664	\$ 32,526
Interest	36,868	35,286	32,616	29,671
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(30,428)	-	(30,959)
Changes of assumptions	-	(7,648)	12,464	40,082
Benefit payments	(10,486)	(17,347)	(26,475)	(20,920)
Net change in total OPEB liability	67,230	10,776	47,269	50,400
Total OPEB liability - beginning	527,259	516,483	469,214	418,814
Total OPEB liability - ending (a)	\$ 594,489	\$ 527,259	\$ 516,483	\$ 469,214
Plan fiduciary net position				
Contributions - employer	\$ 33,423	\$ 31,062	\$ 38,465	\$ 26,428
Net investment income	104,546	103,132	(14,065)	48,504
Benefit payments	(10,486)	(17,347)	(26,475)	(20,920)
Administrative Expenses	(659)	(601)	(540)	(527)
Net change in plan fiduciary net position	126,824	116,246	(2,615)	53,485
Plan fiduciary net position - beginning	750,640	634,394	637,009	583,524
Plan fiduciary net position - ending (b)	\$ 877,464	\$ 750,640	\$ 634,394	\$ 637,009
Net OPEB liability - ending (a) - (b)	\$ (282,975)	\$ (223,381)	\$ (117,911)	\$ (167,795)
Covered-employee payroll	\$ 618,148	\$ 498,958	\$ 459,586	\$ 437,670
Net OPEB liability as a % of covered-employee payroll	-45.78%	-44.77%	-25.66%	-38.34%



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Accounting Information

(Continued)

Schedule of Contributions

Since establishing the OPEB trust, the District has made regular contributions toward funding the Actuarially Determined Contribution (ADC) and confirmed its intention to continue doing so. This chart shows the contributions for the years since GASB 75 was implemented.

	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Actuarially Determined Contribution	\$ 34,493	\$ 22,790	\$ 21,906	\$ 21,053
Contributions in relation to the actuarially determined contribution	34,671	33,416	31,062	38,465
Contribution deficiency (excess)	\$ (178)	\$ (10,626)	\$ (9,156)	\$ (17,412)
Covered employee payroll	\$ 692,037	\$ 618,148	\$ 498,958	\$ 459,586
Contributions as a percentage of covered employee payroll	5.01%	5.41%	6.23%	8.37%

Notes to Schedule

Valuation Date:

Actuarial cost method

Amortization method

Amortization period

Asset valuation method

Inflation

Healthcare cost trend rates

Salary increases

Investment rate of return

Retirement age

Mortality

Mortality Improvement

	2/28/2020	2/28/2018	2/28/2018	2/28/2018
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Open period	Open period	Open period	Open period	Open period
30 years	30 years	30 years	30 years	30 years
Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare cost trend rates	5.4% in Jan 2021, step down to 4.0% by 2076	7.5% in Jan 2019, step down .5% per year to 5.0% by	7.5% in Jan 2019, step down .5% per year to 5.0% by	7.5% in Jan 2019, step down .5% per year to 5.0% by
Salary increases	3.00%	3.25%	3.25%	3.25%
Investment rate of return	6.55%	6.73%	6.73%	6.73%
Retirement age	From 50 to 68	From 50 to 68	From 50 to 68	From 50 to 68
Mortality	2017 CalPERS Experience Study	2014 CalPERS Experience Study	2014 CalPERS Experience Study	2014 CalPERS Experience Study
Mortality Improvement	MW Scale 2020	MW Scale 2017	MW Scale 2017	MW Scale 2017



Accounting Information
 (Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Del Puerto Water District	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 2/28/2021 <i>Measurement Date 2/29/2020</i>	\$ 527,259	\$ 750,640	\$ (223,381)	\$ 28,705	\$ (47,493)	\$ (18,153)	\$ 33,423	\$ (219,863)
Changes During the Period:								
Service Cost	40,848		40,848					40,848
Interest Cost	36,868		36,868					36,868
Expected Investment Income		49,897	(49,897)					(49,897)
Employer Contributions		33,423	(33,423)					(33,423)
Changes of Benefit Terms	-		-					-
Administrative Expenses		(659)	659					659
Benefit Payments	(10,486)	(10,486)	-					-
Assumption Changes	-		-					-
Plan Experience	-		-					-
Investment Experience		54,649	(54,649)			(54,649)		-
Recognized Deferred Resources				(5,373)	6,660	13,509	(33,423)	18,627
Employer Contributions in Fiscal Year							34,671	(34,671)
Net Changes in Fiscal Year 2021-2022	67,230	126,824	(59,594)	(5,373)	6,660	(41,140)	1,248	(20,989)
Balance at Fiscal Year Ending 2/28/2022 <i>Measurement Date 2/28/2021</i>	\$ 594,489	\$ 877,464	\$ (282,975)	\$ 23,332	\$ (40,833)	\$ (59,293)	\$ 34,671	\$ (240,852)



1/6/22

Other Post-Employment Benefit Program of the Del Puerto Water District
 GASB 75 Actuarial Report for Fiscal Year Ending February 28, 2022

Accounting Information
 (Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: February 28, 2021

Date Created	Deferred Resource				Balance as of Feb 28, 2021	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:							
	Created Due To	Initial Amount	Period (Yrs)	Annual Recognition		2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	Thereafter	
2/28/2018	Experience Assumption	Decreased Liability	\$ (30,959)	8.56	\$ (3,617)	\$ (16,491)	\$ (3,617)	\$ (3,617)	\$ (3,617)	\$ (3,617)	\$ (3,617)	\$ (2,023)	\$ -
2/28/2018	Changes	Increased Liability	40,082	8.56	4,682	21,354	4,682	4,682	4,682	4,682	4,682	2,626	-
2/28/2018	Investment Earnings	Greater than Expected	(9,065)	5.00	(1,813)	(1,813)	(1,813)	(1,813)	-	-	-	-	-
2/28/2019	Assumption Changes	Increased Liability	12,464	8.56	1,456	8,096	1,456	1,456	1,456	1,456	1,456	1,456	816
2/28/2019	Investment Earnings	Less than Expected	57,321	5.00	11,464	22,929	11,464	11,464	11,465	-	-	-	-
2/29/2020	Plan Experience Assumption	Decreased Liability	(30,428)	10.00	(3,043)	(24,342)	(3,043)	(3,043)	(3,043)	(3,043)	(3,043)	(3,043)	(9,127)
2/29/2020	Changes	Decreased Liability	(7,648)	10.00	(765)	(6,118)	(765)	(765)	(765)	(765)	(765)	(765)	(2,293)
2/29/2020	Investment Earnings	Greater than Expected	(61,150)	5.00	(12,230)	(36,690)	(12,230)	(12,230)	(12,230)	(12,230)	-	-	-
2/28/2021	Investment Earnings	Greater than Expected	(54,649)	5.00	(10,930)	(43,719)	(10,930)	(10,930)	(10,930)	(10,930)	(10,929)	-	-



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Accounting Information

(Continued)

District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits and contributions paid by the District during the measurement period are shown below.

Benefit Payments During the Measurement Period, Mar 1, 2020 thru Feb 28, 2021	Del Puerto Water District
Benefits Paid by Trust	\$ 10,417
Benefits Paid by Employer (not reimbursed by trust)	-
Implicit benefit payments	69
Total Benefit Payments During the Measurement Period	\$ 10,486

Employer Contributions During the Measurement Period, Mar 1, 2020 thru Feb 28, 2021	Del Puerto Water District
Employer Contributions to the Trust	\$ 33,354
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	-
Implicit contributions	69
Total Employer Contributions During the Measurement Period	\$ 33,423

District retiree health benefits payments reported as made after the measurement date but prior to the current fiscal year end are shown below.

Employer Contributions During the Fiscal Year, Mar 1, 2021 thru Feb 28, 2022	Del Puerto Water District
Employer Contributions to the Trust	\$ 34,493
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	-
Implicit contributions	178
Total Employer Contributions During the Fiscal Year	\$ 34,671



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending February 28	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2022	10,422	-	10,422	-	178	178	10,600
2023	11,024	3,449	14,473	-	577	577	15,050
2024	11,361	5,630	16,991	-	1,064	1,064	18,055
2025	11,691	7,689	19,380	-	1,619	1,619	20,999
2026	12,011	10,632	22,643	-	2,376	2,376	25,019
2027	12,315	10,007	22,322	-	3,370	3,370	25,692
2028	12,598	12,942	25,540	-	4,710	4,710	30,250
2029	12,856	16,156	29,012	-	6,424	6,424	35,436
2030	13,082	22,192	35,274	-	9,305	9,305	44,579
2031	13,267	28,361	41,628	-	12,849	12,849	54,477
2032	13,406	34,186	47,592	-	16,872	16,872	64,464
2033	13,491	30,769	44,260	-	9,341	9,341	53,601
2034	13,514	37,214	50,728	-	13,424	13,424	64,152
2035	13,448	44,762	58,210	-	18,886	18,886	77,096
2036	13,304	52,490	65,794	-	22,086	22,086	87,880

The amounts shown in the Explicit Subsidy table reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 3/1/2021

	Debit	Credit
Net OPEB Liability	223,381	
Deferred Resource -- Assumption Changes	28,705	
Deferred Resource -- Plan experience		47,493
Deferred Resource -- Investment Experience		18,153
Deferred Resource -- Contributions	33,423	
Net Position		219,863

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	-	
Premium Expense		-
OPEB Expense	34,493	
Cash		34,493

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	178	
Premium Expense		178

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record account activity during the fiscal year

	Debit	Credit
Net OPEB Liability	59,594	
Deferred Resource -- Assumption Changes		5,373
Deferred Resource -- Plan experience	6,660	
Deferred Resource -- Investment Experience		41,140
Deferred Resource -- Contributions	1,248	
OPEB Expense		20,989



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C. Funding Information

Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. The District has been prefunding its OPEB liability by contributing 100% or more of the Actuarially Determined Contribution (ADC) each year.

Different terminology is sometimes used by actuaries and accountants when referring to key liability and expense components. Here are some of these terms which are often interchangeable:

Actuarial Funding Terminology

Present Value of Projected Benefits (PVPB)
 Actuarially Accrued Liability (AAL)
 Market Value of Assets
 Unfunded Actuarially Accrued Liability (UAAL)
 Normal Cost

GASB 75 Terminology

N/A; typically not reported for accounting purposes
 Total OPEB Liability (TOL)
 Fiduciary Net Position
 Net OPEB Liability
 Service Cost

The District approved development of Actuarially Determined Contributions (ADC) based on the following two components, which are then adjusted with interest to the District's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ADC determined for the District's fiscal year ending February 28, 2022, was developed based on the February 2020 actuarial valuation using a 6.45% discount rate. A summary is shown below:

Discount Rate	6.45%
Actuarial Accrued Liability (projected)	\$ 621,077
Actuarial Value of Assets (projected)	811,238
Unfunded Actuarial Accrued Liability (UAAL)	(190,161)
Amortization Factor (30 years, level % of pay)*	19.3716
Actuarially Determined Contribution for FYE 2020	
Amortization of UAAL	\$ (9,816)
Normal Cost	42,220
Interest to Fiscal Year End	2,090
Total ADC	\$ 34,493

* Determined on a level % of pay basic over an open 30-year period

The ADC determined on this basis should provide for trust sufficiency, based on the current plan provisions and employee data, if all assumptions are exactly realized and providing that the District contribute 100% or more of the total ADC each year. When an agency commits to funding the trust at or above the ADC, GASB 75 allows use of the expected long-term trust return to be used as the discount rate in determining the plan liability. Even so, the ADC developed on this basis does not guarantee trust sufficiency due to the non-trivial risk that the assumptions used to determine plan contributions may not be realized.



D. Certification

The purpose of this report is to provide actuarial information of the other postemployment benefits (OPEB) provided by the Del Puerto Water District (the District) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

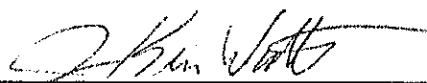
We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with the District's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.


This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the District may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: March 30, 2022



J. Kevin Watts, FSA, FCA, MAAA



Catherine L. MacLeod, FSA, FCA, EA, MAAA



E. Supporting Information

Section 1 - Summary of Employee Data

Active members: The District reported 6 active employees in the data provided to us for the February 2020 valuation. Of these, 5 were shown as enrolled in the medical program while 1 employee was waiving coverage. Age and service information is summarized below.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29							0	0%
30 to 34		1					1	17%
35 to 39		2					2	33%
40 to 44							0	0%
45 to 49	1			1			2	33%
50 to 54						1	1	17%
55 to 59							0	0%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	1	3	0	1	0	1	6	100%
Percent	17%	50%	0%	17%	0%	17%	100%	

Valuation	February 2018	February 2020
Average Attained Age for Actives	38.4	41.4
Average Years of Service	6.6	7.2

Inactive members: There were also 2 retirees or their beneficiaries receiving benefits on the valuation date.

Retirees by Age		
Current Age	Total	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	0	0%
60 to 64	0	0%
65 to 69	1	50%
70 to 74	1	50%
75 to 79	0	0%
80 & up	0	0%
Total	2	100%
Average Age:		
On 2/29/2020	68.46	
At retirement	63.46	



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

(continued)

Summary of Plan Member Counts: The number of members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	6
Number of inactive plan members currently receiving benefits	2
Number of inactive plan members entitled to but not receiving benefits	0



Supporting Information
 (Continued)

Section 2 - Summary of Retiree Benefit Provisions (continued)

The vesting percentage¹ applied to the "100/90 formula" caps for service retirements are shown in the chart at right:

Note that for employees who qualify for a disability retirement, the vesting percentage does *not* apply in determining the amount of the benefit payable.

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

Dental and vision benefits provided: Dental and vision insurance is also provided for qualifying retirees, as follows:

- *Employees hired before February 1, 2015:* The District contributes 100% of the dental and vision premium for the retiree and 75% of the premium for any covered dependents.
- *Employees hired on or after February 1, 2015:* Those who retire from the District with at least 10 years of service are eligible for (a) 100% of the dental and vision premium for the retiree and 75% of the premium for any covered dependents, multiplied by (b) the vested percent, determined from the table shown above.

Dental and vision coverage ends upon the retiree's death.

Current premium rates: The 2020 CalPERS monthly medical plan rates in the Other Northern California Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2020 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare-Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Traditional HMO	1,184.84	2,369.68	3,080.58	388.15	776.30	1,487.20
Blue Shield Access+ HMO & Blue	1,127.77	2,255.54	2,932.20	Not Available		
Kaiser HMO	768.49	1,536.98	1,998.07	339.43	678.86	1,139.95
PERS Choice PPO	861.18	1,722.36	2,239.07	351.39	702.78	1,219.49

¹ Note that CalPERS applies the vesting percent to the 100/90 formula caps and not to the retiree's actual premium, if less. Thus, for example, a retiree with 15 years of CalPERS membership (including 5 with the District) could receive more than 75% of his or her premium paid; after the retiree is covered by Medicare, this could increase to 100% of the premium, depending on the medical plan selected.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Fiscal Year End	February 28, 2022
GASB 75 Measurement Date	Last day of the prior fiscal year (February 29, 2020)
Valuation Date	February 28, 2020

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 2 to this report.

Representative claims costs derived from the dataset provided by CalPERS for non-Medicare retirees are shown below.

Expected Monthly Claims by Medical Plan for Selected Ages						
Region	Medical Plan	Male				
		50	53	56	59	62
Region 1	Anthem Traditional HMO	\$ 1,145	\$ 1,350	\$ 1,568	\$ 1,797	\$ 2,043
	Blue Shield Access+ HMO & Blue Shield EPO	989	1,166	1,354	1,552	1,764
	Kaiser HMO	763	900	1,045	1,198	1,362
	PERS Choice PPO	773	912	1,059	1,214	1,380
OOS	PERSCare PPO	549	648	752	862	980
Region	Medical Plan	Female				
		50	53	56	59	62
Region 1	Anthem Traditional HMO	\$ 1,419	\$ 1,558	\$ 1,677	\$ 1,812	\$ 1,998
	Blue Shield Access+ HMO & Blue Shield EPO	1,225	1,346	1,448	1,565	1,725
	Kaiser HMO	946	1,039	1,118	1,208	1,331
	PERS Choice PPO	958	1,052	1,132	1,224	1,349
OOS	PERSCare PPO	681	747	804	869	958



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Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions (Valuation Methods – continued)

Economic Assumptions

Long Term Return on Assets/
 Discount Rates for Accounting

6.55 % as of February 29, 2020 and February 28, 2019
 net of plan investment expenses

Long Term Return on Assets/
 Discount Rates for Funding

6.45% for fiscal years ending February 28, 2022 & 2023
 net of plan investment expenses and trust administrative
 expense

General Inflation Rate

2.5% per year

Salary Increase

3.0% per year; since benefits do not depend on salary, this is
 used to allocate the cost of benefits between service years.

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to
 increase once each year. The increases over the prior year's
 levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2060-66	4.80%
2021	5.40%	2067	4.70%
2022	5.30%	2068	4.60%
2023-26	5.20%	2069	4.50%
2027-46	5.30%	2070-71	4.40%
2047	5.20%	2072	4.30%
2048-49	5.10%	2073-74	4.20%
2050-53	5.00%	2075	4.10%
2054-59	4.90%	2076 & later	4.00%

The healthcare trend shown above was developed using the
 Getzen Model 2019_b published by the Society of Actuaries
 using the following settings: CPI 2.5%; Real GDP Growth 1.5%;
 Excess Medical Growth 1.2%; Expected Health Share of GDP in
 2028 20.5%; Resistance Point 25%; Year after which medical
 growth is limited to growth in GDP 2075.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible
 for Medicare Parts A and B at age 65.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions (Economic Assumptions – continued)

Participant Election Assumptions

Participation Rate

Active employees: Participation rates for retiree coverage are assumed to vary based on the employment date and service:

Assumed Participation Rates		
District	2/1/2015	on/after
Less than 5	100%	0%
5-9	100%	15%
10	100%	75%
11	100%	80%
12	100%	85%
13	100%	90%
14	100%	95%
15 or more	100%	100%

Cap Increase

The cap is assumed to increase annually by 4.0%.

Spouse Coverage

Existing elections for spouse coverage are assumed to be continued in retirement.² For active employees, husbands are assumed to be 3 years older than their wives. For retirees, actual spouse ages are used.

Retired participants: Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

² Married employees are assumed to elect coverage separately in order to maximize benefits.



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Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		Covered by higher active premiums
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by the District. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.



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Important Background Information

(Continued)

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected
and actual trust earnings:

5 year straight-line recognition

All other amounts:

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information
 (Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.



Important Background Information
(Continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate 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). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



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Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2020** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2020 Report, published in October 2020 and (2) the demographic assumptions used in the 2020 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2020.

MacLeod Watts Scale 2020 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2020 which has two segments – (1) historical improvement rates for the period 1951-2015 and (2) an estimate of future mortality improvement for years 2016-2018 using the Scale MP-2020 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2018 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2020-2028. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2028-2042. The SSA's Intermediate Scale has a final step down in 2043 which is reflected in the MacLeod Watts scale for years 2043 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2020 can be found at the SOA website and the projection scales used in the 2020 Social Security Administrations Trustees Report at the Social Security Administration website.



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Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). The tax was repealed in December 2020, before ever going into effect.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board



Glossary
(Continued)

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together, and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency's financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of "Actuarial Present Value"

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility



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MacLeod Watts

IX . B.

March 14, 2022

Anthea Hansen
General Manager
Del Puerto Water District
P.O. Box 1596
Patterson, CA 95363

Re: February 28, 2022 GASB 68 Accounting Report
For the Measurement Period July 1, 2020 to June 30, 2021

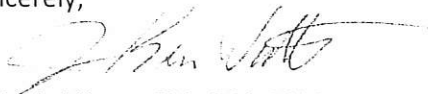
Dear Ms. Hansen:

We are pleased to enclose the results of the February 28, 2022 accounting analysis for Del Puerto Water District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. The District's plan participates in the California Public Employees' Retirement System (CalPERS) Miscellaneous Risk Pool (the Pool).

The primary purpose of this report is to assist the District in satisfying the requirements of the cost-sharing provisions of Accounting and Financial Reporting for Pensions, Governmental Accounting Standards Board Statement 68 (GASB 68). We relied on information made public by CalPERS to help facilitate participating employers' reporting requirements. See the Summary of Data in Section 1 for a description of the information we used to develop this report. If you do not believe all the information found in that summary is accurate, please let us know as soon as possible so we can adjust the report's exhibits.

Please let us know if you have any questions or if we can be of further assistance.

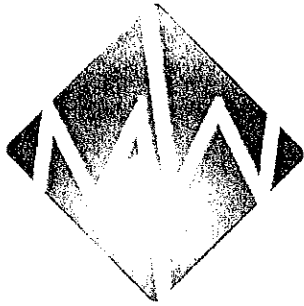
Sincerely,



J. Kevin Watts, FSA, FCA, MAAA
Principal & Consulting Actuary

Enclosure

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Del Puerto Water District
Cost Sharing Multiple-Employer Pension Plan

GASB 68 Accounting Report as of February 28, 2022

Measured as of June 30, 2021

Submitted March 2022

MacLeod Watts

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A. Executive Summary

This report presents certain exhibits that may be used to assist the District in satisfying GASB 68's financial reporting requirements for cost-sharing plans. These provisions require employers sponsoring cost-sharing defined benefit pension plans to report liabilities relating to a rational proportionate share allocation of the larger multiple employer plan liabilities and assets. In addition, certain deferred recognition features of GASB 68 require the establishment and deferred recognition of outflows and inflows of resources.

The impact to the District's Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. As of the end of your fiscal year, the District's Net Position related to the pension plan can be summarized as follows:

Items	For Reporting At Fiscal Year Ending February 28, 2022
Total Pension Liability	\$ 3,360,041
Fiduciary Net Position	3,026,020
Net Pension Liability (Asset)	\$ 334,021
Deferred (Outflows) of Resources	(159,862)
Deferred Inflows of Resources	308,163
Impact on Statement of Net Position	\$ 482,322
 Pension Expense, FYE 2022	 \$ 25,566

Development of the District's pension expense can be found in Section D. The remaining report exhibits are meant to help the District prepare disclosures required by GASB 68.



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B. Selected Requirements for GASB 68

Government Accounting Standards Board Statement 68 requires public employers to comply with specific accounting and financial reporting standards with respect to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan are required to record the net pension liability, pension expense, and deferred resources related to pensions in their financial statements as part of their financial position.

Important Dates

GASB 68 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total pension liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the District's most recent year-end. In addition, the net pension liability is required to be measured as of a date no earlier than the end of the District's prior fiscal year (the "Measurement Date").

The following dates were used for this report:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021
Fiscal Year End	February 28, 2022

Recognition of Plan Changes and Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

Timing of recognition: Changes in the total pension liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Amortization periods: The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual trust earnings:	5 year straight-line amortization
All other amounts:	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. ¹

¹ In determining the EARSL, all active, retired and inactive members are counted, with the latter two groups having 0 remaining service years.



C. Impact on Statement of Net Position

The District's Net Position related to pensions is developed in the exhibit below.

For Reporting at Fiscal Year End <i>Measurement Date</i>	2/28/2021 <i>6/30/2020</i>	2/28/2022 <i>6/30/2021</i>	Change During Period
Total Pension Liability	3,119,980	3,360,041	240,061
Fiduciary Net Position	2,421,479	3,026,020	604,541
Net Pension Liability (Asset)	698,501	334,021	(364,480)
<i>Deferred (Outflows) Inflows Due to:</i>			
Assumption Changes	4,983	-	(4,983)
Plan Experience	(35,995)	(37,456)	(1,461)
Investment Experience	(20,750)	291,584	312,334
Changes in Proportions	(25,789)	(39,962)	(14,173)
Differences between actual contributions and proportionate share of contributions	28,542	16,579	(11,963)
Deferred Contributions	(72,518)	(82,444)	(9,926)
Net Deferred (Outflows) Inflows	(121,527)	148,301	269,828
Impact on Statement of Net Position	576,974	482,322	(94,652)

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 2021	576,974
Pension Expense (Income)	25,566
Employer Contributions During Fiscal Year	(120,218)
Impact on Statement of Net Position, FYE 2022	<u>482,322</u>

Pension Expense

Deterioration (Improvement) in Net Position	(94,652)
Employer Contributions During Fiscal Year	120,218
Pension Expense (Income), FYE 2022	<u>25,566</u>



D. Pension Expense for the Measurement Period

The District's Pension Expense is developed below.

For Reporting at Fiscal Year End February 28, 2022 <i>Measurement Period June 30, 2020 thru June 30, 2021</i>	Del Puerto Water District
<i>Immediately Recognized Pension Expense Items:</i>	
Service Cost	75,235
Cost of Plan Changes	165
Interest Cost	226,874
Expected Earnings on Assets	(175,988)
Employee Contributions	(33,099)
Net Plan to Plan Resource Movement	(8,432)
Administrative Expense	<u>2,532</u>
Pension Expense Before Recognition of Deferred Outflows & Inflows of Resources	87,287
<i>Recognition of Net Deferred OutFlows (Inflows) of Resources:</i>	
Assumption Changes	(5,292)
Plan Experience	30,521
Investment Experience	(89,267)
Change in Proportions	23,006
Difference between actual contributions and proportionate share of contributions	<u>(20,689)</u>
Recognition of Deferred Outflows & Inflows	(61,721)
Pension Expense, FYE 2022	<u><u>25,566</u></u>



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E. Deferred Outflows & Inflows of Resources

As of the measurement date the District's deferred outflows and inflows of resources are:

Plan: Del Puerto Water District Plan ID: 3904 27123	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences Between Expected and Actual Experience	37,456	-
Net Difference Between Projected and Actual Earnings on Investments	-	291,584
Differences in Proportions	39,962	-
Differences Between Actual and Proportionate Share of Contributions	-	16,579
Deferred Contributions	82,444	-
Total	\$ 159,862	\$ 308,163

Of the amount reported as deferred outflows of resources, the amount resulting from contributions made to the trust subsequent to the measurement date will be recognized in the next fiscal year. Other amounts reported as deferred outflows and inflows of resources will be recognized in future periods as shown below.

For the Fiscal Year Ending February 28	Recognized Net Deferred Outflows (Inflows) of Resources
2023	\$ (43,218)
2024	(47,951)
2025	(58,996)
2026	(80,580)
2027	-
Thereafter	-

Note that the future recognition schedule shown above assumes the District's proportionate share of the Pool's deferred outflows and inflows of resources does not change.



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F. Development of District-Specific Deferred Resources

The District established two District-specific deferred resources as of the end of your fiscal year. The development of these deferred resources is shown below.

Deferred Resource Established Due to a Change in Proportions

Losses (gains) are generated if the District's proportionate share of the Pool changes from the prior year or if, as in the case of CalPERS, different proportionate share percentages apply to liabilities, assets and deferred resources. The development of the change in proportions as of the end of the measurement period appears below.

Plan: Del Puerto Water District Plan ID: 3904 27123	Misc Pool	Proportionate Share Percentage	Proportionate Share	Plan Reported Amount	Proportionate Share Impact
Total Pension Liability, 6/30/2020	(18,920,437,526)	0.016830%	(3,184,310)	(3,119,980)	64,330
Fiduciary Net Position, 6/30/2020	14,702,361,183	0.016750%	2,462,645	2,421,479	(41,166)
<i>Net deferred outflows & inflows due to:</i>					
Assumption Changes, 6/30/2020	(30,085,020)	0.017591%	(5,292)	(4,983)	309
Plan Experience, 6/30/2020	217,370,008	0.017591%	38,238	35,995	(2,243)
Investment Experience, 6/30/2020	125,304,636	0.017591%	22,043	20,750	(1,293)
Net Deferred Items, 6/30/2020	312,589,624	0.017591%	54,988	51,762	(3,226)
<i>Items arising from differences in proportions:</i>					
Benefit Payments	920,944,327	-0.000080%			(737)
Loss (Gain) Due to Assumption Changes	-	-0.000761%			-
Loss (Gain) Due to Plan Experience	169,063,216	-0.000761%			(1,287)
Loss (Gain) Due to Investment Results	(2,290,312,540)	-0.000841%			19,265
Impact Due to Change in Proportion					37,179

Deferred Resource Established Due to Contribution Differences

Losses (gains) are generated if the District's actual contributions to the Pool differ from the District's proportionate share of contributions allocated by the Pool. For the period ending June 30, 2021, the following deferred resource was established:

Item	Del Puerto Water District
Pool Employer Contributions	710,555,982
Proportionate Share Percentage	0.016750%
Plan Proportionate Share Contributions	119,018
Actual Contribution	110,292
Difference	<u>(8,726)</u>



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G. Detail of Changes to Net Position

Del Puerto Water District 3904 27123	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (c)=(a)-(b)	Deferred Resource Outflows (Inflows) Due to:						(d) TOTAL Deferred Resources	Impact on Statement of Net Position (e)=(c)-(d)
				Assumption Changes	Plan Experience	Investment Experience	Change In Proportions	Actual vs. allocated share of contributions	Deferred Contributions		
Balance at Fiscal Year Ending 2/28/2021 <i>Measurement Date 6/30/2020</i>	3,119,980	2,421,479	698,501	(4,983)	35,995	20,750	25,789	(28,542)	72,518	121,527	576,974
Change in Proportions Adjustment on Beginning Items	64,330	41,166	23,164	(309)	2,243	1,293	19,937			23,164	-
Changes During the Period:											
Service Cost	75,235		75,235								75,235
Interest Cost	226,874		226,874								226,874
Expected Investment Income		175,988	(175,988)								(175,988)
Employer Contributions		119,018	(119,018)					(8,726)		(8,726)	(110,292)
Contributions by Employees		33,099	(33,099)								(33,099)
Changes of Benefit Terms	165		165								165
Net Plan to Plan Resource Movement		8,432	(8,432)								(8,432)
Administrative Expense		(2,532)	2,532								2,532
Benefit Payments	(154,995)	(154,258)	(737)				(737)			(737)	-
Assumption Changes											-
Plan Experience	28,453		28,453		29,740		(1,287)			28,453	-
Investment Experience		383,627	(383,627)			(402,892)	19,265			(383,627)	-
Recognized Deferred Resources				5,292	(30,521)	89,267	(23,006)	20,689	(72,518)	(10,797)	10,797
Employer Contributions in Fiscal Year									82,444	82,444	(82,444)
Net Changes in Fiscal Year 2021-2022	240,061	604,541	(364,480)	4,983	1,461	(312,334)	14,173	11,963	9,926	(269,828)	(94,652)
Balance at Fiscal Year Ending 2/28/2022 <i>Measurement Date 6/30/2021</i>	3,360,041	3,026,020	334,021	-	37,456	(291,584)	39,962	(16,579)	82,444	(148,301)	482,322

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H. All Deferred Resources Established as of Measurement Date

GASB 68 requires the establishment and future recognition of deferred resources. Some of these deferred resources are established by the Pool (e.g. those related to assumption changes, plan experience, investment experience) and the District's plan is allocated a proportionate share of these deferred resources. Other deferred resources are established by the District (e.g. those related to a change in proportions and those related to a difference between actual and proportionate share of contributions). A list of the deferred resources established as of the measurement date appears below.

Measurement Date: June 30, 2021

Date Created	Deferred Resource				Balance as of Jun 30, 2021	Recognition of Deferred Outflow(Inflow):					
	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	Thereafter
6/30/2018	Assumption Changes * Plan	(25,138)	3.80	(6,615)	-	(5,293)	-	-	-	-	-
6/30/2018	Experience * Plan	34,521	3.80	9,084	-	7,269	-	-	-	-	-
6/30/2019	Experience * Plan	44,208	3.80	11,634	9,306	11,634	9,306	-	-	-	-
6/30/2020	Experience * Plan	13,612	3.80	3,582	6,448	3,582	3,582	2,866	-	-	-
6/30/2021	Experience * Plan	29,740	3.70	8,038	21,702	8,038	8,038	8,038	5,626	-	-
6/30/2017	Investment Earnings Different than Expected *	(78,932)	5.00	(15,786)	-	(15,788)	-	-	-	-	-
6/30/2018	Investment Earnings Different than Expected *	(29,815)	5.00	(5,963)	(5,963)	(5,963)	(5,963)	-	-	-	-
6/30/2019	Investment Earnings Different than Expected *	12,443	5.00	2,489	4,976	2,489	2,489	2,487	-	-	-
6/30/2020	Investment Earnings Different than Expected *	52,861	5.00	10,572	31,717	10,572	10,572	10,572	10,573	-	-
6/30/2021	Investment Earnings Different than Expected *	(402,892)	5.00	(80,578)	(322,314)	(80,578)	(80,578)	(80,578)	(80,578)	(80,580)	-

Continued on following page



**All Deferred Resources Established as of Measurement Date
 (Concluded)**

Measurement Date: June 30, 2021

Deferred Resource					Balance as of Jun 30, 2021	Recognition of Deferred Outflow(Inflow):					
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	Thereafter
6/30/2018	Change in Proportions	14,873	3.80	3,914	-	3,131	-	-	-	-	-
6/30/2019	Change in Proportions	18,457	3.80	4,857	3,886	4,857	3,886	-	-	-	-
6/30/2020	Change in Proportions	18,885	3.80	4,970	8,945	4,970	4,970	3,975	-	-	-
6/30/2021	Change in Proportions	37,179	3.70	10,048	27,131	10,048	10,048	10,048	7,035	-	-
6/30/2018	Contribution Different Than Proportionate Share	(48,716)	3.80	(12,820)	-	(10,256)	-	-	-	-	-
6/30/2019	Contribution Different Than Proportionate Share	(16,431)	3.80	(4,324)	(3,459)	(4,324)	(3,459)	-	-	-	-
6/30/2020	Contribution Different Than Proportionate Share	(14,254)	3.80	(3,751)	(6,752)	(3,751)	(3,751)	(3,001)	-	-	-
6/30/2021	Contribution Different Than Proportionate Share	(8,726)	3.70	(2,358)	(6,368)	(2,358)	(2,358)	(2,358)	(1,652)	-	-

* The amount of this deferred resource is based on the plan's current proportionate share. If the plan's proportionate share changes in the future, then the plan's proportionate share of this deferred resource will change.



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I. Supplementary Information

Sensitivity of Liabilities to Changes in the Discount Rate

Plan liabilities are inversely related to changes in the discount rate used in the actuarial valuation. The chart below demonstrates the sensitivity of the Total Pension Liability and Net Pension Liability to a plus or minus 1% change in the discount rate.

Sensitivity of Liabilities Del Puerto Water District	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Total Pension Liability	3,803,670	3,360,041	2,993,299
Increase (Decrease)	443,629		(366,742)
% Increase (Decrease)	13.2%		-10.9%
Net Pension Liability (Asset)	777,650	334,021	(32,721)
Increase (Decrease)	443,629		(366,742)
% Increase (Decrease)	132.8%		-109.8%

Plan Proportionate Share of Combined Safety & Miscellaneous Pools

The exhibit below shows the plan's proportionate share of the combined safety and miscellaneous risk pools.

As of the Measurement Date June 30, 2021	Combined Pool*	Plan Proportionate Share	% of Pool
Total Pension Liability	46,174,942,264	3,360,041	0.007277%
Fiduciary Net Position	40,766,653,876	3,026,020	0.007423%
Net Pension Liability (Asset)	5,408,288,388	334,021	0.006176%
Employer Contributions	1,923,358,353	110,292	0.005734%

* Total for the combined safety & miscellaenous pools

Change in Proportionate Share of Net Pension Liability

The exhibit below shows the change in the proportionate share of net pension liability from the beginning to the end of the measurement period.

Change in Proportionate Share of Net Pension Liability	Del Puerto Water District
Pool	Misc
Proportion - June 30, 2020	0.0166%
Proportion - June 30, 2021	0.0176%
Change - Increase (Decrease)	0.0010%



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Supplementary Information
(Concluded)

Schedule of the Proportionate Share of Net Pension Liability

The exhibit below shows the proportionate share of the net pension liability and related ratios.

Schedule of Proportionate Share of the Net Pension Liability	Del Puerto Water District
Pool	Misc
Proportion of the net pension liability	0.017591%
Proportionate share of the net pension liability	334,021
Covered employee payroll during measurement period	627,630
Proportionate share of the net pension liability	53.22%
Plan fiduciary net position as a percentage of the total pension liability	90.06%

Schedule of Contributions

The exhibit below shows the District's contributions to the ratio of contributions to covered payroll.

Schedule of Contributions	Del Puerto Water District
Contractually required contributions (actuarially determined)	120,218
Contributions in relation to the actuarially determined contributions	120,218
Contribution deficiency (excess)	-
Covered employee payroll during fiscal year	692,037
Contributions as a percentage of covered employee payroll	17.37%



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J. Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 3/1/2021

	Debit	Credit
Net Pension Liability		698,501
Deferred Resource -- Assumption Changes		4,983
Deferred Resource -- Plan experience	35,995	
Deferred Resource -- Investment Experience	20,750	
Deferred Resource -- Changes In Proportions	25,789	
Deferred Resource -- Actual vs proportionate share of contributions		28,542
Deferred Resource -- Contributions	72,518	
Net Position	576,974	

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net Pension Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entries to record contributions to the trust

during the fiscal year

	Debit	Credit
Pension Expense	120,218	
Contributions To Trust During Fiscal Year		120,218

* This entry assumes that when cash deposits were made to the trust, cash was credited (reduced) and an account called "Contributions to Trust During Fiscal Year" was debited (increased). This entry reassigns these contributions to Pension Expense thereby closing out the contribution account. If Pension Expense had been debited and Cash credited as contributions were made, then this entry is unnecessary.

Journal entries to record account activity

during the fiscal year

	Debit	Credit
Net Pension Liability	364,480	
Deferred Resource -- Assumption Changes	4,983	
Deferred Resource -- Plan experience	1,461	
Deferred Resource -- Investment Experience		312,334
Deferred Resource -- Changes in Proportions	14,173	
Deferred Resource -- Actual vs proportionate share of contributions	11,963	
Deferred Resource -- Contributions	9,926	
Pension Expense		94,652

* These entries record the impact of liability, asset, and proportionate share changes during the fiscal year. See the "Detail of Changes to Net Position" exhibit for more information regarding changes during the year.



K. Limitation on Use

This report presents exhibits based on our understanding of the reporting requirements of GASB 68 concerning cost-sharing pension plans and the operation of the Miscellaneous Pool of the California Public Employees' Retirement System. We believe these results are appropriate for use in the development of financial reporting requirements for the District's plan. However, MacLeod Watts does not practice public accounting and, therefore, these results should be reviewed and approved by the District's auditors. For convenience of the District, we have included in an Addendum certain exhibits and information found in reports made public by CalPERS. We made no effort to audit these exhibits or to determine their appropriateness for inclusion in the District's financial disclosures.

MacLeod Watts



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Section 1 – Summary of Data

The development of the report exhibits relied on certain information provided by the District or obtained in publicly available documents related to the Plan's Pool. We relied on this information without audit, although certain pieces of the information (e.g. the Plan's proportionate share percentage) were obtained from audited sources. The District should review this information for accuracy and report any items that the District does not believe are accurate.

Items Reported as of the Prior Fiscal Year

Items	Del Puerto Water District
Total Pension Liability	(3,119,980)
Fiduciary Net Position	2,421,479
Net Deferred Outflows (Inflows) of Resources Due To:	
Assumption Changes	(4,983)
Plan Experience	35,995
Investment Results	20,750
Changes in Proportions	25,789
Differences between actual contributions and proportionate share of contributions	(28,542)
Deferred Contributions	72,518

Proportionate Share Percentages Used to Allocate Pool Items

Items	Del Puerto Water District
Total Pension Liability %	0.016830%
Fiduciary Net Position %	0.016750%
"Other" %	0.017591%

Contributions to the Pool

Plan	Covered Payroll		Contributions			During FYE 2022 Mar 2021 thru Feb 2022
	Jul 2020 thru Jun 2021	Mar 2021 thru Feb 2022	Jul 2020 thru Feb 2021	Jul 2020 thru Jun 2021	Jul 2021 thru Feb 2022	
Del Puerto Water District, 3904 27123	627,630	692,037	72,518	110,292	82,444	120,218

In addition, we assumed the District's contributions to the trust were at least equal to their legally required contributions.



Section 1 - Summary of Data
(Concluded)

Pool Accounting Report

Certain information was used from the publicly available GASB 68 accounting report for the Miscellaneous Risk Pool as of the Measurement Date of June 30, 2021. The items used can be found in the related exhibits within this report. The Expected Average Remaining Service Lifetime (EARSL) for the June 30, 2021, Measurement Date was 3.7 years.



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Section 2 - Pool Net Position Items & Plan Proportionate Share

The items impacting net position that are a proportionate share of the pool are shown below.

Net Position Items As of June 30, 2021	Del Puerto Water District
Pool	Misc
<i>Pool Net Position Items:</i>	
Total Pension Liability	19,964,594,105
Fiduciary Net Position	18,065,791,524
<i>Net Deferred Outflows (Inflows) of Resources:</i>	
Due to Assumptions Changes	-
Due to Plan Experience	212,930,330
Due to Investment Experience	(1,657,554,246)
<i>Plan Proportionate Share %:</i>	
Of Total Pension Liability	0.016830%
Of Fiduciary Net Position	0.016750%
Of Deferred Resources	0.017591%
<i>Plan Net Position Items:</i>	
Total Pension Liability	3,360,041
Fiduciary Net Position	3,026,020
<i>Net Deferred Outflows (Inflows) of Resources:</i>	
Due to Assumptions Changes	-
Due to Plan Experience	37,457
Due to Investment Experience	(291,583)



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Section 3 - Pool Pension Expense Items & Plan Proportionate Share

The items impacting pension expense that are a proportionate share of the pool are shown below.

Pension Expense Items During the Measurement Period	Del Puerto Water District
Pool	Misc
<i>Pool Pension Expense Items:</i>	
Service Cost	(447,031,540)
Cost of Plan Changes	(979,215)
Interest Cost	(1,348,026,935)
Projected Earnings on Assets	1,050,676,271
Employee Contributions	197,606,838
Net Plan to Plan Resource Movement	50,338,379
Administrative Expense	(15,115,342)
<i>Recognized Deferred Resources Due to:</i>	
Assumption Changes	(30,085,020)
Plan Experience	173,502,894
Investment Experience	(507,453,658)
<i>Plan Proportionate Share %:</i>	
Of Liability Related Expense Items	0.016830%
Of Asset Related Expense Items	0.016750%
Of Recognized Deferred Resources	0.017591%
<i>Plan Share of Pension Expense Items:</i>	
Service Cost	(75,235)
Cost of Plan Changes	(165)
Interest Cost	(226,873)
Projected Earnings on Assets	175,988
Employee Contributions	33,099
Net Plan to Plan Resource Movement	8,432
Administrative Expense	(2,532)
<i>Recognized Deferred Resources Due to:</i>	
Assumption Changes	(5,293)
Plan Experience	30,523
Investment Experience	(89,268)



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Addendum

Some general definitions:

Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 68.

Fiduciary net position is the fair value of trust assets that are irrevocably set aside to provide pension payments in accordance with plan benefit terms and that are legally protected from creditors of the employer and plan administrator.

Net pension liability is the liability of employers to employees for benefits provided through a defined benefit pension plan. The net pension liability (or asset if trust assets exceed the total pension liability) is the difference between the Total Pension Liability and the Fiduciary Net Position as of the Measurement Date.

Deferred Outflows & Inflows of Resources (pension related) are changes in the Total Pension Liability and the Fiduciary Net Position that are scheduled for recognition in future periods. GASB 68 provides for certain changes in liabilities and assets to be recognized in future Pension Expense. These include increases or decreases in the Total Pension Liability due to assumption changes, or plan experience; increases or decreases in Fiduciary Net Position due to investment earnings being better or worse than assumed. For cost-sharing multiple employer plans, increases or decreases in the Net Pension Liability due to changes in proportion from the prior period and actual contributions to the trust differing from the employer's proportionate share of the pool contributions also generate deferred resources.

Note: Deferred Resources are generated by events that have already occurred. It is the recognition of those events that is deferred.

Net Position Impact of the plan on the employer's Net Position is the Net Pension Liability plus Deferred Outflows of Resources and minus Deferred Inflows of Resources.

Pension expense is the cost of pension benefits which is recognized in the current period. The Pension Expense can be derived as:

1. The cost of plan benefits attributed to service in the current period and the passage of time plus a recognized portion of deferred outflows and inflows of resources, or
2. The employer contribution to the trust during the current period plus the deterioration, or minus the improvement, in the Net Position of the plan during the period.

Covered-Employee Payroll

Covered-Employee Payroll [reported by CalPERS] is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.



Addendum
(Continued)

Expected Average Remaining Service Lifetime (EARSL)²

The EARSL for PERF C for the June 30, 2021, measurement date is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Notes to Schedule of Plan Contributions

The GASB 68 Accounting Valuation Reports for the Miscellaneous and Safety Risk Pools rely on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2020, annual funding valuations. The census data and benefit provisions underlying the liabilities were prepared as of that date and certified by the CalPERS Actuarial Office as part of the annual funding valuation. The June 30, 2020, liabilities, rolled forward to June 30, 2021, and used for the accounting valuations are based on actuarial assumptions adopted by the CalPERS Board of Administration.

The actuarial methods and assumptions applied to set the *actuarially determined contributions* for Fiscal Year 2021-2022 were derived from the June 30, 2019, funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2019 Funding Valuation Report, Section 2
Asset Valuation Method	Market Value with Direct Rate Smoothing. For details, see June 30, 2019 Funding Valuation
Inflation	2.5%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses: includes inflation.
Retirement Age	The probabilities of Retirement are based on the Dec 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the Dec 2017 CalPERS Experience Study based on data observed from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS).³ A full description of the pension plan benefit provisions, assumptions for funding purposes (not accounting purposes) and membership information is listed in the June 30, 2020 Annual Actuarial Valuation Reports. Benefit details can be found in Appendix B of Section 2 of the June 30, 2020, Miscellaneous Risk Pool and Safety Risk Pool Actuarial Valuation Reports. These reports are publicly available on CalPERS' website under Forms and Publications.

² See page 7 in the CalPERS GASB 68 Accounting Report prepared for the Miscellaneous and/or Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension plan, Measurement Date of June 30, 2021.

³ CalPERS provides service and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on compensation and years of credited service. Members with five or more years of PERS service are eligible to retire at age 50 with statutorily reduced benefits (age 52 for miscellaneous PEPRA members). Different requirements apply for disability and death benefits.



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Addendum

(Concluded)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability.⁴ The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.⁵

Discount Rate⁶

The discount rate used to measure the total pension liability was 7.15 percent.⁷ The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are

Asset Class	Assumed Asset Allocation	Real Return Years 10 ^{-2,4}	Real Return Years 11+ ^{3,4}
Public Equity	50.0%	4.8%	6.0%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	-	-0.92

developed for each major asset class. In determining the long-term expected rate of return, staff considered short-term and long-term market return expectations and the expected pension fund cash flows.⁸ This table shows the current target allocations by asset class.⁹

⁴ See pages 4 and 5, CalPERS Actuarial Valuation Report as of June 30, 2019 prepared for the Agency in the Miscellaneous and/or Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension plan.

⁵ Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

⁶ See page 5 in the CalPERS GASB 68 Accounting Valuation Report prepared for the Miscellaneous and/or Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension plan, Measurement Date of June 30, 2021.

⁷ To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS prepared analysis in accordance with GASB 68 requirements. Based on its analysis, CalPERS concluded that none of the tested plans run out of assets and, as such, that the current actuarially determined discount rate is adequate and use of the municipal bond rate calculation was not necessary. The long term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

⁸ Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns, rounded down to the nearest one quarter of one percent.

⁹ Current allocation of trust investments by asset class and expected returns are found on page 58 of the CalPERS Schedule of Employer Allocations as of and for the Year Ended June 30, 2021.



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IX.C.



United States Department of the Interior

BUREAU OF RECLAMATION
Interior Region 10
2800 Cottage Way
Sacramento, California 95825-1898

IN REPLY REFER TO:
CGB-3400
2.2.4.22

To: All Central Valley Project Water Contractors

Subject: 2022 Central Valley Project (CVP) Water Rates

Dear Water Contractor:

The Bureau of Reclamation posted the final 2022 CVP water rates to the Reclamation website, <https://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html>. As included on the website Foreword for 2022 Water Rates, Reclamation decided that it was appropriate to use the 7-year average of water deliveries to determine estimated deliveries for 2022 Operation and Maintenance rates.

Reclamation would like to notify the contractors that for 2022, the water year is critically dry for irrigation based on the current CVP water allocations. Reclamation expects that the water deliveries for 2022 will be significantly lower for irrigation than the estimated deliveries used for the O&M water rate calculation. The lower than average water deliveries will result in an underestimated O&M component of the irrigation water rate. For the 2022 water year, the CVP wide irrigation water rate for Water Marketing and Storage is calculated to be roughly \$31 per acre-foot where the rate is expected to be in the \$122 per acre-foot range based on the CVP water allocations.

The purpose of this letter is only to notify water contractors of the underestimated 2022 water rate, and to provide advance notice of the potential for O&M deficits to occur when the 2022 Annual Contractor Accountings are calculated in August 2023. This letter is for informational purposes only.

Additionally, it is encouraged that contractors consider the underestimated O&M rates when selling and transferring water to other water contractors to ensure that enough revenue is received to pay for the 2022 allocation of CVP O&M costs.

If you have any questions, please contact Sabir Ahmad, Ratesetting Branch Manager, at sahmad@usbr.gov, or (916) 978-5187.

Sincerely,

ANN LUBAS-WILLIAMS Digitally signed by ANN LUBAS-WILLIAMS
Date: 2022.03.28 11:57:41 -07'00'

Ann Lubas-Williams
Regional Financial Manager

INTERIOR REGION 10 • CALIFORNIA-GREAT BASIN

CALIFORNIA*, NEVADA*, OREGON*
* PARTIAL

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cc: CGB 3400 (JReynoso), CGB 3600 (SAhmad), CGB 3000 (ALubas-Williams),
MWilliams CGB 110

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*PARTIAL

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March Meeting Notes

10:00 a.m. March 18, 2022
279-666-3100 / ID 288067807#

The FAC meeting began at 10:00 a.m. and adjourned at 11:45 a.m.

Attendees (30):

Ana Ulloa – EBMUD	Ann Lubas-Williams – USBR	Barbara Lynch – WAPA
Ansel Lundberg - SMUD	Brooke White – USBR	Cori Stewart – WAPA
Anthea Hansen – Del Puerto WD	Christiane Washington – USBR	Fred DeAnda – WAPA
Dana Jacobson – Valley Water	Cynthia Calvillo – USBR	Judith Shimek – WAPA
Deanna Sereno – CCWD	Erma Leal – USBR	Lindy Rollo – WAPA
Eric Quinley – DEID	Lisa Holm – USBR	Regina Rieger – NCPA
Jonathan Bauer – EBMUD	Robert Ward – USBR	
Juan Vega – SEWD	Sabir Ahmad – USBR	
Kevin Kasberg – CVPWA	Spencer Walden – USBR	
Minnie Moreno – Del Puerto WD	Steve Melavic – USBR	
Skye Grass – Kern-Tulare ID	Steve Pavich – USBR	
Tiffany Montooth – DEID	Wes Harrison – USBR	

1. Opening Business

The 2022 FAC schedule of presentations was updated to move the April meeting back one week to April 22 to accommodate spring break schedules. In addition, the May presentation was split into two presentations from Sabir, with Anthea co-presenting in May on BORWORKS. On March 23, Reclamation and San Luis-Delta Mendota Water Authority will co-present on the San Luis Transmission Project (SLTP). A follow-up meeting on this topic could be held at one of the open months if there is interest.

2022 FAC Schedule of Presentations - Updated 3/18/2022		
Month	Topic	Presenter
January 18	2022 Financial Affairs Meeting	Steve Pavich
February 18	2022 Financial Affairs Meeting	Steve Pavich
March 18	2022 Financial Affairs Meeting	Steve Pavich
April 22	CVPIA Finance Plan	Brooke White
May 20	BORWORKS 101	Sabir Ahmad/Anthea Hansen
June 17	Planning (Storage Projects)	Richard Welsh (pending)
July 15	Future Costs	Robert Ward
August 19	Ratesetting 101	Sabir Ahmad
September 16	Revenues	Christiane Washington
October 21	TBD	
November 18	Ability-to-Pay	Steve Pavich (pending)
December 16	TBD	

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2. Report on EC Meeting

The EC meeting discussed the progress made on the topics included in the 2022 FAC issues matrix. The Financial Management Division (FMD) has been pushing the Basis-of-negotiation (BON) for the XM rate through the approvals, with a signature expected on finalizing the BON by the time of the next FAC meeting. This BON is relevant for the region's ability to apply for funding from the Aging Infrastructure Account for Reserved Works extraordinary maintenance (XM) needs. The XM rate has been under development for many years and will be used to recover XM in the region, either funded through the Aging Infrastructure Account or annual appropriations. If the region decides to pursue the funding of XM through the Aging Infrastructure Account and recover the repayment through the XM rate, the region would conduct extensive contractor engagement.

Robert Ward, Special Projects Economist, is working on the future costs and potential rate impacts worksheet requested by the FAC early in 2022. This effort will help contractors understand long-term expectation of costs, cost recovery, and rate impacts from large projects being evaluated in the region.

The CVPIA Accounting Business Practice Guidelines (BPG) is still under review by Denver and DC, but there is interest in getting this across the finish line so that the CVPIA true-up can be completed.

3. Reclamation Directives and Standards

- PEC 05-03 Extended Repayment of Extraordinary Maintenance Costs

Final Version posted 03/08/2022

USBR provided CVPWA with a table of responses to the comments submitted by the CVPWA FAC in Fall/Winter of 2022. The USBR response to comments is attached to these meeting notes.

- BGT 02-02 Recharacterization of Reimbursability of Project and Program Costs
Tracking – No Timeline on release

4. CRS Reports

- Bureau of Reclamation Provisions in the Infrastructure Investment and Jobs Act (P.L. 117-58) updated February 16, 2022
- Central Valley Project: Issues and Legislation updated March 8, 2022

5. Public Scoping for Long-Term Operations

Scoping comments due March 30

2/3

for the preparation of an Environmental Impact Statement for the Consultation on the Long-Term Operation of the Central Valley Project and State Water Project

6. San Luis Transmission Project – Reclamation Briefing

RSVP to Cheryl Costamagna ccostamagna@usbr.gov

Briefing Date: Wednesday, March 23, 2022

Time: 9:00am – 11:00am

Call in (audio only)

+1 202-640-1187,,715088645# United States, Washington DC

Phone Conference ID: 715 088 645#

7. CVP Bipartisan Applications

In April, the region may begin outreach on the funding of Reserved Works XM through the Aging Infrastructure Account.

8. CVPIA Finance Plan – Brooke White

Moving FAC Meeting back one week, to April 22 to have a presentation from Brooke

9. March Presentation – Annual Budget Process, Ann Lubas-Williams

Slides attached.

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