FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Davis Farr LLP
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

Municipal Water District of Orange County
Board of Directors
Fountain Valley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Municipal Water District of Orange County (the District), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Other Post-Employment Benefit Plan: Schedule of Changes, Other Post-Employment Benefit Plan: Schedule of OPEB Contributions, Cost Sharing Retirement Plan: Schedule of the District's Proportionate Share of the Net Pension Liability, and Cost Sharing Retirement Plan: Schedule of Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

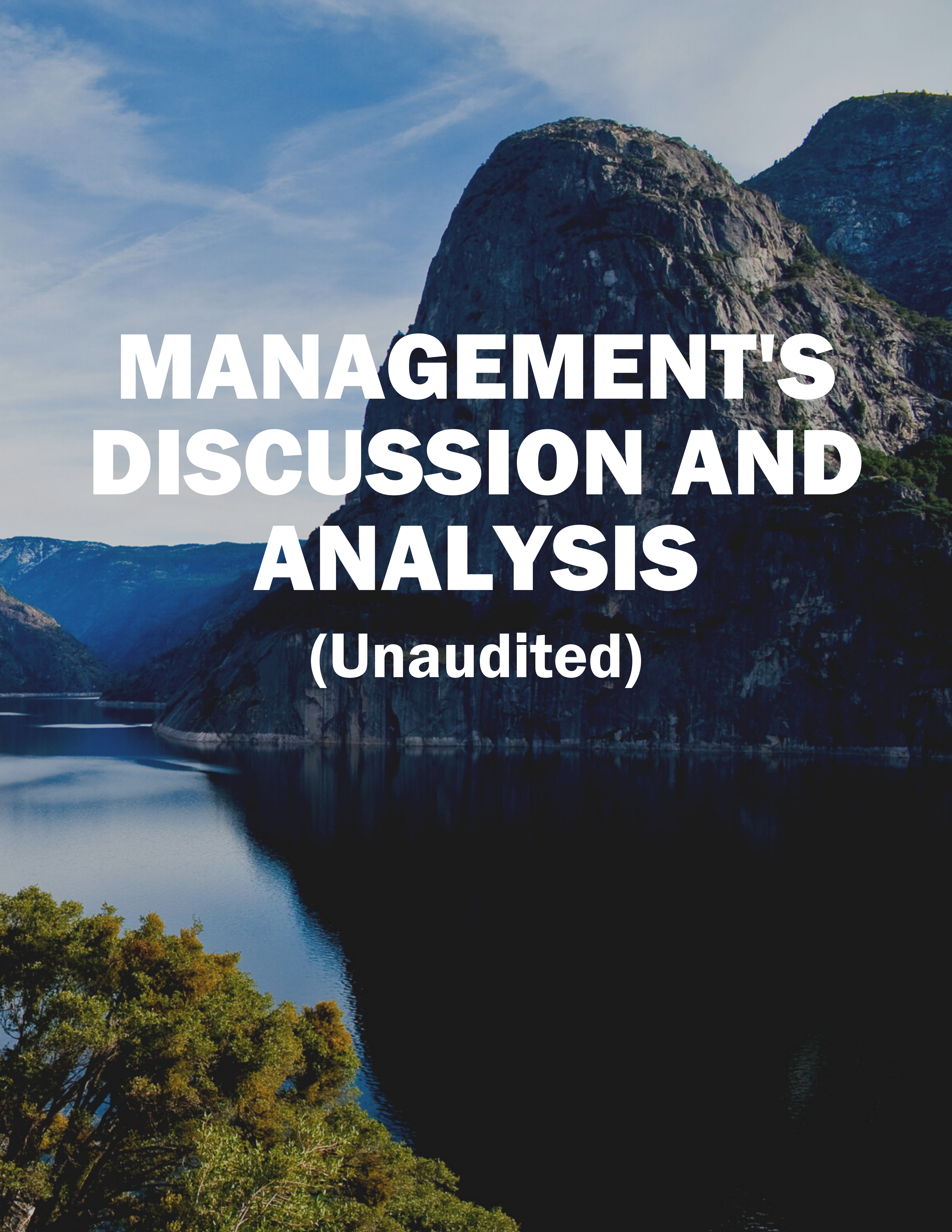
The financial statements of the Municipal Water District of Orange County for the year ended June 30, 2021 were audited by other auditors whose report dated November 4, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 2, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2022

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements and accompanying notes which follow this section.

FINANCIAL HIGHLIGHTS

- The District's revenues were $214.9 million in FY 2021-22, compared to $167.1 million in the prior fiscal year, a 28.7% increase.
- The District's expenses were $213.6 million in FY 2021-22, compared to $167.9 million in the prior fiscal year, a 27.2% increase.
- The District's assets at June 30, 2022 were $55.6 million, a 5.0% increase compared to total assets of $52.9 million at June 30, 2021.
- The District's liabilities at June 30, 2022 were $43.0 million, a 1.6% increase compared to total liabilities of $42.3 million at June 30, 2021.
- The District's net position at June 30, 2022 was $12.3 million, a 12.6% increase compared to net position of $11.0 million at June 30, 2021.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the District activities during the reporting period. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information on the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting.

The *Statement of Net Position* includes all of the District's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference being reported as Net Position. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered all its projected costs through its rates and other service related charges.

The final required financial statement is the *Statement of Cash Flows*, which presents information about the District's cash receipts and cash payments during the reporting period classified as cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities. This statement also provides comparative information on the sources and uses of the District's cash during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is: "Is the District, as a whole, financially better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, changes in rates and charges and new or changed government legislation or accounting standards.

STATEMENT OF NET POSITION

Net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, and may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's Statement of Net Position.

TABLE 1
Condensed Statements of Net Positions
(In thousands of dollars)
June 30:

	FY 2022	FY 2021	Variance	Total Percent Change
Current Restricted Assets	$ 3,303	$ 2,985	$ 318	10.7%
Current Unrestricted Assets	48,030	46,494	1,536	3.3%
Capital Assets	4,141	3,362	779	23.2%
Other Assets	104	89	15	16.9%
Total Assets	**55,578**	**52,930**	**2,648**	**5.0%**
Deferred Outflows of Resources	**1,345**	**898**	**447**	**49.8%**
Current Liabilities Payable from Restricted Assets	1,351	852	499	58.6%
Current Liabilities Payable from Unrestricted Liabilities	40,556	38,649	1,907	4.9%
Noncurrent Unrestricted Liabilities	1,098	2,845	(1,747)	(61.4%)
Total Liabilities	**43,005**	**42,346**	**659**	**1.6%**
Deferred Inflows of Resources	**1,579**	**519**	**1,060**	**204.2%**
Net Position:				
Investment in Capital Assets	4,141	3,362	779	23.2%
Restricted for Trustee Activities	1,952	2,132	(180)	(8.4%)
Unrestricted	6,246	5,468	778	14.2%
Total Net Position	**$ 12,339**	**$ 10,962**	**$ 1,377**	**12.6%**

- Total Assets increased by $2.6 million due to an increase in Accounts Receivable for June Water Sales, the addition of capital assets, which are explained in Table 3, and an increase in the net OPEB asset.
- Total Liabilities increased by $659 thousand due to a prefunded grant under restricted assets, higher Water Sales in June for unrestricted and a decrease in net pension liability for noncurrent liabilities.
- Net Position increased due to the addition of capital assets from the office remodel/retrofit and unrestricted increased due to increased water sales.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of $1.4 million for the year ended June 30, 2022, as compared to a decrease of $(824) thousand for the year ended June 30, 2021. The following is a summary of the change in the District's net position.

TABLE 2
Condensed Statements of Revenues
Expenses, and Changes in Net Assets
(In thousands of dollars)

	FY 2022	FY 2021	Variance	Total Percent Change
Water Sales	$ 210,432	$ 164,209	$ 46,223	28.1%
Special Project Revenues	4,663	2,757	1,906	69.1%
Non-operating Revenues/(Expenses)	(166)	90	(256)	(284.4%)
Total Revenues	**214,929**	**167,056**	**47,873**	**28.7%**
Operating Expenses	208,609	164,895	43,714	26.5%
Special Projects Expenses	4,662	2,756	1,906	69.2%
Depreciation Expense	281	229	52	22.7%
Total Expenses	**213,552**	**167,880**	**45,672**	**27.2%**
Change in Net Position	**1,377**	**(824)**	**2,201**	**(267.1%)**
Beginning Net Position	**10,962**	**11,786**	**(824)**	**(7.0%)**
Ending Net Position	**$ 12,339**	**$ 10,962**	**$ 1,377**	**12.6%**

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are higher due to higher water sales for the year.
- Special Projects Revenue and Expense are higher due to increased conservation and Federal Grant activity in conservation rebates.
- Non-operating Revenues are lower due to a decrease in interest revenue and fair market value of investments.
- Net position increased due to capital and building expense projects being capitalized from the final phase of our office remodel/retrofit.

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2022 and June 30, 2021.

TABLE 3
Capital Assets
(In thousands of dollars)

	FY 2022	FY 2021	Variance	Total Percent Change
Leasehold Improvements	$ 7,002	$ 6,060	$ 942	15.5%
Furniture, Equipment & Computer Equipment	885	780	105	13.5%
Subtotal	**7,887**	**6,840**	**1,047**	**15.3%**
Less Accumulated Depreciation	**(3,745)**	**(3,478)**	**(267)**	**7.7%**
Net Capital Assets	**$ 4,142**	**$ 3,362**	**$ 780**	**23.2%**

The District completed the office remodel and retrofit project. Additional information regarding capital assets can be found in Notes 1 and 4 of the notes to the financial statements.

DEBT ADMINISTRATION

The District had no debt outstanding as of June 30, 2022. The District does not plan to issue new debt in the year ending June 30, 2023.

BUDGETARY HIGHLIGHTS

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board notification. The General Manager is authorized to transfer budget amounts within programs and cost centers. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison schedule for FY 2021-22 is presented in Table 4 to demonstrate compliance with the adopted budget.

TABLE 4
FY 2022 Actual vs FY 2022 Budget
(In thousands of dollars)

	Actual	Budget	Variance	Total Percent Change
Revenues:				
From Operations	$ 215,095	$ 184,517	$ 30,578	16.6%
Non-operating Revenues	(166)	234	(400)	(170.9%)
Total Revenues	**214,929**	**184,751**	**30,178**	**16.3%**
Expenses:				
From Operations				
Cost of Water	200,130	171,316	(28,814)	(16.8%)
Other Operating	13,141	13,489	348	2.6%
Depreciation	281	278	(3)	(1.1%)
Total Expenses	**213,552**	**185,083**	**(28,469)**	**(15.4%)**
Change In Net Assets	**$ 1,377**	**$ (332)**	**$ 1,709**	**(514.8%)**

The variances on the budget to actual are as follows:

- Revenues from Operations were $30.6 million more than budget due to actual water sales being higher than expected and the increase in conservation activity.
- Non-Operating Revenues are lower due to a decrease in the fair value of investments.
- Expenses from Cost of Water purchased were $28.8 million higher than budget due to actual water sales being higher than expected.

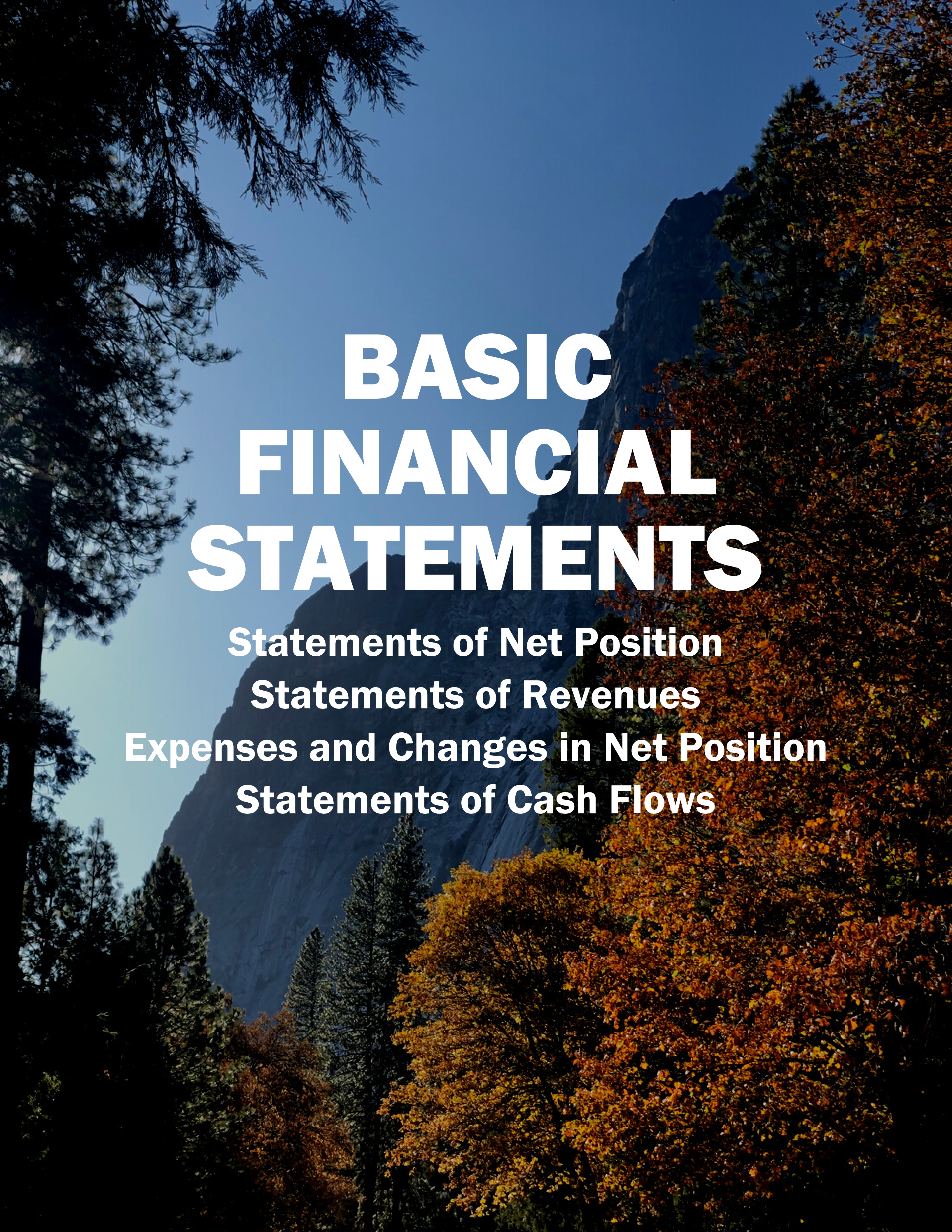
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2022-23. The budgeted operating expenses total $185.8 million and operating revenues total $185.6 million.

Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is allocated between retail meter customers and groundwater customers. In addition MWDOC's agencies will also pay for the resale cost of imported water.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition as of and for the year ended June 30, 2022, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Fountain Valley, CA 92708, (714) 963-3058, www.mwdoc.com.



BASIC FINANCIAL STATEMENTS

Statements of Net Position
Statements of Revenues
Expenses and Changes in Net Position
Statements of Cash Flows

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position

June 30, 2022

(with comparative data as of June 30, 2021)

	2022	2021
ASSETS		
Current Assets:		
Restricted Assets (Note 3):		
Cash and Cash Equivalents (Note 2)	$ 946,679	$ 1,871,973
Accounts Receivable Other	2,355,276	1,112,402
Accrued Interest Receivable	978	540
Total Restricted Assets	3,302,933	2,984,915
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	7,291,393	9,219,011
Investments (Note 2)	2,962,367	3,144,568
Accounts Receivable:		
Water Sales	37,502,695	33,665,658
Other	85,033	230,826
Accrued Interest Receivable	47,085	40,561
Deposits and Prepaid Expenses	141,139	193,053
Total Unrestricted Assets	48,029,712	46,493,677
Total Current Assets	51,332,645	49,478,592
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	4,141,177	3,362,201
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	104,284	89,196
Total Noncurrent Assets	4,245,461	3,451,397
TOTAL ASSETS	55,578,106	52,929,989
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	1,008,822	865,988
Deferred Amount Related to OPEB (Note 8)	336,022	31,791
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,344,844	897,779

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Net Position (Continued)
June 30, 2022
(with comparative data as of June 30, 2021)

	2022	2021
LIABILITIES		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	$ 275,981	$ 440,453
Advances from Participants	1,074,951	412,042
Total Payable from Restricted Assets	1,350,932	852,495
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	38,268,338	34,290,284
Accrued Liabilities	2,288,018	4,359,106
Total Unrestricted Liabilities	40,556,356	38,649,390
Total Current Liabilities	41,907,288	39,501,885
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	1,097,925	2,844,833
Total Noncurrent Liabilities	1,097,925	2,844,833
TOTAL LIABILITIES	43,005,213	42,346,718
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	1,195,031	237,042
Deferred Amount Related to OPEB (Note 8)	383,875	281,591
TOTAL DEFERRED INFLOWS OF RESOURCES	1,578,906	518,633
NET POSITION		
Net Investment in Capital Assets	4,141,177	3,362,201
Restricted	1,952,001	2,132,420
Unrestricted	6,245,653	5,467,796
TOTAL NET POSITION	$ 12,338,831	$ 10,962,417

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and

Changes in Net Position

For the Fiscal Year Ended June 30, 2022

(with comparative data as of June 30, 2021)

	2022	2021
Operating Revenues:		
Water Sales	$ 210,432,332	$ 164,209,371
Special Projects Revenue	2,796,851	1,819,848
Federal Grant Revenue	702,714	314,942
State Grant Revenue	1,162,824	621,614
Total Operating Revenues	215,094,721	166,965,775
Operating Expenses:		
Cost of Water Sold	200,130,346	154,404,997
Salaries and Employee Benefits	5,275,533	6,609,558
General and Administrative	3,203,110	3,880,352
Special Project Expenses	4,662,389	2,756,404
Depreciation	281,210	228,688
Total Operating Expenses	213,552,588	167,879,999
Operating Income	1,542,133	(914,224)
Nonoperating Revenues:		
Investment Income/(Loss)	(174,503)	75,669
Other Income	8,784	14,552
Total Nonoperating Revenues	(165,719)	90,221
Change in Net Position	1,376,414	(824,003)
NET POSITION - BEGINNING OF YEAR	10,962,417	11,786,420
NET POSITION - END OF YEAR	$ 12,338,831	$ 10,962,417

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	$ 206,595,295	$ 160,394,843
Cash (payments) to Metropolitan Water District of Southern California	(196,152,292)	(151,269,630)
Cash (payments) for salaries and employee benefits	(6,424,321)	(6,425,041)
Cash (payments) for general and administrative expenses	(5,076,491)	(2,845,194)
Cash received from special projects	3,255,043	3,202,393
Cash (payments) for special projects	(3,999,480)	(3,002,454)
Other income	8,784	14,552
Net Cash Provided (Used) by Operating Activities	(1,793,462)	69,469
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(1,060,186)	(1,960,652)
Cash Used by Capital and Related Financing Activity	(1,060,186)	(1,960,652)
Cash Flows from Investment Activities:		
Investment income	80,136	75,669
Investments matured/(purchased)	(79,400)	(388,525)
Cash Provided (Used) by Investment Activities	736	(312,856)
Net increase (decrease) in cash and cash equivalents	(2,852,912)	(2,204,039)
Cash and Cash equivalents at beginning of year	11,090,984	13,295,023
Cash and Cash Equivalents at End of Year	$ 8,238,072	$ 11,090,984
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	$ 946,679	$ 1,871,973
Cash and Cash Equivalents (Unrestricted)	7,291,393	9,219,011
Totals	$ 8,238,072	$ 11,090,984

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

	2022	2021
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ 1,542,133	$ (914,224)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	281,210	228,688
Other Income	8,784	14,552
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(3,837,037)	(3,814,528)
(Increase)/Decrease in Accounts Receivable - Other	145,793	618,522
(Increase) in Deposits and Prepaid Expenses	51,914	15,409
(Increase) in OPEB asset	(15,088)	(89,196)
(Increase)/Decrease in Accounts Receivable - Special Projects	(1,242,874)	445,414
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	(447,065)	66,744
Increase/(Decrease) in Accrued and Other Liabilities	(2,071,088)	401,227
Increase/(Decrease) in Restricted Accrued Liabilities	(164,472)	575
Increase/(Decrease) in Advances from Participants	662,909	(246,050)
Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California	3,978,054	3,135,367
Increase/(Decrease) in Net Pension and OPEB Liability	(1,746,908)	12,612
Increase in Deferred Inflows - Pension/OPEB Related	1,060,273	194,357
Total Adjustments	(3,335,595)	983,693
Net Cash Provided by Operating Activities	$ (1,793,462)	$ 69,469
Noncash investing activity:		
Unrealized gain/(loss) on investments*	$ (318,469)	$ (130,536)
Total noncash investing activity	$ (318,469)	$ (130,536)

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Organization and Summary of Significant Accounting Policies

Reporting Entity

The Municipal Water District of Orange County (the District) was formed as a municipal water district on January 11, 1951 under the Municipal Water District Act of 1911. The District is a wholesale water supplier and resource planning agency that serves all of Orange County through 27 cities and water agencies (except the Cities of Anaheim, Fullerton, and Santa Ana which are independent member agencies of Metropolitan Water District of Southern California (Metropolitan). As a public agency member of Metropolitan, the District purchases imported water from Metropolitan and provides water to the District's 27 member agencies, which provide retail or wholesale water services to over 3.2 million residents within the District's service area of approximately 600 square miles. The District's primary sources of water from Metropolitan are the California State Water Project (SWP) and the Colorado River Aqueduct.

The District is an independent special district of the State of California governed by an elected seven-member board. On January 2001, the District merged with the Coastal Municipal Water District (Coastal) under the recommendation of the Local Agency Formation Commission of Orange County (LAFCO) as part of an effort to streamline local government. The consolidation of the two agencies allows the new district to more efficiently provide wholesale water services for the benefit of residents living throughout the service area.

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978 to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees. The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2022 and is kept active for potential future financing arrangements. WFC is a blended component unit of the District and the District has operational responsibility for WFC.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting.

Under the economic resources measurement focus, all assets, deferred inflows and outflows of resources, and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Basic Financial Statements

The District's basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

(1) Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The District accounts for its activities as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's basic financial statements have been prepared on the accrual basis of accounting, and are presented on an economic measurement focus reporting all economic resources and obligations as of and for the year ended June 30, 2022.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.

- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

Operating and Nonoperating Revenues and Expenses

The District's primary purpose is to provide a dependable wholesale supply of imported water for its 27 member agencies. Accordingly, operating revenues such as water sales result from exchange transactions associated with the principal activity of the District, which is the purchase and resale of imported water to the District's member agencies.

Revenues from federal and state grants, reimbursements from participants and special projects, as well as special project expenses are defined as operating revenues and expenses, respectively. Nonoperating revenues consist of investment income and other miscellaneous income.

(1) Organization and Summary of Significant Accounting Policies (Continued)

Water Sales and Cost of Water Sold

Historically, the District's primary source of revenue has been from the resale of imported water to the District's 27 member agencies located in Orange County. Based on Metropolitan's cost of water, each year Metropolitan's Board of Directors approves water rates comprised of a capacity charge, readiness to serve charge and a per acre-foot charge. Metropolitan's rates are based on cost of service studies performed on a biennial basis. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Revenue from sales of water is recognized on the accrual basis as water is delivered.

The District's revenue is from a per retail meter connection charge and a groundwater customer charge. Choice services are charged directly to the agencies as a "fee for service" on a subscription basis. The member agencies also pay for the resale of imported water in addition to the other charges noted.

Investments

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment policy and delegation of investment authority, is reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell or exchange permitted fixed income securities in accordance with the California Government Code. Investment income from restricted assets remains restricted.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments (i.e., Local Agency Investment Fund and Orange County Investment Pool) which are readily convertible to cash and mature within ninety (90) days of original purchase.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all accounts receivable are collectible. In the event any accounts receivable are determined they are uncollectible, an allowance is recorded.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and a useful life greater than one (1) year. Upon retirement, sale or other disposition of capital assets, the cost and related accumulated depreciation are removed from their respective accounts and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful

(1) Organization and Summary of Significant Accounting Policies (Continued)

life of the asset, which range from 3 to 10 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

Deposits and Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as Deposits and Prepaid Expenses in the basic financial statements.

Deferred Outflows and Inflows of Resources

The District reported deferred outflows and inflows of resources related to pensions and OPEB. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the district that is applicable to a future period. Refer to Note 7 and 8 for items identified as deferred inflows and outflows of resources as of June 30, 2022.

Compensated Absences

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn a minimum of 10 up to a maximum of 21 vacation days per year. Accumulated vacation days may not exceed 2 times the number of days earned per year without prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e. accumulated sick leave is not payable in the event of employee termination), is considered a contingent liability, and is not reflected in the accompanying financial statements.

Unearned Revenue / Advances from Participants

Unearned revenue and advances from participants represent grant and agency revenues received in advance of the recognition of the related expense.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at

(1) Organization and Summary of Significant Accounting Policies (Continued)

the time of purchase of one year or less, which are reported at cost.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that could affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of the financial statements inherently requires rounding of amounts and estimates. Management believes that any differences due to rounding are not material.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments at June 30, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	$ 946,679
Cash and cash equivalents (unrestricted)	7,291,393
Investments (unrestricted)	2,962,367
Total Cash and Investments	$ 11,200,439

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	$ 500
Deposits with financial institutions	200,926
Investments	10,999,013
Total Cash and Investments	$ 11,200,439

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy). The table also identifies certain provisions of the California Government Code (or the District's investment policy) that address interest rate risk and concentration of credit risk. The District's investment policy allows for funds to be divided into two categories. The Operating Fund authorized investments are below:

(2) Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One
U.S. Treasuries	5 years	100%	100%
U.S. Government Agencies	5 years	100%	50%
Corporate Securities	5 years	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Repurchase Agreements	1 year	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Collective Investment Pool	N/A	20%	10%
County Investment Pool	N/A	100%	100%
State Investment Pool	N/A	100%	100%

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	$ 1,424,052	$ 250,270	$ 502,238	$ 671,544
Corporate Securities	1,303,113	199,808	-	1,103,305
US Government Issues	232,070	-	-	232,070
Orange County Investment Pool	3,977,995	3,977,995	-	-
State Investment Pool	4,061,783	4,061,783	-	-
	$ 10,999,013	$ 8,489,856	$ 502,238	$ 2,006,919

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or District's investment policy, or debt agreements, and the actual rating by Standard and Poor's (S&P) as of the year end of each investment type. The District purchases all investments at the minimum rating but some investments' ratings may downgrade during its life but it is the District's policy to hold investments until their maturity.

			Ratings as of Year End			
Investment Type	Total	Minimum Legal Rating	AA+	A	A-**	Not Rated
Negotiable Certificate of Deposits	$ 1,424,052	N/A	$ -	$ -	$ -	$ 1,424,052
Corporate Securities	1,303,113	A	-	452,485	850,628	-
US Government Issues	232,070	A	232,070	-	-	-
Orange County Investment Pool	3,977,995	N/A	-	-	-	3,977,995
State Investment Pool	4,061,783	N/A	-	-	-	4,061,783
	$ 10,999,013		$ 232,070	$ 452,485	$ 850,628	$ 9,463,830

** Investments conformed to District's Investment Policy at time of acquisition

Disclosures Relating to Fair Value Measurement and Application

Investments categorized as Level 2 are valued using a market approach using quoted market prices. Values are determined using pricing models and discounted cash flow models and includes management judgement and estimation. Uncategorized investments include investments in a non 2a-7 like pool, such as the Local Agency Investment Fund (LAIF) and the Orange County Investment Pool (OCIP). These investments do not have a legally binding guarantee for its share price and cannot have a measured amortized cost.

The District had the following recurring fair value measurements as of June 30, 2022:

		Fair Value Application			
Investment Type	Total	1	2	3	Uncategorized
Negotiable Certificate of Deposits	$ 1,424,052	$ -	$ 1,424,052	$ -	$ -
Corporate Securities	1,303,113	-	1,303,113	-	-
US Government Issues	232,070	-	232,070	-	-
Orange County Investment Pool	3,977,995	-	-	-	3,977,995
State Investment Pool	4,061,783	-	-	-	4,061,783
	$ 10,999,013	$ -	$ 2,959,235	$ -	$ 8,039,778

Investments in LAIF and OCIP are uncategorized as deposits and withdrawals are made on the basis of $1 and not fair value. Accordingly, under the fair value hierarchy, these investments are uncategorized.

(2) Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2022, the District did not have investments in more than one issuer (other than U.S. Treasury securities, mutual funds, external investment pools) that represented 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to $250,000, the remaining amounts of $1,599,916 were collateralized as described above.

Investment in State and County Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California, and in the OCIP under the oversight of the Orange County Treasurer. The fair market value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by LAIF and OCIP for the entire LAIF and OCIP portfolios (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office.

The District is a participant in OCIP. The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in OCIP at June 30, 2022, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end.

(2) Cash and Investments (Continued)

For further information regarding OCIP, refer to the County of Orange Annual Comprehensive Financial Report.

(3) Restricted Assets

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies, including a rate stabilization fund. As of June 30, 2022, $946,679 was reported as restricted assets related to member agency activities.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2022 with changes therein:

	2021	Additions	Deletions	2022
Furniture,Fixtures and Equipment	$ 780,262	$ 118,474	$ (13,641)	$ 885,095
Leasehold Improvements	6,059,806	941,712	-	7,001,518
	6,840,068	1,060,186	(13,641)	7,886,613
Less Accumulated Depreciation:				
Furniture,Fixtures and Equipment	(474,458)	(75,588)	13,641	(536,405)
Leasehold Improvements	(3,003,409)	(205,622)	-	(3,209,031)
	(3,477,867)	(281,210)	13,641	(3,745,436)
Net Capital Assets	$ 3,362,201	$ 778,976	$ -	$ 4,141,177

(5) Deferred Pension Plan

The District sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a). Currently the MWDOC Board of Directors, MWDOC MET Directors and the General Manager actively participate in the Pension Plan. In accordance with section 3401(c) of the Internal Revenue Code, the term employee includes officers, whether elected or appointed. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan, in lieu of contributing to Social Security. The Directors' contributions to the Pension Plan totaled $40,120 for the year ended June 30, 2022. Participants become vested in the Pension Plan at a rate of 20% per year of service until they are fully vested after five (5) years.

District employees were previously part of the Pension Plan until March 2003 when they became members of the CalPERS plan. See Note 7.

(6) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage for participating member agencies.

The Insurance Authority bills the District a deposit premium at the beginning of each year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are then charged to the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

At June 30, 2022, the District participated in the self-insurance programs as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $500 million. The District has a $1,000 deductible for buildings, personal property and fixed equipment and $500 for licensed vehicles/trailers.

General, Auto and Public Officials Liability - The Insurance Authority has pooled self-insurance up to $5 million per occurrence, and has purchased excess insurance coverage up to $55 million per occurrence.

Crime Policy/Fidelity Bond - The Insurance Authority has a total coverage limit of $3 million, per loss. The District has a $1,000 deductible and coverage in excess has a $100,000 deductible.

Cyber Liability – The Insurance Authority has a coverage limit of $5 million aggregate with a $75,000 to $100,000 deductible.

Workers' Compensation Program – The District is a member of the Special District Risk Management Authority (SDRMA) and participates in its Workers' Compensation Program for special districts and other public agencies. The SDRMA provides responsive claims management, cost containment, combined with tailored safety and loss prevention and an unequaled full-service workers' compensation program. All claims are handled by a third party administrator, Sedgwick. Comprehensive Coverage includes Statutory Workers' Compensation Limits, $5 million Employer's Liability, Zero Member Deductible, and SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

The District pays annual premiums for all policy coverages and to date does not have any active/open claims or pending settlements.

(7) Cost-Sharing Defined Benefit Plan

General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2003, all qualified regular full-time employees working over 1,000 hours in a fiscal year are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. The CalPERS Plans (the Plans) consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at: http://www.calpers.ca.gov.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.750%
Required employer contribution rates	10.88%	7.59%
Pensionable Compensation Cap*	No Cap	$161,969

∗ Will increase to reflect changes in the Consumer Price Index

Contributions – Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Contributions recognized by the Plans from the employer for the year ended June 30, 2022 were $622,104.

(7) Cost-Sharing Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2022, the District's proportionate share of the net pension liability of the Plan is as follows:

	Net Position Liability
Balance at: December 31, 2020	$ 3,026,400
Balance at: December 31, 2021	1,097,925
Net change during 2021	$ (1,928,475)

The District's net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 were as follows:

	Miscellaneous
Proportion - June 30, 2021	0.06744%
Proportion - June 30, 2022	0.05782%
Change - Increase (Decrease)	-0.00962%

For the year ended June 30, 2022, the District recognized pension credit of $309,650.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 123,120	$ -
Differences between Projected and Actual Investment Earnings	-	958,430
Change in Employer's Proportion	263,598	-
Differences between Employers Contributions and Proportionate Share of Contributions	-	236,601
Pension Contributions Made Subsequent to Measurement Date	622,104	-
Total	$ 1,008,822	$ 1,195,031

(7) Cost-Sharing Defined Benefit Plan (Continued)

The amount of $622,104 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,		
2023	$	(164,395)
2024		(175,313)
2025		(203,744)
2026		(264,861)
	$	(808,313)

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuation with update procedures used to roll forward the total pension liability to June 30, 2021, was based on the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CALPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

(7) Cost-Sharing Defined Benefit Plan (Continued)

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

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

The table below reflects long-term expected real rate of return by asset class.

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1-10[2,4]	Real Return Years 11 +[3,4]
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

[1] In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2] An expected inflation of 2.00% used for this period
[3] An expected inflation of 2.92% used for this period
[4] Figures are based on previous ALM of 2017

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
District's Net Pension Liability/(Asset)	$ 3,201,407	$ 1,097,925	$ (640,994)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(7) Cost-Sharing Defined Benefit Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

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.

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

Net Difference between projected and actual earnings on pension plan investments	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 (active, inactive, and retired) as of the beginning of the measurement period

(8) Retiree Medical Plan – Other Post-Employment Benefits (OPEB)

Plan Description:

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health benefits for employees, retirees and their dependents with a choice of medical plans through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority. Employees and retirees select from the same plans. Retired employees (hired prior to July 1, 2012) who are at least 55 years of age are eligible for these health and welfare benefits based on their years of full-time accrued service. There are two benefit tiers for the years of accrued service:

Tier 1: Employees retiring with a minimum of 10 consecutive years of full-time service with the District, earn medical coverage on the following terms: The District will pay for Retiree only or couples coverage on the same basis as active employees. Retiree and spouse/domestic partner have the option to continue dental and vision benefits at their own cost and COBRA coverage is offered. Upon becoming Medicare eligible, the retiree must enroll and transition to Medicare coverage. The District will reimburse retiree only up to the annual cap of $3,080.82 for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance or Medicare Part B coverage. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage, enrollment in another plan or becoming Medicare eligible.

Tier 2: Employees retiring with a minimum of 25 consecutive years of full-time service with the District earn medical, dental and vision benefits on the following terms: The District will pay for retiree only or couples coverage on the same basis as active employees. The District pays the following for dental and vision coverage: Dental for retiree only 90%; couples coverage 80%. Vision coverage for retiree only 100%; couples coverage 80%. Retirees and their spouses/domestic partner are required to enroll in Medicare Parts A and B upon eligibility. The District will reimburse for Medicare Part B for both retiree and their eligible spouse/domestic partner. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage or enrollment in another plan.

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

The following guidelines apply to both tiers:

1. The District does not make contributions to Health Savings Accounts on behalf of retirees.
2. Reenrollment is not permitted if a retiree discontinues medical coverage.
3. Annual open enrollment is not permitted for retirees.
4. Reimbursement requires proper verification and is made on a quarterly to yearly basis.

Employees hired on or after July 1, 2012 are ineligible for District-paid retiree health benefits. Plan benefits and contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors.

The following parties are responsible for administration of the Health Plan:

- Public Agency Retirement Services (PARS) serves as Trust Administrator and Consultant
- US Bank serves as Trustee, and
- HighMark Capital Management (HighMark) serves as Investment Manager

PARS issues monthly account reports to the District and HighMark publishes quarterly performance reports.

Plan membership at June 30, 2022, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	13
Active plan members	9
Total	22

Funding Policy:

The contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors. The District has fully funded the OPEB obligation with the addition of an OPEB Designated Reserve account.

Net OPEB Liability/(Asset):

The District's Net OPEB Liability/(Asset) was measured as of June 30, 2022 and the Total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Actuarial assumptions:

The total OPEB liability/(asset) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	6.00 percent, net of OPEB plan investment expense
Healthcare cost trend rate	6.50 percent for 2022 decreasing to 5.30 percent for 2025-2030, 5.50 percent for 2031-2040, 5.20 percent for 2041-2050, 5.10 for 2051-2060, 5.00 percent for 2061-2069, and 4.50 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.
Preretirement Mortality	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	50%	4.4%
U.S. Fixed	50%	1.1%

Discount rate:

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability/(asset) is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity GO AA 20-Year Municipal Index	Discount Rate
June 30, 2021	June 30, 2021	6.00%	1.92%	6.00%
June 30, 2022	June 30, 2022	6.00%	3.69%	6.00%

The components of the net OPEB liability/(asset) at June 30, 2022, were as follows:

Total OPEB liability	2,304,315
Plan fiduciary net position	2,408,599
Net OPEB liability (asset)	(104,284)
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Covered employee payroll	1,351,622
Net OPEB liability (asset) as a percentage of covered payroll	-7.72%
Plan fiduciary net position as a percentage of the total OPEB liability	104.53%

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2021 to June 30, 2022):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at June 30, 2021	$ 2,691,904	$ 2,781,100	$ (89,196)
Changes for the year:			
Service Cost	15,920	-	15,920
Interest	159,271	-	159,271
Differences between expected and actual experience	(609,684)	-	(609,684)
Change in assumptions	155,101	-	155,101
Net investment income	-	(356,249)	356,249
Contributions			
Employer - cash subsidy	-	108,197	(108,197)
Benefit payments, including implicit subsidy	(108,197)	(108,197)	-
Administrative expense	-	(16,252)	16,252
Net changes	(387,589)	(372,501)	(15,088)
Balances at June 30, 2022	**$ 2,304,315**	**$ 2,408,599**	**$ (104,284)**

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	$186,023	$(104,284)	$(344,853)

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare cost trend rates:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease[2]	Trend Rate	1% Increase[3]
Net OPEB liability (asset)	($321,893)	($104,284)	$159,289

2 Trend rate for each future year reduced by 1%
3 Trend rate for each future year increased by 1%

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District made a total contribution of $85,275, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to $108,197.

At June 30, 2022, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ 238,366	$ -
Differences between expected and actual experience	-	383,875
Changes in assumptions	97,656	-
Total	$ 336,022	$ 383,875

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ -	$ (122,253)
2024		(69,776)
2025	36,301	-
2026	107,875	-
	$ 144,176	$ (192,029)

Investments

For the year ended June 30, 2022 the annual money-weighted rate of return on investments, net of investment expense, was (12.87%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by the District's management and Board of Directors. The current investment selection is the Moderate HighMark PLUS. The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Asset Class	Strategic Asset Allocation Ranges
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

(9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

(10) Subsequent Events

The District's Board of Directors approved the return of our Tier 2 Restricted Reserve fund as a credit to member agencies on their annual Retail Meter and Groundwater customer charge invoices, billed in July 2022.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Measurement Periods Ended June 30

Measurement Period	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 15,920	$ 32,103	$ 30,118	$ 34,408	$ 33,406
Interest on the total OPEB liability	159,271	155,170	148,417	140,392	134,254
Actual and expected experience difference	(609,684)	-	(86,201)	-	-
Changes in assumptions	155,101	-	102,437	-	-
Changes in benefit terms	-	-	-	-	-
Benefit Payments	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	(387,589)	89,821	123,437	103,779	107,790
Total OPEB liability - beginning	2,691,904	2,602,083	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,304,315	2,691,904	2,602,083	2,478,646	2,374,867
Plan Fiduciary Net Position					
Contribution - employer	108,197	97,452	71,334	71,021	59,870
Net investment income	(356,249)	509,846	85,732	140,186	128,809
Benefit payments	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Administrative expense	(16,252)	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	(372,501)	495,017	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,781,100	2,286,083	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	2,408,599	2,781,100	2,286,083	2,212,237	2,077,720
Net OPEB liability/(asset) - ending (a)-(b)	$ (104,284)	$ (89,196)	$ 316,000	$ 266,409	$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liabilit	104.53%	103.31%	87.86%	89.25%	87.49%
Covered-employee payroll	$ 1,351,622	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Net OPEB liability as a percentage of covered-employee payr	-7.72%	-4.72%	15.99%	13.62%	15.37%

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 51,962	$ 50,448	$ 46,537	$ 49,847	$ 48,878
Contributions in relation to the ADC	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	$ (56,235)	$ (47,004)	$ (24,797)	$ (21,174)	$ (10,992)
Covered-employee payroll	$ 1,351,622	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Contributions as a percentage of covered-employee payroll	8.00%	5.16%	3.61%	3.63%	3.10%

* Fiscal year 2018 was the first year of implementation, therefore only five years are shown

Notes to Schedule:

The District's Net OPEB Liability was measured as of June 30, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

The Total OPEB Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair Value of Assets
Recognition of deferred inflows and outflows of resources	Solely on the applicable GASB 75 rate. Net of expected future retiree contributions.
Salary increases	3.00%
Inflation Rate	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Pre-Retirement Mortality	CalPERS Experience Study (2000-2019)
Post-Retirement Mortality	CalPERS Experience Study (2000-2019)

Medical Trend:

Year	Pre-Medicare	Medicare	Dental/Vision
2022	6.50%	4.50%	3.50% / 2.50%
2023	6.00%	4.50%	3.50% / 2.50%
2024	5.50%	4.50%	3.50% / 2.50%
2025-2030	5.30%	4.50%	3.50% / 2.50%
2031-2040	5.50%	4.50%	3.50% / 2.50%
2041-2050	5.20%	4.50%	3.50% / 2.50%
2051-2060	5.10%	4.50%	3.50% / 2.50%
2061-2069	5.00%	4.50%	3.50% / 2.50%
2070+	4.50%	4.50%	3.50% / 2.50%

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

Cost Sharing Retirement Plan
Schedule of the District's Proportional Share of the Net Pension Liability
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06744%	0.06744%	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	$1,097,925	$2,844,833	$2,516,221	$2,214,703	$2,276,032	$1,871,472	$1,376,955	$1,360,017
Covered Payroll	$4,204,889	$3,792,545	$3,482,913	$3,295,260	$3,022,872	$2,748,796	$2,640,576	$2,601,571
Proportionate share of the net pension liability as a percentage of covered payroll	26.11%	75.01%	72.24%	67.21%	75.29%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	90.49%	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%	79.82%

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown

Notes to Schedule:

Fiscal Year End:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine liability:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Amount	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method	Fair Value	Fair Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
Projected Salary Increase	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.75%	2.75%	2.75%	3.25%	3.00%	3.00%	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 622,104	$ 413,399	$ 349,145	$ 302,458	$ 273,125	$ 252,815	$ 220,517	$ 288,065
Contributions in relation to the actuarially determined contribution	(622,104)	(413,399)	(349,145)	(302,458)	(273,125)	(252,815)	(220,517)	(288,065)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$4,448,997	$4,204,889	$3,792,545	$3,482,913	$3,295,260	$3,022,872	$2,748,796 [1]	$2,640,576 [1]
Contributions as a percentage of covered-employee payroll	13.98%	9.83%	9.21%	8.68%	8.29%	8.36%	8.02%	10.91%

* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown

[1] Restated Covered Payroll

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions and Methods: In Fiscal Year 2020-21 there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses as well as a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.