

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
(OTHER POST EMPLOYMENT BENEFIT PLAN)**

FINANCIAL STATEMENTS

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

Prepared by:

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WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Municipal Water District
Retirement Medical Benefits Plan
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of Western Municipal Water District Retirement Medical Benefits Plan (the Plan) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Municipal Water District Retirement Medical Benefits Plan as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the Plan's net OPEB liability and related ratios, schedule of employer contributions, and schedule of investment returns on pages 15-17 be presented to supplement the basic financial statements. Such information, 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.

White Nelson Nichl Evans LLP

Irvine, California
December 9, 2019

**Western Municipal Water District
Retirement Medical Benefits Plan
Statements of Fiduciary Net Position
June 30, 2019 and 2018**

	2019	2018
Assets:		
Cash and investments (Note 2)	\$ 17,617,479	\$ 16,603,910
Accrued interest	17,511	18,855
Prepaid expenses	44,759	40,864
Total Assets	17,679,749	16,663,629
Liabilities:		
Accrued expenses	6,527	6,259
Deferred Inflow of Resources:		
Contributions received for next fiscal year	2,380	3,855
Net Position:		
Restricted for Other Postemployment Benefits	\$ 17,670,842	\$ 16,653,515

See accompanying notes to the financial statements.

**Western Municipal Water District
Retirement Medical Benefits Plan
Statements of Changes in Fiduciary Net Position
For the years ended June 30, 2019 and 2018**

	2019	2018
Additions:		
Contributions:		
Employer	\$ 729,432	\$ 708,338
Retiree	33,327	36,511
Total contributions	762,759	744,849
Investment Income:		
Net increase in fair value of investments	420,822	913,049
Interest	2,455	1,309
Dividends	431,532	383,698
Total investment income	854,809	1,298,056
Less: Investment expense	(34,160)	(32,829)
Net Investment Income	820,649	1,265,227
Total Additions	1,583,408	2,010,076
Deductions:		
Benefits	536,005	498,497
Administrative expense	30,076	27,625
Total Deductions	566,081	526,122
Net Increase in Net Position	1,017,327	1,483,954
Net Position Restricted for Other Postemployment Benefits:		
Beginning of Year	16,653,515	15,169,561
End of Year	\$ 17,670,842	\$ 16,653,515

See accompanying notes to the financial statements.

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

Western Municipal Water District Retirement Medical Benefits Plan (the Plan) financial statements are prepared using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan Administration

Management of the Plan is vested in the Western Municipal Water District Board of Directors, which consists of five members who are publicly elected for a four-year term from comparably sized districts (divisions) based on population.

Investments

Investments are reported in the financial statements at fair value based on the last reported sales price published on a national exchange. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. In addition to the change in fair value, other investment income includes interest earnings and any gains or losses realized upon liquidation or sale of investments.

Tax Status

The Internal Revenue Service has determined and informed the Plan by letter dated April 20, 2007, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Therefore, the Plan is qualified and the related Trust Fund was tax-exempt as of June 30, 2019 and 2018.

Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments

Cash and investments as of June 30, 2019 and 2018 are classified on the financial statements as follows:

	2019	2018
Cash and investments	\$ 17,617,479	\$ 16,603,910

Cash and investments as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Money Market Funds	\$ 243,848	\$ 62,155
Exchange-Traded Funds:		
Small Cap US Equity	2,788,548	3,259,730
Mid Cap US Equity	1,748,340	2,356,838
Large Cap US Equity	2,991,713	1,823,974
International Equity	1,721,580	1,637,708
Emerging Market Equity	899,509	833,450
US Core Bonds	4,352,868	3,831,608
US High Yield Bonds	907,797	833,780
International Bonds	438,918	419,079
Real Estate	900,220	906,539
International Real Estate	380,078	372,045
Other	244,060	267,004
Total Cash and Investments	\$ 17,617,479	\$ 16,603,910

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments (Continued)

Investments Authorized by the Trust Agreement

Investments of the Plan are held by the trustee and governed by provisions of the trust agreement rather than the general provisions of the California Government Code. The table below identifies the investment classes that are authorized for investments held by the trustee. The table also identifies certain provisions of the trust agreement that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Class</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Exchange-Traded Funds and/or Mutual Funds:			
Equities	No Limit	75%	No Limit
Domestic	No Limit	75%	No Limit
International	No Limit	50%	No Limit
Real Estate	No Limit	25%	No Limit
Domestic	No Limit	25%	No Limit
International	No Limit	10%	No Limit
Commodities	No Limit	25%	No Limit
Bonds	No Limit	75%	No Limit
Domestic	No Limit	75%	No Limit
International	No Limit	35%	No Limit
Cash/Money Market Funds	N/A	10%	No Limit

Rate of Return

For the years ended June 30, 2019 and 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.03% and 8.36%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk

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 Plan's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or Exchange-Traded Funds. All investments are in the name of the Trust and held by a third-party custodian.

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk applies to investments in debt securities.

Maturities of investments at June 30, 2019 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money Market Funds	\$ 243,848	\$ 243,848	\$ -	\$ -	\$ -
Exchange-Traded Funds:					
US Core Bonds	4,352,868	4,352,868	-	-	-
US High Yield Bonds	907,797	907,797	-	-	-
International Bonds	<u>438,918</u>	<u>438,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,943,431</u>	<u>\$ 5,943,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Maturities of investments at June 30, 2018 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money Market Funds	\$ 62,155	\$ 62,155	\$ -	\$ -	\$ -
Exchange-Traded Funds:					
US Core Bonds	3,831,608	3,831,608	-	-	-
US High Yield Bonds	833,780	833,780	-	-	-
International Bonds	<u>419,079</u>	<u>419,079</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,146,622</u>	<u>\$ 5,146,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments (Continued)

Credit Risk

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, Standard & Poor's and Moody's. Credit risk applies to investments in debt securities.

Credit ratings of investments at June 30, 2019 are as follows:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Fair Value</u>	<u>Ratings as of Year-End AAA</u>	<u>Not Rated</u>
Money Market Funds	N/A	\$ 243,848	\$ 243,848	\$ -
Exchange-Traded Funds:				
US Core Bonds	N/A	4,352,868	-	4,352,868
US High Yield Bonds	N/A	907,797	-	907,797
International Bonds	N/A	<u>438,918</u>	<u>-</u>	<u>438,918</u>
 Total		 <u>\$ 5,943,431</u>	 <u>\$ 243,848</u>	 <u>\$ 5,699,583</u>

Credit ratings of investments at June 30, 2018 were as follows:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Fair Value</u>	<u>Ratings as of Year-End AAA</u>	<u>Not Rated</u>
Money Market Funds	N/A	\$ 62,155	\$ 62,155	\$ -
Exchange-Traded Funds:				
US Core Bonds	N/A	3,831,608	-	3,831,608
US High Yield Bonds	N/A	833,780	-	833,780
International Bonds	N/A	<u>419,079</u>	<u>-</u>	<u>419,079</u>
 Total		 <u>\$ 5,146,622</u>	 <u>\$ 62,155</u>	 <u>\$ 5,084,467</u>

Concentration of Credit Risk

The Plan's investment policy contains no limitations on the amounts that can be invested in any one issuer. The Plan does not hold investments in any one issuer other than Mutual Funds or Exchange-Traded Funds that represent 5% or more of total investments.

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments (Continued)

Fair Value Measurements

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities as received by the Plan's investment manager from a third-party service provider. Level 3 inputs are significant unobservable inputs.

The hierarchy of the Plan's investments at June 30, 2019 is as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Money Market Funds	\$ 243,848	\$ -	\$ -	\$ 243,848
Exchange-Traded Funds:				
Small Cap US Equity	2,788,548	-	-	2,788,548
Mid Cap US Equity	1,748,340	-	-	1,748,340
Large Cap US Equity	2,991,713	-	-	2,991,713
International Equity	1,721,580	-	-	1,721,580
Emerging Market Equity	899,509	-	-	899,509
US Core Bonds	4,352,868	-	-	4,352,868
US High Yield Bonds	907,797	-	-	907,797
International Bonds	438,918	-	-	438,918
Real Estate	900,220	-	-	900,220
International Real Estate	380,078	-	-	380,078
Other	<u>244,060</u>	<u>-</u>	<u>-</u>	<u>244,060</u>
 Total Investments	 <u>\$ 17,617,479</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 17,617,479</u>

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 2: Cash and Investments (Continued)

Fair Value Measurements (Continued)

The hierarchy of the Plan's investments at June 30, 2018 is as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Money Market Funds	\$ 62,155	\$ -	\$ -	\$ 62,155
Exchange-Traded Funds:				
Small Cap US Equity	3,259,730	-	-	3,259,730
Mid Cap US Equity	2,356,838	-	-	2,356,838
Large Cap US Equity	1,823,974	-	-	1,823,974
International Equity	1,637,708	-	-	1,637,708
Emerging Market Equity	833,450	-	-	833,450
US Core Bonds	3,831,608	-	-	3,259,698
US High Yield Bonds	833,780	-	-	833,780
International Bonds	419,079	-	-	419,079
Real Estate	906,539	-	-	906,539
International Real Estate	372,045	-	-	372,045
Other	267,004	-	-	267,004
	<u>16,603,910</u>	<u>-</u>	<u>-</u>	<u>16,603,910</u>
Total Investments	<u>\$ 16,603,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,603,910</u>

Note 3: Plan Description and Contribution Information

Membership of the Plan consisted of the following at June 30, 2019, the measurement date:

Retirees and beneficiaries receiving benefits	76
Active plan members	<u>145</u>
Total	<u><u>221</u></u>

Plan Description

The Plan is a single-employer defined benefit postemployment healthcare plan, established June 15, 2006, that provides health insurance benefits to eligible retired employees of Western Municipal Water District (Western), in accordance with Plan provisions. Article VI of the Plan assigns the authority to establish and amend the benefit provisions of the plan to Western.

Eligible participants for the Plan are based on two groups:

- a. Group 1 consists of classified and non-classified employees hired on or before December 18, 2002, who are at least fifty-five years old at retirement and have completed ten years of service. Benefits are provided for the employee and spouse.

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 3: Plan Description and Contribution Information (Continued)

Plan Description (Continued)

- b. Group 2 consists of classified and non-classified employees hired after December 18, 2002, who are at least fifty-five years old at retirement and have completed ten years of service. Benefits are provided for the employee only.

Contributions

Plan members do not contribute to the Plan. The contribution requirement of the Plan is established and may be amended by Western's Board of Directors. Western contributes to the voluntary employees' beneficiary association (VEBA) trust an amount equal to the actuarially determined contribution (ADC). Administrative costs of the plan are financed through investment earnings.

Note 4: Net OPEB Liability of the Plan

The components of the net OPEB liability of the Plan at June 30, 2019 were as follows:

Total OPEB liability	\$ 18,675,589
Plan fiduciary net position	<u>17,670,842</u>
Plan's net OPEB liability	<u>\$ 1,004,747</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 94.62%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of November 1, 2017, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal level percent of pay
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Inflation	2.50%
Investment Rate of Return	7%
Healthcare Cost Trend Rate	7.5% per annum, graded down each year in .3% increments to an ultimate rate of 4.5%
Salary Increase Rate	5.70%

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 4: Net OPEB Liability of the Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates are based on the CalPERS Public Agency Miscellaneous rates. CalPERS miscellaneous rates utilize a table including 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS's website.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of November 1, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	8.5%	61%
Fixed Income	3.7%	30%
Real Estate	6.7%	7%
Other	5.0%	2%

Discount Rate

The discount rate used to measure the total OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current discount rate:

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Net OPEB liability (asset)	\$3,477,908	\$1,004,747	\$(1,056,291)

**Western Municipal Water District
Retirement Medical Benefits Plan
Notes to the Financial Statements
June 30, 2019 and 2018**

Note 4: Net OPEB Liability of the Plan (Continued)

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rate that is one percentage point lower (6.5% decreasing to 3.5%) or one percentage point higher (8.5% decreasing to 5.5%) than the current trend rate:

	1% Decrease (6.5% decreasing to <u>3.5%</u>)	Trend Rate (7.5% decreasing to <u>4.5%</u>)	1% Increase (8.5% decreasing to <u>5.5%</u>)
Net OPEB liability (asset)	\$(1,658,172)	\$1,004,747	\$4,327,862

Note 5: Subsequent Events

Events occurring after June 30, 2019 have been evaluated for possible adjustments to the financial statements or disclosure as of December 2, 2019, which is the date these financial statements were available to be issued.

**Western Municipal Water District
Retirement Medical Benefits Plan
Required Supplementary Information
Last Ten Fiscal Years**

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

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 785,273	\$ 666,940	\$ 623,308
Interest	1,357,315	1,096,161	1,013,738
Differences between expected and actual experience	-	1,544,082	(88,561)
Changes of assumptions	(1,742,305)	847,628	-
Retiree contributions	-	36,511	-
Benefit payments	(659,277)	(498,497)	(419,334)
Net change in total OPEB liability	(258,994)	3,692,825	1,129,151
Total OPEB liability - beginning	18,934,583	15,241,758	14,112,607
Total OPEB liability - ending (a)	\$ 18,675,589	\$ 18,934,583	\$ 15,241,758
Plan fiduciary net position			
Contributions - employer	\$ 729,432	\$ 708,338	\$ 717,100
Contributions - retiree	33,327	36,511	-
Net investment income	820,649	1,265,227	1,489,318
Benefit payments	(536,005)	(498,497)	(419,334)
Administrative expense	(30,076)	(27,625)	(19,909)
Net change in plan fiduciary net position	1,017,327	1,483,954	1,767,175
Plan fiduciary net position - beginning	16,653,515	15,169,561	13,402,386
Plan fiduciary net position - ending (b)	\$ 17,670,842	\$ 16,653,515	\$ 15,169,561
Plan's net OPEB liability - ending (a) - (b)	\$ 1,004,747	\$ 2,281,068	\$ 72,197
Plan fiduciary net position as a percentage of the total OPEB liability	94.62%	87.95%	99.53%
Covered-employee payroll	15,921,966	14,663,027	14,589,576
Plan's net OPEB liability as a percentage of covered-employee payroll	6.31%	15.56%	0.49%

Notes to Schedule:

Benefit Changes

There were no changes in benefits.

Changes of Assumptions

From fiscal year June 30, 2017 to June 30, 2018:

(a) updated the census data collection date from July 1 to November 1, (b) updated the participation to assume that all PPO plan participants will elect the PPO 200 plan upon retirement, and (c) updated the annual medical per capita costs based on updated premium rates and census data.

From fiscal year June 30, 2018 to June 30, 2019:

Salary increase rate changed from 3% to 5.70%.

GASB 74 was implemented in fiscal year 2016-17; therefore, only three years are shown in this schedule.

**Western Municipal Water District
Retirement Medical Benefits Plan
Required Supplementary Information
Last Ten Fiscal Years**

Schedule of Employer Contributions

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 729,432	\$ 530,291	\$ 507,895
Contributions in relation to the actuarially determined contribution	729,432	708,338	717,100
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (178,047)</u>	<u>\$ (209,205)</u>
 Covered-employee payroll	 15,921,966	 \$ 14,663,027	 \$ 14,589,576
 Contributions as a percentage of covered-employee payroll	 4.58%	 4.83%	 4.92%

Notes to Schedule:

Valuation date	11/1/2017	11/1/2017	7/1/2016
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Methods and assumptions used to determine contribution rates:

	Entry age normal level percent of pay		
	Fair value of assets		
Actuarial cost method	2.50%	2.75%	2.75%
Asset valuation method			
Inflation	(1)	(1)	(1)
Healthcare cost trend rates	5.70%	3.00%	3.00%
Salary increases	7.00%	7.00%	7.00%
Investment rate of return	55 years	55 years	55 years
Retirement age	(2)	(2)	(2)
Mortality			

(1) 7.5% per annum, graded down each year in .3% decrements to an ultimate rate of 4.5%

(2) Mortality rates are based on the CalPERS Public Agency Miscellaneous rates. CalPERS miscellaneous rates utilize a table including 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS's website.

GASB 74 was implemented in fiscal year 2016-17; therefore, only three years are shown in this schedule.

**Western Municipal Water District
Retirement Medical Benefits Plan
Required Supplementary Information
Last Ten Fiscal Years**

Schedule of Investment Returns

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Annual money-weighted rate of return, net of investment expense	5.03%	8.36%	10.82%

Notes to Schedule:

GASB 74 was implemented in fiscal year 2016-17; therefore, only three years are shown in this schedule.