

**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, 2018 AND 2017**

*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, 2018 and 2017, 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, 2018 and 2017, 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 Dick Evans LLP*

Irvine, California  
December 20, 2018

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Statements of Fiduciary Net Position  
June 30, 2018 and 2017**

	2018	2017
<b>Assets:</b>		
Cash and investments (Note 2)	\$ 16,603,910	\$ 15,139,630
Accrued interest	18,855	-
Prepaid expenses	40,864	39,278
Total Assets	16,663,629	15,178,908
<b>Liabilities:</b>		
Accrued expenses	6,259	5,830
<b>Deferred Inflow of Resources:</b>		
Contributions received for next fiscal year	3,855	3,517
<b>Net Position:</b>		
Restricted for Other Postemployment Benefits	\$ 16,653,515	\$ 15,169,561

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, 2018 and 2017**

	2018	2017
<b>Additions:</b>		
Contributions:		
Employer	\$ 708,338	\$ 717,100
Retiree	36,511	-
	744,849	717,100
Investment Income:		
Net increase in fair value of investments	913,049	1,164,688
Interest	1,309	81
Dividends	383,698	353,304
	1,298,056	1,518,073
Less: Investment expense	(32,829)	(28,755)
Net Investment Income	1,265,227	1,489,318
Total Additions	2,010,076	2,206,418
<b>Deductions:</b>		
Benefits	498,497	419,334
Administrative expense	27,625	19,909
	526,122	439,243
Net Increase in Net Position	1,483,954	1,767,175
<b>Net Position Restricted for Other Postemployment Benefits:</b>		
Beginning of Year	15,169,561	13,402,386
End of Year	\$ 16,653,515	\$ 15,169,561

See accompanying notes to the financial statements

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**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, 2018 and 2017.

***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, 2018 and 2017**

**Note 2: Cash and Investments**

Cash and investments as of June 30, 2018 and 2017 are classified on the financial statements as follows:

	2018	2017
Cash and investments	\$ 16,603,910	\$ 15,139,630

Cash and investments as of June 30, 2018 and 2017 consist of the following:

	2018	2017
Money Market Funds	\$ 62,155	\$ 142,759
Exchange-Traded Funds:		
Small Cap US Equity	3,259,730	2,953,417
Mid Cap US Equity	2,356,838	2,243,955
Large Cap US Equity	1,823,974	1,759,854
International Equity	1,637,708	1,515,411
Emerging Market Equity	833,450	729,836
US Core Bonds	3,831,608	3,259,698
US High Yield Bonds	833,780	859,320
International Bonds	419,079	359,278
Real Estate	906,539	713,281
International Real Estate	372,045	363,120
Other	267,004	239,701
Total Cash and Investments	\$ 16,603,910	\$ 15,139,630

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**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, 2018 and 2017, the annual money-weighted rate of return on investments, net of investment expense, was 8.36% and 10.82%, 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, 2018 and 2017**

**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, 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>	-	-	-
Total	<u>\$ 5,146,622</u>	<u>\$ 5,146,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Maturities of investments at June 30, 2017 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money Market Funds	\$ 142,759	\$ 142,759	\$ -	\$ -	\$ -
Exchange-Traded Funds:					
US Core Bonds	3,259,698	3,259,698	-	-	-
US High Yield Bonds	859,320	859,320	-	-	-
International Bonds	<u>359,278</u>	<u>359,278</u>	-	-	-
Total	<u>\$ 4,621,055</u>	<u>\$ 4,621,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**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, 2018 are as follows:

Investment Type	Minimum Legal Rating	Fair Value	Ratings as of Year-End			Not Rated
			AAA	AA	A	
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	419,079	-	-	-	419,079
Total		<u>\$ 5,146,622</u>	<u>\$ 62,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,084,467</u>

Credit ratings of investments at June 30, 2017 were as follows:

Investment Type	Minimum Legal Rating	Fair Value	Ratings as of Year-End			Not Rated
			AAA	AA	A	
Money Market Funds	N/A	\$ 142,759	\$ 142,759	\$ -	\$ -	\$ -
Exchange-Traded Funds:						
US Core Bonds	N/A	3,259,698	-	-	-	3,259,698
US High Yield Bonds	N/A	859,320	-	-	-	859,320
International Bonds	N/A	359,278	-	-	-	359,278
Total		<u>\$ 4,621,055</u>	<u>\$ 142,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,478,296</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, 2018 and 2017**

**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, 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	<u>267,004</u>	<u>-</u>	<u>-</u>	<u>267,004</u>
 Total Investments	 <u>\$ 16,603,910</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 16,603,910</u>

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**Note 2: Cash and Investments (Continued)**

***Fair Value Measurements (Continued)***

The hierarchy of the Plan's investments at June 30, 2017 is as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Money Market Funds	\$ 142,759	\$ -	\$ -	\$ 142,759
Exchange-Traded Funds:				
Small Cap US Equity	2,953,417	-	-	2,953,417
Mid Cap US Equity	2,243,955	-	-	2,243,955
Large Cap US Equity	1,759,854	-	-	1,759,854
International Equity	1,515,411	-	-	1,515,411
Emerging Market Equity	729,836	-	-	729,836
US Core Bonds	3,259,698	-	-	3,259,698
US High Yield Bonds	859,320	-	-	859,320
International Bonds	359,278	-	-	359,278
Real Estate	713,281	-	-	713,281
International Real Estate	363,120	-	-	363,120
Other	239,701	-	-	239,701
	<u>15,139,630</u>	<u>-</u>	<u>-</u>	<u>15,139,630</u>
Total Investments	<u>\$ 15,139,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,139,630</u>

**Note 3: Plan Description and Contribution Information**

Membership of the Plan consisted of the following at June 30, 2018, the measurement date:

Retirees and beneficiaries receiving benefits	75
Active plan members	<u>143</u>
Total	<u><u>218</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, 2018 and 2017**

**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, 2018 were as follows:

Total OPEB liability	\$ 18,934,583
Plan fiduciary net position	<u>16,653,515</u>
Plan's net OPEB liability	<u>\$ 2,281,068</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 87.95%

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of November 1, 2017, 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	2.75%
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	3%

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**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 July 1, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	8.5%	59%
Fixed Income	3.2%	32%
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)	\$5,031,284	\$2,281,068	\$22,471

**Western Municipal Water District  
Retirement Medical Benefits Plan  
Notes to the Financial Statements  
June 30, 2018 and 2017**

**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)	\$(373,681)	\$2,281,068	\$5,605,535

**Note 5: Subsequent Events**

Events occurring after June 30, 2018 have been evaluated for possible adjustments to the financial statements or disclosure as of December 20, 2018, 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>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 713,625	\$ 666,940
Interest	1,049,476	970,106
Differences between expected and actual experience	1,544,082	(88,561)
Changes of assumptions	847,628	-
Retiree contributions	36,511	-
Benefit payments	(498,497)	(419,334)
<b>Net change in total OPEB liability</b>	<u>3,692,825</u>	<u>1,129,151</u>
<b>Total OPEB liability - beginning</b>	<u>15,241,758</u>	<u>14,112,607</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 18,934,583</u></u>	<u><u>\$ 15,241,758</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 708,338	\$ 717,100
Contributions - retiree	36,511	-
Net investment income	1,265,227	1,489,318
Benefit payments	(498,497)	(419,334)
Administrative expense	(27,625)	(19,909)
<b>Net change in plan fiduciary net position</b>	<u>1,483,954</u>	<u>1,767,175</u>
<b>Plan fiduciary net position - beginning</b>	<u>15,169,561</u>	<u>13,402,386</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 16,653,515</u></u>	<u><u>\$ 15,169,561</u></u>
 <b>Plan's net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 2,281,068</u></u>	<u><u>\$ 72,197</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	87.95%	99.53%
 Covered-employee payroll	14,663,027	14,589,576
 Plan's net OPEB liability as a percentage of covered-employee payroll	15.56%	0.49%

**Notes to Schedule:**

There were no benefit changes for the fiscal year ended June 30, 2018.

The valuation report for the fiscal year ended June 30, 2018 contained the following changes in assumptions:

(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.

GASB 74 was implemented in fiscal year 2016-17; therefore, only two 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>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 530,291	\$ 507,895
Contributions in relation to the actuarially determined contribution	708,338	717,100
Contribution deficiency (excess)	<u>\$ (178,047)</u>	<u>\$ (209,205)</u>
Covered-employee payroll	\$ 14,663,027	\$ 14,589,576
Contributions as a percentage of covered-employee payroll	4.83%	4.92%

**Notes to Schedule:**

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

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

Actuarial cost method	Entry age normal level percent of pay
Asset valuation method	Fair value of assets
Inflation	2.75%
Healthcare cost trend rates	7.5% per annum, graded down each year in .3% decrements to an ultimate rate of 4.5%
Salary increases	3%
Investment rate of return	7%, net of OPEB plan investment expense, including inflation
Retirement age	55 years
Mortality	(1)

(1) 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.

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

**Schedule of Investment Returns**

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

**Notes to Schedule:**

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