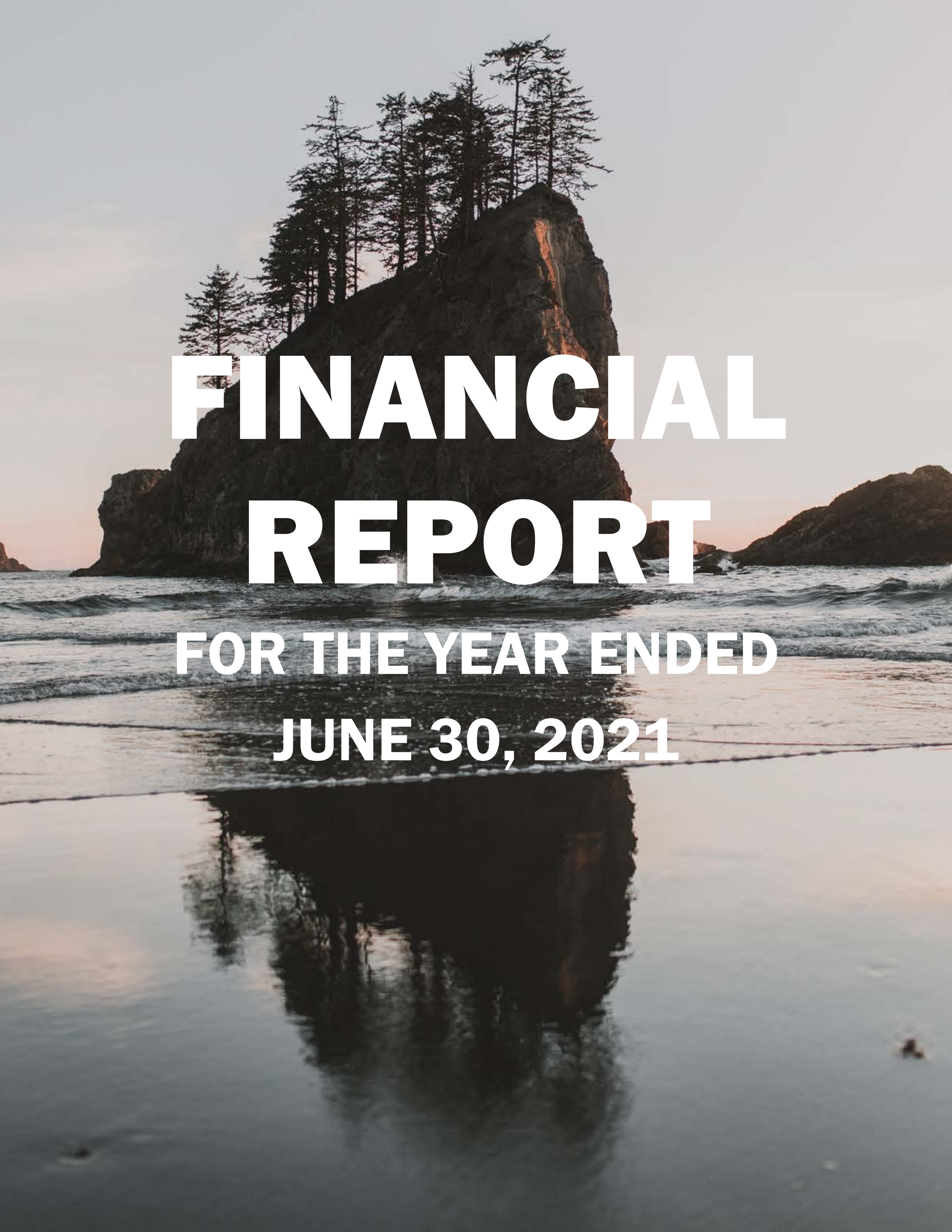
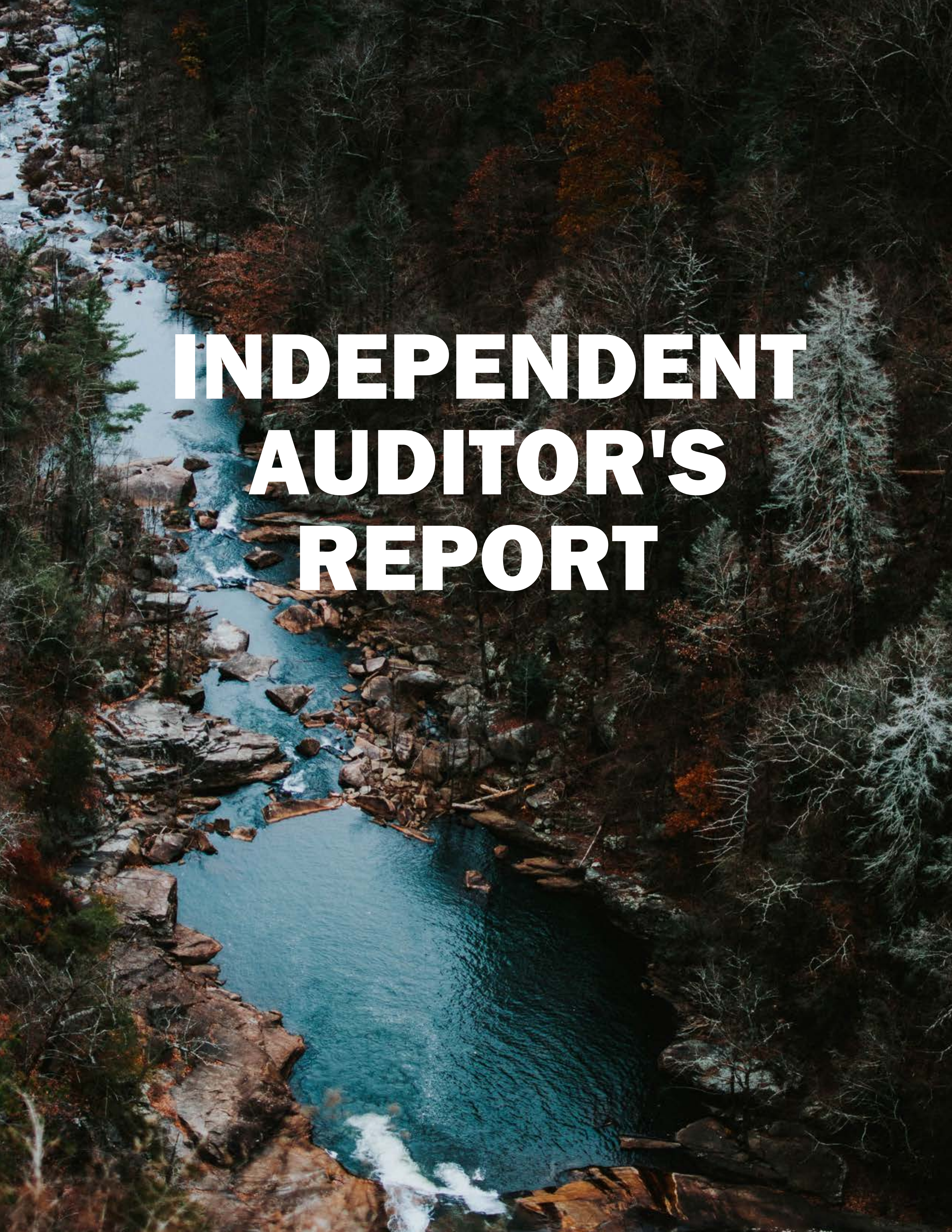


FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Table of Contents

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report

The Honorable Members of the Board of Directors
Municipal Water District of Orange County

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Water District of Orange County (the District) which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor considers internal control relevant to the entity'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 entity'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 the District as of June 30, 2021 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 2, 2020. In our audit opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions for the Cost Sharing Retirement Plan on pages 3 through 9 and 37 through 41 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.

Other Reporting Required by *Government Auditing Standards*

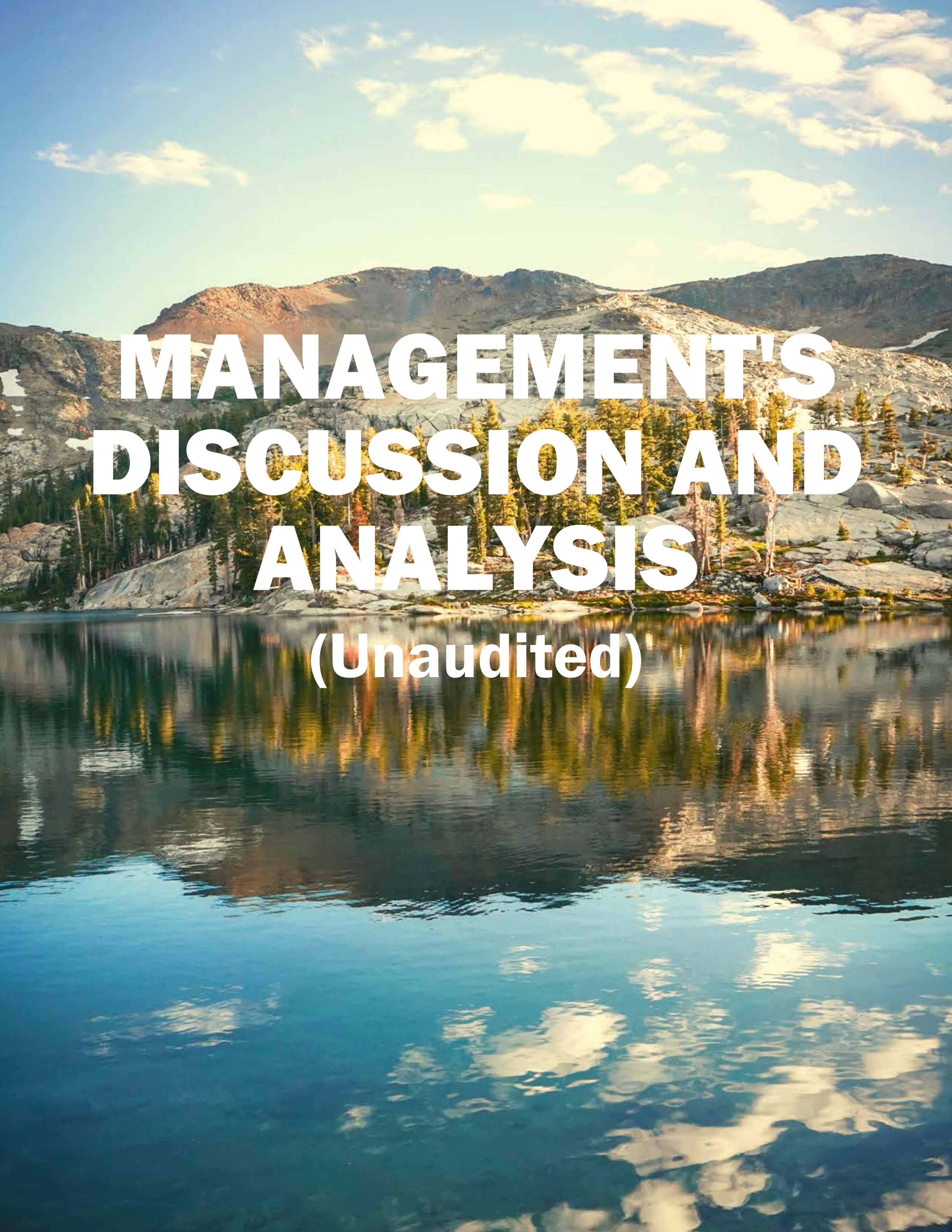
In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 the District's 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.

Vasquez & Company LLP

Glendale, California
November 4, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)



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, 2021. 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 $167.1 million in FY 2020-21, compared to $174.2 million in the prior fiscal year, a 4.1% decrease.
- The District's expenses were $167.9 million in FY 2020-21, compared to $172.9 million in the prior fiscal year, a 2.9% decrease.
- The District's assets at June 30, 2021 were $52.9 million, a 5.5% increase compared to total assets of $50.2 million at June 30, 2020.
- The District's liabilities at June 30, 2021 were $42.3 million, an 8.5% increase compared to total liabilities of $39.0 million at June 30, 2020.
- The District's net position at June 30, 2021 was $11.0 million, a 7.0% decrease compared to net position of $11.8 million at June 30, 2020.

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.

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 2021	PY FY 2020	Variance	Total Percent Change
Current Restricted Assets	$ 2,985	$ 3,377	$ (392)	(11.6%)
Current Unrestricted Assets	46,494	45,182	1,312	2.9%
Capital Assets	3,362	1,630	1,732	106.3%
Other Assets	89	-	89	-
Total Assets	**52,930**	**50,189**	**2,741**	**5.5%**
Deferred Outflows of Resources	**898**	**965**	**(67)**	**(6.9%)**
Current Liabilities Payable from Restricted Assets	852	1,098	(246)	(22.4%)
Current Liabilities Payable from Unrestricted Liabilities	38,649	35,113	3,536	10.1%
Noncurrent Unrestricted Liabilities	2,845	2,832	13	0.5%
Total Liabilities	**42,346**	**39,043**	**3,303**	**8.5%**
Deferred Inflows of Resources	**519**	**324**	**195**	**60.2%**
Net Position:				
Investment in Capital Assets, Net of Related Debt	3,362	1,630	1,732	106.3%
Restricted for Trustee Activities	2,132	2,279	(147)	(6.5%)
Unrestricted	5,468	7,877	(2,409)	(30.6%)
Total Net Position	**$ 10,962**	**$ 11,786**	**$ (824)**	**(7.0%)**

- Total Assets increased by $2.7 million due to a $3.5 million increase in Accounts Receivable for June Water Sales; the addition of capital assets for $1.7 million, which are explained in Table 3 and an OPEB asset of 89 thousand. These are offset by Restricted Assets decrease of $500 thousand due to less conservation credits from MET in May and June; a decrease in cash of $1.9 million due to spending our carryover funds for the District's remodel/retrofit and a decrease of $600 thousand in WEROC's AWIA project as they finish phase 3.

- Total Liabilities increased by $3.3 million due to higher Water Sales in June for $3.5 million and lower current liabilities from restricted assets of $245 thousand due to spending unearned revenue throughout the year for conservation rebates.

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 a decrease in net position of $(824) thousand for the year ended June 30, 2021, as compared to an increase of $1.3 million for the year ended June 30, 2020. 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 2021	FY 2020	Variance	Total Percent Change
Water Sales	$ 164,209	$ 170,997	$ (6,788)	(4.0%)
Special Project Revenues	2,757	2,529	228	9.0%
Non-operating Revenues	90	696	(606)	(87.1%)
Total Revenues	**167,056**	**174,222**	**(7,166)**	**(4.1%)**
Operating Expenses	164,895	170,180	(5,285)	(3.1%)
Special Projects Expenses	2,756	2,529	227	9.0%
Depreciation Expense	229	196	33	16.8%
Total Expenses	**167,880**	**172,905**	**(5,025)**	**(2.9%)**
Change in Net Position	**(824)**	**1,317**	**(2,141)**	**(162.6%)**
Beginning Net Position	**11,786**	**10,469**	**1,317**	**12.6%**
Ending Net Position	**$ 10,962**	**$ 11,786**	**$ (824)**	**(7.0%)**

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are lower due to lower 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.
- Net position decreased due to capital and building expense projects being expensed as we enter the final phase of our office remodel/retrofit.

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2021 and June 30, 2020.

TABLE 3
Capital Assets
(In thousands of dollars)

	FY 2021	FY 2020	Variance	Total Percent Change
Leasehold Improvements	$ 6,060	$ 4,284	$ 1,776	41.5%
Furniture, Equipment & Computer Equipment	780	650	130	20.0%
Subtotal	**6,840**	**4,934**	**1,906**	**38.6%**
Less Accumulated Depreciation	**(3,478)**	**(3,304)**	**(174)**	**5.3%**
Net Capital Assets	**$ 3,362**	**$ 1,630**	**$ 1,732**	**106.3%**

The District is continuing with the office remodel and retrofit in which phase one has been completed and purchased new financial software. 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, 2021. No new long-term debt was incurred in the year ended June 30, 2021, and the District does not plan to issue new debt in the year ending June 30, 2022.

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 2020-21 is presented in Table 4 to demonstrate compliance with the adopted budget.

TABLE 4
FY 2021 Actual vs FY 2021 Budget
(In thousands of dollars)

	Actual	Budget	Variance	Total Percent Change
Revenues:				
From Operations	$ 166,966	$ 236,026	$ (69,060)	(29.3%)
Non-operating Revenues	90	483	(393)	(81.4%)
Total Revenues	**167,056**	**236,509**	**(69,453)**	**(29.4%)**
Expenses:				
From Operations				
Cost of Water	154,405	224,198	69,793	31.1%
Other Operating	13,246	12,387	(859)	(6.9%)
Depreciation	229	191	(38)	(19.9%)
Total Expenses	**167,880**	**236,776**	**68,896**	**29.1%**
Change In Net Assets	**$ (824)**	**$ (267)**	**$ (557)**	**208.6%**

The variances on the budget to actual are as follows:

- Revenues from Operations were $69.0 million less than budget due to actual water sales being lower than expected.
- Non-Operating Revenues are lower due to a decrease in the fair value of investments.
- Expenses from Cost of Water purchased were $69.8 million lower than budget due to actual water sales being lower than expected.
- Other Operating Expenses were $859 thousand higher due to the election expense that is being covered by the reserve account.
- Depreciation is higher due to the addition of capital assets.

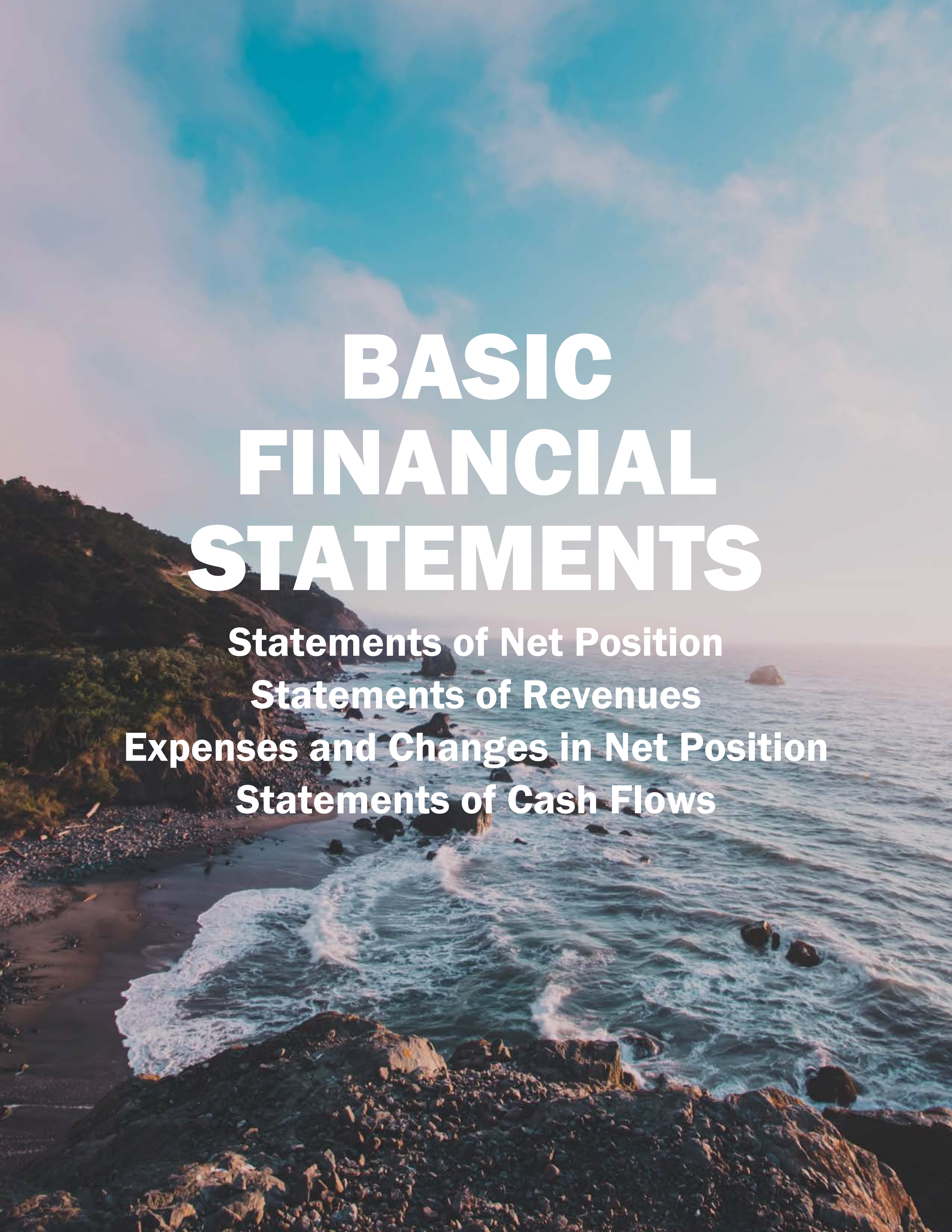
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2021-22. The budgeted operating expenses total $181.7 million and operating and non-operating revenues total $181.9 million.

Historically, the District has recouped the cost of water purchased from the resale of imported water to the District's 28 water agencies located in Orange County. In addition MWDOC has charged both a per acre-foot surcharge and a per retail meter charge to cover its operating budget. In past history, the District's operating revenue has been approximately 65% from per retail connection charges, and 35% from per acre-foot charges. Beginning in 2011-12, MWDOC began transitioning from the two-component rate structure to one involving only a single component. Over a five year period, ending in 2015-16, MWDOC had been transitioning from a water rate structure involving a per acre-foot charge and a fixed per retail meter charge to a 100% on the per retail meter charge. Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is now 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, 2021, 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, 2021

(with comparative data as of June 30, 2020)

	2021	2020
ASSETS		
Current Assets:		
Restricted Assets (Note 3):		
Cash and Cash Equivalents (Note 2)	$ 1,871,973	$ 1,817,311
Accounts Receivable Other	1,112,402	1,557,816
Accrued Interest Receivable	540	2,058
Total Restricted Assets	2,984,915	3,377,185
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	9,219,011	11,477,712
Investments (Note 2)	3,144,568	2,714,282
Accounts Receivable:		
Water Sales	33,665,658	29,851,130
Other	230,826	849,348
Accrued Interest Receivable	40,561	80,804
Deposits and Prepaid Expenses	193,053	208,462
Total Unrestricted Assets	46,493,677	45,181,738
Total Current Assets	49,478,592	48,558,923
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	3,362,201	1,630,237
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	89,196	-
Total Noncurrent Assets	3,451,397	1,630,237
TOTAL ASSETS	52,929,989	50,189,160
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	865,988	856,104
Deferred Amount Related to OPEB (Note 8)	31,791	108,419
TOTAL DEFERRED OUTFLOWS OF RESOURCES	897,779	964,523

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position (Continued)

June 30, 2021

(with comparative data as of June 30, 2020)

	2021	2020
LIABILITIES		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	$ 440,453	$ 439,878
Advances from Participants	412,042	658,092
Total Payable from Restricted Assets	852,495	1,097,970
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	34,290,284	31,154,917
Accrued Liabilities	4,359,106	3,957,879
Total Unrestricted Liabilities	38,649,390	35,112,796
Total Current Liabilities	39,501,885	36,210,766
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	2,844,833	2,516,221
Net OPEB Liability (Note 8)	-	316,000
Total Noncurrent Liabilities	2,844,833	2,832,221
TOTAL LIABILITIES	42,346,718	39,042,987
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	237,042	267,799
Deferred Amount Related to OPEB (Note 8)	281,591	56,477
TOTAL DEFERRED INFLOWS OF RESOURCES	518,633	324,276
NET POSITION		
Net Investment in Capital Assets	3,362,201	1,630,237
Restricted	2,132,420	2,279,215
Unrestricted	5,467,796	7,876,968
TOTAL NET POSITION	$ 10,962,417	$ 11,786,420

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(with comparative data as of June 30, 2020)

	2021	2020
Operating Revenues:		
Water Sales	$ 164,209,371	$ 170,997,486
Special Projects Revenue	1,819,848	1,703,203
Federal Grant Revenue	314,942	178,610
State Grant Revenue	621,614	647,196
Total Operating Revenues	166,965,775	173,526,495
Operating Expenses:		
Cost of Water Sold	154,404,997	161,112,594
Salaries and Employee Benefits	6,609,558	6,089,438
General and Administrative	3,880,352	2,978,151
Special Project Expenses	2,756,404	2,529,009
Depreciation	228,688	195,898
Total Operating Expenses	167,879,999	172,905,090
Operating Income	(914,224)	621,405
Nonoperating Revenues:		
Investment Income	75,669	648,678
Other Income	14,552	47,410
Total Nonoperating Revenues	90,221	696,088
Change in Net Position	(824,003)	1,317,493
NET POSITION - BEGINNING OF YEAR	11,786,420	10,468,927
NET POSITION - END OF YEAR	$ 10,962,417	$ 11,786,420

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

(with comparative data for the Year Ended June 30, 2020)

	2021	2020
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	$ 160,394,843	$ 159,166,335
Cash (payments) to Metropolitan Water District of Southern California	(151,269,630)	(150,392,380)
Cash (payments) for salaries and employee benefits	(6,425,041)	(5,744,797)
Cash (payments) for general and administrative expenses	(2,845,194)	(1,157,522)
Cash received from special projects	3,202,393	2,763,611
Cash (payments) for special projects	(3,002,454)	(2,670,868)
Other income	14,552	47,410
Net Cash Provided by Operating Activities	69,469	2,011,789
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(1,960,652)	(537,657)
Cash Used by Capital and Related Financing Activity	(1,960,652)	(537,657)
Cash Flows from Investment Activities:		
Investment income	75,669	648,678
Investments matured/(purchased)	(388,525)	443,480
Cash Provided (Used) by Investment Activities	(312,856)	1,092,158
Net increase (decrease) in cash and cash equivalents	(2,204,039)	2,566,290
Cash and Cash equivalents at beginning of year	13,295,023	10,728,733
Cash and Cash Equivalents at End of Year	$ 11,090,984	$ 13,295,023
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	$ 1,871,973	$ 1,817,311
Cash and Cash Equivalents (Unrestricted)	9,219,011	11,477,712
Totals	$ 11,090,984	$ 13,295,023

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, 2021

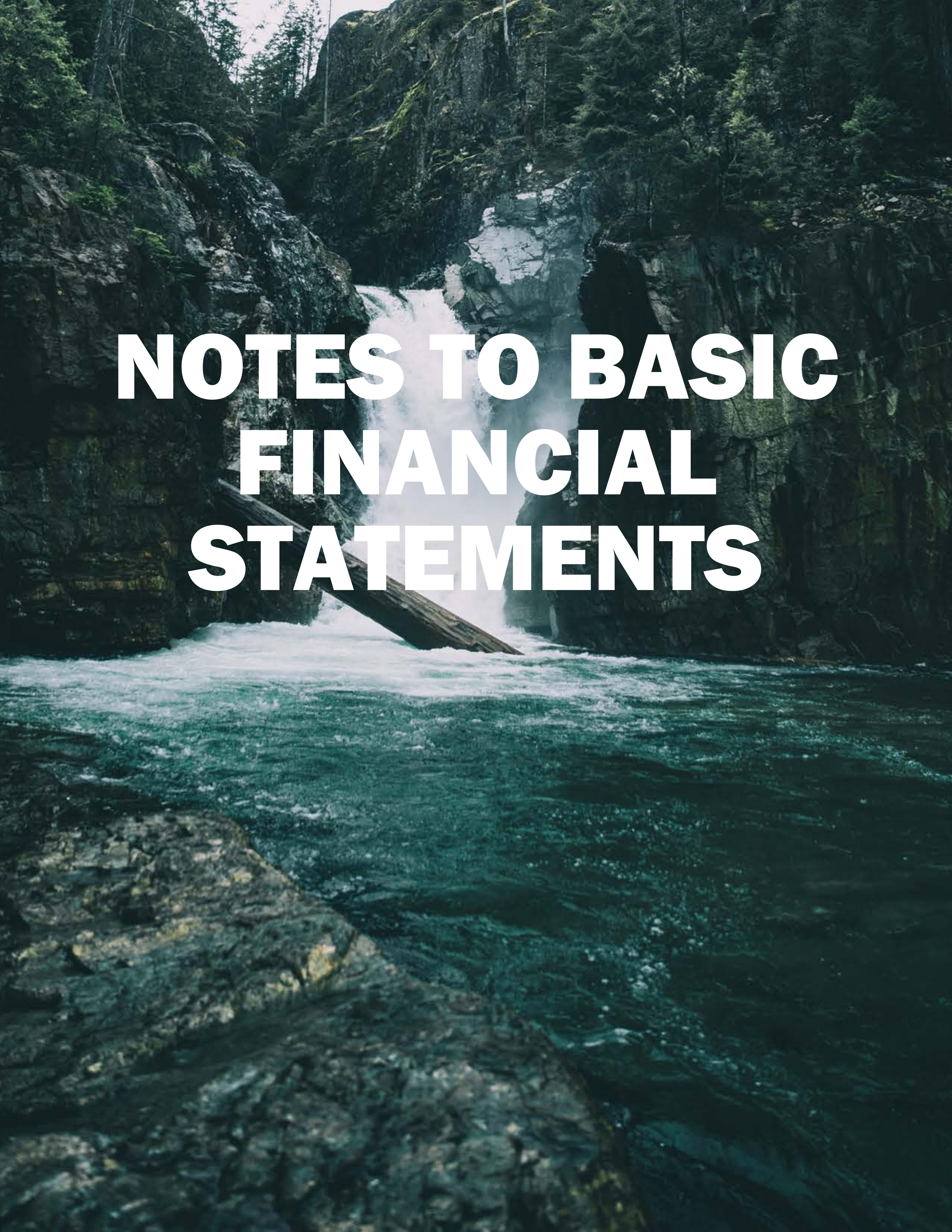
(with comparative data for the Year Ended June 30, 2020)

	2021	2020
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (914,224)	$ 621,405
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	228,688	195,898
Other Income	14,552	47,410
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(3,814,528)	(11,831,151)
(Increase)/Decrease in Accounts Receivable - Other	618,522	(775,258)
(Increase) in Deposits and Prepaid Expenses	15,409	(21,316)
(Increase)/Decrease in Accounts Receivable - Special Projects	445,414	(125,010)
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	66,744	(112,109)
Increase/(Decrease) in Accrued and Other Liabilities	401,227	2,617,203
Increase/(Decrease) in Restricted Accrued Liabilities	575	359,612
(Decrease) in Advances from Participants	(246,050)	(141,859)
Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California	3,135,367	10,720,214
Increase/(Decrease) in Net Pension and OPEB Liability	12,612	351,109
Increase in Deferred Inflows - Pension/OPEB Related	194,357	105,641
Total Adjustments	983,693	1,390,384
Net Cash Provided by Operating Activities	$ 69,469	$ 2,011,789
Noncash investing activity:		
Unrealized gain/(loss) on investments*	$ (130,536)	$ 154,032
Total noncash investing activity	$ (130,536)	$ 154,032

*Per GASB 31 adjusted investments and cash equivalent to fair value for FY 2020-21

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 28 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 28 member agencies, which provide retail or wholesale water services to over 2.3 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, 2021 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.

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.

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, 2021.

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

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 28 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.

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 28 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.

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

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 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, 2021.

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

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 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

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

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, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	$	1,871,973
Cash and cash equivalents (unrestricted)		9,219,011
Investments (unrestricted)		3,144,568
Total Cash and Investments	$	14,235,552

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	$	500
Deposits with financial institutions		424,545
Investments		13,810,507
Total Cash and Investments	$	14,235,552

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	$ 1,518,161	$ 200,174	$ 256,615	$ 1,061,372
Corporate Securities	1,377,247	204,496	203,464	969,287
US Government Issues	249,160	-	-	249,160
Orange County Investment Pool	9,279,986	9,279,986	-	-
State Investment Pool	1,385,953	1,385,953	-	-
	$ 13,810,507	$ 11,070,609	$ 460,079	$ 2,279,819

(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-	AA-	BBB+	Not Rated
Negotiable Certificate of Deposits	$ 1,518,161	N/A	$ -	$ -	$ -	$ -	$ -	$ 1,518,161
Corporate Securities	1,377,247	A	-	243,403	686,098	204,496	243,250	-
US Government Issues	249,160	A	249,160	-	-	-	-	-
Orange County Investment Pool	9,279,986	N/A	-	-	-	-	-	9,279,986
State Investment Pool	1,385,953	N/A	-	-	-	-	-	1,385,953
	$ 13,810,507		$ 249,160	$ 243,403	$ 686,098	$ 204,496	$ 243,250	$ 12,184,100

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

Disclosures Relating to Fair Value Measurement and Application

Fair value measurements are categorized based on the valuation inputs used to measure 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. 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, 2021:

		Fair Value Application			
Investment Type		1	2	3	Uncategorized
Negotiable Certificate of Deposits	$ 1,518,161	$ -	$ 1,518,161	$ -	$ -
Corporate Securities	1,377,247	-	1,377,247	-	-
US Government Issues	249,160	-	249,160	-	-
Orange County Investment Pool	9,279,986	-	-	-	9,279,986
State Investment Pool	1,385,953	-	-	-	1,385,953
	$ 13,810,507	$ -	$ 3,144,568	$ -	$ 10,665,939

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, 2021, 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, 2021 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to $250,000, the remaining amounts of $354,802 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, 2021, 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 Comprehensive Annual 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, 2021, $2,984,915 was reported as restricted assets related to member agency activities.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2021 with changes therein:

	2020	Additions	Deletions	2021
Furniture,Fixtures and Equipment	$ 649,774	$ 182,070	$ (51,582)	$ 780,262
Leasehold Improvements	4,284,127	1,784,748	(9,069)	6,059,806
	4,933,901	1,966,818	(60,651)	6,840,068
Less Accumulated Depreciation:				
Furniture,Fixtures and Equipment	(466,247)	(59,070)	50,858	(474,459)
Leasehold Improvements	(2,837,417)	(169,618)	3,627	(3,003,408)
	(3,303,664)	(228,688)	54,485	(3,477,867)
Net Capital Assets	$ 1,630,237	$ 1,738,130	$ (6,166)	$ 3,362,201

(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 $28,314 for the year ended June 30, 2021. 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, 2021, 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 coverage limit of $3 million, per loss. The District has a $1,000 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, 2021, 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	11.031%	7.732%
Pensionable Compensation Cap*	No Cap	$153,671

* 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, 2021 were $413,399. The District has phased out contributions paid on behalf of employees as of July 2018.

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

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

As of June 30, 2021, the District's proportionate share of the net pension liability of the Plan is as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,844,833

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 were as follows:

	Miscellaneous
Proportion - June 30, 2019	0.06283%
Proportion - June 30, 2020	0.06744%
Change - Increase (Decrease)	0.00461%

For the year ended June 30, 2021, the District recognized pension expense of $702,598.

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

At June 30, 2021, 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	$ 146,603	$ -
Changes of Assumptions	-	20,290
Differences between Projected and Actual Investment Earnings	84,510	-
Change in Employer's Proportion	221,476	-
Differences between Employers Contributions and Proportionate Share of Contributions	-	216,752
Pension Contributions Made Subsequent to Measurement Date	413,399	-
Total	$ 865,988	$ 237,042

The amount of $413,399 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 the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30,	
2022	$ 40,686
2023	73,733
2024	60,594
2025	40,534
	$ 215,547

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuation were determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 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.

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. Taking into account 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 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.

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

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]	Real Return Years 11 +[3]
Global 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 CAFR, 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.

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)	$ 4,779,044	$ 2,844,833	$ 1,246,655

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

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.

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

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 insurance for its retired employees and their dependent spouses (if married and covered on the District's plan at time of retirement), or survivors in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 55 or over and who have a minimum of 10 consecutive years of full-time service with the District. The District pays 100% of the premium for the lowest cost single retiree plan plus 90% of the difference to the plan actually selected, plus 80% of the combined retiree and spouse's medical premium until age 65. If a retiree in receipt of these benefits dies before reaching age 65, the surviving spouse will continue to receive coverage that the retiree would have been entitled to until age 65 only. When a retiree reaches age 65 and/or is eligible for Medicare, the District reimburses the retiree up to $1,800 per calendar year for the cost of Supplemental Medical Insurance and Medicare Prescription Drug (Part D) Insurance for the lifetime of the retiree only. Retirees who complete at least 25 consecutive years of full-time service receive District-paid dental and vision benefits along with the above-mentioned medical coverage and post-age 65 coverage includes Medicare Part B premium reimbursements until the time of the retiree and spouse's death. 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.

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

Plan membership. At June 30, 2021, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	12
Active plan members	13
Total	25

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, 2021 and the Total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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:

Salary increases	3.00%
Inflation rate	3.00%
Investment rate of return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rate	5.90% for 2021; 5.80% for 2022; 5.60% for 2023; and decreasing 0.10% per year to an ultimate rate of 5.00% for 2030 and later years
Pre-retirement Mortality	RP-2014 Employee Mortality Table, without projection
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, without projection

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rate 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).

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

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	50%	4.4%
U.S. Fixed	50%	1.5%

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.

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	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2020
Long-Term Expected Return of Plan Investments	6.00%	6.00%
Fidelity GO AA 20-Year Municipal Index	1.92%	2.45%
Discount Rate	6.00%	6.00%

The components of the net OPEB liability/(asset) at June 30, 2021, were as follows:

Total OPEB liability	$ 2,691,904
Plan fiduciary net position	2,781,100
Net OPEB liability/(asset)	$ (89,196)
Measurement date	June 30, 2021
Reporting date	June 30, 2021
Covered payroll	$ 1,889,365
Net OPEB liability/(asset) as a percentage of covered payroll	-4.72%
Plan fiduciary net position as a percentage of the total OPEB liability	103.31%

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

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2020 to June 30, 2021):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	$ 2,602,083	$ 2,286,083	$ 316,000
Changes for the year:			
Service Cost	32,103	-	32,103
Interest	155,170	-	155,170
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Net investment income	-	509,846	(509,846)
Contributions			
Employer - cash subsidy	-	97,452	(97,452)
Benefit payments, including implicit subsidy	(97,452)	(97,452)	-
Administrative expense	-	(14,829)	14,829
Net changes	89,821	495,017	(405,196)
Balances at June 30, 2021	**$ 2,691,904**	**$ 2,781,100**	**$ (89,196)**

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)	$285,663	$(89,196)	$(396,384)

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 (4.90% decreasing to 4.00%) or 1-percentage-point higher (6.90% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (4.90% decreasing to 4.00%)	Trend Rate (5.90% decreasing to 5.00%)	1% Increase (6.90% decreasing to 6.00%)
Net OPEB liability (asset)	$(411,909)	$(89,196)	$305,045

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

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

For the year ended June 30, 2021, the District made a total contribution of $76,809, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to $97,452.

OPEB Expense

For the year ended June 30, 2021, the District's OPEB expense was $(6,002).

Service Cost	$	32,103
Interest		155,170
Expected Return on Assets		(137,165)
Recognition of Deferred Outflows and Inflows		
Difference between expected and actual experience		(29,724)
Change of assumptions		35,323
Difference between projected and actual investments		(61,709)
Total		(56,110)
Net OPEB Expense June 30, 2020 to June 30, 2021	$	(6,002)

Actuarially Determined Contribution

The following shows the actuarially determined contribution from the most recent actuarial valuation:

Actuarially Determined Contribution for year ending June 30, 2021[1]	$	50,448
Actuarially Determined Contribution for year ending June 30, 2022[1]		51,962

Valuation Date	July 1, 2020
Discount Rate	6.00%
Salary Increases	3.00%

[1] For purposes of reporting the comparison between actual employer OPEB contributions and the actuarially determined contribution, we recommend adjusting actual employer OPEB contributions for any associated implicit subsidy: Adding $20,643 for the year ended June 30, 2021 and $27,552 for year ending June 30, 2022.

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

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

At June 30, 2021, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Defered Outflows of Resources	Defered Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ -	$ 254,838
Differences between expected and actual experience	-	26,753
Changes in assumptions	31,791	-
Total	$ 31,791	$ 281,591

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

Fiscal Year ending June 30:	Defered Outflows of Resources	Deferred Inflows of Resources
2022	$ 31,791	$ (88,463)
2023	-	(61,762)
2024	-	(59,794)
2025	-	(71,572)
	$ 31,791	$ (281,591)

Investments

For the year ended June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense, was 22.35%. 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

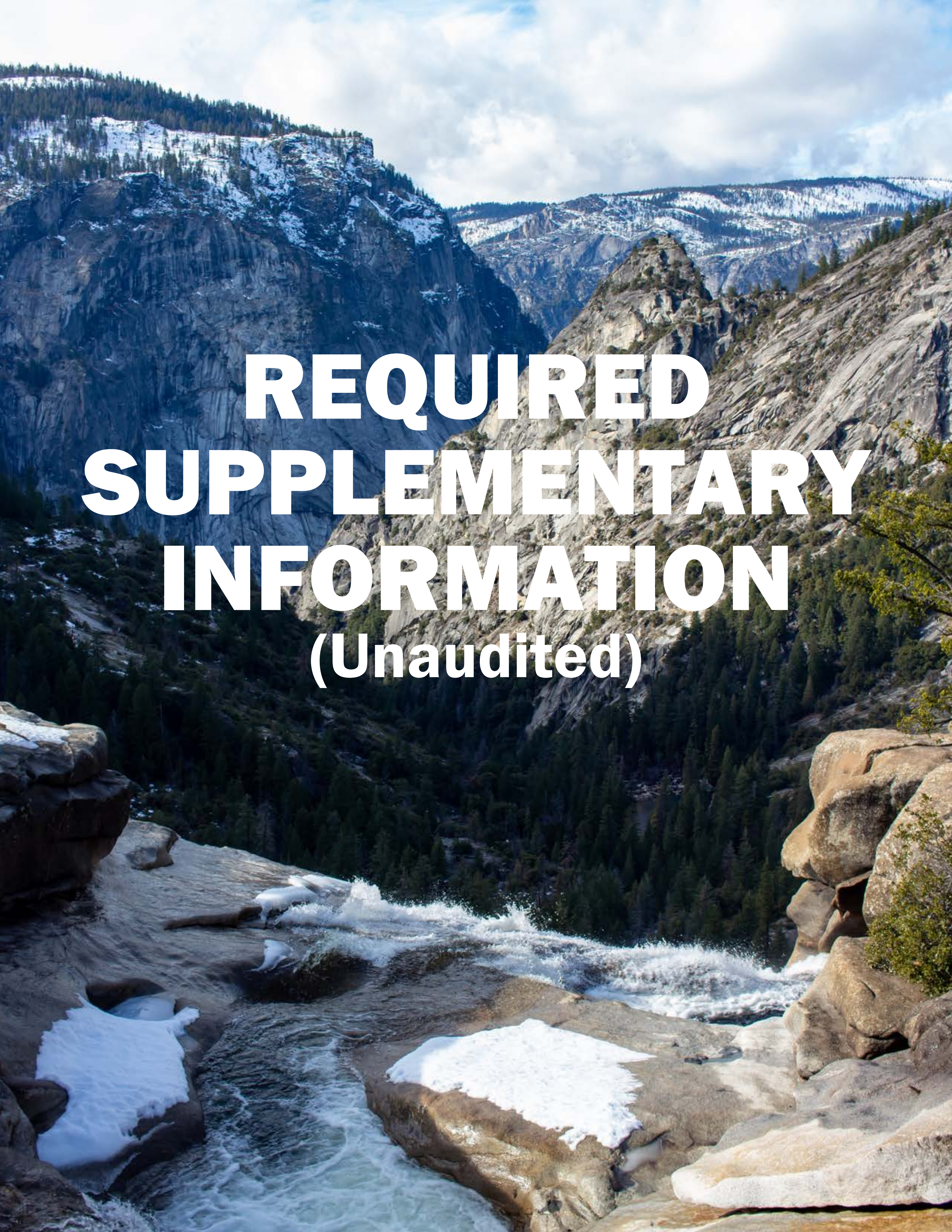
The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

(10) Impact of Coronavirus on the District's Operations

On March 4, 2020, California Governor Gavin Newsome declared a State of Emergency in response to the spread of COVID-19 in the state of California. Water utilities are identified as critical infrastructure by the United States Department of Homeland Security and the District has activated its emergency response plan. The District has instituted guidelines prescribed by the Centers for Disease Control (CDC) to help prevent the spread of COVID-19. Accordingly, as of report issuance date, there is no direct threat to the water supply from the COVID-19 pandemic and the District continues to monitor CDC and the Environmental Protection Agency (EPA) guidelines to ensure the District's groundwater and water delivery services are not compromised.

(11) Subsequent Events

No events have occurred subsequent to the balance sheet date through November 10, 2021, the date on which the financial statements were available to be issued, that require adjustment to, or disclosure in, the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2021

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

Measurement Period	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 32,103	$ 30,118	$ 34,408	$ 33,406
Interest on the total OPEB liability	155,170	148,417	140,392	134,254
Actual and expected experience difference	-	(86,201)	-	-
Changes in assumptions	-	102,437	-	-
Changes in benefit terms	-	-	-	-
Benefit Payments	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	89,821	123,437	103,779	107,790
Total OPEB liability - beginning	2,602,083	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,691,904	2,602,083	2,478,646	2,374,867
Plan Fiduciary Net Position				
Contribution - employer	97,452	71,334	71,021	59,870
Net investment income	509,846	85,732	140,186	128,809
Benefit payments	(97,452)	(71,334)	(71,021)	(59,870)
Administrative expense	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	495,017	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,286,083	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	2,781,100	2,286,083	2,212,237	2,077,720
Net OPEB liability/(asset) - ending (a)-(b)	$ (89,196)	$ 316,000	$ 266,409	$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liability	103.31%	87.86%	89.25%	87.49%
Covered-employee payroll	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	-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	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 50,448	$ 46,537	$ 49,847	$ 48,878
Contributions in relation to the ADC	(97,452)	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	$ (47,004)	$ (24,797)	$ (21,174)	$ (10,992)
Covered-employee payroll	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Contributions as a percentage of covered-employee payroll	5.16%	3.61%	3.63%	3.10%

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

Notes to Schedule:

The District's Net OPEB Liability was measured as of June 30, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2020 (June 30, 2020). 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	Closed period equal to the average of the expected remaining service
and outflows of resources	lives of all employees provided with OPEB
Salary increases	3.00%
Inflation Rate	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rates	5.90% for 2021; 5.80% for 2022; 5.60% for 2023; and decreasing 0.10%
	per year to an ultimate rate of 5.00% for 2030 and later years
Pre-Retirement Mortality	RP-2014 Employee Mortality Table, without projection
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, without projection

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06744%	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	$2,844,833	$2,516,221	$2,214,703	$2,276,032	$1,871,472	$1,376,955	$1,360,017
Covered Payroll	$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	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	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:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	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 contribution rates:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	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	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	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
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	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 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 the District's Proportional Share of the Net Pension Liability
Last Ten Years* (continued)

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: 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.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2021

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years*

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 413,399	$ 349,145	$ 302,458	$ 273,125	$ 252,815	$ 220,517	$ 288,065
Contributions in relation to the actuarially determined contribution	(413,399)	(349,145)	(302,458)	(273,125)	(252,815)	(220,517)	(288,065)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$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	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 seven years are shown

[1] Restated Covered Payroll