

## MEMORANDUM

**To:** Board of Directors, Sierra Lakes County Water District  
**From:** Paul A. Schultz, PE, General Manager  
**Subject:** June 2019 Operations and Maintenance Report - DRAFT  
**Date:** July 1, 2019

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### **DSPUD Wastewater Treatment Plant**

Information regarding flows, operations and the regulatory reporting results at DSPUD for the month of June 2019 were not available at the time this report was prepared.

### **Lake, Land and Facilities Management:**

Mr. Rich Benton, who owns a home on Pahatsi Road has requested time on the agenda this month to ask for some clarification on the requirements for the replacement of his above ground heating oil storage tank and clarification regarding the details of the District's Grant/Financial Assistance Program.

Steven Bartnik of Custom Electric in Truckee, CA performed repairs to the base facility lighting during the week of June 24 to correct out-of-code and redundant wiring, and to install new LED interior lighting in operations office. Mr. Bartnik will be returning in July to install and/or reposition work lighting in the filter plant room and correct any existing out-of-code electrical improvements associated with that work. Ken Weakley of Mountain Electric in Truckee, CA performed testing of the buried conductors for the emergency power feed at SPS-2. The results were acceptable, so no improvements are planned for this installation at this time.

Lake signage was inventoried, and usable signs were reinstalled in anticipation of the 4<sup>th</sup> of July holiday. Badly damaged signs will be replaced as appropriate. New signs will be silk-screened or painted rather than of the adhesive type to increase useful life. The fencing at the Bales Intake Station was also reinstalled in anticipation of the 4<sup>th</sup> of July holiday. Several rails were damaged and will be replaced as appropriate. Staff performed removal of many trees damaged by winter snowfall and removal operations on District property. Sand that had settled into the lake at the beach was raked back using the District's backhoe to make further redistribution of the sand by SLPOA easier.

### **Regulatory Issues:**

The lake level as of July 1<sup>st</sup> was approximately 3.9 inches above the spillway crest and falling as compared to 1.2 inches on the same date in 2018.

The results for Perchlorate and Nitrate (as Nitrogen) sampling of the treated lake water were non-detect. The results of the second quarter Disinfection By-Product samples that were taken the third week of May were 28 ppb for Total Trihalomethanes and 23 ppb for Total Haloacetic Acids which is less than half the MCL for both TTHM (80 ppb) and HAA5 (60 ppb).

Printing of the 2018 Consumer Confidence Report (CCR), Stop & Drain Handout/How-To Card and Utility Billing is complete, and was mailed out during the week of June 17<sup>th</sup>. The Consumer Confidence Report Certification Form documenting how the CCR was distributed (direct mail to customers, posting on the District's website and posting on the Administration Building bulletin

board) was submitted to California Department of Water Resources, Division of Drinking Water on time, as required.

The local area utility providers and Placer County Building Department have been in discussions for the better part of a year concerning the Districts' ability to regulate and inspect the materials and installation of sewer and water laterals on private property as a condition of connecting to the individual District's systems. A related challenge has been the County's lack of notification of the issuance of remodel/addition building permits that may affect sewer and water infrastructure. An interim notification process requiring that an owner, or his/her Contractor, notify an affected utility any time a Building Permit is issued has been developed by several of the local Districts in conjunction with the County and adopted by the County along with an interim policy regarding inspection of water and sewer laterals from the building cleanout to the property line. Feedback from the Districts will be used to refine the processes prior to adopting of a permanent policy.

### **Operations Issues:**

Average daily water and sewer flows (gallons/day) for June 2019 were 60,743 and 99,969 respectively as compared to 66,385 and 109,177 in May 2019, and 67,307 and 50,652 in June 2018. Water use was 423 gallons/day more than the five-year (2014-2018) average and sewer flow was 72,066 gallons/day more than the five-year average. The District's share of the flow through the wastewater plant in June was not available when this report was prepared.

Staff performed wet well and line cleaning and inspections and repairs at historically problem locations and will continue those operation during the month of July. Staff also continued to spend a significant amount of time looking for sources of Inflow & Infiltration into the sanitary sewer system. In addition, Mountain Pipeline came back in June and found additional locations of moderate I&I.

Staff cleaned and inspected the treatment plant waste bilge, identified three significant leaks that were allowing groundwater into the waste bilge. These leaks were patched using Oakum and AV202 Multigrout. The bilge will be inspected again in three years. In the meantime, the General Manager will investigate more permanent methods of managing the infiltration of groundwater into the bilge such as exterior grouting or lining.

Staff performed annual testing of the Hill Tank overflow line, installed new sump drains at SPS#2 and began to research the location and configuration of the level indicator splice on the Office Tank in preparation of its repair scheduled for late July.

The lake raw water temperature has increased to 8°C. Once the raw water temperature has increased to 10°C the operators intend to install the second element in the static mixer to help form better floc and increase clarifier and filter run-times. Deep water sampling through the 3/8-inch tubes at 50-feet and 100-feet beyond the intake will continue on a bi-weekly basis. Operators intend to resume sampling at one-foot depth intervals in early July from the boat using GPS coordinates to establish the locations where the probe was previously lowered through the ice. The General Manager has contacted Woodard & Curran to initiate the preparation of the formal contract documents for the Lake Intake Improvement project. Woodard & Curran should begin work on this important project sometime in mid-July.

The portion of Donner Drive where the water pipeline failed last December was repaired temporarily in anticipation of the 4<sup>th</sup> of July holiday using compacted road base material. The line appears to still be leaking along the mainline at a service saddle. Within the next two weeks staff plans to develop a work plan for the repair of the leak and permanent repair/replacement of the road surface in the late summer or early fall.

Brian Lundgren has re-joined the District for his second season as a Utility System Operator trainee. Brian is working three days/week initially and will increase to 40 hours/week on July 1<sup>st</sup>.

Attachments:      June 2019 Daily Water/Sewer Flows  
                         2014-2019 Sewer/Water Flows Comparison through June 2019

# **MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF SIERRA LAKES COUNTY WATER DISTRICT**

**Date:** Friday June 14, 2019 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

## **I. Open Meeting:**

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Dan Stockton  
Director Karen Heald  
Director Richard Simpson  
Director Bob McCormick

Director Lindquist was absent; Vice President Stockton presided in his absence.

Staff members present: Bill Quesnel, General Manager  
Anna Nickerson, Financial Consultant

Staff present by phone: Jeffrey Mitchell District Counsel

Guests present: Paul Schultz, Candidate for General Manager

Minute Recorder: Anna Nickerson, Financial Consultant

**II. Public Forum:** An opportunity for members of the public to address the Board on items that were not on the agenda. There were no comments.

**III. Approve Agenda:** The agenda was presented to the Board for approval.

**A motion was made by Director Heald and seconded by Director Simpson to approve the agenda.** The motion passed by a unanimous vote.

**IV. Public Comments:** An opportunity for the Board to consider comments received from the public after the agenda was posted, regarding items on the agenda. Mrs. Nickerson reported that there were no comments received after the agenda was posted.

**V. Operations:** Mr. Quesnel's operations report was presented to the Board for consideration and possible action. Mr. Quesnel said, after his report had been written, he placed a link on the District website to allow the public easy access the air quality monitor that was placed at the District office by Placer County Air Quality Management District. The public will now be able check the air quality in the District before driving up.



Director Heald asked if Mr. Quesnel knew what was causing the aluminum issue at Donner Summit PUD. Mr. Quesnel said DSPUD had been using polymer in its water treatment plant but had stopped because of some processing issues. He said the polymer had some aluminum in it but the reading exceeded the amount of aluminum in the polymer. He also said DSPUD was having some of the same cold water treatment issues that the District was having. DSPUD would continue monitoring the levels of aluminum and if DSPUD received a fine, DSPUD would need to show that the District caused or contributed to the exceeded levels before the District would be billed.

Director Heald commented on the amount of monthly regulatory reporting that was included in Mr. Quesnel's Operations Report. She said she was wondering how long it would take the new General Manager, presumably Paul Schultz, to get a grasp on all the reporting. Mr. Schultz said he was already up to speed on the reporting requirements and that he would need to be sensitive to the District's particular nuances. Mr. Quesnel said there was already a running list of the required sampling and reporting, it was just a matter of meeting the calendar deadlines.

Director Simpson asked about the process for the District being notified of building permits. Mr. Quesnel said the issue started with a change in upper management at Placer County. The new management's position was that districts had no jurisdiction so Placer County would no longer notify the districts of new permit applications. The districts in the area got together to discuss the issue with Placer County and their initial response was to put a note on the permit suggesting that the district involved be contacted. However, contact was not mandatory. With Tahoe City PUD and North Tahoe PUD taking the lead, and the support of all the other districts, a new proposal was submitted to Placer County for consideration. Director Heald confirmed that remodel permits were being caught by Mrs. Nickerson through her process of downloading reports from Placer County's website and reviewing the list of opened permits. Mr. Quesnel said Mrs. Nickerson's review was to determine if new permits were submitted for construction that included additions, new decks or plumbing fixtures that would trigger the need for water and/or sewer lateral testing to insure that nothing was being built over pipes that could result in a footing being put through a pipe.

Director Simpson said he noted that the water and sewer flows were back up to 40% of the total flows going through the treatment plant. Mr. Quesnel said he just got the flows for May 2019 earlier that day that showed the District's flows were at 37%. In May 2018, the District's flows were 40.1%. He said treatment fees were based on the percentage of flows through the plant for a calendar year and that for 2018, the District's flows were at 28%. He also said for the first 11 months of the current *fiscal year*, the District's flows were at 23%. He anticipated that the District's flow could end up being around 24 to 25%.

Director Simpson asked if the culvert that was plugged up on Soda Springs Road was on private or county property. Mr. Quesnel said the culvert was on the County's right-of-way but wasn't sure whether or not the County cleaned driveway culverts.

## **VI. Consent Items Calendar:**

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the May 10, 2019 Regular Meeting and the May 25, 2019 Special Meeting; the May 2019 Check Register; Disbursements for Board Approval; and financial reports for the month ending May 31, 2019. Director Simpson said, because of the complexity of the General Manager Agreement discussion at the May 25, 2019, Special Meeting, he had suggested that Mrs. Nickerson contact Director Heald or Director McCormick about the wording in

the Special Meeting minutes. Director Heald said she felt the minutes accurately reflected the discussion.

**A motion was made by Director Heald and seconded by Director Simpson to approve the Consent Items Calendar.** The motion passed by a unanimous vote.

## **VII. New Business:**

A. Mr. Quesnel's memorandum dated June 9, 2019, titled "Lake Intake Extension Conceptual Design", was presented to the Board for consideration and possible action. Mr. Quesnel said the proposal represented the first step for extending the lake intake pipe and getting out of the ice during the winter. The proposal was for pre-design and pre-engineering reports to understand what it would take to extend the intake pipe. He said although it was a lot of money, he felt it was a necessary step to understand the logistics, timing, cost and environmental review requirements needed to move forward with the project and that a diligent review by a highly qualified firm was warranted in order for the Board to make an informed decision. Staff recommended approval of the proposal. Director Simpson asked if Board members would be allowed to sit in on the workshops. Mr. Quesnel said, although the agreement didn't provide for a workshop with Board members, he thought it might be appropriate for the firm to make a presentation to the Board in the fall. Mr. Quesnel also suggested that the Board appoint an Ad Hoc committee to sit in on the discussions.

**A motion was made by Director Simpson and Director McCormick to authorize the agreement be signed by the Board President.** The motion passed by a unanimous vote.

## **VIII. Old Business:**

A. Mr. Quesnel's memorandum dated June 4, 2019, titled "Adoption of 2019-2020 Budget", was presented to the Board for consideration and possible action. Mr. Quesnel said staff recommended that the Board approve the 2019/2020 Operating Budget, the proposed cost of living increase for the financial consultant based on the last adjustment in 2016 and the salary grid. Director Simpson said he was glad the budget included the cost of living increase for the financial consultant because he wasn't sure where the discussion had ended during the May Regular Meeting. He also asked about the substitution of a diesel generator for the propane powered generator and wondered whether diesel in freezing conditions would be a problem. Mr. Quesnel said the existing generator was diesel and both the generator and fuel tank were inside so he didn't see a problem with that. He also said, after further consideration, staff felt that replacing the piping on the current double walled diesel tank with double walled pipe, plugging all the holes in the floor with non-shrink grout and installing a pump system in the event of a spill, would be better than installing a propane tank that would be in the way of boat storage and that would require a remote fill due to snow.

Mr. Quesnel said he sent reminder letters that pressure tests of underground tanks were required to be completed by July 1, 2019. He also said he let the above ground tank owners know that someone with a program for replacing tanks and checking furnaces would be coming up to the District within the next week.



**A motion was made by Director Heald and seconded by Director McCormick to adopt the 2019-2020 Budget including the supporting documentation, cost of living increase for the Financial Consultant and Salary Grid.** The motion passed by unanimous vote.

**B.** The revised Professional Services Agreement between Sierra Lakes County Water District and Paul A. Schultz, P.E., was presented to the Board for consideration and possible action. Director Heald noted that the version of the agreement that was received from Mr. Mitchell at 4:30 p.m. that afternoon included one change; Gross Negligence was added to Willful Misconduct on the exclusions as previously discussed. She also said she was comfortable with the revised agreement. Director Simpson agreed.

Mr. Mitchell said, based on his discussions with ACWA/JPIA, the District's insurance was in pretty good shape but there were still a couple things to be discussed; one being cyber insurance.

**A motion was made by Director Heald and seconded by Director McCormick to approve the Professional Services Agreement between the District and Paul Schultz, P.E.** The motion passed by a unanimous vote.

**IX. CLOSED SESSION:** It was determined that Board did not need the Closed Session pursuant to Government Code (§ 54957) – General Manager Appointment.

**X. Administration:**

**A.** A list of Follow-up Items from the May 10, 2019, Board meeting was presented to the Board for consideration and possible action. Mrs. Nickerson said items 3 & 4 were complete and the Election item would not be relevant until the next time an election was required. The next election was expected to take place in 2020. Finally, Mrs. Nickerson asked if any Board members were interested in having their picture on the website to email her the picture and to include a short bio.

**B.** The Status of Action Items remaining as of the June 2019 Board meeting was presented to the Board for consideration and possible action. Mr. Quesnel reported:

- Mrs. Nickerson's Office Procedure Manual was on the table available for review.
- Stop & Drain valve cards and information were sent out with the annual billing and Consumer Confidence Report earlier in the week.
- With Mr. Schultz's appointment, Mr. Quesnel said he would be able to finish up the other projects like fertilizer, Policies & Procedures and Urgent Matter Protocol.
- Mr. Quesnel said the AMR Data Collection and Analysis was started and it was found that a lot of the Stop & Drain valve issues were vacation rentals. He also said Northstar experienced some of the same issues and agreed that a drive by interrogator might be the best answer. It was clarified that the Urgent Matter Protocol pertained to items needing Board review or approval before the next scheduled meeting or after the agenda had been posted.

Director Simpson said he had volunteered to review the Office Procedures Manual but he meant the Policies and Procedures. However, he said he would be he would also read over the Office Procedures Manual at the District office when Mrs. Nickerson was in the office.

**X. Adjournment**

**A motion was made by Director Simpson and seconded by Director Heald to adjourn the meeting.** The motion passed by a unanimous vote.

The minutes were approved at the Regular Meeting held on July 12, 2019, as part of the Consent Items Calendar. A motion was made by Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_ to approve the Consent Items Calendar. The motion passed by a \_\_\_\_\_ vote:

DRAFT



Sierra Lakes County Water District  
Check Registers  
June 2019

Type	Date	Num	Name	Memo	Amount
<b>1002 - DEMAND Account</b>					
<u>RECONCILIATION:</u>					
	6/1/2019		Beginning Cash Balance		309,675.60
			Deposits		326,006.18
			Assessments received		
			Deposit - Interest		7.73
			Funds Transferred To/From OPEB Investment Account		-
			Assessments received - Transferred to Assessment District 2011-01		-
<u>DEMAND ACCOUNT DISBURSEMENTS:</u>					(117,124.37)
	6/30/2019		Ending Cash Balance		<u>518,565.14</u>
<b>1031 - GASB 45-OPEB Account</b>					
<u>RECONCILIATION:</u>					
	6/1/2019		Beginning Cash Balance		163.13
			Deposit - Interest		-
			Funds Transferred To/From Investment Account		-
	6/30/2019		Ending Cash Balance		<u>163.13</u>
<b>Placer County Treasurer's Fund</b>					
<u>RECONCILIATION:</u>					
	6/1/2019		Beginning Cash Balance		2,433,683.18
			Deposit - Interest		4,429.40
			Funds Transferred To/From Investment Account		
	6/30/2019		Ending Cash Balance		<u>2,438,112.58</u>
<b>Local Area Investment Fund (LAIF)</b>					
<u>RECONCILIATION:</u>					
	6/1/2019		Beginning Cash Balance		672,072.88
			Deposit - Interest		
			Funds Transferred To/From Investment Account - Annual OPEB Funding		
	6/30/2019		Ending Cash Balance		<u>672,072.88</u>
<b>Assessment District 2011-01</b>					
<u>RECONCILIATION:</u>					
	6/1/2019		Beginning Cash Balance		533,149.91
			Assessments Received		
			Deposit - Interest		10.78
			Disbursements - Prepayment of Assessment: Knoepfel		(8,060.61)
	6/30/2019		Ending Cash Balance		<u>525,100.08</u>

Sierra Lakes County Water District  
Check Registers  
June 2019

Type	Date	Num	Name	Memo	Amount
<b>1002 - US Bank - Demand</b>					
Bill Pmt -Check	06/07/2019	6795	Donner Summit Public Utility District	Jun 2019 Wastewater Treatment Fees	(38,600.00)
Bill Pmt -Check	06/14/2019	21532	Acumen Engineering Company	May 2019 Professional Fees	(9,932.50)
Liability Check	06/03/2019		QuickBooks Payroll Service	Created by Payroll Service on 05/31/2019	(8,798.87)
Liability Check	06/17/2019		QuickBooks Payroll Service	Created by Payroll Service on 06/14/2019	(7,999.83)
Bill Pmt -Check	06/07/2019	MED0619	Public Employees' Retirement System (Med)	Medical - 1347	(6,937.40)
Bill Pmt -Check	06/20/2019	062019	Anna M. Nickerson	Professional Fees 6-1-19 to 6-15-19	(5,400.00)
Bill Pmt -Check	06/11/2019	061119	Anna M. Nickerson	Professional Fees 5/16/19 to 5/31/19	(4,600.00)
Bill Pmt -Check	06/14/2019	21533	Custom Electric	Washer/Dryer Installation and SCADA Electrical	(4,505.73)
Bill Pmt -Check	06/14/2019	21535	Pacific Gas & Electric	Electricity	(4,055.83)
Bill Pmt -Check	06/14/2019	21534	Kronick Moskovitz Tiedemann & Girard	May 2019 Legal Fees	(3,844.05)
Liability Check	06/14/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # -1491204970	(3,434.44)
Liability Check	06/07/2019	RET0519	Public Employees' Retirement System (Ret)	Retirement - 1347	(2,859.72)
Bill Pmt -Check	06/20/2019	6805	Helix Laboratories, Inc.	6 mos. supply Enzymenes	(2,438.10)
Bill Pmt -Check	06/20/2019	6806	Mountain Pipeline	TV Sewer Mains	(1,600.00)
Bill Pmt -Check	06/20/2019	6812	Western Nevada Supply Co.	Parts for Stock	(1,505.23)
Bill Pmt -Check	06/07/2019	6796	KWA Safety & HazMat Consultants, Inc.	AC Pipe Refresher, Confined Space, Trench Safety, Traffic Control and Silica Hazard Training	(1,492.80)
Check	06/03/2019	060319	BluePay	Merchant Fees	(1,085.19)
Liability Check	06/18/2019		QuickBooks Payroll Service	Created by Payroll Service on 06/17/2019	(973.76)
Bill Pmt -Check	06/20/2019	6809	Thatcher Company, Inc.	Filter Plant Chemicals	(921.35)
Liability Check	06/14/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # -1491212970	(775.34)
Bill Pmt -Check	06/07/2019	6802	U.S. Bank (CC)	Boardroom Supplies, Website Fees, DSL, W/S Operations, Gas (\$286.72)	(686.85)
Bill Pmt -Check	06/20/2019	6803	AT&T	Telephone	(501.37)
Check	06/11/2019	061119	Reserve Account	Postage	(500.00)
Check	06/12/2019	061219	Reserve Account	Postage	(500.00)
General Journal	06/30/2019	063019-JK		J Krebill P/R Ded - Water/Sewer Fees	(394.62)
Liability Check	06/28/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # -1122312970	(341.80)
Bill Pmt -Check	06/20/2019	6808	Tahoe Truckee Sierra Disposal Co., Inc.	Garbage	(286.29)
Bill Pmt -Check	06/07/2019	6799	Placer County Human Resources	Jun 2019 Dental/Vision Premium	(282.80)
Bill Pmt -Check	06/07/2019	6798	Pitney Bowes	Qtrly Postage Meter Lease	(276.59)
Bill Pmt -Check	06/20/2019	6810	Truckee Rents, Inc.	Elements for saw repair	(215.50)
Bill Pmt -Check	06/07/2019	6800	Summit Home Care	Office Cleaning	(200.00)
Liability Check	06/17/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # -1457295970	(171.16)
Bill Pmt -Check	06/20/2019	6804	Flyers Energy, LLC	Gasoline/Diesel	(142.56)
Bill Pmt -Check	06/07/2019	6794	Cranmer Engineering, Inc.	Filter Plant Testing	(115.00)
Bill Pmt -Check	06/07/2019	6797	Mountain Hardware	Towels, Sunscreen, Gloves & Redi Mix, Air Filter & Bulk nuts,bolts,screws,wa	(109.90)
Bill Pmt -Check	06/20/2019	6807	Sierra Mountain Pipe & Supply	Strawwattle	(108.25)
Bill Pmt -Check	06/07/2019	6793	Badger Meter	Jun 2019 Cellular Fee - Meter Test Program	(104.13)
Bill Pmt -Check	06/14/2019	21537	United States Postal Service (box fee)	Annual Post Office Box Fee - #1039	(94.00)
Bill Pmt -Check	06/20/2019	6811	Verizon Wireless	Cell Phone & On-Call iPad	(75.38)
Liability Check	06/17/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # -1457316970	(68.20)
Bill Pmt -Check	06/14/2019	21536	Tahoe Forest Health System	Pre-employment Test	(63.00)
Check	06/17/2019	21538	FELDMAN, MERRILL E	19150 - Overpayment Refund	(62.30)

Sierra Lakes County Water District  
Check Registers  
June 2019

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	06/07/2019	6801	Truckee Rents, Inc.	Forest Helmet System	(59.53)
Check	06/10/2019		QuickBooks Payroll Service	Created by Direct Deposit Service on 06/07/2019	(1.75)
Check	06/19/2019		QuickBooks Payroll Service	Created by Direct Deposit Service on 06/18/2019	(1.75)
Check	06/17/2019	061719	BluePay	Merchant Fees	(1.50)
Paycheck	06/04/2019	DD565	Brian Lundgren	Direct Deposit: Pay Period Ending 5/31/19	-
Paycheck	06/04/2019	DD566	Jeffery D. Krebill	Direct Deposit: Pay Period Ending 5/31/19	-
Paycheck	06/04/2019	DD567	Matthew M Marriner	Direct Deposit: Pay Period Ending 5/31/19	-
Paycheck	06/04/2019	DD568	Patrick J Baird	Direct Deposit: Pay Period Ending 5/31/19	-
Paycheck	06/18/2019	DD569	Brian Lundgren	Direct Deposit: Pay Period Ending 6/15/19	-
Paycheck	06/18/2019	DD570	Jeffery D. Krebill	Direct Deposit: Pay Period Ending 6/15/19	-
Paycheck	06/18/2019	DD571	Matthew M Marriner	Direct Deposit: Pay Period Ending 6/15/19	-
Paycheck	06/18/2019	DD572	Patrick J Baird	Direct Deposit: Pay Period Ending 6/15/19	-
Paycheck	06/19/2019	DD574	Karen Heald {Salary}	Direct Deposit: 6/14/19 Board Meeting	-
Paycheck	06/19/2019	DD573	Dan L Stockton {Salary}	Direct Deposit: 6/14/19 Board Meeting	-
Paycheck	06/19/2019	DD575	Richard A Simpson {Salary}	Direct Deposit: 6/14/19 Board Meeting	-
Paycheck	06/19/2019	DD576	Robert M McCormick {Salary}	Direct Deposit: 6/14/19 Board Meeting	-
Total 1002 · US Bank - Demand					(117,124.37)
<b>TOTAL</b>					<b>(117,124.37)</b>



9:41 AM  
07/05/19

**Sierra Lakes County Water District**  
**Payroll Summary**  
June 2019

	Dan L Stockton {Salary}	Karen Heald {Salary}	Richard A Simpson {Sala...	Robert M McCormick {S...	TOTAL
<b>Employee Wages, Taxes and Adjus...</b>					
<b>Gross Pay</b>					
Salary Director	180.00	180.00	180.00	180.00	720.00
<b>Total Gross Pay</b>	180.00	180.00	180.00	180.00	720.00
<b>Adjusted Gross Pay</b>	180.00	180.00	180.00	180.00	720.00
<b>Taxes Withheld</b>					
Federal Withholding	-36.00	0.00	-25.00	0.00	-61.00
Medicare (Employee)	-2.61	-2.61	-2.61	-2.61	-10.44
Social Security (Employee)	-11.16	-11.16	-11.16	-11.16	-44.64
State Withholding	-36.00	0.00	-25.00	0.00	-61.00
SDI (Employee)	-1.80	-1.80	-1.80	-1.80	-7.20
Medicare Employee Addl Tax	0.00	0.00	0.00	0.00	0.00
<b>Total Taxes Withheld</b>	-87.57	-15.57	-65.57	-15.57	-184.28
<b>Additions to Net Pay</b>					
Director Mileage Reimburse...	174.00	127.60	0.00	126.44	428.04
<b>Total Additions to Net Pay</b>	174.00	127.60	0.00	126.44	428.04
<b>Net Pay</b>	<b>266.43</b>	<b>292.03</b>	<b>114.43</b>	<b>290.87</b>	<b>963.76</b>
<b>Employer Taxes and Contributions</b>					
Medicare (District)	2.61	2.61	2.61	2.61	10.44
Social Security (District)	11.16	11.16	11.16	11.16	44.64
SUI (District)	8.82	8.82	8.82	8.82	35.28
ETT (District)	0.18	0.18	0.18	0.18	0.72
<b>Total Employer Taxes and Contrib...</b>	<b>22.77</b>	<b>22.77</b>	<b>22.77</b>	<b>22.77</b>	<b>91.08</b>

Sierra Lakes County Water District  
Operating Budget-to-Actual  
Fiscal Year July 1, 2018 to June 30, 2019  
PRELIMINARY YEAR END REPORT

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 6/30/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 18-19 Budget	% of Budget
<b><u>Water Sewer Revenues</u></b>										
8000-01 - Annual Water Fees	71,079	71,079	-	100%	851,449	852,948	(1,499)	100%	852,948	100%
8000-02 - Annual Sewer Fees	98,585	98,585	0	100%	1,180,936	1,183,016	(2,080)	100%	1,183,016	100%
8030 - Property Taxes	477	-	477	100%	437,285	390,000	47,285	112%	390,000	112%
8050 - Customer Late Fees	871	2,500	(1,629)	35%	8,164	10,000	(1,836)	82%	10,000	82%
8005 - Primary Facilities Fees - Sewer	-	-	-	0%	780	23,400	(22,620)	3%	23,400	3%
8006 - Primary Facilities Fees - Water	-	-	-	0%	183	5,475	(5,293)	3%	5,475	3%
8052 - GAPVAX Services	-	-	-	0%	-	-	-	0%	-	0%
8020 - Other Income	4,854	-	4,854	100%	57,329	-	57,329	100%	-	-100%
<b>Total Revenues Received:</b>	<b>175,865</b>	<b>172,164</b>	<b>3,702</b>	<b>102%</b>	<b>2,536,125</b>	<b>2,464,839</b>	<b>71,286</b>	<b>103%</b>	<b>2,464,839</b>	<b>103%</b>
<b><u>Controllable Expenses:</u></b>										
<b><u>Salaries:</u></b>										
9001 - Director Salaries	720	1,800	1,080	40%	13,320	21,600	8,280	62%	21,600	62%
9002 - Office Salaries	-	-	-	0%	-	-	-	0%	-	0%
9002-01 Office Hourly Regular	-	-	-	0%	-	-	-	0%	-	0%
9003 - Maintenance Salaries	15,473	21,944	6,471	71%	251,017	257,387	6,370	98%	257,387	98%
9003-01 - Maint Hourly Regular	757	536	(220)	141%	13,355	6,435	(6,920)	208%	6,435	208%
9003-02 - Maint Overtime	2,200	2,167	(33)	102%	26,240	26,000	(240)	101%	26,000	101%
9003-03 - Maint Standby	-	1,500	1,500	0%	(881)	1,500	2,381	(59%)	1,500	-59%
9003-00 - Maint Salaries - Other	-	-	-	0%	-	-	-	-	-	-
9003-04 - Labor Allocated to Projects	-	-	-	0%	-	-	-	-	-	-
<b>Total 9000 - Salaries</b>	<b>19,150</b>	<b>27,946</b>	<b>8,797</b>	<b>69%</b>	<b>303,050</b>	<b>312,922</b>	<b>9,872</b>	<b>97%</b>	<b>312,922</b>	<b>97%</b>
<b><u>Payroll Expense</u></b>										
9005 - Payroll Expense - SS & Medicare	1,872	1,857	(15)	101%	23,658	22,286	(1,372)	106%	22,286	106%
9007 - Payroll Expense- SUI & ETT	117	329	212	35%	2,678	3,950	1,272	68%	3,950	68%
9008 - Payroll Expense - Retirement	1,387	3,827	2,440	36%	16,502	45,921	29,419	36%	45,921	36%
9009 - Payroll Expense - Medical & D/V	8,041	12,250	4,209	66%	100,291	147,000	46,710	68%	147,000	68%
9010 - Payroll Expense - Workers' Comp	2,811	3,475	664	81%	7,511	13,900	6,389	54%	13,900	54%
<b>Total 9004 - Payroll Expense</b>	<b>14,228</b>	<b>21,738</b>	<b>7,510</b>	<b>65%</b>	<b>150,638</b>	<b>233,057</b>	<b>82,419</b>	<b>65%</b>	<b>233,057</b>	<b>65%</b>
<b><u>Indirect &amp; G&amp;A</u></b>										
9012 - Legal Expense:	3,844	3,000	(844)		32,969	36,000	3,031	92%	36,000	92%
9013 - Audit Expense	-	-	-	0%	13,050	12,250	(800)	107%	12,250	107%
9014 - Fees & Penalties	34	125	92	27%	681	1,500	819	45%	1,500	45%
9016 - Directors' Expense	428	833	405	51%	5,597	10,000	4,403	56%	10,000	56%
9017 - Professional Fees - Operations	17,489	12,083	(5,405)	145%	142,151	145,000	2,849	98%	145,000	98%
9018 - Professional Fees - Office	8,800	10,400	1,600	85%	103,320	124,800	21,480	83%	124,800	83%
9019 - Staff Travel/Training	(69)	167	236	(42%)	10,067	2,000	(8,067)	503%	2,000	503%
9022 - Election Expense	-	-	-	0%	100	2,500	2,400	4%	2,500	0%
9023 - Insurance Expense	5,606	3,000	(2,606)	187%	17,058	20,000	2,942	85%	20,000	85%
9024 - Membership Expense	-	2,550	2,550	0%	9,741	12,000	2,259	81%	12,000	81%
9026 - Outside Services	200	240	40	83%	3,073	2,880	(193)	107%	2,880	107%
9028 - Telephone Expense	650	625	(25)	104%	7,145	7,500	355	95%	7,500	95%
9029 - Garbage/Hazmat Expense	297	375	78	79%	4,058	4,500	442	90%	4,500	90%

Sierra Lakes County Water District  
Operating Budget-to-Actual  
Fiscal Year July 1, 2018 to June 30, 2019  
PRELIMINARY YEAR END REPORT

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 6/30/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 18-19 Budget	% of Budget
9030 · Uniform Expense	489	169	(320)	290%	1,760	2,025	265	87%	2,025	87%
9034 · Propane Expense	469	800	331	59%	11,459	10,700	(759)	107%	10,700	107%
9036 · SCADA System Expense	-	295	295	0%	6,491	3,500	(2,991)	185%	3,500	185%
9037 · M&O Asset Mgmt Sys (Lucity)	-	375	375	0%	3,750	4,500	750	83%	4,500	83%
9040 · Office Expense	142	250	108	57%	3,253	3,000	(253)	108%	3,000	108%
9041 · Postage Expense	1,268	225	(1,043)	563%	1,927	2,700	773	71%	2,700	71%
9042 · Postage Meter Expense	-	-	-	0%	1,138	1,300	162	88%	1,300	88%
9043 · Copier & Fax Expense	173	80	(93)	217%	687	950	263	72%	950	72%
9044 · Computer Equipment & Service	-	-	(1,313)	0%	-	7,000	(20,835)	398%	7,000	0%
9044-01 · General Expense	53	-	-	100%	3,228	-	-	-	-	-
9044-02 · Website Design	173	-	-	-	6,550	-	-	-	-	-
9044-03 · Merchant Fees	1,087	-	-	-	18,057	-	-	-	-	-
Total 9011 · Indirect & G&A	41,131	35,592	(5,539)	116%	407,311	416,605	9,294	98%	416,605	98%
<b><u>MAINTENANCE &amp; OPERATIONS</u></b>										
<b><u>Water Treatment &amp; Filter Plant</u></b>										
9101 · Filter Plant Operations & Maint	42	375	333	11%	6,948	4,500	(2,448)	154%	4,500	154%
9102 · Filter Plant-Chems, Lab & Equip	1,285	1,250	(35)	103%	19,497	15,000	(4,497)	130%	15,000	130%
9103 · Filter -Water Pumping Plant M&O	953	83	(870)	1,144%	1,383	1,000	(383)	138%	1,000	138%
9104 · Well Pump Station Expense	151	-	(151)	100%	371	-	(371)	100%	-	-100%
Total 9100 · Water Treatment & Filter Plant	2,431	1,708	(722)	142%	28,200	20,500	(7,700)	138%	20,500	138%
<b><u>Water Distribution</u></b>										
9201 · Water Dist - General Maint	806	500	(306)	161%	8,960	6,000	(2,960)	149%	6,000	149%
9202 · Water Dist - Pipes & Fittings	401	208	(193)	193%	1,591	2,500	909	64%	2,500	64%
9203 · Water Dist - Hydrant Maint	-	63	63	0%	28	750	722	4%	750	4%
9204 · Fees - Water	2,829	1,042	(1,788)	272%	12,688	12,500	(188)	102%	12,500	102%
9205 · Water Dist - Electricity	-	2,667	2,667	0%	33,470	32,000	(1,470)	105%	32,000	105%
9600 · Water Dist - Meters/Parts	-	83	83	0%	442	1,000	558	44%	1,000	44%
9601 · Water Conservation	-	208	208	0%	1,430	2,500	1,070	57%	2,500	57%
Total 9200 · Water Distribution	4,037	4,771	734	85%	58,609	57,250	(1,359)	102%	57,250	102%
<b><u>Wastewater Collection System</u></b>										
9301 · Wastewater - General Maint	806	208	(598)	387%	8,627	8,000	(627)	108%	8,000	108%
9302 · Wastewater - Pipes/Fittings	-	83	83	0%	823	1,000	177	82%	1,000	82%
9303 · Wastewater- Enzymes/Lab Testing	2,438	417	(2,021)	585%	4,742	5,000	258	95%	5,000	95%
9304 · Wastewater - Manholes	-	-	-	0%	-	500	500	0%	500	0%
9305 · Fees - Sewer	-	583	583	0%	6,221	7,000	779	89%	7,000	89%
9306 · Wastewater - Electricity	1,851	1,292	(559)	143%	16,025	15,500	(525)	103%	15,500	103%
9700-01 · Wastewater Export Service Refund	-	-	-	0%	(68,123)	-	68,123	100%	-	0%
9700 · Wastewater- Export Service Exp	38,600	38,600	-	100%	463,200	463,200	-	100%	463,200	100%
Total 9300 · Wastewater Collection System	43,695	41,183	(2,512)	106%	431,515	500,200	68,685	86%	500,200	86%
<b><u>Vehicle Expense</u></b>										
9501 · Gasoline/Diesel	868	708	(159)	123%	8,195	8,500	305	96%	8,500	96%
9502 · Pickups	-	167	167	0%	1,189	2,000	811	59%	2,000	59%



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SIERRA LAKES COUNTY WATER DISTRICT  
CAPITAL PROJECTS SUMMARY  
FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

	For Period 7/1/2018 to 6/30/2019				
	PROPOSED BUDGET	Previously Incurred Costs	Costs Incurrec Current Month	Total Costs to Date	VARIANCE Favorable (Unfavorable)
<b>CAPITAL PROJECTS IN PROGRESS:</b>					
Miscellaneous Sewer Pump Station Upgrades	\$ 16,500	\$ 17,106		\$ 17,106	\$ (606)
Miscellaneous Water Pump Station/Storage Improvements	75,000	65,884		\$ 65,884	9,116
DSPUD Water Plant	50,000	38,753	-	\$ 38,753	11,247
Total Capital Projects	\$ 141,500	\$ 121,743.00	\$ -	\$ 121,743	\$ 19,757

15a

Sierra Lakes County Water District  
Operating Budget-to-Actual  
Fiscal Year July 1, 2018 to June 30, 2019  
PRELIMINARY YEAR END REPORT

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 6/30/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 18-19 Budget	% of Budget
9503 • Gapvac	-	292	292	0%	3,132	3,500	368	89%	3,500	89%
9504 • Backhoe	-	167	167	0%	1,061	2,000	939	53%	2,000	53%
9505 • Vehicle Maint Supplies	-	83	83	0%	687	1,000	313	69%	1,000	69%
Total 9500 • Vehicle Expense	868	1,417	549	61%	14,264	17,000	2,736	84%	17,000	84%
<b>Project Expenses</b>										
9812 • Spot Repairs of Sewer Mainline & Laterals	3,200	-	(3,200)	100%	55,202	44,500	(10,702)	124%	44,500	124%
9813 • Repair of Sewer Manholes at Various Locations	-	-	-	0%	36,910	41,500	4,590	89%	41,500	89%
9815 • Misc Sewer Pump Station Upgrades	-	-	-	0%	14,281	13,500	(781)	106%	13,500	106%
9818 • Misc Water System Improvements	1,884	-	(1,884)	100%	49,286	33,400	(15,886)	148%	33,400	148%
9819 • Adj Water Valve Boxes to Street Grade	-	-	-	0%	712	3,000	2,288	24%	3,000	24%
9820 • Misc Upgrades Water Pump Stations	95	-	(95)	0%	14,213	21,400	7,187	66%	21,400	66%
9821 • Automatic Meter Read System	104	248	144	42%	1,176	2,975	1,799	40%	2,975	40%
9822 • Misc Jobs - Safety Tools Bldgs	6,323	-	(6,323)	100%	38,647	33,600	(5,047)	115%	33,600	115%
9824 • Lake Management	48	208	161	23%	586	2,500	1,914	23%	2,500	23%
9825 • HOTFaP	-	-	-	0%	5,338	30,000	24,663	18%	30,000	18%
9915 • Misc. Projects	-	-	-	0%	227	-	(227)	100%	-	
Total 9800 • Project Expenses	11,654	456	(11,198)	2,554%	216,577	226,375	9,798	96%	226,375	96%
<b>Total Controllable Expenses</b>	<b>137,192</b>	<b>134,812</b>	<b>(2,381)</b>	<b>102%</b>	<b>1,610,164</b>	<b>1,783,909</b>	<b>173,745</b>	<b>90%</b>	<b>1,783,909</b>	<b>90%</b>
<b>Non-Controllable Expenses:</b>										
9900 • Debt - Interest										
9904 • Interest on SRF Loan	5,814	5,814	(0)	100%	12,075	12,075	0	100%	12,075	100%
9906 • USDA Revenue Bonds	-	-	-	0%	129,132	130,000	868	99%	130,000	99%
9908 • Int on Assessment-7207 Palisade	-	-	-	0%	247	765	518	32%	765	0%
Total 9900 • Debt - Interest	5,814	5,814	(0)	100%	141,453	142,840	1,387	99%	142,840	99%
9920 • Depreciation										
9921 • Depreciation - Water	10,018	10,390	373	96%	120,212	124,684	4,472	96%	124,684	96%
9922 • Depreciation - Sewer	8,035	8,583	548	94%	96,159	102,999	6,840	93%	102,999	93%
Total 9920 • Depreciation	18,052	18,974	921	95%	216,371	227,683	11,312	95%	227,683	95%
9950 • SLCWD Share - DSPUD Capital Costs					38,753	-	(38,753)	0%		
Total Non-Controllable Expenses	23,867	24,788	921	96%	38,753	-	(38,753)	0%	370,523	10%
<b>TOTAL DISTRICT EXPENSES:</b>	<b>161,059</b>	<b>159,599</b>	<b>(1,460)</b>	<b>101%</b>	<b>2,006,741</b>	<b>2,154,432</b>	<b>147,691</b>	<b>93%</b>	<b>2,154,432</b>	<b>93%</b>
<b>EARNED REVENUE LESS EXPENSES</b>	<b>14,807</b>	<b>12,565</b>	<b>2,242</b>		<b>529,384</b>	<b>310,407</b>	<b>218,977</b>		<b>310,407</b>	

Sierra Lakes County Water District  
Cash Flow Projection  
in \$000's

**Beginning Operating Cash Balance:**

ACTUAL Jun-19	Forecast Jun-19
310	310

Forecast Jul-19	Forecast Aug-19	Forecast Sep-19	Forecast Oct-19	Forecast Nov-19	Forecast Dec-19	Forecast Jan-20	Forecast Feb-20	Forecast Mar-20	Forecast Apr-20	Forecast May-20
519	764	872	721	586	551	491	556	546	304	139

**Cash Provided/(Used) by Operations:**

**Revenues:**

Sewer & Water Service Fees

326 89

Misc Other Income

- -

Placer County Taxes

- -

**Expenses:**

Operating Expenses

(117) (120)

Sierra Plant - Capital Projects

- -

**Net Cash Provided/(Used) by Operations:**

209 (31)

500	200	100	50	125	100	50	150	175	20	89
5	20	-	-	-	-	200	-	-	-	150
(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)
(75)	(25)	(25)	-	-	-	-	-	-	-	-
270	35	(85)	(110)	(35)	(60)	90	(10)	15	(140)	79

**Cash Provided/(Used) for Financing Activities**

CA Bank & Trust - Qrtly Transfers

- -

USDA \$5.2 million Revenue Bond

- -

DSPUD Excess Capacity Refund (\$655,000)

- 73

**Total Cash Provided/(Used) by Financing Activities:**

- -

(25)	-	-	(25)	-	-	(25)	-	-	(25)	-
-	-	(66)	-	-	-	-	-	(203)	-	-
(25)	73	(66)	(25)	-	-	(25)	-	(203)	(25)	-

**Cash Provided/(Used) by Investment Activities**

Lump Sum Prepayment: Pensions

- -

GASB 45 - OPEB Annual Funding

- -

**Total Cash Provided/(Used) by Investment Activities:**

- -

-	-	-	-	-	-	-	-	(54)	-	-
-	-	-	-	-	-	-	-	(54)	-	-

**Ending OPERATING ACCOUNT Cash Balance:**

519 279

764	872	721	586	551	491	556	546	304	139	218
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SIERRA LAKES COUNTY WATER DISTRICT - FIVE YEAR CASH FLOW PROJECTION  
2017/2018 - 2021/2022  
in \$000's

	ACTUAL 2017/2018	FORECAST 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022
<b>Beginning <u>OPERATING</u> Cash Balance:</b>	2,299	2,271	519	111	161
<b>Cash Provided/(Used) by Operations:</b>					
<b>Revenues:</b>					
Water/Sewer Service Fees	2,112	2,072	2,046	2,046	2,046
PrePaid W/S Service Fees:		229	(229)		
Placer County Tax	406	436	390	390	390
Primary Facilities Fees		25	29	29	29
Misc Other Income	10	-	10	10	10
<b>Expenses:</b>					
Operating Expenses	(1,460)	(1,535)	(2,035)	(1,804)	(1,920)
Sierra Plant - Capital Projects	(260)	(228)	(512)	(1,514)	(285)
<b>Net Cash Provided/(Used) by Operations:</b>	808	999	(301)	(843)	270
<b>Cash Provided/(Used) for Financing Activities</b>					
CA Bank & Trust Loan Principal & Interest	(100)	(100)	(100)	(100)	(25)
USDA Revenue Bond Loan	(269)	(270)	(270)	(270)	(270)
Refunded WWTP Costs	75	73	67	67	67
<b>Total Cash Provided/(Used) by Financing Activities:</b>	(294)	(297)	(303)	(303)	(228)
<b>Cash Provided(Used) by Investment Activities</b>					
Total Cash Provided(Used) by Investment Activities:	(488)				
Moved to Placer Co. Treasurer's Fund		(2,400)	250	1,250	-
Annual GASB 45 Funding - OPEB - Moved to LAIF	(54)	(54)	(54)	(54)	(54)
<b>Total Cash Provided(Used) by Investment Activities:</b>	(542)	(2,454)	196	1,196	(54)
<b>Ending <u>OPERATING</u> Cash Balance:</b>	2,271	519	111	161	149

Sierra Lakes County Water District  
**Balance Sheet**  
As of June 30, 2019

	Jun 30, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
1002 · US Bank - Demand	518,565.14
1030 · CA Bank & Trust(Fiscal Agt-SRF)	191,953.69
1031 · GASB 45 - OPEB ACCOUNT	163.13
1040 · Petty Cash	50.00
1061 · Placer County Tres. Fund	2,438,112.58
1062 · LAIF - OPEB Funds	672,072.88
<b>Total Checking/Savings</b>	<b>3,820,917.42</b>
Accounts Receivable	
2000 · Current Service Receivable	9,614.97
<b>Total Accounts Receivable</b>	<b>9,614.97</b>
<b>Other Current Assets</b>	
2015-01 · Other Accounts Receivable	0.06
2100 · Prepaid Insurance	7,708.46
2102 · DSPUD - MOU Receivable	196,724.70
<b>Total Other Current Assets</b>	<b>204,433.22</b>
<b>Total Current Assets</b>	<b>4,034,965.61</b>
<b>Fixed Assets</b>	
3000 · Water Utility Plant in Service	
3001 · Water Source of Supply (Lakes)	49,686.95
3002 · Water Pumping Plant	142,950.01
3003 · Water Filtration Plant	683,796.29
3004 · Water Distribution System	4,138,458.07
3005 · General Plant	241,303.96
3010 · Filter Plant Construction-FmHA	904,122.09
3011 · Filter Plant Mod Adm 1/2 Water	85,929.37
3012 · Wells/Post Chlorination-DWR	628,829.55
<b>Total 3000 · Water Utility Plant in Service</b>	<b>6,875,076.29</b>
30000 · Wastewater System Assets	
3020 · Wastewater Collection Sys	1,152,366.63
3022 · Wastewa Export Line-SWRCB Gr...	1,772,116.35
3024 · Wastewater Export Project	206,448.44
3025 · Wastewater Disposal Plant	779,194.14
3026 · Parallel Sewer Force Main	217,842.37
3027 · Filter Plant Mod Adm 1/2 Sewer	85,929.37
3028 · Vehicles	292,127.98
3029 · Sewer Inspection Camera	10,427.50
<b>Total 30000 · Wastewater System Assets</b>	<b>4,516,452.78</b>
3030 · Land	
3031 · Lot K-9-1	4,538.37
3032 · Lot 117-S1	2,992.57
3033 · Lot 16-S5/6	1,638.67
3034 · Part 069-020-047	500.00

**Balance Sheet**

As of June 30, 2019

	Jun 30, 19
3035 · 5 Acres Section 35	1,187.16
3036 · Lake Parcel	101,100.50
3037 · 7207 Palisade Drive	33,700.19
3030 · Land - Other	11,378.00
<b>Total 3030 · Land</b>	<b>157,035.46</b>
30400 · Accumulated Depreciation	
3042 · Depreciation Allowance - Sewer	-3,105,939.39
3043 · Depreciation Allowance - Water	-3,683,167.77
<b>Total 30400 · Accumulated Depreciation</b>	<b>-6,789,107.16</b>
<b>Total Fixed Assets</b>	<b>4,759,457.37</b>
<b>Other Assets</b>	
3100 · Projects in Progress	
3104 · Misc Sewer Pump Stat Upgrades	17,106.19
3106 · Misc Upgrades Water Pump Stat	65,883.87
3107 · Replace Water Mainline & Latls	423.50
3113 · New Roof on Filter Plant	4,179.18
3114 · Badger Meters & Endpoints	37,247.39
<b>Total 3100 · Projects in Progress</b>	<b>124,840.13</b>
3200 · Deferred Outflows/Contributions	15,002.00
3201 · Deferred Outflows/Actuarial	98,217.00
3205 · Deferred Outflows (OPEB Contrib	38,682.42
<b>Total Other Assets</b>	<b>276,741.55</b>
<b>TOTAL ASSETS</b>	<b>9,071,164.53</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
4000 · Accounts Payable	44,285.31
<b>Total Accounts Payable</b>	<b>44,285.31</b>
<b>Other Current Liabilities</b>	
4100 · Accounts Payable - Other	2,982.13
4101 · OPEB Payable	285,203.05
4102 · Prepaid Water/Sewer Service Fee	228,578.70
5000 · Direct Deposit Liabilities	7,872.90
5001 · Accrued Taxes	
5002 · Federal - Accrued Taxes	1,574.00
5003 · Soc. Sec. - Accrued Taxes	1,470.18
5004 · Medicare - Accrued Taxes	343.82
5005 · Retirement - Accrued Taxes	2,510.92
5006 · State - Accrued Taxes	632.96
5007 · SDI - Accrued Taxes	118.56



## Sierra Lakes County Water District

## Balance Sheet

As of June 30, 2019

	Jun 30, 19
5008 · SUI - Accrued Taxes	29.30
5009 · ETT - Accrued Taxes	1.33
Total 5001 · Accrued Taxes	6,681.07
5013 · Accrued Vacation	3,608.09
5019 · Loan Interest Payable - Accrued	31,374.81
Total Other Current Liabilities	566,300.75
Total Current Liabilities	610,586.06
Long Term Liabilities	
6000 · Debt - Principal	
6004 · Loan Payable Principal - SRF	426,724.17
6007 · USDA \$5,222,000 Revenue Bond	4,555,000.00
6008 · Assessment - 7207 Palisade	8,619.64
Total 6000 · Debt - Principal	4,990,343.81
6100 · Accrued OPEB - GASB 45	442,766.43
6101 · Net Pension Liability - GASB 68	29,113.00
6102 · Deferred Inflows	66,506.00
Total Long Term Liabilities	5,528,729.24
Total Liabilities	6,139,315.30
Equity	
7000 · Reserve for Debt Service	175,336.83
7001 · Capital Improvement - Sewer	163,674.19
7002 · Capital Improvement - Water	37,243.72
7005 · Retained Earnings	2,026,210.29
Net Income	529,384.20
Total Equity	2,931,849.23
TOTAL LIABILITIES & EQUITY	9,071,164.53

amn  
7/5/2019  
9:49 AM

SIERRA LAKES COUNTY WATER DISTRICT  
LIST OF DISBURSEMENTS REQUIRING BOARD APPROVAL  
July 2019

Vendor	Inv # / Inv Date		Invoice Amount
<u>Acumen Engineering</u>	Invoice #	153	7,105.00
	Date	7/1/2019	
	For: <u>June 2019 Professional Fees</u>		
<u>Paul A. Schultz, PE</u>	Invoice #	192701	7,556.25
	Date	6/30/2019	
	For: <u>June 2019 Professional Fees</u>		
<u>Anna Nickerson</u>	Inv#	61519	5,400.00
	Date	6/15/2019	
	For: <u>Professional Fees 6/1 to 6/15/19</u>		
	Inv#	63019	3,400.00
	Date	6/30/2019	
	For: <u>Professional Fees 6/16 to 6/30/19</u>		
<b>TOTAL ANNA NICKERSON</b>			8,800.00
<u>Kronick Moskowitz Tiedemann &amp; Girard</u>	Inv#	PENDING	
	Date		
	For: <u>June 2019 Legal Fees</u>		
<b>TOTAL Kronick Moskowitz Tiedemann &amp; Girard</b>			-
<b>TOTAL INVOICES FOR APPROVAL</b>			<b>23,461.25</b>

# ACUMEN ENGINEERING

C O M P A N Y

PO Box 3497  
Truckee, California 96160

## Invoice

DATE	INVOICE #
7/1/2019	153

BILL TO
Sierra Lakes County Water District PO Box 1039 Soda Springs, CA 95728

TERMS	DUE DATE	PROJECT
Net 30	7/31/2019	

DESCRIPTION	QTY	RATE	AMOUNT
Principal Engineer in June 2019 per attached detail	49	145.00	7,105.00
<p>ACCOUNT NO 9017 \$ 7105.00</p> <p>CHECK NO.</p> <p>CK DATE</p> <p>APPROVED</p>			
<b>Total</b>			\$7,105.00

**Sierra Lakes County Water District  
Acumen Engineering Monthly Invoice Detail  
June 2019**

<b>Date</b>	<b>Engineering Task Description</b>	<b>Hours</b>
6/3/2019	2019 Budget update and cover memo; O&M memo; CalFire documentation for crew use; telephone Contractor re: lateral leaks. O&M hours: 3.0	3.0
6/4/2019	Letter to Placer County DPW re: building lease; 2019 Budget update and memo; correspondence with Mountain Pipeline re: TV inspection; drive to District; lateral leaks; telephone contractor re: lateral leaks. O&M hours: 4.5	4.5
6/5/2019	Drive to District; O&M, Budget and Intake Extension memos; leak repairs; AMR monitoring results; escrow hold back with Anna. O&M hours: 3.5	3.5
6/6/2019	Schedule sewer inspection for I&I; Filter Plant fitting replacement; schedule meeting with property owner re: trees on District property. O&M hours: 2.0	2.0
6/12/2019	Telephone Jeff Mitchell re: GM Agreement; review NV County plans for Soda Springs Road bridge replacement and comments to Engineer. O&M hours: 1.5	1.5
6/13/2019	Disinfection By-Products result to DDW; fuel tank information and upgrade/testing reminders to property owners; final draft GM Agreement and distribution. O&M hours: 2.0	2.0
6/14/2019	Correspondence with property owners re: AST/UST compliance; materials for Donner Drive temporary repair; drive to District; Staff Meeting; Board Meeting; DSPUD flows. O&M hours: 5.0	5.0
6/15/2019	Update website re: General Manager position; update work/project schedule through June; contact Tahoe City PUD re: Placer County Building Department coordination status; review Water Rights permit requirements for inflow monitoring and release after July 1st. O&M hours: 1.5	1.5
6/18/2019	General Manager Information/Documentation for Paul S. O&M hours: 1.0	1.0
6/19/2019	Contact Town of Truckee re: GASB 74/75 consultant; contact electrician re: light replacement in Operator's Office and Filter Plant; meet with Paul S. O&M hours: 2.5	2.5



**Sierra Lakes County Water District  
Acumen Engineering Monthly Invoice Detail  
June 2019**

<b>Date</b>	<b>Engineering Task Description</b>	<b>Hours</b>
6/20/2019	Drive to District; staff meeting; facility tour with Paul S.; review backflow test results; residential plan check; order materials for Donner Drive. O&M hours: 5.0	5.0
6/21/2019	Update work schedule; drive to District; invoices; SPS-3 vault lid with Operators; respond to PG&E USA notices; lake signage list. O&M hours: 2.5	2.5
6/24/2019	Files/Documents to Paul S.; update ID and Contact cards; coordinate residential inspections with Anna. O&M hours: 3.0	3.0
6/25/2019	Drive to District; Staff meeting; DSPUD tour with Paul S.; review Operator office lighting with Electrician; meet with Contractor re: residential meter requirements; correspondence with Engineer re: Soda Springs Road Bridge replacement documentation. O&M hours: 4.5	4.5
6/26/2019	Drive to District; residential inspections; Donner Drive temporary repair; meet with Paul S. re: files; coordinate with Electrician re: SPS-1 and SPS-2/-3 electrical inspections. O&M hours: 2.5	2.5
6/27/2019	Coordinate with vendor for pickup and repair of sewer camera; correspondence with Jeff M. re: Soda Springs Road Bridge replacement documentation and Agreement with Woodard & Curran for lake intake extension study; schedule lake sampling equipment rental/delivery. O&M hours: 1.5	1.5
6/28/2019	Drive to District; meet with property owner re: tree trimming/removal on District property; residential inspections; meet with electrician re: lighting upgrades; telephone with laboratory re: bacteria sampling. O&M hours: 4.5	3.5
<b>Total O&amp;M: 49.0 hours</b>		<b>49.0</b>

Paul A. Schultz, PE  
Civil and Environmental Engineering  
7299 3<sup>rd</sup> Avenue  
PO Box 269  
Tahoma, CA 96142  
(530) 525-9347

INVOICE NO. 192701

BILL TO	DUE DATE	TERMS
Sierra Lakes County Water District PO Box 1039 Soda Springs, CA 95728	8/15/2019	Net 45

HOURS	DESCRIPTION	UNIT PRICE	TOTAL
46.5	Professional Services for June 2019 (see detail) 37.0 hours on-site 9.5 hours off-site	\$162.50/hour	\$7,556.25

ACCOUNT NO  
CHECK NO.  
CK DATE

9017 \$ 7,556.25

APPROVED

TOTAL DUE BY DATE

\$7,556.25

Thank you for your business!

Sierra Lakes County Water District  
Paul A. Schultz, PE  
June 2019 Invoice Detail

<u>Date</u>	<u>Description</u>	<u>Hours</u>
06/19/2019	Met with Bill Quesnel at Acumen Engineering to discuss District ongoing operations and maintenance tasks; and current assignments; staffing and short and long-term goals. Continued to review information provided by Mr. Quesnel at PAS offices. (3.5 hrs. off-site).	3.5
06/20/2019	Met with Bill Quesnel at SLCWD to tour facilities including lake intake and treatment works; storage facilities; wastewater pump stations; and forcemain export pipeline. Met staff and continued to self-tour facilities after Mr. Quesnel left for the day. (4.0 hrs. on-site)	4.0
06/24/2019	Reviewed District background information and historical data. Reviewed short-term projects list. Began review of District ordinances. (6 hrs. on-site, 2.0 hrs. off-site)	8.0
06/25/2019	Met with staff and Bill Quesnel to discuss projects for this week and planned projects for the following two weeks. Met DSPUD management and staff. Toured DSPUD facilities. Discussed road repair of Donner Drive. Continued review of District background information. Began review of newly adopted budget. (8 hrs. on-site)	8.0
06/26/2019	Supervised staff at Donner Drive road repair. Revised repair plan for same based on field conditions. Continued review of District background information. Met with Bill Quesnel to continue tour of District facilities including property owned by the District and some of the difficulties in managing same. Continued review of District background information. (6 hrs. on-site, 2 hrs. off-site)	8.0
06/27/2019	Checked on repairs at Donner Drive. Updated short-term projects list for next week staff meeting. Self-tour facilities in general and specifically look for damage from winter snowfall and removal operations. Reviewed budget and planned capital improvement projects for 2019/2020. (5 hrs. on-site, 2 hrs. off-site)	7.0

Paul A. Schultz, PE  
PO Box 269 Tahoma, CA  
(530) 525-9347

Sierra Lakes County Water District  
Paul A. Schultz, PE  
June 2019 Invoice Detail

06/28/2019	Reviewed Bartnik electrical improvements and discussed operation of same. Discussed planned lighting and electrical improvements for the Filter plant. Met with Matt from A-1 Testing to witness water and sewer test at four locations. (8 hrs. on-site)	8.0
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TOTAL Professional Services: 42.5 hours



**ANNA NICKERSON**  
**FINANCIAL CONSULTANT**

16615 Glenshire Dr  
 Truckee, CA 96161  
 530-330-2724

anickerson@sonic.net

**INVOICE**

INVOICE NO: 061519  
 DATE: June 15, 2019

ACCOUNT NO: 9018 \$ 5,400.00  
 CHECK NO: 061819  
 CHECK DATE: 6/20/19  
 APPROVAL: \_\_\_\_\_

TO Sierra Lakes County Water District  
 P.O. Box 1039  
 Soda Springs, CA 95728  
 530-426-7800

Billing Rate: \$80.00

DATE	DESCRIPTION	HOURS	UNIT PRICE	TOTAL	Admin	Escrow & Public Requests	FS / Recs / PR / HR / Tax / Budget / Audit	Assmnt District	M&O Support	A/R - Banking	A/P	Mail / email	IT / Website	Board Agenda / Mtg Min / Packets	Total
6/3/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Transcribed minutes	5.5	\$80.00	\$ 440.00						1.5	0.5	0.5		3	5.5
6/4/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Finished minutes & began month end.	8.5	\$80.00	\$ 680.00		1	4.5			0.5	0.5	0.5		1.5	8.5
6/5/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Worked on month end reports	3.5	\$80.00	\$ 280.00			2			0.5	0.5	0.5			3.5
6/6/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Worked on month end reports	4.0	\$80.00	\$ 320.00			2.5			0.5	0.5	0.5			4
6/7/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Finished month end reports, worked on Office Procedure Manual, prepared board packets & worked on annual billing.	9.0	\$80.00	\$ 720.00			3			2.5	0.5	0.5		2.5	9
6/10/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails.	8.0	\$80.00	\$ 640.00						5.5	0.5	0.5	1.5		8
6/11/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Annual Billing	9.5	\$80.00	\$ 760.00						8.5	0.5	0.5			9.5
6/12/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Finished & mailed annual invoices	4.0	\$80.00	\$ 320.00						3	0.5	0.5			4
6/13/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Prepare & Post CCR and processed escrow requests	3.5	\$80.00	\$ 280.00		1.5			0.5	0.5	0.5	0.5			3.5
6/14/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Processed payroll, escrows, updated website, prepared for meeting and filed.	10.5	\$80.00	\$ 840.00	1	1.5	3			0.5	0.5	0.5	1.5	2	10.5
6/14/2019	Board Meeting	1.5	\$80.00	\$ 120.00										1.5	1.5
	<b>67.5 TOTALS</b>			<b>\$ 5,400.00</b>	<b>1.0</b>	<b>4.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.5</b>	<b>23.5</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>	<b>10.5</b>	<b>67.5</b>
					1%	6%	22%	0%	1%	35%	7%	7%	4%	16%	

**ANNA NICKERSON  
FINANCIAL CONSULTANT**

16615 Glenshire Dr  
Truckee, CA 96161  
530-330-2724

[anickerson@sonic.net](mailto:anickerson@sonic.net)

**INVOICE**

INVOICE NO: 063019  
DATE: June 30, 2019

ACCOUNT NO: 9018 \$ 3,400.00

CHECK NO:

CHECK DATE:

APPROVAL:

TO Sierra Lakes County Water District  
P.O. Box 1039  
Soda Springs, CA 95728  
530-426-7800

Billing Rate: \$80.00

DATE	DESCRIPTION	HOURS	UNIT PRICE	TOTAL	Admin	Escrow & Public Requests	FS / Recs / PR / HR / Tax / Budget / Audit	Assmnt District	M&O Support	A/R - Banking	A/P	Mail / email	IT / Website	Board Agenda / Mtg Min / Packets	Total
6/17/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Processed paperwork from meeting, updated website.	4.0	\$80.00	\$ 320.00						1.5	0.5	0.5	1.5		4
6/18/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Updated website, filed and started annual assessment calculation.	8.0	\$80.00	\$ 640.00	1			2.5		1.5	0.5	1	1.5		8
6/19/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Worked on annual assessments	3.5	\$80.00	\$ 280.00				2		0.5	0.5	0.5			3.5
6/20/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Worked on annual assessments and filed	4.0	\$80.00	\$ 320.00	0.5			2		0.5	0.5	0.5			4
6/21/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Phone call with new OPEB Actuarial & provided requested information. Prepared Disconnection notices, finalized check run, opened an escrow & filed.	6.5	\$80.00	\$ 520.00	1	0.5	1			2.5	1	0.5			6.5
6/24/2019	Off	0.0	\$80.00	\$ -											0
6/25/2019	Off	0.0	\$80.00	\$ -											0
6/26/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails.	4.5	\$80.00	\$ 360.00	1	0.5				1	0.5	0.5		1	4.5
6/27/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails.	7.0	\$80.00	\$ 560.00		0.5				1	0.5	0.5		4.5	7
6/28/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Started month end	5.0	\$80.00	\$ 400.00			3			0.5	1	0.5			5
		42.5	TOTALS	\$ 3,400.00	3.5	1.5	4.0	6.5	0.0	9.0	5.0	4.5	3.0	5.5	42.5
					8%	4%	9%	15%	0%	21%	12%	11%	7%	13%	

## MEMORANDUM

**To:** Board of Directors, Sierra Lakes County Water District  
**From:** Paul A. Schultz, PE, General Manager  
**Subject:** Request to Address the Board of Directors regarding Above Ground Storage Tank Requirements  
**Date:** July 1, 2019

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Mr. Rich Benton, who owns a home on Pahatsi Road has requested time on the agenda this month to ask for some clarification on the requirements for the replacement of his above ground heating oil storage tank and clarification regarding the details of the District's Grant/Financial Assistance Program.

July 3, 2019

Sierra Lakes County Water District  
Attn: Anna Nickerson  
7305 Short Road  
P.O. Box 1039  
Soda Springs, CA 95728-1039

Attention(s) Board of Directors Bill Quesnel (bquesnel@SLCWD.org)  
Paul Schultz (pschultz@SLCWD.org) Anna Nickerson (anickerson@SLCWD.org)

Re: Agenda Item Request for Board of Directors Meeting, Friday, July 12, 2019  
Discussion of Above Ground Fuel Oil Heating Storage Tanks & Containment Piping

Dear Board Members:

This letter respectfully requests the additional of the above agenda item for your Board of Directors Meeting, Friday, July 12, 2019.

I am a Serene Lakes homeowner and SLCWD customer with an above ground single wall fuel oil heating tank. Accordingly, I am pursuing compliance with the secondary containment standards to replace my single wall tank with a double wall tank and upgrading the piping to secondary containment.

The purpose of this agenda request is to include the item in the agenda so I may discuss some questions on my part.

More specifically, I am interested in clarifying some of your expectations and intent regarding replacement of my existing tank with a new doubled walled tank and secondary containment piping. Also, I seek some clarification on the details of the Grant/Financial Assistance Program.

I will bring copies of, and refer to; the SLCWD May 3, 2017 letter titled "Heating Oil Tank Financial Assistance Program"; SLCWD Code of Ordinances Cha. 1, Div. VI, Sec. 6.05; CA Fire Code Sec.(s) 603 et seq., 5701 [sp. 5701.2(4)], 5704.2.7 et seq., and 5704.2.9.7 et seq. Please note, my discussion will be simple and non-technical, that is, it will be from a lay understanding of these references.

Since I have recently discussed some of these items with Mr. Bill Quesnel, he suggested I consider making this request to better understand your perspective.

Thank you & Sincerely,



Rich Benson  
415-497-8118, [rshbenson@att.net](mailto:rshbenson@att.net)

105 Trish Drive 9255 Pahatsi Road, Serene Lakes  
Novato, CA 94947-1925 Soda Springs, CA



# SIERRA LAKES COUNTY WATER DISTRICT

P.O. Box 1039

Soda Springs, CA 95728

(530) 426-7800

Fax: (530) 426-1120

## MEMORANDUM

TO: Board of Directors  
FROM: Anna Nickerson  
RE: Consulting Services Agreement for GASB 75 Actuarial Valuation  
DATE: July 5, 2019

---

Earlier this year, staff received a "Government Industry Alert" from Bob Johnson's office regarding Total Compensation Services' (TCS) GASB 75 Actuarial Valuation practices. The report stated that TCS was intentionally not including an implicit rate subsidy factor which results in an understatement of the OPEB liability. Staff sent the alert to TCS and received their response that stated it was their opinion that if the implicit rate subsidy factor was used, the result would be an over statement of the OPEB Liability. This response was provided to the District's auditor for review.

On July 1, 2019, Bob Johnson and Mary Cummins, the District's auditors, visited the District to perform pre-audit and quarterly flash audit procedures. At the pre-audit, staff discussed the issue with Mary and it was agreed that it would be best to find another firm because of the auditor's concerns. Staff solicited two additional proposals for the 2019 GASB 75 Actuarial Valuation. The proposed fees were as follows:

- |    |                             |                      |
|----|-----------------------------|----------------------|
| 1. | Total Compensation Services | \$4,200              |
| 2. | Bartel Associates, LLC      | \$9,500              |
| 3. | MacLeod Watts               | \$5,950 (Approach 1) |
| 4. | MacLeod Watts               | \$4,700 (Approach 2) |

Staff recommends Board approval to engage MacLeod Watts for its 2018/19 GASB 75 Actuarial Valuation in the amount of \$4,700, as outlined in Approach 2. Catherine MacLeod's recommendation to use Approach 2, that would include both the 6/30/18 Valuation plus the 2019 roll forward, was discussed with Mary Cummins who agreed that Approach 2 would be adequate given that the numbers needed to calculate the valuation were already know and the report would include the ten year schedule that was needed for the annual audit.

### Attached:

1. Government Industry Alert
2. TCS proposal
3. Bartel Associates, LLC proposal
4. MacLeod Watts proposal

**Government Industry Alert**  
By CalCPA Governmental Accounting & Auditing Committee and  
California Committee on Municipal Accounting

Not including  
implicit rate subsidy  
factor. Result  
is understated  
OPEB liability.

**Implementation of GASB Statement No. 75**

For the fiscal year ended June 30, 2018, governments are required to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The underlying concept of GASB 75, which simply mirrors GASB Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68), is to record the Net or Total OPEB Liability using the accrual basis of accounting instead of the “funding” basis.

California local governments will find that GASB 75 has many accounting and reporting features that are similar to the recently implemented GASB 68 pension statement. However, gathering needed data for local OPEB plans and participants will likely be more complex than the GASB 68 pension experience. Because a significant number of local governments are members of the CalPERS pension system, participating employers have enjoyed easy access to standard CalPERS accounting reports to meet GASB 68 accounting and reporting requirements. In contrast, the significance and structure of OPEB programs vary widely across California local governments.

In February 2018, the California Committee on Municipal Accounting (CCMA) published a white paper on GASB 75 to assist California local governments and their auditors with the implementation of the new OPEB reporting requirements. The Governmental Accounting and Auditing Committee (GAA) of the California Society of Certified Public Accountants (CalCPA), a senior technical group comprised of over forty members from international to local public accounting firms and state and local governments, continuously discusses and monitors issues/concerns that are raised during the implementation process.

At the October 2018 CalCPA GAA Committee meeting, there were questions/issues raised by practitioners regarding GASB 75 Valuation Reports issued by actuaries.

**Issue 1:      Actuarial Valuation Report does not include Actuarial Certification**

Because the actuarial valuation report is important audit evidence to support the calculation of the Net OPEB Liability and the related deferrals, an Actuarial Certification on the Actuarial Valuation Report is required.

The AICPA has provided the following guidance as to the criteria to be included in the Actuarial Certification in the Actuary's Report:

- The certification should be addressed to the Employer (Single and Agent Plans only)
- A statement that measurements and disclosures were prepared in accordance with GASB 74 (OPEB plan reporting) or 75 (employer reporting)
- A statement indicating that the report utilizes generally accepted actuarial principles
- A statement indicating who is responsible for the actuarial assumptions
- An opinion that the actuarial assumptions are reasonable
- The results fully and fairly disclose the information required by GASB 74 or 75
- A statement about the actuary's credentials and that the actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion

**Issue 2: Implicit Rate Subsidy Calculation was not factored into the calculation of the Total OPEB Liability for a Community Rated Plan, such as CalPERS PEMHCA Plan (statewide healthcare insurance plan)**

Many California local governments provide OPEB to both retirees and active employees through CalPERS statewide healthcare insurance plan. The CalPERS PEMHCA Plan, blends active employees with pre-Medicare retirees and charges them the same medical premium. The premium is set so that total premiums paid will equal total medical claims. However, younger employees on average have lower claims but are charged a premium higher than their claims – subsidizing older employees who, on average, have higher claims than premiums. The Implicit Rate Subsidy is the difference between average retiree claims and premiums charged by the insurer or by CalPERS.

GASB 75 requires the projections of benefit payments to be based on claims costs, or age-adjusted premiums approximating claims costs, and the benefit terms and legal agreements existing at the measurement date. The actuary should reflect the Full Age-Specific cost, including the Implicit Rate Subsidy regardless of the size of the group being valued. GASB believes the difference in premiums, if there is an Implicit Rate Subsidy, might be significant. However, Actuarial Standard of Practice (ASOP) No. 6 describes limited circumstances as listed below in which the use of unadjusted premiums by actuaries is appropriate.

ASOP No. 6 Section 3.7.7(c) states:

*Possible Exceptions—In some very limited cases, the use of the pooled health plan's premium may be appropriate without regard to adjustments for age. The factors that an actuary should evaluate in determining whether the premium may be appropriate without regard to adjustments for age include:*

- 1. the purpose of the measurement (for example, for a projection of short-term cash flow needs the use of the premium may be appropriate);*
- 2. whether for the type of benefit plan being valued (for example, certain dental plans) the impact of using age-specific costs would not be material;*
- 3. the extent to which there are no age-related implicit subsidies between actives and retirees that occur within the pooled health plan; and*
- 4. whether the pooled health plan and its premium structure are sustainable over the measurement period, even if other groups or active participants cease to participate. The use of a premium without regard to adjustment for age is generally inappropriate if the pooled health plan and its premium structure are not sustainable over the measurement period if other groups or active participants cease to participate.*

There are actuaries that may have taken the position that the concept of Implicit Rate Subsidy in determining the Total OPEB liability is not applicable for the CalPERS PEMHCA Plan, but other actuaries (with government clients that are in the same CalPERS PEMHCA Plan) have taken the position that it should be taken into consideration in determining the Total OPEB liability. This is a matter of the auditor's professional judgment to determine whether reliance can be placed on the actuary's work based on the criteria for the reliability of information produced by a management specialist as set forth in paragraph .A46 of AU-C Section 500, *Audit Evidence*.

**Suggestion:**

The Governmental Accounting and Auditing Committee suggests that the auditor considers the following Emphasis of Matter paragraph when an actuary uses an exception under ASOP No. 6 Section 3.7.7(c) in calculating the Total OPEB Liability and the auditor concludes that they can rely on the work of a management specialist:

**Independent Auditors' Report**

An Emphasis of Matter paragraph may be included in the independent auditors' report if the actuary used an exception under ASOP No. 6 Section 3.7.7(c). Example is as follows:

As discussed in Note XX to the financial statements, the [Government Agency] implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the standard required retrospective application and a restatement of the previously reported net position as of July 1, 2017. In addition, the Net [or Total] OPEB Liability is reported in the Statement of Net Position in the amount of \$XXX,XXX as of the measurement date. The [Government Agency] retained a qualified actuary to determine the Total OPEB Liability as of the measurement date as required by GASB Statement No. 75. The Total OPEB Liability is calculated by the actuary using estimates and actuarial techniques under actuarial standards of practice in the actuarial valuation as of June 30, XXXX [actuarial valuation date used for the measurement date]. **The actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments.** Our opinion is not modified with respect to this matter.

**Notes to Basic Financial Statements**

When the auditor decides to include an Emphasis of Matter paragraph, the OPEB note disclosures should include a disclosure in the actuarial assumptions section about the application of ASOP No. 6 Section 3.7.7(c)(4).

**AU-C Section 260, *The Auditor's Communication with Those Charged with Governance***

Consider disclosing the actuary's application of ASOP No. 6 Section 3.7.7(c)(4) under the disclosures for Accounting Estimates related to the Net [Total] OPEB Liability.

**Disclaimer:**

This Government Industry Alert is not authoritative guidance. The views expressed in this alert are not official positions of the GASB, the AICPA, the CalCPA, and the League of California Cities. Official positions of the GASB and the AICPA are reached only after extensive due process and deliberations. Professional judgment is required.



## CONSULTING SERVICES AGREEMENT

This Agreement is entered into effective the 1st day of June, 2019 by and between Total Compensation Systems, Inc. ("Consultant"), a California corporation with principal offices located at 5655 Lindero Canyon Road, Suite 223, Westlake Village, California, 91362 and Sierra Lakes County Water District ("Customer").

The following shall govern the provision of consulting services by Consultant to Customer.

1. Consulting Services. Consultant shall provide the consulting services described on Schedule 1 attached hereto.
2. Compensation to Consultant. Customer shall pay Consultant for the consulting services described on Schedule 1 attached hereto the compensation set forth on Schedule 2 attached hereto.
3. Term and Termination. (a) Term. This Agreement shall commence on the date first written above and shall continue in effect until February 29, 2020, or until all consulting services described on Schedule 1 have been performed, whichever occurs first, unless sooner terminated in accordance with the provisions of this Agreement. (b) Termination Without Cause. This agreement may be terminated at any time by either party upon sixty (60) days prior written notice to the other party. (c) Termination With Cause. Either party shall have the right to terminate this Agreement upon the failure of either party to observe any of the covenants and agreements required to be observed by it under this Agreement, and such failure continues for a period of thirty (30) days after written notice thereof. (d) Rights and Obligations after Termination. Termination of this agreement shall not relieve either party of any rights or obligations arising out of the Agreement prior to termination, with the exception that the amount of the final payment that shall be made by Customer shall be based solely upon the percentage of work that was completed by Consultant.
4. Customer Will Provide Information. Customer shall provide Consultant with the information necessary for Consultant to provide the consulting services described on Schedule 1 attached hereto.
5. Authorization to Acquire Information. Customer hereby authorizes Consultant to acquire the necessary information reasonably required by Consultant to provide the consulting services described on Schedule 1 attached hereto from any agency, agencies, source or sources.
6. Customer's Right to Provide Information. Customer represents and warrants to Consultant that it has the right to provide the information that will be given by Customer to Consultant, or which will be acquired by Consultant pursuant to paragraphs 4 and 5 above.
7. Limitation on Services. Customer understands that Customer retains sole authority and responsibility for the operation and design of all Customer's employee benefit plans.
8. Ownership of Systems and Materials. All systems, programs, operating instructions, forms and other documentation prepared by or for Consultant shall be and remain the property of Consultant. All data source documents provided by Customer shall remain the property of Customer.
9. Indemnification. (a) By Customer. Customer hereby agrees to defend and indemnify Consultant and hold Consultant harmless against any claims, injury, costs or damages (including actual attorneys' fees incurred) resulting from Customer's gross negligence or willful misconduct. (b) By Consultant. Consultant hereby agrees to defend and indemnify Customer and hold Customer harmless against any claims, injury, costs or damages (including actual attorneys' fees incurred) resulting from Consultant's gross negligence or willful misconduct.

10. General.

- a. Relationship of the Parties. The relationship between Consultant and Customer established by this Agreement is that of independent contractors. Consultant and Customer shall each conduct its respective business at its own initiative, responsibility, and expense, and shall have no authority to incur any obligations on behalf of the other.
- b. Force Majeure. No party shall have liability for damages or non-performance under this Agreement due to fire, explosion, strikes or labor disputes, water, acts of God, war, civil disturbances, acts of civil or military authorities or the public enemy, transportation, facilities, labor, fuel or energy shortages, or other causes beyond that party's control.
- c. Entire Agreement. This Agreement and the Schedules attached hereto contain the entire agreement between the parties and supersedes all previous agreements and proposals, oral or written, and all negotiations, conversations, or discussions between the parties related to the subject matter of this Agreement. This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived in whole or in part, except by written amendment signed by both of the parties hereto.

11. Confidentiality. Consultant recognizes that its work will bring it into close contact with confidential information of Customer, including personal information about employees of Customer. Consultant agrees not to disclose anything that is the confidential information of Customer, or that is proprietary to Customer, including its software, its legacy applications, and its databases, to any third party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as set forth below.

"CONSULTANT"  
TOTAL COMPENSATION SYSTEMS, INC.

"CUSTOMER"  
SIERRA LAKES COUNTY WATER DISTRICT

Signed: 

Signed: \_\_\_\_\_

By: Geoffrey L. Kischuk

By: \_\_\_\_\_

Title: President

Title: \_\_\_\_\_

Date: April 15, 2019

Date: \_\_\_\_\_

## SCHEDULE 1

For the purposes of this Agreement, "consulting services" shall include the following services provided by Consultant to Customer:

Consulting reports including all actuarial information necessary for Customer to comply with the requirements of current GASB accounting standards 74/75 related to retiree health benefits for two years, including one full valuation and one "roll-forward" valuation. Study results will be separated between one employee classification. Consultant will provide as many copies of the final reports as Customer shall reasonably request.

Services do not include Consultant's attendance at any meetings, unless requested by Customer at the fee shown in Schedule 2. Services also do not include a funding valuation unless requested by Customer at the fee shown in Schedule 2

## SCHEDULE 2

Customer shall pay Consultant for the retiree health valuation report based on the full valuation a total of \$2,900. One-half, or \$1,450 shall be due within 30 days of the commencement of work by Consultant. One-half, or \$1,450 shall be due within 30 days of the delivery by Consultant to Customer of the draft consulting report for the full valuation (or within 30 days of contract termination, if earlier). Customer shall also pay Consultant for the retiree valuation report based on the "roll-forward" valuation a total of \$1,450 within 30 days of the delivery by Consultant to Customer of the draft consulting report for the "roll-forward" valuation (or within 30 days of contract termination, if earlier)

If Consultant receives a non-refundable deposit from Customer of \$1,305 by June 1, 2019, all amounts shown above shall be reduced by 10%.

In addition to the above fees, Customer agrees to pay Consultant an all-inclusive fee of \$1,900 per meeting to attend meetings related to the consulting services. Customer shall pay such meeting fees within 30 days of the meeting. Also in addition, to all of the above fees, Customer will pay Consultant \$900 for each "funding valuation" requested by Customer. Neither the meeting fee nor the fee for a "funding valuation" shall be subject to the above discount or to any other discounts.

# TCS Total Compensation Systems, Inc.

April 15, 2019

Anna Nickerson  
Financial Consultant  
Sierra Lakes County Water District  
PO Box 1039  
Soda Springs, CA 95728-1039

Dear Anna,

This letter is our proposal for GASB 74/75 actuarial valuation services. GASB 74/75 dramatically change the way services are provided, resulting in changes to our contracting practices.

As you know, GASB 75 requirements can be met every second year by using a streamlined "roll-forward" valuation (unless circumstances require a full valuation). It is only viable for a roll-forward valuation to be performed by the same actuary that performed the original full valuation. For this reason, we are including in this proposal a second year roll-forward valuation. Sierra Lakes County Water District can elect not to proceed with the second year "roll-forward" or can choose to have a full valuation in the second year at the fee shown below for a full valuation.

To confidently schedule existing clients, we are providing an incentive for clients who make a commitment in advance of the valuation date. To reserve a place in our schedule, please send the signed contract and non-refundable deposit of one-half of the full valuation fee by June 1, 2019. The deposit is non-refundable because of the preliminary work we do to streamline valuations, as well as to compensate for downtime of resources that could result from cancelled contracts. By reserving a spot, Sierra Lakes County Water District not only guarantees a valuation slot, but is given priority over every client that didn't reserve one. As a further incentive to reserve early, we are giving a 10% discount of the full valuation fee (i.e. excluding the meeting fee and ADC funding valuation fee) – as well as of the roll-forward valuation fee – to those who reserve a spot by June 1, 2019. That means that, to reserve a spot, we must receive the signed contract and a check for \$1,305 – i.e. one-half of 90% of \$2,900 – by June 1, 2019. The following table shows the new fees under GASB 74/75:

	<u>Full GASB 74/75</u>	<u>GASB 74/75 w/ 10% Discount</u>
Fee for Full Valuation	\$2,900	\$2,610
Roll-forward Valuation for 2 <sup>nd</sup> Year	\$1,450	\$1,305
ADC Funding Valuation Fee* (optional)	\$900	\$900
Meeting Fee* (optional)	\$1,900	\$1,900

\*Not subject to 10% discount

If you choose *NOT* to reserve a spot, we still hope to work with you on the GASB 74/75 valuation, though it will be at the full fee quoted above. Should you choose to proceed, attached is a one pager describing our information needs. Depending on your plan, we may need to request additional information.

Please let me know if you have any questions about the above or about retiree health benefits, in general. We would very much appreciate once again having the opportunity to work with Sierra Lakes County Water District.

Sincerely,



Geoffrey L. Kischuk, FSA, FCA, MAAA  
Consultant  
gkischuk@totcomp.com

encl.

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June 24, 2019

Anna Nickerson  
Financial Consultant  
**Sierra Lakes County Water District**  
7305 Short Road  
Soda Springs, CA 95728

**Re: OPEB GASB 75 Actuarial Valuation Fee Estimate & Data Request**

Dear Ms. Nickerson:

Bartel Associates would be pleased to provide the Sierra Lakes County Water District actuarial consulting services. This letter summarizes the project scope and our fee estimate for a June 30, 2018 actuarial valuation of the District's retiree healthcare plan.

**Bartel Associates**

Bartel Associates is an employee-owned, California-based actuarial consulting firm providing pension consulting and OPEB actuarial valuation services exclusively to public agencies since 2003. Attached is a brief summary of our firm; additional information can be found on our website, [www.bartel-associates.com](http://www.bartel-associates.com). We can provide specific client references upon request.

**Background**

The District contributes to its eligible retired employees and their covered dependents medical benefits through CalPERS healthcare program (PEMHCA). Employees hired prior to December 11, 2015 require 5 years of service and need to be 50 years of age to be eligible for District's contributions up to Bay Area PERS Choice cap. Employees hired on or after December 11, 2015, require 5 years of service with the District, and become 50% vested after 10 years of service, and fully vested after 20 years of service. The District does not pay retiree vision, dental, life insurance benefits, or Medicare Part B premiums. The District does not prefund its OPEB liabilities in a trust.

As required by actuarial standards and GASBS 75, our valuation will include the implied subsidy. The implied subsidy is the benefit retirees derive when they are charged the same pre-Medicare premium as employees. This subsidy occurs because active employees are, on the whole, younger than retirees with lower health care costs and because PEMHCA uses the same premium for both actives and retirees not eligible for Medicare.

**Valuation and Report**

■ **Basic Valuation**

A Basic valuation report will include all valuation results for GASBS 75 and a summary of the plan provisions, census data, and actuarial methods and assumptions. In addition, journal entries will be provided. We will review and discuss the report with you over the phone, but an in-person meeting is not included in this fee.

The schedule below assumes a June 30, 2018 valuation date. Alternatively, we can use a June 30, 2019 valuation date which will require a roll-back of the valuation two years to the 6/30/2017 measurement date (for fiscal year 18/19). While this option would allow the District to save on fees, we recommend checking with your auditors to confirm they agree with the 2 year roll-back approach before proceeding with the June 30, 2019 valuation date. The District should also check with its outside auditors if the reporting under GASBS 74 is required.



Information provided, timing, and fees are as follows:

Project	Approximate Start/Completion Date	Fees
June 30, 2018 valuation and GASBS 75 accounting report for 2018/19	July 2019/ August 2019	\$ 7,250
GASBS 75 accounting report for 2019/20 (based on the June 30, 2018 valuation)	June 2020/ July 2020	2,250
<b>Total for 2 years:</b>		<b>\$ 9,500</b>

■ **Option: Consulting Valuation**

A consulting valuation includes a meeting at the District focusing on understanding the plan's funded status and planning for its financial management. The discussion would include:

- 1) Funding strategy analysis and illustration
- 2) Illustration of implied subsidy
- 3) 10-year projection of benefit payments and contributions
- 4) Statistical comparison of District results with other Bartel Associates OPEB valuations
- 5) Detailed participant statistics, including summary of healthcare plan and coverage elections; and
- 6) Summary of upcoming OPEB and CalPERS issues.

The in-person meeting can be with District staff to review the initial valuation results, or, at the District's option, we can review preliminary results over the phone and instead present the valuation results in person to the District's Board.

The additional fee to add a consulting valuation as of June 30, 2018 is: \$3,000.

Our fee quote assumes:

- We will bill the District monthly for project progress up to the amounts listed above. The following hourly rates apply to out-of-scope work. Hourly rates increase each year for cost of living.

Position	2019 Hourly Rates
Partner & Vice President (Redding)	\$ 290
Assistant Vice President	260
Associate Actuary	210
Senior Actuarial Analyst	190
Actuarial Analyst (Doroshenko)	155

- Participant census data requested will be provided completely and accurately in an Excel workbook with one record per participant. All plan, financial, and census information requested will be provided and be internally consistent.
- There will be no additional charges for expenses (e.g., travel, telephone, copying, etc.). The hourly rates above include our costs for these items.
- Please note that our fees will be higher if substantial plan changes occur which preclude the use of the June 30, 2018 valuation for GASBS 75 disclosure information in the 2<sup>nd</sup> year.

**Data Requirements**

To begin the OPEB valuation, we will need the following information:

*General Information*

- Summary of OPEB plan provisions and copies of the most recent MOUs for bargained employee groups and agreements for unrepresented groups if available.
- District's most current CalPERS PEMHCA resolutions.



- The District's July 2018 health premium invoice. Please remove any Social Security numbers.

*Participant Census Data*

- We recommend the District request a copy of its June 30, 2018 CalPERS PEMHCA database to use as the basis of the census data. You can email CalPERS at [CERBT4U@calpers.ca.gov](mailto:CERBT4U@calpers.ca.gov) with the desired date of the extract. The District should (1) add benefit tier and "vesting" percentage to each retiree record; (2) remove any retirees and actives who are not eligible to participate in the District's retiree healthcare plan, for example, if retirees did not retire directly from the District.
- Overall, the files should contain the following information:
  - Active Employee Data - name, employee number (not Social Security number), gender, birth date, hire date, medical plan, medical coverage (single/2-party/family), enrollment level (Classic/PEPRA), service with the District, total CalPERS service including service at other agencies (if available). Include any active employees who have waived healthcare coverage.
  - Retiree Data - name, employee number (not Social Security number), gender, birth date, retirement type (service retirement, disability retirement, surviving spouse), retirement date, medical plan, medical coverage (single/2-party/family), benefit tier, "vesting" percentage, spouse's birth date (if available), portion of premium paid by the District including amounts paid outside of PEMHCA. Include any retirees or surviving spouses of retirees who have waived coverage.
- Regarding the census data, please note:
  - The census data provided should be a snapshot of active employees and retirees as of the June 30, 2018 valuation date.
  - In order to maintain confidentiality, please do not provide Social Security numbers for the employee number.
  - Our fee estimate assumes that the District will merge and reconcile all data files and provide one census file with one complete record for each employee and eligible retiree in an Excel workbook. If the District needs our help to merge and reconcile data, our fees will be higher.

*GASBS 75 Accounting Report Data*

(we will begin working on the valuation while waiting for the data below.)

- Fiscal year end June 30, 2019 GASBS 75 Accounting Report Information
  - Covered employee payroll for fiscal year 2017/18 – the total payroll (gross W-2 Medicare wages) for all employees who could be eligible for OPEB benefits (including those terminated during the fiscal year).
  - OPEB retiree pay-as-you-go costs (retiree health insurance subsidy paid by District) and administrative expenses (PEMHCA, Other) paid by the District during fiscal year 2018/19.
- Fiscal year end June 30, 2020 GASBS 75 Accounting Report Information
  - Covered employee payroll for fiscal year 2018/19 – the total payroll (gross W-2 Medicare wages) for all employees who could be eligible for OPEB benefits (including those terminated during the fiscal year).
  - OPEB retiree pay-as-you-go costs (retiree health insurance subsidy paid by District) and administrative expenses (PEMHCA, Other) paid by the District during fiscal year 2019/20.
  - Participant head counts (actives, retirees) as of June 30, 2019.

We may need additional data depending on our review of the District's retiree medical plan design.

Anna Nickerson  
June 24, 2019  
Page 4



**Timing**

Normally, the valuation results are delivered about 4-6 weeks after we receive all the requested information and the District replies to any questions we may have after our initial review of the requested data.

Please email me at [mbreeding@bartel-associates.com](mailto:mbreeding@bartel-associates.com) or call me (650-377-1617) with any questions on this proposal.

Sincerely,

Mary Elizabeth Redding, FSA  
Vice President & Actuary

c: Kateryna Doroshenko, Bartel Associates, LLC

Enclosure

G:\Prospects\Sierra Lakes County Water District\2018\BA SLCWD 19-06-24 GASBS 73 18-06-30 Fee Quote.docx

## BARTEL ASSOCIATES, LLC

### COMPANY PROFILE

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Bartel Associates, LLC is an actuarial consulting firm specializing in providing states, counties, cities, and other public agencies with actuarial consulting service. Our clients range from small special districts to small and large cities and states.

Our services include:

- OPEB Plans - We have prepared "Other Postemployment Benefit" actuarial studies and valuations for over 300 California counties, cities, districts, and special purpose agencies to assist with compliance with GASB Statements Nos. 43 & 45, and now 74 & 75.
- Pension Plans - We prepare actuarial valuations and assist with the administration of defined benefit pension plans for California governments and agencies.
- Plan Design - We assist public agencies redesign existing retirement plans and implement new retirement benefit programs including retiree medical plans and pension plans.
- Retirement System Audits - We review actuarial valuations, experience studies, actuarial assumptions, and actuarial methods for state, county, and other District retirement systems.
- CalPERS - We provide CalPERS pension consulting services and have made presentations to county boards of supervisors, District councils, district boards of directors, employee bargaining groups, and District staff on CalPERS contribution rates and benefit design issues.

Bartel Associates was established in 2003 and is organized as a Limited Liability Corporation. Our office is located in San Mateo, California. We currently have 22 employees, including 12 credentialed actuaries and 8 actuarial analysts. Eleven of our actuaries are Fellows or Associates of the Society of Actuaries, 12 are Members of the American Academy of Actuaries, 8 are Enrolled Actuaries, and 9 are Fellows of the Conference of Consulting Actuaries.

Bartel Associates, LLC  
411 Borel Avenue, Suite 101  
San Mateo, CA 94402  
phone: 650-377-1600 or 800-256-2090  
fax: 650-345-8057  
[www.bartel-associates.com](http://www.bartel-associates.com)



# MacLeod Watts

July 1, 2019

Anna Nickerson  
Financial Consultant  
Sierra Lakes County Water District  
7300 Short Road  
Soda Springs, CA 95728

Re: Engagement Letter for OPEB Actuarial Valuation Services

Dear Ms. Nickerson:

This letter proposes MacLeod Watts' engagement to complete an updated actuarial valuation of other postemployment benefits (OPEB) liabilities for the Sierra Lakes County Water District.

While updated GASB 75 information is prepared after the close of *every* fiscal year end, if there are no material changes to the plan population or to the benefits or coverage provided, each valuation may typically be used for two years in the development of plan accounting under GASB 75.

The Measurement Date (MD) used when GASB 75 was implemented was the last day of the prior fiscal year (i.e., June 30, 2017 MD for fiscal year end June 30, 2018). We are proposing these projects:

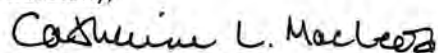
1. Preparation of a new actuarial valuation as of June 30, 2018 (needed for the two reports below)
2. FYE 2019 GASB 75 report (measurement date June 30, 2018; uses June 30, 2018 valuation)
3. FYE 2020 GASB 75 report (measurement date June 30, 2019; uses June 30, 2018 valuation)

The **data request** will include a file for gathering the employee data, a questionnaire about benefit eligibility and amounts, healthcare premium and claims information, recent benefits paid and copies of some documentation. **Benefits to be valued** will be based on the District's current plan provisions. You confirmed that there have been no changes to benefits provided since the prior actuarial report. If this is not accurate, please let us know.

**Possible Simplified Approach:** In lieu of separate GASB 75 reports each year, if the District approves the "immediate recognition" of any changes in the OPEB liability, we could prepare one report providing the GASB 75 information for both FYE 2020 and FYE 2021. Please note that if an OPEB trust is established, this approach would not be appropriate.

We estimate completing the draft report within 4 weeks after receipt of all requested data. The following page describes the fees we propose. If you are comfortable with the projects as outlined and the fees quoted, please return a signed dated copy back to us by email. We appreciate the opportunity to work with the District on these assignments.

Cordially,



Catherine L. MacLeod, FSA, FCA, EA, MAAA  
Principal & Consulting Actuary



## New Implicit Subsidy Analysis Required

In general, GASB 75 requires that – for financial reporting purposes - a public employer report the value of projected retiree **claims** (not premiums) minus the projected value of the portion of premiums that retirees are required to contribute. In developing the projected retiree claims, the actuary must consider how those retiree claims costs are likely to vary based on age; gender may also be considered.

In most employer sponsored health plans, the claims for active employees and retirees are pooled and the premiums are set at the same rates for actives and retirees. Because retiree claims per person are, on average, higher than active claims per person, having the same coverage for the same price is essentially providing a price break for the retirees. The difference between expected retiree claims and the total premium actually charged for retiree coverage is referred to as an “implicit subsidy”.

Until recently, GASB 45 included an exception for agencies whose membership in large community rated plans (such as CalPERS) represented a very small percent of the total program membership. This exception allowed many employers to report only the projected value of retiree **premiums** minus the portion of those premiums expected to be paid by the retirees. *Unfortunately, this “community-rated plan” exception has been eliminated for valuations dated March 31, 2015 and later and does not exist under GASB 75.*

What is included as Employer Liability in an OPEB valuation?		
	1	Portion of premium paid by the Retiree
	2	Portion of premium paid by the Agency
1+2 =	3	<b>Total premium charged for retiree coverage</b>
	4	Excess of retiree claims over total retiree premium
3+4 =	5	<b>Total Retiree claims</b>

The projected amounts described in 2 and 4 above together comprise the Agency’s OPEB liability.

We have included fees to cover the cost to evaluate this additional liability. Please let us know if you would like additional background about this new requirement.



## Professional Service Fees for These Projects

**Approach 1:** The typical GASB 75 approach for this valuation cycle would include these 2 projects:

**1. June 30, 2018 Actuarial Valuation and GASB 75 Report for FYE 2019: \$4,000**

This fee includes analysis of the explicit subsidy *and implicit subsidy* liability, measured as of June 30, 2018. Results will be prepared based on the District's current "pay-as-you-go" funding policy and presented for the fiscal year ending June 30, 2019. The fee above includes all telephone conferences to review report results with the District.

**2. Interim Year GASB 75 Report for FYE 2020: \$1,950**

The June 2018 valuation results will be updated (rolled forward) to June 30, 2019 and exhibits prepared for fiscal year year-end June 30, 2020 reporting.

**Approach 2:** In lieu of the above, the District may opt for a simplified approach. This approach would require immediate recognition of all changes in the Total OPEB Liability (TOL). With this approach, MW will prepare a single report providing results for fiscal years ending June 30, 2019 and 2020. Unless the bond index rate, plan benefits or plan members change materially, no update should be needed until the next valuation cycle.

The total fee for the valuation and one report is: **\$4,700**

**Out-of-Scope Services:** Examples of work beyond scope of the projects described above that will, if needed, result in additional fees:

1) required data analysis in excess of 4 hours; 2) prefunding illustrations; 3) material changes to benefits or eligible members requiring re-coding or updated calculations; 4) in person meetings; 5) auditor assistance in excess of 2 hours; 6) any crossover tests if the District should start prefunding; 7) consulting or actuarial projections relating to possible plan redesign, experience studies or long-term forecasting.

Should out-of-scope services be needed, our 2019 hourly rates are:

Consultant	Rate per Hour
Senior Actuarial Consultants	\$350
Actuarial Consultants	\$275 - \$325
Actuarial Analysts	\$150 - \$250
Administrative Staff	\$100 - \$125

-----  
If the fees and terms described above for this project(s) are acceptable, please sign and date below.

Accepted: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**RESOLUTION NO. 2019-853**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SIERRA LAKES COUNTY WATER DISTRICT  
ESTABLISHING APPROPRIATIONS LIMITATION**

WHEREAS, pursuant to Section 7900, et seq., of the California Government Code and Article 13B of the California Constitution, the Sierra Lakes County Water District is required to adopt a limit on appropriations for its fiscal year 2019/2020; and

WHEREAS, the State Department of Finance has provided the necessary documents to enable the District to calculate and adopt such a limitation, which documentation is on file at the District office.

BE IT THEREFORE RESOLVED that the limit of appropriations which are subject to limitation under the provisions of the Government Code and the California Constitution for Sierra Lakes County Water District for fiscal year 2019/2020 is hereby declared to be **\$2,439,389.63**

\* \* \* \* \*

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted and passed by the Board of Directors of the Sierra Lakes County Water District, Placer County, California, at a meeting thereof held on the 12th day of July, 2019, by the following votes of the members thereof:

AYES, and in favor thereof:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
Anna Nickerson Secretary to the Board

APPROVED:

\_\_\_\_\_  
Michael Lindquist, Board President

**SIERRA LAKES COUNTY WATER DISTRICT  
APPROPRIATIONS LIMITATION CALCULATION  
FISCAL YEAR JULY 2019 - JUNE 2020**

<u>Per Capita Change</u>		<u>Population Change</u>		<u>Change Factor</u>
1.0367	x	1.0059	=	<u>1.0428</u>

<u>2018/2019 Appropriation Limit</u>	<u>Change Factor</u>	<u>2018/2018 Appropriations Limit</u>
\$ 2,339,231.84	1.0428	<u>\$ 2,439,389.63</u>



Fiscal Year 2019-20

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2018 to January 1, 2019 and Total Population, January 1, 2019**

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2018-2019	1-1-18	1-1-19	1-1-2019
Placer				
Auburn	0.71	14,291	14,392	14,392
Colfax	0.10	2,071	2,073	2,073
Lincoln	0.98	47,808	48,277	48,277
Loomis	0.57	6,848	6,887	6,887
Rocklin	3.80	66,711	69,249	69,249
Roseville	2.48	136,260	139,643	139,643
Unincorporated	0.59	115,491	116,170	116,170
County Total	1.85	389,480	396,691	396,691

$$\frac{.59 + 100}{100} = 1.0059$$

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2019-20 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2019-20	3.85

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2019-20 appropriation limit.

**2019-20:**

Per Capita Cost of Living Change = 3.85 percent  
Population Change = 0.47 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.85 + 100}{100} = 1.0385$

Population converted to a ratio:  $\frac{0.47 + 100}{100} = 1.0047$

Calculation of factor for FY 2019-20:  $1.0385 \times 1.0047 = 1.0434$

May 2019

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2019, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2019-20. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2019-20 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2019.**

**Please Note:** The prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

KEELY BOSLER

Director

By:

Vivek Viswanathan  
Chief Deputy Director

Attachment

## SIERRA LAKES COUNTY WATER DISTRICT

### Follow-up from June 14, 2019, Board Meeting

- |       |   |                         |  |
|-------|---|-------------------------|--|
| _____ | 1 | Interested<br>Directors | Provide picture and bio for website  |
| _____ | 2 | Mr. Mitchell            | Update on the District election status through Placer County (Before next<br>scheduled election in 2020) |
| _____ |   |                         |  |

Future discussion topics or agenda items:

**Sierra Lakes County Water District**  
**Action Items**  
*As of July 12, 2019*

	<b>TASK</b>	<b>STATUS</b>	<b>DUE DATE</b>	<b>PROGRESS</b>	<b>ASSIGNED</b>
1	Office Procedures Manual	Pending Director Simpson to review	In Process	99%	Anna
2	Develop information about best management practices and fertilization for inclusion with billing	Research BMPs and macrophyte plant management options	July 2019	40%	Bill Q.
3	AMR Data Collection & Analysis	Collect use data by type of occupancy, project assigned to Operator	Summer 2019	0%	Bill Q.
4	Policies & Procedures Review/Update	Review current policies and procedures for revisions and possible additions.	August 2019	20%	Bill Q./ Anna/Dick/Bob
5	Insurance Coverage Review	JPIA Liability, Property and Workers Comp policies and information concerning District operations and exposure submitted to KMTG for review	August 2019	90%	Bill Q./Jeff M
6	Urgent Matter Protocol	Review current policies and procedures for revisions and possible additions to agenda.	August 2019	0%	Bill Q.