

MEMORANDUM

To: Board of Directors, Sierra Lakes County Water District
From: Paul A. Schultz, PE, General Manager
Subject: August 2019 Operations and Maintenance Report
Date: September 3, 2019

DSPUD Wastewater Treatment Plant

During June and July DSPUD was waiting for the sludge level to drop in the sludge holding tank to allow their operators to open the tank and determine what has happened to the decanting arm and how it can be repaired or replaced. By July 31, the sludge level had dropped to -8 feet, allowing the operators access to the tank. The tank decanting arm was repaired using DSPUD's own forces and is now back in operation.

Lake, Land and Facilities Management:

Letters requesting correction of deficient docks and piers were sent out in mid-August. Several property owners have called asking for specific guidance regarding correction of their specific deficiency. The General Manager provides guidance as appropriate but makes no recommendation on specific products or service providers.

The crew continues to limb or remove hazard trees on District property threatening either District property or adjacent private property. Several larger trees or trees in particularly precarious positions have been removed by professional tree removal personnel. Additional trees have been identified and are planned to be trimmed or removed in September as time permits.

The District's 2009 Sterling GapVac Truck was hit by a Placer County RCD truck and chipping trailer on August 1st. The passenger side fiberglass door skin was peeled off and only the door skin and side view mirror were damaged. Repairs will be complete in early September.

All District door locks at base and at all out facilities were re-keyed on August 14th to better control unauthorized access.

Steven Bartnik of Custom Electric in Truckee, CA performed additional repairs to the base facility lighting during August to correct out-of-code and redundant wiring, and to install new LED interior lighting in GapVac truck bay and shop. Mr. Bartnik is also assisting in the District in the procurement, installation, programming and migration of the old lake intake VFDs to newer, more energy efficient VFDs. The old VFDs are no longer supported by the manufacturer and have been overheating and causing the operators to spend more time managing the system. These improvements should be completed by late October. Rebates from PG&E may be available for the capital purchase portion of this project. The General Manager is investigating.

The Lake Intake project team from Woodard and Curran visited the District on August 15 for a project kickoff meeting and to visit the project site, review historical data, discuss their approach to the project and to request additional background information. Specific recommendations for improvement of the lake intake are expected in mid-December.

Purchase orders for 100 new ¾-inch and 5 new 1-inch Badger water meters along with endpoints and composite lids were issued during the last week of August. The new meters will arrive on or about September 16. It is expected that all of the new meters will be installed and trouble shot before November 15th.

Purchase orders for two new filter vessels and associated piping were also issued in August for replacement of the badly corroded vessels #2 and #3 at the filter plant. In addition to new vessels and associated piping, the media will be replaced in all three vessels as well as in the clarifier. The fabricated vessels should be ready for installation by the manufacturer's forces during the first two weeks of November.

Regulatory Issues:

By the end of July, the lake level fell to just below the spillway crest ceasing passive discharge. During the second week of August, operators began discharging the impounded lake waters using the channel drain at the base of the dam in accordance with our permit to operate from the State. An annual inspection of the dam conducted by the State Division Dam Safety is scheduled for September 12th.

The results of the monthly Perchlorate and Nitrate (as Nitrogen) sampling of the treated lake water were, once again, non-detect.

Operations Issues:

Average daily water and sewer flows (gallons/day) for August 2019 were 81,780 and 43,117 respectively as compared to 96,902 and 71,372 in July 2019, and 116,880 and 55,680 in July 2018. Water use was 19,805 gallons/day less than the five-year (2014-2018) average and sewer flow was 5,195 gallons/day less than the five-year average. The District's share of the flow through the wastewater plant in August was 34% of the plant total. The percentage in August 2018 was 20.2% of the total. The difference in the percent-of-flow between August 2018 and August 2019 is due to high DSPUD influent flow in August 2018 and not from increased influent flow from SLCWD in August 2019.

A new level transducer was installed at the Office Tank to replace the existing transducer which was beyond its useful life and malfunctioning causing the operators to have to manually adjust flow to control the level of the tank.

Chimney seals were installed on 5 manholes in August for the control of storm water and snowmelt inflow. Ten more chimney seals will be installed during the spring/summer of 2020.

Refresher training for operational staff was conducted for the Emergency Storage Process at SPS-3 on August 28. Additional refresher training will be conducted for other critical operations (including standby generation) during the late summer and fall in preparation for any winter operational difficulties.

In August, staff continued to perform wet well and line cleaning and inspections, and repairs at historically problem locations and will continue those operations during the month of September. All significant sources of I&I identified in July were repaired in August of 2019.

A used and reconditioned vibratory plate compactor was purchased for the District in August so the crew can perform road base compaction without the need to rent a piece of equipment each time.

New peristaltic metering pumps were installed to replace the positive displacement pumps previously in use for chemical feed operations. The new pumps meter chemicals more accurately, are user serviceable, and have a much longer operational life.

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

SIERRA LAKES COUNTY WATER DISTRICT SEWER & TREATED WATER TOTALS

Month: August Year: 2019

DATE DAY		SEWER TOTALS		TREATED WATER TOTALS				REMARKS
		SEWER FLOW	FLOW METER	GALLONS WATER PUMPED	GALLONS WATER USED	BACKWASH GALLONS	*COMBINED TANK TOTAL GALS.	
1	T	44,016	14862743	109,166	75,535	3,814	629,648	
2	F	50,649		107,416	87,141	4,174	663,279	
3	S	58,564		0	128,062	0	683,554	
4	S	52,382		0	114,725	0	555,492	
5	M	44,098		113,671	92,721	3,928	440,767	
6	T	39,861		105,476	69,889	4,153	461,717	
7	W	48,415		100,749	95,120	14,489	497,304	Backwash ABC
8	T	42,020		110,101	79,793	2,455	502,933	
9	F	51,984		74,051	81,647	3,854	533,241	
10	S	59,164		0	90,360	0	525,645	
11	S	57,156		81,047	63,953	4,199	435,286	
12	M	38,024		94,877	46,002	3,606	452,379	
13	T	34,736		72,405	70,492	3,497	501,254	
14	W	31,671		91,090	66,820	2,437	503,167	
15	T	32,273		125,975	73,162	3,978	527,438	
16	F	39,968		119,643	90,001	3,904	580,251	
17	S	45,424		0	119,683	0	609,893	
18	S	39,176		0	99,312	0	490,211	
19	M	28,170		103,505	65,235	4,163	390,898	
20	T	29,622		109,302	71,720	5,064	429,168	
21	W	25,272		105,656	77,684	3,846	466,750	
22	T	26,040		85,377	65,700	3,855	494,722	
23	F	31,676		94,152	67,482	3,684	514,399	
24	S	36,656		0	95,744	0	541,069	
25	S	35,508		90,514	73,966	3,428	445,325	
26	M	25,072		119,316	55,193	4,544	461,873	
27	T	22,208		89,716	69,092	4,404	525,996	
28	W	21,346		105,875	60,046	4,444	546,620	
29	T	26,323		120,666	68,939	14,057	592,449	Backwash ABC
30	F	51,139		103,438	93,306	4,244	644,175	
31	S	72,604		102,005	139,925	4,143	654,308	
Total		1,241,217	1,336,630	2,535,189	2,548,450	118,364		
Average		40,039	43,117	81,780	82,208	3,818	525,846	
Max		72,604		125,975	139,925	14,489	683,554	

* Max. combined capacity of both tanks is 744,380 gals.

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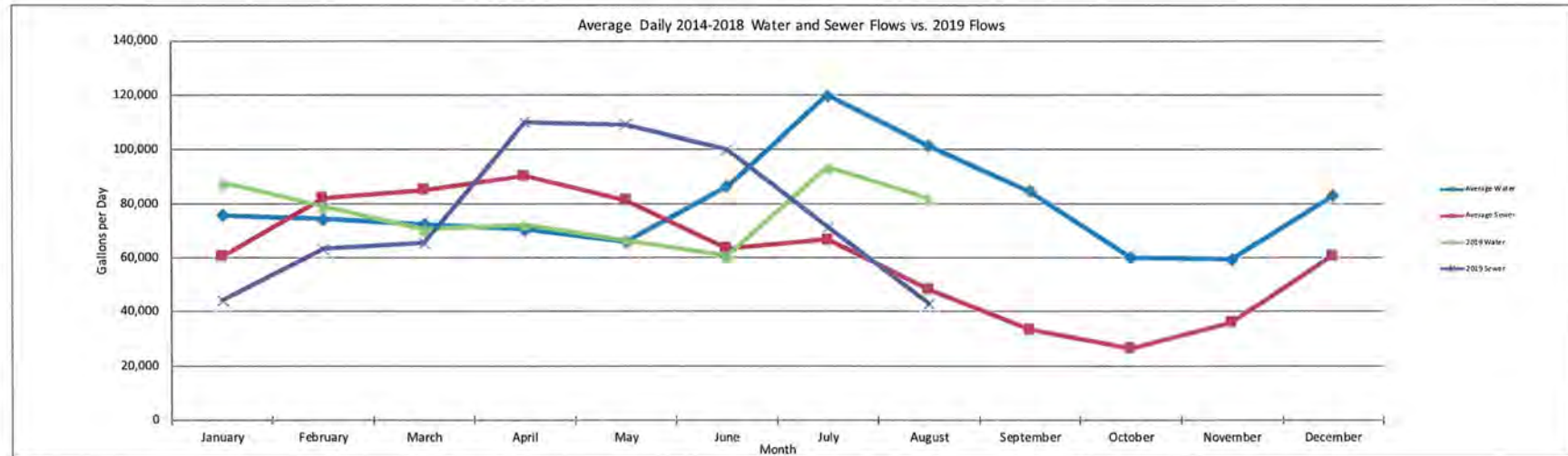
Month Data

14996406

Sierra Lakes County Water District
Daily Average Water and Sewer Flows

Month	2014		2015		2016		2017		2018		2019	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
January	69,606	34,410	95,897	66,382	72,428	67,169	82,724	78,915	57,934	56,074	87,880	44,329
February	73,191	82,460	80,774	85,824	69,691	86,523	84,728	102,596	62,633	53,318	78,934	63,383
March	78,570	89,570	73,647	62,222	64,613	100,429	80,671	89,737	64,510	83,232	70,562	65,446
April	78,717	92,660	61,764	79,719	52,789	97,536	104,155	95,125	54,942	86,645	72,242	109,987
May	103,240	86,350	52,297	70,946	50,414	83,506	82,594	103,648	41,219	61,763	66,385	109,177
June	135,958	67,105	68,224	56,587	74,707	62,327	85,112	81,067	67,307	50,652	60,743	99,969
July	141,906	79,832	96,315	61,393	116,675	64,330	127,908	72,376	116,880	55,680	93,686	71,372
August	126,807	65,753	92,046	48,765	98,230	36,878	90,608	48,019	100,235	42,146	81,780	43,117
September	87,863	33,080	79,588	38,769	89,459	30,429	69,713	33,765	96,910	30,430		
October	74,301	31,039	55,541	25,955	59,326	30,750	44,687	20,983	66,956	22,980		
November	78,490	33,816	53,636	25,628	63,787	47,484	43,994	44,725	57,518	28,357		
December	88,052	78,230	79,820	49,035	106,789	85,423	57,662	46,212	82,744	44,796		

2014-2018			2019	2019	2019
Average Water	Average Sewer	Average Difference			
75,718	60,590	15,128	87,880	44,329	43,551
74,203	82,144	-7,941	78,934	63,383	15,551
72,402	85,038	-12,636	70,562	65,446	5,116
70,473	90,337	-19,864	72,242	109,987	-37,745
65,953	81,243	-15,290	66,385	109,177	-42,792
86,262	63,548	22,714	60,743	99,969	-39,226
119,937	66,722	53,215	93,686	71,372	22,314
101,585	48,312	53,273	81,780	43,117	38,663
84,707	33,295	51,412			0
60,162	26,341	33,821			0
59,485	36,002	23,483			0
83,013	60,739	22,274			0



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

Date: Friday August 9, 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

The meeting was teleconferenced pursuant to Government Code Section 54953 to allow attendance by Director Michael Lindquist from 716 K St., Davis, CA. 95616.

Staff members present: Paul Schultz, General Manager
Anna Nickerson, Financial Consultant

Staff present by phone: Jeffrey Mitchell District Counsel

Guests present: None

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 roll call vote. Ayes: Directors Stockton, Heald, Simpson, McCormick and Lindquist. Noes: none. Abstentions: none. Absent: none.

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. Schultz's operations report was presented to the Board for consideration and possible action. Mr. Schultz reported:

- Donner Summit PUD switched over to spray irrigation of effluent onto the ski hill as required by their discharge permit.
- Donner Summit PUD was unable to complete the repairs on the sludge tank due to the amount of sludge.
- Donner Summit PUD exceeded their limit for magnesium in June. The violation will likely result in a fine that the District will be partially responsible for. The fine was estimated to be about \$3,000.

- Donner Summit PUD was setting up energy audits with PG&E to try to reduce the overall energy consumption.
- Docks and piers audit was completed and letters to out of compliance homeowners would be going out in a couple weeks.
- Staff identified a couple tree hazards. Staff also met with Diane Scanlon, SLPOA President, regarding a couple trees on District property which were marked for removal. Mr. Schultz said he had had several more requests to look at trees for removal. He would meet with the homeowners and assured the Board that he would only approve the removal of trees that were hazardous; he would not authorize the removal of trees to provide a better view.
- The District's pick-up truck, that had several safety issues, had been fixed. He said the truck might be replaced in Fiscal Year 2020/2021. However, a replacement truck might not be necessary if the Gator, a vehicle that could be used for meter readings and as a light duty truck, was purchased. The purchase of a Gator was included in the current budget.
- The lighting upgrades in the filter plant was just about complete. Included in the installation of the new lighting was the correction of several code violations.
- The lake was no longer running over the spillway and because the District was only allowed to store water for 20 days, staff would begin releasing water from below starting the week of August 12, 2019.
- Subsequent to the Average Daily Water Flows report, DSPUD reported the Sierra Lakes' share of the water flow 38.8%, which was in line with previous months.
- Staff performed well and line cleanings, inspections and repairs. Staff continued to look for I&I.
- Ground water samples were collected for the AC pipe erosion problem and the lab reports were still pending. Based on a conversation with the lab technician, it appears that most of the problem areas have previously been identified.
- A small spill occurred during routine servicing of an air release valve. The spill was cleaned up and nothing reached any watercourse. The spill was below any action level, but would be reported to the State as appropriate.
- Locations for the next 100 AMR installations were identified. The meters would be ordered in the next week or so. Instead of random placement, the new AMRs will be used to fill in existing coverage in selected neighborhoods.
- The lake water temperature increased to about ten degree centigrade allowing for the addition of the static mixer.
- The contract was signed with Woodard & Curran for the Lake Intake Study and the kick off meeting was scheduled for August 15, 2019.
- Placer County's chipper truck damaged the passenger door of the Gapvac. Repairs were being done. Director Heald confirmed that the District's insurance will obtain indemnity from Placer County's insurance.
- A new transducer for the tank, to replace the one that failed, was expected to arrive on Monday.
- Alpine lock would be rekeying all the doors. New keys will be distributed and tracked.

VI. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the July 12, 2019 Regular Meeting; July 2019 Check Register;

Disbursements for Board Approval; and financial reports for the month ending July 31, 2019. Director Simpson asked about the returned payment and Mrs. Nickerson confirmed that a replacement payment was received. Director Simpson asked if Mr. Shultz anticipated a decrease in the number of billed hours after he gets up to speed. Mr. Shultz anticipated that he would spend an average of 40 hrs/week through August, less in September and even less during November, December and January.

A motion was made by Director Heald and seconded by Director Simpson to approve the agenda. The motion passed by a roll call vote. Ayes: Directors Stockton, Heald, Simpson, McCormick and Lindquist. Noes: none. Abstentions: none. Absent: none.

VII. New Business:

A. A request to change the previously approved purchase of new personal gas monitoring equipment to a four year contract to help smooth out costs and provide for improved health and safety, equipment readiness, maintenance, calibration, replacement and repair, was presented by Paul Schultz, General Manager, for consideration and possible action. Mr. Shultz said, even though the cost of a monthly agreement was more than a purchase, he felt it would be safer for the employees. He proposed to use the service for two years with a re-evaluation at the end. Mr. Shultz also felt it would give staff time to be trained to properly calibrate and service the equipment. Director Lindquist asked if the equipment could be shared with Donner Summit PUD. Director Heald felt that calibration issues could be handled by staff, making the increased cost unjustified.

A motion was made by Director Simpson and seconded by Director McCormick to change the previously approved purchase of the personal gas monitoring equipment to a two year contract for a lease agreement. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, McCormick and Lindquist. Noes: Director Heald. Abstentions: none. Absent: none.

B. Robert W. Johnson's 2018/2019 Audit Engagement Letter, dated 7/2/19, was presented to the Board for review and possible action.

A motion was made by Director Simpson and seconded by Director Heald to authorize Vice President Stockton to sign the Engagement Letter for the audit. The motion passed by a roll call vote. Ayes: Directors Stockton, Heald, Simpson, McCormick and Lindquist. Noes: none. Abstentions: none. Absent: none.

VIII. Old Business: There was none.

IX. Administration:

A. A list of Follow-up Items from the July 12, 2019, Board meeting was presented to the Board for consideration and possible action. Paul Schultz sent Director Heald a copy of Placer County's policy regarding the inspection of water/sewer laterals as requested.

B. The Status of Action Items remaining as of the August 2019 Board meeting was presented to the Board for consideration and possible action. It was noted that Mrs. Nickerson was 99% complete with the Office Procedures Manual awaiting review by Director Simpson who

previously agreed to look it over. It was noted that the insurance review was 90% completed and that a meeting with an ACWA/JPIA representative was scheduled for August 29, 2019. Paul Schultz and Jeffrey Mitchell would review the District's insurance status and provide the ACWA/JPIA representative with a list of questions prior to the August 29, 2019 meeting.

X. Adjournment

A motion was made by Director Heald and seconded by Director Simpson to adjourn the meeting. The motion passed by a roll call vote. Ayes: Directors Stockton, Heald, Simpson, McCormick and Lindquist. Noes: none. Abstentions: none. Absent: none.

The minutes were approved at the Regular Meeting held on September 13, 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:

Sierra Lakes County Water District
Check Registers
August 2019

Type	Date	Num	Name	Memo	Amount
1002 - DEMAND Account					
RECONCILIATION:					
8/1/2019	Beginning Cash Balance				716,743.74
	Deposits				352,944.07
	Assessments received				8,690.00
	Deposit - Interest				8.73
	DSPUD Annual MOU				71,147.87
	Assessments received - Transferred to Assessment District 2011-01				(8,690.00)
	DEMAND ACCOUNT DISBURSEMENTS:				(126,669.51)
8/31/2019	Ending Cash Balance				<u><u>1,014,174.90</u></u>
1031 - GASB 45-OPEB Account					
RECONCILIATION:					
8/1/2019	Beginning Cash Balance				163.13
	Deposit - Interest				-
	Funds Transferred To/From Investment Account				-
8/31/2019	Ending Cash Balance				<u><u>163.13</u></u>
Placer County Treasurer's Fund					
RECONCILIATION:					
8/1/2019	Beginning Cash Balance				2,442,183.76
	Deposit - Interest				4,307.70
	Funds Transferred To/From Investment Account				-
8/31/2019	Ending Cash Balance				<u><u>2,446,491.46</u></u>
Local Area Investment Fund (LAIF)					
RECONCILIATION:					
8/1/2019	Beginning Cash Balance				676,367.80
	Deposit - Interest				-
	Funds Transferred To/From Investment Account - Annual OPEB Funding				-
8/31/2019	Ending Cash Balance				<u><u>676,367.80</u></u>
Assessment District 2011-01					
RECONCILIATION:					
8/1/2019	Beginning Cash Balance				525,100.08
	Assessments Received				-
	Deposit - Interest				11.14
	Disbursements - Prepayment of Assessment: Knoepfel				-
8/31/2019	Ending Cash Balance				<u><u>525,111.22</u></u>

1002 - US Bank - Demand

Bill Pmt -Check	08/07/2019	6858	Donner Summit Public Utility District	Aug 2019 Wastewater Treatment Fees	(29,402.00)
Bill Pmt -Check	08/09/2019	21547	Schultz, Paul A.	July 2019 Professional Fees	(23,725.00)

Sierra Lakes County Water District
Check Registers
August 2019

Type	Date	Num	Name	Memo	Amount
Liability Check	08/02/2019		QuickBooks Payroll Service	Created by Payroll Service on 08/01/2019	(9,558.02)
Liability Check	08/19/2019		QuickBooks Payroll Service	Created by Payroll Service on 08/16/2019	(8,903.52)
Check	08/26/2019	082619	Sierra Lakes County Water District	Transfer to Assessment District Assess Pymts	(8,690.00)
Bill Pmt -Check	08/06/2019	MED082019	Public Employees' Retirement System (Med)	Medical - 1347	(7,447.40)
Liability Check	08/01/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # 692327030	(4,279.80)
Check	08/02/2019		BluePay	Merchant Fees	(4,179.50)
Bill Pmt -Check	08/09/2019	21546	Kronick Moskovitz Tiedemann & Girard	June 2019 Legal Fees	(4,112.70)
Liability Check	08/16/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # 1466860930	(3,989.30)
Bill Pmt -Check	08/07/2019	6856	Anna M. Nickerson	Professional Fees 7/16/19 to 7/31/19	(3,916.00)
Liability Check	08/30/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # 1758135030	(3,757.16)
Bill Pmt -Check	08/07/2019	6862-6868	Pacific Gas & Electric	Electricity	(3,395.22)
Liability Check	08/06/2019	RET072019	Public Employees' Retirement System (Ret)	Retirement - 1347	(2,849.82)
Bill Pmt -Check	08/09/2019	21545	Acumen Engineering Company	Jul 2019 Professional Fees	(2,102.50)
Bill Pmt -Check	08/07/2019	6861	NTU Technologies, Inc.	Filter Plant Chemicals	(1,761.98)
Bill Pmt -Check	08/07/2019	6875	U.S. Bank (CC)	Board room supplies, Computer Services, Tools, Uniform & Gas \$593.16	(1,715.60)
Bill Pmt -Check	08/07/2019	6879	WECO Industries	Gapvax repair parts	(1,489.75)
Bill Pmt -Check	08/07/2019	6857	Anna Nickerson (Expense)	Reimbursement Auto Repairs	(1,388.46)
Liability Check	08/15/2019		QuickBooks Payroll Service	Created by Payroll Service on 08/09/2019	(1,139.94)
Liability Check	08/01/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # 691206030	(1,008.42)
Liability Check	08/16/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # 1466856930	(923.50)
Liability Check	08/30/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # 1758146030	(856.42)
Bill Pmt -Check	08/07/2019	6871	Robert W. Johnson	December Flash Audit Fee	(800.00)
Bill Pmt -Check	08/07/2019	6873	Sierra Trench Protection Rentals & Sales	Trench Plate Rental w/ pickup	(775.00)
Bill Pmt -Check	08/07/2019	6860	New Leaders	Webiste Design	(758.39)
Bill Pmt -Check	08/07/2019	6876	USA Blue Book	Gloves, Respiraors, Sun Block	(495.41)
Bill Pmt -Check	08/07/2019	6859	Mountain Hardware	Tools, Pump station Parts & General Supplies	(455.02)
Bill Pmt -Check	08/07/2019	6869	Placer County Human Resources	Aug 2019 Dental/Vision Premium	(282.80)
Bill Pmt -Check	08/07/2019	6872	Sierra Mountain Pipe & Supply	Well Connection Parts	(260.25)
General Journal	08/31/2019	08311919-JK		J Krebill P/R Ded - Water/Sewer Fees	(207.72)
Bill Pmt -Check	08/07/2019	6874	Summit Home Care	Office Cleaning	(200.00)
Liability Check	08/09/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # 1077205030	(198.70)
Bill Pmt -Check	08/07/2019	6877	Verizon Wireless	Cell Phone & On-Call IPad	(70.90)
Bill Pmt -Check	08/07/2019	6870	Real Graphic	Employee ID Cards	(70.36)
Liability Check	08/09/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # 1077202030	(70.00)
Bill Pmt -Check	08/06/2019	PEPUFL82019	Public Employees' Retirement System (Ret)	Retirement - 1347	(65.85)
Liability Check	08/30/2019	E-pay	Internal Revenue Service	P/R Taxes: 94-1619513 QB Tracking # 1762984030	(47.12)
Check	08/08/2019		BluePay	Merchant Fees	(6.90)
Liability Check	08/30/2019	E-pay	Employment Development Department	P/R Taxes: 499-0546-6 QB Tracking # 1762997030	(3.08)
Paycheck	08/05/2019	DD590	Brian Lundgren	Direct Deposit: Pay Period Ending 7/31/19	-
Paycheck	08/05/2019	DD591	Jeffery D. Krebill	Direct Deposit: Pay Period Ending 7/31/19	-
Paycheck	08/05/2019	DD592	Matthew M Marriner	Direct Deposit: Pay Period Ending 7/31/19	-
Paycheck	08/05/2019	DD593	Patrick J Baird	Direct Deposit: Pay Period Ending 7/31/19	-
Paycheck	08/16/2019	DD596	Michael E Lindquist {Salary}	Direct Deposit: 8/9/19 Board Meeting	-
Paycheck	08/16/2019	DD594	Dan L Stockton {Salary}	Direct Deposit: 8/9/19 Board Meeting	-
Paycheck	08/16/2019	DD595	Karen Heald {Salary}	Direct Deposit: 8/9/19 Board Meeting	-
Paycheck	08/16/2019	DD597	Richard A Simpson {Salary}	Direct Deposit: 8/9/19 Board Meeting	-

Sierra Lakes County Water District
Check Registers
August 2019

Type	Date	Num	Name	Memo	Amount
Paycheck	08/16/2019	DD598	Robert M McCormick {Salary}	Direct Deposit: 8/9/19 Board Meeting	-
Paycheck	08/20/2019	DD599	Brian Lundgren	Direct Deposit: Pay Period Ending 8/15/19	-
Paycheck	08/20/2019	DD600	Jeffery D. Krebill	Direct Deposit: Pay Period Ending 8/15/19	-
Paycheck	08/20/2019	DD601	Matthew M Marriner	Direct Deposit: Pay Period Ending 8/15/19	-
Paycheck	08/20/2019	DD602	Patrick J Baird	Direct Deposit: Pay Period Ending 8/15/19	-
Total 1002 · US Bank - Demand					(135,359.51)
TOTAL					(135,359.51)

Sierra Lakes County Water District
Payroll Summary
August 2019

	Dan L Stockton {Salary}	Karen Heald {Salary}	Michael E Lindquist {Sa...	Richard A Simpson {Sal...	Robert M McCormick {...	TOTAL
Employee Wages, Taxes and Adj...						
Gross Pay						
Salary Director	180.00	180.00	180.00	180.00	180.00	900.00
Total Gross Pay	180.00	180.00	180.00	180.00	180.00	900.00
Adjusted Gross Pay	180.00	180.00	180.00	180.00	180.00	900.00
Taxes Withheld						
Federal Withholding	-36.00	0.00	0.00	-25.00	0.00	-61.00
Medicare (Employee)	-2.61	-2.61	-2.61	-2.61	-2.61	-13.05
Social Security (Employee)	-11.16	-11.16	-11.16	-11.16	-11.16	-55.80
State Withholding	-36.00	0.00	0.00	-25.00	0.00	-61.00
SDI (Employee)	-1.80	-1.80	-1.80	-1.80	-1.80	-9.00
Medicare Employee Addl Tax	0.00	0.00	0.00	0.00	0.00	0.00
Total Taxes Withheld	-87.57	-15.57	-15.57	-65.57	-15.57	-199.85
Additions to Net Pay						
Director Mileage Reimburse...	174.00	127.60	0.00	0.00	126.44	428.04
Total Additions to Net Pay	174.00	127.60	0.00	0.00	126.44	428.04
Net Pay	266.43	292.03	164.43	114.43	290.87	1,128.19
Employer Taxes and Contributions						
Medicare (District)	2.61	2.61	2.61	2.61	2.61	13.05
Social Security (District)	11.16	11.16	11.16	11.16	11.16	55.80
SUI (District)	0.00	4.68	0.00	1.44	0.00	6.12
ETT (District)	0.18	0.18	0.18	0.18	0.18	0.90
Total Employer Taxes and Contr...	13.95	18.63	13.95	15.39	13.95	75.87

Sierra Lakes County Water District
Operating Budget-to-Actual
Fiscal Year July 1, 2019 to June 30, 2020

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 8/31/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 19-20 Budget	% of Budget
<u>Water Sewer Revenues</u>										
8000-01 - Annual Water Fees	71,427	71,427	-	100%	142,854	142,854	-	100%	857,124	17%
8000-02 - Annual Sewer Fees	99,067	99,067	(0)	100%	198,135	198,135	-	100%	1,188,808	17%
8030 - Property Taxes	24,033	20,000	4,033	120%	24,033	20,000	4,033	120%	390,000	6%
8050 - Customer Late Fees	-	-	-	0%	(52)	-	(52)	100%	10,000	-1%
8005 - Primary Facilities Fees - Sewer	7,800	7,800	-	100%	7,800	7,800	-	100%	23,400	33%
8006 - Primary Facilities Fees - Water	1,825	1,825	-	100%	1,825	1,825	-	100%	5,475	33%
8052 - GAPVAX Services	-	-	-	0%	-	-	-	0%	-	0%
8020 - Other Income	4,270	-	4,270	100%	14,168	-	14,168	100%	-	-100%
Total Revenues Received:	208,422	200,119	8,303	104%	388,763	370,614	18,149	105%	2,474,807	16%
<u>Controllable Expenses:</u>										
<u>Salaries:</u>										
9001 - Director Salaries	900	1,800	900	50%	1,620	3,600	1,980	45%	21,600	8%
9003 - Maintenance Salaries								0%		
9003-01 - Maint Hourly Regular	23,980	22,959	(1,021)	104%	47,732	45,917	(1,815)	104%	275,502	17%
9003-02 - Maint Overtime	654	918	264	71%	1,713	1,837	124	93%	11,020	16%
9003-03 - Maint Standby	2,220	2,197	(23)	101%	4,440	4,394	(46)	101%	26,360	17%
9003-00 - Maint Salaries - Other	-	-	-	0%	-	-	-	0%	1,500	0%
9003-04 - Labor Allocated to Projects	-	-	-	0%	-	-	-	-	-	-
Total 9000 - Salaries	27,754	27,874	120	100%	55,505	55,748	243	100%	335,982	17%
<u>Payroll Expense</u>										
9005 - Payroll Expense - SS & Medicare	2,123	2,004	(119)	106%	4,246	4,008	(238)	106%	24,050	18%
9007 - Payroll Expense- SUI & ETT	7	219	212	3%	(92)	438	530	(21%)	3,950	-2%
9008 - Payroll Expense - Retirement	1,552	1,444	(108)	107%	3,038	2,888	(150)	105%	17,325	18%
9009 - Payroll Expense - Medical & D/V	7,671	12,250	4,579	63%	24,426	24,500	74	100%	147,000	17%
9010 - Payroll Expense - Workers' Comp	-	-	-	0%	-	-	-	0%	13,900	0%
Total 9004 - Payroll Expense	11,353	15,917	4,564	71%	31,618	31,834	216	99%	206,225	15%
<u>Indirect & G&A</u>										
9012 - Legal Expense:	492	3,000	2,508		4,605	6,000	1,395	77%	36,000	13%
9013 - Audit Expense	-	-	-	0%	800	-	(800)	100%	13,050	6%
9014 - Fees & Penalties	32	125	93	25%	68	250	182	27%	1,500	5%
9016 - Directors' Expense	428	833	405	51%	851	1,666	815	51%	10,000	9%
9017 - Professional Fees - Operations	21,450	24,500	3,050	88%	47,278	49,000	1,723	96%	294,000	16%
9018 - Professional Fees - Office	10,956	11,440	484	96%	20,856	22,880	2,024	91%	137,280	15%
9019 - Staff Travel/Training	103	617	514	17%	327	1,234	907	27%	7,400	4%
9022 - Election Expense	-	-	-	0%	-	-	-	0%	-	0%
9023 - Insurance Expense	-	-	-	0%	-	-	-	0%	20,000	0%
9024 - Membership Expense	338	-	(338)	100%	488	200	(288)	244%	12,000	4%
9026 - Outside Services	200	274	74	73%	400	548	148	73%	3,286	12%
9028 - Telephone Expense	791	625	(166)	127%	1,363	1,250	(113)	109%	7,500	18%
9029 - Garbage/Hazmat Expense	296	375	79	79%	582	750	168	78%	4,500	13%
9030 - Uniform Expense	227	169	(59)	135%	325	338	13	96%	2,025	16%
9034 - Propane Expense	17	892	875	2%	132	1,784	1,652	7%	10,700	1%

Sierra Lakes County Water District
Operating Budget-to-Actual
Fiscal Year July 1, 2019 to June 30, 2020

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 8/31/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 19-20 Budget	% of Budget
9036 - SCADA System Expense	3,765	1,000	(2,765)	376%	3,765	1,000	(2,765)	376%	4,500	84%
9037 - M&O Asset Mgmt Sys (Lucity)	3,750	1,000	(2,750)	375%	3,750	1,000	(2,750)	375%	4,500	83%
9040 - Office Expense	211	250	39	84%	552	500	(52)	110%	3,000	18%
9041 - Postage Expense	-	-	-	0%	123	-	(123)	100%	2,000	6%
9042 - Postage Meter Expense	-	-	-	0%	-	-	-	0%	1,300	0%
9043 - Copier & Fax Expense	-	80	80	0%	54	160	106	34%	950	6%
9044 - Computer Equipment & Service										
9044-01 - General Expense	106	292		36%	456	584		78%	3,500	
9044-02 - Website Design	1,356	675		201%	2,054	1,350		152%	8,000	
9044-03 - Merchant Fees	4,349	2,000		217%	7,785	6,000		130%	20,000	
Total 9011 - Indirect & G&A	48,868	48,146	(721)	101%	96,614	96,494	(120)	100%	606,991	16%
<u>MAINTENANCE & OPERATIONS</u>										
<u>Water Treatment & Filter Plant</u>										
9101 - Filter Plant Operations & Maint	3,286	583	(2,703)	564%	3,362	1,166	(2,196)	288%	7,000	48%
9102 - Filter Plant-Chems, Lab & Equip	878	1,250	372	70%	2,618	2,500	(118)	105%	15,000	17%
9103 - Filter - Water Pumping Plant M&O	824	85	(739)	970%	824	170	(654)	485%	1,000	82%
9104 - Well Pump Station Expense	-	85	85	0%	205	170	(35)	121%	1,000	-100%
Total 9100 - Water Treatment & Filter Plant	4,989	2,003	(2,986)	249%	7,010	4,006	(3,004)	175%	24,000	29%
<u>Water Distribution</u>										
9201 - Water Dist - General Maint	819	625	(194)	131%	2,551	1,250	(1,301)	204%	7,500	34%
9202 - Water Dist - Pipes & Fittings	190	165	(25)	115%	190	330	140	58%	2,000	10%
9203 - Water Dist - Hydrant Maint	174	-	(174)	100%	174	-	(174)	100%	500	35%
9204 - Fees - Water	-	-	-	0%	768	-	(768)	100%	13,125	6%
9205 - Water Dist - Electricity	2,379	2,800	421	85%	4,590	5,600	1,010	82%	33,600	14%
9600 - Water Dist - Meters/Parts	-	500	500	0%	-	500	500	0%	1,000	0%
9601 - Water Conservation	-	165	165	0%	-	330	330	0%	2,000	0%
Total 9200 - Water Distribution	3,562	4,255	693	84%	8,272	8,010	(262)	103%	59,725	14%
<u>Wastewater Collection System</u>										
9301 - Wastewater - General Maint	782	750	(32)	104%	2,453	1,500	(953)	164%	9,000	27%
9302 - Wastewater - Pipes/Fittings	907	125	(782)	726%	907	250	(657)	363%	1,500	60%
9303 - Wastewater- Enzymes/Lab Testing	-	-	-	0%	-	2,500	2,500	0%	5,000	0%
9304 - Wastewater - Manholes	-	-	-	0%	-	-	-	0%	500	0%
9305 - Fees - Sewer	-	-	-	0%	768	-	(768)	100%	7,350	10%
9306 - Wastewater - Electricity	1,027	1,355	328	76%	2,487	2,710	223	92%	16,275	15%
9700-01 - Wastewater Export Service Refund	-	-	-	0%	-	-	-	0%	-	0%
9700 - Wastewater- Export Service Exp	29,402	32,210	2,808	91%	61,612	64,420	2,808	96%	386,520	16%
Total 9300 - Wastewater Collection System	32,118	34,440	2,322	93%	68,226	71,380	3,154	96%	426,145	16%
<u>Vehicle Expense</u>										
9501 - Gasoline/Diesel	785	708	(77)	111%	1,378	1,416	38	97%	8,500	16%
9502 - Pickups	2,000	-	(2,000)	100%	3,388	2,500	(888)	136%	2,500	136%
9503 - Gapvac	-	1,500	1,500	0%	16	1,500	1,484	1%	3,500	0%
9504 - Backhoe	-	1,500	1,500	0%	-	1,500	1,500	0%	4,000	0%

Sierra Lakes County Water District
Operating Budget-to-Actual
Fiscal Year July 1, 2019 to June 30, 2020

	MONTH TO DATE				YEAR TO DATE				ANNUAL BUDGET	
	Month End 8/31/19	Budget	Favorable / (Unfavorable)	% of Budget	YEAR TO DATE	Budget	Favorable / (Unfavorable)	% of Budget	FY 19-20 Budget	% of Budget
9505 · Vehicle Maint Supplies	484	350	(134)	138%	495	350	(145)	141%	1,000	49%
Total 9500 · Vehicle Expense	3,269	4,058	789	81%	5,277	7,266	1,989	73%	19,500	27%
Project Expenses										
9812 · Spot Repairs of Sewer Mainline & Laterals	-	4,650	4,650	0%	-	9,300	9,300	0%	56,000	0%
9813 · Repair of Sewer Manholes at Various Locations	-	2,685	2,685	0%	-	5,375	5,375	0%	32,250	0%
9815 · Misc Sewer Pump Station Upgrades	1,280	3,875	2,595	33%	1,302	7,750	6,448	17%	46,500	3%
9816 · Replace Pumps/Controls at #ISPS	333	-	(333)	100%	333	-	(333)	100%	-	0%
9818 · Misc Water System Improvements	-	3,125	3,125	0%	75	6,250	6,175	1%	37,500	0%
9819 · Adj Water Valve Boxes to Street Grade	-	250	250	0%	-	500	500	0%	3,000	0%
9820 · Misc Upgrades Water Pump Stations	103	3,540	3,437	0%	284	7,080	6,796	4%	42,500	1%
9821 · Automatic Meter Read System	104	187	83	56%	208	374	166	56%	2,243	9%
9822 · Misc Jobs - Safety Tools Bldgs	1,297	8,835	7,538	15%	1,712	17,670	15,958	10%	106,000	2%
9824 · Lake Management	-	200	200	0%	-	400	400	0%	2,500	0%
9825 · HOTFaP	-	2,500	2,500	0%	-	5,000	5,000	0%	10,000	0%
9915 · Misc. Projects	-	-	-	0%	-	-	-	0%	-	
Total 9800 · Project Expenses	3,117	29,847	26,730	10%	3,914	59,699	55,785	7%	338,493	1%
Total Controllable Expenses	135,030	166,540	31,510	81%	276,438	334,437	57,999	83%	2,017,061	14%
Non-Controllable Expenses:										
9900 · Debt - Interest										
9904 · Interest on SRF Loan	-	-	-	0%	-	-	-	0%	10,267	0%
9906 · USDA Revenue Bonds	-	-	-	0%	59	-	(59)	100%	127,000	0%
9908 · Int on Assessment-7207 Palisade	-	-	-	0%	-	-	-	0%	247	0%
Total 9900 · Debt - Interest	-	-	-	0%	59	-	(59)	100%	137,514	0%
9920 · Depreciation										
9921 · Depreciation - Water	9,968	10,702	734	93%	19,935	21,404	1,469	93%	128,425	16%
9922 · Depreciation - Sewer	7,816	8,841	1,025	88%	15,633	17,682	2,049	88%	106,089	15%
Total 9920 · Depreciation	17,784	19,543	1,759	91%	35,568	39,086	3,518	91%	234,514	15%
9950 · SLCWD Share - DSPUD Capital Costs										
							-	0%	18,000	
Total Non-Controllable Expenses	17,784	19,543	1,759	91%	35,627	39,086	-	0%	18,000	198%
TOTAL DISTRICT EXPENSES:	152,814	186,083	33,269	82%	312,064	373,523	61,459	84%	2,407,089	13%
EARNED REVENUE LESS EXPENSES	55,608	14,036	41,572		76,699	(2,909)	79,608		67,718	

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

	For Period 7/1/2019 to 6/30/2020				
	PROPOSED BUDGET	Previously Incurred Costs	Costs Incurrec Current Month	Total Costs to Date	VARIANCE Favorable (Unfavorable)
CAPITAL PROJECTS IN PROGRESS:					
Miscellaneous Sewer Pump Station Upgrades	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Miscellaneous Water Distribution System Improvements	24,000	-	-	-	24,000
Miscellaneous Water Pump Station/Storage Improvements	310,000	-	-	-	310,000
Automatic Meter Read System	52,500	-	30,084	30,083.63	22,416
Purchase Tools/Equipment and Building Improvements	99,940	-	-	-	99,940
DSPUD Wastewater Plang	18,000	-	-	-	18,000
Total Capital Projects	\$ 511,940	\$ -	\$ 30,084	\$ 30,084	\$ 481,856

Sierra Lakes County Water District
Cash Source and Application of Funds
Operating Budget
in \$000's

Beginning Operating Cash Balance:

ACTUAL Aug-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	Forecast Jun-20	Forecast Jul-20
717	717	1,014	728	488	413	293	143	228	529	349	259	97

Cash Provided/(Used) by Operations:

Revenues:

Sewer & Water Service Fees
Placer County Taxes
Misc Other Income

333	100	125	125	100	50	50	50	675	20	89	73	56
20	20	-	10	-	-	-	210	-	-	150	-	-
-	-	5	-	-	5	-	-	5	-	-	4	4
-	-	-	-	-	-	-	-	-	-	-	-	-
(127)	(171)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(177)	(170)
-	(75)	(175)	(175)	-	-	-	-	-	-	(100)	(62)	-
226	(126)	(220)	(215)	(75)	(120)	(125)	85	505	(155)	(36)	(162)	(110)

Net Cash Provided/(Used) by Operations:

Cash Provided/(Used) for Financing Activities

CA Bank & Trust - Qrtly Transfers
USDA \$5.2 million Revenue Bond
DSPUD Excess Capacity Refund (\$655,000)
Total Cash Provided/(Used) by Financing Activities:

-	(25)	-	-	(25)	-	-	(25)	-	-	-	(25)	-
(66)	-	-	-	-	-	(204)	-	-	-	-	-	-
71	67	(66)	(25)	-	-	(25)	-	(204)	(25)	-	-	(25)
71	67	(66)	(25)	-	-	(25)	-	(204)	(25)	-	-	(25)

Cash Provided/(Used) by Investment Activities

Moved to Placer Co. Treasurer's Fund
GASB 45 - OPEB Annual Funding
Total Cash Provided/(Used) by Investment Activities:

-	-	-	-	-	-	-	-	-	-	(54)	-	100
-	-	-	-	-	-	-	-	-	-	(54)	-	100

Ending OPERATING ACCOUNT Cash Balance:

1,014	658	728	488	413	293	143	228	529	349	259	97	62
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SIERRA LAKES COUNTY WATER DISTRICT - FIVE YEAR CASH FLOW PROJECTION

2018/2019 - 2022/2023

in \$000's

Beginning OPERATING Cash Balance:

Cash Provided/(Used) by Operations:

Revenues:

Water/Sewer Service Fees
PrePaid W/S Service Fees:
Placer County Tax
Primary Facilities Fees
Misc Other Income

Expenses:

Operating Expenses
Sierra Plant - Capital Projects

Net Cash Provided/(Used) by Operations:

Cash Provided/(Used) for Financing Activities

CA Bank & Trust Loan Principal & Interest
USDA Revenue Bond Loan
Refunded WWTP Costs

Total Cash Provided/(Used) by Financing Activities:

Cash Provided(Used) by Investment Activities

Total Cash Provided(Used) by Investment Activities:
Moved to Placer Co. Treasurer's Fund
Annual GASB 45 Funding - OPEB - Moved to LAIF

Total Cash Provided(Used) by Investment Activities:

Ending OPERATING Cash Balance:

ACTUAL 2018/2019	FORECAST 2019/2020	Forecast 2020/2021	Forecast 2021/2020	Forecast 2022/2023
2,271	519	97	(82)	(32)
2,072	2,046	2,046	2,046	2,046
229		-		
436	390	390	390	390
25	9	29	29	29
-	10	10	10	10
(1,535)	(2,012)	(2,035)	(1,804)	(1,920)
(228)	(512)	(512)	(1,514)	(285)
999	(69)	(72)	(843)	270
-	-	-	-	-
(100)	(100)	(100)	(100)	(25)
(270)	(270)	(270)	(270)	(270)
73	71	67	67	67
(297)	(299)	(303)	(303)	(228)
-				
(2,400)		250	1,250	-
(54)	(54)	(54)	(54)	(54)
(2,454)	(54)	196	1,196	(54)
519	97	(82)	(32)	(44)

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9/6/2019
11:27 AM

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

Vendor	Inv # / Inv Date		Invoice Amount
<u>Paul Schultz</u>	Invoice #	193601	21,450.00
	Date	9/5/2019	
	For: <u>August 2019 Professional Fees</u>		
<u>Anna Nickerson</u>	Inv#	81519	6,248.00
	Date	8/15/2019	
	For: <u>Professional Fees 8/1 to 8/15/19</u>		
	Inv#	83119	4,708.00
	Date	8/31/2019	
	For: <u>Professional Fees 8/16 to 8/31/19</u>		
TOTAL ANNA NICKERSON			10,956.00
<u>National Meter & Automation</u>	Invoice #	S1118907.001	30,083.63
	Date	8/31/2019	
	For: <u>Meter & Endpoint Project</u>		
TOTAL INVOICES FOR APPROVAL			62,489.63

Paul A. Schultz, PE
Civil and Environmental Engineering



7299 3rd Avenue
PO Box 269
Tahoma, CA 96142
(530) 525-9347
paschultz@me.com

INVOICE NO. 193601

SEPTEMBER 5, 2019

BILL TO	DUE DATE	TERMS
Sierra Lakes County Water District PO Box 1039 Soda Springs, CA 95728	10/20/2019	Net 45

HOURS	DESCRIPTION	UNIT PRICE	TOTAL
132.0	Professional Services for August 2019 (see detail) (121.5 hours on-site, 10.5 hours off-site)	\$162.50/hour	\$21,450.00

ACCOUNT NO.
CHECK NO.
CK DATE

9017 \$ 21,450.00

APPROVED

TOTAL DUE

\$21,450.00

Thank you for your business!

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

Date	Description	Hours
08/01/2019	Request sewer flow data from DSPUD. Gathered Information, took pictures and contacted ACWA JPIA to initiate claim re: GapVac strike by Placer County RCD truck and chipping trailer. Water lateral test at one location. (6 hrs. on-site)	6.0
08/02/2019	Contact Ben Velasco at Wonderware re: software and hardware upgrade requirements for SCADA system. Discussed cost of requested improvements. Called Kevin Taber at Placer County re: end of lease. Researched Gator equipment purchase. Made calls to Deere dealer in Reno re: Gator. (6 hrs. on-site)	6.0
08/05/2019	Talked to resident about hazard trees requiring removal and schedule for same. Made calls and scheduled locksmith to rekey all doors, etc. for District. Letter to resident regarding leaky booster pump and check valve. Review Heat Illness Prevention Training Plan. Complete disinfection byproducts spreadsheet for July. (6 hrs. on-site)	6.0
08/06/2019	Talked to Kathy Richards at National Meter re: What they need from us for ¾" meter and endpoints order. Conduct staff meeting. Make work assignments. Perform sewer/water lateral test and check S&D at one location. Further discussed meter info requirements w/ National Meter. Talk w/ ACWA JPIA re: GapVac claim. Setup meeting w/ NTPUD to discuss Sourcewell purchasing agreement requirements. (6 hrs. on-site, 1 hr. off-site)	7.0
08/07/2019	Pulled together background info for Ryker Brown at Woodard & Curran for Lake Intake Improvements Project. Reschedule Alpine Lock & Key. Identify quantity of single and double lids for new meters. Check on status of groundwater sampling results with JHD Corrosion Consultants. Check on status of hazard tree removal. Complete order form from National Meter. Perform water/sewer lateral test and S&D check at one location. (6 hrs. on-site, 1 hr. off-site)	7.0

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(530) 525-9347

1

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

08/08/2019	Obtain WDID number from State Water Resources Control Board. Meet w/ NTPUD re: Sourcewell purchasing agreement execution. Arranged for body shop and adjuster for GapVac claim. Talked w/ Deere dealer in Reno about used Gator rather than new. (6 hrs. on-site)	6.0
08/09/2019	Prep for Board Meeting. Board Meeting. Discussed GapVac repair and schedule w/ body shop. Follow up w/ National Meter. (9hrs. on-site)	9.0
08/12/2019	Complete Climate and Energy survey for PG&E. Discuss GapVac claim and recovery w/ ACWA JPIA. Prepare weekly work plan. Prep for Tuesday call w/ Jeff Mitchell re: meeting w/ ACWA JPIA about insurance sufficiency. Call Industrial Scientific re: gas monitoring equipment lease. Install new Office Tank transducer. (6 hrs. on-site)	6.0
08/13/2019	Call w/ Jeff Mitchell re: meeting w/ ACWA JPIA about insurance sufficiency. Pull together additional materials for Woodard & Curran Lake Intakes Project. Discuss ultrasonic fuel tank level sensing with resident. Help resident to identify a supplier for same. Conduct weekly operations meeting. Call Thor Benzing at ACWA JPIA regarding meeting scheduled for 8/29. Review Loprest Filter shop drawings. Discuss new Bales VFDs w/ Custom Electric. (6.5 hrs. on-site)	6.5
08/14/2019	Return realtor calls. Review and approve invoices. Further review of Loprest shop drawings. Further discussions w/ Custom Electric re: VFDs purchase, installation and programming. Prepare letters to residents for chronic leaks and deficient docks. Alpine Lock & Key performing re-key. (6 hrs. on-site)	6.0
08/15/2019	Meet w/ Ryker Brown (Woodard & Curran) on-site regarding Bales and Lake Intake Improvements project. Further review of Loprest shop drawings. Further discussions w/ Custom Electric re: VFDs purchase, installation and programming. Augmented information for National Meter purchase. (6 hrs. on-site)	6.0
08/16/2019	Review Gator proposals. Respond to resident and realtor questions regarding UST requirements	3.0

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

	for removal. Send cold water sampling results to Woodard & Curran. Discuss SCADA server upgrades with Telstar. (3hrs. off-site)	
08/19/2019	Perform water/sewer lateral test and S&D check at three locations. Check on existence and status of District owned strip behind several residences on Serene. Further discuss insurance w/ Jeff Mitchell. Further review Gator proposals. Review invoices. Review timesheets. Check on status of GapVac repair. Find program and wire assignments for VFD inputs and outputs at Bales. (6 hrs. on-site)	6.0
08/20/2019	Review program and wire assignments for VFD inputs and outputs at Bales w/ Custom Electric. Locate additional documentation for same. Verify order w/ National Meter. Discussed deficient docks w/ one resident. Discussed cold water sampling results w/ Woodard & Curran. (5.5 hrs. on-site)	5.5
08/21/2019	Meet w/ Custom Electric re: RTU & VFD Research Plan. ClaVal Training in our Board Room today. Discuss under-the-lid vs. through-the-lid endpoint broadcast w/ National Meter. Investigated two significant leaks w/ crew/. Crew will fix tomorrow. Discussed alternate delivery for Loprest Filters w/ Brad at Loprest. (6 hrs. on-site)	6.0
08/22/2019	Discussed financing and grants with PG&E for VFD and other energy saving improvements. Further discuss Wonderware upgrades w/ Wonderware and Telstar. Final Order for meter lids w/ Western Nevada Supply. Water/ sewer + S&D checks at 3 locations. (6 hrs. on-site)	6.0
08/23/2019	Water/ sewer + S&D checks at 2 locations. Research history of SLL sewer and water service + past checks, EDUs, agreements, etc. Discussed VFDs w/ Eric Sandel at Avery Sandel Engineering. Discussed filter SCADA reporting w/ Brad Davidson at Loprest. Took a tutorial on CWIQS reporting. Researched past salary adjustments for crew. (6.5 hrs. on-site)	6.5

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3

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

08/26/2019	Water/ sewer + S&D checks at 3 locations. Further discuss Wonderware SCADA Improvements w/ Ben Velasco at Wonderware. Fix USA notifications. Research hardware requirements for SCADA and office computers. Discussed painting of dock components w/ two residents. (6 hrs. on-site)	6.0
08/27/2019	Conference call w/ Wonderware and Telstar regarding hardware, software upgrades, next steps, programming and verification of work prior to migrating SCADA. Prep for meeting w/ Thor Benzing (ACWA JPIA) on Thursday. Resolve problem w/ Lucy login. Additional information (historical video of intake) to Ryker Brown (Woodard & Curran). Arrange for annual inspection of Ice Lakes dam w/ State DSoD. Meet w/ NTPUD re: CWIQS inputs and reporting. (4 hrs. on-site, 2 hrs. off-site)	6.0
08/28/2019	Conduct Emergency Storage Operations Training. Send videos to Woodard & Curran. Get hardware. specs from Wonderware for SCADA interfaces. Discuss Thor Benzing meeting (tomorrow) w/ crew. Call regarding status of GapVac repair. Document Emergency Operations Training. Answer Placer County question regarding notifications of General Plan changes, subdivisions, plan amendments. Water lateral test at one location. (6 hrs. on-site)	6.0
08/29/2019	Meet w/ Thor Benzing (ACWA JPIA) and conduct site tour. Finish Emergency Storage Operations documentation and draft figures. Discuss video submittal w/ Woodard & Curran. (6 hrs. on-site)	6.0
08/30/2019	Further discuss alternate delivery for Loprest filters w/ Loprest. Check on status of GapVac repair. Called ACWA JPIA to get them to motivate body shop and adjuster re: GapVac repair. (3.5 hrs. off-site)	3.5

TOTAL Professional Services: 132.0 hours (121.5 hrs. on-site, 10.5 hrs. off-site)

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(530) 525-9347

4

**ANNA NICKERSON
FINANCIAL CONSULTANT**

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

anickerson@sonic.net

INVOICE

INVOICE NO: 081519
DATE: August 15, 2019

ACCOUNT NO: 9018 \$ 6,248.00
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	Board Agenda / Mtg Min / Packets	Total
8/1/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Worked on Month & Year End	4.0	\$88.00	\$ 352.00			2			1	0.5	0.5			4
8/2/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Closed escrows, Worked on month end and prepared board packets.	7.0	\$88.00	\$ 616.00		1	3			1	0.5	0.5		1	7
8/5/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Swapped out & updated oncall phone. Updated website and worked on audit schedules. Open and escrow, scheduled tests and closed an escrow.	8.0	\$88.00	\$ 704.00		1	3		1	0.5	0.5	0.5	1.5		8
8/6/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Opened an escrow & audit schedules	4.0	\$88.00	\$ 352.00		0.5	2			0.5	0.5	0.5			4
8/7/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Opened & closed an escrow & answered pre-audit question	4.0	\$88.00	\$ 352.00		1	1			0.5	1	0.5			4
8/8/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Closed escrows, setup new customers, sent letters, updated databases and filed. Costco for board meeting.	4.5	\$88.00	\$ 396.00	1	1.5				1	0.5	0.5			4.5
8/9/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Meeting prep & Dinner, Record Int & fee on assessments, filed, opened & closed escrows, processed payroll and filed.	11.5	\$88.00	\$ 1,012.00	0.5	1	1	5		1	1	0.5		1.5	11.5
8/9/2019	Board Meeting	2.0	\$88.00	\$ 176.00										2	2
8/12/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Finished recording int & fee on assessments and reconciled, updated website acct info/balances and filed.	7.0	\$88.00	\$ 616.00	0.5			2		1	1.5	0.5	1.5		7
8/13/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Closed the Assessment District books	5.0	\$88.00	\$ 440.00				2.5		1.5	0.5	0.5			5
8/14/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Prepared final schedules for audit and responded to escrow requests.	4.0	\$88.00	\$ 352.00		0.5		2		0.5	0.5	0.5			4
8/15/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Statred minutes, worked with auditors and refiled information.	10.0	\$88.00	\$ 880.00	1		6			1	0.5	0.5		1	10
	71.0 TOTALS			\$ 6,248.00	3.0	6.5	18.0	11.5	1.0	9.5	7.5	5.5	3.0	5.5	71.0
					4%	9%	25%	16%	1%	13%	11%	8%	4%	8%	

**ANNA NICKERSON
FINANCIAL CONSULTANT**

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

anickerson@sonic.net

INVOICE

INVOICE NO: 083119
DATE: August 31, 2019

ACCOUNT NO: 9018 \$ 4,708.00

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	Board Agenda / Mtg Min / Packets	Total
8/16/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Opened escrow, processed payroll and annual audit.	9.5	\$88.00	\$ 836.00		0.5	7			1	0.5	0.5			9.5
8/19/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Opened & closed escrows, updated website and filed.	6.0	\$88.00	\$ 528.00	0.5	1.5				1.5	0.5	0.5	1.5		6
8/20/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Opened escrows & updated escrow documents, filed and updated data bases	4.0	\$88.00	\$ 352.00	0.5	1			0.5	1	0.5	0.5			4
8/21/2019	Off	0.0	\$88.00	\$ -											0
8/22/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails.	4.0	\$88.00	\$ 352.00	0.5	1.5				1	0.5	0.5			4
8/23/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Recorded Assessments received. Responded to customer questions and escrow requests. Started minutes and updated website.	6.5	\$88.00	\$ 572.00		1		2		1	0.5	0.5	1	0.5	6.5
8/26/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Recorded Assessments received.	4.0	\$88.00	\$ 352.00				2		1	0.5	0.5			4
8/27/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Filed.	3.0	\$88.00	\$ 264.00	0.5			0.5		1	0.5	0.5			3
8/28/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Filed, updated escrows & sent welcome letters.	4.0	\$88.00	\$ 352.00	1	1				1	0.5	0.5			4
8/29/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Open/Close/Follow-up/Update Escrows, meeting with ACWA/JPIA.	4.5	\$88.00	\$ 396.00		1.5	1			1	0.5	0.5			4.5
8/30/2019	Picked up and processed mail, processed accounts receivables & accounts payables, read and answered emails. Payroll, escrow updates, customer support with website and website updates	7.0	\$88.00	\$ 616.00		1	2			1	1	0.5	1.5		7
		52.5	TOTALS	\$ 4,708.00	3.0	9.0	10.0	4.5	0.5	10.5	5.5	5.0	4.0	0.5	52.5
					6%	17%	19%	9%	1%	20%	10%	10%	8%	1%	

Invoice

National Meter & Automation
PO BOX 17988
DENVER CO 80217-7988
(303) 339-9100 FAX (303) 649-1017

Attn: AP Fax: 530-426-1120

INVOICE DATE	INVOICE NUMBER
08/31/19	SI118907.001
ISSUING BRANCH:	PAGE NO.
NATIONAL Meter & Automation-CA 940 Riverdale Drwy Ste 30 WEST SACRAMENTO CA 95605 707-575-0700 Fax 707-575-3786	1

BILL TO:
Sierra Lake CWD
PO Box 1039
SODA SPRINGS (Uninc.), CA 95728

SHIP TO:
Sierra Lake CWD
7305 Short Rd
SODA SPRINGS, CA 95728

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	RELEASE NUMBER	SALESPERSON	
5149	V. Paul	SSS-N	Kathy Richards	
WRITER	SHIP VIA	TERMS	SHIP DATE	BROER DATE
Sean Sears	BW BEST-WAY	Net Due 30 Days	08/31/19	08/21/19
DESCRIPTION	ORDER QTY	SHIP QTY	Net Pric	Ext Pric
E35 SS 3/4 X 71/2", HR-E LCD ENCODER, 5' TWIST TIGHT CONNECTOR, GAL E-SERIES METER .12510	100	100	170.500	17050.00
ORION LTE-M CELLULAR ENDPOINT ASSY, TWIST TIGHT CONNECTOR, 8" .15392	100	100	110.000	11000.00
Assign to BEACON Customer: Sierra Lake CWD				
64394-030 THRU LID MOUNTING KIT F/ PIT ORION .486	100	100	0.000	0.00

*** SC-5349 ***				
Meter + Endpoint Project				
3114 \$ 30,083.63				
ACCOUNT NO				
CHECK NO.				
CK DATE				
APPROVED				
Please remit to: PO Box 17988 Denver, CO 80217-7988				

Subtotal	28050.00
S&H CHGS	0.00
Sales Tax	2033.63
Amount Due	30083.63

Invoice is due by 09/30/19.

All claims for shortage or errors must be made at once. Returns require written authorization and are subject to handling charges. Special orders are non-returnable. Past due invoices may be subject to 1.50% late charge.

28

MacLeod Watts

August 30, 2019

Michael Lindquist
Board President
Sierra Lakes County Water District
P.O. Box 1039 / 7305 Short Rd.
Soda Springs, CA 95728

Re: Sierra Lakes County Water District Other Postemployment Benefits
Actuarial Valuation and GASB 75 Report for the Fiscal Years Ending June 30, 2019 & 2020

Dear Mr. Lindquist:

We are pleased to enclose our report providing actuarial information for the other post-employment benefit (OPEB) liabilities for the Sierra Lakes County Water District (the District). The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the District's financial statements each year. Our calculations are based in part on our understanding that for financial reporting purposes, despite setting aside designated funds toward future retiree health benefits, the District is considered to be financing its OPEB liability on a pay-as-you-go basis. As required by GASB 75, we developed this liability using a 20 year municipal bond rate.

We began the process by preparing an updated actuarial valuation as of June 30, 2018, using retiree and plan data provided to us. The District also provided recent benefit payment and payroll information. As with any analysis, the soundness of the report is dependent on the inputs. We would appreciate your review of our summary of this information to be comfortable that it matches your records.

As explained in the report, we presented results for two years, rather than only for the fiscal year ended June 30, 2019. This is based on our understanding that the District supports a simplified approach in which all changes in the Total OPEB Liability are reflected immediately in the current measurement period.

We appreciate the opportunity to work on this analysis and for your time to provide the information we needed to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

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

Enclosure

Table of Contents

A. Executive Summary	1
OPEB Obligations of the District.....	1
OPEB Funding Policy	2
Actuarial Assumptions.....	2
Important Dates Used in the Valuation.....	2
Significant Results and Differences from the Prior Valuation.....	3
Impact on Statement of Net Position and OPEB Expense for Fiscal 2019	3
Recognition Period for Deferred Resources.....	3
Important Notices	3
B. Basic Valuation Results.....	4
C. Accounting Information (GASB 75)	5
Components of Net Position and Expense	5
Deferred Resources as of Fiscal Year End and Expected Future Recognition	6
Schedule of Deferred Outflows and Inflows of Resources.....	6
Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate	7
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	8
District Contributions to the Plan.....	9
Projected Benefit Payments (15-year projection).....	10
Sample Journal Entries	11
D. Funding Information.....	12
E. Certification.....	13
F. Supporting Information	14
Section 1 - Summary of Employee Data	14
Section 2 - Summary of Retiree Benefit Provisions.....	15
Section 3 - Actuarial Methods and Assumptions	18
Addendum 1: Important Background Information.....	23
<i>Important Dates</i>	25
<i>Recognition of Plan Changes and Gains and Losses</i>	25
Addendum 2: MacLeod Watts Mortality Projection Methodology.....	28
Glossary.....	29



A. Executive Summary

This report presents the results of the June 30, 2018 actuarial valuation and accounting information relating to the other post-employment benefit (OPEB) program of the Sierra Lakes County Water District. The primary purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the District's fiscal years ending June 30, 2019 and June 30, 2020.

The District has approved methodology where (1) all changes in the Total OPEB Liability (TOL) are recognized during the current measurement period and (2) results for two consecutive years are provided in a single report. In some instances, though not in this report, this could result in changes in the municipal bond rate (discount rate) are made only after a new valuation is prepared.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this Executive Summary discuss the valuation results and present various exhibits appropriate for disclosures under GASB 75. The next actuarial valuation will likely be dated June 30, 2020, with those results first applied for the District's fiscal year end 2021 reporting. If there are any significant changes in the employee population, to plan benefits provided, or to the OPEB funding policy, please contact us to discuss whether an earlier valuation might be required.

OPEB Obligations of the District

The District provides continuation of medical coverage to its retiring employees. This coverage may create one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the City pays a portion of retiree medical, premiums for qualifying retirees. Benefit details are in Supporting Information, Section 2A.
The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. Any portion of such future excise tax paid by the employer is also a form of explicit subsidy, though this projected liability is minimal. See Supporting Information Section 2B and Section 3 for further description and assumptions used.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. CalPERS has confirmed that the claims experience of these members is considered together in setting premium rates. We determine the implicit rate subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process see Table 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

Different monthly premiums are charged for Medicare-eligible members. CalPERS confirmed that only the claims experience of these members is considered in setting Medicare-eligible premium rates; as such, there should be no implicit subsidy of Medicare retiree premiums provided by active employee premiums. We assumed that the Medicare Supplement premium structure will be adequate to cover their expected retiree claims.



Executive Summary

(Continued)

OPEB Funding Policy

The District's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year to an irrevocable OPEB trust. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

While the District has established an OPEB trust, it is our understanding that this is not an irrevocable trust dedicated exclusively to the payment of these benefits and out of the District's control. As such, for GASB 75 purposes, the District is treated as financing its OPEB liability on a pay-as-you-go basis. With the District's approval, the discount rate used in this valuation is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. Use of this index results in discount rates of 3.53% as of June 30, 2017, 3.87% as of June 30, 2018, and 3.51% as of June 30, 2019.

Actuarial Assumptions

The basic mortality rates used in this report are the same as the rates used for the most recent valuation of the retirement plan(s) covering District employees, though a different table was applied to project future mortality improvement. Other assumptions, such as healthcare trend and retiree participation rates, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. These assumptions impact expected future benefits. Please note that this valuation has been prepared for the closed group of current retirees covered by plan as of the valuation date. We emphasize that this actuarial valuation provides a projection of future results based on these assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in the future. See Section 3 for a complete description of assumptions.

Important Dates Used in the Valuation

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2019 and June 30, 2020
Valuation Date	June 30, 2018
Measurement Dates	June 30, 2018 (for FYE 2019) and June 30, 2019 (for FYE 2020)
Measurement Period	The 12 month period ending on the measurement date



Executive Summary

(Concluded)

Significant Results and Differences from the Prior Valuation

This report is based on the results of a new actuarial valuation prepared as of June 30, 2018 and on plan and retiree data provided for this valuation. We recognize plan experience since the 2017 valuation was prepared and updated several assumptions used to project the future benefit liability; these changes are summarized at the end of Section 3. The Total OPEB Liability increased by roughly \$368,000 over what was reported one year ago. For details, see Section B beginning on page 4.

Impact on Statement of Net Position and OPEB Expense for Fiscal 2019

The accounting impact of the plan as of the District's fiscal year end June 30, 2019 is shown below.

Items	For Reporting At Fiscal Year Ending June 30, 2019
Total OPEB Liability	\$ 1,085,627
Fiduciary Net Position	-
Net OPEB Liability (Asset)	1,085,627
Deferred (Outflows) of Resources	(55,362)
Deferred Inflows of Resources	-
Impact on Statement of Net Position	<u>\$ 1,030,265</u>
 OPEB Expense, FYE 6/30/2019	 <u><u>\$ 406,192</u></u>

Recognition Period for Deferred Resources

Typically, liability changes from plan experience and/or from assumption changes during the year are recognized over a plan's Expected Average Remaining Service Life ("EARSL"). The EARSL for the District is currently just 4.5 years. The District elected to recognize all such changes during the current measurement period. While not currently applicable, changes in the Fiduciary Net Position due to trust investment performance different from the assumed earnings rate are always recognized over 5 years. Liability changes from plan benefit changes are recognized immediately in the current period.

Important Notices

This report is intended to be used only to present the actuarial information about other postemployment benefits for the District's financial statements. This report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. Various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. We recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.



B. Basic Valuation Results

This first chart compares the results measured as of June 30, 2017 (based on the 2017 valuation) with the liability measured as of June 30, 2018 based on the 2018 valuation.

Reported at Fiscal Year Ending	6/30/2018	6/30/2019	6/30/2019	6/30/2019
Measurement Date	6/30/2017	6/30/2018	6/30/2018	6/30/2018
Valuation Date	6/30/2017	6/30/2018	6/30/2018	6/30/2018
Subsidy	Total	Implicit	Explicit	Total
Discount rate	3.50%	3.87%	3.87%	3.87%
Number of Covered Employees				
Actives	3	3	3	3
Retirees	6	-	7	7
Total Participants	9	3	10	10
Actuarial Present Value of Projected Benefits	\$ 925,807	\$ 127,377	\$ 1,636,805	\$ 1,764,182
Total OPEB Liability (TOL)	718,117	37,458	1,048,169	1,085,627
Fiduciary Net Position	-	-	-	-
Net OPEB Liability	718,117	37,458	1,048,169	1,085,627

From this, we see that the Total OPEB Liability (TOL) has increased by \$367,510 over the TOL reported one year ago.

With normal plan operation, the TOL is expected to increase by additional service and interest costs accruing for the period and decrease by benefits paid to retirees. The top section of this chart shows these expected changes.

Unexpected changes in the TOL include assumption changes and "plan experience". We also added liability for the implicit subsidy and potential excise tax on high cost retiree coverage. Plan experience comprises a variety of factors, including changes in the plan's population and medical costs *different than expected* based on the prior valuation assumptions.

For further explanation of the assumption changes, see page 22.

Reported Total OPEB Liability at June 30, 2018	\$ 718,117
Measurement Date June 30, 2017	
Expected Changes:	
Normal Cost	24,702
Benefit Payments	(38,682)
Interest Cost	25,539
Total Expected Change	\$ 11,559
Expected Total OPEB Liability at June 30, 2019	\$ 729,676
Measurement Date June 30, 2018	
Unexpected Changes:	
Plan experience different than assumed	\$ 214,739
Change in Discount Rate	(52,293)
Change in probability of retiree covering a spouse and/or eligible dependent	(9,833)
Change in demographic assumptions	5,228
Change in assumed future medical premium increases	156,203
Include implicit subsidy liability	37,458
Include potential excise taxes under the Affordable Care Act	4,449
Total Unexpected Change	\$ 355,951
Actual Total OPEB Liability at June 30, 2019	\$ 1,085,627
Measurement Date June 30, 2018	



C. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2019 and 2020. The District is classified for GASB 75 purposes as a single employer. Information for fiscal year end 2020 may need to be adjusted if retiree benefits paid by the District are different than what we projected below.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense on each Measurement Date.

Plan Summary Information Measurement Date is June 30, 2018	Fiscal Year End June 30, 2019	Fiscal Year End June 30, 2020
Items Impacting Net Position:		
Total OPEB Liability	\$ 1,085,627	\$ 1,173,701
Fiduciary Net Position	-	-
Net OPEB Liability (Asset)	<u>1,085,627</u>	<u>1,173,701</u>
Deferred (Outflows) Inflows of Resources Due to:		
Assumption Changes	-	-
Plan Experience	-	-
Investment Experience	-	-
Deferred Contributions	<u>(55,362)</u>	<u>(47,232)</u>
Net Deferred (Outflows) Inflows of Resources	<u>(55,362)</u>	<u>(47,232)</u>
Impact on Statement of Net Position, FYE 6/30/2019	<u>\$ 1,030,265</u>	<u>\$ 1,126,469</u>
Items Impacting OPEB Expense:		
Service Cost	\$ 24,702	\$ 45,410
Cost of Plan Changes	-	-
Interest Cost	25,539	42,700
Expected Earnings on Assets	-	-
Recognized Deferred Resource items:		
Assumption Changes	141,212	55,326
Plan Experience	214,739	-
Investment Experience	<u>-</u>	<u>-</u>
OPEB Expense, FYE 6/30/2019	<u>\$ 406,192</u>	<u>\$ 143,436</u>



Accounting Information
(Continued)

Deferred Resources as of Fiscal Year End and Expected Future Recognition

There are currently no plan assets held in an irrevocable OPEB trust. With the District's approval, changes to the Total OPEB Liability will be recognized each fiscal year, other than contributions made after the measurement date prior to each fiscal year end.

Sierra Lakes County Water District	Fiscal Year End June 30, 2019		Fiscal Year End June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -	\$ -	\$ -
Differences Between Expected and Actual Experience	-	-	-	-
Net Difference Between Projected and Actual Earnings on Investments	-	-	-	-
Deferred Contributions	55,362	-	47,232	-
Total	\$ 55,362	\$ -	\$ 47,232	\$ -

Deferred contributions shown above for FYE 2020 were estimated at the time this report was prepared.

Schedule of Deferred Outflows and Inflows of Resources

Not applicable.



Accounting Information
(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used on the June 30, 2018 Measurement Date is 3.87% (for FYE 2019) and 3.51% as of the June 30, 2019 Measurement Date (for FYE 2020). Healthcare Cost Trend Rate was assumed to start at 7.0% and grade down to 5% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity results as of June 30, 2018 Measurement Date:			
Change in Discount Rate	Current - 1% 2.87%	Current 3.87%	Current + 1% 4.87%
Total OPEB Liability	1,241,645	1,085,627	958,372
Increase (Decrease)	156,018		(127,255)
% Increase (Decrease)	14.4%		-11.7%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	948,913	1,085,627	1,266,299
Increase (Decrease)	(136,714)		180,672
% Increase (Decrease)	-12.6%		16.6%

Sensitivity results as of June 30, 2019 Measurement Date:			
Change in Discount Rate	Current - 1% 2.51%	Current 3.51%	Current + 1% 4.51%
Total OPEB Liability	1,351,401	1,173,701	1,029,652
Increase (Decrease)	177,700		(144,049)
% Increase (Decrease)	15.1%		-12.3%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	1,025,896	1,173,701	1,369,030
Increase (Decrease)	(147,805)		195,329
% Increase (Decrease)	-12.6%		16.6%



Accounting Information
(Continued)

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

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Results for fiscal years 2018, 2019 and 2020 are shown in this table.

Fiscal Year Ending	6/30/2020	6/30/2019	6/30/2018
<i>Measurement Date</i>	6/30/2019	6/30/2018	6/30/2017
<i>Discount Rate on Measurement Date</i>	3.51%	3.87%	3.53%
Total OPEB liability			
Service Cost	\$ 45,410	\$ 24,702	\$ 24,041
Interest	42,700	25,539	24,494
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	214,739	-
Changes of assumptions	55,326	141,212	-
Benefit payments	(55,362)	(38,682)	(37,096)
Net change in total OPEB liability	88,074	367,510	11,439
Total OPEB liability - beginning	1,085,627	718,117	706,678
Total OPEB liability - ending (a)	\$ 1,173,701	\$ 1,085,627	\$ 718,117
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 1,173,701	\$ 1,085,627	\$ 718,117
Covered-employee payroll	\$ 274,331	\$ 252,812	\$ 214,138
Net OPEB liability as % of covered-employee payroll	427.84%	429.42%	335.35%
<i>Summary of methods and assumptions used in the valuation:</i>			
Valuation Date	6/30/2018	6/30/2018	6/30/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation	2.75%	2.75%	2.75%
Healthcare cost trend rates	7.0% in 2019 grading down to 5.0% by 2024	7.0% in 2019 grading down to 5.0% by 2024	4.0% per year
Salary increases	3.25%	3.25%	2.75%
Retirement age	Ages 50 to 75	Ages 50 to 75	Ages 50 to 75
Mortality	2017 CalPERS Experience Study	2017 CalPERS Experience Study	2014 CalPERS Experience Study
Mortality Improvement	MW Scale 2018	MW Scale 2018	Not Indicated



Accounting Information

(Continued)

District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). For details, see Addendum 1 – Important Background Information.

Benefits paid by the District during the measurement period and those made in the year following the measurement period but prior to the end of the fiscal year are shown below.

Employer Contributions During the Measurement Period, Jul 1, 2017 thru Jun 30, 2018	SLCWD
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	38,682
Implicit contributions	-
Total Employer Contributions During the Measurement Period	\$ 38,682
<hr/>	
Employer Contributions During the Fiscal Year, Jul 1, 2018 thru Jun 30, 2019	SLCWD
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	48,867
Implicit contributions	6,495
Total Employer Contributions During the Fiscal Year	\$ 55,362

District Contributions paid in the form of retiree benefit payments during fiscal year 2019-2020 are estimated below. This estimate should be replaced with the actual amount once known.

Projected Employer Contributions During the Fiscal Year, Jul 1, 2019 thru Jun 30, 2020	SLCWD
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	47,232
Implicit contributions	-
Total Employer Contributions During the Fiscal Year	\$ 47,232



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2018	\$38,682	\$ -	\$38,682	\$ -	\$ -	\$ -	\$ 38,682
2019	48,867	-	48,867	6,495	-	6,495	55,362
2020	47,232	-	47,232	-	-	-	47,232
2021	48,294	501	48,795	-	(22)	(22)	48,773
2022	49,070	1,154	50,224	-	(3)	(3)	50,221
2023	49,559	1,643	51,202	-	66	66	51,268
2024	49,769	2,359	52,128	-	196	196	52,324
2025	49,836	3,228	53,064	-	408	408	53,472
2026	49,886	4,283	54,169	-	724	724	54,893
2027	49,925	6,080	56,005	-	1,287	1,287	57,292
2028	49,951	8,030	57,981	-	2,040	2,040	60,021
2029	49,947	10,188	60,135	-	3,024	3,024	63,159
2030	49,898	12,043	61,941	-	4,465	4,465	66,406
2031	49,766	14,935	64,701	-	6,286	6,286	70,987
2032	49,532	19,469	69,001	-	9,235	9,235	78,236

The amounts shown in the Explicit Subsidy section reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy section reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

Notes:

- The implicit subsidy does not represent cash payments to retirees, but rather a reclassification of a portion of the active healthcare expense to be recognized as a retiree healthcare expense.
- In years where there are no covered retirees (or spouses) who are not yet covered by Medicare-supplement plans, there will not be an implicit subsidy for that year. Small amounts shown above are anticipating the possibility of a new retiree under age 65. If that does not occur, the actual implicit subsidy amount in that fiscal year will be \$0.



Accounting Information
(Concluded)

Sample Journal Entries for FYE 2019

Beginning Account Balances

As of the fiscal year beginning 7/1/2018

	Debit	Credit
Net OPEB Liability		718,117
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	38,682	
Net Position	679,435	

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	48,867	
Premium Expense		48,867
OPEB Expense	-	
Cash		-

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	6,495	
Premium Expense		6,495

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record other account activity during the fiscal year

	Debit	Credit
Net OPEB Liability		367,510
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	16,680	
OPEB Expense	350,830	



D. Funding Information

Our understanding is that the District is *considered to be* financing its OPEB liability on a pay-as-you-go basis. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages:

- The ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes.
- The ability to recognize the trust assets as a direct offset to the Total Liability to be reflected in the District's financial statements.

Should the District wish to explore potential future prefunding for this plan we can prepare illustrations of various funding levels and, if appropriate, perform a formal funding valuation at that time. Results under a funding scenario may be materially different from the results presented in this report.



E. Certification

The purpose of this report is to provide actuarial information in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits provided by the Sierra Lakes County Water District (the District). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75. Plan results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the District may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuary is unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuary is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

Signed: August 30, 2019

Catherine L. MacLeod, FSA, FCA, EA, MAAA

Cody J. Simrell, Actuarial Analyst



F. Supporting Information

Section 1 - Summary of Employee Data

Actives	
Age	YOS
48.6	10.1
32.4	2.1
31.4	0.0

The District reported 3 active employees as of the valuation date. All were enrolled in medical coverage through the District.

Retirees by Age		
Current Age	Number	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	0	0%
60 to 64	0	0%
65 to 69	3	43%
70 to 74	1	14%
75 to 79	1	14%
80 & up	2	29%
Total	7	100%
Average Age:		
On 6/30/2018	75.4	
At retirement	61.9	

There were 7 retirees covered by this plan and receiving benefits as of the June 30, 2018 valuation date. Their ages are summarized in this chart. Of the 7 retirees, 4 were covering a spouse on the medical plan. The average remaining lifetime for the retirees and their covered spouses was 14 years on the valuation date.

This chart shows the change in the number of active and retired plan members between the June 30, 2017 and June 30, 2018 valuation dates.

Change in Number Included in Valuation				
	Active Employees	Retirees Under 65	Retirees Over 65	Total
Number included on June 30, 2017	3	1	5	9
Number included on June 30, 2018	3	0	7	10
Increase (decrease)	0	(1)	2	1
% Increase (decrease)	0%	-100%	40%	11%

Summary of Plan Member Counts	
Number of active plan members	3
Number of inactive plan members currently receiving benefits	7
Number of inactive plan members entitled to but not receiving benefits	0*

GASB 75 requires the employer to report specific plan member counts. This chart shows these counts as of the June 30, 2018 valuation date.

* We are not aware of any retirees who are eligible but not currently enrolled.



Supporting Information

(Continued)

Section 2A - Summary of Retiree Benefit Provisions

OPEB provided: The District reported that the only OPEB provided is retiree medical plan coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement. The employee must begin his or her pension benefit within 120 days of terminating employment with the District¹ to be eligible to continue medical coverage through the District and be entitled to the employer subsidy described below.

Once eligible, a retiree or survivor may enroll within 60 days of retirement *or during any future open enrollment period*. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits provided: The District has been under contract with CalPERS for medical plan coverage since 2006. As a condition of participation in this program, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. A surviving spouse and other eligible dependents may also continue coverage and receive the District contribution.

The District currently maintains two different PEMHCA resolutions which apply to those eligible for coverage based on the employee's hire date:

- *Retirees originally hired before December 11, 2015* are covered by an Equal Contribution resolution. This resolution provides for the District to pay 100% of premiums up to but not exceeding the PERS Choice Basic Plan rate for the Bay Area, depending on level of coverage (i.e., if a retiree only has single party coverage, their cap is the single party PERS Choice rate. If a retiree has two party coverage, their cap would be the two party PERS Choice rate).
- *Retirees originally hired on or after December 11, 2015* are covered by a PEMHCA Vesting resolution. Under this resolution, the District's contribution toward retiree medical benefits is determined as *the lesser of (a) and (b)*:
 - (a) 100% of the medical plan premiums for the retiree and his or her eligible dependents and
 - (b) The maximum monthly benefits (caps) under the vesting formula *multiplied by* the vesting percent. Cap amounts vary by coverage level and are adjusted annually. In 2019, the caps are \$734 (single), \$1,398 (two-party) and \$1,788 (family). The vesting percent is based on years of CalPERS membership, but requires at least 5 years of service with the District.

¹ Employees covered by the PEMHCA Vesting Resolution who work at least 20 years for the District are not subject to the requirement to begin their pension benefit within 120 days of leaving the District employment.



Supporting Information
(Continued)

Section 2A - Summary of Retiree Benefit Provisions

- Retirees hired on or after December 11, 2015 - continued*

Employees covered by the PEMHCA vesting resolution who qualify for and take an approved disability retirement are automatically 100% vested, regardless of their years of service.

Unlike retirees hired prior to December 2015, those covered by the vesting resolution who complete at least 20 years of service with the District are entitled to these subsidized medical benefits even if they terminate employment prior to reaching the earliest retirement age permitted under their retirement program.

The vesting percentages applied to the maximum coverage level cap amounts are as follows:

Years of Qualifying Service	Less than 10	10	11	12	13	14	15	16	17	18	19	20 or more
Vested Percent	0%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%

Current premium rates: The 2019 CalPERS monthly medical plan rates in the Bay Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Bay Area 2019 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
PERS Choice PPO	\$ 866.27	\$ 1,732.54	\$ 2,252.30	\$ 360.41	\$ 720.82	\$ 1,240.58
PERSCare PPO	1,131.68	2,263.36	2,942.37	394.83	789.66	1,468.67
2019 Maximum Monthly District-Paid Subsidy for Retiree Premiums						
Retirees Hired before 12/11/2015	\$ 866.27	\$ 1,732.54	\$ 2,252.30	\$ 866.27	\$ 1,732.54	\$ 2,252.30
Retirees Hired after 12/11/2015	734.00	1,398.00	1,788.00	734.00	1,398.00	1,788.00



Supporting Information
(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. The tax applies to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax has been delayed by subsequent legislation to 2022; while there are discussions in Congress of eliminating or again delaying the tax, this report assumes that it will take effect as current law provides.²

For those current and future retirees assumed to retain coverage in the District's medical program, we determined the excess, if any, of projected annual plan premiums for the retiree and his or her covered dependents over the projected applicable excise tax threshold beginning in 2022. The excise tax burden will ultimately fall on the District alone, a combination of the District and plan participants, or be entirely borne by the affected retirees. The practicalities of how the tax will be recovered by insurers will likely affect the eventual cost-sharing result.

See Section 3 for assumptions about this excise tax in the valuation. Please note that any assumptions applied in this valuation are not intended to imply any legal obligation as to the District's current or future liability to absorb this potential tax. This valuation includes only about \$4,500 in projected liability related to this potential tax, which represents less than ½ of 1% of the Total OPEB Liability.

² In July 2019, the U.S. House of Representatives passed a bill to repeal the excise tax on high cost health coverage. It is anticipated the Senate may draft and approve a similar bill and, if so, that the President would sign this into law.



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Valuation Date	June 30, 2018
Measurement Date	Last day of the prior fiscal year
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets (\$0; no OPEB trust has been established)
Municipal Bond Index	Bond Buyer General Obligation 20-Bond Municipal Bond Index
Discount Rate	3.53% as of June 30, 2017 3.87% as of June 30, 2018 3.51% as of June 30, 2019
Participants Valued	Only current retired participants and covered dependents are valued. This plan is closed to future entrants.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Mortality Improvement	MacLeod Watts Scale 2018 applied generationally from 2015 (see Addendum 3)
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Mortality After Retirement
(before improvement applied)

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00070	0.00040
50	0.00431	0.00390
60	0.00758	0.00524
70	0.01490	0.01044
80	0.04577	0.03459
90	0.14801	0.11315
100	0.35053	0.30412
110	1.00000	1.00000

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.01371	0.01221
60	0.02447	0.01545
70	0.03737	0.02462
80	0.07218	0.05338
90	0.16585	0.14826



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Mortality Before Retirement None assumed

Termination Rates

These rates reflect the assumed probability that an employee will leave the District in the next 12 months for reasons other than a service or disability retirement or death.

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0654	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0634	0.0433	0.0000	0.0000
30	0.1606	0.1055	0.0615	0.0416	0.0262	0.0000
35	0.1537	0.0987	0.0567	0.0399	0.0252	0.0184
40	0.1468	0.0919	0.0519	0.0375	0.0243	0.0176
45	0.1400	0.0849	0.0480	0.0351	0.0216	0.0168

Disability Retirements None assumed.

Service Retirement Rates The following miscellaneous retirement formulas apply:

Classic: 2% @ 60

PEPRA: 2% @ 62

Sample rates of assumed future retirements for each of these retirement benefit formulas are shown in the following tables. Each rate reflects the probability that an employee with that age and service will take a service retirement in the next 12 months.

Miscellaneous Employees: 2% at 60 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0200	0.0200	0.0200	0.0200	0.0200	0.1500
55	0.0190	0.0260	0.0330	0.0920	0.1360	0.1460
60	0.0700	0.0740	0.0890	0.1130	0.1370	0.1610
65	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
70	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend Rate

Medical plan premiums are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown in the chart below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2019	Actual	2022	6.00%
2020	7.00%	2023	5.50%
2021	6.50%	2024 & later	5.00%

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Participation Rate

For active employees hired before 12/11/2015: 100% are assumed to continue their current plan election in retirement.

For active employees hired on or after 12/11/2015: Prior to age 65, participation rates for employees covered by the PEMHCA Vesting Resolution are assumed to vary by the number of completed years of PERS service:

Assumed Participation Rates for Active Employees			
PERS Service	Assumed % Participation	PERS Service	Assumed % Participation
Under 10	0%	13	90%
10	75%	14	95%
11	80%	15 or more	100%
12	85%		

Once reaching age 65, 100% are assumed to elect coverage.

Retired participants: Existing medical plan elections are assumed to continue until the retiree's death.

Spouse Coverage

Active participants: 70% of employees are assumed to be married and to elect coverage for their spouse in retirement. Surviving spouses are assumed to keep coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used.



Supporting Information (Continued)

Section 3 - Actuarial Methods and Assumptions

Dependent Children Coverage

Active employees: 25% of those covered in retirement are assumed to cover dependents other than a spouse under age 26 at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree's age 62.

Retired participants: Coverage for dependent children is assumed to end when the youngest currently covered dependent reaches age 26. On the valuation date, no retirees were covering dependent children on District medical plans.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 2 to this report.

All current and future Medicare-eligible retirees are assumed to be covered by plans that are rated based solely on the experience of Medicare retirees. Therefore, no implicit subsidy is calculated for Medicare-eligible retirees.

Representative claims costs derived from the dataset provided by CalPERS for retirees not currently covered or not expected to be eligible for Medicare are shown below.

Expected Monthly Claims by Medical Plan for Selected Ages						
Region	Medical Plan	Male				
		50	53	56	59	62
Bay Area	PERS Choice	\$ 751	\$ 885	\$ 1,028	\$ 1,179	\$ 1,340
Bay Area	PERSCare	967	1,141	1,325	1,518	1,726
Region	Medical Plan	Female				
		50	53	56	59	62
Bay Area	PERS Choice	\$ 931	\$ 1,022	\$ 1,100	\$ 1,188	\$ 1,310
Bay Area	PERSCare	1,199	1,317	1,417	1,531	1,688

Excise tax on high-cost plans

We assumed the excise tax for high cost plan coverage for retirees will go into effect in the year 2022. Annual thresholds under the Affordable Care Act (ACA) are shown below.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.



Supporting Information (Concluded)

Section 3 - Actuarial Methods and Assumptions

Excise tax on high cost coverage
(continued)

The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold each year. We assumed the District will pay 100% of any excise tax liability for high cost retiree coverage.

Changes recognized during the current measurement period:

Discount rate	Changed from 3.53% as of June 30, 2017 to 3.87% as of June 30, 2018 and 3.51% on June 30, 2019, based on the published changes in the applicable municipal bond index.
Demographic assumptions	Assumed mortality, termination, disability and retirement rates were updated to those provided in the CalPERS 2017 experience study report. Rates of mortality were updated to the rates in the midpoint year of the 2017 experience study (2015), then projected on a generational basis by MacLeod Watts Scale 2018.
Salary increase	Changed from 2.75% to 3.25% per year. <i>Since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.</i>
Healthcare trend	Medical plan premium rates are assumed to increase at a dynamic rate, starting at 7.0% grading down to 5.0% rather than staying static at 4.0% per year.
Participation rate	We changed the participation rate for future retirees covered by the PEMHCA vesting resolution (those originally hired after February 1, 2006) from 100% to a graded scale varying by years of PERS service (see "Participation Rate" assumptions page 20).
Spouse coverage	We assumed future retirees would continue their current spouse coverage elections in retirement, rather than assuming 70% of future retirees would cover a spouse in retirement.
Dependent child coverage	We included a potential liability for current and future retirees covering their dependent children under age 26 based on a review of plan enrollment information and our experience with similar plans and benefit levels.
Age-Related Medical Premiums	We introduced a methodology for developing age-related medical premiums based on recent research and data sponsored by the Society of Actuaries. We added an implicit subsidy analysis for pre-Medicare retirees covered by the CalPERS medical program.



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. Upcoming excise taxes under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidies.

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		Covered by higher active premiums
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Under GASB 45, for actuarial valuations dated prior to March 31, 2015, an exception allowed plan employers with a very small membership in a large “community-rated” healthcare program to avoid reporting of implicit subsidy liability. Following a change in Actuarial Standards of Practice and in accordance with GASB 75 requirements, this exception is no longer available. This change can significantly impact reportable OPEB liabilities.

Valuation Process

The valuation was based on employee census data and benefits provided by the District. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends



Important Background Information
(Continued)

in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for 40 years or more.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future medical premium rates or in the subsidy provided by the District toward retiree medical premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents;
- Establishment of and recurring the District contributions to an irrevocable OPEB trust; and
- Changes in the discount rate used to value the OPEB liability



Important Background Information (Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected
and actual trust earnings:

5 year straight-line recognition

All other amounts:

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information (Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy liability is created when expected retiree claims exceed the premiums charged for retiree coverage. In practical terms, when premiums for active employees each year exceed active employee claims, their premiums include an amount expected to be transferred to cover a portion of the retirees' claims not covered by the premiums charged for retiree coverage. This transfer represents the current year's implicit subsidy. GASB 75 allows for recognition of payments to an irrevocable trust *or directly to the insurer* as an employer's contribution. Therefore, each year's implicit subsidy is a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

In this example, while total contributions paid toward active and retired employee healthcare premiums is the same, by shifting the recognition of the current year's implicit subsidy from actives to retirees, this amount is recognized as an OPEB contribution and at the same time reduces premium expense for active employees.

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.



Important Background Information

(Continued)

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2018** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2017.

MacLeod Watts Scale 2018 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2017 which has two segments: (1) historical improvement rates for the period 1951-2013 and (2) an estimate of future mortality improvement for years 2014-2016 using the Scale MP-2017 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2016 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2017-2026. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2026-2040. The SSA's Intermediate Scale has a final step down in 2041 which is reflected in the MacLeod Watts scale for years 2041 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARS�) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). The tax is first effective in 2022.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.



Glossary

(Concluded)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility



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: Facility Fee Revenue Reserves
DATE: September 6, 2019

During the annual audit, Mr. Johnson asked about the District's policy for the Facility Fees Revenue Reserves. The balance of the reserve account has been increasing over the years as Water/Sewer Connection Permits were issued. The fees were established to cover the cost of installing a street connection when a property owner decides to develop a vacant lot. However, because the street connections already exist, it was discussed that the funds were actually a reimbursement of past expenditures made from the District's general fund.

Mr. Johnson's recommendation was as follows:

That the Board review the restriction for spending Facility Fee revenue. At June 30, 2018, the District had capital improvement restricted reserves of \$163,674 (sewer) and \$37,244 (water).

Follow up – it was determined that the District had no accumulated improvement reserves at June 30, 2019 because such accumulated funds should have been applied to reimburse the District's operating fund for capital expenditures made.

At June 30, 2019, there is still approximately \$2,000,000 due to the operating fund which is to be paid from the future collection of facility fees.

Staff agrees that the connection permit fees should not be placed in a reserve account, the fees should be considered a reimbursement to the general fund for past expenditures.

Staff asks that the Board take Mr. Johnson's recommendation under consideration and approve a change in policy.



Robert W. Johnson
an accountancy corporation

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www.bob-johnson-cpa.com

September 4, 2019

Board of Directors
Sierra Lakes County Water District
P.O. Box 1039
Soda Springs, CA 95728

Dear Board of Directors:

We are pleased to confirm our acceptance and understanding of the services we are to provide for Sierra Lakes County Water District for the year ended June 30, 2019.

Our Responsibilities

We will compile, from information you provide, the Financial Transactions Report which comprise the Balance Sheet and the related Statement of Revenues, Expenditures, and Changes in Fund Balances in the prescribed form of the California State Controller for the year ended June 30, 2019.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the Financial Transactions Report.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

Your Responsibilities

You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the Financial Transactions Report.
2. The preparation and fair presentation of Financial Transactions Report in accordance with requirements of the California State Controller.

61a-1

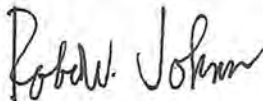
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Transactions Report that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the District complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with—
 - o Access to all information of which you are aware is relevant to the preparation and fair presentation of the Financial Transactions Report, such as records, documentation, and other matters.
 - o Additional information that we may request from you for the purpose of the compilation engagement
 - o Unrestricted access to persons within the District of whom we determine it necessary to make inquiries.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Financial Transactions Report and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it. There may be circumstances in which the report differs from the expected form and content. If, for any reason, we are unable to complete the compilation of your Financial Transactions Report, we will not issue a report on such statements as a result of this engagement.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our compilation engagement.

Sincerely,



Robert W. Johnson, Managing Partner
Robert W. Johnson, An Accountancy Corporation

Acknowledged:

Sierra Lakes County Water District

Date

SIERRA LAKES COUNTY WATER DISTRICT

Follow-up from August 9, 2019, Board Meeting

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

Future discussion topics or agenda items:

Sierra Lakes County Water District
Action Items
As of September 13, 2019

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