



**Hidden Valley Lake Community Services
District
Finance Committee
AGENDA
Tuesday October 12, 2021**

This Meeting Will Be Conducted With In Person Attendance Permitted With Limited Capacity In Accordance With County And State Covid Guidelines, Including Mask Requirements For All Those Attending In Person. Participation Will Also Be Available Via Video Conference.

Public participation is welcome and encouraged. You may also join this meeting via TEAMS. To join this meeting go to the www.hvllcsd.org select the October 12, 2021, Finance Committee Meeting, select Join Microsoft Teams Meeting and Select Join on the web instead. Comments will be addressed by the Committee Chair as related to the agenda item or during Public Comment.

DATE: Tuesday October 12, 2021

TIME: 12:30 PM

PLACE: Hidden Valley Lake CSD
Administration Office
19400 Hartmann Road
Hidden Valley Lake, CA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. APPROVAL OF AGENDA
5. REVIEW AND DISCUSS: Monthly Financial Reports & Disbursements
6. REVIEW AND DISCUSS: OPEB – Retirement Liability
7. REVIEW AND DISCUSS: Projects Update
8. PUBLIC COMMENT
9. COMMITTEE MEMBER COMMENT
10. ADJOURN

Public records are available upon request. Board Packets are posted on our website at www.hvllcsd.org/Meetings.

In compliance to the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting, please contact the District Office at (707)987-9201 at least 48 hours prior to the scheduled meeting. Members of the public shall be given the opportunity to comment on each agenda item before the Governing Board acts on that item, G.C. 54953.3. All other comments will be taken under Public Comment.

HIDDEN VALLEY LAKE CSD
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: SEPTEMBER 30TH, 2021

120-SEWER ENTERPRISE FUND
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>1,871,167.00</u>	<u>287,731.37</u>	<u>661,968.59</u>	<u>1,209,198.41</u>	<u>35.38</u>
TOTAL REVENUES	<u>1,871,167.00</u>	<u>287,731.37</u>	<u>661,968.59</u>	<u>1,209,198.41</u>	<u>35.38</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	960,501.00	66,265.19	273,330.35	687,170.65	28.46
ADMINISTRATION	445,691.00	34,912.90	130,495.24	315,195.76	29.28
FIELD	432,267.00	37,412.61	121,663.62	310,603.38	28.15
DIRECTORS	32,708.00	4,018.99	6,300.30	26,407.70	19.26
SPECIAL PROJECTS	0.00	0.00	0.00	0.00	0.00
CAPITAL PROJECTS & EQUIP	<u>0.00</u>	<u>0.00</u>	<u>13,195.79</u>	<u>(13,195.79)</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>1,871,167.00</u>	<u>142,609.69</u>	<u>544,985.30</u>	<u>1,326,181.70</u>	<u>29.13</u>
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	145,121.68	116,983.29	(116,983.29)	0.00

120-SEWER ENTERPRISE FUND
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-4020 INSPECTION FEES	500.00	0.00	300.00	200.00	60.00
120-4036 DEVELOPER FEES SEWER	0.00	0.00	0.00	0.00	0.00
120-4040 LIEN RECORDING FEES	0.00	0.00	0.00	0.00	0.00
120-4045 AVAILABILITY FEES	5,500.00	612.30	612.30	4,887.70	11.13
120-4050 SALES OF RECLAIMED WATER	138,000.00	19,464.96	79,727.39	58,272.61	57.77
120-4111 COMM SEWER USE	61,985.00	3,821.47	12,457.24	49,527.76	20.10
120-4112 GOV'T SEWER USE	1,200.00	498.50	498.50	701.50	41.54
120-4116 SEWER USE CHARGES	1,634,882.00	137,970.57	413,671.96	1,221,210.04	25.30
120-4210 LATE FEE	22,000.00	2,810.05	7,581.70	14,418.30	34.46
120-4300 MISC INCOME	2,500.00	3.20	645.01	1,854.99	25.80
120-4310 OTHER INCOME	2,600.00	0.00	0.00	2,600.00	0.00
120-4320 FEMA/CalOES GRANTS	0.00	122,549.23	122,549.23 (	122,549.23)	0.00
120-4325 GRANTS	0.00	0.00	23,865.00 (	23,865.00)	0.00
120-4505 LEASE INCOME	0.00	0.00	0.00	0.00	0.00
120-4550 INTEREST INCOME	2,000.00	1.09	60.26	1,939.74	3.01
120-4580 TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
120-4591 INCOME APPLICABLE TO PRIOR YRS	0.00	0.00	0.00	0.00	0.00
120-4955 Gain/Loss	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUES	1,871,167.00	287,731.37	661,968.59	1,209,198.41	35.38

120-SEWER ENTERPRISE FUND
NON-DEPARTMENTAL
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-00-5010 SALARY & WAGES	0.00	0.00	0.00	0.00	0.00
120-5-00-5020 EMPLOYEE BENEFITS	0.00	(1,886.65)	0.00	0.00	0.00
120-5-00-5021 RETIREMENT BENEFITS	0.00	0.00	0.00	0.00	0.00
120-5-00-5024 WORKERS' COMP INSURANCE	10,100.00	0.00	10,049.34	50.66	99.50
120-5-00-5025 RETIREE HEALTH BENEFITS	8,189.00	1,949.79	1,949.79	6,239.21	23.81
120-5-00-5026 COBRA Health & Dental	0.00	0.00	0.00	0.00	0.00
120-5-00-5040 ELECTION EXPENSE	0.00	0.00	0.00	0.00	0.00
120-5-00-5050 DEPRECIATION	0.00	0.00	0.00	0.00	0.00
120-5-00-5060 GASOLINE, OIL & FUEL	20,000.00	2,342.46	5,106.40	14,893.60	25.53
120-5-00-5061 VEHICLE MAINT	18,000.00	1,143.74	3,300.76	14,699.24	18.34
120-5-00-5062 TAXES & LIC	800.00	0.00	0.00	800.00	0.00
120-5-00-5074 INSURANCE	71,000.00	0.00	72,287.79	(1,287.79)	101.81
120-5-00-5075 BANK FEES	21,000.00	2,514.22	6,994.61	14,005.39	33.31
120-5-00-5080 MEMBERSHIP & SUBSCRIPTIONS	11,000.00	100.00	384.50	10,615.50	3.50
120-5-00-5092 POSTAGE & SHIPPING	7,000.00	690.27	906.44	6,093.56	12.95
120-5-00-5110 CONTRACTUAL SERVICES	0.00	0.00	0.00	0.00	0.00
120-5-00-5121 LEGAL SERVICES	12,000.00	0.00	955.00	11,045.00	7.96
120-5-00-5122 ENGINEERING SERVICES	50,000.00	2,543.75	6,329.38	43,670.62	12.66
120-5-00-5123 OTHER PROFESSIONAL SERVICE	20,000.00	420.00	3,220.00	16,780.00	16.10
120-5-00-5126 AUDIT SERVICES	7,500.00	0.00	0.00	7,500.00	0.00
120-5-00-5130 PRINTING & PUBLICATION	5,000.00	404.97	457.68	4,542.32	9.15
120-5-00-5135 NEWSLETTER	500.00	0.00	0.00	500.00	0.00
120-5-00-5140 RENTS & LEASES	0.00	0.00	0.00	0.00	0.00
120-5-00-5145 EQUIPMENT RENTAL	5,000.00	321.80	783.15	4,216.85	15.66
120-5-00-5148 OPERATING SUPPLIES	48,000.00	17,618.44	22,621.68	25,378.32	47.13
120-5-00-5150 REPAIR & REPLACE	149,900.00	9,158.87	20,047.62	129,852.38	13.37
120-5-00-5155 MAINT BLDG & GROUNDS	8,000.00	324.99	5,233.05	2,766.95	65.41
120-5-00-5156 CUSTODIAL SERVICES	16,500.00	1,262.50	2,407.00	14,093.00	14.59
120-5-00-5157 SECURITY	600.00	0.00	0.00	600.00	0.00
120-5-00-5160 SLUDGE DISPOSAL	45,000.00	0.00	16,087.50	28,912.50	35.75
120-5-00-5165 TERTIARY POND MAINTENANCE	50,000.00	0.00	0.00	50,000.00	0.00
120-5-00-5180 UNCOLLECTABLE ACCOUNTS	0.00	0.00	0.00	0.00	0.00
120-5-00-5191 TELEPHONE	12,000.00	954.84	2,828.78	9,171.22	23.57
120-5-00-5192 ELECTRICITY	95,000.00	19,842.30	40,564.24	54,435.76	42.70
120-5-00-5193 OTHER UTILITIES	2,500.00	266.86	533.72	1,966.28	21.35
120-5-00-5194 IT SERVICES	38,000.00	1,593.00	16,531.64	21,468.36	43.50
120-5-00-5195 ENV/MONITORING	35,000.00	2,301.00	5,586.00	29,414.00	15.96
120-5-00-5196 RISK MANAGEMENT	0.00	0.00	0.00	0.00	0.00
120-5-00-5198 ANNUAL OPERATING FEES	5,000.00	0.00	0.00	5,000.00	0.00
120-5-00-5310 EQUIPMENT - FIELD	1,200.00	0.00	0.00	1,200.00	0.00
120-5-00-5311 EQUIPMENT - OFFICE	3,000.00	0.00	0.00	3,000.00	0.00
120-5-00-5312 TOOLS - FIELD	1,500.00	303.68	579.15	920.85	38.61
120-5-00-5315 SAFETY EQUIPMENT	3,500.00	2,024.36	2,515.13	984.87	71.86
120-5-00-5510 SEWER OUTREACH	0.00	0.00	0.00	0.00	0.00
120-5-00-5545 RECORDING FEES	250.00	70.00	70.00	180.00	28.00
120-5-00-5580 TRANSFERS OUT	178,462.00	0.00	25,000.00	153,462.00	14.01
120-5-00-5590 NON-OPERATING OTHER	0.00	0.00	0.00	0.00	0.00
120-5-00-5591 EXPENSES APPLICABLE TO PRI	0.00	0.00	0.00	0.00	0.00
120-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021120-SEWER ENTERPRISE FUND
NON-DEPARTMENTAL
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-00-5700 OVER / SHORT	0.00	0.00	0.00	0.00	0.00
TOTAL NON-DEPARTMENTAL	960,501.00	66,265.19	273,330.35	687,170.65	28.46

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021120-SEWER ENTERPRISE FUND
ADMINISTRATION
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-10-5010 SALARIES & WAGES	292,584.00	20,603.16	76,066.88	216,517.12	26.00
120-5-10-5020 EMPLOYEE BENEFITS	84,855.00	11,465.81	17,850.91	67,004.09	21.04
120-5-10-5021 RETIREMENT BENEFITS	56,902.00	1,920.86	35,432.46	21,469.54	62.27
120-5-10-5063 CERTIFICATIONS	500.00	0.00	0.00	500.00	0.00
120-5-10-5090 OFFICE SUPPLIES	4,000.00	174.02	332.56	3,667.44	8.31
120-5-10-5170 TRAVEL MILEAGE	2,500.00	745.85	809.23	1,690.77	32.37
120-5-10-5175 EDUCATION / SEMINARS	4,000.00	0.00	0.00	4,000.00	0.00
120-5-10-5179 ADM MISC EXPENSES	350.00	3.20	3.20	346.80	0.91
TOTAL ADMINISTRATION	445,691.00	34,912.90	130,495.24	315,195.76	29.28

120-SEWER ENTERPRISE FUND
FIELD
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-30-5010 SALARIES & WAGES	244,081.00	17,254.29	62,268.63	181,812.37	25.51
120-5-30-5020 EMPLOYEE BENEFITS	128,742.00	16,171.72	23,003.53	105,738.47	17.87
120-5-30-5021 RETIREMENT BENEFITS	50,444.00	1,488.50	33,624.83	16,819.17	66.66
120-5-30-5022 CLOTHING ALLOWANCE	2,000.00	1,839.54	1,839.54	160.46	91.98
120-5-30-5063 CERTIFICATIONS	1,500.00	0.00	268.53	1,231.47	17.90
120-5-30-5090 OFFICE SUPPLIES	1,000.00	0.00	0.00	1,000.00	0.00
120-5-30-5170 TRAVEL MILEAGE	500.00	658.56	658.56 (	158.56)	131.71
120-5-30-5175 EDUCATION / SEMINARS	4,000.00	0.00	0.00	4,000.00	0.00
TOTAL FIELD	432,267.00	37,412.61	121,663.62	310,603.38	28.15

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021120-SEWER ENTERPRISE FUND
DIRECTORS
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-40-5010 DIRECTORS COMPENSATION	3,000.00	269.15	807.45	2,192.55	26.92
120-5-40-5020 DIRECTOR BENEFITS	230.00	8.00	24.00	206.00	10.43
120-5-40-5030 DIRECTOR HEALTH BENEFITS	24,178.00	3,741.84	5,468.85	18,709.15	22.62
120-5-40-5170 TRAVEL MILEAGE	200.00	0.00	0.00	200.00	0.00
120-5-40-5175 EDUCATION / SEMINARS	1,500.00	0.00	0.00	1,500.00	0.00
120-5-40-5176 DIRECTOR TRAINING	3,600.00	0.00	0.00	3,600.00	0.00
TOTAL DIRECTORS	32,708.00	4,018.99	6,300.30	26,407.70	19.26

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021120-SEWER ENTERPRISE FUND
SPECIAL PROJECTS
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-60-6009 ACCESS RD	0.00	0.00	0.00	0.00	0.00
120-5-60-6010 LNU COMPLEX - A	0.00	0.00	0.00	0.00	0.00
120-5-60-6011 LNU COMPLEX - B	0.00	0.00	0.00	0.00	0.00
TOTAL SPECIAL PROJECTS	0.00	0.00	0.00	0.00	0.00

HIDDEN VALLEY LAKE CSD
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: SEPTEMBER 30TH, 2021

120-SEWER ENTERPRISE FUND
 CAPITAL PROJECTS & EQUIP
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-70-7201 I & I	0.00	0.00	13,195.79 (	13,195.79)	0.00
120-5-70-7203 HEADWORKS RAKE	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL PROJECTS & EQUIP	0.00	0.00	13,195.79 (	13,195.79)	0.00
TOTAL EXPENDITURES	1,871,167.00	142,609.69	544,985.30	1,326,181.70	29.13
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	145,121.68	116,983.29 (	116,983.29)	0.00

*** END OF REPORT ***

HIDDEN VALLEY LAKE CSD
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: SEPTEMBER 30TH, 2021

130-WATER ENTERPRISE FUND
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>2,721,075.00</u>	<u>389,084.81</u>	<u>1,062,933.84</u>	<u>1,658,141.16</u>	<u>39.06</u>
TOTAL REVENUES	<u>2,721,075.00</u>	<u>389,084.81</u>	<u>1,062,933.84</u>	<u>1,658,141.16</u>	<u>39.06</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	1,809,209.00	33,494.10	190,131.42	1,619,077.58	10.51
ADMINISTRATION	444,891.00	34,942.78	130,525.23	314,365.77	29.34
FIELD	432,867.00	36,478.08	118,265.36	314,601.64	27.32
DIRECTORS	34,108.00	4,018.94	6,300.15	27,807.85	18.47
SPECIAL PROJECTS	0.00	0.00	0.00	0.00	0.00
CAPITAL PROJECTS & EQUIP	<u>0.00</u>	<u>6,072.00</u>	<u>133,700.52</u>	<u>(133,700.52)</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>2,721,075.00</u>	<u>115,005.90</u>	<u>578,922.68</u>	<u>2,142,152.32</u>	<u>21.28</u>
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	274,078.91	484,011.16	(484,011.16)	0.00

130-WATER ENTERPRISE FUND
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-4035 RECONNECT FEE	5,000.00	0.00	0.00	5,000.00	0.00
130-4036 DEVELOPER FEES WATER	0.00	0.00	0.00	0.00	0.00
130-4038 COMM WATER METER INSTALL	0.00	0.00	0.00	0.00	0.00
130-4039 WATER CONNECTION FEE	57,576.00	0.00	2,754.00	54,822.00	4.78
130-4040 LIEN RECORDING FEES	1,200.00	4,369.69	4,604.15 (	3,404.15)	383.68
130-4045 AVAILABILITY FEES	22,000.00	2,449.20	2,449.20	19,550.80	11.13
130-4110 COMM WATER USE	126,948.00	7,274.33	21,280.11	105,667.89	16.76
130-4112 GOV'T WATER USE	6,200.00	573.29	1,591.44	4,608.56	25.67
130-4115 WATER USE	2,462,899.00	246,886.08	760,382.04	1,702,516.96	30.87
130-4210 LATE FEE	32,000.00	4,913.92	13,800.28	18,199.72	43.13
130-4215 RETURNED CHECK FEE	200.00	50.00	100.00	100.00	50.00
130-4300 MISC INCOME	1,500.00	9.60	709.23	790.77	47.28
130-4310 OTHER INCOME	1,500.00	0.00	0.00	1,500.00	0.00
130-4320 FEMA/CalOES GRANTS	0.00	122,549.22	122,549.22 (	122,549.22)	0.00
130-4325 GRANTS	0.00	0.00	0.00	0.00	0.00
130-4330 HYDRANT METER USE DEPOSIT	0.00	0.00	6,480.00 (	6,480.00)	0.00
130-4505 LEASE INCOME	0.00	0.00	0.00	0.00	0.00
130-4550 INTEREST INCOME	4,052.00	9.48	97.65	3,954.35	2.41
130-4580 TRANSFER IN	0.00	0.00	126,136.52 (	126,136.52)	0.00
130-4591 INCOME APPLICABLE TO PRIOR YRS	0.00	0.00	0.00	0.00	0.00
130-4955 Gain/Loss	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUES	2,721,075.00	389,084.81	1,062,933.84	1,658,141.16	39.06

130-WATER ENTERPRISE FUND
NON-DEPARTMENTAL
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-00-5010 SALARY & WAGES	0.00	0.00	0.00	0.00	0.00
130-5-00-5020 EMPLOYEE BENEFITS	0.00	(1,886.64)	0.00	0.00	0.00
130-5-00-5021 RETIREMENT BENEFITS	0.00	0.00	0.00	0.00	0.00
130-5-00-5024 WORKERS' COMP INSURANCE	10,100.00	0.00	10,049.34	50.66	99.50
130-5-00-5025 RETIREE HEALTH BENEFITS	8,189.00	1,949.79	1,949.79	6,239.21	23.81
130-5-00-5026 COBRA Health & Dental	0.00	0.00	0.00	0.00	0.00
130-5-00-5040 ELECTION EXPENSE	0.00	0.00	0.00	0.00	0.00
130-5-00-5050 DEPRECIATION	0.00	0.00	0.00	0.00	0.00
130-5-00-5060 GASOLINE, OIL & FUEL	20,000.00	2,342.45	5,106.37	14,893.63	25.53
130-5-00-5061 VEHICLE MAINT	12,500.00	1,143.73	2,315.74	10,184.26	18.53
130-5-00-5062 TAXES & LIC	1,200.00	0.00	0.00	1,200.00	0.00
130-5-00-5074 INSURANCE	71,000.00	0.00	72,287.79	(1,287.79)	101.81
130-5-00-5075 BANK FEES	21,000.00	2,514.22	6,994.00	14,006.00	33.30
130-5-00-5080 MEMBERSHIP & SUBSCRIPTIONS	28,000.00	100.00	1,562.50	26,437.50	5.58
130-5-00-5092 POSTAGE & SHIPPING	7,000.00	690.25	906.40	6,093.60	12.95
130-5-00-5110 CONTRACTUAL SERVICES	0.00	0.00	0.00	0.00	0.00
130-5-00-5121 LEGAL SERVICES	65,000.00	0.00	3,925.00	61,075.00	6.04
130-5-00-5122 ENGINEERING SERVICES	65,000.00	1,473.75	5,259.37	59,740.63	8.09
130-5-00-5123 OTHER PROFESSIONAL SERVICE	45,000.00	420.00	3,220.00	41,780.00	7.16
130-5-00-5124 WATER RIGHTS	0.00	0.00	0.00	0.00	0.00
130-5-00-5126 AUDIT SERVICES	7,500.00	0.00	0.00	7,500.00	0.00
130-5-00-5130 PRINTING & PUBLICATION	7,500.00	404.97	457.67	7,042.33	6.10
130-5-00-5135 NEWSLETTER	500.00	0.00	0.00	500.00	0.00
130-5-00-5140 RENT & LEASES	0.00	0.00	0.00	0.00	0.00
130-5-00-5145 EQUIPMENT RENTAL	10,000.00	319.79	781.14	9,218.86	7.81
130-5-00-5148 OPERATING SUPPLIES	5,000.00	501.25	730.35	4,269.65	14.61
130-5-00-5150 REPAIR & REPLACE	168,900.00	11,572.47	25,645.62	143,254.38	15.18
130-5-00-5155 MAINT BLDG & GROUNDS	12,000.00	324.99	5,233.04	6,766.96	43.61
130-5-00-5156 CUSTODIAL SERVICES	5,000.00	312.50	625.00	4,375.00	12.50
130-5-00-5157 SECURITY	5,000.00	0.00	0.00	5,000.00	0.00
130-5-00-5180 UNCOLLECTABLE ACCOUNTS	0.00	0.00	0.00	0.00	0.00
130-5-00-5191 TELEPHONE	11,000.00	954.82	2,828.72	8,171.28	25.72
130-5-00-5192 ELECTRICITY	178,000.00	5,072.00	8,282.76	169,717.24	4.65
130-5-00-5193 OTHER UTILITIES	2,500.00	266.85	533.70	1,966.30	21.35
130-5-00-5194 IT SERVICES	40,000.00	1,593.00	22,531.64	17,468.36	56.33
130-5-00-5195 ENV/MONITORING	17,000.00	630.00	5,009.00	11,991.00	29.46
130-5-00-5196 RISK MANAGEMENT	0.00	0.00	0.00	0.00	0.00
130-5-00-5198 ANNUAL OPERATING FEES	33,000.00	0.00	0.00	33,000.00	0.00
130-5-00-5310 EQUIPMENT - FIELD	1,000.00	0.00	0.00	1,000.00	0.00
130-5-00-5311 EQUIPMENT - OFFICE	1,000.00	0.00	0.00	1,000.00	0.00
130-5-00-5312 TOOLS - FIELD	1,500.00	303.66	579.13	920.87	38.61
130-5-00-5315 SAFETY EQUIPMENT	3,000.00	2,024.32	2,515.09	484.91	83.84
130-5-00-5505 WATER CONSERVATION	5,000.00	395.93	732.26	4,267.74	14.65
130-5-00-5520 HYDRANT DEPOSIT REFUND	0.00	0.00	0.00	0.00	0.00
130-5-00-5545 RECORDING FEES	250.00	70.00	70.00	180.00	28.00
130-5-00-5580 TRANSFERS OUT	940,570.00	0.00	0.00	940,570.00	0.00
130-5-00-5590 NON-OPERATING OTHER	0.00	0.00	0.00	0.00	0.00
130-5-00-5591 EXPENSES APPLICABLE TO PRI	0.00	0.00	0.00	0.00	0.00
130-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021

130-WATER ENTERPRISE FUND
NON-DEPARTMENTAL
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
TOTAL NON-DEPARTMENTAL	1,809,209.00	33,494.10	190,131.42	1,619,077.58	10.51

130-WATER ENTERPRISE FUND
ADMINISTRATION
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-10-5010 SALARIES & WAGES	292,584.00	20,603.21	76,067.12	216,516.88	26.00
130-5-10-5020 EMPLOYEE BENEFITS	84,855.00	11,465.79	17,850.84	67,004.16	21.04
130-5-10-5021 RETIREMENT BENEFITS	56,902.00	1,920.79	35,432.38	21,469.62	62.27
130-5-10-5063 CERTIFICATIONS	200.00	0.00	0.00	200.00	0.00
130-5-10-5090 OFFICE SUPPLIES	4,000.00	203.99	362.51	3,637.49	9.06
130-5-10-5170 TRAVEL MILEAGE	2,000.00	745.80	809.18	1,190.82	40.46
130-5-10-5175 EDUCATION / SEMINARS	4,000.00	0.00	0.00	4,000.00	0.00
130-5-10-5179 ADM MISC EXPENSES	350.00	3.20	3.20	346.80	0.91
130-5-10-5505 WATER CONSERVATION	0.00	0.00	0.00	0.00	0.00
TOTAL ADMINISTRATION	444,891.00	34,942.78	130,525.23	314,365.77	29.34

130-WATER ENTERPRISE FUND
FIELD
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-30-5010 SALARIES & WAGES	244,081.00	16,441.59	59,455.40	184,625.60	24.36
130-5-30-5020 EMPLOYEE BENEFITS	128,742.00	16,171.66	23,003.40	105,738.60	17.87
130-5-30-5021 RETIREMENT BENEFITS	50,444.00	1,366.76	33,308.49	17,135.51	66.03
130-5-30-5022 CLOTHING ALLOWANCE	2,000.00	1,839.54	1,839.54	160.46	91.98
130-5-30-5063 CERTIFICATIONS	600.00	0.00	0.00	600.00	0.00
130-5-30-5090 OFFICE SUPPLIES	1,000.00	0.00	0.00	1,000.00	0.00
130-5-30-5170 TRAVEL MILEAGE	2,000.00	658.53	658.53	1,341.47	32.93
130-5-30-5175 EDUCATION / SEMINARS	4,000.00	0.00	0.00	4,000.00	0.00
TOTAL FIELD	432,867.00	36,478.08	118,265.36	314,601.64	27.32

130-WATER ENTERPRISE FUND
DIRECTORS
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-40-5010 DIRECTORS COMPENSATION	3,000.00	269.10	807.30	2,192.70	26.91
130-5-40-5020 DIRECTOR BENEFITS	230.00	8.00	24.00	206.00	10.43
130-5-40-5030 DIRECTOR HEALTH BENEFITS	24,178.00	3,741.84	5,468.85	18,709.15	22.62
130-5-40-5080 MEMBERSHIP & SUBSCRIPTION	0.00	0.00	0.00	0.00	0.00
130-5-40-5170 TRAVEL MILEAGE	200.00	0.00	0.00	200.00	0.00
130-5-40-5175 EDUCATION / SEMINARS	1,500.00	0.00	0.00	1,500.00	0.00
130-5-40-5176 DIRECTOR TRAINING	5,000.00	0.00	0.00	5,000.00	0.00
TOTAL DIRECTORS	34,108.00	4,018.94	6,300.15	27,807.85	18.47

HIDDEN VALLEY LAKE CSD
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: SEPTEMBER 30TH, 2021

130-WATER ENTERPRISE FUND
SPECIAL PROJECTS
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-60-6010 LNU COMPLEX - A	0.00	0.00	0.00	0.00	0.00
130-5-60-6011 LNU COMPLEX - B	0.00	0.00	0.00	0.00	0.00
TOTAL SPECIAL PROJECTS	0.00	0.00	0.00	0.00	0.00

HIDDEN VALLEY LAKE CSD
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: SEPTEMBER 30TH, 2021

130-WATER ENTERPRISE FUND
 CAPITAL PROJECTS & EQUIP
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-70-7202 GENERATORS	0.00	6,072.00	6,694.00 (	6,694.00)	0.00
130-5-70-7204 TANK 9	0.00	0.00	870.00 (	870.00)	0.00
130-5-70-7205 MMN WTR MAIN	0.00	0.00	0.00	0.00	0.00
130-5-70-7206 AMI	0.00	0.00	126,136.52 (	126,136.52)	0.00
TOTAL CAPITAL PROJECTS & EQUIP	0.00	6,072.00	133,700.52 (	133,700.52)	0.00
TOTAL EXPENDITURES	2,721,075.00	115,005.90	578,922.68	2,142,152.32	21.28
REVENUES OVER/(UNDER) EXPENDITURES	0.00	274,078.91	484,011.16 (	484,011.16)	0.00

*** END OF REPORT ***



Hidden Valley Lake Community Services District
Financial Activity, Cash and Investment Summary
As of September 30, 2021
(Rounded and Unaudited)

	Operating Checking	Money Market	LAIF	Bond Trustee	Total All Cash/Investment Accounts
	West America Bank	West America Bank	State Treasurer	US Bank	
	1010	1130	1133	1200	
Financial Activity of Cash/Investment Accounts in General Ledger [1]					
Beginning Balances	\$ 688,717	\$ 917,915	\$ 627,857	\$ 175,010	\$ 2,409,498
Cash Receipts					
Utility Billing Deposits	\$ 669,349	\$ 12,191	\$ -	\$ -	
Electronic Fund Deposits	\$ -	\$ -	\$ -	\$ -	
Other Deposits		\$ 54	\$ -	\$ 1	
Total Cash Receipts	\$ 669,349	\$ 12,245	\$ -	\$ 175,011	
Cash Disbursements					
Accounts Payable Checks issued	\$ 146,905	\$ -	\$ -	\$ -	
Electronic Fund/Bank Draft Disbursements	\$ 51,009	\$ -	\$ -	\$ -	
Payroll Checks issued - net	\$ 56,936	\$ -	\$ -	\$ -	
Bank Fees	\$ 5,028	\$ -	\$ -	\$ -	
Other Disbursements	\$ -	\$ -	\$ -	\$ -	
Total Disbursements	\$ 259,879	\$ -	\$ -	\$ -	
Transfers Between Accounts					
Transfers In	\$ -	\$ -	\$ -	\$ -	
Transfers Out	\$ -	\$ -	\$ -	\$ -	
Total Transfers Between Accounts	\$ -	\$ -	\$ -	\$ -	
Ending Balances in General Ledger	\$ 1,098,187	\$ 930,160	\$ 627,857	\$ 175,011	\$ 2,831,215
Reconciling Adjustments to Financial Institutions [2]	\$ -	\$ -	\$ -	\$ -	
Financial Institution Ending Balances	\$ 1,120,340	\$ 930,160	\$ 627,857	\$ 175,011	\$ 2,853,368

Ending Balances General Ledger Distribution by District Funds

100 Operating	-	-	-	-	-
120 Wastewater Operating	205,792	613	72,524	-	278,929
130 Water Operating	837,275	2,459	108,081	-	947,814
140 Flood Enterprise	(159)	-	-	-	(159)
215 2016 Sewer Refinancing Bond	-	129,885	94,848	175,011	399,744
218 2002 CIEDB Loan	48,822	68,374	12,408	-	129,604
219 2012 USDA Solar COP	-	8,370	883	-	9,253
313 Wastewater Operating Reserve	28,611	11,300	59,077	-	98,987
314 Wastewater CIP	-	262,269	95,521	-	357,790
319 2012 USDA Solar COP Reserve	-	31,332	-	-	31,332
320 Water CIP	-	185,158	-	-	185,158
325 Water Operating Reserve	-	230,400	-	-	230,400
350 2002 CIEDB Loan Reserve	-	-	184,515	-	184,515
Total Ending Balances in General Ledger	1,120,340	930,160	627,857	175,011	2,853,368

[1] From General Ledger activity by Financial Institution accounts with District Fund accounts consolidated. Checking and Money Market accounts are with West America Bank, Local Agency Investment Account (LAIF) is held by the State Treasurer on behalf of the District and US Bank is the Bond Trustee for the the 2016 Refunding >>>>>>>. All cash accounts have been reconciled to the ending Financial Institution statements.

[2] See Reconciliation Detail Summary for details

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2021 - 2022 CAPITAL IMPROVEMENT PLAN
SEPTEMBER 2021**

FUND	DESCRIPTION	Budget Expense	Expense to Date
314			
WASTEWATER CAPITAL IMPROVEMENT	Regulatory Compliance/I&I Mitigation	\$ 100,000	\$ 13,196
	Disaster Mitigation/SCADA Upgrade	\$ 30,000	\$ 20,983
	Mini-Excavator	\$ 25,000	\$ -
	Risk Management Plan/Chlorine Tank Auto Shut-Off	\$ 45,000	\$ -
	Regulatory Compliance/Dump Truck	\$ 37,500	\$ -
	Stormwater Master Planning/Mitigation	\$ 10,000	\$ -
	Regulatory Compliance/Manhoe Rehab	\$ 50,000	\$ -
	TOTAL	\$ 297,500	\$ 34,179
FUND	DESCRIPTION	Budget Expense	Expense to Date
320			
WATER CAPITAL IMPROVEMENT	Wildfire Resilience/Reliable Water Supply/Replace Wooden Tanks	\$ 170,000	\$ 870
	Diaster Mitigation/SCADA Upgrade	\$ 30,000	\$ 20,983
	Reliable Water Supply/Automatic Metering Infrastructure (AMI)	\$ 661,000	\$ 128,711
	Wildfire Resilience/Reliable Water Supply/PSPS Backup Power Supply	\$ 6,500	\$ 622
	TOTAL	\$ 867,500	\$ 151,186

HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT

2021 - 2022 DEBT SERVICE

SEPTEMBER 2021

DEBT SERVICE		FUND	REVENUE
1)	1995-2 BOND - TAX ASSESSMENT	215	\$ 293,494
2)	CIEDB LOAN - WATER INFRASTRUCTURE	130	170,746
3)	USDA LOAN - SOLAR PROJECT WWTP	120	32,255
TOTAL DEBT SERVICE REVENUE			\$ 496,495

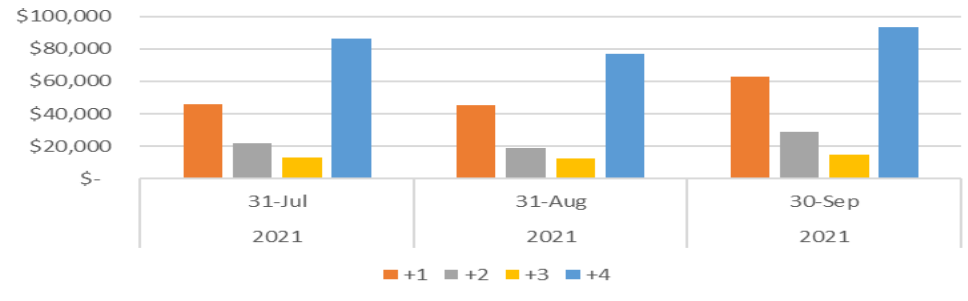
DEBT SERVICE		FUND	EXPENSE	AMT PAID	TO DATE
1)	1995-2 BOND REDEMPTION (PRINCIPAL)	215	\$ 185,000	\$ 185,000	08/19/2021
	1995-2 BOND REDEMPTION (INTEREST)	215	99,994	53,780	08/19/2021
	BOND ADMINISTRATION (QTRLY FEES)	215	8,500	1,879	07/02/2021
			\$ 293,494	\$ 240,659	

2)	CIEDB (PRINCIPAL)	218	\$ 110,065	\$ -	
	CIEDB (INTEREST)	218	55,865	26,017	07/16/2021
	CIEDB (ANNUAL FEE)	218	4,816	-	
			\$ 170,746	\$ 26,017	

3)	USDA RUS LOAN (PRINCIPAL)	219	\$ 17,000	\$ 17,000	08/02/2021
	USDA RUS LOAN (INTEREST)	219	15,255	8,000	08/02/2021
			\$ 32,255	\$ 25,000	

		TOTAL DEBT	TOTAL PAID
		\$ 496,495	\$ 291,676

**AGING REPORT
SEPTEMBER 30, 2021
FY 2021-2022**



SEPTEMBER	Less than \$100	\$101-\$199	\$200-\$299	\$300-\$399	\$400-\$499	\$500-\$599	\$600-\$699	\$700-\$799	\$800-\$899	\$900-\$999	\$1000-\$1999	\$2000-\$2999	\$3000 +	TOTAL:
Accounts	0	55	51	54	50	21	24	21	10	5	35	15	12	353
Amount	\$0	\$8,038	\$12,935	\$19,126	\$22,067	\$11,597	\$15,192	\$15,628	\$8,382	\$4,675	\$47,704	\$37,777	\$41,822	\$244,943
Difference	0	23	27	20	12	-6	2	8	6	0	3	1	4	100
Previous Month	\$0	\$3,193	\$6,774	\$7,036	\$5,334	-\$3,164	\$813	\$5,981	\$4,954	-\$99	\$4,008	\$1,266	\$14,151	\$50,248

AUGUST	Less than \$100	\$101-\$199	\$200-\$299	\$300-\$399	\$400-\$499	\$500-\$599	\$600-\$699	\$700-\$799	\$800-\$899	\$900-\$999	\$1000-\$1999	\$2000-\$2999	\$3000 +	TOTAL:
Accounts	0	32	24	34	38	27	22	13	4	5	32	14	8	253
Amount	\$0	\$4,845	\$6,161	\$12,090	\$16,733	\$14,761	\$14,379	\$9,647	\$3,428	\$4,774	\$43,696	\$36,511	\$27,671	\$194,695
Difference	-1	-15	-16	-21	-4	-4	8	2	-5	1	-2	0	0	-57
Previous Month	-\$99	-\$2,425	-\$3,870	-\$6,930	-\$2,120	-\$2,037	\$5,407	\$1,467	-\$4,181	\$951	-\$1,732	\$1,099	\$427	-\$14,042

JULY	Less than \$100	\$101-\$199	\$200-\$299	\$300-\$399	\$400-\$499	\$500-\$599	\$600-\$699	\$700-\$799	\$800-\$899	\$900-\$999	\$1000-\$1999	\$2000-\$2999	\$3000 +	TOTAL:
Accounts	1	47	40	55	42	31	14	11	9	4	34	14	8	310
Amount	\$99	\$7,270	\$10,031	\$19,019	\$18,853	\$16,797	\$8,972	\$8,181	\$7,609	\$3,823	\$45,428	\$35,412	\$27,244	\$208,738
Difference	-6	14	-2	5	7	4	4	5	4	-4	10	0	1	42
Previous Month	-\$566	\$2,476	-\$679	\$1,763	\$3,257	\$2,233	\$2,578	\$3,655	\$3,483	-\$3,956	\$12,413	\$1,300	\$3,583	\$31,540

MacLeod Watts

July 21, 2021

Trish Wilkinson
Accounting Supervisor
Hidden Valley Lake Community Services District
19400 Hartmann Rd
Hidden Valley Lake, CA 95467

Re: Hidden Valley Lake Community Services District Other Post-Employment Benefits
Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2021

Dear Ms. Wilkinson:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Hidden Valley Lake Community Services District. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Recalculate plan liabilities as of June 30, 2020, in accordance with GASB 75's biennial valuation requirement.
2. 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 for the fiscal year ending June 30, 2021.

The valuation results are based on the employee data and details on plan benefits provided to us by the District. As with any analysis, the soundness of the report is dependent on the inputs. Please review the information shown in the report to be comfortable that it matches your records.

The exhibits presented in this report reflect the assumption that the District will continue financing its OPEB liability on a pay-as-you-go basis. Please let us know if we can be of assistance in preparing illustrations about how prefunding impacts the OPEB liability required to be reported under GASB 75.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of the District employees who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,


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

Enclosure



Hidden Valley Lake Community Services District

Actuarial Valuation of Other
Post-Employment Benefit Programs
As of June 30, 2020

& GASB 75 Report for the Fiscal Year Ending
June 30, 2021

Submitted July 2021

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2020, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Hidden Valley Lake Community Services District (the District). The 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 fiscal year ending June 30, 2021.

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 present exhibits and other information relevant for disclosures under GASB 75.

Absent material changes to this program, the results of the June 30, 2020, valuation will also be applied to prepare the District's GASB 75 report for the fiscal year ending June 30, 2022. If there are any significant changes in the employee population, plan benefits or eligibility, or to the District's funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of the District

The District provides continuation of medical coverage to qualifying retiring employees. This benefit creates 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 healthcare¹. In this program, the District pays a portion of medical premiums for qualifying retirees. Details are provided in Supporting Information Section 2A.
- **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 SDRMA medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. SDRMA underwriters have confirmed to us that the claims experience of these members is considered together in setting premium rates.

As is the nature of group premium rate structures, however, at some ages, retirees may be expected to experience higher claims than the premiums they pay; at other ages, the reverse may be true. 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 Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

Different monthly premiums are charged for Medicare-eligible members. SDRMA underwriters have confirmed that the premium rates for Medicare eligible members are set at a level intended to cover the expected claims for these members, with no intended subsidy from active plan members. Based on the portion of premiums paid by the employer, we expect any potential implicit subsidy between Medicare-covered retirees within the pool to be paid fully by these retirees and not by the District.

¹ A liability for potential future excise tax liability for "high cost" retiree coverage was included in the prior valuation. However, this provision of the Affordable Care Act was repealed in December 2019, so this liability was eliminated.



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. 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.

The District has not established an irrevocable OPEB trust and continues to finance 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 Fidelity High Grade 20 Year General Obligation Municipal Index. At the beginning and end of the Measurement Period, this index results in discount rates of 3.13% on June 30, 2019, and 2.45% on June 30, 2020.

Actuarial Assumptions

The mortality assumptions used in this report were chosen, for the most part, from studies released by the Society of Actuaries. Other assumptions, such as timing and rates of retirement, other employment termination (separation) prior to retirement, age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

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, 2021
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019, to June 30, 2020
Valuation Date	June 30, 2020



Executive Summary

(Concluded)

Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts relative to those in place at the time the June 2018 valuation was prepared. We reviewed and updated certain assumptions used to project the OPEB liability. Differences between actual and expected results based on updated census and premium data since June 2018 were also reflected (referred to as “plan experience”). Overall, the Total OPEB Liability on the current measurement date is lower than that reported one year ago.

See *Recognition Period for Deferred Resources* on page 11 for details on how these changes are recognized. Section C. presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2021

The plan’s impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2021
Total OPEB Liability	\$ 1,284,609
Fiduciary Net Position	-
Net OPEB Liability (Asset)	1,284,609
Deferred (Outflows) of Resources	(117,843)
Deferred Inflows of Resources	513,886
Impact on Statement of Net Position	\$ 1,680,652
OPEB Expense, FYE 6/30/2021	\$ 173,141

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District’s financial statements. 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. We note that 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. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

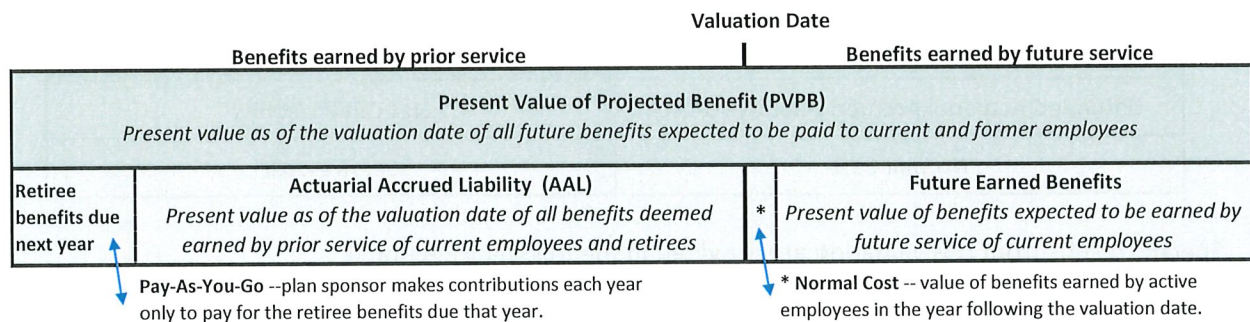


B. Valuation Process

This valuation is based on employee census data and benefits initially submitted to us by the District and clarified in various related communications. 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 2A. 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 has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree's or active employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood the employee will elect coverage for themselves and their dependents are also applied.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an "attribution method" to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e. $PVPB = AAL + PVFNC$).



Valuation Process

(Concluded)

The District is financing the plan on a pay-as-you-go basis. This policy does not establish a trust to prefund benefits and pays retirees benefits each year as required. Therefore, the **Unfunded Actuarial Accrued Liability (UAAL)** is equal to the Actuarial Accrued Liability. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. Future contributions by the District will equal each year’s retiree benefit payments.

Please note that projections of future benefits over such long periods (frequently 40 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to the District reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates and healthcare trend rates.

Finally, certain actuarial terms and GASB 75 terms may be used interchangeably. We note a few in the table below.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	<i>No equivalent term</i>
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	<i>No equivalent term</i>
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

Specific results from this valuation are provided in the following Section C.

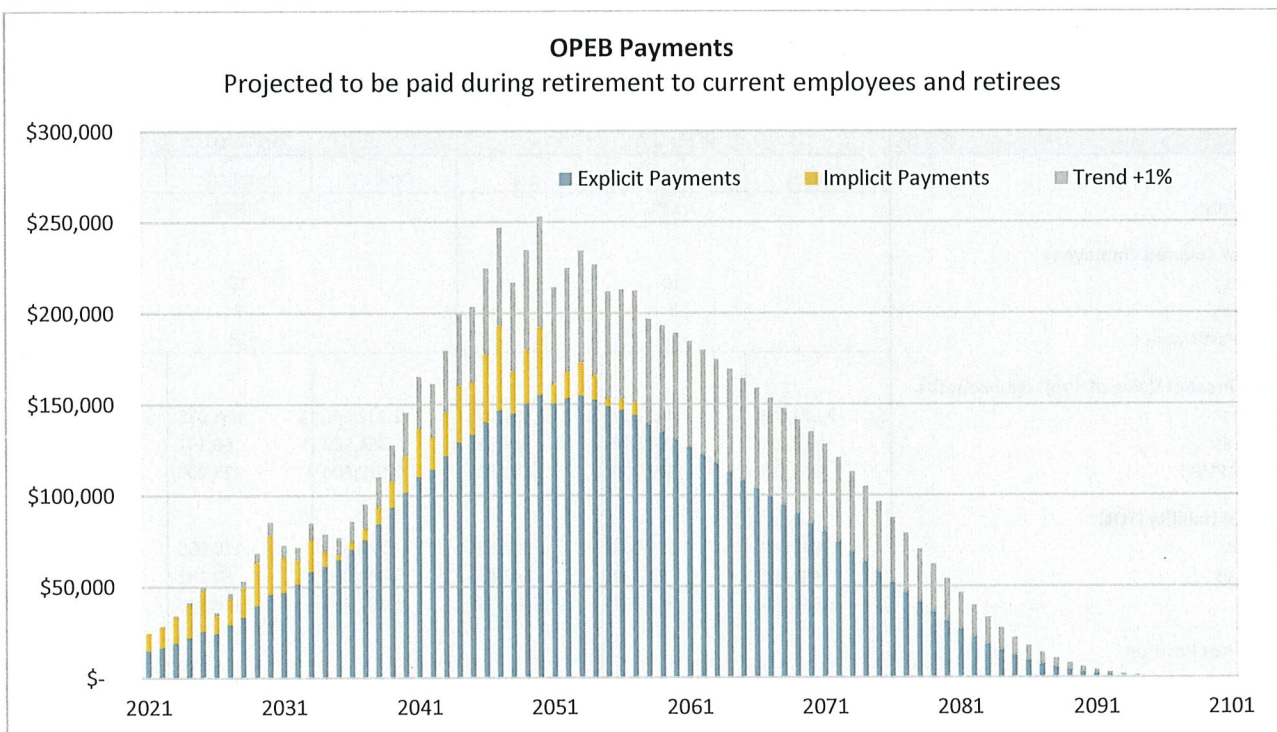


C. June 30, 2020, Valuation Results

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the June 30, 2020, valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Temporary healthcare benefits are paid for qualifying District retirees. Please see Supporting Information, Section 2 for details.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the District.



The amounts shown in green reflect the expected payment by the District toward retiree medical while those in yellow reflect the implicit subsidy benefits (i.e., the excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections (in gray) reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 18.

Liabilities relating to these projected benefits are shown beginning on the following page.



Other Post-Employment Benefit Program of the Hidden Valley Lake Community Services District
June 30, 2020, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2021

June 30, 2020, Valuation Results
(Continued)

This chart compares the results measured as of June 30, 2019, based on the June 30, 2018, valuation, with the results measured as of June 30, 2020, based on the June 30, 2020, actuarial valuation.

Valuation date	6/30/2018			6/30/2020		
Measurement date	6/30/2019			6/30/2020		
Fiscal Year End	6/30/2020			6/30/2021		
Subsidy	Explicit	Implicit	Total	Explicit	Implicit	Total
Discount rate	3.13%			2.45%		
Number of Covered Employees						
Actives		10			10	
Retirees		3			3	
Total Participants		13			13	
Actuarial Present Value of Projected Benefits						
Actives	\$ 2,371,386	\$ 482,637	\$ 2,854,023	\$ 2,232,646	\$ 368,015	\$ 2,600,661
Retirees	493,223	94,592	587,815	384,960	60,191	445,151
Total APVPB	2,864,608	577,229	3,441,837	2,617,606	428,206	3,045,812
Total OPEB Liability (TOL)						
Actives	846,521	166,003	1,012,524	722,803	116,655	839,458
Retirees	493,223	94,592	587,815	384,960	60,191	445,151
TOL	1,339,744	260,595	1,600,339	1,107,763	176,846	1,284,609
Fiduciary Net Position			-			-
Net OPEB Liability			1,600,339			1,284,609
Service Cost						
For the period following the measurement date	145,094	31,540	176,634	115,490	19,027	134,517

The Total OPEB Liability has decreased by \$315,730 from that reported one year ago. Part of the change was expected and some of this change was unexpected. Reasons for the change in the Total OPEB Liability (TOL) are discussed on the following page.



June 30, 2020, Valuation Results

(Concluded)

Expected changes: The TOL was expected to increase by \$198,897 from additional service and interest costs accruing for the period reduced by benefits paid to retirees.

Unexpected changes decreased the TOL by \$514,627. Unexpected changes generally fall into one of the three following categories:

- *Plan experience* recognizes results which are *different than expected* based on the prior valuation data and assumptions. Plan experience was favorable over the past two years, decreasing the TOL by \$521,253 from what was previously projected. See below for details.
- *Assumption changes* collectively increased the TOL by \$6,626. The largest change related to a decrease in the discount rate. Details of these changes in Supporting Information, Section 3.
- *Benefit changes:* There were no changes reported since the prior valuation was completed.

This chart reconciles the TOL reported for fiscal year end June 30, 2020, to the TOL to be reported as of June 30, 2021.

Reported Total OPEB Liability at June 30, 2020 Measurement Date June 30, 2019	\$ 1,600,339
Expected Changes:	
Service Cost	176,637
Benefit Payments	(32,845)
Interest Cost	55,105
Total Expected Change	198,897
Expected Total OPEB Liability at June 30, 2021 Measurement Date June 30, 2020	\$ 1,799,236
Unexpected Changes:	
<i>Plan experience different than assumed</i>	
Gain from two retirees waiving coverage	(212,505)
Gain from higher than expected employee separations prior to retirement	(164,885)
Projected claims/premiums greater than actual	(75,735)
Other plan experience	(68,128)
<i>Assumption Changes</i>	
Change to discount rate	135,213
Decrease in spouse coverage assumption	(62,163)
Change in demographic and economic assumptions and mortality improvement scale	(55,003)
Elimination of excise tax liability	(61,106)
Change in healthcare trend model	40,104
Change in assumed salary increase rate	9,581
Total Unexpected Change	(514,627)
Actual Total OPEB Liability at June 30, 2021 Measurement Date June 30, 2020	\$ 1,284,609



D. 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, 2021. The District is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

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

Plan Summary Information for FYE June 30, 2021 <i>Measurement Date is June 30, 2020</i>	Hidden Valley Lake CSD
Items Impacting Net Position:	
Total OPEB Liability	\$ 1,284,609
Fiduciary Net Position	-
Net OPEB Liability (Asset)	<u>1,284,609</u>
<i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	(40,137)
Plan Experience	460,501
Investment Experience	-
Deferred Contributions	<u>(24,321)</u>
Net Deferred (Outflows) Inflows of Resources	396,043
Impact on Statement of Net Position, FYE 6/30/2021	<u><u>\$ 1,680,652</u></u>
Items Impacting OPEB Expense:	
Service Cost	\$ 176,637
Cost of Plan Changes	-
Interest Cost	55,105
Expected Earnings on Assets	-
<i>Recognized Deferred Resource items:</i>	
Assumption Changes	2,151
Plan Experience	(60,752)
Investment Experience	<u>-</u>
OPEB Expense, FYE 6/30/2021	<u><u>\$ 173,141</u></u>



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2020 <i>6/30/2019</i>	6/30/2021 <i>6/30/2020</i>	Change During Period
Total OPEB Liability	\$ 1,600,339	\$ 1,284,609	\$ (315,730)
Fiduciary Net Position	-	-	-
Net OPEB Liability (Asset)	1,600,339	1,284,609	(315,730)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(35,662)	(40,137)	(4,475)
Plan Experience	-	460,501	460,501
Investment Experience	-	-	-
Deferred Contributions	(32,845)	(24,321)	8,524
Net Deferred (Outflows) Inflows	(68,507)	396,043	464,550
Impact on Statement of Net Position	\$ 1,531,832	\$ 1,680,652	\$ 148,820

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2020	\$ 1,531,832
OPEB Expense (Income)	173,141
Employer Contributions During Fiscal Year	(24,321)
Impact on Statement of Net Position, FYE 6/30/2021	<u>\$ 1,680,652</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 24,321
Deterioration (Improvement) in Net Position	148,820
OPEB Expense (Income), FYE 6/30/2021	<u>\$ 173,141</u>



Accounting Information

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 8.58 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2021.

Hidden Valley Lake CSD	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 93,522	\$ 53,385
Differences Between Expected and Actual Experience	-	460,501
Net Difference Between Projected and Actual Earnings on Investments	-	-
Deferred Contributions	24,321	-
Total	\$ 117,843	\$ 513,886

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2022	\$ (58,601)
2023	(58,601)
2024	(58,601)
2025	(54,873)
2026	(45,704)
Thereafter	(143,984)



Accounting Information

(Continued)

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

The discount rate used for accounting purposes for the fiscal year end 2021 is 2.45%. Healthcare Cost Trend Rate was assumed to start at 5.8% (increase effective January 1, 2021) and grade down to 4% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 1.45%	Current 2.45%	Current + 1% 3.45%
Net OPEB Liability (Asset)	1,526,937	1,284,609	1,092,647
Increase (Decrease)	242,328		(191,962)
% Increase (Decrease)	18.9%		-14.9%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Net OPEB Liability (Asset)	1,064,799	1,284,609	1,568,945
Increase (Decrease)	(219,810)		284,336
% Increase (Decrease)	-17.1%		22.1%



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. Only results for years since GASB 75 was implemented (fiscal years 2018 through 2021) are shown in the table.

Fiscal Year Ending	2021	2020	2019	2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	2.45%	3.13%	3.62%	3.56%
Total OPEB liability				
Service Cost	\$ 176,637	\$ 153,728	\$ 150,829	\$ 168,137
Interest	55,105	52,382	46,055	35,914
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(521,253)	-	-	-
Changes of assumptions	6,626	118,430	(12,151)	(95,664)
Benefit payments	(32,845)	(35,000)	(33,593)	(20,997)
Net change in total OPEB liability	(315,730)	289,540	151,140	87,390
Total OPEB liability - beginning	1,600,339	1,310,799	1,159,659	1,072,269
Total OPEB liability - ending (a)	\$ 1,284,609	\$ 1,600,339	\$ 1,310,799	\$ 1,159,659
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 1,284,609	\$ 1,600,339	\$ 1,310,799	\$ 1,159,659
Covered-employee payroll	\$ 839,034	\$ 915,742	\$ 804,618	\$ 770,191
Net OPEB liability as % of covered-employee payroll	153.11%	174.76%	162.91%	150.57%

Notes to Schedule

Valuation Date	6/30/2020	6/30/2018
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.50%	2.75%
Healthcare cost trend rates	5.7% in Jan 2022, fluctuating down to 4% by 2076	7.5% in Jan 2019, step down 0.5% per year to 5% by Jan 2024
Salary increases	3.00%	3.25%
Retirement age	From 50 to 75	From 50 to 75
Mortality	CalPERS 2017 Experience Study	CalPERS 2014 Experience Study
Mortality Improvement	Projected with MW Scale 2020	Projected with MW Scale 2017



Accounting Information

(Continued)

Schedule of Contributions

This schedule is not required to be provided for unfunded OPEB plans.



Other Post-Employment Benefit Program of the Hidden Valley Lake Community Services District
June 30, 2020, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2021

Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Hidden Valley Lake CSD	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2020 <i>Measurement Date 6/30/2019</i>	\$ 1,600,339	\$ -	\$ 1,600,339	\$ 35,662	\$ -	\$ -	\$ 32,845	\$ 1,531,832
Changes During the Period:								
Service Cost	176,637		176,637					176,637
Interest Cost	55,105		55,105					55,105
Expected Investment Income		-	-					-
Employer Contributions		32,845	(32,845)					(32,845)
Changes of Benefit Terms	-		-					-
Benefit Payments	(32,845)	(32,845)	-					-
Assumption Changes	6,626		6,626	6,626				-
Plan Experience	(521,253)		(521,253)		(521,253)			-
Investment Experience		-	-			-		-
Recognized Deferred Resources				(2,151)	60,752	-	(32,845)	(25,756)
Employer Contributions in Fiscal Year							24,321	(24,321)
Net Changes in Fiscal Year 2020-2021	(315,730)	-	(315,730)	4,475	(460,501)	-	(8,524)	148,820
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 1,284,609	\$ -	\$ 1,284,609	\$ 40,137	\$ (460,501)	\$ -	\$ 24,321	\$ 1,680,652



Other Post-Employment Benefit Program of the Hidden Valley Lake Community Services District
June 30, 2020, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2021

Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2020

Deferred Resource					Balance as of Jun 30, 2020	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2019-20 (FYE 2021)	2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	Thereafter
6/30/2017	Gain Due To Assumption Changes	\$ (95,664)	7.70	\$ (12,424)	\$ (45,968)	\$ (12,424)	\$ (12,424)	\$ (12,424)	\$ (12,424)	\$ (8,696)	\$ -	\$ -
6/30/2018	Gain Due To Assumption Changes	(12,151)	7.70	(1,578)	(7,417)	(1,578)	(1,578)	(1,578)	(1,578)	(1,578)	(1,105)	-
6/30/2019	Loss Due To Assumption Changes	118,430	7.70	15,381	87,668	15,381	15,381	15,381	15,381	15,381	15,381	10,763
6/30/2020	Gain Due To Plan Experience	(521,253)	8.58	(60,752)	(460,501)	(60,752)	(60,752)	(60,752)	(60,752)	(60,752)	(60,752)	(156,741)
6/30/2020	Loss Due To Assumption Changes	6,626	8.58	772	5,854	772	772	772	772	772	772	1,994



Accounting Information

(Continued)

District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits and other contributions 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, 2019 thru Jun 30, 2020	Hidden Valley Lake CSD
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	15,502
Implicit contributions	17,343
<i>Total Employer Contributions During the Measurement Period</i>	\$ 32,845

Benefits and contributions made in the year following the measurement period but prior to the end of the fiscal year are shown below.

Employer Contributions During the Fiscal Year, Jul 1, 2020 thru Jun 30, 2021	Hidden Valley Lake CSD
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	14,851
Implicit contributions	9,470
<i>Total Employer Contributions During the Fiscal Year</i>	\$ 24,321



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.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2021	\$ 14,851	\$ -	\$ 14,851	\$ 9,470	\$ -	\$ 9,470	\$ 24,321
2022	15,433	1,287	16,720	10,783	561	11,344	28,064
2023	16,082	3,172	19,254	12,592	1,649	14,241	33,495
2024	16,723	5,504	22,227	14,627	3,379	18,006	40,233
2025	17,353	8,252	25,605	16,889	5,832	22,721	48,326
2026	12,894	11,784	24,678	-	9,529	9,529	34,207
2027	13,273	16,037	29,310	-	14,613	14,613	43,923
2028	13,631	19,826	33,457	-	16,271	16,271	49,728
2029	13,974	25,793	39,767	-	23,745	23,745	63,512
2030	14,293	31,654	45,947	-	32,510	32,510	78,457
2031	14,586	32,289	46,875	-	19,381	19,381	66,256
2032	14,860	36,545	51,405	-	13,220	13,220	64,625
2033	15,116	43,213	58,329	-	17,574	17,574	75,903
2034	15,355	45,832	61,187	-	8,612	8,612	69,799
2035	15,580	49,295	64,875	-	2,649	2,649	67,524

The amounts shown in the Explicit Subsidy section of the table 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 table 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.



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2020

	Debit	Credit
Net OPEB Liability		1,600,339
Deferred Resource -- Assumption Changes	35,662	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	32,845	
Net Position	1,531,832	

* 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	14,851	
Premium Expense		14,851
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	9,470	
Premium Expense		9,470

* 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	315,730	
Deferred Resource -- Assumption Changes	4,475	
Deferred Resource -- Plan experience		460,501
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions		8,524
OPEB Expense	148,820	



E. Funding Information

Our understanding is that the District is currently 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, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes.

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.



F. Certification

The purpose of this report is to provide actuarial information of the other postemployment benefits (OPEB) provided by the Hidden Valley Lake Community Services District (the District) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75). 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 and in accordance with the District's stated OPEB funding policy. 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: 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 actuaries are 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. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: July 21, 2021



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



J. Kevin Watts, FSA, FCA, MAAA



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

Active employees: The District reported 10 active employees; all were enrolled in a medical plan through the District on the valuation date. Age and service information for the 10 included employees is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29							0	0%
30 to 34	1	1					2	20%
35 to 39	1	1					2	20%
40 to 44			1				1	10%
45 to 49					1		0	0%
50 to 54		2	1	1	1		5	50%
55 to 59							0	0%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	2	4	2	1	1	0	10	100%
Percent	20%	40%	20%	10%	10%	0%	100%	

Valuation	<u>June 2018</u>	<u>June 2020</u>
Average Attained Age for Actives	45.0	45.8
Average Years of Service	4.6	6.1

Retired members: There were 3 retirees covered and receiving benefits under this program on the valuation date.

Retirees by Age		
Current Age	Total	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	1	33%
60 to 64	1	33%
65 to 69	0	0%
70 to 74	0	0%
75 to 79	1	33%
80 & up	0	0%
Total	3	100%
Average Age:		
On 6/30/2020	66.7	
At retirement	59.0	

GASB 75 requires a summary of plan member counts. Here are the counts on the June 30, 2020 valuation date.

Summary of Plan Member Counts	
Number of active plan members	10
Number of inactive plan members currently receiving benefits	3
Number of inactive plan members entitled to but not receiving benefits	2*

* We are not aware of any additional 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 is provided is lifetime retiree medical coverage.

Access to coverage: Medical coverage is provided through the District’s group health insurance plan. The coverage requires the employee to meet the following requirements:

1. Satisfaction of requirements for retirement under CalPERS, and
2. Retirement from the District having reached at least age 55 and completing a minimum of 5 years of service with the District.

Benefits provided: The District provides the following benefits to qualifying retirees who elect to continue medical coverage offered by the District. The benefits continue for the retiree’s lifetime:

- 50% of the medical premiums for retiree
- 50% of the medical premiums for the retiree’s spouse, if covered, while the retiree is living.

A retiree may elect to cover eligible dependents other than a spouse, provided the retiree pays 100% of any additional premium for their coverage.

Coverage and/or the premium subsidy above are not available in retirement in these circumstances:

- For survivors, after the retiree’s death (other than as available under COBRA)
- For retirees eligible for PERS retirement from the District but failing to satisfy the age and service requirements above
- For retirees who meet the age and service requirements but do not continue their medical coverage through the District.

Current premium rates: The 2021 monthly healthcare premium rates are shown below:

SDRMA 2021 Rates Northern California			
Plan	Employee Only	Employee & 1	Employee & 2+
Blue Shield PPO Gold	\$ 958.93	\$ 1,918.89	\$ 2,492.60
Gold PPO Medicare	615.94	1,231.88	1,847.82



Supporting Information

(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage (Repealed)

The Patient Protection and Affordable Care Act (ACA) included a 40% excise tax on high-cost employer-sponsored health coverage. The tax applied to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax had been delayed by subsequent legislation to 2022.

As noted earlier in this report, this excise tax on high cost retiree coverage was repealed by Senate Amendment to H.R. 1865, *Further Consolidated Appropriations Act, 2020*, and signed by the President on December 20, 2019. Since repeal occurred before the valuation date, there is no longer an such tax to be valued and we excluded the previously developed liability from the results of this valuation.



Supporting Information

(Continued)

Section 3 - Actuarial Methods 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 payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Fiscal Year End	June 30, 2021
GASB 75 Measurement Date	Last day of the prior fiscal year (June 30, 2020)
Valuation Date	June 30, 2020

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable (\$0; no OPEB trust has been established)
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

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 1 to this report.

Representative claims costs derived from the dataset provided by SDRMA for pre-Medicare retirees are shown below.

Expected Monthly Claims by Medical Plan for Selected Ages				
Medical Plan	Male			
	48	53	58	63
Blue Shield PPO Gold	\$ 741	\$ 978	\$ 1,246	\$ 1,545
Medical Plan	Female			
	48	53	58	63
Blue Shield PPO Gold	\$ 959	\$ 1,129	\$ 1,277	\$ 1,500

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 with no subsidy by active employee premiums. The employer's contribution is less than the lowest age adjusted premium and, as such, any implicit subsidy between retirees in this group is paid by other retirees.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Economic Assumptions

Municipal Bond Index	Fidelity High Grade 20 Year General Obligation Municipal Index
Discount Rate	3.13% as of June 30, 2019 2.45% as of June 30, 2020
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2021	5.8%	2061-2066	4.80%
2022	5.7%	2067	4.70%
2023	5.6%	2068	4.60%
2024	5.5%	2069	4.50%
2025-2026	5.40%	2070-2071	4.40%
2027-2029	5.30%	2072	4.30%
2030-2051	5.20%	2073-2074	4.20%
2052	5.10%	2075	4.10%
2053-2055	5.00%	2076	4.00%
2056-2060	4.90%	& later	4.00%

The healthcare trend shown above was developed using the Getzen Model 2021_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.5%; Excess Medical Growth 1.2%; Expected Health Share of GDP in 2028 20.3%; Resistance Point 25%; Year after which medical growth is limited to growth in GDP 2075.

Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65. Coverage ends at age 65.
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Participant Election Assumptions

Participation Rate	<p><i>Active employees: 100% of those currently enrolled are assumed to elect medical coverage through the District in retirement.</i></p> <p><i>Retired participants: Existing medical plan elections are assumed to be continued until retiree's death.</i></p>
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Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Spouse Coverage

Active employees: 60% of employees are assumed to be married and to elect spousal coverage in retirement. Spouse coverage is assumed to continue for the retiree’s lifetime. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to continue until the retiree’s death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Demographic Assumptions

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 2020 applied generationally from 2015 (see Addendum 3)

Mortality Before Retirement
(before improvement applied)

None assumed, due to the small size of employee population

Mortality After Retirement
(before improvement applied)

Healthy Lives

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

Disabled Miscellaneous

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

Disability Retirement

Eligibility requirements for retiree healthcare benefits are not waived for disability retirement, so this assumption was excluded. Particularly given the small size of the active group.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Termination Rates

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

Service Retirement Rates

Miscellaneous Employees: 2.5% at 55 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0080	0.0140	0.0200	0.0260	0.0330	0.0500
55	0.0200	0.0380	0.0550	0.0730	0.1220	0.1920
60	0.0440	0.0720	0.1010	0.1300	0.1580	0.1970
65	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
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

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
(Concluded)

Section 3 - Actuarial Methods and Assumptions

Changes in assumptions or methods as of the Measurement Date

Discount rate	Changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020, based on the published change in return for the applicable municipal bond index.
Demographic assumptions	<p>Assumed mortality (after retirement), retirement and other pre-retirement termination rates were updated from those provided in the 2014 experience study report to those provided in the 2017 experience study report of CalPERS. We believe rates from the CalPERS experience study provide a reasonable estimate of the District's future demographic experience.</p> <p>The prior assumption of pre-retirement mortality was excluded due to the small active plan population size.</p>
Mortality improvement	Updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2020. See Addendum 3 for details.
Medical trend	Updated to the Getzen model which was published by the Society of Actuaries
General inflation rate	Decreased from 2.75% to 2.5% per year
Salary increase	Decreased from 3.25% to 3.0% per year
Excise tax on high cost coverage	Removed due to the December 2019 repeal of this provision of the Affordable Care Act



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”. 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.

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 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.



Important Background Information

(Continued)

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 many decades.

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 premium rates
- A change in the subsidy provided by the Agency toward retiree 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
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- 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 occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year’s “implicit subsidy”. Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year’s implicit subsidy is treated as 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

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year’s premium expense for active employees.



Important Background Information

(Continued)

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.

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 Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: 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 2020** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published in October 2019 and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2019.

MacLeod Watts Scale 2020 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2019 which has two segments – (1) historical improvement rates for the period 1951-2015 and (2) an estimate of future mortality improvement for years 2016-2018 using the Scale MP-2019 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2018 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2019-2028. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2028-2042. The SSA's Intermediate Scale has a final step down in 2043 which is reflected in the MacLeod Watts scale for years 2043 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2019 can be found at the SOA website and the projection scales used in the 2019 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

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

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 (EARSL) – 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”). This tax was repealed in December 2019.

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



Glossary

(Continued)

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.

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



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Hidden Valley Lake Community Services District Other Post-Employment Benefit Prefunding Illustrations

On these two pages, we've prepared three charts showing the OPEB Actuarial Accrued Liability. This is also referred to as the Total OPEB Liability for GASB accounting purposes. These charts also show normal costs (a.k.a. service cost) and development of the Actuarially Determined Contribution levels ("ADCs") for fiscal years ending June 30, 2022 and June 30, 2023. **The results in the three charts differ only by the assumed long-term return on trust assets**, which in turn, depends on the specific investment/allocation strategy selected by the District if a trust is established. We have illustrated assumed returns of 4%, 5% and 6%.

Each chart ends with the *estimated* District contribution that would need to be made to the OPEB trust in these years to satisfy the ADC level of funding for that year. The reason these trust contributions are estimates is because the retiree benefit payments for the year are also estimates. If total benefit payments for the year are lower, then the amount to pay to the trust would be slightly higher. If total retiree benefits are higher, then the trust contribution would be slightly less.

We can briefly summarize the results as follows, based on the three assumed annual trust returns:

- At 4% per year, the trust contributions would be close to \$120,000 per year.
- At 5% per year, the trust contributions would be close to \$100,000 per year.
- At 6% per year, the trust contributions would be roughly \$80,000 per year.

Fiscal Year End <i>Valuation Date</i>	6/30/2022 6/30/2020	6/30/2023 6/30/2020
Discount Rate	4.00%	4.00%
Actuarial Accrued Liability	1,116,653	1,232,844
Market Value of Assets	-	116,463
Unfunded Actuarial Accrued Liability	1,116,653	1,116,381
Amortization Method	Level % of Pay	Level % of Pay
Amortization Period	30	29
Amortization Factor	26.1695	25.4138
Actuarially Determined Contribution (ADC)		
Normal Cost	96,298	99,187
Amortization of Unfunded Liability	42,670	43,928
Interest to end of year	5,559	5,725
Total ADC	144,527	148,840
Contributing the ADC		
<i>Credits:</i>		
Implicit subsidy payment	(11,344)	(14,241)
Retiree benefits paid by the District	(16,720)	(19,254)
Estimated contribution to (refund from) trust	\$ 116,463	\$ 115,345

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Fiscal Year End <i>Valuation Date</i>	6/30/2022 6/30/2020	6/30/2023 6/30/2020
Discount Rate	5.00%	5.00%
Actuarial Accrued Liability	964,625	1,064,926
Market Value of Assets	-	96,779
Unfunded Actuarial Accrued Liability	964,625	968,147
Amortization Method	Level % of Pay	Level % of Pay
Amortization Period	30	29
Amortization Factor	23.0153	22.4428
Actuarially Determined Contribution (ADC)		
Normal Cost	76,986	79,296
Amortization of Unfunded Liability	41,912	43,138
Interest to end of year	5,945	6,122
Total ADC	124,843	128,556
Contributing the ADC		
<i>Credits:</i>		
Implicit subsidy payment	(11,344)	(14,241)
Retiree benefits paid by the District	(16,720)	(19,254)
Estimated contribution to (refund from) trust	\$ 96,779	\$ 95,061

Fiscal Year End <i>Valuation Date</i>	6/30/2022 6/30/2020	6/30/2023 6/30/2020
Discount Rate	6.00%	6.00%
Actuarial Accrued Liability	841,193	928,535
Market Value of Assets	-	80,577
Unfunded Actuarial Accrued Liability	841,193	847,958
Amortization Method	Level % of Pay	Level % of Pay
Amortization Period	30	29
Amortization Factor	20.4011	19.9662
Actuarially Determined Contribution (ADC)		
Normal Cost	62,053	63,915
Amortization of Unfunded Liability	41,233	42,470
Interest to end of year	6,197	6,383
Total ADC	109,483	112,768
Contributing the ADC		
<i>Credits:</i>		
Implicit subsidy payment	(11,344)	(14,241)
Retiree benefits paid by the District	(16,720)	(19,254)
Estimated contribution to (refund from) trust	\$ 81,419	\$ 79,273