



**SPMUD BOARD OF DIRECTORS
REGULAR MEETING: 4:30 PM**

December 5, 2019

SPMUD Board Room

5807 Springview Drive, Rocklin, CA 95677

The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda are posted on the District's web site (www.spmud.ca.gov) and posted in the District's outdoor bulletin board at the SPMUD Headquarters at the above address. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made through the District Headquarters at (916)786-8555.

AGENDA

I. CALL MEETING TO ORDER

II. ROLL CALL OF DIRECTORS

Director Gerald Mitchell,	Ward 1
Director William Dickinson,	Ward 2
Vice President John Murdock,	Ward 3
Director Victor Markey,	Ward 4
President James Williams,	Ward 5

III. PLEDGE OF ALLEGIANCE

IV. CONSENT ITEMS

[pg 3 to 36]

Consent items should be considered together as one motion. Any item(s) requested to be removed will be considered after the motion to approve the Consent Items.

ACTION: (Roll Call Vote)

Motion to approve the consent items for the December 5, 2019 meeting

1. MINUTES from the November 7, 2019 Regular Meeting [pg 3 to 5]
2. ACCOUNTS PAYABLE in the amount of \$734,091.72 through 11/25/19. [pg 6 to 8]
3. BILL OF SALE Acceptance of the Bill of Sale for Sewer Improvements Nobel Learning Center at 5893 Stanford Ranch Road – at an estimated value of \$104,399. [pg 9 to 12]
4. BILL OF SALE Acceptance of the Bill of Sale for Sewer Improvements Whitney Ranch Phase III Unit 44B. – at an estimated value of \$833,450. [pg 13 to 18]
5. ADOPT RESOLUTION 19-24 AWARD OF CONTRACT FOR PLAN CHECKING SERVICES [pg 19 to 31]
6. ACCEPTANCE OF PARTICIPATION CHARGE REPORT FOR FISCAL YEAR 18/19 [pg 32 to 36]

V. PUBLIC COMMENTS

Items not on the Agenda may be presented to the Board at this time; however, the Board can take no action.

VI. BOARD BUSINESS

Board action may occur on any identified agenda item. Any member of the public may directly address the Board on any identified agenda item of interest, either before or during the Board's consideration of that item.

1. FISCAL YEAR 18/19 AUDIT REPORT ACCEPTANCE [pg 37 to 121]

Representatives from Certified Public Accountants Munn, Urrutia & Nelson LLP will present the Audit report for the Fiscal Year ending June 30, 2019.

Action Requested: Voice Vote

Receive and file the Fiscal Year 18/19 Audit Report

VII. REPORTS [pg 122 to 132]

The purpose of these reports is to provide information on projects, programs, staff actions and committee meetings that are of general interest to the Board and public. No decisions are to be made on these issues.

1. Legal Counsel (A. Brown)
2. General Manager (H. Niederberger)
 - 1) ASD, FSD & TSD Reports
 - 2) Informational items
3. Director's Comments: Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

VIII. CLOSED SESSION

PUBLIC EMPLOYMENT – GENERAL MANAGER PERFORMANCE EVALUATION
(Per Subdivision (a) of Government Code Section 54957)

IX. ADJOURNMENT

If there is no other Board business the President will adjourn the meeting to its next regular meeting on **January 2, 2020 at 4:30 p.m.**

**REGULAR BOARD MINUTES
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

Meeting	Location	Date	Time
Regular	District Office	November 7, 2019	4:30 p.m.

I. CALL MEETING TO ORDER: The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Williams presiding at 4:31 p.m.

II. ROLL CALL OF DIRECTORS:

Present: John Murdock, Jim Williams, Vic Markey, Will Dickinson, Jerry Mitchell arrived at 5:04 p.m.

Absent: None

Vacant: None

Staff: Adam Brown, Legal Counsel
Herb Niederberger, General Manager
Eric Nielsen, District Engineer
Sam Rose, District Superintendent
Emilie Costan, Administrative Services Manager

III. PLEDGE OF ALLEGIANCE: President Williams led the Pledge of Allegiance.

IV. CONSENT ITEMS:

1. MINUTES from October 3, 2019 Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$594,560.21 through October 30, 2019.
3. MONTHLY INVESTMENT REPORT in the amount of \$59,307,152 through October 30, 2019.
4. BILL OF SALE FOR SEWER IMPROVEMENTS 3180 TAYLOR ROAD – at an estimated value of \$140,344.
5. BILL OF SALE FOR SEWER IMPROVEMENTS OAK VISTA – at an estimated value of \$989,673.
6. BILL OF SALE FOR SEWER IMPROVEMENTS WHITNEY RANCH 2J UNIT 67A – at an estimated value of \$1,721,055.
7. ADOPTION of Resolution 19-22 Authorizing the General Manager to Surplus property and/or equipment.
8. ADOPTION of Resolution 19-23 commending Rick Perry for his service to the district.

Director Dickinson asked for the Minutes, consent item #1, to be pulled for further comment. Director Markey made a motion to approve consent items #2 through 8; a second was made by Director Murdock; a roll call vote was taken, and the motion carried 4-0 with one Director absent.

Director Dickinson pulled the Minutes off the consent agenda. Director Dickinson asked that the minutes be amended to remove the word video from the discussion on meeting minutes and recordings. Director Markey made a motion to approve consent item #1 as amended; a second was made by Director Murdock; a voice vote was taken, and the motion carried 4-0 with one Director absent.

V. PUBLIC COMMENTS:

President Williams opened the meeting for public comments. Hearing no comments, the public comments session was closed.

VI. BOARD BUSINESS

1. PERFORMANCE MERIT PROGRAM UPDATE

Superintendent Sam Rose gave a presentation on the results of the Performance Merit Program from October 1, 2018 through September 30, 2019 and shared the updated goals for October 1, 2019 through September 30, 2020. Staff met or exceeded the goal for nine of the eleven employee performance measures last year and performed over the base in ten of the eleven categories. Director Dickinson asked if there are progress reports posted for staff throughout the year. Superintendent Rose responded that the goal is to have reports posted monthly. President Williams stated that he is impressed with the results of the program and liked seeing the base shown alongside the improvements. Director Murdock stated that he liked seeing the results displayed as performance metrics.

VII. REPORTS

1. **District General Counsel (A. Brown)**: General Counsel Brown gave a legislative update on AB1486 regarding surplus property. The District will have new reporting requirements with the California Department of Housing and Community Development.

2. **General Manager (H. Niederberger)**: GM Niederberger provided clarification that the month listed on item #3 of his report should be October. GM Niederberger asked that Superintendent Rose provide the Board with an update on the Public Safety Power Shutoffs (PSPS). Superintendent Rose shared that overall the PSPS ran smoothly and everyone worked together to manage the outages. The District was also able to learn some valuable lessons that will be utilized during future outages. Director Mitchell asked for a status update on the perimeter fence. GM Niederberger responded that the plans and permit are still being reviewed by the City of Rocklin.

A. **FSD & TSD Reports**: There were no additions to the managers' reports.

B. **Information Items**: No additional items.

3. Director's Comments:

Director Markey asked about the status of 3180 Taylor Road. District Engineer Nielsen responded that the offsite work is complete.

Director Mitchell asked about the new Laserfiche system. Administrative Services Manager Costan shared that the system setup has been completed and the District is working to train staff and import records. Director Mitchell asked for a demonstration of Laserfiche at a future board meeting. Director Mitchell shared that he went on a ride-along with Inspector Lorton. He emphasized the importance of the standards and training for future inspectors. He also mentioned the efficiencies that he saw with the utilization of Lucity.

President Williams asked for an update on a customer letter that was sent to the Board members regarding smell and noise at Rustic Hills. Superintendent Rose gave an overview of the situation and how it has been resolved satisfactorily. President Williams shared that he enjoyed his recent tour of the Pleasant Grove Water Treatment Plant. President Williams asked whether feedback was being solicited from outside engineers on the update of the Development Standards. District Engineer Nielsen responded that staff would solicit this feedback.

VIII. CLOSED SESSION

Public Employment - GENERAL MANAGER PERFORMANCE EVALUATION

(Per Subdivision (a) of Government Code Section 54957)

The Board adjourned into closed session at 5:19 p.m. to discuss the format of the General Manager's evaluation. No action was taken.

After a brief discussion of the potential for district-based elections, the Board asked the General Manager to develop a population count by District Ward.

IX. ADJOURNMENT

The President adjourned the meeting at 5:35 p.m. to the next regular meeting to be held on December 5, 2019 at 4:30 p.m.



Emilie Costan, Board Secretary



South Placer Municipal Utility District, CA

Check Report

By Check Number

Date Range: 10/31/2019 - 11/25/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP Bank-AP Bank						
1020	Aqua Sierra Controls, Inc.	10/31/2019	Regular	0.00	680.00	11671
1663	Buckmaster Office Solutions	10/31/2019	Regular	0.00	121.75	11672
1053	Capital Air Tool, LLC.	10/31/2019	Regular	0.00	375.20	11673
1652	Cintas Corporation	10/31/2019	Regular	0.00	437.69	11674
1509	Crystal Communications	10/31/2019	Regular	0.00	311.64	11675
1127	Goldak	10/31/2019	Regular	0.00	199.97	11676
1631	Instrument Technology Corporation	10/31/2019	Regular	0.00	542.99	11677
1564	Jensen Landscape Services, LLC	10/31/2019	Regular	0.00	861.00	11678
1720	Marilyn Sykes	10/31/2019	Regular	0.00	974.00	11679
1460	Quantum Marketing Group	10/31/2019	Regular	0.00	784.68	11680
1253	Recology Auburn Placer	10/31/2019	Regular	0.00	307.28	11681
1266	Rocklin Hydraulics	10/31/2019	Regular	0.00	62.72	11682
1313	Teledyne Isco, Inc.	10/31/2019	Regular	0.00	2,004.29	11683
1325	Tyler Technologies, Inc.	10/31/2019	Regular	0.00	400.00	11684
1721	Velocity EHS	10/31/2019	Regular	0.00	2,262.00	11685
1007	Advanced Integrated Pest	11/06/2019	Regular	0.00	106.00	11686
1017	Anderson's Sierra Pipe	11/06/2019	Regular	0.00	1,693.16	11687
248	AT&T (916.663.1652) & (248.134.5438.608.80)	11/06/2019	Regular	0.00	240.88	11688
1652	Cintas Corporation	11/06/2019	Regular	0.00	504.25	11689
1068	City of Roseville	11/06/2019	Regular	0.00	507,424.19	11690
1086	Dataprose	11/06/2019	Regular	0.00	5,105.37	11691
1087	Dawson Oil Co.	11/06/2019	Regular	0.00	5,116.74	11692
1113	Ferguson Enterprises, Inc. 1423 (Main)	11/06/2019	Regular	0.00	540.54	11693
1631	Instrument Technology Corporation	11/06/2019	Regular	0.00	980.87	11694
1686	Jan Pro	11/06/2019	Regular	0.00	805.00	11695
1218	PCWA	11/06/2019	Regular	0.00	92.86	11696
1221	PG&E (Current Accounts)	11/06/2019	Regular	0.00	4,392.45	11697
1333	SPOK, Inc.	11/06/2019	Regular	0.00	10.52	11698
1685	Streamline	11/06/2019	Regular	0.00	400.00	11699
1306	Superior Equipment Repair	11/06/2019	Regular	0.00	2,274.78	11700
1307	Sutter Medical Foundation-Corporate	11/06/2019	Regular	0.00	284.00	11701
1343	Water Works Engineers, LLC	11/06/2019	Regular	0.00	14,362.00	11702
248	AT&T (916.663.1652) & (248.134.5438.608.80)	11/14/2019	Regular	0.00	9.34	11703
1022	AT&T (9391035571) & (9391053973)	11/14/2019	Regular	0.00	314.72	11704
1652	Cintas Corporation	11/14/2019	Regular	0.00	467.88	11705
1080	CWEA (Main)	11/14/2019	Regular	0.00	3,824.00	11706
1723	CWEA TCP	11/14/2019	Regular	0.00	220.00	11707
1086	Dataprose	11/14/2019	Regular	0.00	1,732.00	11708
1722	Deluxe	11/14/2019	Regular	0.00	61.04	11709
1641	Enoven Truck Body & Equipment	11/14/2019	Regular	0.00	17,117.71	11710
1139	Hill Rivkins Brown & Associates	11/14/2019	Regular	0.00	8,560.00	11711
1218	PCWA	11/14/2019	Regular	0.00	1,903.59	11712
1473	Pitney Bowes Purchase Power	11/14/2019	Regular	0.00	726.89	11713
1244	Preferred Alliance Inc	11/14/2019	Regular	0.00	202.72	11714
1518	Sonitrol of Sacramento	11/14/2019	Regular	0.00	195.00	11715
1090	State of CA-Department of Justice	11/14/2019	Regular	0.00	32.00	11716
1303	State Water Resources Control Board	11/14/2019	Regular	0.00	14,073.00	11717
1499	TechRoe.com LLC	11/14/2019	Regular	0.00	900.00	11718
1338	Verizon Wireless	11/14/2019	Regular	0.00	1,354.38	11719
1045	Cal Pers 457 Plan (EFT)	11/01/2019	Bank Draft	0.00	375.00	DFT0004880
1135	Mass Mutual (EFT)	11/01/2019	Bank Draft	0.00	7,465.52	DFT0004881
1135	Mass Mutual (EFT)	11/01/2019	Bank Draft	0.00	495.86	DFT0004882
1580	TASC	11/01/2019	Bank Draft	0.00	323.56	DFT0004883
1580	TASC	11/01/2019	Bank Draft	0.00	428.83	DFT0004884

Check Report

Date Range: 10/31/2019 - 11/25/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	147.25	DFT0004885
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	271.86	DFT0004886
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	447.90	DFT0004887
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	3,398.09	DFT0004888
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	5,599.21	DFT0004889
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	97.27	DFT0004890
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	134.51	DFT0004891
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	1,389.65	DFT0004892
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	1,921.68	DFT0004893
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	1,699.67	DFT0004894
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	2,158.88	DFT0004895
1149	Internal Revenue Service	11/01/2019	Bank Draft	0.00	11,004.14	DFT0004896
1098	EDD (EFT)	11/01/2019	Bank Draft	0.00	3,697.38	DFT0004897
1098	EDD (EFT)	11/01/2019	Bank Draft	0.00	774.61	DFT0004898
1149	Internal Revenue Service	11/01/2019	Bank Draft	0.00	2,798.42	DFT0004899
1149	Internal Revenue Service	11/01/2019	Bank Draft	0.00	8,857.55	DFT0004900
1229	Pers (EFT)	11/01/2019	Bank Draft	0.00	386.56	DFT0004902
1098	EDD (EFT)	11/01/2019	Bank Draft	0.00	-39.55	DFT0004905
1098	EDD (EFT)	11/01/2019	Bank Draft	0.00	-4.19	DFT0004906
1149	Internal Revenue Service	11/01/2019	Bank Draft	0.00	-46.38	DFT0004908
1045	Cal Pers 457 Plan (EFT)	11/15/2019	Bank Draft	0.00	375.00	DFT0004920
1135	Mass Mutual (EFT)	11/15/2019	Bank Draft	0.00	7,465.52	DFT0004921
1135	Mass Mutual (EFT)	11/15/2019	Bank Draft	0.00	495.86	DFT0004922
1580	TASC	11/15/2019	Bank Draft	0.00	323.56	DFT0004923
1580	TASC	11/15/2019	Bank Draft	0.00	428.83	DFT0004924
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	147.25	DFT0004925
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	272.80	DFT0004926
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	449.46	DFT0004927
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	3,409.87	DFT0004928
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	5,618.61	DFT0004929
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	97.55	DFT0004930
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	134.89	DFT0004931
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	1,393.56	DFT0004932
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	1,927.09	DFT0004933
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	2,116.47	DFT0004934
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	2,190.18	DFT0004935
1149	Internal Revenue Service	11/15/2019	Bank Draft	0.00	19,621.80	DFT0004936
1098	EDD (EFT)	11/15/2019	Bank Draft	0.00	6,207.69	DFT0004937
1098	EDD (EFT)	11/15/2019	Bank Draft	0.00	1,389.18	DFT0004938
1149	Internal Revenue Service	11/15/2019	Bank Draft	0.00	4,813.92	DFT0004939
1149	Internal Revenue Service	11/15/2019	Bank Draft	0.00	15,692.37	DFT0004940
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	-339.93	DFT0004943
1229	Pers (EFT)	11/15/2019	Bank Draft	0.00	-351.75	DFT0004944
1098	EDD (EFT)	11/15/2019	Bank Draft	0.00	34.78	DFT0004946
1149	Internal Revenue Service	11/15/2019	Bank Draft	0.00	40.79	DFT0004948

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	63	49	0.00	606,353.09
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	50	50	0.00	127,738.63
EFT's	0	0	0.00	0.00
	113	99	0.00	734,091.72

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	63	49	0.00	606,353.09
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	50	50	0.00	127,738.63
EFT's	0	0	0.00	0.00
	113	99	0.00	734,091.72

Fund Summary

Fund	Name	Period	Amount
100	GENERAL FUND	10/2019	10,325.21
100	GENERAL FUND	11/2019	723,766.51
			734,091.72

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To: Board of Directors
From: Eric Nielsen, District Engineer
Cc: Carie Huff, Associate Engineer
Subject: Acceptance of the Bill of Sale for Sewer Improvements for Nobel Learning Center at 5893 Stanford Ranch Road
Meeting Date: December 5, 2019

Overview

Nobel Learning Center at 5893 Stanford Ranch Road is located at the intersection of Stanford Ranch Road and Sunset Boulevard in Rocklin. The site is split into two parcels and the Nobel Learning Center portion of the development will contribute 6.42 EDUs with the remainder of the property developing in the future. The Nobel Learning Center/5893 Stanford Ranch Road improvements include the following infrastructure:

- Installation of two hundred and fifty-five (255) linear feet of sanitary sewer pipe;
- Installation of one (1) manhole;
- Installation of one (1) flushing branch; and
- Installation of a single eight (8) foot lower lateral.

Recommendation

Staff recommends that the Board of Directors accept the attached Bill of Sale for the Nobel Learning Center/5893 Stanford Ranch Road improvements.

Strategic Plan Goal

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.1: Engage Customers to determine expectations.

Goal 1.2: Establish and meet Service Level(s) by Department.

Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.

Fiscal Impact

The estimated value of the contributed capital is \$104,399.

Attachments:

1. Bill of Sale
2. Map – Nobel Learning Center/5893 Stanford Ranch Road
3. Nobel Learning Center/5893 Stanford Ranch Road Asset Inventory


BILL OF SALE

Yuba Investments - Sunset LP does hereby grant, bargain, sell and convey to SOUTH PLACER MUNICIPAL UTILITY DISTRICT all of its rights, title and interest in and to all public sewer pipes, lines, mains, manholes, and appurtenances installed by its contractor in that subdivision/project commonly known as 5893 Stanford Ranch Rd. Rocklin CA 95765

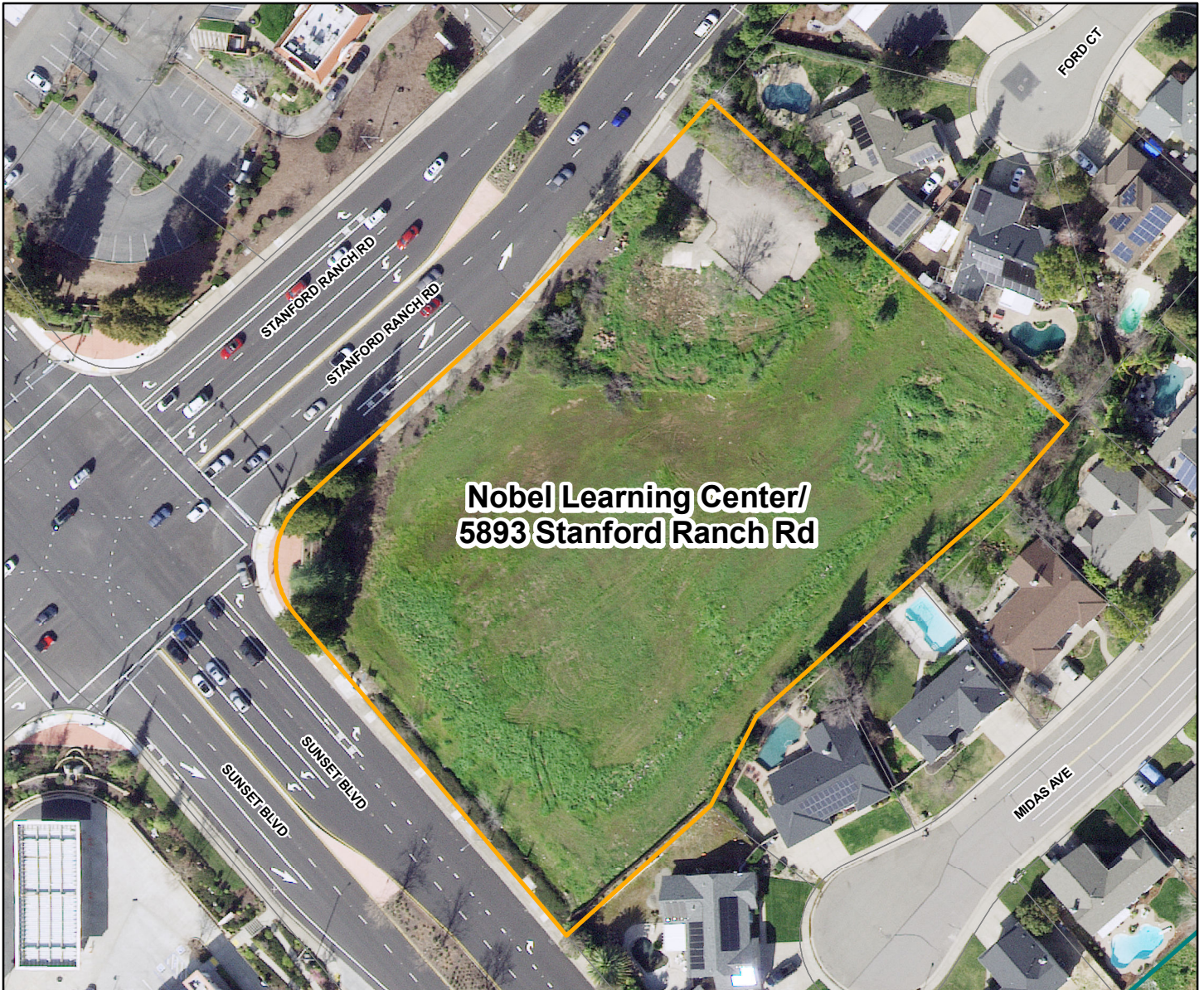
Grantor herein does hereby warrant and guarantee to SOUTH PLACER MUNICIPAL UTILITY DISTRICT that all of the personal property described herein consisting of sewer pipes, lines, mains, manholes, and appurtenances are free and clear of all mechanics liens and encumbrances of any type, nature or description whatsoever.

Dated this NOV 12, 2019

By: Yuba Investments Sunset LP



Kurt Hilbers



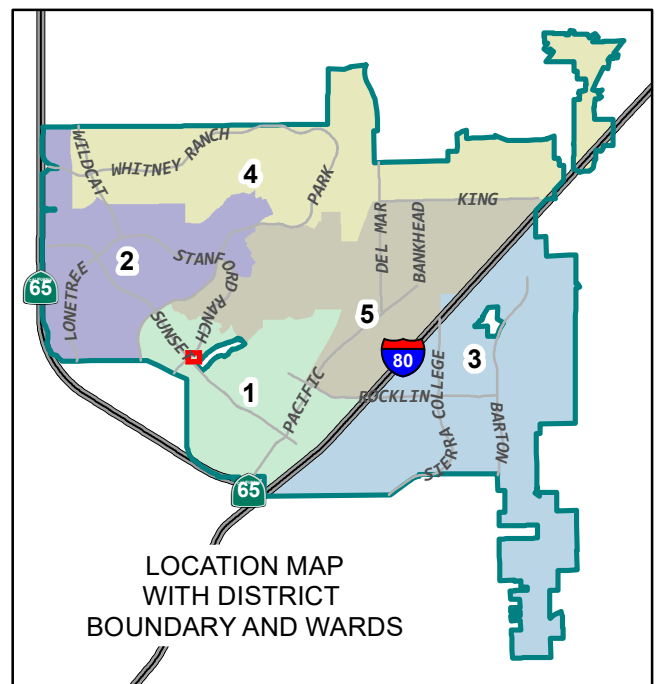
0 50 100 Feet
 1 in = 100 ft



Nobel Learning Center/ 5893 Stanford Ranch Rd

6.42 EDUs

Date: 11/25/2019
 Author: Curtis Little
 Document Path:
 G:\spmud_gis\mxd\Curtis\Bill Of Sale



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOBEL LEARNING CENTER/5893 STANFORD RANCH ROAD
ASSET INVENTORY**

Pipe ID	Diameter (in)	Material	Length (ft)
J06-F03	6	SDR26	118.7
J06-167	6	SDR26	100.8

Structure ID	Structure Type	Diameter (in)
J06-167	Manhole	48
J06-F03	Flushing Branch	6

Service Structure	Diameter (in)	Length (ft)	Pipe Material
31103	6	9	SDR26

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To: Board of Directors
From: Eric Nielsen, District Engineer
Cc: Carie Huff, Associate Engineer
Subject: Acceptance of the Bill of Sale for Sewer Improvements within Whitney Ranch Phase III Unit 44B
Meeting Date: December 5, 2019

Overview

The Whitney Ranch Phase III Unit 44B improvements are located in Rocklin to the north of Old Ranch House Road and to the south of Creek Hollow Drive. The Whitney Ranch Phase III Unit 44B project consists of 44 single-family residential homes for a total of 44 EDUs. The Whitney Ranch Phase III Unit 44B improvements include the following infrastructure:

- Installation of one thousand, nine hundred and five (1,905) linear feet of sanitary sewer pipe;
- Installation of sixteen (11) manholes;
- Installation of two (2) flushing branches; and
- Installation of one thousand, one hundred and fifty-two (1,152) feet of lower lateral sewer pipe.

Recommendation

Staff recommends that the Board of Directors accept the attached Bill of Sale for the Whitney Ranch Phase III Unit 44B improvements.

Strategic Plan Goal

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.1: Engage Customers to determine expectations.

Goal 1.2: Establish and meet Service Level(s) by Department.

Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.

Fiscal Impact

The estimated value of the contributed capital is \$833,450.

Attachments:

1. Bill of Sale
2. Map – Whitney Ranch Phase II Unit 44B
3. Whitney Ranch 2J Phase II Unit 44B Asset Inventory



BILL OF SALE

SUNSET RANCHOS INVESTORS, LLC, A DELAWARE LIMITED LIABILITY COMPANY does hereby grant, bargain, sell and convey to SOUTH PLACER MUNICIPAL UTILITY DISTRICT all of its rights, title and interest in and to all public sewer pipes, lines, mains, manholes, and appurtenances installed by its contractor in that subdivision/project commonly known as Whitney Ranch Phase III Unit 44B.

Grantor herein does hereby warrant and guarantee to SOUTH PLACER MUNICIPAL UTILITY DISTRICT that all of the personal property described herein consisting of sewer pipes, lines, mains, manholes, and appurtenances are free and clear of all mechanics liens and encumbrances of any type, nature or description whatsoever.

Dated this November 5, 2019

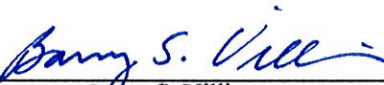
DEVELOPER/OWNER:


SUNSET RANCHOS INVESTORS, LLC,
a Delaware limited liability company

By: Whitney Ranch Venture, LLC,
a Delaware limited liability company
Its sole Member

By: Institutional Housing Partners III L.P.,
a California limited partnership
Its Manager

By: IHP Capital Partners,
a California corporation
Its General Partner

By: 
Barry S. Villines
Chief Financial Officer

By: 
C. Blaine Peterson
Senior Vice President



**Whitney Ranch Phase III
Unit 44B**

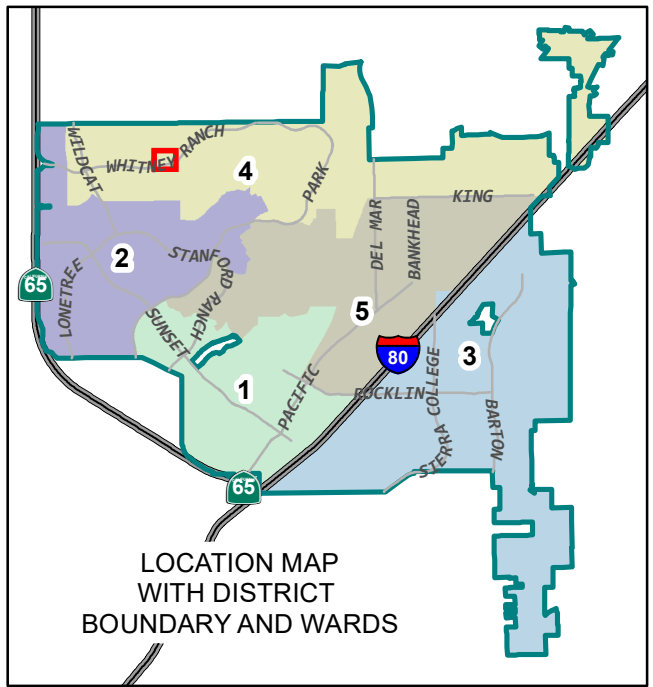
0 100 200 Feet
1 in = 200 ft



**Whitney Ranch Phase III
Unit 44B**

44 EDUs

Date: 11/25/2019
 Author: Curtis Little
 Document Path:
 G:\spmud_gis\mxd\Curtis\Bill Of Sale
 Maps\WRUnit44B.mxd



LOCATION MAP
WITH DISTRICT
BOUNDARY AND WARDS

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
WHITNEY RANCH PHASE III UNIT 44B
ASSET INVENTORY**

Pipe ID	Diameter (in)	Material	Length (ft)
O05-110	6	SDR26	149.4
O05-112	6	SDR26	292.9
O05-115	6	SDR26	134.8
O05-F02	6	SDR26	60.1
O05-114	6	SDR26	48
O05-118	6	SDR26	180.9
O05-F01	6	SDR26	26.4
O05-117	6	SDR26	212.2
O05-113	6	SDR26	141
O05-111	6	SDR26	210.2
O05-119	6	SDR26	246.8
O05-109	8	SDR26	112.7
O05-116	6	SDR26	143.4

Structure ID	Structure Type	Diameter (in)
O05-114	Manhole	48
O05-F02	Flushing Branch	6
O05-117	Manhole	48
O05-112	Manhole	48
O05-118	Manhole	48
O05-109	Manhole	48
O05-F01	Flushing Branch	6
O05-115	Manhole	48
O05-110	Manhole	48
O05-116	Manhole	48
O05-113	Manhole	48
O05-119	Manhole	48
O05-111	Manhole	48

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
WHITNEY RANCH PHASE III UNIT 44B
ASSET INVENTORY**

Service Structure	Diameter (in)	Length (ft)	Pipe Material
31535	4	31.3	SDR26
31536	4	35.8	SDR26
31537	4	37	SDR26
31538	4	38.3	SDR26
31539	4	18.2	SDR26
31540	4	33.1	SDR26
31541	4	33.1	SDR26
31542	4	33	SDR26
31543	4	16.6	SDR26
31544	4	16	SDR26
31545	4	20	SDR26
31546	4	22.3	SDR26
31547	4	15.9	SDR26
31548	4	16	SDR26
31549	4	33.4	SDR26
31550	4	33.4	SDR26
31551	4	33.4	SDR26
31552	4	33.5	SDR26
31553	4	33	SDR26
31554	4	35.9	SDR26
31555	4	64.6	SDR26
31556	4	33.6	SDR26
31557	4	25.5	SDR26
31558	4	21	SDR26
31559	4	30.1	SDR26
31560	4	21.2	SDR26
31561	4	24.4	SDR26
31562	4	27	SDR26
31563	4	20.7	SDR26

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
WHITNEY RANCH PHASE III UNIT 44B
ASSET INVENTORY

Service Structure	Diameter (in)	Length (ft)	Pipe Material
31564	4	21.2	SDR26
31565	4	20.3	SDR26
31566	4	20.9	SDR26
31567	4	21.4	SDR26
31568	4	20.8	SDR26
31569	4	21.1	SDR26
31570	4	20.8	SDR26
31571	4	20.9	SDR26
31572	4	21.1	SDR26
31573	4	21.1	SDR26
31574	4	21.1	SDR26
31575	4	21	SDR26
31576	4	21	SDR26
31577	4	21.1	SDR26
31585	4	20.9	SDR26

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To: Board of Directors

From: Eric Nielsen, District Engineer

Cc: Herb Niederberger, General Manager

Subject: Contract with Bennett Engineering Services to Provide As-Needed Plan Checking Services

Meeting Date: December 5, 2019

Overview

Per the South Placer Municipal Utility District (District) Standards Specifications and Improvement Standards for Sanitary Sewers (Standards), the District requires developers to submit civil improvement plans for all proposed improvements and expansions to the public sewer collection system for review and approval. These plans are reviewed by District staff for compliance with the District's Standards. Over the past year, the number of plans submitted to the District has varied between three to eleven per month and in prior years the maximum number of plans submitted in a month was 14. Essentially all plan reviews are completed by the Associate Engineer. Due to the variability in the receipt of plans and the associated workload, the current staff resources, and the planned transition in positions, staff felt the need to provide for additional plan checking resources without hiring another employee.

The District issued a request for qualifications (RFQ) to the public on August 20, 2019. The RFQ provided an overview of the District, outlined the request for as-needed plan checking services, and provided the criteria that would be used to rank the responding firms. Firms had until October 15, 2019 to submit their proposals. Of the three firms that submitted proposals, the District selected two for oral interviews. Interviews were held on November 21, 2019 and Bennett Engineering Services was the highest-ranking firm. Staff proposes that the District contract with Bennett Engineering Services to provide as-needed plan checking services.

Recommendation

Staff recommends that the Board of Directors:

- Adopt Resolution 19-24 authorizing the General Manager to execute the attached contract with Bennett Engineering Services for as-needed plan checking services.

Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.2: Establish and meet Service Level(s) by Department.

Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.

Goal 3.2: Provide Engineering and Design to optimize the Capital Improvement Program.

Fiscal Impact

The contract amount for as-needed plan check services is a planned expense in the budget (i.e., \$50,000 over two years) and will be paid for out of the General Fund (i.e., Fund 100).

Attachments:

1. Resolution 19-24 – Contract for As-Needed Plan Checking Services with Bennett Engineering Services
2. SPMUD Contract for As-Needed Plan Checking Services

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 19-24

**CONTRACT FOR AS-NEEDED PLAN CHECKING SERVICES
WITH BENNETT ENGINEERING SERVICES**

WHEREAS, the South Placer Municipal Utility District (SPMUD) owns, operates, and maintains the public sewer collection system, including wastewater transmission mains, laterals, cleanouts, and

WHEREAS, SPMUD reviews all proposed developer-funded and developer-installed sewer collection system improvements based on the SPMUD standards and specifications, and

WHEREAS, SPMUD issued a request for qualifications to the public on August 20, 2019, for engineering firms to provide as-needed plan checking services to support SPMUD staff. Engineering firms had until October 15, 2019 to submit qualifications. SPMUD received three proposals, and

WHEREAS, SPMUD evaluated the submitted proposals and selected two engineering firms for interview. Following the interviews on November 21, 2019, Bennett Engineering Services was the highest-ranking firm using the selection criteria outlined in the request for qualifications.

N O W , T H E R E F O R E B E I T R E S O L V E D , by the Board of Directors of the South Placer Municipal Utility District to:

1. Authorize the General Manager to enter the attached agreement for As-Needed Plan Checking Services, subject to final review and approval by the District Legal Counsel.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 5th day of December 2019.

Signed: _____
James T. Williams, President of the Board of Directors

Attest: _____
Emilie Costan, Board Secretary



**SOUTH PLACER
MUNICIPAL UTILITY DISTRICT**

**CONTRACTING
FORM**

PROJECT:

DATE ISSUED: 12/5/2019

Provide Consulting Engineering Services for the project known as:

As Needed Plan Checking Services

FOR: South Placer Municipal Utility District, 5807 Springview Drive ~ Rocklin, CA 95677
PROJECT MANAGER: Eric Nielsen, (916) 786-8555 Ext. 310; E-Mail enielsen@spmud.ca.gov

PROPOSAL: (This section to be completed by bidder.)

The undersigned agrees to complete the work specified in strict conformance with the (attached) Scope of Services for the following amount not to exceed: **\$50,000**, unless mutually agreed upon in writing.

Amount in words: **Fifty thousand** dollars and **zero** cents.

This includes all applicable taxes and fees. The required insurance, as described in the (attached) Architect-Engineer/South Placer Municipal Utility District (SPMUD) Standard Terms and Conditions shall be provided prior to commencing work.

Comments and Exceptions:

The term of this Agreement shall cover a 2-year time period commencing on December 5, 2019, and continuing until December 31, 2021, unless extended or sooner terminated as provided for herein.

Invoices must identify the Project Name (Title) as shown herein. Invoices must also include an invoice date and number, a brief description of the effort completed and the period in which services were rendered. Invoices shall include a breakdown of labor charges such as Consultant's title, number of hours, billing rate, title of project reviewed, invoice total and a definition for all abbreviations.

Name and Address of Bidder:

Signature of Person Authorized to Sign

[NAME]
[Address] _____
[City, State ZIP]

Phone No.: _____

Signer's Name and Title (Type or Print)

FAX No.: _____

E-Mail: _____

NOTICE OF AWARD (This Section for District Use Only)

DATE ISSUED:

The above bid is accepted (Check One):

You are directed to proceed with the work upon receipt of this award

Notice to Proceed will be issued upon receipt of applicable bonds, insurance and other required submittals, if any

By: _____

Title: _____

NOTICE TO PROCEED

DATE ISSUED:

By: _____

Title: _____

NOTICE OF COMPLETION

DATE ISSUED:

I hereby certify that the above contract has been completed and accepted by the District.

By: _____

Title: _____

I. SCOPE

Architect–Engineer (AE) agrees to perform the services described in the scope of work attached hereto which incorporates these terms and conditions. Unless modified in writing by the parties hereto, the duties of AE shall not be construed to exceed those services specifically set forth in the proposal. These terms and conditions and the proposal, when executed by South Placer Municipal Utility District (SPMUD), shall constitute a binding agreement on both parties (hereinafter the “Agreement”).

II. COMPENSATION

SPMUD agrees to pay for the services in Article I in accordance with the compensation provisions in the proposal. Payment to AE will be made within 30 days after the date of billing. Interest on the unpaid balance will accrue beginning on the 31st day at the maximum interest rate permitted by law.

Time-related charges will be made in accordance with the billing rate referenced in the proposal or Agreement. Direct expenses and Subcontractor services shall be billed in accordance with the proposal or compensation exhibit attached to this Agreement. Otherwise, AE’s standard billing rates shall apply. In the event any uncontested portions of any invoice are not paid within 30 days of the date of Consultant’s invoice, Consultant shall have the right to suspend work per Article XIV, Suspension of Work.

III. RESPONSIBILITY

1. **Standard of care:** AE is employed to render a professional service only, and any payments made by SPMUD are compensation solely for such services rendered and recommendations made in carrying out the Work. AE shall perform the services in accordance with generally accepted engineering practices and standards in effect when the services are rendered. AE does not expressly or impliedly warrant or guarantee its services.

In performing construction management services, AE shall act as agent of SPMUD. AE’s review or supervision of work prepared or performed by other individuals or firms employed by SPMUD shall not relieve those individuals or firms of complete responsibility for the adequacy of their work.

The presence of AE’s personnel at a construction site, whether as on-site representative, resident engineer or construction manager, shall be for the sole purpose of determining that the work is generally proceeding in conformance with the intent of the project specifications and contract

documents and does not constitute any form of guarantee or assurance with respect to contractor’s performance. AE shall have no responsibility for the contractor’s means, methods, techniques, sequences, for safety precautions and programs incident to the contractor’s work, or for any failure of contractor to comply with laws and regulations applicable to performing its work.

2. **Reliance upon information provided by others:** If AE’s performance of services hereunder requires AE to rely on information provided by other parties (excepting AE’s subcontractors), AE shall not independently verify the validity, completeness or accuracy of such information unless otherwise expressly engaged to do so in writing by SPMUD.

IV. PREVAILING WAGE

To the extent that the prevailing wage, as defined by the California Director of Industrial Relations or any state agency with jurisdiction, is applicable to the scope of work to be performed hereunder, the AE shall pay not less than the said specified rates to all employees and contractors as such may be required under state law, and defend and indemnify SPMUD from and against any and all claims arising out of any failure to pay the prevailing wage, if such is required.

V. INDEMNIFICATION

AE agrees to indemnify and hold SPMUD harmless from and against any liability to the extent arising out of the negligent acts, errors or omissions of AE, its agents, employees, or representatives, in the performance of duties under the Agreement. Regardless of any other term of this Agreement, in no event shall AE be responsible or liable to SPMUD for any incidental, consequential, or other indirect damages.

VI. INSURANCE

AE shall maintain during the life of the Agreement the following minimum insurance:

1. **Commercial general liability:** insurance, including personal injury liability, blanket contractual liability and broad form property damage liability. The combined single limit for bodily injury and property damage shall be not less than \$1,000,000.

2. **Automobile bodily injury and property damage liability:** insurance covering owned, non-owned, rented, and hired cars. The combined single limit for bodily injury and property damage shall not be less than \$1,000,000.

3. **Professional liability:** insurance with limits of not less than \$1,000,000.

4. **Limits of liability:** The total amount of all claims SPMUD may have against AE under this Agreement or arising from the performance or non-performance of the services under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to \$500,000. As SPMUD’s sole and exclusive remedy under this Agreement any claim, demand or suit shall be directed and/or asserted only against AE and not against any of the AE’s employee’s, officers or directors.

5. **Additional insured:** SPMUD shall be named as additional insured on policies 1 and 2 above. Upon request, a certificate of insurance will be provided to SPMUD with a 30-day written notice in the event the above policies are cancelled.

VII. SUBCONTRACTS

AE shall be entitled, to the extent determined to be appropriate by AE to subcontract any portion of the Work to be performed under this Agreement.

VIII. ASSIGNMENT

If the authorized scope of work includes construction activities or the oversight of construction, AE may, at its discretion and upon notice to SPMUD, assign all of its contractual rights and obligations with respect to such activities or services to a qualified construction management firm.

If the authorized scope of work requires professional services to be performed in a jurisdiction in which AE renders professional services solely through a locally registered engineering affiliate for purposes of compliance with professional licensing requirements in that jurisdiction, AE may, in its discretion, upon notice to SPMUD assign its contractual rights and obligations with respect to such services to such locally registered engineering affiliate.

IX. INTEGRATION

These terms and conditions and the proposal to which they are attached represent the entire understanding of SPMUD and AE as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. The Agreement may not be modified or altered except in writing signed by both parties, provided further that any terms and conditions in any client authorization or purchase order issued in connection or under the Agreement which are inconsistent with the Agreement are hereby superseded and shall be of no force or effect.

X. SEVERABILITY

If any part of the Agreement is found unenforceable under applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of the Agreement shall be in full force and effect.

XI. FORCE MAJEURE

AE shall not be responsible for delays in performing the scope of services that may result from causes beyond the reasonable control or contemplation of AE. AE will take reasonable steps to mitigate the impact of any force majeure.

XII. NO BENEFIT FOR THIRD PARTIES

The services to be performed by AE hereunder are intended solely for the benefit of SPMUD and no right nor benefit is conferred on, nor any contractual relationship intended or established

with any person or entity not a party to this Agreement. No such person or entity shall be entitled to rely on AE's performance of its services hereunder.

XIII. WORK PRODUCT

AE and SPMUD recognize that AE's work product submitted in performance of this Agreement is intended only for the SPMUD benefit and use. Change, alteration, or reuse on another project by SPMUD shall be at SPMUD's sole risk, and SPMUD shall hold harmless and indemnify AE against all losses, damages, costs and expense, including attorney's fees, arising out of or related to any such unauthorized change, alteration or reuse.

XIV. SUSPENSION OF WORK

Work under this Agreement may be suspended as follows:

1. **By SPMUD:** By written notice to AE, SPMUD, may suspend all or a portion of the Work under this Agreement if unforeseen circumstances beyond SPMUD's control make normal progress of the Work impracticable. AE shall be compensated for its reasonable expenses resulting from such suspension including mobilization and demobilization. If suspension is greater than 30 days, then AE shall have the right to terminate this Agreement in accordance with Article XV, Termination of Work.
2. **By AE:** By written notice to SPMUD, AE may suspend the Work if AE reasonably determines that working conditions at the Site (outside AE's control) are unsafe, or in violation of applicable laws, or in the event SPMUD has not made timely payment in accordance with Article II, Compensation, or for other circumstances not caused by AE that are interfering with the normal progress of the Work. AE's suspension of Work hereunder shall be without prejudice to any other remedy of AE at law or equity.

XV. TERMINATION OF WORK

This Agreement may be terminated as follows:

1. **By SPMUD:** (a) for its convenience on 30 days' notice to AE, or (b) for cause, if AE materially breaches this Agreement through no fault of SPMUD and AE neither cures such material breach nor makes reasonable progress toward cure within 15 days after SPMUD has given written notice of the alleged breach to AE.
2. **By AE:** (a) for cause, if SPMUD materially breaches this Agreement through no fault of AE and SPMUD neither cures such material breach nor makes reasonable progress toward cure within 15 days after AE has given written notice of the alleged breach to SPMUD or (b) upon five days' notice if Work under this Agreement has been suspended by either SPMUD or AE in the aggregate for more than 30 days.
3. **Payment upon Termination.** In the event of termination, AE shall perform such additional work as is reasonably necessary for the orderly closing of the Work. AE shall be compensated for all work performed prior to the effective date of termination of AE by SPMUD for cause, AE shall also receive a termination fee equal to 15 percent of the total compensation yet to be earned under existing authorizations at the time of termination.

XVI. NOTICES

All notices required under this Agreement shall be by personal delivery, facsimile or mail to the AE Project Manager and to the

person signing the proposal on behalf of the SPMUD and shall be effective upon delivery to the address stated in the proposal.

Section III – SCOPE OF WORK AND TECHNICAL SPECIFICATIONS

The consultant shall provide professional engineering services, described below. The plan check-related services shall include plan checking and review of project plans and specifications with specific experience in the analysis and evaluation of construction of subject facilities. The consultant shall perform all necessary services to review a complete set of improvement plans (following all applicable District approved Plans and Specifications).

The term of this agreement shall cover a two-year time period commencing on December 2, 2019, and continuing until December 31, 2021, unless extended or sooner terminated as provided for herein.

The District shall pay Consultant on a time and expense basis in accordance with the proposed pricing subject to a maximum payment of \$ Fifty Thousand Dollars (\$50,000.00). This amount shall not be exceeded without prior written approval by District.

The consultant's services shall include the following project management assistance in support of the categories listed below:

- Plan checking services in conformance with District timelines (the District commits to returning plan submittal comments to the submitter within twenty (20) work days for the first plan check and ten (10) work days for any subsequent plan checks). Prepare and provide project status updates including updates to scope status, schedule and cost of work performed for tracking purposes.
- Submit monthly invoices conforming to District requirements.
- Be available for meetings with the Developer's Engineer; responding to all plan checking-related inquiries.
- Utilize software as designated by the District to aid in the coordinate, transfer, review, and response of plan submittals.

Support services typically needed by the District for each plan check-related Category include, but are not limited to, the following list:

CATEGORY 1 - SEWER PIPELINES

- A. Review plans to ensure that all sanitary sewer facilities are designed in accordance with the current edition of the South Placer Municipal Utility District Standard Specifications and Improvement Standards for Sanitary Sewers.
- B. Review topographical and field survey data for constructability and design accuracy.

- C. Review and research all property ownership information including public right-of-way (ROW), utility easements, private property limits, temporary construction easements, etc. as they relate to the proposed pipeline facilities. Research all proposed ROW improvements and future ROW limits, if any.
- D. Review proposed grading, utility and street improvement plans to determine whether District facilities will have adequate separation from other utilities, sewer backflow devices will be required, facilities will be accessible to District maintenance and operations crews, and pipelines will have adequate cover,
- E. Review tentative tract or parcel maps to determine adequacy of lot lines, lot numbers, street right-of-way, and other dimensions shown in sewer plans.
- F. Review and research all existing utility information along the proposed alignment for conflicts.
- G. Review submittals for compliance with environmental and other regulatory permitting requirements.
- H. Review geotechnical reports as submitted, and review plans for consistency with recommendations included in those reports.
- I. Review typical cross-sections detailing horizontal and vertical locations of the proposed pipeline alignment; include limits of ROW (existing and future), State of California Division of Drinking Water (DDW) and other separation requirements, pavement limits, surface improvements, travel lane limits, existing and other proposed utilities, existing and proposed easements, etc.
- J. Review pipe material, class or thickness, linings and coatings, joint design, bedding and compaction requirements, etc..
- K. Determine location, type and sizing of sewer laterals, manholes, sewer cleanouts, and other appurtenances.
- L. Review project specific details and specifications for all points of connection including dimensional, material, transition, phasing and/or bypass requirements.
- M. Determine, specify and detail limits of abandonment and removal of existing pipeline and other facilities.
- N. Perform as-requested services by District personnel to further projects in the due-diligence and close-out phases.

CATEGORY 2 - SEWAGE LIFT STATIONS

- A. Review submitted hydraulic calculations including system curve development, pump selection, pipe and appurtenant sizing.

- B. Review structural and architectural design.
- C. Review electrical and control design.
- D. Review preliminary siting, grading and alignment evaluations and recommend preferred sites and alignment(s).
- E. Review topographical and field survey data for constructability and design accuracy.
- F. Review, research and add to base mapping, all property ownership information including public right-of-way (ROW), utility easements, private property limits, temporary construction easements, etc. as they relate to the proposed facilities. Research all proposed ROW improvements and future ROW limits, if any.
- G. Review all existing utility information, including franchise utilities, within the project area including owner, type, size, material, location, future facilities, etc.
- H. Enforce environmental and other regulatory permitting requirements.
- I. Review geotechnical reports as submitted and plans for consistency with recommendations included in geotechnical reports.
- J. Review corrosion protection requirements, and plans for consistency with corrosion protection requirements, as well as and recommendations included in the corrosion reports. If applicable, review Noise Suppression Studies and mitigation measures.
- K. If applicable, conduct Pre-Use Analysis meeting with District staff and Developer's engineer prior to the introduction or installation of any new material, process, or equipment.
- L. Review preliminary site plans, yard piping plans and sections, building layouts, mechanical plans and sections, and orientation drawings as they relate to the site.
- M. Review pipe material, class or thickness, linings and coatings, joint design, thrust restraint, bedding and compaction requirements, etc. per the current addition of the District Standard Specifications and Improvement Standards for Sanitary Sewers.
- N. Review plans, specifications, calculations, and equipment selection for new lift stations and existing lift station upgrades.
- O. Review the design of odor control facilities for sewage lift stations.
- P. Develop and/or refine sewage lift station design standards.
- Q. Provide technical specification for selection of materials and methods.

- R. Review plans and specifications from preliminary to final, including, grading, civil, mechanical, electrical and control, structural, plan and profile sheets, general sheets, title sheet, details, etc.
- S. For sewage force mains all support services listed under Category 1 are applicable. In addition, the review of Surge/Water Hammer Analysis and design features to mitigate surges to account for possible power failure.

EXHIBIT D

Item	Description	Hourly Rates
1	Primary Plan Checker	\$ 201
2	Principal Engineer	\$ 247
3	Senior Engineer	\$ 211
3	Associate Engineer	\$ 165
3	Utility Clerk	\$ 80

Price(s) shall include **all** labor, equipment, materials, transportation, overhead, travel, profit, insurance, sales and other taxes, licenses, incidentals, and all other related costs necessary to meet the work requirements.

PROPOSERS: Please show **RFQ name (i.e., "AS NEEDED PLAN CHECKING SERVICES")**, **date, and time** of RFQ due date on the envelope containing your proposal.

The undersigned as Proposer, declares that the only persons or parties interested in this proposal is made without collusion with any person, firm or corporation. Your signature on this document, should you be awarded the contract as defined in this RFQ, signifies that you have fully read and understood this proposal and will comply with all specifications, conditions, unit prices, terms, and delivery of the proposal unless otherwise noted in the "exceptions" portion of the proposal.

Name of Firm Bennett Engineering Services Date September 12, 2019

Mailing Address 1082 Sunrise Avenue, Suite 100

City, State, Zip Code Roseville, CA 95661

Authorized Signature:  Title: President

Printed Name Leo Rubio Phone 916.783.4100

Email Address lrubio@ben-en.com

PRICE FORM

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BENNETT ENGINEERING SERVICES
Rate Schedule | 2019/2020 Fiscal Year

PROFESSIONAL STAFF

Professional Staff	Hourly Rate	Professional Staff	Hourly Rate
Principal Engineer	\$247	Senior Specialist	\$180
Project Manager VI	\$221	Engineering Tech VI	\$160
Project Manager V	\$211	Engineering Tech V	\$150
Project Manager IV	\$201	Engineering Tech IV	\$140
Project Manager III	\$191	Engineering Tech III	\$130
Project Manager II	\$180	Engineering Tech II	\$120
Project Manager I	\$165	Engineering Tech I	\$110
Engineer/Surveyor VI	\$211	Designer IV	\$170
Engineer/Surveyor V	\$201	Designer III	\$160
Engineer/Surveyor IV	\$191	Designer II	\$145
Engineer/Surveyor III	\$180	Designer I	\$130
Engineer/Surveyor II	\$165	Inspector III	\$170
Engineer/Surveyor I	\$150	Inspector II	\$150
Engineering Intern	\$80	Inspector I	\$130
Expert Witness	\$438	Administrative	\$80

ADDITIONAL RATE INFORMATION

- ▶ Direct expenses (including, but not limited to, mileage, reproduction, postage, online assessor mapping fees, etc.) and subconsultant costs will be billed at cost plus fifteen percent (15%) for administration, coordination, and handling.
- ▶ Standard hourly rates do not apply to a demand to perform work during an overtime period. Work required to be performed during an overtime period (as mandated by California law) may be charged at a 50% premium. Work mandated by Prevailing Wage laws may be charged at a 25% premium.
- ▶ Hourly rates include all compensation for wages, salary-related benefits, overhead, general office administration, and profit. Direct project administrative hours will be billed at the rate shown above.
- ▶ Classifications may be added or removed as-needed without notice.
- ▶ Changes in the requested scope of work or projected schedule may result in the revision of the proposed fees and amendment to the total contract amount.
- ▶ Rates are subject to change annually effective July 1, 2020.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: Board of Directors
From: Herb Niederberger, General Manager
Cc: Sam Rose, Superintendent
Subject: **Participation Charge Report for Fiscal Year 2018/19**

Meeting Date: December 5, 2019

Overview

As outlined in California Government Code 66013 (CGC 66013), the District is required to report to the public, expenditures of capacity charges. The public reporting must be done within 180 days after the last day of each fiscal year, detailing the amount of Local Participation Charges collected by the South Placer Municipal Utility District and the capital projects funded by the charge.

Recommendation

Staff requests the Board of Directors receive and file this annual report.

Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.3: Maintain Transparency with all District Activities

Goal 4.1: Maintain Compliance with Pertinent Regulations

Goal 5.3: Maintain financial responsibility by ensuring allocated funding sources are adequate to meet expenses; and that available funds and resources are managed efficiently.

Goal 5.4: Prepare balanced annual budgets; conduct acceptable audits

Goal 5.6: Provide routine reports on Financial Stability

Fiscal Impact

There is no direct fiscal impact associate with the preparation of this report. All item listed for construction have been identified in the FY 2019/20 Budget Report.

Attachments

1. Participation Charge Report for Fiscal Year 2018/19

South Placer Municipal Utility District Participation Charge Report for Fiscal Year 2018/19

Purpose of the Report

This report is prepared to comply with California Government Code 66013, detailing the amount of Local Participation Charges collected by the South Placer Municipal Utility District (District or SPMUD) and the capital projects funded by the charge.

Participation Charge Defined

In accordance with Chapter 2.01.110 of the District's adopted Sewer Code, the Participation Charge, also known as a connection fee or development impact fee, is the sum paid to the District by any person, for the privilege of connecting to the District's facilities whether such connection is voluntary or mandatory. The District's facilities shall include local collection systems, trunk lines, treatment plants, and capacity.

The District levies the Participation Charge on all new development and all expansions or changes of existing development to pay for current and future capital improvement projects in the wastewater collection system that are designed to accommodate growth or expanded use. Revenue from Participation Charges and investment returns on the fund balance are collected in the District's Capital Improvement and Enlargement Fund. In 2015, The District's Capital Improvement and Enlargement Fund was designated as Fund 300 for accounting purposes.

During Fiscal Year 2018/19, the participation fee was \$3,923 per Equivalent Dwelling Unit.

Reporting Requirements

The District is required to report to the public expenditures of capacity charges. As outlined in California Government Code 66013, the public reporting must be done within 180 days after the last day of each fiscal year and must include the following information for that fiscal year:

1. A description of the capacity charges deposited into the fund.
2. The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.
3. The amount of capacity charges collected in that fiscal year.
4. An identification of all of the following:
 - a. Each public improvement on which charges were expended and the amount of the expenditures for each improvement, including the percentage of the total cost of the public improvement that was funded with those capacity charges if more than one source of funding was used.
 - b. Each public improvement on which charges were expended that was completed during that fiscal year.
 - c. Each public improvement that is anticipated to be undertaken in the following fiscal year.
5. A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan

will be repaid, and the rate of interest that the fund will receive on the loan.

Activity Prior to Reporting Period

On May 7, 2015, the District adopted Resolution No. 15-09 accepting a Wastewater Collection System Evaluation and Capacity Assurance Plan (SECAP). The purpose of the SECAP is to provide the District guidance in its efforts to assure capacity for existing customers and information on how to prepare and plan for future development. This document summarizes the District's compliance with provision D.13.viii – System Evaluation and Capacity Assurance Plan of the California State Water Resources Control Board (SWRCB) Order No. 2006-0003-DWQ, the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (SSS WDR). It is included by reference to the District's Sewer System Management Plan (SSMP); is reviewed annually; and is updated as deemed necessary by District staff (at minimum every five years) to account for conditions affecting collection system capacity. District decided to implement a development impact fee program for these sewer projects and collect fee revenues as development occurs to pay for the system expansion.

In accordance with Resolution 15-17 adopted July 2, 2015, the District accepted a Nexus Study for the establishment of the Local Sewer Participation Fee Program. The Fee Program is compliant with the regulations set forth in Section 66000 and ensures that a rational nexus exists between future development area, and: 1) the use and need of the proposed infrastructure; and 2) the amount of the fee assigned to future development. This Nexus Study demonstrates that a reasonable relationship exists between the fee to be levied on each type of land use and the cost of the facilities attributable to that land use.

Newcastle Sanitary District (NSD) Loan Repayment

On August 25, 2010, the South Placer Municipal Utility District (SPMUD) adopted Resolution 10-09, creating the Newcastle Special Benefit Area (NSBA) and levying a Sewer Benefit Area Project Related Service Charge. The Newcastle Sanitary District (NSD) made a determination that it was in the best interest of the ratepayers of NSD and the general public in serving the sanitary sewer needs of the Newcastle area, providing superior sewer service and treatment, and maintaining compliance with applicable water quality control regulations, to decommission its wastewater treatment ponds and make improvements to its wastewater system so its service area could receive wastewater service through SPMUD.

SPMUD agreed to provide financing to NSD in an amount not to exceed \$6 Million dollars for the purpose of constructing improvements and carrying out certain projects to enable NSD to connect to the SPMUD collection system. The financing and construction of these improvements was determined by the SPMUD Board of Directors to be a condition of SPMUD's annexation of NSD and would have to be completed prior to NSD's dissolution. The project work included 1) decommissioning and/or removing from service the existing NSD wastewater treatment pond(s), spray field(s) and other facilities; 2) construction of new wastewater pump station(s), force main(s), manholes, gravity pipes, access roads, and connections to existing facilities; 3) rehabilitation of the NSD wastewater system; and other facility or appurtenance(s) required to connect the NSD customers to the SPMUD wastewater system; 4) acquisition of easements and rights-of-way, project administration and related services and costs and any connection charges and fees; and 5) studies, reports and designs related thereto.

In order to facilitate repayment of the loan, NSD/SPMUD designated a Project Related Participation Fee (PRPF) payable by new connections within the NSBA made after the effective date of the NSBA. In addition, NSD/SPMUD designated a Project Related Service Charge (PRSC) as a special area service charge imposed on an EDU basis on the landowners/ customers in the NSBA area that are connected to the wastewater system for repayment to SPMUD of the Amount Repayable. The PRSC is a separate service charge, in addition to the normal monthly SPMUD service charge. Billing occurs quarterly on the regular SPMUD billing cycle. The PRSC is shown and included on the same bill as the normal SPMUD service charge bill. The collection and payment of the PRSC is subject to Division 6 of the Public Utilities Code of the State of California.

On September 5, 2013, SPMUD adopted Resolution 13-11, which amended Resolution 10-09, regarding the NSBA and establishing the Project Related Service Charge. SPMUD and NSD entered into agreements relating to the annexation of the NSD service area to SPMUD and the financing of the 'NSD project' costs associated with the annexation, in accordance with the NSBA. As a result, the PRSC was fixed at \$54.00 per EDU per month on the current and future lands in the NSBA that are now or will be connected to the NSBA wastewater system. The PRSC is used exclusively to repay the principal and interest on the Amount Repayable and is the sole and exclusive obligation of the NSBA landowners/customers connected to the NSBA wastewater system. Payment of the PRSC shall remain in effect until such time as the obligation for the Amount Repayable with interest has been satisfied. NSD adopted Resolution 2013-1 transferring all NSB property, real and personal, accounts and liabilities to SPMUD. On December 5, 2013, SPMUD adopted Resolution 13-14 accepting all the NSD property, liabilities and accounts, thereby completing the annexation process.

The funds made available by SPMUD were originally sourced from SPMUD's Capital Improvement and Enlargement Fund, whose primary funding source is the Local Participation Fee and return on the investment of the balance of these Funds. In 2015, SPMUD's Capital Improvement and Enlargement Fund was designated as Fund 300 for accounting purposes. The use of Fund 300 is strictly regulated by the Mitigation Fee Act, Section 66000 of the State of California Government Code and the District's Sewer Code. Loans against Capital Improvement and Enlargement Fund 300 are allowed, provided the terms and conditions of the loan instrument stipulate that the primary balance and interest accrued are redeposited into the fund.

At present, all PRSC funds are received into billing and transferred to Fund 300. As of June 30, 2019, the current balance of the SPMUD loan under the Financing Agreement applicable to the NSBA is \$4,847,725. It is anticipated that the loan will be paid in full by 2053.

Fund 300 Activity for Current Reporting Period (FY 2018/19)

Beginning Balance July 1, 2018	\$ 25,069,963 ¹
Revenue	
Local Participation Fees Collected ²	\$ 2,548,674
Cash flow from investing activities ³	\$ 509,857
Changes in advances from other funds ⁴	\$ 82,079
Total Revenue	\$ 3,140,610
Expenditures	
Foothill Trunk, Design and Permitting	\$ 13,485
Rocklin 60 Ph III Reimbursement ⁵	\$ 157,153
Lower Clover Valley Trunk, Preliminary Design	\$ 9,777
Loomis Diversion, Construction ⁶	\$ 2,734,711
Total Expenditures	\$ 2,915,126
Ending Balance June 30, 2019	\$ 25,295,447 ¹

Budgeted Fund 300 Activity for Next Reporting Period (FY 2019/20)

Foothill Trunk, Construction	\$ 3,140,000
Rocklin 60 Ph III Reimbursement ⁵	\$ 160,000
Trunk Extension reimbursement	\$ 200,000
Loomis Diversion Construction	\$ 20,000
Total	\$ 3,520,000

Additional information on capital expenditures can be found in the South Placer Municipal Utility District Adopted Budget Report at www.spmud.ca.gov.

¹ Includes balance of NSD Loan, \$4,874,7725

² Local Participation Fees Collected 2,574,427 less payments to suppliers 25,753

³ Interest income/return on investments \$791,667 less investment purchase costs \$281,810

⁴ Repayment on principal from PRSC Fee

⁵ Reimbursement per Resolution 16-17, Credit and Reimbursement Agreement with Rocklin 60

⁶Adjusted cost of construction

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To: Board of Directors
From: Herb Niederberger, General Manager
Cc: Emilie Costan, Administrative Services Manager
Subject: Fiscal Year 18/19 Audit Report
Meeting Date: December 5, 2018

Overview

The independent Audit of the District's Financial Statements for the fiscal year ended June 30, 2019 was completed by the certified public accounting firm Mann, Urrutia & Nelson LLP.

The Comprehensive Financial Statements provide information about the finances of the District. The Management's Discussion and Analysis (MD&A) precedes the financial section of the report and serves as an executive summary to the statements. As a part of the annual audit, the auditors are required to provide reasonable assurance that the financial statements of the District for fiscal year ended June 30, 2019 are free from material misstatement.

The report concludes that upon audit the District's financial statements are fairly presented in all material respects. The Auditors report states that there are no material weaknesses, no compliance exceptions and no significant deficiencies that are required to be reported under Government Auditing Standards.

Recommendation

Staff recommends that:

1. The Board of Directors accept the FY 18/19 Audited Financial Statements.

Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.3: Build Business efficiencies

Goal 2.2: Maintain compliance with pertinent regulations

Goal 2.4: Maintain transparency with all District activities

Related District Ordinances and Policies

Policy # 4048 – District General Counsel & Auditor

Policy # 3115 – Fixed Asset Capitalization & Accounting Control

Fiscal Impact

The Audit report concludes that District funds are being spent appropriately and as intended by the Board.

Attachments

1. FY 18/19 Comprehensive Annual Financial Statements



**SOUTH PLACER
MUNICIPAL UTILITY DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

SOUTH PLACER MUNICIPAL UTILITY DISTRICT | 5807 SPRINGVIEW DRIVE, ROCKLIN CA 95677

STRATEGIC PLAN

VISION

Our vision is to be a reliable, efficient, innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, cost-effective customer services.

CORE VALUES

Integrity: We will be trustworthy, truthful and honest.

Stewardship: We will be accountable and committed to responsible management and respect our environment.

Service: We will be responsive, reliable and respectful; putting the needs of the District and customers first.

Quality: We will be dedicated to continuous improvement.

STRATEGIC GOALS

Customer Service: Provide an efficient and effective level of sewer service that meets customer and stakeholder expectations.

Sustainability: By taking advantage of opportunities to invest in energy efficiency, renewable energy, water and wastewater management and other sustainable practices to improve the District's fiscal health and economic prosperity of the residents and businesses that are served by the District.

Infrastructure Management and Capital Improvement: Provide professional, technical, construction and engineering services that ensure the best possible facilities for the District now and in the future.

Sewer System Maintenance and Watershed Management: Maintain and improve the District's infrastructure in a cost-effective manner to ensure delivery of reliable, high quality service now and in the future. Meet or surpass water quality, environmental, regulatory and public health standards, while maintaining the public trust.

Financial Stability: Manage the District's finances to support district needs and maintain reasonable wastewater rates.

Workforce Planning and Employee Development: Provide a collaborative team-oriented workforce that is fully trained, fairly compensated, and accountable with clearly defined career paths for the evolving work environment.

Operational Optimization: Improve functions that support the District's administrative, financial, technical, and field activities and provide the best service to the customer.

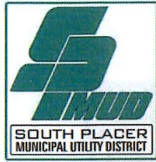
**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION

DRAFT



SOUTH PLACER MUNICIPAL UTILITY DISTRICT
5807 SPRINGVIEW DRIVE, ROCKLIN, CA 95677
(916) 786-8555
FAX: (916) 786-8553

TRANSMITTAL LETTER

November 14, 2019

To the Honorable SPMUD Board Directors:

In accordance with the requirements of the Municipal Utility District Act of the State of California, (California Public Utilities Code Section 11501, et.al.), the South Placer Municipal Utility District (the District) staff submits to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. The CAFR provides an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. District Management is responsible for the preparation of this CAFR. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it.

FINANCIAL STATEMENTS AND INTERNAL CONTROLS

The District's financial statements were audited by Mann, Urrutia, Nelson, Certified Public Accountants. Management believes the Annual Financial Report is complete and accurate in all material respects. Management has established a comprehensive framework of internal controls that provide a reasonable basis to assert that these financial statements are fairly represented and are free from any material misstatements. Internal controls have inherent limitations but have been established such that the cost of the controls does not exceed the benefits derived from their implementation. The District has established these internal controls, implemented policies and procedures and retained the services of an outside accountant to safeguard assets and assure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

DISTRICT OVERVIEW

The Rocklin-Loomis Municipal Utility District was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. The District is divided into five wards and governed by an elected five-member Board of Directors who establish policy and oversee the General Manager, who manages the day-to-day

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

operations. In the 1970's, the District decommissioned its sewage treatment facilities and began using the City of Roseville (City) Dry Creek Wastewater Treatment Plant (DCWWTP).

In the 1980's, the name changed to South Placer Municipal Utility District to reflect its larger service area. In 2000, the District, the City of Roseville and Placer County (PC) created the South Placer Wastewater Authority (SPWA) to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP).

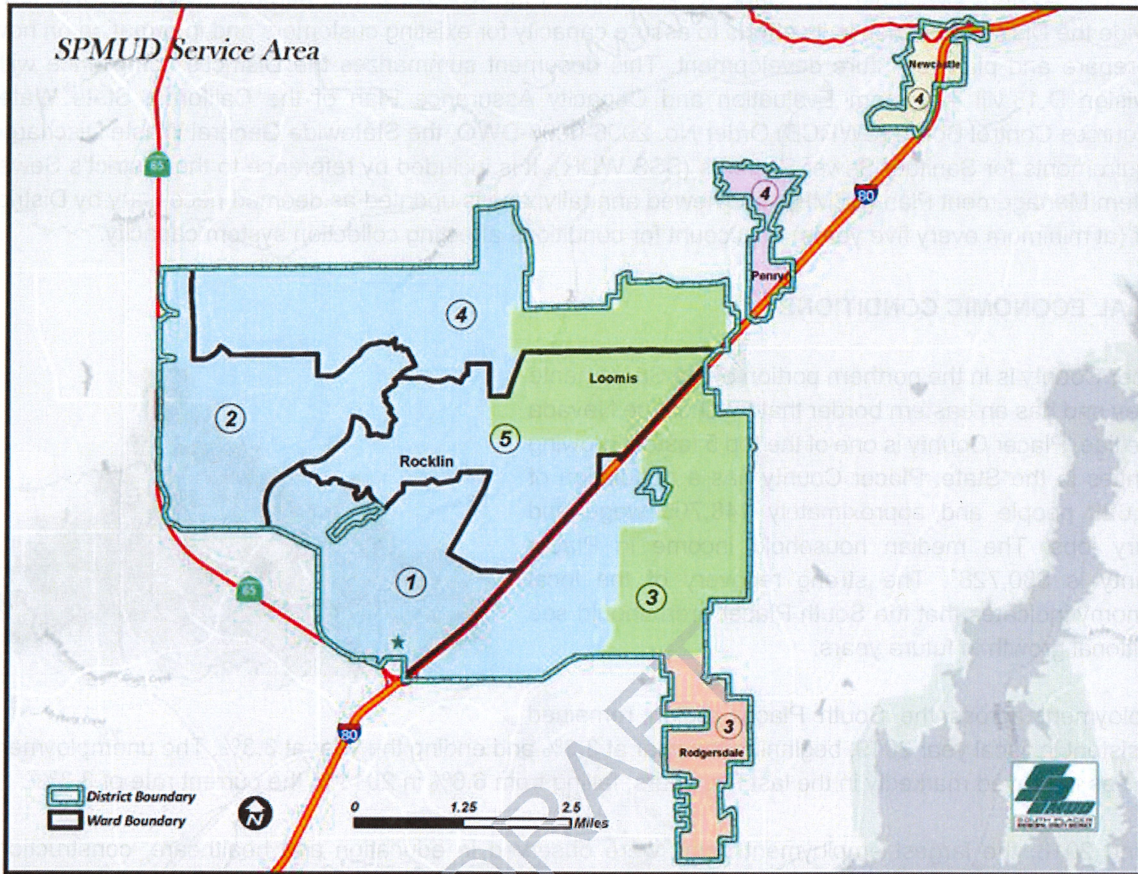


In 2008, SPMUD boundaries expanded to match the incorporated town limits of Loomis, and in 2010, SPMUD annexed the Newcastle Sanitary District (NSD) area. The District provides sewer collection services in southwestern Placer County, California and currently serves residents and businesses in the City of Rocklin and Town of Loomis, and in the unincorporated communities of Penryn, Newcastle and the Rogersdale area of Granite Bay. Sewage is collected by the District and conveyed to regional wastewater treatment plants (WWTP) operated by the City of Roseville.

The SPMUD service area covers 31 square miles. The District provides service to 22,805 customers (80% residential and 20% commercial); this equates to 34,174 Equivalent Dwelling Units (EDU) or an equivalent population of about 75,000 people. Our customers discharge an average sewer flow of about five million gallons per day. The District collects the sewage and transports it via 280.3 miles of District owned and operated sewer mains (from 4" to 42" diameter). The District maintains an additional 108.5 miles of lower laterals within our easement or public right-of-way. Other assets include our headquarters, maintenance and corporation yard facilities, 6619 manholes/flushing branches, 13 lift stations, 12 metering sites, and related buildings, facilities and equipment.

The monthly service charge for fiscal year 2018/19 was \$34.00 per equivalent dwelling unit (EDU). Local Participation Fees were \$3,923 per EDU.

FIGURE 1 – SPMUD BOUNDARIES



INVESTING IN INFRASTRUCTURE

The District’s customers have high expectations from the Board of Directors. They expect sewage to be contained in the pipes, to be treated efficiently and disposed of effectively. The District has developed a High-Risk Facilities (HRF) Program that meets the requirements of provision D.13.vi.c of the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-003 (SSS WDR), which requires sewer systems to develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency. The program includes regular visual and TV inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation. Rehabilitation and replacement focus on sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the rehabilitation and replacement plan includes a capital improvement plan that addresses proper management and protection of the infrastructure assets.

Above grade creek crossings represent a unique and special risk to the District. By default, above grade creek crossings are potential HRFs due to their immediate proximity to a waterway. Any failure of an above grade creek crossing results in the potential for serious consequences to public health and the environment, and litigation and fines for the District. For these reasons, a separate and more detailed risk assessment was conducted on this subset of the District’s assets.

The District has also embarked on a multi-year plan to address projects identified in the Wastewater Collection System Evaluation and Capacity Assurance Plan (SECAP). The purpose of the SECAP is to provide the District guidance in its efforts to assure capacity for existing customers and information on how to prepare and plan for future development. This document summarizes the District's compliance with provision D.13.viii – System Evaluation and Capacity Assurance Plan of the California State Water Resources Control Board (SWRCB) Order No. 2006-0003-DWQ, the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (SSS WDR). It is included by reference to the District's Sewer System Management Plan (SSMP); is reviewed annually; and is updated as deemed necessary by District staff (at minimum every five years) to account for conditions affecting collection system capacity.

LOCAL ECONOMIC CONDITIONS

Placer County is in the northern portion of the Sacramento Valley and has an eastern border that touches the Nevada state line. Placer County is one of the top 5 fastest growing counties in the State. Placer County has a population of 390,628 people and approximately 148,700 wage and salary jobs. The median household income in Placer County is \$80,728¹. The strong recovery of the local economy indicates that the South Placer area should see additional growth in future years.



Employment across the South Placer region remained consistent in fiscal year 2019, beginning the year at 3.3% and ending the year at 3.3%. The unemployment rate has improved markedly in the last five years, falling from 6.6% in 2014 to the current rate of 3.3%².

During 2018, the largest employment gains were observed in education and healthcare, construction, manufacturing, wholesale and retail trade and financial activities. Declines were not observed in any major sector. Net migration added over 70,000 residents to the County, including both legal and unauthorized foreign immigrants, residents who left the State to live abroad and others moving to and from Placer County from within California and the United States.

Job growth has continued to accelerate and over the next few years is expected to grow in the areas of leisure and hospitality, professional and business services, education and healthcare, and wholesale and retail trade. These sectors will account for 83% of net job creation in the county.

California added 186,807 new residents in 2018, bringing the annual population to 39.9 million³. It remains the most populous state in the nation. With the next State being Texas, having a population of 28.9⁴ million. The City of Rocklin is the fourth fastest growing City in the State of California for cities with a population over 30,000. The 2018/2019 population growth was 3.8%.

¹ Placer County

² CA Employment Development Department

³ CA Department of Finance

⁴ Texas Demographic Center

10 Fastest Growing Cities with Populations Over 30,000

City	Population January 1, 2019	Percent Change 2018-19
1. Chico	112,111	20.7
2. Dublin	64,577	4.4
3. Beaumont	48,401	4.0
4. Rocklin	69,249	3.8
5. Manteca	83,781	3.4
6. Newark	48,712	3.3
7. Menifee	93,452	3.0
8. Clovis	117,003	2.7
9. Hollister	40,149	2.7
10. Santa Clarita	218,103	2.7

California Department of Finance Demographic Research Unit

ENTERPRISE OPERATIONS

The District finances sewer operations through user charges, property tax receipts and miscellaneous other income. All charges are based upon an Equivalent Dwelling Unit (EDU) and the cost of providing the sewer service is allocated to each customer proportionate to the strength and flow of the wastewater generated in EDUs. An EDU is intended to represent the wastewater generated by a single residential consumer. Based upon previous strength and flow monitoring studies, one EDU is equivalent to 200 gallons of wastewater daily with wastewater strength of less than 200 mg/1 B.O.D. and/or suspended solids. Service Charge revenues are derived from flat rates charged for sewer service, based upon the EDU's assigned to each account.



The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands and expectations of its customers. Customers of the District have an expectation for cost-effective reliable sewer operations, with minimal sewage spills that have the capacity to impact the environment. Furthermore, District customers have become accustomed to excellent customer service and response at low cost. The District currently has one of the lowest monthly service charges for

sewer service.

In January 2018, the Districts Lifeline Low income rate assistance program began. This program offers a small monthly discount of \$5.00 to those owner-occupied residences that qualify for the PG&E CARE Program. Funding for this program is generated through the collection of late fees, charged to customers with delinquent utility accounts.

In 2013, and most recently in 2017, the District developed forward thinking Strategic Plans. Strategic Plan 2018/2022 establishes the blueprint for the District's current activities and response to future activities and

changing priorities. The Strategic Plan confirms the District's Mission, Vision and Core Values as a customer driven utility dedicated to protecting the public health by providing quality sanitary sewer collection service while protecting and preserving our water environment and resources for future generations. The plan is used to guide the annual budget process and capture the Board's goals and objectives to be achieved during the planning period while meeting the District's mission to Protect, Provide and Prepare.

Careful stewardship of financial resources, along with a focus on long-term financial planning, provides the District with a firm financial base. The District has shown its financial abilities in capably responding to the operational requirements of the sewer system while responsibly investing in infrastructure replacement. The Board of Directors' policies carefully coordinate reasonable rate increases to meet the District's mission.

PUBLIC OUTREACH

The District conducts regular Board Meetings that are open to the public. They are normally held on the first Thursday of the month. Dates can be found on the District website. The District's website continues to be updated to be more informative, and easier to use and provides information about SPMUD's activities. The website can be found at www.spmud.ca.gov.

District staff provide presentations to civic groups, service organizations, and local schools. The District also engages the public through newsletters, door hangars and written notices. The District publishes two newsletters per year that are transmitted as bill inserts typically in the fall and spring. The primary focus of these newsletters is to inform customers of District activities and achievements and to inform customers of their ability to prevent sanitary sewer overflows.

BUDGETARY CONTROLS

The Annual Budget is a blueprint of planned operating, public goods and debt service expenses, capital expenditures and multi-year projects for each fiscal year beginning on July 1st and ending on June 30th. For each fiscal year, the South Placer Municipal Utility District adopts an annual budget that provides the Board of Directors with the upcoming fiscal year revenues and expenses for the General and Capital Funds. The Budget's primary use is as a fiscal planning tool to accomplish the District's strategic goals and objectives.

The annual budget conforms to all policies previously adopted by the Board of Directors. District staff work with the Board of Directors' Fee & Finance Committee to develop the annual budget. Staff presents the budget at public workshops and meetings before adoption.

LOOKING TO THE FUTURE

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands and expectations of its customers. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable, requiring limited increases in the cost of services, minimizing those increases that are required, and providing sufficient revenues to cover necessary operations and maintenance programs, capital investment and reserves to meet the utility's stated needs.

Because the District's customers bear the ultimate cost of service, there exists a need to have a financial plan that will permit the utility to meet its priorities at an affordable and stable cost for the long-term. To this end, the District operates under the Municipal Utility District Act and is set up as an enterprise fund to operate very much like a business. Sewer customers are not subsidized by the General Fund taxpayers of any local government and must be individually self-sustaining.

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The 3-consecutive annual increases in rates will fully fund all operations, maintenance and regulatory obligations as well as capital improvements until 2022. The increase will also provide funding of the District's pension and other post-employment benefit obligations as well as meet the debt indenture revenue requirements mandated by the South Placer Wastewater Authority.

Capital Outlays are categorized to their respective fund centers. Those projects designated as Capital Replacement & Rehabilitation (R&R) projects will be funded by accumulated depreciation; those projects designated as Capital Improvement Projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects will be pay-as-you-go through the General Fund. It is only those projects covered by the General Fund that are directly funded as pay-as-you-go by customers through the monthly service charge.

SPMUD MISSION

- PROTECT public health and the water environment.
- PROVIDE efficient and effective sanitary sewer service.
- PREPARE for the future.

SPMUD VISION

To be a reliable, innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, efficient, cost-effective customer services.

SPMUD VALUES

1. INTEGRITY: We will be trustworthy, truthful and honest.
2. STEWARDSHIP: We will be accountable and committed to responsible management and respect our environment.
3. SERVICE: We will be responsive, reliable and respectful; putting the needs of the District and customers first.
4. QUALITY: We will be dedicated to continuous improvement.

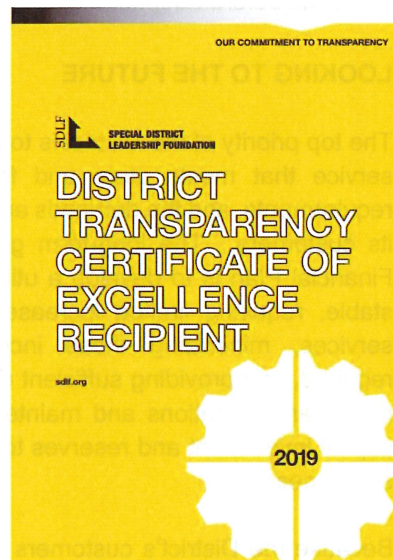
SOUTH PLACER MUNICIPAL UTILITY DISTRICT

The District's 5-year financial plan and cost of service study include a capital improvement plan to take the district out to fiscal year 2021/22 and contains District planned construction of R&R projects, CIP projects and General Fund projects.

DISTRICT HONORS

In 2016 and 2019, the South Placer Municipal Utility District was awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation for outstanding efforts to promote transparency and good governance. In order to receive the award, SPMUD demonstrated the completion of eight essential governance transparency requirements, including conducting ethics training for all District Board members; properly conducting open and public meetings; and filing financial transactions and compensation reports with the State Controller in a timely manner.

The District also fulfilled 15 website requirements, including providing readily available information to the public, such as board agendas, past minutes, current budget and the most recent financial audit.



ANNUAL FINANCIAL REPORT CONTRIBUTING STAFF

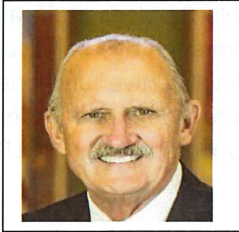
Herb Niederberger	General Manager
Emilie Costan	Administrative Services Manager and Board Secretary
Sam Rose	Superintendent
Eric Nielsen	District Engineer

Sincerely,

Herb Niederberger
General Manager

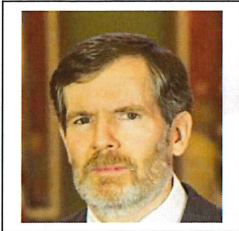
SOUTH PLACER MUNICIPAL UTILITY DISTRICT

DISTRICT BOARD OF DIRECTORS



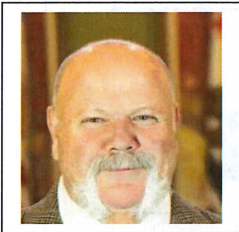
Gerald Mitchell

WARD 1: Southwest central area of the City of Rocklin lying north of Interstate 80, including the Woodside, Five Star/Fairway Heights, south Stanford Ranch, and Sunset neighborhoods, as well as the west parts of old Rocklin.



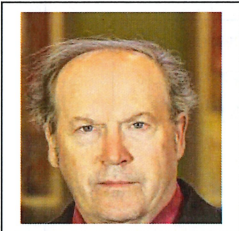
William Dickinson

WARD 2: Northwest part of the City of Rocklin lying on the east side of Highway 65 in the Sunset West and north central Stanford Ranch neighborhoods.



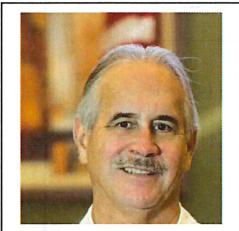
John Murdock

WARD 3: Southeast Rocklin lying south of Interstate 80 in the vicinity of Sierra Community College. Also includes south Loomis and a stretch of land extending into Granite Bay in the Joe Rogers Road area.



Victor Markey

WARD 4: Community of Penryn, the Town of Loomis lying north of King Road, extending west into the north part of the City of Rocklin in the Whitney Ranch and north Whitney Oaks neighborhoods.



James Williams

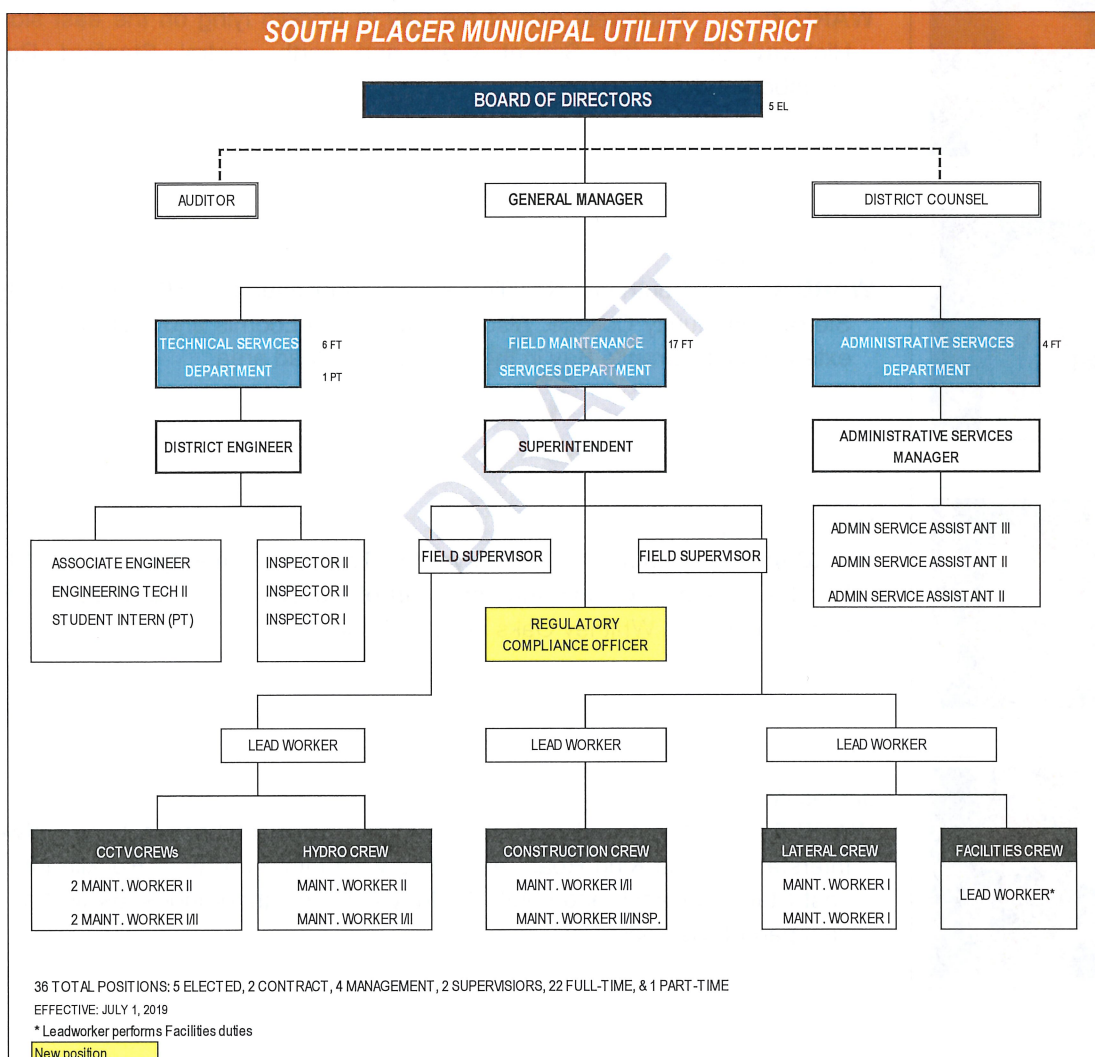
WARD 5: West and central part of the Town of Loomis lying between Interstate 80 and King Road, extending west into the City of Rocklin into the east Stanford Ranch and south Whitney Oaks neighborhoods, as well as the east part of old Rocklin.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

ORGANIZATIONAL STRUCTURE

The District is organized into three departments: Field Services, Technical Services and Administrative Services. In general, all operation and maintenance functions are performed by Field Services staff; all engineering, development improvements, construction activity and inspections are overseen by Technical Services staff; and, all office, billing, accounting, customer service, financial and administrative functions are performed by Administrative Service staff. District Audit and Legal Services are performed under contract. Employees and Management salaries are governed by a Memorandum of Understanding (MOU) between each of the two employee groups and the Board of Directors.

DISTRICT ORGANIZATIONAL CHART FY 19/20



FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Placer Municipal Utility District
Rocklin, California

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the South Placer Municipal Utility District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of South Placer Municipal Utility District as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to the District's net pension liability, and the schedules of changes in the District's net OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section and schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the South Placer Municipal Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Placer Municipal Utility District's internal control over financial reporting and compliance.

Sacramento, California
November 14, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ending June 30, 2019

The purpose of this Management's Discussion and Analysis (MDA) is to provide a fact-based summary of the financial status of the South Placer Municipal Utility District (District) from a management's perspective. This report provides an indication of the District's financial performance for fiscal year beginning on July 1, 2018 and ending June 30, 2019 (FY 2018/19) and should be reviewed in conjunction with the audited financial statements, which follow this MDA.

FINANCIAL HIGHLIGHTS

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable, requiring limited increases in the cost of services, minimizing those increases that are required, and provide sufficient revenues to cover necessary operations and maintenance programs, as well as capital investment and reserves to meet the utility's stated needs.

In addition to these general needs, the District determined five specific funding goals to be accomplished during the 5-year Financial Plan. These include:

1. Fully funding the District's obligations to CalPERS.
2. Fully funding the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB).
3. Maintaining minimum reserve fund balances.
4. Meeting the Debt Coverage Ratio mandated by the South Placer Wastewater Authority (SPWA) debt indenture.
5. Providing adequate funding for Capital Investments.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Table 1 compares major District growth metrics for the last two fiscal years. The District added 531 new customer accounts in FY 2018/19. Sewer Service Charges increased by 12.9% due to rate increases, late fees, the addition of customer accounts and corresponding increases to Equal Dwelling Units.

The District's growth remained steady over the reporting period and is in line with the projections contained in the 5-year financial Plan. On July 1, 2018, rates were increased from \$31/month/EDU to \$34/month/EDU. The District has continued to invest in infrastructure as well as maintain a relatively stable amount of investment in rehabilitation and replacement of aging facilities.

TABLE 1 – ANNUAL DISTRICT GROWTH

Item	Unit	FY 18/19	FY 17/18	% Change
Service Charges	Dollars	\$14,336,548	\$12,694,346	12.9%
Customer Accounts	Each	23,430	22,899	2.3%
Equal Dwelling Units	EDU	34,174	33,445	2.2%
Service Fee per EDU	Monthly	\$34	\$31	9.7%
Annual Flow to WWTP	Million Gallons	1,740	1,570	10.8%
Sewer Mains	Miles	280.32	276.9	1.2%
Lower Service Laterals	Miles	108.5	133	-18.4%
Manhole/Flushing Branch	Each	6619	6,399	3.4%
Lift Stations	Each	13	13	0.0%
Force Mains	Miles	6.8	6.8	0.0%

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An important part of the basic financial statements is the accompanying notes, which provide the users additional information required by generally accepted accounting principles (GAAP). The Management Discussion and Analysis is required supplementary information to the basic financial statements.

The Statement of Net Position includes the District's assets and liabilities. The difference between assets and liabilities is reported as net position. The Statement of Revenues, Expenses and Changes in Net Position account for revenue, expenses, and capital contributions and calculates the change in net position. Over time, increases or decreases in net position serve as a key indicator of the District's financial position. The Statement of Cash Flows provides the details on the changes in cash and cash equivalents during the year. By contrast the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are prepared on an accrual basis, meaning revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

FINANCIAL ANALYSIS OF THE DISTRICT

Net Position

The Condensed Statement of Net Position as shown below in Table 2 shows the District is investing in capital assets and has no long-term debt⁵.

TABLE 2 – STATEMENT OF NET POSITION

<u>ASSETS</u>	<u>FY 18/19</u>	<u>FY 17/18</u>	<u>\$Difference</u>	<u>% Change</u>
Current and Other Assets	\$ 60,830,485	\$ 55,833,712	\$ 4,996,773	9%
Capital Assets	89,388,724	80,449,856	8,938,868	11%
Total Assests	150,219,209	136,283,568	13,935,641	10%
Deferred Outflow of Resources	2,170,237	2,227,587	(57,350)	-3%
<u>LIABILITIES</u>				
Current Liabilities	1,018,137	2,240,218	(1,222,081)	-55%
Long Term Liabilities	6,341,230	6,166,808	92,343	1%
Total Liabilities	7,359,367	8,407,026	(1,129,738)	-13%
Deferred Inflow of Resources	1,100,206	1,230,767	(130,561)	-11%
<u>Net Position</u>				
Net Investment in Capital Assets	89,388,724	75,520,052	13,868,672	18%
Unrestricted	54,541,149	53,353,313	1,187,836	2%
Total Net Position	143,929,873	128,873,365	15,056,508	12%
Total Liabilities, Deferred inflows of Resources and Net Position	\$ 152,389,446	\$ 138,511,158	\$ 13,878,288	10%

Comparison of FY2018/19 to FY2017/18: Total Assets and Deferred Outflows increased by \$13.88 Million in FY2018/19, while Total Liabilities and Deferred Inflows decreased \$1.26 Million. This resulted in an overall increase of \$15.06 in Net Position.

Key components in the increase are as follows:

- Capital assets increased \$8.94 Million in FY 2018/19. A total of \$3.692 million in capital projects were completed for needed upgrades, replacements and installation of new District facilities and equipment as well as \$7.1 Million in sewer asset contributions from new development. The was offset by annual depreciation totaling \$1.658 million.
- Current and Other Assets reflect a net increase of \$4.996 million, which is the net effect of increased revenue from scheduled rate increases, an increase in EDU's from development related activities, and decreased operations and maintenance expenses.

⁵ For more information see the section titled Debt Administration.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

- Deferred outflows decreased \$0.057 Million (-3%) reflecting the differences between the actuarial assumptions and actual results along with the net differences between projected and actual earnings on investments in the Retirement Plan offset by the change in assumptions in the OPEB Plan.
- Total liabilities decreased by \$1.13 million in FY 2018/19.
- The decrease in deferred inflows of \$0.134 million reflects the changes in actuarial assumptions for pension and OPEB in FY 2018/19.

Net Position Related to Pensions

Since 2015, the District has been required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Prior to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred inflows/deferred outflows.

The net pension liability reported in the Statement of Net Position for the year ended June 30, 2019 is summarized below in Table 3 and 4. For more information on the District's pension plan, see Note 5 to the Financial Statements.

TABLE 3 – SUMMARY OF PENSION LIABILITY

	For the Fiscal Year Ending June 30, 2019
Total Pension Liability	\$ 18,544,797
Fiduciary Net Position	13,899,289
Net Pension Liability (Asset)	4,645,508
Deferred (Outflows) of Resources	(1,286,581)
Deferred Inflows of Net Position	398,617
Impact on Statement of Net Position	3,757,544
 Pension Expense FYE 2019	 \$ 667,429

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

TABLE 4 – NET POSITION RELATED TO PENSIONS

For Reporting Period at Fiscal Year End	6/30/2019	6/30/2018	Change (\$)
Total Pension Liability	\$ 18,544,797	\$ 17,893,687	\$ 651,110
Fiduciary Net Position	13,899,289	13,164,827	734,462
Net Pension Liability (Asset)	\$ 4,645,508	\$ 4,728,860	\$ (83,352)
<i>Deferred (Outflows) Inflows Due to:</i>			
Assumption Changes	(399,807)	(689,730)	289,923
Plan Experience	(117,587)	80,197	(197,784)
Investment Experience	(22,969)	(168,863)	145,894
Changes in Proportions	(34,167)	(189,355)	155,188
Differences between actual contributions and proportionate share of contributions	192,888	260,274	(67,386)
Deffered Contributions	(506,322)	(424,946)	(81,376)
Net Deferred (Outflows) Inflows	(887,964)	(1,132,423)	244,459
Impact on Statement of Net Position	\$ 3,757,544	\$ 3,596,437	\$ 161,107

Net Position related to OPEB

An Actuarial Valuation report required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (Other Post Employment Benefit Programs - OPEB) was completed in October 2019 by the District's Actuary, MacCleod Watts. The Total OPEB Liability increased from \$5,710,815 (measured June 30, 2018) to \$6,300,633 (measured June 30, 2019). Over the same time period the Fiduciary Net Position increased from \$4,272,897 to \$4,604,911, yielding an increase to Net OPEB liability of \$1,695,722. The District has chosen to fund the total OPEB liability (including implicit subsidy) based on an expected long-term return of trust assets of 6.35% per year. The GASB 75 Statement reflects this direction. The net OPEB liability reported in the Statement of Net Position for the year ended June 30, 2019 is summarized below in Table 5 and 6. For more information on the District's OPEB, see Note 7 to the Financial Statements.

TABLE 5 – SUMMARY OF OPEB LIABILITY

	For the Fiscal Year Ending June 30, 2019
Total Pension Liability	\$ 6,300,633
Fiduciary Net Position	4,604,911
Net Pension Liability (Asset)	1,695,722
Deferred (Outflows) of Resources	(883,656)
Deferred Inflows of Net Position	701,589
Impact on Statement of Net Position	\$ 1,513,655
Pension Expense FYE 2019	\$ 257,841

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

TABLE 6 – NET POSITION RELATED TO OPEB

For Reporting Period at Fiscal Year End	6/30/2019	6/30/2018	Change (\$)
Total Pension Liability	\$ 6,300,633	\$5,710,815	\$ 589,818
Fiduciary Net Position	4,604,911	4,272,867	332,044
Net Pension Liability (Asset)	\$ 1,695,722	\$1,437,948	\$ 257,774
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(565,919)	(415,862)	(150,057)
Plan Experience	583,333	724,847	(141,514)
Investment Experience	118,256	101,488	16,768
Deffered Contributions	(317,737)	(274,870)	(42,867)
Net Deferred (Outflows) Inflows	\$ (182,067)	\$ 135,603	\$ (317,670)
Impact on Statement of Net Position	\$ 1,513,655	\$1,573,551	\$ (59,896)

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

REVENUES AND EXPENSES

As shown on Table 7, the total net position at year end increased from \$128,873,365 to \$143,929,873 (\$15,056,508, 12%). The net change is reflected in an increase in total operating revenues, increasing from \$15,583,192 to \$17,444,907 (rates were increased from \$31/month/EDU to \$34/month/EDU on July 1, 2018), a decrease in operating expenses from \$13,812,497 to 12,183,354 (while overall treatment expenses increased, the District received a one-time carryover credit of approximately \$2,500,000 against treatment expenses), and increased earnings from investments from \$321,933 to \$1,832,865.

TABLE 7 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>FY 18/19</u>	<u>FY 17/18</u>	<u>\$Difference</u>	<u>% Change</u>
Operating Revenues				
Sewer Charges	\$ 14,336,548	\$ 12,694,346	\$ 1,642,202	13%
Connection Charges	2,574,427	2,520,400	54,027	2%
Permits, Fees & Inspections	533,932	338,446	195,486	58%
Total Operating Revenues	\$ 17,444,907	\$ 15,553,192	\$ 1,891,715	12%
Operating Expenses				
Collection & Treatment	\$ 5,462,230	\$ 7,406,709	\$ (1,944,479)	-26%
Administrative & General	1,889,641	1,745,033	144,608	8%
Technical Services	3,173,059	3,237,207	(64,148)	-2%
Depreciation	1,658,424	1,423,548	234,876	16%
Total Operating Expenses	\$ 12,183,354	\$ 13,812,497	\$ (1,629,143)	-12%
Operating Income (Loss)	\$ 5,261,553	\$ 1,740,695	\$ 3,520,858	202%
Non-Operating Revenues (Expenses)				
Tax Revenue	\$ 993,704	\$ 929,449	\$ 64,255	7%
Gain (Loss) on Sale of Asset	13,707	63,498	(49,791)	-78%
Interest Income	1,832,865	321,933	1,510,932	469%
Interest Expense	(116,477)	(119,120)	2,643	-2%
Total Non-Operating Revenues	\$ 2,723,799	\$ 1,195,760	\$ 1,528,039	128%
Transfers & Capital Contributions				
Capital Contributions	\$ 7,071,156	\$ 6,680,289	\$ 390,867	6%
Transfers In	6,359,937	5,469,970	889,967	16%
Transfers Out	(6,359,937)	(5,469,970)	(889,967)	16%
Total Transfers & Capital Contributions	\$ 7,071,156	\$ 6,680,289	\$ 390,867	6%
Change in Net Position	\$ 15,056,508	\$ 9,616,744	\$ 5,439,764	57%
Net Position, Beginning of Year	\$ 128,873,365	\$ 120,878,621	\$ 7,994,744	7%
Prior Period Adjustment	\$ -	\$ (1,622,000)	\$ 1,622,000	-100%
Net Position, End of Year	\$ 143,929,873	\$ 128,873,365	\$ 15,056,508	12%

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

REVENUES

General Fund Revenues derived from customer service charges were up by 12.8% over last year. This increase is primarily from increases to the service charge rate, (rates were increased from \$31/month/EDU to \$34/month/EDU on July 1, 2018) but also from added customers/EDU's from the previous year. General fund revenue derived from permits, plan check fees and inspections increased by 57.8% due to an increase in development activity. Local home resales drove an increase in revenue from the Districts' portion of the local property taxes by 6.9%. Total General Fund Revenue used to fund ongoing operations, maintenance and administrative functions of the District were increased over \$2.12M from the previous year.

Table 8 reflects the Statement of Revenues from the Financial Statement. Interest Income for District investments is included within the balance of each investment instrument as noted under Note 2 of the Financial Statements.

TABLE 8 – REVENUES

General Fund	FY 18/19	FY 17/18	% Change
Sewer service charges revenues	\$ 14,161,338	\$ 12,554,921	12.8%
Late Fees	138,715	128,549	7.9%
Low income (LIL) rate assistance	36,495	10,876	235.6%
Permits, plan check fees & inspections	533,932	338,446	57.8%
Property taxes	993,704	929,449	6.9%
Miscellaneous Revenue	98,419	-	0.0%
Interest income	379,393	45,706	730.1%
Interest expense	(116,477)	(119,120)	
Gain/loss of sale of fixed asset disposal	13,707	63,498	-78.4%
Total General Fund	\$ 16,239,226	\$ 13,952,325	16.4%
Capital Improvement Program Fund			
Sewer Participation Fees	\$ 2,574,427	\$ 2,520,400	2.1%
Interest	791,667	197,569	300.7%
Total CIP Fund	\$ 3,366,094	\$ 2,717,969	23.8%
Capital Replacement Fund			
Interest Income	\$ 661,805	\$ 78,658	741.4%
Total Capital Replacement Fund	\$ 661,805	\$ 78,658	741.4%
Total Revenue	\$ 20,267,125	\$ 16,748,952	

Revenue received from Sewer Service Charges (including revenue from participants in the Low-Income Lifeline Program) increased by approximately \$ \$1.632 Million over the previous year primarily due to a rate increase effective July 1, 2018 from \$31/month/EDU to \$34/month/EDU) and ongoing development activities within the District boundaries.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

In February 2016, the District adopted a strategy for the investment of District funds which was revised with Resolution 18-15 in June 2018 - as Fixed Income Securities being held in the Long-Term Portfolio mature, rather than reinvesting into other fixed Income Securities, the proceeds are distributed evenly among the Cal Trust Medium Term Holdings, the Local Agency Investing Fund, and the Placer County Treasury. Total SPMUD revenue reported for FY 2018/19 showed an increase of \$3.518 million (21%) over the previous year, due primarily to the increase in General Fund Revenue and the return on investments (reported as interest). The Loan Repayment for Newcastle Sanitary District (NSD) – Project Related Service Charges (PRSC) is included in Sewer Service Charges and reported as \$196,939 for FY 18/19.

INVESTMENTS

The District has a sizable investment portfolio that is guided by Policies 3120 – Investment of District funds, and 3130 – District Reserve Policy. In February 2016, the District adopted a strategy for the investment of District funds which was revised with Resolution 18-15 in June 2018. One of the ways the District managed its exposure to interest rate risk was by purchasing a combination of short and long-term investments and timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations. Now, as Fixed Income Securities being held in the Long-Term Portfolio mature, rather than reinvesting into other fixed Income Securities, the proceeds are distributed evenly among the Cal Trust Medium Term Holdings, the Local Agency Investing Fund, and the Placer County Treasury. During the year investments experienced both gains and losses, the following table shows the balance of investments over the past two years.

The overall balance of investments has increased \$4,508,349 (8.65%) from last year. Table 9 indicates the balance of Investment funds as of June 30, 2018 and 2019.

TABLE 9 – INVESTMENTS

Investment	Balance 06/30/19	Balance 06/30/18
Wells Fargo Fixed Income Securities & Money Market Mutual Funds	\$ 22,744,009	\$ 21,966,843
Local Agency Investment Fund (LAIF)	4,215,969	5,114,252
Caltrust Investments	20,012,291	19,275,339
Placer County Treasury Investments	5,277,732	5,177,179
Unrestricted deposits in financial institutions	4,367,560	575,599
TOTAL	\$ 56,617,561	\$ 52,109,212

EXPENSES

While FY 2018/19 Salaries and Benefits and Local SPMUD General Fund Revenues increased from the previous year, Total General Fund decreased \$1,804,795 (13%) from \$13.81M to \$12.07M. This decrease was solely due to the District receiving a one-time carryover credit of about \$2,500,000 against treatment expenses. Table 10 and Chart 1 show the District's General Fund expenditures. General Fund Revenues of \$13.98M exceeded General Fund Expenses of \$13.81M.

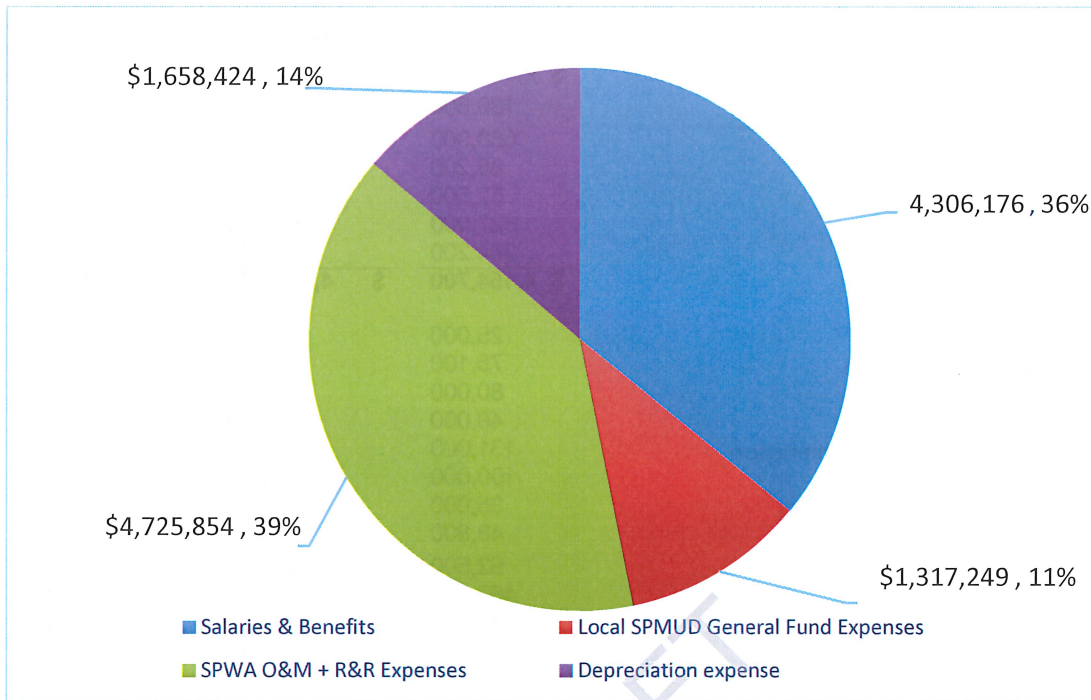
**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

TABLE 10 – GENERAL FUND EXPENDITURES

	Budgeted FY 18/19	FISCAL YR 18/19	FISCAL YR 17/18
Salaries/Wages	\$ 2,384,000	\$ 2,525,730	\$ 2,330,199
FICA - Social Security	180,800	189,153	177,385
CalPERS Retirement & UAL	560,000	655,878	497,944
Retirement 457 & 401a	86,200	87,560	79,098
Performance Merit Pay Program	52,500	-	-
Insurance Benefits	627,000	664,173	606,026
PERS OPEB	264,200	183,682	211,085
Sub Total Salaries & Benefits	\$ 4,154,700	\$ 4,306,176	\$ 3,901,737
Asphalt Paving	25,000	20,445	48,192
Building & Grounds Maintenance	75,100	73,448	73,546
Election Expenses	80,000	-	-
Gas & Oil Expenses	40,000	40,740	39,095
General Operating Supplies & Maintenance	131,000	170,780	167,821
Legal Services	100,000	79,296	31,994
Lift Station & Flow Recorder Programs	35,000	32,843	29,851
Other Operating Expenses	48,800	406	45,558
Professional Development	62,500	46,483	46,329
Professional Services	466,000	103,507	89,124
Property & Liability Insurance	130,000	122,017	119,949
Regulatory Compliance/Government Fees	62,500	44,892	30,015
Repair/Maintenance Agreements	89,400	89,719	73,446
Root Control Program	-	74,057	-
Safety Gear/Uniforms	23,000	20,177	17,569
Utilities	130,000	139,540	135,779
Utility Billing/Banking Expense/Printing	155,000	179,123	160,606
Vehicle Repair and Maintenance	85,000	79,777	84,911
Sub Total Local SPMUD General Fund Expenses	\$ 1,738,300	\$ 1,317,249	\$ 1,193,785
RWWTP Maintenance & Operations	\$ 4,962,000	\$ 2,567,917	\$ 5,003,758
RWWTP Rehab & Replacement	2,500,000	2,157,937	2,289,670
Sub Total SPWA O&M + R&R Expenses	\$ 7,462,000	\$ 4,725,854	\$ 7,293,428
Total Operations Expense before Depreciation	\$13,355,000	\$ 10,349,279	\$ 12,388,950
Depreciation expense	1,370,000	1,658,424	1,423,548
Total General Fund Expenses	\$14,725,000	\$ 12,007,703	\$ 13,812,498

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CHART 1 – GENERAL FUND EXPENSES FY 18/19



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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

CAPITAL EXPENDITURES

Capital Outlays are categorized to their respective fund centers. For example, those projects designated as Capital Replacement & Rehabilitation projects would be funded by accumulated depreciation; those projects designated as Capital Improvement Projects (CIP) and Expansion Projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund.

The District budgeted \$10.92 Million in Capital Outlay during FY 2018/19 but only expended \$3.69 Million. Among the projects budgeted but not installed were the District's participation in regional projects, energy upgrades at the headquarters building, the corporation yard perimeter fencing project and the Foothill Trunk construction.

The District budgeted \$335,000 to participate with the City of Rocklin on sewer line replacement due to road widening projects that were subsequently delayed. The District completed the design of the perimeter security project and filed to get approval from the City of Rocklin. The project has been postponed until FY 2019/20 for construction. The District postponed installation of the energy upgrades at the headquarters building in favor of installing auxiliary power receptacles.

SPMUD is proposing to install the Foothill Trunk in order to replace an existing sewer trunk line between El Don Drive and a perpendicular sewer line west of Aguilar Road (about 2,300 feet of trunk line would be replaced). The proposed pipeline would provide the same service as the existing trunk line, except that it would accommodate more flow by having a larger diameter (24 inches instead of 12 inches). The increase in flow capacity is designed to accommodate existing and planned development in the service area.

Originally SPMUD anticipated construction of this project in FY 2015/16, as the additional capacity was required to accommodate flows from another subsequent project, the Loomis Diversion Trunk Sewer. However, the Foothill Trunk was delayed due to environmental and cultural constraints. As the two construction project schedules started to overlap, SPMUD decided to go forward with the Loomis Diversion Project in advance of the Foothill project and take advantage of any lessons learned during construction. As a consequence of the changes in project timing, SPMUD has been required to modify operations and monitor flows to prevent Sanitary Sewer Overflows on the existing Sewer planned for replacement with the Foothill Trunk Sewer Project.

The construction of the Foothill Trunk Sewer Replacement Project was again budgeted in FY2016/17, but the project was further delayed because of permitting by the US Army Corp of Engineers (USACE) who asserted justification of the project area. USACE was joined by the California State Historical Preservation office (SHPO) and the United Auburn Indian Council (UAIC) which further delayed permitting on the project. The project was again budgeted for FY 2017/18 but was postponed due to project changes on the Loomis Diversion Trunk Sewer that was currently under construction. Construction of the Loomis Diversion Trunk Sewer was not completed until FY 2018/19. At this point, the Foothill Trunk Sewer Replacement Project had been pushed out of its construction season (April – Oct) and it was decided to wait until Spring of 2020 to start construction.

All required permits by USACE and SHPO have been acquired and cultural resource experts require by UAIC have been retained. The project will be sent for bidding in October 2019 and constructed during the Spring and Summer of 2020 with anticipated completion in early FY 2020/21

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

In fiscal year 2018/19, the District received \$7.1M in sewer asset contributions from new development. This included 3.1 miles of gravity sewer pipe, and 74 manholes/flushing branches. Summaries of the District's Capital Projects in FY 18/19 are included in Chart 2, and Tables 10 and 11.

CHART 2 – CAPITAL FUND EXPENDITURES FY 18/19

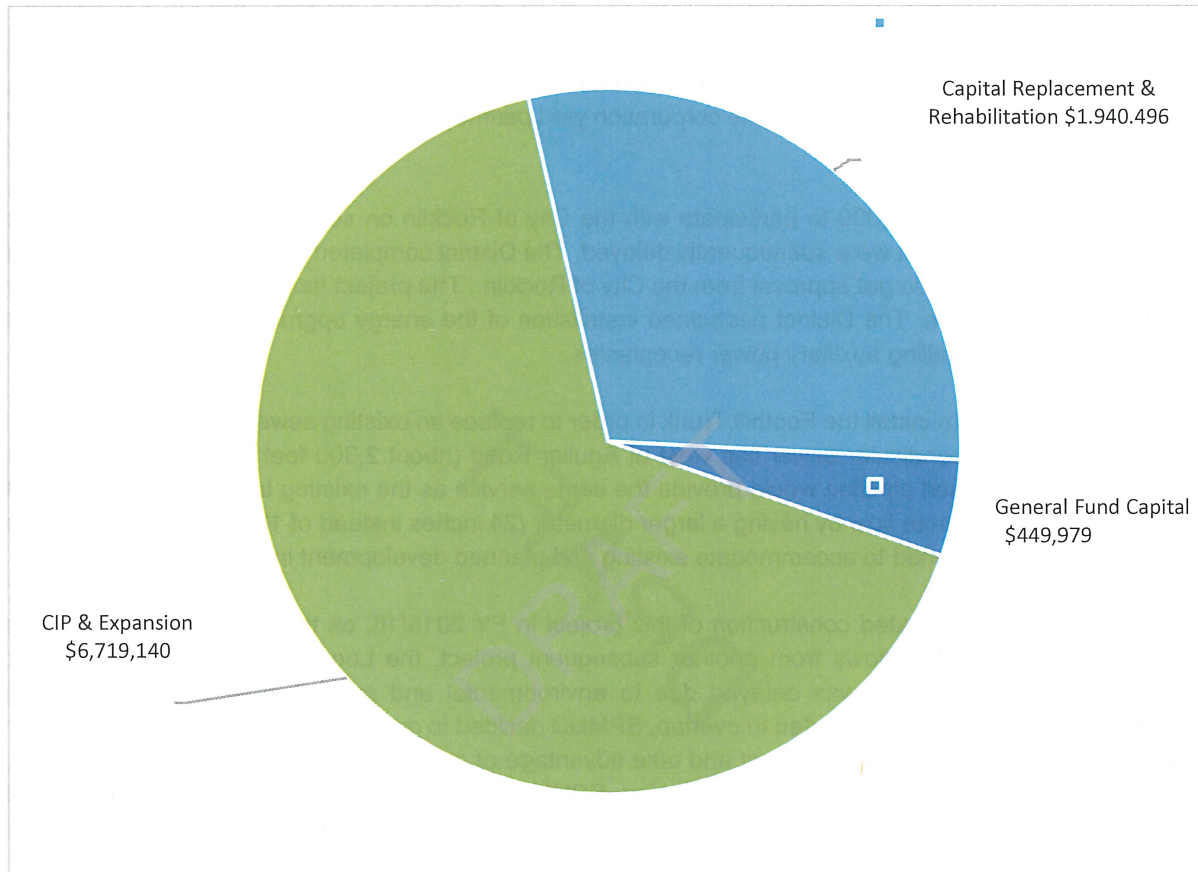


TABLE 11 – 5 YEAR CAPITAL INVESTMENT SUMMARY

	<u>FY 18/19</u>	<u>FY 17/18</u>	<u>FY 16/17</u>	<u>FY 15/16</u>	<u>FY 14/15</u>
Total General Fund Capital Improvements	\$ 162,301	\$ 873,500	\$ 445,500	\$ 75,910	\$ 362,089
Total CIP & Expansion	2,816,017	8,500,000	2,096,000	259,533	590,189
Total Replacement & Rehabilitation	714,504	2,623,500	1,494,000	159,558	930,138
Total Capital Investment	<u>\$ 3,692,822</u>	<u>\$ 11,997,000</u>	<u>\$ 4,035,500</u>	<u>\$ 495,001</u>	<u>\$ 1,882,416</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

TABLE 12 – DETAIL OF CAPITAL EXPENDITURES FY 2018/19

	Budgeted FY 18/19	FUND 100	FUND 300	FUND 400
		General Fund Capital	CIP & Expansion	Capital Replacement & Rehabilitation
Capital Improvements				
All Weather Access Roads	\$ 46,000	\$ -	\$ -	\$ -
Archiving/Disaster Plan	45,000	22,120	-	-
Board Room Audio/Visual upgrades	10,000	-	-	-
Computers/Office Furniture	17,500	12,429	-	-
Confined Space Entry Equipment	6,500	4,763	-	-
CY Concreting Projects	40,000	42,014	-	-
CY Master Plan - Locker Room	100,000	-	-	-
District Participation in Regional Proj	365,000	9,510	-	92,522
Easement Inspection Equipment	5,400	-	-	-
Easement Roadway Replacements	17,500	18,274	-	-
Easement Roadway Upgrades	17,500	-	-	-
Electric Rodder W/Attachments	20,000	16,373	-	-
Energy Upgrades	100,000	24,128	-	-
Flow Recorder Replace - Five Star Outfall	18,000	-	-	13,022
Foothill Trunk Project - Construction	3,140,000	-	13,485	-
HQ Front Office/Reception Area	15,000	-	-	-
HRF Creek Crossings - Design & Permittir	50,000	-	-	-
Lateral Camera Replacements	5,700	-	-	-
Loomis Diversion Trunkline - Construction	4,820,000	-	2,635,603	-
Lower Clover Valley Trunk - Design	401,000	-	9,777	-
Newcastle Master Plan Improvements	200,000	8,105	-	-
Pipe Trailer Replacement	14,000	-	-	5,972
Rocklin 60 Reimbursement	160,000	-	157,153	-
Server Replacement	50,000	-	-	46,179
Software Upgrades/Tyler	10,000	-	-	-
Software/Data Acquisition	10,000	4,585	-	-
System Improvements	50,000	-	-	18,113
System Rehab (CY Fencing, Liners)	1,020,000	-	-	363,429
Vehicle Improvements - Hydro Vac & Unit 2	14,200	-	-	-
Vehicle Replacement	150,000	-	-	175,267
Total Capital Improvements	\$ 10,918,300	\$ 162,301	\$ 2,816,017	\$ 714,504

For additional information on Capital Assets, see Note 3 in the Notes to Financial Statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

DEBT ADMINISTRATION

The District does not currently have any debt in the sense of conventional loans or bond financing of District Improvements. The District, the City of Roseville and Placer County (PC) are participants in the South Placer Wastewater Authority (SPWA) with the intended purpose to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP) through bonds, low-interest loans or other types of debt. As such, the district is subject to the SPWA Funding Agreement and debt indenture.

The SPWA Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. Monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and SPWA pays the debt service and other costs from the Account on behalf of each member of SPWA, based on each member's proportionate share. As of June 30, 2018, the District maintained a balance of \$52,745,211 in the Rate Stabilization Account on deposit with the Authority. Per the last approved financial statement accepted by the SPWA, the annual SPWA Debt assigned to SPMUD was \$3,291,332. Without any changes, the District currently has approximately 16 years' worth of debt service on account with SPWA. SPWA is proposing \$80M in Capital Improvements and Treatment Upgrades at the PG WWTP to prepare for regional growth, incorporate energy related improvements and to maximize solids digestion. SPWA is proposing to finance this construction through a blend of bond financing, State Revolving Fund loans and cash payments.

In accordance with the SPWA debt indenture, SPMUD has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of debt service. The source of funding for this reserve can be accounted for from all SPMUD revenues and are expected to provide Debt Coverage Ratio (DCR) of 110% over the lives of the Bonds.

Newcastle Sanitary District Loan Repayment

On August 25, 2010, the South Placer Municipal Utility District (SPMUD) adopted Resolution 10-09, creating the Newcastle Special Benefit Area (NSBA) and levying a Sewer Benefit Area Project Related Service Charge. The Newcastle Sanitary District (NSD) made a determination that it was in the best interest of the ratepayers of NSD and the general public in serving the sanitary sewer needs of the Newcastle area, providing superior sewer service and treatment, and maintaining compliance with applicable water quality control regulations, to decommission its wastewater treatment ponds and make improvements to its wastewater system so its service area could receive wastewater service through SPMUD.

SPMUD agreed to provide financing to NSD in an amount not to exceed \$6 Million dollars for the purpose of constructing improvements and carrying out certain projects to enable NSD to connect to the SPMUD collection system. The financing and construction of these improvements was determined by the SPMUD Board of Directors to be a condition of SPMUD's annexation of NSD and would have to be completed prior to NSD's dissolution. The project work included 1) decommissioning and/or removing from service the existing NSD wastewater treatment pond(s), spray field(s) and other facilities; 2) construction of new wastewater pump station(s), force main(s), manholes, gravity pipes, access roads, and connections to existing facilities; 3) rehabilitation of the NSD wastewater system; and other facility or appurtenance(s) required to connect the NSD customers to the SPMUD wastewater system; 4) acquisition of easements and rights-of-way, project administration and related services and costs and any connection charges and fees; and 5) studies, reports and designs related thereto.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

In order to facilitate repayment of the loan, NSD/SPMUD designated a Project Related Participation Fee (PRPF) payable by new connections within the NSBA made after the effective date of the NSBA. In addition, NSD/SPMUD designated a Project Related Service Charge (PRSC) as a special area service charge imposed on an EDU basis on the landowners/ customers in the NSBA area that are connected to the wastewater system for repayment to SPMUD of the Amount Repayable. The PRSC is a separate service charge, in addition to the normal monthly SPMUD service charge. Billing occurs quarterly on the regular SPMUD billing cycle. The PRSC is shown and included on the same bill as the normal SPMUD service charge bill. The collection and payment of the PRSC is subject to Division 6 of the Public Utilities Code of the State of California.

On September 5, 2013, SPMUD adopted Resolution 13-11, which amended Resolution 10-09, regarding the NSBA and establishing the Project Related Service Charge. SPMUD and NSD entered into agreements relating to the annexation of the NSD service area to SPMUD and the financing of the 'NSD project' costs associated with the annexation, in accordance with the NSBA. As a result, the PRSC was fixed at \$54.00 per EDU per month on the current and future lands in the NSBA that are now or will be connected to the NSBA wastewater system. The PRSC is used exclusively to repay the principal and interest on the Amount Repayable and is the sole and exclusive obligation of the NSBA landowners/customers connected to the NSBA wastewater system. Payment of the PRSC shall remain in effect until such time as the obligation for the Amount Repayable with interest has been satisfied. NSD adopted Resolution 2013-1 transferring all NSB property, real and personal, accounts and liabilities to SPMUD. On December 5, 2013, SPMUD adopted Resolution 13-14 accepting all the NSD property, liabilities and accounts, thereby completing the annexation process.

The funds made available by SPMUD were originally sourced from SPMUD's Capital Improvement and Enlargement Fund, whose primary funding source is the Local Participation Fee and return on the investment of the balance of these Funds. In 2015, SPMUD's Capital Improvement and Enlargement Fund was designated as Fund 300 for accounting purposes. The use of Fund 300 is strictly regulated by the Mitigation Fee Act, Section 66000 of the State of California Government Code and the District's Sewer Code. Loans against Capital Improvement and Enlargement Fund 300 are allowed, provided the terms and conditions of the loan instrument stipulate that the primary balance and interest accrued are redeposited into the fund.

At present, all PRSC funds are received into billing and transferred to Fund 300. As of June 30, 2019, the current balance of the SPMUD loan under the Financing Agreement applicable to the NSBA is \$4,847,725. It is anticipated that the loan will be paid in full by 2053. See Note 5 of the Financial Statement

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

ECONOMIC FACTORS AND FISCAL YEAR 2019/20 BUDGET OVERVIEW

REVENUE

The Economic forecast for growth within the District's service area boundaries looks favorable. There continues to be a backlog of development proposals which are under review and should allow the District to add an additional 500 EDUs during the next fiscal year. The Federal Government held its benchmark interest rate at a range of 1.75 to 2 percent, a move that will probably cause a slight increase in mortgage, credit card, auto loan and small business loan rates. The District will be reviewing its investment policy to enhance revenue potential through diversification of the investment portfolio.

The monthly service rate increased from \$31/EDU to \$34 EDU on July 1, 2018 and from \$34/EDU to \$36 EDU on July 1, 2019. Revenues are expected to increase accordingly.

EXPENSES

Indexes for electricity, and natural gas have been declining which is helping to keep those related costs down; however, the recently enacted California Gas Tax will impact overall fuel purchase for the coming year. The District has been successful keeping a cap on locally controlled expenses as well. Despite the credit received in FY2018/19, total charges from SPWA will continue to rise, and will constitute over half of the expenses incurred by the District annually. Prior drought and last year's record rainfall have impacted flows to sewers which may necessitate a review of the sewage allocation to the RWWTP by the SPWA partners. Projected General Fund expenses are shown in Table 12. In addition, a breakdown of expenses by major category, Salary and Benefits, Local Expenses, total SPWA O&M and R&R and Depreciation are shown in Chart 3.

As part of the 5-year Financial Plan and Cost of Services study, the District projected expenses to the year 2022. One of the major components affecting salary and benefits is the objective to fully funding the District's obligations to CalPERS as well as funding the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB).

SPMUD has 35 approved personnel positions that include 5 elected, 2 contracted, 4 management, 2 supervisors, and 22 staff positions; there are currently 27 Full Time Employees. The current MOU's for employees and management were negotiated in FY16/17, and cover the following fiscal years 17/18, 18/19 & 19/20, Cost of Living increases are tied to the Consumer Cost Index.

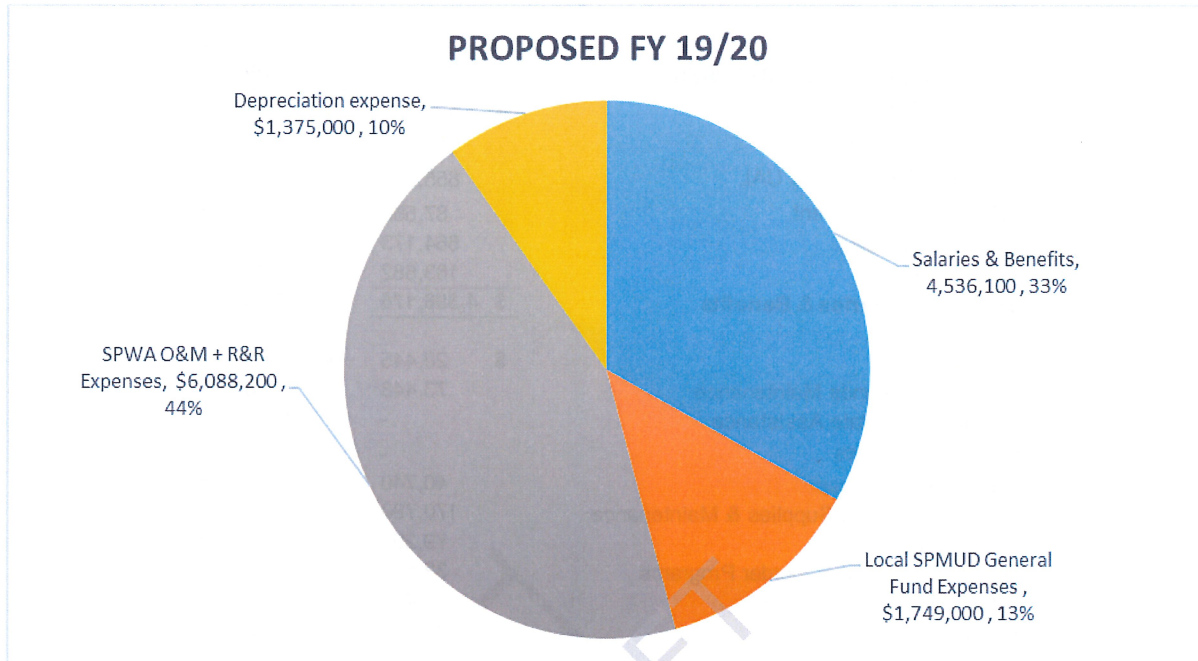
**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

TABLE 13 – FY 19/20 PROPOSED GENERAL FUND EXPENSES

GENERAL FUND EXPENDITURES	Audited for FY 18/19	Budgeted for FY 19/20
Salaries/Wages	\$ 2,525,730	\$ 2,618,000
FICA - Social Security	189,153	207,000
CalPERS Retirement & UAL	655,878	674,900
457 & 401a Retirement	87,560	100,200
Insurance Benefits	664,173	671,000
Pers OPEB	183,682	265,000
Sub Total Salaries & Benefits	\$ 4,306,176	\$ 4,536,100
Asphalt Paving	\$ 20,445	\$ 25,000
Building & Grounds Maintenance	73,448	63,100
Discount - LIL Rate Assistance	-	8,200
Election Expenses	-	-
Gas & Oil Expenses	40,740	50,000
General Operating Supplies & Maintenance	170,780	162,000
Legal Services	79,296	100,000
Lift Station & Flow Recorder Programs	32,843	38,000
Other Operating Expenses	406	31,500
Professional Development	46,483	63,000
Professional Services	103,507	435,200
Property & Liability Insurance	122,017	152,000
Regulatory Compliance/Government Fees	44,892	54,000
Repair/Maintenance Agreements	89,719	110,000
Root Control Program	74,057	35,000
Safety Gear/Uniforms	20,177	25,000
Utilities	139,540	130,000
Utility Billing/Banking Expense/Printing	179,123	182,000
Vehicle Repair and Maintenance	79,777	85,000
Sub Total Local SPMUD General Fund Expenses	\$ 1,317,249	\$ 1,749,000
RWWTP Maintenance & Operations	\$ 2,567,917	\$ 5,033,900
RWWTP Rehab & Replacement	2,157,937	1,054,300
Sub Total SPWA O&M + R&R Expenses	\$ 4,725,854	\$ 6,088,200
Total Operations Expense before Depreciation	\$ 10,349,279	\$ 12,373,300
Depreciation expense	1,658,424	1,375,000
Total General Fund Expenses	\$ 12,007,703	\$ 13,748,300

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CHART 3 – BREAKDOWN OF EXPENSES BY MAJOR CATEGORY



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

CAPITAL EXPENDITURES

The District anticipates increased capital facility construction in the coming years with the installation of the Foothill Trunk which is financed out of both the Capital Enlargement and Expansion Fund – 300, and the Capital Replacement and Rehabilitation Fund – 400. The District has sufficient funds available to construct these facilities on a pay-as-you-go and does not anticipate the need to secure debt to finance these upcoming projects. Details and summaries of the FY 19/20 Budget Review Capital Projects are shown in Table 13.

TABLE 14 – FY 19/20 CAPITAL IMPROVEMENT PROJECTS

		Proposed FY 19/20		
		FUND 100	FUND 300	FUND 400
		General Fund Capital	CIP & Expansion	Capital Replacement & Rehabilitation
CAPITAL IMPROVEMENTS				
Board Room Audio/Visual Upgrades	\$ 15,000	\$ -	\$ -	\$ 15,000
Lift Station Pump Replacement	13,000	-	-	13,000
SCADA Design & Implementation	1,000,000	-	-	1,000,000
Vehicle/Equipment Upgrades/Repl	31,000	-	-	31,000
Vehicle Purchases CCTV/Insp Vehicles	310,000	-	-	310,000
Pipe Trailer Improvements	15,000	-	-	15,000
Emergency Bypass Pump Replacement	60,000	-	-	60,000
Cured in Place Pipe	600,000	-	-	600,000
Lateral Seals	200,000	-	-	200,000
Corp Yard Fence	200,000	-	-	200,000
Foothill Trunk Project - Construction	3,140,000	-	2,140,000	1,000,000
Rocklin 60 Ph III Reimbursement	160,000	-	160,000	-
Trunk Extension Reimbursement	200,000	-	200,000	-
Lower Loomis Diversion - Construction	20,000	-	20,000	-
Software/Data Acquisition	21,000	21,000	-	-
System Improvements	70,000	70,000	-	-
Participation in Regional Projects	480,000	30,000	-	450,000
Easement Inspection Equipment	12,000	12,000	-	-
Computers/Office Furniture	18,000	18,000	-	-
CY Master Plan Capital Improvements	425,000	425,000	-	-
Newcastle Master Plan Improvements	350,000	350,000	-	-
Corp Yard Office Upgrades	36,000	36,000	-	-
Easement/Access Road Repl/Upgrades	235,000	117,500	-	117,500
Flow Monitoring Equipment	6,000	6,000	-	-
Total Capital Improvements	<u>\$ 7,617,000</u>	<u>\$ 1,085,500</u>	<u>\$ 2,520,000</u>	<u>\$ 4,011,500</u>

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This Financial Report is designed to provide the District's customers and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability.

Questions about this report should be addressed in writing to the General Manager, Herb Niederberger:

South Placer Municipal Utility District
5807 Springview Drive
Rocklin, CA 95677

Telephone: (916) 786-8555
Fax: (916) 786-8553
Web: www.spmud.ca.gov



SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	\$ 4,367,560	\$ -	\$ -	\$ 4,367,560
Investments (Note 2)	11,570,883	20,499,019	20,180,098	52,250,000
Accounts receivable	3,931,741	-	-	3,931,741
Prepaid expenses	281,184	-	-	281,184
Total Current Assets	<u>20,151,368</u>	<u>20,499,019</u>	<u>20,180,098</u>	<u>60,830,485</u>
NON-CURRENT ASSETS				
Capital assets (net of accumulated depreciation) (Note 3)	<u>89,388,724</u>	<u>-</u>	<u>-</u>	<u>89,388,724</u>
Total Non-Current Assets	<u>89,388,724</u>	<u>-</u>	<u>-</u>	<u>89,388,724</u>
TOTAL ASSETS	<u>109,540,092</u>	<u>20,499,019</u>	<u>20,180,098</u>	<u>150,219,209</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Net pension liability (Note 5)	1,286,581	-	-	1,286,581
Net OPEB liability (Note 7)	883,656	-	-	883,656
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,170,237</u>	<u>-</u>	<u>-</u>	<u>2,170,237</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 111,710,329</u>	<u>\$ 20,499,019</u>	<u>\$ 20,180,098</u>	<u>\$ 152,389,446</u>
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 625,497	\$ 51,297	\$ -	\$ 676,794
Other accrued liabilities	114,573	-	-	114,573
Compensated absences	226,770	-	-	226,770
Total Current Liabilities	<u>966,840</u>	<u>51,297</u>	<u>-</u>	<u>1,018,137</u>
LONG TERM LIABILITIES				
Net pension liability (Note 5)	4,645,508	-	-	4,645,508
Net OPEB liability (Note 7)	1,695,722	-	-	1,695,722
Total Long-Term Liabilities	<u>6,341,230</u>	<u>-</u>	<u>-</u>	<u>6,341,230</u>
TOTAL LIABILITIES	<u>7,308,070</u>	<u>51,297</u>	<u>-</u>	<u>7,359,367</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Net pension liability (Note 5)	398,617	-	-	398,617
Net OPEB liability (Note 7)	701,589	-	-	701,589
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,100,206</u>	<u>-</u>	<u>-</u>	<u>1,100,206</u>
<u>NET POSITION</u>				
Net investment in capital assets	89,388,724	-	-	89,388,724
Unrestricted	13,913,329	20,447,722	20,180,098	54,541,149
TOTAL NET POSITION	<u>103,302,053</u>	<u>20,447,722</u>	<u>20,180,098</u>	<u>143,929,873</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 111,710,329</u>	<u>\$ 20,499,019</u>	<u>\$ 20,180,098</u>	<u>\$ 152,389,446</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<u>OPERATING REVENUE</u>				
Sewer charges	\$ 14,336,548	\$ -	\$ -	\$ 14,336,548
Connection charges	-	2,574,427	-	2,574,427
Permits, fees, and inspections	<u>533,932</u>	<u>-</u>	<u>-</u>	<u>533,932</u>
Total Operating Revenues	<u>14,870,480</u>	<u>2,574,427</u>	<u>-</u>	<u>17,444,907</u>
<u>OPERATING EXPENSES</u>				
Collection and treatment	5,448,881	-	13,349	5,462,230
Administrative and general	1,889,641	-	-	1,889,641
Technical services	3,173,059	-	-	3,173,059
Depreciation	<u>1,658,424</u>	<u>-</u>	<u>-</u>	<u>1,658,424</u>
Total Operating Expenses	<u>12,170,005</u>	<u>-</u>	<u>13,349</u>	<u>12,183,354</u>
Operating income (loss)	<u>2,700,475</u>	<u>2,574,427</u>	<u>(13,349)</u>	<u>5,261,553</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>				
Tax revenue	993,704	-	-	993,704
Gain (loss) on sale of asset	13,707	-	-	13,707
Interest income	379,393	791,667	661,805	1,832,865
Interest expense	<u>(116,477)</u>	<u>-</u>	<u>-</u>	<u>(116,477)</u>
Total Nonoperating revenues	<u>1,270,327</u>	<u>791,667</u>	<u>661,805</u>	<u>2,723,799</u>
<u>TRANSFERS AND CAPITAL CONTRIBUTIONS</u>				
Capital Contributions	7,071,156	-	-	7,071,156
Transfers in	4,936,389	-	1,423,548	6,359,937
Transfers out	<u>(1,423,548)</u>	<u>(3,140,610)</u>	<u>(1,795,779)</u>	<u>(6,359,937)</u>
Total Transfers and Capital Contributions	<u>10,583,997</u>	<u>(3,140,610)</u>	<u>(372,231)</u>	<u>7,071,156</u>
CHANGE IN NET POSITION	<u>14,554,799</u>	<u>225,484</u>	<u>276,225</u>	<u>15,056,508</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>83,899,529</u>	<u>25,069,963</u>	<u>19,903,873</u>	<u>128,873,365</u>
PRIOR PERIOD ADJUSTMENT (Note 11)	<u>4,847,725</u>	<u>(4,847,725)</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>88,747,254</u>	<u>20,222,238</u>	<u>19,903,873</u>	<u>128,873,365</u>
TOTAL NET POSITION, END OF YEAR	<u>\$103,302,053</u>	<u>\$ 20,447,722</u>	<u>\$ 20,180,098</u>	<u>\$143,929,873</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 14,522,279	\$ 2,656,506	\$ -	\$ 17,178,785
Payments to suppliers	(7,583,339)	(25,753)	(13,349)	(7,622,441)
Payments to employees	(4,245,660)	-	-	(4,245,660)
Net Cash Provided by (Used for) Operating Activities	<u>2,693,280</u>	<u>2,630,753</u>	<u>(13,349)</u>	<u>5,310,684</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Tax revenue	993,704	-	-	993,704
Net transfers to operating fund	3,512,841	-	-	3,512,841
Net transfers to/from capital funds	-	(3,140,610)	(372,231)	(3,512,841)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>4,506,545</u>	<u>(3,140,610)</u>	<u>(372,231)</u>	<u>993,704</u>
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u>				
Acquisition and construction of capital assets	(3,530,521)	-	-	(3,530,521)
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(3,530,521)</u>	<u>-</u>	<u>-</u>	<u>(3,530,521)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income	379,393	791,667	661,805	1,832,865
Interest expense	(116,477)	-	-	(116,477)
Proceeds from sale of assets	18,092	-	-	18,092
Purchase of investments	(158,351)	(281,810)	(276,225)	(716,386)
Net Cash Provided by (Used for) Investing Activities	<u>122,657</u>	<u>509,857</u>	<u>385,580</u>	<u>1,018,094</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,791,961</u>	<u>-</u>	<u>-</u>	<u>3,791,961</u>
CASH AND CASH EQUIVALENTS - JULY 1, 2018	<u>575,599</u>	<u>-</u>	<u>-</u>	<u>575,599</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2019	<u>\$ 4,367,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,367,560</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>				
OPERATING INCOME (LOSS)	\$ 2,700,475	\$ 2,574,427	\$ (13,349)	\$ 5,261,553
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	1,658,424	-	-	1,658,424
Changes in assets and liabilities:				
Decrease in deferred inflows	(130,561)	-	-	(130,561)
Decrease in deferred outflows	57,350	-	-	57,350
Increase in accounts receivable	(266,122)	-	-	(266,122)
Increase in prepaid expenses	(222,301)	-	-	(222,301)
Decrease in other payables	(7,115)	-	-	(7,115)
Decrease in accounts payable	(1,176,189)	(25,753)	-	(1,201,942)
Decrease in compensated absences	(13,024)	-	-	(13,024)
Decrease (Increase) in unearned revenue	(82,079)	82,079	-	-
Decrease in net pension liability	(83,352)	-	-	(83,352)
Increase in net OPEB liability	<u>257,774</u>	<u>-</u>	<u>-</u>	<u>257,774</u>
Total adjustments	<u>(7,195)</u>	<u>56,326</u>	<u>-</u>	<u>49,131</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 2,693,280</u>	<u>\$ 2,630,753</u>	<u>\$ (13,349)</u>	<u>\$ 5,310,684</u>
<u>NON-CASH CAPITAL ACTIVITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-cash capital contributions	<u>\$ 6,680,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The South Placer Municipal Utility District (the "District") operates under the Municipal Utility District Act. The Act permits formation of multipurpose government agencies to provide public services on a regional basis. In accordance with the Act, voters approved creating the South Placer Municipal Utility District to provide sewage disposal facilities. The District's governing body is a Board of Directors comprised of 5 members with 4 year staggered terms.

Basis of Presentation

The basic financial statements of the South Placer Municipal Utility District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The South Placer Municipal Utility District follows the enterprise method of accounting practices and reporting methods approved for waste disposal districts. An enterprise type fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses excluding depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

Operating revenues are those revenues that are generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

As described below, the client maintains three major funds to run their operations:

Operating Fund - The purpose of the Operating Fund is to ensure that the district will have sufficient funding available at all times to meet its operating obligations. Operating revenue is flat rate and consistent over the year. Delinquencies are trued up through tax liens which are recoverable twice a year. Operating expenses are generally incurred uniformly over the year, however, work can be planned or deferred during the year to accommodate minor fluctuations in revenue. The source of funding for this reserve is from Sewer Service Charges.

Capital Improvement Fund - The purpose of the Capital Improvement Fund is to fund on a pay-as-you-go basis future capital facilities that are expansion or growth related. These capital improvements will be identified in a Wastewater Collection Master Plan, a System Evaluation and Capacity Assurance Plan or other such capital improvement plan designated by the District. These funds are accumulated in an orderly manner in conformance with State law and drawn down as required by growth related projected. The source of funding for the Capital Improvement Fund is the Sewer Participation Fee.

Capital Replacement Fund - The purpose of this fund is to accumulate the probable replacement cost of equipment each year over the life of the asset, so it can be replaced readily when it becomes obsolete, are totally depreciated or are scheduled for replacement. Annual depreciation is calculated as a function of the depreciation schedule maintained within the District's Financial Management Software. The source of funding for this reserve is in the form of an annual operating expense (transfer) to the Capital Replacement Fund. The District incurs an annual expense equivalent to the annual depreciation and accumulates this balance in the Capital Replacement Fund to fund replacements of assets that have reached their useful life or are fully depreciated.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Reporting

The District prepares an annual operating and capital budget which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

Cash and Cash Equivalents

For the purpose of the cash flows the District defines cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value. This includes deposits in financial institutions, cash with Placer County, and deposits with the State of California Local Agency Investment Fund (LAIF).

Fair Value Inputs, Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.

Level 2 Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market corroborated inputs.)

Level 3 Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Receivables and Payables

Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Prepaid Expenses

Certain payments for health insurance and liability insurance reflect costs applicable to future accounting periods and are recorded as prepaid items.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Capital assets include land, buildings, sewer system, equipment, office furniture and vehicles. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	15 - 25 years
Sewer system	75 years
General equipment	10 - 20 years
Office furniture and vehicles	5 - 15 years

Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers estimated cost, which approximates the acquisition value at the date of the District's acquisition, and is recorded as capital contributions when received.

Risk Management

The District maintains an insurance policy with Special District Risk Management Authority (SDRMA) Insurance that provides limits of liability for general liability, auto and an additional umbrella policy. The District also maintains workers compensation insurance through Special District Risk Management Authority, with the employer's liability limit of \$10,000,000 per occurrence.

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation leave. The liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

The District receives property taxes from Placer County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property.

Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Participation Agreements

The District has extended credit to a small number of commercial customers to pay for connection fees over time in periods up to 5 years. These contracts, also known as deferred participation agreements are recorded as revenue when the contracts are approved and executed. The District collects the receivable and interest for these contracts at the current Wall Street Journal Prime rate +2% per annum, as designated in the agreement. In the event of default or non-payment of the fees the District may impose a lien on the property to collect fees through property taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 14, 2019, which is the date the financial statements were issued.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2018, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, Certain Debt Extinguishments Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. As the District does not have any debt, there was no impact to the District's financial statements in relation to this standard.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2019 or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the District's fiscal year ending June 30, 2021. The District has not determined what impact, if any, this pronouncement will have on the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Accounting Standards Board Statement No. 88

In March 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. GASB is requiring debt borrowings and direct placements to be presented separately because they may expose a government to risks that are different from, or in addition to, risks related to other types of debt. The new standard also requires the disclosure of additional essential debt-related information for all types of debt, including amounts of unused lines of credit and assets pledged as collateral for debt. Also required to be disclosed are terms specified in debt agreements related to: (1) significant events of default with finance-related consequences, (2) significant termination events with finance-related consequences, (3) significant subjective acceleration clauses. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2020.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2021.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, Majority Equity Interests. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interests reported as an investment and majority equity interest reported as a component unit of the governmental entity. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2020.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The purpose of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2021.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 2: CASH AND INVESTMENTS

The components of the District's cash and cash equivalents at June 30, 2019 are as follows:

	June 30, 2019
<u>Cash and cash equivalents:</u>	
Unrestricted deposits in financial institutions	\$ <u>4,367,560</u>
Total cash and cash equivalents	<u>4,367,560</u>
<u>Investments:</u>	
Fixed income securities	17,632,838
Money market mutual funds	5,111,171
CalTRUST Investment Fund	20,012,290
Placer County Treasury's Investment Pool	5,277,732
Local Agency Investment Fund (LAIF)	<u>4,215,969</u>
Total investments	<u>52,250,000</u>
Total cash and investments	\$ <u>56,617,560</u>

Authorized Investments of the District

The table below identifies the investment types that are authorized for the South Placer Municipal Utility District (District) by California Government Code 53601 (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment pools authorized under CA statute governed by Government Code:			\$40 Million
Local Agency Investment Fund (LAIF)	N/A	75%	No Limit
Placer County Treasurer's Investment Pool	N/A	75%	No Limit
Investment Trust of CA (CalTRUST)	N/A	75%	No Limit
Bank Savings Account	N/A	75%	No Limit
Federal Agencies	5 years	No Limit	No Limit
Commercial Paper	270 Days	15%	No Limit
Negotiable Certificates of Deposits	270 Days	30%	No Limit
Repurchase Agreements	180 Days	20%	No Limit
U.S. Treasury Obligations	5 years	No Limit	No Limit
Any other allowed investments under CGC 53601	Limited	20%	No Limit

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 2: CASH AND INVESTMENTS (continued)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2019:

	Remaining Maturity		Fair Value
	12 months or less	1-5 years	
Fixed income securities	\$ 4,486,241	\$ 13,146,597	\$ 17,632,838
Money market mutual funds	5,111,171	-	5,111,171
Local Agency Investment Fund (LAIF)	4,215,969	-	4,215,969
CalTRUST Investment Fund	20,012,290	-	20,012,290
Placer County Treasury's Investment Pool	<u>5,277,732</u>	<u>-</u>	<u>5,277,732</u>
	<u>\$ 39,103,403</u>	<u>\$ 13,146,597</u>	<u>\$ 52,250,000</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 2: CASH AND INVESTMENTS (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
Local Agency Investment Fund (LAIF)	\$ 4,215,969			Not rated
Placer County Treasury's Investment Pool	5,277,732			Not rated
CalTRUST Investment Fund	20,012,290			Not rated
Fixed income securities	17,632,838	AAAm		
Money market mutual funds	<u>5,111,171</u>	AAAm		
	<u>\$ 52,250,000</u>			

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

Investment in State Investment Pool and Other Investments

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis.

The District is a voluntary participant in the Placer County Treasurer's Investment Portfolio that is administered by the Placer County Treasurer. Its primary objectives are to safeguard the principal of the funds under its control and to meet any liquidity needs of the depositor. Maximizing the rate of return is performed consistent with the objectives of safeguarding principal and meeting liquidity needs.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio under its control.

The District is a voluntary participant in the Investment Trust of California (CalTRUST). CalTRUST is a program operated by the joint powers authority to offer a high level of current income consistent with preservation of principal. It offers short and medium term bond funds. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return.

The District has a portfolio Brokerage account managed by Wells Fargo Securities. This portfolio is primarily invested in bonds issued by government sponsored enterprises. The portfolio is organized with staggered maturity dates. This structure assures part of the portfolio is liquidating at par value on a regular basis.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 2: CASH AND INVESTMENTS (continued)

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income securities	\$ -	\$ 17,632,838	\$ -	\$ 17,632,838
Money market mutual funds	<u>5,111,171</u>	<u>-</u>	<u>-</u>	<u>5,111,171</u>
Total assets at fair value	<u>\$ 5,111,171</u>	<u>\$ 17,632,838</u>	<u>\$ -</u>	<u>\$ 22,744,009</u>

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Capital assets not being depreciated					
Land	\$ 1,174,184	\$ -	\$ -	\$ -	\$ 1,174,184
Construction in Progress	<u>7,747,636</u>	<u>23,261</u>	<u>-</u>	<u>(7,266,595)</u>	<u>504,302</u>
Total capital assets not depreciated	<u>8,921,820</u>	<u>23,261</u>	<u>-</u>	<u>(7,266,595)</u>	<u>1,678,486</u>
Capital assets being depreciated					
Buildings	3,246,030	-	-	-	3,246,030
Sewer System	86,014,397	10,319,862	-	7,266,595	103,600,854
Equipment	1,625,021	37,109	(40,326)	-	1,621,804
Office Furniture	223,203	46,180	-	-	269,383
Vehicles	<u>2,057,387</u>	<u>175,265</u>	<u>(42,850)</u>	<u>-</u>	<u>2,189,802</u>
Total capital assets being depreciated	<u>93,166,038</u>	<u>10,578,416</u>	<u>(83,176)</u>	<u>7,266,595</u>	<u>110,927,873</u>
Less: accumulated depreciation					
Buildings	(1,891,087)	(137,262)	-	-	(2,028,349)
Sewer System	(17,908,949)	(1,254,651)	-	-	(19,163,600)
Equipment	(891,240)	(116,774)	35,941	-	(972,073)
Office Furniture	(208,091)	(5,572)	-	-	(213,663)
Vehicles	<u>(738,635)</u>	<u>(144,165)</u>	<u>42,850</u>	<u>-</u>	<u>(839,950)</u>
Total accumulated depreciation	<u>(21,638,002)</u>	<u>(1,658,424)</u>	<u>78,791</u>	<u>-</u>	<u>(23,217,635)</u>
Capital Assets, net	<u>\$ 80,449,856</u>	<u>\$ 8,943,253</u>	<u>\$ (4,385)</u>	<u>\$ -</u>	<u>\$ 89,388,724</u>

Depreciation expense for the year ended June 30, 2019 totaled \$1,658,424.

NOTE 4: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Capital Improvement Fund	Operating Fund	Capital Asset Purchase	\$ 3,140,610
Capital Replacement Fund	Operating Fund	Capital Asset Purchase	1,795,779
Operating Fund	Capital Replacement Fund	Depreciation Reserve	<u>1,423,548</u>
		Total Interfund Transfers	<u>\$ 6,359,937</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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NOTE 5: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent full time and part-time District employees working at least 1,000 hours per year are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three rate plans (all miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Active plan members in the 2.7% @ 55 Tier I plan are required to contribute 8% of all earnings in excess of \$133.33 per month. As a benefit to the District employees, the District contributed the employee required contribution. For those employees hired on or after April 20th, 2012 the District had implemented a 2% @ 55 Tier II plan which reduced the amount of employee contribution paid by the District to 7%. Effective July 1st, 2017 all employees pay the CalPERS employee share. The district is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For new employees hired after January 1, 2013 the District benefit formula changed to a 2% @ 62 Tier III where the employee contributes the full employee contribution of 6.25% of all earnings in excess of \$133.33 per month. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

	Miscellaneous		
	Tier I	Tier II	Tier III
Hire date	Prior to April 20, 2012	April 20, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	8.000%	7.000	6.250%
Required employer contribution rates	37.241%	8.971%	6.916%

* Employer contribution rates include the employer normal cost rate and the unfunded accrued liability contribution.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2019 were \$506,322.

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

As of June 30, 2019, the District reported a net pension liability of \$4,645,508 for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 measurement dates was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.1200%
Proportion - June 30, 2018	0.1233%
Change - Increase (Decrease)	0.0033%

For the year ended June 30, 2019, the District recognized pension expense of \$655,878. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 506,322	\$ -
Net difference between projected and actual earnings on plan investments	22,969	-
Changes in assumptions	529,602	129,795
Differences between expected and actual experience	178,240	60,653
Adjustment due to differences in proportions	49,448	15,281
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	-	192,888
Total	\$ 1,286,581	\$ 398,617

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)

\$506,322 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,		
2020	\$	384,072
2021	\$	204,091
2022	\$	(164,739)
2023	\$	(41,782)

C. Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.38% net of pension plan investment and administrative expenses, includes inflation.
Mortality (1)	Derived Using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more on this table, please refer to the 2014 Experience Study Report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

D. Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$7,154,085
Current Discount Rate	7.15%
Net Pension Liability	\$4,645,508
1% Increase	8.15%
Net Pension Liability	\$2,574,719

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

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6: DEFERRED COMPENSATION PLAN

Employees of the South Placer Municipal Utility District may elect to participate in a deferred compensation plan, as defined in the Internal Revenue Code Section 457. The contributions to the plan are voluntary. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employees or beneficiaries) solely the property and rights of the employees and their beneficiaries. No part of the principal or income of the trust shall revert to the employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries. The District has selected CalPERS and Mass Mutual as the third party administrators of the plan assets. Due to the fact that the District does not administer these plans, the plan activities are not included in the District financial statements. The District matches up to a maximum per pay period based on the most current contract with the General Manager and the most current Memorandum of Understanding with all other employees. The District's annual pension cost for the matching contributions under the 457 deferred compensation plan was \$87,560.

NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Plan

South Placer Public Utility District's Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits and life insurance benefits to eligible retirees and their eligible dependents. The District approved post retirement health insurance benefits for all of its employees effective July 1, 2007 under the Public Employees' Medical and Hospital Care Act (PEMHCA). Retirement eligibility is determined based on a minimum of reaching age 50 with at least 5 years of employment with the District. For an employee retiring with 5 or more years of service with SPMUD, the District will contribute the health benefit cost for the retiree and family members up to 100% of the greater of the CalPERS family rate for Kaiser. A retiree with less than 5 complete years of service with the District receives no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The retiree is on the same medical plan as the District's active employees, however monthly rates for coverage of covered active and retired employees are computed separately. As of June 30, 2019, there were 16 retired employees who qualified for the healthcare plan. The District also provides a life insurance benefit for each former employee with ten or more years of service who retires from the District. The amount of the life insurance benefit is \$15,000 (\$25,000 in the case of District management employees).

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	27
Inactive employees currently receiving benefits	<u>16</u>
Total	<u><u>43</u></u>

Contributions

The District's policy is to fully fund the actuarially determined contribution. The District makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2019, the District contributed \$317,737.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Liability

The District's net OPEB liability ("NOL") was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.35% as of June 30, 2018
Discount Rates	6.35% as of June 30, 2018
Participates Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Assumed Wage Inflation	3.00% per annum
Salary Increases	3.25% per annum
General Inflation Rate	2.75% per annum
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally
Healthcare Trend Rate	7.50% per annum

Changes in Assumptions

For the measurement period ending June 30, 2018, the discount rate and long-term return on assets decreased from 6.73% to 6.35% based on updated information from CalPERS regarding the assumed rate of return for CERBT Strategy 1 and the District's projected benefit cashflows.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.35% based on an assumption that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Expected Long-term Return on Trust Assets

The expected long-term rate on trust assets was derived from published information by CalPERS. CalPERS expectations are summarized in the chart below:

CERBT Strategy 1	Target Allocation	Years 1-10			Years 11+		
		General Inflation Rate Assumption	1-10 Year Expected Rate of Return*	Compound Return Yrs 1-10	General Inflation Rate Assumption	11+ Year Expected Real Rate of Return*	Compound Return Years 11+
Global Equity	59 %	2.00 %	4.80 %	6.80 %	2.92 %	5.98 %	8.90 %
Fixed Income	25 %	2.00 %	1.10 %	3.10 %	2.92 %	2.62 %	5.54 %
Global Real Estate (REITs)	8 %	2.00 %	3.20 %	5.50 %	2.92 %	5.00 %	7.92 %
Treasury Inflation Protected Securities (TIPS)	5 %	2.00 %	0.25 %	2.25 %	2.92 %	1.46 %	4.38 %
Commodities	3 %	2.00 %	1.50 %	3.50 %	2.92 %	2.87 %	5.79 %
Volatility	11.83 %	weighted		5.85 %	weighted		8.07 %

* Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.0%

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the OPEB Liability

To determine the June 30, 2018 (measurement period) net OPEB liability, the District used a roll-forward technique for the total OPEB liability. The fiduciary net position is based on the actual June 30, 2018 fiduciary net position. The following table shows the results of the rollforward.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	\$ 5,710,815	\$ 4,272,867	\$ 1,437,948
Service cost	199,744	-	199,744
Interest cost	388,531	-	388,531
Expected investment income	-	287,297	(287,297)
Employer contributions	-	274,870	(274,870)
Administrative expenses	-	(2,277)	2,277
Benefit payments	(274,870)	(274,870)	-
Assumption changes	276,413	-	276,413
Other expenses	-	(5,651)	5,651
Investment experience	-	52,675	(52,675)
Net change during 2018-19	<u>589,818</u>	<u>332,044</u>	<u>257,774</u>
Balance at June 30, 2019	<u>\$ 6,300,633</u>	<u>\$ 4,604,911</u>	<u>\$ 1,695,722</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Net OPEB Liability	<u>\$ 2,532,537</u>	<u>\$ 1,695,722</u>	<u>\$ 1,009,696</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	<u>\$ 892,441</u>	<u>\$ 1,695,722</u>	<u>\$ 2,759,609</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts first 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.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	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 year.

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$183,682. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 317,737	\$ -
Changes of assumptions	565,919	-
Net difference between projected and actual earnings on OPEB plan investments	-	118,256
Differences between expected and actual experience	-	583,333
Total	\$ 883,656	\$ 701,589

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

\$317,737 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2020	\$ (51,065)
2021	\$ (51,065)
2022	\$ (51,065)
2023	\$ (25,693)
2024	\$ 37,801
Thereafter	\$ 5,417

NOTE 8: JOINT POWERS AGREEMENT

On October 1, 2000 the South Placer Wastewater Authority was created to finance and construct the new Pleasant Grove treatment plant along with expanding facilities at the Dry Creek plant and other regional facilities. The Authority is made up of the City of Roseville, Placer County, and South Placer Municipal Utility District. The composition of the Board of Directors for the Authority is two directors appointed by the City of Roseville, two directors appointed by Placer County and one director appointed by South Placer Municipal Utility District. The agreement provides that the City will own and operate the regional facilities. The Authority originally issued a total of \$179,775,000 of fixed and variable rate bonds and later refunded to obtain more favorable interest rates in a combination of fixed, SIFMA Index and variable rate bonds. The agreement was also amended effective October 1, 2012. South Placer Municipal Utility District proportionate share decreased from its original allocation of 25% to 22.43% for the shared operating costs and debt service on these bonds. Bond payments are funded by regional connection fees charged by the District and remitted to the City of Roseville. Total connection fees collected by the District and paid to the Authority under this agreement, for the fiscal year ended June 30, 2019 was \$5,244,130. The financial statements for the South Placer Wastewater Authority are available online at [https://roseville.ca.us/government/departments/finance/general_accounting_department/south_placer_wastewater_uthority](https://roseville.ca.us/government/departments/finance/general_accounting_department/south_placer_wastewater_authority).

The District is responsible for its share of maintenance and operation expenses incurred at the Regional Treatment plants based on the volume of flow from District lines as a percentage of total volume of flow into the plants. The total amount calculated for South Placer Municipal Utility District during the fiscal year ended June 30, 2019 for maintenance and operation expenses was \$2,567,917 and an additional \$2,157,937 for the District's share of rehab project costs.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9: COMMITMENTS AND CONTINGENCIES

The District is responsible for maintenance and operation expenses incurred at the Regional Treatment plant based on the volume of flow from District lines as a percentage of total volume of flow into the plant. The share of the District cost is subject to periodic review and recalculations. The amount paid versus recalculated amounts can vary resulting in additional costs or credits to the District.

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance. The District's insurance carrier also covers defense costs that are not recovered from the opposing side upon successful resolution.

At June 30, 2019, the District had commitments with respect to various engineering services and construction projects.

Over the years, a number of agreements have been entered into by the District and local developers for installation of wastewater servicing facilities to the developer's projects. The developers constructed and installed the wastewater facilities at their own expense and thereafter dedicated said facilities to the District for public use. In return the Developers will receive partial reimbursement from construction fees actually collected on the properties within the project area, through the Agreement period. No contingent liability to the District is incurred for the uncollected portion of the agreed maximum amount.

<u>Project Name</u>	<u>Max Reimbursement</u>	<u>EDUs Benefited</u>
Croftwood Offsite Sewer (Sierra College)	\$ 186,010	1,958
Sierra College Lift Station	\$ 1,094,218	612
Yankee Hill Estates (Middle Antelope Creek)	\$ 217,375	925
Rocklin 60 - Phase I	\$ 68,255	999
Rocklin 60 - Phase II	\$ 139,621	999
Granite Bluff	\$ 36,856	40
Massie Trust - 3264 Taylor Road	\$ 185,614	80

NOTE 10: FUTURE REVENUES FROM FORMER NEWCASTLE SANITARY DISTRICT CUSTOMERS

In August 2010 as part of an agreement with Newcastle Sanitary District (NSD) the District loaned NSD \$5,237,307 to make improvements to NSD's wastewater system so its service area could receive wastewater service through the District. In order to facilitate repayment of the loan NSD charged a Project Related Participation Fee (PRPF) for new connections and a Project Related Service Charge (PRSC) to existing customers within NSD's service area. On September 5, 2013 the District and NSD entered into agreements relating to the annexation of the NSD service area to the District. Since NSD no longer exists as a separate legal entity, the receivable was removed from the District's Statement of Net Position. However, the PRSC will still be collected from former NSD customers until the outstanding balance of the loan is paid off. The net present value of the amount of future revenues to be collected totaled \$4,847,725 as of June 30, 2019.

NOTE 11: PRIOR PERIOD ADJUSTMENT

When NSD was annexed to the District (See Note 10) an interfund loan was incorrectly setup between the District's Operating Fund and the Capital Improvement Fund. During the year ended June 30, 2019 this was corrected by removing the interfund balances totaling \$4,847,725 from each fund. This had no effect on the District's net position as a whole.

Required Supplementary Information

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2019
LAST 10 YEARS***

	Measurement Period			
	2018	2017	2016	2015
Proportion of the net pension liability	0.12327 %	0.11996 %	0.11759 %	0.11300 %
Proportionate share of the net pension liability	\$ 4,645,508	\$ 4,728,860	\$ 4,084,964	\$ 2,403,545
Covered payroll	\$ 2,217,714	\$ 1,897,932	\$ 1,772,689	\$ 1,582,401
Proportionate share of the net pension liability as a percentage of covered payroll	209.47 %	249.16 %	230.44 %	151.89 %
Plan fiduciary net position as a percentage of the total pension liability	73.31 %	73.31 %	74.06 %	78.40 %

Notes to Schedule:

For the measurement period ended June 30, 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, the discount rate remained at 7.65 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses). In 2014, amounts reported were based on the 7.50 percent discount rate.

*Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation. The schedule above is only four years as shown. Fiscal year 2015 numbers are available from prior year disclosure information. Additional years' information will be displayed as it becomes available.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2019
LAST 10 YEARS***

	Fiscal Year-End			
	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 506,322	\$ 424,946	\$ 369,153	\$ 164,024
Contributions in relation to the actuarially determined contributions	<u>(506,322)</u>	<u>(424,946)</u>	<u>(369,153)</u>	<u>(164,024)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	2,354,398	2,217,714	1,897,932	1,772,689
Contributions as a percentage of covered payroll	21.51 %	19.16 %	19.45 %	9.25 %

*Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation. The schedule above is only four years as shown. Fiscal year 2015 numbers are available from prior year disclosure information. Additional years' information will be displayed as it becomes available.

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30
Last 10 Years***

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 199,744	\$ 167,083
Interest	388,531	424,380
Difference between expected and actual experience	-	(866,361)
Changes in assumptions	276,413	497,052
Benefit payments	<u>(274,870)</u>	<u>(347,294)</u>
Net change in total OPEB liability	589,818	(125,140)
Total OPEB liability, beginning	<u>5,710,815</u>	<u>5,835,955</u>
Total OPEB liability, ending (a)	<u>\$ 6,300,633</u>	<u>\$ 5,710,815</u>
Plan fiduciary net position		
Contributions - employer	\$ 274,870	\$ 347,294
Net investment income	339,972	408,278
Benefit payments	(274,870)	(347,294)
Administrative expenses	(2,277)	(2,072)
Administrative expenses	<u>(5,651)</u>	<u>-</u>
Net change in plan fiduciary net position	332,044	406,206
Plan fiduciary net position, beginning	<u>4,272,867</u>	<u>3,866,661</u>
Plan fiduciary net position, ending (b)	<u>\$ 4,604,911</u>	<u>\$ 4,272,867</u>
District's net OPEB liability, ending (a) - (b)	<u>\$ 1,695,722</u>	<u>\$ 1,437,948</u>
Plan fiduciary net position as a percentage of the total OPEB liability	73.09 %	74.82 %
Covered-employee payroll	<u>\$ 2,217,714</u>	<u>\$ 2,217,714</u>
District's net OPEB liability as a percentage of covered-employee payroll	76.46 %	64.84 %

Notes to Schedule:

Changes of assumptions: For the measurement period June 30, 2018, the discount rate and long-term return on assets decreased from 6.73% to 6.35% based on updated information from CalPERS regarding the assumed rate of return for CERT Strategy 1 and the District's projected benefit cashflows.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
For the Fiscal Year Ended June 30
Last 10 Years***

	2019	2018**
Actuarilly Determined Contribution (ADC)	\$ 301,216	\$ 292,275
Contributions in relation to the ADC	(317,737)	(274,870)
Contribution deficiency (excess)	\$ (16,521)	\$ 17,405
Covered-employee payroll	\$ 2,354,398	\$ 2,217,714
Contributions as a percentage of covered-employee payroll		

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

** The District has consistently contributed 100% or more of the ADC each year for at least the past 5 years. In July 2018, the District deposited an additional \$17,405. This amount, when added to the contributions shown above, fully satisfies the fiscal year end 2018 ADC shown above.

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Supplementary Information

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF OPERATING EXPENSES
AS OF JUNE 30, 2019**

	<u>Administrative and General</u>	<u>Collection and Treatment</u>	<u>Technical Services</u>	<u>Total</u>
OPERATING EXPENSES				
Salaries and Benefits	\$ 1,133,434	\$ 1,916,996	\$ 854,981	\$ 3,905,411
CalPERS UAL	202,378	157,116	41,271	400,765
Insurance	122,017	-	-	122,017
Professional Services	87,030	18,791	20,556	126,377
Vehicle Expenses	-	120,517	-	120,517
Professional Development	13,442	27,465	5,576	46,483
Legal	79,296	-	-	79,296
Utility Billing / Banking Expenses	175,843	-	-	175,843
Operating Supplies	76,201	167,477	81,663	325,341
Capital Expenses	-	233,906	-	233,906
Uniform Expenses	-	18,612	1,565	20,177
Buildings / Utilities	-	233,433	-	233,433
RWWTP Expenses	<u>-</u>	<u>2,567,917</u>	<u>2,167,447</u>	<u>4,735,364</u>
EXPENSES BEFORE DEPRECIATION	<u>\$ 1,889,641</u>	<u>\$ 5,462,230</u>	<u>\$ 3,173,059</u>	<u>10,524,930</u>
Depreciation				<u>1,658,424</u>
TOTAL OPERATING EXPENSES				<u>\$ 12,183,354</u>

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STATISTICAL SECTION

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATISTICAL SECTION
FOR THE YEAR ENDING
JUNE 30, 2019**

The Statistical Section of the South Placer Municipal Utility District Comprehensive Annual Financial Report presents detailed information as a context for understanding the District's economic condition and overall health for the fiscal year ending June 30, 2019 (FY 18/19).

CONTENTS

FINANCIAL TRENDS DATA

These schedules contain financial trend information for the District's financial performance.

Changes in Net Position

EDU Connections by Fiscal Year.

REVENUE CAPACITY DATA

These schedules contain information to help the reader access the District's most significant local revenue source.

Delinquent Accounts - Equal Dwelling Units – Sewer Service Charges

Annual/Monthly Sewer Rates/Participation Fees & Rate Comparison

DEBT CAPACITY DATA

This narrative presents information regarding the District's participation and debt burden through the South Placer Wastewater Authority (SPWA).

DEMOGRAPHIC & ECONOMIC INFORMATION

These schedules contain demographic information for Placer County

Ten Largest District Customers

County Demographics, unemployment

Placer County Largest Employers

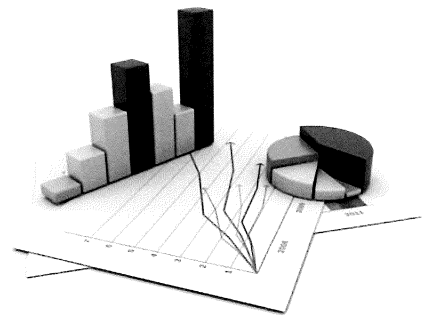
Property Taxes

OPERATING INFORMATION

These schedules provide information on the Districts infrastructure replacement program and details spending on current large projects.

Capital Spending

Detail of Capital Spending



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATISTICAL SECTION – CONTINUED
FOR THE YEAR ENDING
JUNE 30, 2019**

TABLE S1 – CHANGES IN NET POSITION

(Last 10 Years)

	FY 18/19	FY 17/18	FY 16/17	FY 15/16
Operating Revenues				
Sewer Charges	\$ 14,336,548	\$ 12,694,346	\$ 11,196,600	\$ 10,911,091
Connection Charges	2,574,427	2,520,400	4,700,227	1,443,773
Permits, Fees & Inspections	533,932	338,446	475,524	443,885
Total Operating Revenues	<u>\$ 17,444,907</u>	<u>\$ 15,553,192</u>	<u>\$ 16,372,351</u>	<u>\$ 12,798,749</u>
Operating Expenses				
Collection & Treatment	\$ 5,462,230	\$ 7,406,709	\$ 6,756,711	\$ 6,476,122
Administrative & General	1,889,641	1,745,033	2,226,083	1,269,273
Technical Services	3,173,059	3,237,207	2,443,940	2,106,383
Depreciation	1,658,424	1,423,548	1,343,872	1,381,819
Total Operating Expenses	<u>\$ 12,183,354</u>	<u>\$ 13,812,497</u>	<u>\$ 12,770,606</u>	<u>\$ 11,233,597</u>
Operating Income (Loss)	<u>\$ 5,261,553</u>	<u>\$ 1,740,695</u>	<u>\$ 3,601,745</u>	<u>\$ 1,565,152</u>
Non-Operating Revenues (Expenses)				
Tax Revenue	\$ 993,704	\$ 929,449	\$ 874,218	\$ 790,587
Gain (Loss) on Sale of Asset	13,707	63,498	(27,186)	-
Interest Income	1,832,865	321,933	193,023	825,604
Interest Expense	(116,477)	(119,120)	(120,912)	(122,564)
Total Non-Operating Revenues	<u>\$ 2,723,799</u>	<u>\$ 1,195,760</u>	<u>\$ 919,143</u>	<u>\$ 1,493,627</u>
Transfers & Capital Contributions				
Capital Contributions	\$ 7,071,156	\$ 6,680,289	\$ 2,819,904	\$ 1,957,751
Transfers In	6,359,937	5,469,970	4,128,264	2,451,218
Transfers Out	(6,359,937)	(5,469,970)	(4,128,264)	(2,451,218)
Total Transfers & Capital Contributions	<u>\$ 7,071,156</u>	<u>\$ 6,680,289</u>	<u>\$ 2,819,904</u>	<u>\$ 1,957,751</u>
Change in Net Position	<u>\$ 15,056,508</u>	<u>\$ 9,616,744</u>	<u>\$ 7,340,792</u>	<u>\$ 5,016,530</u>
Net Position, Beginning of Year	<u>\$ 128,873,365</u>	<u>\$ 120,878,621</u>	<u>\$ 113,537,829</u>	<u>\$ 108,521,299</u>
Prior Period Adjustment	<u>\$ -</u>	<u>\$ (1,622,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position, End of Year	<u>\$ 143,929,873</u>	<u>\$ 128,873,365</u>	<u>\$ 120,878,621</u>	<u>\$ 113,537,829</u>

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATISTICAL SECTION – CONTINUED
FOR THE YEAR ENDING
JUNE 30, 2019**

CHANGES IN NET POSITION – CONTINUED

<u>FY 14/15</u>	<u>FY 13/14</u>	<u>FY 12/13</u>	<u>FY 11/12</u>	<u>FY 10/11</u>	<u>FY 09/10</u>	<u>FY 08/09</u>
\$ 10,758,026	\$ 10,202,898	\$ 10,260,093	\$ 9,489,453	\$ 8,599,106	\$ 7,827,078	\$ 7,250,894
888,198	1,005,529	680,755	411,250	267,268	376,895	696,125
274,971	538,220	132,774	44,720	51,049	53,592	102,231
<u>\$ 11,921,195</u>	<u>\$ 11,746,647</u>	<u>\$ 11,073,622</u>	<u>\$ 9,945,423</u>	<u>\$ 8,917,423</u>	<u>\$ 8,257,565</u>	<u>\$ 8,049,250</u>
\$ 6,403,314	\$ 6,418,108	\$ 6,080,773	\$ 7,060,338	\$ 8,665,187	\$ 7,811,646	\$ 6,927,431
1,332,209	1,104,119	1,054,767	998,869	1,032,454	978,741	1,130,248
1,818,102	704,383	688,465	667,200	617,663	657,671	-
1,163,361	1,088,844	1,022,054	1,052,093	1,067,596	1,059,168	1,058,521
<u>\$ 10,716,986</u>	<u>\$ 9,315,454</u>	<u>\$ 8,846,059</u>	<u>\$ 9,778,500</u>	<u>\$ 11,382,900</u>	<u>\$ 10,507,226</u>	<u>\$ 9,116,200</u>
<u>\$ 1,204,209</u>	<u>\$ 2,431,193</u>	<u>\$ 2,227,563</u>	<u>\$ 166,923</u>	<u>\$ (2,465,477)</u>	<u>\$ (2,249,661)</u>	<u>\$ (1,066,950)</u>
\$ 686,237	\$ 893,954	\$ 610,400	\$ 575,130	\$ 607,420	\$ 655,680	\$ 718,957
-	-	4,039	312	7,279	-	496,039
513,964	545,196	595,320	643,017	619,371	653,106	1,059,780
(129,039)	14,544	12,271	10,551	15,979	9,523	39,219
<u>\$ 1,071,162</u>	<u>\$ 1,453,694</u>	<u>\$ 1,222,030</u>	<u>\$ 1,229,010</u>	<u>\$ 1,250,049</u>	<u>\$ 1,318,309</u>	<u>\$ 2,313,995</u>
\$ 2,651,181	\$ 4,099,981	\$ 330,760	\$ 342,900	\$ 10,000	\$ 324,280	\$ 477,350
1,027,284	1,527,718	-	-	-	2,516,683	-
(1,027,284)	(1,527,718)	-	-	-	(2,516,683)	-
<u>\$ 2,651,181</u>	<u>\$ 4,099,981</u>	<u>\$ 330,760</u>	<u>\$ 342,900</u>	<u>\$ 10,000</u>	<u>\$ 324,280</u>	<u>\$ 477,350</u>
\$ 4,926,552	\$ 7,984,868	\$ 3,780,353	\$ 1,738,833	\$ (1,205,428)	\$ (607,072)	\$ 1,724,395
\$ 106,767,165	\$ 98,782,297	\$ 94,491,070	\$ 94,947,491	\$ 91,734,163	\$ 92,339,286	\$ 90,703,247
\$ (3,172,418)	\$ -	\$ 510,874	\$ (2,195,254)	\$ 4,418,756	\$ 1,949	\$ (88,356)
<u>\$ 108,521,299</u>	<u>\$ 106,767,165</u>	<u>\$ 98,782,297</u>	<u>\$ 94,491,070</u>	<u>\$ 94,947,491</u>	<u>\$ 91,734,163</u>	<u>\$ 92,339,286</u>

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S2 – NET POSITION BY COMPONENT

(Last 10 Years)

For the Fiscal Year Ending June 30,	Business-Type Activities		Total Net Position
	Net Investment in Capital Assets	Unrestricted	
2019	\$ 89,388,724	\$ 54,541,149	\$ 143,929,873
2018	\$ 75,520,052	\$ 53,353,313	\$ 128,873,365
2017	\$ 61,229,199	\$ 59,649,422	\$ 120,878,621
2016	\$ 58,393,543	\$ 55,144,286	\$ 113,537,829
2015	\$ 57,266,134	\$ 51,255,165	\$ 108,521,299
2014	\$ 55,148,165	\$ 51,619,000	\$ 106,767,165
2013	\$ 49,653,932	\$ 49,128,365	\$ 98,782,297
2012	\$ 48,371,068	\$ 46,120,002	\$ 94,491,070
2011	\$ 48,808,224	\$ 46,139,267	\$ 94,947,491
2010	\$ 49,689,849	\$ 42,044,314	\$ 91,734,163
2009	\$ 49,850,116	\$ 42,489,170	\$ 92,339,286

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S3 – EQUAL DWELLING CONNECTIONS BY FISCAL YEAR

For the Fiscal Year Ending <u>June 30,</u>	<u>Total EDU'S</u>	<u>Increase</u>	<u>% Increase</u>
2019	34,174	729	1.50%
2018	33,445	620	1.90%
2017	32,825	991	3.00%
2016	31,834	593	1.90%
2015	31,241	341	1.10%
2014	30,900	230	0.70%
2013	30,670	315	1.00%
2012	30,355	106	0.30%
2011	30,249	125	0.40%
2010	30,124	505	1.70%
2009	29,619	104	0.40%
2008	29,515	385	1.30%
2007	29,130	465	1.60%
2006	28,665	1,044	3.10%
2005	27,790	836	3.00%
2004	26,954	783	2.90%
2003	26,160	667	2.50%
2002	25,493	869	3.40%
2001	24,624	1,535	6.20%
2000	23,089	1,663	7.20%
1999	21,426	1,353	6.50%

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S4 – DELINQUENT ACCOUNTS – TOTAL SEWER CHARGES

For Fiscal Year Ending June, 30,	Delinquent Receivables	Delinquent Accounts	Total Sewer Charges
2019	\$ 296,622	831	\$ 14,336,548
2018	\$ 336,459	845	\$ 12,344,700
2017	\$ 257,783	852	\$ 11,196,600
2016	\$ 271,300	890	\$ 10,911,100
2015	\$ 244,165	820	\$ 10,758,000
2014	\$ 243,315	828	\$ 10,203,000
2013	\$ 224,416	886	\$ 10,260,000
2012	\$ 209,925	898	\$ 9,489,000
2011	\$ 207,530	897	\$ 8,600,000
2010	\$ 174,132	866	\$ 7,827,000
2009	\$ 145,100	798	\$ 7,250,900

Note: Delinquent Accounts are assigned once each year. The delinquent account balances are collected through the Placer County Property Tax Rolls and paid throughout the year to the District.

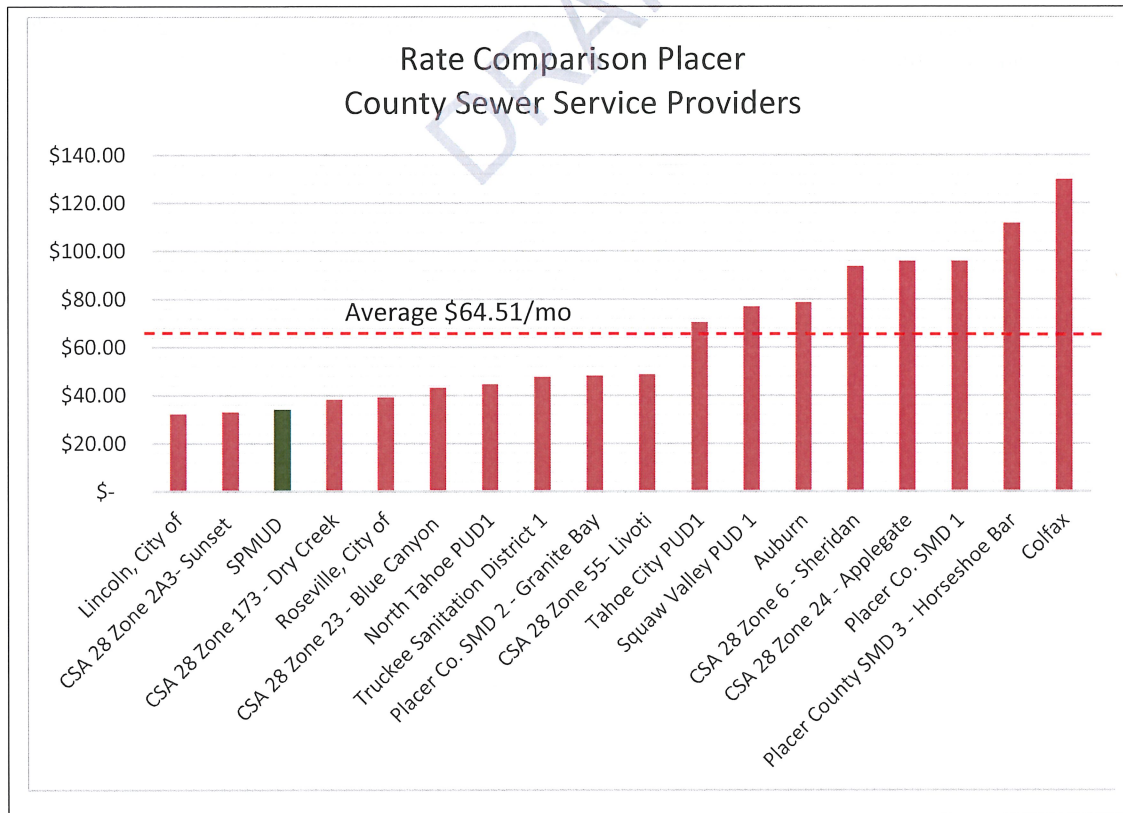
Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019**

TABLE S5 – MONTHLY SEWER RATES/PARTICIPATION FEES & RATE COMPARISON

For the Fiscal Year Ending June 30,	Sewer Service Rates per Month	Local Sewer Participation Fees
2020	\$ 36	\$ 4,014
2019	\$ 34	\$ 3,923
2018	\$ 31	\$ 3,750
2017	\$ 28	\$ 3,750
2016	\$ 28	\$ 3,000
2015	\$ 28	\$ 3,000
2014	\$ 28	\$ 2,500
2013	\$ 28	\$ 2,500
2012	\$ 28	\$ 2,500
2011	\$ 24	\$ 2,250
2010	\$ 22	\$ 2,000

Below are the rate comparisons between average rates charges by other sanitary districts in Placer County. South Placer Municipal Utility District is among the lowest in the county. The average rate is \$64.51



Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019**

TABLE S6 – TEN LARGEST DISTRICT CUSTOMERS LAST 12 YEARS

2019	2018	2017	2016
Meridian Apts	MW Investment	Sunset West Apts	Sunset West Apts
Rocklin Ranch Apts	Sunset West Apts	William Jessup Univ	William Jessup Univ
Sunset Summit Apts	William Jessup Univ	Rocklin High Schools	Rocklin High Schools
Garnet Creek Apts	Rocklin High Schools	Rocklin Elem.Schools	Rocklin Elem.Schools
Rocklin High Schools	Rocklin Elem.Schools	Del Oro High School	Del Oro High School
Senior Living	Del Oro High School	Sierra College	Sierra College
Sierra Lakes MH Park	Sierra College	Walmart Rocklin	Walmart Rocklin
Broadstone Apts	Walmart (Rocklin)	Loomis RV Park	Loomis RV Park
Sagora Senior Living	Loomis RV Park	Howard Johnson	Howard Johnson
William Jessup	Studio Movie Grill	Blue Oaks Marketplace	Blue Oaks Marketplace
2015	2014	2013	2012
Sunset West Apts	William Jessup Univ	William Jessup Univ	Sierra College
William Jessup Univ	Rocklin High Schools	Rocklin High Schools	Whitney High School
Rocklin High Schools	Rocklin Elem.Schools	Rocklin Elem.Schools	Rocklin High School
Rocklin Elem.Schools	Del Oro High School	Del Oro High School	Del Oro High School
Del Oro High School	Sierra College	Sierra College	William Jessup Univ
Sierra College	Walmart Rocklin	Walmart Rocklin	Loomis RV Park
Walmart Rocklin	Loomis RV Park	Loomis RV Park	Howard Johnson
Loomis RV Park	Howard Johnson	Howard Johnson	RC Willey
Howard Johnson	Blue Oaks Marketplace	Blue Oaks Marketplace	Rocklin Lodging Grp
Blue Oaks Marketplace	RC Willey	RC Willey	Five Star Plaza
2011	2010	2009	2008
Sierra College	Sierra College	Sierra College	Sierra College
Whitney High School	Whitney High School	Whitney High School	Whitney High School
Rocklin High School	Rocklin High School	Rocklin High School	Rocklin High School
Del Oro High School	William Jessup Univ	William Jessup Univ	Del Oro High School
William Jessup Univ	Del Oro High School	Del Oro High School	Loomis RV Park
Loomis RV Park	Loomis RV Park	Loomis RV Park	Howard Johnson
Howard Johnson	Howard Johnson	Howard Johnson	Rocklin Lodging Grp
Rocklin Lodging Grp	Rocklin Lodging Grp	Rocklin Lodging Grp	Destiny Christian
Destiny Christian	Destiny Christian	Destiny Christian	Rocklin Park Hotel
Rocklin Park Hotel	Rocklin Park Hotel	Rocklin Park Hotel	Target

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S7 – DEMOGRAPHICS AND ECONOMIC STATISTICS

Fiscal Year Ending June 30,	Placer County Workforce	Number of Employed	Number on Unemployed	Unemployment Rate %	District Population	Median Household Income
2019	186,600	180,400	6,200	3.3%	68,415	80,728
2018	183,900	177,800	6,100	3.3%	68,325	76,600
2017	179,800	171,800	8,000	4.5%	66525	71,435
2016	176,800	167,900	8,900	5.0%	64974	70,490
2015	175,800	164,800	11,000	6.3%	63324	70,100
2014	175,800	162,300	13,500	7.7%	62790	69,800
2013	174,900	158,500	16,400	9.4%	61800	68,800
2012	173,700	154,900	18,800	10.8%	61200	68,200
2011	173,700	154,900	18,800	10.8%	60414	67,900
2010	173,300	153,200	20,100	11.6%	60141	67,900

Sources: State of California, Employment Development Department

DRAFT

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S8 – PLACER COUNTY LARGEST EMPLOYERS

As of December 31, 2019 and December 31, 2009.

2019		2009	
Business or Organization	No. of Employees	Business or Organization	No. of Employees
Kaiser Permanente	6,015	Hewlett Packard	3,600
Sutter Health	5,835	County of Placer	2,875
Squaw Valley Alpine Meadows	2,600	Kaiser Permanente	2,673
Thunder Valley Casino Resort	2,500	Thunder Valley Casino Resort	1,700
Sierra Joint Community College	2,149	Sutter Health	1,543

Source: Sacramento Business Journal, May 2019

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Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
 STATISTICAL SECTION – CONTINUED
 FOR THE YEAR ENDING
 JUNE 30, 2019

TABLE S9 – TOP TEN TAXPAYERS – PLACER COUNTY

<u>Taxpayer Name</u>	<u>Total Tax</u>	<u>Percentage</u>	<u>Net Taxable Value</u>
Pacific Gas & Electric Company	11,552,876	1.19%	\$ 704,437,004
Roseville Shoppingtown LLC	4,620,605	0.45%	\$ 429,531,798
Cellco Partnership	3,188,347	0.31%	\$ 194,553,792
BBC Roseville Oaks LLC	2,021,920	0.20%	\$ 49,330,784
Briet Wave MF SC Owner LLC	1,650,438	0.16%	\$ 151,383,060
Roseville Fountains LP	1,570,607	0.15%	\$ 72,241,876
Consolidated Communications of CA	1,541,793	0.15%	\$ 94,209,821
Liberty Utilities (Calpeco Electric), LLC	1,491,737	0.14%	\$ 91,026,235
Union Pacific Railroad Company	1,240,495	0.12%	\$ 86,579,066
MGP X Properties LLC	1,196,797	0.12%	\$ 74,578,562

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Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATISTICAL SECTION – CONTINUED
FOR THE YEAR ENDING
JUNE 30, 2019

TABLE S10 – FIVE YEAR CAPITAL SPENDING - FY 14/15 to FY 18/19

Capital Project Review	FY 18/19	FY 17/18	FY 16/17	FY 15/16	FY 14/15
Account Clerk Workstation/Cubicles	\$ -	\$ -	\$ 8,989	\$ -	\$ 5,585
Archiving/Disaster Plan	22,120	-	-	-	-
Board Room Furniture	-	-	-	6,057	-
CCTV Replacement Single Cond. Cable	-	-	-	-	-
CCTV Software Evaluation	-	-	-	-	-
CCTV Vehicle Replacement	-	-	106,792	3,366	208,623
Computers/Office Furniture	12,429	9,516	-	4,255	24,452
Confined Space Entry Equipment	4,763	-	-	-	-
Corp Yard Master Plan Improvements	-	3,245	21,528	-	-
Corp Yard & HQ Fire & Entry Alarm Replmt	-	-	5,647	37,890	-
Corp Yard & HQ Smart TV Screens	-	-	-	1,615	-
Corp Yard Bathroom Renovation	-	-	-	6,970	-
Corp Yard Exterior Rehab	-	9,860	-	-	-
Corp Yard Pavement Installation	42,014	-	-	-	53,555
Corp Yard Storage Enclosure Upgrade	-	-	-	53,554	-
Corp Yard Vehicle Wash Facility Upgrades	-	-	-	20,000	-
Data Acquisition	-	4,002	8,821	20,915	33,297
District Participation in Regional Projects	102,032	129,996	-	-	-
Easement Roadway Replacements	18,274	22,623	-	35,000	30,740
Electric Rudder w/ Attachments	16,373	-	-	-	-
Energy Upgrades	24,128	-	-	-	-
Flail Mover Replacements	-	-	-	-	6,581
Flow Recorder Replace - Five Star Outfall	13,022	-	-	-	-
Foothill Trunk Project	13,485	16,974	85,535	216,414	-
GPS Survey Unit	-	-	-	13,539	-
Hands Free Communication	-	-	-	6,500	-
HRF Creek Crossings - Design & Permitting	-	-	38,953	-	-
Hydro Cleaning Nozzle - Chain Fuel	-	-	-	7,800	-
Hydro-Vac Excavation Kit	-	-	-	6,800	-
I80/HWY65 Pipeline Relocation - District Share	-	110,062	-	-	-
Interior Painting	-	-	-	-	3,950

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATISTICAL SECTION – CONTINUED
FOR THE YEAR ENDING
JUNE 30, 2019

TABLE S10 – FIVE YEAR CAPITAL SPENDING - FY 14/15 to FY 18/19 - CONTINUED

Capital Project Review	FY 18/19	FY 17/18	FY 16/17	FY 15/16	FY 14/15
Lateral Camera Replacements	\$ -	\$ 20,677	\$ -	\$ -	\$ -
Lift Station Rehab/ Pump Replacement	-	-	-	4,415	34,817
Lower Clover Valley Trunk	9,777	12,149	45,329	-	-
Lower Loomis 10" Trunk CIPP Liner	-	-	-	-	378,941
Lower Loomis Diversion Trunk line Project	2,635,603	6,690,017	517,468	43,119	69,998
Newcastle Master Plan Improvements	8,105	222,695	-	-	-
Pipe Trailer Replacement	5,972	-	-	40,000	-
Portable Generator Replacement	-	106,256	-	-	-
Recondition Super Backhoe	-	-	-	-	15,000
Remote Site Control Improvements - SCADA	-	-	-	-	102,934
Replacement 580 Super E Backhoe	-	-	-	-	86,761
Replacement of Mini-Cameras	-	-	-	-	28,204
Replacement of Vibra-Plate Compactor	-	-	-	-	2,074
Rocklin 60 Reimbursement	157,153	-	-	-	-
Root Foaming - Hydro Truck Retrofit	-	-	-	-	-
RPS Hardware/Software Upgrade	-	-	-	-	51,098
Safety Training Aids	-	-	-	-	1,945
SCADA (Lift Station Control Panel Imp.)	-	-	-	-	102,933
Scanner	-	-	-	-	-
Server Replacement	46,179	-	-	-	-
Sewer Cleaning Heads	-	-	-	7,844	9,980
Smart Covers	-	-	-	-	9,982
Smoke Testing Equipment	-	-	-	-	-
Software/Data Acquisition	4,585	-	-	-	-
System Improvements	18,113	64,575	-	-	-
System Rehabilitation	363,429	778,147	-	220,000	116,643
Upper Antelope Creek - East Trunk	-	-	-	-	-
Vehicle - Vactor Truck	-	908,821	-	-	-
VOIP Telephone Replacement	175,267	-	-	-	8,300
Water Sampling Equipment	-	-	-	-	6,000
Whitney Ranch Recorder	-	-	-	-	29,744
Total Capital Improvements	\$ 3,692,823	\$ 9,109,615	\$ 839,062	\$ 756,053	\$ 1,422,137

Unless otherwise noted, the information in these schedules is derived from the District Annual Financial Reports for the relevant year.

ITEM VII.2 GENERAL MANAGER REPORT

To: Board of Directors
From: Herb Niederberger, GM
Date: December 5, 2019
Subject: General Manager Monthly Staff Report – November 2019

1) DEPARTMENT REPORTS

Attached are the monthly status reports for the Boards information:

- A. Administrative Services Department Report
- B. Facility Services Department and
- C. Technical Services Department

The Department Managers are prepared to answer any questions from the Board.

2) INFORMATION ITEMS

Much of this month has been devoted to providing information to the Auditors along with the preparation of the Management Discussion and Analysis of the Financial Statements.

- A. On November 6, 2019, the General Manager and Director Mitchell attended the Rocklin Chamber of Commerce Government Relations Committee meeting to hear a presentation by Mike Luken Executive Director- Placer County Transportation Planning Agency updating the need for South Placer Transportation Infrastructure.
- B. On November 19, 2019, the General Manager aided in the interviews for the Sacramento Suburban Water District, Director of Finance Administration.
- C. On November 21, 2019, the General Manager, with the District Engineer, Eric Nielsen, conducted interviews with consulting firms regarding On-Call Plan Checking Proposals.
- D. On November 26, 2019, for the fourth year, the South Placer Municipal Utility District spent the morning placing holiday decorations Koinonia Family Services Homes for Teens in the Short-Term Residential Treatment Program.
- E. On November 27, 2019, the South Placer Municipal Utility District participated in the Day-Before-Thanksgiving Day Parade in Loomis.
- F. Advisory Committee Meetings:
 - i. The Fee and Finance Advisory Committee met on November 6, 2019, to: 1) watch a remote demo by the developers of Gov Invest Software for the management of the District's OPEB and PERS liabilities; 2) review the net OPEB and Pension liabilities identified by the current Government Accounting Standards Board (GASB) 68 & 75

reports; 3) discuss the advantages of the District investing in the California Employers' Pension Prefunding Trust (CEPPT) as a way to manage the District's PERS liability; 4) hear a staff presentation evaluating the District's Financial Performance, Actual Data vs. 5-Year Financial Plan; and 5) discuss the need to revisit the District's Reserve Policy #3130.

- ii. The Personnel Advisory Committee met on November 7, 2019 to discuss the pending Performance Evaluation for the General Manager.

3) PURCHASE ORDERS/CONTRACTS INITIATED UNDER GENERAL MANAGER AUTHORITY

Date	Req #	Vendor	Product	Amount
10/16/2019	148	Xylem Water Solutions	Irish Lane Pump Repair	\$6,829.46
10/17/2019	149	Enoven Truck Body & Equip	Unit 11 – R&R Crane	\$16,861.71
10/23/2019	150	Sunset Cover Systems	Flow Recorder Subscription	\$5,215.00
11/21/2019	151	Rex Moore Electric Contractors	Generator Plugs LS 9 & 13	\$4,760.00

4) LONG RANGE AGENDA

January 2020

Selection of Officers and Appointments to Advisory Committees
 Mid-Year Budget Adjustments
 Award of Contract - Foothill Trunk Construction
 Award of Contract – Newcastle Master Plan Improvements
 Award Perimeter Fence Contract

February 2020

Approval of Final SECAP Report
 Approval of Participation Fee Nexus Study
 Report on SPWA Issues

March 2010

Review Job Descriptions for Maintenance Worker II/Inspector and Inspector Positions

June 2020

FY 2020/21 Budget Workshop

July 2020

Adopt FY 2020/21 Budget
 Update on SPWA Issues

ITEM VII. ASD REPORT

To: Board of Directors

From: Emilie Costan, Administrative Services Manager

cc: Herb Niederberger, General Manager

Subject: Administrative Services Department Monthly Report

Board Date: December 5, 2019

Laserfiche Records Management Software

Administrative Services Staff is working to import records into the new Laserfiche software application. Laserfiche staff is also scanning and importing paper records. Training for account administrators has been scheduled.

Recruitment

Offers have been made for the positions of Maintenance Worker I and Temporary Laborer II. The application period has closed, and applications are currently being reviewed for the positions of Regulatory Compliance Specialist/Officer and Engineering Technician I/II.

New Web Survey

A new online customer service survey has been created and placed on the District website. The survey allows feedback from customers who have interacted with staff from any Division within the District. <https://spmud.ca.gov/customer-service-survey>

Investment Transfers

On November 14, 2019, the Administrative Services Manager transferred 2 million dollars from the Checking account to the Placer County Treasurer's Investment Pool and 1 million dollars from the Checking account to CalTrust per Policy 3120 – Investment of District Funds.

CALPERLA Training

The Administrative Services Manager attended the annual CALPERLA Public Employee Labor Relations Conference.

Commercial & Residential Account Review

Administrative Services continue to audit both Residential and Commercial Accounts within the District with the assistance of Inspection services in TSD. Notifications and updated bills continue to be sent upon review with any necessary adjustments per Policy 3160 – Utility Billing Reconciliation & Payment Policy.

Canned Food Drive and Toys for Tots

The District is participating in a Canned Food Drive and Toys for Tots to give back to the community. Bins have been placed in the common areas for those wishing to donate.

To: Board of Directors
From: Sam Rose, Superintendent
Cc: Herb Niederberger, General Manager
Subject: Field Services Department Monthly Report
Meeting Date: December 5, 2019

Overview

This report provides the Board with an overview of Field Services operations and maintenance activities through 10/31/2019. The work listed is not all inclusive.

1. Lost Time Accidents/Injuries (OSHA 300)

- a. Zero (0)
 - i. 1156 days without a Lost Time Accident/Injury.

2. Safety/Training/Professional Development

- a. All Field employees participated in:
 - i. Three (3) “Tailgate” safety sessions.
 - ii. Generator Power to HQ and Corp Yard Training

3. Miscellaneous

- a. Completed Smoke Testing in Newcastle to locate sources of Inflow and Infiltration. No significant sources of I&I were discovered
- b. The PG&E Public Safety Power Shutdowns (PSPS) and Smoke Testing operations significantly impacted production this month

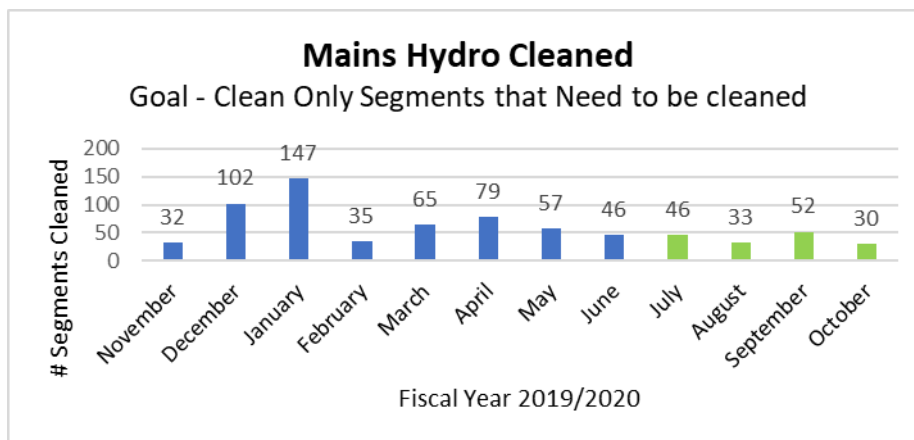
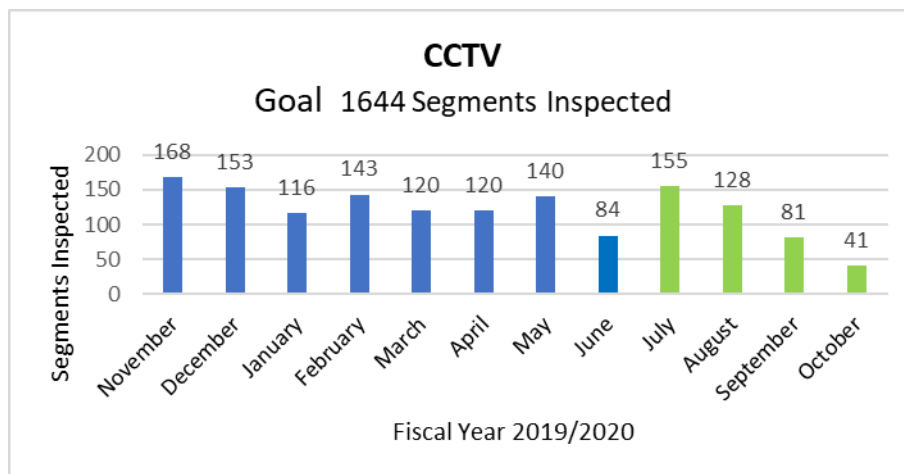
4. Customer Service Calls

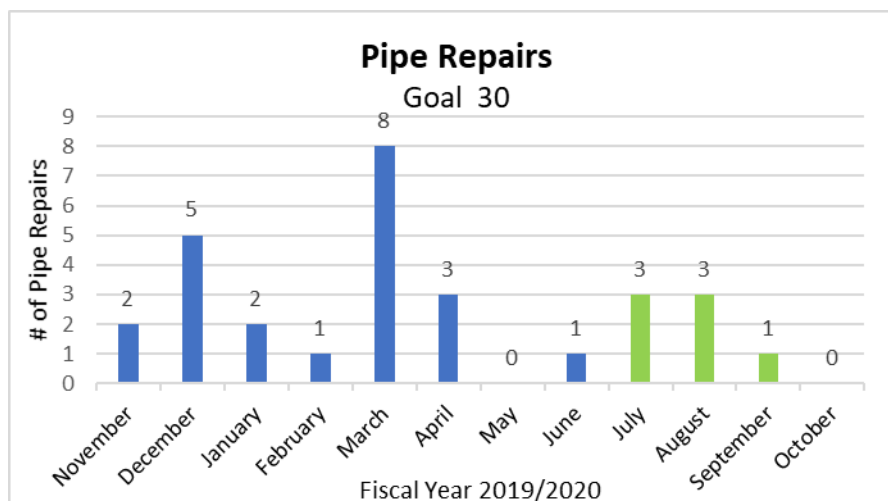
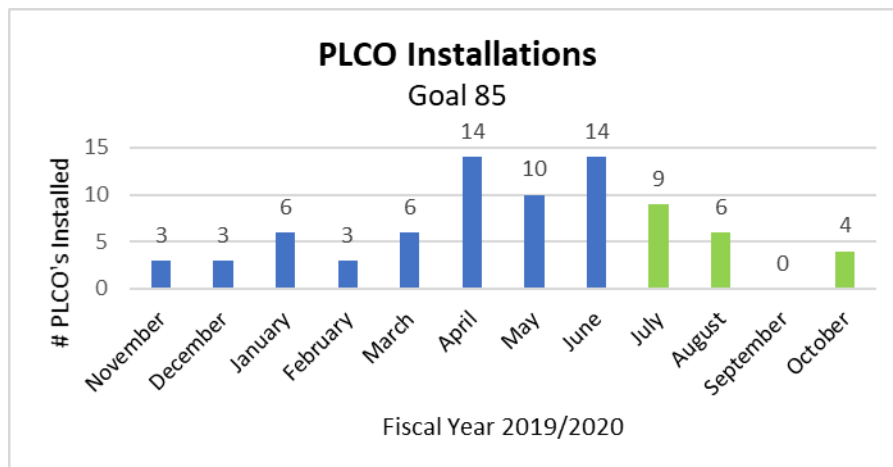
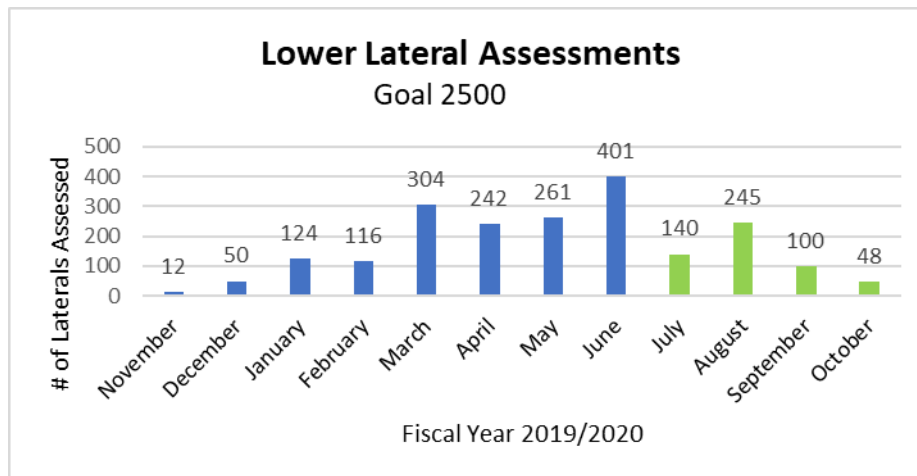
- a. Response Time Goals
 - i. 30 Minutes During Business Hours;
 - A. Average: 20 Minutes
 - ii. 60 Minutes During Non-Business Hours
 - A. Average: 44 Minutes
 - iii. 95% Success Rate
 - A. Success Rate for August – 95%

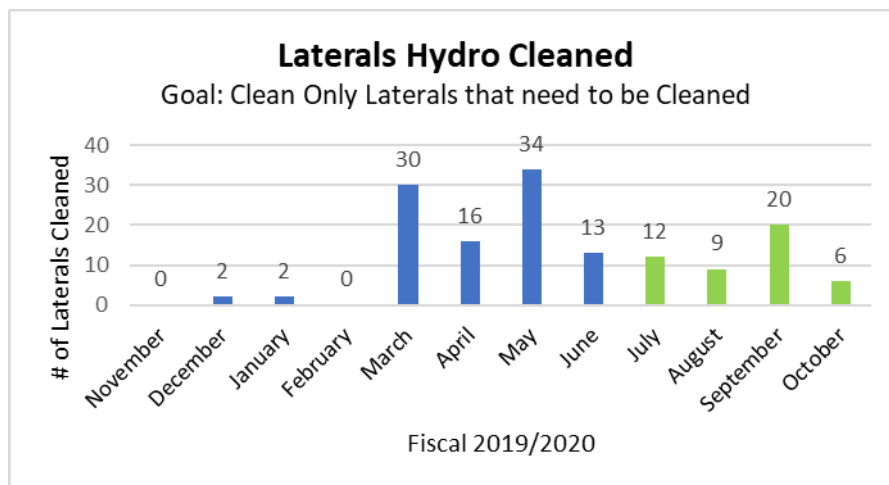
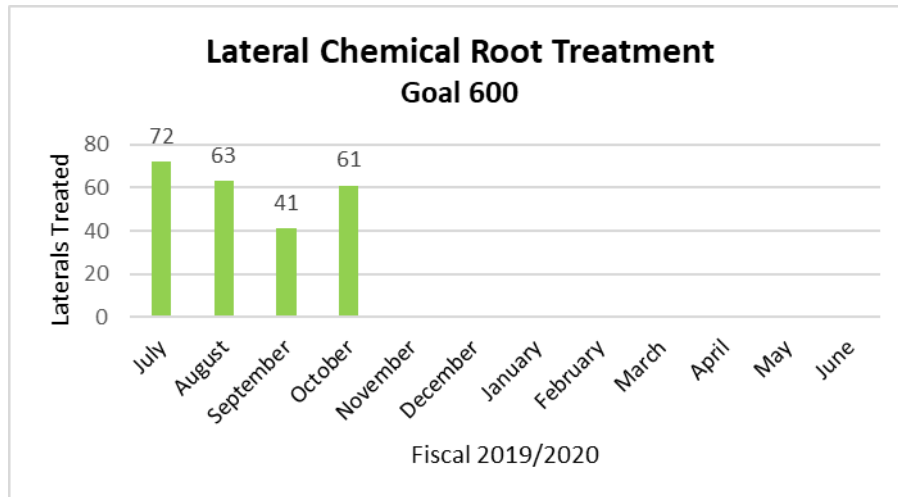
Service Calls						
Responsibility	SSO	Blockage	Odor	Misc	Vermin	Total Calls
SPMUD	3	3	0	1	1	8
Owner	3	12	1	1	0	17
Other			0	0	0	0
						25

5. Production

a. The information provided below is not inclusive of all work completed.







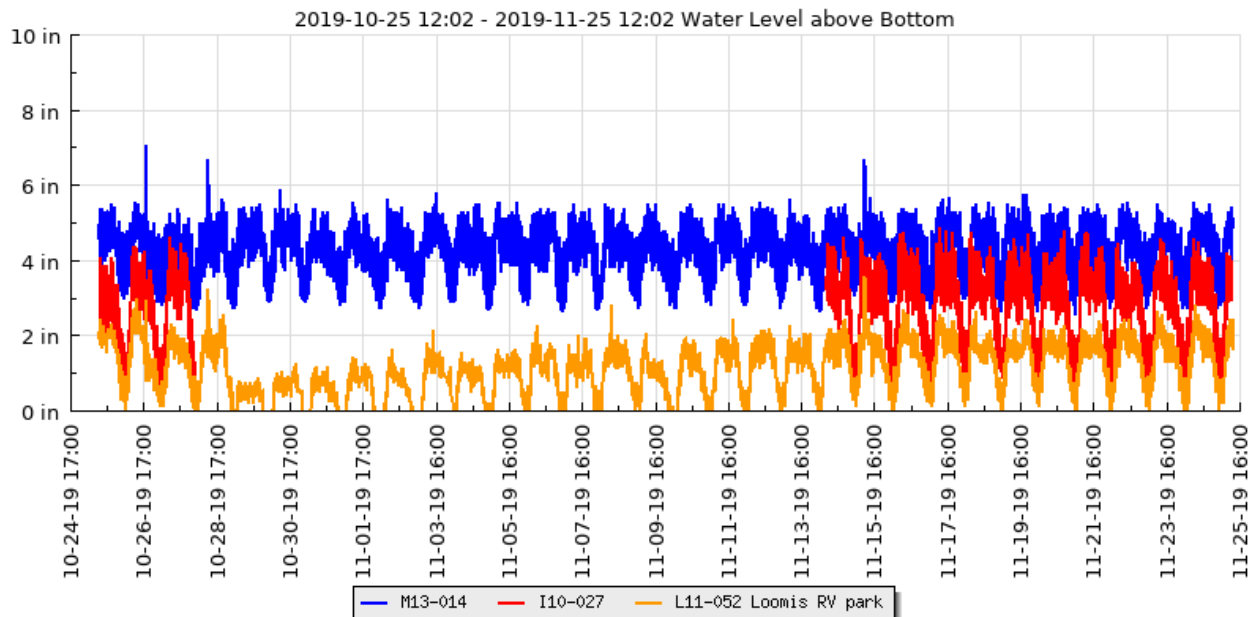
ITEM VII. TSD REPORT

To: Board of Directors
From: Eric Nielsen, District Engineer
Cc: Herb Niederberger, General Manager
Subject: Technical Services Department Monthly Report
Board Date: December 5, 2019

Foothill Trunk Sewer Replacement Project

Staff has posted the invitation for bids for the Foothill Trunk Sewer Replacement Project through its e-procurement platform (i.e., Public Purchase) on October 18, 2019. A pre-bid meeting was held on November 14, 2019 at 1pm. Nine individuals were in attendance representing eight companies. Bids received in response to this invitation will be publicly opened on December 18.

Staff from the Field Services Department (FSD) and the Technical Services Department (TSD) have been actively operating the collection system to manage flows through the Lower Loomis and Foothill Trunk Sewers until the Foothill Trunk Sewer is replaced. The capacity of the above-mentioned trunk sewers is continuously monitored with ultrasonic level sensors and notifications are automatically sent if advisory or alarm levels are reached. The image below shows the water levels in three trunk lines and rainfall (if any). Flows are maintaining average dry weather diurnal patterns as expected during this time of year (see figure below). Please note that District crews performed maintenance on the level sensor at I10-027 during the past month in advance of the rainy season, which resulted in a gap in readings.



Engineering Technician Position

The District advertised the Engineering Technician position to fill an upcoming vacancy due to promotion. The advertisement closed on Friday November 22. The District received twenty-two (22) applications. Staff is currently reviewing the applications and hopes to schedule interviews for December.

System Evaluation and Capacity Assurance Plan (SECAP)

Efforts continue to document the findings of the SECAP in the report that will become the 2020 update to the 2015 SECAP. This report is scheduled to be completed in February 2020.

Staff continues to provide information prepared during SECAP efforts to the South Placer Wastewater Authority (SPWA) in support of its effort to update the SPWA System Evaluation.

As-Needed Plan Checking RFQ

The District is looking to retain the services of an engineering firm to assist the District with as-needed plan checking services. Three proposals were submitted by the deadline of October 15 and two firms were interviewed. Staff is presenting a contract to the Board for approval at this meeting.

Server Replacement

The District's server equipment is now over five years old and though it is performing well, it has been recommended that the District begin planning for and start replacing server equipment to limit risk of failure, downtime, and the associated potential fiscal impacts. The District intends to use this opportunity to improve the functionality and reliability of the hardware and database tools it relies upon to effectively serve our customers. The migration of servers is now complete.

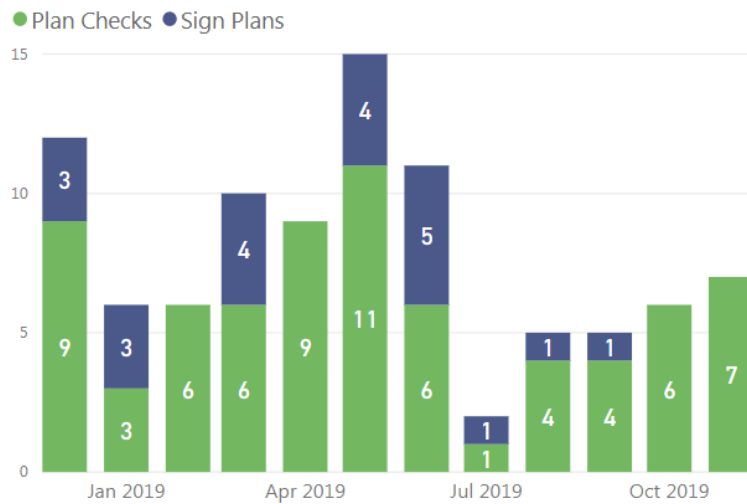
Standard Specifications Update

The District Standards were last updated in 2009. The District Engineer is organizing a collaborative effort among SPMUD staff to make proposed updates to the District Standards. A summary of the proposed updates is planned to be completed by the end of December 2019. The proposed updates will be highlighted and distributed to stakeholders and made available through the District's website for public comment. Those comments will be reviewed, and the final updated standards will be adopted in the spring of 2020.

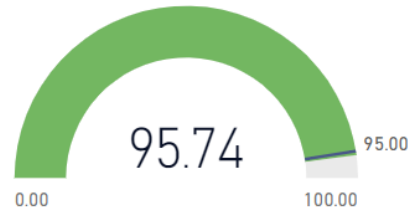
Department Performance Indicators

The following charts depict the efforts and performance of the department in the following areas of work as of November 25th. The charts are being created in a new reporting tool that directly connects to the District's data, improving the timeliness of reporting efforts and leveraging the District's investment in technology. Additional charts may be added in the future for other areas of work in the department.

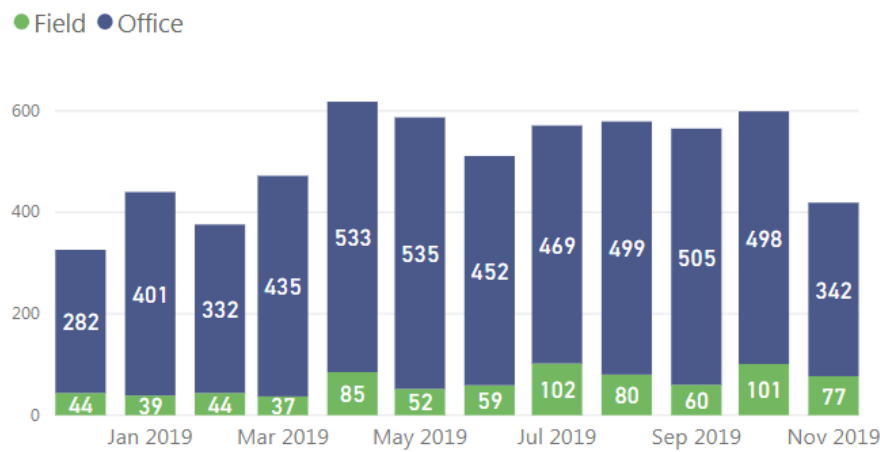
Plan Checks Completed - Monthly Totals



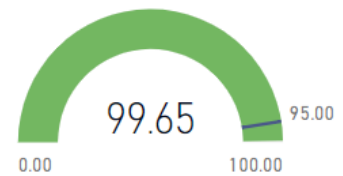
% "In Time" Plan Checks



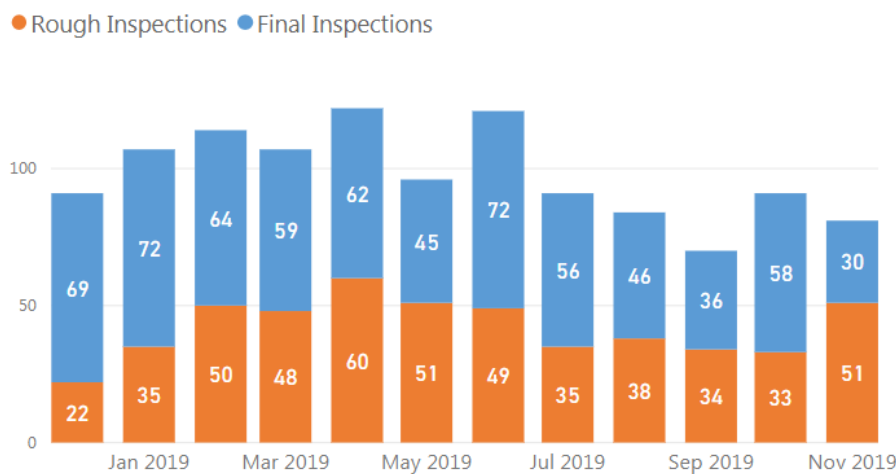
811 Responses - Monthly Totals



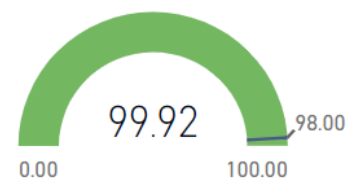
% "In Time" Responses...



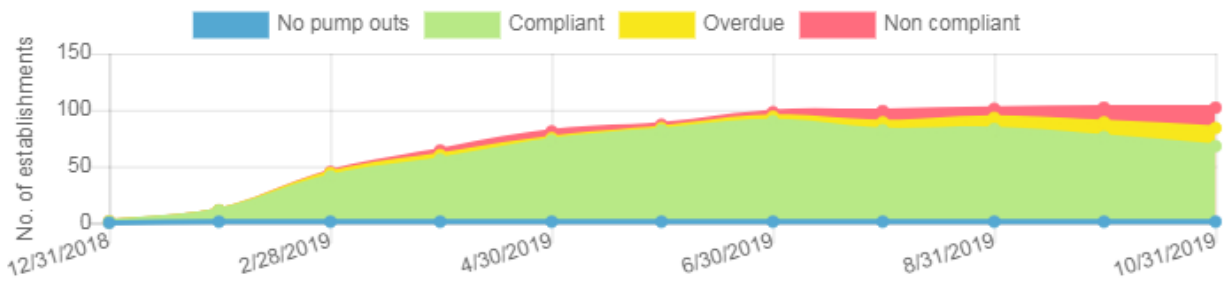
Building Sewer Inspections - Monthly Totals



% "In Time" Inspections



FOG Compliance History



FOG Pickups - Monthly Totals

