



**SPMUD BOARD OF DIRECTORS  
REGULAR MEETING: 4:30 PM  
December 7, 2023**

SPMUD Boardroom  
5807 Springview Drive, Rocklin, CA 95677

Zoom Meeting: 1 (669) 900-9128  
Meeting ID: 860 3989 8527

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 website ([www.spmud.ca.gov](http://www.spmud.ca.gov)) and the District’s outdoor bulletin board at 5807 Springview Drive Rocklin, CA. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made at (916) 786-8555.

The December 7, 2023 meeting of the SPMUD Board of Directors will be held in the District Board Room at 5807 Springview Drive in Rocklin, CA 95677 with the option for the public to join via teleconference using Zoom Meeting 1 (669) 900-9128, <https://us02web.zoom.us/j/86039898527>. Public comments can be made in person at the time of the meeting or emailed to [ecostan@spmud.ca.gov](mailto:ecostan@spmud.ca.gov) from the time the agenda is posted until the matter is heard at the meeting. Comments should be kept to 250 words or less.

**AGENDA**

**I. CALL MEETING TO ORDER**

**II. ROLL CALL OF DIRECTORS**

Director Gerald Mitchell	Ward 1
Director William Dickinson	Ward 2
Director Christy Jewell	Ward 3
Vice President James Durfee	Ward 4
President James Williams	Ward 5

**III. PLEDGE OF ALLEGIANCE**

**IV. PUBLIC COMMENTS**

Items not on the Agenda may be presented to the Board at this time; however, the Board can take no action. Public comments can be made in person at the time of the meeting or emailed to [ecostan@spmud.ca.gov](mailto:ecostan@spmud.ca.gov) from the time the agenda is posted until the matter is heard at the meeting. Comments should be kept to 250 words or less.

**V. CONSENT ITEMS**

[pg 4 to 16]

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 7, 2023 meeting.*

1. MINUTES from the November 2, 2023, Regular Meeting. [pg 4 to 7]
2. ACCOUNTS PAYABLE in the amount of \$603,268 through November 27, 2023. [pg 8 to 12]
3. ACCEPTANCE OF THE PARTICIPATION CHARGE REPORT FOR FISCAL YEAR 2022/23 [pg 13 to 16]

## 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 2022/23 AUDIT REPORT ACCEPTANCE [pg 17 to 110]

Representatives from Certified Public Accountants Munn, Urrutia & Nelson LLP will present the Audit report for the Fiscal Year ending June 30, 2023.

Action Requested: (Voice Vote)

**Receive and file the Fiscal Year 2022/23 Audit Report**

### 2. RESOLUTION 23-40 TREE REMOVAL SERVICES [pg 111 to 114]

District staff will present on the proposed purchase of tree removal services to remove trees that have grown within sewer easements and over sewer pipelines using a cooperative purchasing agreement.

Action Requested: (Roll Call Vote)

**Staff recommends the Board of Directors adopt Resolution 23-40, authorizing the General Manager to purchase tree removal services through a piggyback procurement through California Multiple Award Schedule (CMAS) Contract 4-09-03-0378A with Tree Pro Services, Inc./Ross Tree Expert Company for the fiscal year 2023/24 with a not-to-exceed amount of \$125,000.**

## VII. REPORTS [pg 115 to 128]

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 the 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 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. CLOSED SESSION READOUT**

**X. ADJOURNMENT**

If there is no other Board business the President will adjourn the meeting to the next regular meeting to be held on **January 4, 2023, at 4:30 p.m.**

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

<b>Meeting</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
Regular	SPMUD Boardroom Zoom Meeting	November 2, 2023	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 4:30 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: Director Jerry Mitchell, Director Christy Jewell, Director James Durfee, Director Will Dickinson, Director Jim Williams

Absent: None

Vacant: None

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

**III. PLEDGE OF ALLEGIANCE:** Director Mitchell led the Pledge of Allegiance.

**IV. PUBLIC COMMENTS:**

ASM Costan confirmed that no eComments were received.

Warren Jorgenson gave public comment inviting the Board to the City of Rocklin Special Recognition Committee ceremony on November 9<sup>th</sup> on Front Street to recognize four individuals and their contributions to the City of Rocklin.

Hearing no other comments, the public comments session was closed.

**V. CONSENT ITEMS:**

1. MINUTES from the October 5, 2023, Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$635,871 through October 25, 2023.
3. QUARTERLY INVESTMENT REPORT in the total amount of \$75,400,782 through September 30, 2023.
4. ANNUAL INVESTMENT REPORT for the fiscal year ended June 30, 2023.
5. RESOLUTION 23-38 AUTHORIZING A PERFORMANCE MERIT PROGRAM PAYOUT TO DISTRICT EMPLOYEES PER THE EMPLOYEE MOU IN THE AMOUNT OF \$38,369.

Director Dickinson made a motion to approve the consent items; a second was made by Vice President Durfee; a roll call vote was taken, and the motion carried 5-0.

## **VI. BOARD BUSINESS**

### **1. RESOLUTION 23-39 ADDENDUM #3 TO THE PROFESSIONAL SERVICES AGREEMENT WITH NEXGEN UTILITY MANAGEMENT FOR THE GRANITE TERRACE SUBDIVISION AND LIFT STATION PROJECT**

DE Huff presented the addendum to the agreement with NexGen Utility Management to continue construction services for the Granite Terrace Subdivision and Lift Station Project.

Director Mitchell asked about the approval of the final map for this development prior to the underground improvements being completed, and Director Dickinson asked if the District has been in this situation before. GM Niederberger shared that approving the final map before the improvements are completed and bonding for the improvements is a common practice in Southern California but not in Northern California, though both methods are allowed under the Subdivision Map Act. He added that this Developer has bonded for these improvements and there are sufficient funds to protect the District. GC Brown confirmed that while he has not seen a situation like this before, the Subdivision Agreement and bond protect the District and ensure that improvements are being built according to the District's Specifications.

President Williams asked when the bond was taken out and if inflated prices have been impacting the protections offered by the bond. GM Niederberger shared that the lift station is nearly complete, and the collection system has been inspected and is intact. He shared that if the work was stopped at the current progress and the District called the bond to complete the work, he believes there would be sufficient funds.

Director Mitchell asked if the City of Rocklin followed its internal policies when it approved the final map before the substantial underground improvements were completed. He stated that he would follow up with the City. Director Dickinson commented that it feels like the District is lending money to a developer. GM Niederberger shared that the District is not at risk of not being reimbursed and even though the process has been long and arduous, he commented that there is an end in sight.

Director Mitchell made a motion to adopt Resolution 23-39 to enter into Addendum #3 to the Professional Services Agreement with NexGen Utility Management; a second was made by Director Jewell; a roll call vote was taken, and the motion carried 5-0.

### **2. FARRON STREET REPLACEMENT PROJECT**

DE Huff presented information on the potential Farron Street Replacement Project. There is currently a development proposal on Farron Street that will make future replacement of the sewer line located there more costly. She reviewed three alternative designs that will be included in the bid to complete the work.

Director Mitchell commented that the ideal configuration would be alternative three and asked for more information on the existing property that would be impacted by that alternative. DE Huff shared that staff visited the property during the workday and the residents were not home at the

time. Director Mitchell also asked about the direction of the flow, and DE Huff shared that the flow comes from Farron Street toward Third Street. She shared that the pipe was installed in 1959 and serves a large portion of the older area of Rocklin.

Director Jewell asked for clarification on the project costs. DE Huff commented that the project would replace approximately 140 linear feet of pipe and the estimated cost is \$110,000 due to bypass requirements for the project. Director Mitchell asked about the timing of the project. DE Huff shared that the property owner is pushing to begin grading work before the weather turns. Director Jewell asked if there was neighborhood opposition to the project. DE Huff shared that Chester Lane is very narrow, and the District will have to work closely with the neighbors to mitigate access and other issues. Director Dickinson asked about acquiring additional easement, and DE Huff shared that the District would be acquiring additional easement from the developing property and would be purchasing additional easement from the existing property owner.

GM Niederberger clarified that the project is being brought before the Board because it is an unscheduled project; however, all three design proposals will be included in the construction bid and the construction estimates will come back to the Board for review and approval with more information about the existing property. Director Mitchell added that an asset plan assists with making determinations about these types of unscheduled projects.

## **VII. ADDITIONAL PUBLIC COMMENT**

The Board President reopened public comment. ASM Costan read comments received from Tina-Marie via Zoom Chat. Tina-Marie commented that she is a commercial property owner who owns a building with three suites. Two of the suites have been vacant for the last three years and she believes that the charge of 1 EDU for the vacant suites should be reconsidered.

## **VIII. REPORTS**

### **1. District General Counsel (A. Brown):**

General Counsel Brown had no report for this meeting.

### **2. General Manager (H. Niederberger):**

#### **A. ASD, FSD & TSD Reports:**

President Williams commended the staff for so many days without a loss time injury.

Director Mitchell asked for information about item D on the General Manager's Report. GM Niederberger shared that the City of Rocklin is looking at ways to lower fees for low-income housing projects. The meeting was a discussion on what tools are available and the legal obligations of water and wastewater providers. The meeting also included discussion regarding the coordination of the upcoming joint construction project occurring on Midas Avenue.

Director Dickinson asked about the timing for the upcoming Rocklin 2x2 meeting. GM Niederberger shared that he is hoping to schedule the meeting before the end of the year. Director Dickinson asked about the timing of completing the Participation Fee FAQ. Director Jewell asked

that it include a comparison to other wastewater agencies in the area. GM Niederberger commented that he will present the item to the Board in January.

Director Mitchell asked if the WaterWorks projects are programmed to occur this year. DE Huff commented that they have started the preliminary engineering work on these projects with the next step being design work. Due to the size and complexity of the projects staff is not anticipating that construction will start for some time. Director Mitchell asked for confirmation that the Johnson Springview Park Creek Crossing is a priority and DE Huff confirmed that it is. Director Dickinson asked about the data collection that is occurring in Newcastle. DE Huff shared that the project would identify and survey every facility, cleanout, and manhole in Newcastle. Staff recently sent outreach letters to notify Newcastle residents of the upcoming work.

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

**3. Director's Comments:**

There were no Director's comments for this meeting.

**IX. CLOSED SESSION READOUT**

The Board met in Closed Session at 5:10 p.m. to discuss the General Manager's performance evaluation. No action was taken.

The Board adjourned the closed session at 5:49 p.m.

**X. ADJOURNMENT**

The President adjourned the meeting at 5:50 p.m. to the next regular meeting to be held on December 7, 2023, at 4:30 p.m.



Emilie Costan, Board Secretary

Item 5.2



South Placer M.U.D.

# Check Report

By Check Number

Date Range: 10/25/2023 - 11/27/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: AP Bank-AP Bank</b>						
1002	4Imprint, Inc.	10/25/2023	Regular	0.00	2,726.76	16525
1742	Burrell Consulting Group	10/25/2023	Regular	0.00	1,185.00	16526
1652	Cintas Corporation	10/25/2023	Regular	0.00	543.40	16527
1852	Coastland Civil Engineering LLP	10/25/2023	Regular	0.00	6,297.50	16528
1564	Jensen Landscape Services, LLC	10/25/2023	Regular	0.00	1,005.00	16529
1764	Network Design Associates, Inc.	10/25/2023	Regular	0.00	816.00	16530
1217	Owen Equipment	10/25/2023	Regular	0.00	1,750.38	16531
1253	Recology Auburn Placer	10/25/2023	Regular	0.00	386.11	16532
1848	Uborra Engineering & Planning	10/25/2023	Regular	0.00	9,030.00	16533
1850	WYJO Services Corp	10/25/2023	Regular	0.00	1,485.73	16534
1770	Youngdahl Consulting Group, Inc.	10/25/2023	Regular	0.00	228.00	16535
1240	Placer County Personnel	10/26/2023	Regular	0.00	3,279.94	16536
1327	US Bank Corporate Payment	11/01/2023	Regular	0.00	17,338.85	16573
	**Void**	11/01/2023	Regular	0.00	0.00	16574
	**Void**	11/01/2023	Regular	0.00	0.00	16575
	**Void**	11/01/2023	Regular	0.00	0.00	16576
	**Void**	11/01/2023	Regular	0.00	0.00	16577
1047	CalChamber	11/02/2023	Regular	0.00	799.00	16578
1853	Cartwright Nor Cal Inc.	11/02/2023	Regular	0.00	5,205.00	16579
1652	Cintas Corporation	11/02/2023	Regular	0.00	549.15	16580
1719	Emilie Costan	11/02/2023	Regular	0.00	154.58	16581
1564	Jensen Landscape Services, LLC	11/02/2023	Regular	0.00	978.00	16582
1218	PCWA	11/02/2023	Regular	0.00	1,426.46	16583
1221	PG&E	11/02/2023	Regular	0.00	1,576.43	16584
1473	Pitney Bowes Purchase Power	11/02/2023	Regular	0.00	415.37	16585
1850	WYJO Services Corp	11/02/2023	Regular	0.00	660.80	16586
1561	19six Architects	11/09/2023	Regular	0.00	337.50	16587
1022	AT&T CalNet	11/09/2023	Regular	0.00	107.63	16588
1652	Cintas Corporation	11/09/2023	Regular	0.00	539.19	16589
1068	City of Roseville	11/09/2023	Regular	0.00	169,434.70	16590
1751	Comprehensive Medical Inc.	11/09/2023	Regular	0.00	320.00	16591
1509	Crystal Communications	11/09/2023	Regular	0.00	311.64	16592
1086	Dataprose	11/09/2023	Regular	0.00	6,319.34	16593
1087	Dawson Oil Co.	11/09/2023	Regular	0.00	7,055.51	16594
1131	Granite Business Printing	11/09/2023	Regular	0.00	91.16	16595
1666	Great America Financial Services	11/09/2023	Regular	0.00	545.98	16596
1217	Owen Equipment	11/09/2023	Regular	0.00	568.62	16597
1218	PCWA	11/09/2023	Regular	0.00	453.53	16598
1221	PG&E	11/09/2023	Regular	0.00	5,685.02	16599
1333	SPOK, Inc.	11/09/2023	Regular	0.00	29.49	16600
1685	Streamline	11/09/2023	Regular	0.00	497.00	16601
1305	Sunbelt Rentals, Inc.	11/09/2023	Regular	0.00	385.51	16602
1862	2M General Engineering, Inc.	11/16/2023	Regular	0.00	31,800.00	16604
1021	ARC	11/16/2023	Regular	0.00	105.64	16605
248	AT&T	11/16/2023	Regular	0.00	8.82	16606
1022	AT&T CalNet	11/16/2023	Regular	0.00	423.41	16607
1768	Capital Program Management Inc.	11/16/2023	Regular	0.00	2,653.50	16608
1652	Cintas Corporation	11/16/2023	Regular	0.00	543.40	16609
1073	Consolidated Communications	11/16/2023	Regular	0.00	2,080.91	16610
1775	CPS HR Consulting	11/16/2023	Regular	0.00	952.50	16611
1719	Emilie Costan	11/16/2023	Regular	0.00	281.65	16612
1139	Hill Rivkins Brown & Associates	11/16/2023	Regular	0.00	5,680.00	16613
1764	Network Design Associates, Inc.	11/16/2023	Regular	0.00	450.00	16614
1218	PCWA	11/16/2023	Regular	0.00	437.97	16615



Check Report

Date Range: 10/25/2023 - 11/27/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1090	State of CA-Department of Justice	11/16/2023	Regular	0.00	32.00	16616
1848	Uborra Engineering & Planning	11/16/2023	Regular	0.00	9,150.00	16617
1338	Verizon Wireless	11/16/2023	Regular	0.00	1,219.61	16618
1045	Cal Pers 457 Plan (EFT)	10/27/2023	Bank Draft	0.00	775.00	DFT0008610
1135	Empower (EFT)	10/27/2023	Bank Draft	0.00	260.00	DFT0008611
1135	Empower (EFT)	10/27/2023	Bank Draft	0.00	8,581.00	DFT0008612
1135	Empower (EFT)	10/27/2023	Bank Draft	0.00	671.48	DFT0008613
1042	CA State Disbursement (EF	10/27/2023	Bank Draft	0.00	870.00	DFT0008614
1015	American Fidelity Assurance	10/27/2023	Bank Draft	0.00	85.00	DFT0008615
1015	American Fidelity Assurance	10/27/2023	Bank Draft	0.00	237.08	DFT0008616
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	49.13	DFT0008617
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	990.73	DFT0008618
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	1,975.26	DFT0008619
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	2,103.59	DFT0008620
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	3,558.07	DFT0008621
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	4,619.27	DFT0008622
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	4,577.52	DFT0008623
1149	Internal Revenue Service	10/27/2023	Bank Draft	0.00	11,814.00	DFT0008624
1098	EDD (EFT)	10/27/2023	Bank Draft	0.00	3,717.63	DFT0008625
1098	EDD (EFT)	10/27/2023	Bank Draft	0.00	857.48	DFT0008626
1149	Internal Revenue Service	10/27/2023	Bank Draft	0.00	3,024.31	DFT0008627
1149	Internal Revenue Service	10/27/2023	Bank Draft	0.00	9,179.31	DFT0008628
1015	American Fidelity Assurance	11/01/2023	Bank Draft	0.00	420.16	DFT0008629
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	6,787.18	DFT0008630
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	33,077.32	DFT0008631
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	9,076.12	DFT0008632
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	156.61	DFT0008633
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	3,926.00	DFT0008634
1230	Pers (EFT)	11/01/2023	Bank Draft	0.00	102.20	DFT0008635
1586	Principal Life Insurance Company	11/01/2023	Bank Draft	0.00	308.97	DFT0008636
1229	Pers (EFT)	10/27/2023	Bank Draft	0.00	-4,688.52	DFT0008638
1015	American Fidelity Assurance	10/31/2023	Bank Draft	0.00	28,756.38	DFT0008639
1015	American Fidelity Assurance	10/31/2023	Bank Draft	0.00	26,739.00	DFT0008640
1098	EDD (EFT)	11/06/2023	Bank Draft	0.00	4,483.00	DFT0008641
1045	Cal Pers 457 Plan (EFT)	11/10/2023	Bank Draft	0.00	775.00	DFT0008642
1135	Empower (EFT)	11/10/2023	Bank Draft	0.00	260.00	DFT0008643
1135	Empower (EFT)	11/10/2023	Bank Draft	0.00	8,931.00	DFT0008644
1135	Empower (EFT)	11/10/2023	Bank Draft	0.00	583.47	DFT0008645
1042	CA State Disbursement (EF	11/10/2023	Bank Draft	0.00	870.00	DFT0008646
1015	American Fidelity Assurance	11/10/2023	Bank Draft	0.00	85.00	DFT0008647
1015	American Fidelity Assurance	11/10/2023	Bank Draft	0.00	237.08	DFT0008648
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	49.13	DFT0008649
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	990.74	DFT0008650
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	1,975.27	DFT0008651
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	2,103.58	DFT0008652
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	3,558.07	DFT0008653
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	4,622.65	DFT0008654
1229	Pers (EFT)	11/10/2023	Bank Draft	0.00	4,580.88	DFT0008655
1149	Internal Revenue Service	11/10/2023	Bank Draft	0.00	12,401.46	DFT0008656
1098	EDD (EFT)	11/10/2023	Bank Draft	0.00	4,018.01	DFT0008657
1098	EDD (EFT)	11/10/2023	Bank Draft	0.00	793.21	DFT0008658
1149	Internal Revenue Service	11/10/2023	Bank Draft	0.00	3,242.40	DFT0008659
1149	Internal Revenue Service	11/10/2023	Bank Draft	0.00	9,376.66	DFT0008660
1229	Pers (EFT)	11/07/2023	Bank Draft	0.00	-98.81	DFT0008662
1229	Pers (EFT)	11/07/2023	Bank Draft	0.00	-97.91	DFT0008663
1098	EDD (EFT)	11/07/2023	Bank Draft	0.00	10.11	DFT0008665
1149	Internal Revenue Service	11/07/2023	Bank Draft	0.00	11.86	DFT0008668
1045	Cal Pers 457 Plan (EFT)	11/24/2023	Bank Draft	0.00	775.00	DFT0008672
1135	Empower (EFT)	11/24/2023	Bank Draft	0.00	260.00	DFT0008673
1135	Empower (EFT)	11/24/2023	Bank Draft	0.00	8,581.00	DFT0008674
1135	Empower (EFT)	11/24/2023	Bank Draft	0.00	670.32	DFT0008675

Check Report

Date Range: 10/25/2023 - 11/27/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1042	CA State Disbursement (EF	11/24/2023	Bank Draft	0.00	870.00	DFT0008676
1015	American Fidelity Assurance	11/24/2023	Bank Draft	0.00	85.00	DFT0008677
1015	American Fidelity Assurance	11/24/2023	Bank Draft	0.00	237.08	DFT0008678
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	49.13	DFT0008679
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	990.73	DFT0008680
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	1,975.26	DFT0008681
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	2,103.59	DFT0008682
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	3,558.07	DFT0008683
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	4,267.02	DFT0008684
1229	Pers (EFT)	11/24/2023	Bank Draft	0.00	4,228.47	DFT0008685
1149	Internal Revenue Service	11/24/2023	Bank Draft	0.00	16,043.22	DFT0008686
1098	EDD (EFT)	11/24/2023	Bank Draft	0.00	4,795.28	DFT0008687
1098	EDD (EFT)	11/24/2023	Bank Draft	0.00	1,103.53	DFT0008688
1149	Internal Revenue Service	11/24/2023	Bank Draft	0.00	4,300.67	DFT0008689
1149	Internal Revenue Service	11/24/2023	Bank Draft	0.00	11,695.33	DFT0008690

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	80	53	0.00	306,338.69
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	73	73	0.00	292,957.84
EFT's	0	0	0.00	0.00
	<b>153</b>	<b>130</b>	<b>0.00</b>	<b>599,296.53</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	80	53	0.00	306,338.69
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	73	73	0.00	292,957.84
EFT's	0	0	0.00	0.00
	<b>153</b>	<b>130</b>	<b>0.00</b>	<b>599,296.53</b>

### Fund Summary

Fund	Name	Period	Amount
100	GENERAL FUND	10/2023	137,486.54
100	GENERAL FUND	11/2023	461,809.99
			<b>599,296.53</b>

Account Number	Name	Date	Type	Amount	Reference
102-0000819-01	Dunkle, Keven P	10/27/2023	Refund	\$ 112.98	Check #: 16537
102-0002403-03	Dodd, Karen	10/27/2023	Refund	\$ 111.39	Check #: 16538
102-0003012-01	Garcia, Eric	10/27/2023	Refund	\$ 115.48	Check #: 16539
102-0003154-01	Tripp, Carleen	10/27/2023	Refund	\$ 103.53	Check #: 16540
102-0003247-02	O'Brien, Paul	10/27/2023	Refund	\$ 8.81	Check #: 16541
102-0003305-03	Danner, Samule and Audra	10/27/2023	Refund	\$ 108.20	Check #: 16542
102-0005463-02	Dever, Richard	10/27/2023	Refund	\$ 107.22	Check #: 16543
102-0005716-01	Cline, Diane	10/27/2023	Refund	\$ 32.88	Check #: 16544
102-0006831-02	Haupt, Eric and Jamie	10/27/2023	Refund	\$ 107.81	Check #: 16545
102-0006861-01	Clarke, Carrie	10/27/2023	Refund	\$ 98.03	Check #: 16546
102-0007574-01	Trust, Terry Yoschak	10/27/2023	Refund	\$ 104.76	Check #: 16547
102-0007796-02	Spencer, David	10/27/2023	Refund	\$ 109.90	Check #: 16548
102-0008685-02	Freeman, Matthew	10/27/2023	Refund	\$ 8.16	Check #: 16549
102-0008974-01	Harrington, Stephen	10/27/2023	Refund	\$ 109.44	Check #: 16550
102-0009676-02	Merlino, John	10/27/2023	Refund	\$ 108.00	Check #: 16551
102-0010779-02	Weubbe, John and Laura	10/27/2023	Refund	\$ 109.96	Check #: 16552
102-0011568-01	Gist, Christopher	10/27/2023	Refund	\$ 15.73	Check #: 16553
103-0004222-01	Mutoza, Michele	10/27/2023	Refund	\$ 96.00	Check #: 16554
106-0013648-01	Trust, Sarah Lawler Ragan Living	10/27/2023	Refund	\$ 107.95	Check #: 16555
106-0014301-04	Egen, Julianne	10/27/2023	Refund	\$ 108.44	Check #: 16556
106-0014317-03	Vackar, Guy	10/27/2023	Refund	\$ 6.42	Check #: 16557
106-0016473-01	Maxwell, Hazel	10/27/2023	Refund	\$ 111.42	Check #: 16558
106-0017183-03	Masters, Andrew and Jessica	10/27/2023	Refund	\$ 109.99	Check #: 16559
106-0017302-01	Schoenfeld, Leon B	10/27/2023	Refund	\$ 109.23	Check #: 16560
106-1025603-00	Yukumoto, Chris	10/27/2023	Refund	\$ 45.67	Check #: 16561
112-1016502-02	Bates, Christine and Nathan	10/27/2023	Refund	\$ 6.42	Check #: 16562
112-1020911-02	Posehn, Michael	10/27/2023	Refund	\$ 108.71	Check #: 16563
112-1022969-01	Sauer, Brian	10/27/2023	Refund	\$ 110.17	Check #: 16564
112-1023500-03	Miller, Donald F	10/27/2023	Refund	\$ 111.08	Check #: 16565
112-1026667-03	Peck, Connie and Shane	10/27/2023	Refund	\$ 660.40	Check #: 16566
112-1026856-02	Jones, Theodore and Jodi	10/27/2023	Refund	\$ 126.88	Check #: 16567
112-1027169-01	David, Dennis	10/27/2023	Refund	\$ 87.60	Check #: 16568
112-1027983-01	Sherman, Jason and Nancy	10/27/2023	Refund	\$ 18.31	Check #: 16569
112-1029966-01	Bellezza, Karen	10/27/2023	Refund	\$ 28.48	Check #: 16570
113-1022288-01	Williams, Gary	10/27/2023	Refund	\$ 110.40	Check #: 16571
115-1025436-02	Priscaro, Lorraine	10/27/2023	Refund	\$ 14.15	Check #: 16572
106-0012626-03	Fong, Sandra	11/13/2023	Refund	\$ 421.92	Check #: 16603
<b>TOTAL REFUNDS</b>				<b>\$ 3,971.92</b>	

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STAFF REPORT**

**To:** Board of Directors

**From:** Emilie Costan, Administrative Services Manager

**Cc:** Herb Niederberger, General Manager  
Carie Huff, District Engineer

**Subject:** Participation Charge Report for Fiscal Year 2022/23

**Meeting Date:** December 7, 2023

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**Overview**

As outlined in California Government Code §66013 (CGC 66013), the District is required to report expenditures of capacity charges to the public. The public reporting must provide details on the 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 Priorities:

- Maintain an excellent regulatory compliance record
  - Reduce SSOs • Maintain a compliant Sewer System Management
  - Comply with Statewide Sanitary Sewer Systems General Order
- Prepare for the future and foreseeable emergencies
- Provide exceptional value for the cost of sewer service
  - Maintain low service charges while meeting established service levels

**Fiscal Impact**

There is no direct fiscal impact associated with the preparation of this report. All items listed for construction were identified in the FY 2023/24 Budget Report.

**Attachments**

1. Participation Charge Report for Fiscal Year 2022/23

**South Placer Municipal Utility District  
Participation Charge Report for Fiscal Year 2022/23**

**Purpose of the Report**

This report is prepared in compliance with California Government Code §66013 and details the 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 capacity 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, 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 2022/23, the Participation Charge was \$4,827 per Equivalent Dwelling Unit.

**Reporting Requirements**

The District is required to report expenditures of capacity charges to the public. As outlined in California Government Code §66013 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 the investment of money into the fund.
3. The capacity charges collected in that fiscal year.
4. An identification of all 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 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 money is, 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 February 6, 2020, the District adopted Resolution No. 20-06 accepting a System Evaluation and Capacity Assurance Plan (SECAP). The purpose of the SECAP is to provide the District guidance in its efforts to ensure 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. The District collects fee revenues as development occurs to pay for the system expansion.

In July of 2022, the District awarded a contract to IB Consulting to conduct a Capacity Fee Study. On April 6, 2023, the District hosted a public workshop to discuss the Local Capacity Fee, and on May 4, 2023, a Public Hearing was held to consider the adoption of the proposed Capacity Fee. The second reading and adoption of the proposed Ordinance was held on June 1, 2023, and the fee went into effect on July 1, 2023. The Capacity Fee Study can be found on the District website at <https://spmud.ca.gov/financial-reports>.

**Fund 300 Activity for Current Reporting Period (FY 2022/23)<sup>1</sup>**

<b>Revenue Fiscal Year 2022/23</b>	
Local Participation Fees Collected	\$ 1,443,652
<b>Total Revenue</b>	<b>1,443,652</b>
<b>Expenditures Fiscal Year 2022/23</b>	
Lower Clover Valley Trunk Design	\$ 61,424
<b>Total Expenditures</b>	<b>\$ 61,424</b>
<b>Beginning Balance July 1, 2022</b>	<b>\$ 27,140,321</b>
Cash flow from investing activities	\$ 598,592 <sup>2</sup>
Changes in advances from other funds <sup>3</sup>	\$ 3,761,618
<b>Total Revenue</b>	<b>\$ 4,421,634</b>
<b>Audited Ending Balance June 30, 2023</b>	<b>\$ 31,500,531</b>

**Budgeted Fund 300 Activity for Next Reporting Period (FY 2023/24)**

Expansion Projects: Del Rio/Del Mar Sewer Extension, Cameo Court Lift Station Abandonment, & Sierra College Trunk	\$ 4,490,000
Foothill Trunk Project: Corona Circle Repairs	\$ 125,000
Trunk Extension Reimbursement: Hidden Grove & College Park South	\$ 5,300,000
<b>Total</b>	<b>\$ 9,915,000</b>

Additional information on capital expenditures can be found in the South Placer Municipal Utility District Adopted Budget Report and Annual Comprehensive Financial Report at <https://spmud.ca.gov/financial-reports>.

<sup>1</sup> Source of Information SPMUD Annual Comprehensive Financial Report FY2022/23.

<sup>2</sup> Investment Income less administrative expenses and unrealized gains and losses.

<sup>3</sup> Funds are transferred to/from Fund 100 to true-up revenues and expenses in the next fiscal year, the FY2021/22 net transfers equaled \$3,761,618.



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**STAFF REPORT**

**To:** Board of Directors  
**From:** Emilie Costan, Administrative Services Manager  
**Cc:** Herb Niederberger, General Manager  
**Subject:** Fiscal Year 2022/23 District Financial Audit  
**Meeting Date:** Report December 7, 2023

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**Overview**

An independent audit of the District's Financial Statements for the fiscal year ended June 30, 2023, was completed by the certified public accounting firm Mann, Urrutia & Nelson CPAs & Associates, LLP. In accordance with Government Code section 12410.6(b), the lead auditor assigned to the District was new for Fiscal Year 2022/23.

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, 2023, are free from material misstatement.

The report concludes that the District's financial statements are fairly presented in all material respects. The Auditor's 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.

This year's financial audit contained a recommendation to include the utility accounts for Sierra College and Del Oro that are on contract billing in the District's reconciliation procedures to ensure timely reporting of revenues received. District staff has added this as an ongoing item for manual reconciliation. The District is working to conform these accounts to the District's standard billing practices.

**Recommendation**

Staff recommends that:

1. The Board of Directors receive and file the Fiscal Year 2022/23 Audited Financial Statements.

### **Strategic Plan Goals**

This action is consistent with SPMUD Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies
- Leverage existing and applicable technologies to improve efficiencies
- Provide exceptional value for the cost of sewer service

### **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. Independent Auditor's Report on Internal Control
2. Management Report
3. Comprehensive Annual Financial Statements for the Fiscal Year Ending June 30, 2023
4. Auditor's Conclusion Letter



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the business-type activities and each major fund of the South Placer Municipal Utility District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the South Placer Municipal Utility District's basic financial statements, and have issued our report thereon dated November 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South Placer Municipal Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Placer Municipal Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Placer Municipal Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Placer Municipal Utility District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MUN CPAs, LLP  
Sacramento, California  
November 28, 2023



**Management Letter**

November 28, 2023

South Placer Municipal Utility District  
Rocklin, California

In planning and performing our audit of the financial statements of South Placer Municipal Utility District (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 28, 2023, on the financial statements of South Placer Municipal Utility District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

MUN CPAs, LLP

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SUMMARY OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2023**

**Revenue**

Upon review of the District's Unapplied Credits account (a balance sheet, contra accounts receivable account), we noted the balance of the account had been increasing each year. Upon inquiry, it was discovered that the account had not been properly reconciled in several years. Consequently, a prior period adjustment of \$378,334 and a current period adjustment of \$81,415 was detected as a result of cash receipts from two of the District's customers not being properly applied to revenue when received. We recommend the District update their period close procedures to ensure all accounts are reviewed and reconciled. For these specific two customers that are billed differently than others, we recommend a specific process be implemented to ensure timely posting of revenue.



# **SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDING JUNE 30, 2023**





**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2023**



**P**ROTECT public health and the water environment.

**P**ROVIDE efficient and effective sanitary sewer service.

**P**REPARE for the future.

**PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT**



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**  
5807 Springview Drive, Rocklin, California 95677  
Phone: (916) 786-8555  
Fax: (916) 786-8553

## TRANSMITTAL LETTER

December 7, 2023

To the Honorable Board of Directors and Valued Constituents of the South Placer Municipal Utility District:

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 or SPMUD) staff submits to you the Annual Comprehensive Financial Report for the year ended June 30, 2023. The Annual Comprehensive Financial Report provides an assessment of the District's financial condition, informs readers about District services, provides details on infrastructure improvement and replacement projects, discusses current issues, and provides financial and demographic trend information. District Management is responsible for the preparation of this Annual Comprehensive Financial Report. 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 MUN CPAs, LLP. In accordance with Government Code section 12410.6(b), the lead auditor assigned to the District was new for the Fiscal Year 2022/23 Financial Audit. Management believes the Annual Comprehensive 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 ensure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

## DISTRICT OVERVIEW

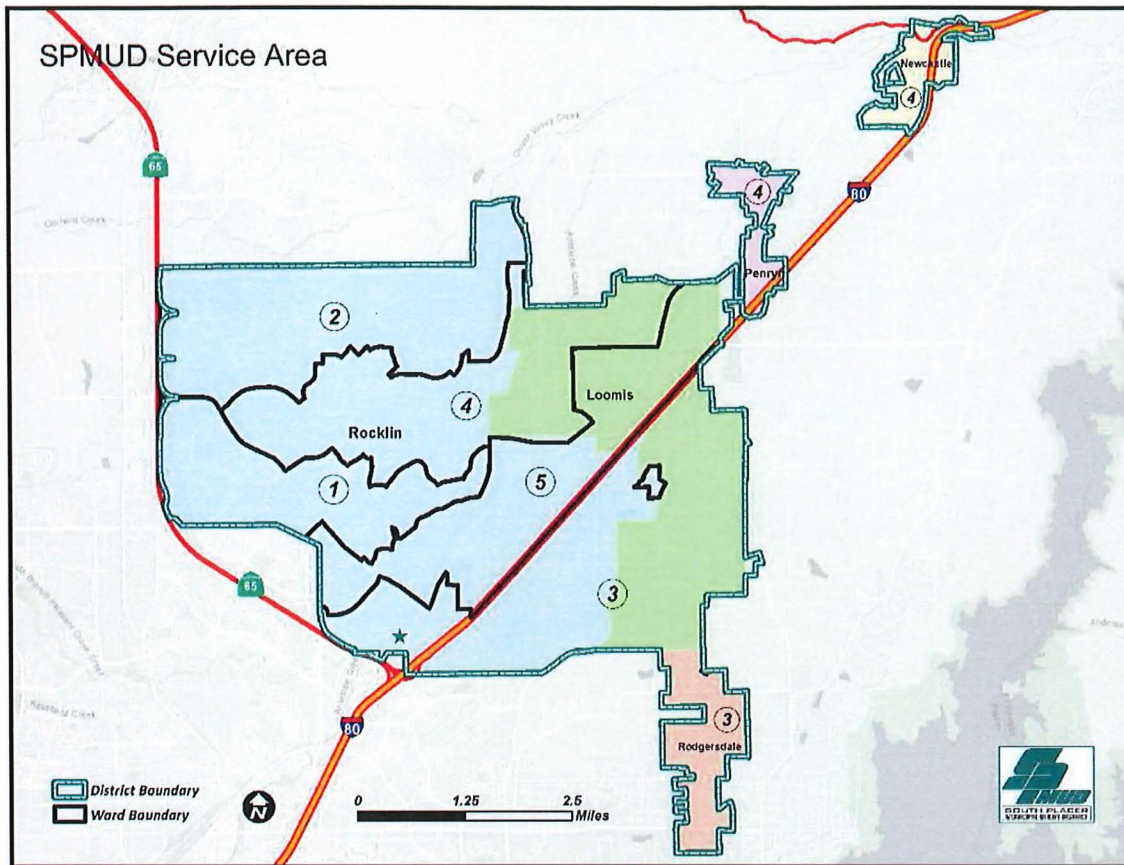
The District, originally called the Rocklin-Loomis Municipal Utility District, was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. While the service area has expanded, this remains the District's core service. The District service area is divided into five wards and is governed by an elected five-member Board of Directors who establish policy and oversee the General Manager. The General Manager is responsible for managing the day-to-day operations of the District.

In the 1970s, the District decommissioned its sewage treatment facilities and began using the City of Roseville Dry Creek Wastewater Treatment Plant. In the 1980s, the name of the District was changed to the South Placer Municipal Utility District to reflect its expanding service area. In 2000, the District, the City of Roseville, and Placer County created the South Placer Wastewater Authority (SPWA) under a Joint Powers Agreement (JPA) to finance the construction of a second wastewater treatment plant, the Pleasant Grove Wastewater Treatment Plant.

In 2010, SPMUD annexed the Newcastle Sanitary District (NSD) area. The District currently provides sewer collection services in southwestern Placer County, California, and currently serves residents and businesses in the City of Rocklin, the Town of Loomis, and the unincorporated communities of Penryn, Newcastle, and the Rogersdale area of Granite Bay. Sewage is collected by the District and conveyed to the two regional wastewater treatment plants, Dry Creek and Pleasant Grove, which are operated by the City of Roseville.

In March 2022, the District adopted Ordinance 22-01. This Ordinance transitioned the District from at-large/from-district elections to by-district/from-district elections requiring that each director shall reside in a particular ward and be elected by only those voters residing within that same ward. The Ordinance also established new ward boundaries in accordance with the California Elections Code Section 21500(c) giving due consideration to topography, geography, cohesiveness, contiguity, integrity, compactness of territory, communities of interest, and balance of the population.

FIGURE 1 – SPMUD BOUNDARIES



The South Placer Municipal Utility District service area covers thirty-one square miles and includes all the incorporated limits of the City of Rocklin and Town of Loomis, plus portions of southern Placer County around the unincorporated communities of Penryn, Newcastle, and the Rodgersdale area of Granite Bay. Rocklin makes up 88% of the service area, Loomis is 9%, and 3% is in unincorporated Placer County. The District provides service to 25,298 connections or an equivalent population of about 85,775 people. This equates to 36,840 Equivalent Dwelling Units (EDU) (80% residential and 20% commercial) with an average dry-weather sewer flow of about 4.5 million gallons per day. The District collects the sewage and transports this via 290 miles of District-owned and operated sewer mains (from 4" to 42" diameter). The District maintains an additional 122 miles of lower laterals within its easements or public rights-of-way. Other assets include the Headquarters, Maintenance, and Corporation Yard facilities, 6,854 manholes/flushing branches, 13 lift stations, 11 metering sites, and related buildings, facilities, and equipment.

The SPMUD monthly service charge is a fixed amount that is billed quarterly in arrears. Bills are due two months after the billing date. Quarterly bills not paid by the due date are assessed a late fee. The monthly service charge for Fiscal Year 2022/23 was \$36.00 per equivalent dwelling unit (EDU). The monthly late fee was \$2.50 per EDU, and the Local Sewer Participation Fee to "connect" a home or business to the sewer system was \$4,827 per EDU.

## INVESTING IN INFRASTRUCTURE

The District's customers have high expectations from the Board of Directors. They expect sewage to be collected and conveyed continuously, be treated efficiently, and be disposed of effectively. The District has developed a High-Risk Facilities 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. 2022-0103 (SSS WDRs), 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 the proper management and protection of sewer infrastructure assets.

Above-grade creek crossings represent a unique and special risk to the District. By default, above-grade creek crossings are potential High-Risk Facilities 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 been engaged in 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 ensure 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 of the SSS WDRs. It is included by reference in the District's Sewer System Management Plan (SSMP); is reviewed regularly and is updated as deemed necessary by District staff (at minimum every five years) to account for conditions affecting collection system capacity. An updated SECAP was adopted by the District Board of Directors in February 2020.

## LOCAL ECONOMIC CONDITIONS

The District boundaries are located in South Placer County. Placer County is in the northern portion of the Sacramento Valley and has an eastern border that touches the Nevada state line. Placer County continues to have population

### Population

County: Placer

419,929 Persons

State: California 39,455,491 Persons

growth post-Covid 19. It is one of the top ten fastest-growing counties in the State. Placer County has a population of 419,929<sup>1</sup> people and a labor force of 198,929. The median household income

<sup>1</sup> Placer Dashboard <https://www.placerdashboard.org/demographicdata>

in Placer County is \$109,895. The unemployment rate is 3.8% compared with 5.28%<sup>2</sup> in California as a whole. Low unemployment rates have continued to make it difficult to recruit new employees; however, the higher turnover rate experienced by the District over the last few years due to anticipated retirements has stabilized.

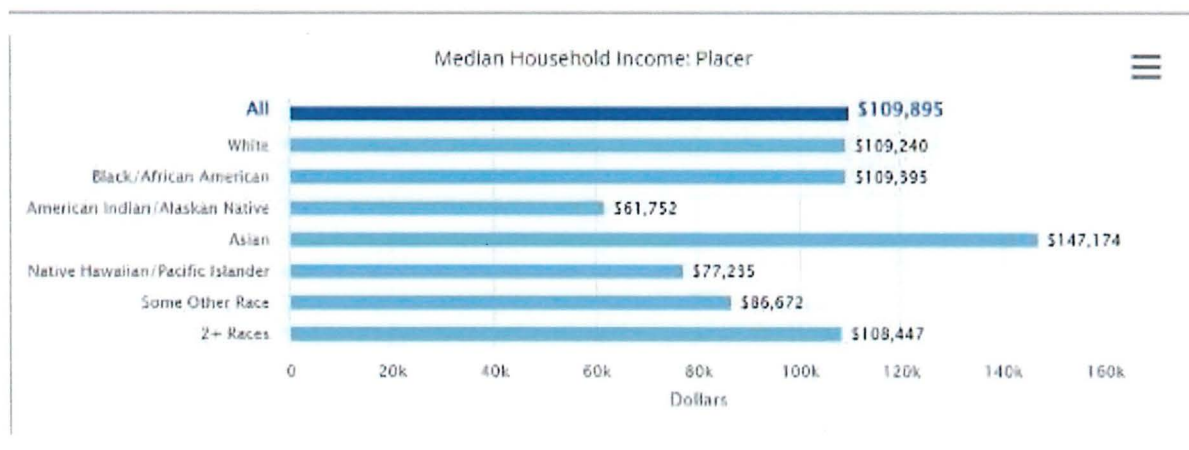
**Percent Population Change: 2020 to 2023**

County: Placer  
**3.75%**

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State: California -0.21%

Inflation continued to be a major economic concern in Fiscal Year 2022/23. Based on the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): West Region Size Class A, inflation grew 8.2% in Fiscal Year 2021/22 and an additional 3.1%<sup>3</sup> in Fiscal Year 2022/23. The Federal Reserve has increased interest rates to combat the rising inflation, ending with an average thirty-year fixed rate of 7.30%<sup>4</sup>.



## ENTERPRISE OPERATIONS

The District finances sewer operations through user charges, property tax receipts, and other miscellaneous 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 190 gallons of wastewater daily with a wastewater strength of less than 200 mg/1 B.O.D. and/or suspended solids. EDUs are calculated in accordance with Chapter 2 of the District Sewer Code. Service Charge revenues are derived from flat rates charged for sewer service, based on the EDUs 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

<sup>2</sup> Placer Dashboard <https://www.placerdashboard.org/demographicdata>

<sup>3</sup> Bureau of Labor Statistics

<sup>4</sup> <https://www.usatoday.com/money/>

## **SPMUD Mission**

**PROTECT public health and the water environment.**

**PROVIDE efficient and effective sanitary sewer service.**

**PREPARE for the future.**

expect 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 a low cost. The District currently has the lowest monthly service charges for sewer service in the region.

In January 2017, the District's Lifeline Low-income Rate Assistance Program began. This program offers a 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 June 2022, the District began participating in the California Department of Community Services and Development Low Income Household Water Assistance Program (LIHWAP). The LIHWAP program offers one-time payments to help low-income households pay past-due water and wastewater bills.

## **SPMUD Vision**

**To be a reliable, innovative, sustainable, efficient, and cost-effective sewer service provider.**

The District adopted a new Strategic Plan in September 2022. The 2023/2027 Strategic Plan will continue to confirm the District's Mission, Vision, and Core Values as a customer-driven utility dedicated to protecting public health by providing quality sanitary sewer collection service while

## **SPMUD 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.**

protecting and preserving our water environment and resources for future generations. The new plan consists of two parts. The first part is comprised of five Strategic Priorities with twelve associated work plans and action steps. The second part is comprised of seventy Performance Measures established using the Effective Utility Management (EUM) framework created by WEF (Water Environment Federation), the AWWA (American Water Works Association), and other professional organizations in the water and wastewater industry. The Strategic Plan will continue to be used as the blueprint to guide the annual budget process, District programs, and ensure the District remains focused on its 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. The Boardroom audio and visual equipment was updated in Fiscal Year 2020/21 to allow hybrid, both remote and in-person, meetings of the South Placer Municipal Utility District Board of Directors. Meetings are normally held on the first Thursday of the month. Dates and meeting instructions 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 District activities. The website can be found at [www.spmud.ca.gov](http://www.spmud.ca.gov). The District now utilizes an "engage" platform on its website that allows members of the public to sign up to be notified when agenda packets, newsletters, and job openings are posted online.

District staff provides 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 and emailed to customers on electronic billing. The primary focus of these newsletters is to inform customers of District activities and achievements and to share with customers ways that they can help prevent sanitary sewer overflows.

## BUDGETARY CONTROLS

The Annual Budget is a blueprint of planned operating, public goods and services, 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 Operating and Capital Funds. The Budget's primary use is as a financial planning tool to accomplish the District's strategic funding goals and objectives.

The District's primary funding goals are:

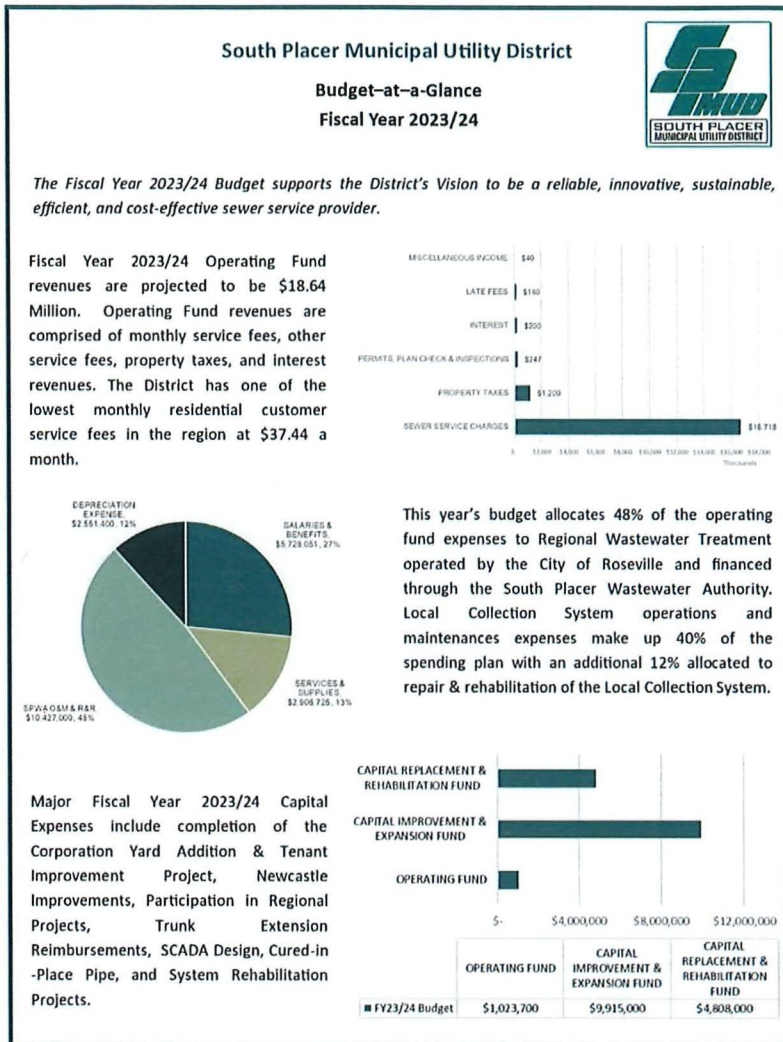
- Maintaining minimum Reserve Fund Balances.
- Providing adequate funding for Capital Investments.
- Fully funding all Operations, Maintenance, and Regulatory Obligations.
- Fully funding the District's obligations to CalPERS.
- Fully funding the District's annual required contribution for Other Post-Employment Benefits (OPEB).

The annual budget conforms to all policies previously adopted by the Board of Directors. District staff work with the Board of Directors and the 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. 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 in the long term. To this end, the District operates under the State of California 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 General Fund taxpayers of any local government and must be individually self-sustaining.

In Fiscal Year 2022/23, the District hired a consultant to perform a Wastewater Cost of Service Rate Study and a Capacity Fee Study. IB Consulting reviewed the financial health of the District and determined that the District was in a strong financial position with a healthy reserve balance. However, without a rate increase the annual net operating income would diminish over the years and the District's Capital Improvement Plan (CIP) would draw down reserves below the District's minimum reserve requirements over the next five years. The District has completed an asset management replacement program for its collection system and lift stations. Much of the District's collection system was installed prior to 1970 and the assets are approaching the end of their useful life. A significant number of replacements will occur over the next decade, with a peak in the fiscal year 2033. The rehabilitation and replacement capital spending in the fiscal year 2033 is expected to be funded through debt issuance.



The financial plan developed by the consultant utilizes a fifteen-year project model to establish rates for the next five years. The plan modifies the reserve requirement by eliminating the rate stabilization reserve and reducing the emergency reserve from \$3 million to \$1 million. The financial plan provides for modest rate increases and a long-term strategy to implement cost-containing strategies and issue debt to fund necessary capital replacements in Fiscal Year 2032/33. Monthly Service Charges were adopted by Ordinance 23-01 at the June 2023 District Board Meeting.

The consultant also completed a Capacity Fee Study based on the reasonable cost to accommodate additional demand from new development or the expansion of existing development. The incremental cost approach was used to determine the appropriate fee. The capacity or participation fee was adopted by Ordinance 23-02 at the June 2023 District Board Meeting.

One of the major components affecting salary and benefits is the District's objective of fully funding its obligations to CalPERS and the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB). CalPERS' current discount rate or expected rate of return is 6.8%. CalPERS reported a net return on investments of -6.1% in Fiscal Year 2021/22 resulting in real asset valuation loss of 7.5%. CalPERS has reported a preliminary net return of 5.8% in Fiscal Year 2022/23. The District's CalPERS unfunded liability obligation is expected to continue to grow through at least 2035. Additionally, the District anticipates that total charges from SPWA will continue to rise, constituting over half of the expenses incurred by the District annually.

The District's 5-year financial plan and cost of service study includes a Capital Improvement Plan and contains the District planned construction of Capital Replacement and Rehabilitation Projects (R&R), Capital Improvement and Expansion Projects (CIP), and Operating Fund Projects.

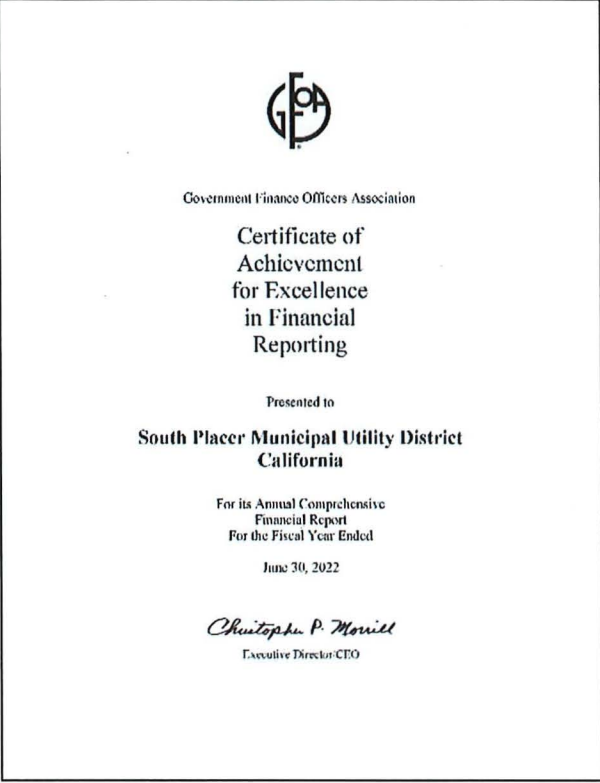
Capital Outlays are categorized into their respective fund centers. Those projects designated as Capital Replacement and Rehabilitation (R&R) projects (Fund 400) will be funded by accumulated depreciation. Projects designated as Capital Improvement Projects (CIP) and Expansion projects (Fund 300) are funded through the accumulation of the Local Sewer Participation Fee. The remainder of the District's projects will be pay-as-you-go through the Operating Fund (Fund 100). It is only those projects covered by the Operating Fund that are directly funded as pay-as-you-go by customers through the monthly service charge.

## DISTRICT HONORS

In 2016, 2019, and 2022 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. To receive the award, which is granted for 3 years, the District 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.

In 2020, the District was awarded the California Water Environment Association’s (CWEA) highest honor in the State, 2020 Collection System of the Year Award for a medium-sized system, and in 2023, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the District for the first time, for its Annual Budget for the fiscal year beginning July 01, 2023. The Distinguished Budget Presentation Award is the highest award in governmental budgeting.

Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Placer Municipal Utility District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fourth year that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is the highest form of recognition for governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the District.



ANNUAL FINANCIAL REPORT CONTRIBUTING STAFF

- Herb Niederberger    General Manager
- Emilie Costan        Administrative Services Manager and Board Secretary
- Eric Nielsen         Superintendent
- Carie Huff            District Engineer

Sincerely,

Herb Niederberger  
General Manager

## SOUTH PLACER MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS



GERALD MITCHELL

WARD 1: West Central area of the City of Rocklin lying East of Highway 65; including the Blue Oaks Town Center, the Sunset Whitney Recreation Area, the West Oaks, portions of Stanford Ranch, Fairway Heights (north of Sunset), Parker Whitney, and Mission Hills neighborhoods.



WILLIAM DICKINSON

WARD 2: Northwest area of the City of Rocklin, East of Highway 65, directly South of the Town of Lincoln; including William Jessup University, Whitney High School, Whitney Ranch, and portions of the Whitney Oaks neighborhoods.



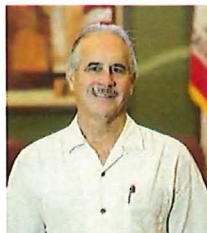
CHRISTY JEWELL

WARD 3: Southeast area of the City of Rocklin, South area of the Town of Loomis (east of I-80), and the Rodgersdale area of Granite Bay; including Sierra College, the Crossings Shopping Center, Southside Ranch, Sierra de Montserrat, and the Woodside neighborhoods.



JAMES DURFEE

WARD 4: Central area of the City of Rocklin and a portion of the Western area of the Town of Loomis; including Rocklin High School, Twin Oaks Park, Sunrise Loomis Park, Clover Valley, and portions of the Stanford Ranch neighborhoods.



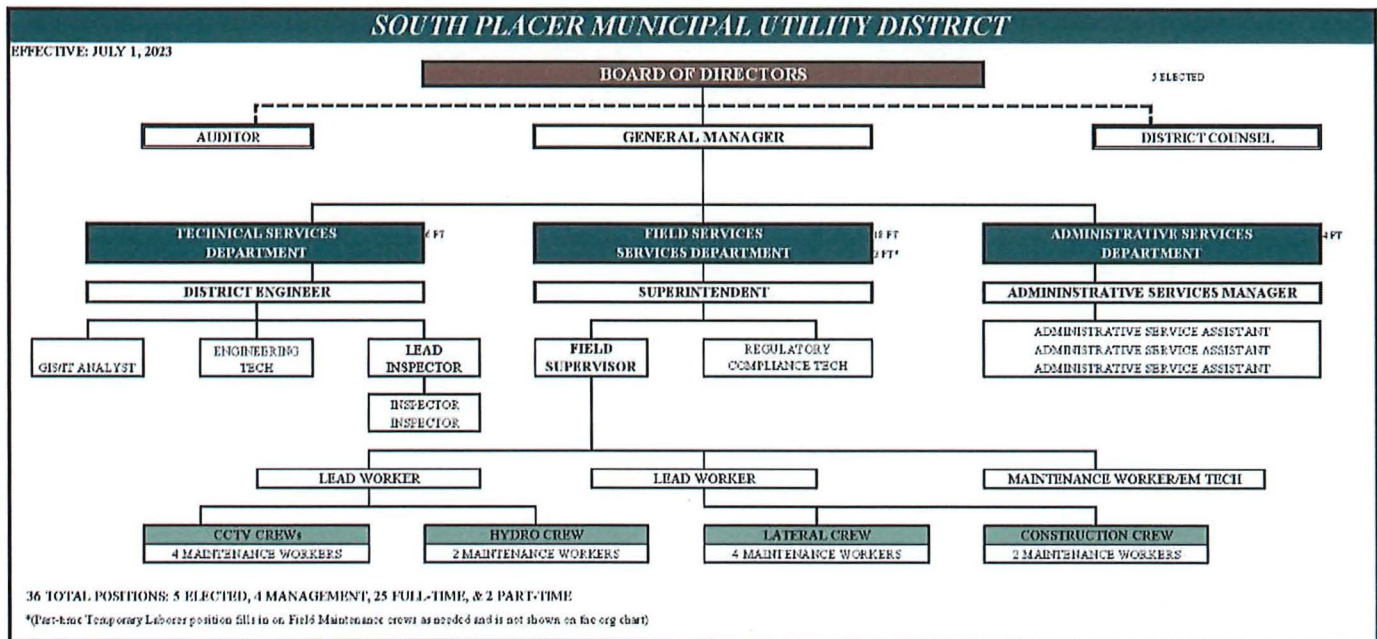
JAMES WILLIAMS

WARD 5: Central area of the City of Rocklin, Central area of the Town of Loomis, the community of Penryn, and the community of Newcastle along the Interstate 80 corridor; including the downtown areas of Rocklin and Loomis, the Quarry District, Johnson-Springview Park, Del Oro High School, Fairway Heights (south of Sunset), Yankee Hill, and Lemos Ranch neighborhoods.

## ORGANIZATION

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. Employee and Management salaries are governed by a Memorandum of Understanding (MOU) between each of the two employee groups and the Board of Directors.

Figure 2 – DISTRICT ORGANIZATIONAL CHART



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# SOUTH PLACER MUNICIPAL UTILITY DISTRICT

## STRATEGIC PRIORITIES

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### **MAINTAIN AN EXCELLENT REGULATORY COMPLIANCE RECORD**

- ✓ Reduce Sanitary Sewer Overflows
- ✓ Comply with Statewide Sanitary Sewer Systems General Order Reissuance



### **PREPARE FOR THE FUTURE AND FORESEEABLE EMERGENCIES**

- ✓ Pay Down Unfunded Actuarial Liability (UAL)
- ✓ Prepare Written Contingency Plans for Emergencies



### **LEVERAGE EXISTING AND APPLICABLE TECHNOLOGIES TO IMPROVE EFFICIENCIES**

- ✓ Tactical Asset Management Plan (TAMP)
- ✓ Update Supervisory Control & Data Acquisition (SCADA)
- ✓ Reduce Reliance on Energy



### **PROVIDE EXCEPTIONAL VALUE FOR THE COST OF SEWER SERVICE**

- ✓ Maintain Low Service Charges while Meeting Established Service Levels
- ✓ Use Investment Vehicles with the Best Return
- ✓ Become more Involved with the Determination of South Placer Wastewater Authority (SPWA) Treatment Costs



### **MAKE SPMUD A GREAT PLACE TO WORK**

- ✓ Employee Recognition
- ✓ Team Building Events

**FINANCIAL SECTION**





INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the accompanying financial statements of the business-type activities and each major fund of South Placer Municipal Utility District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of South Placer Municipal Utility District, as of June 30, 2023, and the respective changes in financial position and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Placer Municipal Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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 related to the District's net other post-employment benefits (OPEB) liability 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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.

#### ***Other information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, 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.

MUN CPAs, LLP

Sacramento, California  
November 28, 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal Year Ending June 30, 2023 (FY 2022/23)

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 (the District or SPMUD) from a management perspective. This report provides information on the District's financial performance for the fiscal year beginning on July 1, 2022, and ending June 30, 2023 (FY 2022/23) and should be reviewed in conjunction with the audited financial statements, which follow this MDA.

### FINANCIAL HIGHLIGHTS

The District adopts a five-year Strategic Plan. The purpose of the Strategic Plan is to describe and reaffirm the mission, vision, and core values of the District. It also outlines strategic priorities and combines those with work plans to direct the work of the District departments to implement the priorities. The District's Strategic Plan Priorities are to:

- Maintain an Excellent Regulatory Compliance Record.
- Prepare for the Future and Foreseeable Emergencies.
- Leverage Existing and Applicable Technologies to Improve Efficiencies.
- Provide Exceptional Value for the Cost of Service.
- Make the District a Great Place to Work.

These strategic priorities reflect the direction, insights, and expertise of the District Board of Directors and District staff. An annual progress report is presented to the Board of Directors. The Strategic Plan presents performance measures using the Effective Utility Management framework to provide a mechanism for reporting progress, identifying, and making course corrections, and ensuring accountability. The 2023-2027 Strategic Plan is available on the District website at <https://spmud.ca.gov/strategic-plan>.

In July 2022, the District hired a consultant to prepare a comprehensive Cost of Service and Rate Study that was accepted by the Board in March 2023. Monthly service charges were adopted on June 1, 2023. Acceptance of the Cost of Service and Rate Study will result in long-term stability while providing sufficient revenues to cover necessary operations and maintenance programs, capital investment, and reserves to meet the utility's stated needs.

Table 1 compares major District growth metrics for the last two fiscal years. The District added 207 new customer accounts in FY 2022/23. Revenues from Sewer Service Charges increased by 2% due to the addition of new customer accounts as well as more intensive usage from existing accounts.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED**

The District’s growth remained steady over the reporting period. The District has continued to invest in infrastructure as well as maintain a relatively stable amount of investment for the rehabilitation and replacement of aging facilities.

TABLE 1 – ANNUAL DISTRICT GROWTH

<b>Item</b>	<b>Unit</b>	<b>FY 2022/23</b>	<b>FY 2021/22</b>	<b>% Change</b>
Service Charges	Dollars	\$ 16,273,142	\$ 15,955,824	2.0%
Customer Accounts	Each	25,298	25,091	0.8%
Equal Dwelling Units	EDU	36,840	36,011	2.3%
Service Fee per EDU	Monthly	36	36	0.0%
Annual Flow to WWTP	Million Gallons	1,857	1,705	8.9%
Sewer Mains	Miles	290	290	0.0%
Lower Service Laterals	Miles	122	122	0.0%
Manhole/Flushing Branch	Each	6,854	6,843	0.2%
Lift Stations	Each	13	13	0.0%
Force Mains	Miles	7	7	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 are the accompanying notes, which provide the users with 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, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the assets and deferred outflows and the liabilities and deferred inflows is reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position accounts 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 a detail of 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 debt<sup>5</sup>.

TABLE 2 – STATEMENT OF NET POSITION

<b>ASSETS</b>	<b>FY 2022/23</b>	<b>FY 2021/22</b>	<b>\$Difference</b>	<b>% Change</b>
Current Assets	\$ 74,792,834	\$ 78,570,257	\$ (3,777,423)	-5%
Capital Assets	118,079,205	113,805,543	\$ 4,273,662	4%
Other Non-Current Assets	3,156,947	3,006,902	\$ 150,045	5%
<b>Total Assets</b>	<b>196,028,986</b>	<b>195,382,702</b>	<b>\$ 646,284</b>	<b>0.3%</b>
<b>Deferred Outflow of Resources</b>	<b>5,994,013</b>	<b>3,476,583</b>	<b>2,517,430</b>	<b>72%</b>
<b>LIABILITIES</b>				
Current Liabilities	1,610,443	3,843,826	(2,233,383)	-58%
Long Term Liabilities	9,305,793	4,910,991	4,394,802	89%
<b>Total Liabilities</b>	<b>10,916,236</b>	<b>8,754,817</b>	<b>2,161,419</b>	<b>25%</b>
<b>Deferred Inflow of Resources</b>	<b>1,843,727</b>	<b>3,850,848</b>	<b>(2,007,121)</b>	<b>-52%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	118,079,205	113,805,543	4,273,662	4%
Restricted for Section 115 Pension Trust	3,156,947	3,006,902	150,045	100%
Unrestricted	68,026,884	69,441,175	(1,414,291)	-2%
<b>Total Net Position</b>	<b>189,263,036</b>	<b>186,253,620</b>	<b>3,009,416</b>	<b>2%</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 202,022,999</b>	<b>\$ 198,859,285</b>	<b>\$ 3,163,714</b>	<b>2%</b>

When comparing FY 2022/23 to FY 2021/22, Total Assets increased by \$0.65 million and Deferred Outflows increased by \$2.52 million. Total Liabilities increased by \$2.16 million while Deferred Inflows decreased by \$2.01 million. This resulted in an overall increase of \$3.01 million in Net Position.

Key components in the increase are as follows:

- Current and Other Assets reflect a net decrease of \$3.78 million, which is a result of programmed capital spending and higher inflation impacting the operating and capital expenditures.

<sup>3</sup> For more information see the section titled Debt Administration.

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

- Capital assets net of accumulated depreciation increased by \$4.27 million in FY 2022/23. A total of \$5.05 million in new capital projects were completed for needed upgrades, replacements, and installation of new District facilities and equipment as well as \$1.58 million in sewer asset contributions from new development. The annual depreciation transfer (based on the prior year's depreciation expense) was \$2.33 million.
- Deferred outflows increased by \$2.52 million (72%) reflecting the differences between the actuarial assumptions and actual results along with the differences between projected and actual earnings on investments in the Retirement Plan and OPEB Plan.
- Current liabilities from accounts payable and accrued payroll, benefits, and leave time decreased by \$2.23 million while long-term liabilities from total pension and OPEB liability increased by \$4.40 million in FY 2022/23.
- The decrease in deferred inflows of \$2.01 million also reflects changes in actuarial assumptions and investment earnings for pension and OPEB in FY 2022/23.

Pension Liability

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.

An Actuarial Valuation report required by GASB 68, *Cost Sharing Multiple Employer Pension Plan* was completed by the District's Actuary, MacLeod Watts. The District's Total Pension Liability increased from \$22,959,283 (reported June 30, 2022, measured June 30, 2021) to \$24,502,219 (reported June 30, 2023, measured June 30, 2022). Over the same time, the Fiduciary Net Position decreased from \$19,830,819 to \$17,996,607, yielding a fiscal year 2023 Net Pension liability of \$6,505,612. This decrease was primarily due to CalPERS investment losses and assumption changes. Overall, the pension expense for fiscal year 2023 increased by \$732,547 from the prior year.

In October 2020, the District contributed \$3 million to The California Employers' Pension Prefunding Trust (CEPPT) to help fund rising pension expenses. The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. Section 115 trusts allow public agencies to set aside extra resources for pension funds at reduced investment risk. Section 115 trusts also can be used to help smooth volatility from year-to-year fluctuations in annual required contributions (ARCs).

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

By joining the CEPPT fund, California public agencies can help finance pension contributions in part from investment earnings provided by CalPERS. The District is invested in Strategy 1 with an expected long-term return on trust assets of 4.5% per year. While these funds are not shown in the GASB 68 report, they are reflected as restricted funds in the Statement of Net Position. The pension liability for the year ended June 30, 2023, is summarized below in Tables 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

	<b>For the Fiscal Year Ending June 30, 2023</b>
Total Pension Liability	\$ 24,502,219
Fiduciary Net Position	17,996,607
Net Pension Liability (Asset)	6,505,612
Deferred (Outflows) of Resources	(3,700,155)
Deferred Inflows of Resources	1,246,708
Impact on Statement of Net Position	4,052,165
Pension Expense FYE 2023	<b>\$ 976,003</b>

TABLE 4 – NET POSITION RELATED TO PENSIONS

<b>For Reporting Period at Fiscal Year End</b>	<b>6/30/2023</b>	<b>6/30/2022</b>	<b>Change (\$)</b>
Total Pension Liability	\$ 24,502,219	\$ 22,959,283	\$ 1,542,936
Fiduciary Net Position	17,996,607	19,830,819	(1,834,212)
<b>Net Pension Liability (Asset)</b>	<b>\$ 6,505,612</b>	<b>\$ 3,128,464</b>	<b>\$ 3,377,148</b>
<i>Deferred (Outflows) Inflows Due to:</i>			
Assumption Changes	\$ (666,636)	\$ -	\$ (666,636)
Plan Experience	(43,145)	(350,824)	(307,679)
Investment Experience	(1,191,653)	2,730,985	3,922,638
Changes in Proportions	286,402	(852,381)	(1,138,783)
Differences between actual contributions and proportionate share of contributions	340,485	200,170	(140,315)
Deferred Contributions	(1,178,900)	(601,352)	577,548
Net Deferred (Outflows) Inflows	(2,453,447)	1,126,598	\$ (3,580,045)
<b>Impact on Statement of Net Position</b>	<b>\$ 4,052,165</b>	<b>\$ 4,255,062</b>	<b>\$ (202,897)</b>



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

Other Post-Employment Benefit Liability

An Actuarial Valuation report required by GASB 75, *Accounting and Financial Reporting for Post-employment Benefits other than Pensions (Other Post Employment Benefit Programs or OPEB)* was completed by the District's Actuary, MacLeod Watts. The District's Total OPEB Liability increased from \$8,068,886 (measured June 30, 2021) to \$8,401,569 (measured June 30, 2022). Over the same time, the Fiduciary Net Position decreased from \$6,286,359 to \$5,601,388, yielding a Fiscal Year 2023 Net OPEB liability of \$2,800,181. Overall, the OPEB expense for fiscal year 2023 increased by \$298,025 from the prior year. The District has participated in a CalPERS OPEB trust, (CERBT) since 2008 to fund the total OPEB liability (including implicit subsidy). The District is invested in Strategy 2. The net OPEB liability reported in the Statement of Net Position for the year ended June 30, 2023, is summarized below in Tables 5 and 6. For more information on the District's OPEB, see Note 7 to the Financial Statements.

TABLE 5 – SUMMARY OF OPEB LIABILITY

	<b>For the Fiscal Year Ending June 30, 2023</b>
Total OPEB Liability	\$ 8,401,569
Fiduciary Net Position	5,601,388
Net OPEB Liability (Asset)	2,800,181
Deferred (Outflows) of Resources	(2,293,858)
Deferred Inflows of Net Position	597,019
Impact on Statement of Net Position	\$ 1,103,342
 OPEB Expense FYE 2023	 <b>\$ 554,840</b>

TABLE 6 – NET POSITION RELATED TO OPEB

<b>For Reporting Period at Fiscal Year End</b>	<b>6/30/2023</b>	<b>6/30/2022</b>	<b>Change (\$)</b>
Total OPEB Liability	\$ 8,401,569	\$ 8,068,886	\$ 332,683
Fiduciary Net Position	5,601,388	6,286,359	(684,971)
<b>Net OPEB Liability (Asset)</b>	<b>\$ 2,800,181</b>	<b>\$ 1,782,527</b>	<b>\$ 1,017,654</b>
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(646,826)	(896,013)	249,187
Plan Experience	(40,091)	114,364	(154,455)
Investment Experience	(528,230)	545,543	(1,073,773)
Deferred Contributions	(481,692)	(516,227)	34,535
Net Deferred (Outflows) Inflows	(1,696,839)	(752,333)	\$ (944,506)
<b>Impact on Statement of Net Position</b>	<b>\$ 1,103,342</b>	<b>\$ 1,030,194</b>	<b>\$ 73,148</b>

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

REVENUES AND EXPENSES

As shown in Table 7, the total net position at year-end increased from \$186,253,620 to \$189,263,036 (\$3,009,416 or 2%).

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

	FY 2022/23	FY 2021/22	\$ Difference	% Change
<b>Operating Revenues</b>				
Sewer Charges	\$ 16,273,142	\$ 15,955,824	\$ 317,318	2%
Connection Charges	1,443,652	3,476,886	\$ (2,033,234)	-58%
Permits, Fees & Inspections	397,924	717,688	\$ (319,764)	-45%
<b>Total Operating Revenues</b>	<b>\$ 18,114,718</b>	<b>\$ 20,150,398</b>	<b>\$ (2,035,680)</b>	<b>-10%</b>
<b>Operating Expenses</b>				
Collection & Treatment	\$ 10,676,878	\$ 8,119,944	\$ 2,556,934	31%
Administrative & General	2,912,702	1,627,237	\$ 1,285,465	79%
Technical Services	4,064,598	2,790,803	\$ 1,273,795	46%
Depreciation	2,330,061	2,218,607	\$ 111,454	5%
<b>Total Operating Expenses</b>	<b>\$ 19,984,239</b>	<b>\$ 14,756,591</b>	<b>\$ 5,227,648</b>	<b>35%</b>
<b>Operating Income (Loss)</b>	<b>\$ (1,869,521)</b>	<b>\$ 5,393,807</b>	<b>\$ (7,263,328)</b>	<b>-135%</b>
<b>Non-Operating Revenues (Expenses)</b>				
Tax Revenue	\$ 1,290,539	\$ 1,190,070	\$ 100,469	8%
Gain (Loss) on Sale of Asset	13,900	21,993	\$ (8,093)	-37%
Interest Income	1,617,338	(967,245)	\$ 2,584,583	267%
<b>Total Non-Operating Revenues</b>	<b>\$ 2,921,777</b>	<b>\$ 244,818</b>	<b>\$ 2,676,959</b>	<b>1093%</b>
<b>Transfers &amp; Capital Contributions</b>				
Capital Contributions	\$ 1,578,826	\$ 9,919,851	\$ (8,341,025)	-84%
Transfers In	3,799,484	4,473,983	\$ (674,499)	-15%
Transfers Out	(3,799,484)	(4,473,983)	\$ 674,499	15%
<b>Total Transfers &amp; Capital Contributions</b>	<b>\$ 1,578,826</b>	<b>\$ 9,919,851</b>	<b>\$ (8,341,025)</b>	<b>-84%</b>
<b>Change in Net Position</b>	<b>\$ 2,631,082</b>	<b>\$ 15,558,476</b>	<b>\$ (12,927,394)</b>	<b>-83%</b>
<b>Net Position, Beginning of Year</b>	<b>\$ 186,253,620</b>	<b>\$ 170,695,144</b>	<b>\$ 15,558,476</b>	<b>9%</b>
<b>Net Position, Beginning of Year, Restated</b>	<b>\$ 186,631,954</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Position, End of Year</b>	<b>\$ 189,263,036</b>	<b>\$ 186,253,620</b>	<b>\$ 3,009,416</b>	<b>2%</b>

The increase in the District's net position was primarily due to investment earnings and contributed capital. Although, development-related contributions and fees were substantially lower than the prior two fiscal years as higher interest rates and anticipated slowing from the City of Rocklin beginning the transition from green-fill to infill development impacted new construction. Revenue from connection charges was \$1.44 million, down \$2.03 million or 58% from the prior year. Permit, fee, and inspection revenue was also down 45% from the prior year, primarily from one-time miscellaneous funds that were received in the prior year. Developer-in-Kind capital contributions decreased from \$9.92 million to \$1.58 million.

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

Operating expenses increased 35% in FY 2022/23. Collection and Treatment expenses increased by \$2.56 million due to inflation, true-up payments to the City of Roseville for wastewater treatment, and a change in the methodology utilized by the City of Roseville to estimate and collect for treatment plant expenses. Administrative and General expenses and Technical Services expenses also increased primarily due to inflation and programmed capital expenditures. The Depreciation expense increased by 5%. The lower connection fee revenue coupled with higher operating expenses resulted in an operating income of -\$1.87 million, a decrease of \$7.26 million from the prior year. The District utilized reserve funds to fund operating expenses and operating fund capital expenses and adopted a new five-year Proposition 218 monthly service fee schedule in June 2023 to ensure adequate future revenues to meet the District's stated needs.

REVENUES

TABLE 8 – REVENUES

Operating Fund	FY 2022/23	FY 2021/22	\$Difference	% Change
Sewer service charges revenues	\$ 16,089,510	\$ 15,771,098	\$ 318,412	2%
Late fees	129,800	130,032	(232)	0%
Low income (LIL) rate assistance	53,832	54,694	(862)	-2%
Permits, plan check fees & inspections	263,345	255,155	8,190	3%
Property taxes	1,290,539	1,190,070	100,469	8%
Miscellaneous revenue	134,579	478,946	(344,367)	-72%
Interest income	340,185	48,944	291,241	86%
Gain/loss of sale of fixed asset disposal	13,900	21,993	(8,093)	
<b>Operating Fund Less CEPPT Interest Earnings</b>	<b>\$ 18,315,690</b>	<b>\$ 17,950,934</b>	<b>\$ 364,756</b>	<b>2%</b>
Interest income from CEPPT (Restricted)	\$ 184,070	\$ (434,002)	\$ 618,072	-142%
<b>Total Operating Fund</b>	<b>\$ 18,499,760</b>	<b>\$ 17,516,932</b>	<b>\$ 982,828</b>	<b>6%</b>
<b>Capital Improvement Program Fund</b>				
Sewer participation fees	\$ 1,443,652	\$ 3,476,886	\$ (2,033,234)	-58%
Interest income	648,461	100,826	547,635	543%
<b>Total CIP Fund</b>	<b>\$ 2,092,113</b>	<b>\$ 3,577,712</b>	<b>\$ (1,485,599)</b>	<b>-42%</b>
<b>Capital Replacement Fund</b>				
Interest income	\$ 444,622	\$ 100,826	\$ 343,796	341%
<b>Total Capital Replacement Fund</b>	<b>\$ 444,622</b>	<b>\$ 100,826</b>	<b>\$ 343,796</b>	<b>341%</b>
<b>Total Revenue</b>	<b>\$ 21,036,495</b>	<b>\$ 21,195,470</b>	<b>\$ (158,975)</b>	<b>-1%</b>

Table 8 provides additional detail on the Revenues shown in the Statement of Revenues, Expenses, and Changes in Net Position from the Financial Statements. Interest Income for District investments is included within the balance of each investment instrument as noted under Note 2 of the Financial Statements. Total District revenue reported for FY 2022/23 showed a decrease of \$0.16 million (1%) from the previous year. The loan repayment for Newcastle Sanitary District (NSD) Project-Related Service Charges (PRSC) is included in Sewer Service Charges and reported as \$217,552 for FY 2022/23 (see Note 10 of the Financial Statements).

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

Operating Fund Revenues derived from customer service charges were up 2% from the prior year as a result of unchanged monthly service charges and modest customer growth. Operating fund revenue derived from permits, plan check fees, and inspections remained similar to FY 2021/22. Miscellaneous revenue which is included in permits, fees, and inspections in Table 7 normalized. FY 2021/22 miscellaneous revenue included one-time COVID relief funds of \$241,932 and a reimbursement of wastewater treatment plant project-related fees from the City of Roseville. Higher interest rates allowed the District to collect higher interest income in contrast to the low returns and losses incurred in FY 2021/22. Total Operating Fund Revenue used to fund ongoing operations, maintenance, and administrative functions of the District increased by \$0.36 million or 2% from the previous year.

Capital Fund Revenues decreased by \$1.14 million or 31% due to fewer sewer participation fees collected from new homes and businesses connecting to the sewer system. Higher interest rates and an anticipated slowing of green-fill development in the City of Rocklin have impacted construction and construction-related fees. This decrease was partially offset by interest income on the Capital Fund balances.

Statewide Community Infrastructure Program (SCIP)

The District participates in the Statewide Community Infrastructure Program (SCIP), a financing program that enables developers to pay certain impact fees and finance public improvements through an acquisition agreement that qualifies under the 1913/1915 Act via tax-exempt bond issuance proceeds. The District works with developers to finance their sewer participation fees through the SCIP Program. The District does not collect connection fees from the developer but instead requests disbursements of the participation fees owed to the District through the SCIP program. SCIP program funds are currently used exclusively to fund Capital Improvement Projects. Disbursements from the SCIP program can be collected by the District at any time after the agreement is entered into and are not dependent upon the number of actual connections made to the District's system. In Fiscal Year 22/23 the District did not actively participate in any open SCIP agreements.

School Contracts

The District has legacy agreements with two schools in the District's service area. The first agreement is with Sierra College and dates back to 1968. The second agreement is with Placer Joint Union High School for the Del Oro campus and dates back to 1962. These agreements prescribe billing procedures and charges that are substantially different than those adopted in the District Sewer Code. Sierra College pays the District monthly based on their water usage, and Del Oro pays the District annually based on their average daily attendance. This revenue is received as an unapplied credit in the billing system, and monthly fee increases must be built into the manual calculations and manually reconciled. Audited reconciliation of these accounts resulted in a prior period adjustment to revenues in the amount of \$378,334. The District is working to conform these accounts to the District's standard billing practices.

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

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 was maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations. Per the revised Resolution 18-15, as Fixed Income Securities being held in the Long-Term Portfolio matured, rather than reinvesting them into other Fixed Income Securities, the proceeds were distributed evenly among the Cal Trust Medium Term Holdings, the Local Agency Investing Fund, and the Placer County Treasury. On January 7, 2021, the Board adopted Resolution 21-01, Updating the Strategy for the Investment of District Funds, to allow the District to move the remaining Fixed Income Securities to CalTRUST Short Term, CalTRUST Medium Term, Placer County Treasury, and the Local Agency Investment Fund (LAIF) as they mature depending on market conditions and quarterly performance. As of June 30, 2022, all Fixed Income Securities had matured with all funds transferred to other investment vehicles by the end of October 2021.

During the year, interest rates began to rise as the Federal Reserve increased rates to combat persistently high inflation. While equity markets continued to experience high levels of volatility, short-term fixed income funds began to provide consistent quarterly interest earnings. The overall balance of the District's investment portfolio including unrestricted deposits in financial institutions and the District's CalPERS Section 115 Pension Trust decreased by \$4.48 million (5.79%) from the prior year despite investment earnings of approximately \$1.62 million, primarily due to a high inflationary environment impacting the operating expenses and programmed capital expenditures. Table 9 shows the balance of investments over the past two years.

TABLE 9 – INVESTMENTS

<b>Investment</b>	<b>Balance 06/30/23</b>	<b>Balance 06/30/22</b>
Local Agency Investment Fund (LAIF)	\$ 25,563,827	\$ 24,978,939
Caltrust Investments	6,419,937	13,204,416
Placer County Treasury Investments	25,460,827	25,003,614
CA Class	5,062,129	-
Money Market Mutual Funds	6,097,695	100
	<u>\$ 68,604,415</u>	<u>\$ 63,187,069</u>
Unrestricted deposits in financial institutions	\$ 1,117,558	\$ 11,163,677
	<u>\$ 69,721,973</u>	<u>\$ 74,350,746</u>
CalPERS CEPPT - Restricted	\$ 3,156,947	\$ 3,006,902
<b>TOTAL</b>	<u>\$ 72,878,920</u>	<u>\$ 77,357,648</u>

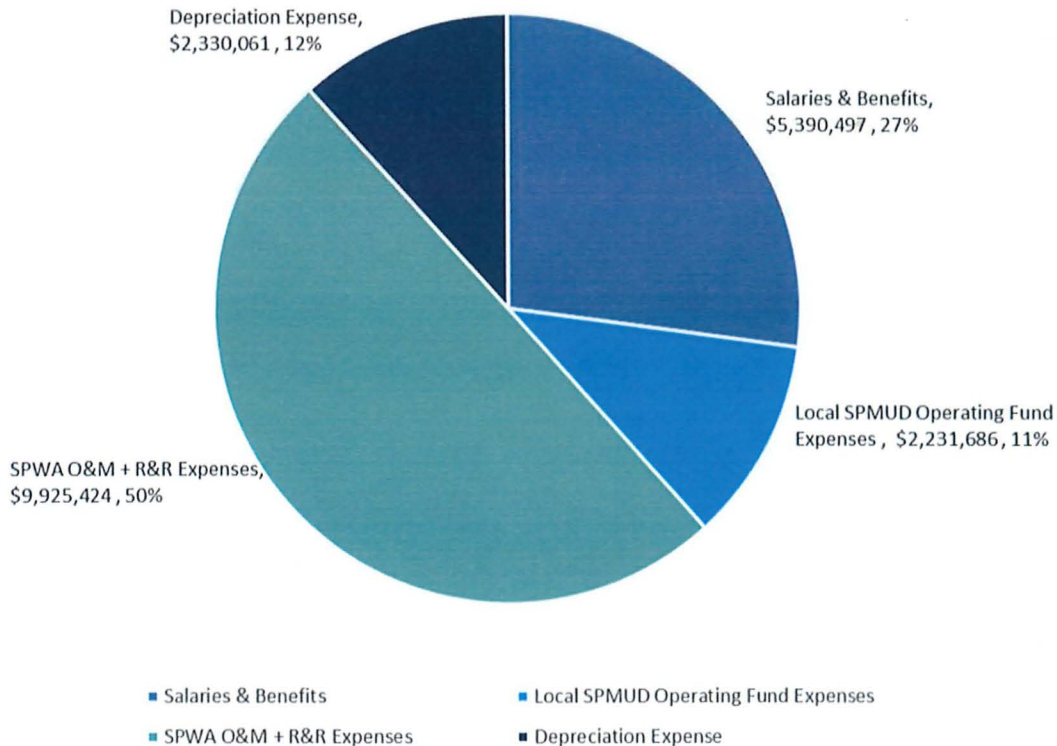
**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED**

**EXPENSES**

Total Operating Fund Expenses increased \$5.18 million (35%) from \$14.70 million to \$19.88 million. This increase reflects higher Regional Wastewater Treatment Plant Operations and Maintenance and Rehabilitation and Replacement Expenses, additional spending on professional and legal services, property and liability and health insurance premium increases due to market conditions, and an overall high inflationary environment. Chart 1 and Table 10 show the District’s Operating Fund expenditures. Operating Fund Revenues of \$18.32 million were less than Operating Fund Expenses of \$19.88 million. Reserve funding of \$1.56 million was used to fund operating expenses. The District adopted a five-year Proposition 218 monthly service fee increase in June of 2023 to ensure adequate future revenues to meet the District’s stated needs.

The District has 36 approved personnel positions that include 5 elected, 2 contracted, 4 management, 2 supervisors, 1 part-time, and 22 full-time staff positions; there are currently 27 full-time employees. The Memorandum of Understandings (MOUs) for employees and managers were negotiated in FY 2019/20, and cover the following fiscal years 20/21, 21/22, and 22/23, Cost of Living increases are tied to the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): West Region Size Class A. New MOUs have been negotiated and cover fiscal years 23/24 and 24/25.

**CHART 1 – OPERATING FUND EXPENSES FY 2022/23**



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

TABLE 10 – OPERATING FUND EXPENDITURES

	<u>FY 2022/23</u>	<u>FY 2021/22</u>	<u>\$Difference</u>	<u>% Change</u>
Salaries/Wages	\$ 2,884,440	\$ 2,699,905	184,535	7%
FICA - Social Security	214,556	201,418	13,138	7%
CalPERS Retirement & UAL	1,179,706	646,726	532,980	82%
GASB 68 UAL Adjustment	(202,897)	(357,896)	154,999	-43%
Retirement 457 & 401a	105,787	117,263	(11,476)	-10%
Insurance Benefits	755,812	656,252	99,560	15%
PERS OPEB	379,945	446,369	(66,424)	-15%
GASB 75 OPEB Adjustment	73,148	(188,490)	261,638	-139%
<b>Sub Total Salaries &amp; Benefits</b>	<b>\$ 5,390,497</b>	<b>\$ 4,221,548</b>	<b>1,168,949</b>	<b>28%</b>
Asphalt Paving	\$ 4,950	\$ 12,500	(7,550)	-60%
Archiving/Disaster Plan	5,140	5,140	-	0%
Building & Grounds Maintenance	38,090	49,812	(11,722)	-24%
Computers/Office Furniture	16,154	5,205	10,949	210%
Easement/Access Road Repl/Upgrades	14,849	846	14,003	1655%
Easement Acquisition	36,967	21,207	15,760	74%
Election Expense	30,094	-	30,094	
Gas & Oil Expenses	63,707	60,225	3,482	6%
General Operating Supplies & Maintenance	168,252	124,094	44,158	36%
Legal Services	293,830	92,460	201,370	218%
Lift Station & Flow Recorder Programs	56,578	38,685	17,893	46%
Other Operating Expenses	(936)	150	(1,086)	-724%
Participation in Regional Projects	78,192	-	78,192	
Professional Development	32,431	32,095	336	1%
Professional Services	274,578	168,149	106,429	63%
Property & Liability Insurance	322,423	255,095	67,328	26%
Regulatory Compliance/Government Fees	68,645	56,824	11,821	21%
Repair/Maintenance Agreements	112,554	113,144	(590)	-1%
Root Control Program	56,513	55,310	1,203	2%
Safety Gear/Uniforms	22,097	21,468	629	3%
Software/Data Acquisition	25,113	995	24,118	2424%
System Improvements	-	3,700	(3,700)	-100%
Utilities	181,497	167,970	13,527	8%
Utility Billing/Banking Expense/Printing	269,358	237,369	31,989	13%
Vehicle Repair and Maintenance	60,609	69,169	(8,560)	-12%
<b>Sub Total Local SPMUD Operating Fund Expenses</b>	<b>\$ 2,231,686</b>	<b>\$ 1,591,611</b>	<b>640,074</b>	<b>40%</b>
RWWTP Maintenance & Operations	\$ 7,314,424	\$ 5,007,939	2,306,485	46%
RWWTP Rehab & Replacement	2,611,000	1,659,750	951,250	57%
<b>Sub Total SPWA O&amp;M + R&amp;R Expenses</b>	<b>\$ 9,925,424</b>	<b>\$ 6,667,689</b>	<b>3,257,735</b>	<b>49%</b>
<b>Total Operations Expense before Depreciation</b>	<b>\$ 17,547,607</b>	<b>\$ 12,480,848</b>	<b>5,066,759</b>	<b>41%</b>
Depreciation expense	2,330,061	2,218,607	111,454	5%
<b>Total Operating Fund Expenses</b>	<b>\$ 19,877,668</b>	<b>\$ 14,699,454</b>	<b>5,178,213</b>	<b>35%</b>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED**

**CAPITAL EXPENDITURES**

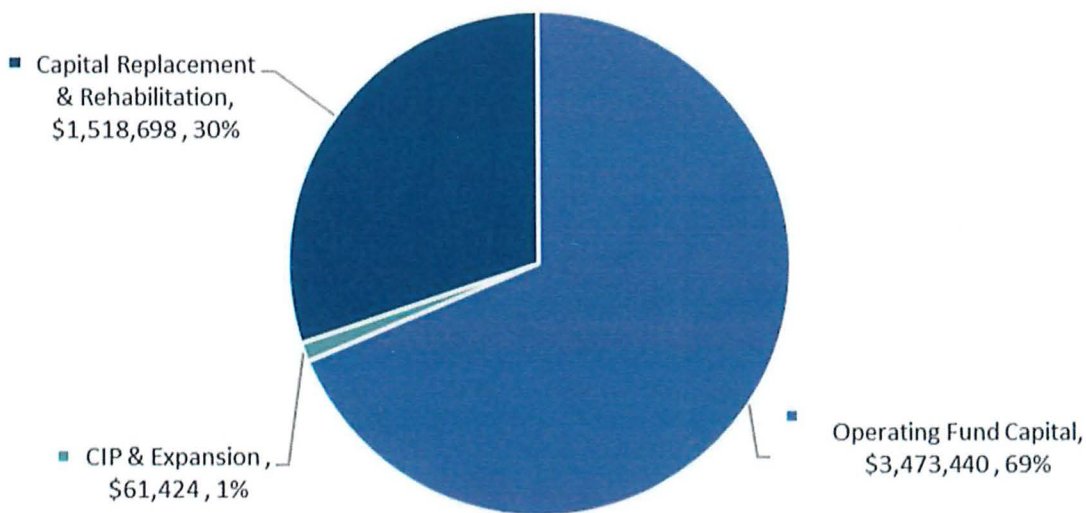
Capital Outlays are categorized into their respective fund centers. For example, those projects designated as Capital Replacement and Rehabilitation projects are funded by accumulated depreciation; those projects designated as Capital Improvement Projects (CIP) and Expansion Projects are funded through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

In May of 2021, the District revised Board Policies 3130 and 3251 modifying the depreciation transfer from 100% of the annual depreciation expense to 115% of the annual depreciation expense. The depreciation expense transfer occurs annually and is accumulated in the Capital Replacement Fund.

The District expended \$5.05 million in Capital Outlay during FY 2022/23. The majority of the funds expended were for the Corporation Yard Addition and Tenant Improvement Project, participation in regional projects, vehicle purchases, and Supervisory Control and Data Acquisition (SCADA) Design.

In fiscal year 2022/23, the District received \$1.58 million in sewer asset contributions from new development. This included approximately half a mile of gravity sewer pipe and 16 manholes/flushing branches. Summaries of the District’s FY 2022/23 Capital Projects are included in Chart 2, and Tables 11 and 12.

**CHART 2 – CAPITAL FUND EXPENDITURES FY 2022/23**





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

TABLE 11 – 5-YEAR CAPITAL INVESTMENT SUMMARY

	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Total Operating Fund Capital Improvements	\$ 3,473,440	\$ 405,380	\$ 293,219	\$ 118,277	\$ 162,301
Total CIP & Expansion	\$ 61,424	\$ 124,732	\$ 2,087,054	\$ 500,346	2,816,017
Total Replacement & Rehabilitation	\$ 1,518,698	\$ 958,034	\$ 1,389,357	\$ 918,263	714,504
<b>Total Capital Investment</b>	<b>\$ 5,053,562</b>	<b>\$ 1,488,146</b>	<b>\$ 3,769,630</b>	<b>\$ 1,536,886</b>	<b>\$ 3,692,822</b>

TABLE 12 – DETAIL OF CAPITAL EXPENDITURES FY 2022/23

	Original Budget FY 2022/23	Budget Adjustments FY 2022/23	FUND 100	FUND 300	FUND 400
			Operating Fund Capital	CIP & Expansion	Capital Replacement & Rehabilitation
<b>Capital Improvements</b>					
CY Master Plan Capital Improvements	\$ 4,100,000	\$ -	\$ 3,359,961	\$ -	\$ -
Newcastle Master Plan Improvements	350,000	(100,000)	30,288	-	-
Lateral Cameras	-	30,000	29,770	-	-
Easement Acquisition	-	96,000	16,900	-	-
Trimble GIS	-	15,750	14,016	-	-
Lift Station Flow Recorders	69,000	-	13,576	-	-
Pipe Trailer Improvements	10,000	-	8,929	-	-
Lower Clover Valley Design	-	-	-	61,424	-
Participation in Regional Projects	325,000	660,815	-	-	643,658
SCADA Design & Implementation	2,900,000	(2,500,000)	-	-	246,032
Vehicle Purchases CCTV/Insp Vehicles	350,000	(110,000)	-	-	238,839
High Risk Creek Crossing Design	-	-	-	-	38,954
HQ HVAC Repair/Replacement	-	15,000	-	-	31,035
Foothill Trunk Project - Construction	125,000	-	-	-	-
Easement Access Road Replacement	220,000	(100,000)	-	-	-
Cured in Place Pipe	650,000	650,000	-	-	-
Trunk Extension Reimbursement	3,300,000	(1,300,000)	-	-	-
Taylor Road Lift Station	160,000	-	-	-	-
System Rehabilitation	1,100,000	(750,000)	-	-	320,180
<b>Total Capital Improvements</b>	<b>\$ 13,659,000</b>	<b>\$ 10,266,565</b>	<b>\$ 3,473,440</b>	<b>\$ 61,424</b>	<b>\$ 1,518,698</b>

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

**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 are participants in the South Placer Wastewater Authority (SPWA) with the intended purpose of financing the construction of the Pleasant Grove Wastewater Treatment Plant through bonds, low-interest loans, or other types of debt. As such, the district is subject to the SPWA Funding Agreement and debt indenture.

In accordance with the SPWA debt indenture, the South Placer Municipal Utility District has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of the debt service; however, the Funding Agreement established

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

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 December 31, 2022, the SPWA had outstanding debt of \$151.61 million. Per the June 31, 2022, SPWA Audited Financial Statements, the District maintained a balance of \$56.10 million in the SPWA Rate Stabilization Account. The annual SPWA Debt assigned to the District was \$2.49 million.

SPWA is proposing \$114 million in Capital Improvements and Treatment Upgrades at the Pleasant Grove Wastewater Treatment Plant to prepare for regional growth, incorporate energy-related improvements, and maximize solids digestion. SPWA is proposing to finance this construction through a blend of bond financing, State Revolving Fund loans, and cash payments from the SPWA Rate Stabilization Fund.

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 the District.

The District agreed to provide financing to NSD in an amount not to exceed \$6 million for the purpose of constructing improvements and carrying out certain projects to enable NSD to connect to the District collection system. The financing and construction of these improvements were determined by the District Board of Directors to be a condition of SPMUD's annexation of NSD and would have to be completed before 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**

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, per 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 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.

As of June 30, 2023, the current balance of the SPMUD loan under the Financing Agreement applicable to the NSBA was \$4,484,879. It is anticipated that the loan will be paid in full by 2053 (see Note 10 of the Financial Statements).

**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](http://www.spmud.ca.gov)**



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2023**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 1,117,558	\$ -	\$ -	\$ 1,117,558
Investments (Note 2)	13,274,708	31,500,531	23,829,176	68,604,415
Accounts receivable	5,007,339	-	-	5,007,339
Prepaid expenses	<u>63,522</u>	<u>-</u>	<u>-</u>	<u>63,522</u>
Total Current Assets	<u>19,463,127</u>	<u>31,500,531</u>	<u>23,829,176</u>	<u>74,792,834</u>
<b>NON-CURRENT ASSETS</b>				
Capital assets, net (Note 3)	118,079,205	-	-	118,079,205
Investments - Restricted (Note 2)	<u>3,156,947</u>	<u>-</u>	<u>-</u>	<u>3,156,947</u>
Total Non-Current Assets	<u>121,236,152</u>	<u>-</u>	<u>-</u>	<u>121,236,152</u>
<b>TOTAL ASSETS</b>	<u>140,699,279</u>	<u>31,500,531</u>	<u>23,829,176</u>	<u>196,028,986</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Net pension liability (Note 5)	3,700,155	-	-	3,700,155
Net OPEB liability (Note 7)	<u>2,293,858</u>	<u>-</u>	<u>-</u>	<u>2,293,858</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,994,013</u>	<u>-</u>	<u>-</u>	<u>5,994,013</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 146,693,292</u>	<u>\$ 31,500,531</u>	<u>\$ 23,829,176</u>	<u>\$ 202,022,999</u>
<b><u>LIABILITIES</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,005,493	\$ -	\$ -	\$ 1,005,493
Other accrued liabilities	395,672	-	-	395,672
Compensated absences	<u>209,278</u>	<u>-</u>	<u>-</u>	<u>209,278</u>
Total Current Liabilities	<u>1,610,443</u>	<u>-</u>	<u>-</u>	<u>1,610,443</u>
<b>LONG TERM LIABILITIES</b>				
Net pension liability (Note 5)	6,505,612	-	-	6,505,612
Net OPEB liability (Note 7)	<u>2,800,181</u>	<u>-</u>	<u>-</u>	<u>2,800,181</u>
Total Long-Term Liabilities	<u>9,305,793</u>	<u>-</u>	<u>-</u>	<u>9,305,793</u>
<b>TOTAL LIABILITIES</b>	<u>10,916,236</u>	<u>-</u>	<u>-</u>	<u>10,916,236</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>				
Net pension liability (Note 5)	1,246,708	-	-	1,246,708
Net OPEB liability (Note 7)	<u>597,019</u>	<u>-</u>	<u>-</u>	<u>597,019</u>
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>1,843,727</u>	<u>-</u>	<u>-</u>	<u>1,843,727</u>
<b><u>NET POSITION</u></b>				
Net investment to capital assets	118,079,205	-	-	118,079,205
Restricted for Section 115 pension trust	3,156,947	-	-	3,156,947
Unrestricted	<u>12,697,177</u>	<u>31,500,531</u>	<u>23,829,176</u>	<u>68,026,884</u>
<b>TOTAL NET POSITION</b>	<u>133,933,329</u>	<u>31,500,531</u>	<u>23,829,176</u>	<u>189,263,036</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 146,693,292</u>	<u>\$ 31,500,531</u>	<u>\$ 23,829,176</u>	<u>\$ 202,022,999</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, 2023**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUE</u></b>				
Sewer charges	\$ 16,273,142	\$ -	\$ -	\$ 16,273,142
Connection charges	-	1,443,652	-	1,443,652
Permits, fees, and inspections	<u>397,924</u>	<u>-</u>	<u>-</u>	<u>397,924</u>
Total Operating Revenues	<u>16,671,066</u>	<u>1,443,652</u>	<u>-</u>	<u>18,114,718</u>
<b><u>OPERATING EXPENSES</u></b>				
Collection and treatment	10,670,685	-	6,193	10,676,878
Administrative and general	2,912,702	-	-	2,912,702
Technical services	3,964,220	61,424	38,954	4,064,598
Depreciation	<u>2,330,061</u>	<u>-</u>	<u>-</u>	<u>2,330,061</u>
Total Operating Expenses	<u>19,877,668</u>	<u>61,424</u>	<u>45,147</u>	<u>19,984,239</u>
Operating income (loss)	<u>(3,206,602)</u>	<u>1,382,228</u>	<u>(45,147)</u>	<u>(1,869,521)</u>
<b><u>NON-OPERATING REVENUE (EXPENSES)</u></b>				
Tax revenue	1,290,539	-	-	1,290,539
Gain on sale of asset	13,900	-	-	13,900
Investment income	<u>524,255</u>	<u>648,461</u>	<u>444,622</u>	<u>1,617,338</u>
Total Non-operating Revenues	<u>1,828,694</u>	<u>648,461</u>	<u>444,622</u>	<u>2,921,777</u>
<b><u>TRANSFERS AND CAPITAL CONTRIBUTIONS</u></b>				
Capital contributions	1,578,826	-	-	1,578,826
Transfers in (Note 4)	-	2,329,521	1,469,963	3,799,484
Transfers out (Note 4)	<u>(3,799,484)</u>	<u>-</u>	<u>-</u>	<u>(3,799,484)</u>
Total Transfers and Capital Contributions	<u>(2,220,658)</u>	<u>2,329,521</u>	<u>1,469,963</u>	<u>1,578,826</u>
<b>CHANGE IN NET POSITION</b>	<u>(3,598,566)</u>	<u>4,360,210</u>	<u>1,869,438</u>	<u>2,631,082</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	137,153,561	27,140,321	21,959,738	186,253,620
<b>PRIOR PERIOD ADJUSTMENT (Note 11)</b>	<u>378,334</u>	<u>-</u>	<u>-</u>	<u>378,334</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>137,531,895</u>	<u>27,140,321</u>	<u>21,959,738</u>	<u>186,631,954</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 133,933,329</u>	<u>\$ 31,500,531</u>	<u>\$ 23,829,176</u>	<u>\$ 189,263,036</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, 2023**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from customers	\$ 16,183,399	\$ 1,443,652	\$ -	\$ 17,627,051
Payments to suppliers	(14,586,796)	(61,424)	(45,147)	(14,693,367)
Payments to employees	(5,309,293)	-	-	(5,309,293)
Net Cash Provided by (Used for) Operating Activities	<u>(3,712,690)</u>	<u>1,382,228</u>	<u>(45,147)</u>	<u>(2,375,609)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Tax revenue	1,290,539	-	-	1,290,539
Transfers to capital funds	(3,799,484)	-	-	(3,799,484)
Transfers from operating fund	-	2,329,521	1,469,963	3,799,484
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(2,508,945)</u>	<u>2,329,521</u>	<u>1,469,963</u>	<u>1,290,539</u>
<b><u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u></b>				
Acquisition and construction of capital assets	(5,125,275)	-	-	(5,125,275)
Net Cash Used for Capital Related Financing Activities	<u>(5,125,275)</u>	<u>-</u>	<u>-</u>	<u>(5,125,275)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest and dividends income	524,255	648,461	444,622	1,617,338
Proceeds from sale of capital assets	114,278	-	-	114,278
Purchase of Investments	(1,087,743)	(7,460,210)	(4,019,438)	(12,567,391)
Sale of investments	1,750,000	3,100,000	2,150,000	7,000,000
Net Cash Provided by (Used for) Investing Activities	<u>1,300,790</u>	<u>(3,711,749)</u>	<u>(1,424,816)</u>	<u>(3,835,775)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(10,046,120)</u>	<u>-</u>	<u>-</u>	<u>(10,046,120)</u>
<b>CASH AND CASH EQUIVALENTS - JULY 1, 2022</b>	<u>11,163,678</u>	<u>-</u>	<u>-</u>	<u>11,163,678</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2023</b>	<u>\$ 1,117,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,117,558</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, 2023**

	<u>Operating Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>				
<b>OPERATING INCOME (LOSS)</b>	\$ (3,206,602)	\$ 1,382,228	\$ (45,147)	\$ (1,869,521)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	2,330,061	-	-	2,330,061
Changes in assets and liabilities:				
Decrease in deferred inflows	(1,684,447)	-	-	(1,684,447)
Increase in deferred outflows	(2,517,430)	-	-	(2,517,430)
Increase in accounts receivable	(487,667)	-	-	(487,667)
Decrease in prepaid expenses	14,650	-	-	14,650
Increase in other accrued liabilities	209,367	-	-	209,367
Decrease in accounts payable	(2,444,336)	-	-	(2,444,336)
Increase in compensated absences	1,586	-	-	1,586
Increase in net pension liability	3,377,148	-	-	3,377,148
Increase in net OPEB liability	694,980	-	-	694,980
Total adjustments	<u>(506,088)</u>	<u>-</u>	<u>-</u>	<u>(506,088)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (3,712,690)</u>	<u>\$ 1,382,228</u>	<u>\$ (45,147)</u>	<u>\$ (2,375,609)</u>
<b><u>NON-CASH CAPITAL ACTIVITIES</u></b>				
Non-cash capital contributions	<u>\$ 1,578,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,578,826</u>

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

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The South Placer Municipal Utility District (the "District" or "SPMUD") 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 District 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 projects. 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, is totally depreciated or is 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 FISCAL YEAR ENDED  
JUNE 30, 2023**

**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 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 or with original maturities of three months or less from the date of acquisition. This includes the District's deposits in financial institutions.

**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 FISCAL YEAR ENDED  
JUNE 30, 2023**

**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:

Assets	Useful Life
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 are recorded as capital contributions when received.

**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 two 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.

*Restricted net position* - This component of net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation.

*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 FISCAL YEAR ENDED  
JUNE 30, 2023**

**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 accounts. 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.

**Connection Charges**

Connection charges are recognized in the fiscal year a customer applies for connection to the sewer system and pays the required fees. Fee revenues are presented net of cash discounts applied through the Statewide Community Infrastructure Program (SCIP). In fiscal year 22/23 the District was not actively participating in any open SCIP agreements.

**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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**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 assets 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 assets 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 FISCAL YEAR ENDED  
JUNE 30, 2023**

**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 28, 2023, which is the date the financial statements were issued.

**Implementation of Government Accounting Standards Board Statements**

Effective July 1, 2022, the District implemented the following accounting and financial reporting standards:

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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

**Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2023 or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 2: CASH AND INVESTMENTS**

The components of the District's cash and cash equivalents and investments at June 30, 2023 are as follows:

Cash and cash equivalents:

Unrestricted deposits in financial institutions	\$ <u>1,117,558</u>
Total cash and cash equivalents	<u>1,117,558</u>

Investments:

Money market funds	6,097,695
CalTRUST Investment Fund	6,419,937
Placer County Treasury's Investment Pool	25,460,827
California CLASS	5,062,130
Local Agency Investment Fund (LAIF)	<u>25,563,826</u>
Total investments	<u>68,604,415</u>
California Employer's Pension Prefunding Trust (CEPPT)	<u>3,156,947</u>
Total investments-restricted	<u>3,156,947</u>
<b>Total cash and investments</b>	<b>\$ <u>72,878,920</u></b>

**Authorized Investments of the District**

The table below identifies the investment types that are authorized for the South Placer Municipal Utility 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 address 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
CalPERS CEPPT Fund	N/A	75%	No Limit
California CLASS	N/A	75%	No Limit
Bank Savings Account	N/A	75%	No Limit
Federal Agencies	5 years	25%	No Limit
Commercial Paper	180 days	15%	No Limit
Negotiable Certificates of Deposits	180	20%	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
Fixed Income Securities	N/A	20%	No Limit
Money Market Funds	N/A	20%	No Limit

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2023**

**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 trustees) 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, 2023:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Money market funds	\$ 6,097,695	\$ -	\$ 6,097,695
CalTRUST Investment Fund	6,419,937	-	6,419,937
Placer County Treasury's Investment Pool	25,460,827	-	25,460,827
California CLASS	5,062,130	-	5,062,130
Local Agency Investment Fund (LAIF)	<u>25,563,826</u>	-	<u>25,563,826</u>
	<u>68,604,415</u>	-	<u>68,604,415</u>
CalPERS CEPP Trust	-	<u>3,156,947</u>	<u>3,156,947</u>
	<u>\$ 68,604,415</u>	<u>\$ 3,156,947</u>	<u>\$ 71,761,362</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  
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JUNE 30, 2023**

**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
Money market funds	\$ 6,097,695	AAAm		
CalTRUST Investment Fund	6,419,937			Not rated
Placer County Treasury's Investment Pool	25,460,827			Not rated
California CLASS	5,062,130			Not rated
Local Agency Investment Fund (LAIF)	<u>25,563,826</u>			Not rated
Total investments	<u>68,604,415</u>			
CalPERS CEPP Trust	<u>3,156,947</u>			Not rated
Total investments-restricted	<u>3,156,947</u>			
Total	<u>\$ 71,761,362</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 Investment Trust of California (CalTRUST). CalTRUST is a program operated by a 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 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 California Cooperative Liquid Assets Securities System (CLASS). California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (continued)**

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 has a trust fund account managed by California Employers' Pension Prefunding Trust (CEPPT) Fund. This fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. The Section 115 Trust was established as a means to set aside monies to fund the District's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. In accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

**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, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 6,097,695	\$ -	\$ -	\$ 6,097,695
Total assets at fair value	<u>\$ 6,097,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,097,695</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 1,174,184	\$ -	\$ -	\$ 1,174,184
Construction in Progress	<u>618,035</u>	<u>3,801,587</u>	<u>(100,378)</u>	<u>4,319,244</u>
<b>Total capital assets not depreciated</b>	<u>1,792,219</u>	<u>3,801,587</u>	<u>(100,378)</u>	<u>5,493,428</u>
<b>Capital assets being depreciated</b>				
Buildings	3,600,367	47,935	-	3,648,302
Sewer System	133,040,110	2,555,642	-	135,595,752
Equipment	1,854,413	133,074	-	1,987,487
Office Furniture	159,898	-	-	159,898
Vehicles	<u>2,259,199</u>	<u>165,863</u>	<u>(41,015)</u>	<u>2,384,047</u>
<b>Total capital assets being depreciated</b>	<u>140,913,987</u>	<u>2,902,514</u>	<u>(41,015)</u>	<u>143,775,486</u>
<b>Less: accumulated depreciation</b>				
Buildings	(2,383,032)	(119,413)	-	(2,502,445)
Sewer System	(23,926,534)	(1,796,360)	-	(25,722,894)
Equipment	(1,264,130)	(146,378)	-	(1,410,508)
Office Furniture	(139,911)	(9,940)	-	(149,851)
Vehicles	<u>(1,187,056)</u>	<u>(257,970)</u>	<u>41,015</u>	<u>(1,404,011)</u>
<b>Total accumulated depreciation</b>	<u>(28,900,663)</u>	<u>(2,330,061)</u>	<u>41,015</u>	<u>(31,189,709)</u>
<b>Capital Assets, net</b>	<u>\$ 113,805,543</u>	<u>\$ 4,374,040</u>	<u>\$ (100,378)</u>	<u>\$ 118,079,205</u>

Depreciation expense for the year ended June 30, 2023 totaled \$2,330,061.

**NOTE 4: INTERFUND TRANSACTIONS**

Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Operating Fund	Capital Improvement Fund	Other expenses	\$ 2,329,521
Operating Fund	Capital Replacement Fund	Other expenses	<u>1,469,963</u>
		<b>Total Interfund Transfers</b>	<u>\$ 3,799,484</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2023**

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**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.

	<b>Miscellaneous</b>		
	Tier I	Tier II	Tier III
	Prior to April 20, 2012	April 20, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
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	14.03%	10.32%	7.47%
Required UAL contribution	\$476,722	\$5,809	\$4,534

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2023**

**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, 2023 were \$1,178,900.

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

As of June 30, 2023, the District reported a net pension liability of \$6,505,612 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 measurement dates was as follows:

Measurement Period Ending	Miscellaneous
Proportion - June 30, 2021	0.1648%
Proportion - June 30, 2022	0.1390%
Change - Increase (Decrease)	(0.0258%)

For the year ended June 30, 2023, the District recognized pension expense of \$976,003. At June 30, 2023, 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	\$ 1,178,900	\$ -
Net difference between projected and actual earnings on plan investments	1,191,653	-
Changes in assumptions	666,636	-
Differences between expected and actual experience	130,645	87,500
Adjustment due to differences in proportions	532,321	818,723
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	-	340,485
Total	\$ 3,700,155	\$ 1,246,708

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

\$1,178,900 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,			
2024	\$	347,773	
2025	\$	230,866	
2026	\$	(32,949)	
2027	\$	728,857	

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.90% 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 2.30% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and Post-retirement mortality tables include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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.

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a)</u>
Global Equity - Cap-Weighted	30.00%	4.54%
Global Equity Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(a) An expected price inflation of 2.30% used for this period.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

**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 (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.9%)
Net Pension Liability	\$ <u>9,845,706</u>	\$ <u>6,505,612</u>	\$ <u>3,575,543</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**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 plan, 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 Empower 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 \$105,787.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Description of the Plan**

South Placer Public Utility District's Post-Retirement Healthcare Plan is a defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits and life insurance benefits to eligible retirees and their eligible dependents. The California Employers' Retiree Benefit Trust (CERBT) administers the Plan, an agent multiple-employer trust arraignment established to provide economies of scale and efficiency of administration to public agencies that hold assets used to fund OPEB obligations. CERBT provides an annual financial report that can be found on the CalPERS website.

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, 2023, there were 24 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, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	26
Inactive employees currently receiving benefits	24
Inactive employees entitled to, but not yet receiving benefits	<u>1</u>
Total	<u><u>51</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, 2023, the District contributed \$481,692.



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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

**Net OPEB Liability**

The District's net OPEB liability ("NOL") was measured as of July 1, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	5.72% as of June 30, 2021
Discount Rates	5.72% as of June 30, 2021
Participants 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	3.00% per annum
General Inflation Rate	2.50% per annum
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally
Healthcare Trend Rate	5.70% per annum

**Changes in Assumptions**

For the measurement period ending July 1, 2022, there were no changes in assumptions.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.72% 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 2	Target Allocation	Years 1-5			Years 6-20		
		General Inflation Rate Assumption	1-5 Year Expected Rate of Return*	Compound Return Yrs 1-5	General Inflation Rate Assumption	6-20 Year Expected Real Rate of Return*	Compound Return Years 6-20
Global Equity	34 %	2.40 %	4.40 %	6.80 %	2.30 %	4.50 %	6.80 %
Fixed Income	41 %	2.40 %	(1.00)%	1.40 %	2.30 %	2.20 %	4.50 %
Global Real Estate (REITs)	17 %	2.40 %	3.00 %	5.40 %	2.30 %	3.90 %	6.20 %
Treasury Inflation Protected Securities (TIPS)	5 %	2.40 %	(1.80)%	0.60 %	2.30 %	1.30 %	3.60 %
Commodities	3 %	2.40 %	0.80 %	3.20 %	2.30 %	1.20 %	3.50 %
Volatility	9.90 %	weighted		4.20 %	weighted		5.90 %

\* Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.4%

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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

**Changes in the OPEB Liability**

To determine the July 1, 2022 (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 July 1, 2022 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 July 1, 2022	\$ 8,068,886	\$ 6,286,359	\$ 1,782,527
Service cost	267,001	-	267,001
Interest cost	465,381	-	465,381
Expected investment income	-	362,866	(362,866)
Employer contributions	-	516,227	(516,227)
Administrative expenses	-	(1,607)	1,607
Benefit payments	(399,699)	(399,699)	-
Investment experience	-	(1,162,758)	1,162,758
Net change during 2022-23	<u>332,683</u>	<u>(684,971)</u>	<u>1,017,654</u>
Balance at June 30, 2023	<u>\$ 8,401,569</u>	<u>\$ 5,601,388</u>	<u>\$ 2,800,181</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, 2023:

	1% Decrease (4.72%)	Current Discount Rate (5.72%)	1% Increase (6.72%)
Net OPEB Liability	\$ <u>3,981,560</u>	\$ <u>2,800,181</u>	\$ <u>1,841,318</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, 2022:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ <u>1,775,805</u>	\$ <u>2,800,181</u>	\$ <u>4,081,477</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**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 are 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, 2023, the District recognized OPEB expense of \$554,840. As of fiscal year ended June 30, 2023, 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	\$ 481,692	\$ -
Changes of assumptions	646,826	-
Net difference between projected and actual earnings on OPEB plan investments	949,586	421,356
Differences between expected and actual experience	215,754	175,663
Total	\$ 2,293,858	\$ 597,019

\$481,692 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:

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2024	\$ 247,211
2025	\$ 218,233
2026	\$ 214,045
2027	\$ 392,081
2028	\$ 143,577

**NOTE 8: JOINT POWERS AGREEMENT**

On October 1, 2000, the South Placer Wastewater Authority (the "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, 2023 was \$2,910,604. The financial statements for the South Placer Wastewater Authority are available online at [https://www.roseville.ca.us/government/departments/finance/general\\_accounting\\_department/south\\_placer\\_wastewater\\_authority](https://www.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, 2023 for maintenance and operation expenses was \$7,314,424 and an additional \$2,689,192 for the District's share of rehab project costs.

The District is also a member of a joint powers authority, Special District Risk Management Authority (SDRMA), for the operation of a common risk management and insurance program. SDRMA 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. SDRMA is governed by a Board of Directors consisting of representatives from member agencies, which controls the operations of the SDRMA, including selection of management and approval of operating budgets.

The following is a summary of the most current audited financial information for SDRMA as of June 30, 2022 (the most recent information available):

Total assets and deferred outflows of resources	\$ 140,756,025
Total liabilities and deferred inflows of resources	\$ 73,412,896
Net assets	\$ 67,343,129
Total income	\$ 81,958,380
Total expense	\$ 80,958,358

The relationships between South Placer Municipal Utility District and the joint powers authorities are such that SDRMA is not considered a component unit of the District for financial reporting purposes.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**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, 2023, 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>
Sierra College Lift Station	\$ 1,094,218	612
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
The Lands of Perona	\$ 25,470	5
Lugo Extension	\$ 28,110	2

**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 \$4,484,879 as of June 30, 2023.

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

During the current year, it was identified that revenue for two commercial customers was incorrectly being applied to an unapplied credit account as opposed to revenue. Accordingly, beginning net position was increased and restated by \$378,334.

**Required Supplementary Information**

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

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, 2023  
LAST 10 YEARS\***

	Measurement Period							
	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.13903 %	0.16476 %	0.13007 %	0.12642 %	0.12327 %	0.11996 %	0.11759 %	0.11300 %
Proportionate share of the net pension liability	\$ 6,505,612	\$ 3,128,464	\$ 5,486,625	\$ 5,062,627	\$ 4,645,508	\$ 4,728,860	\$ 4,084,964	\$ 2,403,545
Covered payroll	\$ 2,465,037	\$ 2,595,337	\$ 2,473,520	\$ 2,354,398	\$ 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	263.92 %	120.54 %	221.81 %	215.03 %	209.47 %	249.16 %	230.44 %	151.89 %
Plan fiduciary net position as a percentage of the total pension liability	76.70 %	86.37 %	74.33 %	74.92 %	73.31 %	73.31 %	74.06 %	78.40 %

**Benefit changes:** In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

**Changes in assumptions:** In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.3 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 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 eight 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, 2023  
LAST 10 YEARS\***

	Fiscal Year-End							
	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 1,178,900	\$ 601,352	\$ 628,962	\$ 573,347	\$ 506,322	\$ 424,946	\$ 369,153	\$ 164,024
Contributions in relation to the actuarially determined contributions	<u>(1,178,900)</u>	<u>(601,352)</u>	<u>(628,962)</u>	<u>(573,347)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	2,679,762	2,465,037	2,595,337	2,473,520	2,354,398	2,217,714	1,897,932	1,772,689
Contributions as a percentage of covered employee payroll	43.99 %	24.40 %	24.23 %	23.18 %	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 eight 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 CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
For the Measurement Periods Ended June 30  
Last 10 Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>						
Service cost	\$ 267,001	\$ 236,028	\$ 229,153	\$ 223,373	\$ 199,744	\$ 167,083
Interest	465,381	429,366	409,018	405,567	388,531	424,380
Difference between expected and actual experience	-	303,818	-	(386,278)	-	(866,361)
Changes in assumptions	-	796,945	-	49,712	276,413	497,052
Benefit payments	<u>(399,699)</u>	<u>(340,175)</u>	<u>(314,030)</u>	<u>(274,244)</u>	<u>(274,870)</u>	<u>(347,294)</u>
Net change in total OPEB liability	332,683	1,425,982	324,141	18,130	589,818	(125,140)
Total OPEB liability, beginning	<u>8,068,886</u>	<u>6,642,904</u>	<u>6,318,763</u>	<u>6,300,633</u>	<u>5,710,815</u>	<u>5,835,955</u>
Total OPEB liability, ending (a)	<u>\$ 8,401,569</u>	<u>\$ 8,068,886</u>	<u>\$ 6,642,904</u>	<u>\$ 6,318,763</u>	<u>\$ 6,300,633</u>	<u>\$ 5,710,815</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 516,227	\$ 340,175	\$ 343,943	\$ 317,737	\$ 274,870	\$ 347,294
Net investment income	(799,892)	1,032,867	269,753	310,791	339,972	408,278
Benefit payments	(399,699)	(340,175)	(314,030)	(274,244)	(274,870)	(347,294)
Administrative expenses	(1,607)	(1,913)	(2,460)	(996)	(2,277)	(2,072)
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,651)</u>	<u>-</u>
Net change in plan fiduciary net position	(684,971)	1,030,954	297,206	353,288	332,044	406,206
Plan fiduciary net position, beginning	<u>6,286,359</u>	<u>5,255,405</u>	<u>4,958,199</u>	<u>4,604,911</u>	<u>4,272,867</u>	<u>3,866,661</u>
Plan fiduciary net position, ending (b)	<u>\$ 5,601,388</u>	<u>\$ 6,286,359</u>	<u>\$ 5,255,405</u>	<u>\$ 4,958,199</u>	<u>\$ 4,604,911</u>	<u>\$ 4,272,867</u>
District's net OPEB liability, ending (a) - (b)	<u>\$ 2,800,181</u>	<u>\$ 1,782,527</u>	<u>\$ 1,387,499</u>	<u>\$ 1,360,564</u>	<u>\$ 1,695,722</u>	<u>\$ 1,437,948</u>
Plan fiduciary net position as a percentage of the total OPEB liability	66.67 %	77.91 %	79.11 %	78.47 %	73.09 %	74.82 %
Covered-employee payroll**	<u>\$ 2,694,000</u>	<u>\$ 2,681,595</u>	<u>\$ 2,473,520</u>	<u>\$ 2,354,398</u>	<u>\$ 2,217,714</u>	<u>\$ 2,217,714</u>
District's net OPEB liability as a percentage of covered-employee payroll	103.94 %	66.47 %	56.09 %	57.79 %	76.46 %	64.84 %

**Notes to Schedule:**

Changes of assumptions: For the measurement period June 30, 2021, the discount rate and long-term return on assets was 5.72% based on information from CalPERS regarding the assumed rate of return for CERBT Strategy 2 and the District's projected benefit cashflows. In 2020, the discount rate and long-term return on assets was 6.40%. In 2019, the discount rate and long-term return on assets increased from 6.35% to 6.40%. In 2018, the discount rate and long-term return on assets decreased from 6.73% to 6.35%.

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

\*\* Contributions are not based on measure of pay.

**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\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>
Actuarially Determined Contribution (ADC)	\$ 416,158	\$ 376,479	\$ 366,366	\$ 312,164	\$ 301,216	\$ 292,275
Contributions in relation to the ADC	<u>(481,692)</u>	<u>(516,227)</u>	<u>(340,175)</u>	<u>(343,943)</u>	<u>(317,737)</u>	<u>(274,870)</u>
Contribution deficiency (excess)	<u>\$ (65,534)</u>	<u>\$ (139,748)</u>	<u>\$ 26,191</u>	<u>\$ (31,779)</u>	<u>\$ (16,521)</u>	<u>\$ 17,405</u>
Covered-employee payroll***	<u>\$ 2,679,762</u>	<u>\$ 2,694,000</u>	<u>\$ 2,681,595</u>	<u>\$ 2,473,520</u>	<u>\$ 2,354,398</u>	<u>\$ 2,217,714</u>
Contributions as a percentage of covered-employee payroll	17.98%	19.16%	12.69%	13.91%	13.50%	12.39%

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only six 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.

\*\*\* Contributions are not based on measure of pay.

**Supplementary Information**

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Administrative and General</b>	<b>Collection and Treatment</b>	<b>Technical Services</b>	<b>Total</b>
<b>OPERATING EXPENSES</b>				
Salaries and Benefits	\$ 1,428,173	\$ 2,271,430	\$ 955,187	\$ 4,654,790
CalPERS UAL	268,699	371,858	95,150	735,707
Insurance	322,423	-	-	322,423
Professional Services	191,432	20,206	63,190	274,828
Vehicle Expenses	-	124,765	-	124,765
Professional Development	10,507	18,493	3,431	32,431
Legal	293,830	-	-	293,830
Utility Billing / Banking Expenses	260,743	-	-	260,743
Operating Supplies	131,755	175,224	78,687	385,666
Capital Expenses	5,140	139,943	256,804	401,887
Uniform Expenses	-	20,948	1,149	22,097
Buildings / Utilities	-	219,587	-	219,587
RWWTP Expenses	-	7,314,424	2,611,000	9,925,424
<b>EXPENSES BEFORE DEPRECIATION</b>	<b><u>\$ 2,912,702</u></b>	<b><u>\$ 10,676,878</u></b>	<b><u>\$ 4,064,598</u></b>	<b><u>17,654,178</u></b>
Depreciation				<u>2,330,061</u>
<b>TOTAL OPERATING EXPENSES</b>				<b><u>\$ 19,984,239</u></b>

**STATISTICAL SECTION**

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

The Statistical Section of the South Placer Municipal Utility District Annual Comprehensive Annual Financial Report presents detailed information as a context for understanding the District's economic condition and overall health.

<b>Contents</b>	<b>Table</b>
<b>Financial Trends Data</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Changes in Net Position	S1
Net Position by Component	S2
EDU Connections by Fiscal Year	S3
<b>Revenue Capacity Data</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue source.	
Delinquent Accounts - Total Sewer Service Charges	S4
Monthly Sewer Rates & Local Participation Fees	S5
Figure 1 - Rate Comparison of Placer County Sewer Service Providers	
<b>Economic and Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
Ten Largest District Customers	S6
County Demographics and Economic Statistics	S7
Placer County Largest Employers	S8
Top Ten Taxpayers in Placer County	S9
<b>Operating Information</b>	
These schedules provide information on the District's infrastructure replacement program and detail spending on current projects	
Ten-Year Capital Spending	S10

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

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**TABLE S1 – CHANGES IN NET POSITION  
(Last 10 Years)**

	<u>FY 2022/23</u>	<u>FY 2021/22</u>	<u>FY 2020/21</u>	<u>FY 2019/20</u>	<u>FY 2018/19</u>
<b>Operating Revenues</b>					
Sewer Charges	\$ 16,273,142	\$ 15,955,824	\$ 15,605,794	\$ 15,383,211	\$ 14,336,548
Connection Charges	1,443,652	3,476,886	2,933,779	1,415,952	2,574,427
Permits, Fees & Inspections	397,924	717,688	546,273	253,247	533,932
Total Operating Revenues	<u>\$ 18,114,718</u>	<u>\$ 20,150,398</u>	<u>\$ 19,085,846</u>	<u>\$ 17,052,410</u>	<u>\$ 17,444,907</u>
<b>Operating Expenses</b>					
Collection & Treatment	\$ 10,676,878	\$ 8,119,944	\$ 8,113,323	\$ 8,326,375	\$ 5,462,230
Administrative & General	2,912,702	1,627,236	2,020,046	2,126,601	1,889,641
Technical Services	4,064,598	2,790,803	1,924,508	2,399,482	3,173,059
Depreciation	2,330,061	2,218,607	2,065,934	1,889,287	1,658,424
Total Operating Expenses	<u>\$ 19,984,239</u>	<u>\$ 14,756,591</u>	<u>\$ 14,123,811</u>	<u>\$ 14,741,745</u>	<u>\$ 12,183,354</u>
Operating Income (Loss)	<u>\$ (1,869,521)</u>	<u>\$ 5,393,807</u>	<u>\$ 4,962,035</u>	<u>\$ 2,310,665</u>	<u>\$ 5,261,553</u>
<b>Non-Operating Revenues (Expenses)</b>					
Tax Revenue	\$ 1,290,539	\$ 1,190,070	\$ 1,173,961	\$ 1,083,897	\$ 993,704
Gain (Loss) on Sale of Asset	13,900	21,993	(36,147)	-	13,707
Interest Income	1,617,338	(967,245)	670,185	1,602,378	1,832,865
Interest Expense	-	-	-	-	(116,477)
Total Non-Operating Revenues	<u>\$ 2,921,777</u>	<u>\$ 244,818</u>	<u>\$ 1,807,999</u>	<u>\$ 2,686,275</u>	<u>\$ 2,723,799</u>
<b>Transfers &amp; Capital Contributions</b>					
Capital Contributions	\$ 1,578,826	\$ 9,919,851	\$ 5,143,394	\$ 9,854,903	\$ 7,071,156
Transfers In	3,799,484	2,977,721	3,288,071	5,968,828	6,359,937
Transfers Out	(3,799,484)	(2,977,721)	(3,288,071)	(5,968,828)	(6,359,937)
Total Transfers & Capital Contributions	<u>\$ 1,578,826</u>	<u>\$ 9,919,851</u>	<u>\$ 5,143,394</u>	<u>\$ 9,854,903</u>	<u>\$ 7,071,156</u>
<b>Change in Net Position</b>	<u>\$ 2,631,082</u>	<u>\$ 15,558,476</u>	<u>\$ 11,913,428</u>	<u>\$ 14,851,843</u>	<u>\$ 15,056,508</u>
<b>Net Position, Beginning of Year</b>	<u>\$ 186,253,620</u>	<u>\$ 170,695,144</u>	<u>\$ 158,781,716</u>	<u>\$ 143,929,873</u>	<u>\$ 128,873,365</u>
<b>Prior Period Adjustment</b>	<u>\$ 378,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position, End of Year</b>	<u>\$ 189,263,036</u>	<u>\$ 186,253,620</u>	<u>\$ 170,695,144</u>	<u>\$ 158,781,716</u>	<u>\$ 143,929,873</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

CHANGES IN NET POSITION – continued

	FY 2017/18	FY 2016/17	FY 2015/16	FY 2014/15	FY 2013/14
<b>Operating Revenues</b>					
Sewer Charges	\$ 12,694,346	\$ 11,196,600	\$ 10,911,091	\$ 10,758,026	\$ 10,202,898
Connection Charges	2,520,400	4,700,227	1,443,773	888,198	1,005,529
Permits, Fees & Inspections	338,446	475,524	443,885	274,971	538,220
Total Operating Revenues	<u>\$ 15,553,192</u>	<u>\$ 16,372,351</u>	<u>\$ 12,798,749</u>	<u>\$ 11,921,195</u>	<u>\$ 11,746,647</u>
<b>Operating Expenses</b>					
Collection & Treatment	\$ 7,406,709	\$ 6,756,711	\$ 6,476,122	\$ 6,403,314	\$ 6,418,108
Administrative & General	1,745,033	2,226,083	1,269,273	1,332,209	1,104,119
Technical Services	3,237,207	2,443,940	2,106,383	1,818,102	704,383
Depreciation	1,423,548	1,343,872	1,381,819	1,163,361	1,088,844
Total Operating Expenses	<u>\$ 13,812,497</u>	<u>\$ 12,770,606</u>	<u>\$ 11,233,597</u>	<u>\$ 10,716,986</u>	<u>\$ 9,315,454</u>
Operating Income (Loss)	<u>\$ 1,740,695</u>	<u>\$ 3,601,745</u>	<u>\$ 1,565,152</u>	<u>\$ 1,204,209</u>	<u>\$ 2,431,193</u>
<b>Non-Operating Revenues (Expenses)</b>					
Tax Revenue	\$ 929,449	\$ 874,218	\$ 790,587	\$ 686,237	\$ 893,954
Gain (Loss) on Sale of Asset	63,498	(27,186)	-	-	-
Interest Income	321,933	193,023	825,604	513,964	545,196
Interest Expense	(119,120)	(120,912)	(122,564)	(129,039)	14,544
Total Non-Operating Revenues	<u>\$ 1,195,760</u>	<u>\$ 919,143</u>	<u>\$ 1,493,627</u>	<u>\$ 1,071,162</u>	<u>\$ 1,453,694</u>
<b>Transfers &amp; Capital Contributions</b>					
Capital Contributions	\$ 6,680,289	\$ 2,819,904	\$ 1,957,751	\$ 2,651,181	\$ 4,099,981
Transfers In	5,469,970	4,128,264	2,451,218	1,027,284	1,527,718
Transfers Out	(5,469,970)	(4,128,264)	(2,451,218)	(1,027,284)	(1,527,718)
Total Transfers & Capital Contributions	<u>\$ 6,680,289</u>	<u>\$ 2,819,904</u>	<u>\$ 1,957,751</u>	<u>\$ 2,651,181</u>	<u>\$ 4,099,981</u>
Change in Net Position	<u>\$ 9,616,744</u>	<u>\$ 7,340,792</u>	<u>\$ 5,016,530</u>	<u>\$ 4,926,552</u>	<u>\$ 7,984,868</u>
Net Position, Beginning of Year	<u>\$ 120,878,621</u>	<u>\$ 113,537,829</u>	<u>\$ 108,521,299</u>	<u>\$ 106,767,165</u>	<u>\$ 98,782,297</u>
Prior Period Adjustment	<u>\$ (1,622,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,172,418)</u>	<u>\$ -</u>
Net Position, End of Year	<u>\$ 128,873,365</u>	<u>\$ 120,878,621</u>	<u>\$ 113,537,829</u>	<u>\$ 108,521,299</u>	<u>\$ 106,767,165</u>



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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	Restricted	Unrestricted	
2023	\$ 118,079,205	\$ 3,156,947	\$ 68,026,884	\$ 189,263,036
2022	\$ 113,805,543	\$ 3,006,902	\$ 69,441,175	\$ 186,253,620
2021	\$ 104,924,074	\$ 3,440,903	\$ 62,330,167	\$ 170,695,144
2020	\$ 98,277,454	\$ -	\$ 60,504,262	\$ 158,781,716
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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
 STATISTICAL SECTION  
 FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2023

TABLE S3 – EQUIVALENT DWELLING CONNECTIONS BY FISCAL YEAR

For the Fiscal Year Ending June 30,	Total EDU'S	Increase	% Increase
2023	36,840	829	2.25%
2022	36,011	689	1.91%
2021	35,322	463	1.31%
2020	34,859	685	1.97%
2019	34,174	729	2.13%
2018	33,445	620	1.85%
2017	32,825	991	3.02%
2016	31,834	593	1.86%
2015	31,241	341	1.09%
2014	30,900	230	0.74%
2013	30,670	315	1.03%
2012	30,355	106	0.35%
2011	30,249	125	0.41%
2010	30,124	505	1.68%
2009	29,619	104	0.35%
2008	29,515	385	1.30%
2007	29,130	465	1.60%
2006	28,665	1,044	3.05%
2005	27,790	836	3.01%
2004	26,954	783	2.95%
2003	26,160	667	2.55%

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S4 – DELINQUENT ACCOUNTS – TOTAL SEWER CHARGES

<b>For Fiscal Year Ending June, 30,</b>	<b>Delinquent Receivables</b>	<b>Delinquent Accounts</b>	<b>Total Sewer Charges</b>	<b>% Delinquent</b>
2023	\$ 438,256	1,026	\$ 16,273,142	2.69%
2022	\$ 350,989	909	\$ 15,955,824	2.20%
2021	\$ 371,323	931	\$ 15,527,905	2.39%
2020	\$ 355,843	896	\$ 15,383,211	2.31%
2019	\$ 296,622	831	\$ 14,336,548	2.07%
2018	\$ 336,459	845	\$ 12,344,700	2.73%
2017	\$ 257,783	852	\$ 11,196,600	2.30%
2016	\$ 271,300	890	\$ 10,911,100	2.49%
2015	\$ 244,165	820	\$ 10,758,000	2.27%
2014	\$ 243,315	828	\$ 10,203,000	2.38%
2013	\$ 224,416	886	\$ 10,260,000	2.19%
2012	\$ 209,925	898	\$ 9,489,000	2.21%

*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.*

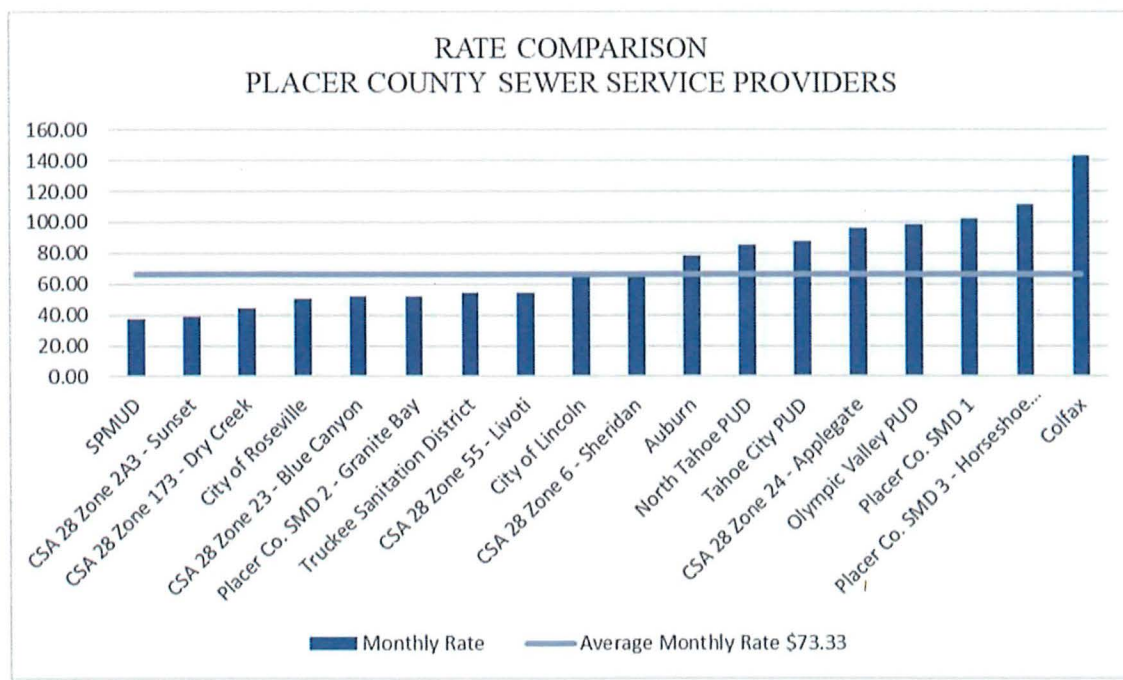
**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S5 – MONTHLY SEWER RATES & LOCAL PARTICIPATION FEES

For the Fiscal Year Ending June 30,	Sewer Service Rates per Month	Local Sewer Participation Fees
2023	\$ 36	\$ 4,827
2022	\$ 36	\$ 4,330
2021	\$ 36	\$ 4,129
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	\$ 2,100
2013	\$ 28	\$ 2,500

Below are the rate comparisons between average rates charged by other sanitary districts in Placer County. South Placer Municipal Utility District is among the lowest in the county. The average rate is \$73.33.

FIGURE 1 – RATE COMPARISON



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S6 – TEN LARGEST DISTRICT CUSTOMERS LAST 12 YEARS

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Meridian Apts	Meridian Apts	Meridian Apts	Meridian Apts
Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts
Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts
Rocklin Elem.Schools	Garnet Creek Apts	Garnet Creek Apts	Garnet Creek Apts
Garnet Creek Apts	Rocklin Elem.Schools	Rocklin High Schools	Rocklin High Schools
Rocklin High Schools	Rocklin High Schools	Villa Serena Apts	Villa Serena Apts
Villa Serena Apts	Villa Serena Apts	Sierra Lakes MH Park	Rocklin Elem.Schools
Sierra Lakes MH Park	Sierra Lakes MH Park	Rocklin Elem.Schools	Sierra Lakes MH Park
Winstead Apts	Winstead Apts	Broadstone Apts	Broadstone Apts
Sierra Gateway Apts	Sierra Gateway Apts	Ansel Park Sr Living	Sagora Senior Living
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
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
<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
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

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S7 – DEMOGRAPHICS AND ECONOMIC STATISTICS

<b>Fiscal Year Ending June 30,</b>	<b>Placer County Workforce</b>	<b>Number of Employed</b>	<b>Number of Unemployed</b>	<b>Unemployment Rate %</b>	<b>District Population</b>	<b>Median Household Income</b>
2023	194,300	186,900	7,400	3.8%	85,775	109,895
2022	191,800	185,500	6,300	3.3%	84,591	104,226
2021	186,900	176,900	10,000	5.3%	76,672	95,371
2020	181,000	167,000	14,000	7.7%	76,136	89,691
2019	186,600	180,400	6,200	3.3%	68,415	84,357
2018	183,900	177,800	6,100	3.3%	68,325	80,728
2017	179,800	171,800	8,000	4.5%	66,525	76,600
2016	176,800	167,900	8,900	5.0%	64,974	71,435
2015	175,800	164,800	11,000	6.3%	63,324	70,490
2014	175,800	162,300	13,500	7.7%	62,790	70,100
2013	174,900	158,500	16,400	9.4%	61,800	69,800
2012	173,700	154,900	18,800	10.8%	61,200	68,800

*Source: State of California, Employment Development Department*

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S8 – PLACER COUNTY LARGEST EMPLOYERS

2023		2013	
Business or Organization	No. of Employees	Business or Organization	No. of Employees
Sutter Health	6,223	Kaiser Permanente	3,860
Kaiser Permanente	5,865	Hewlett-Packard	3,200
Placer County	2,585	Sutter Health	2,299
Thunder Valley Casino Resort	2,300	Placer County	2,240
Sierra Joint Community College	1,900	Union Pacific Railroad	2,000
Palisades Tahoe	1,321	Thunder Valley Casino Resort	2,000
City of Roseville	1,320	Northstar CA	1,950
Roseville City School District	1,286	Roseville City School District	1,140
Safeway	1,217	PRIDE Industries	1,021
Pacific Gas & Electric	1,120	City of Roseville	982

*Source: Sacramento Business Journal, May 2023 & June 2013*

SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
 STATISTICAL SECTION  
 FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2023

TABLE S9 – TOP TEN TAXPAYERS – PLACER COUNTY

<u>Taxpayer Name</u>	<u>Total Tax</u>	<u>Net Taxable Value</u>
Pacific Gas and Electric Company	\$ 19,016,323	\$ 1,017,055,004
Roseville Shoppingtown LLC	\$ 5,556,753	\$ 533,694,999
Cellco Partnership	\$ 3,916,041	\$ 209,413,947
John Mourier Construction INC	\$ 3,168,123	\$ 130,944,837
Liberty Utilities (Calpeco Electric), LLC	\$ 2,526,250	\$ 135,093,603
Briet Wave MF SC Owner LLC	\$ 1,693,991	\$ 164,001,133
Roseville Fountains LP	\$ 1,610,625	\$ 77,984,814
Harvest-USIV LLC & Harvest-USHII LLC	\$ 1,601,087	\$ 115,816,058
Taylor Morrison Of California LLC	\$ 1,565,358	\$ 60,328,071
Bickford Improvement Company LLC	\$ 1,530,375	\$ 14,201,454

*Source: Placer County*



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

TABLE S10 – TEN-YEAR CAPITAL SPENDING - FY 2013/14 TO FY 2022/23

<b>Capital Project Review</b>	<b>FY 2022/23</b>	<b>FY 2021/22</b>	<b>FY 2020/21</b>	<b>FY 2019/20</b>	<b>FY 2018/19</b>
Archiving/Disaster Plan	\$ -	\$ -	\$ -	\$ 7,200	\$ 22,120
Backhoe Replacement	-	-	-	-	-
Board Room Upgrades	-	-	8,945	-	-
Lateral Cameras	29,770	-	13,860	-	-
CCTV Software & Equipment	-	-	13,076	-	-
Computers/Office Furniture	-	30,502	4,481	22,278	58,608
Corp Yard Improvements	3,359,961	574,403	145,252	58,180	42,014
Cured in Place Pipe/System Rehab	-	-	481,432	13	363,429
Data Acquisition	-	-	610	897	4,585
District Participation in Regional Projects	643,658	306,681	24,360	-	102,032
Easement Acquisitions, Repairs, and Upgrades	16,900	-	1,284	26,527	18,274
Energy Upgrades	-	-	-	-	24,128
Emergency Bypass Equipment	-	48,200	-	-	-
Five Star Outfall Recorder Replacement	-	-	-	-	13,022
Foothill Trunk Project	-	185,405	2,511,379	989,186	13,484
General Equipment	14,016	8,411	23,114	5,998	16,373
HRF Creek Crossings	38,954	-	-	-	-
HQ HVAC Repair/Replacement	31,035	-	-	-	-
Lift Station Flow Recorders	13,576	-	-	-	-
Lift Station Rehab/ Pump Replacement	-	-	-	1,693	-
Lower Clover Valley Trunk Design	61,424	5,375	-	-	9,777
Lower Loomis Diversion Trunk Project	-	-	-	27,673	2,635,603
Newcastle Master Plan Improvements	30,288	6,464	123,902	400	8,105
Pipe Trailer Replacement	8,929	-	-	-	5,972
Rocklin 60 Reimbursement	-	-	314,306	-	157,153
Safety Equipment & Training Aids	-	-	-	-	4,763
SCADA	246,032	86,064	-	73,396	-
System Improvements & Rehabilitation	320,180	7,980	-	-	18,113
Telephone & Communication Replacements	-	-	-	-	175,267
Upper Antelope Creek - East Trunk Project	-	-	-	-	-
Vehicle Purchases and Upgrades	238,839	228,661	98,490	323,446	-
Whitney Ranch Recorder	-	-	-	-	-
<b>Total Capital Improvements</b>	<b>5,053,562</b>	<b>\$ 1,488,146</b>	<b>\$ 3,764,490</b>	<b>\$ 1,536,886</b>	<b>\$ 3,692,822</b>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

<b>Capital Project Review</b>	<b>FY 2017/18</b>	<b>FY 2016/17</b>	<b>FY 2015/16</b>	<b>FY 2014/15</b>	<b>FY 2013/14</b>
Archiving/Disaster Plan	\$ -	\$ -	\$ -	\$ -	\$ -
Backhoe Replacement	-	-	-	101,761	-
Board Room Upgrades	-	-	6,057	-	-
Lateral Cameras	20,677	6,424	-	28,204	-
CCTV Software & Equipment	-	-	-	-	6,308
Computers/Office Furniture	9,516	17,978	4,255	81,135	169,280
Corp Yard Improvements	13,104	48,088	120,029	57,505	176,121
Cured in Place Pipe/System Rehab	778,148	-	220,000	495,584	259,284
Data Acquisition	4,002	8,821	20,915	33,297	409,000
District Participation in Regional Projects	240,058	-	-	-	-
Easement Acquisitions, Repairs, and Upgrades	22,623	29,091	35,000	30,740	-
Energy Upgrades	-	-	-	-	-
Emergency Bypass Equipment	-	-	-	-	-
Five Star Outfall Recorder Replacement	-	-	-	-	-
Foothill Trunk Project	16,974	85,535	216,414	-	-
General Equipment	106,256	75,715	35,983	24,635	8,612
HRF Creek Crossings	-	38,954	-	-	-
HQ HVAC Repair/Replacement	-	-	-	-	-
Lift Station Flow Recorders	-	-	-	-	-
Lift Station Rehab/ Pump Replacement	-	-	4,415	34,817	12,533
Lower Clover Valley Trunk Design	12,149	45,330	-	-	-
Lower Loomis Diversion Trunk Project	6,690,017	643,627	43,119	69,998	-
Newcastle Master Plan Improvements	222,695	59,256	-	-	-
Pipe Trailer Replacement	-	-	40,000	-	-
Rocklin 60 Reimbursement	-	314,306	-	-	-
Safety Equipment & Training Aids	-	-	-	1,945	-
SCADA	-	-	-	205,867	88,557
System Improvements & Rehabilitation	64,575	6,795	-	9,982	-
Telephone & Communication Replacements	-	-	6,500	8,300	-
Upper Antelope Creek - East Trunk Project	-	-	-	-	547,456
Vehicle Purchases and Upgrades	908,821	200,609	3,366	208,623	146,644
Whitney Ranch Recorder	-	-	-	29,744	-
<b>Total Capital Improvements</b>	<b>\$ 9,109,615</b>	<b>\$ 1,580,529</b>	<b>\$ 756,053</b>	<b>\$ 1,422,137</b>	<b>\$ 1,823,795</b>



November 28, 2023

To the Board of Directors  
South Placer Municipal Utility District

We have audited the financial statements of the business-type activities and each major fund of South Placer Municipal Utility District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Placer Municipal Utility District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by South Placer Municipal Utility District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the net pension liability is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation is based on the District's capitalization policy. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefit liability is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment A summarizes misstatements detected as a result of audit procedures and were corrected by management. Attachment B summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 28, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to South Placer Municipal Utility District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as South Placer Municipal Utility District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis (MD&A), the schedule of the District's proportionate share of the net pension liability, the schedule of contributions to the cost-sharing defined benefit pension, and the schedule of changes in the District's net OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and statistical sections of the Annual Comprehensive Financial Report, which accompany the financial statements but are not RSI. Such information has 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 it.

### Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of South Placer Municipal Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



MUN CPAs, LLP

SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SUMMARY OF AUDIT ADJUSTMENTS  
June 30, 2023

Description	Effect - Increase (Decrease)				
	Assets & Deferred Outflows	Liabilities & Deferred Inflows	Equity	Revenues	Expenses
<u>Prior Year Differences</u>					
True-up of unapplied credits to revenue	\$ 459,749		\$ 378,334	\$ 81,415	
<u>Current Year Differences</u>					
To true up net position liability per actuarial report and valuation	\$ 1,895,598	\$ 1,692,701			\$ (202,897)
To adjust OPEB net liability per valuation	\$ 621,832	\$ 694,980			\$ 73,148
<b>Total Income Statement Effect</b>				<u>\$ 81,415</u>	<u>\$ (129,749)</u>
<b>Balance Sheet Effect</b>	<u>\$ 2,977,179</u>	<u>\$ 2,387,681</u>	<u>\$ 378,334</u>		

SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SUMMARY OF PASSED AUDIT ADJUSTMENTS  
June 30, 2023

Description	Effect - Increase (Decrease)				
	Assets & Deferred Outflows	Liabilities & Deferred Inflows	Equity	Revenues	Expenses
<u>Current Year Differences</u>					
To agree accounts payable aging to the trial balance		\$ 3,728			\$ 3,728
<b>Total Income Statement Effect</b>				<u>\$ -</u>	<u>\$ 3,728</u>
<b>Balance Sheet Effect</b>	<u>\$ -</u>	<u>\$ 3,728</u>	<u>\$ -</u>		

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STAFF REPORT**

**To:** Board of Directors  
**From:** Eric Nielsen, Superintendent  
**Cc:** Herb Niederberger, General Manager  
**Subject:** Resolution 23-40, Tree Removal Services  
**Date:** December 7, 2023

---

**Overview**

District staff has identified the need to remove trees that have grown within sewer easements and over the top of sewer pipelines.

Cooperative purchasing programs allow member public agencies to aggregate individual purchasing power and achieve greater volume discounts. Public agencies competitively solicit and award agreements which are then made available to other member agencies. By using this process, local governmental agencies can achieve better pricing and streamline purchasing by removing repetitive, resource-intensive, and costly bid procedures associated with routine purchases. The District currently uses these types of programs to purchase goods and services such as janitorial supplies, employee uniforms, and vehicles.

The California Multiple Award Schedule (CMAS) Program offers a wide variety of commodities, products, and services at prices that have been assessed to be fair, reasonable, and competitive. Public Contract Code (PCC) § 10290 et seq. and 12101.5 include approval for local government agencies to use CMAS for the acquisition of products and services. Public Contract Code (PCC) § 10298 and 10299 authorizes local government agencies and school districts to use CMAS and other Department of General Services (DGS) agreements without competitive bidding. Section 8 of the District's Purchasing Policy (Policy 3150) allows the District to enter purchase contracts with a supplier when the pricing and terms have been previously established by a public entity such as the CMAS Program.

Tree Pro Services, Inc./Ross Tree Expert Company (Tree Pro) is a participating vendor in the CMAS Program (CMAS Number 4-09-03-0378A). Tree Pro is equipped and has the expertise to work both in the street and in open-space environments. Tree Pro employs a certified arborist and provides scheduled, on-call, and stand-by services. The City of Rocklin uses Tree Pro for tree removal services. Using the same vendor as the City for these services will likely improve coordination and the scheduling of work.

**Recommendation**

Staff recommends the Board of Directors adopt Resolution 23-40, authorizing the General Manager to purchase tree removal services through a piggyback procurement through California Multiple Award Schedule (CMAS) Contract 4-09-03-0378A with Tree Pro Services, Inc./Ross Tree Expert Company for the fiscal year 2023/24 with a not-to-exceed amount of \$125,000.

**Strategic Plan Priorities**

This action is consistent with SPMUD Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies.

**Related District Ordinances and Policies**

This action complies with the following District Policy(ies)

- Policy No. 3150 – Purchasing Policy
  - o Section 1 – Purchasing Authorization
  - o Section 8 – Piggyback Procurements

**Fiscal Impact**

The costs of tree removal/arborist services will be charged against the existing and approved Fund 100 budget line item for professional services and will not exceed the authorized amount without written Board approval.

**Attachments**

1. Resolution 23-40 Tree Removal Services



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**RESOLUTION NO. 23-40**

**AUTHORIZATION TO PURCHASE TREE REMOVAL SERVICES  
THROUGH A PIGGYBACK PURCHASING AGREEMENT  
FOR FISCAL YEAR 2023/24**

WHEREAS, South Placer Municipal Utility District, hereinafter called SPMUD, is required to remove trees from its easements to protect and provide access to its sewer facilities, and

WHEREAS, public agencies can use cooperative purchasing programs to aggregate individual purchasing power and achieve greater volume discounts, achieve better pricing, and streamline purchasing by removing resource-intensive bidding procedures, and

WHEREAS, the SPMUD Purchasing Policy (Policy 3150) Section 8 allows for SPMUD to enter purchase contracts through piggyback procurements provided the contract meets the specified requirements of the policy, and

WHEREAS, the California Multiple Award Schedule (CMAS) Contract 4-09-03-0378A with Tree Pro Services, Inc./Ross Tree Expert Company (Tree Pro) meets the requirements of SPMUD Purchasing Policy 3150, and

WHEREAS, the SPMUD Purchasing Policy (Policy 3150) Section 1 requires the approval of the Board of Directors for commitments that exceed \$50,000.

NOW, THEREFORE BE IT RESOLVED, that the South Placer Municipal Utility District Board of Directors authorizes the General Manager to purchase tree removal services through a piggyback procurement through California Multiple Award Schedule (CMAS) Contract 4-09-03-0378A with Tree Pro Services, Inc./Ross Tree Expert Company for the fiscal year 2023/2024 with a not-to-exceed amount of \$125,000.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 7<sup>th</sup> day of December 2023.

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

Attest: \_\_\_\_\_  
Emilie Costan, Board Secretary

**GENERAL MANAGER REPORT**

To: Board of Directors  
From: Herb Niederberger, GM  
Date: December 7, 2023  
Subject: General Manager Monthly Staff Report – November 2023

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**1) DEPARTMENT REPORTS**

Attached are the monthly status reports for the Board's information:

- A. Administrative Services Department,
- B. Field Services Department, and
- C. Technical Services Department.

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

**2) INFORMATION ITEMS**

- A. On November 1, 2023, the General Manager along with Director Jewell, attended the Rocklin Chamber of Commerce Government Relations Committee meeting to hear an update from Justin Caporusso, Executive Director of the Mountain Counties Water Resource Association.
- B. On November 7, 2023, the General Manager attended the Quarterly Loomis Basin Chamber Joint Economic Development/Government Relations Committee meeting to hear briefings from Federal, State, and local government representatives.
- C. On November 16, 2023, the current class of Leadership Rocklin met in the District's training room to hear the General Manager, District Superintendent, Eric Nielsen, and District Engineer, Carie Huff, present information regarding essential operations and maintenance of District facilities to the attendees as part of their Transportation and Infrastructure element.
- D. On November 21, 2023, the General Manager participated in the annual decorating of the Koinonia Family Services Homes for Teens in the Short-Term Residential Treatment Program.
- E. On November 22, 2023, the General Manager joined other District personnel and participated in the Day-Before-Thanksgiving Day Parade in Loomis.

F. Advisory Committee Meetings:

- i. On November 9, 2023, President Williams and Vice-President Durfee participated in a 2x2 meeting with representatives from the Town of Loomis to discuss 1) District monthly service charges; 2) the District’s tree removal plans; 3) Loomis updates on the culvert replacement at Sierra College and Taylor Road, Hidden Grove subdivision and BEM residential housing proposal off Sierra College Blvd; and 4) Bankhead road R/W and sewer easement.
- ii. On November 29, 2023, the Fee and Finance Advisory Committee met to discuss: 1) budget to actual review; 2) audit results and findings; 3) CEPPT and CERBT returns; 4) investment returns and future allocations; and 5) a proposal for fee deferral for the senior Low-Income Housing portion of the College Park development project.

3) **PURCHASE ORDERS/CONTRACTS INITIATED UNDER GENERAL MANAGER AUTHORITY**

<b>PO Req#</b>	<b>Date</b>	<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
278	11/14/23	Duke’s Root Control	Root control chemicals	\$9,545.25
279	“	PAC Machine Co.	Rep. 37 HP submersible pump	\$6,954.52
280	“	Flo Line Technology	Disassembly and repair Flygt Pump	\$14,354.34
281	“	Flo Line Technology	Rep 25 HP submersible pump LS05	\$22,481.12

4) **LONG RANGE AGENDA**

**January 2024**

- Selection of Officers
- GM Goals
- Participation Fee FAQs and Regional Fee Comparison
- Notice of Completion for the Corp Yard Addition and Tenant Improvement Project

**February 2024**

- Quarterly Investment Report
- Mid-Year Budget Adjustments

Item 7.2.1

ITEM VIII. 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 7, 2023

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**Management Discussion & Analysis**

The Administrative Services Manager prepared the Transmittal Letter, Management Discussion and Analysis, and Statistical Sections included in the Annual Comprehensive Financial Statements presented to the Board at this evening's Board meeting.

**457 Providers**

The Administrative Services Manager has begun the process of reviewing fees and procurement options for the District's 457 and 401 services. The District currently utilizes three different providers for these services and is looking to reduce costs and obtain the best customer service for District participants.

**CSDA Clerk/Board Secretary Conference**

The Administrative Services Manager attended the California Special District Association's Clerk/Board Secretary Conference from November 6<sup>th</sup> through the 8<sup>th</sup>. This was the first year that the ASM attended this annual conference.

**Fee and Finance Advisory Committee**

The General Manager and the Administrative Services Manager presented a fiscal year 2022/23 budget to actual review, audit findings, investment returns and potential future allocations, and a potential fee deferral for the College Park development project to the Fee & Finance Committee on November 29<sup>th</sup>.

**District Outreach Events**

District staff participated in youth foster home decorating for Koinonia on November 21<sup>st</sup> and the Loomis Day Before Thanksgiving Parade on November 22<sup>nd</sup>.

**November Monthly Investment Transactions per GC §53607**

**DEPOSITS, TRANSFERS, OR WITHDRAWALS**

CalTRUST:	None
CA CLASS:	None
LAIF:	None
Placer County:	None
Five Star MM:	None

ITEM VII. FSD REPORT

**To:** Board of Directors  
**From:** Eric Nielsen, Superintendent  
**Cc:** Herb Niederberger, General Manager  
**Subject:** Field Services Department Monthly Report  
**Meeting Date:** December 7, 2023

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**Department Overview**

This section provides the Board with an update on the news and major tasks from the Field Services Department (FSD).

- 1. Training/Break Room Addition, Locker Room, and Lobby Improvements**
  - a. Work on the project is awaiting final inspection and staff anticipates bringing a Notice of Completion to the Board for its review and approval at the January Board Meeting.
  
- 2. Supervisory Control and Data Acquisition (SCADA) Replacement**
  - a. The in-field radio path testing was delayed due to equipment malfunction and is scheduled to happen the week of December 4.
  - b. A workshop was held on November 29 to review the 30% engineering design documents and provide direction for 60% design efforts.
  
- 3. Taylor Road Lift Station Damage Repair**
  - a. On September 20, a contractor for Caltrans struck the power line to the District's Taylor Road Lift Station and damaged the power line and power pole.
  - b. On November 22, the repairs to the power pole and conduit passed Placer County inspection.
  - c. On November 28, PG&E connected the lift station to the power grid, and the rented temporary portable generator was returned.
  
- 4. Demonstrate Lucity/CentralSquare Software to CASSE Group**
  - a. The District demonstrated the use of its computerized maintenance management software (i.e., Lucity) to the California Alliance for Sewer System Excellence (CASSE) Group via Zoom on November 8, 2023. The District will be one of four agencies throughout the state to share how it uses software to manage the maintenance of its collection system. CASSE is a voluntary collection of sewer collection agencies across the state that share information and collaborate to improve efficiency and innovate.

## 5. Leadership Rocklin

- a. On November 16, for the first time ever, the District hosted one of the sessions of the Leadership Rocklin program. Leadership Rocklin is a community education and engagement program organized by the Rocklin Chamber of Commerce to develop future community leaders. Twenty-five cohort members and steering committee members spent a good portion of the day in the District Training Room learning about the infrastructure (i.e., utilities and transportation) of our community.

## Reporting

This section provides the Board an overview of the Field Services Department operations and maintenance activities through 10/31/2023. The work listed is not all-inclusive.

### 1. Lost Time Accidents/Injuries (OSHA 300)

- a. Zero (0)
  - i. 2618 days without a Lost Time Accident/Injury

### 2. Safety/Training/Professional Development

- a. Field Services employees participated in training for the following:
  - i. Portable Generator Operation
  - ii. Bypass Pump Operation
  - iii. Defensive Driving
  - iv. Chemical Safety
  - v. Hand Tool Safety

### 3. Customer Service Calls

- a. Response Time Goals over the Last 12 Months

	Goal	Average	Success Rate
During Business Hours	< 30 minutes	19 min	97%
During Non-Business Hours	< 60 minutes	46 min	

### Service Calls - October

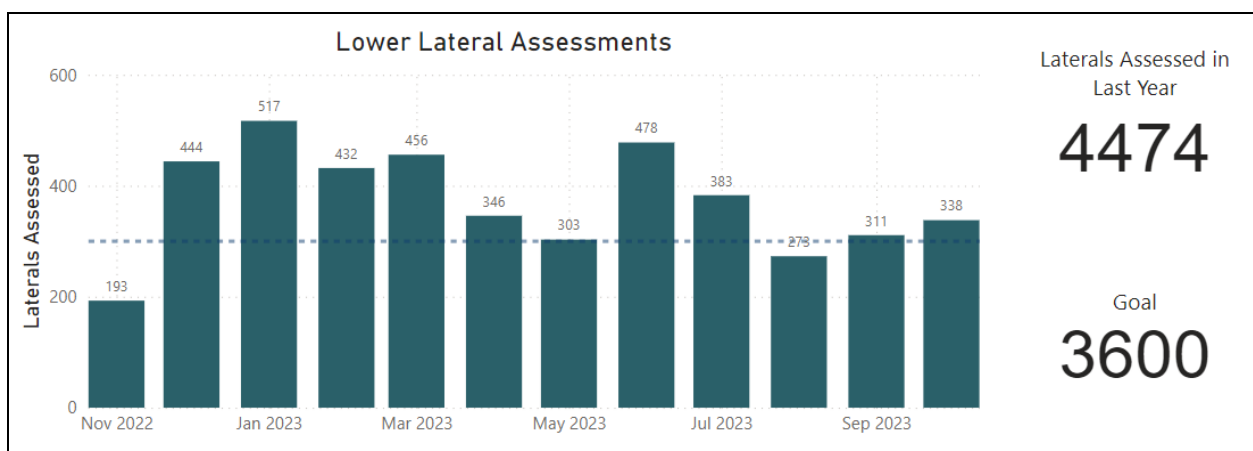
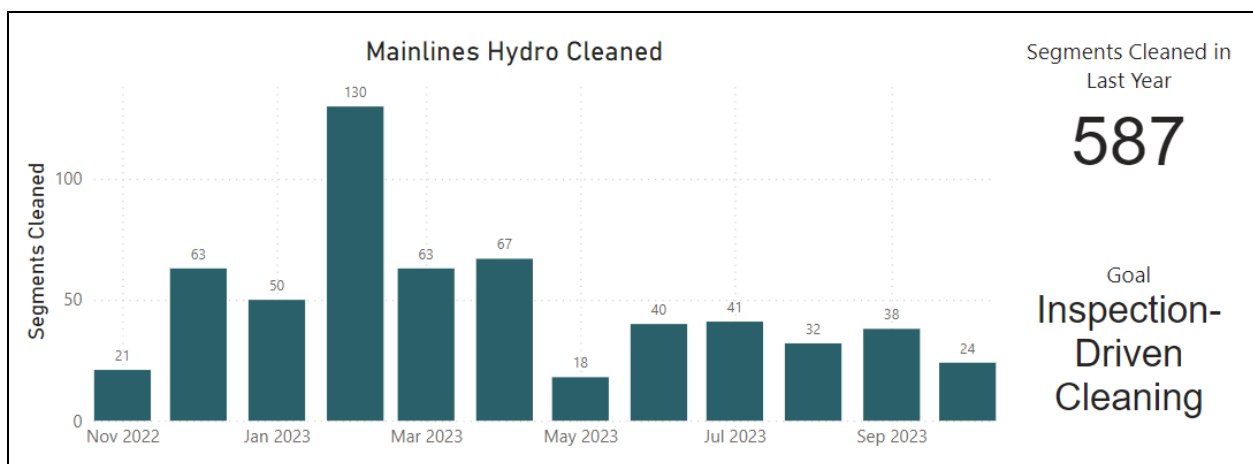
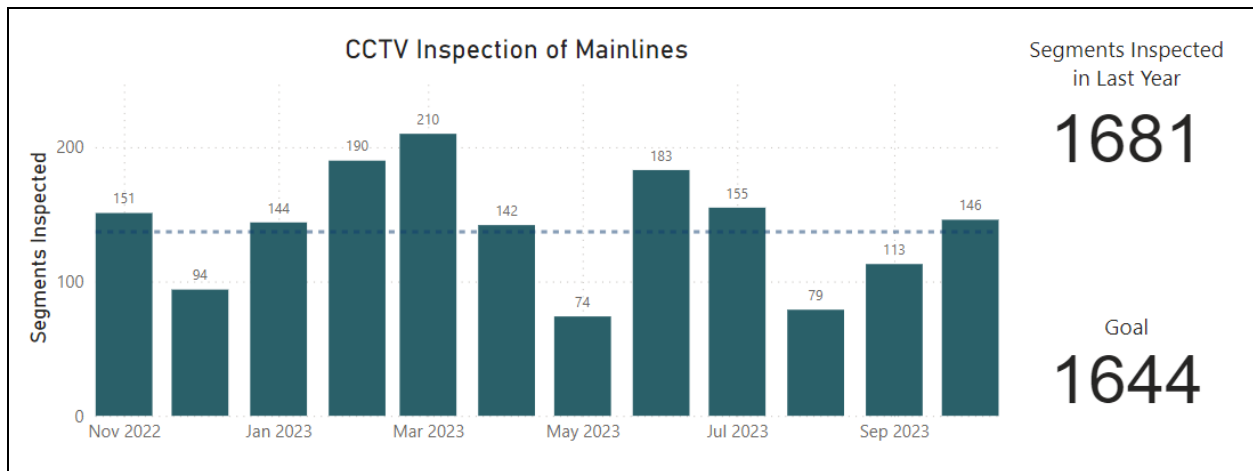
Responsibility	Spill	Stoppage	Odor	Alarm	PLSD	Vermin	Misc
SPMUD Responsibility	4						
Owner Responsibility		3			9		2
N/A			2				
<b>Total</b>	<b>4</b>	<b>3</b>	<b>2</b>		<b>9</b>		<b>2</b>

Total Service Calls

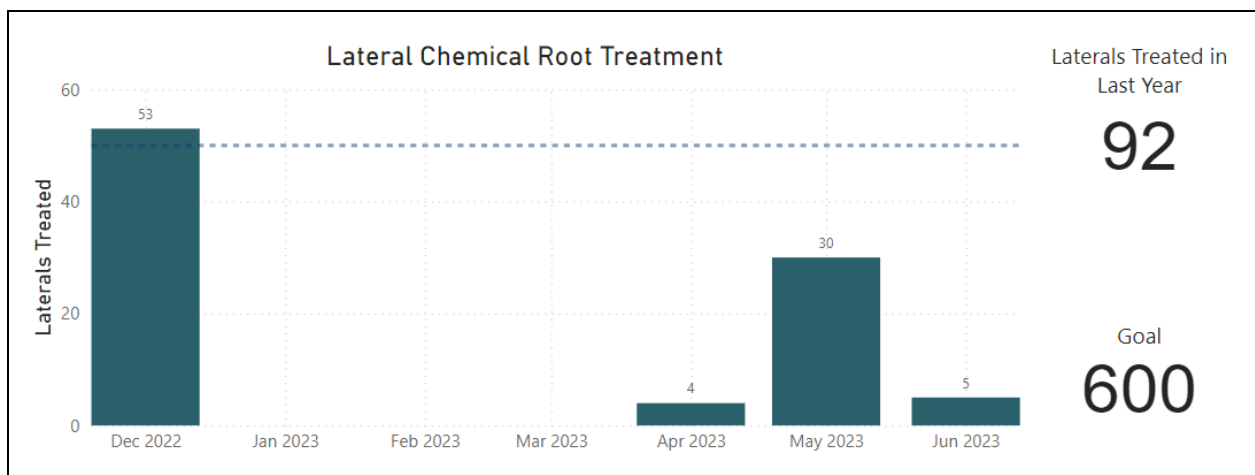
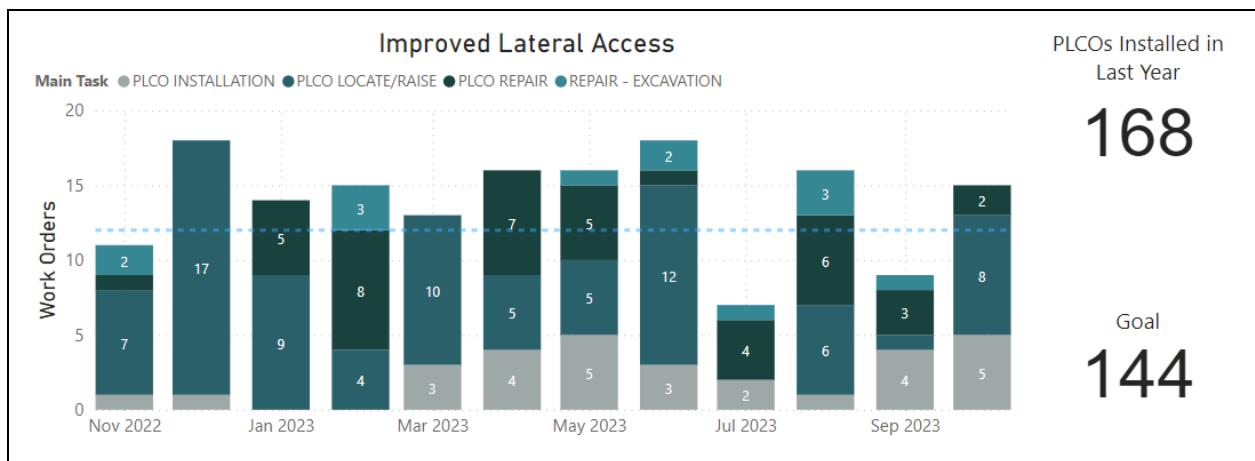
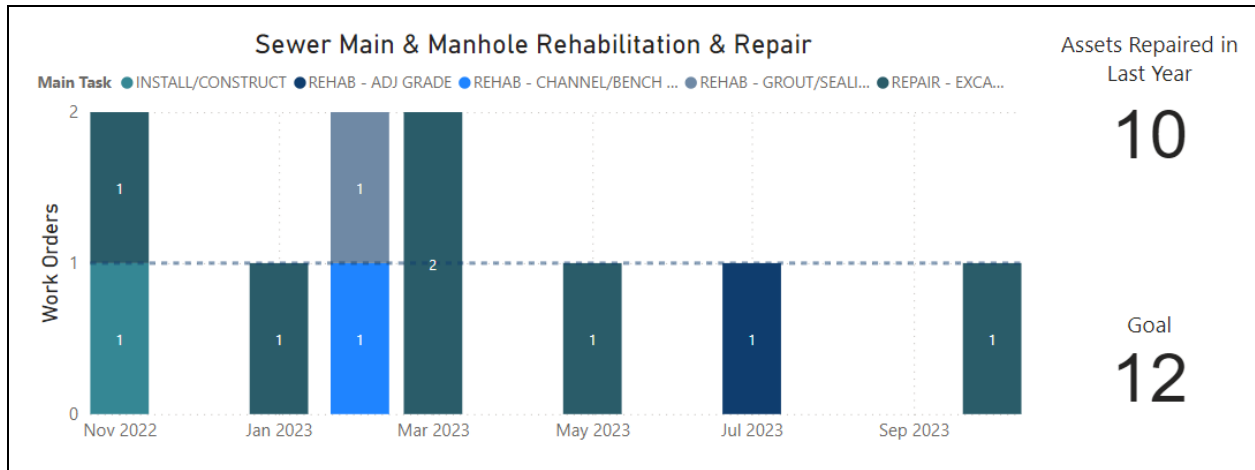
**20**

#### 4. Production

- a. The information provided below shows the work performed in key areas of focus. It does not represent all the work completed in the department.









Item 7.2.3

ITEM VII. TSD REPORT

To: Board of Directors  
From: Carie Huff, District Engineer  
Cc: Herb Niederberger, General Manager  
Subject: Technical Services Department Monthly Report  
Board Date: December 7, 2023

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**TSD Updates:**

- ❖ The Employee Engagement Committee (EEC) hosted the fall chili cook-off event and trunk or treat for employees and their families on October 26<sup>th</sup>.
- ❖ TSD staff participated in the EEC meetings on November 14<sup>th</sup> and 28<sup>th</sup>. The EEC is currently planning the holiday team-building event.
- ❖ The District Engineer participated in the Loomis Union School District (LUSD) quarterly meeting to discuss upcoming LUSD projects.
- ❖ The District Engineer participated in the Loomis 2x2 meeting to discuss current and upcoming projects.
- ❖ The District hosted the current Leadership Rocklin class on November 16<sup>th</sup> where the General Manager, Superintendent, and District Engineer presented as part of the Transportation and Infrastructure session.
- ❖ On November 21<sup>st</sup>, District staff decorated the Koinonia school and group homes for the holiday season.
- ❖ On November 22<sup>nd</sup>, TSD staff participated in the Loomis Day Before Thanksgiving Parade.
- ❖ The District Engineer attended the SPWA Partners meeting on November 21<sup>st</sup>.
- ❖ The District Engineer attended the Fee and Finance Committee meeting on November 29<sup>th</sup>.
- ❖ The repairs at the Taylor Road Lift Station associated with the damage caused by a Caltrans contractor are complete. The District will be submitting the costs of the pole and conduit repair, generator rental, fueling costs, and staff time as part of the claim.
- ❖ The first quarter commercial audit of FY2023/24 is complete.
- ❖ TSD staff is working on updates to the District's Standard Specifications and Improvement Standards for Sanitary Sewer to align with the Sewer Code updates and to Chapter 4 – Wastewater Pump Stations. Updates to the Wastewater Pump Station standards are anticipated in the Spring of 2024.

### **Northwest Rocklin Sewer Annexation Construction Project (formerly known as Atherton Trunk)**

There is no update on the City's acquisition of easements, which is the last remaining item for project acceptance.

### **Sierra College Trunk and Lift Station Abandonment, Rocklin**

TSD staff is coordinating access with property owners to complete a preliminary survey in early 2024.

### **Cameo Court Trunk and Lift Station Abandonment, Rocklin**

WaterWorks Engineers completed the preliminary survey and are working on potential alignments.

### **PCWA / Newcastle Construction Cooperation Project**

GHD is in the midst of the final design. TSD staff is working with PCWA to meet with property owners where rerouting sewer laterals will occur on private property.

### **Jack in the Box Sewer Replacement Project**

TSD staff met with Uborra to review three design alternatives. The District provided feedback and Uborra is proceeding with design. The District also met with the City of Rocklin to review the project and address concerns.

### **Del Rio Court and Delmar Sewer Extension Project**

2M Locating, Inc. completed potholing along the Delmar Avenue alignment every 100 feet at the beginning of November. Some rock was discovered along the northern end of Delmar Avenue which will be included on the plans and in the bid documents.

Staff anticipates that the project will go to bid in early January with an award in April of 2024.

### **Johnson Springview Park Creek Crossing, Rocklin**

WaterWorks Engineers and their sub-consultant, Helix Environmental Planning, have completed preliminary biological and cultural resource field surveys and records searches for the project. The preliminary results indicate close proximity to sensitive tribal resources and that this segment of Antelope Creek is identified as an essential fish habitat for listed salmonids. District staff will be meeting with the consultant team in the coming weeks to determine the next steps.

### **Taylor Road Crossing, Newcastle**

The survey is complete and design is underway.

### **Main Street, Newcastle**

The survey is complete and design is underway.

### **Newcastle Data Collection**

Burrell Consulting began the survey in October and anticipates that the data collection will occur over the next six months. The District sent outreach letters to residents in Newcastle notifying them of the project and what to anticipate. Staff also prepared door hangers to notify residents within 48 hours of when the survey will occur on private property.

### **Farron Street Sewer Trunk Replacement**

TSD staff is currently working on the contract documents to release for bidding.

### **Proposed Annexation of the Castle City Mobile Home Park in Newcastle**

The District is coordinating with Coleman Engineering to provide information for the funding application.

### **Local Agency Formation Commission (LAFCO)**

LAFCO's Executive Officer is preparing the Request for Proposals for the Municipal Service Review (MSR) and Sphere of Influence Study. Both are included in the 2023/24 work plan.

Additional information will be provided at a future board meeting as the annexation application to LAFCO is refined.

### **FOG Program**

A repeat sanitary sewer overflow (SSO) occurred at the grease control device (GCD) at the Denny's in Newcastle. The first discovery of an SSO occurred nearly a year ago during a routine inspection. At that time, District staff worked with the ownership group to clean up the SSO and maintain the GCD on an appropriate cleaning frequency (minimum pump outs and cleaning every three months). The ownership group was cooperative and understood that if another SSO occurred in the future with the existing infrastructure in place, replacement and additional requirements may be imposed. Since another SSO occurred in November, District staff again worked with the ownership group and their preferred plumber to clean up the SSO and assess the existing infrastructure in further detail. Through this process, it was determined that replacement of the GCD is required. District staff is awaiting the tenant improvement submittal to review the plan to update this location to meet current requirements.

The District issued a Stipulation and Administrative Order in Lieu of Enforcement of the Notice of Violation to Lucille's with a response deadline of December 1<sup>st</sup>. The stipulation and administrative order allows Lucille's to postpone the replacement of the grease control device as originally outlined in the conclusion and order in the notice of violation but they are required to pay for an outside laboratory to test the effluent weekly for six months. The testing will demonstrate whether more frequent cleaning of the GCD and robust best management practices in the kitchen result in the effluent meeting the local, state, and federal discharge requirements. If the results of the operational changes implemented still do not meet the discharge limitations, Lucille's will be responsible for the replacement of the GCD along with the other corrective actions included in the NOV. Lucille's has requested an extension to review and respond to the stipulation and administrative order and the District has granted the request.

### **Industrial Pretreatment**

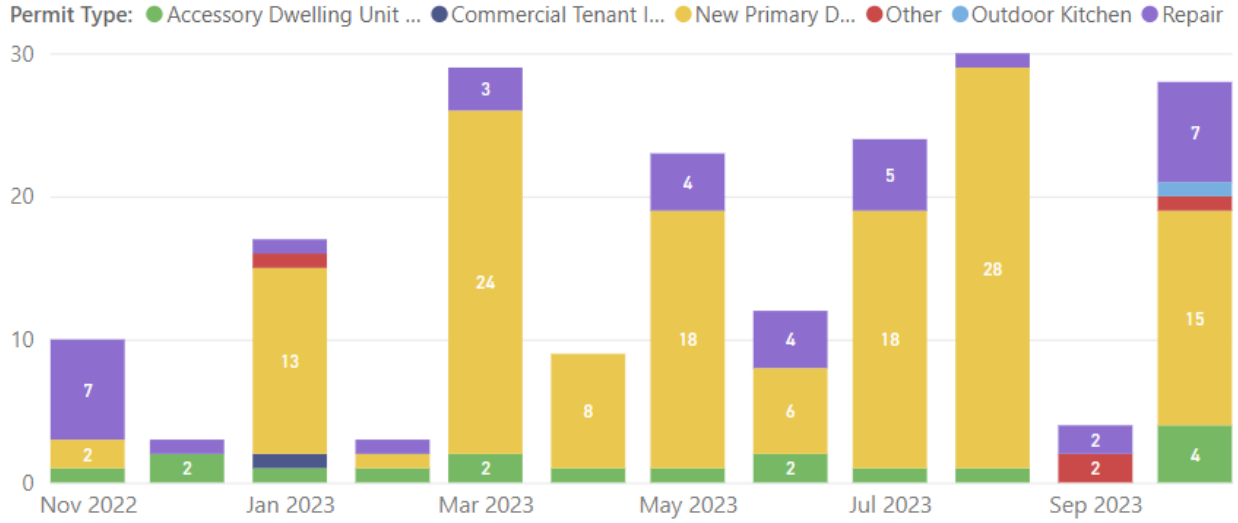
District staff continues to coordinate with the City of Roseville's Industrial Waste Department regarding the Industrial Pretreatment Program. The City is preparing the Brewery Characterization Study for the District's review.

The City of Roseville is also preparing a Request for Proposals to evaluate and update the Industrial Pretreatment Program. Part of the review and update will include potential funding mechanisms for the program.

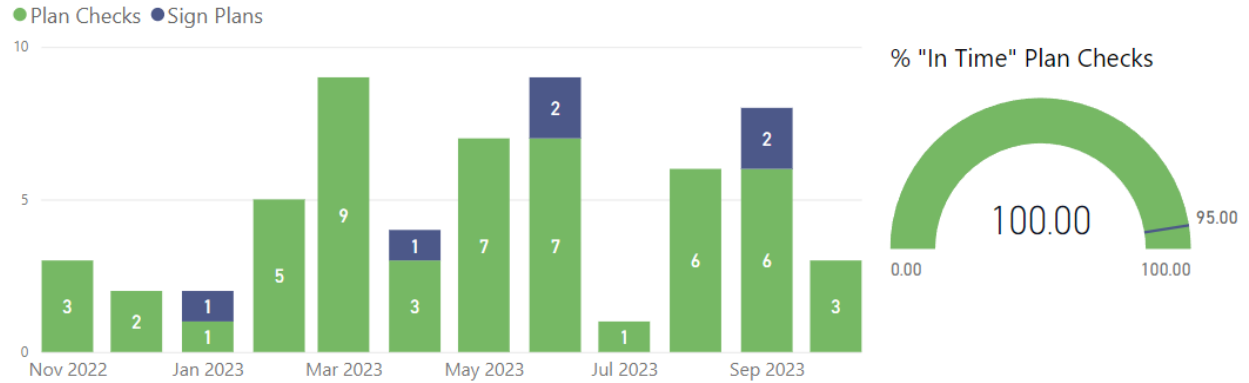
### **Department Performance Indicators**

The following charts depict the efforts and performance of the department in the following areas of work as of October 31, 2023. 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.

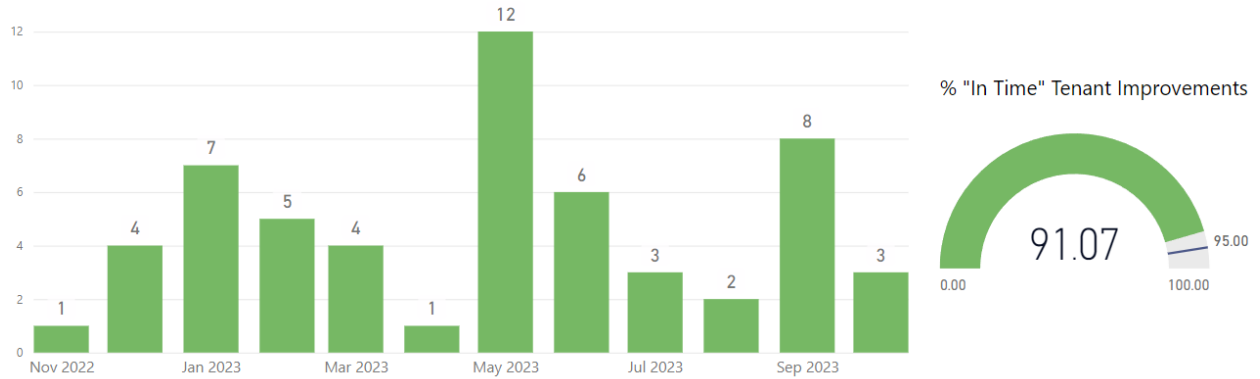
## Sewer Permits - Completed - Monthly Totals



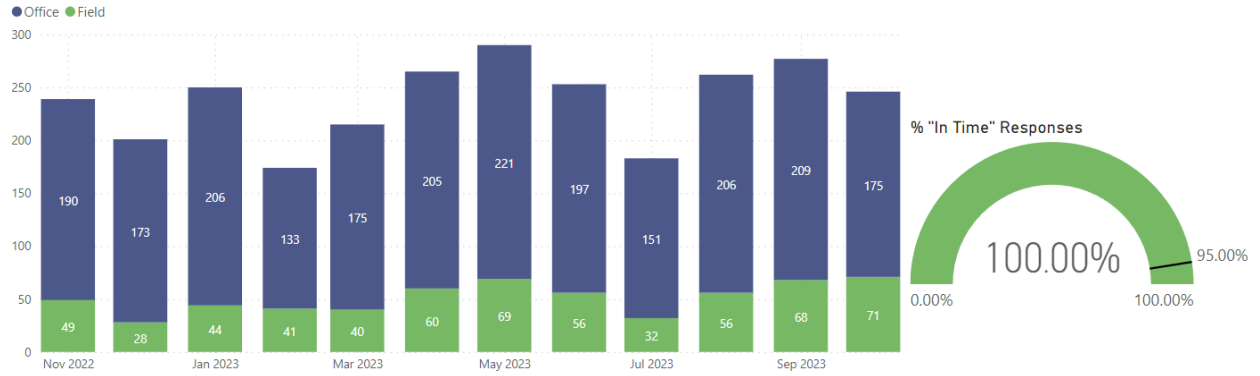
## Plan Checks Completed - Monthly Totals



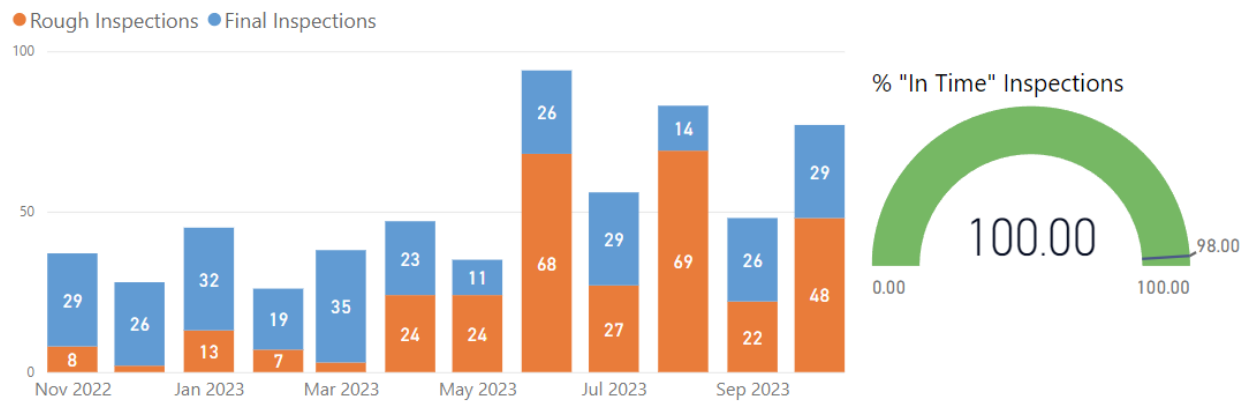
## Tenant Improvement Reviews Completed - Monthly Totals



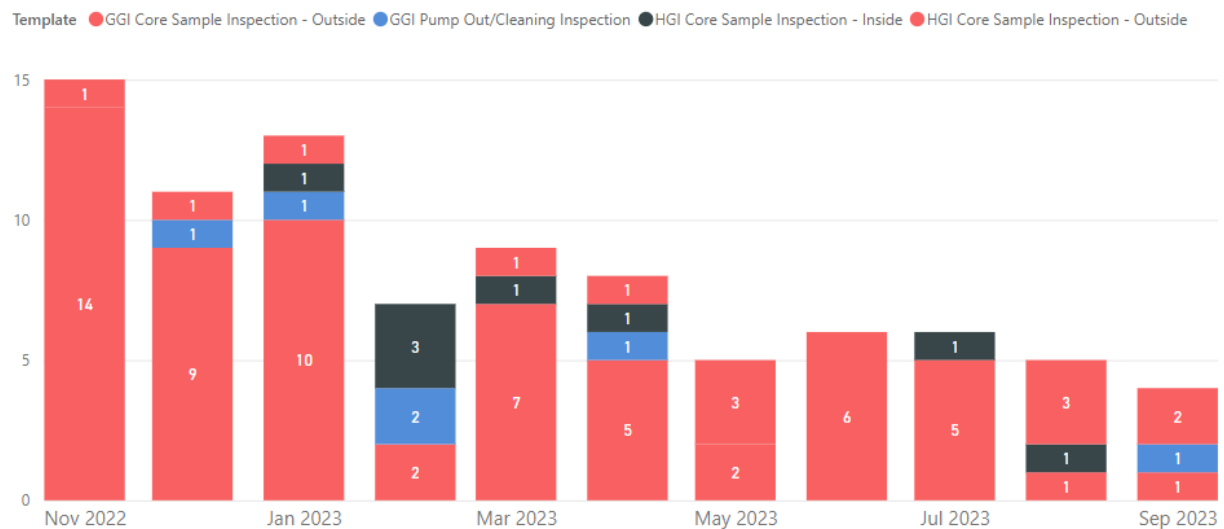
### 811 Responses



### Building Sewer Inspections - Monthly Totals

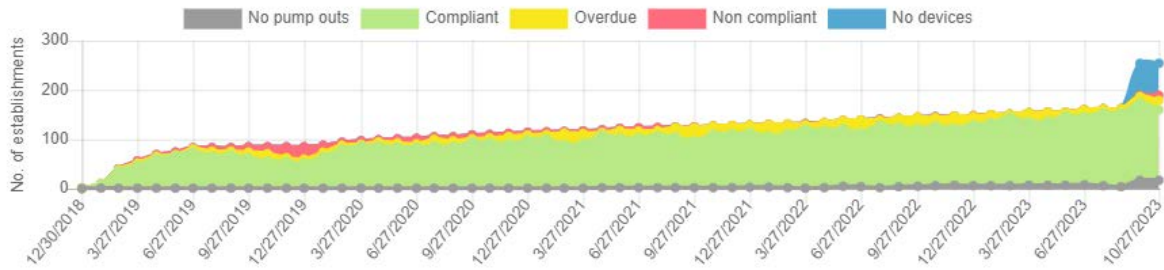


### Grease Interceptor Inspections



There were no grease control device inspections completed in October due to staffing demands in other areas.

## FOG Compliance History



SwiftComply updated the program to include facilities that do not have a grease control device. This blue area indicates food service establishments that either have no devices or have not been investigated or inspected yet.

## FOG Pickups - Monthly Totals

