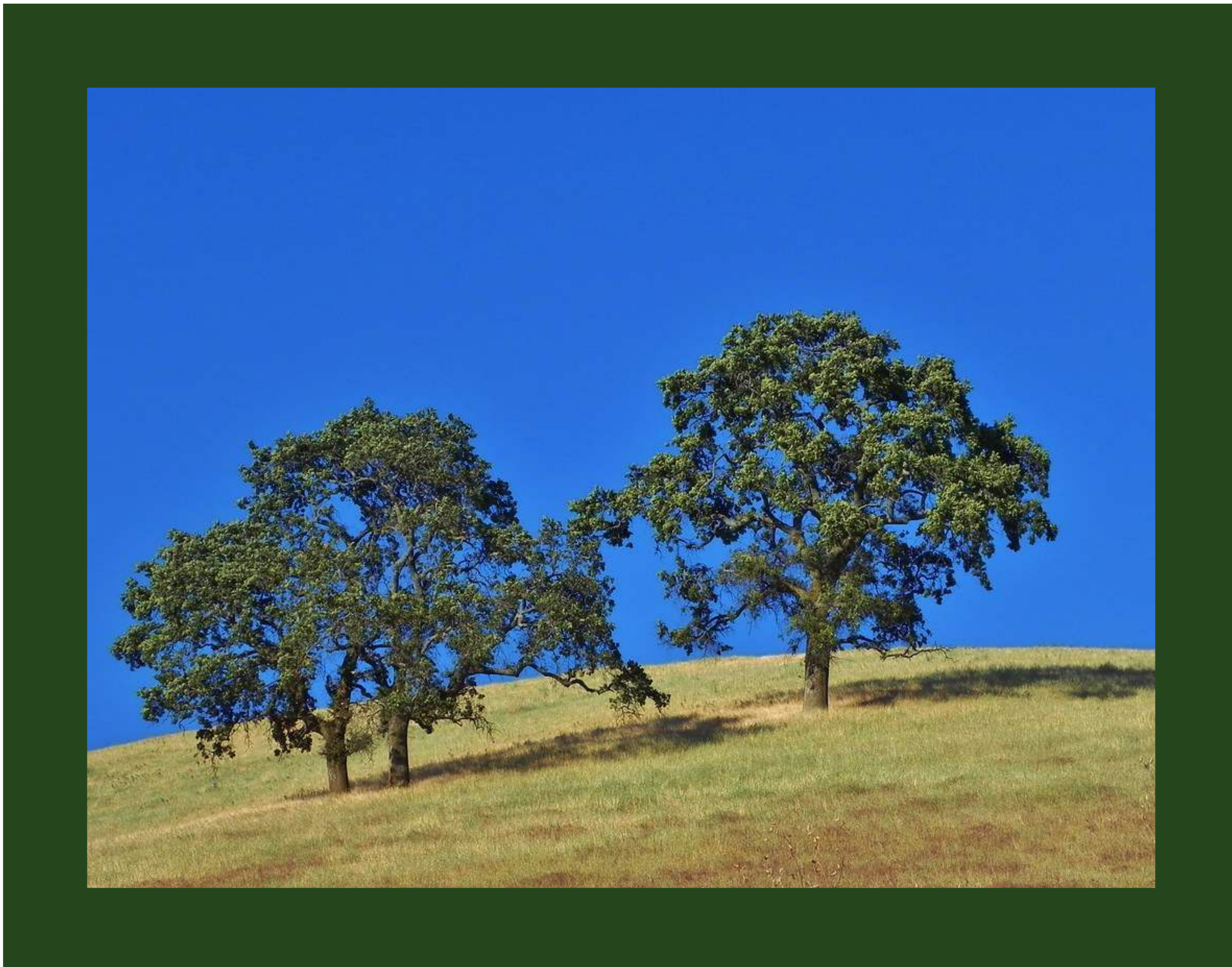

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2024

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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024

PROTECT public health and the water environment.

PROVIDE efficient and effective sanitary sewer service.

PREPARE for the future.

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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

TRANSMITTAL LETTER

December 5, 2024

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, 2024. 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. 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

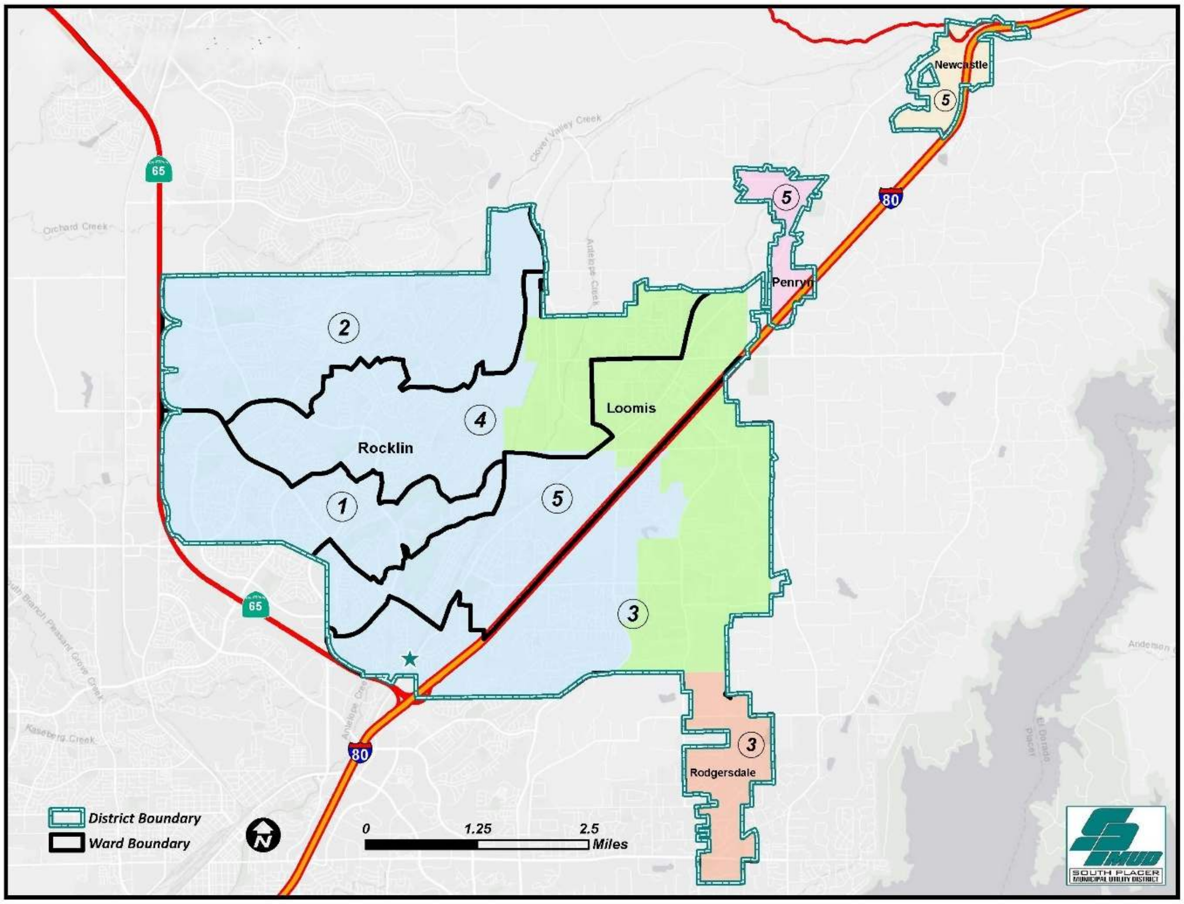
The District, originally called the Rocklin-Loomis Municipal Utility District, was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. While the service area has expanded, this remains the District's core service. The District service area is divided into five wards and is governed 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. The District includes all of 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 26,433 connections or an equivalent population of about 86,965 people. This equates to 37,555 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 through 292 miles of District-owned and operated sewer mains (from 4” to 42” diameter). The District maintains an additional 123 miles of lower laterals within its easements or public rights-of-way. Other assets include the Headquarters, Maintenance, and Corporation Yard facilities, 6,925 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 and in arrears. Bills are due two months after the billing date. Quarterly bills unpaid by the due date are assessed a late fee. On June 1, 2023, the District adopted a new five-year Cost of Service and Rate Study and a Capacity Charge Study. The monthly service charge for Fiscal Year 2023/24 was $37.44 per equivalent dwelling unit (EDU). The monthly late fee was $2.50 per EDU, and the Local Sewer Capacity Charge to “connect” a home or business to the sewer system was $4,915 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. This 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 growth post-Covid 19. It is one of the top ten fastest-growing counties in the State. Placer

Percent Population Change: 2020 to 2024
County: Placer
4.81%
State: California -0.92%

County has a population of 424,209[1] people and a labor force of 197,500. The median household income in Placer County is $110,591. The unemployment rate is 4.6% compared with 5.2% in the State of 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.

Median Household Income
County: Placer
$110,591
State: California $92,605

Inflation continued to be a major economic concern in Fiscal Year 2023/24. 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, 3.1%[2] in Fiscal Year 2022/23, and an additional 2.8% in Fiscal Year 2023/24. The Federal Reserve continued to hold interest rates high to combat the rising inflation, ending with an average thirty-year fixed rate of 6.26%[3].

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 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

[1] Placer Dashboard https://www.placerdashboard.org/demographicdata
[2] Bureau of Labor Statistics
[3] https://finance.yahoo.com/personal-finance/mortgage-rates-today-june-30-100052095.html

SPMUD Mission

PROTECT public health and the water environment.

PROVIDE efficient and effective sanitary sewer service.

PREPARE for the future.

CARE Program. Funding for this program is generated through the collection of late fees, charged to customers with delinquent utility accounts.

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 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.

SPMUD Vision

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

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.

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.

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 continues to provide information about

District activities. The website can be found at 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 provide presentations to civic groups, service organizations, and local schools. The District also engages the public through newsletters, participation in community events, 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.

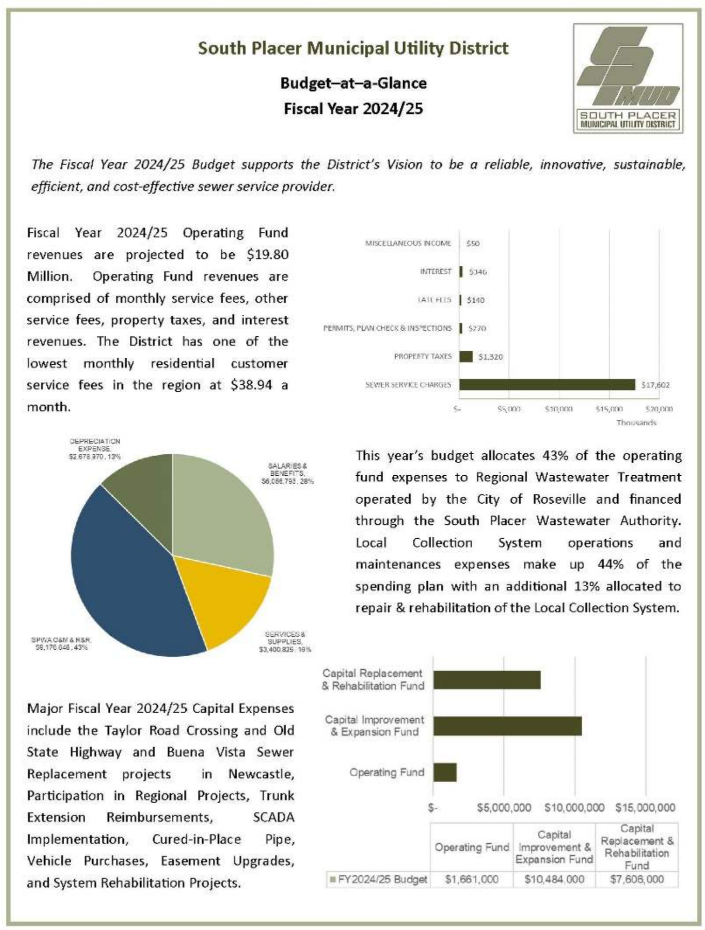
BUDGETARY CONTROLS

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 cost for currently identified capital replacement projects necessary over the next ten years is approximately $42.59 million. The rehabilitation and replacement capital spending in 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.

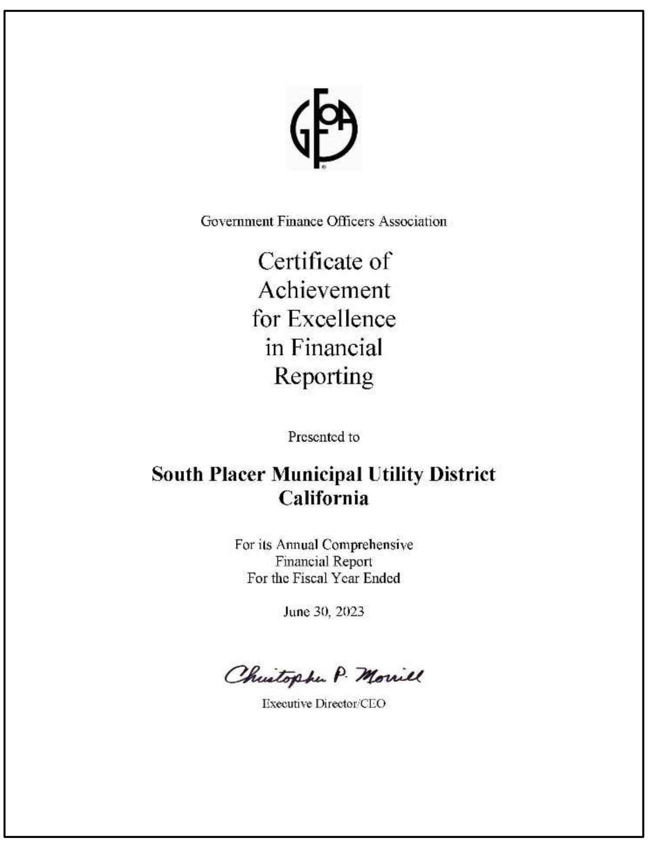
The consultant also completed a Capacity Fee Study based on the reasonable cost to accommodate additional demand from new development or the expansion of existing development. The incremental cost approach was used to determine the appropriate fee. The capacity charge was adopted by Ordinance 23-02 at the June 2023 District Board Meeting. The cost for currently identified necessary capital expansion projects is approximately $80.41 million. 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%, and a net return on investment of 5.8% in Fiscal Year 2022/23. After two years of returns lower than the discount rate, CalPERS reported a preliminary net return of 9.3% in Fiscal Year 2023/24. In April 2024, the CalPERS Board approved a change to the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when investment returns exceed the discount rate. The policy now outlines that the CalPERS Board will hold a discussion when the investment return at fiscal year-end exceeds the assumed rate of return by 2% or more. The CalPERS Board discussed lowering the discount rate in September 2024 and used their new discretion to leave the discount rate at 6.8%. The District continues to make additional contributions towards its CalPERS unfunded liability obligation which is expected 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 Capacity Charge. 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.


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Placer Municipal Utility District California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

In 2020, the District was awarded the California Water Environment Association's (CWEA) highest honor in the State, the 2020 Collection System of the Year Award for a medium-sized system. 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 District also received the award for its Fiscal Year 2024/25 Annual Budget. 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, 2023. This was the fifth 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,

HENiederberger

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.

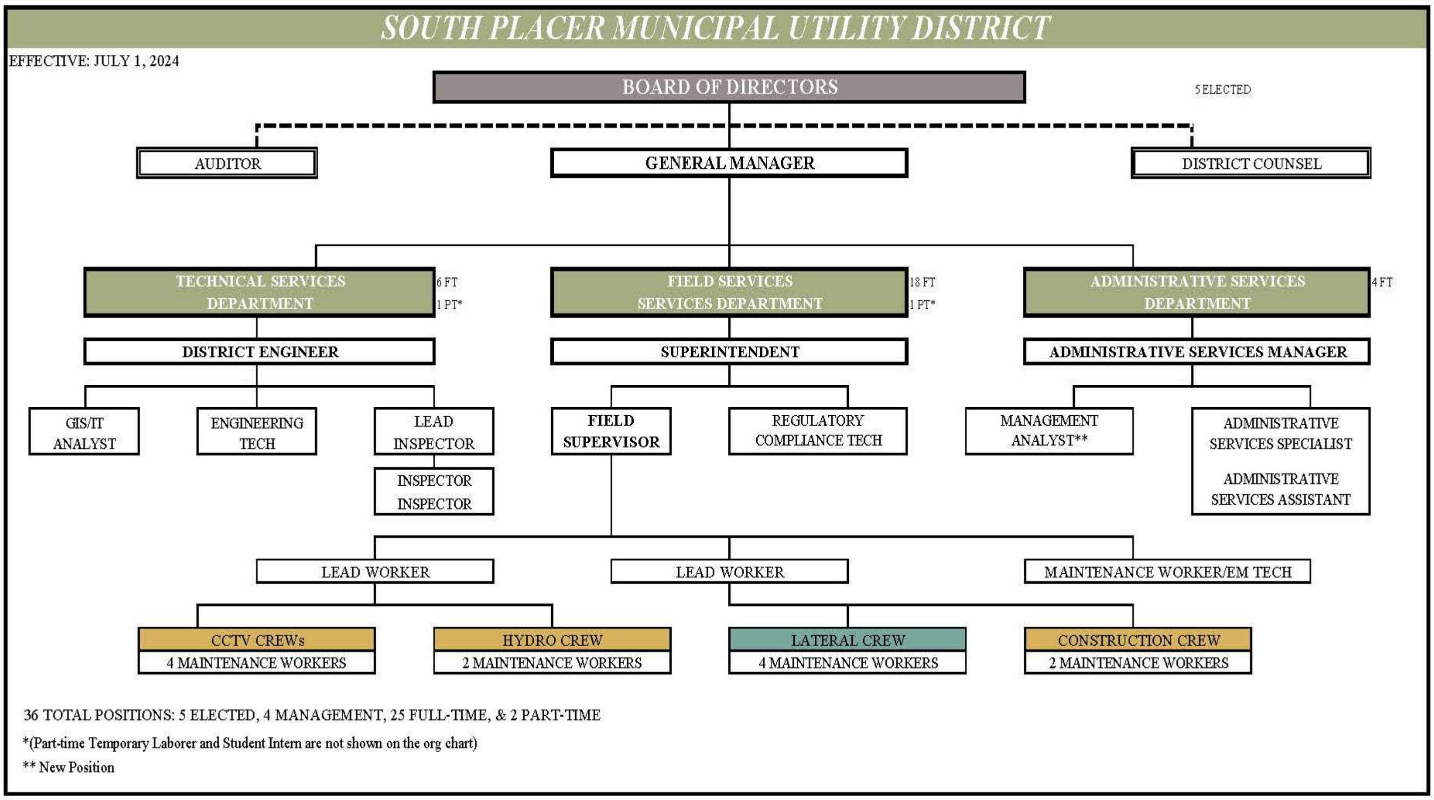
JAMES WILLIAMS

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



SOUTH PLACER MUNICIPAL UTILITY DISTRICT STRATEGIC PRIORITIES

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

M·U·N

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

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, 2024, 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, 2024, 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 Opinions

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 opinions.

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 22, 2024, 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 22, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal Year Ending June 30, 2024 (FY 2023/24)

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, 2023, and ending June 30, 2024 (FY 2023/24) 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 the 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 166 new customer accounts in FY 2023/24. Revenues from Sewer Service Charges increased by 5% due to the adoption of a 4% rate increase, and the addition of new customer accounts.

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

Item	Unit	FY 2023/24	FY 2022/23	% Change
Service Charges	Dollars	$ 17,103,804	$ 16,273,142	5.1%
Customer Accounts	Each	25,133	24,967	0.7%
Equal Dwelling Units	EDU	37,555	36,840	1.9%
Service Fee per EDU	Monthly	37.44	36.00	4.0%
Annual Flow to WWTP	Million Gallons	1,762	1,877	-6.1%
Sewer Mains	Miles	292	290	0.7%
Lower Service Laterals	Miles	123	122	0.8%
Manhole/Flushing Branch	Each	6,925	6,854	1.0%
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 contains 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 detailed account 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.

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[4].

TABLE 2 – STATEMENT OF NET POSITION

ASSETS	**FY 2023/24**	**FY 2022/23**	**$Difference**	**% Change**
Current Assets	$ 80,063,447	$ 74,792,834	$ 5,270,613	7%
Capital Assets	122,782,635	118,079,205	$ 4,703,430	4%
Other Non-Current Assets	3,425,665	3,156,947	$ 268,718	9%
Total Assets	**206,271,747**	**196,028,986**	**$ 10,242,761**	**5.2%**
Deferred Outflow of Resources	**5,128,527**	**5,994,013**	**(865,486)**	**-14%**
LIABILITIES				
Current Liabilities	773,521	1,610,443	(836,922)	-52%
Non-Current Liabilities	9,415,402	9,305,793	109,609	1%
Total Liabilities	**10,188,923**	**10,916,236**	**(727,313)**	-7%
Deferred Inflow of Resources	**1,493,802**	**1,843,727**	**(349,925)**	**-19%**
Net Position				
Net Investment in Capital Assets	122,782,635	118,079,205	4,703,430	4%
Restricted for Section 115 Pension Trust	3,425,665	3,156,947	268,718	100%
Unrestricted	73,509,249	68,026,884	5,482,365	8%
Total Net Position	**199,717,549**	**189,263,036**	**10,454,513**	**6%**
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 211,400,274**	**$ 202,022,999**	**$ 9,377,275**	**5%**

When comparing FY 2023/24 to FY 2022/23, Total Assets increased by $10.24 million and Deferred Outflows decreased by $0.86 million. Total Liabilities decreased by $0.73 million while Deferred Inflows decreased by $0.35 million. This resulted in an overall increase of $10.45 million in Net Position.

Key components in the increase are as follows:

- Current Assets reflect a net increase of $5.27 million, which is a result of lower-than-expected spending on wastewater treatment expense and higher investment earnings on the District's investment portfolio.

[3] For more information see the section titled Debt Administration.

- Capital assets net of accumulated depreciation increased by $4.70 million in FY 2023/24. A total of $1.71 million in new capital projects were completed for needed upgrades, replacements, and installation of new District facilities and equipment as well as $5.77 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 decreased by $0.86 million 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 $0.84 million while long-term liabilities from total pension and OPEB liability increased by $0.11 million in FY 2023/24.
- The decrease in deferred inflows of $0.35 million also reflects changes in actuarial assumptions and investment earnings for pension and OPEB in FY 2023/24.

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 $24,502,219 (reported June 30, 2023, measured June 30, 2022) to $24,980,798 (reported June 30, 2024, measured June 30, 2023). Over the same time, the Fiduciary Net Position increased from $17,996,607 to $18,577,540, yielding a fiscal year 2024 Net Pension liability of $6,403,258. This increase was primarily due to CalPERS investment performance, additional payments to the District's unfunded liability, and assumption changes. Overall, the pension expense for fiscal year 2024 increased by $214,230 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).

By joining the CEPPT fund, California public agencies can help partially finance pension contributions 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, 2024, 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

	For the Fiscal Year Ending June 30, 2024
Total Pension Liability	$ 24,980,798
Fiduciary Net Position	18,577,540
Net Pension Liability (Asset)	6,403,258
Deferred (Outflows) of Resources	(3,061,189)
Deferred Inflows of Resources	1,107,105
Impact on Statement of Net Position	4,449,174
Pension Expense FYE 2023	**$ 1,190,233**

TABLE 4 – NET POSITION RELATED TO PENSIONS

For Reporting Period at Fiscal Year End	**6/30/2024**	**6/30/2023**	**Change ($)**
Total Pension Liability	$ 24,980,798	$ 24,502,219	$ 478,579
Fiduciary Net Position	18,577,540	17,996,607	580,933
Net Pension Liability (Asset)	**$ 6,403,258**	**$ 6,505,612**	**$ (102,354)**
Deferred (Outflows) Inflows Due to:			
Assumption Changes	$ (386,593)	$ (666,636)	$ (1,053,229)
Plan Experience	(276,369)	(43,145)	233,224
Investment Experience	(1,036,747)	(1,191,653)	(154,906)
Changes in Proportions	657,271	286,402	(370,869)
Differences between actual contributions and proportionate share of contributions	(118,422)	340,485	458,907
Deferred Contributions	(793,224)	(1,178,900)	(385,676)
Net Deferred (Outflows) Inflows	(1,954,084)	(2,453,447)	$ 499,363
Impact on Statement of Net Position	**$ 4,449,174**	**$ 4,052,165**	**$ 397,009**

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 $8,401,569 (measured June 30, 2022) to $8,881,381 (measured June 30, 2023). Over the same time, the Fiduciary Net Position increased from $5,601,38 to $5,799,237, yielding a Fiscal Year 2024 Net OPEB liability of $3,012,144. Overall, the OPEB expense for fiscal year 2024 increased by $211,963 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, 2024, 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

	For the Fiscal Year Ending June 30, 2024
Total OPEB Liability	$ 8,811,381
Fiduciary Net Position	5,799,237
Net OPEB Liability (Asset)	3,012,144
Deferred (Outflows) of Resources	(2,067,338)
Deferred Inflows of Net Position	386,697
Impact on Statement of Net Position	$ 1,331,503
OPEB Expense FYE 2023	**$ 726,799**

TABLE 6 – NET POSITION RELATED TO OPEB

For Reporting Period at Fiscal Year End	**6/30/2024**	**6/30/2023**	**Change ($)**
Total OPEB Liability	$ 8,811,381	$ 8,401,569	$ 409,812
Fiduciary Net Position	5,799,237	5,601,388	197,849
Net OPEB Liability (Asset)	**$ 3,012,144**	**$ 2,800,181**	**$ 211,963**
Deferred Resource (Outflows) Due to:			
Assumption Changes	(468,917)	(646,826)	177,909
Plan Experience	(295,720)	(215,754)	(79,966)
Investment Experience	(804,063)	(949,586)	145,523
Deferred Contributions	(498,638)	(481,692)	(16,946)
Net Deferred Outflows	(2,067,338)	(2,293,858)	$ 226,520
Deferred Resource (Inflows) Due to:			
Assumption Changes	6,650	-	6,650
Plan Experience	101,413	175,663	(74,250)
Investment Experience	278,634	421,356	(142,722)
Net Deferred Inflows	386,697	597,019	$ (210,322)
Impact on Statement of Net Position	**$ 1,331,503**	**$ 1,103,342**	**$ 228,161**

REVENUES AND EXPENSES

As shown in Table 7, the total net position at year-end increased from $189,263,036 to $199,717,549 ($10,454,513 or 6%).

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

	FY 2023/24	FY 2022/23	$ Difference	% Change
Operating Revenues				
Sewer Charges	$ 17,103,804	$ 16,273,142	$ 830,662	**5%**
Connection Charges	1,407,105	1,443,652	$ (36,547)	**-3%**
Permits, Fees & Inspections	678,089	397,924	$ 280,165	**70%**
Total Operating Revenues	**$ 19,188,998**	**$ 18,114,718**	**$ 1,074,280**	**6%**
Operating Expenses				
Collection & Treatment	$ 9,791,937	$ 10,676,878	$ (884,941)	**-8%**
Administrative & General	3,084,503	2,912,702	$ 171,801	**6%**
Technical Services	3,255,914	4,064,598	$ (808,684)	**-20%**
Depreciation	2,601,119	2,330,061	$ 271,058	**12%**
Total Operating Expenses	**$ 18,733,473**	**$ 19,984,239**	**$ (1,250,766)**	**-6%**
Operating Income (Loss)	**$ 455,525**	**$ (1,869,521)**	**$ 2,325,046**	**-124%**
Non-Operating Revenues (Expenses)				
Tax Revenue	$ 1,241,515	$ 1,290,539	$ (49,024)	**-4%**
Gain (Loss) on Sale of Asset	4,942	13,900	$ (8,958)	**-64%**
Interest Income	2,981,351	1,617,338	$ 1,364,013	**267%**
Total Non-Operating Revenues	**$ 4,227,808**	**$ 2,921,777**	**$ 1,306,031**	**45%**
Transfers & Capital Contributions				
Capital Contributions	$ 5,771,180	$ 1,578,826	$ 4,192,354	**266%**
Transfers In	1,698,162	3,799,484	$ (2,101,322)	**-55%**
Transfers Out	(1,698,162)	(3,799,484)	$ 2,101,322	**15%**
Total Transfers & Capital Contributions	**$ 5,771,180**	**$ 1,578,826**	**$ 4,192,354**	**266%**
Change in Net Position	**$ 10,454,513**	**$ 2,631,082**	**$ 7,823,431**	**297%**
Net Position, Beginning of Year	**$ 189,263,036**	**$ 186,253,620**	**$ 3,009,416**	**2%**
Net Position, End of Year	**$ 199,717,549**	**$ 189,263,036**	**$ 10,454,513**	**6%**

The increase in the District's net position was primarily due to investment earnings and contributed capital. Development-related contributions and fees were higher than in the last fiscal year with several new development projects occurring in the Whitney Ranch area of Rocklin. Revenue from connection charges was $1.41 million, which was similar to the prior year. Permit, fee, and inspection revenue was up $0.28 million or 70% from the prior year. Developer-in-Kind capital contributions increased from $1.58 million to $5.77 million.

Operating expenses decreased 6% in FY 2023/24. Collection and Treatment and Technical Services expenses decreased by $0.88 million and $0.81 million, respectively, due to a true-up credit of $2.20 million from the City of Roseville from Fiscal Year 2022/23 for wastewater treatment expense. This credit was primarily due to scheduled repair and replacement projects that are planned but have not begun. Administrative and General expenses increased slightly due to inflation and professional services for programmed capital expenditures in Newcastle. Depreciation expense increased by 12%. The higher revenue coupled with lower operating expenses resulted in an operating income of $0.45 million, an increase of $2.32 million from the prior year. This operating income combined with non-operating income and developer-contributed capital resulted in an increase of $10.45 million to the District's net position.

REVENUES

TABLE 8 – REVENUES

Operating Fund	**FY 2023/24**	**FY 2022/23**	**$Difference**	**% Change**
Sewer service charges revenues	$ 16,914,158	$ 16,089,510	$ 824,648	5%
Late fees	131,816	129,800	2,016	2%
Low income (LIL) rate assistance	57,830	53,832	3,998	7%
Permits, plan check fees & inspections	585,030	263,345	321,685	122%
Property taxes	1,241,515	1,290,539	(49,024)	-4%
Miscellaneous revenue	93,059	134,579	(41,520)	-31%
Interest income	483,129	340,185	142,944	30%
Gain/loss of sale of fixed asset disposal	4,942	13,900	(8,958)	
Operating Fund Less CEPPT Interest Earnings	**$ 19,511,479**	**$ 18,315,690**	**$ 1,195,789**	**7%**
Interest income from CEPPT (Restricted)	$ 276,150	$ 184,070	**$ 92,080**	**50%**
Total Operating Fund	**$ 19,787,629**	**$ 18,499,760**	**$ 1,287,869**	**7%**
Capital Improvement Program Fund				
Sewer participation fees	$ 1,407,105	$ 1,443,652	$ (36,547)	-3%
Interest income	1,255,667	648,461	607,206	94%
Total CIP Fund	**$ 2,662,772**	**$ 2,092,113**	**$ 570,659**	**27%**
Capital Replacement Fund				
Interest income	$ 966,405	$ 444,622	$ 521,783	117%
Total Capital Replacement Fund	**$ 966,405**	**$ 444,622**	**$ 521,783**	**117%**
Total Revenue	**$ 23,416,806**	**$ 21,036,495**	**$ 2,380,311**	**11%**

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 2023/24 showed an increase of $2.38 million (11%) 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 $219,974 for FY 2023/24 (see Note 10 of the Financial Statements).

Operating Fund Revenues derived from customer service charges were up 5% from the prior year as a result of the 4% rate increase to monthly service charges and modest customer growth. Operating fund revenue derived from permits, plan check fees, and inspections also increased from FY 2022/23. Miscellaneous revenue, which is primarily comprised of credits and reimbursements and proceeds from the sale of surplus property, is included in permits, fees, and inspections in Table 7. Higher interest rates allowed the District to continue to collect higher interest income. Total Operating Fund Revenue used to fund ongoing operations, maintenance, and administrative functions of the District increased by $1.19 million or 7% from the previous year.

Capital Fund Revenues in the Capital Improvement Program Fund increased by $0.57 million or 27%. Capital Fund Revenues in the Capital Replacement Fund increased by $0.52 million or 117%. These increases were due to higher interest income earned on the Capital Fund balances.

<u>School Contracts</u>
The District had legacy agreements with two schools in the District's service area. The first agreement was with Sierra College and dates back to 1959. The second agreement was with Placer Joint Union High School for the Del Oro campus and also dates back to 1959. These agreements prescribed billing procedures and charges that are substantially different than those adopted in the District Sewer Code. Sierra College paid the District monthly based on their water usage, and Del Oro paid the District annually based on their average daily attendance. This revenue was received as an unapplied credit in the billing system, and monthly fee increases were built into the manual calculations and manually reconciled. In Fiscal Year 2023/24, the District entered into a new agreement with Placer Joint Union High School for the Del Oro campus that moves the High School to standard billing in accordance with the District Sewer Code. The District continues to work with Sierra College on an agreement to conform their account to the District's standard billing practices.

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. By October 2021, all fixed-income securities had matured with all funds transferred to other investment vehicles.

Due to market fluctuations and the unprecedented low-interest rates seen in 2020 and 2021, as the remaining fixed-income securities matured it did not make sense to move the funds into new medium-term or long-term investment vehicles. With interest rates rising in 2022 and 2023, as the Federal Reserve increased rates to combat persistently high inflation, short-term fixed-income funds began to provide consistent quarterly interest earnings resulting in an inverted curve whereby shorter-term investments were performing better than longer-term investments. The Federal Reserve had been indicating that it may begin lowering rates in 2024 with the first rate cut occurring in September of 2024. In preparation, the Board approved the investment of $15 million in longer-term fixed-income securities through Wells Fargo Securities in April 2024. These non-callable fixed-income securities consist of a two-year bond with a coupon rate of 4.625% and a three-, four-, and five-year bond each with a coupon rate of 4.500%. The intent of these bonds is to reduce the risk to the District of interest rates returning to the previous low-rate environment and interest income correspondingly declining. The remaining investment funds continue to be held in short-term investment pools.

During the last fiscal year, interest remained high to combat persistently high inflation with short-term fixed-income funds continuing to provide consistent quarterly interest earnings and equity also performing well. The overall balance of the District's investment portfolio including unrestricted deposits in financial institutions and the District's CalPERS Section 115 Pension Trust increased by $5.35 million (7.33%) from the prior year. Table 9 shows the balance of investments over the past two years.

TABLE 9 – INVESTMENTS

Investment	**Balance 06/30/2024**	**Balance 06/30/2023**
Local Agency Investment Fund (LAIF)	$ 26,331,860	$ 25,563,827
Wells Fargo Fixed-Income Securities	15,026,580	-
California Class Prime Fund	12,507,791	5,062,129
CalTRUST Short-Term Investment Fund	6,761,843	6,419,937
Five Star Money Market	6,317,822	6,097,695
Placer County Treasury's Investment Pool	5,569,472	25,460,827
	$ 72,515,368	$ 68,604,415
LAIF Interest Receivable	$ 285,925	$ -
Unrestricted Deposits in Financial Institutions	$ 1,998,303	$ 1,117,558
	$ 74,799,596	$ 69,721,973
CalPERS CEPP Trust- Restricted	$ 3,425,665	$ 3,156,947
TOTAL	**$ 78,225,261**	**$ 72,878,920**

EXPENSES

Total Operating Fund Expenses decreased $1.14 million (-6%) from $19.88 million to $18.73 million. This decrease reflects a true-up credit of $2.20 million from Fiscal Year 2022/23 for Regional Wastewater Treatment Plant Operations and Maintenance and Rehabilitation and Replacement Expenses. This credit was primarily due to scheduled repair and replacement projects that are planned but have not begun. Fiscal Year 2023/24 expenses included increased spending on salaries and benefits primarily due to pension and retiree health liability adjustments, asphalt patch paving projects, professional services for future capital projects, 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 $19.51 million were higher than Operating Fund Expenses of $18.73 million.

The District has 37 approved personnel positions that include 5 elected, 2 contracted, 4 management, 1 supervisor, 1 part-time, and 24 full-time staff positions; there are currently 29 full-time employees. The Memorandum of Understandings (MOUs) for employees and managers were negotiated in FY 2022/23, and cover fiscal years 2023/24 and 2024/25. Cost of Living increases for both fiscal years are 2% in July and 1% in January, for a total Cost of Living increase of 3% per fiscal year.

CHART 1 – OPERATING FUND EXPENSES FY 2023/24

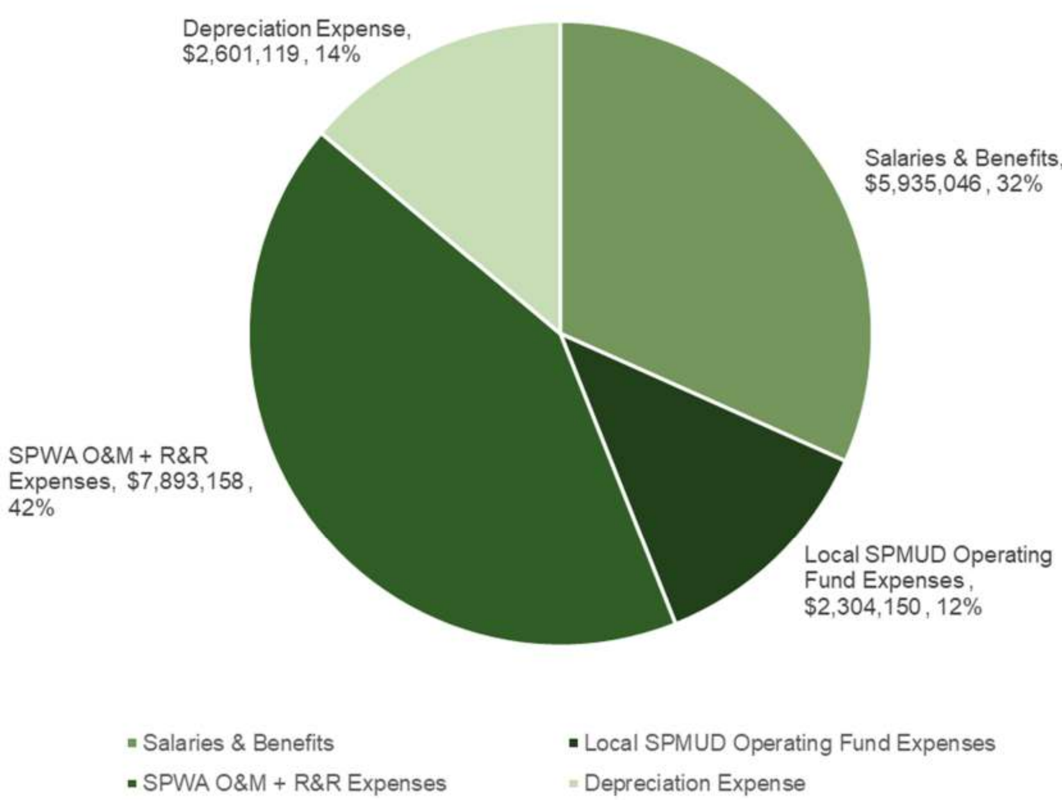


TABLE 10 – OPERATING FUND EXPENDITURES

	FY 2023/24	FY 2022/23	$Difference	% Change
Salaries/Wages	$ 2,999,196	$ 2,884,440	114,756	4%
FICA - Social Security	221,625	214,556	7,069	3%
CalPERS Retirement & UAL	746,883	1,179,706	(432,823)	-37%
GASB 68 UAL Adjustment	397,009	(202,897)	599,906	-296%
Retirement 457 & 401a	147,537	105,787	41,750	39%
Insurance Benefits	800,790	755,812	44,978	6%
PERS OPEB	393,845	379,945	13,900	4%
GASB 75 OPEB Adjustment	228,161	73,148	155,013	212%
Sub Total Salaries & Benefits	**$ 5,935,046**	**$ 5,390,497**	**544,549**	**10%**
Asphalt Paving	$ 25,769	$ 4,950	20,819	421%
Archiving/Disaster Plan	-	5,140	(5,140)	-100%
Building & Grounds Maintenance	41,225	38,090	3,135	8%
Computers/Office Furniture	3,855	16,154	(12,299)	-76%
Easement/Access Road Repl/Upgrades	127,052	14,849	112,203	756%
Easement Acquisition	-	36,967	(36,967)	-100%
Election Expense	-	30,094	(30,094)	-100%
Gas & Oil Expenses	70,816	63,707	7,109	11%
General Operating Supplies & Maintenance	176,195	168,252	7,943	5%
Lateral Cameras	21,994	-	21,994	0%
Legal Services	96,940	293,830	(196,890)	-67%
Lift Station & Flow Recorder Programs	35,857	56,578	(20,721)	-37%
Other Operating Expenses	291	(936)	1,227	-131%
Participation in Regional Projects	-	78,192	(78,192)	-100%
Professional Development	42,233	32,431	9,802	30%
Professional Services	378,536	274,578	103,958	38%
Property & Liability Insurance	410,875	322,423	88,452	27%
Regulatory Compliance/Government Fees	80,596	68,645	11,951	17%
Repair/Maintenance Agreements	169,881	112,554	57,327	51%
Root Control Program	73,709	56,513	17,196	30%
Safety Gear/Uniforms	23,204	22,097	1,107	5%
Software/Data Acquisition	-	25,113	(25,113)	-100%
System Improvements	643	-	643	0%
Utilities	204,454	181,497	22,957	13%
Utility Billing/Banking Expense/Printing	252,971	269,358	(16,387)	-6%
Vehicle Repair and Maintenance	67,054	60,609	6,445	11%
Sub Total Local SPMUD Operating Fund Expenses	**$ 2,304,150**	**$ 2,231,686**	**72,464**	**3%**
RWWTP Maintenance & Operations	$ 6,208,658	$ 7,314,424	(1,105,766)	-15%
RWWTP Rehab & Replacement	1,684,500	2,611,000	(926,500)	-35%
Sub Total SPWA O&M + R&R Expenses	**$ 7,893,158**	**$ 9,925,424**	**(2,032,266)**	**-20%**
			-	
Total Operations Expense before Depreciation	**$ 16,132,354**	**$ 17,547,607**	**(1,415,253)**	**-8%**
Depreciation expense	2,601,119	2,330,061	271,058	12%
Total Operating Fund Expenses	**$ 18,733,473**	**$ 19,877,668**	**(1,144,195)**	**-6%**

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 Capacity Charge. 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 $1.71 million in Capital Outlay during FY 2023/24. The majority of the funds expended were for the Corporation Yard Addition and Tenant Improvement Project, participation in regional projects, an expansion project at Del Rio / Del Mar, preliminary engineered for future lift station abandonments, the Newcastle Pond Liner Replacement Project, and Supervisory Control and Data Acquisition (SCADA) Design.

In fiscal year 2023/24, the District received $5.77 million in sewer asset contributions from new development. This included approximately 1.86 miles of gravity sewer pipe, 0.77 miles of lower lateral pipe, and 68 manholes/flushing branches. Summaries of the District's FY 2023/24 Capital Projects are included in Chart 2, and Tables 11 and 12.

CHART 2 – CAPITAL FUND EXPENDITURES FY 2023/24

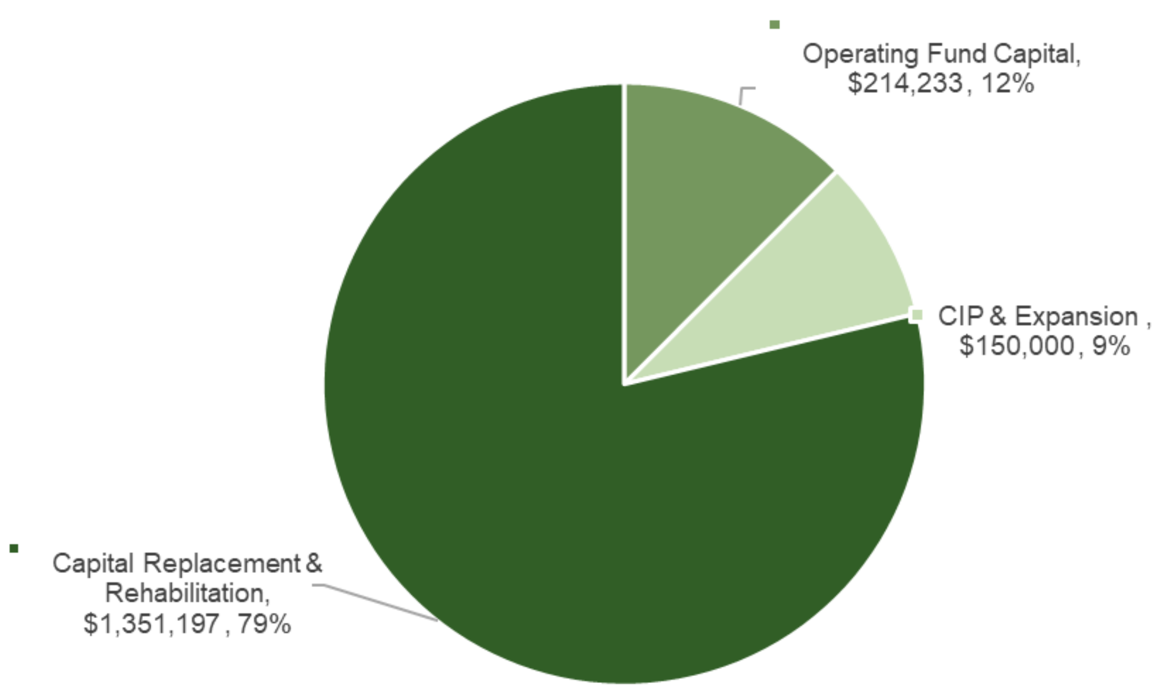


TABLE 11 – 5-YEAR CAPITAL INVESTMENT SUMMARY

	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20
Total Operating Fund Capital Improvements	$ 214,233	$ 3,473,440	$ 405,380	$ 293,219	$ 118,277
Total CIP & Expansion	$ 150,000	$ 61,424	$ 124,732	$ 2,087,054	$ 500,346
Total Replacement & Rehabilitation	$ 1,351,197	$ 1,518,698	$ 958,034	$ 1,389,357	$ 918,263
Total Capital Investment	**$ 1,715,430**	**$ 5,053,562**	**$ 1,488,146**	**$ 3,769,630**	**$ 1,536,886**

TABLE 12 – DETAIL OF CAPITAL EXPENDITURES FY 2023/24

			FUND 100	FUND 300	FUND 400
Capital Improvements	**Original Budget FY 2023/24**	**Budget Adjustments FY 2022/23**	**Operating Fund Capital**	**CIP & Expansion**	**Capital Replacement & Rehabilitation**
Computers/Office Furniture	51,700	-	31,790	-	-
Easement Access Road Replacement	420,000	-	-	-	-
Easement Acquisition	87,000	-	-	-	-
Easement Inspection Program	15,000	(15,000)	-	-	-
General Equipment	-	-	11,541	-	-
Lateral Cameras	15,000	40,000	21,197	-	-
Lift Station Flow Recorders	-	-	43,593	-	-
Newcastle Master Plan Improvements	300,000	-	-	-	-
Pipe Trailer Improvements	15,000	3,000	22,173	-	-
System Improvements	290,000	-	83,939	-	-
Expansion Projects	4,490,000	-	-	150,000	-
Foothill Trunk Project	125,000	-	-	-	-
Trunk Extension Reimbursement	5,300,000	-	-	-	-
CY Master Plan Capital Improvements	663,000	-	-	-	594,023
Cured In Place Pipe	750,000	-	-	-	-
Participation in Regional Projects	1,280,000	-	-	-	149,766
SCADA Design & Implementation	490,000	-	-	-	302,127
System Rehabilitation	1,225,000	225,000	0	-	305,281
Taylor Road Lift Station	160,000	-	-	-	-
Vehicle Purchases	70,000	-	-	-	-
Total Capital Improvements	$ 15,746,700	$ 15,999,700	$ 214,233	$ 150,000	$ 1,351,197

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 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. Per the January 3, 2024, SPWA Board Report, as of December 31, 2023, the SPWA had outstanding debt in the amount of $188.99 million. Per the June 6, 2024, SPWA Board Report, as of April 30, 2024, the District maintained a balance of $66.51 million in the SPWA Rate Stabilization Account. The annual SPWA Debt assigned to the District was $2.64 million.

SPWA has approved $170 million in Capital Improvements and Treatment Upgrades at the Pleasant Grove and Dry Creek Wastewater Treatment Plants to prepare for regional growth, incorporate energy-related improvements, and maximize solids digestion. There are eleven active Capital Improvement Projects with $117.06 million expended on improvements. SPWA is financing 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) determined that it was in the best interest of the ratepayers of NSD and the general public to decommission its wastewater treatment ponds and make improvements to its wastewater system so its service area could receive wastewater service through the District. This allowed those receiving sanitary sewer services in the Newcastle area to be provided with superior sewer service and treatment, along with the maintaining of compliance with applicable water quality control regulations,

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 facilities 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.

To facilitate repayment of the loan, NSD/SPMUD designated a Project Related Capacity Charge (PRCC) 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, 2024, the current balance of the SPMUD loan under the Financing Agreement applicable to the NSBA was $4,377,027. 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**

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Operating Fund	Capital Improvement Fund	Capital Replacement Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	$ 1,998,303	$ -	$ -	$ 1,998,303
Investments (Note 2)	12,087,061	34,521,435	25,906,872	72,515,368
Accounts receivable	5,205,941	-	-	5,205,941
Interest receivable	57,185	128,666	100,073	285,924
Prepaid expenses	57,911	-	-	57,911
Total Current Assets	19,406,401	34,650,101	26,006,945	80,063,447
NON-CURRENT ASSETS				
Capital assets, net (Note 3)	122,782,635	-	-	122,782,635
Investments - restricted (Note 2)	3,425,665	-	-	3,425,665
Total Non-Current Assets	126,208,300	-	-	126,208,300
TOTAL ASSETS	145,614,701	34,650,101	26,006,945	206,271,747
DEFERRED OUTFLOWS OF RESOURCES				
Net pension liability (Note 5)	3,061,189	-	-	3,061,189
Net OPEB liability (Note 7)	2,067,338	-	-	2,067,338
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,128,527	-	-	5,128,527
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 150,743,228	$ 34,650,101	$ 26,006,945	$ 211,400,274
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 284,500	$ -	$ -	$ 284,500
Other accrued liabilities	245,924	-	-	245,924
Compensated absences	243,097	-	-	243,097
Total Current Liabilities	773,521	-	-	773,521
NON-CURRENT LIABILITIES				
Net pension liability (Note 5)	6,403,258	-	-	6,403,258
Net OPEB liability (Note 7)	3,012,144	-	-	3,012,144
Total Non-Current Liabilities	9,415,402	-	-	9,415,402
TOTAL LIABILITIES	10,188,923	-	-	10,188,923
DEFERRED INFLOW OF RESOURCES				
Net pension liability (Note 5)	1,107,105	-	-	1,107,105
Net OPEB liability (Note 7)	386,697	-	-	386,697
TOTAL DEFERRED INFLOW OF RESOURCES	1,493,802	-	-	1,493,802
NET POSITION				
Net investment to capital assets	122,782,635	-	-	122,782,635
Restricted for Section 115 pension trust	3,425,665	-	-	3,425,665
Unrestricted	12,852,203	34,650,101	26,006,945	73,509,249
TOTAL NET POSITION	139,060,503	34,650,101	26,006,945	199,717,549
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 150,743,228	$ 34,650,101	$ 26,006,945	$ 211,400,274

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 YEAR ENDED
JUNE 30, 2024

	Operating Fund	Capital Improvement Fund	Capital Replacement Fund	Total
OPERATING REVENUE				
Sewer charges	$ 17,103,804	$ -	$ -	$ 17,103,804
Connection charges	-	1,407,105	-	1,407,105
Permits, fees, and inspections	678,089	-	-	678,089
Total Operating Revenues	17,781,893	1,407,105	-	19,188,998
OPERATING EXPENSES				
Collection and treatment	9,791,937	-	-	9,791,937
Administrative and general	3,084,503	-	-	3,084,503
Technical services	3,255,914	-	-	3,255,914
Depreciation	2,601,119	-	-	2,601,119
Total Operating Expenses	18,733,473	-	-	18,733,473
Operating income (loss)	(951,580)	1,407,105	-	455,525
NON-OPERATING REVENUE (EXPENSES)				
Tax revenue	1,241,515	-	-	1,241,515
Gain on sale of asset	4,942	-	-	4,942
Investment income	759,279	1,255,667	966,405	2,981,351
Total Non-operating Revenues	2,005,736	1,255,667	966,405	4,227,808
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Capital contributions	5,771,180	-	-	5,771,180
Transfers in (Note 4)	-	486,798	1,211,364	1,698,162
Transfers out (Note 4)	(1,698,162)	-	-	(1,698,162)
Total Transfers and Capital Contributions	4,073,018	486,798	1,211,364	5,771,180
CHANGE IN NET POSITION	5,127,174	3,149,570	2,177,769	10,454,513
NET POSITION, BEGINNING OF YEAR	133,933,329	31,500,531	23,829,176	189,263,036
TOTAL NET POSITION, END OF YEAR	$ 139,060,503	$ 34,650,101	$ 26,006,945	$ 199,717,549

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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2024

	Operating Fund	Capital Improvement Fund	Capital Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 17,583,291	$ 1,407,105	$ -	$ 18,990,396
Payments to suppliers	(11,713,480)	-	-	(11,713,480)
Payments to employees	(4,625,015)	-	-	(4,625,015)
Net Cash Provided by Operating Activities	1,244,796	1,407,105	-	2,651,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tax revenue	1,241,515	-	-	1,241,515
Transfers to capital funds	(1,698,162)	-	-	(1,698,162)
Transfers from operating fund	-	486,798	1,211,364	1,698,162
Net Cash Provided by (Used for) Noncapital Financing Activities	(456,647)	486,798	1,211,364	1,241,515
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,537,144)	-	-	(1,537,144)
Net Cash Used for Capital Related Financing Activities	(1,537,144)	-	-	(1,537,144)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends income	702,092	1,127,001	866,332	2,695,425
Proceeds from sale of capital assets	8,719	-	-	8,719
Purchase of Investments	(1,054,663)	(3,470,904)	(2,427,696)	(6,953,263)
Sale of investments	1,973,592	450,000	350,000	2,773,592
Net Cash Provided by (Used for) Investing Activities	1,629,740	(1,893,903)	(1,211,364)	(1,475,527)
NET INCREASE IN CASH AND CASH EQUIVALENTS	880,745	-	-	880,745
CASH AND CASH EQUIVALENTS - JULY 1, 2023	1,117,558	-	-	1,117,558
CASH AND CASH EQUIVALENTS - JUNE 30, 2024	$ 1,998,303	$ -	$ -	$ 1,998,303

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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED
JUNE 30, 2024

	Operating Fund	Capital Improvement Fund	Capital Replacement Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	$ (951,580)	$ 1,407,105	$ -	$ 455,525
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,601,119	-	-	2,601,119
Changes in assets and liabilities:				
Decrease in deferred inflows	(349,925)	-	-	(349,925)
Increase in deferred outflows	865,486	-	-	865,486
Increase in accounts receivable	(198,602)	-	-	(198,602)
Decrease in prepaid expenses	5,611	-	-	5,611
Decrease in other accrued liabilities	(149,748)	-	-	(149,748)
Decrease in accounts payable	(720,993)	-	-	(720,993)
Increase in compensated absences	33,819	-	-	33,819
Decrease in net pension liability	(102,354)	-	-	(102,354)
Increase in net OPEB liability	211,963	-	-	211,963
Total adjustments	2,196,376	-	-	2,196,376
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,244,796	$ 1,407,105	$ -	$ 2,651,901
NON-CASH CAPITAL ACTIVITIES				
Non-cash capital contributions	$ 5,771,180	$ -	$ -	$ 5,771,180

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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

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.

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.

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.

R*estricted 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.

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.

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, 2023
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

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 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 22, 2024, which is the date the financial statements were issued.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2023, the District implemented the following accounting and financial reporting standards:

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. Application of this statement had no material impact on the District's financial statements for the year ended 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. Application of this statement had no material impact on the District's financial statements for the year ended June 30, 2024.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2024 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. 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 year ending June 30, 2025.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the District's year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the District's year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objectives of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement 34, and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's year ending June 30, 2026.

NOTE 2: CASH AND INVESTMENTS

The components of the District's cash and cash equivalents and investments at June 30, 2024 are as follows:

Cash and cash equivalents:	
Unrestricted deposits in financial institutions	$ 1,998,303
Total cash and cash equivalents	1,998,303
Investments:	
Fixed income securities	15,026,580
Money market funds	6,317,822
CalTRUST Investment Fund	6,761,843
Placer County Treasury's Investment Pool	5,569,472
California CLASS	12,507,791
Local Agency Investment Fund (LAIF)	26,331,860
Total investments	72,515,368
California Employer's Pension Prefunding Trust (CEPPT)	3,425,665
Total investments-restricted	3,425,665
Total cash and investments	$ 77,939,336

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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, 2024:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Fixed income securities	$ 3,763,007	$ 11,263,573	$ 15,026,580
Money market funds	6,317,822	-	6,317,822
CalTRUST Investment Fund	6,761,843	-	6,761,843
Placer County Treasury's Investment Pool	5,569,472	-	5,569,472
California CLASS	12,507,791	-	12,507,791
Local Agency Investment Fund (LAIF)	26,331,860	-	26,331,860
	61,251,795	11,263,573	72,515,368
CalPERS CEPP Trust	-	3,425,665	3,425,665
	$ 61,251,795	$ 14,689,238	$ 75,941,033

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 or 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.

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 year ended June 30, 2024 for each investment type.

		Rating as of Year End		
	Total	S&P	Moody's	N/A
Money market funds	$ 6,317,822	AAAm		
CalTRUST Short Term Investment Fund	6,761,843	AAf		
Placer County Treasury's Investment Pool	5,569,472			Not rated
California CLASS	12,507,791	AAAm		
Fixed income securities	15,026,580	AA+		
Local Agency Investment Fund (LAIF)	26,331,860			Not rated
Total investments	72,515,368			
CalPERS CEPP Trust	3,425,665			Not rated
Total investments-restricted	3,425,665			
Total	$ 75,941,033			

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.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (CLASS). California CLASS in a Joint Powers Authority created by public agencies to provide a convenient method for agencies to pool their assets for investment purposes. California CLASS is governed by a Board of Trustees made up of experienced local agency executives. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Following the investment policy direction established by the Board of Trustees, the primary objective of the investment manager is to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the participants, and the final objective shall be to maximize the yield in a manner consistent with the first two objectives. 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 invests in the California CLASS Prime Fund. The average monthly yield at June 30, 2024 was 5.4006%.

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, 2024.

	Level 1	Level 2	Level 3	Total
Fixed income securities	$ -	$ 15,026,580	$ -	$ 15,026,580
Money market funds	6,317,822	-	-	6,317,822
Total assets at fair value	$ 6,317,822	$ 15,026,580	$ -	$ 21,344,402

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024
Capital assets not being depreciated					
Land	$ 1,174,184	$ -	$ -	$ -	$ 1,174,184
Construction in Progress	4,319,244	666,489	-	(4,055,902)	929,831
Total capital assets not depreciated	5,493,428	666,489	-	(4,055,902)	2,104,015
Capital assets being depreciated					
Buildings	3,648,302	474,138	-	4,055,902	8,178,342
Sewer System	135,595,752	6,037,404	-	-	141,633,156
Equipment	1,987,488	114,091	(14,817)	-	2,086,762
Office Furniture	159,898	16,202	(18,990)	-	157,110
Vehicles	2,384,046	-	(19,797)	-	2,364,249
Total capital assets being depreciated	143,775,486	6,641,835	(53,604)	4,055,902	154,419,619
Less: accumulated depreciation					
Buildings	(2,502,445)	(288,555)	-	-	(2,791,000)
Sewer System	(25,722,894)	(1,875,438)	-	-	(27,598,332)
Equipment	(1,410,508)	(161,457)	11,040	-	(1,560,925)
Office Furniture	(149,852)	(11,102)	18,990	-	(141,964)
Vehicles	(1,404,010)	(264,567)	19,799	-	(1,648,778)
Total accumulated depreciation	(31,189,709)	(2,601,119)	49,829	-	(33,740,999)
Capital Assets, net	$ 118,079,205	$ 4,707,205	$ (33,805)	$ -	$ 122,782,635

Depreciation expense for the year ended June 30, 2024 totaled $2,601,119.

NOTE 4: INTERFUND TRANSACTIONS

Transfers between funds during the year ended June 30, 2024 were as follows:

Transfer From	Transfer To	Description of Transfer	Amount
Operating Fund	Capital Improvement Fund	Other expenses	$ 486,798
Operating Fund	Capital Replacement Fund	Other expenses	1,211,364
		Total Interfund Transfers	$ 1,698,162

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 statue and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

		Miscellaneous	
	Tier I	Tier II	Tier III
Hire date	Prior to April 20, 2012	April 20, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	8.00%	7.00	7.75%
Required employer contribution rates	15.95%	11.84%	7.68%
Required UAL contribution	$457,782	$0	$0

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, 2024 were $793,224.

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

As of June 30, 2024, the District reported a net pension liability of $6,403,258 for its proportionate share 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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2022 and 2023 measurement dates was as follows:

Measurement Period Ending	Miscellaneous
Proportion - June 30, 2022	0.1390%
Proportion - June 30, 2023	0.1281%
Change - Increase (Decrease)	(0.0109%)

For the year ended June 30, 2024, the District recognized pension expense of $1,190,233. At June 30, 2024, 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	$ 793,224	$ -
Net difference between projected and actual earnings on plan investments	1,036,747	-
Changes in assumptions	386,593	-
Differences between expected and actual experience	327,112	50,743
Adjustment due to differences in proportions	217,913	875,184
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	299,600	181,178
Total	$ 3,061,189	$ 1,107,105

NOTE 5: DEFINED BENEFIT PENSION PLAN (CONTINUED)

$793,224 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 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:

Year Ended June 30,		
2025	$	307,045
2026	$	58,418
2027	$	765,647
2028	$	29,750

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price Inflation	2.30%
Wage inflation	2.8%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.80% 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.

<u>Change in Assumptions</u>

For the measurement period ending June 30, 2023, there were no changes in assumptions.

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.

NOTE 5: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Asset Class	Assumed Asset Allocation	Real Return (a)
Global Equity - Cap-Weighted	30.0%	4.54%
Global Equity Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 9,781,805	$ 6,403,258	$ 3,622,424

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 $147,537.

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, 2024, there were 26 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, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	29
Inactive employees currently receiving benefits	26
Inactive employees entitled to, but not yet receiving benefits	1
Total	56

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 year ended June 30, 2024, the District contributed $498,638.

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

Net OPEB Liability

The District's net OPEB liability ("NOL") was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Fair value of assets
Long Term Return on Assets	5.65% as of June 30, 2023
Discount Rates	5.65% as of June 30, 2023
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	6.50% per annum

Changes in Assumptions

For the measurement period ending June 30, 2023, changes in assumptions include a decrease in the investment rate of return from 5.72% to 5.65% and a change to the healthcare trend rate from 5.60% to 6.50%. In addition, the mortality tables were updated from 2017 to 2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.65% 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		Years 1-5			Years 6-20		
Major Asset Classification	Target Allocation	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 2.5%

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

Changes in the OPEB Liability

To determine the June 30, 2023 (measurement period) net OPEB liability, the District used a roll-forward technique for the total OPEB liability. The fiduciary net position is based on the actual June 30, 2023 fiduciary net position. The following table shows the results of the rollforward.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023	$ 8,401,569	$ 5,601,388	$ 2,800,181
Service cost	275,011	-	275,011
Interest cost	482,524	-	482,524
Expected investment income	-	320,353	(320,353)
Employer contributions	-	481,692	(481,692)
Administrative expenses	-	(1,605)	1,605
Benefit payments	(481,692)	(481,692)	-
Assumption changes	(7,592)	-	(7,592)
Plan experience	141,561	-	141,561
Investment experience	-	(120,899)	120,899
Net change during 2023-24	409,812	197,849	211,963
Balance at June 30, 2024	$ 8,811,381	$ 5,799,237	$ 3,012,144

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 (4.65)	Current Discount Rate (5.65%)	1% Increase (6.65%)
Net OPEB Liability	$ 4,233,454	$ 3,012,144	$ 2,016,592

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, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 1,993,607	$ 3,012,144	$ 4,364,859

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 year ended June 30, 2024, the District recognized OPEB expense of $726,799. As of year ended June 30, 2024, 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	$ 498,638	$ -
Changes of assumptions	468,917	6,650
Net difference between projected and actual earnings on OPEB plan investments	804,063	278,634
Differences between expected and actual experience	295,720	101,413
Total	$ 2,067,338	$ 386,697

$498,638 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 period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

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

For the Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2025	$ 259,034
2026	$ 254,846
2027	$ 432,882
2028	$ 184,377
2029	$ 16,621
Thereafter	$ 34,243

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's 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 year ended June 30, 2024 was $2,842,593. 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.

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 year ended June 30, 2024 for maintenance and operation expenses was $6,208,658 and an additional $1,684,500 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, 2023 (the most recent information available):

Total assets and deferred outflows of resources	$ 148,239,191
Total liabilities and deferred inflows of resources	$ 76,717,988
Net assets	$ 71,521,203
Operating and non-operating revenue	$ 100,738,904
Operating expense	$ 96,560,830

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.

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, 2024, 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.

Project Name	Max Reimbursement	EDUs Benefited
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

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 $4,377,027 as of June 30, 2024.

Required Supplementary Information

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Measurement Period Ended June 30
LAST 10 YEARS*

	2023	2022	2021	2020
Proportion of the net pension liability	0.12805 %	0.13903 %	0.16476 %	0.13007 %
Proportionate share of the net pension liability	$ 6,403,258	$ 6,505,612	$ 3,128,464	$ 5,486,625
Covered payroll	$ 2,679,762	$ 2,465,037	$ 2,595,337	$ 2,473,520
Proportionate share of the net pension liability as a percentage of covered payroll	238.95 %	263.92 %	120.54 %	221.81 %
Plan fiduciary net position as a percentage of the total pension liability	74.37 %	76.70 %	86.37 %	74.33 %

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 2024 and 2023, there were no changes. 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 2.30 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 2022. 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. Fiscal year 2015 numbers are available from prior year disclosure information. The schedule above is only nine years as shown. Additional years' information will be displayed as it becomes available.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Measurement Period Ended June 30
LAST 10 YEARS*

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.12642 %	0.12327 %	0.11996 %	0.11759 %	0.11430 %
Proportionate share of the net pension liability	$ 5,062,627	$ 4,645,508	$ 4,728,860	$ 4,084,964	$ 2,403,545
Covered payroll	$ 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	215.03 %	209.47 %	249.16 %	230.44 %	151.89 %
Plan fiduciary net position as a percentage of the total pension liability	74.92 %	73.31 %	73.31 %	74.06 %	78.40 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
For the Year Ended June 30
LAST 10 YEARS*

	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	$ 666,279	$ 711,161	$ 601,352	$ 628,962
Contributions in relation to the actuarially determined contributions	(793,224)	(1,178,900)	(601,352)	(628,962)
Contribution deficiency (excess)	$ (126,945)	$ (467,739)	$ -	$ -
Covered payroll	$ 2,791,900	$ 2,679,762	$ 2,465,037	$ 2,595,337
Contributions as a percentage of covered employee payroll	23.86 %	26.54 %	24.40 %	24.23 %

*Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation. Fiscal year 2015 numbers are available from prior year disclosure information. The schedule above is only nine years as shown. 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
For the Year Ended June 30
LAST 10 YEARS*

	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	$ 573,347	$ 506,322	$ 424,946	$ 369,153	$ 164,024
Contributions in relation to the actuarially determined contributions	(573,347)	(506,322)	(424,946)	(369,153)	(164,024)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,473,520	$ 2,354,398	$ 2,217,714	$ 1,897,932	$ 1,772,689
Contributions as a percentage of covered employee payroll	23.18 %	21.51 %	19.16 %	19.45 %	9.25 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022
Total OPEB Liability		
Service cost	$ 275,011	$ 267,001
Interest	482,524	465,381
Difference between expected and actual experience	141,561	-
Changes in assumptions	(7,592)	-
Benefit payments	(481,692)	(399,699)
Net change in total OPEB liability	409,812	332,683
Total OPEB liability, beginning	8,401,569	8,068,886
Total OPEB liability, ending (a)	$ 8,811,381	$ 8,401,569
Plan Fiduciary Net Position		
Contributions - employer	$ 481,692	$ 516,227
Net investment income	199,454	(799,892)
Benefit payments	(481,692)	(399,699)
Administrative expenses	(1,605)	(1,607)
Other expenses	-	-
Net change in plan fiduciary net position	197,849	(684,971)
Plan fiduciary net position, beginning	5,601,388	6,286,359
Plan fiduciary net position, ending (b)	$ 5,799,237	$ 5,601,388
District's net OPEB liability, ending (a) - (b)	$ 3,012,144	$ 2,800,181
Plan fiduciary net position as a percentage of the total OPEB liability	65.82 %	66.67 %
Covered-employee payroll**	$ 2,679,762	$ 2,694,000
District's net OPEB liability as a percentage of covered-employee payroll	112.40 %	103.94 %

Notes to Schedule:

Changes of assumptions: In 2023, the discount rate decreased from 5.72% to 5.65% based on information from CalPERS on expected trust returns and the healthcare trend rate increased from 5.60% to 6.50%. In 2022 there were no changes. 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. The schedule above is only seven years as 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 CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
For the Measurement Period Ended June 30
Last 10 Years*

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 236,028	$ 229,153	$ 223,373	$ 199,744	$ 167,083
Interest	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	(340,175)	(314,030)	(274,244)	(274,870)	(347,294)
Net change in total OPEB liability	1,425,982	324,141	18,130	589,818	(125,140)
Total OPEB liability, beginning	6,642,904	6,318,763	6,300,633	5,710,815	5,835,955
Total OPEB liability, ending (a)	$ 8,068,886	$ 6,642,904	$ 6,318,763	$ 6,300,633	$ 5,710,815
Plan Fiduciary Net Position					
Contributions - employer	$ 340,175	$ 343,943	$ 317,737	$ 274,870	$ 347,294
Net investment income	1,032,867	269,753	310,791	339,972	408,278
Benefit payments	(340,175)	(314,030)	(274,244)	(274,870)	(347,294)
Administrative expenses	(1,913)	(2,460)	(996)	(2,277)	(2,072)
Other expenses	-	-	-	(5,651)	-
Net change in plan fiduciary net position	1,030,954	297,206	353,288	332,044	406,206
Plan fiduciary net position, beginning	5,255,405	4,958,199	4,604,911	4,272,867	3,866,661
Plan fiduciary net position, ending (b)	$ 6,286,359	$ 5,255,405	$ 4,958,199	$ 4,604,911	$ 4,272,867
District's net OPEB liability, ending (a) - (b)	$ 1,782,527	$ 1,387,499	$ 1,360,564	$ 1,695,722	$ 1,437,948
Plan fiduciary net position as a percentage of the total OPEB liability	77.91 %	79.11 %	78.47 %	73.09 %	74.82 %
Covered-employee payroll**	$ 2,681,595	$ 2,473,520	$ 2,354,398	$ 2,217,714	$ 2,217,714
District's net OPEB liability as a percentage of covered-employee payroll	66.47 %	56.09 %	57.79 %	76.46 %	64.84 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023
Actuarially Determined Contribution (ADC)	$ 424,872	$ 416,158
Contributions in relation to the ADC	(498,368)	(481,692)
Contribution deficiency (excess)	$ (73,496)	$ (65,534)
Covered-employee payroll***	$ 2,791,900	$ 2,679,762
Contributions as a percentage of covered-employee payroll	17.85%	17.98%

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation. The schedule above is only seven years as 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 year end 2018 ADC shown above.

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

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

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

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

Supplementary Information

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Administrative and General	Collection and Treatment	Technical Services	Total
OPERATING EXPENSES				
Salaries and Benefits	$ 1,702,968	$ 2,351,334	$ 1,009,325	$ 5,063,627
CalPERS UAL	397,009	316,273	158,137	871,419
Insurance	410,875	-	-	410,875
Professional Services	107,542	5,486	265,758	378,786
Vehicle Expenses	-	137,870	-	137,870
Professional Development	14,468	26,362	1,402	42,232
Legal	96,940	-	-	96,940
Utility Billing / Banking Expenses	244,749	-	-	244,749
Operating Supplies	109,952	193,584	131,399	434,935
Capital Expenses	-	284,381	4,498	288,879
Uniform Expenses	-	22,309	895	23,204
Buildings / Utilities	-	245,680	-	245,680
RWWTP Expenses	-	6,208,658	1,684,500	7,893,158
EXPENSES BEFORE DEPRECIATION	$ 3,084,503	$ 9,791,937	$ 3,255,914	16,132,354
Depreciation				2,601,119
TOTAL OPERATING EXPENSES				$ 18,733,473

STATISTICAL SECTION

For the Fiscal Year Ending June 30, 2024 (FY 2023/24)

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

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

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

	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20
Operating Revenues					
Sewer Charges	$ 17,103,804	$ 16,273,142	$ 15,955,824	$ 15,605,794	$ 15,383,211
Connection Charges	1,407,105	1,443,652	3,476,886	2,933,779	1,415,952
Permits, Fees & Inspections	678,089	397,924	717,688	546,273	253,247
Total Operating Revenues	$ 19,188,998	$ 18,114,718	$ 20,150,398	$ 19,085,846	$ 17,052,410
Operating Expenses					
Collection & Treatment	$ 9,791,937	$ 10,676,878	$ 8,119,944	$ 8,113,323	$ 8,326,375
Administrative & General	3,084,503	2,912,702	1,627,236	2,020,046	2,126,601
Technical Services	3,255,914	4,064,598	2,790,803	1,924,508	2,399,482
Depreciation	2,601,119	2,330,061	2,218,607	2,065,934	1,889,287
Total Operating Expenses	$ 18,733,473	$ 19,984,239	$ 14,756,591	$ 14,123,811	$ 14,741,745
Operating Income (Loss)	$ 455,525	$ (1,869,521)	$ 5,393,807	$ 4,962,035	$ 2,310,665
Non-Operating Revenues (Expenses)					
Tax Revenue	$ 1,241,515	$ 1,290,539	$ 1,190,070	$ 1,173,961	$ 1,083,897
Gain (Loss) on Sale of Asset	4,942	13,900	21,993	(36,147)	-
Interest Income	2,981,351	1,617,338	(967,245)	670,185	1,602,378
Interest Expense	-	-	-	-	-
Total Non-Operating Revenues	$ 4,227,808	$ 2,921,777	$ 244,818	$ 1,807,999	$ 2,686,275
Transfers & Capital Contributions					
Capital Contributions	$ 5,771,180	$ 1,578,826	$ 9,919,851	$ 5,143,394	$ 9,854,903
Transfers In	1,698,162	3,799,484	2,977,721	3,288,071	5,968,828
Transfers Out	(1,698,162)	(3,799,484)	(2,977,721)	(3,288,071)	(5,968,828)
Total Transfers & Capital Contributions	$ 5,771,180	$ 1,578,826	$ 9,919,851	$ 5,143,394	$ 9,854,903
Change in Net Position	$ 10,454,513	$ 2,631,082	$ 15,558,476	$ 11,913,428	$ 14,851,843
Net Position, Beginning of Year	$ 189,263,036	$ 186,253,620	$ 170,695,144	$ 158,781,716	$ 143,929,873
Prior Period Adjustment	$ -	$ 378,334	$ -	$ -	$ -
Net Position, End of Year	$ 199,717,549	$ 189,263,036	$ 186,253,620	$ 170,695,144	$ 158,781,716

CHANGES IN NET POSITION – continued

	FY 2018/19	FY 2017/18	FY 2016/17	FY 2015/16	FY 2014/15
Operating Revenues					
Sewer Charges	$ 14,336,548	$ 12,694,346	$ 11,196,600	$ 10,911,091	$ 10,758,026
Connection Charges	2,574,427	2,520,400	4,700,227	1,443,773	888,198
Permits, Fees & Inspections	533,932	338,446	475,524	443,885	274,971
Total Operating Revenues	$ 17,444,907	$ 15,553,192	$ 16,372,351	$ 12,798,749	$ 11,921,195
Operating Expenses					
Collection & Treatment	$ 5,462,230	$ 7,406,709	$ 6,756,711	$ 6,476,122	$ 6,403,314
Administrative & General	1,889,641	1,745,033	2,226,083	1,269,273	1,332,209
Technical Services	3,173,059	3,237,207	2,443,940	2,106,383	1,818,102
Depreciation	1,658,424	1,423,548	1,343,872	1,381,819	1,163,361
Total Operating Expenses	$ 12,183,354	$ 13,812,497	$ 12,770,606	$ 11,233,597	$ 10,716,986
Operating Income (Loss)	$ 5,261,553	$ 1,740,695	$ 3,601,745	$ 1,565,152	$ 1,204,209
Non-Operating Revenues (Expenses)					
Tax Revenue	$ 993,704	$ 929,449	$ 874,218	$ 790,587	$ 686,237
Gain (Loss) on Sale of Asset	13,707	63,498	(27,186)	-	-
Interest Income	1,832,865	321,933	193,023	825,604	513,964
Interest Expense	(116,477)	(119,120)	(120,912)	(122,564)	(129,039)
Total Non-Operating Revenues	$ 2,723,799	$ 1,195,760	$ 919,143	$ 1,493,627	$ 1,071,162
Transfers & Capital Contributions					
Capital Contributions	$ 7,071,156	$ 6,680,289	$ 2,819,904	$ 1,957,751	$ 2,651,181
Transfers In	6,359,937	5,469,970	4,128,264	2,451,218	1,027,284
Transfers Out	(6,359,937)	(5,469,970)	(4,128,264)	(2,451,218)	(1,027,284)
Total Transfers & Capital Contributions	$ 7,071,156	$ 6,680,289	$ 2,819,904	$ 1,957,751	$ 2,651,181
Change in Net Position	$ 15,056,508	$ 9,616,744	$ 7,340,792	$ 5,016,530	$ 4,926,552
Net Position, Beginning of Year	$ 128,873,365	$ 120,878,621	$ 113,537,829	$ 108,521,299	$ 106,767,165
Prior Period Adjustment	$ -	$ (1,622,000)	$ -	$ -	$ (3,172,418)
Net Position, End of Year	$ 143,929,873	$ 128,873,365	$ 120,878,621	$ 113,537,829	$ 108,521,299

TABLE S2 – NET POSITION BY COMPONENT
(Last 10 Years)

	Business-Type Activities			
For the Fiscal Year Ending June 30,	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2024	$ 122,782,635	$ 3,425,665	$ 73,509,249	$ 199,717,549
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

TABLE S3 – EQUIVALENT DWELLING CONNECTIONS BY FISCAL YEAR

For the Fiscal Year Ending June 30,	Total EDU'S	Increase	% Increase
2024	37,555	715	1.94%
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%

TABLE S4 – DELINQUENT ACCOUNTS – TOTAL SEWER CHARGES

For Fiscal Year Ending June, 30,	Delinquent Receivables	Delinquent Accounts	Total Sewer Charges	% Delinquent
2024	$ 588,364	1,137	$ 17,103,804	3.44%
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%

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.

TABLE S5 – MONTHLY SEWER RATES & LOCAL CAPACITY CHARGES

For the Fiscal Year Ending June 30,	Sewer Service Rates per Month	Local Sewer Capacity Charges
2024	$ 37.44	$ 4,915
2023	$ 36.00	$ 4,827
2022	$ 36.00	$ 4,330
2021	$ 36.00	$ 4,129
2020	$ 36.00	$ 4,014
2019	$ 34.00	$ 3,923
2018	$ 31.00	$ 3,750
2017	$ 28.00	$ 3,750
2016	$ 28.00	$ 3,000
2015	$ 28.00	$ 3,000
2014	$ 28.00	$ 2,100

Below is a comparison showing the rates charged by other sanitary providers in the region. South Placer Municipal Utility District has the lowest monthly rate with the average rate being $74.07.

FIGURE 1 – RATE COMPARISON

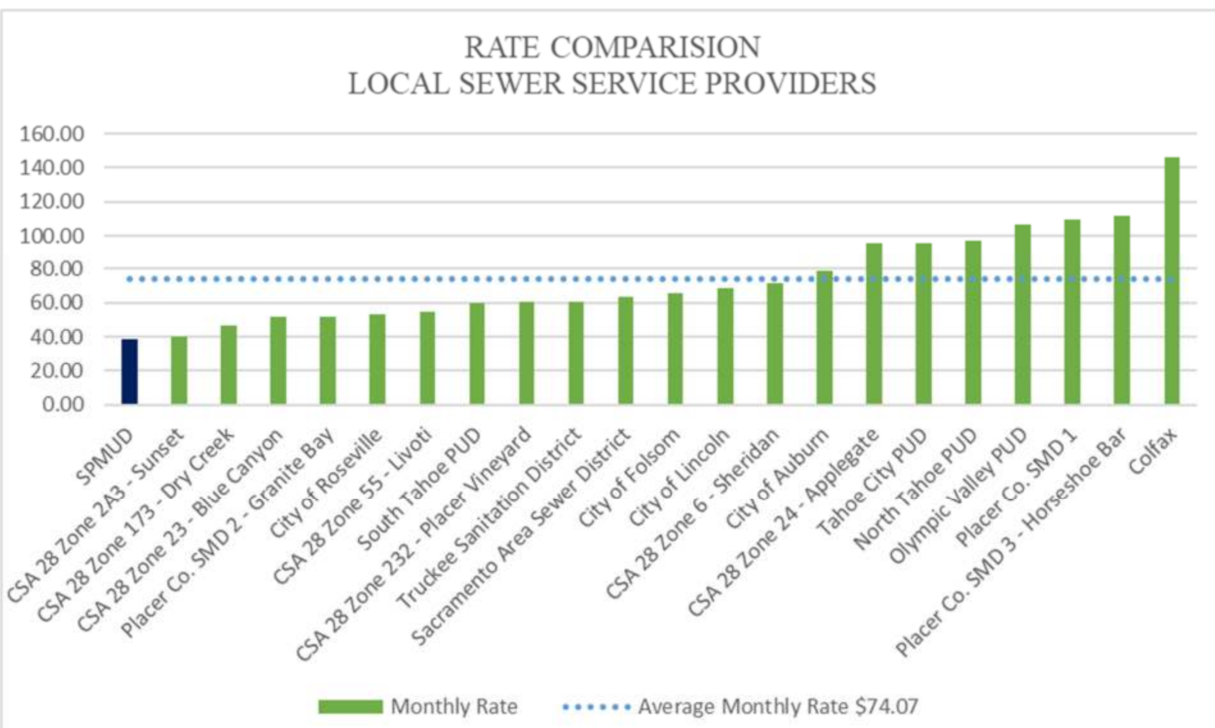

TABLE S6 – TEN LARGEST DISTRICT CUSTOMERS LAST 12 YEARS

2024	2023	2022	2021
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	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
Sierra Lakes MH Park	Sierra Lakes MH Park	Sierra Lakes MH Park	Rocklin Elem.Schools
Blue Oaks Town Center	Winstead Apts	Winstead Apts	Broadstone Apts
Winsted Apts	Sierra Gateway Apts	Sierra Gateway Apts	Ansel Park Sr Living

2020	2019	2018	2017
Meridian Apts	Meridian Apts	MW Investment	Sunset West Apts
Rocklin Ranch Apts	Rocklin Ranch Apts	Sunset West Apts	William Jessup Univ
Sunset Summit Apts	Sunset Summit Apts	William Jessup Univ	Rocklin High Schools
Garnet Creek Apts	Garnet Creek Apts	Rocklin High Schools	Rocklin Elem.Schools
Rocklin High Schools	Rocklin High Schools	Rocklin Elem.Schools	Del Oro High School
Villa Serena Apts	Senior Living	Del Oro High School	Sierra College
Rocklin Elem.Schools	Sierra Lakes MH Park	Sierra College	Walmart Rocklin
Sierra Lakes MH Park	Broadstone Apts	Walmart (Rocklin)	Loomis RV Park
Broadstone Apts	Sagora Senior Living	Loomis RV Park	Howard Johnson
Sagora Senior Living	William Jessup	Studio Movie Grill	Blue Oaks Marketplace

2016	2015	2014	2013
Sunset West Apts	Sunset West Apts	William Jessup Univ	William Jessup Univ
William Jessup Univ	William Jessup Univ	Rocklin High Schools	Rocklin High Schools
Rocklin High Schools	Rocklin High Schools	Rocklin Elem.Schools	Rocklin Elem.Schools
Rocklin Elem.Schools	Rocklin Elem.Schools	Del Oro High School	Del Oro High School
Del Oro High School	Del Oro High School	Sierra College	Sierra College
Sierra College	Sierra College	Walmart Rocklin	Walmart Rocklin
Walmart Rocklin	Walmart Rocklin	Loomis RV Park	Loomis RV Park
Loomis RV Park	Loomis RV Park	Howard Johnson	Howard Johnson
Howard Johnson	Howard Johnson	Blue Oaks Marketplace	Blue Oaks Marketplace
Blue Oaks Marketplace	Blue Oaks Marketplace	RC Willey	RC Willey

TABLE S7 – DEMOGRAPHICS AND ECONOMIC STATISTICS

Fiscal Year Ending June 30,	Placer County Workforce	Number of Employed	Number of Unemployed	Unemployment Rate %	District Population	Median Household Income
2024	197,500	188,400	9,100	4.6%	86,965	110,591
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

Source: State of California, Employment Development Department & Placer County

TABLE S8 – PLACER COUNTY LARGEST EMPLOYERS

2024		2014	
Business or Organization	**No. of Employees**	**Business or Organization**	**No. of Employees**
Sutter Health	6,672	Sutter Health	3,890
Kaiser Permanente	6,094	Kaiser Permanente	3,826
Placer County	2,669	Palisades Tahoe	2,500
Thunder Valley Casino Resort	2,400	Thunder Valley Casino Resort	2,391
Sierra Joint Community College District	1,900	Placer County	2,300
Roseville City School District	1,783	Hewlett Packard	2,230
City of Roseville	1,386	City of Roseville	1,254
Palisades Tahoe	1,321	PRIDE Industries	1,164
Safeway	1,217	Roseville City School District	1,006
Pacific Gas & Electric	1,120	Sate of California	940

Source: Sacramento Business Journal, July 2024 & June 2014

TABLE S9 – TOP TEN TAXPAYERS – PLACER COUNTY

Taxpayer Name	Total Tax	Net Taxable Value
Pacific Gas & Electric Company	$ 19,403,576	$ 1,085,757,129
Roseville Shoppingtown LLC	$ 5,666,095	$ 544,478,818
Liberty Utilities (Calpeco Electric), LLC	$ 3,089,764	$ 173,047,528
Cellco Partnership	$ 2,555,957	$ 143,150,794
John Mourier Construction INC	$ 2,204,143	$ 95,629,248
Briet Wave MF SC Owner LLC	$ 1,730,010	$ 167,411,317
Harvest-USIV LLC & Harvest-USHII LLC	$ 1,639,466	$ 118,137,848
Bickford Improvement Company LLC	$ 1,615,474	$ 11,752,341
Roseville Fountains LP	$ 1,582,569	$ 79,544,505
Tri Pointe Homes Holdings INC	$ 1,521,527	$ 50,945,039

Source: Placer County

TABLE S10 – TEN-YEAR CAPITAL SPENDING - FY 2014/15 TO FY 2023/24

Capital Project Review	**FY 2023/24**	**FY 2022/23**	**FY 2021/22**	**FY 2020/21**	**FY 2019/20**
Archiving/Disaster Plan	$ -	$ -	$ -	$ -	$ 7,200
Board Room Upgrades	-	-	-	8,945	-
Lateral Cameras	21,197	29,770	-	13,860	-
CCTV Software & Equipment	-	-	-	13,076	-
Computers/Office Furniture	31,790	-	30,502	4,481	22,278
Corp Yard Improvements	594,023	3,390,996	574,403	145,252	58,180
Cured in Place Pipe/System Rehab	-	-	-	481,432	13
Data Acquisition	-	-	-	610	897
District Participation in Regional Projects	149,766	643,658	306,681	24,360	-
Easement Acquisitions, Repairs, and Upgrades	-	16,900	-	1,284	26,527
Energy Upgrades	-	-	-	-	-
Emergency Bypass Equipment	-	-	48,200	-	-
Expansion Projects	150,000	-	-	-	-
Foothill Trunk Project	-	-	185,405	2,511,379	989,186
General Equipment	11,541	14,016	8,411	23,114	5,998
HRF Creek Crossings	-	38,954	-	-	-
Lift Station Flow Recorders	43,593	13,576	-	-	-
Lift Station Rehab/ Pump Replacement	-	-	-	-	1,693
Lower Clover Valley Trunk Design	-	61,424	5,375	-	-
Lower Loomis Diversion Trunk Project	-		-	-	27,673
Newcastle Master Plan Improvements	-	30,288	6,464	123,902	400
Pipe Trailer Improvements	22,173	8,929	-	-	-
Rocklin 60 Reimbursement	-	-	-	314,306	-
Safety Equipment & Training Aids	-	-	-	-	-
SCADA	302,127	246,032	86,064	-	73,396
System Improvements & Rehabilitation	389,220	320,180	7,980	-	-
Telephone & Communication Replacements	-	-	-	-	-
Vehicle Purchases and Upgrades	-	238,839	228,661	98,490	323,446
Total Capital Improvements	**$ 1,715,430**	**$ 5,053,562**	**$ 1,488,146**	**$ 3,764,490**	**$ 1,536,886**
Cumulative Spending (10 years)	$ 1,715,430	$ 6,768,992	$ 8,257,138	$ 12,021,628	$ 13,558,515

TEN-YEAR CAPITAL SPENDING - FY 2014/15 TO FY 2023/24 – continued

Capital Project Review	FY 2018/19	FY 2017/18	FY 2016/17	FY 2015/16	FY 2014/15
Archiving/Disaster Plan	$ 22,120	$ -	$ -	$ -	$ -
Board Room Upgrades	-	-	-	6,057	-
Lateral Cameras	-	20,677	6,424	-	28,204
CCTV Software & Equipment	-	-	-	-	-
Computers/Office Furniture	58,608	9,516	17,978	4,255	81,135
Corp Yard Improvements	42,014	13,104	48,088	120,029	57,505
Cured in Place Pipe/System Rehab	363,429	778,148	-	220,000	495,584
Data Acquisition	4,585	4,002	8,821	20,915	33,297
District Participation in Regional Projects	102,032	240,058	-	-	-
Easement Acquisitions, Repairs, and Upgrades	18,274	22,623	29,091	35,000	30,740
Energy Upgrades	24,128	-	-	-	-
Emergency Bypass Equipment	-	-	-	-	-
Expansion Projects	-	-	-	-	-
Foothill Trunk Project	13,484	16,974	85,535	216,414	-
General Equipment	16,373	106,256	75,715	35,983	24,635
HRF Creek Crossings	-	-	38,954	-	-
Lift Station Flow Recorders	13,022	-	-	-	29,744
Lift Station Rehab/ Pump Replacement	-	-	-	4,415	34,817
Lower Clover Valley Trunk Design	9,777	12,149	45,330	-	-
Lower Loomis Diversion Trunk Project	2,635,603	6,690,017	643,627	43,119	69,998
Newcastle Master Plan Improvements	8,105	222,695	59,256	-	-
Pipe Trailer Improvements	5,972	-	-	40,000	-
Rocklin 60 Reimbursement	157,153	-	314,306	-	-
Safety Equipment & Training Aids	4,763	-	-	-	1,945
SCADA	-	-	-	-	205,867
System Improvements & Rehabilitation	18,113	64,575	6,795	-	9,982
Telephone & Communication Replacements	175,267	-	-	6,500	8,300
Vehicle Purchases and Upgrades	-	908,821	200,609	3,366	310,384
Total Capital Improvements	**$ 3,692,822**	**$ 9,109,615**	**$ 1,580,529**	**$ 756,053**	**$ 1,422,137**
Cumulative Spending (10 years)	$ 17,251,337	$ 26,360,952	$ 27,941,481	$ 28,697,534	$ 30,119,671

TABLE S11 – CAPACITY CHARGE REPORT

Beginning Balance July 1, 2023	**$**	**31,500,531**
Revenue & Expense True-up Transfers from Prior Year	**$**	**972,228**
Revenue & Expense Transfers Current Year	$	930,000
Cash flow from investing activities	$	1,230,540
Unrealized Investment Gain/Loss	$	16,802
	$	**3,149,570**
Ending Balance June 30, 2024	**$**	**34,650,101**
FY 2023/24 Revenue		
Local Participation Fees Collected	$	1,407,105
Total Revenue	**$**	**1,407,105**
FY 2023/24 Expenditures		
Del Rio/Del Mar Sewer Expansion	$	65,440
Sierra College Lift Station Abandonment	$	69,482
Cameo Court Lift Station Abandonment	$	17,411
Total Expenditures	**$**	**152,332**
Revenues Less Expenditures	**$**	**1,254,773**
Transfers from Operating to Capital Expansion		
Revenue & Expense Transfers Current Year	$	930,000
2024 Revenue & Expense Additional True-up Transfer	$	324,773
Total Transfers	**$**	**1,254,773**