

NEW BUSINESS ITEMS

1. Resolution: Commendation and Appreciation for Russ Branson
2. Resolution: Approval of updated Authority Schedule of Regular Meeting Dates (Ken)
3. Information: Debt Review(Vanessa)
4. Information: Investment Review (Jacquie)
5. Resolution: Approval of CIP Mid-Year Adjustments & Project Status (Ken)
6. Information: Financial Audit (Sandra)
7. Information: Agreed Upon Procedures & Connection Fee Programs (Janet)
8. Information: Connection Fee Analysis (Brian)
9. Information: Rate Stabilization Fund Balances (Sandra)
10. Information: Rate Stabilization Fund Summary / Available Resources (Sandra)

PUBLIC COMMENTS

REPORTS/COMMENTS – BOARD MEMBERS/STAFF

ADJOURNMENT

Note: The Board may take action on any matter, however listed on this Agenda, and whether or not listed on this Agenda, to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Recording Secretary to all or a majority of the SPWA Board less than 72 hours prior to that meeting are available for public inspection during normal business hours at the City of Roseville Corporation Yard, 2005 Hilltop Circle, Roseville California 95747.

Resolution: 2014-01

Appointment of Executive Director
(Christy Layton, SPWA Counsel)

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2014-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPOINTING EXECUTIVE DIRECTOR AND DELEGATING POWERS AND RESPONSIBILITIES

WHEREAS, by Resolution No. 2000-01, dated October 24, 2000, the Board of Directors for the South Placer Wastewater Authority (“Authority”) appointed Derrick Whitehead, Roseville Environmental Utilities Director, to be the Executive Director of the Authority; and

WHEREAS, Mr. Whitehead retired from his position at the end of 2012; and

WHEREAS, by Resolution 2013-01, dated January 31, 2013, the Board of Directors appointed Ken Glotzbach, Roseville Environmental Utilities Manager, to be the Interim Executive Director for the Authority until the City of Roseville appoints a new Environmental Utilities Director; and

WHEREAS, a new Roseville Environmental Utilities Director has been appointed, but due to the current drought conditions, that Director must focus on water supply issues.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority as follows:

1. [Insert Name], [Insert Job Title], is hereby appointed to act as the [Optional: Interim] Executive Director of the Authority.
2. The Executive Director shall be responsible for the management of the day-to-day affairs of the Authority, and shall have the powers delegated to him or her by the Board from time to time, including, without limitation, the following:
 - a. to make and enter into contracts on behalf of the Authority within the limits set forth in the Authority’s Contracting Procedures; and
 - b. to authorize the Authority’s Treasurer to disburse funds from the Rate Stabilization Fund, and any other account held by the Authority, pursuant to the budget duly adopted by the Board.

PASSED AND ADOPTED this 30th day of January 2014, by the following vote on roll call:

AYES:

NOES:

ABSENT:

CHAIRPERSON

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 6, 2014

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 14-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 30, 2014

Action Requested

Staff requests the Board elect a new Chairperson and Vice-Chairperson at this meeting.

Discussion

The current Board Chairperson and Vice-Chairperson were elected at the South Placer Wastewater Authority's regular meeting on January 31, 2013. The Board Bylaws state that the Chairperson and Vice-Chairperson shall serve for a 1-year term or until a new Chairperson and Vice-Chairperson are appointed.

SOUTH PLACER WASTEWATER AUTHORITY

Jack Duran – Placer County, Chair
Bonnie Gore – Roseville, Vice Chair
Jerry Mitchell – SPMUD
Pauline Rocucci – Roseville
Robert Weygandt – Placer County

MINUTES OF BOARD OF DIRECTORS' MEETING June 27, 2013

The regular meeting of the South Placer Wastewater Authority Board of Directors was called to order at 9:30 a.m. at the Roseville Corporation Yard, 2005 Hilltop Circle, Roseville, CA.

Directors Present:

Jack Duran
Bonnie Gore
Jerry Mitchell
Pauline Rocucci
Robert Weygandt

Staff Present:

Christy Layton, JPA Counsel
Ken Glotzbach, Interim Executive Director
Russ Branson, Treasurer
Karen Sainsbury, Secretary

Roll Call

All Directors were present.

Introductions

The following were in attendance: Kathy Pease, Bob Schmitt, Ed Kriz, Carol Margetich, Janet Vargas, Russ Branson, Sandra Ikeda, Vanessa Lieberman, Monty Hanks and Jacquie Clarizio from the City of Roseville; Charles Clark from SPMUD; Bill Zimmerman and Dave Atkinson from Placer County; and John Tallman with WestPark Communities.

Approval of Minutes, March 11, 2013

Motion by Director Gore seconded by Director Rocucci to approve the minutes of March 11, 2013. The vote was unanimous.

New Business Items

1. Information: Pleasant Grove Wastewater Treatment Plant Buffer Modification

Kathy Pease presented information on a revision to the 1,000 feet non-residential buffer deed restriction to the Pleasant Grove Wastewater Treatment Plant to reduce the buffer to allow residential uses no closer than 769 feet.

2. Information: Investments Report

Jacquie Clarizio reported on the performance of the Authority's debt and investments through April 30, 2013.

3. Information: Overview of Swap Performance and Annual Reporting Requirements

Vanessa Lieberman reported on the Swap performance to date and reviewed the status of all interest rate swap agreements with the Board.

4. Resolution: FY2014 Investment Policy and Swap Policy

Jacque Clarizio presented revisions to the Investment Policy and Swap Policy for the Board's review and approval.

Director Mitchell requested staff substitute the word "submit" with "make available" in the Investment Policy, Page 6, item X. Reporting Requirements. Director Mitchell also requested staff email monthly investment reports to SPMUD General Manager Charles Clark.

Motion by Director Mitchell seconded by Director Weygandt to approve Resolution No. 2013-06 adopting the revised Investment Policy with change requested and the revised Swap Guidelines as presented.

Chair Duran requested a roll call vote:

Vote: Ayes: Duran, Gore, Mitchell, Roccucci, Weygandt
 Nos: None
 Absent: None

5. Information: Rate Stabilization Fund Balances and Connection Fee Revenues

Sandra Ikeda provided an update on the Rate Stabilization Fund Balances as of April 30, 2013.

6. Information: Capital Improvement Projects Overview

Ken Glotzbach provided an overview of capital improvements projects in progress and on the horizon. The Board asked to be kept informed on growth as it relates to plant expansion and a grease receiving station.

7. Resolution: Annual Operating Budget for FY2013-14 Budget

Janet Vargas presented the annual Operating Budget and requested Board approval.

MOTION by Director Weygandt seconded by Director Mitchell to adopt Resolution 2013-07.

Chair Duran requested a roll call vote:

Vote: Ayes: Duran, Gore, Mitchell, Roccucci, Weygandt
 Nos: None

Absent: None

Reports/Comments – Board Members/Staff

None

Public Comment

None

Adjournment

The meeting was adjourned at 10:09 a.m.

Jack Duran
Chair

Karen Sainsbury
Secretary to the Board

Verbal Report:

Update on City Treasurer
Recruitment

(Monty Hanks)

Resolution: 2014-02

**Commendation and Appreciation
for Russ Branson**

Resolution

OF

COMMENDATION AND APPRECIATION

WHEREAS, Russ Cochran Branson began his distinguished career with the City of Roseville on April 17, 2000 as the Finance Director/Treasurer. He was subsequently promoted to Administrative Services Director/City Treasurer in 2005, and then Assistant City Manager/Treasurer in 2010; and

WHEREAS, Russ was named Treasurer of the South Placer Wastewater Authority JPA (SPWA) upon its formation in 2000 and has held the position through his remaining career at Roseville; and

WHEREAS, Russ, as Treasurer of the South Placer Wastewater Authority, financed or refinanced over \$650 million for improvements. Many of these issuances constituted major interest cost savings over conventional fixed rate deals, saving the SPWA over \$20 million in interest payments. In addition, SPWA has received bond ratings of A+ categories from the major rating agencies; and

WHEREAS, Russ along with staff from the City of Roseville, the South Placer Municipal Utility District and Placer County and financial advisors to the Authority developed an enduring set of agreements that enabled the construction of over \$258 million in regional infrastructure including multiple expansions of wastewater treatment plants, siting and environmental compliance of the Pleasant Grove Wastewater Treatment Plant and miles of pipeline construction; and

WHEREAS, Russ helped navigate the amendment of the restructured funding agreement of the partners; and demonstrated leadership in the region through development of innovative approaches in managing common interests of partner agencies, including development of the South Placer Wastewater Authority JPA; and

WHEREAS, Russ has served on the boards of California Asset Management Program, Local Agency Investment Board, California Statewide Communities Development Authority, and Northern California Power Agency's Finance Committee. He also teaches Financial Aspects of Planning through the UC Davis Extension program. Russ is respected throughout the region as a municipal finance expert and assists other agencies with their financial issues; and

WHEREAS, Russ has received the Public Agency CFO of the Year Award by the Sacramento Business Journal in July 2012 and the California Public Securities Association 2013 Award in Excellence in Public Finance in February 2013.

NOW, THEREFORE, I, JACK DURAN, CHAIR OF THE SOUTH PLACER WASTEWATER AUTHORITY, PLACER COUNTY, CALIFORNIA on behalf of the Authority do hereby proclaim that RUSS COCHRAN BRANSON be commended for his outstanding service and dedication to the Authority, congratulated for his many accomplishments and wished a long, healthy and enjoyable retirement.

PROCLAIMED the 30th day of January, 2014

JACK DURAN, CHAIR

ATTEST:

**KAREN SAINSBURY, SECRETARY
SOUTH PLACER WASTEWATER AUTHORITY,
PLACER COUNTY, CALIFORNIA**

Resolution: 2014-03

Approval of Updated Authority
Schedule of Regular Meeting Dates

(Ken Glotzbach)

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2014-03

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
REGULAR MEETING DATES**

WHEREAS, the Bylaws for the South Placer Wastewater Authority (“Authority”) state that the Authority’s Board of Directors shall meet not less than every six (6) months as specified by resolution duly adopted by the Board of Directors (“Board”); and

WHEREAS, the Board currently meets in January and June of each year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the regular meetings of the Board shall be on the last Thursday of every January and June at 9:30 a.m. and that said meetings of the Board shall be held at 2005 Hilltop Circle, Roseville, California.

PASSED AND ADOPTED this 30th day of January 2014, by the following vote on roll call:

AYES:

NOES:

ABSENT:

CHAIRPERSON

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 14, 2014

FROM: Monty Hanks, Finance Director/Interim Treasurer
Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO: 14-03

SUBJECT: Overview of Debt

For SPWA Board Meeting 1/30/14

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The following report details the performance of the Authority's debt and investments through November 30, 2013.

DEBT

The Authority has \$147.415 million of outstanding revenue bonds split into three series: 2011 Series C (\$58.085 million), 2011 Series D (\$30.0 million) and the Series 2013 (\$59.33 million). The Series C bonds were issued as fixed rate bonds and the Series D bonds were issued as SIFMA Index bonds with interest rates reset weekly. The Series 2013 bonds were issued as a Direct Placement with US Bank paying 70.5% of one month Libor plus 62.5 bps. The Authority is entered into an interest-rate swap with Morgan Stanley in what is termed a "synthetic" fixed-rate debt. The swap acts as a fixed-rate hedge for the Series D and 2013 bonds. The following information details the bonds' performance for the first half of FY14.

The Fed continues to keep the Fed Funds rate at or near zero. The net effect of the Fed's actions has caused short-term rates to remain historically low and this has benefited the reset rates for the Authority's outstanding bonds. The average rate paid on the Series D bonds through November 30, 2013 was 0.063%. The Authority pays an adjusted rate of 0.832% for the Series D bonds.

As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on over 90% of the Series D and 2013 bonds. The Authority pays a fixed rate, 3.665%, to Morgan Stanley but receives 62% of 1-month LIBOR plus 26 basis points (bps). The actual net synthetic fixed rate paid the Authority on the swap as of November 30th was 3.301%. As a result, the current projection for debt service in FY 2013/14 is around \$9.7 million, approximately \$200K less than the budgeted amount of \$9.9 million.

Submitted by:



Vanessa Lieberman
Financial Analyst



Monty Hanks
Finance Director/Interim Treasurer

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 14, 2014

FROM: Jacquie Clarizio, Financial Analyst

AUTHORITY COMMUNICATION NO: 14-04

SUBJECT: Investment Review

For SPWA Board Meeting 1/30/14

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following report details the performance of the Authority's investments through November 30, 2013.

INVESTMENTS

The \$82.8 million investments for the SPWA's Rate Stabilization Fund (RSF) can be placed in two categories: 1) liquidity for cash-flow requirements and 2) additional accumulated funds. The attached table provides an overview of the SPWA investments as of November 30, 2013.

Cash-Flow Requirements

The cash-flow requirements for the RSF include monthly payments and various administrative costs included in the Authority's annual budget. The RSF, as of November 2013, includes \$10 million invested in Local Agency Investment Fund (LAIF) and \$10.4 million of pooled cash as of November 2013. The LAIF account provides the Authority with the liquidity required to fund these costs while earning a reasonable rate of return in today's interest rate environment. The latest LAIF return was 0.264%.

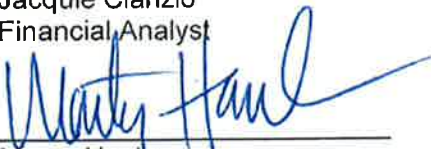
Additional Accumulated Funds

Public Financial Management (PFM) provides investment management services for the Authority's investment portfolio under direction from the Treasurer. Current investments in this category totaled \$72.8 million as of November 2013. The yield-to-market on the invested funds as of November 2013 was 0.481%

Submitted by:



Jacquie Clarizio
Financial Analyst



Monty Hanks
Finance Director/Interim Treasurer

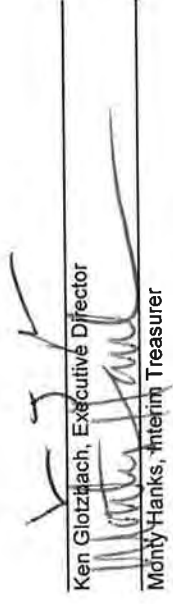
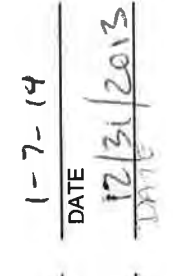
**So Placer Wastewater Authority
Portfolio Management
Portfolio Summary
November 30, 2013**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
City of Roseville Cash Pool*	10,464,320.63	10,464,320.63	10,464,320.63	10.24	1	1	0.533
Money Market Funds	636,343.42	636,343.42	636,343.42	0.62	1	1	0.001
CAMP	4,131,692.84	4,131,692.84	4,131,692.84	4.04	1	1	0.070
Local Agency Investment Funds	10,067,992.53	10,067,992.53	10,067,992.53	9.85	1	1	0.266
Negotiable CDs	5,900,000.00	5,901,779.90	5,899,914.14	5.77	550	333	0.515
Corporate Notes	12,325,000.00	12,512,121.30	12,463,696.82	12.20	1,052	810	0.877
Commercial Paper Disc. -Amortizing	6,150,000.00	6,148,000.35	6,147,843.78	6.02	133	42	0.250
Federal Agency Coupon Securities	23,385,000.00	23,849,861.23	23,776,721.86	23.27	939	704	0.513
Federal Agency Disc. -Amortizing	4,606,000.00	4,604,249.72	4,604,723.42	4.51	181	151	0.067
Treasury Coupon Securities	22,635,000.00	23,596,464.05	23,564,103.02	23.06	944	699	0.389
Municipal Bonds	415,000.00	414,713.65	415,000.00	0.41	590	530	0.528
Investments	100,716,349.42	102,327,539.62	102,174,352.46	100.00%	615	455	0.450

Total Earnings	November 30	Month Ending	Fiscal Year To Date
Current Year	61,274.64		256,266.59
Average Daily Balance	106,550,075.18		105,369,491.10
Effective Rate of Return	0.70%		0.58%

*Estimated balance as of 11/30/2013
Market values provided by Public Financial Management, Bank of New York Mellon, and LAIF
The Forward Delivery Agreement in the Reserve Fund is based on a 5.42% rate. However, the rate of the current investment is reflected. Any true-up to 5.42% is cured during settlement.

THIS SCHEDULE OF INVESTMENTS IS IN COMPLIANCE WITH THE INVESTMENT POLICY AS ESTABLISHED AND SUFFICIENT FUNDS WILL BE AVAILABLE TO MEET CASH FLOW REQUIREMENTS FOR THE NEXT SIX MONTHS.


 Ken Glotzbach, Executive Director
 DATE: 12/31/2013
 DATE: 1-7-14

 Monty Hanks, Interim Treasurer

So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
November 30, 2013

	November 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	159,891.43	464,783.88
Plus Accrued Interest at End of Period	143,778.96	143,338.26
Less Accrued Interest at Beginning of Period	(212,626.00)	(164,990.58)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	91,044.39	443,131.56
Adjusted by Premiums and Discounts	-60,056.94	-300,174.54
Adjusted by Capital Gains or Losses	21,260.91	66,940.97
Earnings during Periods	52,248.36	209,897.99
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	3,738,073.03	3,738,073.03
Less Accrued Interest at Beginning of Period	(3,729,046.75)	(3,691,704.43)
Interest Earned during Period	9,026.28	46,368.60
Total Interest Earned during Period	100,070.67	489,500.16
Total Adjustments from Premiums and Discounts	-60,056.94	-300,174.54
Total Capital Gains or Losses	21,260.91	66,940.97
Total Earnings during Period	61,274.64	256,266.59

**So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
November 30, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Money Market Funds											
431114503	10434	US BANK	07/01/2013	393,261.79	393,261.79	393,261.79	0.001	0.000	0.001		1
			Subtotal and Average	393,261.79	393,261.79	393,261.79		0.001	0.001		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2013	10,067,992.53	10,067,992.53	10,067,992.53	0.266	0.262	0.266		1
			Subtotal and Average	10,067,992.53	10,067,992.53	10,067,992.53		0.262	0.266		1
Negotiable CDs											
06417FPL8	10453	Bank of Nova Scotia	03/06/2013	1,000,000.00	1,000,000.00	1,002,123.00	0.540	0.532	0.540	03/06/2015	460
22549TDF2	10484	CREDIT SUISSE NEW YORK	07/18/2013	1,400,000.00	1,400,000.00	1,402,153.90	0.550	0.542	0.550	07/14/2014	225
21684BEP5	10459	RABOBANK	04/29/2013	1,500,000.00	1,500,000.00	1,496,178.00	0.600	0.591	0.600	04/29/2015	514
85325BVS0	10454	STANDARD CHARTERED BANK NY CER	03/18/2013	1,000,000.00	1,000,000.00	1,000,040.00	0.360	0.355	0.360	03/18/2014	107
86958CVF8	10457	SVENSKA HANDELSBANKEN	04/05/2013	999,847.71	1,000,000.00	1,001,285.00	0.461	0.464	0.471	10/06/2014	309
			Subtotal and Average	5,899,847.71	5,900,000.00	5,901,779.90		0.508	0.515		332
Corporate Notes											
02665WAB7	10488	AMERICAN HONDA FINANCE GLOBAL	10/10/2013	777,285.60	780,000.00	784,862.52	1.125	1.226	1.243	10/07/2016	1,041
037839AH3	10462	APPLE INC GLOBAL NOTES	05/03/2013	504,085.95	505,000.00	503,522.37	0.450	0.503	0.510	05/03/2016	884
084664BX8	10479	BERKSHIRE HATHAWAY FIN CORP NO	08/15/2013	929,507.10	930,000.00	934,900.17	0.950	0.954	0.967	08/15/2016	988
084664BX8	10489	BERKSHIRE HATHAWAY FIN CORP NO	10/15/2013	319,392.00	320,000.00	321,686.08	0.950	1.004	1.018	08/15/2016	988
06406HCC1	10392	Bank of New York Trust Company	02/21/2012	749,317.50	750,000.00	756,248.25	1.200	1.214	1.231	02/20/2015	446
14912L5H0	10435	CATERPILLAR FINANCIAL SE	11/06/2012	609,438.80	610,000.00	611,298.69	0.700	0.721	0.731	11/06/2015	705
14912L5N7	10452	CATERPILLAR FINANCIAL SE	02/28/2013	329,590.80	330,000.00	330,129.03	0.700	0.730	0.740	02/28/2016	817
17275RAC6	10492	CISCO SYSTEMS	11/05/2013	1,505,066.25	1,555,000.00	1,500,582.56	5.500	0.626	0.635	02/22/2016	813
191216BD1	10490	COCA-COLA CO	11/01/2013	339,609.00	340,000.00	340,270.98	0.750	0.778	0.788	11/01/2016	1,066
369604BE2	10431	General Electric Capital Co	10/09/2012	264,928.45	265,000.00	266,466.51	0.850	0.847	0.859	10/09/2015	677
369604BE2	10432	General Electric Capital Co	10/09/2012	737,043.30	735,000.00	739,067.49	0.850	0.745	0.756	10/09/2015	677
36962G6R0	10447	General Electric Capital Co	01/08/2013	159,486.40	160,000.00	160,888.64	1.000	1.093	1.109	01/08/2016	768
459200HB0	10389	IBM CORP GLOBAL NOTES	02/06/2012	1,049,841.05	1,055,000.00	1,057,855.89	0.850	0.705	0.715	02/06/2015	432
713448CE6	10451	PEPSICO INC GLOBAL NOTES	02/28/2013	364,872.25	365,000.00	364,659.46	0.700	0.700	0.710	02/28/2016	817
717081DD2	10469	PFIZER INC GLOBAL NOTES	06/03/2013	1,397,760.00	1,400,000.00	1,399,682.20	0.900	0.932	0.945	01/15/2017	1,141

**Fund 001 - SPWA
Investments by Fund
November 30, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Corporate Notes											
89236TAL9	10464	TOYOTA MOTOR CREDIT CORP COMM	05/17/2013	594,756.05	595,000.00	596,122.77	0.800	0.802	0.813	05/17/2016	898
25468PCU8	10445	WALT DISNEY CO GLOBAL NOTES	11/30/2012	193,547.25	195,000.00	194,851.61	0.450	0.691	0.701	12/01/2015	730
94974BFL9	10472	WELLS FARGO & COMPANY	07/29/2013	854,179.20	855,000.00	862,257.24	1.250	1.265	1.283	07/20/2016	962
94974BFA3	10483	WELLS FARGO & COMPANY	09/10/2013	784,888.65	780,000.00	786,768.84	1.250	0.795	0.806	02/13/2015	439
		Subtotal and Average		12,464,595.60	12,325,000.00	12,512,121.30		0.865	0.877		809
Commercial Paper Disc. -Amortizing											
0556N1DQ3	10499	BNP PARIBAS FINANCE	11/08/2013	1,747,564.58	1,750,000.00	1,748,048.75	0.300	0.300	0.304	04/24/2014	144
06538BZ30	10478	BANK OF TOKYO MITSUBISHI COMM	08/05/2013	4,396,626.67	4,400,000.00	4,399,951.60	0.230	0.230	0.233	12/03/2013	2
		Subtotal and Average		6,144,191.25	6,150,000.00	6,148,000.35		0.250	0.254		42
Federal Agency Coupon Securities											
313383V81	10480	Federal Home Loan Bank	08/09/2013	2,019,919.20	2,020,000.00	2,023,724.88	0.375	0.371	0.376	08/28/2015	635
3134G2W3	10376	Federal Home Loan Mig Corp	09/30/2011	926,850.00	925,000.00	930,752.73	0.750	0.672	0.681	09/22/2014	295
3134A4VC5	10456	Federal Home Loan Mig Corp	04/04/2013	2,997,073.35	2,745,000.00	2,929,406.36	4.375	0.334	0.338	07/17/2015	593
3134G42V9	10460	Federal Home Loan Mig Corp	04/30/2013	1,105,000.00	1,105,000.00	1,105,242.00	0.320	0.315	0.320	04/29/2015	514
3137EACT4	10474	Federal Home Loan Mig Corp	08/02/2013	2,984,811.60	2,840,000.00	2,978,915.76	2.500	0.662	0.671	05/27/2016	908
3135G0FY4	10439	Federal National Mtg Assn	11/06/2012	3,026,340.00	3,000,000.00	3,017,610.00	0.750	0.329	0.333	12/19/2014	383
31398A4M1	10442	Federal National Mtg Assn	11/06/2012	3,106,230.00	3,000,000.00	3,073,815.00	1.525	0.419	0.424	10/26/2015	694
3135G0VA8	10450	Federal National Mtg Assn	02/15/2013	998,860.00	1,000,000.00	1,001,238.00	0.500	0.529	0.536	03/30/2016	850
3135G0VA8	10476	Federal National Mtg Assn	08/02/2013	2,989,560.00	3,000,000.00	3,003,714.00	0.500	0.623	0.632	03/30/2016	850
3135G0VA8	10481	Federal National Mtg Assn	08/30/2013	1,989,200.00	2,000,000.00	2,002,476.00	0.500	0.701	0.711	03/30/2016	850
3135G0CM3	10486	Federal National Mtg Assn	10/03/2013	913,302.00	900,000.00	916,954.20	1.250	0.738	0.748	09/28/2016	1,032
3135G0CM3	10487	Federal National Mtg Assn	10/03/2013	862,755.19	850,000.00	866,012.30	1.250	0.730	0.740	09/28/2016	1,032
		Subtotal and Average		23,919,901.34	23,385,000.00	23,849,861.23		0.506	0.513		704
Treasury Coupon Securities											
912828LS7	10395	U.S. Treasury	02/23/2012	494,509.77	470,000.00	480,491.02	2.375	0.415	0.421	10/31/2014	334
912828DC1	10404	U.S. Treasury	04/24/2012	170,378.90	155,000.00	161,333.81	4.250	0.345	0.349	11/15/2014	349
912828MHO	10418	U.S. Treasury	06/29/2012	1,063,886.52	1,015,000.00	1,039,422.93	2.250	0.372	0.377	01/31/2015	426
912828DV9	10421	U.S. Treasury	07/31/2012	1,713,355.47	1,550,000.00	1,637,671.10	4.125	0.323	0.328	05/15/2015	530
912828NF3	10436	U.S. Treasury	11/06/2012	4,181,562.50	4,000,000.00	4,113,908.00	2.125	0.341	0.346	05/31/2015	546
912828EN6	10446	U.S. Treasury	11/30/2012	633,969.72	565,000.00	611,458.26	4.500	0.344	0.349	11/15/2015	714

Portfolio SPWA

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**Fund 001 - SPWA
Investments by Fund
November 30, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Treasury Coupon Securities											
912828QF0	10455	U.S. Treasury	03/28/2013	2,445,771.87	2,330,000.00	2,420,469.24	2.000	0.376	0.381	04/30/2016	881
912828QF0	10461	U.S. Treasury	04/11/2013	336,100.00	320,000.00	332,424.96	2.000	0.337	0.341	04/30/2016	881
912828KZ2	10463	U.S. Treasury	05/15/2013	1,415,019.53	1,300,000.00	1,394,655.60	3.250	0.394	0.399	06/30/2016	942
912828KZ2	10465	U.S. Treasury	05/28/2013	2,172,578.13	2,000,000.00	2,145,624.00	3.250	0.430	0.436	06/30/2016	942
912828QP8	10466	U.S. Treasury	05/31/2013	145,113.28	140,000.00	144,670.26	1.750	0.514	0.521	05/31/2016	912
912828UD0	10473	U.S. Treasury	08/02/2013	2,996,718.75	3,000,000.00	2,999,298.00	0.125	0.199	0.202	12/31/2014	395
912828DV9	10477	U.S. Treasury	08/02/2013	2,563,218.75	2,400,000.00	2,535,748.80	4.125	0.298	0.302	05/15/2015	530
912828RF9	10482	U.S. Treasury	08/30/2013	573,139.45	570,000.00	577,970.88	1.000	0.802	0.813	08/31/2016	1,004
912828MA5	10491	U.S. Treasury	11/01/2013	3,001,867.97	2,820,000.00	3,001,317.19	2.750	0.623	0.631	11/30/2016	1,095
		Subtotal and Average		23,907,190.64	22,635,000.00	23,596,464.05		0.383	0.389		699
Municipal Bonds											
91412GSW6	10485	UNIV OF CAL TXBL REV BONDS	10/02/2013	415,000.00	415,000.00	414,713.65	0.528	0.520	0.528	05/15/2015	530
		Subtotal and Average		415,000.00	415,000.00	414,713.65		0.521	0.528		530
		Total Investments and Average		83,211,980.86	81,271,254.32	82,884,194.80		0.474	0.481		553

**So Placer Wastewater Authority
Fund 003 - City of Roseville Cash Pool*
Investments by Fund
November 30, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
		City of Roseville Cash Pool	07/01/2013	10,464,320.63	10,464,320.63	10,464,320.63	0.533	0.525	0.533		1
		Subtotal and Average		10,464,320.63	10,464,320.63	10,464,320.63		0.526	0.533		1
		Total Investments and Average		10,464,320.63	10,464,320.63	10,464,320.63		0.526	0.533		1

**So Placer Wastewater Authority
Fund 21 - 2011 SPWA Reserve Fund
Investments by Fund
November 30, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Money Market Funds											
SYS10358	10358	Dreyfus Inst'l Res Treasury	07/01/2013	243,081.63	243,081.63	243,081.63	0.001	0.000	0.001		1
		Subtotal and Average		243,081.63	243,081.63	243,081.63	0.001	0.001	0.001		1
CAMP											
SYS10366	10366	CAMP	07/01/2013	4,131,692.84	4,131,692.84	4,131,692.84	0.070	0.069	0.070		1
		Subtotal and Average		4,131,692.84	4,131,692.84	4,131,692.84	0.069	0.069	0.070		1
Federal Agency Disc. -Amortizing											
313385WF9	10503	Federal Home Loan Bank	11/01/2013	4,604,469.79	4,606,000.00	4,604,249.72	0.066	0.067	0.067	05/01/2014	151
		Subtotal and Average		4,604,469.79	4,606,000.00	4,604,249.72	0.067	0.067	0.068		151
		Total Investments and Average		8,979,244.26	8,980,774.47	8,979,024.19	0.066	0.066	0.067		77

**So Placer Wastewater Authority
Transaction Activity Report
November 1, 2013 - November 30, 2013
Sorted by Transaction Date - Transaction Date
All Funds**

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10490	001	339,609.00			-339,609.00
10500	21	4,604,469.79			-4,604,469.79
10491	001	3,034,498.30			-3,034,498.30
10374	001		2,281,894.80		2,281,894.80
10422	001		754,924.50		754,924.50
10422	001		128.35		128.35
10467	21		4,606,000.00		4,606,000.00
10482	001		341,872.66		341,872.66
10482	001		2,403.90		2,403.90
10374	001			1,844.38	1,844.38
10422	001			933.26	933.26
10482	001			582.32	582.32
Totals for 11/01/2013		7,978,577.09	7,987,224.21	3,359.96	12,007.08
10462	001			1,136.25	1,136.25
Totals for 11/03/2013				1,136.25	1,136.25
10492	001	1,520,178.26			-1,520,178.26
Totals for 11/05/2013		1,520,178.26			-1,520,178.26
10435	001			2,135.00	2,135.00
Totals for 11/06/2013				2,135.00	2,135.00
10499	001	1,747,564.58			-1,747,564.58
10376	001		1,743,480.00		1,743,480.00
10376	001		5,481.00		5,481.00
10444	001		848,019.50		848,019.50
10444	001		2,278.00		2,278.00
10446	001		684,462.89		684,462.89
10446	001		-23,017.97		-23,017.97
10376	001			1,667.50	1,667.50
10444	001			1,522.92	1,522.92
10446	001			13,202.85	13,202.85
Totals for 11/08/2013		1,747,564.58	3,260,703.42	16,393.27	1,529,532.11
10421	001			31,968.75	31,968.75
10446	001			12,712.50	12,712.50

So Placer Wastewater Authority
Transaction Activity Report
Sorted by Transaction Date - Transaction Date

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10477	001			49,500.00	49,500.00
10477	001			-21,252.72	-21,252.72
Totals for 11/15/2013				72,928.53	72,928.53
10439	001			11,250.00	11,250.00
10464	001			2,380.00	2,380.00
Totals for 11/17/2013				13,630.00	13,630.00
10358	21	121,540.82			-121,540.82
Totals for 11/20/2013		121,540.82			-121,540.82
10366	21	245.65			-245.65
10434	001	158,436.74			-158,436.74
10048	003		4,579,627.54		4,579,627.54
10436	001			42,500.00	42,500.00
10445	001			438.75	438.75
10466	001			1,225.00	1,225.00
10491	001			38,775.00	38,775.00
10491	001		32,630.33	-32,630.33	0.00
Totals for 11/30/2013		158,682.39	4,612,257.87	50,308.42	4,503,883.90
Grand Total		11,526,543.14	15,860,185.50	159,891.43	4,493,533.79

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 13, 2014

FROM: Kenneth Glotzbach, Interim Executive Director

AUTHORITY COMMUNICATION NO.: 14-05

SUBJECT: Capital Improvement Projects (CIP) Budget Adjustment

For SPWA Board Meeting of 1/30/2014

ACTION REQUESTED

Adopt the attached Resolution 2014-04A approving the addition of the Dry Creek Wastewater Treatment Plant (DCWWTP) Nitrate Process Improvement Project (Project #54) and the midyear budget adjustments for CIPs funded by the SPWA as shown in Exhibit A.

If the addition of Project #54 is not approved by the Board, adopt the attached Resolution 2014-04B approving the midyear budget adjustments for CIPs funded by the SPWA as shown in Exhibit B.

BACKGROUND

The project list included in Exhibit A summarizes the midyear budget adjustments for wastewater CIPs funded by the SPWA and includes the addition of one new project: Project #54. Please note that there is no net change in the total program budget under either requested action. In summary, the modifications from the prior fiscal year include:

- New Project
 - The addition of Project #54, the DCWWTP Nitrate Process Improvement Project, is requested to fund modifications to the DCWWTP to comply with new NPDES discharge permit requirements for Nitrate. If Resolution A is adopted, the initial budget for this project is \$100,000. Additional funding may be necessary depending on the nature of improvements that are required. If necessary, the need for additional funding will be outlined in a future request.
- Reduction in budgets
 - Budgets for Projects #24, #34, #39, #40, #45, #52 are reduced to \$0. These projects have all been completed under budget and are closed to further spending.
 - Total budget reduction for these projects is \$873,061.
- Addition to budgets
 - Project #50, Process Control Standards, is an ongoing project to develop and maintain standards used to ensure process electrical and control designs are consistent from project to project. A budget increase of \$70,000 is requested.
 - Project #51, Grease Receiving Station. Work under this project was previously performed to study the feasibility of receiving and processing grease and food waste at the DCWWTP. This new funding will allow staff to study the feasibility of incorporating grease and food waste into the digestion process planned as part of the future Pleasant Grove Wastewater Treatment

Plant expansion. Under Resolution A, a funding increase for this project of \$189,061 is requested. Under Resolution B (new Project #54 is not approved), a funding increase for this project of \$289,061 is requested).

- Project #53, Dry Creek Bank Stabilization. Creek bank erosion threatening to undermine a trunk sewer line along Dry Creek near the DCWWTP was discovered in late 2012. Environmental permit applications and initial design work necessary to repair and stabilize the bank have been completed. Based on engineering cost estimates, a budget addition of \$514,000 is requested to complete design work and construct the improvements.

Submitted by:



Kenneth Glotzbach
Interim Executive Director

Exhibit B
SPWA WASTEWATER PROJECT SPENDING

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	PTD Expenditures Through FY 12-13	Mid Year 13-14 Adjustments	Adjusted Project Budget	Adjusted FY 13-14 Operating Budget
1 WWTP LANDSCAPE PROJECT	30950 / 943507	\$1,219,812	\$1,219,812		\$1,219,812	\$0
2 POTABLE WATER LINE TO THE DCWWTP	30950 / 963502	\$183,838	\$183,838		\$183,838	\$0
3 KASEBERG NORTHREACH TRUNK SEWER LINE	30950 / 983501	\$1,570,936	\$1,570,936		\$1,570,936	\$0
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950 / 983503	\$123,896,978	\$123,896,978		\$123,896,978	\$0
5 TRANSMISSION MAIN	30950 / 983504	\$3,525,013	\$3,525,013		\$3,525,013	\$0
6 PLEASANT GROVE TRUNK SEWER	30950 / 983505	\$11,569,649	\$11,569,649		\$11,569,649	\$0
7 LIME FEED SYSTEM FOR RECYCLED WATER DIST	30950 / 983506	\$75,309	\$75,309		\$75,309	\$0
8 EMERGENCY STORAGE POND FLOOD CONTROL 1)	30950 / 983507	\$9,195,151	\$8,658,098		\$9,195,151	\$337,053
9 BOILER OIL CONTROL SCRUBBING UNIT	30950 / 983508	\$622,995	\$622,995		\$622,995	\$0
10 MRSP 30' RECYCLE LINE	30950 / 983510	\$1,898,988	\$1,898,988		\$1,898,988	\$0
11 VIBRATION MONITORING AT WWTP	30950 / 993502	\$5,371	\$5,371		\$5,371	\$0
12 RECYCLED WATER PUMPS UPGRADE	30950 / 993503	\$33,312	\$33,312		\$33,312	\$0
13 MODIFY BACKWASH PUMP STATION	30950 / 993504	\$2,703	\$2,703		\$2,703	\$0
14 KASEBERG SOUTHREACH TRUNK SEWER	30950 / 993505	\$613,601	\$613,601		\$613,601	\$0
15 DIAMOND OAKS RECYCLE LINE	30950 / 993506	\$7,106,661	\$7,106,661		\$7,106,661	\$0
16 WOODCREEK OAKS PRESSURE VALVE	30950 / 003502	\$5,745	\$5,745		\$5,745	\$0
17 UPGRADE AERATION CONTROLS	30950 / 003506	\$124,048	\$124,048		\$124,048	\$0
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950 / 013501	\$161,511	\$161,511		\$161,511	\$0
19 UPGRADE RECYCLED WATER SYSTEM	30950 / 013502	\$1,850,037	\$1,850,037		\$1,850,037	\$0
20 DIAMOND CREEK CASCADE/OUTFALL	30950 / 013503	\$210,531	\$210,531		\$210,531	\$0
21 DCWWTP/WEST DRY CREEK OUTFALL	30950 / 013504	\$153,370	\$153,370		\$153,370	\$0
22 RWQCB BASIN PLAN AMENDMENT	30950 / 013505	\$3,139,986	\$3,139,986		\$3,139,986	\$0
23 DCWWTP COOLING UNITS	30950 / 023501	\$37,523,160	\$37,399,962	-\$123,198	\$37,399,962	\$0
24 DCWWTP CONVERSION TO UV	30950 / 023502	\$0	\$0		\$0	\$0
25 WEST DRY CREEK OFD RW CONNECTION	30950 / 033502	\$5,760	\$5,760		\$5,760	\$0
26 DCWWTP DIGESTER HANDRAIL	30950 / 033503	\$47,530	\$47,530		\$47,530	\$0
27 DCWWTP GATE SECURITY	30950 / 033504	\$169,217	\$169,217		\$169,217	\$0
28 DCWWTP FILTER PLC UPGRADE	30950 / 033505	\$6,909	\$6,909		\$6,909	\$0
29 REGIONAL PARTNER TELEMETRY	30950 / 033506	\$0	\$0		\$0	\$0
30 CIP RESERVE	30950 / 033507	\$522,629	\$522,629		\$522,629	\$0
31 DCWWTP FLOW METERS	30950 / 043501	\$0	\$0		\$0	\$0
32 PGWWTP RECYCLED WATER SYSTEM	30950 / 043502	\$130,897	\$130,897		\$130,897	\$0
33 PS DECOMMISSIONING	30950 / 043503	\$1,300,000	\$1,095,577	-\$204,423	\$1,095,577	\$0
34 WW/RW SYSTEMS EVALUATION	30950 / 043504	\$325,000	\$13,058		\$325,000	\$311,942
35 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$0	\$0		\$0	\$0
36 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950 / 053502	\$564,636	\$564,636		\$564,636	\$0
37 DCWWTP OPERATIONS ADMIN BUILDING	30950 / 053503	\$420,567	\$420,567		\$420,567	\$0
38 WATER PURIFICATION PILOT PROJECT	30950 / 053504	\$200,000	\$187,498	-\$12,502	\$187,498	\$0
39 RW MODEL DEVELOPMENT	30950 / 053505	\$869,006	\$585,654	-\$283,352	\$585,654	\$0
40 NPDES PERMIT RENEWAL	30950 / 063502	\$0	\$0		\$0	\$0
41 PGWWTP CONVERSION TO UV	30950 / 063503	\$4,220,075	\$4,220,075		\$4,220,075	\$0
42 DCWWTP MAINTENANCE SHOP	30950 / 063504	\$3,630,770	\$3,630,770		\$3,630,770	\$0
43 PGWWTP PROCESS IMPROVEMENTS	30950 / 063505	\$0	\$0		\$0	\$0
44 SIA RW PIPELINE	30950 / 063506	\$1,200,000	\$953,005	-\$246,995	\$953,005	\$0
45 WW FORCE MAIN CONVERSION TO RW	30950 / 063507	\$453,548	\$453,548		\$453,548	\$0
46 RELIABILITY CENTERED MAINTENANCE	30950 / 073501	\$41,219,384	\$41,039,968		\$41,219,384	\$179,416
47 EXPANSION OF PGWWTP	30950 / 073502	\$874,326	\$874,326		\$874,326	\$0
48 EXPANSION OF DCWWTP	30950 / 073503	\$150,000	\$32,425	\$70,000	\$150,000	\$117,575
49 RADIO TELEMETRY	30950 / 073507	\$90,000	\$87,451	\$289,002	\$160,000	\$72,549
50 PROCESS CONTROL STANDARDS	30950 / 073508	\$150,000	\$111,497	\$38,503	\$150,000	\$327,505
51 GREASE RECEIVING STATION	30950 / 123507	\$5,000	\$2,468	-\$2,532	\$2,468	\$0
52 SERVICE AREA GEO ANALYSIS	30950 / 133504	\$95,000	\$39,354	\$514,000	\$609,000	\$569,646
53 DRY CREEK BANK STABILIZATION	30950 / 133504	\$261,723,241	\$258,807,555	(\$0)	\$261,723,241	\$1,915,686
TOTAL (includes completed projects)						

1) Includes \$3 million budget increase to be billed and paid from operations/rehab
Completed Projects: closed to further spending

**Exhibit A
SPWA WASTEWATER PROJECT SPENDING**

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	PTD Expenditures Through FY 12-13	Mid Year 13-14 Adjustments	Adjusted Project Budget	Adjusted FY 13-14 Operating Budget
1 WWTP LANDSCAPE PROJECT	30950 / 943507	\$1,219,812	\$1,219,812		\$1,219,812	\$0
2 POTABLE WATER LINE TO THE DCWWTP	30950 / 963502	\$183,838	\$183,838		\$183,838	\$0
3 KASEBERG NORTHREACH TRUNK SEWER LINE	30950 / 983501	\$1,570,936	\$1,570,936		\$1,570,936	\$0
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950 / 983503	\$123,896,978	\$123,896,978		\$123,896,978	\$0
5 TRANSMISSION MAIN	30950 / 983504	\$3,525,013	\$3,525,013		\$3,525,013	\$0
6 PLEASANT GROVE TRUNK SEWER	30950 / 983505	\$11,569,649	\$11,569,649		\$11,569,649	\$0
7 LINE FEED SYSTEM FOR RECYCLED WATER DIST	30950 / 983506	\$75,309	\$75,309		\$75,309	\$0
8 EMERGENCY STORAGE POND FLOOD CONTROL 1)	30950 / 983507	\$9,195,151	\$8,858,098		\$9,195,151	\$337,053
9 BOIFILTER ODOR CONTROL SCRUBBING UNIT	30950 / 983508	\$622,995	\$622,995		\$622,995	\$0
10 NRSP 30' RECYCLE LINE	30950 / 983510	\$1,898,988	\$1,898,988		\$1,898,988	\$0
11 VIBRATION MONITORING AT WWTP	30950 / 993502	\$5,371	\$5,371		\$5,371	\$0
12 RECYCLED WATER PUMPS UPGRADE	30950 / 993503	\$33,312	\$33,312		\$33,312	\$0
13 MODIFY BACKWASH PUMP STATION	30950 / 993504	\$2,703	\$2,703		\$2,703	\$0
14 KASEBERG SOUTHREACH TRUNK SEWER	30950 / 993505	\$613,601	\$613,601		\$613,601	\$0
15 DIAMOND OAKS RECYCLE LINE	30950 / 993506	\$7,106,661	\$7,106,661		\$7,106,661	\$0
16 WOODCREEK OAKS PRESSURE VALVE	30950 / 003502	\$5,745	\$5,745		\$5,745	\$0
17 UPGRADE AERATION CONTROLS	30950 / 003506	\$124,048	\$124,048		\$124,048	\$0
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950 / 013501	\$161,511	\$161,511		\$161,511	\$0
19 UPGRADE RECYCLED WATER SYSTEM	30950 / 013502	\$1,850,037	\$1,850,037		\$1,850,037	\$0
20 DIAMOND CREEK CASCADE/OUTFALL	30950 / 013503	\$210,531	\$210,531		\$210,531	\$0
21 DCWWTP/WEST DRY CREEK OUTFALL	30950 / 013504	\$153,370	\$153,370		\$153,370	\$0
22 RWQCB BASIN PLAN AMENDMENT	30950 / 013505	\$384,282	\$384,282		\$384,282	\$0
23 DCWWTP COOLING UNITS	30950 / 023501	\$3,139,986	\$3,139,986		\$3,139,986	\$0
24 DCWWTP CONVERSION TO UV	30950 / 023503	\$37,523,160	\$37,389,962	-\$123,198	\$37,389,962	\$0
25 WEST DRY CREEK CFD RW CONNECTION	30950 / 023504	\$0	\$0		\$0	\$0
26 DCWWTP/DIGESTER HANDRAIL	30950 / 033502	\$5,760	\$5,760		\$5,760	\$0
27 DCWWTP GATE SECURITY	30950 / 033503	\$47,530	\$47,530		\$47,530	\$0
28 DCWWTP FILTER PLC UPGRADE	30950 / 033504	\$169,217	\$169,217		\$169,217	\$0
29 REGIONAL PARTNER TELEMETRY	30950 / 033505	\$6,909	\$6,909		\$6,909	\$0
30 CIP RESERVE	30950 / 033506	\$0	\$0		\$0	\$0
31 DCWWTP FLOW METERS	30950 / 043501	\$522,629	\$522,629		\$522,629	\$0
32 PGWWTP RECYCLED WATER SYSTEM	30950 / 043502	\$0	\$0		\$0	\$0
33 PS DECOMMISSIONING	30950 / 043503	\$130,897	\$130,897		\$130,897	\$0
34 WWIRW SYSTEMS EVALUATION	30950 / 043504	\$1,300,000	\$1,095,577	-\$204,423	\$1,095,577	\$0
35 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$325,000	\$13,058		\$325,000	\$311,942
36 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950 / 053502	\$0	\$0		\$0	\$0
37 DCWWTP OPERATIONS ADMIN BUILDING	30950 / 053503	\$564,636	\$564,636		\$564,636	\$0
38 WATER PURIFICATION PILOT PROJECT	30950 / 053504	\$420,567	\$420,567		\$420,567	\$0
39 RW MODEL DEVELOPMENT	30950 / 053505	\$200,000	\$187,498	-\$12,502	\$187,498	\$0
40 NPDES PERMIT RENEWAL	30950 / 053506	\$869,006	\$585,654	-\$283,352	\$585,654	\$0
41 PGWWTP CONVERSION TO UV	30950 / 063502	\$0	\$0		\$0	\$0
42 DCWWTP MAINTENANCE SHOP	30950 / 063503	\$4,220,075	\$4,220,075		\$4,220,075	\$0
43 PGWWTP PROCESS IMPROVEMENTS	30950 / 063504	\$3,630,770	\$3,630,770		\$3,630,770	\$0
44 SJA RW PIPELINE	30950 / 063505	\$0	\$0		\$0	\$0
45 WW FORCE MAIN CONVERSION TO RW	30950 / 063506	\$1,200,000	\$953,005	-\$246,995	\$953,005	\$0
46 RELIABILITY CENTERED MAINTENANCE	30950 / 063507	\$453,548	\$453,548		\$453,548	\$0
47 EXPANSION OF PGWWTP	30950 / 073505	\$41,219,384	\$874,326		\$41,219,384	\$179,416
48 EXPANSION OF DCWWTP	30950 / 073506	\$0	\$0		\$0	\$0
49 RADIO TELEMETRY	30950 / 073507	\$150,000	\$32,425		\$150,000	\$117,575
50 PROCESS CONTROL STANDARDS	30950 / 073508	\$90,000	\$87,451		\$90,000	\$2,549
51 GREASE RECEIVING STATION	30950 / 073509	\$150,000	\$111,497		\$150,000	\$38,503
52 SERVICE AREA CEDA ANALYSIS	30950 / 123507	\$5,000	\$2,468	-\$2,532	\$2,468	\$0
53 DRY CREEK BANK STABILIZATION	30950 / 133504	\$95,000	\$39,364		\$95,000	\$56,646
54 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	to be assigned	\$0	\$0	\$100,000	\$100,000	\$100,000
TOTAL (includes completed projects)		\$261,723,241	\$259,807,555	(\$0)	\$261,723,241	\$1,515,686

1) Includes \$3 million budget increase to be billed and paid from operations/rehab Completed Projects: closed to further spending

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2014-04A

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
CAPITAL IMPROVEMENT PROJECTS BUDGET FOR FY 2013-14**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve the adjustments to the FY 2013-14 Capital Improvement Projects Budget (including Project No. 54 -- *Dry Creek Wastewater Treatment Plant (DCWWTP) Nitrate Process Improvement Project*) presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that the Executive Director is authorized to reallocate budgeted amounts among the projects shown as line-items in the FY 2013-14 Capital Improvement Projects Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2013-14 shall not be increased without the Board's prior approval.

BE IT FURTHER RESOLVED, that the expenditure of funds for the construction of projects requiring further environmental review is expressly conditioned on the completion, approval, and consideration, of any necessary environmental reviews. This Resolution is not intended to, and shall not, predetermine the outcome of any such necessary environmental reviews.

PASSED AND ADOPTED this 30th day of January, 2014, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2014-04B

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
CAPITAL IMPROVEMENT PROJECTS BUDGET FOR FY 2013-14**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve the adjustments to the FY 2013-14 Capital Improvement Projects Budget (excluding Project No. 54 -- *Dry Creek Wastewater Treatment Plant (DCWWTP) Nitrate Process Improvement Project*) presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that the Executive Director is authorized to reallocate budgeted amounts among the projects shown as line-items in the FY 2013-14 Capital Improvement Projects Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2013-14 shall not be increased without the Board's prior approval.

BE IT FURTHER RESOLVED, that the expenditure of funds for the construction of projects requiring further environmental review is expressly conditioned on the completion, approval, and consideration, of any necessary environmental reviews. This Resolution is not intended to, and shall not, predetermine the outcome of any such necessary environmental reviews.

PASSED AND ADOPTED this 30th day of January, 2014, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 13, 2014

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO. 14-06

SUBJECT: Audited Financial Statement and Memorandum of Internal Control as of June 30, 2013

For SPWA Board Meeting of 1/30/14

ACTION REQUESTED

This communication is informational only. No action is required of the board.

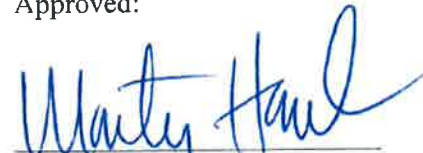
The attached audited financial statement and memorandum of internal control are for the period of July 1, 2012 to June 30, 2013.

Submitted by:



Sandra Ikeda
Accounting Manager

Approved:



Monty Hanks
Interim Treasurer



Ken Glotzbach
Acting Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

CITY OF ROSEVILLE

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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**SOUTH PLACER WASTEWATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of the
South Placer Wastewater Authority
Roseville, California

Report on Financial Statements

We have audited the accompanying financial statements of the South Placer Wastewater Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2013, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the nomenclature of the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Note 1B and 1D to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2013 that also affected the format and nomenclature of the financial statements and required a restatement of net position:

Statement 65 – Items Previously Report as Assets and Liabilities. See Note 1D and Note 4F to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Maye & Associates

Pleasant Hill, California
December 20, 2013

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**SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

THE AUTHORITY

The Authority is a regional joint venture created by the City of Roseville, Placer County and South Placer Municipal Utilities District (the Members) to finance the construction of the Pleasant Grove Wastewater Treatment Plant and other improvements located in the City of Roseville. The Authority issued \$180 million of debt for this purpose in December 2000.

Members contribute Connection Fees they collect from developers as the properties to be served by the Authority are developed. These Connection Fees are expected to be sufficient to fund the entire cost of the debt service on the Plant's construction, including principal and interest.

Now that construction is substantially complete, the Authority is responsible for collecting contributions of Connection Fees from members and for making all debt service payments on the Revenue Bonds until they are retired.

The Authority's accounting is similar to private business enterprises: capital construction costs, including interest costs, are capitalized; interest income on unexpended bond proceeds and other incidental income are netted against these costs. Under the terms of the agreements creating and governing the Authority (the Agreements), these net capital costs are transferred to the City of Roseville, which will own and operate the improvements when they are complete.

The members of the Authority amended the Joint Powers Authority Agreement and also entered into an Amended and Restated Funding Agreement and a Reallocation and Repayment Agreement effective October 1, 2012. The Amended and Restated Funding Agreement changed the proportionate shares of each member for cost allocations as follows:

1. Roseville from 54.17% to 61.66%
2. South Placer Municipal Utility District from 25.00% to 22.43%
3. Placer County from 20.83% to 15.91%

The Reallocation and Repayment Agreement also provides for the County's elimination of the deficit in its Rate Stabilization Fund subaccount. The Agreement required the County to make an initial deposit of \$5,000,000 during fiscal year 2013, followed by quarterly payments of \$125,000.

THE BASIC FINANCIAL STATEMENTS

The Authority's Basic Financial Statements include the Statement of Net Position, Statement of Activities and Statement of Cash Flows. Together with this report, the Basic Financial Statements provide information about the significant events, assumptions and decisions that resulted in the financial performance reflected in those statements.

The Statement of Net Position provides information regarding the financial position of the Authority, including its debt.

The Statement of Activities normally provides information regarding the revenues generated by the Authority's operations, and expenses incurred in generating those revenues. The Authority's only operating resources are provided by contributions from members and the only costs it incurs are capital construction costs, which are contributed to the City of Roseville as they are incurred, and debt service payments.

The Statement of Cash Flows provides information regarding the sources and uses of all the cash that flowed into and out of the Authority, regardless of how these transactions were accounted for.

FINANCIAL ACTIVITIES AND FISCAL YEAR 2013 HIGHLIGHTS

Statement of Net Position

The Authority's Net Position increased \$8.3 million in 2013 as shown in Table 1 below

Table 1
Net Position
As of June 30, 2013 and 2012
(In Millions)

	2013	2012
Assets		
Current Assets:		
Cash and investments	\$104.5	\$100.8
Other current assets	1.7	1.0
Noncurrent Assets	1.0	1.4
Total Assets	<u>107.2</u>	<u>103.2</u>
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	11.4	16.4
Liabilities		
Current Liabilities	3.8	3.7
Long-term liabilities	163.1	172.6
Total Liabilities	<u>166.9</u>	<u>176.3</u>
Net Assets		
Restricted	106.0	102.0
Unrestricted (deficit)	(154.3)	(158.7)
Total Net Assets	<u>(\$48.3)</u>	<u>(\$56.7) *</u>

*restated net position

The Authority's Net Position at June 30, 2013 is discussed below:

- Investments of member contributions and debt service reserves totaled \$104.5 million, all of which were invested in accordance with applicable Authority resolutions and bond indentures.
- Long-term liabilities increased net \$9.4 million due to the refinancing of the 2011A and 2011B bonds and a decrease in the negative fair value of the derivative.
- Other assets and liabilities included normal business receivables and payables.
- Net position restricted for rate stabilization totaled \$97.8 million; this net position is restricted by the Members for use in the funding of debt service payments required under the Authority's bond indentures and future capital expansion. A separate analysis of net position restricted for rate stabilization by Member is presented as supplementary information to the financial statements.
- Net position restricted for debt service totaled \$8.2 million; this amount is restricted under the Authority's Revenue Bond indentures to the payment of debt service in the event other resources of the Authority are not adequate.
- The deficit unrestricted net position totaling \$154.3 million represents net capital construction costs incurred to date in constructing various regional wastewater improvements. The construction in progress has been transferred to the City of Roseville in this amount, as required by the Agreements.

Statement of Activities

The Authority's Net Position increased \$8.3 million in fiscal 2013 as shown in Table 2 below.

Table 2
Changes in Net Position
As of June 30, 2013 and 2012
(In Millions)

	2013	2012
Operating Costs		
Personnel services and administration	\$0.2	\$0.2
Construction costs	0.1	0.5
Net cost of capital assets	0.3	0.7
Debt service interest, variable bond interest expense and fiscal agent fees	6.8	7.0
Total program expenses	(7.1)	(7.7)
Nonoperating Income (Expense)		
Connection fees contributed by members	7.8	5.5
Payments from County under Repayment Agreement	7.0	0.0
Interest earned on connection fees	0.5	0.7
Interest earned on investments with fiscal agent	0.3	0.3
Net increase/(decrease) in the fair value of investments	(0.3)	(0.1)
Other non-program revenues	0.2	3.0
Total program income	15.5	9.4
Change in Net Position	8.4	1.7
Net Position at Beginning of Year	(56.7) *	(58.4)
Net Position at End of Year	(\$48.3)	(\$56.7)

*restated net position

Prior to the completion of the Pleasant Grove Plant, capital costs of the Authority, as defined by the Agreements, include personnel services and administration, debt service, and construction costs. Construction costs include interest on construction financing costs, net of interest income on unexpended bond proceeds. Subsequent to the completion of the Plant, debt service costs are a program expense of the Authority, and not a component of capital costs.

Net capital costs were \$300 thousand at June 30, 2013. The following is the breakdown of capital costs:

- Personnel services, administration expenditures, and miscellaneous of \$174 thousand incurred in fiscal 2013 compared to \$195 thousand in fiscal 2012.
- Actual construction payments to contractors in fiscal 2013 were \$148 thousand, compared to \$539 thousand in fiscal 2012, as work on various wastewater improvements is continuing to wind down for the current phase of the system.

Debt service expenses in this fiscal year were \$9.6 million, including \$3.0 million for principal repayment, \$6.6 million in interest expense and fiscal agent fees.

Included in Other Non-Program Revenues are payments of \$7 million from the Placer County under the Reallocation and Repayment Agreement -- \$5.5 million of scheduled payments and an additional \$1.5 million from refunds of true-ups of estimated operating costs from the City.

The Authority received contributions of \$7.8 million from Members in fiscal 2013, representing Connection Fees collected by them from developers of properties in the area to be served by the Authority. This was an increase from fiscal 2012 of \$2.3 million, which reflects a sign of growth in development in the area.

Analysis of Rate Stabilization Restricted Net Position Schedule

The Schedule presented as supplementary information to the financial statements, shows that in fiscal 2013 interest income of \$0.5 million was added to Members' balances, down slightly from fiscal 2012. Member balances within the Rate Stabilization Restricted Net Position were reallocated among the members under the provisions of the Reallocation and Repayment Agreement.

DEBT ADMINISTRATION

At June 30, 2013, the Authority's debt is comprised of 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series C, and 2011 South Placer Wastewater Authority SIFMA Index Refunding Wastewater Revenue Bonds, Series D, which are discussed in detail in Note 4 to the financial statements, and the 2013 South Placer Wastewater Authority Refunding Bonds. In April 2013, the Authority refunded the 2011 South Placer Wastewater Authority Variable Rate Demand Refunding Wastewater Revenue Bonds, Series A, and Series B into a Direct Placement with US Bank, Series 2013. In addition, the Authority has a swap with Morgan Stanley to synthetically fix the 2011 Series D and 2013 Series bonds.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economic outlook is looking up as development appears to be increasing in the area. If growth continues to increase, there will need to be discussions for future expansion in the next few years.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the City of Roseville Finance Department, at 311 Vernon Street, Roseville, CA 95678.

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SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF NET POSITION
AND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets:	
Investments in City of Roseville Treasury (Note 2)	\$13,061,613
Investments (Note 2)	82,493,618
Restricted investments with fiscal agent (Note 2)	8,931,577
Accounts receivable	1,654
Accrued interest receivable	278,603
Due from other governments	1,430,980
Noncurrent Assets:	
Permit fees receivable	<u>974,209</u>
 Total Assets	 <u>107,172,254</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives (Note 4D)	<u>11,424,904</u>
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LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	614,576
Long-term debt (Note 4)	
Due in one year	3,225,000
Long-term liabilities:	
Derivative at fair value (Note 4D)	11,424,904
Long-term debt (Note 4)	
Due in more than one year	<u>151,673,264</u>
 Total Liabilities	 <u>166,937,744</u>

NET POSITION (Note 5)

Restricted for:	
Rate stabilization	97,760,396
Debt service	8,228,684
Unrestricted (deficit)	<u>(154,329,666)</u>
 Total Net Position (Deficit)	 <u>(\$48,340,586)</u>

See accompanying notes to financial statements

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

PROGRAM EXPENSES:

Cost of capital assets contributed to City of Roseville (Note 3):	
Construction costs	\$148,634
Personnel services and administration	<u>173,777</u>
Cost of capital assets contributed to City of Roseville	322,411
Debt service interest, variable bond interest and fiscal agent fees	6,611,970
Cost of issuance	<u>152,707</u>
Total program expenses	<u>7,087,088</u>

PROGRAM REVENUES:

Connection fees contributed by members	7,787,796
Payments from County under Repayment Agreement	7,011,569
Miscellaneous revenue	137,429
Interest earned on connection fees	526,014
Interest earned on investments with fiscal agent	261,937
Net (decrease) in the fair value of investments	<u>(294,916)</u>
Total program revenues	<u>15,429,829</u>
Change in net position	8,342,741
Net Position (Deficit) at beginning of year, as restated (Note 4F)	<u>(56,683,327)</u>
Net Position (Deficit) at end of year	<u><u>(\$48,340,586)</u></u>

See accompanying notes to financial statements

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to contractors	(\$213,338)
Payments to City of Roseville for personnel services and administration	(173,777)
Interest paid on long-term debt	<u>(6,939,529)</u>
Net cash used by operating activities	<u>(7,326,644)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from members	7,563,358
Receipts from Placer County under repayment agreement	7,011,569
Issuance of debt	59,330,000
Principal payments on capital debt	(63,365,000)
Issuance costs	(152,707)
Other receipts	<u>135,775</u>
Cash Flows from Capital and Related Financing Activities	<u>10,522,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>428,381</u>
Cash Flows from Investing Activities	<u>428,381</u>
Net decrease in cash and cash equivalents	3,624,732
Cash and investments at beginning of year	<u>100,862,076</u>
Cash and investments at end of year	<u><u>\$104,486,808</u></u>
Reconciliation of program expense to net cash used by operating activities:	
Program expense	(\$7,087,088)
Adjustments to reconcile program expense to net cash provided by operating activities:	
Issuance costs	152,707
Amortization of deferred bond premium	(327,559)
Change in assets and liabilities:	
Accounts payable and other liabilities	<u>(64,704)</u>
Net cash used by operating activities	<u><u>(\$7,326,644)</u></u>
NONCASH CAPITAL FINANCING ACTIVITIES	
Contribution of construction in progress to the City of Roseville (Note 3)	<u>(\$322,411)</u>
Amortization of deferred bond premium	<u>(\$327,559)</u>

See accompanying notes to financial statements

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The South Placer Wastewater Authority (the Authority) is a Joint Powers Agreement created in October, 2000 which is financing the construction of the Pleasant Grove Wastewater Treatment Plant and improvements to the Dry Creek Wastewater Treatment Plant, referred to collectively as the Regional Wastewater Facilities.

The members of the Authority are the City of Roseville, South Placer Municipal Utilities District and the County of Placer. The Authority's Governing Board is comprised of five directors as appointed by the member agencies. Two directors are appointed by the City, one director is appointed by the District, and two directors are appointed by the County. Each representative of the governing board has one vote.

In addition, the members entered into a Funding Agreement and Operations Agreement to provide for the funding and operation of the Regional Wastewater Facilities. Under the Funding Agreement the members agreed that the City of Roseville will own and operate the Regional Wastewater Facilities and that the other members will have an interest in the capacity of those facilities. Capital construction costs are transferred to the City of Roseville annually.

The members of the Authority amended the Joint Powers Authority Agreement and also entered into an Amended and Restated Funding Agreement and a Reallocation and Repayment Agreement effective October 1, 2012. The Amended and Restated Funding Agreement changed the proportionate shares of each member for cost allocations as follows:

- 1) Roseville from 54.17% to 61.66%
- 2) South Placer Municipal Utility District from 25.00% to 22.43%
- 3) Placer County from 20.83% to 15.91%

The intent of the Amended and Restated Funding Agreement is that, notwithstanding short-term variances in the respective member contributions of Regional Connection Fees or other funds, the members' total respective financial contributions to capital costs (whether financed by Bonds, funded by Regional Connection Fees, or other sources) should be directly proportional to the members' respective actual usage of the wastewater treatment capacity made available by the construction of Regional Wastewater Facilities.

The Reallocation and Repayment Agreement reflects the reallocation of wastewater treatment capacity among the members and reallocates the Rate Stabilization Fund subaccount balances among the members based on the account balances as of April 30, 2012 as follows:

Member	Subaccount Balance Prior to Reallocation	Reallocated Subaccount Balance
City	\$79,139,380	\$63,978,830
District	34,295,690	39,497,643
County	(21,331,889)	(11,373,292)
Total	<u>\$92,103,181</u>	<u>\$92,103,181</u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Reallocation and Repayment Agreement also provides for the County's elimination of the deficit in its Rate Stabilization Fund subaccount. The Agreement required the County to make an initial deposit of \$5,000,000 during fiscal year 2013, followed by quarterly payments of \$125,000. The County made deposits in excess of the required amounts and made payments totaling \$7,011,569 during fiscal year 2013.

Finally, the Reallocation and Repayment Agreement provides for the transfer of Recycled Water Facilities to the City to own and operate for its own account. The City is to reimburse the County for the cost of design and construction related to the recycled water line being constructed as part of the County's relocation of the Cook-Riolo Bridge, provided that the reimbursement amount will not exceed \$721,000. There were no reimbursement payments during fiscal year 2013.

Members contribute connection fees they collect from developers as the properties to be served by the Plant are developed. These connection fees are expected to be sufficient to fund the entire cost of the debt service on the Plant's construction, including principal and interest. These contributions are made monthly.

The Authority may not be terminated, and no member agency may withdraw its membership, until all bonds or other indebtedness issued by the Authority have been paid in full.

The Authority has no employees and substantially all staff services are performed by City of Roseville personnel. Costs incurred by the City of Roseville to provide such services are reimbursed by the Authority.

The Authority is considered to be a separate legal entity and is not a component unit of the above members.

The accounting records of the Authority are maintained by the City of Roseville.

B. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Position and the Statement of Activities display information about the primary government (the Authority). These statements include the financial activities of the Authority overall. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's business type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. *Basis of Accounting*

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets, all liabilities and all deferred inflows/outflows of resources of the enterprise are recorded on its statement of net position and, under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

The Authority has only fund which is the general operating fund of the Authority. It is used to account for all financial resources of the Authority. This fund is used to pay all administrative, operating, construction and other expenses incurred by the Authority, and to account for member contributions and charges.

D. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority has only one item that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives reported in the fiduciary statement of net position. An accumulated decrease in the fair value of hedging is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed effective under the provisions of GASB Statement No. 53.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Interest Income Allocation

Interest income is credited to capital construction costs and member contributions based on the source of the interest earned. Interest earned on restricted investments with fiscal agents is credited to capital construction costs and all other interest is accounted for as interest on contributions.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The Authority pools cash from all sources and all funds except cash with fiscal agents so that it can be invested at the maximum yield, consistent with safety and liquidity.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the Authority's fiscal agents as required under its debt issues. In order to maximize security, the Authority employs the Trust Department of a bank as the custodian of all Authority managed investments, regardless of their form.

A. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agreements.

Investments in City of Roseville Treasury	\$13,061,613
Investments	82,493,618
Restricted investments with fiscal agent	<u>8,931,577</u>
Total Investments	<u><u>\$104,486,808</u></u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's Investment Policy where the Authority's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	No Limit	No Limit
U.S. Agency or Government Sponsored Enterprise Securities	5 Years	None	No Limit	No Limit
Mortgage Pass-Through Securities	5 Years	None	20%	No Limit
State of California or California Local Agency Bonds	5 Years	One of two highest rating categories	No Limit	No Limit
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	No Limit	No Limit
Repurchase Agreements	30 days	None	No Limit	No Limit
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10%
Medium-Term Notes	5 Years	A	30%	No Limit
Collateralized Time Deposits	5 Years	None	30%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million	No Limit
Insured Saving Accounts	N/A	None	No Limit	No Limit
Money Market Mutual Funds	N/A	(A)	20%	10%
Shares in a California Common Law Trust	N/A	None	No Limit	No Limit
Interest Rate Swaps	N/A	None	No Limit	No Limit
City of Roseville Pooled Investment Fund	N/A	None	No Limit	No Limit

(A) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	None	None	None
U.S. Agency Securities of Certain Agencies (A) (B)	N/A	None AAAm-G or	None	None
Money Market Funds	N/A	AAAm	None	None
Certificates of Deposit	360 days	A-1+	None	None
Savings Accounts, Deposit Accounts (fully insured)	N/A	None	None	None
Investment Agreements, including Forward Delivery Agreements	N/A	AA	None	None
		One of two highest rating categories		
State or Municipality Bonds/Notes	N/A	A-1+	None	None
Federal Funds or Bankers' Acceptances	360 days	A-1+	None	None
Commercial Paper	270 days	A-1+	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$50 million/account
California Asset Management Program	N/A	None	None	None

(A) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the Agency, provided they are backed by the full faith and credit of the United States of America, as follows:

- a. Certificates of beneficial ownership of the Farmers Home Administration
- b. Federal Housing Administration debentures
- c. Participations certificates of the General Services Administration
- d. Guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association
- e. Guaranteed Title XI financings of the U.S. Maritime Administration
- f. Project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies:

- a. Senior debt obligations of the Federal Home Loan Bank System
- b. Participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation
- c. Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association
- d. Senior debt obligations of the Student Loan Marketing Association
- e. Obligations of the Resolution Funding Corporation
- f. Consolidated system-wide bonds and notes of the Farm Credit System.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity or earliest call date:

	Remaining Maturity (in Months)			Total
	12 Months Or Less	13 to 24 Months	25-60 Months	
City of Roseville Investment Pool	\$13,061,613			\$13,061,613
U.S. Treasury Notes		\$13,084,284	\$8,611,443	21,695,727
Federal Agency Securities	1,103,094	11,674,272	9,318,233	22,095,599
Medium-Term Notes		2,587,242	5,419,626	8,006,868
Forward Delivery Agreements	4,604,895			4,604,895
Negotiable Certificates of Deposit	1,000,420	3,494,225		4,494,645
Money Market Mutual Funds (U.S. Securities)	1,347,040			1,347,040
California Asset Management Program	4,130,357			4,130,357
Local Agency Investment Fund	25,050,064			25,050,064
Total Investments	\$50,297,483	\$30,840,023	\$23,349,302	\$104,486,808

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013, these investments had an average maturity of 278 days.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Authority is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The Authority reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2013, the fair value approximated is the Authority's cost, and these investments had an average maturity of 37 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2013 and had an average maturity of 57 days for the Dreyfus U.S. Treasury Money Market Fund and 47 days for the First American Money Market Fund.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013, for each investment type as provided by Standard and Poor's investment rating system:

	AAA/AAAm	AA+/AA/AA-	A+/A/A-	A-1+/A-1	Total
Investments:					
Federal Agency Securities		\$22,095,599			\$22,095,599
Medium-Term Corporate Notes		4,981,798	\$3,025,070		8,006,868
Forward Delivery Agreements		4,604,895			4,604,895
Negotiable Certificates of Deposit		1,492,754		\$3,001,891	4,494,645
California Asset Management Program	\$4,130,357				4,130,357
Money Market Mutual Funds (U.S. Securities)	1,347,040				1,347,040
Totals	\$5,477,397	\$33,175,046	\$3,025,070	\$3,001,891	44,679,404
Exempt from Credit Rating Disclosure:					
U.S. Treasury Notes					21,695,727
Not Rated:					
Local Agency Investment Fund					25,050,064
City of Roseville Investment Pool					13,061,613
Total Investments					\$104,486,808

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Concentration of Credit Risk

The California Government Code stipulates certain percentage limitations on the amount that can be invested in any one issuer as noted on the table at Section B above. The Authority's Investment Policy does not place any further restrictions on the maximum investment in any one issuer. Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, the California Local Agency Investment Fund, the California Asset Management Pool and the City of Roseville Investment Pool, that represent 5% or more of total Authority investments are as follows at June 30, 2013:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$11,559,626
Federal National Mortgage Association	Federal Agency Securities	10,493,548

NOTE 3 - CAPITAL ASSETS CONTRIBUTED TO THE CITY OF ROSEVILLE

Capital construction costs incurred by the Authority are transferred annually, in the form of construction in progress, to the City of Roseville, which owns and operates the Regional Wastewater Facilities. Capital construction costs of the Authority, as defined by the Funding Agreement, include personnel services and administration, debt service, and construction costs. Construction costs include interest on construction financing costs, net of interest income on unexpended bond proceeds. Since the Regional Wastewater Facilities construction project was accepted as complete at the end of fiscal year 2004-2005, the debt service and interest income on unexpended bond proceeds are no longer a component of the capital construction costs of the Authority.

Costs incurred by the Authority in fiscal year 2012-2013 totaling \$322,411 were transferred as construction in progress to the City of Roseville as of June 30, 2013.

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 - LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Revenue Bonds						
2011 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series A variable rate, due 11/1/35	\$30,165,000	\$30,165,000		\$30,165,000		
2011 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series B variable rate, due 11/1/35	30,160,000	30,160,000		30,160,000		
2011 Refunding Wastewater Revenue Bonds, Series C 1.00-5.25%, due 11/1/25	67,040,000	64,350,000		3,040,000	\$61,310,000	\$3,225,000
Add: deferred bond premium cost	5,240,941	4,585,823		327,559	4,258,264	
2011 Refunding Wastewater Revenue Bonds, Series D variable rate (SIFMA rate plus 0.83%), due 11/1/14	30,000,000	30,000,000			30,000,000	
2013 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series 2013 variable rate, due 11/1/35	59,330,000		\$59,330,000		59,330,000	
TOTAL		<u>\$159,260,823</u>	<u>\$59,330,000</u>	<u>\$63,692,559</u>	<u>\$154,898,264</u>	<u>\$3,225,000</u>

B. 2011 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds, Series A, B, C, and D

On April 7, 2011, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2011A and 2011B in the original principal amounts of \$30,165,000 and \$30,160,000, respectively, and Revenue Refunding Bonds Series 2011C and 2011D (SIFMA Index Bonds) in the original principal amounts of \$67,040,000 and \$30,000,000, respectively.

The Series 2011ABCD Bonds were issued to refund the remaining outstanding balance of the 2008 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds Series A and Series B. During fiscal year 2013, the 2011 A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds.

Interest rates on the Series 2011D Bonds will be a per annum rate equal to the Adjusted SIFMA Rate (the sum of the SIFMA Index Rate and an additional interest rate of 0.832%), applied on the basis of the actual number of days in the applicable Interest Period divided by 365 or 366, as applicable. "SIFMA Index" is defined under the Indenture to mean the SIFMA Municipal Swap Index (formerly The Bond Market Association Municipal Swap Index), a seven-day high-grade market index composed of selected tax-exempt variable-rate demand obligations meeting specific criteria. The SIFMA Index is calculated weekly and released each Wednesday afternoon.

If at any time the SIFMA Index is not available, there will be used in its place such index as the Trustee, following consultation with the Authority and the Calculation Agent, as applicable for the applicable Interest Rate Period, from time to time determines most closely approximates the SIFMA Index. The interest rate at June 30, 2013 was 0.892%.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4 - LONG-TERM DEBT (Continued)

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds

On April 1, 2013, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2013 in the original principal amount of \$59,330,000. The 2013 Bonds were issued to refund the remaining outstanding balance of the 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series A and Series B. The refunding reduces the total debt service payments over 23 years by \$10,250,750 and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$8,280,943. The 2011A and 2011B Bonds were called on April 1, 2013.

The 2013 Bonds were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Indenture to mean the per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The interest rate of the Bonds cannot exceed 12% per year and may be converted by the Authority into a Daily Rate, a Weekly Rate, a Long-Term Rate, a Commercial Paper Rate, or a subsequent Index Rate, subject to certain conditions defined in the Indenture. The interest rate at June 30, 2013 was 0.761%. The Bonds are subject to mandatory redemption annually beginning November 1, 2029 through 2035.

The Authority originally entered into a 19 year interest rate swap agreement for the entire amount of the 2008B Bonds, and as part of the issuance of the 2011 ABCD Bonds, the swap agreement was amended and remains in effect, but the notional amount of the swap is based on the notional amount of the 2008 B Bonds. The interest rate swap agreement remains outstanding after the refunding and issuance of the 2013 Bonds, and the notional amount of the swap continues to be based on the notional amount of the 2008B Bonds. The combination of the variable rate bonds and the floating rate swap creates a synthetic fixed-rate debt for the Authority. The synthetic fixed rate for the 2011 C and 2013 B Bonds at June 30, 2013 was 4.05%.

As of June 30, 2013, the total principal and interest remaining to be paid on the 2011 Series C, 2011 Series D Bonds and the 2013 Bonds was \$203,768,439. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110% over the lives of the Bonds, 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. As discussed in Note 1A, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share. For fiscal year 2013, \$9,976,757 in debt service was paid from the Rate Stabilization Account.

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 - LONG-TERM DEBT (Continued)

D. Interest Rate Swap Agreement

The Authority entered into an interest swap agreement in connection with the 2008 Refunding Wastewater Revenue Bonds, Series B. The Authority amended the swap with the issuance of the 2013 Bonds, but the swap continues to be based on the notional amount of the 2008 B Bonds.

The combination of variable rate bonds and a floating swap effectively changes the Authority's variable interest rate on the bonds to a synthetic rate, protecting the Authority against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2013, is included below. The Authority's swap agreement contains scheduled reductions to the outstanding notional amount, which is based on the notional amount of the 2008 Refunding Wastewater Revenue Bonds, Series B.

Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Maturity/ Termination Date
\$82,650,000	9/17/2003, amended 4/10/2008	Morgan Stanley Capital Services Inc.	A-	3.665%	62% of 1m LIBOR plus 26 bps	11/1/2027

Based on the swap agreement, the Authority owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the Authority interest based on the variable rate that approximates the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which swap receipts and payments are calculated.

Fair value. Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. The Authority has accounted for the change in fair value of the swap as a deferred outflow. As of June 30, 2013, the fair value of the swap was not in favor of the Authority as follows:

Related Bond Issue	Fair Value	
	2013	2012
2011 Refunding Wastewater Revenue Bonds, series C and D and 2013 Refunding Wastewater Revenue Bonds (based on notional amount of 2008 Refunding Wastewater Revenue Bonds, Series B)	<u>(\$11,424,904)</u>	<u>(\$16,427,150)</u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4- LONG-TERM DEBT (Continued)

Credit risk. The Authority would be exposed to credit risk on the outstanding swap if the swaps had positive fair values. These amounts may increase if interest rates increase in the future. However, if interest rates decline and fair values of the swaps were to become negative, the Authority would no longer be exposed to credit risk. The Authority will be exposed to interest rate risk only if the counterparty to a swap defaults or if the swap is terminated.

Basis risk. Basis risk is the risk that the interest rate paid by the Authority on underlying variable rate bond to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Authority bears basis risk on the swap. The swap has basis risk since the Authority receives a percentage of LIBOR index to offset the actual variable bond rate the Authority pays on its bonds. The Authority is exposed to the basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on the underlying bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The Authority is exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the Authority is exposed to this basis risk.

Termination risk. The Authority may terminate if the other party fails to perform under the terms of the contract. The Authority will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Authority's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk. Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the Authority will be re-exposed to the risks being hedged by the swap. The swap based on the 2008 Refunding Wastewater Revenue Bonds, Series B, associated with the 2011 C and D Refunding Wastewater Revenue Bonds and 2013 Refunding Wastewater Revenue Bonds, exposes the Authority to rollover risk because the swap terminates on November 1, 2027 while the 2011 A and B mature on November 1, 2035, the 2011 C Bonds mature on November 1, 2025 and the 2011 D Bonds mature on November 1, 2014, and the 2013 Bonds mature on November 1, 2035.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4 - LONG-TERM DEBT (Continued)

Swap payments and associated debt. Using rates as of June 30, 2013, debt service requirements of the Bonds and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Year Ending June 30	Variable-Rate and Fixed-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2014	\$3,225,000	\$3,726,374	\$2,622,697	\$9,574,071
2015	33,460,000	3,396,974	2,480,064	39,337,038
2016	3,710,000	3,137,074	2,332,230	9,179,304
2017	3,985,000	2,953,250	2,179,467	9,117,717
2018	4,275,000	2,746,749	2,020,682	9,042,431
2019 - 2023	26,520,000	10,060,789	7,509,730	44,090,519
2024 - 2028	16,135,000	3,327,150	2,575,335	22,037,485
2029 - 2033	31,295,000	1,769,893		33,064,893
2034 - 2036	28,035,000	289,981		28,324,981
Totals	<u>\$150,640,000</u>	<u>\$31,408,234</u>	<u>\$21,720,205</u>	<u>\$203,768,439</u>

E. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2013, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2014	\$3,225,000	\$6,349,071
2015	33,460,000	5,877,038
2016	3,710,000	5,469,304
2017	3,985,000	5,132,717
2018	4,275,000	4,767,431
2019 - 2023	26,520,000	17,570,519
2024 - 2028	16,135,000	5,902,485
2029 - 2033	31,295,000	1,769,893
2034 - 2036	28,035,000	289,981
Total	150,640,000	<u>\$53,128,439</u>

Reconciliation of long-term debt

Add deferred bond premium costs 4,258,264

Net long-term debt \$154,898,264

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 - LONG-TERM DEBT (Continued)

F. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Amount on Refunding

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it is reported as a deferred inflow/outflow of resources, as applicable, and is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, bond issuance costs, other than prepaid insurance, are to be expensed in the year incurred. As a result of the implementation, bond issuance costs as of July 1, 2012 in the amount of \$1,046,671 have been removed and the net position of the Authority has been reduced and restated in that amount.

NOTE 5 – NET POSITION

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. The Authority's net position is divided into two segments, restricted and unrestricted.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. At June 30, 2013, restrictions included:

Restricted for **rate stabilization** represents the portion of net position restricted for future use in the event development fees are not adequate to meet the required ratio of revenue to expenses required under bond indentures.

Restricted for debt service represents the portion of net position held in reserve in the event other resources of the Authority are not adequate to make required debt service payments.

Unrestricted describes the portion of Net Position which is not legally or contractually restricted as to use.

**SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 - RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials liability. During the fiscal year ended June 30, 2013, the Authority paid \$16,859 for current year coverage.

The following types of loss risks are covered by the above commercial insurance policies as follows:

<u>Type of Coverage</u>	<u>Coverage Limit</u>
Personal Injury, Including Bodily Injury and Property Damage	\$1,000,000
Automobile Liability	1,000,000
Public Officials Errors and Omissions	1,000,000
Employment Practices Liability	1,000,000
Crime Bond	10,000,000

The Authority has not had any claims as of June 30, 2013.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

SUPPLEMENTAL INFORMATION

**SOUTH PLACER WASTEWATER AUTHORITY
ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION**

	City of Roseville	South Placer Municipal Utility District	Placer County	Totals
Balance at June 30, 2012	<u>\$79,958,140</u>	<u>\$34,235,458</u>	<u>(\$21,597,206)</u>	<u>\$92,596,392</u>
Reallocation and Repayment Agreement reallocation of participant subaccount balances	(15,304,728)	5,251,447	10,053,281	
Additions July 1, 2012 to June 30, 2013				
Payments under repayment agreement			7,011,569	7,011,569
Regional Connection fees	5,510,747	1,827,630	449,419	7,787,796
Reimbursement of Construction costs -- others	84,739	30,825	21,865	137,429
Interest allocation	354,441	214,702	(43,129)	526,014
Capital construction costs	(91,647)	(33,340)	(23,647)	(148,634)
Debt service	(6,151,445)	(2,237,705)	(1,587,243)	(9,976,393)
Administrative costs	(107,153)	(38,978)	(27,646)	(173,777)
	<u>(15,705,046)</u>	<u>5,014,581</u>	<u>15,854,469</u>	<u>5,164,004</u>
Balance at June 30, 2013	<u>\$64,253,094</u>	<u>\$39,250,039</u>	<u>(\$5,742,737)</u>	<u>\$97,760,396</u>

	Net Position of	
	Bond Proceeds	Member Contributions
Investments in City of Roseville Treasury Investments		\$13,061,613
Restricted investments with fiscal agent	\$8,931,577	82,493,618
Unallocated loss on investments	(75,626)	75,626
Accounts receivable		1,654
Accrued interest receivable		278,603
Due from other governments		1,430,980
Permit fees receivable		974,209
Accumulated decrease in fair value of hedging derivatives	11,424,904	
Accounts payable and other liabilities	(58,669)	(555,907)
Derivative at fair value	(11,424,904)	
Long-term debt:		
Due in one year	(3,225,000)	
Due in more than one year	(151,673,264)	
Net Position (Deficit)	<u>(\$146,100,982)</u>	<u>\$97,760,396</u>

**SOUTH PLACER WASTEWATER AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

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**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2013

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MEMORANDUM ON INTERNAL CONTROL

Members of the Board of the
South Placer Wastewater Authority
Roseville, California

In planning and performing our audit of the financial statements of the South Placer Wastewater Authority as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the Authority.

The Authority's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Authority Board, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Maze & Associates'.

Pleasant Hill, California
December 20, 2013

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**SOUTH PLACER WASTEWATER AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATERS

2013-01 Posting of the Monthly Regional Connection Fees to the General Ledger

The Authority members remit Regional Connection Fees to the City of Roseville on a monthly basis, which are recorded in the Authority's general ledger accounts.

During our reconciliation of the monthly Regional Connection Fees by participant to the Authority's general ledger, we noted that the County correctly remitted its March 2013 Regional Connection Fees to the City in April 2013, but the City had miscoded the remittance. The remittance of \$174,486 had been posted to a City general ledger account, rather than the Authority's general ledger account. As a result, the County's balance in the general ledger and the Rate Stabilization Fund was understated until the error was noted in October 2013. After we brought the error to the attention of City staff, the general ledger posting was corrected and the Rate Stabilization Fund balances and allocation of interest between participant accounts was corrected back to the date of the misposting.

The Authority should develop procedures to ensure that monthly Regional Connection Fee remittances are posted to the correct general ledger account. This process could be facilitated by a periodic review of the Authority's general ledger accounts to ensure that all member remittances have been received and recorded correctly.

Management's Response:

The Authority will develop procedures via review of monthly EDU reports by Environmental Utilities staff to ensure that monthly Regional Connection Fees remittances are posted to the correct general ledger account.

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REQUIRED COMMUNICATIONS

Members of the Board of the
South Placer Wastewater Authority
Roseville, California

We have audited the basic financial statements of the South Placer Wastewater Authority (Authority) for the year ended June 30, 2013. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 60 - *Accounting and Financial Reporting for Service Concession Arrangements*

The objective of this proposed Statement is to establish accounting and financial reporting requirements for service concession arrangements (SCAs), which are a type of public-private or public-public partnership arrangement. SCAs include, but are not limited to:

- a. Arrangements in which the operator will design and build a facility and will obtain the right to collect fees from third parties (for example, construction of a municipal complex for the right to lease a portion of the facility to third parties)
- b. Arrangements in which the operator will provide an up-front payment or a series of payments in exchange for the right to access an existing facility (for example, a parking garage) and collect fees from third parties for its usage
- c. Arrangements in which the operator will design and build a facility (for example, a new tollway), finance the construction costs, provide the associated services, collect the associated fees, and convey the facility to the government at the end of the arrangement.

GASB 61 – *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statement No. 14 and No. 34 – Component Unit Focus*

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The following pronouncement became effective, and required a format change in the Statement of Net Assets and certain nomenclature revisions in the footnotes accompanying the financial statements:

GASB 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. *Concepts Statement No. 4, Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in *Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The following pronouncement was early-implemented, also affected the format and nomenclature of the financial statements, and as disclosed in Note 4F required a prior period restatement for the cumulative effect on the financial statements:

GASB 65 - Items Previously Reported as Assets and Liabilities

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

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

Estimated Fair Value of Investments: As of June 30, 2013, the Authority, held approximately \$104.5 million of cash and investments, as measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2013. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2013.

Estimated Fair Value of Derivative Investments: As of June 30, 2013, the Authority held an interest rate swap agreement with a negative fair value of approximately \$11.4 million, as measured by fair value, as disclosed in Note 4D to the Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2013. The fair value is not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2013.

Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the reallocation of participant Rate Stabilization Fund subaccount balances discussed in Note 1A to the financial statements, which is based on the Reallocation and Repayment Agreement dated October 1, 2012.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated December 20, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

With respect to the required supplementary information accompanying the financial statements, we 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 did not express an opinion nor 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.

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

Mane & Associates

Pleasant Hill, CA
December 20, 2013

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 15, 2014

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 14-07

SUBJECT: Connection Fee Program Report

For SPWA Board Meeting of 1/30/14

ACTION REQUESTED

This staff report is for information only. No action is requested.

BACKGROUND

The attached report, prepared by Maze and Associates, evaluates how the South Placer Wastewater Authority (Authority) and its member agencies complied with the "Funding Agreement" from July 2012 through June 2013. Payments from Placer County, Roseville, and South Placer Municipal Utility District were tested for the referenced time period.

The following table summarizes the total connection fees collected and the associated equivalent dwelling units (EDUs) from July 2012 through June 2013.


	City	District	County
Gross Regional Connection Fees, as reported in Authority General Ledger	\$5,510,746	\$1,827,630	\$449,419
EDUs for Gross Regional Connection Fees, as reported to the Members	821	285	64

Actual EDUs developed over the above year (FY12-13) are approximately 123% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 90% of the estimated EDUs. The estimated and actual number of EDUs is summarized below.

Jurisdiction	FY 2012-2013		Total through 12-13	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	600	821	16,727	21,985
South Placer Municipal Utilities District	300	285	10,520	9,793
Placer County	49	64	10,854	2,641
Total	949	1,170	38,101	34,419

At the August 3, 2006 meeting, the Board approved a new minimum regional connection fee of \$5,500. The new fee (with subsequent inflationary increases) and associated EDUs are reflected above.

Submitted by:



For Janet L. Vargas
Administrative Analyst II

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
THE SOUTH PLACER WASTEWATER AUTHORITY
AND ITS REGIONAL PARTNERS
CONNECTION FEE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013**

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
THE SOUTH PLACER WASTEWATER AUTHORITY
AND ITS REGIONAL PARTNERS CONNECTION FEE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013**

Board of Directors
South Placer Wastewater Authority
Roseville, California

We have performed the procedures described below, which were agreed to by the South Placer Wastewater Authority (Authority) solely to assist you with respect the Regional Connection Fees collected by the three Regional Partners, the City of Roseville (City), South Placer Municipal Utilities District, (District) and the County of Placer (County), and the allocation of these fees for the year ended June 30, 2013, and compliance with the Regional Partners Amended and Restated Funding Agreement for the year ended June 30, 2013. Management is responsible for the collection and allocation of the fees and for compliance with Funding Agreement. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Regional Partners. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

We obtained:

1. A copy of the Preliminary Agreement between the Regional Partners dated October 21, 1998, regarding the Pleasant Grove Wastewater Treatment Plant;
2. A copy of the Joint Exercise of Powers Agreement between the Regional Partners dated October 1, 2000, which formed the South Placer Wastewater Authority;
3. A copy of the Amended and Restated Joint Exercise of Powers Agreement between the Regional Partners dated October 1, 2012;
4. A copy of the Funding Agreement Relating to the South Placer Regional Wastewater Facilities dated October 1, 2000;
5. A copy of the Restated and Amended Funding Agreement Relating to the South Placer Regional Wastewater Facilities dated October 1, 2012;
6. A copy of the Reallocation and Repayment Agreement dated October 1, 2012;
7. A copy of the Official Statement dated November 28, 2000, for the South Placer Wastewater Authority Wastewater Revenue Bonds, Series A and B;

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8. A copy of the Official Statement dated September 17, 2003, for the South Placer Wastewater Authority Revenue Bonds;
9. Copies of the Official Statements dated April 1, 2011, for the South Placer Wastewater Authority Revenue Refunding Bonds, Series A, B, C and D;
10. Copy of Official Statement dated April 1, 2013 for the South Placer Wastewater Authority Refunding Wastewater Revenue Bonds;
11. The General Ledger Detail (GLSHTR02) for General Ledger Account 471-3640 for Regional Connection Fees collected by the City for the year ended June 30, 2013;
12. The General Ledger Detail (GLSHTR02) for General Ledger Account 785-3640 for Regional Connection Fees collected by the City, or transmitted to the City by the District and County, for the year ended June 30, 2013;
13. The General Information Memoranda containing the Connection Fee schedules for fiscal year 2013;
14. The schedules of Regional Connection Fees and Equivalent Dwelling Units (EDUs) for the City by month for the year ended June 30, 2013;
15. The schedules of Regional Connection Fees and EDUs for the District by month for the year ended June 30, 2013;
16. The monthly remittances of Regional Connection Fees by month for the County for the year ended June 30, 2013 which includes EDUs by month and to date;
17. Supporting detail from the Regional Partners for each selection tested below which included either copies of the permits or other documentation for the fee calculation.

We tested:

18. The monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2013;
19. Four (4) monthly payments made to the City during the fiscal year, for Regional Connection Fees by the County, four (4) monthly payments made to the City for Regional Connection Fees by the District, and twenty (20) payments received by the City from developers for Regional Connection Fees, for the year ended June 30, 2013;
20. For the Authority's and each participant's compliance with Section 7 (Administration) of the Amended and Restated Joint Exercise of Powers Agreement;

21. For the Authority's and each participant's compliance with the following Sections of the Amended and Restated Funding Agreement, as applicable:

- a. 3 Term and Termination
- b. 4 Responsibilities of the City of Roseville
- c. 5 Capacity Usage
- d. 6 Issuance of Bonds by the Authority; Bond Provisions
- e. 7 Pledge and Application of Participant Revenues
- f. 8 Rate Covenant
- g. 9 Rate Stabilization Fund
- h. 10 Regional Connection Fees
- i. 11 Participant Parity Obligations Secured by Participant Net Revenues
- j. 12 Determination of Participants' Proportionate Shares
- k. 13 Covenants of the Participants
- l. 14 Amendments; Expiration of Certain Provisions

22. For the Authority's and each participant's compliance with the Reallocation and Repayment Agreement, as applicable.

We recalculated:

- 23. The monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2013;
- 24. Each payment selected for testing using the number of permits issued or EDUs indicated on the documentation and the fee in effect for that period;
- 25. The four (4) monthly EDU amounts included on the County monthly remittance summaries for Regional Connection Fees from our test sample at #19 above;
- 26. The four (4) monthly EDU amounts included on the schedule of Regional Connection Fees for the District from test sample at #19 above;
- 27. The twenty (20) Regional Connection Fee EDUs for the City from our test sample at #19 above;
- 28. We evaluated each Regional Partner's non-residential Connection Fee program based on the above testing and determined their balances as of June 30, 2013.

RESULTS:

Based on our testing above, we calculated each Regional Partner’s Adjusted Connection Fees for the year ended June 30, 2013, and Gross Regional EDUs for the year ended June 30, 2013.

	<u>City</u>	<u>District</u>	<u>County</u>
July 1, 2012 to June 30, 2013:			
Gross Regional Connection Fees, as reported in Authority general ledger	<u>\$5,510,746</u>	<u>\$1,827,630</u>	<u>\$449,419</u>
July 1, 2012 to June 30, 2013:			
EDUs for Gross Regional Connection Fees, as reported to the Members	<u>821</u>	<u>285</u>	<u>64</u>

ASSUMPTIONS:

1. One single family dwelling unit is the equivalent of one EDU for the County. Commercial property EDUs are determined by the square footage and the type of business as defined in the Roseville Municipal Code, per County Ordinance 5059-B.
2. One single family dwelling unit is the equivalent of one EDU for the City. Commercial property EDUs are determined by the square footage and the type of business as defined in the Roseville Municipal Code.
3. One single family dwelling unit is the equivalent of one EDU for District. Commercial property EDUs are determined by the square footage and the type of business as defined in Ordinance 96-2.

FINDING:

2013-01 Incorrect Posting of County Regional Connection Fee Remittance

During our reconciliation of the monthly Regional Connection Fees by participant discussed in #18 above to the Authority’s general ledger, we noted that the County correctly remitted its March 2013 Regional Connection Fees to the City in April 2013, but the City had miscoded the remittance. The remittance of \$174,486 had been posted to a City general ledger account, rather than the Authority’s general ledger account. As a result, the County’s balance in the Rate Stabilization Fund was understated until the error was noted in October 2013.

After we brought the error to the attention of City staff, the general ledger posting was corrected and the Rate Stabilization Fund balances and allocation of interest between participant accounts was corrected back to the date of the misposting.

The City should ensure that monthly Regional Connection Fee remittances are posted to the correct general ledger account. This process could be facilitated by at least a quarterly review of the Authority’s general ledger account to ensure that all participant remittances have been received and recorded correctly.

Management’s Response:

The Authority will develop procedures via review of monthly EDU reports by Environmental Utilities staff to ensure that monthly Regional Connection Fees remittances are posted to the correct general ledger account.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the collection and allocation of the fees and for compliance with the Funding Agreement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Regional Partners and is not intended to be and should not be used by anyone other than those specified parties.

Mane & Associates

December 20, 2013
Pleasant Hill, CA

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 17, 2014
Board of Directors

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 14-08

SUBJECT: Regional Connection Fee

For SPWA Board Meeting January 30, 2014

ACTION REQUESTED


For information only.

BACKGROUND

Each year, staff reviews the regional connection fee to ensure that revenues from the connection fee will be sufficient to pay annual debt service and necessary capital expenditures. In addition to connection fee revenues, the Authority can also utilize existing reserves and issue debt to fund capital costs.

Staff worked with Public Financial Management, Inc. (PFM), the Authority's financial advisor, to model revenues and forecast expenditures. The attached memo summarizes the analysis. The result of this analysis is the current fee level (\$6,711 per Equivalent Dwelling Unit), escalating at 1% per year, along with appropriate use of the reserves and limited debt issues in the future, will provide sufficient funds to meet the ongoing capital program. In particular, the fee should continue to be reviewed annually to ensure that assumptions regarding growth, capital construction, and debt service costs are consistent with the assumptions included in the analysis. Further, as build out of the system occurs, it may be appropriate to utilize future connection fees to pay down outstanding debt (rather than building reserve levels).

Submitted by:



Ken Glotzbach
Interim Executive Director

Attachment: August 9, 2013 PFM Memo



The PFM Group
 Public Financial Management, Inc.
 PFM Asset Management LLC
 PFM Advisors

601 South Figueroa
 Suite 4500
 Los Angeles, CA 90017

213-489-4075
 213-489-4085 fax
 www.pfm.com

August 9, 2013

Memorandum

To: Russ Branson, Carol Margetich and Ken Glotzbach, *City of Roseville*
From: Brian Thomas and Thomas Toepfer, *Public Financial Management*
Re: Connection Fee Forecast

The South Placer Wastewater Authority (“SPWA” or the “Authority”) currently collects a regional connection fee from each new equivalent dwelling unit (“EDU”). Public Financial Management (“PFM”) developed a financial forecasting model to evaluate the SPWA’s revenue requirements and the level of connection fee charges sufficient to meet these requirements. This memo outlines the major assumptions and describes the results of the base case cash flow projections and sensitivity analysis.

Forecast Assumptions

EDU growth per Participant

SPWA’s participants, the City of Roseville (the “City”), Placer County (the “County”) and South Placer Municipal Utility District (“SPMUD”), each provided their projections for additional EDUs through 2050. Connection Fee revenues are driven by EDU growth and the price per connection. In the base case scenario the City grows at an average pace of 1.64%, the County at 2.58% and SPMUD at 1.42% through 2050. The detailed projected additional EDU’s are shown below.

Table 1. Projected EDUs by Participant

New EDU Connections by Area	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Roseville Service Area	600	796	846	896	946	996	1,046	1,096	1,146	1,197
SPMUD Service Area	300	400	500	600	700	650	550	450	350	250
Placer County Service Area	49	91	207	277	284	255	285	263	263	263
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Roseville Service Area	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197	1,197
SPMUD Service Area	150	100	150	200	250	300	350	400	450	425
Placer County Service Area	273	273	273	421	420	428	348	348	767	767
	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
Roseville Service Area	1,197	1,197	1,216	1,151	1,151	1,151	1,151	1,221	273	93
SPMUD Service Area	375	325	275	225	245	265	285	305	325	305
Placer County Service Area	777	777	777	716	637	647	647	647	584	584
	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	FY 2049	FY 2050		
Roseville Service Area	93	93	175	92	92	92	92	92		
SPMUD Service Area	285	265	245	225	205	205	225	175		
Placer County Service Area	594	594	594	540	540	540	540	537		



Plant Expansion – Timing and Cost

Given the projected growth rates, the SPWA estimates the need to commence construction to expand the existing capacity of the Pleasant Grove plant by 2017, with an estimated effective operations date in 2022. By 2026, SPWA projects the commencement of construction for the Dry Creek plant expansion, which is to be completed by 2031. The following table summarizes the beginning of construction and the cost estimated in 2012 dollars (see Table 2, Capital Improvement Projects). The cash flow projections assume 3% annual inflation, which is used to escalate the construction costs to current year (nominal) dollars.

Table 2. Capital Improvement Projects

Capital Improvement Projects	2012 Cost	Begin Construction
Dry Creek WWTP Phase 1	\$24,885,446	2026
Dry Creek WWTP Phase 2	\$78,617,880	Not in forecast period (>2050)
Pleasant Grove WWTP Phase 1	\$61,097,813	2017
Pleasant Grove WWTP Phase 2	\$74,226,827	Not in forecast period (>2050)

Connection Fee Level

The cash flow projections assume that the connection fee increases 1.0% per year. This is a conservative forecast of the future increases in the Construction Cost Index (the "CCI") as published by Engineering News Record. The Authority's current practices include annual increases of the connection fee equal to CCI. The 2013 connection fee per EDU was \$6,711. By 2050, at 1% per year, the connection fee would grow to \$9,698.

Minimum Rate Stabilization Fund Reserve

The SPWA has two bond covenants that define the minimum required Rate Stabilization Fund ("RSF") reserve. First, the funding agreement between the participants determines the minimum reserve to be equal to two years of debt service. Second, the Series 2013 direct purchase bonds with U.S. Bank require SPWA to hold at least \$50 million in the RSF reserve. The cash flow model projections evaluate whether the minimum reserve (the higher of the two tests) can be met without additional increases to the connection fee level or the need for additional debt funding of capital expenditures.

Rate Stabilization Fund Interest Earnings

The RSF balance is assumed to earn interest at 0.5%. This earnings rate is conservative in a historical context, but it produces higher earnings than are currently achieved through short-term investments.



Rate Stabilization Fund Loan to the County

SPWA's RSF balance is divided into subaccounts that track the RSF balance by participant. Due to lower growth and associated revenues, the reserve balance of the County is estimated at negative \$6.4 million at fiscal year end 2013. This negative balance is effectively a loan from the other Participants. The County has already made significant contributions to reduce this loan balance and has committed to contribute \$500,000 annually in addition to the regular regional connection fee revenues, to help reduce this balance.

Debt Funding

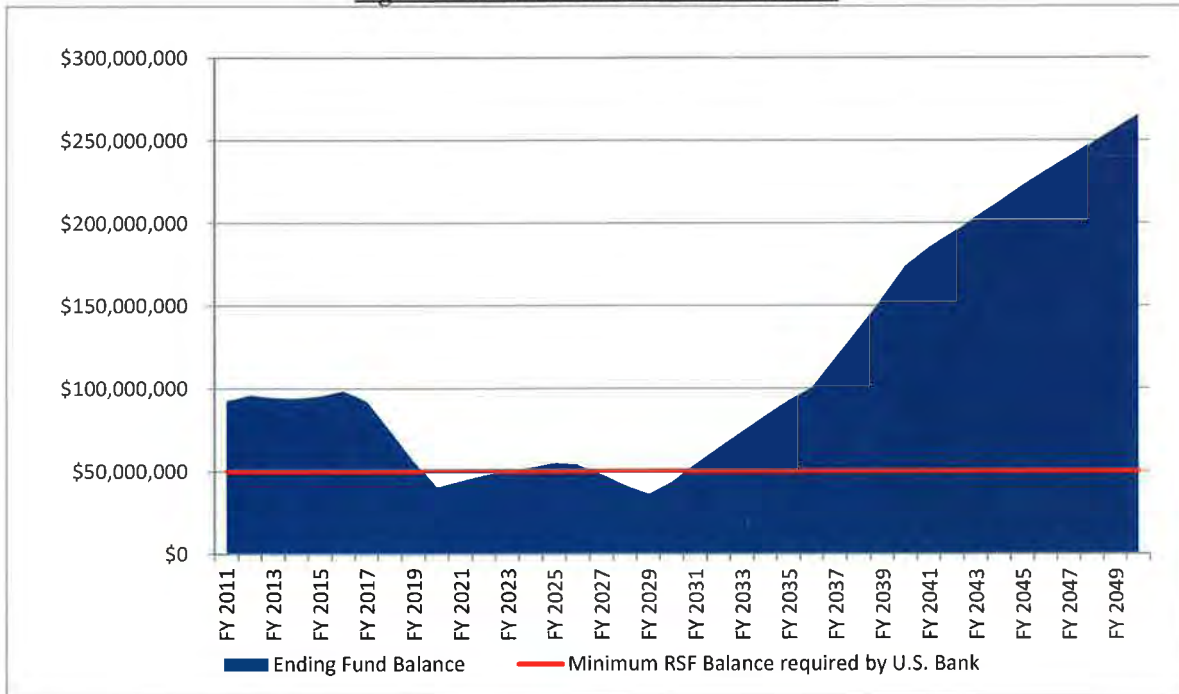
Debt will be issued if the RSF balance would otherwise fall below \$50 million or twice annual debt service, whichever is higher. The new debt is assumed to bear interest at 5.50%. The cash flow projections also include the existing debt of the Authority. The existing debt consists of \$64.35 million fixed rate debt and \$89.33 million variable rate debt. The variable rate debt is assumed to pay interest at the 10-year average SIFMA (the short-term tax-exempt index) rate of about 1.50%, plus the direct purchase spread of 62.5 basis points for the \$59.33 million held by U.S. Bank and a spread of 83 basis points for the Authority's publicly traded SIFMA index bonds. For the portion of variable rate debt that is hedged with the \$82.65 million interest rate swap, the model assumes net swap payments of the fixed rate 3.665%, less the variable rate received of 62% of 1-Month LIBOR (using the 10-year average 1-Month LIBOR rate of 2.01%), plus 26 basis points.

Base Case Projections

Figure 1 below depicts the RSF balance over the forecast period using the assumptions described above. The cash flow model projects an RSF balance of \$9.4 million below the minimum in 2020. The decrease in the RSF balance is mainly driven by the large capital expenditures for the Pleasant Grove phase one expansion. Similarly, the projected RSF balance is at its lowest level, \$13.2 million below the minimum requirement, in 2029 due to the large capital expenditures for the Dry Creek phase 1 expansion.



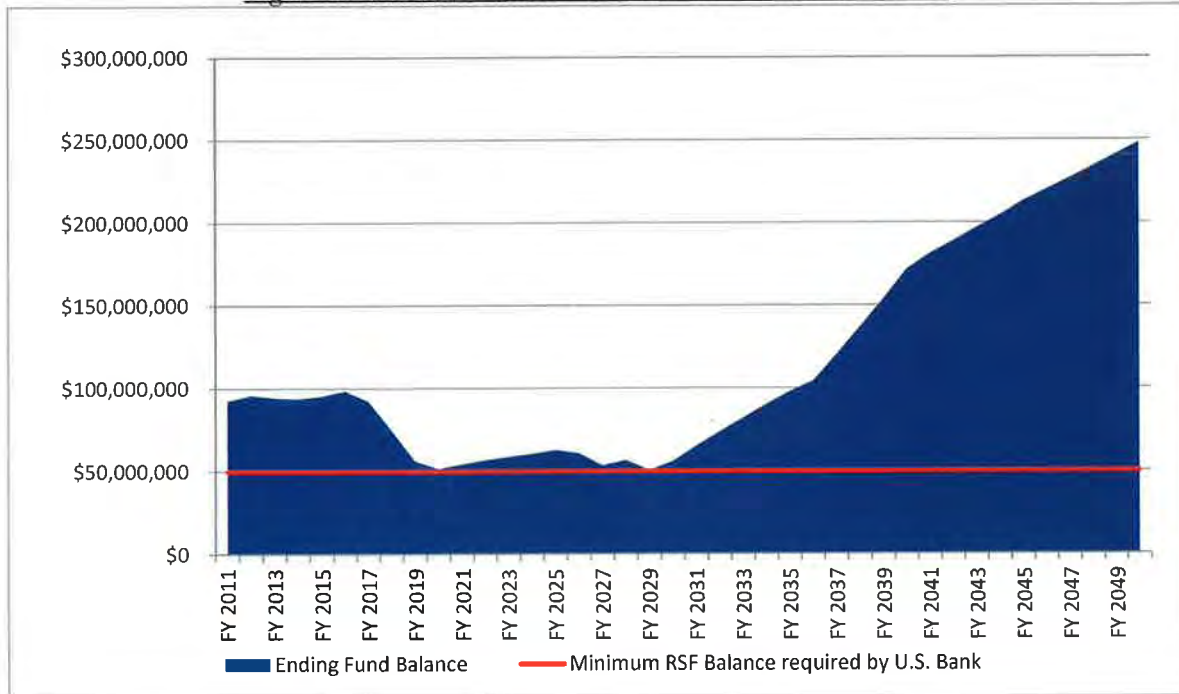
Figure 1. Rate Stabilization Fund Balance



As noted above, in order to maintain the minimum reserve balance, the Authority can either (a) increase the regional connection charge above 1% per year or (b) fund a portion of the capital expenditures with debt. A one-time increase of about \$812 (12.1%) of the connection fee in 2014, plus the annual 1% fee adjustments thereafter, would provide additional revenue sufficient to maintain the minimum RSF balance. Alternatively, the Authority could issue debt to fund a portion of the expansion. This requires additional debt service costs over the life of the bonds. Financing about \$11 million of the Pleasant Grove phase one and \$10 million of the Dry Creek phase one construction costs with debt proceeds would be sufficient to maintain the minimum fund balance. The resulting RSF balance is shown in Figure 2. below.



Figure 2. Rate Stabilization Fund Balance – Additional Debt



Sensitivity Analysis

PFM analyzed two growth scenario alternatives to assess the effect on cash flows and the RSF fund balance. Scenario 1 assumes 90% of the base case growth rate, resulting in lower revenues and deferring the need for additional capacity. Given 90% of the forecasted base case growth rate, the plant expansion for Pleasant Grove would be deferred one year to 2018 and the expansion of Dry Creek would be postponed by 2 years to 2028. The lower level of collected revenues outweigh the benefit of deferring the capital expenditures such that a one-time rate increase of about \$1,644 (24.5%) and 1% annual adjustments thereafter, would be sufficient to maintain the RSF minimum balance. Alternatively, approximately \$43 million in additional debt funding would be required.

Scenario 2 assumes stronger than projected growth, using 120% of base case growth. Stronger growth results in higher revenues and requires plant expansion at earlier dates. The Pleasant Grove phase 1 expansion would need to begin two years earlier, starting in 2015, and the Dry Creek phase 1 expansion would commence two years earlier in 2024. Moreover, the Pleasant Grove phase 2 expansion would then be projected in the forecast horizon commencing in 2042. The stronger growth mitigates much of the earlier need for expansion and would only require a one-time rate increase of \$221 (3.3%) in 2014, followed by annual 1% adjustments. The scenario would alternatively require only about \$2 million in additional debt.



Conclusion

The connection fee cash flow projections indicate no need for connection fee increases above 1% in the near term. In the base case scenario, which uses conservative growth assumptions a limited additional debt issuance of \$21 million would be sufficient to maintain the minimum required RSF balance. All scenarios assume the SPWA is going to employ a large portion of its existing RSF balance for capital expenditures. The RSF balance would be drawn down from a current level of approximately \$94 million to just over the minimum balance of \$50 million. PFM recommends that the Authority maintain its current practice of annual fee adjustments equal to the ENR Construction Cost Index, and monitor the Authority's fund balance and actual EDU growth annually. If the actual results differ substantially from the projections, the authority should be positioned to take actions necessary to either increase the connection fee at higher rates or use debt to fund a portion of the necessary capital program.

As summarized in Table 3., the SPWA is well positioned to meet its ongoing obligations and rate stabilization fund balance requirements. Additional debt of \$21-43 million would be sufficient to fund the capital program and maintain reserves of \$50 million, even if growth is lower than forecasted.

Table 3. Summary of Alternatives

Description	Base Case	Slower Growth	Faster Growth
Pleasant Grove Expansion 1	2017	2018	2015
Pleasant Grove Expansion 2	> 2050	> 2050	2042
Dry Creek Expansion 1	2026	2028	2024
Dry Creek Expansion 2	> 2050	> 2050	> 2050
Additional Debt	\$21m	\$43m	\$2m
Increase in Connection Fee (%)	12.1%	24.5%	3.3%

cc: S. Ikeda
M. Hanks
J. Vargas

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 13, 2014

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 14-09

SUBJECT: Rate Stabilization Fund Balances as of November 30, 2013

For SPWA Board Meeting of 1/30/14

ACTION REQUESTED

This communication is informational only. No action is required of the board.

BACKGROUND

With the formation of the JPA and subsequent bond issue, a rate stabilization fund (RSF) was established to collect the participants' connection fees and pay debt service, capital costs, bond redemptions, and administrative costs. Each participant has a sub-account established within the RSF that accounts for its connection fee deposits less proportionate cost shares. The available resources of the RSF are: \$97,760,396 as of June 30, 2013 and \$93,899,918 as of November 30, 2013. (Available resources include receivables and liabilities that are recognized as funds available for use. This results in a slightly larger balance than appears in the SPWA investment total.)

In 2012, the participants entered into several agreements that:

- (i) Eliminated the first-come/first-served rule for treatment capacity in favor of fixed capacity allocations;
- (ii) Reallocated the balances of their respective subaccounts within the RSF effective April 30, 2012; and
- (iii) Changed their respective proportionate shares for cost allocations effective April 30, 2012, as follows: Roseville from 54.17% to 61.66%, South Placer Municipal Utility District from 25.00% to 22.43%, and Placer County from 20.83% to 15.91%. In addition, the County has agreed to pay off their negative RSF balance with an upfront payment of \$5 million and on-going payments of \$500,000 annually.

The individual accounts of the participants are as follows:

<u>7/01/12 – 6/30/13</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u> *	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,653,412	\$5,949,927	\$(6,350,245)	\$64,253,094
SPMUD	39,486,905	2,073,157	(2,310,023)	39,250,039
Placer County	<u>(11,543,925)</u>	<u>7,439,724</u> **	<u>(1,638,536)</u>	<u>(5,742,737)</u>
Total as of 6/30/13	\$92,596,392	\$15,462,808	\$(10,298,804)	\$97,760,396

<u>7/01/13 – 11/30/13</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u> *	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,253,094	\$839,688	\$(3,449,765)	\$61,643,017
SPMUD	39,250,039	406,348	(1,254,917)	38,401,470
Placer County	<u>(5,742,737)</u>	<u>488,304</u> ***	<u>(890,136)</u>	<u>(6,144,569)</u>
Total as of 11/30/13	\$97,760,396	\$1,734,340	\$(5,594,818)	\$93,899,918

* RSF Deposits include connection fees, reimbursements, and interest revenue.

** Includes County repayment of \$5 million, 4 quarterly payments totaling \$500,000, and additional reimbursements of \$1,511,569 (which is a return of the true-up of operating cost reimbursement from the City) for a total of \$7,011,569.

*** Includes one County quarterly repayment of \$125,000.

Capital costs are allocated based on the participants' respective reallocated Proportionate Shares, defined in the revised Funding Agreement as follows: Roseville—61.66%, South Placer Municipal Utility District—22.43% and Placer County—15.91%.

A detailed breakdown will be provided to the participants for their review.

In addition, the table below breaks down the connection fees received by participant:

<u>Participant</u>	<u>7/12-6/13</u>	<u>7/13-11/13</u>	
City of Roseville	\$5,510,747	\$689,025	***
SPMUD	1,827,630	313,948	***
Placer County	<u>449,419</u>	<u>376,675</u>	***
TOTAL	\$7,787,796	\$1,379,648	

***Connection fees received through March 2013

Submitted by:



Sandra Ikeda
Accounting Manager

Approved:



Monty Hanks
Interim Treasurer

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 13, 2014

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 14-10

SUBJECT: Rate Stabilization Fund Summary/Available Resources as of June 30, 2013 and Rate Stabilization Fund Summary/Available Resources Estimated for June 30, 2014

For SPWA Board Meeting of 1/30/14

ACTION REQUESTED

This communication is informational only. No action is required of the board.

BACKGROUND

The attached are fund summaries for: 1) the activity and available resources for the fiscal year 2012-13, and 2) the estimated activity and available resources for the fiscal year 2013-14.

On June 27, 2013 the Board approved the annual operations budget for fiscal year 2013-14. A comparison of the annual budget with projected revenues and expenditures is conducted at midyear to determine if the projected actual results are in line with the adopted budget.

Revenues

Interest revenue is expected to come in at budget, and although connection fees are currently lower than expected, we anticipate development picking up this spring to meet the budgeted revenues for this fiscal year. There is also an addition of \$500,000 for the scheduled repayments from the County in this section.

Expenditures

Overall, operating expenditures are projected to be at budget. Debt Service is expected to be slightly lower than budgeted by \$200,000, as interest rates have continued to be historically low and the bond market has reacted favorably to SPWA's bonds.

RECOMMENDATION

No action is required of the board.

Submitted by:



Sandra Ikeda
Accounting Manager

Approved:



Monty Hanks
Interim Treasurer


Ken Glotzbach
Acting Executive Director

South Placer Wastewater Authority: FY 2012-13

Rate Stabilization Fund

	Budget 2012-13	Actual 2012-13	Percent of Budget
AVAILABLE RESOURCES CARRY-OVER	\$ 92,596,392	\$ 92,596,392	
ESTIMATED REVENUES			
Interest	436,080	526,009	120.62%
Connection Fees	3,905,802	7,787,795	199.39%
Proceeds from Borrowing	-	-	0.00%
Miscellaneous Revenue	-	137,428	0.00%
Repayment from County		7,011,569	
Total Estimated Revenues	4,341,882	15,462,801	356.13%
Total Estimated Available for Appropriation	96,938,274	108,059,193	111.47%
LESS OPERATING EXPENSES			
JPA Staff	138,138	116,523	84.35%
Legal Services	60,000	21,583	35.97%
Financial Advisory Services	30,000	-	0.00%
Audit Services	25,000	17,740	70.96%
Trustee/Investment Fees	-	-	0.00%
Insurance	16,829	16,859	100.18%
Copying/Mailing/Supplies	2,500	1,065	42.60%
Travel/Meetings	500	-	0.00%
Miscellaneous	1,000	6	-
Total Operating Expenses	273,967	173,776	63.43%
LESS ESTIMATED CAPITAL EXPENDITURES	2,064,534	148,848	7.21%
LESS DEBT SERVICE PAYMENTS	10,626,250	9,976,173	93.88%
Total Estimated Expenditures	12,964,751	10,298,797	79.44%
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		1,915,686	
ESTIMATED AVAILABLE RESOURCES	\$ 83,973,523	<u>95,844,710</u>	114.14%
TOTAL RESOURCES CARRIED OVER		<u>\$ 97,760,396</u>	

South Placer Wastewater Authority: FY 2013-14 Estimates

Rate Stabilization Fund

	Budget 2013-14	Estimated 2013-14	Variance Favorable (Unfavorable)
AVAILABLE RESOURCES CARRY-OVER	\$ 97,760,396	\$ 97,760,396	
ESTIMATED REVENUES			
Interest	402,672	402,672	-
Connection Fees	9,750,000	9,750,000	-
Proceeds from Borrowing	-	-	-
Miscellaneous Revenue	-	-	-
Repayment from County	-	500,000	500,000
Total Estimated Revenues	10,152,672	10,652,672	500,000
Total Estimated Available for Appropriation	107,913,068	108,413,068	
LESS OPERATING EXPENSES			
JPA Staff	138,280	138,280	-
Legal Services	60,000	60,000	-
Financial Advisory Services	30,000	30,000	-
Audit Services	25,000	25,000	-
Trustee/Investment Fees	-	-	-
Insurance	17,100	17,100	-
Copying/Mailing/Supplies	2,500	2,500	-
Travel/Meetings	500	500	-
Miscellaneous	587	587	-
Total Operating Expenses	273,967	273,967	-
LESS ESTIMATED CAPITAL EXPENDITURES	1,915,686 *	1,915,686	-
LESS DEBT SERVICE PAYMENTS	9,902,250	9,702,250	200,000
Total Estimated Expenditures	12,091,903	11,891,903	200,000
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		-	
ESTIMATED AVAILABLE RESOURCES	\$ 95,821,165	\$ 96,521,165	700,000

* includes carryover and mid-year budget adjustment