

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.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2015

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 15-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 29, 2015

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 30, 2014. 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 Roccucci – Roseville
Robert Weygandt – Placer County

MINUTES OF BOARD OF DIRECTORS' MEETING June 26, 2014

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:

Bonnie Gore
Jerry Mitchell
Pauline Roccucci

Staff Present:

Paul Chrisman, JPA Counsel
Ken Glotzbach, Executive Director
Jay Panzica, Treasurer
Karen Sainsbury, Secretary

Roll Call

Directors Duran and Weygandt were absent.

Introductions

The following were in attendance: Bob Schmitt, Carol Margetich, Janet Vargas, Monty Hanks, Sandra Ikeda, and Vanessa Lieberman from the City of Roseville; Charles Clark, and Sam Rose from SPMUD; Mary Dietrich, Bill Zimmerman, and Dave Atkinson from Placer County.

Approval of Minutes, January 30, 2014

A vote was taken as follows:

MOTION by Director Mitchell seconded by Director Roccucci to approve the January 30, 2014 minutes. The vote was unanimous.

New Business Items

1. Resolution: Approval of Updated Authority Schedule of Regular Meeting Dates

Ken Glotzbach requested the Board approve an updated Schedule of Regular Meeting Dates.

MOTION by Director Roccucci seconded by Director Mitchell to approve Resolution 2014-05. The vote was unanimous.

2. Information: Overview of Swap Performance & Annual Reporting Requirements

Vanessa Lieberman provided an overview of the Swap Performance and Annual Reporting Requirements.

3. Information: Investment Reports

Vanessa Lieberman, in Jacquie Clarizio's absence, reported on the performance of the Authority's investments through April 30, 2014.

4. Resolution: Approval of FY2014-15 Investment Policy and Swap Policy

Vanessa Lieberman, in Jacquie Clarizio's absence, reported there were no changes to the policies and requested Board approval.

Director Mitchell inquired as to why the policies were not included in the meeting packet. Secretary Karen Sainsbury reported a copy is available on the staff table.

MOTION by Director Roccucci seconded by Director Mitchell to approve Resolution 2014-06. The vote was unanimous.

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

Sandra Ikeda reported on the rate stabilization fund balances through April 30, 2014.

Director Mitchell requested a status on the County's repayments. Ken Glotzbach responded the County is ahead of the agreed upon payment schedule.

6. Information: Capital Improvement Projects Overview

Ken Glotzbach provided an overview of current and future capital improvement projects.

7. Resolution: Approval of Annual Operating Budget for FY2014-15

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

MOTION by Director Mitchell seconded by Director Roccucci to adopt Resolution 2014-07. The vote was unanimous.

Reports/Comments – Board Members/Staff

Monty Hanks introduced Jay Panzica, the new Treasurer for the City of Roseville and the South Placer Wastewater Authority.

Ken Glotzbach reminded all that the July 9th meeting will be held at the offices of South Placer Municipal Utility District.

Public Comment

None

Adjournment

The meeting was adjourned at 10:06 a.m.

Bonnie Gore
Chair

Karen Sainsbury
Secretary to the Board

SOUTH PLACER WASTEWATER AUTHORITY

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

MINUTES OF BOARD OF DIRECTORS' MEETING July 9, 2014

The regular meeting of the South Placer Wastewater Authority Board of Directors was called to order at 9:00 a.m. at the South Placer Municipal Utility District, 5807 Springview Drive, Rocklin, CA.

Directors Present:

Jack Duran
Carol Garcia
Jerry Mitchell
Pauline Roccucci
Robert Weygandt

Staff Present:

Paul Chrisman, JPA Counsel
Ken Glotzbach, Executive Director
Jay Panzica, Treasurer
Karen Sainsbury, Secretary

Roll Call

All Directors were present with the exception of Bonnie Gore. Alternate Director Carol Garcia attended for Bonnie Gore.

Introductions

The following were in attendance: Bob Schmitt, Janet Vargas, Monty Hanks, Vanessa Lieberman and Jacquie Clarizio from the City of Roseville; Charles Clark, Sam Rose and Joanna Belanger from SPMUD; Mary Dietrich and Dave Atkinson from Placer County; Brian Thomas with Public Financial Management and David Fama with Jones Hall.

New Business Items

1. **Resolution:** Approval of the sale of bonds and the following agreements, disclosure document and incidental documentation, relating to the refunding of the Authority's Variable Rate Demand Refunding Wastewater Revenue Bond Series 2011D, and the issuance of the Authority's Wastewater Revenue Refunding Bond Series 2014 in an aggregate principal amount not to exceed \$30.5 million:
 - a. Fifth Supplemental Wastewater Revenue Bond Indentures, by and between the Authority and the Bank of New York Mellon Trust Company, N.A.;
 - b. Contract(s) of Purchase by and between the Authority and Morgan Stanley & Co. Incorporated ("Underwriter"); and

- c. Official Statement for the Series 2014 Wastewater Revenue Refunding Bond;

Brian Thomas with Public Financial Management presented a proposal to refund the outstanding 2011 Series D SIFMA Index Bonds with a new series of SIFMA Index Bonds and requested Board approval.

Director Mitchell and Duran requested staff provide a bi-annual update on the debt program, including summaries of interest rates and opportunities to reduce interest rate risk.

MOTION by Director Duran seconded by Director Garcia to approve Resolution 2014-08. The vote was unanimous.

Reports/Comments – Board Members/Staff

None.

Public Comment

None

Adjournment

The meeting was adjourned at 9:30 a.m.

Bonnie Gore
Chair

Karen Sainsbury
Secretary to the Board

VERBAL REPORT

Approval of Updated Authority
Schedule of Regular Meeting Dates

(Ken Glotzbach)

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2015-01

**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, June and July of each year; and

WHEREAS, the Board desires to eliminate the regular meeting in July 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 held at 2005 Hilltop Circle, Roseville, California, on the last Thursday of every January and June at 9:30 a.m.

PASSED AND ADOPTED this 29th day of January, 2015, by the following vote on roll call:

AYES:

NOES:

ABSENT:

CHAIRPERSON

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 14, 2015
Board of Directors

FROM: Jay Panzica, Treasurer
Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO: 15-02

SUBJECT: Overview of Debt and Investments

For SPWA Board Meeting 1/29/15

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The following report details the performance of the Authority's debt and investments through December 31, 2014.


DEBT

The Authority has \$146.535 million of outstanding revenue bonds split into three series: 2011 Series C (\$58.085 million), the Series 2013 (\$59.33 million) and the Series 2014 (\$29.120 million). The Series C bonds were issued as fixed rate bonds. In August 2014 the Series D SIFMA Index bonds were refunded in to the Series 2014 SIFMA Index bonds. The Series 2013 bonds were issued as a Direct Placement with US Bank paying 70.5% of one month Libor plus 45 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 2013 and 2014 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.

As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on over 84% of the Series 2013 and 2014 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 December 31st was 2.8%. As a result, the current projection for debt service in FY 2014/15 is around \$9.46 million, approximately \$620k less than the budgeted amount of \$10.1 million.

Submitted by:



Vanessa Lieberman
Financial Analyst



Monty Hanks
Finance Director



Jay Panzica
Treasurer

AGENDA ITEM #3

Bond Portfolio Review

(Brian Thomas)

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2015

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 15-03

SUBJECT: Investment Review

For SPWA Board Meeting 1/29/15

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following reports detail the performance of the Authority's investments through November 30, 2014. Per the auditor's request and effective November 2014, the bond proceeds (Reserve Funds) which are restricted in nature and held by our custodian, Bank of New York, will no longer be listed on the Investment Report. A separate statement from Bank of New York is attached in addition to the Schedule of Investments.

INVESTMENTS

The \$94.5 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, 2014. The YTM for the portfolio is 0.702%.

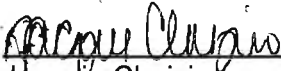
Cash-Flow Requirements

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 2014, includes \$10 million invested in Local Agency Investment Fund (LAIF) and \$10.9 million of pooled cash as of November 2014. The LAIF and cash pool accounts provide 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 0.246%.

Additional Accumulated Funds

Public Financial Management (PFM) provides investment management services for the Authority's investment portfolio under the direction from the treasurer. Current investments in this category totaled \$73 million as of November 2014. The remaining funds, \$7.95m, are the Authority's bond reserve funds held by the fiscal agent

Submitted by:



Jacquie Clarizio
Financial Analyst



Ken Glotzbach
Executive Director



Jay Panzica
Treasurer

**So Placer Wastewater Authority
Portfolio Management
Portfolio Summary
November 30, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
City of Roseville Cash Pool*	10,960,420.96	10,960,420.96	10,960,420.96	11.61	1	1	0.688
Money Market Funds	46,969.76	46,969.76	46,969.76	0.05	1	1	0.001
Local Agency Investment Funds	10,091,910.90	10,091,910.90	10,091,910.90	10.89	1	1	0.246
Negotiable CDs	13,200,000.00	13,183,665.75	13,196,446.94	13.98	739	563	0.657
Corporate Notes	19,755,000.00	19,991,831.36	19,935,039.65	21.13	1,016	669	0.928
Commercial Paper - Interest Bearing	1,000,000.00	999,663.00	1,000,000.00	1.06	90	63	0.200
Federal Agency Coupon Securities	13,000,000.00	13,141,787.00	13,086,358.04	13.87	1,002	672	0.732
Treasury Coupon Securities	25,875,000.00	26,099,602.17	26,046,040.76	27.60	1,002	749	0.622
Investments	93,729,301.62	94,515,870.90	94,365,185.01	100.00%	735	521	0.669

Investments	November 30 Month Ending	Fiscal Year To Date
Total Earnings	77,694.01	287,314.62
Current Year		
Average Daily Balance	99,219,571.84	105,004,355.18
Effective Rate of Return	0.95%	0.65%

*Estimated balance as of 11/30/14
Market values provided by Public Financial Management, Bank of New York Mellon, and LAIF

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 1-7-15

DATE 12/22/14
JAY PANZICA, CITY TREASURER/FINANCIAL EXECUTIVE

So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
November 30, 2014

	November 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	90,367.96	393,035.33
Plus Accrued Interest at End of Period	173,297.36	173,297.36
Less Accrued Interest at Beginning of Period	(189,414.40)	(194,170.86)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	74,250.92	372,161.83
Adjusted by Premiums and Discounts	-30,427.09	-163,164.12
Adjusted by Capital Gains or Losses	23,502.34	29,330.71
Earnings during Periods	67,326.17	238,328.42
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	3,829,003.19	3,829,003.19
Less Accrued Interest at Beginning of Period	(3,818,635.35)	(3,780,016.99)
Interest Earned during Period	10,367.84	48,986.20
Total Interest Earned during Period	84,618.76	421,148.03
Total Adjustments from Premiums and Discounts	-30,427.09	-163,164.12
Total Capital Gains or Losses	23,502.34	29,330.71
Total Earnings during Period	77,694.01	287,314.62

**So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
November 30, 2014**

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	07/01/2014	46,969.76	46,969.76	46,969.76	0.001	0.000	0.001		1
			Subtotal and Average	46,969.76	46,969.76	46,969.76	0.001	0.001	0.001		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2014	10,091,910.90	10,091,910.90	10,091,910.90	0.246	0.242	0.246		1
			Subtotal and Average	10,091,910.90	10,091,910.90	10,091,910.90	0.243	0.243	0.246		1
Negotiable CDs											
06417HMU7	10548	Bank of Nova Scotia	06/13/2014	1,797,912.80	1,800,000.00	1,797,750.00	0.410	0.434	0.440	06/10/2016	567
17304UYB0	10555	CITIBANK NA FLOATING CERT DEPO	08/14/2014	1,400,000.00	1,400,000.00	1,399,132.00	0.371	0.365	0.371	08/11/2015	253
38147J2L5	10558	GOLDMAN SACHS BANK USA CD	08/19/2014	1,400,000.00	1,400,000.00	1,399,848.00	0.900	0.887	0.900	08/12/2016	620
65558ET57	10547	NORDEA BANK FINLAND NY	08/13/2014	1,800,000.00	1,800,000.00	1,799,449.20	0.410	0.404	0.410	06/13/2016	560
21864BPV0	10641	Rabobank USA	05/13/2014	1,500,000.00	1,500,000.00	1,495,149.00	0.716	0.706	0.716	05/08/2016	522
83051HUD8	10513	SKANDINAVISKA ENSKILDA BY NY	07/10/2014	1,700,000.00	1,700,000.00	1,701,286.90	0.562	0.554	0.562	01/04/2016	389
9033VPPF1	10582	US BANK TRUST	08/11/2014	1,822,061.75	1,825,000.00	1,814,146.55	1.375	1.410	1.430	09/11/2017	1,015
96121TWF1	10534	WESTPAC BANKING	04/17/2014	1,775,000.00	1,775,000.00	1,776,924.10	0.408	0.400	0.406	04/15/2016	501
			Subtotal and Average	13,195,974.55	13,200,000.00	13,183,685.75	0.648	0.648	0.657		563
Corporate Notes											
02865WAB7	10488	AMERICAN HONDA FINANCE GLOBAL	10/10/2013	777,285.80	780,000.00	788,450.80	1.125	1.226	1.243	10/07/2016	676
02865WAF8	10550	AMERICAN HONDA FINANCE GLOBAL	07/15/2014	329,534.70	330,000.00	330,233.64	1.200	1.230	1.248	07/14/2017	956
037833AH3	10482	APPLE INC GLOBAL NOTES	05/03/2013	324,411.75	325,000.00	325,032.18	0.450	0.503	0.510	05/03/2016	519
037833AM2	10539	APPLE INC GLOBAL NOTES	05/06/2014	1,499,205.00	1,500,000.00	1,506,997.50	1.050	1.053	1.068	05/05/2017	886
084664BX8	10479	BERKSHIRE HATHAWAY FIN CORP NO	08/15/2013	929,507.10	930,000.00	936,080.34	0.950	0.954	0.967	08/15/2016	623
084664BX8	10489	BERKSHIRE HATHAWAY FIN CORP NO	10/15/2013	319,392.00	320,000.00	322,092.16	0.950	1.004	1.018	08/15/2016	623
084664CA7	10512	BERKSHIRE HATHAWAY FIN CORP NO	01/10/2014	600,000.00	600,000.00	599,626.20	0.390	0.384	0.390	01/10/2017	771
14912L5H0	10495	CATERPILLAR FINANCIAL SE	11/08/2012	609,438.80	610,000.00	611,558.55	0.700	0.721	0.731	11/06/2015	340
14912L5N7	10452	CATERPILLAR FINANCIAL SE	02/28/2013	329,590.80	330,000.00	330,674.95	0.700	0.730	0.740	02/26/2016	452
168764AL4	10586	CHEVRON CORP NOTE	11/18/2014	796,000.00	795,000.00	797,586.93	1.345	1.326	1.345	11/15/2017	1,080
17275RAC6	10482	CISCO SYSTEMS	11/05/2013	1,505,066.25	1,365,000.00	1,436,943.63	5.500	0.626	0.635	02/22/2016	448
191216BD1	10490	COCA-COLA CO	11/01/2013	339,609.00	340,000.00	340,657.56	0.750	0.778	0.788	11/01/2016	701

**Fund 001 - SPWA
Investments by Fund
November 30, 2014**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity	
Corporate Notes												
36962G6R0	10447	General Electric Capital Co	01/08/2013	159,486.40	160,000.00	180,321.60	1.000	1.093	1.109	01/08/2016	403	
36962G3H5	10567	General Electric Capital Co	11/06/2014	995,589.60	890,000.00	994,350.72	5.625	1.358	1.377	09/15/2017	1,019	
459200HL8	10517	IBM CORP GLOBAL NOTES	02/07/2014	1,745,393.13	1,750,000.00	1,750,547.75	0.450	0.560	0.568	05/06/2016	522	
46623RJR1	10510	JP MORGAN SECURITIES	12/10/2013	1,806,377.40	1,800,000.00	1,807,178.40	1.100	0.893	0.906	10/15/2015	318	
713448CE6	10451	PEPSICO INC GLOBAL NOTES	02/28/2013	384,872.25	365,000.00	365,925.64	0.700	0.700	0.710	02/28/2016	452	
713448CLO	10526	PEPSICO INC GLOBAL NOTES	02/28/2014	1,083,763.10	1,085,000.00	1,086,446.31	0.950	0.975	0.988	02/22/2017	814	
717081DD2	10469	PFEZER INC GLOBAL NOTES	06/03/2013	1,397,760.00	1,400,000.00	1,400,809.20	0.900	0.932	0.945	01/15/2017	776	
89236TAL9	10464	TOYOTA-MOTOR CREDIT CORP COMM	05/17/2013	594,756.05	595,000.00	597,645.97	0.800	0.802	0.813	05/17/2016	533	
89236TBH7	10542	TOYOTA MOTOR CREDIT CORP COMM	05/16/2014	729,813.10	730,000.00	730,276.67	1.126	1.127	1.143	05/16/2017	897	
931142DND	10533	WALMART	04/22/2014	349,947.50	350,000.00	350,107.80	1.000	0.991	1.005	04/21/2017	872	
25468PCZ7	10543	WALT DISNEY CO GLOBAL NOTES	06/02/2014	778,596.00	780,000.00	776,607.78	0.875	0.923	0.936	05/30/2017	911	
94974BFL9	10472	WELLS FARGO & COMPANY	07/29/2013	854,179.20	856,000.00	861,316.74	1.250	1.265	1.283	07/20/2016	597	
94974BFL9	10529	WELLS FARGO & COMPANY	02/07/2014	788,603.62	780,000.00	785,762.64	1.250	0.784	0.795	07/20/2016	597	
Subtotal and Average				20,006,978.35	19,755,000.00	19,991,831.36		0.916	0.928		658	

Commercial Paper - Interest Bearing												
09536CP21	10570	BANK OF TOKYO MITSUBISHI COMM	11/04/2014	1,000,000.00	1,000,000.00	999,663.00	0.200	0.200	0.202	02/02/2015	63	
Subtotal and Average				1,000,000.00	1,000,000.00	999,663.00		0.200	0.203		63	

Federal Agency Coupon Securities												
3130A2T97	10554	Federal Home Loan Bank	08/07/2014	1,486,647.50	1,480,000.00	1,489,949.34	0.500	0.597	0.605	09/28/2016	667	
3130A2T97	10564	Federal Home Loan Bank	10/29/2014	570,193.80	570,000.00	569,980.62	0.500	0.475	0.482	09/28/2016	667	
3137EACT4	10474	Federal Home Loan Mtg Corp	06/02/2013	2,984,811.60	2,940,000.00	2,931,612.72	2.500	0.662	0.671	05/27/2016	543	
3137EADJ5	10556	Federal Home Loan Mtg Corp	08/14/2014	714,959.98	715,000.00	718,054.48	1.000	0.988	1.001	07/28/2017	970	
3137EADJ5	10557	Federal Home Loan Mtg Corp	08/14/2014	1,454,902.52	1,455,000.00	1,461,215.76	1.000	0.988	1.002	07/28/2017	970	
3135GOVA8	10450	Federal National Mtg Assn	02/15/2013	998,660.00	1,000,000.00	1,003,049.00	0.500	0.529	0.536	03/30/2016	485	
3135GOVA8	10476	Federal National Mtg Assn	06/02/2013	1,999,040.00	2,000,000.00	2,006,098.00	0.500	0.623	0.632	03/30/2016	485	
3135GOCM3	10486	Federal National Mtg Assn	10/03/2013	913,302.00	900,000.00	912,734.10	1.250	0.738	0.748	09/28/2016	667	
3135GOCM3	10487	Federal National Mtg Assn	10/03/2013	862,755.19	850,000.00	862,026.65	1.250	0.730	0.740	09/28/2016	667	
3135GOZL0	10559	Federal National Mtg Assn	08/25/2014	423,482.75	425,000.00	425,380.80	1.000	1.102	1.117	09/27/2017	1,031	
3135GOJA2	10561	Federal National Mtg Assn	09/08/2014	758,499.80	755,000.00	761,685.53	1.125	0.883	0.895	04/27/2017	878	
Subtotal and Average				13,162,455.12	13,000,000.00	13,141,787.00		0.722	0.732		671	

Portfolio SPWA
AP
FI (PRF_FI) 7.1.1
Report Ver. 7.3.5

**Fund 001 - SPWA
Investments by Fund
November 30, 2014**

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	2,387,886.52	2.000	0.376	0.381	04/30/2016	516
912828QF0	10461	U.S. Treasury	04/11/2013	336,100.00	320,000.00	327,950.08	2.000	0.337	0.341	04/30/2016	516
912828KZ2	10465	U.S. Treasury	05/28/2013	2,063,948.22	1,900,000.00	1,987,728.56	3.250	0.430	0.436	06/30/2016	577
912828QP8	10466	U.S. Treasury	05/31/2013	145,113.28	140,000.00	143,095.26	1.750	0.514	0.521	05/31/2016	547
912828MA5	10491	U.S. Treasury	11/01/2013	3,001,887.97	2,820,000.00	2,948,900.00	2.750	0.623	0.631	11/30/2016	730
912828RU6	10504	U.S. Treasury	12/03/2013	1,916,847.66	1,900,000.00	1,914,842.80	0.875	0.587	0.575	11/30/2016	730
912828LP3	10528	U.S. Treasury	02/28/2014	742,305.05	690,000.00	722,182.29	3.000	0.063	0.064	09/30/2016	669
912828QP8	10532	U.S. Treasury	04/11/2014	179,716.80	175,000.00	178,869.08	1.750	0.474	0.480	05/31/2016	547
912828CX1	10544	U.S. Treasury	06/05/2014	2,249,843.75	2,200,000.00	2,242,110.20	1.500	0.436	0.442	07/31/2016	608
912828SY7	10545	U.S. Treasury	06/05/2014	1,904,078.51	1,915,000.00	1,909,913.76	0.625	0.807	0.818	05/31/2017	912
912828RM4	10546	U.S. Treasury	06/05/2014	2,223,804.69	2,200,000.00	2,223,375.00	1.000	0.538	0.545	10/31/2016	700
912828SC5	10553	U.S. Treasury	07/31/2014	1,102,105.47	1,100,000.00	1,107,046.60	0.875	0.786	0.797	01/31/2017	792
912828TM2	10560	U.S. Treasury	09/04/2014	786,160.16	775,000.00	770,761.53	0.625	0.996	1.010	08/31/2017	1,004
912828SM3	10563	U.S. Treasury	10/06/2014	3,577,382.81	3,560,000.00	3,588,369.64	1.000	0.790	0.801	03/31/2017	851
912828TB6	10566	U.S. Treasury	11/03/2014	3,646,292.97	3,650,000.00	3,648,572.85	0.750	0.777	0.788	06/30/2017	942
Subtotal and Average				26,301,340.23	25,675,000.00	26,099,602.17		0.614	0.622		749
Total Investments and Average				83,805,628.91	82,768,880.66	83,555,449.94		0.658	0.667		589

AUTHORITY

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So Placer Wastewater Authority
Fund 003 - City of Roseville Cash Pool*
Investments by Fund
November 30, 2014

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	07/01/2014	10,960,420.96	10,960,420.96	10,960,420.96	0.688	0.678	0.688		1
			Subtotal and Average	10,960,420.96	10,960,420.96	10,960,420.96		0.679	0.688		1
		Total Investments and Average		10,960,420.96	10,960,420.96	10,960,420.96		0.679	0.688		1

AUTHORITY
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 916-774-5720
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So Placer Wastewater Authority
Transaction Activity Report
November 1, 2014 - November 30, 2014
Sorted by Transaction Date - Transaction Date
All Funds

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10480	001			1,275.00	1,275.00
Totals for 11/01/2014					
10586	001	3,655,665.93			-3,655,665.93
10445	001		193,547.25		193,547.25
10445	001		1,526.85		1,526.85
10476	001		996,520.00		996,520.00
10476	001		5,920.00		6,920.00
10481	001		1,989,200.00		1,989,200.00
10481	001		16,680.00		15,680.00
10560	001		988,593.75		988,593.75
10560	001		2,851.56		2,851.56
10445	001			372.94	372.94
10462	001			731.25	731.25
10476	001			1,083.33	1,083.33
10481	001			2,166.67	2,166.67
10560	001			1,086.98	1,086.98
10560	001			-67.94	-67.94
Totals for 11/03/2014					
		3,655,665.93	4,193,839.41	5,373.21	543,646.69
10570	001	1,000,000.00			-1,000,000.00
Totals for 11/04/2014					
		1,000,000.00			-1,000,000.00
10567	001	1,001,430.23			-1,001,430.23
10431	001		284,928.45		284,928.45
10431	001		1,327.65		1,327.65
10432	001		737,043.30		737,043.30
10432	001		1,440.60		1,440.60
10431	001			168.94	168.94
10432	001			488.56	488.56
10435	001			2,135.00	2,135.00
10539	001			7,875.00	7,875.00
Totals for 11/06/2014					
		1,001,430.23	1,004,740.00	10,647.50	13,957.27
10517	601			3,937.50	3,937.50
Totals for 11/07/2014					
				3,937.50	3,937.50

So Placer Wastewater Authority
Transaction Activity Report

Sorted by Transaction Date - Transaction Date

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10541	001			5,370.00	5,370.00
Totals for 11/13/2014					
10542	001			4,106.25	4,106.25
Totals for 11/16/2014					
10464	001			2,380.00	2,380.00
Totals for 11/17/2014					
10568	001	795,000.00			-795,000.00
10559	001		697,501.00		697,501.00
10559	001		1,687.00		1,687.00
10559	001			1,613.89	1,613.89
Totals for 11/18/2014					
10048	003		4,643,236.10		4,643,236.10
10434	001		486,180.51		486,180.51
10466	001			1,225.00	1,225.00
10491	001			38,775.00	38,775.00
10504	001			8,312.50	8,312.50
10532	001			1,531.25	1,531.25
10645	001			5,984.37	5,984.37
10545	001			-163.51	-163.51
Totals for 11/30/2014					
		6,452,096.16	11,027,164.02	90,367.96	4,665,455.82
Grand Total					

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 7, 2015
Board of Directors

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 15-04

SUBJECT: Updated of Investment Policy FY2014-15

For SPWA Board Meeting 1/29/15

ACTION REQUESTED

It is recommended that the Board adopt the updated version of the FY2014-15 Investment Policy for the South Placer Wastewater Authority.

BACKGROUND

Effective January 1, 2015 the California Government Code has been updated to include Supranationals and Asset Backed Securities as authorized investments.

INVESTMENTS

At the July 2014 meeting the investment policy for FY2014-15 was approved. At that time there were no changes in the California Government Code that required the Authority to change the Investment Policy. Effective January 1, 2015 the California Government Code has been updated to include Supranationals and Asset Backed Securities as authorized investments. (A.B. 1933.)

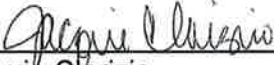
Supranational organizations are international institutions that provide development financing, advisory and/or other financial services to their member countries to achieve an overall goal of improving living standards through sustainable economic growth. Similar to the government bonds, the bonds issued by these institutions are considered very safe and have a high credit rating.

Asset Backed Securities are securities (notes or bonds) that are issued with a structure that repayment is intended to be obtained from the cash flow generated by an identified, and secured/collateralized, pool of assets. Eligible securities must be rated, by a nationally recognized rating service, as "AA" or higher.

By adding these to the permitted investment section of the investment policy, the South Placer Wastewater Authority's investment policy will continue to adhere with the California Government Code.

At the recommendation from our auditor, staff is requesting to delete language found in section XI Internal Control. The language stated the Treasurer would have an independent review by an external auditor of the Investment Policy. It was implied by the City that our auditor was doing this review since they review the policy and confirm the Authority's investments are in compliance with the Investment Policy and the Government Code during the year-end review. However, the review performed by our auditor is not an "independent review" and he has requested the language be removed.


Submitted by:



Jacquie Clarizio
Financial Analyst



Jay Panzica
Treasurer



Ken Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2015-02

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH PLACER WASTEWATER AUTHORITY
ADOPTING THE SOUTH PLACER WASTEWATER AUTHORITY
INVESTMENT POLICY FOR FY 2014-2015**

WHEREAS, the South Placer Wastewater Authority Investment Policy was adopted by the Board of Directors of the South Placer Wastewater Authority ("Authority") at the Board's meeting on February 13, 2001, and amended periodically thereafter (as amended, the "Investment Policy"); and

WHEREAS, the Authority desires to update the Investment Policy to incorporate certain changes; and

WHEREAS, the Investment Policy, as amended hereby, conforms to all applicable state and federal laws.

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

The South Placer Wastewater Authority Investment Policy for Fiscal Year 2014-2015 is hereby adopted in the form presented at this meeting.

PASSED AND ADOPTED this 29th day of January, 2015, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

South Placer Wastewater Authority

Investment Policy

Fiscal Year 2014-2015

I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

The investment policies and practices of the South Placer Wastewater Authority (SPWA) are based on state law and prudent money management. All funds will be invested in accordance with this investment policy, the Joint Exercise of Powers Act (Government Code Section 6500 *et seq.*), and Article 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

II. Scope

It is intended that this policy cover all funds and the proceeds of debt issues and investment activities under the direction of SPWA.

III. Prudence

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

The primary objectives, in priority order, of the investment activities of SPWA shall be:

- 1) Safety. Safety of principal is the foremost objective of the investment program. Investments of SPWA shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) Liquidity. The investment portfolio of SPWA will remain sufficiently liquid to enable SPWA to meet its cash flow requirements.
- 3) Return on Investment. The investment portfolio of SPWA shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

V. Delegation of Authority

The management responsibility for the investment program is hereby delegated to the Treasurer. No person may engage in an investment transaction except as provided under the limits of this policy. Except as otherwise specifically set forth below, Treasurer is hereby authorized and directed in the name and on behalf of SPWA to invest the Authority's monies, and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which he or she might deem necessary or appropriate in order to accomplish the purposes of this policy. The Treasurer may delegate investment decision making and execution authority to an investment advisor. The advisor will follow the Investment Policy and such other written instructions as are provided.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. Permitted Investment Instruments

The Authority shall limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

1. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest. Up to 100 percent of SPWA's investment portfolio may be invested in government obligations.

2. **Federal agency or United States government-sponsored enterprise** obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Up to 100 percent of SPWA's investment portfolio may be invested in federal agency or United States government-sponsored enterprise obligations.
3. **Mortgage pass through security** issued and guaranteed by a Federal Agency with a maximum final maturity of five years. Purchase of securities authorized by this subdivision may not exceed 20 percent of SPWA's surplus money.
4. **Obligations of the State of California** or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that the obligations are rated in one of the two highest categories by a NRSRO. Up to 100 percent of SPWA's investment portfolio may be invested in California municipal obligations.
5. **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of these states.
6. **Repurchase Agreements** used solely as short-term investments not to exceed 30 days. Up to 100 percent of SPWA's investment portfolio may be invested in repurchase agreements.

The following collateral restrictions will be observed:

- Only U.S. Treasury securities or Federal Agency securities, as described in VII. 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SPWA's custodian bank by book entry, physical delivery, or by a third party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102 percent of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis and the value of the underlying securities brought back up to 102 percent no later than the next business day.
- Market value must be calculated each time there is a substitution of collateral.
- SPWA or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

- SPWA may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York.
 - SPWA will have specific written agreements with each firm with which it enters into Repurchase Agreements.
 - Reverse repurchase agreements will not be allowed.
7. **Bankers' Acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of SPWA's investment portfolio.

8. **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

- 1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars (\$500,000,000). (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).
- 2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25 percent of the City's investment portfolio.

9. **Medium-term corporate notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better by a nationally recognized rating service.

Purchase of medium-term corporate notes may not exceed 30 percent of SPWA's investment portfolio.

10. **FDIC insured or fully collateralized time certificates of deposit.** Purchases of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.
11. **Negotiable certificates of deposit or deposit notes** issued by a nationally or state-chartered bank, a state or federal savings and loan association, state or federal credit union, or a federally-licensed or state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better as provided for by an NRSRO.

Purchase of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.

12. **State of California's Local Agency Investment Fund.** The LAIF portfolio should be reviewed periodically. Investment in LAIF may not exceed the legally authorized limits.

13. **Insured savings accounts.**

14. **Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission** under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) 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.

The purchase price of shares of beneficial interest purchased shall not include any commission that the companies may charge and shall not exceed 20 percent of SPWA's investment portfolio. Further, no more than 10 percent of SPWA's investment portfolio may be invested in shares of beneficial interest of any one money market fund.

15. **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

16. **City of Roseville's Pooled Investment Fund.**

17. Supranationals which are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA-", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 30 percent of the investment portfolio of the Authority. Supranationals will be permitted by California Government Code §53601 (q) and this Policy effective January 1, 2015.

18. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Eligible securities must be rated, by a nationally recognized rating service, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by a nationally recognized rating service. No more than 20 percent of the Authority's surplus funds may be invested in this type of security.

Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. If an investment falls below the minimum purchase rating, the Treasurer will perform a timely review and, following notification of the Board Chairman, decide whether to sell or hold the investment.

VIII. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit SPWA to meet all projected obligations.

The maximum maturity will be no more than five years from purchase date to maturity date.

IX. Prohibited Investments

For purposes of this policy, a derivative is defined as any security where the value is linked to or derived from an underlying asset or benchmark. Any security type or structure not specifically approved by this policy is hereby specifically prohibited. SPWA will not use such derivatives as range notes, dual index notes, inverse floating rate notes, deleveraged

notes, or notes linked to lagging indices or to long term indices, nor will SPWA invest in reverse repurchase agreements, interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity. This policy does not preclude the use of repurchase agreements and callable securities, as they do not fall within the definition of a derivative as described herein.

X. Reporting Requirements

The Treasurer shall make available investment reports to SPWA's Board. The reports shall include, at a minimum, the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Purchase price
- Par Value
- Current market value and the source of the valuation
- Investment transactions

The monthly report shall also (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of SPWA's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of SPWA to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

The Treasurer shall annually submit to the Board a statement of investment policy, which the Board shall consider at a public meeting. Any change in the policy shall also be reviewed by the Board at a public meeting.

~~XI. Internal Control~~

~~The Treasurer will establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.~~

XI. Performance Benchmark

SPWA will establish an appropriate performance benchmark and compare the performance of its portfolio to the benchmark at the end of each quarter.

XII. Safekeeping and Custody

The assets of SPWA shall be secured through the third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure.

Glossary

Broker-Dealer – a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificate of Deposit (CD) – A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

Collateral – Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Custody – Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer’s securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. Securities should be held by a third-party custodian as evidenced by safekeeping receipts.

Diversification – Dividing investment funds among a variety of securities offering independent returns.

Federal Agency Obligation – A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Liquidity – An investment that can be converted easily and rapidly into cash without a substantial loss of value.

Local Agency Investment Fund (LAIF) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value – The price at which a security is trading and could presumably be purchased or sold on a specific date.

Maturity – The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund – a type of safe investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must maintain a stable net asset value (NAV) of \$1 per share.

Portfolio – Collection of securities held by an investor,

Principal – the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Prudent Investor Standard – An investment standard that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

U.S. Treasury – Government debt issued by the United States Department of the Treasury through the Bureau of the Public Debt. Treasury securities are the debt financing instruments of the United States federal government, and they are often referred to simply as Treasuries. There are four types of marketable treasury securities: Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation Protected Securities (TIPS). All of the marketable Treasury securities are very liquid and are heavily traded on the secondary market.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 12, 2015

FROM: Kenneth Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 15-05

SUBJECT: Capital Improvement Project Addition and Update for Ongoing Projects

For SPWA Board Meeting of 1/29/2015

ACTION REQUESTED

Adopt the attached Resolution A approving the addition of the Pleasant Grove Wastewater Treatment Plant (PGWWTP) Expansion Project (Project #55) and the mid-year budget adjustment for CIPs funded by the South Placer Wastewater Authority (SPWA) as shown in Exhibit A.

BACKGROUND

New Project Request: Pleasant Grove Wastewater Treatment Plant Expansion

The SPWA service area continues to experience population growth resulting in additional wastewater treatment needs. This is particularly true in the PGWWTP wastewater collection area. As a result of this growth, the secondary treatment portion of the PGWWTP will require expansion. Over the past several months, wastewater staff from Roseville, South Placer Municipal Utility District, and Placer County have worked to update wastewater generation projections for their service areas. Based on these projections and the time required to plan, design, finance, and construct new facilities, Staff recommends beginning a new project to plan treatment facility expansion at this time.

Project Description

The anticipated improvements included in this project are generally consistent with prior planning efforts to accommodate growth in the SPWA service area. The necessary improvements include addition of new primary clarification and solids digestion processing areas. Primary clarification reduces the treatment burden on the plant's biological secondary treatment area (oxidation ditches) and allows them to treat a greater amount of wastewater each day. Digestion stabilizes the organic material captured by primary clarification to remove pathogens and odor potential so that it can be disposed offsite.

The addition of digestion also provides several ancillary benefits to the plant. Currently, waste solids from the secondary biological process are dewatered and disposed without the benefit of digestion. Two of the drawbacks of this arrangement are a limited ability to dewater the solids and high odor potential. Digestion destroys bacteria in the waste solids which greatly increases the ability to remove water from the solids thereby significantly reducing the weight and corresponding disposal costs for these solids. By eliminating viable bacteria the solids are also no longer able to generate odors which can complicate off-site hauling and limit disposal options.

Another significant benefit digestion provides is generation of digester gas (methane) which can be used to generate electricity. Electricity co-generation can be used to help power energy intensive areas of the plant such as pumping and UV disinfection.

Finally, the addition of digesters provides the opportunity to process fats, oils, and grease (FOG) and potentially organic food waste that is generated by area food service establishments. Processing these materials along with the typical primary and secondary treatment area wastes generates additional digester gas and increases energy production potential. In addition, having local FOG receiving and processing facilities should also encourage proper disposal of these wastes so they are not improperly discharged to the collection system. Improper disposal of FOG can create backups that require additional maintenance efforts and increase the potential for wastewater spills.

The addition of co-generation as well as FOG and food waste processing capabilities would require construction of facilities that are not strictly needed to provide additional wastewater treatment capacity. However, for other treatment plants, the addition of these facilities has led to decreases in purchased electrical power and reduced operating costs.

Project Plan

As indicated above, potential improvements can be categorized as either necessary (treatment capacity) or discretionary (energy production). Upon SPWA Board approval, Staff will retain professional engineering services to develop a preliminary design for both the treatment capacity and energy production facilities. This preliminary design will be used to develop initial cost estimates so that the costs of the various benefits can be presented to the SPWA Board at a future meeting with recommendations for proceeding on both the treatment capacity and energy production aspects of expansion. With final project approvals in place, Staff will work with the design engineer to complete environmental work, detailed design and cost estimates. These will be presented to the SPWA Board for final approval along with financing recommendations prior to proceeding with actual construction.

Funding

To begin work, staff is requesting a budget of \$5,000,000.00 to retain and pay for necessary engineering services to develop the preliminary design and cost estimates. Additional funds will most likely be necessary to complete the engineering work for the entire project. However, the additional funds necessary will depend on the extent to which energy production facilities are incorporated into the project. An updated budget request will be presented to the SPWA Board when the improvement recommendations for final design have been completed.

The connection fees collected by the SPWA partners are sufficient to fund the current budget request as well as the complete scope of the engineering services required for this project. However, based on the current connection fee projections, some level of financing is likely required in order to complete construction of even the necessary treatment capacity improvements.

Schedule

Schedule highlights for this work are:

- 2015 - Develop preliminary design and cost estimates, finalize recommendations for discretionary improvements;
- January 2016 SPWA Board Meeting - Present project recommendations based on preliminary design and cost information. Obtain approval for final scope of the project from the SPWA Board.
- 2016 – Complete environmental work and obtain necessary environmental document approval. Complete final design and cost estimates. Develop financing plan for construction.
- January 2017 SPWA Board Meeting – Request final approval from the SPWA Board for project plans and financing recommendations.
- 2017 – Begin construction process. Construction is expected to last 2 to 3 years.

Ongoing SPWA Project Update

In addition to the new project request discussed above, the project list included in Exhibit A summarizes the midyear budget status for wastewater CIPs funded by the SPWA. If approved, the PGWWTP Expansion Project will increase the total program budget by \$5,000,000.00 to a total of \$266,723,241.00. No other project budget adjustments are requested at this time.

Ongoing Project Highlights

Project 8 (Emergency Storage Pond Flood Control) - Project improvement work is complete. Riparian planting survival monitoring is ongoing as required by the project's

California Dept. of Fish and Wildlife permit. The current year is expected to be the last required year.

Project 49 (Radio Telemetry) – Implementing preliminary Radio Master Plan recommendations including redesign of SCADA radio system architecture to avoid interference from other regional utilities. Also relocating a key radio repeater from a City structure scheduled to be demolished.

Project 53 (Dry Creek Bank Stabilization) – Improvements to halt bank erosion near an SPWA trunk sewer line are complete. Staff are working to close out the construction contracts.

Project 54 (Dry Creek WWTP Nitrate Process Improvements) – Staff have been collecting process data to support a modeling effort which will be used to evaluate treatment process modifications and/or operational changes to meet discharge permit limits.

Submitted by:



Kenneth Glotzbach
Executive Director

**Exhibit A
SPWA WASTEWATER PROJECT SPENDING**

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	PTD Expenditures Through FY 13-14	Mid Year 14-15 Adjustments	Adjusted Project Budget	Adjusted FY 14-15 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 NORTHEAST 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	\$8,858,098		\$9,195,151	\$337,053
9 BOILFILER ODOR CONTROL SCRUBBING UNIT	30950 / 983508	\$622,995	\$622,995		\$622,995	\$0
10 NPS 30" RECYCLE LINE	30950 / 983510	\$1,898,988	\$1,898,988		\$1,898,988	\$0
11 VIBRATION MONITORING AT WWTP	30950 / 983502	\$5,371	\$5,371		\$5,371	\$0
12 RECYCLED WATER PUMPS UPGRADE	30950 / 983503	\$33,312	\$33,312		\$33,312	\$0
13 MODIFY BACKWASH PUMP STATION	30950 / 983504	\$2,703	\$2,703		\$2,703	\$0
14 KASEBERG SOUTHEAST TRUNK SEWER	30950 / 983505	\$613,601	\$613,601		\$613,601	\$0
15 DIAMOND OAKS RECYCLE LINE	30950 / 983506	\$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 RW/CGB 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	\$37,399,962	\$37,399,962		\$37,399,962	\$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	\$1,095,577	\$1,095,577		\$1,095,577	\$0
35 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$325,000	\$325,000		\$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	\$187,498	\$187,498		\$187,498	\$0
40 NPDES PERMIT RENEWAL	30950 / 053506	\$585,654	\$585,654		\$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 SIA RW PIPELINE	30950 / 063505	\$0	\$0		\$0	\$0
45 VIV FORCE MAIN CONVERSION TO RW	30950 / 063506	\$953,005	\$953,005		\$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	\$41,039,968		\$41,219,384	\$179,416
48 EXPANSION OF DCWWTP	30950 / 073506	\$874,326	\$874,326		\$874,326	\$0
49 RADIO TELEMETRY	30950 / 073507	\$160,000	\$160,000		\$160,000	\$97,192
50 PROCESS CONTROL STANDARDS	30950 / 073508	\$87,451	\$87,451		\$87,451	\$72,549
51 GREASE RECEIVING STATION	30950 / 073509	\$339,002	\$339,002		\$339,002	\$227,505
52 SERVICE AREA CEOA ANALYSIS	30950 / 123507	\$2,468	\$2,468		\$2,468	\$0
53 DRY CREEK BANK STABILIZATION	30950 / 133504	\$609,000	\$215,173		\$609,000	\$393,827
54 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	30950 / 143505	\$100,000	\$0		\$100,000	\$100,000
55 PLEASANT GROVE WWTP EXPANSION	To Be Assigned	\$261,723,241	\$260,003,757		\$266,723,241	\$5,000,000
TOTAL (includes completed projects)		\$261,723,241	\$260,003,757	\$5,000,000	\$266,723,241	\$6,719,484

1) Includes \$3 million budget increase to be billed and paid from operations/rehab
 2) Expansion to add UV disinfection
 3) Expansion to add digestion and primary clarification
 Completed Projects: closed to further spending

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2015-03

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
CAPITAL IMPROVEMENT PROJECTS AND BUDGET FOR FY 2014-15**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve the adjustments to the Capital Improvement Projects and CIP Budget for FY 2014-15 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 2014-15 Capital Improvement Projects Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2014-15 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 29th day of January, 2015, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 15, 2015

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO: 15-06

SUBJECT: Audited Financial Statement and Memorandum of Internal Control as of June 30, 2014

For SPWA Board Meeting of 1/29/15

ACTION REQUESTED

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

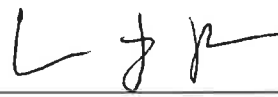
The attached audited financial statement and memorandum of internal control are for the period of July 1, 2013 to June 30, 2014.

Submitted by:


Sandra Ikeda
Accounting Manager

Approved:


Jay Panzica
Treasurer


Ken Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

CITY OF ROSEVILLE

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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**SOUTH PLACER WASTEWATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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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, 2014, 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, 2014, 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.

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.

Mane & Associates

Pleasant Hill, California
January 7, 2015

**SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 2014, 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 2014 HIGHLIGHTS

Statement of Net Position

The Authority's Net Position increased \$5.2 million in 2014 as shown in Table 1 below

Table 1
Net Position
As of June 30, 2014 and 2013
(In Millions)

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash and investments	\$106.2	\$104.5
Other current assets	1.5	1.7
Noncurrent Assets	<u>1.2</u>	<u>1.0</u>
Total Assets	<u>108.9</u>	<u>107.2</u>
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	<u>10.6</u>	<u>11.4</u>
Liabilities		
Current liabilities	4.1	3.8
Long-term liabilities	<u>158.5</u>	<u>163.1</u>
Total Liabilities	<u>162.6</u>	<u>166.9</u>
Net Position		
Restricted	107.3	106.0
Unrestricted (deficit)	<u>(150.4)</u>	<u>(154.3)</u>
Total Net Position	<u>(\$43.1)</u>	<u>(\$48.3)</u>

The Authority's Net Position at June 30, 2014 is discussed below:

- Investments of member contributions and debt service reserves totaled \$106.2 million, all of which were invested in accordance with applicable Authority resolutions and bond indentures.
- Liabilities decreased a net \$4.3 million due to the scheduled debt service payments 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 \$99.0 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 supplemental information to the financial statements.
- Net position restricted for debt service totaled \$8.3 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 \$150.4 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 \$5.2 million in fiscal 2014 as shown in Table 2 below.

Table 2
Changes in Net Position
As of June 30, 2014 and 2013
(In Millions)

	2014	2013
Operating Costs		
Personnel services and administration	\$0.2	\$0.2
Construction costs	0.3	0.1
Net cost of capital assets	0.5	0.3
Debt service interest, variable bond interest expense and fiscal agent fees	6.0	6.8
Total program expenses	<u>(6.5)</u>	<u>(7.1)</u>
Nonoperating Income (Expense)		
Connection fees contributed by members	10.1	7.8
Payments from County under Repayment Agreement	0.5	7.0
Interest earned on connection fees	0.5	0.5
Interest earned on investments with fiscal agent	0.2	0.3
Net increase/(decrease) in the fair value of investments	0.2	(0.3)
Other non-program revenues	0.2	0.2
Total program income	<u>11.7</u>	<u>15.5</u>
Change in Net Position	5.2	8.4
Net Position at Beginning of Year	<u>(48.3)</u>	<u>(56.7)</u>
Net Position at End of Year	<u>(\$43.1)</u>	<u>(\$48.3)</u>

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 \$444 thousand at June 30, 2014. The following is the breakdown of capital costs:

- Personnel services, administration expenditures, and miscellaneous of \$184 thousand incurred in fiscal 2014 compared to \$174 thousand in fiscal 2013.
- Actual construction payments to contractors in fiscal 2014 were \$260 thousand, compared to \$148 thousand in fiscal 2013, 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 \$3.6 million for principal repayment, \$6.0 million in interest expense and fiscal agent fees.

Included in Other Non-Program Revenues are payments of \$577 thousand from Placer County under the Reallocation and Repayment Agreement -- \$375 thousand of scheduled payments and an additional \$202 thousand from refunds of true-ups of estimated operating costs from the City.

The Authority received contributions of \$10.1 million from Members in fiscal 2014, 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 2013 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 supplemental information to the financial statements, shows that in fiscal 2014 interest income of \$0.6 million was added to Members' balances, an increase of \$0.1 million from fiscal 2013.

DEBT ADMINISTRATION

At June 30, 2014, 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.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economic outlook is looking up as development is 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 ACTIVITIES**

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:	
Investments in City of Roseville Treasury (Note 2)	\$13,778,621
Investments (Note 2)	83,275,213
Restricted investments with fiscal agent (Note 2)	9,125,354
Accounts receivable	3,702
Accrued interest receivable	226,975
Due from other governments	1,228,011
Noncurrent Assets:	
Permit fees receivable	<u>1,247,138</u>
Total Assets	<u>108,885,014</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives (Note 4D)	<u>10,640,524</u>
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LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	608,232
Long-term debt (Note 4)	
Due in one year	3,460,000
Long-term liabilities:	
Derivative at fair value (Note 4D)	10,640,524
Long-term debt (Note 4)	
Due in more than one year	<u>147,885,705</u>
Total Liabilities	<u>162,594,461</u>

NET POSITION (Note 5)

Restricted for:	
Rate stabilization	99,053,879
Debt service	8,292,022
Unrestricted (deficit)	<u>(150,414,824)</u>
Total Net Position (Deficit)	<u><u>(\$43,068,923)</u></u>

See accompanying notes to financial statements

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

PROGRAM EXPENSES:

Cost of capital assets contributed to City of Roseville (Note 3):	
Construction costs	\$260,046
Personnel services and administration	<u>184,070</u>
Cost of capital assets contributed to City of Roseville	444,116
Debt service interest, variable bond interest and fiscal agent fees	<u>6,019,459</u>
Total program expenses	<u>6,463,575</u>

PROGRAM REVENUES:

Connection fees contributed by members	10,123,631
Payments from County under Repayment Agreement	577,030
Interest earned on connection fees	592,763
Interest earned on investments with fiscal agent	247,677
Net increase in the fair value of investments	<u>194,137</u>
Total program revenues	<u>11,735,238</u>
Change in net position	5,271,663
Net Position (Deficit) at beginning of year	<u>(48,340,586)</u>
Net Position (Deficit) at end of year	<u><u>(\$43,068,923)</u></u>

See accompanying notes to financial statements

SOUTH PLACER WASTEWATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to contractors	(\$266,390)
Payments to City of Roseville for personnel services and administration	(184,070)
Interest paid on long-term debt	<u>(6,347,018)</u>
Net cash used by operating activities	<u>(6,797,478)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from members	10,053,671
Receipts from Placer County under repayment agreement	577,030
Principal payments on capital debt	(3,225,000)
Other payments	<u>(2,048)</u>
Cash Flows from Capital and Related Financing Activities	<u>7,403,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,086,205</u>
Cash Flows from Investing Activities	<u>1,086,205</u>
Net increase (decrease) in cash and cash equivalents	1,692,380
Cash and investments at beginning of year	<u>104,486,808</u>
Cash and investments at end of year	<u><u>\$106,179,188</u></u>
Reconciliation of program expense to net cash provided (used) by operating activities:	
Program expense	(\$6,463,575)
Adjustments to reconcile program expense to net cash provided by operating activities:	
Amortization of deferred bond premium	(327,559)
Change in assets and liabilities:	
Accounts payable and other liabilities	<u>(6,344)</u>
Net cash used by operating activities	<u><u>(\$6,797,478)</u></u>
NONCASH CAPITAL FINANCING ACTIVITIES	
Contribution of construction in progress to the City of Roseville (Note 3)	<u>(\$444,116)</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, 2014

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.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 \$702,030 during fiscal year 2014.

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. The City made the reimbursement payments of \$721,000 during fiscal year 2014.

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, 2014

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, 2014

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	\$13,778,621
Investments	83,275,213
Restricted investments with fiscal agent	<u>9,125,354</u>
Total Investments	<u><u>\$106,179,188</u></u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 2014

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 AAA-m-G or	None	None
Money Market Funds	N/A	AAA-m	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		
State or Municipality Bonds/Notes	N/A	categories	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, 2014

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	\$13,778,621			\$13,778,621
U.S. Treasury Notes		\$3,051,024	\$19,146,436	22,197,460
Federal Agency Securities	3,589,693	15,015,015	1,775,673	20,380,381
Medium-Term Notes	753,788	8,610,732	10,475,701	19,840,221
Municipal Bonds	415,569			415,569
Forward Delivery Agreements	4,606,033			4,606,033
Negotiable Certificates of Deposit	1,402,810	8,573,057		9,975,867
Money Market Mutual Funds (U.S. Securities)	771,695			771,695
California Asset Management Program	4,133,135			4,133,135
Local Agency Investment Fund	10,080,206			10,080,206
Total Investments	\$39,531,550	\$35,249,828	\$31,397,810	\$106,179,188

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, 2014, these investments had an average maturity of 272 days.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 2014, the fair value approximated is the Authority's cost, and these investments had an average maturity of 41 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2014 and had an average maturity of 46 days for the Dreyfus U.S. Treasury Money Market Fund and 40 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, 2014, for each investment type as provided by Standard and Poor's investment rating system:

	<u>AAA/AAA_m</u>	<u>AA+/AA/AA-</u>	<u>A+/A/A-</u>	<u>Total</u>
Investments:				
Federal Agency Securities		\$20,380,381		\$20,380,381
Medium-Term Corporate Notes		11,481,022	\$8,359,199	19,840,221
Municipal Bonds		415,569		415,569
Forward Delivery Agreements		4,606,033		4,606,033
Negotiable Certificates of Deposit		1,799,290		1,799,290
California Asset Management Program	\$4,133,135			4,133,135
Money Market Mutual Funds (U.S. Securities)	771,695			771,695
Totals	<u>\$4,904,830</u>	<u>\$38,682,295</u>	<u>\$8,359,199</u>	51,946,324
Exempt from Credit Rating Disclosure:				
U.S. Treasury Notes				22,197,460
Not Rated:				
Negotiable Certificates of Deposit				8,176,577
Local Agency Investment Fund				10,080,206
City of Roseville Investment Pool				<u>13,778,621</u>
Total Investments				<u>\$106,179,188</u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 2014:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$6,326,840
Federal National Mortgage Association	Federal Agency Securities	10,064,183

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 2013-2014 totaling \$444,116 were transferred as construction in progress to the City of Roseville as of June 30, 2014.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2013	Retirements	Balance June 30, 2014	Current Portion
Revenue Bonds					
2011 Refunding Wastewater Revenue Bonds, Series C					
1.00-5.25%, due 11/1/25	\$67,040,000	\$61,310,000	\$3,225,000	\$58,085,000	\$3,460,000
Add: deferred bond premium cost	5,240,941	4,258,264	327,559	3,930,705	
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	<u>59,330,000</u>		<u>59,330,000</u>	
TOTAL		<u>\$154,898,264</u>	<u>\$3,552,559</u>	<u>\$151,345,705</u>	<u>\$3,460,000</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. Although the 2011D Bonds are scheduled to mature on November 1, 2014, as discussed in Note 8, the 2011D Bonds were refunded in August 2014 by Bonds that are scheduled to mature in November 2017. Therefore, the 2011D Bonds are not reported as due in one year as of June 30, 2014.

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, 2014 was 0.892%.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 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, 2014 was 0.732%. 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 Bonds at June 30, 2014 was 4.13%.

As of June 30, 2014, the total principal and interest remaining to be paid on the 2011 Series C, 2011 Series D Bonds and the 2013 Bonds was \$199,515,457. 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 2014, \$9,555,825 in debt service was paid from the Rate Stabilization Account.

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 2014, 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
\$78,425,000	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, 2014, the fair value of the swap was not in favor of the Authority as follows:

Related Bond Issue	Fair Value	
	2014	2013
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)	(\$10,640,524)	(\$11,424,904)

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - LONG-TERM DEBT (Continued)

Credit risk. Since the fair value of the swap is negative, the Authority is not currently exposed to credit risk. The fair values may increase if interest rates increase in the future. Should interest rates increase to the point where fair values become positive, the Authority would be exposed to credit risk on the outstanding swap. 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, 2014

NOTE 4 - LONG-TERM DEBT (Continued)

Swap payments and associated debt. Using rates as of June 30, 2014, 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		
2015	\$3,460,000	\$3,290,708	\$2,499,161	\$9,249,869
2016	3,710,000	3,120,008	2,350,188	9,180,196
2017	3,985,000	2,936,184	2,196,249	9,117,433
2018	4,275,000	2,729,683	2,036,241	9,040,924
2019	4,590,000	2,508,058	1,870,163	8,968,221
2020 - 2024	28,430,000	8,578,421	6,642,543	43,650,964
2025 - 2029	39,635,000	7,885,888	1,650,014	49,170,902
2030 - 2034	40,285,000	1,689,367		41,974,367
2035 - 2036	19,045,000	117,581		19,162,581
Totals	<u>\$147,415,000</u>	<u>\$32,855,898</u>	<u>\$19,244,559</u>	<u>\$199,515,457</u>

E. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2014, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2015	\$3,460,000	\$5,789,869
2016	3,710,000	5,470,196
2017	3,985,000	5,132,433
2018	4,275,000	4,765,924
2019	4,590,000	4,378,221
2020 - 2024	28,430,000	15,220,964
2025 - 2029	38,240,000	9,535,902
2030 - 2034	41,680,000	1,689,367
2034 - 2036	19,045,000	117,581
Total	147,415,000	<u>\$52,100,457</u>

Reconciliation of long-term debt

Add deferred bond premium costs	<u>3,930,705</u>
Net long-term debt	<u>\$151,345,705</u>

SOUTH PLACER WASTEWATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 in fiscal year 2013, bond issuance costs, other than prepaid insurance, are to be expensed in the year incurred.

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, 2014, 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, 2014

NOTE 6 - RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials liability. During the fiscal year ended June 30, 2014, the Authority paid \$18,158 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>	<u>Deductible</u>
Personal Injury, Including Bodily Injury and Property Damage	\$1,000,000	\$2,500
Automobile Liability	1,000,000	2,500
Public Officials Errors and Omissions	1,000,000	2,500
Employment Practices Liability	1,000,000	10,000
Crime Bond	10,000,000	2,500
Cyber Liability	250,000	10,000

The Authority has not had any claims as of June 30, 2014.

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.

NOTE 8 – SUBSEQUENT EVENT

South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014

On August 7, 2014, the South Placer Wastewater Authority issued the Wastewater Revenue Refunding Bonds, Series 2014, in the amount of \$29,120,000 to refund the Authority's Wastewater Revenue Refunding Bonds, Series 2011D. The Bonds are being issued as Securities Industry and Financial Markets Association (SIFMA) Index Bonds and the interest rate will be the rate of the SIFMA index, adjusted weekly, plus a spread of .33%. Interest payments will be due on a monthly basis on the first business day of each month commencing September 2, 2014. Principal payments are due annually on each November 1 through November 1, 2017.

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, 2013	\$64,253,094	\$39,250,039	(\$5,742,737)	\$97,760,396
Additions July 1, 2012 to June 30, 2013				
Payments under repayment agreement			577,030	577,030
Regional Connection fees	6,318,020	3,103,003	702,608	10,123,631
Interest allocation	388,537	240,349	(36,123)	592,763
Capital construction costs	(160,345)	(58,328)	(41,373)	(260,046)
Debt service	(5,892,122)	(2,143,371)	(1,520,332)	(9,555,825)
Administrative costs	(113,497)	(41,287)	(29,286)	(184,070)
Total	540,593	1,100,366	(347,476)	1,293,483
Balance at June 30, 2014	\$64,793,687	\$40,350,405	(\$6,090,213)	\$99,053,879

	Net Position of	
	Bond Proceeds	Member Contributions
Investments in City of Roseville Treasury Investments		\$13,778,621
Restricted investments with fiscal agent	\$9,125,354	83,275,213
Unallocated loss on investments	118,837	(118,837)
Accounts receivable		3,702
Accrued interest receivable		226,975
Due from other governments		1,228,011
Permit fees receivable		1,247,138
Accumulated decrease in fair value of hedging derivatives	10,640,524	
Accounts payable and other liabilities	(21,288)	(586,944)
Derivative at fair value	(10,640,524)	
Long-term debt:		
Due in one year	(3,460,000)	
Due in more than one year	(147,885,705)	
Net Position (Deficit)	(\$142,122,802)	\$99,053,879

**SOUTH PLACER WASTEWATER AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

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**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2014

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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, 2014, 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 that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *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
January 7, 2015

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

SCHEDULE OF OTHER MATERS

2014-01 Investment Policy Requirement for Annual Review of Investments by External Auditor

As external auditors for the Authority, Maze & Associates cannot be a part of the Authority's internal controls. During our testing of the Authority's compliance with the provisions of its fiscal year 2014 Investment Policy, we noted that Section XI requires an independent review of the Authority's investments by an external auditor to provide "internal control by assuring compliance with policies and procedures".

We understand such a review has not taken place and we are not engaged to complete this review. We understand the provision was added to the Investment Policy, because it was part of a policy template used to compose the fiscal year 2014 adopted Investment Policy.

The Authority should either comply with the provisions of the Investment Policy and engage us to perform a separate Agreed-Upon Procedures engagement to complete the independent review, revise the requirement to include a review by Authority staff not involved with the investment procedures, or remove the requirement.

Management's Response:

The investment policy requirement for annual review of investments by external auditor will be removed from the SPWA's investment policy at the January 2015 board meeting.

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

**STATUS OF PRIOR YEAR
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.

Current Status:

The Authority has developed 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, 2014. 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 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

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, 2014, the Authority, held approximately \$106.2 million of cash and investments, as measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2014. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2014.

Estimated Fair Value of Derivative Investments: As of June 30, 2014, the Authority held an interest rate swap agreement with a negative fair value of approximately \$10.6 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, 2014. The fair value is not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2014.

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. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

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 January 7, 2015.

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, California
January 7, 2015

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 20, 2015

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 15-07

SUBJECT: Connection Fee Program Report

For SPWA Board Meeting of 1/29/15

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 2013 through June 2014. Payments from Placer County, Roseville, and South Placer Municipal Utility District were tested for the referenced time period.

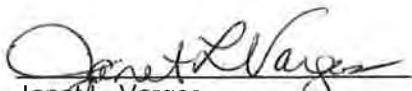
The following table summarizes the total connection fees collected and the associated equivalent dwelling units (EDUs) from July 2013 through June 2014.

	City	District	County
Gross Regional Connection Fees, as reported in Authority General Ledger	\$6,318,020	\$3,103,003	\$702,608
EDUs for Gross Regional Connection Fees, as reported to the Members	871	450	105

Actual EDUs developed over the above year (FY13-14) are approximately 111% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 91% of the estimated EDUs. The estimated and actual number of EDUs are summarized below.

Jurisdiction	FY 2013-2014		Total through 2013-2014	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	796	871	17,523	22,856
South Placer Municipal Utilities District	400	450	10,920	10,243
Placer County	91	105	10,945	2,746
Total	1,287	1,426	39,388	35,845

Submitted by:


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, 2014**

**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, 2014**

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, 2014, and compliance with the Regional Partners Amended and Restated Funding Agreement for the year ended June 30, 2014. 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;

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, 2014;
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, 2014;
13. The General Information Memoranda containing the Connection Fee schedules for fiscal year 2014;
14. The schedules of Regional Connection Fees and Equivalent Dwelling Units (EDUs) for the City by month for the year ended June 30, 2014;
15. The schedules of Regional Connection Fees and EDUs for the District by month for the year ended June 30, 2014;
16. The monthly remittances of Regional Connection Fees by month for the County and the summary of EDUs by month for the year ended June 30, 2014;
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, 2014;
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-one (21) payments received by the City from developers for Regional Connection Fees, for the year ended June 30, 2014;
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, 2014;

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-one (21) 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, 2014.

RESULTS:

Based on our testing above, we calculated each Regional Partner's Adjusted Connection Fees for the year ended June 30, 2014, and Gross Regional EDUs for the year ended June 30, 2014.

	<u>City</u>	<u>District</u>	<u>County</u>
July 1, 2013 to June 30, 2014: Gross Regional Connection Fees, as reported in Authority general ledger	<u>\$6,318,020</u>	<u>\$3,103,003</u>	<u>\$702,608</u>
July 1, 2013 to June 30, 2014: EDUs for Gross Regional Connection Fees, as reported to the Members and adjusted	<u>871</u>	<u>450</u>	<u>105</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.

FINDINGS:

2014-01 Late Remittances of the District's Regional Connection Fee

Section 10 d (1) of the Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities requires that Regional Connection Fees shall be transmitted by the Regional Partners to the Authority on a monthly basis by the 15th day of the following month. During our testing of Regional Connection Fees discussed in #s 15 and 18 above, we noted that the District did not remit the Regional Connection Fees for the months of October 2013 and January 2014 until November 26, 2013 and February 20, 2014, respectively.

The District should ensure that Regional Connection Fees are remitted to the Authority by the 15th of the following month, as required by the Amended and Restated Funding Agreement.

Management's Response:

The District has been undergoing a substantial conversion project to update the thirty year old Utility Billing and Financial system. Unfortunately during specific conversion times staff schedules were impacted which in turn delayed payments for Regional Connection Fees. The conversion project was completed in late December and future payments will be made in accordance with the Agreement.

2014-02 Incorrect Remittance of the District's Regional Connection Fee

During our testing of Regional Connection Fees discussed in #19 above, we recalculated the Regional Connection Fees for the month of August 2013 to be \$171,236; however, the District had remitted \$171,566 to the Authority. We discussed the difference with District staff and understand that the fees for permits #4228 and 4229 were incorrectly entered into the District's calculation worksheet, resulting in the overpayment of \$330. The error did not affect the EDUs reported to the Authority.

The District should ensure that Regional Connection Fees collected are fully remitted to the Authority and all reports of collections and remittances should be reviewed and approved to ensure they do not contain calculation errors.

Management's Response:

The District concurs that an overpayment error occurred for the August 2013 connection fees.

2014-03 Inaccurate Reporting of County EDUs

We obtained the summary of monthly remittances and EDUs discussed in #19 and noted it reported total Regional Connection Fees of \$695,897, which did not agree to the Authority's general ledger total of \$702,608. The difference of \$6,711 was due to an August 2013 correction by the County to fiscal year 2013 Regional Connection Fees that was accrued and reported in the Authority's June 30, 2013 financial statements. In addition, the EDUs in the summary totaled 103.7, which was understated by 1 EDU due to the above correction. The Regional Connection Fees of \$702,608 and the adjusted EDUs of 104.7 are included in the Results above.

The Authority should develop a procedure to reconcile the summary of monthly remittances to the general ledger detail and ensure EDUs are reported accurately.

Management's Response:

The Authority will work with internal staff to develop a procedure to reconcile the summary of monthly remittances to the general ledger to ensure EDU'S are reported accurately.

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

January 7, 2015
Pleasant Hill, CA

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 5, 2015

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO. 15-08

SUBJECT: Rate Stabilization Fund Balances as of November 30, 2014

For SPWA Board Meeting of 1/29/15

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: \$99,053,880 as of June 30, 2014 and \$95,676,183 as of November 30, 2014. (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.)

The individual accounts of the participants are as follows:

<u>7/01/13 – 6/30/14</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u> *	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,253,094	\$6,706,557	\$(6,165,963)	\$64,793,688
SPMUD	39,250,039	3,343,352	(2,242,986)	40,350,405
Placer County	<u>(5,742,737)</u>	<u>1,243,515</u> **	<u>(1,590,991)</u>	<u>(6,090,213)</u>
Total as of 6/30/14	\$97,760,396	\$11,293,424	\$(9,999,940)	\$99,053,880

<u>7/01/14 – 11/30/14</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u> *	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,793,688	\$1,531,425	\$(3,646,640)	\$62,678,473
SPMUD	40,350,405	580,089	(1,326,537)	39,603,957
Placer County	<u>(6,090,213)</u>	<u>424,901</u> ***	<u>(940,935)</u>	<u>(6,606,247)</u> ^
Total as of 11/30/14	\$99,053,880	\$2,536,415	\$(5,914,112)	\$95,676,183

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

** Includes County repayment of \$577,030: 3 quarterly payments totaling \$375,000 and additional reimbursement of \$202,030 (which is a return of the true-up of operating cost reimbursement from the City). In fiscal year 2013, there were only supposed to be 3 quarterly payments but there was a 4th payment inadvertently accrued. So only 3 payments were recorded in fiscal year 2014.

*** Includes County quarterly repayments of \$250,000.

^ Does not include \$4,350,000 payment made by County for connection fees in January 2015.

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>7/13-6/14</u>	<u>7/14-11/14</u>	
City of Roseville	\$6,318,020	\$1,264,968	****
SPMUD	3,103,003	434,362	****
Placer County	702,608	172,534	****
TOTAL	\$10,123,631	\$1,871,864	

****Connection fees received through October 2014.

Submitted by:



Sandra Ikeda
Accounting Manager

Approved:



Jay Panzica
Treasurer

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 14, 2015

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO. 15-09

SUBJECT: Rate Stabilization Fund Summary/Available Resources as of June 30, 2014 and Rate Stabilization Fund Summary/Available Resources Estimated for June 30, 2015

For SPWA Board Meeting of 1/29/15

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 2013-14, and 2) the estimated activity and available resources for the fiscal year 2014-15.

On June 30, 2014 the Board approved the annual operations budget for fiscal year 2014-15. 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 slightly higher than budget by \$189,000 from \$450,000 to \$639,000. Connection fees have picked up in the last year but we are modifying the budget down to \$14,507,120 from \$16,336,955 as a few of the projects may not come in as originally anticipated. The following is the breakdown for estimated connection fees by partner:

City	\$4,441,050
SPMUD	5,292,750
County	4,773,320

Expenditures

Overall, operating expenditures are projected to be at budget. Debt Service is expected to be lower than budget by \$620,000, as 1) the refinancing of 2011 bonds created savings, 2) interest rates have continued to be historically low, and 3) the bond market has reacted favorably to SPWA's bonds.

RECOMMENDATION

No action is required of the board.

Submitted by:

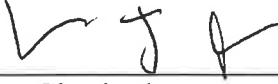


Sandra Ikeda
Accounting Manager

Approved:



Jay Panzica
Treasurer



Ken Glotzbach
Executive Director

South Placer Wastewater Authority: FY 2013-14

Rate Stabilization Fund

	Budget 2013-14	Actual 2013-14	Percent of Budget
AVAILABLE RESOURCES CARRY-OVER	\$ 97,760,396	\$ 97,760,396	
ESTIMATED REVENUES			
Interest	402,672	592,762	147.21%
Connection Fees	9,750,000	10,123,631	103.83%
Proceeds from Borrowing	-	-	0.00%
Miscellaneous Revenue	-	-	0.00%
Repayment from County	500,000	577,030	
Total Estimated Revenues	10,652,672	11,293,423	106.01%
Total Estimated Available for Appropriation	108,413,068	109,053,819	100.59%
LESS OPERATING EXPENSES			
JPA Staff	138,280	120,935	87.46%
Legal Services	60,000	1,880	3.13%
Financial Advisory Services	30,000	18,742	62.47%
Audit Services	25,000	23,946	95.78%
Trustee/Investment Fees	-	-	0.00%
Insurance	17,100	18,159	106.19%
Copying/Mailing/Supplies	2,500	400	16.00%
Travel/Meetings	500	-	0.00%
Miscellaneous	587	6	-
Total Operating Expenses	273,967	184,068	67.19%
LESS ESTIMATED CAPITAL EXPENDITURES	1,915,686	260,047	13.57%
LESS DEBT SERVICE PAYMENTS	9,702,250	9,555,824	98.49%
Total Estimated Expenditures	11,891,903	9,999,939	84.09%
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		1,655,639	
ESTIMATED AVAILABLE RESOURCES	\$ 96,521,165	97,398,241	100.91%
TOTAL RESOURCES CARRIED OVER		\$ 99,053,880	

South Placer Wastewater Authority: FY 2014-15 Estimates

Rate Stabilization Fund

	Budget 2014-15	Estimated 2014-15	Variance Favorable (Unfavorable)
AVAILABLE RESOURCES CARRY-OVER	\$ 99,053,880	\$ 99,053,880	
ESTIMATED REVENUES			
Interest	450,000	639,000	189,000
Connection Fees	16,336,955	14,507,120	(1,829,835)
Proceeds from Borrowing	-	-	-
Miscellaneous Revenue	-	126,500	126,500
Repayment from County	500,000	500,000	-
Total Estimated Revenues	17,286,955	15,772,620	(1,514,335)
Total Estimated Available for Appropriation	116,340,835	114,826,500	
LESS OPERATING EXPENSES			
JPA Staff	133,460	133,460	-
Legal Services	50,000	50,000	-
Financial Advisory Services	25,000	25,000	-
Audit Services	25,000	25,000	-
Trustee/Investment Fees	-	-	-
Insurance	18,650	18,650	-
Copying/Mailing/Supplies	2,250	2,250	-
Travel/Meetings	500	500	-
Miscellaneous	10	10	-
Total Operating Expenses	254,870	254,870	-
LESS ESTIMATED CAPITAL EXPENDITURES	6,719,484 *	1,193,827	5,525,657
LESS DEBT SERVICE PAYMENTS	10,085,000	9,465,000	620,000
Total Estimated Expenditures	17,059,354	10,913,697	6,145,657
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		5,525,657	
ESTIMATED AVAILABLE RESOURCES	\$ 99,281,481	\$ 98,387,146	(894,335)

* includes carryover and mid-year budget adjustment