

SOUTH PLACER WASTEWATER AUTHORITY

In accordance with the requirements of California Government Code section 54950 *et seq.*, notice is hereby given of the regular meeting of the Board of Directors of the South Placer Wastewater Authority at the following time and location:

Thursday, January 28, 2016
9:30 a.m.
2005 Hilltop Circle, Meeting Room 3
Roseville, CA 95747

AGENDA

ROLL CALL Directors: Jack Duran
Bonnie Gore
Jerry Mitchell – Vice Chair
Pauline Roccucci
Robert Weygandt – Chair

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

ELECTION OF CHAIR AND VICE CHAIR

1. Motion: Election of Chairperson and Vice-Chairperson

APPROVAL OF MINUTES, June 25, 2015

OLD BUSINESS ITEMS

NEW BUSINESS ITEMS

1. Information: Debt Review (Vanessa)
2. Direction: Direct Placement Update & Bond Portfolio Review (Monty and Terry Maas of First Southwest)
3. Information: Investment Review (Monty)
4. Resolution: Approve Capital Improvement Project Budget Adjustments (Ken)
5. Information: Financial Audit (Sandra)
6. Information: Rate Stabilization Fund Balances (Sandra)
7. Information: Rate Stabilization Fund Summary / Available Resources (Sandra)

PUBLIC COMMENTS

REPORTS/COMMENTS – BOARD MEMBERS/STAFF

ADJOURNMENT

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

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

The meeting is accessible to the disabled. In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Voice:(916) 774-5770, TDD: (916) 774-5220. Requests must be made as early as possible.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2016

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 16-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 28, 2016

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 29, 2015. 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

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

MINUTES OF BOARD OF DIRECTORS' MEETING June 25, 2015

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
Jim Holmes
Jerry Mitchell
Pauline Roccucci
Robert Weygandt

Staff Present:

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

Roll Call

All Directors were present. Jim Holmes, Placer County Alternate Director, attended for Jack Duran.

Introductions

The following were in attendance: Bob Schmitt, Joe Mandell, Richard Plecker, Carol Margetich, Janet Vargas, Monty Hanks, Sandra Ikeda, Vanessa Lieberman, and Jacquie Clarizio from the City of Roseville; Herb Niederberger from SPMUD; and Kevin Bell from Placer County.

Approval of Minutes, January 29, 2015

A vote was taken as follows:

MOTION by Director Gore seconded by Director Roccucci to approve the January 29, 2015 minutes.

Vote: Ayes: Gore, Mitchell, Roccucci, Weygandt
 Nos:
 Abstain: Holmes

Old Business Items

None.

New Business Items

1. Resolution: Approval of Amended Conflict of Interest Code for SPWA

Paul Chrisman presented the revisions to the Conflict of Interest Code and requested Board approval.

MOTION by Director Holmes seconded by Director Roccucci to approve Resolution 2015-04. The vote was unanimous.

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

Vanessa Lieberman reported on the Authority's debt through May 31, 2015.

3. Information: Investments Report

Jacque Clarizio reported on the performance of the Authority's investments through April 30, 2015.

4. Resolution: Approval of FY2016 Investment Policy and Swap Guidelines

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

Motion by Director Mitchell seconded by Director Gore to approve Resolution No. 2015-05 adopting the revised Investment Policy. 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, 2015.

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 FY2015-16

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

MOTION by Director Mitchell seconded by Director Roccucci to adopt Resolution 2015-06. The vote was unanimous.

Public Comment

None.

Reports/Comments – Board Members/Staff

None.

Adjournment

The meeting was adjourned at 10:00 a.m.

Robert Weygandt
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 5, 2016
 Board of Directors

FROM: Jay Panzica, Treasurer
 Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO: 16-02

SUBJECT: Overview of Debt and Investments

For SPWA Board Meeting 1/28/16

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, 2015.

DEBT

The South Placer Wastewater Authority currently has \$139.4 million of debt outstanding shown in the table below. Of the outstanding debt, 37% is fixed-rate, 50% is hedged variable rate, and 13% is unhedged variable rate. The debt is currently rated A+ by Standard & Poor's and A+ by Fitch Ratings. The Authority has 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 majority of the Series 2013 and 2014 bonds.

Summary of Outstanding Direct Debt								
Series	Issue Size	Dated Date	Outstanding Par	Coupon Range	Call Date	Final Maturity	Expiration Date	% of Total Debt
2011C	\$67,040,000	4/7/2011	\$50,915,000	5.00% - 5.25%	11/1/2020	11/1/2035	None	36.53%
2013	\$59,330,000	4/3/2013	\$59,330,000	70.5% of 1m LIBOR + 0.45%	Current	11/1/2035	10/3/2016	42.57%
2014	\$29,120,000	8/13/2014	\$29,120,000	SIFMA + 0.33%	5/1/2017	11/1/2029	11/1/2017	20.89%
Total			\$139,365,000					

Summary of Outstanding Swap						
Counterparty	Current Notional	SPWA Pays	SPWA Receives	Maturity Date	MTM Value (As of 12/31/2015)	Counterparty Ratings
Morgan Stanley	\$69,475,000	3.67%	62% of 1m LIBOR + 0.26%	11/1/2027	(\$10,029,035)	Baa2 / A- / A (Moody's / S&P / Fitch)

On December 16, 2015, the Federal Open Market Committee (FOMC) raised the target on the federal funds rate for the first time in nine years. As expected, the FOMC established a new target range for the federal funds rate of ¼ to ½ percent, up from 0 to ¼ percent, where it was set exactly seven years ago on December 16, 2008. While the increase in the target federal funds rate by 25 basis points (0.25%) was similar to the first step in each of the last three tightening cycles, those cycles resulted in cumulative increases of 1.75% to 4.25% over the 18 to 24 months following the initial move. This

time, however, Fed governors have urged investors NOT to look to history for guidance on the pace of tightening or the final resting point for overnight rates. Most market economists currently forecast a rate of only 1.25% to 1.50% two years from now.

As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on over 83% (currently 78%) of the Series 2013 and 2014 bonds. The swap functions as follows: the Authority pays a fixed interest rate of 3.665% to Morgan Stanley and in return receives an interest payment equal to 62% of the 1-month LIBOR rate plus 26 basis points (bps). As a result, the net interest rate paid is approximately 3.28% and the current projection for net debt service in FY 2015/16 is around \$9.3 million, an estimated \$420k less than the budgeted amount of \$9.7 million.

Series	Annual Budget	Debt Service Paid 7/1-12/31/15	Est. Debt Service Remaining 1/1-6/30/16	Estimated Total
2011C	\$6,399,950	\$4,635,257	\$1,764,693	\$6,399,950
2013	\$485,124	\$181,499	\$215,000	\$396,499
2014	\$242,688	\$55,335	\$60,000	\$115,335
Swap	\$2,607,000	\$1,001,123	\$1,400,000	\$2,401,123
Total	\$9,734,762	\$5,873,214	\$3,439,693	\$9,312,907

Over the last six months, the following table details the average rates paid on the 2013 and 2014 bonds. The purpose of this table is to illustrate what the Authority is paying on the unhedged portion of the outstanding bonds. Since the rates reset weekly, the interest rate is based on the short-end of the curve (7-day rates). Essentially, the Authority is paying an interest rate of about one half percent on the unhedged portion of the outstanding debt. This creates a smaller debt service payment which leads to the annual budgetary savings. Although the Fed has increased the Fed Funds rate, staff expects the weekly reset rates to remain relatively low.

July - December 2015			
	Average Rate Paid	Markup	Total
LIBOR	0.142%	0.450%	0.592%
SIFMA	0.026%	0.330%	0.356%

Submitted by:



Vanessa Lieberman
Financial Analyst



Monty Hanks
Finance Director



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

AGENDA ITEM #2

Direct Placement Update & Bond Portfolio Review

(Terry Mass)

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 6, 2016

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 16-03

SUBJECT: Investment Review

For SPWA Board Meeting 1/28/16

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following reports detail the performance of the Authority's investments through November 30, 2015

INVESTMENTS

The \$102.4 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, 2015.

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 2015, includes \$5.7 million invested in Local Agency Investment Fund (LAIF) and \$12.5 million of pooled cash as of November 2015. The LAIF and pooled cash 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 0.374% and the pooled rate was 1.09%.

Additional Accumulated Funds

Starting in September 2015, the Treasurer relieved Public Financial Management (PFM) of their investment management duties saving the Authority over \$35,000 per year. Day to day management is now performed by the Treasurer and Finance Director. The goal of safety, liquidity and achieving a reasonable rate of return will not change and the investments and investment policy will continue to be in compliance with the State code. The main difference will be the methodology and approach to investing the Authority's portfolio. For example, PFM took an active approach to investing the portfolio by trading in and out of securities keeping the duration closely tied to the benchmark of the 1-3 year Merrill Lynch Treasury Index. This resulted in paying a fee for lower than expected returns. The new methodology takes a passive approach holding securities until maturity and having a mix of higher yielding securities such as callable Federal Agencies.

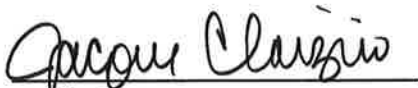
To illustrate, in August 2015, the average return of the portfolio was 0.83% with a makeup of Treasuries, Federal Agencies, Corporates, Yankee CDs, and Municipal Bonds with an average duration of 1.71 years. Over the last few months, the portfolio has undergone some rebalancing to incorporate the new methodology and strategy. As of November 2015, the average return of the portfolio has increased almost 25 bps to 1.05% with a similar mix of securities and a duration of 1.39 years. Staff will continue to make minor adjustments and rebalancing of the portfolio over


the next year with an anticipation of yearly interest income to increase at least \$250,000 or more from prior estimates.

Reserve Fund

The Authority has over \$8 million invested in the required Parity Reserve Fund. Of this total, approximately \$4.6 million is invested in a Forward Delivery Agreement with Merrill Lynch earning over 5%. Unfortunately, the Forward Delivery Agreement is set to mature/terminate in May 2016. Upon termination, staff will look for investment options that achieves a reasonable rate of return and complies with the Permitted Investments of the Bond Indenture.

Submitted by:


Jacquie Clarizio
Financial Analyst


Jay Panzica
Treasurer


Kenneth J. Glotzbach
Executive Director

**SOUTH PLACER WASTEWATER
AUTHORITY**
2025 Hilkey Circle
Roseville, CA 95749
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City of Roseville CA

**So Placer Wastewater Authority
Portfolio Management
Portfolio Summary
November 30, 2015**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to maturity	YTM
City of Roseville Cash Pool*	12,566,707.71	12,566,707.71	12,566,707.71	12.23	1	1	1.080
Money Market Funds	206,376.99	206,376.99	206,376.99	0.20	1	1	0.001
Local Agency Investment Funds	5,720,138.35	5,720,138.35	5,720,138.35	5.57	1	1	0.357
Negotiable CDs	14,450,000.00	14,469,357.25	14,447,972.23	14.06	774	402	0.838
Corporate Notes	25,370,000.00	25,452,718.30	25,495,000.97	24.81	1,186	823	1.416
Federal Agency Coupon Securities	20,905,000.00	20,925,468.45	20,922,028.32	20.36	1,115	878	1.167
Treasury Coupon Securities	21,855,000.00	22,038,828.85	21,997,036.71	21.40	928	553	0.751
Supra-National Agency Bond	445,000.00	442,103.05	444,381.77	0.43	1,142	927	1.056
Municipal Bonds	975,000.00	975,560.50	975,000.00	0.95	524	206	0.812
Investments	102,493,223.05	102,788,361.45	102,774,641.05	100.00%	839	554	1.047

Total Earnings	November 30	Month Ending	Fiscal Year To Date
Current Year	82,493.54		386,400.95
Average Daily Balance	102,425,326.38		103,901,155.33
Effective Rate of Return	0.98%		0.89%

*Estimated balance as of 11/30/15
Market values provided by US BANK, 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.

[Signature] 12-15-15 DATE
Ken Grotzback, Executive Director -
[Signature] 12-15-15 DATE
Jay Sanchez, Treasurer

Reporting period 11/01/2015-11/30/2015

Run Date: 12/14/2015 - 15:31

Portfolio SPWA
AP
PW (PRF_P01) 7.3.0
Report Ver. 7.3.5

So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
November 30, 2015

	November 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	0.00	234,136.21
Plus Accrued Interest at End of Period	332,902.17	332,902.17
Less Accrued Interest at Beginning of Period	(248,094.23)	(175,593.78)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	84,807.94	391,444.60
Adjusted by Premiums and Discounts	-13,567.02	-75,483.47
Adjusted by Capital Gains or Losses	0.00	10,729.02
Earnings during Periods	71,240.92	326,690.15
Pass Through Securities:		
Interest Collected	0.00	1,946.96
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(490.83)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	1,456.13
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	-1,453.32
Earnings during Periods	0.00	2.81
Cash/Checking Accounts:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	3,959,655.25	3,959,655.25
Less Accrued Interest at Beginning of Period	(3,948,402.63)	(3,899,947.26)
Interest Earned during Period	11,252.62	59,707.99
Total Interest Earned during Period	96,060.56	452,608.72
Total Adjustments from Premiums and Discounts	-13,567.02	-75,483.47
Total Capital Gains or Losses	0.00	9,275.70
Total Earnings during Period	82,493.54	386,400.95

**SOUTH PLACER WASTEWATER
AUTHORITY**
2005 Hilltop Circle
Roseville, CA 95747
916-774-5770
Fax: 916-774-5690

City of Roseville CA

**So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
November 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 380	YTM 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2015	12,566,707.71	12,566,707.71	12,566,707.71	1.090	1.075	1.090		1
			Subtotal and Average	12,566,707.71	12,566,707.71	12,566,707.71		1.075	1.090		1
Money Market Funds											
43114503	10434	US BANK	07/01/2015	206,376.99	206,376.99	206,376.99	0.001	0.000	0.001		1
			Subtotal and Average	206,376.99	206,376.99	206,376.99		0.001	0.001		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2015	5,720,138.35	5,720,138.35	5,720,138.35	0.357	0.352	0.357		1
			Subtotal and Average	5,720,138.35	5,720,138.35	5,720,138.35		0.352	0.357		1
Negotiable CDs											
06417HMU7	10548	Bank of Nova Scotia	06/13/2014	1,795,713.42	1,800,000.00	1,799,836.00	0.410	0.434	0.440	08/10/2016	192
13606JYY9	10594	CANADIAN IMPERIAL BANK NY	04/10/2015	1,850,000.00	1,850,000.00	1,849,953.00	1.010	0.986	1.010	04/06/2017	492
38147JZL5	10558	GOLDMAN SACHS BANK USA CD	08/18/2014	1,400,000.00	1,400,000.00	1,402,086.00	0.900	0.887	0.900	08/12/2016	255
65556LFA5	10604	NORDEA BANK FINLAND NY	05/29/2015	1,800,000.00	1,800,000.00	1,802,016.00	1.150	1.134	1.150	05/28/2017	542
21684BXH2	10595	RABOBANK	04/27/2015	1,500,000.00	1,500,000.00	1,500,840.00	1.070	1.056	1.070	04/21/2017	507
83051HJD6	10513	SKANDINAVISKA ENSKILDA BY NY	01/10/2014	700,000.00	700,000.00	699,979.00	0.562	0.554	0.562	01/04/2016	34
89113ESN7	10507	TORONTO DOMINION BANK NY	06/19/2015	1,800,000.00	1,800,000.00	1,803,708.00	1.240	1.223	1.240	06/16/2017	563
90333VFF1	10562	US BANK TRUST	09/11/2014	1,825,266.81	1,825,000.00	1,825,803.00	1.375	1.410	1.430	09/11/2017	650
98121TWF1	10634	WESTPAC BANKING	04/17/2014	1,775,000.00	1,775,000.00	1,775,124.25	0.405	0.400	0.405	04/15/2016	136
			Subtotal and Average	14,447,972.23	14,450,000.00	14,459,357.25		0.925	0.938		402
Corporate Notes											
02665WAB7	10488	AMERICAN HONDA FINANCE GLOBAL	10/10/2013	779,228.78	780,000.00	781,864.20	1.125	1.226	1.243	10/07/2016	311
02665WAF8	10550	AMERICAN HONDA FINANCE GLOBAL	07/15/2014	329,748.59	330,000.00	329,156.50	1.200	1.230	1.248	07/14/2017	591
02665WAT8	10587	AMERICAN HONDA FINANCE GLOBAL	03/13/2015	569,418.66	570,000.00	568,740.30	1.500	1.524	1.545	03/13/2018	833
037833AM2	10539	APPLE INC GLOBAL NOTES	05/06/2014	1,489,621.29	1,500,000.00	1,503,570.00	1.050	1.053	1.068	08/05/2017	521
037833BB5	10600	APPLE INC GLOBAL NOTES	05/13/2015	384,907.51	385,000.00	384,860.65	0.900	0.922	0.934	05/12/2017	528
084664BX8	10478	BERKSHIRE HATHAWAY FIN CORP NO	08/16/2013	929,884.08	930,000.00	931,925.10	0.950	0.954	0.967	08/15/2016	258
084664BX8	10489	BERKSHIRE HATHAWAY FIN CORP NO	10/15/2013	319,648.60	320,000.00	320,662.40	0.950	1.004	1.018	08/15/2016	258

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

**Fund 001 - SPWA
Investments by Fund
November 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity	
Corporate Notes												
084664CA7	10512	BERKSHIRE HATHAWAY FIN CORP NO	01/10/2014	600,000.00	600,000.00	599,766.00	0.390	0.384	0.390	01/10/2017	408	
06406HD82	10503	Bank of New York Trust Company	05/29/2015	1,594,881.55	1,595,000.00	1,593,430.85	1.600	1.591	1.603	05/22/2018	903	
166764AL4	10569	CHEVRON CORP NOTE	11/18/2014	795,000.00	795,000.00	798,989.80	1.345	1.326	1.345	11/15/2017	715	
17278RAU6	10606	CISCO SYSTEMS	06/17/2015	1,704,754.18	1,705,000.00	1,715,368.40	1.650	1.633	1.655	06/17/2018	929	
20828FAL0	10601	CONOCOPHILLIPS COMPANY	05/19/2015	344,866.02	345,000.00	343,043.85	1.500	1.483	1.504	05/15/2018	896	
22160KAG0	10617	COSTCO WHOLESAL	10/13/2015	1,006,063.55	1,000,000.00	995,280.00	1.750	1.578	1.600	02/15/2020	1,537	
30231GAL6	10586	EXXON MOBIL CORP NOTES	03/08/2015	1,460,000.00	1,460,000.00	1,461,022.00	1.305	1.287	1.305	03/06/2018	826	
40428HPV8	10618	HSBC USA Global Notes	10/09/2015	2,020,082.76	2,000,000.00	2,011,320.00	2.750	2.485	2.520	08/07/2020	1,711	
459200HZ7	10578	IBM CORP GLOBAL NOTES	02/06/2015	1,746,120.43	1,750,000.00	1,740,672.50	1.125	1.212	1.228	02/06/2018	798	
46923EKD0	10584	JP MORGAN CHASE CORP NOTES	03/02/2015	1,644,678.93	1,645,000.00	1,643,322.10	1.700	1.685	1.708	03/01/2018	821	
713448CL0	10526	PEPSICO INC GLOBAL NOTES	02/28/2014	1,084,492.11	1,085,000.00	1,085,781.20	0.960	0.975	0.988	02/22/2017	449	
717081DD2	10597	PEPSICO INC GLOBAL NOTES	04/30/2015	184,982.14	185,000.00	184,439.45	1.250	1.236	1.264	04/30/2018	881	
747525AD5	10469	Pfizer Inc Global Notes	08/03/2013	1,399,304.95	1,400,000.00	1,398,356.00	0.900	0.882	0.945	01/15/2017	411	
89236TBA1	10616	QUALCOMM INC	10/09/2015	1,506,334.58	1,500,000.00	1,475,985.00	2.250	2.120	2.150	05/20/2020	1,632	
931142DN0	10542	TOYOTA MOTOR CREDIT CORP COMM	05/16/2014	729,811.92	730,000.00	730,131.40	1.125	1.127	1.143	05/16/2017	532	
931142DN0	10573	TOYOTA MOTOR CREDIT CORP COMM	01/12/2015	184,812.53	165,000.00	164,983.50	1.450	1.484	1.505	01/12/2018	773	
25468PCZ7	10533	WALMART	04/22/2014	349,975.67	350,000.00	350,409.50	1.000	0.991	1.005	04/21/2017	507	
929903DT8	10543	WALT DISNEY CO GLOBAL NOTES	06/02/2014	779,298.00	780,000.00	778,377.60	0.875	0.923	0.936	05/30/2017	548	
	10605	WELLS FARGO & COMPANY	06/11/2015	1,576,884.16	1,475,000.00	1,572,291.00	5.750	1.177	1.194	06/15/2017	562	
		Subtotal and Average		25,495,000.97	25,370,000.00	25,462,719.30		1.397	1.416		823	
Federal Agency Coupon Securities												
3130A3F70	10576	Federal Home Loan Bank	01/22/2015	2,941,868.90	2,940,000.00	2,942,840.00	0.625	0.548	0.558	11/23/2016	358	
3130A4QV7	10598	Federal Home Loan Bank	03/24/2015	1,475,000.00	1,475,000.00	1,477,419.00	0.840	0.828	0.840	03/24/2017	479	
3130A6EP0	10602	Federal Home Loan Bank	05/15/2015	1,214,260.47	1,215,000.00	1,213,870.05	0.625	0.656	0.666	05/30/2017	546	
3130A6ZS5	10608	Federal Home Loan Bank	07/24/2015	459,143.16	460,000.00	459,894.20	0.750	0.846	0.858	08/28/2017	636	
3130A6KC0	10613	Federal Home Loan Bank	10/29/2015	2,000,000.00	2,000,000.00	2,000,560.00	1.250	2.038	2.067	10/29/2020	1,794	
3130A6LJ4	10615	Federal Home Loan Bank	10/22/2015	2,000,000.00	2,000,000.00	1,989,560.00	1.125	1.763	1.787	10/22/2020	1,787	
3137EADJ5	10657	Federal Home Loan Mfg Corp	08/14/2014	1,124,957.71	1,125,000.00	1,129,691.25	1.000	1.145	1.161	07/28/2017	605	
3137EADU0	10575	Federal Home Loan Mfg Corp	01/18/2015	949,063.90	950,000.00	949,128.00	0.500	0.578	0.586	01/27/2017	423	
3137EADJ5	10651	Federal Home Loan Mfg Corp	03/20/2015	3,568,497.80	3,560,000.00	3,574,845.20	1.000	1.017	1.031	07/28/2017	605	
3134G7S77	10616	Federal Home Loan Mfg Corp	10/29/2015	1,997,063.33	2,000,000.00	1,990,360.00	1.125	2.018	2.046	10/29/2020	1,794	

**Fund 001 - SPWA
Investments by Fund
November 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Coupon Securities											
3135G0CM3	10486	Federal National Mtg Assn	10/03/2013	903,675.06	900,000.00	906,210.00	1.250	0.848	0.859	09/28/2016	302
3135G0CM3	10487	Federal National Mtg Assn	10/03/2013	25,103.65	25,000.00	25,172.50	1.250	0.889	0.851	09/28/2016	302
3135G0JA2	10581	Federal National Mtg Assn	09/08/2014	757,399.26	755,000.00	759,945.25	1.125	1.014	1.028	04/27/2017	513
3135G0ZL0	10598	Federal National Mtg Assn	04/30/2015	1,505,913.08	1,500,000.00	1,505,835.00	1.000	0.927	0.940	09/27/2017	668
		Subtotal and Average		20,922,026.32	20,905,000.00	20,925,468.45		1.151	1.167		878
Treasury Coupon Securities											
912828RU8	10504	U.S. Treasury	12/03/2013	1,905,626.18	1,900,000.00	1,908,056.00	0.875	0.567	0.575	11/30/2016	365
912828SY7	10545	U.S. Treasury	06/05/2014	314,099.29	315,000.00	314,905.50	0.625	0.807	0.818	05/31/2017	547
912828RM4	10546	U.S. Treasury	09/05/2014	2,209,072.32	2,200,000.00	2,217,748.00	1.000	0.538	0.545	10/31/2016	335
912828SC5	10553	U.S. Treasury	07/31/2014	150,133.98	150,000.00	150,666.00	0.875	0.766	0.797	01/31/2017	427
912828TM2	10560	U.S. Treasury	09/04/2014	312,897.52	315,000.00	314,502.30	0.625	0.996	1.010	08/31/2017	639
912828SM3	10563	U.S. Treasury	10/09/2014	1,738,539.40	1,735,000.00	1,744,872.15	1.000	0.790	0.801	03/31/2017	486
912828TB6	10566	U.S. Treasury	11/03/2014	1,848,882.34	1,850,000.00	1,852,719.50	0.750	0.777	0.768	08/30/2017	577
912828UA6	10571	U.S. Treasury	12/10/2014	2,243,888.40	2,255,000.00	2,246,949.65	0.625	0.863	0.875	11/30/2017	730
912828SM3	10572	U.S. Treasury	12/10/2014	1,576,835.20	1,575,000.00	1,583,961.75	1.000	0.803	0.814	03/31/2017	486
912828TG5	10578	U.S. Treasury	02/04/2015	899,140.28	900,000.00	897,291.00	0.500	0.616	0.625	07/31/2017	608
912828SC5	10583	U.S. Treasury	02/27/2015	501,551.87	500,000.00	502,220.00	0.875	0.598	0.607	01/31/2017	427
912828SC5	10590	U.S. Treasury	03/18/2015	2,897,630.23	2,880,000.00	2,993,231.20	0.875	0.644	0.653	01/31/2017	427
912828PK0	10592	U.S. Treasury	03/27/2015	4,828,136.81	4,700,000.00	4,840,530.00	2.250	0.854	0.865	11/30/2017	730
912828UU2	10599	U.S. Treasury	04/30/2015	476,622.91	480,000.00	476,276.80	0.750	0.862	0.874	03/31/2018	851
		Subtotal and Average		21,997,038.71	21,855,000.00	22,039,929.85		0.741	0.751		552
Supra-National Agency Bond											
459058EJ8	10586	INTL BANK OF RECON AND DEV	04/30/2015	444,381.77	445,000.00	442,103.05	1.000	1.041	1.055	08/15/2018	927
		Subtotal and Average		444,381.77	445,000.00	442,103.05		1.041	1.056		927
Municipal Bonds											
605681FX0	10560	MS ST TXBL GO BONDS	02/18/2015	100,000.00	100,000.00	99,773.00	1.090	1.075	1.090	10/01/2017	670
69428LDJ0	10574	ORANGE CNTY, CA TAXL REV PO B	01/13/2015	875,000.00	875,000.00	875,787.50	0.780	0.769	0.780	05/02/2016	153
		Subtotal and Average		975,000.00	976,000.00	975,560.50		0.801	0.812		206
		Total Investments and Average		102,774,641.05	102,493,223.05	102,788,361.46		1.033	1.047		564

Portfolio SPWA
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Report Ver. 7.3.5

**SOUTH PLACER WASTEWATER
AUTHORITY**
2005 Hilltop Circle
Roseville, CA 95747
916-774-5770
fax 916-774-5690

City of Roseville CA

**So Placer Wastewater Authority
Transaction Activity Report
November 1, 2015 - November 30, 2015
Sorted by Transaction Date - Transaction Date
All Funds**

Investment #	Fund		New Principal	Principal Paydowns	Interest	Total Cash
10574	001	Totals for 11/02/2015			3,412.60	3,412.50
					3,412.60	3,412.50
10539	001	Totals for 11/06/2015			7,875.00	7,875.00
					7,875.00	7,875.00
10600	001	Totals for 11/13/2015			1,732.50	1,732.50
					1,732.50	1,732.50
10602	001	Totals for 11/15/2015			3,796.88	3,796.88
					3,796.88	3,796.88
10542	001	Totals for 11/16/2015			4,106.25	4,106.25
					4,106.25	4,106.25
10576	001	Totals for 11/17/2015			9,187.50	9,187.50
					9,187.50	9,187.50
10568	001	Totals for 11/18/2015			5,346.38	5,346.38
10601	001	Totals for 11/18/2015			2,587.50	2,587.50
					7,933.88	7,933.88
10619	001	Totals for 11/20/2015			16,875.00	16,875.00
10619	001	Totals for 11/20/2015	13,031.25		-13,031.25	0.00
			13,031.25		3,843.75	16,875.00
10603	001	Totals for 11/29/2015			12,680.00	12,680.00
10604	001	Totals for 11/29/2015			10,350.00	10,350.00
					23,030.00	23,030.00
10048	001	Totals for 11/30/2015	210,370.70			-210,370.70
10434	001	Totals for 11/30/2015	157,772.81			-157,772.81
10504	001	Totals for 11/30/2015			8,312.50	8,312.50
10543	001	Totals for 11/30/2015			3,412.50	3,412.50
10545	001	Totals for 11/30/2015			984.38	984.38
10571	001	Totals for 11/30/2015			7,046.88	7,046.88
10592	001	Totals for 11/30/2015			52,875.00	52,875.00
			368,143.61		72,631.25	-295,512.25
		Grand Total	368,143.61	13,031.25	137,649.52	-217,562.74

Portfolio SPWA
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Report Ver. 7.3.5



BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Account Statement

Statement Period 11/01/2015 Through 11/30/2015

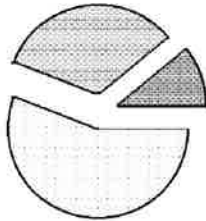
Account 322068
SOUTH PLACER WASTEWATER AUTHORITY
(322068)

Go Paperless. Securely access your account online to view your statements. Ask your BNY Mellon contact how we can help you access your accounts, enter your own transactions or submit an audit confirmation online. Also be sure to ask how Connect(SM), our new web-based, single sign-on platform can help you go paperless.

CLIENT SERVICE MANAGER: MARINA MEZA
400 SOUTH HOPE STREET, SU
LOS ANGELES, CA 90071
213-630-6228
MARINA.MEZA@BNYMELLON.COM

Visit us at www.bnymellon.com

Account Overview



Percent of all Investments	Asset Classification	Market Value
57%	FIXED INCOME	4,598,952.82
33%	OTHER	2,738,293.43
10%	CASH AND SHORT TERM	856,958.46
100%	TOTAL OF ALL INVESTMENTS	8,194,204.71

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	4,598,952.82	4,597,943.09	0.00	0.00	0.00%
OTHER	2,738,293.43	2,738,293.43	0.00	0.00	0.00%
CASH AND SHORT TERM	856,958.46	856,958.46	0.00	0.00	0.00%
ACCOUNT TOTALS	8,194,204.71	8,193,194.98	0.00	0.00	0.00%

Summary of Cash Transactions

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		0.00	0.00
SALES AND REDEMPTIONS	2,979.21	4,604,020.79	2,979.21	5,834.31	9,448,572.39
OTHER CASH ADDITIONS	0.00	113,483.91	0.00	0.00	1,929,951.39
OTHER CASH DISBURSEMENTS	0.00	113,483.91 -	0.00	1,427.55 -	1,203,792.16 -
PURCHASES	2,979.21 -	4,604,020.79 -	0.00	4,406.76 -	10,174,731.62 -
CLOSING BALANCE	0.00	0.00	2,979.21	0.00	0.00

The above cash transactions summary is provided for information purposes only and may not reflect actual taxable income or deductible expenses as reportable under the Internal Revenue Code.



BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Statement Period 11/01/2015 Through 11/30/2015
Account 322068
SO PLACER 2011 PARITY RESERVE FD

Statement of Assets Held

Shares / Par Value	Asset Description	Market Price Average Cost	Market Value Cost	Accrued Income Est Annual Income	Market Yield
FIXED INCOME					
4,606,000.000	FANNIE MAE DISCOUNT NOTES CUSIP: 313588WH4 MATURITY DATE: 05/02/2016 RATE: 0.000%	99.84700 99.82508	4,598,952.82 4,597,943.09	0.00 0.00	0.00%
Total FIXED INCOME			4,598,952.82 4,597,943.09	0.00 0.00	0.00%
OTHER					
2,738,293.430	INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM CUSIP: S86871090	1.00000 1.00000	2,738,293.43 2,738,293.43	0.00 0.00	0.00%
Total OTHER			2,738,293.43	0.00	0.00%
CASH AND SHORT TERM					
853,979.250	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000 1.00000	853,979.25 853,979.25	0.00 0.00	0.00%
2,979.210	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000 1.00000	2,979.21 2,979.21	0.00 0.00	0.00%
Total CASH AND SHORT TERM			856,958.46	0.00	0.00%
ACCOUNT TOTALS			8,194,204.71 8,193,194.98	0.00 0.00	0.00%

Total Market Value Plus Total Accrued Income 8,194,204.71

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/15	OPENING BALANCE	0.00	0.00	8,076,122.90	
11/02/15	Purchase FANNIE MAE DISCOUNT NOTES RATE: 0.000% MATURITY: 05/02/16 TRADE DATE 10/30/15 SET/DATE 11/02/15 CUSIP 313588WH4 4,606,000.00 SHARES	0.00	4,597,943.09 -	4,597,943.09	0.00
11/02/15	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/02/15 SET/DATE 11/02/15 CUSIP X9USDEFRU 6,077.70 SHARES	0.00	6,077.70 -	6,077.70	0.00
11/02/15	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/02/15 SET/DATE 11/02/15 CUSIP X9USDEFRU 2,979.21 SHARES	2,979.21 -	0.00	2,979.21	0.00
11/02/15	Cash Credit ORD INST:MLCOUS3B DETAIL:SUB ACC:GLA 111-565 D315074 SOUTH PLACER WASTEWATEAUT DETAIL:HORITY, CALIFORNIA,ROSEVILLNITED STATES,ROSEVILLE, CA IMA:20151102B6B7HU2R 007731 FTS:FD1511021278700	0.00	113,483.91	0.00	0.00
11/02/15	DAILY ENDING BALANCE	2,979.21 -	4,490,536.88 -	12,683,122.90	0.00
11/03/15	Redemptn FEDERAL AGRICULTURAL MORTGAGE CORP DISCOUNT NOTES RATE: 0.000% MATURITY: 11/02/15 TRADE DATE 11/02/15 SET/DATE 11/02/15 CUSIP 31315KNT3 4,607,000.00 SHARES	2,979.21	4,604,020.79	4,604,020.79 -	2,979.21
11/03/15	Receive INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM	0.00	0.00	113,483.91	0.00

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BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Statement Period 11/01/2015 Through 11/30/2015
Account 322068
SO PLACER 2011 PARITY RESERVE FD

Statement of Transactions - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/03/15	TRADE DATE 11/03/15 SET/DATE 11/03/15 CUSIP S86871090 113,483.91 SHARES Cash Debit	0.00	113,483.91 -	0.00	0.00
	U.S. BANK NA-MINNEAPOLIS OFFICE 091000022 CALIFORNIA ASSET MANAGEMENT PROGRAM 104790828529 DEPOSIT TO CAMP 13-00 SPWA 2011 REFUNDING RESERVE				
11/03/15	DAILY ENDING BALANCE	0.00	0.00	8,192,586.02	2,979.21
11/05/15	Receive INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM TRADE DATE 11/05/15 SET/DATE 11/05/15 CUSIP S86871090 304.48 SHARES	0.00	0.00	304.48	0.00
11/05/15	DAILY ENDING BALANCE	0.00	0.00	8,192,890.50	2,979.21
11/13/15	Receive INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM TRADE DATE 11/13/15 SET/DATE 11/13/15 CUSIP S86871090 304.48 SHARES	0.00	0.00	304.48	0.00
11/13/15	DAILY ENDING BALANCE	0.00	0.00	8,193,194.98	2,979.21
11/30/15	CLOSING BALANCE	0.00	0.00	8,193,194.98	2,979.21

Cumulative realized capital gain and loss position from 12/31/2014 for securities held in principal of account:

Short Term: 4,406.76 * Long Term: 0.00 *

* The above gain and loss position does not include transactions where tax cost information is incomplete or unavailable.

Cash and securities set forth on this Account Statement are held by The Bank of New York Mellon, an affiliate of The Bank of New York Mellon Trust Company, N.A. In addition, The Bank of New York Mellon Trust Company, N.A. may utilize subsidiaries and affiliates to provide services and certain products to the Account. Subsidiaries and affiliates may be compensated for their services and products.

The value of securities set forth on this Account Statement are obtained by The Bank of New York Mellon Trust Company, N.A., from its affiliate, The Bank of New York Mellon which determines such values for Corporate Trust on the basis of market prices and information obtained by The Bank of New York Mellon from unaffiliated third parties (including independent pricing vendors) ("third party pricing services"). The Bank of New York Mellon has not verified such market values or information and makes no assurances as to the accuracy or correctness of such market values or information or that the market values set forth on this Account Statement reflect the value of the securities that can be realized upon the sale of such securities. In addition, the market values for the securities set forth in this Account Statement may differ from the market prices and information for the same securities used by other business units of The Bank of New York Mellon Trust Company, N.A., The Bank of New York Mellon or their respective subsidiaries or affiliates based upon market prices and information received from other third party pricing services utilized by such other business units. Corporate Trust does not compare its market values with those used by, or reconcile different market values used by, other business units of The Bank of New York Mellon Trust Company, N.A., The Bank of New York Mellon or their respective subsidiaries or affiliates. Neither The Bank of New York Mellon Trust Company, N.A. nor The Bank of New York Mellon shall be liable for any loss, damage or expense incurred as a result of or arising from or related to the market values or information provided by third party pricing services or the differences in market prices or information provided by other third party pricing services.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 12, 2016

FROM: Kenneth Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 16-04

SUBJECT: Capital Improvement Project Budget Adjustments and Update for Ongoing Projects

For SPWA Board Meeting of 1/28/2016

ACTION REQUESTED

Adopt the attached Resolution approving the mid-year budget for Capital Improvement Projects (CIPs) funded by the South Placer Wastewater Authority (SPWA) as shown in Exhibit A.

BACKGROUND

A complete list of projects with proposed budget is attached as Exhibit A for reference. The proposed budget does not increase the total approved amount for the capital projects.

The proposed budget closes three projects and moves remaining funds from their project budget to the Pleasant Grove Wastewater Treatment Plant Expansion Project (Project 55). The three closed projects are:

- Dry Creek Wastewater Treatment Plant Aeration PLC Upgrade (Project 35)
- The Expansion of Pleasant Grove Creek (former expansion effort, Project 47)
- Nitrate Process Improvements (Project 54)

These projects have either been completed or are not anticipated to be advanced significantly in the next several years. In the case of the Nitrate Process Improvements Project, work is ongoing at this time. However, all work to date has been completed by Roseville Staff and anticipated engineering support and improvements will be funded utilizing rate-based Rehabilitation Funds rather than SPWA connection fees.

Project 55: Pleasant Grove Wastewater Treatment Plant Expansion

This CIP was added to the SPWA projects at the SPWA Board meeting in January 2015 and consists of two separate efforts: (1) Treatment plant capacity expansion improvements and (2) Energy related improvements. The plant capacity improvements are necessary to accommodate projected growth in the service area. The treatment capacity work includes design and installation of primary clarifiers and digesters.

Once installed, these treatment processes will allow the plant to produce digester gas which can be converted to energy in a variety of ways. These facilities also provide an opportunity for the plant to receive Fats, Oils, and Grease (FOG) as well as food waste collected from the service area which increase the production of digester gas and the resulting energy produced. However, the energy facilities are not necessary to treat the wastewater generated by growth and are being evaluated to quantify their economic benefit to the wastewater treatment operation before design proceeds.

During the past year, Roseville Staff have issued requests for proposals and selected two engineering consultants to assist with the project evaluation, planning and design work. Kennedy-Jenks Engineers was selected to support the capacity improvements and Brown and Caldwell was selected to support the energy improvements. Preliminary planning and design efforts for the capacity improvements have been underway since early summer 2015 and are nearing completion. Planning efforts for the energy improvements began in early fall 2015 and continue at this time.

It is expected that all preliminary work will be completed with initial cost estimates in time for the June 2016 SPWA Board meeting. At that time, Staff expects to provide recommendations on the viability of the energy related improvements and, if viable, request approval from the SPWA Board to complete final design and develop financing options. SPWA Board approval to arrange financing for construction will be requested at a future meeting once design work is complete.

Other SPWA 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. This activity should be complete this coming year which will allow project closure.

Project 49 (Radio Telemetry) – Implementing preliminary Radio Master Plan recommendations to avoid interference from other regional radio users. Final radio licensing is underway and the project is near completion.

Project 53 (Dry Creek Bank Stabilization) – Improvements to halt bank erosion near an SPWA trunk sewer line are complete. Post-construction environmental mitigation monitoring is ongoing.

Submitted by:



Kenneth J. Glotzbach
Executive Director

**Exhibit A
SPWA WASTEWATER PROJECTS**

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Budget	Total Approved Project Budget per IFAFS	PTD Expenditures Through FY14-15	FY15 CIP Carryover into FY16	Mid Year 16-16 Adjustments	Adjusted Project Budget
1 WWTP LANDSCAPE PROJECT	30950 / 943507	\$ 1,219,812.00	\$ 1,219,812.00	\$ 1,219,812.00	\$ -	\$ -	\$ 1,219,812.00
2 POTABLE WATER LINE TO THE DCWWTP	30950 / 963502	\$ 183,838.00	\$ 183,838.00	\$ 183,838.00	\$ -	\$ -	\$ 183,838.00
3 KASEBERG NORTHREACH TRUNK SEWER LINE	30950 / 983501	\$ 1,570,936.00	\$ 1,570,936.00	\$ 1,570,936.00	\$ -	\$ -	\$ 1,570,936.00
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950 / 983503	\$ 123,998,751.00	\$ 123,998,751.00	\$ 123,998,751.00	\$ -	\$ -	\$ 123,998,751.00
5 TRANSMISSION MAIN	30950 / 983504	\$ 3,525,013.00	\$ 3,525,013.00	\$ 3,525,013.00	\$ -	\$ -	\$ 3,525,013.00
6 PLEASANT GROVE TRUNK SEWER	30950 / 983505	\$ 11,573,550.00	\$ 11,573,550.00	\$ 11,573,550.00	\$ -	\$ -	\$ 11,573,550.00
7 LIME FEED SYSTEM FOR RECYCLED WATER DIST	30950 / 983506	\$ 75,594.00	\$ 75,594.00	\$ 75,594.00	\$ -	\$ -	\$ 75,594.00
8 EMERGENCY STORAGE POND FLOOD CONTROL (1)	30950 / 983507	\$ 9,195,151.00	\$ 9,195,151.00	\$ 8,990,153.00	\$ 204,998.00	\$ -	\$ 9,195,151.00
9 BOILER OIL ODOOR CONTROL SCRUBBING UNIT	30950 / 983508	\$ 623,340.00	\$ 623,340.00	\$ 623,340.00	\$ -	\$ -	\$ 623,340.00
10 NRSP 30" RECYCLE LINE	30950 / 983510	\$ 1,898,988.00	\$ 1,898,988.00	\$ 1,898,988.00	\$ -	\$ -	\$ 1,898,988.00
11 VIBRATION MONITORING AT WWTP	30950 / 983502	\$ 5,371.00	\$ 5,371.00	\$ 5,371.00	\$ -	\$ -	\$ 5,371.00
12 RECYCLED WATER PUMPS UPGRADE	30950 / 993502	\$ 33,312.00	\$ 33,312.00	\$ 33,312.00	\$ -	\$ -	\$ 33,312.00
13 MODIFY BACKWASH PUMP STATION	30950 / 993504	\$ 2,703.00	\$ 2,703.00	\$ 2,703.00	\$ -	\$ -	\$ 2,703.00
14 KASEBERG SOUTHREACH TRUNK SEWER	30950 / 993505	\$ 613,601.00	\$ 613,601.00	\$ 613,601.00	\$ -	\$ -	\$ 613,601.00
15 DIAMOND OAKS RECYCLE LINE	30950 / 993506	\$ 7,106,661.00	\$ 7,106,661.00	\$ 7,106,661.00	\$ -	\$ -	\$ 7,106,661.00
16 WOODCREEK OAKS PRESSURE VALVE	30950 / 003502	\$ 5,745.00	\$ 5,745.00	\$ 5,745.00	\$ -	\$ -	\$ 5,745.00
17 UPGRADE AERATION CONTROLS	30950 / 003506	\$ 124,048.00	\$ 124,048.00	\$ 124,048.00	\$ -	\$ -	\$ 124,048.00
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950 / 013501	\$ 161,886.00	\$ 161,886.00	\$ 161,886.00	\$ -	\$ -	\$ 161,886.00
19 UPGRADE RECYCLED WATER SYSTEM	30950 / 013502	\$ 1,850,037.00	\$ 1,850,037.00	\$ 1,850,037.00	\$ -	\$ -	\$ 1,850,037.00
20 DIAMOND CREEK CASCADE/OUTFALL	30950 / 013504	\$ 153,370.00	\$ 153,370.00	\$ 153,370.00	\$ -	\$ -	\$ 153,370.00
21 RWOCB BASIN PLAN AMENDMENT	30950 / 013505	\$ 658,856.00	\$ 658,856.00	\$ 658,856.00	\$ -	\$ -	\$ 658,856.00
22 DCWWTP COOLING UNITS	30950 / 023501	\$ 3,139,986.00	\$ 3,139,986.00	\$ 3,139,986.00	\$ -	\$ -	\$ 3,139,986.00
23 WEST DRY CREEK CFD RW CONNECTION	30950 / 023504	\$ 37,399,982.00	\$ 37,399,982.00	\$ 37,399,982.00	\$ -	\$ -	\$ 37,399,982.00
24 DCWWTP DIGESTER HANDRAIL	30950 / 033502	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ -	\$ -	\$ 5,760.00
25 DCWWTP GATE SECURITY	30950 / 033503	\$ 47,530.00	\$ 47,530.00	\$ 47,530.00	\$ -	\$ -	\$ 47,530.00
26 DCWWTP FILTER PLC UPGRADE	30950 / 033504	\$ 169,217.00	\$ 169,217.00	\$ 169,217.00	\$ -	\$ -	\$ 169,217.00
27 REGIONAL PARTNER TELEMETRY	30950 / 033505	\$ 6,909.00	\$ 6,909.00	\$ 6,909.00	\$ -	\$ -	\$ 6,909.00
28 CIP RESERVE	30950 / 033506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29 DCWWTP FLOW METERS	30950 / 043501	\$ 522,629.00	\$ 522,629.00	\$ 522,629.00	\$ -	\$ -	\$ 522,629.00
30 PGWWTP RECYCLED WATER SYSTEM	30950 / 043502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31 PS DECOMMISSIONING	30950 / 043503	\$ 132,750.00	\$ 132,750.00	\$ 132,750.00	\$ -	\$ -	\$ 132,750.00
32 WW/RW SYSTEMS EVALUATION	30950 / 043504	\$ 1,095,577.00	\$ 1,095,577.00	\$ 1,095,577.00	\$ -	\$ -	\$ 1,095,577.00
33 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$ 325,000.00	\$ 325,000.00	\$ 325,000.00	\$ -	\$ -	\$ 325,000.00
34 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950 / 053502	\$ -	\$ -	\$ -	\$ 311,941.00	\$ (311,941.00)	\$ -
35 DCWWTP OPERATIONS ADMIN BUILDING	30950 / 053503	\$ 564,636.00	\$ 564,636.00	\$ 564,636.00	\$ -	\$ -	\$ 564,636.00
36 WATER PURIFICATION PILOT PROJECT	30950 / 053504	\$ 420,567.00	\$ 420,567.00	\$ 420,567.00	\$ -	\$ -	\$ 420,567.00
37 RW MODEL DEVELOPMENT	30950 / 053505	\$ 187,498.00	\$ 187,498.00	\$ 187,498.00	\$ -	\$ -	\$ 187,498.00
38 NPDES PERMIT RENEWAL	30950 / 053506	\$ 585,654.00	\$ 585,654.00	\$ 585,654.00	\$ -	\$ -	\$ 585,654.00
39 PGWWTP CONVERSION TO UV	30950 / 063502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 DCWWTP MAINTENANCE SHOP	30950 / 063503	\$ 4,220,075.00	\$ 4,220,075.00	\$ 4,220,075.00	\$ -	\$ -	\$ 4,220,075.00
41 SIA RW PIPELINE	30950 / 063504	\$ 3,630,770.00	\$ 3,630,770.00	\$ 3,630,770.00	\$ -	\$ -	\$ 3,630,770.00
42 WW FORCE MAIN CONVERSION TO RW	30950 / 063506	\$ 953,005.00	\$ 953,005.00	\$ 953,005.00	\$ -	\$ -	\$ 953,005.00
43 RELIABILITY CENTERED MAINTENANCE	30950 / 063507	\$ 453,548.00	\$ 453,548.00	\$ 453,548.00	\$ -	\$ -	\$ 453,548.00
44 EXPANSION OF PGWWTP	30950 / 073505	\$ 41,228,508.00	\$ 41,228,508.00	\$ 41,049,474.00	\$ 179,034.00	\$ (179,034.00)	\$ 41,049,474.00
45 EXPANSION OF DCWWTP	30950 / 073506	\$ 874,326.00	\$ 874,326.00	\$ 874,326.00	\$ -	\$ -	\$ 874,326.00
46 RADIO TELEMETRY	30950 / 073507	\$ 150,000.00	\$ 150,000.00	\$ 100,764.00	\$ 49,236.00	\$ -	\$ 150,000.00
47 PROCESS CONTROL STANDARDS	30950 / 073508	\$ 160,000.00	\$ 160,000.00	\$ 160,000.00	\$ -	\$ -	\$ 160,000.00
48 GREASE RECEIVING STATION	30950 / 073509	\$ 339,002.00	\$ 339,002.00	\$ 221,163.00	\$ 117,839.00	\$ -	\$ 339,002.00
49 SERVICE AREA GEO ANALYSIS	30950 / 123507	\$ 2,468.00	\$ 2,468.00	\$ 2,468.00	\$ -	\$ -	\$ 2,468.00
50 DRY CREEK BANK STABILIZATION	30950 / 133504	\$ 609,000.00	\$ 609,000.00	\$ 512,551.00	\$ 96,449.00	\$ -	\$ 609,000.00
51 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	30950 / 143505	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ (100,000.00)	\$ -
52 PGWWTP EXPANSION	30950 / 153507	\$ 1.00	\$ 1.00	\$ 1.00	\$ -	\$ -	\$ 1.00
TOTAL (includes completed projects)		\$ 267,286,730.00	\$ 267,286,730.00	\$ 261,176,684.00	\$ 6,110,045.00	\$ -	\$ 267,286,730.00

1) Includes \$3 million budget increase to be billed and paid from operations/rehab

Completed Projects: closed to further spending

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2016-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
CAPITAL IMPROVEMENT PROJECTS AND BUDGET FOR FY 2015-16**

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 2015-16 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 2015-16 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 28th day of January, 2016, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors

DATE: January 8, 2016

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 16-05

SUBJECT: Audited Financial Statement and Memorandum of Internal Control as of June 30, 2015

For SPWA Board Meeting 1/28/16

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, 2014 to June 30, 2015.

Submitted by:



Sandra Ikeda
Accounting Manager

Approved:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY
CITY OF ROSEVILLE, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

SOUTH PLACER WASTEWATER AUTHORITY

Table of Contents

	PAGE
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Basic Financial Statements	6
SUPPLEMENTARY INFORMATION	
Analysis of Rate Stabilization Restricted Net Position	19



INDEPENDENT AUDITORS' REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the South Placer Wastewater Authority (Authority), as of and for the year ended June 30, 2015, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Analysis of Rate Stabilization Restricted Net Position on page 19 is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Analysis of Rate Stabilization Restricted Net Position 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 Analysis of Rate Stabilization Restricted Net Position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Sacramento, California
January 20, 2016

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS

Investments in City of Roseville Treasury (Note 2)	\$ 13,316,945
Investments (Note 2)	89,963,630
Restricted investments with fiscal agent (Note 2)	8,114,911
Accrued interest receivable	224,488
Due from other governments	1,444,953
Permit fees receivable	<u>1,608,964</u>
Total Assets	<u>114,673,891</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives (Note 4E)	<u>10,050,507</u>
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LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	710,051
Long-term debt (Note 4)	
Due in one year	3,710,000
Long-term liabilities:	
Derivative at fair value (Note 4E)	10,050,507
Long-term debt (Note 4)	
Due in more than one year	<u>142,968,147</u>
Total Liabilities	<u>157,438,705</u>

NET POSITION (Note 5)

Restricted for:

Rate stabilization	105,807,235
Debt service	7,833,251
Unrestricted (deficit)	<u>(146,354,793)</u>
Total Net Position (Deficit)	<u>\$ (32,714,307)</u>

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

OPERATING REVENUES

Connection fees contributed by members \$ 15,156,521

OPERATING EXPENSES

Costs of capital assets contributed to the City (Note 3):

Construction costs 430,094

Personnel services and administration 154,750

Total operating expenses 584,844

Operating income 14,571,677

NON-OPERATING REVENUES (EXPENSES):

Payments from County under repayment agreement 500,000

Interest earned on connection fees 792,462

Interest earned on investments with fiscal agent 243,297

Net increase in the fair value of investments (38,241)

Other reimbursements 126,516

Debt service interest, variable bond interest and fiscal agent fees (5,841,095)

Total nonoperating revenues (expenses) (4,217,061)

Change in Net Position 10,354,616

Net Position (Deficit) - Beginning (43,068,923)

Net Position (Deficit) - Ending \$ (32,714,307)

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF CASH FLOWS
JUNE 30, 2015**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from members	\$ 14,577,753
Payments to contractors	(324,573)
Payments to the City of Roseville for personnel services and administration	<u>(154,750)</u>
Net cash provided by operating activities	<u>14,098,430</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts from Placer County under repayment agreement	500,000
Principal payments on capital debt	(33,460,000)
Debt proceeds	29,120,000
Interest paid on long-term debt	(6,168,653)
Other payments	<u>126,516</u>
Net cash used for capital and related financing activities	<u>(9,882,137)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>1,000,005</u>
Net increase in cash and cash equivalents	5,216,298
Cash and investments at beginning of year	<u>106,179,188</u>
Cash and investments at end of year	<u>\$ 111,395,486</u>

Reconciliation of program expense to net cash provided (used) by operating activities:

Operating income	\$ 14,571,677
Change in assets and liabilities:	
Accounts receivable	3,702
Due from other governments	(216,942)
Permit fees receivable	(361,826)
Accounts payable and other liabilities	<u>101,819</u>
Net cash used for operating activities	<u>\$ 14,098,430</u>

NONCASH CAPITAL FINANCING ACTIVITIES

Contribution of construction in progress to the City of Roseville	<u>\$ 584,844</u>
Amortization of deferred bond premium	<u>\$ 327,558</u>

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 (the City), South Placer Municipal Utilities District (SPMUD) and the County of Placer (the County). 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 SPMUD, and two directors are appointed by the County. Each representative of the governing board has one vote.

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

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

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

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

The Reallocation and Repayment Agreement 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 \$500,000 during fiscal year 2015.

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.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the City personnel. Costs incurred by the City 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.

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.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position 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 Revenues, Expenses and Changes in Net Position presents operating revenues and expenses and non-operating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenue for the Authority is connection fees contributed by members. Operating expenses include the costs of personnel services and administration and construction costs of assets contributed to the City. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one fund which is the main 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 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) 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.

E. *Cash and Cash Equivalents*

All cash and investments are held either in the City's investment pool or by a fiscal agent. For purposes of the statement of cash flows, the Authority considers the cash and investment balance to be cash and cash equivalents.

F. *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.

G. *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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 the City's Treasury	\$ 13,316,945
Investments	89,963,630
Restricted investments with fiscal agent	<u>8,114,911</u>
Total Investments	<u><u>\$ 111,395,486</u></u>

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.

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

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	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	No Limit	\$50
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
Supranationals	5 years	AA-	30%	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 with assets under management in excess of \$500,000,000.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quantity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	N/A	None	None	None
U.S. Agency Securities of Certain Agencies (A) (B)	N/A	None	None	None
Money Market Funds	N/A	AAAm-G or AAAm	None	None
Certificates of Deposit	360 days	A-1+	None	None
Savings Accounts- Deposit Accounts (fully insured)	N/A	None	None	None
Investment Agreements- including Forward Delivery Agreements	N/A	AA	None	None
State or Municipality Bonds/Notes	N/A	One of two highest rating 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 THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 13,316,945	\$ -	\$ -	\$ 13,316,945
U.S. Government Securities	-	14,432,216	11,110,756	25,542,972
Federal Agency Securities	-	8,275,587	6,212,530	14,488,117
Corporate Notes	-	10,474,278	11,493,890	21,968,168
Forward Delivery Agreement	4,605,249	-	-	4,605,249
Municipal Bonds	877,065	-	99,753	976,818
Money Market Mutual	249,691	-	-	249,691
Negotiable CD's	5,676,401	8,339,965	1,823,982	15,840,348
California Asset Management Program	3,471,283	-	-	3,471,283
Local Agency Investment Fund	10,108,653	-	-	10,108,653
Supranationals	-	-	444,407	444,407
Federal Agencies Collateralized Mortgage Obligations	-	-	382,835	382,835
Total Investments	\$ 38,305,287	\$ 41,522,046	\$ 31,568,153	\$ 111,395,486

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, 2015, these investments had an average maturity of 239 days.

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, 2015, the fair value approximated is the Authority’s cost, and these investments had an average maturity of 41 days.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. Interest Rate Risk (Continued)

Money market mutual funds were available for withdrawal on demand and at June 30, 2015 and had an average maturity of 22 days for the Dreyfus U.S. Treasury Money Market Fund and 33 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, 2015, for each investment type as provided by Standard and Poor's investment rating system:

	AAA/AAAm	AA+/AA/AA-	A+/A/A-	Total
Investments:				
Federal Agency Securities	\$ -	\$ 14,488,117	\$ -	\$ 14,488,117
Medium-Term Corporate Notes	1,458,814	11,609,781	8,899,572	21,968,167
Municipal Bonds	-	976,818	-	976,818
Forward Delivery Agreements	-	4,605,249	-	4,605,249
Negotiable Certificates of Deposit	-	1,794,825	-	1,794,825
California Asset Management Program	3,471,283	-	-	3,471,283
Supranationals	444,407	-	-	444,407
Totals	<u>\$ 5,374,504</u>	<u>\$ 33,474,790</u>	<u>\$ 8,899,572</u>	47,748,866
Exempt from Credit Rating Disclosure:				
U.S. Treasury Notes				25,542,972
Not Rated:				
Negotiable Certificates of Deposit				14,045,524
Local Agency Investment Fund				10,108,653
US Bank Money Market				249,691
Federal Agencies Collateralized Mortgage Obligations				382,835
City of Roseville Investment Pool				13,316,945
Total Investments				<u>\$ 111,395,486</u>

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, 2015

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 5,632,074
Federal National Mortgage Association	Federal Agency Securities	5,655,703

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 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 2014-2015 totaling \$584,844 were transferred as construction in progress to the City of Roseville as of June 30, 2015.

NOTE 4 – LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
Revenue Bonds:						
2011 Refunding Wastewater Revenue Bonds, Series C 1.00-5.25%, due 11/1/25	\$ 67,040,000	\$ 58,085,000	\$ -	\$ 3,460,000	\$ 54,625,000	\$ 3,710,000
Add: deferred bond premium	5,240,941	3,930,705	-	327,558	3,603,147	-
2011 Refunding Wastewater Revenue Bonds, Series D variable rate (SIFMA rate plus 0.83%), due 11/1/14	30,000,000	30,000,000	-	30,000,000	-	-
2013 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series 2013 variable rate, due 11/1/35	59,330,000	59,330,000	-	-	59,330,000	-
2014 Wastewater Revenue Refunding Bonds, Series 2014 variable rate (SIFMA rate plus 0.33%), due 11/1/17	29,120,000	-	29,120,000	-	29,120,000	-
TOTAL		<u>\$ 151,345,705</u>	<u>\$ 29,120,000</u>	<u>\$ 33,787,558</u>	<u>\$ 146,678,147</u>	<u>\$ 3,710,000</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 2011A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds. The 2011D Bonds were refunded in August 2014 by the 2014 Wastewater Revenue Refunding Bonds discussed in Note 4D.

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.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4 – LONG-TERM DEBT (Continued)

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, 2015 was 0.580%. 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 2008B 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 2011C and 2013 Bonds at June 30, 2015 was 4.13%.

D. 2014 South Placer Wastewater Authority Refunding Revenue Bonds

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 2014 Bonds were issued as SIFMA Index Bonds and the interest rate is the rate of the SIFMA index, adjusted weekly, plus a spread of .33%. The SIFMA Municipal Swap Index, represents 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.

The 2014 Bonds are secured by a pledge of Authority Revenues, which include all amounts received by, or entitled to be received by, the Authority from the Participants (consisting of the City, SPMUD and Placer County) under provisions of the Funding Agreement. The Authority Revenues generally exclude Regional Connection Fees and amounts held in the Rate Stabilization Fund, unless certain conditions are met.

Interest is due monthly commencing in September 2014. Principal payments are due annually beginning in November 2025 and continuing through 2029.

As of June 30, 2015, the total principal and interest remaining to be paid on the 2011C Bonds, 2013 Bonds and the 2014 Bonds was \$183,164,723. 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 2015, \$9,253,778 in debt service was paid from the Rate Stabilization Account.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – LONG-TERM DEBT (Continued)

E. Interest Rate Swap Agreement

The Authority entered into an interest rate 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 2008B 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, 2015, 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
\$74,025,000	9/17/2003, amended 4/10/2008	Morgan Stanley Capital Services Inc.	A-	3.67%	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, 2015, the fair value of the swap was not in favor of the Authority as follows:

Related Bond Issue	Fair Value
2011 Refunding Wastewater Revenue Bonds, series C and 2013 Refunding Wastewater Revenue Bonds (based on notional amount of 2008 Refunding Wastewater Revenue Bonds, Series B)	<u>\$ (10,050,507)</u>

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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – LONG-TERM DEBT (Continued)

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 2011C 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 2011C Bonds mature on November 1, 2025, and the 2013 Bonds mature on November 1, 2035.

Swap payments and associated debt. Using rates as of June 30, 2015, 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	Principal	Interest	Interest Rate Swap, Net	Total
2016	\$ 3,710,000	\$ 3,146,044	\$ 2,284,659	\$ 9,140,703
2017	3,985,000	2,962,219	2,135,012	9,082,231
2018	4,275,000	2,755,719	1,979,465	9,010,184
2019	4,590,000	2,534,094	1,818,019	8,942,113
2020	4,925,000	2,296,219	1,650,940	8,872,159
2021 - 2025	30,480,000	7,195,720	5,525,393	43,201,113
2026 - 2030	38,095,000	2,015,504	885,007	40,995,511
2031 - 2035	43,310,000	886,946	-	44,196,946
2036	9,705,000	18,763	-	9,723,763
Totals	<u>\$ 143,075,000</u>	<u>\$ 23,811,228</u>	<u>\$ 16,278,495</u>	<u>\$ 183,164,723</u>

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

E. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2015, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2016	\$ 3,710,000	\$ 3,916,910
2017	3,985,000	3,779,537
2018	4,275,000	3,573,129
2019	4,590,000	3,351,776
2020	4,925,000	3,116,814
2021-2025	30,480,000	11,286,177
2026-2030	38,095,000	6,249,571
2031-2035	43,310,000	3,245,087
2036	9,705,000	84,225
Total	143,075,000	<u>\$ 38,603,226</u>

Reconciliation of long-term debt

Add deferred bond premium costs	<u>3,603,147</u>
Net long-term debt	<u>\$ 146,678,147</u>

F. 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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015, 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.

NOTE 6 – RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials’ liability. During the fiscal year ended June 30, 2015, the Authority paid \$18,122 for current year coverage.

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

Type of Coverage	Coverage Limit	Deductible
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 that exceeded coverage in the past 3 years.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

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

SUPPLEMENTARY INFORMATION

SOUTH PLACER WASTEWATER AUTHORITY

ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	City of Roseville	South Placer Municipal Utility District	Placer County	Totals
Balance at June 30, 2014	\$ 64,793,687	\$ 40,350,405	\$ (6,090,213)	\$ 99,053,879
Additions July 1, 2014 to June 30, 2015				
Payments under repayment agreement	-	-	500,000	500,000
Reimbursement costs - others	88,170	32,074	22,751	142,995
Regional connection fees	6,979,521	3,047,933	5,129,067	15,156,521
Interest allocation	505,965	317,483	(30,986)	792,462
Capital construction costs	(265,194)	(96,471)	(68,429)	(430,094)
Debt service	(5,705,879)	(2,075,623)	(1,472,276)	(9,253,778)
Administrative costs	(95,420)	(34,710)	(24,620)	(154,750)
Total	1,507,163	1,190,686	4,055,507	6,753,356
Balance at June 30, 2015	\$ 66,300,850	\$ 41,541,091	\$ (2,034,706)	\$ 105,807,235

	Net Position of	
	Bond Proceeds	Member Contributions
Investments in City of Roseville Treasury	\$ -	\$ 13,316,945
Investments	-	89,963,630
Restricted investments with fiscal agent	8,114,911	-
Unallocated loss on investments	80,146	(80,146)
Accrued interest receivable	-	224,488
Due from other governments	-	1,444,953
Permit fees receivable	-	1,608,964
Accumulated decrease in fair value of hedging derivatives	10,050,507	-
Accounts payable and other liabilities	(38,452)	(671,599)
Derivative at fair value	(10,050,507)	-
Long-term debt:		
Due in one year	(3,710,000)	-
Due in more than one year	(142,968,147)	-
Net Position (Deficit)	\$ (138,521,542)	\$ 105,807,235



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

We have audited the financial statements of the South Placer Wastewater Authority (Authority) for the year ended June 30, 2015, and have issued our report thereon dated January 20, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimates of the fair value of investments and the fair value of derivatives. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 20, 2016.

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 Authority'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 Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

Restriction on Use

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

Varnick, Trine, Day & Co LLP
Sacramento, California
January 20, 2016

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 8, 2016

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 16-07

SUBJECT: Rate Stabilization Fund Balances of November 30, 2015

For SPWA Board Meeting 1/28/16

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: \$105,807,235 as of June 30, 2015 and \$104,693,755 as of November 30, 2015. (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>7/01/14 – 6/30/15</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u>	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,793,688	\$7,573,656	\$(6,066,494)	\$66,300,850
SPMUD	40,350,405	3,397,490	(2,206,804)	41,541,091
Placer County	(6,090,213)	5,620,832	(1,565,325)	(2,034,706)
Total as of 6/30/15	\$99,053,880	\$16,591,978	\$(9,838,623)	\$105,807,235

<u>7/01/15 – 11/30/15</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u>	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$66,300,850	\$2,623,655	\$(3,659,734)	\$65,264,771
SPMUD	41,541,091	1,472,696	(1,331,299)	41,682,488
Placer County	(2,034,706)	725,515	(944,313)	(2,253,504)
Total as of 11/30/15	\$105,807,235	\$4,821,866	\$(5,935,346)	\$104,693,755

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

** Includes County repayment of \$500,000: 4 quarterly payments totaling of \$125,000 each.

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

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

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

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

Participant	<u>7/14-6/15</u>	<u>7/15-11/15</u>	
City of Roseville	\$6,979,521	\$2,386,849	****
SPMUD	3,047,933	1,322,784	****
Placer County	<u>5,129,067</u>	<u>482,745</u>	****
TOTAL	\$15,156,521	\$4,192,378	

****For Roseville and the County, connection fees received through October 2015; for SPMUD, through September 2015.

Submitted by:



Sandra Ikeda
Accounting Manager



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 11, 2016

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 16-08

SUBJECT: Rate Stabilization Fund Summary/Available Resources as of June 30, 2015 and Rate Stabilization Fund Summary/Available Resources Estimated for June 30, 2016

For SPWA Board Meeting of 1/28/16

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 2014-15, and 2) the estimated activity and available resources for the fiscal year 2015-16.

On June 25, 2015 the Board approved the annual operations budget for fiscal year 2015-16. 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 estimated to come in higher than budget by \$297,659 from \$662,341 to \$960,000, due to a change in investment strategy. Connection fees are expected to come in as budgeted. In addition, the County will be using their credit from the true-up of the SMD meter data correction of \$448,450 to apply to their reimbursement balances.

Expenditures

Overall, operating expenditures are projected to be at budget. Debt Service is expected to be lower than budget by \$421,865, as 1) the refinancing of 2014 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

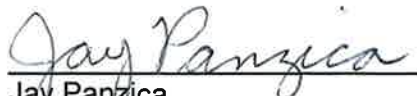
No action is required of the board.

Submitted by:




Sandra Ikeda
Accounting Manager

Approved:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority: FY 2014-15

Rate Stabilization Fund

	Budget 2014-15	Actual 2014-15	Percent of Budget
AVAILABLE RESOURCES CARRY-OVER	\$ 99,053,880	\$ 99,053,880	
ESTIMATED REVENUES			
Interest	450,000	792,462	176.10%
Connection Fees	16,336,955	15,156,521	92.77%
Proceeds from Borrowing	-	-	0.00%
Miscellaneous Revenue	-	142,994	0.00%
Repayment from County	500,000	500,000	
Total Estimated Revenues	17,286,955	16,591,977	95.98%
Total Estimated Available for Appropriation	116,340,835	115,645,857	99.40%
LESS OPERATING EXPENSES			
JPA Staff	133,460	118,665	88.91%
Legal Services	50,000	4,351	8.70%
Financial Advisory Services	25,000	-	0.00%
Audit Services	25,000	13,045	52.18%
Trustee/Investment Fees	-	-	0.00%
Insurance	18,650	18,122	97.17%
Copying/Mailing/Supplies	2,250	561	24.93%
Travel/Meetings	500	-	0.00%
Miscellaneous	10	6	-
Total Operating Expenses	254,870	154,750	60.72%
LESS ESTIMATED CAPITAL EXPENDITURES	6,719,484	430,094	6.40%
LESS DEBT SERVICE PAYMENTS	10,085,000	9,253,778	91.76%
Total Estimated Expenditures	17,059,354	9,838,622	57.67%
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		6,289,390	
ESTIMATED AVAILABLE RESOURCES	\$ 99,281,481	<u>99,517,845</u>	100.24%
TOTAL RESOURCES CARRIED OVER		<u>\$ 105,807,235</u>	

South Placer Wastewater Authority: FY 2015-16 Estimates

Rate Stabilization Fund

	Budget 2015-16	Estimated 2015-16	Variance Favorable (Unfavorable)
AVAILABLE RESOURCES CARRY-OVER	\$ 105,807,235	\$ 105,807,235	
ESTIMATED REVENUES			
Interest	662,341	960,000	297,659
Connection Fees	10,942,037	10,942,037	-
Proceeds from Borrowing	-	-	-
Miscellaneous Revenue	-	-	-
Repayment from County	500,000	948,450	448,450
Total Estimated Revenues	12,104,378	12,850,487	746,109
Total Estimated Available for Appropriation	117,911,613	118,657,722	
LESS OPERATING EXPENSES			
JPA Staff	138,725	138,725	-
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	260,135	260,135	-
LESS ESTIMATED CAPITAL EXPENDITURES	6,110,046 *	6,110,046	-
LESS DEBT SERVICE PAYMENTS	9,734,772	9,312,907	421,865
Total Estimated Expenditures	16,104,953	15,683,088	421,865
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET			
ESTIMATED AVAILABLE RESOURCES	\$ 101,806,660	\$ 102,974,634	1,167,974

* includes carryover and mid-year budget adjustment