

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.

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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 10, 2017

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 17-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 26, 2017

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 28, 2016. 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, Chair
Pauline Roccucci – Roseville, Vice Chair
Robert Weygandt – Placer County

MINUTES OF BOARD OF DIRECTORS' MEETING June 30, 2016

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 with the exception of Director Duran. Placer County alternate Jim Holmes attended for the County.

Introductions

The following were in attendance: Joe Mandell, Carol Margetich, Janet Vargas, George Hanson, Sandra Ikeda, Vanessa Lieberman, Jacquie Clarizio and Jacqueline Flickinger from the City of Roseville; Herb Niederberger from SPMUD; Bill Zimmerman and Kevin Bell from Placer County, Terry Maas of First Southwest, Dave Fama of Jones Hall, Adam Ross and Mike Harrison from Brown & Caldwell and Kevin Kennedy and Tracie Mueller of Kennedy Jenks.

Approval of Minutes, January 28, 2016

A vote was taken as follows:

MOTION by Director Gore seconded by Director Roccucci to approve the January 28, 2016 minutes.

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

Old Business Items

None.

New Business Items

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

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

Agenda Item #2 was moved to later in the agenda to accommodate Director Gore's schedule.

3. Information: Investment Review

Jacquie Clarizio reported on the performance of the Authority's investments through May 31, 2016.

4. Resolution: Approval of FY2017 Investment Policy and Swap Guidelines

Jacquie Clarizio presented proposed revisions to the Investment Policy for the Board's review and approval. There were no revisions to the Swap Guidelines.

Motion by Director Roccucci seconded by Director Weygandt to approve Resolution No. 2016-03 adopting the revised Investment Policy. The vote was unanimous.

5. Information: Agreed Upon Procedures and Connection Fee Programs

Janet Vargas reported on the Agreed Upon Procedures and Connection Fee Programs.

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

Sandra Ikeda provided an update on the Rate Stabilization Fund Balances as of April 30, 2016.

2. Resolution: Approval of Renewal of Direct Placement with US Bank

Terry Maas of Southwest Securities provided a review of the outstanding debt including the Direct Placement Agreement with US Bank expiring on October 3, 2016. Terry Maas presented staff's recommendation to the Board for review and approval.

Motion by Director Weygandt seconded by Director Roccucci to approve Resolution No. 2016-02 approving the renewal of the Direct Placement Agreement with a 3.5 year term and 1 year lock-out. The vote was unanimous.

7. Information: Capital Improvement Projects Overview

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

8. Information: Update on Pleasant Grove WWTP Expansion Improvements

Ken Glotzbach and Kevin Kennedy of Kennedy Jenks provided an update on the Pleasant Grove Wastewater Treatment Plant Expansion Project.

9. Direction: Pleasant Grove WWTP Expansion Energy Related Design Improvements

Ken Glotzbach and Adam Ross of Brown and Caldwell presented the status of the Cogeneration and FOG Receiving Project and recommended next steps.

Staff requested direction from the Board to proceed with project design, work with City of Roseville's Solid Waste Utility for CNG pricing and fueling station requirements, pursue grant opportunities, and continue to pursue high strength waste feedstocks.

Motion by Director Weygandt seconded by Director Gore to proceed with detail design work for the Pleasant Grove Wastewater Treatment Plant energy, FOG and food waste related improvements. The vote was unanimous.

10. Resolution: Approval of Capital Improvement Projects Budget FY2016-17

Ken Glotzbach presented adjustments to the Capital Improvement Projects Budget and requested Board approval.

Motion by Director Weygandt seconded by Director Holmes to approve Resolution No. 2016-04 approving adjustments to the Capital Improvement Projects and Budget for FY 2016-17. The vote was unanimous.

11. Resolution: Approval of Annual Operating Budget for FY2016-17

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

Motion by Director Roccucci seconded by Director Holmes to approve Resolution No. 2016-05 approving the Operating Budget for FY 2016-17. The vote was unanimous.

Public Comment

None.

Reports/Comments – Board Members/Staff

Ken Glotzbach requested feedback on the monthly financial and project status report provided to the Board. Based on feedback, staff will continue sending reports and will check-in again with the Board in January.

Ken Glotzbach congratulated Sandra Ikeda on her retirement and thanked her for her many years of dedicated service to the Authority.

Adjournment

The meeting was adjourned at 11:00 a.m.

Robert Weygandt
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors **DATE:** January 5, 2017

FROM: Jay Panzica, Treasurer
Monty Hanks, Finance Director

AUTHORITY COMMUNICATION NO: 17-02

SUBJECT: Debt Review – FY2016-17

For SPWA Board Meeting 1/26/17

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The following report details a review of the Authority's outstanding debt, market commentary, and debt service budget, actual, and remaining forecast for FY2016-17.

SUMMARY OF OUTSTANDING DEBT

The South Placer Wastewater Authority currently has \$135.4 million of debt outstanding shown in the table below. Of the outstanding debt, 35% is fixed-rate and 65% is unhedged variable rate. The Authority has entered into an interest-rate swap with Morgan Stanley which is also referred to as a "synthetic" fixed-rate debt. The swap acts as a fixed-rate hedge for the majority of the Series 2013 and 2014 bonds. With the interest-rate swap factored in as a hedge, the outstanding debt can be reclassified as 35% fixed-rate, 48% synthetically hedged (with the swap), and the remaining 17% as unhedged variable rate. The debt is currently rated A+ by Standard & Poor's and Fitch Ratings.

Summary of Outstanding Direct								
Series	Type	Issue Size	Outstanding Par	Coupon Range	Call Date	Final Maturity	Expiration Date	% of Total Debt
2011C	Fixed	\$67,040,000	\$46,930,000	5.00%-5.25%	11/1/2020	11/1/2025	None	34.67%
2013 amended in 2016	Variable	\$59,330,000	\$59,330,000	70.5% of 1m LIBOR + 0.55%	10/1/2017	11/1/2035	4/1/2020	43.82%
2014	Variable	\$29,120,000	\$29,120,000	SIFMA + 0.33%	5/1/2017	11/1/2029	11/1/2017	21.51%
Total			\$135,380,000					

Summary of Outstanding Swap						
Counterparty	Current Notional	SPWA Pays	SPWA Receives	Final Maturity	MTM Value (as of 12/30/2016)	Counterparty Ratings
Morgan Stanley	\$64,775,000	3.665%	62% of 1m LIBOR + 0.26%	11/1/2027	(\$8,174,686)	BBB+ / A3 / A (S&P / Moodys / Fitch)

MARKET COMMENTARY

After deferring a rate hike for most of 2016 due to mixed economic data and political uncertainty associated with Brexit and the U.S. presidential election, the Fed raised the target range for the federal funds rate by 0.25% on December 14, 2016 following improved economic data and a stronger growth outlook. The U.S. Central Bank established a new target range of 0.50% to 0.75% — up from the 0.25% to 0.50% range set in December 2015. Federal Open Market Committee (FOMC) members noted further progress made toward their dual mandates of price stability and full employment as a catalyst for the increase. The Fed is now comfortable that inflation is trending toward its goal of 2% while the labor market is now closer to full employment.

According to the statement released by the FOMC, job gains have been solid in recent months, and the unemployment rate has declined. In addition, household spending has risen moderately. While inflation remains below the Fed's target of 2%, the members expressed confidence that it will move toward its target in the medium term. The FOMC expects monetary policy to remain accommodative with the fed funds rate increasing gradually and remaining below its long-term level over the next several years.

The rate increase was clearly telegraphed by FOMC members in recent weeks and was reflected in the notable rise in interest rates this quarter. The yield on two-year Treasury notes had risen 40 basis points (0.40%) since September 30, 2016 to 1.16% as of the morning of December 14, 2016 and the yield on the 10-year Treasury had risen 84 basis points (0.84%) to 2.43%. These rate indicators anticipated not just today's central bank move, but also the chance of additional hikes in 2017.

BUDGET, ACTUAL, and FORECASTED ESTIMATES

As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on over 73% 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. As a result, the net interest rate paid through December is approximately 3.06%. The current projection for all debt service in FY 2016/17 is around \$9.68 million, an estimated \$70k higher than the budgeted amount of \$9.61 million.

Series	Annual Budget	Debt Service Paid 7/1/2016 - 12/31/2016	Estimated Remaining Debt Service ^[1]	Estimated Year-End Total
2011C	\$6,491,325	\$4,853,280	\$1,604,836	\$6,458,117
2013 amended in 2016	\$459,000	\$289,932	\$321,890	\$611,822
2014	\$234,000	\$139,147	\$269,050	\$408,197
Swap	\$2,433,122	\$1,247,819	\$961,059	\$2,208,878
Total	\$9,617,447	\$6,530,179	\$3,156,835	\$9,687,014

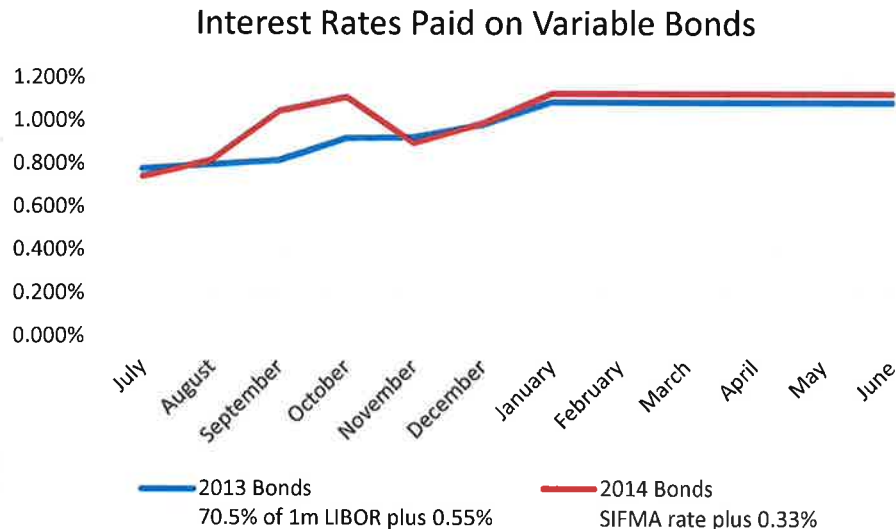
^[1] Interest Rate Assumptions:

2013 assumes 0.54% reset rate for 70.5% of 1m LIBOR plus 0.55% (US Bank spread)

2014 assumes 0.80% reset rate for SIFMA plus 0.33% (Morgan Stanley spread)

Swap assumes 0.47% reset rate for 62% of 1m LIBOR plus 0.26%

As stated in the market commentary section, rates have been on an uphill climb as we neared the election and certainly post-election. Since July, rates have increased nearly 25% from 0.80% to about 1.00% on the 2013 and 2014 bonds. Staff has forecasted interest rates to reset at approximately 1.10% – 1.15% for the remainder of the year.



As stated earlier, the estimated year-end total is approximately \$70,000 higher than the original budget. Normally, staff takes a conservative approach to budgeting the variable rate debt service leaving the Authority with some capacity to absorb increases in excess of the forecasted rates. However, this fiscal year had two expenses that were not part of the original estimates. The first is the Cost of Issuance fee of \$20,500 for the renewal of the 2013 Direct Placement with US Bank from October 2016. The fees were broken down as follows:

- \$500 – Bank of New York Trustee attorney fees
- \$5,000 – US Bank attorney fees
- \$15,000 – Jones Hall bond counsel fee

The second expense pertains to the Authority's arbitrage liability. Per IRS law, if the amount of investment earnings on the proceeds (in this case only the Reserve Fund) from the Authority's tax-exempt bond financing program exceeds the interest cost of the bonds, such excess amount at the end of the first five-year rebate calculation period, is subject to rebate to the federal government within sixty days after that date. When the report was calculated for the outstanding bonds, the following liability (or excess reserve earnings) needed to be remitted to the IRS:

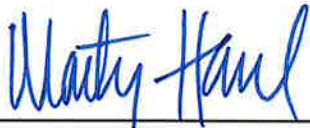
2011C bonds: no liability
 2013 bonds: \$206,440 (paid to IRS November 2016)
2014 bonds: \$99,776 (not payable until 11/1/2017 but expensed now)
 Total Liability: \$306,216

This liability is essentially offset by excess Reserve Fund earnings received during the rebate calculation period from 2011 through 2016. The Authority's Reserve Fund was invested in a Forward Delivery Agreement earning in excess of 5% - much more than what

was being paid on the bonds. Unfortunately, a portion of these captured earnings must be "rebated" to the IRS in order to preserve the tax-exempt status on the bonds.

Staff will be requesting a budget adjustment for half of the unexpected expenses-approximately \$170,000 (half of \$20,500 + \$306,216) for these items. This will leave the Authority with approximately \$100,000 in excess debt service budget should interest rates continue to move higher than the forecast (an additional 0.25% buffer). Any debt service savings from the increased budget will flow back to the Authority's fund balance.

Submitted by:



Monty Hanks
Finance Director



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 11, 2017

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 17-03

SUBJECT: Investment Review

For SPWA Board Meeting 1/26/17

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following report provides a market overview and details the performance, sector distribution, and duration of the Authority's investments through November 30, 2016.

INVESTMENTS

The primary goal of the investment portfolio is preservation of principal, adequate liquidity to meet current obligations, and a strategy for optimizing income without violating the risk constraints of the investment policy. As of November 30, 2016, the portfolio's market value was \$106.5 million and mainly consisted of Corporates, Federal Agencies (bullets, callables, and step-ups), and money market cash to meet current obligations. The current yield for the portfolio is 1.374%, which compared to last year at this time the yield was 1.03% increasing the SPWA investment interest income.

RESERVE FUND

The remaining funds, \$8.2m, are the Authority's bond reserve funds held by the fiscal agent. These funds are restricted per the Bond Indenture and can only be used if the Authority is unable to make debt service payments. Funds in excess of the Reserve Requirement are returned to the Authority.

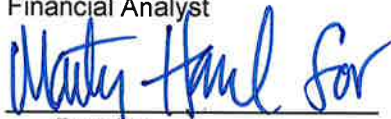
REPORT

The Schedule of Investments and the Reserve Fund statement for November 2016 are attached to this report.

Submitted by:



Jacquie Clarizio
Financial Analyst



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY
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City of Roseville CA

**So Placer Wastewater Authority
 Portfolio Management
 Portfolio Summary
 November 30, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
City of Roseville Cash Pool*	17,065,552.12	17,065,552.12	17,065,552.12	15.86	1	1	1.244
Money Market Funds	165,642.27	165,642.27	165,642.27	0.15	1	1	0.001
Local Agency Investment Funds	3,746,878.07	3,746,878.07	3,746,878.07	3.48	1	1	0.678
Corporate Notes	30,940,000.00	30,867,617.55	31,078,088.68	28.88	1,310	853	1.624
Federal Agency Coupon Securities	55,000,000.00	54,113,055.00	54,997,653.33	51.11	1,593	278	1.365
Supra-National Agency Bond	445,000.00	442,993.05	444,626.27	0.41	1,142	561	1.056
Municipal Bonds	100,000.00	100,020.00	100,000.00	0.09	956	304	1.090
Investments	107,463,072.46	106,501,788.06	107,598,439.74	100.00%	1,199	391	1.393

Total Earnings November 30 Month Ending **Fiscal Year To Date**
 Current Year 124,223.96 568,913.15
Average Daily Balance 109,187,726.71 **108,082,936.02**
Effective Rate of Return 1.38% **1.26%**

*Estimated balance as of 11/30/2016
 Market values provided by US BANK, 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] 12-15-16
 Ken Glozbach, Executive Director DATE
[Signature] 12/15/16
 Jay Panzica, Treasurer DATE

Reporting period 11/01/2016-11/30/2016

Run Date: 12/13/2016 - 15:11

Portfolio SPWA
 AP
 PM (PRE PM) 7.3.0
 Report Ver. 7.3.5

**So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
November 30, 2016**

	November 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	91,470.13	355,267.12
Plus Accrued Interest at End of Period	375,050.13	375,050.13
Less Accrued Interest at Beginning of Period	(353,202.86)	(183,049.78)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	113,317.40	547,267.47
Adjusted by Premiums and Discounts	-8,522.76	-41,599.91
Adjusted by Capital Gains or Losses	0.00	-22,744.51
Earnings during Periods	104,794.64	482,923.05
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	4,152,953.34	4,152,953.34
Less Accrued Interest at Beginning of Period	(4,133,524.02)	(4,066,963.24)
Interest Earned during Period	19,429.32	85,990.10
Total Interest Earned during Period	132,746.72	633,257.57
Total Adjustments from Premiums and Discounts	-8,522.76	-41,599.91
Total Capital Gains or Losses	0.00	-22,744.51
Total Earnings during Period	124,223.96	568,913.15

**SOUTH JER WASTEWATER
AUTHORITY**
2006 Hilltop Circle
Roseville, CA 95747
916-774-5770
fx 916-774-5690

City of Roseville CA

**So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
November 30, 2016**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2016	17,065,552.12	17,065,552.12	17,065,552.12	1.244	1.226	1.244		1
			Subtotal and Average	17,065,552.12	17,065,552.12	17,065,552.12		1.227	1.244		1
Money Market Funds											
431114503	10434	US BANK	07/01/2016	165,642.27	165,642.27	165,642.27	0.001	0.000	0.001		1
			Subtotal and Average	165,642.27	165,642.27	165,642.27		0.001	0.001		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2016	3,746,878.07	3,746,878.07	3,746,878.07	0.678	0.668	0.678		1
			Subtotal and Average	3,746,878.07	3,746,878.07	3,746,878.07		0.669	0.678		1
Corporate Notes											
0258M0DP1	10622	AMERICAN EXPRESS MTN	01/11/2016	1,004,402.95	1,000,000.00	1,004,870.00	2.250	2.051	2.080	08/15/2019	987
02665WAF8	10550	AMERICAN HONDA FINANCE GLOBAL	07/15/2014	329,903.84	330,000.00	330,217.80	1.200	1.230	1.248	07/14/2017	225
02665WAT8	10587	AMERICAN HONDA FINANCE GLOBAL	03/13/2015	569,673.26	570,000.00	570,057.00	1.500	1.524	1.545	03/13/2018	467
037833AM2	10539	APPLE INC GLOBAL NOTES	05/08/2014	1,499,886.53	1,500,000.00	1,501,020.00	1.050	1.053	1.068	05/05/2017	155
037833CC2	10637	APPLE INC GLOBAL NOTES	08/17/2016	2,853,188.75	2,850,000.00	2,758,857.00	1.550	1.504	1.525	08/04/2021	1,707
06406HDB2	10603	Bank of New York Trust Company	05/29/2015	1,584,929.41	1,585,000.00	1,587,979.80	1.600	1.581	1.603	05/22/2018	537
14912L6F3	10623	CATERPILLAR FINANCIAL SE	01/11/2016	1,006,019.49	1,000,000.00	1,006,120.00	2.250	2.012	2.040	12/01/2019	1,095
166784AL4	10568	CHEVRON CORP NOTE	11/18/2014	795,000.00	795,000.00	795,731.40	1.345	1.326	1.345	11/15/2017	349
17275RAU6	10606	CISCO SYSTEMS	06/17/2015	1,704,850.78	1,705,000.00	1,711,530.15	1.650	1.633	1.655	06/17/2018	563
1912188F6	10624	COCA-COLA CO	01/11/2016	1,008,073.95	1,000,000.00	1,005,170.00	1.650	1.203	1.220	11/01/2018	700
20826FAL0	10601	CONOCOPHILLIPS COMPANY	05/18/2015	344,979.86	345,000.00	343,519.95	1.500	1.483	1.504	05/15/2018	530
22160KAG0	10617	COSTCO WHOLESAL	10/13/2015	1,004,821.76	1,000,000.00	993,340.00	1.750	1.578	1.600	02/15/2020	1,171
30231GAL6	10586	EXXON MOBIL CORP NOTES	03/06/2015	1,460,000.00	1,460,000.00	1,459,007.20	1.305	1.287	1.305	03/06/2018	460
40428HPV8	10618	HSBC USA Global Notes	10/09/2015	2,015,794.63	2,000,000.00	1,999,100.00	2.750	2.485	2.520	08/07/2020	1,345
459200HZ7	10579	IBM CORP GLOBAL NOTES	02/06/2015	1,747,899.59	1,750,000.00	1,746,010.00	1.125	1.212	1.228	02/06/2018	432
24422ERR2	10625	JOHN DEERE CAP MTN	01/11/2016	1,008,484.89	1,000,000.00	1,010,150.00	2.250	1.854	1.880	04/17/2019	867
46623EKD0	10584	JP MORGAN CHASE CORP NOTES	03/02/2015	1,844,821.63	1,845,000.00	1,644,588.75	1.700	1.565	1.708	03/01/2018	455
713448CR7	10597	PEPSICO INC GLOBAL NOTES	04/30/2015	184,989.54	185,000.00	184,803.90	1.250	1.236	1.254	04/30/2018	515
713448CK2	10630	PEPSICO INC GLOBAL NOTES	05/31/2016	2,037,848.46	2,000,000.00	2,026,120.00	2.250	1.311	1.328	01/07/2019	767

**Fund 001 - SPWA
Investments by Fund
November 30, 2016**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity	
Corporate Notes												
747525AD5	10619	QUALCOMM INC	10/09/2015	1,504,917.27	1,500,000.00	1,502,190.00	2.250	2.120	2.150	05/20/2020	1,266	
89236TBH7	10642	TOYOTA MOTOR CREDIT CORP COMM	05/16/2014	729,940.89	730,000.00	730,306.60	1.125	1.127	1.143	05/16/2017	166	
89236TCA1	10573	TOYOTA MOTOR CREDIT CORP COMM	01/12/2015	164,901.22	165,000.00	164,983.50	1.450	1.484	1.505	01/12/2018	407	
931142DNO	10533	WALMART	04/22/2014	349,993.19	350,000.00	350,248.50	1.000	0.991	1.005	04/21/2017	141	
929903DT6	10605	WELLS FARGO & COMPANY	06/11/2015	1,510,677.85	1,475,000.00	1,508,866.00	5.750	1.177	1.194	06/15/2017	196	
949746SA0	10639	WELLS FARGO & COMPANY	08/05/2016	3,012,288.94	3,000,000.00	2,932,890.00	2.100	1.979	2.006	07/26/2021	1,698	
		Subtotal and Average		31,078,088.68	30,940,000.00	30,867,617.55		1.602	1.624		857	
Federal Agency Coupon Securities												
3133EGCL7	10631	Federal Farm Credit Bank	06/01/2016	5,000,000.00	5,000,000.00	4,966,400.00	1.250	1.233	1.250	03/01/2019	820	
3130A93A7	10640	Federal Home Loan Bank	08/24/2016	2,000,000.00	2,000,000.00	1,982,120.00	1.000	0.988	1.002	08/24/2021	1,727	
3130A92D2	10641	Federal Home Loan Bank	06/25/2016	10,000,000.00	10,000,000.00	9,720,300.00	1.520	1.499	1.520	08/25/2021	1,728	
3134G7S77	10616	Federal Home Loan Mitg Corp	10/29/2015	1,997,653.33	2,000,000.00	1,978,240.00	1.125	1.209	1.226	10/29/2020	1,428	
3134G6VZ9	10626	Federal Home Loan Mitg Corp	04/28/2016	4,000,000.00	4,000,000.00	3,935,640.00	1.250	1.232	1.250	04/28/2021	1,609	
3134G9AD9	10627	Federal Home Loan Mitg Corp	04/28/2016	2,000,000.00	2,000,000.00	1,956,940.00	1.500	1.479	1.500	04/28/2021	1,609	
3134G9KW6	10629	Federal Home Loan Mitg Corp	05/26/2016	5,000,000.00	5,000,000.00	4,939,500.00	1.350	1.331	1.350	11/26/2019	1,090	
3134G9KB2	10632	Federal Home Loan Mitg Corp	06/13/2016	5,000,000.00	5,000,000.00	4,858,050.00	1.250	1.232	1.249	06/09/2021	1,651	
3134G9QV2	10633	Federal Home Loan Mitg Corp	06/15/2016	5,000,000.00	5,000,000.00	4,964,000.00	1.450	1.430	1.450	06/15/2020	1,292	
3134G94K0	10638	Federal Home Loan Mitg Corp	08/10/2016	2,500,000.00	2,500,000.00	2,457,600.00	1.310	1.292	1.310	02/10/2020	1,166	
3134GAEF7	10643	Federal Home Loan Mitg Corp	09/29/2016	3,500,000.00	3,500,000.00	3,385,795.00	1.650	1.627	1.650	09/29/2021	1,763	
3134GAVP6	10645	Federal Home Loan Mitg Corp	11/04/2016	2,000,000.00	2,000,000.00	1,980,860.00	1.100	1.084	1.100	11/04/2021	1,799	
3136G3SD8	10635	Federal National Mitg Assn	06/13/2016	5,000,000.00	5,000,000.00	4,941,050.00	1.350	1.311	1.330	12/13/2019	1,107	
3136G3VK8	10636	Federal National Mitg Assn	07/21/2016	2,000,000.00	2,000,000.00	1,946,560.00	1.500	1.479	1.500	07/21/2021	1,693	
		Subtotal and Average		54,997,653.33	55,000,000.00	54,113,055.00		1.346	1.365		1,438	
Supra-National Agency Bond												
459059EJ8	10596	INTL BANK OF RECON AND DEV	04/30/2015	444,625.27	445,000.00	442,993.05	1.000	1.041	1.055	06/15/2018	561	
		Subtotal and Average		444,625.27	445,000.00	442,993.05		1.041	1.056		561	
Municipal Bonds												
605581FX0	10580	MS ST TXBL GO BONDS	02/18/2015	100,000.00	100,000.00	100,020.00	1.090	1.075	1.090	10/01/2017	304	
		Subtotal and Average		100,000.00	100,000.00	100,020.00		1.075	1.090		304	

Portfolio SPWA

AP
FI (PRF_FI) 7.1.1
Report Ver. 7.3.5

**Fund 001 - SPWA
Investments by Fund
November 30, 2016**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	985
				107,598,439.74	106,501,758.06		1.374	1.393	985
			Total Investments and Average						

SOUTH CER WASTEWATER
 AUTHORITY
 2005 Hilltop Circle
 Roseville, CA 95747
 916-774-5770
 Fax 916-774-3690

City of Roseville CA

**So Placer Wastewater Authority
 Purchases Report
 Sorted by Fund - Fund
 November 1, 2016 - November 30, 2016**

CUSIP	SPWA	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity/Call Date	YTM	Ending Book Value
3134GAVP6		10645	001	FAC	FHLMC	2,000,000.00	11/04/2016	05/04 - 11/04	2,000,000.00		1.100	11/04/2021	1.100	2,000,000.00
					Subtotal	2,000,000.00			2,000,000.00	0.00				2,000,000.00
					Total Purchases	2,000,000.00			2,000,000.00	0.00				2,000,000.00



BNY MELLON

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

Account Statement

Statement Period 11/01/2016 Through 11/30/2016

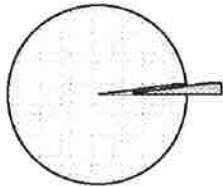
Account 322068
SOUTH PLACER WASTEWATER AUTHORITY
(322068)

CLIENT SERVICE MANAGER: WADE WINKLER
CORPORATE TRUST 100 PINE ST, STE 3150
SAN FRANCISCO, CA 94111
415-263-2439
WADE.WINKLER@BNYMELLON.COM

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Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	FIXED INCOME	8,117,661.04
<1%	CASH AND SHORT TERM	14,471.55
100%	TOTAL OF ALL INVESTMENTS	8,132,132.59

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	8,117,661.04	8,184,306.74	2,978.99	109,286.50	1.35%
CASH AND SHORT TERM	14,471.55	14,471.55	0.00	0.00	0.00%
ACCOUNT TOTALS	8,132,132.59	8,198,778.29	2,978.99	109,286.50	1.34%

Summary of Cash Transactions

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		2,753.82 -	2,753.82
DIVIDENDS	39.05	0.00	0.00	117.03	0.00
INTEREST	0.00	0.00	0.00	22,531.26	0.00
SALES AND REDEMPTIONS	32,779.89	11,745,654.27	3,446.75	78,491.45	25,520,037.05
OTHER CASH ADDITIONS	0.00	31,215.22	0.00	2,753.82	50,366.54
OTHER CASH DISBURSEMENTS	31,215.22 -	0.00	0.00	50,366.54 -	34,619.83 -
PURCHASES	1,603.72 -	11,776,869.49 -	0.00	50,773.20 -	25,538,537.58 -
CLOSING BALANCE	0.00	0.00	3,446.75	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.

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BNY MELLON

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

Statement Period 11/01/2016 Through 11/30/2016

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					
4,582,000.000	FEDERAL NATIONAL MORTGAGE ASSOCIATION CUSIP: 3135G0R62 MATURITY DATE: 11/15/2019 RATE: 1.250% MOODY'S Aaa S&P AA+	99.06900 100.20000	4,539,341.58 4,591,164.00	2,545.56 57,275.00	1.26%
3,587,000.000	FEDERAL HOME LOAN MORTGAGE CORP CUSIP: 3134GAYW8 MATURITY DATE: 11/27/2019 RATE: 1.450% MOODY'S Aaa S&P AA+	99.75800 100.17125	3,578,319.46 3,593,142.74	433.43 52,011.50	1.45%
Total FIXED INCOME			8,117,661.04 8,184,306.74	2,978.99 109,286.50	1.35%
CASH AND SHORT TERM					
14,471.550	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000 1.00000	14,471.55 14,471.55	0.00 0.00	0.00%
Total CASH AND SHORT TERM			14,471.55 14,471.55	0.00 0.00	0.00%
ACCOUNT TOTALS			8,132,132.59 8,198,778.29	2,978.99 109,286.50	1.34%

Total Market Value Plus Total Accrued Income 8,135,111.58

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/16	OPENING BALANCE	0.00	0.00	8,193,727.82	
11/02/16	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/02/16 SET/DATE 11/02/16 CUSIP X9USDEFRU 39.05 SHARES	39.05 -	0.00	39.05	0.00
11/02/16	Dividend INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/02/16 SET/DATE 11/02/16 CUSIP X9USDEFRU 39.05 SHARES	39.05	0.00	0.00	0.00
11/02/16	DAILY ENDING BALANCE	0.00	0.00	8,193,766.87	0.00
11/15/16	Purchase FEDERAL NATIONAL MORTGAGE ASSOCIATION RATE: 1.250% MATURITY: 11/15/19 TRADE DATE 10/26/16 SET/DATE 11/15/16 CUSIP 3135G0R62 4,582,000.00 SHARES	0.00	4,591,164.00 -	4,591,164.00	0.00
11/15/16	Sale INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/15/16 SET/DATE 11/15/16 CUSIP X9USDEFRU 4,561,513.45 SHARES	0.00	4,561,513.45	4,561,513.45 -	0.00
11/15/16	Sale INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/15/16 SET/DATE 11/15/16 CUSIP X9USDEFRU 29,650.55 SHARES	29,650.55	0.00	29,650.55 -	0.00
11/15/16	Cash Credit TRF FR INCOME TO PRINCIPAL	0.00	29,650.55	0.00	0.00
11/15/16	Cash Debit TRF FR INCOME TO PRINCIPAL	29,650.55 -	0.00	0.00	0.00
11/15/16	DAILY ENDING BALANCE	0.00	0.00	8,193,766.87	0.00
11/21/16	Purchase INSTL RES TRE AND AGNY CASH ADV6541	0.00	3,592,562.75 -	3,592,562.75	0.00

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BNY MELLON

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

Statement Period 11/01/2016 Through 11/30/2016

Account 322068

SO PLACER 2011 PARITY RESERVE FD

Statement of Transactions - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/21/16	TRADE DATE 11/21/16 SET/DATE 11/21/16 CUSIP X9USDEFRU 3,592,562.75 SHARES Purchase	1,564.67 -	0.00	1,564.67	0.00
11/21/16	INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/21/16 SET/DATE 11/21/16 CUSIP X9USDEFRUI 1,564.67 SHARES				
11/21/16	Sale FEDERAL HOME LOAN BANKS RATE: 0.625% MATURITY: 10/26/17 TRADE DATE 11/17/16 SET/DATE 11/21/16 CUSIP 3130A6LZ8 3,605,000.00 SHARES	1,564.67	3,592,562.75	3,589,116.00 -	3,446.75
11/21/16	DAILY ENDING BALANCE	0.00	0.00	8,198,778.29	3,446.75
11/28/16	Purchase FEDERAL HOME LOAN MORTGAGE CORP RATE: 1.450% MATURITY: 11/27/19 TRADE DATE 11/17/16 SET/DATE 11/28/16 CUSIP 3134GAYW8 3,587,000.00 SHARES	0.00	3,593,142.74 -	3,593,142.74	0.00
11/28/16	Sale INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/28/16 SET/DATE 11/28/16 CUSIP X9USDEFRU 3,591,578.07 SHARES	0.00	3,591,578.07	3,591,578.07 -	0.00
11/28/16	Sale INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/28/16 SET/DATE 11/28/16 CUSIP X9USDEFRUI 1,564.67 SHARES	1,564.67	0.00	1,564.67 -	0.00
11/28/16	Cash Credit TRF FR INCOME TO PRINCIPAL	0.00	1,564.67	0.00	0.00
11/28/16	Cash Debit TRF FR INCOME TO PRINCIPAL	1,564.67 -	0.00	0.00	0.00
11/28/16	DAILY ENDING BALANCE	0.00	0.00	8,198,778.29	3,446.75
11/30/16	CLOSING BALANCE	0.00	0.00	8,198,778.29	3,446.75

Cumulative realized capital gain and loss position from 12/31/2015 for securities held in principal of account:

Short Term: 2,221.34-* Long Term: 0.00 *

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

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Information:

Capital Improvement Projects
Overview and Update on PGWWTP
Expansion Improvements

(Ken Glotzbach)

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 9, 2017

FROM: Kenneth Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 17-04

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

For SPWA Board Meeting of 1/26/2017

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 would increase the total approved amount for the capital projects by \$5,000,000.00 with a budget addition to the Pleasant Grove Wastewater Treatment Plant Expansion Project (Project 55).

The proposed budget also closes one project (Project 49, Radio Telemetry Project) and moves remaining funds from that project budget to the Pleasant Grove Wastewater Treatment Plant Expansion Project.

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 were evaluated to quantify their economic benefit

to the wastewater treatment operation. This evaluation was completed and presented to the SPWA Board at the June 2016 meeting.

The evaluation concluded that the energy recovery improvements would have a positive economic benefit to the wastewater treatment operation. This economic benefit was increased by receiving FOG and food waste to maximize digester gas production. The digester gas would be converted to energy in two ways. All of the gas would be purified to remove carbon dioxide, water and other impurities then sold as vehicle fuel to be used in Roseville's refuse truck fleet. Waste gases from the purification process still contain some digester gas which will be combined with enough natural gas to allow it to be combusted in microturbines to produce heat and electricity used by the wastewater treatment process.

Based on this information, the SPWA Board directed staff to continue developing the design of the energy facilities and associated cost estimates.

Since that time, environmental work has been nearly completed and design work has continued to support that effort. Once environmental documents have been finalized, design documents and cost estimates will be completed so that financing recommendations can be developed and presented to the SPWA Board for consideration.

The current project budget is expected to be expended by the middle of 2017. The requested budget addition will fund design and engineering efforts well into the project's construction phase. Additional funds will be necessary to begin construction and these will be requested at a later meeting when the complete project financing plan is presented to the SPWA Board.

Other SPWA Projects

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

SPWA WASTEWATER PROJECTS

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	Estimated PTD Expenditures Through FY 16-17	Carryover as of 7/1/2016	FY 16-17 CIP Budget Midyear (new \$ ONLY)	Adjusted Project Total	Anticipated Spending in FY17 (commentary)
1 WWTP LANDSCAPE PROJECT	30950 / 943507	\$ 1,219,812	\$ 1,219,812			\$ 1,219,812	\$ -
2 POTABLE WATER LINE TO THE DCWWTP	30950 / 963502	\$ 183,838	\$ 183,838			\$ 183,838	\$ -
3 KASEBERG NORTHEAST TRUNK SEWER LINE	30950 / 983501	\$ 1,570,936	\$ 1,570,936			\$ 1,570,936	\$ -
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950 / 983503	\$ 123,998,751	\$ 123,998,751			\$ 123,998,751	\$ -
5 TRANSMISSION MAIN	30950 / 983504	\$ 3,525,013	\$ 3,525,013			\$ 3,525,013	\$ -
6 PLEASANT GROVE TRUNK SEWER	30950 / 983505	\$ 11,573,550	\$ 11,573,550			\$ 11,573,550	\$ -
7 LIME FEED SYSTEM FOR RECYCLED WATER DIST	30950 / 983506	\$ 75,594	\$ 75,594			\$ 75,594	\$ -
8 EMERGENCY STORAGE POND FLOOD CONTROL (1)	30950 / 983507	\$ 8,996,779	\$ 8,996,779			\$ 8,996,779	\$ -
9 BO/FILTER ODOR CONTROL SCRUBBING UNIT	30950 / 983508	\$ 623,340	\$ 623,340			\$ 623,340	\$ -
10 NPSF 30" RECYCLE LINE	30950 / 983510	\$ 1,898,988	\$ 1,898,988			\$ 1,898,988	\$ -
11 VIBRATION MONITORING AT WWTP	30950 / 993502	\$ 5,371	\$ 5,371			\$ 5,371	\$ -
12 RECYCLED WATER PUMPS UPGRADE	30950 / 993503	\$ 33,312	\$ 33,312			\$ 33,312	\$ -
13 MODIFY BACKWASH PUMP STATION	30950 / 993504	\$ 2,703	\$ 2,703			\$ 2,703	\$ -
14 KASEBERG SOUTHEAST TRUNK SEWER	30950 / 993505	\$ 613,601	\$ 613,601			\$ 613,601	\$ -
15 DIAMOND OAKS RECYCLE LINE	30950 / 993506	\$ 7,106,661	\$ 7,106,661			\$ 7,106,661	\$ -
16 WOODCREEK OAKS PRESSURE VALVE	30950 / 003502	\$ 5,745	\$ 5,745			\$ 5,745	\$ -
17 UPGRADE AERATION CONTROLS	30950 / 003506	\$ 124,048	\$ 124,048			\$ 124,048	\$ -
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950 / 013501	\$ 161,886	\$ 161,886			\$ 161,886	\$ -
19 UPGRADE RECYCLED WATER SYSTEM	30950 / 013502	\$ 1,850,037	\$ 1,850,037			\$ 1,850,037	\$ -
20 DIAMOND CREEK CASCADE/OUTFALL	30950 / 013503	\$ 210,531	\$ 210,531			\$ 210,531	\$ -
21 DCWWTP/WEST DRY CREEK OUTFALL	30950 / 013504	\$ 153,370	\$ 153,370			\$ 153,370	\$ -
22 RW/CB BASIN PLAN AMENDMENT	30950 / 013505	\$ 658,856	\$ 658,856			\$ 658,856	\$ -
23 DCWWTP COOLING UNITS	30950 / 023501	\$ 3,139,986	\$ 3,139,986			\$ 3,139,986	\$ -
24 DCWWTP CONVERSION TO UV	30950 / 023503	\$ 37,399,962	\$ 37,399,962			\$ 37,399,962	\$ -
25 WEST DRY CREEK CFD RW CONNECTION	30950 / 023504	\$ 171,258	\$ 171,258			\$ 171,258	\$ -
26 DCWWTP DIGESTER HANDRAIL	30950 / 033502	\$ 5,760	\$ 5,760			\$ 5,760	\$ -
27 DCWWTP GATE SECURITY	30950 / 033503	\$ 47,530	\$ 47,530			\$ 47,530	\$ -
28 DCWWTP FILTER PLC UPGRADE	30950 / 033504	\$ 169,217	\$ 169,217			\$ 169,217	\$ -
29 REGIONAL PARTNER TELEMETRY	30950 / 033505	\$ 6,909	\$ 6,909			\$ 6,909	\$ -
30 CIP RESERVE	30950 / 033506	\$ -	\$ -			\$ -	\$ -
31 DCWWTP FLOW METERS	30950 / 043501	\$ 522,629	\$ 522,629			\$ 522,629	\$ -
32 PGWWTP RECYCLED WATER SYSTEM	30950 / 043502	\$ -	\$ -			\$ -	\$ -
33 PS DECOMMISSIONING	30950 / 043503	\$ 132,750	\$ 132,750			\$ 132,750	\$ -
34 WWRW SYSTEMS EVALUATION	30950 / 043504	\$ 1,095,577	\$ 1,095,577			\$ 1,095,577	\$ -
35 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$ 13,059	\$ 13,059			\$ 13,059	\$ -
36 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950 / 053502	\$ 1	\$ (1)			\$ -	\$ -
37 DCWWTP OPERATIONS ADMIN BUILDING	30950 / 053503	\$ 564,636	\$ 564,636			\$ 564,636	\$ -
38 WATER PURIFICATION PILOT PROJECT	30950 / 053504	\$ 420,567	\$ 420,567			\$ 420,567	\$ -
39 RW MODEL DEVELOPMENT	30950 / 053505	\$ 187,498	\$ 187,498			\$ 187,498	\$ -
40 NPDES PERMIT RENEWAL	30950 / 053506	\$ 585,654	\$ 585,654			\$ 585,654	\$ -
41 PGWWTP CONVERSION TO UV	30950 / 063502	\$ -	\$ -			\$ -	\$ -
42 DCWWTP MAINTENANCE SHOP	30950 / 063503	\$ 4,220,075	\$ 4,220,075			\$ 4,220,075	\$ -
43 PGWWTP PROCESS IMPROVEMENTS	30950 / 063504	\$ 3,630,770	\$ 3,630,770			\$ 3,630,770	\$ -
44 SIA RW PIPELINE	30950 / 063505	\$ -	\$ -			\$ -	\$ -
45 WW FORCE MAIN CONVERSION TO RW	30950 / 063506	\$ 953,005	\$ 953,005			\$ 953,005	\$ -
46 RELIABILITY CENTERED MAINTENANCE	30950 / 063507	\$ 453,548	\$ 453,548			\$ 453,548	\$ -
47 EXPANSION OF PGWWTP (2007)	30950 / 073505	\$ 41,049,474	\$ 41,049,474			\$ 41,049,474	\$ -
48 EXPANSION OF DCWWTP	30950 / 073506	\$ 874,326	\$ 874,326			\$ 874,326	\$ -
49 RADIO TELEMETRY	30950 / 073507	\$ 150,000	\$ 150,000	\$ 8,988		\$ 141,002	\$ 141,002
50 PROCESS CONTROL STANDARDS	30950 / 073508	\$ 160,000	\$ 160,000	\$ 58,122		\$ 101,878	\$ 160,000
51 GREASE RECEIVING STATION	30950 / 073509	\$ 227,047	\$ 227,047			\$ 227,047	\$ -
52 SERVICE AREA OCEA ANALYSIS	30950 / 123507	\$ 2,468	\$ 2,468			\$ 2,468	\$ -
53 DRY CREEK BANK STABILIZATION	30950 / 133504	\$ 609,000	\$ 609,000	\$ 103,744		\$ 505,256	\$ 609,000
54 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	30950 / 143505	\$ -	\$ -			\$ -	\$ -
55 PGWWTP EXPANSION	30950 / 153507	\$ 5,901,302	\$ 5,901,302	\$ 1,056,443		\$ 4,844,859	\$ 5,008,968
TOTAL (includes completed projects)		\$ 267,286,730	\$ 267,286,730	\$ 5,015,724		\$ 272,286,730	\$ 6,549,999

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

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2017-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
CAPITAL IMPROVEMENT PROJECTS AND BUDGET FOR FY 2016-17**

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 2016-17 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 2016-17 Capital Improvement Projects Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2016-17 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 26th day of January, 2017, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

Information:

PowerPoint presentation on
Debt Needs for 2017

(Terry Maas)

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors

DATE: January 9, 2017

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 17-06

SUBJECT: Audited Financial Statement for the fiscal year ended June 30, 2016

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 the communication to those charged with governance letter are for the fiscal year ended June 30, 2016. SPWA received an unmodified (clean opinion) and no findings were included in the report.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

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, 2016

SOUTH PLACER WASTEWATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016, 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, 2016, 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

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 23 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.

Vavinek, Trine, Day & LLP

Sacramento, California
December 13, 2016

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS

Investments in City of Roseville Treasury Investments	\$ 16,677,899
Investments	91,083,691
Restricted investments with fiscal agent	8,253,714
Accounts receivable	24,889
Accrued interest receivable	252,760
Due from other governments	1,697,894
Permit fees receivable	<u>1,570,311</u>
Total Assets	<u>119,561,158</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	<u>11,524,138</u>
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LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	711,901
Long-term debt	
Due in one year	3,985,000

Long-term liabilities:

Derivative at fair value	11,524,138
Long-term debt	
Due in more than one year	<u>138,655,588</u>

Total Liabilities	<u>154,876,627</u>
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NET POSITION

Restricted for:

Rate stabilization	110,297,757
Debt service	7,833,251

Unrestricted (deficit)	<u>(141,922,339)</u>
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Total Net Position (Deficit)	<u>\$ (23,791,331)</u>
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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, 2016**

OPERATING REVENUES

Connection fees contributed by members \$ 13,076,691

OPERATING EXPENSES

Costs of capital assets contributed to the City:

Construction costs 1,197,480

Personnel services and administration 168,403

Total operating expenses 1,365,883

Operating income 11,710,808

NON-OPERATING REVENUES (EXPENSES):

Payments from the County under repayment agreement 948,450

Interest earned on connection fees 1,022,080

Interest earned on investments with fiscal agent 145,590

Net increase in the fair value of investments 249,306

Debt service interest, variable bond interest, fiscal agent fees, and amortization (5,153,258)

Total nonoperating revenues (expenses) (2,787,832)

Change in Net Position 8,922,976

Net Position (Deficit) - Beginning (32,714,307)

Net Position (Deficit) - Ending \$ (23,791,331)

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF CASH FLOWS
JUNE 30, 2016**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from members	\$ 12,862,403
Payments to contractors	(1,220,519)
Payments to the City for personnel services and administration	<u>(168,403)</u>
Net cash provided by operating activities	<u>11,473,481</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts from the County under repayment agreement	948,450
Principal payments on capital debt	(3,710,000)
Interest paid on long-term debt	<u>(5,480,817)</u>
Net cash used for capital and related financing activities	<u>(8,242,367)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>1,388,704</u>
Net increase in cash and cash equivalents	4,619,818
Cash and investments at beginning of year	<u>111,395,486</u>
Cash and investments at end of year	<u>\$ 116,015,304</u>

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

Operating income	\$ 11,710,808
Change in assets and liabilities:	
Accounts receivable	(24,889)
Due from other governments	(252,941)
Permit fees receivable	38,653
Accounts payable and other liabilities	<u>1,850</u>
Net cash provided by operating activities	<u>\$ 11,473,481</u>

NONCASH CAPITAL FINANCING ACTIVITIES

Contribution of construction in progress to the City of Roseville	<u>\$ 1,365,883</u>
Amortization of deferred bond premium	<u>\$ 327,559</u>

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The South Placer Wastewater Authority (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 (City), South Placer Municipal Utility District (SPMUD) and the County of Placer (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 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 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) The City from 54.17% to 61.66%
- 2) SPMUD from 25.00% to 22.43%
- 3) The 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 reimbursement payments of \$843,338 during fiscal year 2016.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Organization and Purpose (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's personnel. Costs incurred by the City to provide such services are reimbursed by the Authority. The accounting records of the Authority are maintained by the City.

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

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 Governmental Accounting Standards Board (GASB) 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 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.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

The Authority has only 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.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fair Value Measurement

As of July 1, 2015, the Authority retrospectively applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs.

The Authority is a participant in the City-wide cash and investment pool (City Pool). The City Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The City’s Chief Financial Officer/Treasurer conducts City Pool oversight. Cash on deposit in the City Pool at June 30, 2016, is stated at fair value. The City Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The fair value adjustment at June 30, 2016 increased the Authority’s investment income by \$249,306. For further information regarding the City Pool, refer to the City of Roseville Comprehensive Annual Financial Report.

H. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

The Authority pools cash from all sources and all funds except cash with fiscal agents in the City’s investment pool. The Authority’s cash and investments balance held in the City’s investment pool at June 30, 2016 is \$16,677,899. The City’s investment pool is not rated and is not registered with the Securities Exchange Commission (SEC). The Authority’s position in the City’s investment pool at June 30, 2016 is stated at fair value. For further information regarding the City’s investment pool, refer to the City of Roseville Comprehensive Annual Financial Report.

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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 Investments	\$ 16,677,899
Restricted investments with fiscal agent	91,083,691
	<u>8,253,714</u>
Total Investments	<u>\$ 116,015,304</u>

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None	None
U.S. Agency	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	AA-	20%	None
State of California or California Local Agency Bonds	5 Years	One of two highest rating categories	None	None
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	None	None
Repurchase Agreements	30 days	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10%
Medium-Term Notes	5 Years	A	30%	None
Collateralized Time Deposits	5 Years	None	30%	None
Negotiable Certificates of Deposit	5 Years	A	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$65 million/account
Insured Saving Accounts	N/A	None	None	None
Money Market Mutual Funds	N/A	None	20%	10%
Shares in a California Common Law Trust	N/A	None	None	None
Interest Rate Swaps	N/A	None	None	None
City of Roseville Pooled Investment Fund	N/A	None	None	None
Supranationals	5 years	AA-	30%	None

(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, 2016**

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	\$65 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, 2016**

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	\$ 16,677,899	\$ -	\$ -	\$ 16,677,899
Federal Agency Securities	17,008,910	10,059,554	21,613,669	48,682,133
Corporate Notes	10,409,367	12,669,627	8,670,580	31,749,574
Municipal Bonds	-	100,666	-	100,666
Money Market Mutual Funds	2,886,865	-	-	2,886,865
Negotiable Certificates of Deposit	10,182,299	-	-	10,182,299
Local Agency Investment Fund	5,735,868	-	-	5,735,868
Total Investments	\$ 62,901,208	\$ 22,829,847	\$ 30,284,249	\$ 116,015,304

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, 2016, these investments had an average maturity of 167 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2016 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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2016, for each investment type as provided by standard and poor’s investment rating system:

	AAA/AAAm	AA+/AA/AA-	A+/A/A-	Total
<i>Investments:</i>				
Federal Agency Securities	\$ 447,016	\$ 48,235,117	\$ -	\$ 48,682,133
Corporate Notes	-	14,700,780	17,048,794	31,749,574
Municipal Bonds	-	100,666	-	100,666
Negotiable Certificates of Deposit	-	1,803,402	-	1,803,402
Totals	<u>\$ 447,016</u>	<u>\$ 64,839,965</u>	<u>\$ 17,048,794</u>	<u>82,335,775</u>
<i>Not Rated:</i>				
Negotiable Certificates of Deposit				8,378,897
Local Agency Investment Fund				5,735,868
Money Market Mutual Funds				2,886,865
City of Roseville Investment Pool				16,677,899
Total Investments				<u>\$ 116,015,304</u>

F. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Fair Value Measurements (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2016:

Investments at fair value	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency Securities	\$ 48,682,133	\$ -	\$ 48,682,133	\$ -
Corporate Notes	31,749,574	-	31,749,574	-
Municipal bonds	100,666	-	100,666	-
Money Market Mutual Funds	2,886,865	-	2,886,865	-
Negotiable Certificates of Deposit	10,182,299	-	10,182,299	-
Categorized investments	<u>93,601,537</u>	<u>\$ -</u>	<u>\$ 93,601,537</u>	<u>\$ -</u>
Local Agency Investment Fund - uncategorized	5,735,868			
City of Roseville Investment Pool - uncategorized	16,677,899			
Total investments	<u>\$ 116,015,304</u>			

Deposits and withdrawals from the City Pool are made on the basis of \$1 and not fair value. Accordingly, the measurement of fair value of the Authority’s proportionate share of investments in the City Investment Pool is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

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 2015-2016 totaling \$1,365,883 were transferred as construction in progress to the City of Roseville as of June 30, 2016.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 – LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Revenue Bonds:						
2011 Refunding Wastewater Revenue Bonds, Series C 1.00-5.25%, due 11/1/25	\$ 67,040,000	\$ 54,625,000	\$ -	\$ 3,710,000	\$ 50,915,000	\$ 3,985,000
Add: bond premium	5,240,941	3,603,147	-	327,559	3,275,588	-
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		\$ 146,678,147	\$ -	\$ 4,037,559	\$ 142,640,588	\$ 3,985,000

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.

The 2011C Bonds bear interest at 1.00%-5.25% and are due semi-annually on May 1 and November 1 of each year. The Bonds are repayable solely from the Authority revenues. Principal payments are due annually on November 1 through 2025.

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds

On April 1, 2013, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2013 in the original principal amount of \$59,330,000. The 2013 Bonds were issued to refund the remaining outstanding balance of the 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series A and Series B.

The 2013 Bonds were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Indenture to mean the per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The interest rate of the Bonds cannot exceed 12% per year and may be converted by the Authority into a Daily Rate, a Weekly Rate, a Long-Term Rate, a Commercial Paper Rate, or a subsequent Index Rate, subject to certain conditions defined in the Indenture. The interest rate at June 30, 2016 was 0.580%. The Bonds are subject to mandatory redemption annually beginning November 1, 2029 through 2035.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 – LONG-TERM DEBT (Continued)

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds (Continued)

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, 2016 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 the 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, 2016, the total principal and interest remaining to be paid on the 2011C Bonds, 2013 Bonds and the 2014 Bonds was \$174,051,316. 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 2016, \$9,190,817 in debt service was paid from the Rate Stabilization Account.

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.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 – LONG-TERM DEBT (Continued)

E. Interest Rate Swap Agreement (Continued)

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, 2016, 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, 2016, 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)	\$ (11,524,138)

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, 2016**

NOTE 4 – LONG-TERM DEBT (Continued)

E. Interest Rate Swap Agreement (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, 2016, 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
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	5,285,000	2,040,969	1,477,693	8,803,662
2022 - 2026	32,380,000	5,673,103	4,559,931	42,613,034
2027 - 2031	38,915,000	1,773,686	372,776	41,061,462
2032 - 2036	45,010,000	629,174	-	45,639,174
Totals	<u>\$ 139,365,000</u>	<u>\$ 20,665,183</u>	<u>\$ 13,993,836</u>	<u>\$ 174,024,019</u>

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 – LONG-TERM DEBT (Continued)

F. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2016, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
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	5,285,000	2,858,287
2022-2026	32,380,000	9,771,143
2027-2031	38,915,000	5,907,659
2032-2036	45,010,000	2,327,971
Total	139,365,000	<u>\$ 34,686,316</u>
Reconciliation of long-term debt		
Add bond premium	3,275,588	
Net long-term debt	<u>\$ 142,640,588</u>	

G. Original Issue Discounts and Premiums

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.

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, 2016, restrictions included:

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

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

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

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 6 – RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials' liability. During the fiscal year ended June 30, 2016, the Authority paid \$17,178 for current year coverage.

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

<u>Type of Coverage</u>	<u>Coverage Limit</u>	<u>Deductible</u>
Personal Injury, Including Bodily Injury and Property Damage	\$ 1,000,000	\$ 2,500
Automobile Liability	1,000,000	2,500
Public Officials Errors and Omissions	1,000,000	2,500
Employment Practices Liability	1,000,000	10,000
Crime Bond	10,000,000	2,500
Cyber Liability	250,000	10,000

The Authority has not had any claims 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.

**NOTE 8 – EFFECT OF NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
PRONOUNCEMENTS**

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The Authority implemented this standard as of July 1, 2015.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 9 – EFFECT OF FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The requirements of the Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, or FY 2016-17. The Authority has not determined the effect of the statement.

GASB Statement No. 74 – In June 2015, GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. The Authority has not determined the effect, if any, on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. The Authority has not determined the effect, if any, on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The Authority has not determined the effect, if any, on the financial statements.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The Authority has not determined the effect, if any, on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB No. 14. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. The Authority has not determined the effect, if any, on the financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 9 – EFFECT OF FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
PRONOUNCEMENTS (Continued)**

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The Authority has not determined the effect, if any, on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice or financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority has not determined the effect, if any, on the financial statements.

NOTE 10 – SUBSEQUENT EVENT

On October 1, 2016, the City of Roseville issued the 2016 South Placer Wastewater Authority Direct Purchase Bonds in the amount of \$59,330,000 for the construction and expansion of wastewater treatment plants. The bonds bear interest at a rate ranging from 2% to 5%. Interest payments will be due on February 1 and August 1 of each year, beginning February 2017. Principal payments are due annually on August 1. The Bonds mature on August 1, 2032.

SUPPLEMENTARY INFORMATION

SOUTH PLACER WASTEWATER AUTHORITY

**ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	City of Roseville	South Placer Municipal Utility District	Placer County	Totals
Balance at June 30, 2015	\$ 66,300,850	\$ 41,541,091	\$ (2,034,706)	\$ 105,807,235
Additions July 1, 2015 to June 30, 2016				
Reimbursement costs - others	77,075	28,038	843,338	948,451
Regional connection fees	6,618,117	5,320,391	1,138,182	13,076,690
Interest allocation	630,551	409,483	(17,957)	1,022,077
Capital construction costs	(738,366)	(268,596)	(190,520)	(1,197,482)
Debt service	(5,667,057)	(2,061,498)	(1,462,258)	(9,190,813)
Administrative costs	(103,836)	(37,772)	(26,793)	(168,401)
Total	816,484	3,390,046	283,992	4,490,522
Balance at June 30, 2016	\$ 67,117,334	\$ 44,931,137	\$ (1,750,714)	\$ 110,297,757

	Net Position of	
	Bond Proceeds	Member Contributions
Investments in City of Roseville Treasury	\$ -	\$ 16,677,899
Investments	-	91,083,691
Restricted investments with fiscal agent	8,253,714	-
Unallocated loss on investments	335,955	(335,955)
Accounts receivable	-	24,889
Accrued interest receivable	-	252,760
Due from other governments	-	1,697,894
Permit fees receivable	-	1,570,311
Accumulated decrease in fair value of hedging derivatives	11,524,138	-
Accounts payable and other liabilities	(38,169)	(673,732)
Derivative at fair value	(11,524,138)	-
Long-term debt:		
Due in one year	(3,985,000)	-
Due in more than one year	(138,655,588)	-
Net Position (Deficit)	\$ (134,089,088)	\$ 110,297,757



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, 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 planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2016. Professional standards also require that we communicate to you the following information related to our audit.

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. As described in Note 1 to the financial statements, the Authority changed accounting policies related to fair value measurement by adopting Governmental Account Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 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.

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 December 13, 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 RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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



Sacramento, California
December 13, 2016

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 12, 2017
Board of Directors

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 17-07

SUBJECT: Connection Fee Program Report

For SPWA Board Meeting of 1/26/17

ACTION REQUESTED

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

BACKGROUND

The attached report, prepared by Vavrinek, Trine, Day & Co., LLP, evaluates how the South Placer Wastewater Authority (Authority) and its member agencies complied with the "Funding Agreement" from July 2015 through June 2016. Payments from Placer County, Roseville, and South Placer Municipal Utility District were tested for the referenced time period.

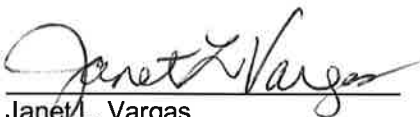
The following table summarizes the total connection fees collected and the associated equivalent dwelling units (EDUs) from July 2015 through June 2016.

	City	District	County
Gross Regional Connection Fees	\$6,618,117	\$5,320,391	\$1,138,182
EDUs for Gross Regional Connection Fees	915	673	154

Actual EDUs developed in FY15-16 are approximately 98% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 92% of the estimated EDUs. The estimated and actual number of EDUs are summarized below.

Jurisdiction	FY 2015-2016		Total through 2015-2016	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	896	915	19,266	24,769
South Placer Municipal Utilities District	600	673	12,020	11,347
Placer County	277	154	11,429	3,010
Total	1,773	1,742	42,715	39,126

Submitted by:



Janet L. Vargas
EU Rate Analyst II

Approved by:



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

CITY OF ROSEVILLE, CALIFORNIA

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES FOR THE
SOUTH PLACER WASTEWATER AUTHORITY**

FOR THE YEAR ENDED JUNE 30, 2016



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the South Placer Wastewater Authority (Authority), solely to assist you with respect to the Regional Connection Fees collected by the City of Roseville (City), County of Placer (County), and the South Placer Municipal Utility District (District) (Regional Partners), and the allocation of these fees and compliance with the Amended and Restated Funding Agreement (Funding Agreement) for the year ended June 30, 2016. The Authority's management is responsible for the collection of fees and for compliance with the Funding Agreement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Exhibit A identifies the procedures performed and findings.

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

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

Sacramento, California
January 10, 2017

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2016**

The agreed-upon procedures performed, and the related responses and findings are as follows:

1. Determine whether the roster of the Authority's Board of Directors is in accordance with section 7 (a) of the JPA Agreement.

Findings –Section 7(a) of the JPA Agreement states that “The Authority shall be administered by a board of directors (Board) consisting of five directors. Two directors shall be appointed by the City, one director shall be appointed by the District, and two directors shall be appointed by the County. One County-appointed director shall be a member of the County Board of Supervisors and must represent a supervisorial district which includes all or a portion of the City; such County-appointed director shall be selected annually by the County Board of Supervisors and shall be subject to confirmation by the Roseville City Council.”

For the fiscal year ended June 30, 2016, the Board consisted of the following individuals:

Bonnie Gore, Director – Roseville City Council Member
Robert Weygandt, Director – Placer County Supervisor, District 2
Jack Duran, Director – Placer County Supervisor, District 1
Jerry Mitchell, Chair – SPMUD Board of Directors
Pauline Rocucci, Vice Chair – Roseville City Council Member

No exceptions were noted as a result of the procedures.

2. Determine that the Board of Directors holds meetings in accordance with section 7 (b and c) of the JPA Agreement.

Findings – Authority Resolution 2014-05 established that the Authority Board shall meet semi-annually and additionally as needed. Meetings held are open to the public and held at 2005 Hilltop Circle, Roseville, which is within the jurisdiction of the Authority.

Minutes to all meetings are available on the Authority's website.

All board members timely filed a conflict of interest form to disclose their income, assets and gifts.

No exceptions were noted as a result of the procedures.

3. Determine that the Authority handles the following fiscal matters, as listed below, in accordance with section 7 (d) of the JPA Agreement:

- A. (1) Treasurer and Auditor
- B. (2) Custodian of Property
- C. (3) Accounts and Reports
- D. (4) Budgets
- E. (5) Contributions

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2016**

Findings – The Authority has designated the CFO/Treasurer of the City as the Treasurer and Accounting Manager of the City as the Auditor of the Authority. The City acts as the custodian of Authority property and tracks the records of the Authority within its general ledger in a separate fund. The Participants have paid contributions to the Authority as specified in the Funding Agreement.

The Board adopted the budget for fiscal year 2016 through resolution 2015-06 on June 25, 2015.

No exceptions were noted as a result of the procedures.

4. Inspect four monthly payments made to the City by the County and the District and 21 payments made to the City from developers for Regional Connection Fees to ensure they are in compliance with the following sections of the Restated and Amended Funding Agreement related to the South Placer Regional Wastewater Facilities (Funding Agreement) dated October 1, 2012 and the Amended and Restated Joint Exercise of Powers Agreement (JPA Agreement) dated October 1, 2012:
 - A. (3) Term and Termination
 - B. (4) Responsibilities of the City of Roseville
 - C. (5) Capacity Usage
 - D. (6) Issuance of Bonds by the Authority, Bond Provisions
 - E. (7) Pledge and Application of Participant Revenues
 - F. (8) Rate Covenant
 - G. (9) Rate Stabilization Fund
 - H. (10) Regional Connection Fees
 - I. (11) Participant Parity Obligations Secured by Participant Net Revenues
 - J. (12) Determination of Participants' Proportionate Shares
 - K. (13) Covenants of the Participants
 - L. (14) Amendments; Expiration of Certain Provisions

Findings – We inspected four monthly payments made to the City by the County and the District and 21 payments made to the City from developers for Regional Connections Fees to ensure they were in compliance with the sections of the Funding agreement and the JPA Agreement listed above.

Section 10.D.1 of the Funding Agreement states that payments should be remitted by the 15th day of the subsequent month. We noted that the payments for July 2015, August 2015, September 2015, October 2015 December 2015 and April 2016 from the District were not received timely by the City as follows:

<u>Month</u>	<u>Due Date</u>	<u>Date Received</u>
July 2015	August 15, 2015	August 17, 2015
August 2015	September 15, 2015	October 23, 2015
September 2015	October 15, 2015	October 23, 2015
October 2015	November 15, 2015	December 2, 2015
December 2015	January 15, 2016	January 19, 2016
April 2016	May 15, 2016	May 20, 2016

No other exceptions were noted as a result of the procedures.

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2016**

5. Recalculate the payments inspected in procedure 4 to determine mathematical accuracy.

Findings – We recalculated the four payments made to the City from the County and the District and 21 payments made to the City from developers tested in procedure 4 for mathematical accuracy.

No exceptions were noted as a result of the procedures.

6. Recalculate the monthly equivalent dwelling units (EDU) included in the remittance summaries for the payments inspected in procedure 4 to determine mathematical accuracy.

Findings – We recalculated the EDUs included in the remittance summaries for the four payments made to the City from the County and the District and 21 payments made to the City from developers tested in procedure 1 for mathematical accuracy.

No exceptions were noted as a result of the procedures.

7. Recalculate the monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2016.

Findings – We obtained the four monthly summary reports selected in procedure 4 for each Regional Partner and compared them to the underlying records for each Regional Partner. We recalculated the monthly summary reports.

No exceptions were noted as a result of the procedures.

8. Calculate and report the connection fees and EDUs for the County, District, and City as of and for the year ended June 30, 2016.

Findings – We recalculated each Regional Partner’s connection fees and EDUs for the year ended June 30, 2016 as follows:

<u>July 1, 2015 to June 30, 2016</u>	<u>City</u>	<u>District</u>	<u>County</u>
Gross Regional Connection Fees	\$ 6,618,117	\$ 5,320,391	\$ 1,138,182
EDUs for Gross Regional Connection Fees	915	673	154

No exceptions were noted as a result of the procedures.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 9, 2017

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 17-08

SUBJECT: Rate Stabilization Fund Balances of November 30, 2016

For SPWA Board Meeting 1/26/17

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 \$110,297,757 as of June 30, 2016 and \$109,804,061 as of November 30, 2016. 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	\$66,300,850	\$7,325,743	\$(6,509,259)	\$67,117,334
SPMUD	41,541,091	5,757,912	(2,367,866)	44,931,137
Placer County	<u>(2,034,706)</u>	<u>1,963,563</u>	<u>(1,679,571)</u>	<u>(1,750,714)</u>
Total as of 6/30/15	\$105,807,235	\$15,047,218	\$(10,556,696)	\$110,297,757
<u>7/01/16 – 11/30/16</u>	<u>Beginning Balance</u>	<u>RSF Deposits*</u>	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$67,117,334	\$2,323,248	\$(4,463,036)	\$64,977,546
SPMUD	44,931,137	3,980,006	(1,623,514)	47,287,629
Placer County	<u>(1,750,714)</u>	<u>441,187</u>	<u>(1,151,587)</u>	<u>(2,461,114)</u>
Total as of 11/30/16	\$110,297,757	\$6,744,441	\$(7,238,137)	\$109,804,061

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

** Includes County repayment of \$843,338 (4 quarterly payments of \$125,000 plus additional repayments).

*** 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>7/1/15-6/30/16</u>	<u>7/1/16-11/30/16</u>	
City of Roseville	\$6,618,117	\$1,960,603	****
SPMUD	5,320,391	3,727,636	****
Placer County	<u>1,138,182</u>	<u>202,025</u>	****
TOTAL	\$13,076,690	\$5,890,264	

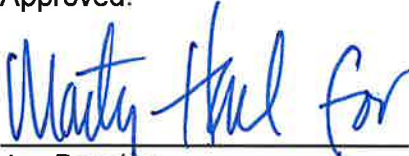
****Connection fees received for July - October 2016.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

Approved:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 9, 2017

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 17-09

SUBJECT: Rate Stabilization Fund Summaries

For SPWA Board Meeting of 1/26/17

ACTION REQUESTED

Adopt the attached Resolution approving the budget adjustment to increase interest revenue by \$399,915 and debt service payments by \$170,000.

BACKGROUND

The attached are fund summaries for: 1) the final activity in fiscal year 2015-16, and 2) the amended operating budget for the fiscal year 2016-17.

Final Activity for fiscal year 2015-16:

Revenues were higher than anticipated primarily due to additional connection fees received. Operating and capital expenses were less than anticipated primarily due to capital expenses not being expended by the fiscal year end. This resulted in an increase in fund balance of \$4,490,522 from \$105,807,235 to \$110,297,757.

Amended Operating Budget for fiscal year 2016-17:

On June 30, 2016 the Board approved the annual operating budget for fiscal year 2016-17. 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 adopted budget by \$399,915 from \$875,085 to \$1,275,000, due to maintaining the new investment strategy and favorable market conditions. Connection fees are expected to come in as budgeted.

Expenditures:

Overall, operating expenses are projected to be at budget. Debt Service payments are expected to be higher than budget by \$170,000 as described in the Debt Review presentation, due to the bond refunding costs and additional arbitrage fees incurred. Capital expenses are expected to increase by \$5,000,000 primarily due to the ongoing Wastewater Treatment Plant expansion projects which is amended to be \$10,015,724, if the Board approves the midyear CIP budget adjustment.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

Approved:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority: Final Activity FY 2015-16

Rate Stabilization Fund

	Amended Budget 2015-16	Actual 2015-16	Variance Favorable (Unfavorable)	Percent of Budget
OPERATING REVENUES				
Interest	\$ 960,000	\$ 1,022,080	\$ 62,080	106.47%
Connection Fees	10,942,037	13,076,691	2,134,654	119.51%
Repayment from County	948,450	948,450	-	100.00%
Total Revenues	12,850,487	15,047,221	2,196,734	117.09%
LESS OPERATING EXPENSES				
JPA Staff	138,725	127,433	11,292	91.86%
Legal Services	50,000	2,389	47,611	4.78%
Financial Advisory Services	25,000	-	25,000	0.00%
Audit Services	25,000	20,420	4,580	81.68%
Insurance	18,650	17,652	998	94.65%
Copying/Mailing/Supplies	2,250	383	1,867	17.02%
Travel/Meetings	500	-	500	0.00%
Miscellaneous	10	124	(114)	0.00%
Total Operating Expenses	260,135	168,401	91,734	64.74%
LESS CAPITAL AND DEBT EXPENSES				
Capital expenses	6,110,046	1,197,481	4,912,565	19.60%
Debt service payments	9,312,907	9,190,817	122,090	98.69%
Total Capital and Debt Expenses	15,422,953	10,388,298	5,034,655	67.36%
INCREASE (DECREASE) FROM OPERATIONS	(2,832,601)	4,490,522	\$ 7,323,123	-158.53%
FUND BALANCE, BEGINNING OF YEAR				
INCREASE (DECREASE) FROM OPERATIONS	(2,832,601)	4,490,522		
FUND BALANCE, END OF YEAR	\$ 102,974,634	\$ 110,297,757		

South Placer Wastewater Authority: Amended Budget FY 2016-17

Rate Stabilization Fund

	Adopted Budget 2016-17	Budget Carryover	Budget Adjustment	Amended Budget 2016-17	Budget Increase (Decrease)
ESTIMATED OPERATING REVENUES					
Interest	\$ 875,085	\$ -	\$ 399,915	\$ 1,275,000	\$ 399,915
Connection Fees	12,930,500	-	-	12,930,500	-
Repayment from County	500,000	-	-	500,000	-
Total Estimated Revenues	14,305,585	-	399,915	14,705,500	399,915
LESS ESTIMATED OPERATING EXPENSES					
JPA Staff	138,611	-	-	138,611	-
Legal Services	20,000	-	-	20,000	-
Financial Advisory Services	25,000	-	-	25,000	-
Audit Services	25,000	-	-	25,000	-
Insurance	18,650	-	-	18,650	-
Copying/Mailing/Supplies	2,250	-	-	2,250	-
Travel/Meetings	500	-	-	500	-
Miscellaneous	9	-	-	9	-
Total Estimated Operating Expenses	230,020	-	-	230,020	-
LESS ESTIMATED CAPITAL AND DEBT EXPENSES					
Capital expenses	-	5,015,724	5,000,000	10,015,724	10,015,724
Debt service payments	9,617,447	-	170,000	9,787,447	170,000
Total Estimated Capital and Debt Expenses	9,617,447	5,015,724	5,170,000	19,803,171	10,185,724
INCREASE (DECREASE) FROM OPERATIONS	4,458,118			(5,327,691)	
FUND BALANCE, BEGINNING OF YEAR	110,297,757			110,297,757	
INCREASE (DECREASE) FROM OPERATIONS	4,458,118			(5,327,691)	
ESTIMATED FUND BALANCE, END OF YEAR	\$ 114,755,875			\$ 104,970,066	

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2017-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING ADJUSTMENTS TO
OPERATING BUDGET FOR FY 2016-17**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve the adjustments to the Operating Budget for FY 2016-17 presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that the Executive Director is authorized to reallocate budgeted amounts among the line-items in the FY 2016-17 Operating Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2016-17 shall not be increased without the Board's prior approval.

PASSED AND ADOPTED this 26th day of January, 2017, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 10, 2017

FROM: Kenneth Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 17-10

SUBJECT: Updated Schedule of Authority Regular Meeting Dates

For SPWA Board Meeting of January 26, 2017

ACTION REQUESTED

Adopt the attached resolution updating the Authority's regular meeting dates.

BACKGROUND

Several items related to the upcoming Pleasant Grove Wastewater Treatment Plant Expansion financing as well as existing bond matters will need to be considered for Board decisions this coming year. Under the current routine meeting schedule, this Board of Directors will not meet again until June 2017 and then again in January 2018. Due to the schedule necessary to meet requirements for both the expansion project and bond obligation timing, it will be necessary to add two additional meetings to the schedule. These meetings are scheduled for May 11, 2017 and August 17, 2017.

Authority Staff requests that the Board adopt the updated regular meeting schedule set forth in the attached resolution to include the additional meetings.

Submitted by:



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2017-03

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

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

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

WHEREAS, the Board desires to add regular meetings in May and August of each year,

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

PASSED AND ADOPTED this 26th day of January, 2017, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary