



# **South Placer Wastewater Authority Board Meeting**

**January 27, 2022**



## **SPWA REGULAR MEETING AGENDA**

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

**Thursday, January 27, 2022**

9:30 a.m.

City of Roseville  
2005 Hilltop Circle  
Meeting Room 3

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### **AGENDA**

**ROLL CALL**     Directors:    Bruce Houdesheldt (*Chair*)  
   Scott Alvord  
   Bonnie Gore  
   Robert Weygandt  
   James. T. Williams (*Vice Chair*)

### **CLOSED SESSION:**

Conference with Legal Counsel - Anticipated Litigation: Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): One potential case

### **PLEDGE OF ALLEGIANCE**

### **INTRODUCTIONS**

### **ELECTION OF CHAIR AND VICE CHAIR**

1. Motion: Election of Chair and Vice-Chair

### **APPROVAL OF MINUTES, June 24, 2021**

### **OLD BUSINESS ITEMS**

## **NEW BUSINESS ITEMS**

1. Discussion and Possible Action Authorizing a Forensic Audit of SPWA Accounts and Third-Party Value Engineering
2. Resolution: Approval of Updated Authority Schedule of Regular Meeting Dates (Rich)
3. Information: Investment Review (Kyle)
4. Information: Debt Review (Nick)
5. Information: Financial Audit (Nick)
6. Information: Rate Stabilization Fund Balances (Nick)
7. Information: 2020-21 Final Rate Stabilization Fund Summary (Nick)
8. Resolution: Capital Improvement Projects Overview, Update, and Request for Authorization to Initiate the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project (Bryan)
9. Information: Nexus Study Overview and Update (Janet)
10. Information: Regional Connection Fees Annual Approval (Teri)

## **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

## **REPORTS/COMMENTS – BOARD MEMBERS/STAFF**

## **ADJOURNMENT**

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

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

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



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Scott Alvord – Roseville  
Bonnie Gore – Placer County  
Bruce Houdesheldt – Roseville (*Chair*)  
Robert Weygandt – Placer County  
James T. Williams – SPMUD (*Vice Chair*)

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**MINUTES OF BOARD OF DIRECTORS' MEETING  
June 24, 2021**

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

**Directors Present:**

Krista Bernasconi  
Bonnie Gore  
Robert Weygandt  
James Williams

**Directors Absent:**

Scott Alvord  
Bruce Houdesheldt

**Staff Present:**

Osman Mufti, JPA Counsel  
Pam Walsh, Board Secretary

**Staff Absent:**

Ken Glotzbach, Executive Director

**Roll Call**

**Present:** Bernasconi, Gore, Weygandt, Williams  
**Absent:** Alvord, Houdesheldt

**Closed Session**

**Public Employee Performance Evaluation- Executive Director**  
Pursuant to Government Code Section 54957(b)(1).

No public comment was received on this item.

Closed session commenced at 9:33 a.m.  
Vice Chair Williams adjourned the closed session at 9:40 a.m. South Placer Wastewater Authority Counsel, Osman Mufti, advised no reportable action taken.

**Pledge of Allegiance**

Director Gore led the Pledge of Allegiance.

**Introductions**

The following were in attendance: Shanti Landon, Robin Mahoney, and Jared Deck from Placer County, Herb Niederberger from SPMUD, and Nick Rosas, Janet Vargas, Bryan Buchanan, Teri Quinlan, Joe Mandell, George Hanson, and Todd Jordan from the City of Roseville.

**Approval of Minutes, January 28, 2021**

A vote was taken as follows:

MOTION by Director Gore, seconded by Director Weygandt, to approve the January 28, 2021, minutes.

Vote:                   Ayes:     Gore, Weygandt, Williams  
                              Nos:  
                              Abstain:   Bernasconi  
                              Absent:    Alvord, Houdesheldt

**Old Business Items**

None

**New Business Items**

**1. Resolution: Approval of Appointment of Acting SPWA Executive Director**

SPWA Counsel, Osman Mufti, stated there was currently a need to fill the SPWA Executive Director role and asked if there were recommendations for an Acting Executive Director for the JPA.

No public comment was received on this item.

MOTION by Director Weygandt, seconded by Director Gore, to appoint Richard Plecker as South Placer Wastewater Agency’s Acting Executive Director (Resolution 2021-05).

Vote:                   Ayes:     Bernasconi, Gore, Weygandt, Williams  
                              Nos:  
                              Absent:    Alvord, Houdesheldt

**2. Resolution: Approval of FY2021-22 Investment Policy**

Nick Rosas reported on the Authority’s Investment Policy for FY2021-22 and asked that the Board adopt the Investment Policy, which would be effective July 1, 2021. Mr. Rosas noted that the policy had been amended to conform with SB998.

No Public Comment was received on this item.

MOTION by Director Gore, seconded by Director Weygandt, to adopt the South Placer Wastewater Authority Investment Policy for FY 2021-2022 (Resolution 2021-06).

Vote:           Ayes:   Bernasconi, Gore, Weygandt, Williams  
                  Nos:  
                  Absent:   Alvord, Houdesheldt

**3. Resolution: UV Disinfection Equipment Additions Budget Adjustment**

Bryan Buchanan is the project manager of the UV Disinfection Equipment Additions Project. He stated, when the existing UV system was installed at the treatment plant in 2012, it was built with accommodations to add additional UV disinfection equipment. Since 2012, regulations on how the UV dose is calculated has changed and that change has caused the need for additional equipment.

Mr. Buchanan asked the Board to approve a budget adjustment for the UV Disinfection Equipment Additions project in the amount of \$1,500,000.00, for a total budget amount of \$4,020,000.00. This proposed budget adjustment will cover the design, procurement, and installation of the additional equipment.

Director Gore asked if there would be a requirement to replace the existing equipment with this new regulation, and Mr. Buchanan confirmed it would just require the installation of additional equipment and would not require a change to the existing equipment.

Director Weygandt asked if this would have any impact on the capacity going forward. Mr. Buchanan explained that the new regulation is not enforced unless a change is made to the system. Because equipment was added to the fourth treatment channel, it then became necessary to follow the new guideline. This necessitated having to add additional equipment to the existing system, which resulted in reduced capacity.

No Public Comment was received on this item.

MOTION by Director Gore, seconded by Director Weygandt, to approve a budget adjustment for the UV Disinfection Equipment Additions project in the amount of \$1,500,000 for a total budget amount of \$4,020,000. (Resolution 2021-07).

Vote:           Ayes:   Bernasconi, Gore, Weygandt, Williams  
                  Nos:  
                  Absent:   Alvord, Houdesheldt

**4. Resolution: Annual Operating Budget for Fiscal Year 2021-2022**

Teri Quinlan presented the Authority's proposed operating budget for fiscal year 2021-2022 and requested Board approval. Ms. Quinlan explained the fiscal year 2020-2021 budget was unofficially amended to reflect actual State Revolving Fund reimbursements received. The original budget anticipated receiving \$25 million in reimbursements from the State Revolving Fund; however, reimbursement from the State Revolving Fund is quite slow.

Director Gore questioned if the connection fees are based on the increased fee that will be effective July 1, 2021, and Ms. Quinlan confirmed they are.

Director Bernasconi asked if the number of residents who have not been disconnected for nonpayment affect the Authority's budget and Ms. Quinlan responded that it does not.

No Public Comment was received on this item.

MOTION by Director Weygandt, seconded by Director Bernasconi, to approve the Operating Budget for Fiscal Year 2021-2022 (Resolution 2021-08).

Vote:           Ayes:    Bernasconi, Gore, Weygandt, Williams  
                  Nos:  
                  Absent:  Alvord, Houdesheldt

#### **5. Information: Receive and File Items**

The following items were on the agenda as Receive and File items:

- Investment Review
- Rate Stabilization Fund Balances as of April 30, 2021
- Connection Fee Program Report

Director Gore asked for clarification regarding the Rate Stabilization Fund balances and connection fees, and whether these dollars are utilized for future capital expenses or are used only for upgrades. Acting Executive Director, Richard Plecker, responded that connection fees are used for capacity-building projects, whereas rehabilitation projects are funded from operating revenues (rates).

Director Gore stated that the cost of connection fees is the same for all, including multiple family housing. Affordable housing and multi-family housing connection fee costs are very expensive, but the drain on the system may not be as great. She asked if it might be possible to reduce the connection fees while still covering expenses and future needs.

Vice Chair Williams stated SPMUD did an extensive study approximately three years ago and looked at comparative flows from various types of uses and it was discovered that single-family and multi-family dwellings were comparable.

Acting Executive Director Plecker commented that the Authority partners would meet to look into this further and discuss possible options.

No Public Comment was received on these items.

#### **Reports/Comments – Board Members/Staff**

Director Gore stated that the Placer County Board of Supervisors had an item before them regarding an annual connection fee increase for SPWA and that she did not recall that the Authority took action on this item. She asked if the annual connection fee automatically updated, or if the Authority is required to adopt the fee increase. Janet Vargas, EU Business Services Administrator, responded that the fee is automatically increased. Director Gore questioned why the Board of Supervisors was required to act on this item, but the Authority was not.

Acting Executive Director Plecker said some research would need to be done to accurately answer this question.

**Public Comment**

There was a request asking the Authority to clarify when the next Nexus study would be conducted for SPWA. Acting Director Richard Plecker will look into this and provide the information.

**Adjournment**

The meeting was adjourned at 10:15 a.m.

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**James Williams**  
**Vice Chair**

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**Pamela Walsh**  
**Secretary to the Board**

Tab 1

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## AUTHORITY COMMUNICATION

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**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 11, 2022

**FROM:** Executive Director's Office

**AUTHORITY COMMUNICATION NO.:** 22-01

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**SUBJECT:** Election of Chairperson and Vice-Chairperson

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*For SPWA Board Meeting of January 27, 2022*

### **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, 2021. Section 3.5 of the 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. Customarily the Board annually appoints a new Chairperson and Vice-Chairperson at its first meeting of the year.

Submitted by:



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Richard D. Plecker  
Acting Executive Director

Forensic  
Audit



# SOUTH PLACER MUNICIPAL UTILITY DISTRICT

January 11, 2022

Bruce Houdesheldt, Chair  
South Placer Wastewater Authority  
2005 Hilltop Circle  
Roseville, California 95747

**Re: Demand for Forensic Audit of City of Roseville Accounts Relating to  
the South Placer Wastewater Authority**

Dear Chairman Houdesheldt:

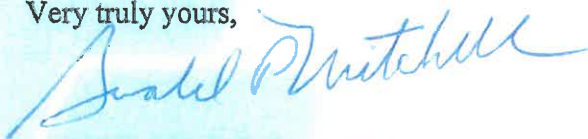
I write on behalf of the South Placer Municipal Utility District (SPMUD) Board of Directors concerning the recent developments reported in the press regarding the arrest of the Wastewater Utility Manager of the City of Roseville, who was in charge of administering the South Placer Wastewater Authority (SPWA) before his termination by the City. According to the charges filed by the Placer County District Attorney's Office, this individual is alleged to have fraudulently billed approximately \$300,000 in unauthorized and inappropriate charges to the SPWA, of which \$71,136.02 would be SPMUD's share based upon the percentage allocations contained in the SPWA Operations Agreement and Funding Agreement. Regardless of the outcome of the criminal proceedings, it is clear that none of these expenses should have been billed to SPWA. I attach a copy of the Declaration in Support of Arrest Warrant which details the facts supporting the charges, and which is a matter of public record.

We are gravely concerned with the apparent use of the SPWA accounts as a means to bury expenditures that would not otherwise survive scrutiny in the light of day. The City of Roseville is responsible for the operation and maintenance of the regional sewer treatment facilities for the mutual benefit of itself and its partners, SPMUD and the County of Placer, as set forth in the agreements creating the SPWA and providing for its funding and operation. This is a fiduciary obligation, and allegations of malfeasance on the part of City employees in the furtherance of that duty are a matter of great concern to SPMUD. As Directors of SPMUD, we owe the highest duty to our ratepayers to take all steps necessary to ensure that their funds are being properly spent. The District Attorney's case against the City of Roseville Wastewater Utility Manager is plainly understood and will play out in due course. However, more troubling to my Board are statements implicating Brown & Caldwell, a key SPWA contractor, in a conspiracy to disguise improper expenditures by burying them in SPWA accounts. If such accommodations were readily provided to a key City employee by a very important vendor in this instance, what other questionable activity might have been occurring over the lifetime of the SPWA? What other expenses might have been improperly charged to SPWA? For this, we and our ratepayers deserve answers and transparency.

Accordingly, we hereby request a full and complete forensic audit of all SPWA budgets, expenses, and accounts, including those in which Brown & Caldwell would have had any involvement since the inception of their work on behalf of SPWA. In addition, we further request that this analysis also include a third-party value engineering of all capital improvement planning and budgeting documents prepared by Brown & Caldwell and others to ensure that the scope of work, level of effort, and design are intended to ensure the highest quality treatment at the lowest cost to SPWA as a whole. We further request that the forensic audit be performed under the direction of the SPWA Board of Directors, and that the auditor report to the SPWA Board to ensure complete transparency. Finally, we request that the cost of this audit be borne exclusively by the City of Roseville, given the egregious nature of the circumstances requiring it and which occurred under its watch.

On behalf of the Board of Directors of the South Placer Municipal Utility District, I express my appreciation for your attention to this most important matter, and I look forward to the prompt, credible and final resolution of these questions.

Very truly yours,



Gerald P. Mitchell, President  
Board of Directors  
South Placer Municipal Utility District

Enclosure:

Declaration in Support of Arrest Warrant

SUPERIOR COURT OF PLACER COUNTY  
STATE OF CALIFORNIA

--oOo--

1 THE PEOPLE OF THE STATE OF  
2 CALIFORNIA,

3 Plaintiff,

4 vs.

5 KENNETH JAMES GLOTZBACH

6 Defendant.

No. 02-182398

DECLARATION IN SUPPORT  
OF ARREST WARRANT

**FILED**  
Superior Court of California  
County of Placer

NOV 10 2021

Jake Chatters  
Executive Officer & Clerk  
By: J. Mariano, Deputy  
JM

7 I, the undersigned, say and declare:

8  
9  
10 I am employed by the ROSEVILLE POLICE DEPARTMENT as a peace  
11 officer. I reasonably believe that there is probable cause to arrest the above-named  
12 individual for violations of 424 PC, 424 PC, 424 PC, 424 PC, and 424 PC. My belief is  
13 based upon statements and information contained within the report consisting of 29  
14 pages, which are attached hereto and incorporated by reference as if set forth fully herein.

15  
16 I hereby declare under penalty of perjury that I have read the above report and  
17 know the contents to be accurately reported and true to the best of my knowledge.

18 WHEREFORE, your declarant prays that a warrant of arrest be issued for the  
19 arrest of said defendant.

20 Executed on 11/10/21 at ROSEVILLE, Placer County, California.

21  
22  #101  
23 KELBY NEWTON (Badge # 101), Declarant  
24 ROSEVILLE POLICE DEPARTMENT  
25  
26  
27  
28



Roseville Police Department  
1051 Junction Blvd  
Roseville, CA 95678

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Troy Bergstrom, Chief of Police

To: DA Tracy Pecoraro

From: Lt. Newton

RE: Case summary of Kenneth Glotzbach 2021-17138

**Mentioned people and job title:**

- (M) Peterson, Stacey HR Director City of Roseville
- (M) Plecker, Richard Environmental Utilities (EU) Director City of Roseville
- (S) Glotzbach, Ken Wastewater Utility Manager EU City of Roseville
- (M) Jordan, Todd EU employee City of Roseville
- (M) Vargas, Janet EU Business Administrator City of Roseville
- (M) Bigley, Sean EU Assistant Director City of Roseville
- (M) Pistole, Patricia EU Office Assistant City of Roseville
- (M) McGaw, Peggy CFO for Lincoln Law School Sacramento

**Case Synopsis**

Kenneth Glotzbach worked for the City of Roseville in the Environmental Utilities (EU) division. Glotzbach was the Assistant Director of Wastewater Utilities and reported to Environmental Utilities Director Richard Plecker. While attending conferences related to wastewater management, Glotzbach met Marisa Tricas, who at one point was employed by the Environment Protection Agency in Washington D.C.. Glotzbach wanted to hire Tricas to work for the City of Roseville in the EU division as a Governmental Relations specialist in 2018. Although the City of Roseville originally had planned on hiring two people to work in Government Relations, the city council only approved funding for one position. The single position was offered to someone other than Tricas, but Glotzbach was informed that funding for a second position would become available in the near future.

The City of Roseville is part of a joint powers authority (JPA) with Placer County and the South Placer Municipal Utilities District (SPMUD) called the South Placer Water Authority (SPWA). The SPWA was created to finance the construction of the Pleasant Grove Wastewater Treatment Plant and to pay for improvements to the Dry Creek Wastewater Treatment Plant. The three partners split cost allocations as follows:

City of Roseville:	64%
Placer County:	12%
South Placer MUD	24%

The SPWA has no employees and all staffing and services are provided by the City of Roseville's personnel. Costs incurred by the City of Roseville to provide the services are to be reimbursed by the SPWA. As the Assistant Director of the Wastewater Utilities division, Ken Glotzbach was in charge of overseeing the SPWA.

The SPWA contracted with an independent consulting firm called Brown and Caldwell to assist them with construction projects and improvements to its two wastewater facilities. Brown and Caldwell employee Michael Harrison was a project manager of one of these contracts, the Dry Creek Wastewater Treatment Plant Cogeneration Project. In the middle of 2018, Glotzbach contacted Harrison and explained

to Harrison that he wanted to hire Tricas as a Roseville city employee but was unable to due to temporary lack of funding by the city council. Glotzbach asked Harrison to hire Tricas as a temporary employee at Brown and Caldwell until funding for a permanent position became available through the city, which would occur in about three to six months. According to Harrison, this arrangement was fairly unusual. However, Harrison agreed to hire Tricas as a "principal scientist" on a temporary basis at Glotzbach's request.

In order for Brown and Caldwell to hire Tricas as a temporary employee under their contract with SPWA, they needed funding under the contract for her position. In January 2019, EU employee Todd Jordan, with the assistance of Glotzbach and Harrison, prepared a communication to be presented to the City of Roseville city council asking for additional funds to be made available to Harrison's project. This communication, which was presented at a city council meeting on January 9, 2019, asked the City to approve funds of an additional \$173,000 for a task designated as "700 RIN" at the Dry Creek Wastewater Treatment Plant. This particular task involved oversight of a federal program involving renewable identification numbers associated with a renewable fuel program. Glotzbach, Jordan and Harrison were all aware that the Dry Creek Wastewater Treatment Plant did not participate in this program and had no need to hire somebody for this task. All three were aware that this was a misrepresentation to the Roseville City Council to obtain money to hire Marisa Tricas. Based upon the communication prepared by Todd Jordan, the City of Roseville city council approved the amendment to the Cogeneration Project contract by adding \$173,000 for a "700 RIN" task.

Marisa Tricas moved from the east coast to Roseville in 2018 prior to starting as a temporary employee at Brown and Caldwell. Ken Glotzbach paid for her moving expenses, which totaled \$6,166.41, with his city issued credit card. Glotzbach then billed this \$6,166.41 to the SPWA as an administrative cost. Placer County paid \$369.98 and SPMUD paid \$739.97 for these moving costs, when at the time Tricas was neither a Brown and Caldwell employee nor an employee of the City of Roseville, and had done no work as of yet for the SPWA.

Although Tricas was employed by Brown and Caldwell as a temporary employee, she did not have an office at Brown and Caldwell and reported directly to the City of Roseville. Ken Glotzbach oversaw her work and signed off on her time cards. Marisa Tricas worked as a temporary employee at Brown and Caldwell from December 10, 2018 to August 16, 2019. During that time period, Tricas travelled to numerous conferences throughout the state and country related to wastewater management but in fact had nothing to do with the task that she was billing under, the "700 RIN" task. Tricas, in fact, did not do any work for the "700 RIN" task because as stated above, it was not a program that the Dry Creek Wastewater Treatment Plant participated in. As a temporary employee, Tricas billed \$183,393.28 to the "Cogen Project Task 700 (RIN 700), which was paid by the JPA partners as follows:

City of Roseville:	\$117,371.70
SPMUD:	\$44,014.39
Placer County:	\$22,007.19

Placer County and SPMUD paid \$66,021.58 for work on the "RIN 700" project task when no work was ever actually performed.

Although Ken Glotzbach initially anticipated that the City of Roseville would approve a new position for Tricas within three to six months, in fact the city delayed in approving the second position. The money acquired for Tricas to work as a temporary employee at Brown and Caldwell under "RIN 700" ran out, so Harrison and Glotzbach had to find money to pay Tricas from other tasks that had been funded by the contract. Tricas billed \$15,652.00 for Construction Management Services (Task 400) when in fact she was not qualified to perform any of those services and did not in fact provide any of those services. These hours that were billed to Task 400 were signed off by Ken Glotzbach. These costs were paid by the JPA partners as follows:

City of Roseville:	\$10,017.28
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SPMUD: \$3,576.48  
Placer County: \$1,878.24

Placer County and SPMUD paid \$5,634.72 for Construction Management Services that were not performed.

Additionally, Tricas billed \$83,615.60 for Engineering Services During Construction (Task 300) when she in fact was not qualified to perform those tasks and did not in fact perform those tasks. These hours as well were signed off on Tricas' time card by Ken Glotzbach. These costs were paid by the JPA partners as follows:

City of Roseville: \$53,513.98  
SPMUD: \$20,067.74  
Placer County: \$10,033.87

Placer County and SPMUD paid \$30,101.61 for Engineering Services During Construction which were not performed.

Marisa Tricas was finally hired by the City of Roseville as an employee in August 2019. In late July/early August 2020, the City of Roseville finance department received an invoice from Lincoln Law School for Marisa Tricas for \$1360.00. Stacey Peterson, an HR director for the City of Roseville, contacted Ken Glotzbach to ask about the law school invoice for Tricas. Glotzbach stated that when he hired Tricas, he promised her that he would pay for her law school tuition as part of the hiring process. According to Glotzbach, this promise was made orally and not in writing. Peterson had no knowledge of this agreement, nor did EU Director Richard Plecker or the city manager, and Peterson stated it would be highly unusual for the city to agree to pay for an employee to get a degree in this manner. Peterson told Glotzbach that if Tricas wanted reimbursement for her law school tuition, she had to apply through the city's tuition reimbursement program, which only allowed for a maximum of \$6,000 of reimbursement a year. Glotzbach stated that he had funds available in his department's training budget. Peterson told Glotzbach that he was not allowed to use his training funds to pay for an individual employee's college coursework. Peterson told Glotzbach that if he wanted to use his training funds to do this, he needed to come up with a proposal that could be signed off on by his boss Richard Plecker and the city manager.

Marisa Tricas attended Lincoln Law School fall of 2020/ spring of 2021. Ken Glotzbach created a purchase order for his department payable to the Lincoln Law School for \$20,000, for "Course Development Services, Instructional and Training." Glotzbach contacted Peggy McGraw, who is the Chief Financial Officer for Lincoln Law School. Glotzbach asked McGraw to create a special invoice for Marisa Tricas' law school tuition which would include her student number but would omit her name. Glotzbach also asked that the invoices be mailed directly to him as opposed to the finance department. The City of Roseville paid \$14,454.00 for two semesters of law school attended by Marisa Tricas. Glotzbach billed Tricas' law school tuition to the SPWA as an administrative expense. As a result, the JPA partners paid for the law school education of Tricas as broken down as follows:

City of Roseville: \$11,852.28  
SPMUD: \$1,734.48  
Placer County: \$867.24

In mid-March 2020, City of Roseville employee Nancy Roethlisberger discovered the invoices for Lincoln Law School and thought that they looked odd. Roethlisberger remembered overhearing Tricas discuss attending law school at night and thought the invoices might be related, so she brought them to the attention of her supervisor Janet Vargas.

On March 24, 2021, Richard Plecker called a meeting with Glotzbach in which he was confronted with the law school invoices for Marisa Tricas. Glotzbach assured Plecker that there was nothing inappropriate going on between Glotzbach and Tricas outside of work. Glotzbach stated that he had given Tricas his word about helping her obtain higher education and wanted to keep his word. During the

meeting, Glotzbach claimed that Stacy Peterson never said "no" to letting Glotzbach pay for Tricas' law school education, in spite of Peterson's statement to the contrary.

**Nature of Investigation:**

On March 29<sup>th</sup> I spoke with Stacey Peterson over cellphone. Peterson is the Human Resources director for the City of Roseville. Peterson asked to speak with me regarding a possible criminal issue with a city employee (Ken Glotzbach). We agreed to discuss the matter via Microsoft Teams on 3/30/21.

**Investigation:**

On 3/30/21 at approximately 1430 hours I met with Stacey Peterson (HR Director) and Jonathan Levy (City of Roseville Deputy City Attorney) via Microsoft teams to discuss this matter. The teams request was originated by Peterson.

Prior to the Teams meeting at 1428 hours I received an email from Peterson that contained seven attachments regarding this incident. The following are the attachments:

1. Lincoln Law School Invoice in the name of Marisa Tricas with the Student ID # of 2020000070.
2. Generic Lincoln Law School Invoice with the Student ID # of 2020000070. There was no student name on the bill. The bill was addressed to Kenneth Glotzbach. The bill was for \$7225.00. Invoice date was 10/6/2020. The bill had City Of Roseville Account Code #6201-5461-74305 hand written on the invoice.
3. Generic Lincoln Law School Invoice with the Student ID # of 2020000070. There was no student name on the bill. The bill was addressed to Kenneth Glotzbach. The bill was for \$7229.00. Invoice date was 1/20/2021. The bill had City Of Roseville Account Code #6201-5461-74305 hand written on the invoice.
4. Is a City Of Roseville Requisition order # 8009685 entered by Patricia Pistole. The approved requisition order was for \$20,000. The supplier on the form was Lincoln Law School. The purchase order account code was #6201-5461-74305. The budget date on the form is 9/22/20 which is the date the requisition order was created.
5. Is a series of emails between Ken Glotzbach and Stacey Peterson titled "Tuition/Training expense."
6. Is a series of emails between Stacey Peterson, Richard Plecker, Hedy Dehghan (HR), and Kristi Corral (Finance).
7. Is a series of emails regarding moving expenses that occurred in 2018 when Marisa Tricas was hired by the City of Roseville and moved out here from her residence on the East Coast.

**Statement of Stacey Peterson:**

Stacey Peterson told me the following about this investigation on 3/30/21:

Peterson who is the HR director for the city was advised about an issue last summer/fall regarding an invoice for city employee Marisa Tricas and her attending law school through Lincoln Law School in Sacramento. The invoice was submitted by Ken Glotzbach on behalf of his employee Marisa Tricas to the city Finance department. The payment request for the invoice (item # 1) was not made through the appropriate channels for reimbursement since he gave it to Finance. The invoice was eventually approved for payment by Peterson.

Peterson recalled having a follow up phone conversation with Ken Glotzbach near the end of August or early September/ 2020 regarding (item # 1) the invoice from Lincoln Law School dated 5/28/20 in the

amount of \$1360.00 for Marisa Tricas. Peterson said that Glotzbach felt it was work related and should be paid out of training fund through Environmental Utilities (EU). Glotzbach said that his division in EU had funding for the schooling. Glotzbach told Peterson that he had agreed to pay for law school tuition as a part of Tricas's hiring process. This agreement between Glotzbach and Tricas was verbal and Glotzbach had no signed documents of this agreement. Peterson in her role of HR director had no knowledge of this agreement being said verbally or in writing and this was new information to her. Peterson told me this would be an unusual thing for the city to agree to and it has never been done before to her knowledge. In addition, the City Manager (Dom Casey) would have to sign off on this promise as well when Tricas was hired which never occurred.

Peterson advised Glotzbach of the city's tuition reimbursement program for management employees and that is how Tricas would need to seek reimbursement. The city's plan only allows for \$6,000 a year for one management member so Tricas would need to get her reimbursement forms submitted ASAP since its first come, first serve. If she did not get the \$6,000, she would be eligible for \$2500 under the new supplemental tuition reimbursement program. Glotzbach was concerned that this would not be enough money to cover the cost of Tricas's law school tuition. Peterson told Glotzbach that he could not process any further invoices through Finance as they would not process them as they are aware of the Tuition Reimbursement Program which originally brought this to Peterson's attention since it was not the correct method for payment. Peterson told Glotzbach that college coursework should not be processed as department training. Glotzbach had concerns about the policy so Peterson told him that if he did not like the process or policy that he needed to take it to Rich Plecker who is the director of EU. Peterson told Glotzbach just because his department is an enterprise fund does not mean that they can do something different that general fund departments creating a halves and halve not benefit structure. Peterson said she wanted to be upfront about this and did not see this as appropriate but would listen to any proposal Glotzbach were to submit.

#### **Statement of Janet Vargas:**

On 4/7/21 at 0730 hours I met with Vargas at the police department. I recorded the interview with Vargas and the following is a summary of the interview.

Vargas is a management level administrator in the Environmental Utilities (EU) Division. She works on rates, budget, debt, and other items. Janet Vargas reports directly to Dale Olsen. Olsen reports directly to Rich Plecker. Plecker is the director over EU for the City of Roseville. Vargas has been with the City of Roseville for over 20 years.

As of 3/25/21 Marisa Tricas reports directly to Vargas. Prior to this Tricas had been directly reporting to Ken Glotzbach. Vargas said Tricas was moved due to financial activities and the switch was made by Plecker. Vargas was told that Plecker allowed for Glotzbach to advise Tricas that was being moved to a new supervisor. Tricas has told Vargas she is confused as to why she was moved under Vargas.

Vargas said during mid-March her team that works for her found potential issues with payments made to Lincoln Law School on behalf of Tricas. Vargas said the payments looked odd because she has never seen anything like it before. The city pays legal firms on a regular basis for consulting and legal advice but not for a city employee to attend law school. The payment documents were originally located by Nancy Roethlisberger and then she gave them to Vargas who is her supervisor. Roethlisberger had heard about Tricas attending law school at night at Lincoln Law School in casual conversation and when she saw the invoices, she felt it could be related and wanted to advise Vargas.

Vargas said the following things looked odd on the invoices in particular invoice # 1 from 5/29/20. It was from Lincoln Law School to a student which was Tricas, but the City was paying the bill for the schooling. Invoices 2 & 3 looked odd because the invoices from Lincoln Law School came directly to Ken Glotzbach instead of accounts payable. On the invoice there was only a student ID number listed and no name. Invoice 2 & 3 did not match invoice 1 even though they were from Lincoln Law School. Vargas found it odd that the city was paying for someone to go to law school. Vargas has never heard of the city paying for someone to attend law school. It was clear to Vargas this was not a training class but class fees for a spring and fall semester because it is written on the invoices. Vargas immediately told Olsen and Plecker about the issue of payment for law school on 3/18/21. This conversation occurred over Microsoft Teams. The discovery of the invoices occurred the week prior to 3/18/21.

As of 4/7/21 there are only three known payments to Lincoln Law School for Marisa Tricas with a student ID # of 202000070. *I later confirmed on 4/14/21 that only 3 payments have been made using funds from the City of Roseville. Two of the payments were not authorized.*

When the 2 invoices were discovered item # 4 was discovered which was a purchase order (PO) requisition for the city of Roseville. The "supplier" on the PO is Lincoln Law School. The requisition order was written by Patricia Pistole. I knew she had written it based upon her interview, but Vargas was not for sure if Pistole had written the PO when I interviewed her. The PO was written for \$20,000. On 9/24/20. The individual that requested the PO to be written was Ken Glotzbach and this was later confirmed in an interview with Pistole. Invoice Item # 2 and Invoice Item # 3 were later paid out of PO # 8009685 totaling \$ 14,454.00. The PO is written for "offsite environmental, water, law, and compliance training and not law school.

Vargas believes that nobody from the city has spoken to Lincoln Law School about the invoices. I asked Vargas if invoice # 2 and # 3 could have been "dumbed" down to help hide who was receiving payment. Vargas said the invoices have been "dumbed down" but does not know for sure without speaking with someone from Lincoln Law School. Invoice 2 and 3 does not have a student name just a student ID number when item # 1 had both name and student ID number. The logo for Lincoln Law School is not on invoice # 2 or 3 but the logo is on item # 1.

As a reminder invoice # 1 was paid out of the HR budget and authorized by the HR department head, Stacey Peterson. The amount paid out of the HR budget was \$ 1360.00.

Vargas said that invoice # 1 was paid after the fact by HR. Vargas said she had heard that any other invoices would need to come out of the higher educational account program administered by the city.

On 3/25/21 Glotzbach called Vargas over cellphone and she spoke with him. Vargas recalled the conversation because she was in the airport getting ready to fly to Ohio. Glotzbach wanted to know how all of this was located. Vargas told Glotzbach the invoices look weird. Glotzbach wanted to confirm how this was located to make sure his supervisor Plecker had told him the same thing. Vargas said, "He wanted to confirm chain of events as it was told to him from Rich." Vargas confirmed the chain of events but did not list employees who located the invoices. Vargas then told Glotzbach that she then told Olsen and Plecker of the findings. Vargas told Glotzbach that the invoices did not look good and he told her it was the way he had to set it up. Glotzbach told Vargas it was set up for training and she (Tricas) is getting training. Vargas challenged Glotzbach about it and he told her it was justified in his opinion. Vargas said this was the end of the conversation and she has not spoken to him since. Vargas said she has not told anybody about this conversation since Plecker has been on vacation.

Vargas tried to speak with Tricas on 3/24/21 to welcome her to her team but was not able to connect with her. Vargas then went on vacation to Ohio. Vargas has never seen Tricas in person since Tricas was moved to her team. Vargas said that Tricas and Glotzbach are under the impression that Vargas only supervises Tricas on certain job duties and Glotzbach supervises her on other duties. This is indirect conflict with the orders Plecker gave Glotzbach in person. Tricas has told Vargas she is under the impression she has only been temporarily moved under Vargas's supervision.

Vargas was unaware of any written agreement or hiring agreement to send Tricas to law school.

Vargas was unaware of any outside relationship between Glotzbach and Tricas. Vargas said there was speculation but no proof. Vargas has never seen any signs of an outside relationship with Vargas and Glotzbach. Vargas said that Glotzbach is very protective of Tricas and he has never been this way with any other employee. Glotzbach is very protective of her work abilities. When Tricas was working under Sean Bigley in EU she was not performing well. Glotzbach had Tricas moved out of Bigley's supervision and into his area. Bigley and Glotzbach are peers in the city structure under EU.

Vargas told me that two additional new offices were built at the City's wastewater treatment plant administrative building (1800 Booth Road) during late last year during the Covid-19 lockdowns. The two new offices were for Tricas and Glotzbach. Vargas was unsure of the reason to have the two offices built. Both Tricas and Glotzbach already had offices at the city corporation yard so as to why two new offices were built were unknown to Vargas. The office construction and build out was approved by Glotzbach. The build of the office was funded from the WWTP reliability fund and not Glotzbach's administrative fund which is the account that should have been used. When I spoke with Vargas about the office issue, she did not have much documentation about the construction, so she agreed to look into it more and get back to me.

When Tricas was hired in 2018 by Glotzbach the city paid over \$ 6,166.41 in moving expenses to move Tricas to CA from Washington, DC. This was requested by Glotzbach and approved by Plecker. The city paid \$1792.00 to have Tricas's car (17-year-old Honda Civic) transported across the US to CA. Vargas has never heard of this being allowed for any new hire. I also reviewed the city's regulations with relocation of new hires and all funds must be approved by the department head (Plecker) and city manager (Dominick Casey). The forms had a dollar amount of \$6,166.41 which would be outside of the regulations of the city. It should be noted that these moving funds were outside of city policy but authorized by Plecker.

End of statement with Janet Vargas.

**Statement Rich Plecker:** On 4/7/21 at 1600 hours I met with Plecker at the City of Roseville Corporation Yard. I recorded the interview with Plecker and the following is a summary of the interview.

I met with Plecker on 4/7/21 at 1604 hours at his office which is located at the City of Roseville Corporation Yard. Plecker is the director of Environmental Utilities for the City of Roseville. Plecker reports directly to Assistant City Manager Ryan Devore. Plecker has been with the city for over 6 years. Plecker is in charge of the following areas for the city: Water, Wastewater, Solid Waste, Storm Water, and Recycled Water. EU is the largest department in the city. Plecker is the direct supervisor of Olsen, Glotzbach, and Sean Bigley. Due to the large number of employees in EU Plecker relies and trusts his direct reports to make appropriate decisions that are within legal and city policy.

Plecker acknowledged items # 1,2,3 which were the invoices for payment for Lincoln Law School for Tricas. Plecker said he had seen the invoices before and was aware of #1 around Aug/Sep of 2020 when Glotzbach told him about # 1 over the phone. During the phone conversation Glotzbach told Plecker that Tricas was looking to obtain higher education. Plecker said Glotzbach said it in a way like Glotzbach was trying to refresh his memory but this was the first Plecker new about Tricas's higher education plans. Glotzbach said he was having problem obtaining payment for item #1. Glotzbach spoke with Peterson about the issue and he was told by her the reimbursement for management employees is only \$2500. Glotzbach indicated he had told Peterson that he had training funds and said he could use that instead. Glotzbach indicated that Peterson told him he could not use training funds and that was not fair. Peterson later approved the payment of # 1 out of the HR budget and not training funds. Glotzbach said that Peterson laid out the process on how the education reimbursement process worked at the end of the call. Peterson told Glotzbach at the end of the phone call that if Glotzbach could come up with additional method to pay for Tricas's law school that he should propose a way for it to potentially occur. Plecker said he later circled back with Peterson to see if the conversation was the way Glotzbach explained it to him and Peterson told him the same version. Peterson was clear to Plecker that the answer to future payments outside of the education reimbursement fund was "no."

I showed Plecker item # 2,3 and # 4. Plecker said he assumed that Pistole had entered the purchase order (#4) in question into the city's finance system. I asked Plecker if Glotzbach had permission from him to open the PO (#4) for \$20,000 and he said, "Not from me." Plecker would be the only person that could approve such a PO. Plecker felt that Patty Pistole who wrote the PO was not involved and just doing what she was told to do by Glotzbach.

Plecker told me that the funding for the PO was \$20,000 which is below the City Council approval process. *I later learned from interviewing Vargas on 4/14/21 that the funds came out of bigger training fund account that Glotzbach had access to in his division.* Plecker said nobody to his knowledge has ever been paid as much as Tricas has received for college.

Plecker said there was no contract or hiring agreement to pay for Tricas's education plans once she was hired. Plecker said nobody else had authorization to pay for the education costs. Plecker then said he was not sure he could even authorize it if he wanted to at the time.

There was a discussion with Bigley, Glotzbach, and Plecker about helping Tricas move from Washington DC to Roseville. The conversation was about helping with U-Haul and gas to help her move out to CA. Plecker had no knowledge that they would end up paying over \$6,000 to help Tricas move. Plecker thought maybe a few thousand dollars to help Tricas move was fair. Plecker said the moving costs given to Tricas is the highest ever given to any city employee in recent memory.

On 3/18/21 Plecker received a text message from Olsen and asked to speak with Plecker over Microsoft Teams. Olsen, Vargas, and Plecker were on the Teams call and Vargas asked Plecker if he had knowledge about EU paying for Tricas to attend law school. Plecker said that Vargas was trying to not stir up an issue but knew it needed to be reported in broad terms. Vargas showed Plecker the invoices in question.

Vargas also made Plecker aware of the 6k plus spent in moving expenses as well for Tricas in 2018. Plecker was not aware of the total cost of everything. *I later examined the payments for the move and Glotzbach submitted them and Plecker approved them but there submitted over several payment requests that would not draw suspicion to the high dollar amount for the move that was not authorized by Plecker.* The city manager would also need to approve moving costs this expensive.

On 3/24/21 Plecker called a meeting with Glotzbach and Olsen. Prior to the meeting Plecker was made aware of the phone call Olsen had received from Glotzbach prior to the meeting about the reasons for the meeting that I documented in Olsen's statement. Plecker said that Glotzbach had asked Olsen over the phone if he was in trouble for the invoices. Plecker told Olsen he could tell Glotzbach whatever he wants. Per Plecker, Olsen told Glotzbach he was worried about some stuff that has gone on. Plecker said he felt it was odd that the first thing Glotzbach worried about was the PO's.

During the meeting on the 24<sup>th</sup> Glotzbach told Plecker and Olsen that nothing was going on with him and Tricas outside of work. Glotzbach told Plecker he gave Tricas his word that he would help her with moving expenses. Glotzbach meant paying for all moving expenses but Plecker said that was not his understanding when it had occurred in 2018. Glotzbach told Tricas he would help her with higher education and wanted to keep his word about helping her out.

Plecker has no attorneys that work directly for EU. Plecker said there is no need for EU to have attorneys under Plecker since they work under the city attorney. With all of this he was not sure why Glotzbach would think they would pay for Tricas's law school.

During the meeting Glotzbach said that Peterson never said no to paying for Tricas's law school. Plecker told Glotzbach that Peterson did say no and also gave him an alternative pathway to potentially come up with a way to pay for it. Plecker said Peterson was nice for paying for invoice # 1 but did not need to if she chose not to. Plecker said he could not get his mind around on how Glotzbach was acting and thinking. Plecker asked Glotzbach if he made a promise that exceed his own authority and Glotzbach said, "No." Plecker asked Glotzbach if he made a promise that exceeded Plecker's own authority and Glotzbach said, "No." Glotzbach said he had not exhausted all pathways to help Tricas. Glotzbach said a promise is something he sees through to the end. Plecker said he counseled Glotzbach about over approving at the hiring phase and Plecker said that Glotzbach never changed his mind. Glotzbach said he has never done this before nor for anybody else in EU since nobody else had ever asked. Glotzbach said he made the PO for \$20,000 so there would be extra if anybody else wanted to go to law school. Plecker said that would not be possible with the way it is written since it is specifically for Lincoln Law School. Glotzbach admitted to Plecker that he contacted Lincoln Law School and had them write invoices per his request.

Plecker told Glotzbach that Tricas was to now report to Vargas. Glotzbach said he would tell Tricas about the transfer. The transfer was to ensure the WIFIA grant was being handled and to stop any other potential issues with Glotzbach.

At the end of the meeting on 3/24 Plecker is under the impression that Glotzbach feels he has done nothing wrong. Plecker feels that Glotzbach does not understand the consequences of his actions. Glotzbach said that he relies on Tricas to help him "read" other people and to understand other people's actions.

End of Pleckers statement.

I spoke with Plecker on 5/25/21 about Tricas working for Brown and Caldwell. Plecker said he knew Tricas since she had been identified as the candidate for the second position that was cut by HR and Noelle Mattock was the only person hired. Plecker advised that Glotzbach told him that Tricas was moving to California and later Plecker saw her working for Brown and Caldwell. Plecker thought Brown and Caldwell had hired her as a consultant/employee. Plecker said he did not know that Tricas was working for Brown and Caldwell and being paid by the three agencies that pool money to Brown and Caldwell for consulting services. *As previously mentioned in a prior supplement the three agencies are City of Roseville*

*who pays 65% of the fees. Placer County and South Placer SMUD are the other two agencies that pay the remainder 35%.* Plecker said he never authorized Glotzbach to arrange with Brown and Caldwell to hire Tricas and then pay her with the 3 agency money pool. Plecker was under the impression that only the City of Roseville was paying the bill to Brown and Caldwell and it was not until late March 2021 he was aware that the pool money had been used. Plecker was of the belief that Tricas was providing work as a Brown and Caldwell employee back to the City of Roseville under a City Council approved authorization but he was unaware that Glotzbach was billing her back under the wrong time projects and codes. It turns out that Glotzbach was having Tricas's time billed to Brown and Caldwell for tasks that she did not have the education or training to perform and Plecker did not know this fact.

End of statement.

On 7/29/21 I interviewed Plecker and below is a summary of the interview:

I asked Plecker if there was a contract in place for Tricas to work for Brown and Caldwell to do consulting with the City of Roseville and Plecker said, "Not to my knowledge."

I spoke about the RIN 700 report document written by Jordan that was later presented to City Council in 2019. I asked if this was the contract that ended up paying Tricas as a contract employee for B&C and Plecker said, "Yes that is what we later discovered." Plecker said it was a contract amendment approved by City Council.

I asked Plecker if Tricas did any RIN 700 work or task support services per the approved contract and he said, "No she did not." Plecker advised that RIN 700 work is not even possible at the Dry Creek water treatment plant. Plecker said the RIN 700 is renewable fuel credits regarding bio fuel production. Plecker said that Dry Creek has never produced bio fuel. Plecker said that Pleasant Grove will in the future but not Dry Creek. Plecker said the RIN 700 support to the Dry Creek plant was a "misrepresentation."

I asked if Glotzbach asked Jordan to write RIN 700 Dry Creek the way he did and he said, "I asked Jordan and he told me he initially wrote the contract for staff augmentation services." Jordan then told Plecker that Glotzbach told him to change the title to RIN technical services at Dry Creek." Plecker advised again that Dry Creek cannot perform RIN 700 tasks.

I asked Plecker if there was any work contract for Tricas to work for the City of Roseville via Brown and Caldwell and he said, "No." I asked if there is normally a contract in place for consultant services from Brown and Caldwell to the City of Roseville and Plecker said, "The city needs a scope of work completed and B&C would supply services they could provide." Plecker said that it is normal that when B&C can fulfill a scope of work request they explain how the person is qualified and usually give resume background or documents on the B&C employee to support the tasks they will complete. Plecker said that he has also worked in consulting as well prior to working for the City of Roseville and he would expect resume and documents to be provided for services or scope of work requested. To his knowledge Plecker said this did not occur regarding Tricas working for B&C as a consultant to the City. Plecker said that B&C normally will provide a "contracting record" on how their employees will fit into the entity hiring their consultants. I asked if that was done in this case and Plecker said, "No." I asked Plecker if he knew why this was not done in this case and he said, "I don't know why."

I asked Plecker who directed B&C to hire Tricas as a consultant and he said, "I understand that Ken Glotzbach did this after the fact and I did not know it at the time."

I asked Plecker if Tricas's work product as a contractor for B&C directly or indirectly benefitted the JPA (City of Roseville, Placer County, and South Placer MUD) and Plecker said, "From what I understand from reviewing our internal records there is no evidence that Tricas did any work on RIN technical support for which they were under contract. We have come to understand that she did a variety of government activities. There is no documentation of any direct benefit." Plecker advised there could be some indirect benefit of the government activities but he is not aware of any to his knowledge. The government activities that Plecker referred to was not a part of RIN 700 support.

I spoke with Plecker about the conferences that Tricas attended out of her scope of employment as a B&C contractor while at the City of Roseville. As previously mentioned the City of Roseville paid for her to attend these conferences with JPA funds even though she was a contractor for B&C. I asked if Tricas attending these conferences benefit the JPA and Plecker said, "At best the benefit would be indirect because I have not seen and evidence of a direct benefit, in the absence of any information I would say there was no benefit."

I asked if there would be benefit for Tricas to attend these conferences as a government relations consultant and he said, "Yes absolutely." I asked Plecker if it would be valid that Glotzbach had her attend these conferences as a Government Consultant and not RIN 700 support and Plecker said, "Yes absolutely." Plecker said that Tricas was not qualified or experienced to offer technical services in RIN 700 support. Plecker said that RIN 700 support is a narrow field to provide services. Plecker said that Tricas is more qualified for government relations. RIN 700 is not government consultant activities.

Plecker advised that Glotzbach was the director of the JPA but due to being on administrative leave he is no longer the director. *This allowed for Glotzbach to bill for Tricas since he was the director of the JPA.* Plecker now has to be the director. Plecker recently had to advise the partners that money was misused. Plecker advised that if any monies were misused the City of Roseville would make the partners whole again. Plecker did advised that the partners were billed for Tricas's fraudulent services and that they have already paid the money that was sent to them that they owed. Plecker advised there is no pot of money already on hand via the JPA partners. Standard billing practice is used and the partners pay the bill after receiving the invoice from the City of Roseville.

Plecker advised that Tricas did not fulfill any services under RIN 700 support.

I asked Plecker if Jordan knew that RIN 700 credits were not produced at the Dry Creek plant and he said, "Yes." I asked if Plecker asked Jordan why he still wrote the RIN 700 the way he did that was ultimately approved by council. Plecker said he did talk to Jordan about it because he felt it was a betrayal.

Plecker asked Jordan why he falsified a task order in an amendment. Plecker said all that needed to be done was for the title to say staff augmentation and it would have been appropriate as submitted. Jordan told Plecker that the document was originally titled as staff augmentation and that Glotzbach told him to change it to RIN technical support. Plecker asked Jordan why Glotzbach wanted it that way and he said, "No he did not." Plecker asked Jordan if that was a misrepresentation at the time and Jordan told him he knew it was a misrepresentation. Plecker asked why and Jordan said that Glotzbach told him that Jordan was in the "doghouse" with Plecker and that Jordan "needed to play ball." Plecker said that Jordan had been counseled by him in the past for giving out applications to existing employees for open water jobs in the area. Plecker did not appreciate Jordan handing out applications and asked for him to stop. Plecker said he never had to counsel Jordan about writing contracts and communications with City Council. Jordan

felt he was still in the doghouse as he spoke with Plecker. Jordan also told Plecker that Glotzbach told him numerous times that things had been cleared at the highest levels which meant approval by Plecker.

End of statement.

**Statement of Peggy McGaw:**

On 4/13/21 at 0900 hours I met with McGaw at Lincoln Law School in Sacramento. I recorded the interview with McGaw and the following is a summary of the interview. McGaw is the Chief Financial Officer for Lincoln Law School.

McGaw said that Glotzbach was the individual she worked with to pay items # 2, 3 respectively dated 10/6/2020 and 1/20/2021. McGaw said that Glotzbach wanted a certain format for invoices. McGaw said there system could not meet his needs so they ended up doing the format on Quickbooks. McGaw provided me several emails between Glotzbach and her regarding Invoices from 10/6/20 and 1/20/21. All of the emails from Glotzbach are from his city of Roseville employee email.

McGaw said that Glotzbach needed the City of Roseville purchase order number on the invoice and not the student name. Glotzbach also wanted the invoices addressed directly to him. Lincoln Law School's payment system did not allow for Purchase order numbers, deletion of student name. Glotzbach said by mailing the bill to him would help the payment to be processed more quickly by the City of Roseville. McGaw was the employee that created both invoices from 10/6/20 and 1/20/21. McGaw said a normal invoice from Lincoln law school is similar to my item # 1 with the schools logo and student name on the invoice. McGaw confirmed again that Glotzbach specifically did not want Tricas's name on the invoice.

On 4/19/21 at approximately 0945 hours myself and detectives from the Roseville Police Department executed a search warrant related to this case at 1800 Booth Road, Roseville which is a city owned building that houses the Waste Water Treatment Plant (WWTP). Inside the WWTP Glotzbach has an office that he had built during the last year and primarily works out of that location now. The second location was Glotzbach's office at the Corpyard located at 2020 Hilltop Circle, Roseville. The warrant had been signed by Judge Wachob on 4/16/21. The search warrant was also sealed pursuant to CRC 2.550.

**Statement of Kenneth Glotzbach:**

Sgt. Kelley and I contacted Glotzbach inside his office at the WWTP and I gave him a copy of the search warrant. Glotzbach immediately became nervous and started shaking. I asked him if he would write down the codes for his cell phones since they were listed in the warrant and he said he would. A photo of the codes is shown later in this supplement. I asked Glotzbach if he would talk to me and he said, "Sure."

At 0952 hours I interviewed Ken Glotzbach inside the office of Todd Jordan since detectives were searching Glotzbach's office. Jordan was not on scene. I recorded the interview and later booked it into evidence. Sgt. Kelley was present during the interview. Below is a summary of the interview.

I explained to Glotzbach that we were searching his office at the WWTP and the City Corpyard under conditions granted by a Placer County Judge in the search warrant. I explained to him that we would leave a copy of the search warrant and a receipt of all items taken with him prior to leaving.

I told Glotzbach that he was not under arrest nor would he be arrested at all. I told Glotzbach that he was not in custody and could leave the office at any time. The door was left open as well as we spoke. Glotzbach nodded his head that he understood.

Glotzbach told me he has been with the City of Roseville for 23 years. Glotzbach said he was an assistant director for the Environmental Utilities division. Glotzbach said his direct supervisor is Rich Plecker.

Glotzbach said due to COVID he setup a second office at the WWTP where his staff is located. Glotzbach said 100 people work under him and he has 7 or 8 direct reports. Todd Jordan is a direct report to Glotzbach.

Glotzbach said he knew Marisa Tricas and that she used to report to him but now reports to Janet Vargas. Glotzbach said he first met Tricas four or five years ago at a conference in San Diego. Tricas at the time was working for the Water Environment Federation. Glotzbach said she later started working for the EPA in DC. I asked Glotzbach if he, Plecker, and other employees met here in DC and he said, "Yes." Glotzbach said that based upon Tricas's knowledge and contacts in the industry is why she was hired to work for the city.

Glotzbach said that he was very nervous about everything that was going on. He said he was looking to contact an attorney. Sgt. Kelley asked him what was Glotzbach concerned about and he said, "I don't know and that's the problem obviously there is something going on."

Sgt. Kelley explained to Glotzbach that we wanted all sides of the story. I explained that I was investigating to see if there were any criminal issues and that my investigation was separate from any HR complaint. I told Glotzbach again that no arrest would be made. I explained to Glotzbach that my investigation was a different path than an HR investigation.

Glotzbach told us that the search warrant bothered him a lot. Glotzbach said he was uncomfortable.

I asked Glotzbach if he was paying for law school for Marisa Tricas and he said, "We are yes." I asked if Stacey Peterson told him he could do this and he said, "She did not say I could do it but when I talked to her about she said she could not support it and that did not say no, she couldn't support it." Glotzbach said he has never done this before and he thought he needed a budget for it. He then said, "He would need to get it through the city's approved budget process and which is what I did." Glotzbach said that he was told he needed a budget for it from talking with Plecker years ago. Glotzbach said he followed this process. *(It should be noted the payments for Tricas's law school were never approved through a city budget process).*

I asked if Rich Plecker gave him permission to setup this process for Tricas to attend law school and he said, "He did not." I asked if Peterson gave him permission and he said, "Stacey did not explicitly give him permission." I asked if Peterson did not tell him no and he said, "Correct." I asked if Peterson gave him a path or ideas on how it could be paid for in the future and he said, "Partially there is a city program." I asked if that was the city educational reimbursement program and he said, "That is my understanding now that I have been fully apprised."

I asked about the purchase order that was set up for the payments for Lincoln Law School and he said, "I initiated it." Glotzbach said it was setup via purchasing and it went through. I asked if Rich Plecker signed off on it and he said, "I don't know I don't believe so." I asked Glotzbach if he could have created it and

approved it and he said, "I approved invoices to be paid under it." Glotzbach said he approved two invoices total. I showed him an invoice and he said it looked familiar.

I asked about the first invoice and he agreed it went to Finance and the HR for payment in the middle of last year. Glotzbach said, "So Marisa had signed up for the course and basically it was ok when you complete the course with a passing grade let me know and we will submit for reimbursement under the whatever it is we have to do." He called Finance and they directed him to HR. Glotzbach said he was made aware of HR's program (did not indicate who he talked to) and learned about the limitations that were there. Glotzbach said the first one was paid in a different mechanism as opposed to the last two invoices.

I showed him the city PO in question that listed Lincoln Law School as the supplier info. I asked if he authored it and he said he did not but he was the requestor of it.

Glotzbach said he appreciated us being amicable and everything but said he needed someone to look over his shoulder as he spoke. Glotzbach said he wanted to talk to someone about the situation. Based upon his statements I stopped the interview and told Glotzbach that if he wanted to talk in the future he could reach out to me.

Sgt. Kelley then read the warrant to Glotzbach to him so he was aware of what we would be taking from both offices.

End of statement.

During the execution of the search warrant Glotzbach's cellular phone was seized. A subsequent warrant was written on 4/22/21 to download his personal phone and that was written and completed by Det. Uribe. Below are messages recovered from Glotzbach's phone:

Det Uribe gave me a Cellebrite forensic download copy of this item. I reviewed the contents and narrowed the search to items that only pertained to this case. The report I created was text messages between Glotzbach and Marisa Tricas. Tricas's cell number used was a personal number of 808-927-7028. Tricas's work number also was used in the thread as well which is 916-225-1762. The dates of the text message history was 1/23/19 to 4/19/21

From examining the text message string in the phone there appears to theme that both Tricas and Glotzbach are concerned about HR starting an administrative investigation. Both Tricas and Glotzbach also appear to be figuring out who is behind the HR investigation and are looking for legal advice in the matter as well. I have attached the full working copy to this report as a PDF. I will reference texts by number which is how they are listed in the Excel document so they can be referenced. I have listed the pertinent texts below:

The text below is the first one in the string of texts that I kept in the working copy. To easily read the texts the first box is the text number the second box is who the text is from. The third box is who the text was sent to. So for the text below they were sent by Tricas to Glotzbach using her personal phone. Text # 480 is the oldest text message (3/24/21) that was kept in the working copy.

In this series of texts sent from Tricas she is inquiring to Glotzbach about the initial meeting with Plecker and Olsen. It is clear that on 3/24/21 Tricas and Glotzbach were fully aware that there was an issue.

480	+18089277028 Tricas Marisa	Incoming	Was the purpose of today's meeting with Rich to alert you of an investigation?	SMS	Inbox	3/24/2021	3/24/2021 1:11:58 PM(UTC-7)
479	+18089277028 Tricas Marisa	Incoming	Or was the purpose of today's meeting on invoices in question?	SMS	Inbox	3/24/2021	3/24/2021 1:12:25 PM(UTC-7)
478	+18089277028 Tricas Marisa	Incoming	I don't get how they can have an investigation without any means of proof	SMS	Inbox	3/24/2021	3/24/2021 1:12:38 PM(UTC-7)
477	+18089277028 Tricas Marisa	Incoming	I think you should talk to an attorney as well	SMS	Inbox	3/24/2021	3/24/2021 1:18:35 PM(UTC-7)
476	+18089277028 Tricas Marisa	Incoming	also, did rich say who accused us of this?	SMS	Inbox	3/24/2021	3/24/2021 1:20:49 PM(UTC-7)
475	+18089277028 Tricas Marisa	Incoming	I am meeting with an HR attorney this evening please provide me any questions you would like asked below	SMS	Inbox	3/24/2021	3/24/2021 5:00:11 PM(UTC-7)

The text below is sent to Tricas. It is Glotzbach telling Tricas about the results of the meeting with Plecker and Olsen.

485	+18089277028 Tricas Marisa		So Rich said that it could appear that we had an inappropriate relationship based on me finding a way to pay for school as promised that was unprecedented. He said it could indicate I was going out of my way and making poor decisions because of an attraction to you. I assured him I was only trying to keep my promise to you that was made when recruitment was underway and that we were friends but that didn't drive me to make inappropriate decisions or take any legal action. I had initially misunderstood the reimbursement program and later found it was inadequate. A couple things that bother me: He has gone to others like the HR director to discuss the situation without coming to me first, and if you were a guy none of this would be an issue. It would have only been about how I paid for school.	SMS	Sent	3/24/2021	3/24/2021 8:56:38 PM(UTC-7)
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The text string below from Tricas shows that she is aware that the city is conducting an investigation into the matter and that she is going to be switched supervisors to Janet Vargas. Tricas is relaying to Glotzbach that the change of supervisors is retaliatory.

482	+18089277028 Tricas Marisa	Incoming	Janet sent emails for me to join business services meetings	SMS	Inbox	3/24/2021	3/24/2021 8:39:16 PM(UTC-7)
481	+18089277028 Tricas Marisa	Incoming	This clearly means an investigation is underway	SMS	Inbox	3/24/2021	3/24/2021 8:39:25 PM(UTC-7)
447	+18089277028 Tricas Marisa	Incoming	So time sheet approval? P-card approval? Everything has changed?	SMS	Inbox	3/25/2021	3/25/2021 10:41:19 AM(UTC-7)
448	+18089277028 Tricas Marisa	Incoming	Like what in the actual fuck	SMS	Inbox	3/25/2021	3/25/2021 10:41:24 AM(UTC-7)
445	+18089277028 Tricas Marisa	Incoming	This feels like retaliatory	SMS	Inbox	3/25/2021	3/25/2021 10:41:37 AM(UTC-7)

The series of texts below is from Tricas talking about how she does not feel safe around Todd Jordan who directly works for Glotzbach. Tricas also is asking Glotzbach (her boss) to stop talking about her to his peers (Olsen and Vargas). She asks him to not speak about her work product either. On 3/25/21 Tricas without being interviewed by the police department or HR is telling Glotzbach that he cannot trust anyone.

416	+18089277028 Tricas Marisa	Incoming	I also sent an email to Janet and CCed you. In number one it outlines my safety and this, if you are asked, is in reference to safety regarding the fact that someone is watching you and I so close enough that there has purportedly been a case made against us. For example if Todd is making these accusations I'm not comfortable being in an area where he is.	SMS	Inbox	3/25/2021	3/25/2021 1:18:46 PM(UTC-7)
417	+18089277028 Tricas Marisa	Incoming	Also, please STOP saying things to Janet and Dale such as, "I just need to earn trust first" or "I just need to get to know them" it goes in agreement with Sean's accusations of insubordination and I'm asking you to stop speaking to them about my work either. You cannot trust anyone.	SMS	Inbox	3/25/2021	3/25/2021 7:27:02 PM(UTC-7)

Glotzbach sent the text below referencing an email that Tricas sent to Olsen, Plecker, and Glotzbach on 3/26/21 at 0147 hours. The email is titled as Grave concerns. I was provided a copy of the email by IT and I also found it in Glotzbachs folder marked "MT" when we searched his work office at the WWTP. A copy of the email has been booked into evidence. I have also attached Glotzbach's text about the email that he sent to Tricas.

409	+18089277028 Tricas Marisa		Good email with excellent questions. I will check in later today. Hope you're getting some rest.	SMS	Sent	3/26/2021	3/26/2021 7:31:59 AM(UTC-7)
404	+18089277028 Tricas Marisa	Incoming	Understood. Good for you. I think my email certainly encompasses the cluster fuck and I can assure I can back up everything accurately outlined in that email.	SMS	Inbox	3/26/2021	3/26/2021 7:48:15 AM(UTC-7)

Text below is from Tricas about Sean Bigley and Rich Plecker opening a can of worms regarding this situation.

402	+18089277028 Tricas Marisa	Incoming	Rich and Sean opened a can of worms. I hope Rich is prepared to answer for this.	SMS	Inbox	3/26/2021	3/26/2021 7:47:32 AM(UTC-7)
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Below is a series of texts from both subjects.

384	+18089277028 Tricas Marisa	Incoming	I have your back and will always.	SMS	Inbox	3/26/2021	3/26/2021 7:51:59 AM(UTC-7)
383	+18089277028 Tricas Marisa		Same here!	SMS	Sent	3/26/2021	3/26/2021 7:52:13 AM(UTC-7)
382	+18089277028 Tricas Marisa	Incoming	This is unconscionable what they have done to you.	SMS	Inbox	3/26/2021	3/26/2021 7:52:14 AM(UTC-7)
381	+18089277028 Tricas Marisa		It's not over. Maybe there are repercussions.	SMS	Sent	3/26/2021	3/26/2021 7:52:54 AM(UTC-7)
380	+18089277028 Tricas Marisa	Incoming	Really?	SMS	Inbox	3/26/2021	3/26/2021 8:18:34 AM(UTC-7)
379	+18089277028 Tricas Marisa	Incoming	You should hire an attorney!	SMS	Inbox	3/26/2021	3/26/2021 8:18:48 AM(UTC-7)
378	+18089277028 Tricas Marisa	Incoming	Or at least speak to one	SMS	Inbox	3/26/2021	3/26/2021 8:18:53 AM(UTC-7)
377	+18089277028 Tricas Marisa	Incoming	If that is the case	SMS	Inbox	3/26/2021	3/26/2021 8:19:04 AM(UTC-7)

374	+18089277028 Tricas Marisa	Incoming	Oh yeah, there are some serious serious issues the attorney said	SMS	Inbox	3/26/2021	3/26/2021 8:43:57 AM(UTC-7)
373	+18089277028 Tricas Marisa	Incoming	She said both you (especially you) have a terious lawsuit against rich and Sean should you go there	SMS	Inbox	3/26/2021	3/26/2021 8:44:17 AM(UTC-7)
372	+18089277028 Tricas Marisa	Incoming	I have your back please know this and I can assure you, we will get through this.	SMS	Inbox	3/26/2021	3/26/2021 8:44:33 AM(UTC-7)
371	+18089277028 Tricas Marisa	Incoming	Even the attorney told me to get sleep and I implore you to do the same. Maybe not take the same day off as me behaha but still you know what I mean	SMS	Inbox	3/26/2021	3/26/2021 8:45:03 AM(UTC-7)
370	+18089277028 Tricas Marisa	Incoming	Oh last thing: the one other thing the attorney (Nora) is her name. Nora said for you to look into and start getting documentation on is regarding the funky reorganization where you received notification your PE title was changed to "Assistant Director." She asked if there are any requirements Sean or Rich would need to do to showcase his affiliation with a government relations group that he would have to provide information for in order for Sean to keep that title. She said to look into it and let me know. She thinks this is a distraction against rich getting something by for Sean.	SMS	Inbox	3/26/2021	3/26/2021 8:48:02 AM(UTC-7)

The text message below is important because it is Tricas texting Glotzbach about a possible defense as to why he was paying for her to go to law school. It shows that they were actively coming up with defenses to cover for Glotzbach's actions.

345	+18089277028 Tricas Marisa C120	Incoming	Ask your attorney about how it could be in your benefit to say you were acting as an agent of the city and recruited someone with a verbal/partial writing contract and we're trying to protect them	SMS	Inbox	3/26/2021	3/26/2021 3:10:21 PM(UTC-7)
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Below is a text from Tricas about neither one of them participating in the City of Roseville's HR investigation.

122	+18089277028 Tricas Marisa	Incoming	Don't worry about HR as far as it sounds since I found that case neither you nor I are meeting with HR	SMS	Inbox	4/17/2021	4/17/2021 3:24:28 PM(UTC-7)
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Below Tricas is telling Glotzbach to use a defense that he is the victim in what is going on.

111	+18089277028 Tricas Marisa	Incoming	Well You have to play a full on victim	SMS	Inbox	4/17/2021	4/17/2021 3:26:04 PM(UTC-7)
110	+18089277028 Tricas Marisa	Incoming	And Tom said what you have going is your tenure	SMS	Inbox	4/17/2021	4/17/2021 3:26:10 PM(UTC-7)

As mentioned in previous interviews in this investigation there has been allegations that Tricas getting hired was not done correctly and that Glotzbach aided the hiring process. Below is Tricas texting Glotzbach about what to say if Glotzbach was asked.

106	+18089277028 Tricas Marisa	Incoming	The better story though is you fully thought my position was approved my council but many things came as surprises to you	SMS	Inbox	4/17/2021	4/17/2021 3:27:28 PM(UTC-7)
105	+18089277028 Tricas Marisa		Yep! My track record is solid. Which is why this is all so upsetting. Stacey told me trust is the most important thing we managers have. But everyone involved in this has failed my trust	SMS	Sent	4/17/2021	4/17/2021 3:28:42 PM(UTC-7)

Below is a series of texts between both parties were they are talking about getting Olsen to join their side when he retires in June. Text # 94 from Tricas talks again about slitting throats again. Tricas indicates that she does not think Gnome Jr can be fired but if they play it right it could be a PR nightmare for "Dom." Dom Casey is the current city manager for Roseville. They were discussing a public relations nightmare for the City of Roseville and the City Manager.

95	+18089277028 Tricas Marisa		Just smile and make nice to Dale. He's only here for a few more weeks. Then he is free to speak his mind. And I'm confident he sees the world as we do.	SMS	Sent	4/17/2021	4/17/2021 3:31:42 PM(UTC-7)
94	+18089277028 Tricas Marisa	Incoming	I'm confident we can slit their throats though. I'm not confident gnome junko will be fired but confident if we play this right and possibly threaten a PR nightmare for Don, we can make this so Gnome gets fired. It just has to be done right.	SMS	Inbox	4/17/2021	4/17/2021 3:32:17 PM(UTC-7)
93	+18089277028 Tricas Marisa	Incoming	It just has to be done right.	SMS	Inbox	4/17/2021	4/17/2021 3:32:25 PM(UTC-7)
92	+18089277028 Tricas Marisa		Agree. I've been radio silence on anything but work. Have not had any communication above me.	SMS	Sent	4/17/2021	4/17/2021 3:32:30 PM(UTC-7)
91	+18089277028 Tricas Marisa	Incoming	Good	SMS	Inbox	4/17/2021	4/17/2021 3:32:34 PM(UTC-7)

Below is a series of texts that Tricas references Glotzbach getting his name cleared. Also Tricas tells Glotzbach, "I may pull the discrimination card and the women card too." "I'm not super sure yet."

97	+18089277028 Tricas Marisa	Incoming	I know you can't think right now about that but literally I don't want to even do anything through Sean once your name gets cleared.	SMS	Inbox	4/17/2021	4/17/2021 3:40:34 PM(UTC-7)
96	+18089277028 Tricas Marisa	Incoming	I know you trust Todd but I deadass don't.	SMS	Inbox	4/17/2021	4/17/2021 3:41:49 PM(UTC-7)
95	+18089277028 Tricas Marisa	Incoming	Be careful.	SMS	Inbox	4/17/2021	4/17/2021 3:41:53 PM(UTC-7)
94	+18089277028 Tricas Marisa		You have so much to offer Marisa. Find the people like Megan who see what you CAN do and appreciate your talent and all those who try to hold you back.	SMS	Sent	4/17/2021	4/17/2021 3:41:55 PM(UTC-7)
93	+18089277028 Tricas Marisa	Incoming	I may pull the discrimination card and the women card too.	SMS	Inbox	4/17/2021	4/17/2021 3:42:15 PM(UTC-7)
92	+18089277028 Tricas Marisa	Incoming	I'm not super sure yet.	SMS	Inbox	4/17/2021	4/17/2021 3:42:20 PM(UTC-7)

### Statement of Colleen Boak:

I spoke with Colleen Boak over the telephone on 4/27/21 at 1359 hours regarding this investigation. I recorded the statement and later booked it into evidence. The following is a summary of my findings.

Boak was a former employee for the City of Roseville in the Environmental Utilities Division from June 2015 to April 2019. Boak originally worked under Dale Olsen when she worked for Roseville. Boak was aware of Ken Glotzbach and Marisa Tricas. Boak only knew of Tricas when she worked for Brown and Caldwell. Tricas was not working for the city official until after Boak resigned from the city. Boak was a peer of Todd Jordan and worked with him while employed at EU.

Boak was advised by Jordan and Glotzbach that a change order was going to City Council regarding Brown and Caldwell. Boak said that Tricas started providing services to the city in December of 2018. Boak was unaware of Tricas's pay rate by Brown and Caldwell. Boak was uncomfortable with the Tricas situation and she declined to sign invoices regarding Tricas while she worked at Brown and Caldwell. Boak was uncomfortable because Tricas was out of the office getting moved into the area but Tricas still billed for working during that timeframe in December 2018. Boak said there could be a reason for the billing but it did not seem appropriate to her. Boak said that Tricas also billed for Christmas Eve and Christmas day. Boak contacted Brown and Caldwell about the holiday billing and the project manager said he was not

certain because Tricas did not work in the Brown and Caldwell offices. The Brown and Caldwell employee later advised that he was contacted on the phone by Tricas and Glotzbach and they advised to process the billing hours as is. Due to this Boak said she was uncomfortable and said she would not process anymore invoices regarding Tricas. Boak went to Sean Bigley about these billing hours and he directed her to Glotzbach. Boak contacted Glotzbach about the billing invoices about Tricas in his office and he said to process them. Boak then declined to sign the invoices. Boak said the project manager at Brown and Caldwell was Michael Harrison. Boak said she was in the system as the project manager and processed all other invoices but nothing about Tricas's time cards/invoices.

I asked Boak if she participated in an exit interview when she left the city and she said, "No." Boak said she had lunch with Olsen and Plecker instead. Boak did not tell them about the invoice concerns. Boak indicated that she did not have a good working relationship with Todd Jordan however.

Boak said she was unaware of promise of paid education to Tricas for law school. Boak said the multiplier for Tricas's wage was between 2.5 to 3 times her actual wages. Boak was not shocked to hear about \$241,000 being paid to Tricas. *I later spoke with Plecker about the wage issue and he confirmed what Boak told me that the multiplier for wage is 2 to 3 times the actual wage billed for the services.* Based upon Plecker and Boak's statements about the multiplier the \$241,000 appears to be in the normal range for services rendered if for example Tricas was paid \$80,000 for 9 months of work the multiplier times 3 would be roughly \$240,000. The issue for the city which is not criminal is was Tricas Qualified to be a paid consultant at this wage with only a few years of service in the industry.

Boak feels that the city council was potentially misled about Tricas working for the city and being paid by Brown and Caldwell.

End of statement from Boak.

**Below is a timeline of events related to Glotzbach and the misuse of public funds:**

**6/14/18** = Tricas comes to Roseville for a recruitment trip. Trip was not authorized by Plecker or HR. City of Roseville paid \$318.98 to pay for Tricas to fly to Las Vegas after the trip on 6/16/21. **Total cost of misuse of public funds = \$744.74**

**November 2018** = Storage and moving expenses of Tricas's items from DC to Roseville. This was an unauthorized expenditure. **Total cost of misuse of public funds = \$6167**

**11/27/18** = Tricas is flown to Sacramento and provided a rental car when she moved to Roseville. This was prior to her being hired by the City of Roseville or Brown and Caldwell. Glotzbach moved Tricas from DC to Roseville without authorization. Authorization would not have been granted because she was a non-employee of the city. Tricas was also not working for Brown and Caldwell. Tricas first employer in CA was Brown and Caldwell but they did not pay for any of her moving expenses. **Total cost of misuse of public funds = \$ 944.56**

October 2020 to January 2021 = Lincoln Law School tuition payments. **Total cost of misuse of public funds totaling \$14,454.00.** I did not add the smaller amount that was eventually paid by the HR director into this total.

As previously mentioned Tricas worked for Brown and Caldwell and it appears she started on 12/10/18. Tricas working for Brown and Caldwell was arranged by Glotzbach per Plecker, Jordan, and Bigley. No authorization was given to Glotzbach to reach an agreement with Brown and Caldwell to hire Tricas and bill the city back. All funds paid in this fraudulent agreement by Glotzbach would be a misuse of public funds. I will further explain that the time that Tricas billed from Brown and Caldwell were under RIN 700, Nitrate Task 300, Cogen Task 400 and this was a misuse of public funds by Glotzbach because Tricas did not produce any work under these three tasks it was just a way for her to get paid that Glotzbach used by Brown and Caldwell.

#### **Interview of Todd Jordan:**

On 6/2/21 at 1330 hours I interviewed Jordan in my office at RPD. I recorded the interview and later booked it into evidence. Below is a summary of my interview with Jordan.

Jordan's supervisor is supposed to be Glotzbach but he is on administrative leave so he is currently being supervised by Brian Buchanan. Buchanan is in an acting supervisor role. Jordan has been working for Glotzbach since 12/2014 when Jordan was hired with the City of Roseville.

Jordan first met Tricas in 2016 but does not recall the month. Jordan knew that Tricas had come out to Roseville in June of 2018 and saw her at the water plant. Jordan knew she was being targeted to be hired. Jordan was unaware that Glotzbach paid for her travel using city funds to fly out to Roseville.

Jordan advised that he helped write the council communication/contract for Tricas to work for Brown and Caldwell. Jordan advised that Glotzbach had him write the contract for Tricas to work at Brown and Caldwell. Jordan wrote the contract and then Glotzbach later approved it. Glotzbach told Jordan that Tricas's duties would be covered under RIN 700 support. Jordan could not recall when Tricas started working for Brown and Caldwell. Jordan assumed that Glotzbach arranged for Tricas to start working at Brown and Caldwell prior to City Council approving the RIN 700 budget add on 1/9/19.

Jordan said at first that Tricas was working at Brown and Caldwell offices but was quickly moved to the City of Roseville Corpyard offices. Jordan said he assumed Glotzbach got Tricas a cubicle office at the corpyard. Jordan did not arrange a work place for Tricas. Jordan was not directed to get a city phone or city laptop for Tricas by Glotzbach. Jordan had no knowledge of these items.

I asked Jordan about Tricas's moving expenses. Jordan said he spoke with Glotzbach about the moving expenses. Jordan told Glotzbach that the city could not pay for Tricas to have her items moved from DC to Roseville. Glotzbach argued with Jordan about the city not paying for moving expenses since she was going to work for Brown and Caldwell as a contract employee and not an employee with the City of Roseville. Glotzbach told Jordan that Tricas was a potential employee and the City of Roseville should pay the expenses and Jordan told him it was not allowed. Jordan has never seen a situation like this with any other city employee working for the city. Jordan advised that Glotzbach wanted Tricas working for the city, "Really bad." I asked Jordan how much he knew the moving fees costed the city and he recalled \$1500.00 and also a fee for moving a car. Glotzbach came back to Jordan about one month later and said the moving of Tricas and paying for it was "above board." He asked Glotzbach what "above board" meant

and Glotzbach said, "I conferred with Rich and the City Manager's office" and they were aware of the moving costs. I asked Jordan if he felt that Glotzbach's statement was truthful and he said, "No."

I asked Jordan if Glotzbach had Plecker's permission to have Tricas work for Brown and Caldwell and he said he did not know. I asked if someone was going to work for Brown and Caldwell as staff for the City should Plecker should know and he said Plecker should know. I asked if Glotzbach had the authority with Brown and Caldwell to ask for an employee to work for the city via Brown and Caldwell and Jordan said probably so. Jordan was aware that Glotzbach and Mike Harrison (Brown and Caldwell) had discussed hiring Tricas as a consultant but Jordan did not know any details of the conversation. Jordan said Glotzbach planned for Tricas to be billed back to the City of Roseville under RIN 700 while she worked at Brown and Caldwell.

I showed Jordan the council communication he prepared for the council meeting on 1/9/19.

Jordan advised that 700 RIN support is a task for the Pleasant Grove expansion project. The amount of 700 RIN was \$173,316.00 I asked Jordan if Tricas did any work under 700 RIN while working for Brown and Caldwell and he said he was not sure. Jordan said it was understood that Tricas was invoiced under 700 RIN and that Glotzbach approved her work under 700 RIN. Tricas did not work for Jordan at all while she was getting paid to work as a contract employee at Brown and Caldwell. Jordan said that Tricas worked directly for Glotzbach and he approved all of her work while she was at Brown and Caldwell. Jordan said he has never seen any work product from Tricas under 700 RIN. Jordan said he wrote the communication and I asked if Glotzbach had him write it to get it past city council and he said, "I don't know that." Jordan knew that Glotzbach had this as a mechanism for Tricas to work for Brown and Caldwell and then work for the city. Jordan said he questioned Glotzbach about Tricas working under RIN 700 since it's specifically only for the Pleasant Grove plant. Glotzbach said it was handled.

I asked Jordan if he felt the council communication from 1/9/19 was fraudulent the way Glotzbach had him do it and he said, "I felt it was wrong." Jordan spoke with Glotzbach about his issues and Glotzbach said, "I will handle it and I will handle questions with Rich or at council pre agenda." I asked Jordan if he felt weird or awkward being put in this position and he said, "Absolutely." Jordan said Glotzbach was not threatening about it or towards him. Jordan said the council communication was not applicable the way Glotzbach had him write it.

I asked if Plecker knew about the issues with RIN 700 support and the council communication and he said Plecker did not know and they did not talk about it. Jordan said any discussion or questions Plecker had would have been handled by Glotzbach. Jordan did not speak with Plecker about this communication. Jordan advised when RIN 700 ran out of funds to pay Tricas that he wrote another communication to City Council to keep funds going to Brown and Caldwell to pay for Tricas as a consultant.

I asked Jordan about Task 300 (Nitrate Reduction Project) that was used to pay \$42,502 of Tricas's fees to Brown and Caldwell. Jordan said that was a needed task. I asked if Tricas did any related tasks to Task 300 and he said, "I doubt she did any work on that, that's not in her wheelhouse."

I showed Jordan the approved invoices from Brown and Caldwell regarding Tricas. Jordan acknowledged the signature on the invoices was his and he approved them. Jordan indicated that two signatures was needed to pay and that Glotzbach signed some of the forms. The other forms were signed by other city staff because he needed a second signature per city rules.

Jordan explained on the Brown and Caldwell Invoices that Adam Ross was the project manager for Cogen tasks. Jordan explained that Mike Harrison was the project manager for the Nitrate Project.

Jordan was aware of the concerns that Boak had about Tricas and the bills coming in from Brown and Caldwell. Boak brought a concern about Tricas being on vacation during the first part of Tricas working for Brown and Caldwell. Jordan said he had heard the rumors of Tricas being out of the office but did not know where she went. I asked if the invoices sent to Boak would then go to him instead because Boak refused to sign them and he said, "Yes."

The bills from Brown and Caldwell are not just for Tricas's work they are for numerous consultants that do work for Brown and Caldwell that get billed back to the City of Roseville. Jordan explained that he approved the work tasks and hours of the other consultants and that Glotzbach approved Tricas's work and work hours. Jordan said Tricas worked at the corpyard and he would have had no idea what she did or when she worked because his office is at the WWTP. For reference the WWTP and the Corpyard are not attached buildings and you have to drive to get to the other location. Jordan expressed again that Tricas was only reporting to Glotzbach when she was at Brown and Caldwell. Jordan confirmed that Glotzbach would bring the entire bill from Boak for him and Glotzbach to approve until Boak left the city in 4/2019.

I asked Jordan why Tricas was not just hired as extended staff needed via Brown and Caldwell and he said, "I don't know." Jordan said extended staff would have been the easiest way instead of having her start working under RIN 700 which she was not qualified to do. Jordan said the industry standard for these circumstances is "extended staff." *It appears there was a way for Glotzbach to hire Tricas via Brown and Caldwell but he chose a different route. From interviewing Plecker I believe that Glotzbach would have been told no and to wait until the second position opened via HR and Council approval.*

Tricas hours worked for Brown and Caldwell were put under city tasks that required her to have an engineering background or a construction management background. I asked Jordan if Tricas had qualifications to do either task and he said, "No."

I asked Jordan if it was odd that Tricas would have City of Roseville email access while working for Brown and Caldwell and he said, "Absolutely." I asked if it was weird that she would also have a city cell phone and city issued laptop issued to her as a Brown and Caldwell employee and he said, "Yes." Jordan was unaware of any of these things occurring in the past with contract employees. Jordan said he assumed that Glotzbach got all of these items for Tricas.

I asked Jordan if he was aware of any hiring employment contract with Tricas when she was actually hired by the city and he said, "No." Jordan was unaware of any conversations about the City of Roseville paying for Tricas to attend law school. Jordan did recall a conversation with Glotzbach and Tricas about the city's educational reimbursement plan. Jordan did not recall the date but felt it was in 2019 while the three of them were in Reno for work. During the conversation they all agreed the city's education reimbursement plan process was difficult. During this discussion Tricas was debating getting a PHD degree or going into Law.

Jordan was unaware of Tricas going to Hawaii in early 2019 while working for Brown and Caldwell and the City of Roseville being billed for the days she was gone. I told Jordan the cost billed to the city was over \$9000. Jordan said that employees at Brown and Caldwell do accrue leave banks while working for Brown and Caldwell.

Jordan said that Brown and Caldwell employees do travel and that Brown and Caldwell would pay for it. Jordan said that the City of Roseville could also pay for travel of Brown and Caldwell employees when its authorized and appropriate. I asked Jordan if it was authorized for Tricas to travel while being under RIN 700 support and he said, "No." I asked if she traveled during this timeframe would it be appropriate and he said, "I don't think so." While I was looking at my notes during the interview Jordan told me, "She did a butt load of traveling."

I asked Jordan if Tricas as RIN 700 would need to attend the CASA conference that she attended in early 2019 while working for Brown and Caldwell and he said, "No." Jordan explained the conference was about regulatory support. I asked why Glotzbach had Tricas go with him to CASA and he said that Glotzbach's goal for Tricas was to be the "Face of Roseville" for these regulatory events. I asked if it was normal for Glotzbach to pay over \$1,780 for Tricas to attend CASA as a Brown and Caldwell employee and he said, "No not for the city to pay for a consultant." I asked if it was inappropriate and he said, "I do." Jordan did not attend the CASA conference.

I asked Jordan about the Resource Revolution conference he attended in 2/2019 in San Francisco when he stayed at the Hotel Griffon. He said he recalled attending the event. I asked about him paying for Tricas's hotel room and he said, "Yep." I asked why he paid for Tricas's hotel room and he said, "I was told to do it by Ken." The way Jordan's City of Roseville credit card is setup Glotzbach is the sole approver of the card. This would allow for Glotzbach to hide this by approving Jordan's credit card activity. The only way this could be detected would be by someone in the City Finance department to have all of this knowledge and know it was not allowed which no Finance employee would have. I asked Jordan if this would be easy to conceal and he said, "I think so yea."

I asked Jordan about paying for Tricas's hotel bill while in they were all in Nashville in 2019 for the WEF/AWWA Utility Management Conference. Jordan said that Tricas was late to register and that is why her room was more expensive than his room. Jordan was told by Glotzbach to pay for Tricas's room again while she was employed by Brown and Caldwell. Glotzbach told Jordan and other city employees during this trip that they had to pay for Tricas's drinks while at dinner. Tricas did eventually have Jordan buy her a drink and Jordan paid for it. Jordan did not appear happy about having to pay for Tricas's drink.

I asked if it was appropriate for Glotzbach to pay for Tricas to attend conferences on Glotzbach's city PCARD and he said, "No."

Jordan said that Glotzbach determined how Tricas's time would be billed back to Brown and Caldwell.

I asked Jordan if COGEN or Nitrate projects require RIN to contractually complete the projects and he said, "No."

I asked Jordan if Tricas did any RIN support, construction management, or engineering services during construction work and he said, "No."

I asked Jordan if Tricas did not do RIN, CM, or ES work then who made the decision to charge her time to those tasks and he said, "Ken" "Ken approved time." Jordan later said that if Tricas had done any RIN work there was never any work product produced. Jordan said if Tricas had produced product related to CM or Engineering services he for sure would have seen the report since Jordan is the project manager. Jordan never saw any work product from Tricas while she worked at Brown and Caldwell. I asked if she

was doing similar work to Noelle Mattock and he said, "I would assume so." Jordan again said he never saw any work product from Tricas.

I asked Jordan if the City of Roseville paying for Tricas travel while employed by Brown and Caldwell was a misuse of public funds and he said, "I consider it a misuse of public funds."

Jordan said he spoke with Mike Harrison on his own about this case and asked for hire dates since he had heard Tricas was unemployed prior to working for Brown and Caldwell. Jordan said Harrison was nervous about this investigation. Jordan told Harrison to not to jump to conclusions about the investigation. Jordan said he last spoke with Harrison within the last week and he got a promotion within Brown and Caldwell. Jordan was under the assumption that Brown and Caldwell did a background on Tricas prior to her employment with Brown and Caldwell.

Jordan was not sure of Tricas's work schedule but from his experience with contract employees they typically work five days a week and eight hours a day.

End of Jordan's statement.

On 7/29/21 I interviewed Todd Jordan and below is a summary of the interview:

I wanted to clarify with Jordan about the writing of the RIN 700 contract that was later approved by City Council. This contract was important because it was how Tricas was hired via Brown and Caldwell to be a contractor back to the city. As previously mentioned RIN 700 was not the appropriate forum to hire Tricas. Tricas never performed any duties under RIN 700 support. When the contract for RIN 700 was approved by City Council it was for \$173,000.00. It was later increased to \$183,393.28 to cover costs to B&C for Tricas's work. All of this money was distributed for Tricas working for B&C. Other cost codes were used to cover the remainder of the contract for Tricas totaling over \$241,000.00.

I asked Jordan if the Dry Creek Water plant does RIN 700 support? Jordan said, "No it does not."

I asked the above question because that is how the contract was written by Jordan that was ultimately approved by Council.

I asked Jordan who had him write the RIN 700 contract the way it was worded? Jordan said, "Ken Glotzbach." I asked Jordan if he knew that it was an inaccurate contract/memo when he wrote it? Jordan said, "Yes I did."

I asked Jordan if Glotzbach pressured him to write the RIN 700 contract the way it was worded and did Glotzbach hang anything over his head to write it this way? Jordan said, "He did not and Ken said write it that way and he would take care of it." Jordan said that Glotzbach would take care of it if any explanation was needed.

I asked if Glotzbach advised that Plecker told him to write the RIN 700 contract this way and he said, "No he did not." I asked if Glotzbach did this on his own and Jordan said, "Yes he did."

I asked Jordan if Glotzbach had made any threats or past performance issues about this towards Jordan to write the RIN 700 contract this way and Jordan said, "No he did not hang anything over my head to make me do it."

End of statement from Jordan.

Marisa Tricas has declined any formal interview in this case.

**Interview of Michael Harrison on 10/21/21**

Below is a summary of the interview with Harrison:

**How long have you known Glotzbach?** Since 2014 while he was working for the City of Roseville.

**When was the last time you spoke with Glotzbach about this case?** I never have.

**How many City of Roseville contracts have you been the project manager over?** "I believe two of them." Adam Ross with BC was the other manager.

**Tell me about the JPA that Roseville has with Placer County and SPMUD?** It is a South Placer Authority. All three formed a JPA and all three have to put money in a bucket for the waste water treatment plant that Roseville controls. They usually meet twice a year and discussed how to pay back bonds that made improvements at the plant.

**Who was the executive over the JPA?** "It was him (Ken Glotzbach)."

**When did you first meet Marisa Tricas?** Harrison said he first met Tricas about 6 months prior to hiring her and Glotzbach introduced the two of them over the phone. Harrison said that Glotzbach was in a "thing" and could not hire Tricas at Roseville so he has Harrison to call her and hire her. After the phone call with Tricas, Harrison asked around BC if anybody knew Tricas and a few people on staff did and felt she was very social and a "connector" in the industry. Harrison said he knew she worked for EPA.

**When was the first time you saw Marisa Tricas in person?** Her first day at BC and when she reported to the City of Roseville on 12/10/18. Without asking Harrison told me she was hired before the holidays because she did not get paid for holidays.

**Whose idea was it to hire Tricas?** "It was Ken's idea." Glotzbach told Harrison he could not hire Tricas but he wanted to but could not since it was not in the hiring cycle by city council. He asked Harrison to hire her. Glotzbach said that Tricas was good a regulation and that he wanted Tricas to take his place at industry conferences. Harrison said Glotzbach wanted her for a non-technical position.

**Do you know how Tricas moved to Roseville?** No. Harrison thought she just moved from the East coast. Harrison said they did not pay to move Tricas.

**Was she employed by anyone when she moved?** Not by BC.

**Would it be appropriate for Tricas to have her move from the East coast paid by the JPA?** No.

**What work was Tricas qualified to do for BC?** Principal scientist. Harrison tried to get Tricas involved in other areas while at BC. The only example he could provide was for her to answer EPA questions. No other examples were given.

**Tell me your knowledge of the Dry Creek Waste Water Treatment plant?** We have done several design projects for the plant. We have done a complete assessment project of the entire plant. "I understand the whole plant."

**What is your knowledge of RIN 700 support?** "Very little." Adam Ross from BC knows more about RIN support. What Harrison knew was that bio gas could replace general natural gas and the government will pay Roseville back for the bio gas since its being produced when wastewater is cleaned.

**Does DCWWTP do RIN 700 support?** "I think Pleasant Grove had more of that." "Pleasant grove does that."

**I asked again if DCWWTP did RIN 700 support and Harrison said,** "No I don't think so."

**I asked Harrison if he was aware there was no RIN 700 support at DCWWTP?** "Yeah."

**I asked why was RIN 700 support on the list of tasks if it was not applicable at DCWWTP?** He said, "The client wanted us to do that because they wanted RIN support." Harrison immediately said they do it at Pleasant Grove Plant. I reminded Harrison the communication and funding was not written for Pleasant Grove Plant. At this point Harrison was extremely nervous and uncomfortable. I told Harrison that the communication in my opinion was written fraudulently and he said, "Ok." I explained the document was given to council for a task not done at DCWWTP. Harrison said he talked with Todd Jordan on how to put the task names in the communication. Harrison said he helped write the background portion of the document with Jordan but he did not write the recommendation. It should be noted the background portion is fraudulent when it comes to RIN 700 support. Based upon Harrison's statement and Jordan's previous interview they both worked together to write a fraudulent council communication with Glotzbach.

Harrison said the role of BC was to write the costs and tasks. This would include the RIN 700 section. Harrison then said, "If you think about it now how do we do this, this was a way to get her hired." He (Glotzbach) wanted her to get hired. Harrison said, "Should we have done this under Pleasant Grove, Sure."

**I asked Harrison if this was legitimate.** He said this met the spirit of what was needed. Harrison could not remember if Glotzbach knew this document was fraudulent. Glotzbach told Harrison he wanted Tricas under contract.

**I asked if the council communication was more about Tricas getting hired?** Harrison said, "Yeah he wanted to get her hired." Harrison then said, "If he is trying to sweep something under the rug that would have raised a flag."

**I asked Harrison if the council communication as written was valid?** He said looking at it now no. Harrison said Glotzbach wanted Tricas to work at BC and they wanted to work to make it happen.

**I asked Harrison again if it was a fraudulent communication looking at it now?** He said, "Yeah it's not putting the money where the right plant is."

**I asked if Jordan or Glotzbach pushed the council communication for RIN 700 funding?** Harrison said, "I think Ken pushed everything."

**I asked Harrison if Tricas did any Task 300 or Task 400 work as billed by BC (\$60K)?** He said, "No." He said that is what she was billed to under direction. Harrison said, "She did what she did for Ken."

**I asked Harrison what Tricas did on a billing statement for Principal Scientist for RIN 700 Support?** That is what she did for Ken. When we did the amendment those tasks were chosen. I told him this was fraudulent and he said it was "Ken's" decision.

I asked again why was Tricas billed for that if she was not doing it? "That was a contracting mechanism that Ken wanted to use." I told him this was paid for by tax payer JPA money and asked again and he said, "We were led by Ken on what he wanted do."

I asked Harrison if he was responsible for BC billing to Roseville and the JPA? "Yea."

I asked what Tricas did as a principal scientist to be billed at the 300 ESDC cost code even though Harrison had already said Tricas could not support this function? "Same stuff is what Ken was having her do which was government relations."

I asked if 400 Dry Creek and 300 ESDC was for government relations as it went to city council? He said, "Yea not that." To be clear government relations is a staff augmentation which was not in the communication that went to council. *The 60k in charges for these two codes were also fraudulent and this was a way to pay Tricas's salary.*

How was it determined which task Tricas's time was billed or charged to? "I did." "From the city it was Ken."

Did Tricas actually do any RIN 700 Support? He said no.

Did Tricas do any construction management or engineering services during construction work? "No." *This would support the fact that the hours billed for Tricas under 300 EDSC and 400 Dry Creek were all fraudulent and she produced no work product for these tasks.*

How did Tricas's work benefit the JPA that she was billed under? It would not have benefited the JPA.

**Money paid by JPA partners due to Glotzbach fraudulent activities:**

City of Roseville 64%

Placer County 12%

South Placer MUD 24%

Vargas provided me the final cost numbers of Tricas/Glotzbach's fraudulent activities to the JPA and they are shown below. These amounts have already been paid by SPMUD and Placer County.

City of Roseville	\$201,033.25
SPMUD	\$71,136.02
Placer County	\$35,568.01

The total of fraudulent money billed to the JPA was \$307,737.27

The costs that made up this total was:

- Tricas's moving expenses (When Glotzbach moved her to Roseville from DC as a citizen and not employed by either the City of Roseville or B&C)

City of Roseville	5,056.46
SPMUD	739.97
Placer County	369.98

<b>Total \$</b>	<b>6,166.41</b>
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- Travel Expenses reimbursed directly by City while MT was not a City employee

City of Roseville	569.08
SPMUD	83.28
Placer County	41.64
<b>Total \$</b>	<b>694.00</b>

- Cogen Project Task 700 (RIN 700) Labor

City of Roseville	117,371.70
SPMUD	44,014.39
Placer County	22,007.19
<b>Total \$</b>	<b>183,393.28</b>

- Cogen Project 400 Labor

City of Roseville	10,017.28
SPMUD	3,756.48
Placer County	1,878.24
<b>Total \$</b>	<b>15,652.00</b>

- Cogen Project Task 400 Expenses

City of Roseville	1,074.99
SPMUD	403.12
Placer County	201.56
<b>Total \$</b>	<b>1,679.67</b>

- Nitrate Reduction Project task 300 Labor

City of Roseville	53,513.98
SPMUD	20,067.74
Placer County	10,033.87
<b>Total \$</b>	<b>83,615.60</b>

- Nitrate Reduction Project task 300 Expenses

City of Roseville	462.28
SPMUD	173.35
Placer County	86.68
<b>Total \$</b>	<b>722.31</b>

- Lincoln Law School Expenses

City of Roseville	1,115.20
SPMUD	163.20
Placer County	81.60
Total \$	1,360.00

- Lincoln Law School Expenses paid by City Purchase Order

City of Roseville	11,852.28
SPMUD	1,734.48
Placer County	867.24
Total \$	14,454.00

Based upon the Misappropriation of public funds by Ken Glotzbach I am asking for an arrest warrant be issued for Glotzbach for 424PC.

Tab 2

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## AUTHORITY COMMUNICATION

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**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 11, 2022

**FROM:** Richard D. Plecker, Acting Executive Director

**AUTHORITY COMMUNICATION NO.:** 22-02

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**SUBJECT:** Board Meeting Schedule for 2022

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*For SPWA Board Meeting of January 27, 2022*

### ACTION REQUESTED

Staff recommends that the SPWA Board Adopt the attached resolution updating the Authority's regular meeting dates.

### BACKGROUND

This request establishes the Regular Board meeting schedule with two meetings per year to be held on the last Thursday of January and June. By approving this recommendation, the next Board meeting will be held on June 30, 2022.

Submitted by:



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Richard D. Plecker  
Acting Executive Director

01/18/2022

**SOUTH PLACER WASTEWATER AUTHORITY  
RESOLUTION NO. 2022-01  
RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH PLACER  
WASTEWATER AUTHORITY APPROVING REGULAR MEETING DATES WITH  
DIRECTION TO STAFF TO SCHEDULE AN ADDITIONAL MEETING DATE IN  
SEPTEMBER OR OCTOBER 2022, TO BE DETERMINED AND ANNOUNCED  
AT THE JUNE 30, 2022, BOARD MEETING**

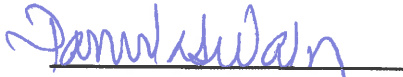
WHEREAS, the Bylaws of the South Placer Wastewater Authority ("Authority") state that the Authority's Board of Directors shall meet as specified by resolution duly adopted by the Board of Directors ("Board").

NOW, THEREFORE, BE IT RESOLVED by the Board that the Authority Regular Board meeting schedule shall be held on the last Thursday in January and June, with the next Board meeting being held on June 30, 2022.

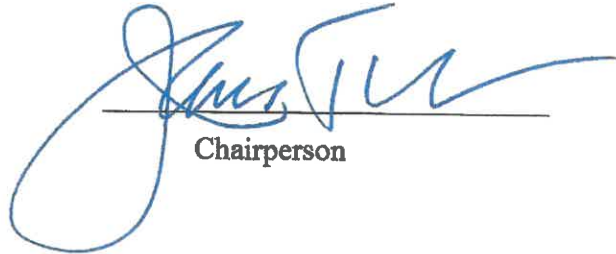
PASSED AND ADOPTED this 27<sup>th</sup> day of January 2022, by the following vote on roll call:

AYES: Alvord, Gore, Houdesheldt, Weygandt, Williams  
NOES:  
ABSENT:

ATTEST:



Secretary



Chairperson

Tab 3

**AUTHORITY COMMUNICATION**

**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 6, 2022

**FROM:** Kyle Horton – Senior Accountant

**AUTHORITY COMMUNICATION NO.:** 22-03

**SUBJECT:** Investment Review

*For SPWA Board Meeting 1/27/2022*

**ACTION REQUESTED**

None required. This is an information item.

**BACKGROUND**

The following report details the performance of the Authority's investments through November 2021.

**INVESTMENTS**


The Schedule of Investments for November 2021 is attached to this report. The yield-to-market on the invested funds as of November 2021 was 0.972%.

**Additional Accumulated Funds**


The additional accumulated funds, in the amount of \$43.2M, is a combination of:

- \$ 31,359,075.71 in the Authority's wastewater project fund held by the fiscal agent.
- \$ 11,807,858.45 in the Authority's bond reserve funds held by the fiscal agent.
- \$ 13,181.73 in the Authority's interest fund held by the fiscal agent.

Submitted by:

  
\_\_\_\_\_  
Kyle Horton  
Senior Accountant

  
\_\_\_\_\_  
Dennis Kauffman  
Chief Financial Officer

  
\_\_\_\_\_  
Richard D. Plecker  
Acting Executive Director



**Monthly Investment Report  
Portfolio Management  
Portfolio Summary  
November 30, 2021**

City of Roseville CA

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
City of Roseville Cash Pool*	6,985,372.93	6,985,372.93	6,985,372.93	7.85	1	1	1.027
Money Market Funds	3,326,701.17	3,326,701.17	3,326,701.17	3.74	1	1	0.006
Local Agency Investment Funds	30,073,699.27	30,073,699.27	30,073,699.27	33.81	1	1	0.203
Corporate Notes	27,396,000.00	27,896,620.05	27,501,336.88	30.92	1,607	676	2.166
Federal Agency Coupon Securities	17,000,000.00	16,701,750.00	17,000,000.00	19.11	1,826	536	0.635
Municipal Bonds	3,895,000.00	4,032,744.75	4,070,574.09	4.58	1,519	1,079	0.981
<b>Investments</b>	<b>88,676,773.37</b>	<b>89,016,888.17</b>	<b>88,957,684.34</b>	<b>100.00%</b>	<b>916</b>	<b>361</b>	<b>0.985</b>

Total Earnings	November 30	Month Ending	Fiscal Year To Date
Current Year		81,918.53	403,722.76
Average Daily Balance		90,866,612.12	90,766,662.85
Effective Rate of Return		1.10%	1.06%

\*Estimated balance as of 11/30/2021  
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.

  
 Richard Plecker, Acting Executive Director  
 Digitally signed by Dennis Kauffman  
 Date: 2021.12.21 09:26:42 -08'00'  
 Dennis Kauffman, Treasurer

1/5/22  
 DATE

**Monthly Investment Report  
Portfolio Management  
Interest Earnings Summary  
November 30, 2021**

November 30 Month Ending

Fiscal Year To Date

	November 30 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	122,537.50	472,020.25
Plus Accrued Interest at End of Period	206,401.81	206,401.81
Less Accrued Interest at Beginning of Period	( 254,491.41)	( 291,839.48)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	74,447.90	386,582.58
Adjusted by Premiums and Discounts	-5,615.37	-28,266.07
Adjusted by Capital Gains or Losses	0.00	-56.84
Earnings during Periods	68,832.53	358,259.67
<b>Pass Through Securities:</b>		
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
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	7,066,849.21	7,066,849.21
Less Accrued Interest at Beginning of Period	( 7,053,763.21)	( 7,021,386.12)
Interest Earned during Period	13,086.00	45,463.09
<b>Total Interest Earned during Period</b>	<b>87,533.90</b>	<b>432,045.67</b>
<b>Total Adjustments from Premiums and Discounts</b>	<b>-5,615.37</b>	<b>-28,266.07</b>
<b>Total Capital Gains or Losses</b>	<b>0.00</b>	<b>-56.84</b>
<b>Total Earnings during Period</b>	<b>81,918.53</b>	<b>403,722.76</b>



**Monthly Investment Report  
Fund 001 - SPWA  
Investments by Fund  
November 30, 2021**

City of Roseville CA

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Days To Date Maturity
<b>City of Roseville Cash Pool*</b>										
SYS10048	10048	City of Roseville Cash Pool	07/01/2021	6,985,372.93	6,985,372.93	6,985,372.93	1.027	1.012	1.027	1
<b>Subtotal and Average</b>				<b>6,985,372.93</b>	<b>6,985,372.93</b>	<b>6,985,372.93</b>		<b>1.013</b>	<b>1.027</b>	<b>1</b>
<b>Money Market Funds</b>										
431114503	10434	US BANK	07/01/2021	3,326,701.17	3,326,701.17	3,326,701.17	0.006	0.005	0.006	1
<b>Subtotal and Average</b>				<b>3,326,701.17</b>	<b>3,326,701.17</b>	<b>3,326,701.17</b>		<b>0.006</b>	<b>0.006</b>	<b>1</b>
<b>Local Agency Investment Funds</b>										
40-31-001	10032	Local Agency Investment Fund	07/01/2021	30,073,699.27	30,073,699.27	30,073,699.27	0.203	0.200	0.203	1
<b>Subtotal and Average</b>				<b>30,073,699.27</b>	<b>30,073,699.27</b>	<b>30,073,699.27</b>		<b>0.200</b>	<b>0.203</b>	<b>1</b>
<b>Corporate Notes</b>										
009158AV8	10667	AIR PROD & CHEM	12/10/2019	2,112,400.00	2,000,000.00	2,114,000.00	3.350	2.042	2.071	07/31/2024 973
06048WK41	10690	Bank of America Corp	11/25/2020	2,000,000.00	2,000,000.00	1,926,520.00	0.650	0.712	0.722	11/25/2025 1,455
166764BW9	10691	CHEVRON CORP NOTE	04/28/2021	1,028,570.00	1,000,000.00	1,007,210.00	1.554	0.821	0.832	05/11/2025 1,257
29736RAN0	10668	ESTEE LAUDER CO	12/10/2019	3,013,110.00	3,000,000.00	3,078,780.00	2.000	1.870	1.896	12/01/2024 1,096
459200JC6	10655	IBM CORP GLOBAL NOTES	08/23/2018	2,968,800.00	3,000,000.00	3,064,920.00	2.875	2.896	2.936	11/09/2022 343
46647PBQ8	10680	JP MORGAN CHASE CORP NOTES	05/27/2020	2,012,240.00	2,000,000.00	2,015,980.00	1.514	1.288	1.306	06/01/2024 913
48305QAA1	10670	KAISER FOUN HOSP	04/14/2020	1,280,781.30	1,245,000.00	1,257,835.95	3.500	1.973	2.000	04/01/2022 121
589331AT4	10646	MERCK & CO INC	05/23/2018	2,907,300.00	3,000,000.00	3,030,690.00	2.400	2.441	2.475	09/15/2022 288
69371RP59	10653	PACCAR FINL CORP	08/23/2018	2,015,800.00	2,000,000.00	2,090,040.00	3.400	3.181	3.226	08/09/2023 616
89236TEL5	10656	TOYOTA MOTOR CREDIT CORP COMM	08/23/2018	2,946,390.00	3,000,000.00	3,067,380.00	2.700	2.742	2.780	01/11/2023 406
911312BC9	10664	UNITED PARCEL SERVICE	11/07/2018	966,600.00	1,000,000.00	1,007,620.00	2.350	3.316	3.362	05/16/2022 166
931142DH3	10654	WALMART	08/23/2018	1,956,840.00	2,000,000.00	2,043,560.00	2.550	2.594	2.630	04/11/2023 496
384802AE4	10672	WW GRAINGER	04/28/2020	2,216,777.58	2,151,000.00	2,192,084.10	1.850	1.183	1.200	02/15/2025 1,172
<b>Subtotal and Average</b>				<b>27,425,808.68</b>	<b>27,398,000.00</b>	<b>27,896,620.05</b>		<b>2.136</b>	<b>2.168</b>	<b>710</b>
<b>Federal Agency Coupon Securities</b>										
31422BA26	10676	FEDERAL AGRIC MTG CORP AGCY	05/19/2020	5,000,000.00	5,000,000.00	4,925,350.00	0.675	0.665	0.675	05/19/2025 1,265
31422BY46	10685	FEDERAL AGRIC MTG CORP AGCY	10/14/2020	3,000,000.00	3,000,000.00	2,926,710.00	0.540	0.532	0.540	10/14/2025 1,413
3133EMHF2	10688	Federal Farm Credit Bank	11/27/2020	2,000,000.00	2,000,000.00	1,954,260.00	0.600	0.591	0.599	11/24/2025 1,454

**Fund 001 - SPWA  
Investments by Fund  
November 30, 2021**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
<b>Federal Agency Coupon Securities</b>											
3134GVR26	10684	Federal Home Loan Mtg Corp	06/25/2020	5,000,000.00	5,000,000.00	4,937,550.00	0.700	0.690	0.700	06/25/2025	1,302
3134GWXX9	10686	Federal Home Loan Mtg Corp	10/15/2020	2,000,000.00	2,000,000.00	1,957,880.00	0.550	0.542	0.550	10/15/2025	1,414
<b>Subtotal and Average</b>				<b>17,000,000.00</b>	<b>17,000,000.00</b>	<b>16,701,750.00</b>		<b>0.626</b>	<b>0.635</b>		<b>1,341</b>
<b>Municipal Bonds</b>											
091608RA9	10687	BISMARCK PUB SD#1	10/22/2020	663,000.00	650,000.00	649,278.50	1.150	0.708	0.718	05/01/2025	1,247
438670Q87	10678	HONOLULU-G-TXBL	05/12/2020	522,540.00	500,000.00	510,675.00	2.812	1.454	1.474	11/01/2023	700
586145F74	10689	MEMPHIS-TXBLE-REF-B	11/23/2020	2,201,580.00	2,000,000.00	2,111,960.00	2.980	0.621	0.630	04/01/2025	1,217
64966WEH6	10679	NYC HSG DEV	05/01/2020	743,331.20	745,000.00	760,831.25	1.810	1.862	1.887	02/01/2024	792
<b>Subtotal and Average</b>				<b>4,130,451.20</b>	<b>3,895,000.00</b>	<b>4,032,744.75</b>		<b>0.967</b>	<b>0.981</b>		<b>1,079</b>
<b>Total Investments and Average</b>				<b>88,941,833.45</b>	<b>88,676,773.37</b>	<b>89,016,886.17</b>		<b>0.972</b>	<b>0.985</b>		<b>525</b>



City of Roseville CA

**Monthly Investment Report**  
**Maturity Report**  
**Sorted by Maturity Date**  
Receipts during November 1, 2021 - November 30, 2021

CUSIP	Investment #	Fund	Sec. Type	Issuer	Per Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
48128GM49	10666	001	MTN	JP MOR	2,000,000.00	11/27/2021	11/27/2019	2.300	2,000,000.00	23,000.00	2,023,000.00	23,000.00
<b>Total Maturities</b>					<b>2,000,000.00</b>				<b>2,000,000.00</b>	<b>23,000.00</b>	<b>2,023,000.00</b>	<b>23,000.00</b>



# BNY MELLON

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

## Account Statement

Statement Period 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD  
SOUTH PLACER WSTWTR PROJECT FD 2017

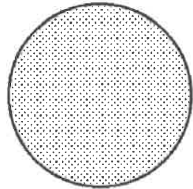
**CLIENT SERVICE MANAGER: MILLY CANESSA**  
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415-263-2420  
MILLY.CANESSA@BNYMELLON.COM

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Visit us at [www.bnymellon.com](http://www.bnymellon.com)

## Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	CASH AND SHORT TERM	31,359,075.71
100%	TOTAL OF ALL INVESTMENTS	31,359,075.71

## Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
CASH AND SHORT TERM	31,359,075.71	31,359,075.71	0.00	9,408.66	0.03 %
<b>ACCOUNT TOTALS</b>	<b>31,359,075.71</b>	<b>31,359,075.71</b>	<b>0.00</b>	<b>9,408.66</b>	<b>0.03 %</b>

## Summary of Cash Transactions by Transaction Category

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		0.00	0.00
DIVIDENDS	799.13	0.00	0.00	8,217.97	0.00
PURCHASES	799.13-	0.00	0.00	8,217.97-	0.00

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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021  
Account [REDACTED] Base Currency = USD  
SOUTH PLACER WSTWTR PROJECT FD 2017

**Summary of Cash Transactions by Transaction Category - Continued**

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
<b>CLOSING BALANCE</b>	0.00	0.00	0.00	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 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD  
SOUTH PLACER WSTWTR PROJECT FD 2017

### Statement of Assets Held by Asset Classification

Shares/Par Value	Asset Description	Market Price	Market Value	Cost	Average Cost	Accrued Income	Estimated Income	Market Yield
<b>CASH AND SHORT TERM</b>								
1,359,075.710	DREYFUS GOVT CASH MGMT FD 289 CUSIP: X9USDDGCM	1.00000	1,359,075.71	1,359,075.71	1.00000	0.00	407.76	0.03%
30,000,000.000	DREYFUS GOVT CM INST 289 CUSIP: X9USDDGCM	1.00000	30,000,000.00	30,000,000.00	1.00000	0.00	9,000.90	0.03%
<b>Total CASH AND SHORT TERM</b>			<b>31,359,075.71</b>	<b>31,359,075.71</b>		<b>0.00</b>	<b>9,408.66</b>	<b>0.03%</b>
<b>ACCOUNT TOTALS</b>			<b>31,359,075.71</b>	<b>31,359,075.71</b>		<b>0.00</b>	<b>9,408.66</b>	<b>0.03%</b>

Total Market Value Plus Total Accrued Income 31,359,075.71

### Statement of Transactions by Transaction Date

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/21	ACCOUNT OPENING PERIOD BALANCE	0.00	0.00	31,358,276.58	
11/02/21	Purchase DREYFUS GOVT CASH MGMT FD 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM 799.130 SHARES	799.13-	0.00	799.13	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	77.33	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00

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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021  
Account [REDACTED] Base Currency = USD  
SOUTH PLACER WSTWTR PROJECT FD 2017

**Statement of Transactions by Transaction Date - Continued**

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	77.33	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	77.33	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	77.33	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	77.33	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM	25.78	0.00	0.00	0.00
11/02/21	Dividend	25.78	0.00	0.00	0.00

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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021  
Account [REDACTED] Base Currency = USD  
SOUTH PLACER WSTWTR PROJECT FD 2017

### Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/02/21	DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM Dividend	25.78	0.00	0.00	0.00
11/02/21	DREYFUS GOVT CM INST 289 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDGCM Dividend	25.78	0.00	0.00	0.00
11/02/21	<b>ACCOUNT CLOSING DAILY BALANCE</b>	<b>0.00</b>	<b>0.00</b>	<b>31,359,075.71</b>	<b>0.00</b>
11/30/21	<b>ACCOUNT CLOSING PERIOD BALANCE</b>	<b>0.00</b>	<b>0.00</b>	<b>31,359,075.71</b>	<b>0.00</b>

Cumulative realized capital gain and loss position from 12/31/2020 for securities held in principal of account:

Short Term: 0.00 \* Long Term: 0.00 \*

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

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

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**BNY MELLON**

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

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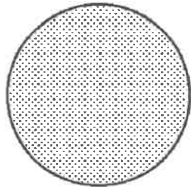
**Account Statement**

Statement Period 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD  
SO PLACER 2011 AND 2017 PARITY RES

**CLIENT SERVICE MANAGER: MILLY CANESSA**  
BNYM CORPORATE TRUST  
100 PINE STREET, SUITE 32  
SAN FRANCISCO, CA 94111  
415-263-2420  
MILLY.CANESSA@BNYMELLON.COM

**Account Overview**



Percent of all Investments	Asset Classification	Market Value
100%	CASH AND SHORT TERM	11,807,858.45
100%	TOTAL OF ALL INVESTMENTS	11,807,858.45

**Summary of Assets Held by Asset Classification**

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
CASH AND SHORT TERM	11,807,858.45	11,807,858.45	0.00	1,180.91	0.01 %
ACCOUNT TOTALS	11,807,858.45	11,807,858.45	0.00	1,180.91	0.01 %

**Summary of Cash Transactions by Transaction Category**

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		0.00	0.00
DIVIDENDS	100.39	0.00	0.00	1,084.85	0.00
PURCHASES	100.39-	0.00	0.00	1,084.85-	0.00

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**BNY MELLON**

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

**Statement Period 11/01/2021 Through 11/30/2021**

Account [REDACTED] Base Currency = USD  
SO PLACER 2011 AND 2017 PARITY RES

### Summary of Cash Transactions by Transaction Category - Continued

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
<b>CLOSING BALANCE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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 11/01/2021 Through 11/30/2021  
Account [REDACTED] Base Currency = USD  
SO PLACER 2011 AND 2017 PARITY RES

### Statement of Assets Held by Asset Classification

Shares/Par Value	Asset Description	Market Price	Market Value	Cost	Average Cost	Accrued Income	Estimated Income	Market Yield
<b>CASH AND SHORT TERM</b>								
11,531,315.160	DREYFUS INS PRE TSY OBL HAMIL 6540 CUSIP: X9USDDEFU	1.00000	11,531,315.16	11,531,315.16	1.00000	0.00	1,153.25	0.01%
276,543.290	INSTL RES TRE AND AGNY CASH ADV6540 CUSIP: X9USDDEFU	1.00000	276,543.29	276,543.29	1.00000	0.00	27.66	0.01%
<b>Total CASH AND SHORT TERM</b>			<b>11,807,858.45</b>	<b>11,807,858.45</b>		<b>0.00</b>	<b>1,180.91</b>	<b>0.01%</b>
<b>ACCOUNT TOTALS</b>			<b>11,807,858.45</b>	<b>11,807,858.45</b>		<b>0.00</b>	<b>1,180.91</b>	<b>0.01%</b>

Total Market Value Plus Total Accrued Income 11,807,858.45

### Statement of Transactions by Transaction Date

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/21	ACCOUNT OPENING PERIOD BALANCE	0.00	0.00	11,807,758.06	
11/02/21	Purchase INSTL RES TRE AND AGNY CASH ADV6540 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDEFU 100.390 SHARES	100.39-	0.00	100.39	0.00
11/02/21	Dividend DREYFUS INS PRE TSY OBL HAMIL 6540 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDEFU	100.39	0.00	0.00	0.00
11/02/21	ACCOUNT CLOSING DAILY BALANCE	0.00	0.00	11,807,858.45	0.00
11/30/21	ACCOUNT CLOSING PERIOD BALANCE	0.00	0.00	11,807,858.45	0.00

Cumulative realized capital gain and loss position from 12/31/2020 for securities held in principal of account:

Short Term: 0.00 \* 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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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021  
Account [REDACTED] Base Currency = USD  
SO PLACER 2011 AND 2017 PARITY RES

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

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



**BNY MELLON**

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

## Account Statement

Statement Period 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD  
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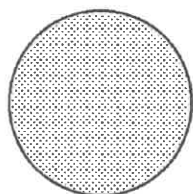
**CLIENT SERVICE MANAGER: MILLY CANESSA**  
BNYM CORPORATE TRUST  
100 PINE STREET, SUITE 32  
SAN FRANCISCO, CA 94111  
415-263-2420  
MILLY.CANESSA@BNYMELLON.COM

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## Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	CASH AND SHORT TERM	13,181.73
<b>100%</b>	<b>TOTAL OF ALL INVESTMENTS</b>	<b>13,181.73</b>

## Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
CASH AND SHORT TERM	13,181.73	13,181.73	0.00	1.32	0.01 %
<b>ACCOUNT TOTALS</b>	<b>13,181.73</b>	<b>13,181.73</b>	<b>0.00</b>	<b>1.32</b>	<b>0.01 %</b>

## Summary of Cash Transactions by Transaction Category

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		0.00	0.00
DIVIDENDS	0.05	0.00	0.00	0.28	0.00
SALES AND REDEMPTIONS	0.00	0.00	0.00	0.00	33.00
OTHER CASH ADDITIONS	0.00	3,042,500.00	0.00	0.00	6,098,148.45
OTHER CASH DISBURSEMENTS	0.00	3,042,500.00-	0.00	0.00	6,085,000.00-

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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD

SO PLACER 2011 AND 2017 INTEREST F

**Summary of Cash Transactions by Transaction Category - Continued**

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
PURCHASES	0.05-	0.00	0.00	0.28 -	13,181.45 -
<b>CLOSING BALANCE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD

SO PLACER 2011 AND 2017 INTEREST F

### Statement of Assets Held by Asset Classification

Shares/Par Value	Asset Description	Market Price	Market Value	Cost	Average Cost	Accrued Income	Estimated Income	Market Yield
<b>CASH AND SHORT TERM</b>								
13,181.450	DREYFUS INS PRE TSY OBL HAMIL 6540 CUSIP: X9USDDEFU	1.00000	13,181.45	13,181.45	1.00000	0.00	1.32	0.01%
0.280	INSTL RES TRE AND AGNY CASH ADV6540 CUSIP: X9USDDEFU	1.00000	0.28	0.28	1.00000	0.00	0.00	0.00%
<b>Total CASH AND SHORT TERM</b>			<b>13,181.73</b>	<b>13,181.73</b>		<b>0.00</b>	<b>1.32</b>	<b>0.01%</b>
<b>ACCOUNT TOTALS</b>			<b>13,181.73</b>	<b>13,181.73</b>		<b>0.00</b>	<b>1.32</b>	<b>0.01%</b>

Total Market Value Plus Total Accrued Income 13,181.73

### Statement of Transactions by Transaction Date

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/21	ACCOUNT OPENING PERIOD BALANCE	0.00	0.00	13,181.68	
11/01/21	Cash Credit SOPLACER2020 FOR DEBT SERVICE PAYMENT	0.00	1,173,000.00	0.00	0.00
11/01/21	Cash Credit SOPLACER2017 FOR INT DS PAYMENT	0.00	1,869,500.00	0.00	0.00
11/01/21	Cash Debit SOPLACER2020 DS INT PAYMENT	0.00	1,173,000.00-	0.00	0.00
11/01/21	Cash Debit SOPLACER2017 DS:BNYLOANS INT	0.00	1,869,500.00-	0.00	0.00
11/01/21	ACCOUNT CLOSING DAILY BALANCE	0.00	0.00	13,181.68	0.00
11/02/21	Purchase INSTL RES TRE AND AGNY CASH ADV6540 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDEFU 0.050 SHARES	0.05-	0.00	0.05	0.00
11/02/21	Dividend DREYFUS INS PRE TSY OBL HAMIL 6540 TRADE DATE 11/02/21 SET/DATE 11/02/21 CUSIP X9USDDEFU	0.05	0.00	0.00	0.00
11/02/21	ACCOUNT CLOSING DAILY BALANCE	0.00	0.00	13,181.73	0.00
11/30/21	ACCOUNT CLOSING PERIOD BALANCE	0.00	0.00	13,181.73	0.00

Cumulative realized capital gain and loss position from 12/31/2020 for securities held in principal of account:

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**BNY MELLON**

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

Statement Period 11/01/2021 Through 11/30/2021

Account [REDACTED] Base Currency = USD  
SO PLACER 2011 AND 2017 INTEREST F

### Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
Short Term:	0.00 *	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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Tab 4

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## AUTHORITY COMMUNICATION

**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 12, 2022

**FROM:** Nick Rosas, Accounting Manager

**AUTHORITY COMMUNICATION NO:** 22-04

**SUBJECT:** Debt Review – FY2021-2022

*For SPWA Board Meeting 1/27/2022*

### ACTION REQUESTED

None required. This is an informational item.

### BACKGROUND

The following report details a review of the Authority's outstanding debt, debt service budget, year-to-date expenses, and remaining forecast for FY2021/2022.

### SUMMARY OF OUTSTANDING DEBT

The South Placer Wastewater Authority currently has \$141.4 million of debt outstanding shown in the table below. All long term debt in the portfolio is fixed rate. The State Revolving Fund loans issue size represents the total funding approved for both the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects. The outstanding par represents the amount of expense reimbursement received from the state revolving fund through December 20, 2021.

Summary of Outstanding Debt						
Series	Type	Issues Size	Outstanding Par	Coupon Range	Final Maturity	% of Total Debt
2017	Fixed Rate Bonds	\$74,780,000	\$69,380,000	5 00%	11/1/2037	49.1%
2020	Fixed Rate Bonds	\$46,920,000	\$46,920,000	5 00%	11/1/2035	33.2%
N/A	SRF Loans	\$108,021,755*	\$25,089,807	1.30%	6/10/2052	17.7%
<b>Total</b>			<b>\$141,389,807</b>			

**BUDGET, ACTUAL, and FORECASTED ESTIMATES**

The current projection for all debt service in FY 2021/2022 is estimated to align with the annual budget. Therefore, no budget changes are proposed at this time.


Summary of Outstanding Debt					
Series	Annual Budget	Debt Service Paid 7/1/21-12/31/21	Estimated Remaining Debt Service	Estimated Year-End Total	Proposed Budget Changes
2017	\$9,213,047	\$6,649,355	2,355,166	9,017,301	\$0
2020	\$2,555,047	\$793,021	\$1,553,500	\$2,359,301	\$0
SRF	\$0	\$0	\$0	\$0	\$0

Submitted by:

Digitally signed by Nick Rosas  
Date: 2022.01.19 15:11:56 -08'00'

Nick Rosas  
Accounting Manager

  
Dennis Kauffman  
Chief Financial Officer

  
Richard D. Plecker  
Acting Executive Director

Tab 5

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## AUTHORITY COMMUNICATION

**TO:** South Placer Wastewater Authority Board of Directors

**DATE:** January 12, 2022

**FROM:** Nick Rosas, Accounting Manager

**AUTHORITY COMMUNICATION NO.:** 22-05

**SUBJECT:** Audited Financial Statements for the Fiscal Year Ended June 30, 2021

### ACTION REQUESTED

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

The attached audited financial statements, report on internal control, and the communication letter to those charged with governance are for the fiscal year ended June 30, 2021. Lance, Soll, and Lunghard, LLP (LSL) conducted the audit of the financial statements. As a result of that audit, SPWA received an unmodified (clean) opinion. Additionally they did not identify any misstatements, and did not encounter any difficulties or have any disagreements with management while performing procedures. The authority received an audit finding for not performing timely bank reconciliations. The late bank reconciliations were caused by the timing of the retirement of the City's cash management senior accountant. A new senior accountant was recruited to fill this position, and the City has updated and improved its bank reconciliation process to ensure they are completely timely moving forward.

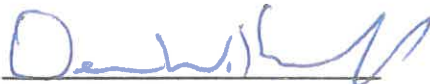
Also attached is the Single Audit report. A Single Audit is an audit that is required when a non-federal entity expends federal awards (grants) totaling \$750,000 or more in a single fiscal year. The State Revolving Fund loans that the Authority is using to fund the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects is a loan program which meets the requirements for a Single Audit. There were no additional audit findings and no misstatements identified as a result of this audit.

Submitted by:

**Nick Rosas**  
Digitally signed by Nick Rosas  
Date: 2022.01.19 15:12:31  
+0800

Nick Rosas, CPA  
Accounting Manager

Approved:



Dennis Kauffman  
Chief Financial Officer



Richard D. Plecker  
Acting Executive Director



**SOUTH PLACER WASTEWATER AUTHORITY  
ROSEVILLE, CALIFORNIA  
JUNE 30, 2021**

**FINANCIAL STATEMENTS**

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**SOUTH PLACER WASTEWATER AUTHORITY  
ROSEVILLE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2021**

**SOUTH PLACER WASTEWATER AUTHORITY  
ROSEVILLE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of South Placer Wastewater Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the date of the financial statements.





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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Reporting Responsibilities***

#### ***Required Supplementary Information***

Management has omitted the 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.



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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The analysis rate stabilization restricted net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Sacramento, California  
December 30, 2021

**SOUTH PLACER WASTEWATER AUTHORITY (SPWA)**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

---

**Assets:**

**Current:**

Cash and investments in City Treasury	\$ 8,797,470
Investments	92,875,889
Restricted investments with fiscal agent	43,174,922
Accounts receivable	1,018,009
Accrued interest receivable	128,083

**Total Current Assets** 145,994,373

**Total Assets** \$ 145,994,373

**Liabilities and Net Position:**

**Liabilities:**

**Current:**

Accounts payable	\$ 10,474,273
Accrued liabilities	1,011,221
Long-term debt due in one year	5,400,000

**Total Current Liabilities** 16,885,494

**Noncurrent:**

Long-term debt due in more than one year	149,414,243
--	-------------

**Total Noncurrent Liabilities** 149,414,243

**Total Liabilities** 166,299,737

**Net Position:**

Restricted for rate stabilization	91,540,176
Restricted for debt service	8,543,070
Unrestricted (deficit)	(120,388,610)

**Total Net Position** (20,305,364)

**Total Liabilities and Net Position** \$ 145,994,373

**SOUTH PLACER WASTEWATER AUTHORITY (SPWA)**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2021**

---

<b>Operating Revenues:</b>	
Connection fees contributed by members	<u>\$ 22,590,272</u>
<b>Total Operating Revenues</b>	<u><b>22,590,272</b></u>
<b>Operating Expenses:</b>	
Construction costs	52,838,293
Personnel services and administration	<u>176,682</u>
<b>Total Operating Expenses</b>	<u><b>53,014,975</b></u>
Operating Income (Loss)	<u>(30,424,703)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Grants	2,258,586
Interest revenue	401,081
Interest expense, fiscal agent fees and amortization	<u>(4,350,475)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u><b>(1,690,808)</b></u>
Changes in Net Position	(32,115,511)
Net Position - Beginning of Year	<u>11,810,147</u>
<b>Net Position - End of Fiscal Year</b>	<u><b>\$ (20,305,364)</b></u>

**SOUTH PLACER WASTEWATER AUTHORITY (SPWA)**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

---

**Cash Flows from Operating Activities:**

Receipts from members	\$ 22,065,666
Payments to contractors	(44,659,054)
Payments to City for personnel services and administration	(243,149)

**Net Cash Provided (Used) by Operating Activities** (22,836,537)

**Cash Flows from Capital  
and Related Financing Activities:**

Proceeds from capital debt	4,344,362
Principal paid on capital debt	(5,285,000)
Interest paid on capital debt	(6,184,469)
Grant revenue	2,258,586

**Net Cash Provided (Used) by  
Capital and Related Financing Activities** (4,866,521)

**Cash Flows from Investing Activities:**

Interest received	<u>423,765</u>
-------------------	----------------

**Net Cash Provided (Used) by  
Investing Activities** 423,765

**Net Increase (Decrease) in Cash  
and Cash Equivalents** (27,279,293)

Cash and Cash Equivalents at Beginning of Year 172,127,574

**Cash and Cash Equivalents at End of Year** \$ 144,848,281

**Reconciliation of Cash and Investments to the Statement of Net Position**

Cash and Investments in City Treasury	\$ 8,797,470
Investments	92,875,889
Restricted investments with fiscal agent	43,174,922

**Total cash and investments** \$ 144,848,281

**Reconciliation of Operating Income to Net Cash  
Provided (Used) by Operating Activities:**

Operating income (loss) \$ (30,424,703)

**Adjustments to reconcile operating income (loss)  
net cash provided (used) by operating activities:**

(Increase) decrease in accounts receivable	(524,606)
Increase (decrease) in accounts payable	8,179,239
Increase (decrease) in accrued liabilities	(66,467)

**Total Adjustments** 7,588,166

**Net Cash Provided (Used) by  
Operating Activities** \$ (22,836,537)

See Notes to Financial Statement.

## **SOUTH PLACER WASTEWATER AUTHORITY**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

---

#### **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 to finance 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 January 31, 2019. The Amended and Restated Funding Agreement retroactively changed the proportionate shares of each member for cost allocations as follows:

1. The City from 61.66% to 64.57%
2. SPMUD from 22.43% to 21.95%
3. The County from 15.91% to 13.48%

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.

Members contribute connection fees they collect from developers. 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.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**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.

**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 is used to pay all administrative, operating, construction and other expenses incurred by the Authority, and to account for member contributions and charges.

**d. 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.

**e. Interest Income Allocation**

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

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**f. Fair Value Measurement**

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 Assistant City Manager/Chief Financial Officer conducts City Pool oversight. Cash on deposit in the City Pool at June 30, 2021, 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, 2021 decreased the Authority's investment income by \$967,263. For further information regarding the City Pool, refer to the City of Roseville Annual Comprehensive Financial Report.

**g. 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, 2021, 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.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**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 of resources, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

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**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, 2021 is \$8,797,470. 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, 2021 is stated at fair value. For further information regarding the City's investment pool, refer to the City of Roseville Annual Comprehensive Financial Report.

**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	\$ 8,797,470
Investments	92,875,889
Restricted investments with fiscal agent	<u>43,174,922</u>
Total investments	<u>\$ 144,848,281</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.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

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

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

**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:

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	None	None	None
U.S. Agency Securities of Certain Agencies (a) (b)	N/A	None	None	None
Money Market Mutual Funds	N/A	AAAm-G or AAAm	None	None
Certificates of Deposit	360 days	A-1	None	None
Savings Accounts Deposit Account (fully insured)	N/A	None	None	None
Investment Agreements				
Forward Delivery Agreements	N/A	AA	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	LAIF Limit
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 or 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

**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.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

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			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Corporate Notes	\$ 8,144,219	\$ 11,347,460	\$ 16,615,063	\$ 36,106,742
Federal Agency Securities	4,007,180	-	16,908,490	20,915,670
Municipal Bonds	-	-	4,101,531	4,101,531
Money Market Mutual Funds	67,180,630	-	-	67,180,630
City of Roseville Investment Pool	8,797,470	-	-	8,797,470
Local Agency Investment Fund	7,746,238	-	-	7,746,238
Total investments	<u>\$ 95,875,737</u>	<u>\$ 11,347,460</u>	<u>\$ 37,625,084</u>	<u>\$ 144,848,281</u>

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, 2021, these investments had an average maturity of 291 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2021 and had an average maturity of 27 days for the Dreyfus U.S. Treasury Money Market Fund and 27 days for the First American Money Market Fund.

**e. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2021, for each investment type as provided by standard and poor's investment rating system:

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

	<u>BBB+</u>	<u>A+/A/A-</u>	<u>AA+/AA/AA-</u>	<u>Total</u>
<b>Investments:</b>				
Corporate Notes	\$ 3,003,810	\$ 25,880,833	\$ 7,222,099	\$ 36,106,742
Federal Agency Securities	-	-	2,161,380	2,161,380
Municipal Bonds	-	-	5,985,160	5,985,160
<b>Totals</b>	<u>\$ 3,003,810</u>	<u>\$ 25,880,833</u>	<u>\$ 15,368,639</u>	<u>44,253,282</u>
<b>Not Rated:</b>				
City of Roseville Investment Pool				8,797,470
Local Agency Investment Fund				7,746,238
Money Market Mutual Funds				67,180,630
Federal Agency Securities				14,930,510
Municipal Bonds				1,940,151
<b>Total investments</b>				<u>\$ 144,848,281</u>

**f. Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2021:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 6,951,840
Federal Agricultural Mortgage Corporation	Federal Agency Securities	7,978,670

**g. 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 FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

The Authority has the following recurring fair value measurements as of June 30, 2021:

Investments at Fair Value	Amount	Quoted Prices In Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency Securities	\$ 20,915,670	\$ -	\$ 20,915,670	\$ -
Corporate Notes	36,106,742	-	36,106,742	-
Municipal Bonds	4,101,531	-	4,101,531	-
Money Market Mutual Funds	67,180,630	67,180,630	-	-
Categorized Investments	<u>128,304,573</u>	<u>\$ 67,180,630</u>	<u>\$ 61,123,943</u>	<u>\$ -</u>
Local Agency Investment Fund- uncategorized	8,797,470			
City of Roseville Investment Pool- uncategorized	<u>7,746,238</u>			
Total Investments	<u>\$ 144,848,281</u>			

**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 2021 totaling \$52,787,910 were transferred as construction in progress to the City of Roseville as of June 30, 2021.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

**Note 4: Long-Term Debt**

**a. Current Year Transactions and Balances**

	Original Issue Amount	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Current Position
<b>Revenue Bonds:</b>						
2011 Refunding Wastewater Revenue Bonds, Series C						
5%, due 11/1/21	\$ 67,040,000	\$ 5,285,000	\$ -	\$ (5,285,000)	\$ -	\$ -
Add: bond premium	5,240,841	124,873	-	(124,873)	-	-
2017 Wastewater Revenue Bonds						
5%, due 11/1/37	74,780,000	74,780,000	-	-	74,780,000	5,400,000
Add: bond premium	17,220,595	14,637,508	-	(881,029)	13,776,477	-
2020 Wastewater Revenue Bonds						
5%, due 11/1/35	48,920,000	48,920,000	-	-	48,920,000	-
Add: bond premium	18,084,382	16,084,382	-	(1,070,958)	14,993,404	-
Total revenue bonds	<u>227,265,898</u>	<u>157,811,841</u>	<u>-</u>	<u>(7,341,980)</u>	<u>154,469,861</u>	<u>5,400,000</u>
<b>Direct placement debt</b>						
2020 SRF Loan						
1.30% interest, due 6/10/2052	4,344,362	-	4,344,362	-	4,344,362	-
Direct placement debt total	<u>4,344,362</u>	<u>-</u>	<u>4,344,362</u>	<u>-</u>	<u>4,344,362</u>	<u>-</u>
Total	<u>\$ 231,610,260</u>	<u>\$ 157,811,841</u>	<u>\$ 4,344,362</u>	<u>\$ (7,341,980)</u>	<u>\$ 154,814,243</u>	<u>\$ 5,400,000</u>

**b. Public Debt**

**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. In September 2017, the 2011C Bonds were partially refunded by the 2017 South Placer Wastewater Authority Revenue Bonds.

The remaining Series 2011C Bonds bear interest at 5.00% 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 November 1 through 2020. The balance outstanding as of June 30, 2021, is zero.

**2017 South Placer Wastewater Authority Refunding Revenue Bonds**

On September 28, 2017, the South Placer Wastewater Authority issued the Wastewater Revenue bonds, Series 2017 in the amount of \$74,780,000.

The 2017 Bonds were issued for the purpose of providing funds, together with other available moneys, to (i) finance the Series 2017 Project, (ii) defease and redeem a portion of the Authority's Wastewater Revenue Refunding Bonds, Series 2011C (the "Series 2011C Bonds") and all of the Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds), (iii) fund a deposit to the Parity Reserve Fund, and (iv) pay costs of issuance of the Series 2017 Bonds.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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**Note 4: Long-Term Debt (Continued)**

The Revenue Bonds bear interest at 5.00% and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2021 through 2037. The balance outstanding as of June 30, 2021 is \$74,780,000.

**South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series 2020**

On April 28, 2020, the South Placer Wastewater Authority issued Revenue Bonds, Series 2020 in the amount of \$46,920,000 to redeem the Authority's Wastewater Revenue Refunding Bonds, Series 2013 outstanding. The Revenue Bonds bear interest at 5.00% and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2029 through 2035. The balance outstanding as of June 30, 2021 is \$46,920,000.

As of June 30, 2021, the total principal and interest remaining to be paid on the 2017 Bonds and the 2020 Bonds was \$121,700,000 in principal and \$55,915,750 in interest. 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.

**c. Direct Placement Debt**

**2020 SRF Loan**

In June 2020, the City entered into loan agreements with the State Water Resources Control Board to secure funding for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects in the form of loans from the Clean Water State Revolving Fund. The City then entered into a reimbursement agreement with the South Placer Wastewater Authority as the Authority is responsible for the completion of these projects. The loans are approved for up to \$108,021,755, bear interest at the rate of 1.30% and are payable in 30 annual payments beginning on June 10, 2023. Total funds drawn on the loans at June 30, 2021 was \$4,344,362.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**

**Note 4: Long-Term Debt (Continued)**

**d. Debt Service Requirements**

Annual debt service requirements, using interest rates as of June 30, 2021, are shown below for all long-term debt:

Year Ending June 30	Revenue Bonds		Direct Placement Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 5,400,000	\$ 5,950,000	\$ -	\$ -	\$ 5,400,000	\$ 5,950,000
2023	5,790,000	5,670,250	119,332	58,477	5,909,332	5,728,727
2024	6,195,000	5,370,825	120,884	54,925	6,315,884	5,425,560
2025	6,635,000	5,049,875	122,455	53,354	6,757,455	5,103,229
2026	6,710,000	4,716,250	124,047	51,782	6,834,047	4,768,012
2026 - 2031	34,130,000	18,288,500	844,848	234,198	34,774,848	18,522,698
2031 - 2036	36,890,000	9,860,250	687,865	191,178	37,577,865	10,051,428
2036 - 2041	19,950,000	1,010,000	733,765	145,289	20,683,765	1,155,289
2041 - 2046	-	-	782,705	96,339	782,705	96,339
2046 - 2051	-	-	834,921	44,122	834,921	44,122
2051 - 2056	-	-	173,552	2,256	173,552	2,256
<b>Totals</b>	<b>121,700,000</b>	<b>\$ 55,815,750</b>	<b>4,344,362</b>	<b>\$ 929,900</b>	<b>126,044,362</b>	<b>\$ 56,845,650</b>
Reconciliation of long-term debt						
Add bond premium	28,769,881		-		28,769,881	
Net long-term debt	\$ 150,469,881		\$ 4,344,362		\$ 154,814,243	

**Note 5: Risk Management**

The Authority has purchased commercial insurance for general, property and public officials' liability. During the fiscal year ended June 30, 2021, the Authority paid \$20,496 for current year coverage.

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

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

The Authority has not had any claims that exceeded coverage in the past 3 years.

**Note 6: Commitments and Contingent Liabilities**

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

**SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**

**SOUTH PLACER WASTEWATER AUTHORITY (SPWA)**

**ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION  
JUNE 30, 2021**

	<u>City of Roseville</u>	<u>South Placer Municipal Utility District</u>	<u>Placer County</u>	<u>Totals</u>
Changes July 1, 2020 to June 30, 2021				
Regional connection fees	\$ 16,601,916	\$ 4,850,731	\$ 1,137,625	\$ 22,590,272
Grants	1,458,369	495,760	304,457	2,258,586
Capital construction costs	(34,117,690)	(11,598,007)	(7,122,603)	(52,838,300)
Debt service	(4,649,363)	(1,580,511)	(970,627)	(7,200,501)
Administrative costs	(116,522)	(39,611)	(24,326)	(180,459)
Increase/(Decrease) in RSF Balances	<u>(20,823,290)</u>	<u>(7,871,638)</u>	<u>(6,675,474)</u>	<u>(35,370,402)</u>
Beginning Balance, as of July 1, 2020	<u>67,026,579</u>	<u>57,882,750</u>	<u>632,934</u>	<u>125,542,263</u>
Ending Balance Before Interest Allocation	<u>46,203,289</u>	<u>50,011,112</u>	<u>(6,042,540)</u>	<u>90,171,861</u>
Interest allocation	701,113	758,895	(91,693)	1,368,315
<b>Ending Balance, as of June 30, 2021</b>	<b><u>\$ 46,904,402</u></b>	<b><u>\$ 50,770,007</u></b>	<b><u>\$ (6,134,233)</u></b>	<b><u>\$ 91,540,176</u></b>

	<u>Net Position of</u>	
	<u>Bond Proceeds</u>	<u>Member Contributions</u>
Investments in City of Roseville Treasury Investments	\$ -	\$ 8,797,470
Investments	-	92,875,889
Unrealized gains / losses on investments	805,002	(805,002)
Restricted investments with fiscal agent	43,174,922	-
Accounts receivable	-	1,018,009
Accrued interest receivable	-	128,083
Accounts payable and other liabilities	(1,011,221)	(10,474,273)
Long-term debt:		
Due in one year	(5,400,000)	-
Due in more than one year	<u>(149,414,243)</u>	<u>-</u>
Net Position (Deficit)	<b><u>\$ (111,845,540)</u></b>	<b><u>\$ 91,540,176</u></b>



**SOUTH PLACER WASTEWATER AUTHORITY  
ROSEVILLE, CALIFORNIA  
JUNE 30, 2021**

**SINGLE AUDIT REPORT**

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**SOUTH PLACER WASTEWATER AUTHORITY  
ROSEVILLE, CALIFORNIA**

**SINGLE AUDIT REPORT**

**JUNE 30, 2021**

**SOUTH PLACER WASTEWATER AUTHORITY  
SINGLE AUDIT REPORT  
JUNE 30, 2021**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Placer Wastewater Authority, (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Reference Number 2021-001, that we consider to be a significant deficiency.





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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Authority's Response to Findings**

The Authority's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lane, Soll &amp; Luyhard, LLP".

Sacramento, California  
December 30, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the South Placer Wastewater Authority (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's government programs.



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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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



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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 30, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Sacramento, California  
December 30, 2021

**SOUTH PLACER WASTEWATER AUTHORITY (SPWA)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
<i>Other Programs</i>				
Environmental Protection Agency (EPA)				
Capitalization Grants for Clean Water State Revolving Funds*	86.458	N/A	\$ -	\$ 2,078,586
Total Environmental Protection Agency Programs			\$ -	\$ 2,078,586

\* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**SOUTH PLACER WASTEWATER AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

---

**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the South Placer Wastewater Authority (Authority), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

**b. Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the Authority becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SOUTH PLACER WASTEWATER AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

---

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified?  yes  none reported
  - Material weaknesses identified?  yes  no
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified?  yes  none reported
- Material weaknesses identified?  yes  no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?

yes  no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

66.458

Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B program

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**SOUTH PLACER WASTEWATER AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Bank Reconciliations – Significant deficiency**

**Reference Number:** 2021-001

**Condition:**

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger controls.

**Criteria:**

Bank statements are expected to be reconciled to the general ledger on a monthly basis.

**Cause of Condition:**

The employee responsible for reconciling the bank statements left the Authority during fiscal year 2021. As a result, a new employee was trained to perform the bank reconciliations, which resulted in a delay in the reconciliation of bank statements to the general ledger.

**Effect or Potential Effect of Condition:**

Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind.

**Recommendation:**

We recommend that all bank accounts be reconciled each month prior to preparation of the annual financial statements.

**Management's Response and Corrective Action:**

The delay in bank reconciliation was an issue with the timing of the retirement of a key employee within the finance department. Bank reconciliations are now being performed timely.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**No matters were reported.**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Placer Wastewater Authority, (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Reference Number 2021-001, that we consider to be a significant deficiency.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Authority's Response to Findings**

The Authority's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lance, Solt &amp; Loughard, LLP".

Sacramento, California  
December 30, 2021



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

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

### **Bank Reconciliations – Significant deficiency**

**Reference Number:** 2021-001

**Condition:**

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger controls.

**Criteria:**

Bank statements are expected to be reconciled to the general ledger on a monthly basis.

**Cause of Condition:**

The employee responsible for reconciling the bank statements left the City during fiscal year 2021. As a result, a new employee was trained to perform the bank reconciliations, which resulted in a delay in the reconciliation of bank statements to the general ledger.

**Effect or Potential Effect of Condition:**

Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind.

**Recommendation:**

We recommend that all bank accounts be reconciled each month prior to preparation of the annual financial statements.

**Management's Response and Corrective Action:**

The delay in bank reconciliation was an issue with the timing of the retirement of a key employee within the finance department. Bank reconciliations are now being performed timely.



December 30, 2021

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

We have audited the financial statements of the South Placer Wastewater Authority (the Authority) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Findings and Other Issues**

##### ***Qualitative Aspects of Significant 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 the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020-2021. 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 financial statement disclosures are neutral, consistent, and clear.

##### ***Significant Unusual Transactions***

Management is responsible for the policies and practices used to account for significant unusual transactions. No significant unusual transactions have occurred during fiscal year 2020-2021.

##### ***Difficulties Encountered in Performing the Audit***

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

##### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.





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

### ***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.

### ***Circumstances that Affect the Form and Content of the Auditor's Report***

New auditing standards were implemented in fiscal year 2020-2021 related to Statement of Auditing Standards 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, through Statement of Auditing Standards 140, *Supplementary Information in Relation to the Financial Statements as a Whole*. These standards updated the form and content of the financial statement auditor's report. The purpose of the change was to present an easier format for users to understand the results of the audit and management's responsibilities.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 30, 2021.

### ***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 Discussed with Management***

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the Authority and business plans and strategies that may affect the risks of material misstatements, 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.



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

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

*GASB Statement No. 84, Fiduciary Activities.*

*GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61.*

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2022

*GASB Statement No. 87, Leases.*

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.*

*GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

Fiscal year 2023

*GASB Statement No. 91, Conduit Debt Obligations.*

*GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangement.*

*GASB Statement No. 96, Subscription-Based Information Technology Arrangements.*

**Restriction on Use**

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

Very truly yours,

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Sacramento, California

Tab 6

## AUTHORITY COMMUNICATION

---

**TO:** South Placer Wastewater Authority      **DATE:** January 25, 2022  
Board of Directors

**FROM:** Nick Rosas, Accounting Manager

**AUTHORITY COMMUNICATION NO.:** 22-06

---

**SUBJECT:** Rate Stabilization Fund Balances as of November 30, 2021

---

*For SPWA Board Meeting 1/27/2022*

### **ACTION REQUESTED**

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

### **BACKGROUND**

With the formation of the Joint Powers Authority and subsequent bond issues, 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 deposits less proportionate cost shares. Available resources include receivables and liabilities that are recognized as funds are available for use.

Expenses and grant revenue are allocated based on the participants' respective reallocated Proportionate Shares, defined in the 2<sup>nd</sup> Amendment to the Funding Agreement as follows: Roseville—64.57%, South Placer Municipal Utility District—21.95% and Placer County—13.48%. Interest revenue is allocated to each participant based on their respective rate stabilization fund balance. Connection Fees and Reimbursements are recorded directly in each partners sub-account.

**Changes in RSF Balances from July 1, 2020 to June 30, 2021**

	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Connection Fees	\$ 16,601,916	\$ 4,850,731	\$ 1,137,625	\$ 22,590,272
Grants	1,458,369	495,760	304,457	2,258,586
Capital	(34,117,690)	(11,598,007)	(7,122,603)	(52,838,300)
Debt Service	(4,649,363)	(1,580,511)	(970,627)	(7,200,501)
Administrative	(116,522)	(39,611)	(24,326)	(180,459)
Increase/(Decrease) In RSF Balances	<u>(20,823,290)</u>	<u>(7,871,638)</u>	<u>(6,675,474)</u>	<u>(35,370,402)</u>
Beginning Balance, as of July 1, 2020	<u>67,026,579</u>	<u>57,882,750</u>	<u>632,934</u>	<u>125,542,263</u>
Ending Balance Before Interest Allocation	<u>46,203,289</u>	<u>50,011,112</u>	<u>(6,042,540)</u>	<u>90,171,861</u>
Interest Allocation	701,113	758,895	(91,693)	1,368,315
Ending Balance, as of June 30, 2021	<u>\$ 46,904,402</u>	<u>\$ 50,770,007</u>	<u>\$ (6,134,233)</u>	<u>\$ 91,540,176</u>

**Changes In RSF Balances from July 1, 2021 to November 30, 2021:**

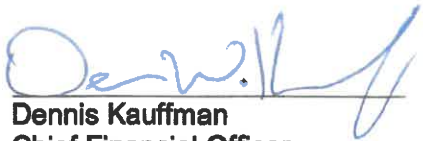
	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Revenues:				
Connection Fees	\$ 4,889,205	\$ 2,644,756	\$ 1,854,985	\$ 9,388,946
Capital	(10,527,788)	(3,578,828)	(2,197,841)	(16,304,457)
Debt Service	(5,456,580)	(1,854,916)	(1,139,147)	(8,450,643)
Administrative	(33,468)	(11,377)	(6,987)	(51,832)
Increase/(Decrease) in RSF Balances	<u>(11,128,631)</u>	<u>(2,800,365)</u>	<u>(1,488,990)</u>	<u>(15,417,986)</u>
Beginning Balance, as of July 1, 2020	<u>46,904,402</u>	<u>50,770,007</u>	<u>(6,134,233)</u>	<u>91,540,176</u>
Ending Balance Before Interest Allocation	<u>35,775,771</u>	<u>47,969,642</u>	<u>(7,623,223)</u>	<u>76,122,190</u>
Interest Allocation	51,438	68,971	(10,961)	109,448
Ending Balance, as of June 30, 2021	<u>\$ 35,827,209</u>	<u>\$ 48,038,613</u>	<u>\$ (7,634,184)</u>	<u>\$ 76,231,638</u>

Submitted by:



**Nick Rosas**  
Accounting Manager

Approved:



**Dennis Kauffman**  
Chief Financial Officer



**Richard Plecker**  
Acting Executive Director

Tab 7

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# AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority  
Board of Directors

DATE: January 12, 2022

FROM: Nick Rosas, Accounting Manager

AUTHORITY COMMUNICATION NO.; 22-07

SUBJECT: 2020-21 Final Rate Stabilization Fund Summary

*For SPWA Board Meeting of 1/27/2022*

## ACTION REQUESTED

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

## BACKGROUND

Attached is the fund summary for the final activity in fiscal year 2020-21.

### Final Activity for fiscal year 2020-21:

- Interest was lower than budget by \$1.1 million due to decreasing interest rates due to the uncertainty in financial markets caused by the COVID pandemic, and the timing of cash flows as the authority waits for SRF loan reimbursements.
- Connection fees were higher than budget by \$6.0 million due to higher than expected development.
- Proceeds from borrowing is lower than budgeted due to the timing of SRF loan reimbursements.
- Operating expenses were lower than budget by \$94.3 thousand as less legal services and financial advisory services were needed than expected.
- Capital expenses were lower than budget by \$49.6 million due to the long-term nature of the Pleasant Grove Wastewater Treatment Plant expansion project. The amount remaining will automatically carryforward to fiscal year 2021-22.
- Debt service payments were lower than budget by \$161.2 thousand due to lower interest expense on outstanding debt posted to the fiscal year related to accrual basis accounting transactions.
- As a result of all changes, fund balance decreased by \$34.0 million from \$125.5 million to \$91.5 million, with the expectation that SRF loan reimbursements will replenish the fund balance.


Submitted by:

**Nick Rosas**  
Digitally signed by Nick Rosas  
Date: 2022.01.19 15:13:53  
+0800

Nick Rosas  
Accounting Manager

Approved:

  
Dennis Kauffman  
Chief Financial Officer

  
Richard D. Plecker  
Acting Executive Director

**South Placer Wastewater Authority: Final Activity FY 2020-21**

**Rate Stabilization Fund**

	Budget 2020-21	YTD Actual 2020-21	Variance Favorable (Unfavorable)	Percent of Budget
<b>Operating Revenues</b>				
Interest	\$ 2,537,896	1,354,713	(1,183,183)	53.38%
Connection Fees	16,592,000	22,590,272	5,998,272	136.15%
Proceeds from Borrowing	25,000,000	6,422,948	(18,577,052)	25.69%
Grants	-	180,000	180,000	0.00%
Funding from State Revolving Fund Loan	-	-	-	0.00%
Prior Year Encumbrance Carryover*	-	-	-	0.00%
<b>Total Operating Revenues</b>	<b>44,129,896</b>	<b>30,547,934</b>	<b>(13,581,963)</b>	<b>69.22%</b>
<b>Operating Expenses</b>				
JPA Staff	127,616	127,616	(0)	100.00%
Legal Services	40,000	8,418	31,582	21.05%
Financial Advisory Services	50,000	-	50,000	0.00%
Audit Services	25,000	18,090	6,910	72.36%
Insurance	23,000	14,377	8,623	62.51%
Copying/Mailing/Supplies	1,000	6,194	(5,194)	619.38%
Office supplies	1,000	244	756	24.36%
Postage	1,000	174	826	17.39%
Conference Calls	250	-	250	0.00%
Travel/Meetings	500	-	500	0.00%
<b>Total Operating Expenses</b>	<b>269,366</b>	<b>175,113</b>	<b>94,253</b>	<b>65.01%</b>
<b>Capital and Debt Service Expenses</b>				
Capital expenses	102,467,534	52,905,442	49,562,092	51.64%
Debt service payments	11,630,623	11,469,467	161,156	98.61%
<b>Total Capital and Debt Service Expenses</b>	<b>114,098,157</b>	<b>64,374,909</b>	<b>49,713,248</b>	<b>56.43%</b>
<b>INCREASE (DECREASE) FROM OPERATIONS</b>	<b>(70,227,627)</b>	<b>(34,002,088)</b>	<b>(63,389,464)</b>	<b>48.42%</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>125,542,263</b>	<b>125,542,263</b>		
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 55,314,636</b>	<b>\$ 91,540,175</b>		

Tab 8



## AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority  
Board of Directors

DATE: January 27, 2022

FROM: Bryan Buchanan, Acting Assistant EU Director, City of Roseville

AUTHORITY COMMUNICATION NO.: 22-08

**SUBJECT: Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project**

*For SPWA Board Meeting January 27, 2022*

### ACTION REQUESTED

Adopt a resolution approving initiation of the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project with an initial budget in the amount of \$750,000.

### BACKGROUND

The original construction of the Pleasant Grove Wastewater Treatment Plant ("Plant") in 2004 included a small maintenance shop and maintenance administration office due to the deferral of a significant portion of the Plant processes including primary sedimentation, solids thickening, digestion, and energy recovery. Currently, major equipment rehabilitation and fabrication activities must take place at the Dry Creek Wastewater Treatment Plant Maintenance facility. As the demand for significant maintenance activities increase at the Plant, this arrangement has become less efficient.

The Pleasant Grove Expansion and Energy Recovery Projects are constructing all of the deferred process areas including a high strength waste receiving facility. Once construction is complete, there will be a substantial increase in maintenance activities creating the need for additional maintenance shop area as well as maintenance administration space.

Williams + Paddon Architects were recently hired by the City of Roseville to assess Plant maintenance space needs and provided a 10% conceptual design for a new maintenance administration and shop building. This effort was funded through the City's Regional Rehabilitation Fund and is reimbursable through annual billing based on each SPWA Partner's share amount. This phase is currently underway and is projected to be completed by May 2022. Once complete, this effort will lead into a full detailed design.

Based on estimates of similar construction and initial feedback from the architect, an initial budget of \$750,000 for complete design services is requested. Once a detailed design is underway and an engineer's estimate is created for construction, additional funds of approximately \$4,000,000-\$5,000,000 will be requested.

Submitted by:



Bryan Buchanan

Acting Assistant Environmental Utilities Director – Wastewater  
City of Roseville

Approved by:



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Richard D. Plecker  
Acting Executive Director

**SOUTH PLACER WASTEWATER AUTHORITY**

**RESOLUTION NO. 2022-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SOUTH PLACER WASTEWATER AUTHORITY  
APPROVING INITIATION OF PLEASANT GROVE WASTEWATER TREATMENT  
PLANT MAINTENANCE ADMINISTRATION AND SHOP BUILDING PROJECT**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve an initial budget in the amount of \$750,000 to complete architectural design services.

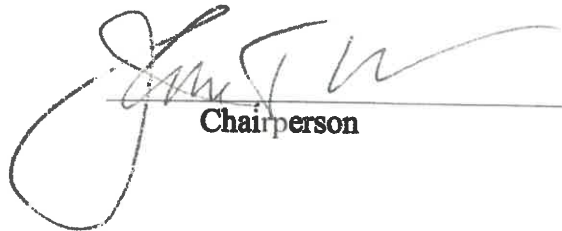
PASSED AND ADOPTED this 27<sup>th</sup> day of January 2022, by the following vote on roll call:

AYES: Alvord, Gore, Houdesheldt, Weygandt

NOES:

ABSENT:

Abstain: Williams

  
Chairperson

ATTEST:

  
Secretary

Tab 9

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## AUTHORITY COMMUNICATION

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**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 11, 2022

**FROM:** Executive Director's office

**AUTHORITY COMMUNICATION NO.:** 22-09

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**SUBJECT:** Capacity Fee Study

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*For SPWA Board Meeting of 1/27/2022*

**ACTION REQUESTED**

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

**BACKGROUND**


Per section 10 c. of the Funding Agreement, not less than once every five (5) years, the Authority shall reevaluate the Regional Connection Fee and recommend the minimum Regional Connection Fee that the Participants shall charge. The last connection fee was completed and presented to the Board in January 2014.

I have been in communication with qualified consultants to start a new study that will be completed and presented to the Board at the June 2022 meeting.

Submitted by:

  
\_\_\_\_\_  
Janet Vargas  
EU Business Administrator

Approved by:

  
\_\_\_\_\_  
Richard D. Plecker  
Acting Executive Director

Tab 10

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## AUTHORITY COMMUNICATION

**TO:** South Placer Wastewater Authority  
Board of Directors

**DATE:** January 11, 2022

**FROM:** Executive Director's Office

**AUTHORITY COMMUNICATION NO.:** 22-10

**SUBJECT:** Connection Fee Program Report

*For SPWA Board Meeting of 1/27/2022*

### ACTION REQUESTED

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

### BACKGROUND

The attached report, prepared by Lance, Soll & Lunghard, LLP evaluates how the South Placer Wastewater Authority (Authority) and its member agencies complied with the "Funding Agreement" from July 2020 through June 2021. 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 2020 through June 2021.

	City	District	County
Gross Regional Connection Fees	\$ 16,601,916	\$ 4,850,731	\$ 1,137,625
EDUs for Gross Regional Connection Fees	2,012	589	138

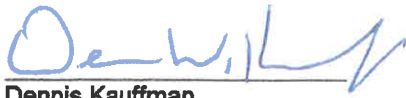
Actual EDUs developed in FY20-21 are approximately 151% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 98% of the estimated EDUs. The estimated and actual number of EDUs are summarized below.

Jurisdiction	FY 2020-2021		Total through 2020-2021	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	1,096	2,012	24,347	32,733
South Placer Municipal Utilities District	450	589	15,020	14,874
Placer County	263	138	12,771	3,600
<b>Total</b>	<b>1,809</b>	<b>2,739</b>	<b>52,138</b>	<b>51,207</b>

Submitted by:

  
\_\_\_\_\_  
Teri Quinlan  
EU Business Analyst

Approved by:

A handwritten signature in blue ink, appearing to read "Dennis Kauffman", written over a horizontal line.

Dennis Kauffman  
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Richard D. Plecker", written over a horizontal line.

Richard D. Plecker  
Acting Executive Director



INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON  
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

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

We have performed the procedures enumerated below on the Regional Connection Fees collected by the City of Roseville (City), County of Placer (County), and the South Placer Municipal Utility District (District), and the allocation of these fees and compliance with the Amended and Restate Funding Agreement (Funding Agreement) for the year ended June 30, 2021. The Authority's management is responsible for the collection of fees and for compliance with the Funding Agreement. The sufficiency of these procedures is solely the responsibility of the Authority. Consequently, we make no representation regarding the sufficiency of the procedures referred to below either for the purpose for which this report has been required or for any other purpose.

The South Placer Wastewater Authority (Authority) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reviewing the regional connection fees collected and the allocation of these fees and compliance with the Amended and Restated Funding Agreement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated 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, 2021, the Board consisted of the following individuals:

Bonnie Gore, Director – Placer County Supervisor, District 1  
Robert Weygandt, Director – Placer County Supervisor, District 2  
Bruce Houdesheldt, Chair, Roseville City Council Member  
Scott Alvord, Director – Roseville City Council Member, District 5  
James Williams, Vice-Chair, Director – SPMUD Board of Directors  
Krista Bernasconi, Alternate Director – Roseville Mayor

No exceptions were found as a result of this procedure.





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

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

**Findings** – Section (b) of the JPA Agreement 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.

No exceptions were found as a noted as a result of this procedure.

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) Chief Financial Officer
  - b. (2) Custodian of Property
  - c. (3) Accounts and Reports
  - d. (4) Budgets
  - e. (5) Contributions

**Findings** – The Authority has designated the Assistant City Manager/Chief Financial Officer of the City as the Chief Financial Officer. 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 Board adopted the budget for fiscal year 2021 through resolution 2020-08 on June 25, 2020. The Participants have paid contributions to the Authority as specified in the Funding Agreement.

4. Inspect (4) 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 Second Amended and Restated South Placer Regional Wastewater Facilities (Amended Funding Agreement) dated January 8, 2019 and the Amended and Restated Joint Exercise of Powers Agreement (Amended JPA Agreement) dated January 31, 2019:
  - 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.



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

Section 10.D.1 of the Funding Agreement states that payments should be remitted by the 15th day of the subsequent month.

No exceptions were found as a noted as a result of this procedure.

- 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 found as a noted as a result of this procedure.

- 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 4 for mathematical accuracy.

No exceptions were found as a noted as a result of this procedure.

- Recalculate the monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2021.

**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 found as a noted as a result of this procedure.

- Calculate and report the connection fees and EDUs for the County, District, and City as of and for the year ended June 30, 2021.

**Findings** – We recalculated each Regional Partner’s connection fees and EDUs for the year ended June 30, 2021 as follows:

July 1, 2020 to June 30, 2021	City	District	County
Gross Regional Connection Fees	\$16,601,916	\$4,850,731	\$1,137,625
EDUs for Gross Regional Connection Fees	2,012	589	138

No exceptions were found as a noted as a result of this procedure.



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

We were engaged by the South Placer Wastewater Authority (SPWA) to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the regional connection fees collected and the allocation of these fees and compliance with the Amended and Restated Funding Agreement as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the SPWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

*Lance, Soll & Lughard, LLP*

Sacramento, California  
December 20, 2021