SOUTH PLACER MUNICIPAL UTILITY DISTRICT	**SPMUD BOARD OF DIRECTORS** **REGULAR MEETING: 4:30 PM** **December 3, 2015** SPMUD Board Room 5807 Springview Drive, Rocklin, CA 95677

The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda is posted on the District's web site (www.spmud.ca.gov) and posted in the District's outdoor bulletin board at the SPMUD Headquarters at the above address. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made through the District Headquarters at (916)786-8555.

AGENDA

I. CALL MEETING TO ORDER

II. ROLL CALL OF DIRECTORS

Director Gerald Mitchell,	Ward 1
Director William Dickinson,	Ward 2
President John Murdock,	Ward 3
Director Victor Markey,	Ward 4
Director James Williams,	Ward 5

III. PLEDGE OF ALLEGIANCE

IV. CONSENT ITEMS [pg 3 to 51]

Consent items should be considered together as one motion. Any item(s) requested to be removed will be considered after the motion to approve the Consent Items.

ACTION: (Voice vote)
Motion to approve the consent items for the December 3, 2015 meeting

1. MINUTES from the November 5, 2015 Regular Board Meeting.
2. ACCOUNTS PAYABLE in the amount of $639,012.57 through November 25, 2015.
3. MONTHLY INVESTMENT REPORT in the total amount of $50,378,974.93, through November 25, 2015.
4. OPEB ACTUARIAL REPORT Acceptance of the July 1, 2015 Actuarial Report for other post-employment benefit (OPEB) liabilities.

V. PUBLIC COMMENTS

Items not on the Agenda may be presented to the Board at this time; however, the Board can take no action.

VI. BOARD BUSINESS

Board action may occur on any identified agenda item. Any member of the public may directly address the Board on any identified agenda item of interest, either before or during the Board's consideration of that item.

1. Presentation of Statewide Community Infrastructure Program (SCIP) [pg 52]

Recommendation:
Staff recommends that the Board of Directors hear a report of the Statewide Community Infrastructure Program (SCIP) which is sponsored by the California Statewide Communities Development Authority (CSCDA). The program includes direct financing of public capital improvement projects.

Action Requested: (Voice vote)
If the Board would like to entertain participation in SCIP, direct staff to schedule a public hearing for January 7, 2015 for consideration of resolutions and authorization necessary to participate in SCIP.

2. Fiscal Year 14/15 Audit Report [pg 53 to 102]

Recommendation:
Staff recommends that the Board of Directors receive the Fiscal Year 14/15 Audit Report, for the fiscal year ended June 30, 2015 completed by the certified public accounting firm of Stroub & Company.

Action Requested: (Voice Vote)
Accept the Fiscal Year 14/15 Audit Report.

3. Consideration and Adoption of Resolution #15-27 approving Policy 3120 – Investment of District Funds [pg 103 to 110]

Recommendation:
Staff proposes that the District expand its investment portfolio and amend the District's investment policy.

Action Requested: (Roll call vote)

1. **Adopt Resolution #15-27 approving Policy 3120 – Investment of District Funds.**

VII. REPORTS

[pg 110 to 118]

The purpose of these reports is to provide information on projects, programs, staff actions and committee meetings that are of general interest to the Board and public. No decisions are to be made on these issues.

1. Legal Counsel (A. Brown)
2. General Manager (H. Niederberger)
   1) FSD, ASD & TSD Reports
   2) Informational items
3. Director's Comments:

Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

VIII. ADJOURNMENT

If there is no other Board business the President will adjourn the meeting to its next regular meeting on January 7, 2016 at 4:30 p.m.

BOARD MINUTES
SOUTH PLACER MUNICIPAL UTILITY DISTRICT

Meeting	Location	Date	Time
Regular	District Office	November 5, 2015	4:30 p.m.

I. CALL MEETING TO ORDER: The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Murdock presiding at 4:30 p.m.

II. ROLL CALL OF DIRECTORS:

Present:	Will Dickinson, Vic Markey, Jerry Mitchell, John Murdock, Jim Williams
Absent:	None
Vacant:	None
Staff:	Herb Niederberger, General Manager Adam Brown, Legal Counsel Eric Nielsen, District Engineer Sam Rose, Superintendent Joanna Belanger, Administrative Services Manager Gary Gibson, Field Services Manager
Others:	Marc Mondell, Community Development Director - City of Rocklin Karen Garner, Economic Development Director - City of Rocklin

III. PLEDGE OF ALLEGIANCE: Director Williams led the Pledge of Allegiance.

IV. CONSENT ITEMS:

1. Minutes from the October 1, 2015 Regular Board Meeting.
2. Accounts Payable in the amount of $1,225,513.53 through October 31, 2015.
3. Monthly Investment Report in the total amount of $50,099,011.61 through October 31, 2015.
4. Bill of Sale Acceptance of the Bill of Sale for sewer improvements within the Whitney Ranch Phase II-B Unit 46AB, located in Rocklin.
5. Bill of Sale Acceptance of the Bill of Sale for sewer improvements within the Whitney Ranch Phase II-B Unit 46E, located in Rocklin.
6. Bill of Sale Acceptance of the Bill of Sale for sewer improvements within Whitney Ranch Phase II-B Unit 46CD, located in Rocklin.
7. Bill of Sale Acceptance of the Bill of Sale for sewer improvements within Parklands South Subdivision located in Rocklin.

Director Dickinson made a motion to approve all items on the consent calendar; a second was made by Director Mitchell, the motion carried 5-0.

V. PUBLIC COMMENTS:
President Murdock opened the Public Comments, hearing none, the public comments were closed.

ITEM IV.1

VI. BOARD BUSINESS:

1. Electronic Board Agenda Materials and Technology Alternatives

Administrative Services Manager Belanger presented a report discussing alternatives for computer devices and the Boardpaq application utilized for the electronic Board Agenda materials. Staff made a recommendation to replace computer devices upon the request of each Board Member. The Boardpaq application will continue to be utilized for the Agenda, with options available to access through a web based portal as well as through the web application on the ipad.

2. Consideration and Acceptance of the High Risk Facilities report and approval to move forward with Preliminary cost estimates.

District Engineer Nielsen presented the High Risk Facilities report which documents the highest risk assets within the District. He described necessary statewide requirements under the General Waste Discharge permit to prioritize system deficiencies and programming of funds to appropriately address them. A map of risks by pipe segment was presented, with recommendations to bundle projects together in preparation for repair, rehabilitation or replacement. The projects of Lower Clover Valley Trunk Sewer and above grade creek crossings in select areas were identified as candidates for the District's five year capital improvement program.

Director Williams asked if the assets in Newcastle had been assessed prior to acceptance of the annexation. DE Nielsen indicated that most high risk assets had been identified however there were still some projects in need of repair. President Murdock asked about the Fats, Oil and Grease issues identified in the Whitney Oaks areas. DE Nielsen indicated that the area is all residential and that the results were unexpected, and would be addressed through specific outreach in the area. Other areas identified as high risk were pipes that cross waterways.

A motion was made by Director Dickinson to accept the HRF report and direct staff to move forward with preliminary engineering and cost estimates for identified High Risk Facility projects, a second was made by Director Williams, the motion carried 5-0.

3. Consideration and Approval of Resolution #15-26 adopting Policy 3350 – Deferred Participation Charges

General Manager Niederberger presented Policy 3350 for Deferred Participation Charges. He reported that the policy had been taken to the Policy and Ordinance Advisory Committee for further review. The Committee made some minor changes to interest charges for deferred Participation fees. Fees which will be charged are at the Wall Street Journal Prime Rate plus two percentage points. Director Mitchell stated that he felt the policy is an important one and needed the full board to be in attendance for a vote. Director Dickinson asked for clarification that the Board would see any Deferred Participation Agreement which exceeded five EDU's. GM Niederberger stated that the General Manager is delegated to execute deferred payment agreements for connection of five or less EDU's.

During public comment for this item, City of Rocklin Economic Development Director Karen Garner addressed the board. She stated that the City supports the deferred participation program, particularly as sewer fees can be one of the highest fees a business will pay when opening a business in the area. She thanked the District for their support of local businesses. Director Mitchell made a motion to adopt Resolution #15-26 adopting Policy 3350 –Deferred Participation Charges, a second was made by Director Markey, the motion carried 5-0.

VII. REPORTS:

1. District General Counsel (A. Brown): General Counsel Brown had no report.

2. General Manager (H. Niederberger):

A. ASD, FSD & TSD Reports: General Manager Niederberger reported that there were some slight changes to the Long Range Agenda calendar, including the addition of the Loomis Basin Right Of Way agreements. Director Dickinson asked about the proposed fee study that the City of Rocklin had requested. GM Niederberger indicated the study was proposed to look at the Districts Sewer Impact fees and Service Charges. He stated that the genesis of this request was the Studio Movie Grill. Since that time the District has performed outreach to Studio Movie Grill to evaluate their sewage and incorporate the study into the flow monitoring program, which will hopefully negate the necessity for the City to engage in the fee study.

B. Information Items: No further information was reported.

3. Directors Comments: No Director comments were made.

Ms. Belanger reported that a letter had been received from the Placer County LAFCO after the Agenda had been prepared. The letter is a call for nominations for a Special District representative seat on the Placer Local Agency Formation Commission. The nomination period closes on Monday, November 30, 2015.

VIII. ADJOURNMENT

The meeting was adjourned at 5:15 p.m. to the next regularly scheduled meeting on December 3, 2015 at 4:30 p.m.

Joanna Belanger, Board Secretary

Check Report

South Placer Municipal Utility District, CA

By Check Number

Date Range: 10/30/2015 - 11/24/2015

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP Bank-AP Bank						
1022	AT&T	11/05/2015	Regular	0.00	50.26	6680
1004	AT&T	11/05/2015	Regular	0.00	105.33	6681
1047	California Chamber of Commerce	11/05/2015	Regular	0.00	177.60	6682
1509	Crystal Communications	11/05/2015	Regular	0.00	230.00	6683
1080	CWEA	11/05/2015	Regular	0.00	328.00	6684
1087	Dawson Oil Co.	11/05/2015	Regular	0.00	1,454.77	6685
1091	Designwerks	11/05/2015	Regular	0.00	4,825.00	6686
1093	DMG Lawn Maintenance	11/05/2015	Regular	0.00	325.00	6687
1511	DMV Renewal	11/05/2015	Regular	0.00	75.00	6688
1113	Ferguson Enterprises, Inc. 1423	11/05/2015	Regular	0.00	2,881.35	6689
1139	Hill Rivkins Brown & Associates	11/05/2015	Regular	0.00	6,468.80	6690
1140	Holt of California	11/05/2015	Regular	0.00	1,571.65	6691
1163	Joe Gonzalez Trucking, LLC.	11/05/2015	Regular	0.00	1,997.10	6692
1172	Justin Roston	11/05/2015	Regular	0.00	250.00	6693
1174	KBA Docusys, Inc.	11/05/2015	Regular	0.00	496.59	6694
1180	Lands' End Business Outfitters	11/05/2015	Regular	0.00	49.62	6695
1218	PCWA	11/05/2015	Regular	0.00	646.98	6696
1221	PG&E	11/05/2015	Regular	0.00	4,229.45	6697
1510	Pulltarps Mfg.	11/05/2015	Regular	0.00	1,215.91	6698
1252	Ramos Environmental	11/05/2015	Regular	0.00	68.80	6699
1253	Recology Auburn Placer	11/05/2015	Regular	0.00	296.13	6700
1266	Rocklin Hydraulics	11/05/2015	Regular	0.00	69.88	6701
1268	Rocklin Windustrial Co.	11/05/2015	Regular	0.00	2,637.15	6702
1270	Rootx	11/05/2015	Regular	0.00	550.88	6703
1299	Staples Contract & Commercial	11/05/2015	Regular	0.00	358.11	6704
1305	Sunbelt Rentals, Inc.	11/05/2015	Regular	0.00	719.43	6705
1307	Sutter Medical Foundation-Corporate	11/05/2015	Regular	0.00	68.00	6706
1499	TechRoe.com LLC	11/05/2015	Regular	0.00	800.00	6707
1325	Tyler Technologies, Inc.	11/05/2015	Regular	0.00	400.00	6708
1327	US Bank Corporate Payment	11/05/2015	Regular	0.00	6,389.21	6709
	Void	11/05/2015	Regular	0.00	0.00	6710
	Void	11/05/2015	Regular	0.00	0.00	6711
1491	Vanguard Cleaning Systems	11/05/2015	Regular	0.00	395.00	6712
1343	Water Works Engineers, LLC	11/05/2015	Regular	0.00	37,362.08	6713
1492	Wave Broadband - Rocklin	11/05/2015	Regular	0.00	209.85	6714
1007	Advanced Integrated Pest	11/13/2015	Regular	0.00	101.00	6715
1021	ARC	11/13/2015	Regular	0.00	125.86	6716
1004	AT&T	11/13/2015	Regular	0.00	9.40	6717
1022	AT&T	11/13/2015	Regular	0.00	195.79	6718
1026	AUS Sacramento MC Lockbox	11/13/2015	Regular	0.00	583.06	6719
1036	Bill's Backflow Service	11/13/2015	Regular	0.00	107.59	6720
1051	California Service Tool, Inc.	11/13/2015	Regular	0.00	100.87	6721
1146	InSight Mobile Data Inc.	11/13/2015	Regular	0.00	330.00	6722
1159	Jensen Precast	11/13/2015	Regular	0.00	1,498.40	6723
1161	Joanna Belanger	11/13/2015	Regular	0.00	46.22	6724
1163	Joe Gonzalez Trucking, LLC.	11/13/2015	Regular	0.00	3,246.33	6725
1173	KBA Docusys	11/13/2015	Regular	0.00	198.58	6726
1186	Loomis Medical Clinic	11/13/2015	Regular	0.00	84.00	6727
1188	Lucity, Inc.	11/13/2015	Regular	0.00	733.32	6728
1207	Municipal Maintenance Equipment	11/13/2015	Regular	0.00	884.92	6729
1218	PCWA	11/13/2015	Regular	0.00	71.29	6730
1234	Placer County APCD	11/13/2015	Regular	0.00	541.34	6731
1244	Preferred Alliance	11/13/2015	Regular	0.00	137.76	6732
1280	SAM's Club/Synchrony Bank	11/13/2015	Regular	0.00	45.00	6733

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1333	SPOK, Inc.	11/13/2015	Regular	0.00	26.22	6734
1297	Stanley Convergent Security Solutions, Inc.	11/13/2015	Regular	0.00	31.09	6735
1303	State Water Resources Control Board	11/13/2015	Regular	0.00	11,195.00	6736
1475	Van Erp, Petersen & Babcock, LLP	11/13/2015	Regular	0.00	1,206.25	6737
1338	Verizon Wireless	11/13/2015	Regular	0.00	493.49	6738
1240	Placer County Personnel	11/24/2015	Regular	0.00	2,983.24	6754
1246	Prudential Municipal Pool	11/24/2015	Regular	0.00	147.70	6755
1012	All Electric Motors	11/24/2015	Regular	0.00	6,337.73	6756
1035	Bickmore Risk Services	11/24/2015	Regular	0.00	6,500.00	6757
1068	City of Roseville	11/24/2015	Regular	0.00	390,887.64	6758
1073	Consolidated Communications	11/24/2015	Regular	0.00	684.96	6759
1080	CWEA	11/24/2015	Regular	0.00	882.00	6760
1081	CWEA - TCP	11/24/2015	Regular	0.00	340.00	6761
1086	Dataprose	11/24/2015	Regular	0.00	5,049.32	6762
1087	Dawson Oil Co.	11/24/2015	Regular	0.00	1,525.43	6763
1207	Municipal Maintenance Equipment	11/24/2015	Regular	0.00	753.17	6764
1218	PCWA	11/24/2015	Regular	0.00	467.49	6765
1253	Recology Auburn Placer	11/24/2015	Regular	0.00	296.13	6766
1508	Sacramento Rendering Co.	11/24/2015	Regular	0.00	25.00	6767
1507	Silke Communications	11/24/2015	Regular	0.00	1,413.95	6768
1289	Sonsray Machinery LLC	11/24/2015	Regular	0.00	14.84	6769
1306	Superior Equipment Repair	11/24/2015	Regular	0.00	371.76	6770
1325	Tyler Technologies, Inc.	11/24/2015	Regular	0.00	400.00	6771
1343	Water Works Engineers, LLC	11/24/2015	Regular	0.00	4,621.96	6772
1149	Internal Revenue Service	11/06/2015	Bank Draft	0.00	53.34	DFT0001611
1098	EDD (EFT)	11/06/2015	Bank Draft	0.00	3.87	DFT0001612
1149	Internal Revenue Service	11/06/2015	Bank Draft	0.00	12.48	DFT0001613
1045	Cal Pers 457 Plan (EFT)	11/06/2015	Bank Draft	0.00	100.00	DFT0001615
1135	Mass Mutual (EFT)	11/06/2015	Bank Draft	0.00	4,207.00	DFT0001616
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	147.25	DFT0001617
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	237.20	DFT0001618
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	324.86	DFT0001619
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	2,964.88	DFT0001620
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	4,061.19	DFT0001621
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	1,022.56	DFT0001622
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	1,169.08	DFT0001623
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	686.19	DFT0001624
1229	Pers (EFT)	11/06/2015	Bank Draft	0.00	684.76	DFT0001625
1149	Internal Revenue Service	11/06/2015	Bank Draft	0.00	7,383.24	DFT0001626
1098	EDD (EFT)	11/06/2015	Bank Draft	0.00	2,283.03	DFT0001627
1098	EDD (EFT)	11/06/2015	Bank Draft	0.00	535.90	DFT0001628
1149	Internal Revenue Service	11/06/2015	Bank Draft	0.00	1,900.74	DFT0001629
1149	Internal Revenue Service	11/06/2015	Bank Draft	0.00	6,826.56	DFT0001630
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	0.86	DFT0001633
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	1.18	DFT0001634
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	10.84	DFT0001635
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	14.84	DFT0001636
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	16.84	DFT0001637
1098	EDD (EFT)	11/20/2015	Bank Draft	0.00	8.94	DFT0001638
1098	EDD (EFT)	11/20/2015	Bank Draft	0.00	1.22	DFT0001639
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	3.92	DFT0001640
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	20.34	DFT0001641
1045	Cal Pers 457 Plan (EFT)	11/20/2015	Bank Draft	0.00	100.00	DFT0001643
1135	Mass Mutual (EFT)	11/20/2015	Bank Draft	0.00	3,857.00	DFT0001644
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	147.25	DFT0001645
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	239.84	DFT0001646
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	328.47	DFT0001647
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	2,997.83	DFT0001648
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	4,106.31	DFT0001649
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	1,022.56	DFT0001650
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	1,169.08	DFT0001651

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	677.18	DFT0001652
1229	Pers (EFT)	11/20/2015	Bank Draft	0.00	675.77	DFT0001653
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	7,857.14	DFT0001654
1098	EDD (EFT)	11/20/2015	Bank Draft	0.00	2,372.18	DFT0001655
1098	EDD (EFT)	11/20/2015	Bank Draft	0.00	545.99	DFT0001656
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	2,011.58	DFT0001657
1149	Internal Revenue Service	11/20/2015	Bank Draft	0.00	7,077.61	DFT0001658
1229	Pers (EFT)	11/24/2015	Bank Draft	0.00	12,985.00	DFT0001659
1230	Pers (EFT)	11/24/2015	Bank Draft	0.00	30,654.17	DFT0001660
1015	American Fidelity Assurance	11/24/2015	Bank Draft	0.00	1,152.89	DFT0001661

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	121	76	0.00	523,398.03
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	0.00
Bank Drafts	47	47	0.00	114,660.96
EFT's	0	0	0.00	0.00
	168	**125**	**0.00**	**638,058.99**

Fund Summary

Fund	Name	Period	Amount
100	GENERAL FUND	11/2015	638,058.99
			638,058.99

Account Number	Name	Date	Type		Amount	Reference	Packet	Receipt	Adj Type
102-0001847-02	Ruhkala, David J	11/3/2015	Refund	$	92.70	Check #: 6675	UBPKT01391		
102-0003023-02	KENNETH R MILLER	11/3/2015	Refund	$	5.60	Check #: 6676	UBPKT01391		
106-0017587-01	Jacobs, Arthur	11/3/2015	Refund	$	5.60	Check #: 6677	UBPKT01391		
112-1026591-00	D R Horton	11/3/2015	Refund	$	28.50	Check #: 6678	UBPKT01391		
203-0008629-01	SRD LLC	11/3/2015	Refund	$	115.92	Check #: 6679	UBPKT01391		
102-0000054-02	LLC, Peak Capital Group	11/23/2015	Refund	$	13.07	Check #: 6739	UBPKT01443		
102-0008318-01	Haase, Robert S	11/23/2015	Refund	$	86.63	Check #: 6740	UBPKT01443		
102-0010901-02	JOHN JACKSON	11/23/2015	Refund	$	84.73	Check #: 6741	UBPKT01443		
106-0013279-02	Rogers, Joshua and Stacie	11/23/2015	Refund	$	56.39	Check #: 6742	UBPKT01443		
106-0013912-02	Knott, Allen and Kristen	11/23/2015	Refund	$	41.21	Check #: 6743	UBPKT01443		
106-0013994-01	Ghalamkar, Mark	11/23/2015	Refund	$	11.23	Check #: 6744	UBPKT01443		
106-0014064-01	Curtis, Bret A	11/23/2015	Refund	$	21.77	Check #: 6745	UBPKT01443		
106-0014949-02	River City Investors, LLC	11/23/2015	Refund	$	88.49	Check #: 6746	UBPKT01443		
106-0017025-01	Judah, Donna S	11/23/2015	Refund	$	116.65	Check #: 6747	UBPKT01443		
106-0017146-02	Association, Wells Fargo Bank National	11/23/2015	Refund	$	32.06	Check #: 6748	UBPKT01443		
106-0017152-03	Applegate, Nicholas	11/23/2015	Refund	$	84.00	Check #: 6749	UBPKT01443		
112-1022257-01	Luu, Nicholas	11/23/2015	Refund	$	6.43	Check #: 6750	UBPKT01443		
112-1023044-01	Greene, Brian D	11/23/2015	Refund	$	33.72	Check #: 6751	UBPKT01443		
112-1023139-01	O'Brien, Sean and Amber	11/23/2015	Refund	$	28.88	Check #: 6752	UBPKT01443		
112-1026641-00	Standard Pacific	11/23/2015	Refund	$	84.00	Check #: 6753	UBPKT01443		
				$	**953.58**				

MONTHLY INVESTMENT REPORT

SOUTH PLACER MUNICIPAL
UTILITY DISTRICT

Local Agency Investment Fund As of October 31, 2015		**$9,778,261.74**
	Average Interest for Month Ended October 31, 2015	0.32%
Placer County Treasury As of October 31, 2015		**$39,292,487.87**
	Effective Rate of Return for Month Ended October 31, 2015	1.258%
Checking Account Balance (U.S. Bank) As of November 25, 2015		**$1,308,225.32**

Investments are in compliance with the SPMUD Investment Policy, and have the ability to meet the next six months of cash flow requirements.

ITEM IV.3

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To:	Board of Directors
From:	Joanna Belanger, Administrative Services Manager
Cc:	Herb Niederberger, General Manager
Subject:	Actuarial Valuation Report for Other Post-Employment Benefits (OPEB) Programs 07/01/15
Meeting Date:	December 3, 2015

Recommendation

Staff recommends the Board receive the July 1, 2015 Actuarial Report for other post-employment benefit (OPEB) liabilities.

Discussion & Information

The Districts Actuary, Bickmore, has completed the report for the July 1, 2015 actuarial valuation of other post-employment benefit liabilities for the District. The report contains calculations regarding the value of future OPEB expected to be provided by the District, and the current OPEB liability and annual OPEB expenses to be reported in the District's financial statements for the fiscal years ending June 30, 2016 and June 30, 2017. This report is submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy the filing requirements for the trust. The report includes the assessment of liabilities and provides disclosures as required under GASB 45.

Fiscal Impact

The Actuarial Report estimates the expenses paid by the District and the added contributions to the CERBT for both 2016 & 2017.

Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

Goal 2.2: Maintain compliance with pertinent regulations
Goal 2.4: Maintain transparency with all District activities
Goal 5.2: Explore and evaluate investment and business practice alternatives
Goal 6.2: Develop and implement competitive Compensation Programs

November 16, 2015

Mr. Herb Niederberger
General Manager
South Placer Municipal Utility District
5807 Springview Drive
Rocklin, CA 95677

Re: July 1, 2015 Actuarial Report on GASB 45 Retiree Benefit Valuation

Dear Mr. Niederberger:

We are pleased to enclose our report providing the results of the July 1, 2015 actuarial valuation of other post-employment benefit (OPEB) liabilities for the South Placer Municipal Utility District (the District). The report's text describes our analysis and assumptions in detail.

The primary purposes of the report are to develop the value of future OPEB expected to be provided by the District, and the current OPEB liability and the annual OPEB expense to be reported in the District's financial statements for the fiscal years ending June 30, 2016 and June 30, 2017. The report is required to be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust.

This valuation was prepared with the understanding that:

- The District will continue to follow its previously established policy of prefunding OPEB liabilities by contributing 100% of the ARC or more each year.
- The District will continue to invest in CERBT Asset Allocation Strategy 1. The 7.28% discount rate used in this valuation is slightly lower than the 7.61% rate used in the prior valuation.
- There have been no changes to benefits since the 2013 valuation was prepared. A summary of the benefits, as we understand them, is provided in Table 3A of the report

This report introduces an "implicit subsidy" liability, which was not previously required to be valued by the District under GASB 45. Discussion of this change is included in the report. We also introduced a projection of the excise tax on high cost plans relating to potential retiree coverage, which goes into effect in 2018 under the Affordable Care Act.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of the District's staff, who provided valuable information and assistance to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Director, Health and Benefit Actuarial Service

Enclosure

Bickmore

South Placer Municipal Utility District

Actuarial Valuation of the Other Post-Employment Benefit Programs As of July 1, 2015

Submitted November 2015

Table of Contents

A. Executive Summary

This report presents the results of the July 1, 2015 actuarial valuation of the South Placer Municipal Utility District (the District) other post-employment benefit (OPEB) programs. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement 45 of the Governmental Accounting Standards Board (GASB 45) and to provide information to be reported to the California Employers' Retiree Benefit Trust (CERBT). This report reflects the valuation of two distinct types of OPEB liability.

- An "explicit subsidy" exists when the employer contributes directly toward retiree healthcare costs, such as the District's contributions toward retiree medical premiums.
- An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. Allowing retirees to continue medical coverage at the same premium rates as are charged for active employees is considered an implicit benefit subsidy under GASB 45.

How much the District contributes each year affects the calculation of liabilities. The District is prefunding its OPEB obligations by consistently making contributions greater than or equal to the Annual Required Contribution (ARC) each year. Trust assets are currently invested in the CERBT with Asset Allocation Strategy 1. With the District's approval, this valuation was prepared using a 7.28% discount rate. This rate is slightly lower than the 7.61% rate used in the 2013 valuation, reflecting a change in the projected long term rate of return on trust assets. Please note that use of this rate is an assumption and is not a guarantee of future investment performance.

Exhibits presented in this report are based on the assumption that the results of this July 1, 2015 valuation will be applied in determining the District's annual OPEB expense for the fiscal years ending June 30, 2016 and 2017. Appendix 1 provides an updated development of the results for the fiscal year ending June 30, 2015, based on the July 1, 2013 valuation and actual OPEB contributions between July 1, 2013 and June 30, 2015.

The Actuarial Accrued Liability and Assets as of July 1, 2015 are shown below:

Subsidy	Explicit	Implicit	Total
Discount Rate	7.28%	7.28%	7.28%
Actuarial Accrued Liability	$ 4,533,669	$ 1,062,957	$ 5,596,626
Actuarial Value of Assets	3,825,896	-	3,825,896
Unfunded Actuarial Accrued Liability	707,773	1,062,957	1,770,730
Funded Ratio	84.4%	0.0%	68.4%

Assuming the District continues to follow its previously established policy of prefunding its OPEB liabilities, the following summarizes results for the fiscal year ending June 30, 2016:

Subsidy	Explicit	Implicit	Total
Annual Required Contribution (ARC) for FYE 2016	$ 179,242	$ 115,892	$ 295,134
Expected employer paid benefits for retirees	257,436	-	257,436
Current year's implicit subsidy credit	-	84,274	84,274
Expected contribution to OPEB trust	(78,194)	31,618	(46,576)
Expected net OPEB obligation at June 30, 2016	-	-	-

These results are shown in tables beginning on page 13. Projected results for the fiscal year ending June 30, 2017 are also shown in these tables. Additional information to facilitate OPEB reporting in the District's financial statements is provided in Appendix 2.

Executive Summary
(Concluded)

The liabilities shown in the report reflect assumptions regarding continued future employment, rates of retirement and survival, and elections by future retirees to retain coverage for themselves and their dependents. Please note that this valuation has been prepared on a closed group basis; no provision is generally made for new employees until the valuation date following their employment.

The results of this valuation reflect, for the first time, an implicit subsidy liability for retirees prior to qualifying for Medicare. There were also some other assumption. An exhibit comparing current valuation results to those from the prior valuation is provided on page 6 and a description of changes is provided on page 7. An actuarial valuation is, by its nature, a projection and to the extent that actual experience is not what we assumed, future results will be different. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future medical premium rates or in the subsidy provided by the District toward retiree medical premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents;
- Higher or lower returns on plan assets than were assumed; and
- Implementation of GASB 75, the new OPEB accounting standard, which should be not later than the District's fiscal year ending June 30, 2018. One key change moves reporting of the unfunded OPEB liability from a footnote to the balance sheet.

Details of our valuation process and the various disclosures required by GASB 45 are provided on the succeeding pages. The next valuation is scheduled to be prepared as of July 1, 2017 as required for continued participation in CERBT. If there are any significant changes in the employee data, benefits provided or the funding policy, please contact us to discuss whether an earlier valuation is appropriate.

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District's financial statements and to provide the annual contribution information with respect to the District's current OPEB funding policy. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; Bickmore does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

B. Requirements of GASB 45

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. We understand that the District implemented GASB 45 for the fiscal year ending June 30, 2008.

For agencies with fewer than 200 members covered by or eligible for plan benefits, GASB 45 requires that a valuation be prepared no less frequently than every three years. However, participation in CERBT requires that valuations be performed every two years. GASB 45 disclosures include the determination of an annual OPEB cost. For the first year, the annual OPEB cost is equal to the annual required contribution (ARC) as determined by the actuary.

- If the District's OPEB contributions had been equal to the ARC each year, the net OPEB obligation would equal $0.
- If the District's actual contribution is less than (greater than) the ARC, then a net OPEB obligation (asset) amount is established. In subsequent years, the annual OPEB expense will reflect adjustments made to the net OPEB obligation, in addition to the ARC (see Table 1B and 1D).

GASB 45 provides for recognition of payments as contributions if they are made (a) directly to retirees or beneficiaries, (b) to an insurer, e.g., for the payment of premiums, or (c) to an OPEB fund set aside toward the cost of future benefits. Funds set aside for future benefits should be considered contributions to an OPEB plan only if the vehicle established is one that is capable of building assets that are separate from and independent of the control of the employer and legally protected from its creditors. Furthermore, the sole purpose of the assets should be to provide benefits under the plan. These conditions generally require the establishment of a legal trust, such as the District's OPEB trust account with CERBT. Earmarked assets or reserves may be an important step in financing future benefits, but they may not be recognized as an asset for purposes of reporting under GASB 45.

The decision whether or not to prefund, and at what level, is at the discretion of the District, as are the manner and term for paying down the unfunded actuarial accrued liability. Once a funding policy has been established, however, the District's auditor may have an opinion as to the timing and manner of any change to such policy in future years. The level of prefunding also affects the selection of the discount rate used for valuing the liabilities.

C. Sources of OPEB Liabilities

General Types of OPEB

In general, post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are:

- Medical
- Vision
- Dental
- Life Insurance
- Prescription drug

Other possible post-employment benefits may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include vacation, sick leave[1] or COBRA payments to a retiree which fall under other GASB accounting statements.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy". In addition, if claims experience of employees and retirees are pooled when determining premiums, the retirees pay a premium based on a pool of members that, on average, are younger and healthier. For certain types of coverage, such as medical, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. Paragraph 13.a. of GASB 45 generally requires an implicit subsidy of retiree premium rates be valued as an OPEB liability.

For actuarial valuations dated prior to March 31, 2015, an exception existed for plan employers with a very small membership in a large "community-rated" healthcare program. Following a change in Actuarial Standards of Practice, GASB no longer offers this exception. *This change had a significant impact on this valuation of the District's OPEB liability*.

New GASB Statement 75, issued in June 2015, will impact the OPEB liability developed in future valuations and affect amounts to be reported for the fiscal year ending June 30, 2018.

OPEB Obligations of the District

The District provides continuation of medical to its retiring employees, which can create one or both of the following types OPEB liabilities:

- **Explicit subsidy liabilities**: The District contributes directly to the cost of retiree medical coverage, as described in Table 3A. These liabilities have been included in the valuation.
- **Implicit subsidy liabilities**: Employees are covered by the CalPERS medical program. The same monthly premiums are charged for active employees and for pre-Medicare retirees and CalPERS has confirmed that the claims experience of these members is considered together in setting the premium rates. We determine the implicit rate subsidy for pre-Medicare retirees as the difference between (a) projected retiree medical claim costs by age and (b) premiums expected to be charged for retiree coverage. For details, see Table 4 and Addendum 1: Bickmore Healthcare Claims Age Rating Methodology.

  Different monthly premiums are charged for Medicare-eligible members and CalPERS has confirmed that only the claims experience of these Medicare eligible members is considered in setting these premium rates. We have assumed that this premium structure is adequate to cover the expected claims of these retirees and believe that there is no implicit subsidy of premiums for these members by active employees.

[1] When a terminating employee's unused sick leave credits are converted to provide or enhance a defined benefit OPEB, e.g., healthcare benefits, such converted sick leave credits should be valued under GASB 45.

D. Valuation Process

The valuation has been based on employee census data and benefits initially submitted to us by the District in August 2015 and clarified in various related communications. A summary of the employee data is provided in Table 2 and a summary of the benefits provided under the Plan is provided in Table 3A. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Table 4.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service with the District to receive benefits.
- To the extent assumed to retire from the District, the probability of various possible retirement dates for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for 65 years or more.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "actuarial accrued liability" (AAL). The amount of future OPEB cost allocated for active employees in the current year is referred to as the "normal cost". The remaining active cost to be assigned to future years is called the "present value of future normal costs".

In summary:

Actuarial Accrued Liability	Past Years' Costs	$ 5,596,626
plus Normal Cost	Current Year's Cost	161,824
plus Present Value of Future Normal Costs	Future Years' Costs	1,115,277
equals Present Value of Projected Benefits	Total Benefit Costs	$ 6,873,727

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets is applied to offset the AAL. In this valuation, we set the Actuarial Value of Assets equal to the market value of assets invested in in the District's CERBT account. The market value reported as of June 30, 2015 was $3,825,896. The portion of the AAL not covered by assets is referred to as the unfunded actuarial accrued liability (UAAL).

E. Basic Valuation Results

The following chart compares the results of the July 1, 2015 valuation of OPEB liabilities to the results of the July 1, 2013 valuation.

Funding Policy	**Prefunding Basis**			
Valuation date	**7/1/2013**	**7/1/2015**		
Subsidy	Explicit	Explicit	Implicit	Total
Discount rate	7.61%	7.28%	7.28%	7.28%
Number of Covered Employees				
Actives	21	24	24	24
Retirees	10	15	9	15
Total Participants	31	39	33	39
Actuarial Present Value of Projected Benefits				
Actives	$ 2,771,698	$ 2,670,181	$ 881,014	3,551,195
Retirees	1,694,686	2,833,984	488,548	3,322,532
Total APVPB	4,466,384	5,504,165	1,369,562	6,873,727
Actuarial Accrued Liability (AAL)				
Actives	1,801,962	1,699,685	574,409	2,274,094
Retirees	1,694,686	2,833,984	488,548	3,322,532
Total AAL	3,496,648	4,533,669	1,062,957	5,596,626
Actuarial Value of Assets	3,181,069	3,825,896	-	3,825,896
Unfunded AAL (UAAL)	315,579	707,773	1,062,957	1,770,730
Normal Cost	151,471	121,799	40,025	161,824
Percent funded	91.0%	84.4%	0.0%	68.4%
Reported covered payroll	1,425,554	1,671,388	1,671,388	1,671,388
UAAL as percent of payroll	22.1%	42.3%	63.6%	105.9%

The funded ratio (the ratio of the Actuarial Value of Assets divided by the Actuarial Accrued Liability) is 68.4% as of July 1, 2015. Covered payroll as of July 1, 2015 was reported to be $1,671,388. The Unfunded Actuarial Accrued Liability, expressed as a percentage of payroll, is 105.9% as of this date.

Changes Since the Prior Valuation

Given the uncertainties involved and the long term nature of these projections, our prior assumptions were not and will never to be exactly realized. The relatively small size of the District's employee group makes it more likely that differences from what we anticipate will occur. Nonetheless, it is helpful to review why results are different than we anticipated.

In comparing results shown in the exhibit above, we can see that the Unfunded Actuarial Accrued Liability (UAAL) increased by about $1,455,000 between July 1, 2013 and July 1, 2015. Over this period, however, we anticipated changes, such as: additional costs accruing for active employees, present values increasing for the passage of time, some benefits paid to retirees, additional contributions, and earnings on trust assets. From that expected activity, we expected the UAAL to increase by $5,000, from $316,000 to $321,000. Thus, the actual UAAL is $1,450,000 higher than expected. This decrease is primarily a result of the following:

- A $169,000 increase in the AAL due to a change in discount rates used to develop the OPEB liability, from 7.61% to 7.28%;

Basic Valuation Results (Concluded)

- A $1,063,000 increase in the AAL to begin recognizing the implicit subsidy of medical coverage for current and future retirees prior to becoming eligible for Medicare; in developing this liability, we added assumptions regarding expected claims cost by age and gender as well as expected future increases in medical premiums;
- A $91,000 increase in the AAL due to revised assumptions for retirement and other termination (withdrawal) prior to retirement, based on the 2014 CalPERS retirement plan experience study covering District employees; we also updated our projection of future improvements in mortality, based on recent actuarial studies, which results in longer retiree life expectancies; and
- A $127,000 increase in the UAAL from plan experience relative to prior assumptions. Plan experience includes factors such as changes in plan membership, retiree elections and changes in medical premiums and limits on benefits other than previously projected plus a small amount from the addition of new employees hired since the prior valuation;

  Plan experience also includes asset performance relative to the expected contributions and rate of return. Actual plan assets were about $68,000 higher than we projected, primarily because the actual return on plan assets of 8.59% per year exceeded the 7.61% expected return per year.

F. Funding Policy

The specific calculation of the ARC and annual OPEB expense for an employer depends on how the employer elects to fund these benefits. The funding levels can generally be categorized as follows:

1. *Prefunding* - contributing an amount greater than or equal to the ARC each year. Prefunding generally allows the employer to have the liability calculated using a higher discount rate, which in turn lowers the liability. In addition, following a prefunding policy does not build up a net OPEB obligation (or gradually reduces it to $0). Prefunding results in this report were developed using a discount rate of 7.28%.
2. *Pay-As-You-Go funding* – contributing only the amounts needed to pay retiree benefits in the current year; generally requires a lower discount rate.
3. *Partial prefunding* – contributing more than the current year's retiree payments but less than 100% of the ARC; requires that liabilities be developed using a discount rate that "blends" the relative portions of benefits that are prefunded and those not.

Determination of the ARC

The Annual Required Contribution (ARC) consists of two basic components, which have been adjusted with interest to the District's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ARCs for the fiscal years ending June 30, 2016 and June 30, 2017 are developed in Tables 1A and 1C.

Decisions Affecting the Amortization Payment

The period and method for amortizing the AAL can significantly affect the ARC. GASB 45:

- Prescribes a maximum amortization period of 30 years and requires no minimum amortization period (except 10 years for certain actuarial gains). Immediate full funding of the liability is also permitted
- Allows amortization payments to be determined (a) as a level percentage of payroll, designed to increase over time as payroll increases, or (b) as a level dollar amount much like a conventional mortgage, so that this component of the ARC does not increase over time. Where a plan is closed and has no ongoing payroll base, a level percent of payroll basis is not permitted.
- Allows the amortization period to decrease annually by one year (closed basis) or to be maintained at the same number of years (open basis).

Funding Policy Illustrated in This Report

It is our understanding that the District's prefunding policy includes amortization of the unfunded AAL over a closed 30-year period initially effective July 1, 2009; the remaining period applicable in determining the ARC for the fiscal year ending June 30, 2016 is 24 years. Amortization payments are determined on a level percent of pay basis.[2]

[2] where the UAAL is amortized on a level percent of pay basis, if all assumptions are met, the UAAL may increase, rather than decrease, in the earlier years of the amortization period.

Funding Policy
(Concluded)

Funding of the Implicit Subsidy

The implicit subsidy liability created when expected retiree medical claims exceed the retiree premiums was described earlier in Section C. In practical terms, when the District pays the premiums for active employees each year, their premiums include an amount expected to be transferred to cover the portion of the retirees' claims not covered by their premiums. This transfer represents the "current year's implicit subsidy". Paragraph 13.g. of GASB 45 allows for recognition of payments to an irrevocable trust *or directly to the insurer* as an employer's contribution to the ARC. We have estimated the portion of this year's premium payment attributable to the implicit subsidy and recommend netting this amount against the funding requirement for the implicit subsidy (see Tables 1B and 1D).

There is a larger question about whether or not the District will want to prefund the implicit subsidy liability or not. Some possible options include:

- Prefunding 100% of the ARC relating to both the explicit subsidy and implicit subsidy liabilities. *For purposes of this report, this is the approach we assumed the District would take.*
- Prefunding 100% of the ARC relating to both the explicit subsidy and implicit subsidy liabilities, but intentionally allocate the entire trust contribution to more quickly pay-off the explicit subsidy liability, rather than allocating any toward the implicit subsidy liability.
- Prefunding 100% of the ARC developed for the explicit subsidy liability, but financing the implicit subsidy liability on a pay-as-you-go basis. We believe this approach would require determining the implicit subsidy liability using a pay-as-you-go discount rate (e.g., 4% rather than the 7.28%).

We are available to review these options further with the District.

G. Choice of Actuarial Funding Method and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method. The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the "incidence of cost". Methods that produce higher initial annual (prefunding) costs will produce lower annual costs later. Conversely, methods that produce lower initial costs will produce higher annual costs later relative to the other methods. GASB 45 allows the use of any of six actuarial funding methods; a brief description of each is in the glossary.

Factors Impacting the Selection of Funding Method

While the goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned, the funding methods differ because they focus on different financial measures in attempting to level the incidence of cost. Appropriate selection of a funding method contributes to creating intergenerational equity between generations of taxpayers. The impact of potential new employees entering the plan may also affect selection of a funding method, though this is not a factor in this plan.

We believe it is most appropriate for the plan sponsor to adopt a theory of funding and consistently apply the funding method representing that theory. This valuation was prepared using the entry age normal cost method with normal cost determined on a level percent of pay basis. The entry age normal cost method often produces initial contributions between those of the other more common methods and is generally regarded by pension actuaries as the most stable of the funding methods and is one of the most commonly used methods for GASB 45 compliance.

Factors Affecting the Selection of Assumptions

Special considerations apply to the selection of actuarial funding methods and assumptions for the District. The actuarial assumptions used in this report were chosen, for the most part, to be the same as the actuarial assumptions used for the most recent actuarial valuations of the retirement plans covering District employees. CalPERS has previously issued a set of standardized actuarial methods and assumptions to be used by entities participating in CERBT and many assumptions used in this report for GASB 45 analysis are also consistent with that assumption model. Other assumptions, such as age related healthcare claims, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. We will continue to gather information and monitor these assumptions for future valuations.

In selecting an appropriate discount rate, GASB states that the discount rate should be based on the expected long-term yield of investments used to finance the benefits. CERBT provides participating employers with three possible asset allocation strategies; a maximum discount rate is assigned to each of these strategies, which may be rounded or reduced to include a margin for adverse deviation. As requested by the District and permitted by CERBT where its asset allocation Strategy #1 is employed, the discount rate used in this valuation is 7.28%.

H. Certification

This report presents the results of our actuarial valuation of the other post-employment benefits provided by the South Placer Municipal Utility District. The purpose of this valuation was to provide the actuarial information required for the District's reporting under Statement 45 of the Governmental Accounting Standards Board. The calculations were focused on determining the plan's funded status as of the valuation date, developing the Annual Required Contribution and projecting the Net OPEB Obligations for the years to which this report is expected to be applied.

We certify that this report has been prepared in accordance with our understanding of GASB 45. To the best of our knowledge, the report is complete and accurate, based upon the data and plan provisions provided to us by the District. We believe the assumptions and method used are reasonable and appropriate for purposes of the financial reporting required by GASB 45. The results may not be appropriate for other purposes.

Each of the undersigned individuals is a Fellow in the Society of Actuaries and Member of the American Academy of Actuaries who satisfies the Academy Qualification Standards for rendering this opinion.

Signed: November 16, 2015

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA

Francis M. Schauer, Jr.

Francis M. Schauer Jr., FSA, FCA, EA, MAAA

Table 1

The basic results of our July 1, 2015 valuation of OPEB liabilities for the District calculated under GASB 45 were summarized in Section E. Those results are applied to develop the annual required contribution (ARC), annual OPEB expense (AOE) and the net OPEB obligation (NOO) or net OPEB asset (NOA) to be reported by the District for its fiscal years ending June 30, 2016 and June 30, 2017.

As noted earlier in this report, the development of the ARC reflects the assumption that the District will contribute at least 100% of the total ARC each year. If this understanding is incorrect or if actual District contributions differ by more than an immaterial amount, some of the results in this report should be revised.

The ARC and AOE for the District's fiscal year ending June 30, 2015 were developed as part of the July 2013 valuation, but the financial statement for that period has not yet been finalized. We have illustrated what we anticipate will be reported for OPEB under GASB 45 as of June 30, 2015 and included this information in Appendix 1. We use the net OPEB asset projected from this Appendix as the starting point for developing the net OPEB asset as of June 30, 2016, shown in Table 1B.

The counts of active employees and retirees displayed in Table 1C are the same as the counts of active and retired employees on the valuation date. While we do not adjust these counts between valuation dates, the liabilities and costs developed for those years do anticipate the likelihood that some active employees may leave employment forfeiting benefits, some may retire and elect benefits and coverage for some of the retired employees may cease. However, because this valuation has been prepared on a closed group basis, no potential future employees are included. We will incorporate any new employees in the next valuation, in the same way we included new employees hired after July 2013 in this July 2015 valuation.

Table 1A
ARC Calculation for FYE 2016

The following exhibit restates the basic valuation results presenting earlier in Section E and, from these results, then develops the annual required contribution (ARC) for the fiscal year ending June 30, 2016.

Funding Policy	**Prefunding Basis**		
Valuation date	**7/1/2015**		
Subsidy	Explicit	Implicit	Total
For fiscal year beginning	7/1/2015	7/1/2015	7/1/2015
For fiscal year ending	6/30/2016	6/30/2016	6/30/2016
Expected long-term return on assets	7.28%	7.28%	7.28%
Discount rate	7.28%	7.28%	7.28%
Number of Covered Employees			
Actives	24	24	24
Retirees	15	9	15
Total Participants	39	33	39
Actuarial Present Value of Projected Benefits			
Actives	$ 2,670,181	$ 881,014	$ 3,551,195
Retirees	2,833,984	488,548	3,322,532
Total APVPB	5,504,165	1,369,562	6,873,727
Actuarial Accrued Liability (AAL)			
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Total AAL	4,533,669	1,062,957	5,596,626
Actuarial Value of Assets	3,825,896	-	3,825,896
Unfunded AAL (UAAL)	707,773	1,062,957	1,770,730
Normal Cost	121,799	40,025	161,824
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Initial amortization period (in years)	30	30	30
Remaining period (in years)	24	24	24
Determination of Amortization Payment			
UAAL	$ 707,773	$ 1,062,957	$ 1,770,730
Factor	15.6309	15.6309	15.6309
Payment	45,280	68,003	113,283
Annual Required Contribution (ARC)			
Normal Cost	121,799	40,025	161,824
Amortization of UAAL	45,280	68,003	113,283
Interest to fiscal year end	12,163	7,864	20,027
Total ARC at fiscal year end	179,242	115,892	295,134
Projected covered payroll	$ 1,671,388	$ 1,671,388	$ 1,671,388
Normal Cost as a percent of payroll	7.3%	2.4%	9.7%
ARC as a percent of payroll	10.7%	6.9%	17.7%
ARC per active ee	7,468	4,829	12,297

Table 1B
Expected OPEB Disclosures for FYE 2016

The following exhibit develops the annual OPEB expense, estimates the expected OPEB contributions and projects the net OPEB obligation as of June 30, 2016 based on the prefunding policy described in this report. Some of the entries in the table below should be updated after the close of the 2016 fiscal year to reflect the actual activity which occurred.

	Prefunding Basis		
Fiscal Year End	**6/30/2016**	**6/30/2016**	**6/30/2016**
Subsidy	Explicit	Implicit	Total
1. Calculation of the Annual OPEB Expense			
a. ARC for current fiscal year	$ 179,242	$ 115,892	$ 295,134
b. Interest on Net OPEB Obligation (Asset)	-	-	-
c. Adjustment to the ARC	-	-	-
d. **Annual OPEB Expense (a. + b. + c.)**	179,242	115,892	295,134
2. Calculation of Expected Contribution			
a. Estimated payments on behalf of retirees	257,436	-	257,436
b. Estimated current year's implicit subsidy	-	84,274	84,274
c. Estimated contribution to OPEB trust	(78,194)	31,618	(46,576)
d. **Total Expected Employer Contribution**	179,242	115,892	295,134
3. Change in Net OPEB Obligation *(1.d. minus 2.c.)*	-	-	-
Net OPEB Obligation (Asset), beginning of fiscal year	-	-	-
Net OPEB Obligation (Asset) at fiscal year end	-	-	-

In the table above, we assumed that the District will contribute the current year's retiree benefit payments and take credit for the current year's implicit subsidy as an OPEB contribution. No other OPEB contributions were projected to be made. In fact, we have assumed that the excess of the benefit payments to retirees over the ARC for explicit benefits would first be applied to cover the portion of the ARC for implicit benefits in excess of the current year's implicit subsidy, with the remaining excess withdrawn from the trust.

Notes on calculations above:

- Interest on the net OPEB obligation (or asset), shown above in item 1.b. is equal to the applicable discount rate (7.28%) multiplied by the net OPEB obligation (or asset) at the beginning of the year.
- The Adjustment to the ARC, shown above in item 1.c., is always the opposite sign of the net OPEB obligation or asset and exists to avoid double-counting of the amounts previously expensed but imbedded in the current ARC. This adjustment is calculated as *the opposite of* the net OPEB obligation (or asset) at the beginning of the year, plus interest on that amount (item 1.b.) with the sum then divided by the same amortization factor used to determine the ARC for this year (see the prior page for these factors).

Table 1C
ARC Calculation for FYE 2017

In the following exhibit, the July 1, 2015 valuation results have been adjusted (rolled forward) one year based on the underlying actuarial assumptions. These results are used to develop the amortization payment and the annual required contribution (ARC) for the fiscal year ending June 30, 2017.

Funding Policy	**Prefunding Basis**		
Valuation date	**7/1/2015**		
Subsidy	Explicit	Implicit	Total
For fiscal year beginning	7/1/2016	7/1/2016	7/1/2016
For fiscal year ending	6/30/2017	6/30/2017	6/30/2017
Expected long-term return on assets	7.28%	7.28%	7.28%
Discount rate	7.28%	7.28%	7.28%
Number of Covered Employees			
Actives	24	24	24
Retirees	15	9	15
Total Participants	39	33	39
Actuarial Present Value of Projected Benefits			
Actives	$ 2,851,847	$ 939,528	$ 3,791,375
Retirees	2,795,585	445,464	3,241,049
Total APVPB	5,647,432	1,384,992	7,032,424
Actuarial Accrued Liability (AAL)			
Actives	1,941,365	653,541	2,594,906
Retirees	2,795,585	445,464	3,241,049
Total AAL	4,736,950	1,099,005	5,835,955
Actuarial Value of Assets	4,026,228	31,618	4,057,846
Unfunded AAL (UAAL)	710,722	1,067,387	1,778,109
Normal Cost	125,757	41,326	167,083
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Initial amortization period (in years)	30	30	30
Remaining period (in years)	23	23	23
Determination of Amortization Payment			
UAAL	$ 710,722	$ 1,067,387	$ 1,778,109
Factor	15.2389	15.2389	15.2389
Payment	46,639	70,044	116,683
Annual Required Contribution (ARC)			
Normal Cost	125,757	41,326	167,083
Amortization of UAAL	46,639	70,044	116,683
Interest to fiscal year end	12,550	8,108	20,658
Total ARC at fiscal year end	184,946	119,478	304,424
Projected covered payroll	$ 1,725,708	$ 1,725,708	$ 1,725,708
Normal Cost as a percent of payroll	7.3%	2.4%	9.7%
ARC as a percent of payroll	10.7%	6.9%	17.6%
ARC per active ee	7,706	4,978	12,684

Table 1D
Expected OPEB Disclosures for FYE 2017

The following exhibit develops the annual OPEB expense, estimates the expected OPEB contributions and projects the net OPEB obligation as of June 30, 2017 based on the prefunding policy described in this report. Some of the entries in the table below should be updated after the close of the 2017 fiscal year to reflect the actual activity which occurred.

	Prefunding Basis		
Fiscal Year End	**6/30/2017**	**6/30/2017**	**6/30/2017**
Subsidy	Explicit	Implicit	Total
1. Calculation of the Annual OPEB Expense			
a. ARC for current fiscal year	$ 184,946	$ 119,478	$ 304,424
b. Interest on Net OPEB Obligation (Asset)	-	-	-
c. Adjustment to the ARC	-	-	-
d. **Annual OPEB Expense (a. + b. + c.)**	184,946	119,478	304,424
2. Calculation of Expected Contribution			
a. Estimated payments on behalf of retirees	263,951	-	263,951
b. Estimated current year's implicit subsidy	-	83,422	83,422
c. Estimated contribution to OPEB trust	(79,005)	36,056	(42,949)
d. **Total Expected Employer Contribution**	184,946	119,478	304,424
3. Change in Net OPEB Obligation *(1.d. minus 2.c.)*	-	-	-
Net OPEB Obligation (Asset), beginning of fiscal year	-	-	-
Net OPEB Obligation (Asset) at fiscal year end	-	-	-

In the table above, we assumed that the District will contribute the current year's retiree benefit payments and take credit for the current year's implicit subsidy as an OPEB contribution. No other OPEB contributions were projected to be made. In fact, we have assumed that the excess of the benefit payments to retirees over the ARC for explicit benefits would first be applied to cover the portion of the ARC for implicit benefits in excess of the current year's implicit subsidy. The remaining excess would be available to be withdrawn from the trust, should the District choose to do so.

Notes on calculations above:

- Interest on the net OPEB obligation (or asset), shown above in item 1.b. is equal to the applicable discount rate (7.28%) multiplied by the net OPEB obligation (or asset) at the beginning of the year.
- The Adjustment to the ARC, shown above in item 1.c., is always the opposite sign of the net OPEB obligation or asset and exists to avoid double-counting of the amounts previously expensed but imbedded in the current ARC. This adjustment is calculated as *the opposite of* the net OPEB obligation (or asset) at the beginning of the year, plus interest on that amount (item 1.b.) with the sum then divided by the same amortization factor used to determine the ARC for this year (see the prior page for these factors).

Table 2
Summary of Employee Data

The District reported 24 active employees; of these, 20 are currently participating in the medical program while 4 employees were waiving coverage as of the valuation date. Age and service information for the reported individuals is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25		1					1	4%
25 to 29		1					1	4%
30 to 34	1		1				2	8%
35 to 39	1	2		2			5	21%
40 to 44		2					2	8%
45 to 49		1		1	1	1	4	17%
50 to 54		1	2	1	1	1	6	25%
55 to 59	1					1	2	8%
60 to 64			1				1	4%
65 to 69							0	0%
70 & Up							0	0%
Total	3	8	4	4	2	3	**24**	**100%**
Percent	13%	33%	17%	17%	8%	13%	**100%**	

	July 2013 Valuation	July 2015 Valuation
Annual Covered Payroll	$1,425,554	$1,671,388
Average Attained Age for Actives	49.2	44.8
Average Years of District Service	12.0	9.0
Average Years of PERS Service	15.6	11.0

There are also 15 retirees currently receiving benefits under this program, whose ages are summarized in the chart below.

Retirees by Age		
Current Age	Number	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	4	27%
60 to 64	5	33%
65 to 69	3	20%
70 to 74	2	13%
75 to 79	0	0%
80 & up	1	7%
Total	**15**	**100%**
Average Attained Age for Retirees:		65.2

Table 2- Summary of Employee Data (Concluded)

The following chart provides a reconciliation of the active and retired employees included in the July 1, 2013 valuation of the District plan with those included in the July 1, 2015 valuation:

Reconciliation of District Plan Members Between Valuation Dates				
Status	Covered Actives	Waiving Actives	Covered Retirees	Total
Number reported as of July 1, 2013	20	1	10	31
New employees	5	3		8
Terminated employees				0
New retiree, elected coverage	(5)		5	0
New retiree, waiving coverage				0
Deceased or dropped coverage				0
Number reported as of July 1, 2015	**20**	**4**	**15**	**39**

We observe the following from this chart:

- The total plan membership increased over the past two years. The number of active employees increased by 3 (about 14%) and the number of retirees increased by 5 (50%).
- All 5 new retirees elected to continue the medical coverage available to them in retirement from the District.

Table 3A
Summary of Retiree Benefit Provisions

OPEB provided: The District reported that the only OPEB provided is medical coverage.

Access to retiree medical coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for a CalPERS service retirement or approved disability retirement. CalPERS service retirement requires attainment of age 50 (age 52 if a miscellaneous PEPRA employee) and 5 years of State or public agency service. In addition, the employee must begin his or her retirement warrant within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the employer subsidy described below

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits paid by the District: The District benefits are a combination of amounts provided through a PEMHCA resolution and as described in a formal Memorandum of Understanding. The chart on the following page describes these benefits in detail.

Current premium rates: The 2016 CalPERS monthly medical plan rates in the Sacramento Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. Note that the additional CalPERS administration fee is not included in this valuation.

Sacramento 2016 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem HMO Select HMO	$902.07	$1,804.14	$2,345.38	*Not Available*		
Anthem HMO Traditional HMO	1,112.54	2,225.08	2,892.60	*Not Available*		
Blue Shield Access+ HMO	885.33	1,770.66	2,301.86	*Not Available*		
Blue Shield NetValue HMO	900.73	1,801.46	2,341.90	*Not Available*		
Health Net SmartCare	747.55	1,495.10	1,943.63	*Not Available*		
Kaiser HMO	695.11	1,390.22	1,807.29	297.23	594.46	1,011.53
UnitedHealthcare HMO	686.36	1,372.72	1,784.54	320.98	641.96	1,053.78
PERS Choice PPO	727.58	1,455.16	1,891.71	366.38	732.76	1,169.31
PERS Select PPO	665.35	1,330.70	1,729.91	366.38	732.76	1,131.97
PERSCare PPO	810.40	1,620.80	2,107.04	408.04	816.08	1,302.32
PORAC Association Plan	699.00	1,399.00	1,789.00	442.00	881.00	1,271.00

Retiree life insurance eligibility and benefits: The District also provides a life insurance benefit for each employee who retires from the District at age 55 or older with at least ten years of District service. The amount of the life insurance benefit is $15,000 ($25,000 in the case of former District management employees). We have not included a liability for this benefit in this valuation, since we believe this is a "fully insured" benefit funded during the period of active employment; Paragraph 28 of GASB 45 describes the information to be reported for a fully insured benefit.

Table 3A – Summary of Retiree Benefit Provisions (Concluded)

<table>
<tr><th>Summary of Benefits</th><th>Hired</th><th>Retired</th><th>Age & Service Requirements</th><th>General Description</th><th>Maximum Monthly Benefit</th><th>Vesting Percent</th><th>Length of Benefits</th></tr>
<tr><td>PEMHCA Resolution Benefits</td><td>All</td><td>All</td><td>Age 50*, 5 years CalPERS membership or approved disability retirement</td><td rowspan="5">100% of the monthly medical plan premium for the retiree and any eligible covered dependents, not to exceed the applicable maximum monthly benefit</td><td>PEMHCA Minimum Employer Contribution (MEC);
$122 per month in 2015.</td><td>100%</td><td>Lifetime of retiree & surviving spouse**</td></tr>
<tr><td rowspan="4">Enhanced District Benefits

(includes PEMHCA benefits)</td><td>Prior to July 1, 2011</td><td>Prior to July 1, 2012</td><td rowspan="2">Age 50 and 5 years CalPERS membership or approved disability retirement</td><td>Highest HMO pre-Medicare family premium for the Sacramento area</td><td rowspan="2">100%</td><td rowspan="4">Payable for the lifetime of the retiree & spouse; dependent children while eligible for coverage</td></tr>
<tr><td>Prior to July 1, 2011</td><td>On or after July 1, 2012</td><td>Kaiser family premium*** for the Sacramento area</td></tr>
<tr><td>On or after July 1, 2011 and before January 1, 2013</td><td>On or after July 1, 2011</td><td rowspan="2">Age 50* (or approved disability retirement) and 10 years of CalPERS membership (5 of which are District service)</td><td>Kaiser family premium*** for the Sacramento area, multiplied by the vesting percent</td><td rowspan="2">50% after 10 years of PERS service, plus 5% for each additional year; 100% with 20 or more years of PERS service</td></tr>
<tr><td>On or after January 1, 2013</td><td>On or after January 1, 2013</td><td>Kaiser Employee + 1 premium*** for the Sacramento area, multiplied by the vesting percent</td></tr>
</table>

** Age 52, for miscellaneous employees hired on or after January 1, 2013 and covered under the PEPRA required formula.*

*** If the spouse is covered at the time of the retiree's death and entitled to survivor benefits under the retirement plan.*

**** Post-Medicare, the maximum monthly benefit reduces to the supplemental rate.*

Table 3B
General CalPERS Annuitant Eligibility Provisions

The content of this section has been drawn from Section C, Summary of Plan Provisions, of the State of California OPEB Valuation as of June 30, 2014, issued December 2014, to the State Controller from Gabriel Roeder & Smith. It is provided here as a brief summary of general annuitant and survivor coverage.

Health Care Coverage

Retired Employees

A member is eligible to enroll in a CalPERS health plan if he or she retires within 120 days of separation from employment and receives a monthly retirement allowance. If the member meets this requirement, he or she may continue his or her enrollment at retirement, enroll within 60 days of retirement, or enroll during any Open Enrollment period. If a member is currently enrolled in a CalPERS health plan and wants to continue enrollment into retirement, the employee will notify CalPERS and the member's coverage will continue into retirement.

Eligibility Exceptions*:* Certain family members are not eligible for CalPERS health benefits:

- Children age 26 or older
- Children's spouses
- Former spouses
- Disabled children over age 26 who were never enrolled or were deleted from coverage
- Grandparents
- Parents
- Children of former spouses
- Other relatives

Coordination with Medicare

CalPERS retired members who qualify for premium-free Part A, either on their own or through a spouse (current, former, or deceased), must sign up for Part B as soon as they qualify for Part A. A member must then enroll in a CalPERS sponsored Medicare plan. The CalPERS-sponsored Medicare plan will pay for costs not paid by Medicare, by coordinating benefits.

Survivors of an Annuitant

If a CalPERS annuitant satisfied the requirement to retire within 120 days of separation, the survivor may be eligible to enroll within 60 days of the annuitant's death or during any future Open Enrollment period. Note: A survivor cannot add any new dependents; only dependents that were enrolled or eligible to enroll at the time of the member's death qualify for benefits.

Surviving registered domestic partners who are receiving a monthly annuity as a surviving beneficiary of a deceased employee or annuitant on or after January 1, 2002, are eligible to continue coverage if currently enrolled, enroll within 60 days of the domestic partner's death, or enroll during any future Open Enrollment period.

Surviving enrolled family members who do not qualify to continue their current coverage are eligible for continuation coverage under COBRA.

Table 4
Actuarial Methods and Assumptions

Valuation Date	July 1, 2015
Funding Method	Entry Age Normal Cost, level percent of pay[3]
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.28%
Discount Rate	7.28%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS adjusted to back out 20 years of Scale BB to central year 2008 and then projected forward 6 years using Bickmore Scale 2014 to year 2014.

Mortality Before Retirement — Mortality rates shown in the table below are from the CalPERS experience study, adjusted as described above.

These rates were then adjusted on a generational basis by Bickmore Scale 2014 to anticipate future mortality improvement.

In laymen's terms, this means mortality is projected to improve each year until the payments anticipated in any future year occur.

CalPERS Public Agency Miscellaneous Non-Industrial Deaths		
Age	Male	Female
15	0.00020	0.00015
20	0.00028	0.00018
30	0.00051	0.00027
40	0.00070	0.00047
50	0.00147	0.00103
60	0.00340	0.00201
70	0.00619	0.00408
80	0.01157	0.00918

[3] The level percent of pay aspect of the funding method refers to how the normal cost is determined. Use of level percent of pay cost allocations in the funding method is separate from and has no effect on a decision regarding use of a level percent of pay or level dollar basis for determining amortization payments.

Table 4 - Actuarial Methods and Assumptions (Continued)

Mortality After Retirement

Representative mortality rates for 2014 are shown in the charts below. The rates were then adjusted on a generational basis by Bickmore Scale 2014 to anticipate future mortality improvement.

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00103	0.00085
50	0.00475	0.00480
60	0.00785	0.00481
70	0.01541	0.01105
80	0.04556	0.03271
90	0.14423	0.10912
100	0.32349	0.29541
110	0.97827	0.97516
115	1.00000	1.00000

Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post Retirement Mortality		
Age	Male	Female
20	0.00548	0.00339
30	0.00717	0.00469
40	0.00887	0.00565
50	0.01594	0.01192
60	0.02530	0.01363
70	0.03394	0.02460
80	0.07108	0.05326
90	0.16458	0.14227

Termination Rates

For miscellaneous employees: sum of CalPERS Terminated Refund and Terminated Vested rates – Illustrative rates

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.0946	0.0000	0.0000	0.0000	0.0000
25	0.1674	0.0868	0.0749	0.0000	0.0000	0.0000
30	0.1606	0.0790	0.0668	0.0000	0.0000	0.0000
35	0.1537	0.0711	0.0587	0.0045	0.0000	0.0000
40	0.1468	0.0632	0.0507	0.0037	0.0024	0.0000
45	0.1400	0.0554	0.0427	0.0029	0.0017	0.0011

Service Retirement Rates

For miscellaneous employees hired before 04/19/2012
CalPERS Public Agency 2.7% @ 55 – Illustrative rates

Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0040	0.0090	0.0140	0.0350	0.0550	0.0950
55	0.0760	0.1010	0.1250	0.1650	0.2050	0.2650
60	0.0690	0.0930	0.1160	0.1540	0.1920	0.2500
65	0.1340	0.1740	0.2150	0.2700	0.3260	0.4010
70	0.1410	0.1830	0.2260	0.2830	0.3410	0.4180
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Table 4 - Actuarial Methods and Assumptions (Continued)

Retirement rates (Continued)

For miscellaneous employees hired after 04/19/2012 CalPERS Public Agency 2% @ 55 – Illustrative rates

Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0140	0.0180	0.0210	0.0250	0.0270	0.0310
55	0.0480	0.0610	0.0740	0.0880	0.1000	0.1170
60	0.0670	0.0860	0.1030	0.1230	0.1390	0.1640
65	0.1550	0.1970	0.2380	0.2850	0.3250	0.3860
70	0.1300	0.1650	0.2000	0.2400	0.2720	0.3230
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

For miscellaneous employees joining CalPERS on or after 1/1/2013: CalPERS Public Agency 2% @ 62 – Illustrative rates

Current Age	Years of Service					
	5	10	15	20	25	30
52	0.0103	0.0132	0.0160	0.0188	0.0216	0.0244
55	0.0440	0.0560	0.0680	0.0800	0.0920	0.1040
60	0.0616	0.0784	0.0952	0.1120	0.1288	0.1456
65	0.1287	0.1638	0.1989	0.2340	0.2691	0.3042
70	0.1254	0.1596	0.1938	0.2280	0.2622	0.2964
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2016	Actual	2020	6.00%
2017	7.50%	2021	5.50%
2018	7.00%	2022	5.00%
2019	6.50%	2023 & later	4.50%

The PEMHCA minimum required contribution (MEC) is assumed to increase annually by 4.5%.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Table 4 - Actuarial Methods and Assumptions (Continued)

Participation Rate

Participating actives: 100% are assumed to continue their current plan election in retirement, if eligible for more than the PEMHCA minimum benefit. 70% of those eligible for only the PEMHCA minimum are assumed to continue their current plan election in retirement.

Non-participating actives: same as above.

Retired participants: Existing medical plan elections are assumed to be maintained until the retiree's death.

Spouse Coverage

Active employees: 85% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to continue coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Spouse gender is assumed to be the opposite of the employee.

Dependent Coverage

Active and retired employees: Existing elections for dependent coverage are assumed to be continued until the youngest dependent reaches age 26.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees was included in this valuation. Annual threshold amounts for 2018 under the Affordable Care Act (ACA) were assumed to increase at the General Inflation Rate. An effective excise tax rate was applied to the portion of premiums projected to exceed the threshold (40% was applied to CalPERS PPO plans and 67.5% was applied to all other available plans).

2018 Thresholds	Ages 55-64	All other Ages
Single	$ 11,850	$ 10,200
Other than Single	$ 30,950	$ 27,500

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries.

Table 4 - Actuarial Methods and Assumptions (Continued)

A description of the use of claims cost curves can be found in Bickmore's Age Rating Methodology provided in Addendum 1 to this report.

Representative claims costs derived from the dataset provided by CalPERS for retirees not currently covered or not expected to be eligible for Medicare appear in the chart below.

All current and future Medicare-eligible retirees are assumed to be covered by plans that are rated based solely on the experience of Medicare retirees. Therefore, no implicit subsidy is calculated for Medicare-eligible retirees.

The chart below summarizes the expected monthly claims by medical plan and gender for selected ages.

Expected Monthly Claims by Medical Plan for Selected Ages					
	Male				
Medical Plan	50	53	56	59	62
Blue Shield NetValue Sacramento	$ 905	$1,068	$1,240	$1,421	$1,616
Kaiser Sacramento	690	814	945	1,083	1,231
PERS Choice Other Northern California	752	887	1,031	1,181	1,343
PERS Choice Out of State	396	467	542	622	707
PERS Choice Sacramento	645	761	884	1,013	1,151
PERS Care Sacramento	675	796	925	1,060	1,205
HMO Sacramento	762	899	1,044	1,196	1,360

Expected Monthly Claims by Medical Plan for Selected Ages					
	Female				
Medical Plan	50	53	56	59	62
Blue Shield NetValue Sacramento	$1,122	$1,232	$1,326	$1,433	$1,579
Kaiser Sacramento	855	939	1,011	1,092	1,204
PERS Choice Other Northern California	932	1,024	1,102	1,191	1,313
PERS Choice Out of State	491	539	580	627	691
PERS Choice Sacramento	800	878	945	1,021	1,126
PERS Care Sacramento	837	919	989	1,069	1,178
HMO Sacramento	945	1,037	1,116	1,206	1,330

Table 4 - Actuarial Methods and Assumptions (Concluded)

Changes Since the Prior Valuation:

Discount rates	*Funded rate*: decreased from 7.61% to 7.28%
Assumed Wage Inflation	Decreased from 3.25% to 3.0%
General Inflation Rate	Decreased from 3.0% to 2.75%
Demographic assumptions	Rates of assumed mortality, termination and retirement were updated from those provided in the CalPERS 2010 experience study report to those provided in the CalPERS 2014 experience study report. Rates of mortality were updated to the rates in the midpoint year of the CalPERS 2014 experience study (2008), then projected on a generational basis by Bickmore Scale 2014.
Age-Related Medical Premiums	We modified the basis for developing age-related medical premiums based on updated research and data sponsored by the Society of Actuaries. We added an implicit subsidy analysis for pre-Medicare retirees covered by the CalPERS medical program.
Excise Tax Impact	We modified our methodology for projecting the potential impact of the excise tax attributable to retirees for high cost healthcare plans for retirees, as provided by the Affordable Care Act.

Table 5
Projected Benefit Payments

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Table 4.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2016	$ 244,713	$ 12,723	$ 257,436	$ 78,650	$ 5,624	$ 84,274	$ 341,710
2017	238,838	25,113	263,951	71,035	12,387	83,422	347,373
2018	240,102	40,127	280,229	72,429	19,032	91,461	371,690
2019	238,036	59,325	297,361	73,528	30,117	103,645	401,006
2020	226,216	79,462	305,678	68,808	42,608	111,416	417,094
2021	218,454	109,620	328,074	54,440	56,442	110,882	438,956
2022	212,716	133,777	346,493	47,913	74,344	122,257	468,750
2023	201,291	161,203	362,494	27,918	96,006	123,924	486,418
2024	195,862	181,805	377,667	16,303	98,643	114,946	492,613
2025	200,718	197,648	398,366	19,154	106,159	125,313	523,679
2026	210,176	231,580	441,756	25,817	128,545	154,362	596,118
2027	205,392	231,459	436,851	15,201	108,526	123,727	560,578
2028	209,359	256,989	466,348	17,640	131,238	148,878	615,226
2029	206,986	264,725	471,711	16,935	124,884	141,819	613,530
2030	203,925	262,231	466,156	19,056	95,727	114,783	580,939

The amounts shown in the Explicit Subsidy section reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy section reflect the expected excess of retiree medical (and prescription drug) claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

Appendix 1
Expected Disclosures for Fiscal Year End June 30, 2015

The annual OPEB expense and net OPEB obligation for the fiscal year ending June 30, 2015 were projected in the July 1, 2013 valuation. Since that valuation was prepared, the District has adjusted and updated its payments toward retiree premiums and to the OPEB trust through June 30, 2015 and provided Bickmore with a copy of the OPEB information reported for the fiscal year ended June 30, 2014.

The following exhibit updates the development of the annual OPEB expense and net OPEB obligation, providing the information assumed to be reported in the District's financial statement for the fiscal year ending June 30, 2015.

	Prefunding
Fiscal Year End	**6/30/2015**
1. Calculation of the Annual OPEB Expense	
a. ARC for current fiscal year	$ 189,858
b. Interest on Net OPEB Obligation (Asset) at beginning of year	-
c. Adjustment to the ARC	-
d. **Annual OPEB Expense (a. + b. + c.)**	189,858
2. Calculation of Expected Contribution	
a. Estimated payments on behalf of retirees	166,189
b. Estimated current year's implicit subsidy	-
c. Estimated contribution to OPEB trust	23,669
d. **Total Expected Employer Contribution**	189,858
3. Change in Net OPEB Obligation *(1.d. minus 2.c.)*	-
Net OPEB Obligation (Asset), beginning of fiscal year	-
Net OPEB Obligation (Asset) at fiscal year end	-

Appendix 2
General OPEB Disclosure and Required Supplementary Information

The Information necessary to complete the OPEB footnote in the District's financial reports is summarized below, or we note the location of the information contained elsewhere in this report:

Summary of Plan Provisions:	See Table 3A
OPEB Funding Policy:	See Section F; details are also provided in Tables 1A and 1C
Annual OPEB Cost and Net OPEB Obligation:	See Table 1B and 1D
Actuarial Methods and Assumptions:	See Table 4
Funding Status and Funding Progress:	See Section E – Basic Valuation Results

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	$ 1,800,053	$ 2,505,691	$ 705,638	72%	$ 1,346,985	52.39%
7/1/2011	$ 2,729,321	$ 3,062,219	$ 332,898	89%	$ 1,387,068	24.00%
7/1/2013	$ 3,181,069	$ 3,496,648	$ 315,579	91%	$ 1,425,554	22.14%
7/1/2015	$ 3,825,896	$ 5,596,626	$ 1,770,730	68%	$ 1,671,388	105.94%

To see these values separately for explicit and implicit subsidy liabilities, please refer to Section E of the report.

Required Supplementary Information:	Three Year History of Amounts Funded See chart below:

OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	$ 183,883	$ 183,883	100%	$ -
6/30/2015	*$ 189,858*	*$ 189,858*	*100%*	*$ -*
6/30/2016	*$ 295,134*	*$ 295,134*	*100%*	*$ -*
6/30/2017	*$ 304,424*	*$ 304,424*	*100%*	*$ -*

Italicized values above are estimates which may change if contributions are other than projected.

To see separate values for explicit and implicit subsidy funding, refer to Tables 1B and 1D.

Addendum 1: Bickmore Healthcare Claims Age Rating Methodology

Both accounting standards (e.g. GASB 45) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds, and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Table 4 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Table 4.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Addendum 2: Bickmore Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principals in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **Bickmore Scale 2014** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2014 Report, published in October 2014 and (2) the demographic assumptions used in the 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2015.

Bickmore Scale 2014 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2014 which has two segments – (1) historical improvement rates for the period 1951-2007 and (2) Scale MP-2014's best estimate of future mortality improvement for years 2008 and thereafter. The Bickmore scale uses the same improvement rates as the MP-2014 scale during the historical period 1951-2007. In addition, the Bickmore scale uses Scale MP-2014's best estimate of future mortality improvement for years 2008-2010. The Bickmore scale then transitions from the last used MP-2014 improvement rate in 2010 to the Social Security Administration (SSA) Intermediate Scale. This transition to the SSA Intermediate Scale occurs linearly over the 10 year period 2011-2020. After this transition period, the Bickmore Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2020-2038. The SSA's Intermediate Scale has a final step down in 2039 which is reflected in the Bickmore scale for years 2039 and thereafter. Over the ages 100 to 115, the SSA improvement rate is graded to zero.

Scale MP-2014 can be found at the SOA website and the projection scales used in the 2015 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Accrued Liability (AAL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; see "Actuarial Present Value"

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future, it is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Aggregate – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Annual Required Contribution (ARC) – The amount the employer would contribute to a defined benefit OPEB plan for a given year, it is the sum of the normal cost and some amortization (typically 30 years) of the unfunded actuarial accrued liability

Annual OPEB Expense – The OPEB expense reported in the Agency's financial statement, which is comprised of three elements: the ARC, interest on the net OPEB obligation at the beginning of the year and an ARC adjustment.

Attained Age Normal Cost (AANC) – An actuarial funding method where, for each plan member, the excess of the actuarial present value of benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the individual's projected earnings or service forward from the valuation date to the assumed exit date

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Entry Age Normal Cost (EANC) – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Glossary
(Continued)

Frozen Attained Age Normal Cost (FAANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Frozen Entry Age Normal Cost (FEANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the entry age normal cost method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Financial Accounting Standards Board (FASB) – A private, not-for-profit organization designated by the Securities and Exchange Commission (SEC) to develop generally accepted accounting principles (GAAP) for U.S. public corporations

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Net OPEB Obligation (Asset) - The net OPEB obligation (NOO) represents the accumulated shortfall of OPEB funding since GASB 45 was implemented. If cumulative contributions have exceeded the sum of the prior years' annual OPEB expenses, then a net OPEB asset results.

Non-Industrial Disability (NID) – Unless specifically contracted by the individual Agency, PAM employees are assumed to be subject to only non-industrial disabilities.

Normal Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the chosen funding method; also called current service cost

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that medical insurance contributions for retired annuitants and paid for by a contracting Agency be equal to the medical insurance contributions paid for its active employees, and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Glossary
(Concluded)

Projected Unit Credit (PUC) – An actuarial funding method where, for each individual, the projected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Public Agency Miscellaneous (PAM) – Actuarial assumptions used by CalPERS for most non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Trend – The healthcare cost trend rate, defined as the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments

Unfunded Actuarial Accrued Liability (UAAL) – The excess of the actuarial accrued liability over the actuarial value of plan assets

Unit Credit (UC) -- An actuarial funding method where, for each individual, the unprojected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To:	Board of Directors
From:	Herb Niederberger, General Manager
Cc:	Eric Nielsen, District Engineer Joanna Belanger, Administrative Services Manager
Subject:	Statewide Community Infrastructure Program
Meeting Date:	December 3, 2015

Overview

The Statewide Community Infrastructure Program ("SCIP") is sponsored by the California Statewide Communities Development Authority ("CSCDA"), a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. SCIP was instituted by CSCDA to allow owners of property in participating cities and counties to finance the development impact fees that would be payable by property owners upon receiving development entitlements or building permits. The program has since been expanded to include financing of public capital improvements directly. If a property owner chooses to participate, the selected public capital improvements and the development impact fees owed to the District can be financed by the issuance of tax-exempt bonds by CSCDA. CSCDA will impose a special assessment on the owner's property to repay the portion of the bonds issued to finance the fees paid with respect to the property. With respect to impact fees, the property owner will either pay the impact fees at the time of permit issuance, and will be reimbursed from the SCIP bond proceeds when the SCIP bonds are issued; or the fees will be funded directly from the proceeds of the SCIP bonds.

This item includes a brief presentation by SCIP representatives regarding the possibility of the District's participation in SCIP. If the Board so desires, staff will follow-up with a public hearing and consideration of a resolution making certain findings and authorizing certain matters necessary to participate in SCIP.

Recommendation

Staff recommends that he Board of Directors, after making a determination that it would like to entertain participation in SCIP, direct staff to schedule a public hearing for January 7, 2015 for consideration of resolutions making certain findings and authorizing certain matters necessary to participate in SCIP

Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

V. Financial Stability

Goal 5.2 **–** Explore and Evaluate Investment and Business Practice Alternatives

Fiscal Impact

This action should facilitate the financing of Sewer Participation Fees and District sewer improvements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To: Board of Directors

From: Joanna Belanger, Administrative Services Manager

Cc: Herb Niederberger, General Manager

Subject: Fiscal Year 14/15 Audit Report

Meeting Date: December 3, 2015

Recommendation

Staff recommends the Board receive the Fiscal Year 14/15 Audit report.

Discussion & Information

The independent audit of the Districts Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 was completed by the certified public accounting firm of Stroub & Company CPAs. The Districts financial statements provide information about the finances of the District. The Management's Discussion and Analysts (MD&A) starts the financial section of the report and serves as an executive summary to the statements.

As a part of the annual audit, the auditors are required to provide reasonable assurance that the financial statements of the District for fiscal year ended June 30, 2015 are free from material misstatement. The report concludes that upon audit, there is a reasonable basis for an unqualified opinion and that the District's financial statements are fairly presented in conformity with GAAP (unqualified opinion is defined as appropriately presented financial records). The Auditors report regarding internal controls and compliance with other matters based on the audit of financial statements determines that there are no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Auditor did note that there is a lack of segregation of duties in the Administrative Services Department. Management recognizes that in a small office there are occasions where certain processes are completed by one person from beginning to end. To address these situations, the District utilizes the services of a Certified Public Accountant to assist with bank reconciliation and monthly general ledger review.

Fiscal Impact

The Audit report concludes that District funds are being spent appropriately and as intended by the Board.

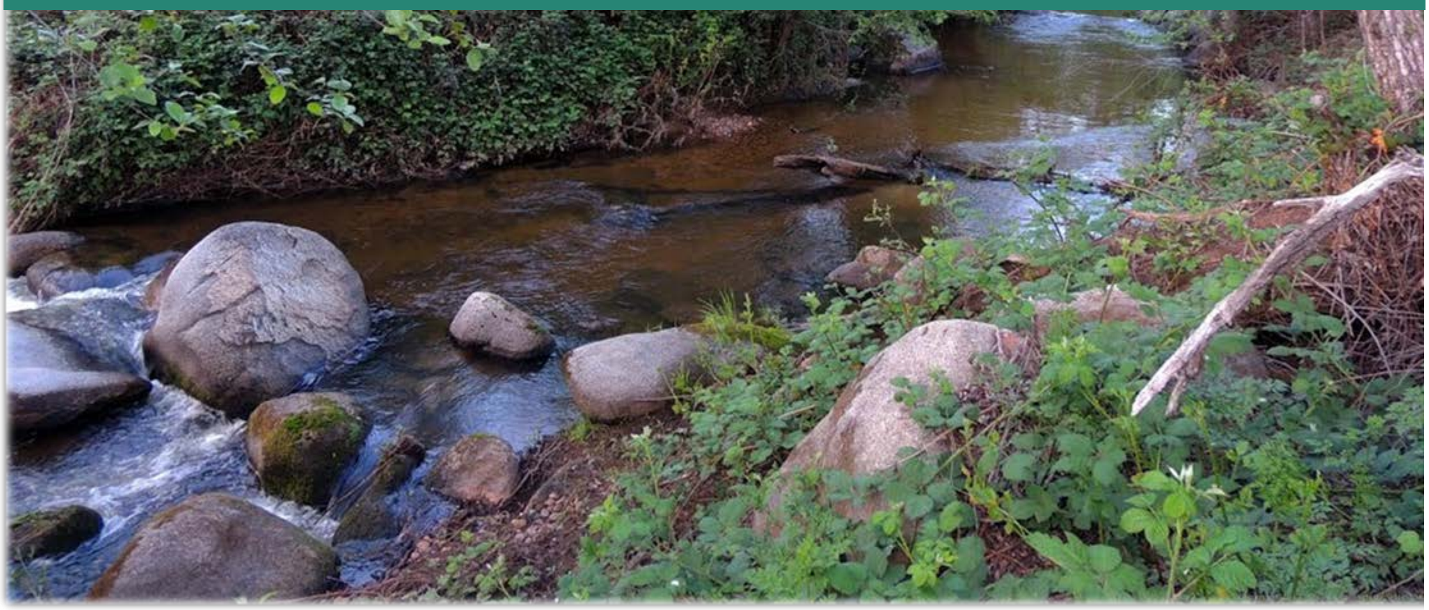
Strategic Plan Goals

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.3: Build Business efficiencies
Goal 2.2: Maintain compliance with pertinent regulations
Goal 2.4: Maintain transparency with all District activities

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



South Placer Municipal Utility District
5807 Springview Drive, Rocklin CA 95677
www.spmud.ca.gov

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

Comprehensive Annual Financial Report

(Audited)

June 30, 2015

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
June 30, 2015
(Audited)

TABLE OF CONTENTS

November 20, 2015

Members of the Board of Directors
South Placer Municipal Utility District

Directors:

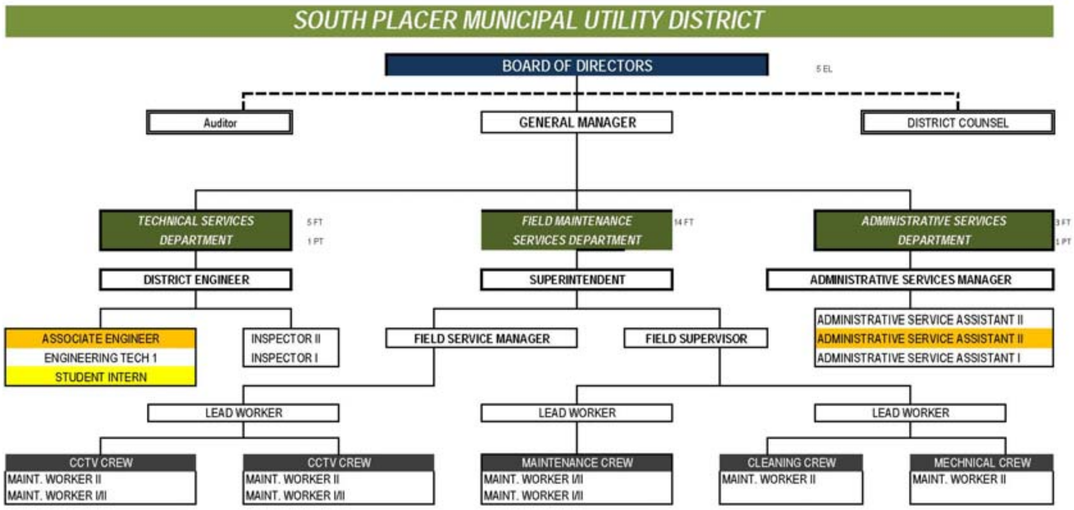
The South Placer Municipal Utility District is required by State statute to publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present the Comprehensive Annual Financial Report (CAFR) for the South Placer Municipal Utility District (District) for the fiscal year ended June 30, 2015. The information presented in this CAFR is intended to provide financial information with all the disclosures necessary to enable the District's customers, investment community and general public to assess the District's financial condition. This report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Stroub & Company, CPAs, a firm of licensed certified public accountants with which the District contracts for these services. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This transmittal letter is designed to complement the MD&A and is intended to be read in conjunction with it.

Herb Niederberger

General Manager



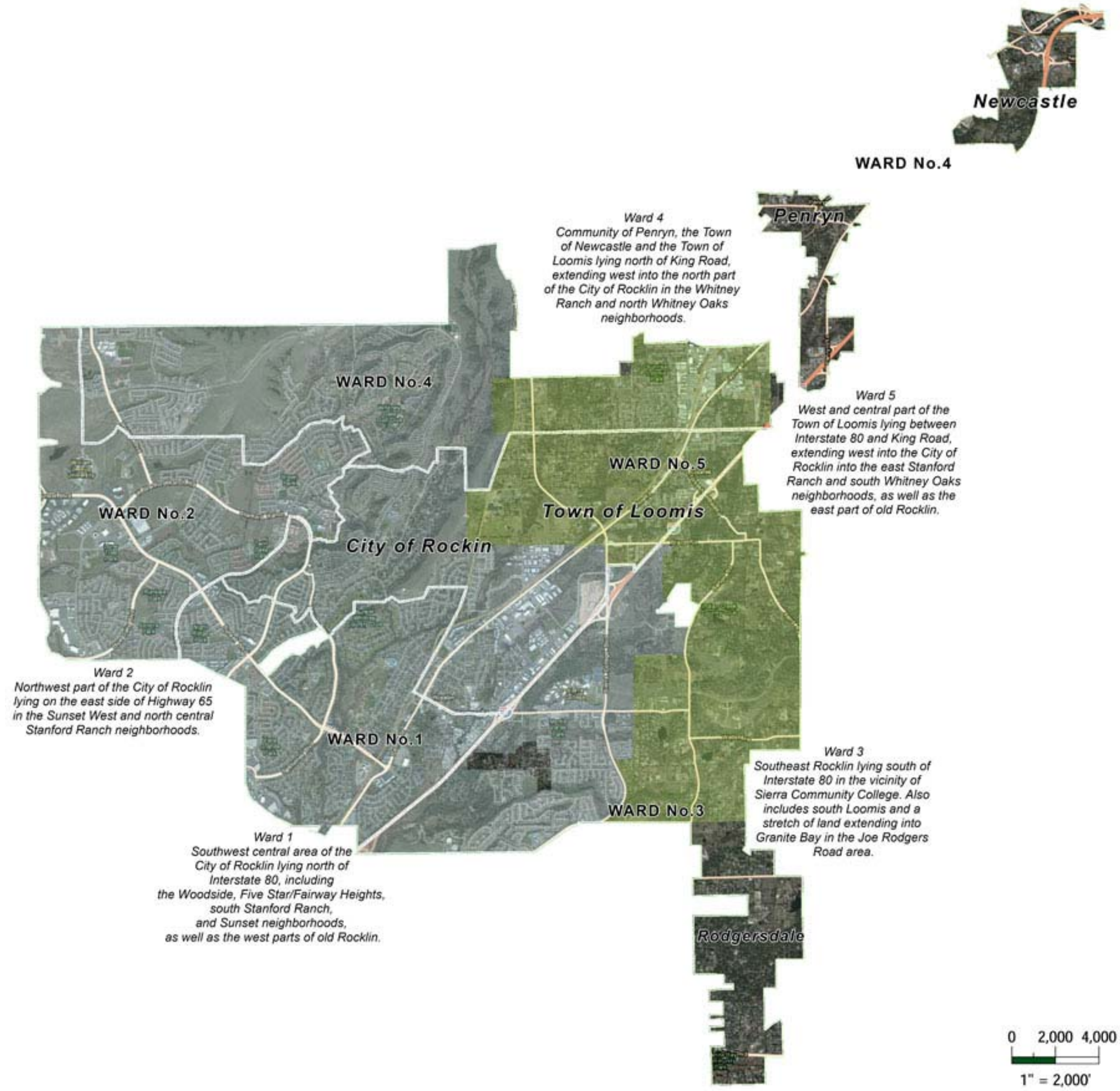
31 TOTAL POSITIONS: 5 ELECTED, 2 CONTRACT, 4 MANAGEMENT, 2 SUPERVISIORS, 17 FULL-TIME, & 2 PART-TIME

RECLASSIFIED POSITION

NEW POSITION

EFFECTIVE: JULY 1, 2015

2


Newcastle
WARD No.4
Penryn
Ward 4
Community of Penryn, the Town of Newcastle and the Town of Loomis lying north of King Road, extending west into the north part of the City of Rocklin in the Whitney Ranch and north Whitney Oaks neighborhoods.
WARD No.4
Ward 5
West and central part of the Town of Loomis lying between Interstate 80 and King Road, extending west into the City of Rocklin into the east Stanford Ranch and south Whitney Oaks neighborhoods, as well as the east part of old Rocklin.
WARD No.5
WARD No.2
Town of Loomis
City of Rockin
Ward 2
Northwest part of the City of Rocklin lying on the east side of Highway 65 in the Sunset West and north central Stanford Ranch neighborhoods.
WARD No.1
Ward 3
Southeast Rocklin lying south of Interstate 80 in the vicinity of Sierra Community College. Also includes south Loomis and a stretch of land extending into Granite Bay in the Joe Rodgers Road area.
WARD No.3
Ward 1
Southwest central area of the City of Rocklin lying north of Interstate 80, including the Woodside, Five Star/Fairway Heights, south Stanford Ranch, and Sunset neighborhoods, as well as the west parts of old Rocklin.
Rodgersdale
0 2,000 4,000
1" = 2,000'

3

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
June 30, 2015
(Audited)

Board of Directors

Title	Name	Yrs of Service	Term
	Elected Board of Directors		
President	James T. Williams	13	2016
Vice President	John Murdock	18	2018
Director	Gerald P. Mitchell	12	2016
Director	William Dickinson	8	2018
Director	Vic Markey	6	2016
	Appointed Manager		
General Manager	Herb Niederberger	1	1/2015- Current

OVERVIEW OF FINANCIAL STATEMENTS

The purpose of this Management's Discussion and Analysis (MDA) is to provide a fact-based summary of the financial status of the South Placer Municipal Utility District (District) from a management's perspective. This report provides an indication of the District's financial performance for fiscal year beginning on July 1, 2014 and ending June 30, 2015 (FY2014/15) and should be reviewed in conjunction with the audited financial statements, which follow this MDA.

DISTRICT OVERVIEW

The District provides sewer collection services in southwestern Placer County, CA and serves an estimated population of 75,000 residing in the City of Rocklin and Town of Loomis, and in the unincorporated communities of Penryn, Newcastle and the Rodgersdale area of Granite Bay. Sewage is collected by the District and conveyed to regional wastewater treatment plants operated by the City of Roseville. Ninety-two percent of the District's customers are residential, 4% commercial and 4% educational.

A significant change in the District financial programs from previous year's audits was the implementation of the Tyler Financial Management Software consisting of a financial/utility billing database program that began in FY2013/14 and continued into FY2014/15. The monthly service charge remained the same as did the Local Participation Fee.

Table 1 below compares major District statistics for the last two fiscal years.

TABLE 1: DISTRICT STATISTICS

Item	Unit	Fiscal Yr 2013/14	Fiscal Yr 2014/15	% Change over Previous
Service Charges	Dollars	$ 10,203,000	$ 10,758,026	5.4%
Customer Accounts	Each	20,930	21,108	0.9%
Equal Dwelling Units	EDU	30,900	31,241	1.1%
Service Fee per EDU	Monthly	$28.00	$28.00	0.0%
Annual Flow to WWTP	Million Gallons	1,495	1,500	0.3%
Sewer Mains	Miles	255.5	257.3	0.7%
Lower Service Laterals	Miles	135	139	2.7%
Manhole/Flushing Branch	Each	5,900	6,050	2.5%
Lift Stations	Each	13	13	0.0%
Force Mains	Miles	6.7	6.8	1.5%

While the District accounts grew about 1% over the previous year, the revenue derived from the District service charges increased 5.4%. Since the monthly service charge remained unchanged for FY 2014/15, this higher than anticipated growth in revenue is in part due to the replacement/implementation of our new financial & billing software and customer database.

FINANCIAL ANALYSIS OF THE DISTRICT

Revenues: Revenues for the past two fiscal years are summarized in **Table 2**. Per the Districts previously adopted five-year financing plan, the monthly service charge for FY 14 was scheduled to increase by $2.00 ($28.00 to $30.00) per EDU in 2014; however, the District chose to defer this increase; not only for 2014 but also 2015. The District's Sewer Participation Fee was also reduced in 2014 from $2,500 to $2100 per EDU.

TABLE 2- REVENUE

GENERAL FUND	FISCAL YR 2013/14	FISCAL YR 2014/15	% Change over Previous
SEWER SERVICE CHARGES REVENUES	$ 10,202,898	$ 10,758,026	5.4%
PERMITS, PLAN CHECK FEES & INSPECTIONS	$ 538,228	$ 274,971	-48.9%
PROPERTY TAXES	$ 893,954	$ 686,237	-23.2%
INTEREST	$ 64,757	$ 62,489	-3.5%
GAIN ON SALE FIXED ASSET DISPOSAL	$ -	$ 1,570	
OTHER REVENUES	$ 14,544	$ -	-100.0%
TOTAL GENERAL FUND	**$ 11,714,381**	**$ 11,783,293**	0.6%
CAPITAL OUTLAY FUND			
SEWER PARTICIPATION FEES	$ 1,005,529	$ 888,198	-11.7%
INTEREST	$ 480,439	$ 451,475	-6.0%
LOAN REPAYMENT NSD - PRSC	$ 357,240	$ 65,706	-81.6%
DEPRECIATION TRANSFER FROM GENERAL FUND	$ 1,088,844	$ 1,163,361	6.8%
INTEREST FROM LOAN REPAYMENT NSD - PRSC	$ (128,417)	$ (129,039)	0.5%
TOTAL CAPITAL OUTLAY FUND	**$ 2,803,635**	**$ 2,439,701**	-13.0%
TOTAL SPMUD REVENUE	**$14,518,016**	**$14,222,994**	-2.0%

General Fund Revenues derived from customer service charges were up 5.4% over last year. Since customer growth was essentially static from the previous year, this increase customer revenue is in part due to the replacement/implantation of our new financial & billing software and customer database. General fund revenue derived from permits, plan check fees and inspections was down over 48.9% due to the reduced development activity over the previous year. Revenue derived from interest income on General Fund investments was down 3.5% while property taxes revenue was down 23.2% reflecting the overall depressed state of the local economy. Total General Fund Revenue used to fund ongoing operations, maintenance and administrative functions of the District were essential unchanged (0.6%) from the previous year.

Capital Fund Revenue was slightly lower by 13% over previous due to the reduced development fee and activity within the District boundaries and reduced interest income from investment fund balances.

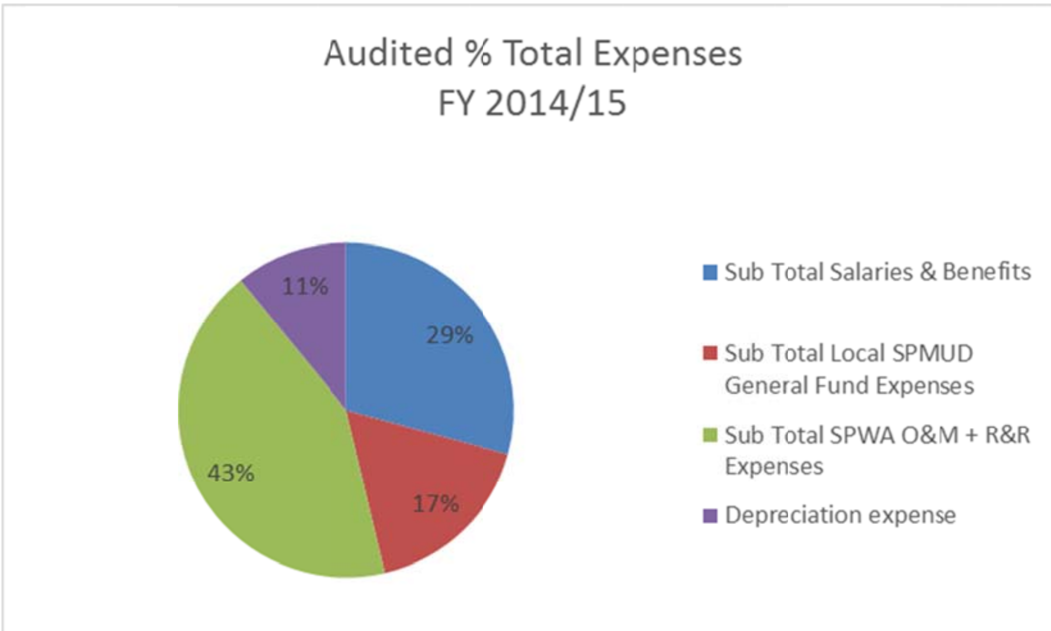
Total SPMUD revenue reported for FY 2014/15 showed a reduction of almost $296,000 (2%) lower than the previous year.

Expenses: Expenses for the past two fiscal years are summarized in Table 3.

TABLE 3 – EXPENSES

	FISCAL YR 2013/14	FISCAL YR 2014/15	% Change over Previous
Salaries/Wages	$ 1,618,011	$ 1,891,189	16.9%
FICA - Social Security	$ 127,270	$ 148,117	16.4%
CalPERS Retirement	$ 371,688	$ 378,230	1.8%
457 Retirement	$ 36,850	$ 44,150	19.8%
Insurance Benefits	$ 393,690	$ 486,146	23.5%
Pers OPEB	$ 183,883	$ 185,421	0.8%
Sub Total Salaries & Benefits	**$ 2,731,392**	**$ 3,133,253**	**14.7%**
Property & Liability Insurance	$ 95,021	$ 93,933	-1.1%
Professional Services	$ 333,250	$ 360,800	8.3%
Vehicle Repair and Maintenance	$ 68,410	$ 64,329	-6.0%
Professional Development	$ 38,688	$ 47,595	23.0%
Legal Services	$ 109,765	$ 63,679	-42.0%
Utility Billing/Banking Expense	$ 50,339	$ 147,194	192.4%
General Operating Supplies & Maintenance	$ 150,014	$ 155,007	3.3%
Gas & Oil Expenses	$ 46,584	$ 42,487	-8.8%
Utilities	$ 78,803	$ 97,376	23.6%
Repair/Maintenance Agreements	$ 34,623	$ 42,396	22.5%
Regulatory Compliance/Government Fees	$ 22,987	$ 28,396	23.5%
Other Operating Expenses	$ 53,727	$ 685,663	1176.2%
Sub Total Local SPMUD General Fund Expenses	**$ 1,082,211**	**$ 1,828,855**	**69.0%**
RWWTP Maintenance & Operations	$ 3,404,043	$ 3,614,539	6.2%
RWWTP Rehab & Replacement	$ 1,204,220	$ 976,978	-18.9%
Sub Total SPWA O&M + R&R Expenses	**$ 4,608,263**	**$ 4,591,517**	**-0.4%**
Total Operations Expense before Depreciation	**$ 8,421,866**	**$ 9,553,625**	**13.4%**
Depreciation expense	$ 1,088,844	$ 1,163,361	6.8%
Total General Fund Expenses	**$ 9,510,710**	**$ 10,716,986**	**12.7%**

General Fund Expenses are overwhelmingly influenced by the charges from SPWA to treat and discharge the sewage generated by SPMUD customers as currently SPWA charges consume 43% of the Districts operational expenses. District salary and wages are the next single expense item with 29% of the budget, followed by the local O&M expenses and depreciation expense of 17% and 11% respectively.



General Fund Expenses increased from FY 2013/14 to FY 2014/15 by $1.21 M (12.7%) from $9.51M to $10.72M. This increase resulted primarily due to;

- Salary and Benefit expenses were approximately $0.5M (14.7%) over the previous year due to the retirement payouts of the previous General Manager and District Superintendent as well as redundant salary and wages and associated benefits incurred due to an overlap of employment for these positions
- Locally controlled expenses were almost uniformly higher than last year, notably expenses for utilities and other operating expenses.

Revenues of $11.78M exceeded General Fund Expenses (not including Capital Outlays); of $10.72M.

Capital Outlays: Another change over previous years is the categorization on Capital Outlays to their respective fund centers. For example, those projects designated as Capital Replacement & Rehabilitation projects would be funded by accumulated depreciation; those projects designated as Capital Improvement projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund. A list of the District's Capital Projects is included in **Table 4**.

TABLE 4- CAPITAL OUTLAY ACTIVITY

CAPITAL IMPROVEMENTS FY 14-15		Capital Replacement & Rehabilitation	General Fund Capital	CIP & Expansion
Admin Computer Workstation	$ 4,160	$ 4,160		
Software Upgrades	$ 71,389	$ 71,389		
Interior Painting	$ 3,950	$ 3,950		
Telephone System - VOIP	$ 8,300	$ 8,300		
CCTV Replacement	$ 209,382	$ 209,382		
Lift Station Pump Replacement	$ 34,816	$ 34,816		
Remote Site Control Improvements - SCADA	$ 102,933		$ 102,933	
Easement Roadway Upgrades	$ 30,738	$ 30,738		
Corporation Yard Improvements	$ 53,554	$ 53,554		
Replacement 580 Super E Backhoe	$ 86,762	$ 86,762		
Recondition Super L Backhoe	$ 15,000	$ 15,000		
Replacement of Mini-Cameras	$ 28,204	$ 28,204		
Replacement of Vibra-Plate Compactor	$ 2,074	$ 2,074		
Flail Mower Replacement	$ 6,581	$ 6,581		
Computer Equipment/Software - Field	$ 11,000	$ 11,000		
Computer Equipment/Software - Tech	$ 9,291	$ 9,291		
Data Acquisition - Lucity	$ 33,296	$ 33,296		
System Rehabilitation	$ 116,642	$ 116,642		
Safety Training Aids	$ 1,945	$ 1,945		
Office Furniture - Tech Services	$ 1,425	$ 1,425		
Lower Loomis 10" Trunk CIPP Liner Project	$ 378,940			$ 378,940
Lower Loomis Diversion Sewer - Prelim Study	$ 69,998			$ 69,998
Foothill Trunk Project - Design	$ 141,190			$ 141,190
Whitney Ranch Recorder	$ 29,744			$ 29,744
Smart Covers	$ 9,981	$ 9,981		
Water Quality Sampling Equipment	$ 3,570		$ 3,570	
Total Capital Improvements	**$ 1,464,865**	$ 738,490	$ 106,503	$ 619,872

The District expended $1.46M in Capital Outlay during FY 2014/15 consisting of $738,490 in Capital Replacement & Rehabilitation projects, $106,503 in General Fund projects and $619,872 in CIP & Expansion projects.

The District also received $2.65M sewer asset contributions from new development. This included 1.80 miles of gravity sewer pipe, 200 manholes.

General Fund Summary: The total of the FY2014/15 General Fund Expenses ($10.76M) and District's would be pay-as-you-go through the General Fund projects ($0.106M) is approximately $10.87M. As such, the annual FY2014/15 General Fund Revenues of $11.73M exceeded annual expenses and Capital Outlay by $0.95M. The District is planning on preparing a new 5-year Financial Plan and Forecast during the coming fiscal year

Reserves and Investments:
The District has a very conservative policy on how they invest their reserves; currently it only invests in the Placer County Treasury Investment Plan (PCTIP) and the Calif. State- Local Agency Investment Fund (LAIF). The District will revisit the Investment Policy in the coming fiscal year to determine how best to optimize these investment balances. An analysis of the District's Financial Statements for Cash and Investments are summarized in **Table 5.**

SPMUD Total cash and investments increased by almost $1.35M (3.07%) over last year from $44.31M to $45.79M; The District will be drawing down some of these reserves in future years to fund ongoing pay-as-you-go construction projects and to conform with the District's adopted reserve policy.

TABLE 5- CASH & INVESTMENT BALANCES

CASH & INVESTMENT ACCOUNT BALANCES	FISCAL YR 2013/14	FISCAL YR 2014/15	% Change over previous
PLACER COUNTY TREASURY POOLED CASH - PCTIP	$ 34,816,118	$ 35,048,340	0.67%
LOCAL AGENCY INVESTMENT FUND - LAIF	$ 7,496,264	$ 9,763,453	30.24%
CHECKING ACCOUNT - CASH ON HAND	$ 2,000,319	$ 862,369	-56.89%
TOTAL CASH & INVESTMENTS (END OF FY)	$ 44,312,701	$ 45,674,162	3.07%

ECONOMIC FACTORS AND FISCAL YEAR 2015/16 BUDGET OVERVIEW

A comparison of previous year's results and the adopted budget for Fiscal Year 2015/16 are included in **Tables 6** through **8**.

Revenue - The Economic forecast for growth within the District's service area boundaries looks favorable. There is now a backlog of development proposal under review which should allow the District to add about 500 EDUs during the next fiscal year, The Federal Government has kept its benchmark interest rate at a range between zero and one-quarter percent and this will continue to depress interest income received on investments. The District will be reviewing its investment policy to enhance revenue potential through diversification of the investment portfolio. Accounting for all revenue sources indicates that revenues will continue to be flat. Staff anticipates the preparation of a 5-year financial plan during the coming year.

Table 6 indicates past revenue collection compared to the Budget for Fiscal Year 2015/16

TABLE 6- FY 2015/16 BUDGET REVIEW
SPMUD REVENUE

SPMUD REVENUE	FISCAL YR 2013/14	FISCAL YR 2014/15	BUDGETED FISCAL YR 2015/16
Total General Fund Revenue	$ 11,714,381	$ 11,733,493	$ 11,567,500
Total Capital Outlay Fund Revenue	$ 3,060,469	$ 2,809,429	$ 3,122,100
TOTAL SPMUD REVENUE	**$ 14,774,850**	**$ 14,542,922**	**$ 14,689,600**

TABLE 7- FY 2015/16 BUDGET REVIEW
GENERAL FUND EXPENSES

GENERAL FUND EXPENSES	FISCAL YR 2013/14	FISCAL YR 2014/15	BUDGETED FISCAL YR 2015/16
Salaries/Wages	$ 1,618,011	$ 1,891,189	$ 1,660,000
FICA - Social Security	$ 127,270	$ 148,117	$ 128,000
CalPERS Retirement	$ 371,688	$ 378,230	$ 336,000
457 Retirement	$ 36,850	$ 44,150	$ 40,000
Insurance Benefits	$ 393,690	$ 486,146	$ 448,000
Pers OPEB	$ 183,883	$ 185,421	$ 200,000
Sub Total Salaries & Benefits	**$ 2,731,392**	**$ 3,133,253**	**$ 2,812,000**
Property & Liability Insurance	$ 95,021	$ 93,933	$ 100,000
Professional Services	$ 333,250	$ 360,800	$ 164,000
Vehicle Repair and Maintenance	$ 68,410	$ 64,329	$ 56,000
Professional Development	$ 38,688	$ 47,595	$ 58,000
Legal Services	$ 109,765	$ 63,679	$ 100,000
Utility Billing/Banking Expense	$ 50,339	$ 147,194	$ 129,000
General Operating Supplies & Maintenance	$ 150,014	$ 155,007	$ 216,800
Gas & Oil Expenses	$ 46,584	$ 42,487	$ 50,000
Utilities	$ 78,803	$ 97,376	$ 92,000
Repair/Maintenance Agreements	$ 34,623	$ 42,396	$ 67,800
Regulatory Compliance/Government Fees	$ 22,987	$ 28,396	$ 30,000
Other Operating Expenses	$ 53,727	$ 685,663	$ 25,000
Sub Total Local SPMUD General Fund Expenses	**$ 1,082,211**	**$ 1,828,855**	**$ 1,088,600**
RWWTP Maintenance & Operations	$ 3,404,043	$ 3,614,539	$ 4,526,131
RWWTP Rehab & Replacement	$ 1,204,220	$ 976,978	$ 1,369,281
Sub Total SPWA O&M + R&R Expenses	**$ 4,608,263**	**$ 4,591,517**	**$ 5,895,412**
Total Operations Expense before Depreciation	**$ 8,421,866**	**$ 9,553,625**	**$ 9,796,012**
Depreciation expense	$ 1,088,844	$ 1,163,361	$ 1,350,600
Total General Fund Expenses	**$ 9,510,710**	**$ 10,716,986**	**$ 11,146,612**

General Fund Expenses will continue to be influenced by the charges from SPWA to treat and discharge the sewage generated by SPMUD customers as currently SPWA charges are projected to rise to 53% of the Districts operational expenses. District salary and wages will drop to 29% of the budget, followed by depreciation expense and the local O&M expenses of 12% and 10% respectively.

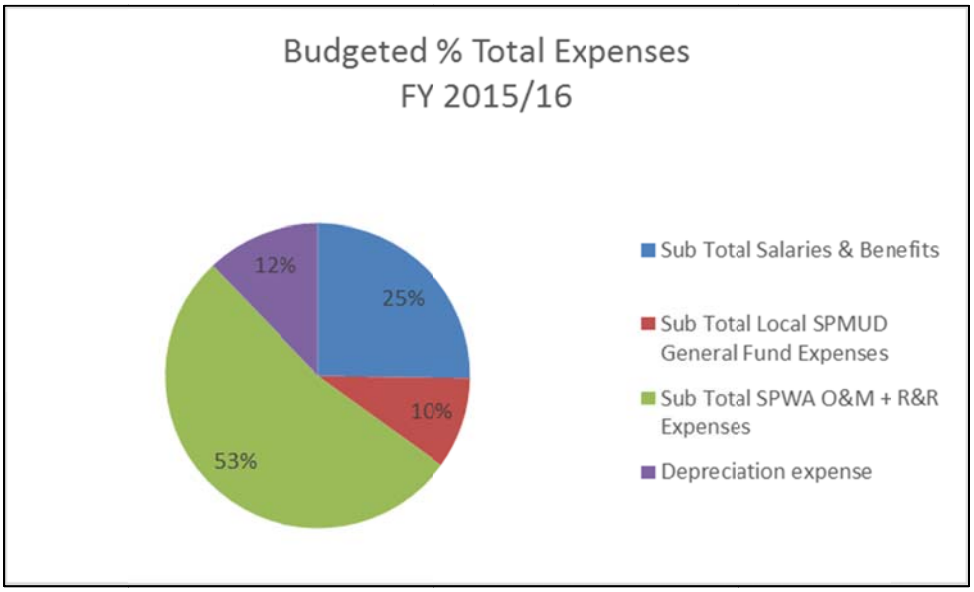


TABLE 8- FY 2015/16 BUDGET REVIEW
CAPITAL INVESTMENT

CAPITAL INVESTMENT	FISCAL YR 2013/14	FISCAL YR 2014/15	BUDGETED FISCAL YR 2015/16
CIP	$ 593,000	$ 619,872	$ 2,360,000
R&R	$ 1,039,575	$ 738,490	$ 684,600
Sub-Total Capital Outlay	$ 1,632,575	$ 1,358,362	$ 3,044,600
General Fund Improvements	$ 31,330	$ 106,503	$ 756,500
Total Annual Investment	**$ 1,663,905**	**$ 1,464,865**	**$ 3,801,100**

Personnel - SPMUD has 38 approved personnel positions that include 5 elected, 2 contracted, 4 management, 2 supervisors, 19 staff and 6 temporary; there are currently 26.0 FTE. The MOU's for employees and management was negotiated in FY14 for FY15 thru FY17 and Cost of Living Increases are tied Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in Pacific Cities and U.S. City Average. Management has elected to forego seasonal hiring of temporary workers as a cost savings measure. There is only one anticipated retirement on the horizon which may result in a retirement buy-out of unused accrued leave.

Expenses - Indexes for fuel oil, gasoline, electricity, and natural gas have been declining which is helping to keep those related costs down. The district has been successful keeping a cap on locally controlled expenses as well. Total charges from SPWA continue to rise, although the District expects them to drop in the coming years. The drought has impacted flows to sewers which may necessitate a review of the sewage allocation to the RWWTP by the SPWA partners.

Capital – The District anticipates increase capital facility construction in the coming years with the installation of the Foothill Trunk and the Loomis Basin Diversion Trunk. The District has sufficient funds available to construct these facilities on a pay-as-you-go and does not anticipate the need to secure debt to fiancé these upcoming projects. The District will be drawing down some of these reserves in future years to fund these ongoing construction projects and to conform with the District's adopted reserve policy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This Financial Report is designed to provide the District's customers and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability. Questions about this report should be addressed to the General Manager, in writing to: SPMUD, 5807 Springview Drive, Rocklin, CA 95677, or by telephone at (916) 786-8555.

Stroub & Company, CPAs
1555 River Park Drive Suite 106 Sacramento, CA 95815
916.774.4675 Fax 916.218.6282 Email paul@mytaxrefund.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
South Placer Municipal Utility District

Report on the Financial Statements

We have audited the accompanying financial statements of South Placer Municipal Utility District for the fiscal year ended June 30, 2015 which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the South Placer Municipal Utility District.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 13 and budgetary comparison information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2015, on our consideration of the South Placer Municipal Utility District'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 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 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 South Placer Municipal Utility District.

Stroub and Company

Stroub & Company,
Certified Public Accountants

November 20, 2015

BASIC FINANCIAL STATEMENTS

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION
(Audited)
AS OF JUNE 30, 2015

ASSETS	South Placer Operating Fund	Capital Maintenance Fund	Total
CURRENT			
Cash and Cash Equivalents	$ 5,178,196	$ -	$ 5,178,196
Short Term Investments	9,763,453	30,732,513	40,495,966
Accounts Receivable (Net of Allowance for Doubtful Accounts)	4,018,534	-	4,018,534
Interest Receivable		21,640	21,640
Refund Receivable	-	1,536,167	1,536,167
Note Receivable, Current	-	65,706	65,706
Prepaid Expenses	15,165	-	36,805
Total Current Assets	18,975,348	32,356,026	51,353,014
FIXED ASSETS			
Depreciable Capital Assets(net)	61,176,288	-	61,176,288
Non Depreciable Capital Assets	1,185,605	-	1,185,605
TOTAL FIXED ASSETS (NET)	62,361,893	-	62,361,893
Note Receivable, Net of Current Portion	-	5,095,759	5,095,759
TOTAL ASSETS	$ 81,337,241	$ 37,451,785	$ 118,789,026
LIABILITIES & NET POSITION			
CURRENT			
Accounts Payable	$ 906,572	$ -	$ 906,572
Other Accrued Liabilities	114,348	-	114,348
OPEB Liability	23,669	-	23,669
Compensated Absences	145,400	-	145,400
Note Payable, Current	65,706	-	65,706
Deferred Participation Agreements	-	154,516	154,516
TOTAL CURRENT LIABILITIES	1,255,695	154,516	1,410,211
Note Payable, Net of Current Portion	5,095,759	-	5,095,759
Deferred Participation Agreements	-	589,339	589,339
Aggregate Net Pension Liability	2,403,545	-	2,403,545
TOTAL LIABILITIES	8,754,999	743,855	9,498,854
DEFERRED INFLOWS OF RESOURCES			
Deferred Concession Arrangement Receipts	768,873	-	768,873
NET POSITION			
Net Investment in Capital Assets	57,266,134	-	57,266,134
Restricted Funds	-	5,095,759	5,095,759
Unrestricted Fund Balance	14,547,235	31,612,171	46,159,406
TOTAL NET POSITION	$ 71,813,369	$ 36,707,930	$ 108,521,299
TOTAL LIABILITIES & NET POSITION	$ 81,337,241	$ 37,451,785	$ 118,789,026

The notes to the financial statements are an integral part of these financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(Audited)
AS OF JUNE 30, 2015

	South Placer Operating Fund	Capital Maintenance fund	Total
REVENUES			
Sewer Charges	$ 10,758,026	$ -	$ 10,758,026
Connection Charges	-	888,198	888,198
Permits, Fees, and Inspections	274,971	-	274,971
Total Fees and Charges	$ 11,032,997	$ 888,198	$ 11,921,195
OPERATING EXPENSES			
Collection and Treatment	5,157,777	1,245,537	6,403,314
Administration and General	1,285,456	46,753	1,332,209
Technical Services	1,818,102	-	1,818,102
Depreciation	1,163,361	-	1,163,361
Total Operating Expenses	$ 9,424,696	$ 1,292,290	$ 10,716,986
INCOME (LOSS) FROM OPERATIONS	**$ 1,608,301**	**$ (404,092)**	**$ 1,204,209**
Tax Revenue	686,237	-	686,237
Interest Income	62,489	451,475	513,964
Interest Expense	(129,039)	-	(129,039)
Net Income (Loss) Before Transfers	$ 2,227,988	$ 47,383	$ 2,275,371
Net Transfers from Operating Fund	-	1,027,284	1,027,284
Net Transfers to Capital Maintenance Fund	(1,027,284)	-	(1,027,284)
Capital Contributions	2,651,181	-	2,651,181
CHANGE IN NET POSITION	**$ 3,851,885**	**$ 1,074,667**	**$ 4,926,552**
Net Position, Beginning of Year	$ 71,133,902	$ 35,633,263	$ 106,767,165
Prior Period Adjustment (Note 10)	(3,172,418)	-	(3,172,418)
Net Position, Beginning of Year (Revised)	67,961,484	35,633,263	103,594,747
Net Position, End of Year	$ 71,813,369	$ 36,707,930	108,521,299

The notes to the financial statements are an integral part of these financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
(Audited)
AS OF JUNE 30, 2015

		South Placer Operating Fund		Capital Maintenance Fund		Total
Cash Provided by Operating Activities						
Cash Receipts from Customers (non-agency)	$	10,537,428	$	951,931	$	11,489,359
Payments for Employee Services		(2,987,857)		-		(2,987,857)
Payments to Suppliers for Goods and Services		(1,345,749)		(149,337)		(1,495,086)
Payments to City of Roseville (non-agency)		(4,098,779)		(1,956,905)		(6,055,684)
Cash Provided by (used in) Operations	$	2,105,043	$	(1,154,311)	$	950,732
Cash Flows from Financing Activities						
Cash Flows from Noncapital Financing Activities:						
Tax Revenue	$	686,237	$	-	$	686,237
Net Transfers to Capital Maintenance Fund		(1,027,284)		-		(1,027,284)
Net Transfers from Operating Fund		-		1,027,284		1,027,284
Cash Flows from Capital Financing Activities:						
Contributed Assets		2,651,181		-		2,651,181
Note Payable		25,115		(25,115)		-
Cash Flows Provided by Financing Activities	$	2,335,249	$	1,002,169	$	3,337,418
Cash Flows from Investing Activities						
Interest Income	$	62,489	$	451,475	$	513,964
Interest Expense		(129,039)		-		(129,039)
Additions to Fixed Assets		(3,240,739)		-		(3,240,739)
Cash Flows Provided by (Used in) Investing Activities	$	(3,307,289)	$	451,475	$	(2,855,814)
NET INCREASE IN CASH AND CASH EQUIVALENTS	$	1,133,003	$	299,333	$	1,432,336
Net Cash and Cash Equivalents - Beginning of Year	$	13,808,646	$	30,433,180	$	44,241,826
Net Cash and Cash Equivalents - End of Year	$	14,941,649	$	30,732,513	$	45,674,162

The notes to the financial statements are an integral part of these financial statements.

	South Placer Operating Fund	Capital Maintenance Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Income (Loss) From Operations	$ 1,608,301	$ (404,092)	$ 1,204,209
Items Not Requiring An Outlay of Cash:			
Depreciation	$ 1,163,361	$ -	$ 1,163,361
Changes in Working Capital:			
Accounts Receivable	$ (495,569)	$ 63,733	$ (431,836)
Interest Receivable	-	(21,640)	(21,640)
Refund Receivable	-	(1,536,167)	(1,536,167)
Prepaid Expenses	4,133	-	4,133
Accounts Payable	(89,090)	-	(89,090)
Accrued Expenses	(59,219)	-	(59,219)
OPEB Liability	(24,083)	-	(24,083)
Compensated Absences	(2,791)	743,855	741,064
Adjustments to Working Capital	$ (666,619)	$ (750,219)	$ (1,416,838)
Cash Provided by (Used in) Operations	$ 2,105,043	$ (1,154,311)	$ 950,732

The notes to the financial statements are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

The South Placer Municipal Utility District operates under the Municipal Utility District Act. The Act permits formation of multipurpose government agencies to provide public services on a regional basis. In accordance with the Act, voters approved creating the South Placer Municipal Utility District to provide sewage disposal facilities. The District's governing body is a Board of Directors comprised of 5 members with 4 year staggered terms.

A. Reporting Entity:

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

B. Fund Accounting:

The accounting records of the District are organized on the generally accepted basis of accounting for an enterprise fund. An enterprise fund is used to account for the District's sewage disposal operations that is financed and operated in a manner similar to a private business enterprise, where the intent of the Board of Directors is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Operating revenues in the proprietary funds are those revenues that are generated from the primarily operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting. This accounting method conforms to accounting principles generally accepted in the United States of

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued):

America. Generally accepted accounting principles require all proprietary funds to use the accrual basis of accounting. The revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the related fund liability is incurred.

D. Prepaid Expenses:

Accounts for prepaid health insurance and prepaid liability insurance.

E. Cash Equivalents:

For purpose of the statement of cash flows, the District considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value. This includes bank accounts, cash with Placer County and deposits with the State of California Local Agency Investment Fund (LAIF).

F. Budgetary Reporting:

The District prepares an annual operating and capital budget which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

G. Use of Estimates in the Preparation of Financial Statements:

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

H. Capital Contributions:

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers estimated cost, which approximates fair value at the time of the District's acquisition, and is recorded as capital contributions when received.

Note 1: Summary of Significant Accounting Policies (continued)

I. Risk Management:

The District maintains an insurance policy with American Alternative Insurance that provides limits of liability for general liability, auto and an additional umbrella policy. The District also maintains workers compensation insurance through SDRMA, with the employer's liability limit of $10,000,000 per occurrence.

J. Net Position:

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net investment in capital assets -This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted -This component of net position consists of constraints imposed any creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, all of the restricted net position consisted of total outstanding Newcastle Sanitary District (NSD) loan receivable balance. South Placer Municipal Utility District and Newcastle Sanitary District have entered into agreements relating to the annexation of the NSD service area to SPMUD and the financing of the 'NSD project' costs associated with the annexation required the creation of the Newcastle Special Benefit Area (NSBA) for the adoption of levying of a project-related service charge (PRSC) for the repayment of said financing. Under SPMUD ordinances 09-02 and 13-11, PRSC should be used exclusively to repay the principal and interest on the amount repayable.

Unrestricted net position -This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

K. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation leave. In accordance with GASB 16, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees.

Note 1: Summary of Significant Accounting Policies (continued)

L. Property Taxes

The District receives property taxes from Placer County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the county. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property.

Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

M. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Capital assets include land, buildings, sewer system, equipment, office furniture and vehicles. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded on the straight-line basis over the useful life of the assets as follows:

Assets	Useful Life
Buildings	15-25 years
Sewer system	75 years
General equipment	10-20 years
Office Furniture and vehicles	5-15 years

Note 1: Summary of Significant Accounting Policies (continued)

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Cash and Investments

Cash and equivalents as reported on the balance sheet at June 30, 2015, consisted of the following:

Component		Amounts
General Checking	$	819,921
LAIF Account		9,763,453
Placer County Treasury		35,090,787
Total cash and equivalents	$	45,674,161

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the South Placer Municipal Utility District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Note 2: Cash and Investments (continued)

A. Investments Authorized by the California Government Code and the Entity's Investment Policy (continued)

Authorized Investment Type	Maximum Maturity	% of Portfolio	One Issue Limitation
Investment pools authorized under CA statute goverend by Government Code	N/A	N/A	$40 Million
U.S. Treasury Obligations	5 Years	No Limit	No Limit
Bank Savings Account	N/A	25%	No Limit
Federal Agencies	5 Years	75%	No Limit
Commercial Paper	180 Days	20%	No Limit
Negotiable Certificates of Deposits	180 Days	20%	No Limit
Re-Purchase Agreements	180 Days	20%	No Limit
Corporate Debt	5 Years	25%	No Limit

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by remaining maturity:

		Remaining Maturity	
Investment Type	Totals	0-12 Months	13-48 Months
State Investment Pool	$ 9,763,453	$ 9,763,453	$ -
Placer County Pooled Cash	35,090,787	35,090,787	-
Totals	$ 44,854,240	$ 44,854,240	$ -

District investments are not subject to categorization.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

Note 2: Cash and Investments (continued)

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value or the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2015, the District's deposits balance was $937,755 and the carrying amount was $819,921. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by California Local Agency Deposit pledged collateral held in the pledging bank's trust department in the District's name.

E. Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis.

Investments are accounted for in accordance with the provisions of GASB Statement No, 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Note Receivable and Note Payable

In February 2014, the Newcastle Sanitary District was merged into South Placer Municipal Utility District and is now a service ward of the District. This loan was absorbed with the transfer of the capital assets contributed by the Newcastle Sanitary District.

The District loaned funds to Newcastle Sanitary District (NSD) for the purpose of covering the cost of several reconstruction tasks required in connection with NSD facilities upgrades and regulatory compliance issues. The total outstanding loan amount as of June 30, 2015, was $5,161,465. Interest on the principal amount accrues at an annual rate of 2.5%. The principal and interest charges are being billed quarterly to NSD customers at $54 per month over a 40 year payback period.

Note 4: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Retirements	June 30, 2015
Buildings	$ 3,173,847	$ -	$ -	$ 3,173,847
Sewer System	69,626,206	3,552,099	-	73,178,305
Equipment	1,087,241	90,778	-	1,178,019
Office Furniture	200,584	-	(5,500)	195,084
Vehicles	1,362,852	208,625	(18,482)	1,552,995
Less Accumulated Depreciation	(16,962,583)	(1,163,361)	23,982	(18,101,962)
Total Capital Assets being Depreciated (net)	58,488,147	2,688,141	-	61,176,288
Land	1,110,860	28,375	-	1,139,235
Construction in Progress	726,008	-	(679,638)	46,370
Total Capital Assets not being Depreciated	1,836,868	28,375	(679,638)	1,185,605
Total Capital Assets (net)	$ 60,325,015	$ 2,716,516	$ (679,638)	$ 62,361,893

Note 5: Defined Benefit Pension Plan

A. Plan Description

The District's defined benefit pension plan, the California Public Employees' Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report can be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

B. Funding Policy

Active plan members in the 2.7%@ 55 tier I plan are required to contribute 8% of all earnings in excess of $133.33 per month. As a benefit to the District employees the District contributes the employee required contribution. For those employees hired on or after April 20, 2012 the District has implemented a 2% @ 55 tier 2 plan. which reduces the amount of employee contribution paid by the District to 7%. The district is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For new employees hired after January 1, 2013 the District benefit formula changed to a 2% @ 62 tier III where the employee contributes the full employee contribution of 6.25% of all earnings in excess of $133.33 per month. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2014 was 15.685% for tier I, 10.282% for tier II. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Note 5: Defined Benefit Pension Plan (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2014, reported a net pension asset of $0 and a net pension liability of $2,403,545.

	Proportionate Share	Net Pension Asset	Net Pension Liability
PERF C - Miscellaneous Second Tier Program	0.00004%	$ -	$ 2,761
PERF C - Miscellaneous Program	0.03858%	$ -	$ 2,400,776
PERF C - PEPRA Miscellaneous Program	0.00000%	$ -	$ 8
Total Net Pensiona Asset / Liability		$ -	$ 2,403,545

The net pension and asset liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of July 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

For the year ended June 30, 2014, recognized pension expense of $207,192 and pension income of $902. At June 30, 2014, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	$ -	$ 807,704
Changes in proportion and differences between contributions and proportionate share of contributions	$ 47,671	$ 8,840
Contributions subsequent to the measurement date	$ -	$ -
Total	$ 47,671	$ 816,544

Note 5: Defined Benefit Pension Plan (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows (Inflows) of Resources	
2015	$	(188,700)
2016	$	(188,058)
2017	$	(191,347)
2018	$	(201,926)
2019	$	-
Thereafter	$	-

Actuarial Assumptions: The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions were based on CalPERS' specific data that includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 5: Defined Benefit Pension Plan (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for major asset class are summarized in the following table:

	New Strategic Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Totals	100.00%		27.62%
Inflation			2.50%
Expected Arithmetic Nominal Return			3.00%

The 7.50% assumed investment rate of return is comprised of an inflation of 2.50%, a real return of 5.00% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed

Note 5: Defined Benefit Pension Plan (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following represents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Plan's Net Pension Liability/(Asset)	$ 4,282,374	$ 2,403,545	$ 844,295

Note 6: Deferred Compensation Plan

Employees of South Placer Municipal Utility District may elect to participate in a deferred compensation plan, as defined in the Internal Revenue Code Section 457. The contributions to the plan are voluntary. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employees or beneficiaries) solely the property and rights of the employees and their beneficiaries. No part of the principal or income of the trust shall revert to the employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries. The district has selected CalPERS as the third party administrators of the plan assets. Due to the fact that the District does not administer this plan, the plan activities are not included in the District financial statements. The District matches up to a maximum per pay period based on the most current contract with the General Manager and the most current Memorandum of Understanding with all other employees. The District's annual pension cost for the matching contributions under the 457 deferred compensation plan was $32,600.

Note 7: Post Retirement Health Care Benefits

Plan Description

South Placer Public Utility District's Post-Retirement Healthcare Plan is a single employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits and life insurance benefits to eligible retirees and their eligible dependents. The District approved post retirement health insurance benefits for all of its employees effective July 1, 2007 under the Public Employees' Medical and Hospital Care Act (PEMHCA). Retirement eligibility is determined based on a minimum of reaching age 50 with at least 5 years of employment with the District. For an employee retiring with 5 or more years of service with SPMUD, the District will contribute the health benefit cost for the retiree and family members up to 100% of the greater of the CalPERS family rate for PERS Choice or the CalPERS family rate for the highest cost HMO. A retiree with less than 5 complete years of service with the District receives no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The retiree is on the same medical plan as the District's active employees, however monthly rates for coverage of covered active and retired employees are computed separately. As of June 30, 2015, there were 15 retired employees who qualified for the healthcare plan. The District also provides a life insurance benefit for each former employee with ten or more years of service who retires from the District. The amount of the life insurance benefit is $15,000 ($25,000 in the case of District management employees).

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2015 actuarial valuation, the entry age normal cost, level percent of pay funding method is used. The entry age normal cost method spreads plan costs for each participant from the entry date to the expected retirement date, of prior service costs. For retirees, the AAL is the present value of all projected benefits. The asset valuation method was based on market value of assets in the OPEB trust.

The actuarial assumptions included a 7.28% investment rate of return. The valuation assumes that 100% of eligible retirees will actually participate in the retiree medical benefit. The annual healthcare cost trend rate of 8.5% initially, decreasing approximately .5% per year until reaching an ultimate rate of 4.5% for fiscal year ending 2023 and later. It was assumed salary increases will be 3.00% per annum.

Note 7: Post Retirement Health Care Benefits (continued)

Funding Policy

The contribution requirement of the District to contribute to the plan is established and may be amended by the Board. Currently, employees are not required to contribute to the plan. The District's contributions are calculated on a pre funding basis using entry age normal cost, with investment gains and losses amortized over the remaining 24 year period with payments determined on a level percent of pay basis. The District has prefunded the actuarial accrued liability (AAL) based on a calculation of the annual required contribution certified by an actuarial valuation service. The District chose the California Employers Retiree Benefit Trust (CERBT) as the trustee for the plan. The District made the net contribution for fiscal year end June 30, 2015 by paying health insurance providers or reimbursing to the retiree premiums paid by the retiree. These reimbursements were not funded by CERBT.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based all the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to South Placer Public Utility District's Healthcare Plan:

Retiree Healthcare Premium Costs	$	161,824
Amortization of UAAL		113,283
Interest to Fiscal Year End		20,027
ARC for Current Fiscal Year		295,134
Decrease in Net OPEB Obligation (Asset)		24,083
Net OPEB Obligation (Asset) - Beginning of Year		47,752
Net OPEB Obligtaion (Asset) - End of Year	$	23,669

Three year disclosure of the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

Note 7: Post Retirement Health Care Benefits (continued)

	Annual OPEB Cost	% of Annual OPEB Cost Funded	Net OPEB Obligation
June 30, 2013	165,289	100%	-
June 30, 2014	183,883	100%	-
June 30, 2015	295,134	100%	-

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was $5,596,626 and the unfunded actuarial accrued liability (UAAL) for benefits was $1,770,730. The District's plan was considered fully funded at June 30, 2008 because the District made a retrospective adoption prefunding the annual required contribution including the UAAL in the 2007-2008 fiscal year. While the initial unfunded actuarial accrued liability was fully funded as of June 30, 2008, investment losses and actual investment returns, compared to original assumptions, on the initial contribution created a $1,770,730 unfunded accrued liability as of July 1, 2015 the most recent actuarial valuation date. The District has chosen to amortize the $1,770,730 unfunded accrued liability over the remaining 24 year period with payments determined on a level percent of pay. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following schedule of funding progress shows multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits is available.

Valuation Date	Actuarial Accrued Liabilities	Actuarial Accrued Assets	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
July 1, 2011	$ 3,062,219	$ 2,729,321	$ 332,898	89.1%	$ 1,387,068	24.0%
July 1, 2013	$ 3,496,648	$ 3,181,069	$ 315,579	91.1%	$ 1,425,554	22.1%
July 1, 2015	$ 5,596,626	$ 3,825,896	$ 1,770,730	68.0%	$ 1,671,388	105.9%

Note 8: Joint Powers Agreement

On October 1, 2000 the South Placer Wastewater Authority was created to finance and construct the new Pleasant Grove treatment plant along with expanding facilities at the Dry Creek plant and other regional facilities. The Authority is made up or the City of Roseville, Placer County and South Placer Municipal Utility District. The composition of the Board of Directors for the Authority is two directors appointed by the City of Roseville, two directors appointed by Placer County and one director appointed by South Placer Municipal Utility District. The agreement provides that the City will own and operate the regional facilities. The Authority originally issued a total of $179,775,000 of fixed and variable rate bonds and later refunded to obtain more favorable interest rates in a combination of fixed, SIFMA Index and variable rate bonds. The agreement was also amended effective October 1, 2012. South Placer Municipal Utility District proportionate share decreased from its original allocation of 25% to 22.43% for the shared operating costs and debt service on these bonds. Bond payments are funded by regional connection fees charged by the District and remitted to the City of Roseville. Total connection fees collected by the District and paid to the Authority under this agreement, for the fiscal year ended June 30, 2015 was $6,055,684. The financial statements for the South Placer Wastewater Authority are available online at http://roseville.ca.us/gov/finance/general_accounting/spwa.asp

The District is responsible for its share of maintenance and operation expenses incurred at the Regional Treatment plants based on the volume of flow from District lines as a percentage of total volume of flow into the plants. The total amount calculated for South Placer Municipal Utility District during the fiscal year ended June 30, 2015 for maintenance and operation expenses was $4,098,779 and an additional $1,956,905 for the Districts share of rehab project costs.

Note 9: Commitments and Contingencies

The District is responsible for maintenance and operation expenses incurred at the Regional Treatment plant based on the volume of flow from District lines as a percentage of total volume of flow into the plant. The share of the District cost is subject to periodic review and recalculations. The amount paid versus recalculated amounts can vary resulting in additional costs or credits to the District.

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

At June 30, 2015, the District had commitments with respect to various engineering services and construction projects.

Note 9: Commitments and Contingencies (continued)

During the year, an agreement was entered into by the District and local developers for installation of wastewater servicing facilities to the developer's projects. The developer constructed and installed the wastewater facilities at its own expense and thereafter dedicated said facilities to the District for public use, in return for partial reimbursement from construction fees actually collected over the next 10 years on the properties in the project. No contingent liability to the District is incurred for the uncollected portion of the agreed maximum amount.

Project Name	Max Reimbursement	EDUs Benefited
Rocklin 60 – Phase I Subdivision	$ 68,255	46

Note 10: Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB 68, as amended by GASB statement No. 71.

Net Position as previously reported at June 30, 2014:	$ 106,767,165
Prior period adjustment:	
Net Pension Liability (measurement date as of June 30, 2013)	$ (2,403,545)
Deferred inflows:	
Concession arrangement receipts during fiscal year 2014	$ (768,873)
Total prior period adjustment	$ (3,172,418)
Net position as restated, July 1, 2014	$ 103,594,747

SUPPLEMENTAL INFORMATION

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF OPERATING EXPENSES
(Audited)
AS OF JUNE 30, 2015

	Administrative and General	Collection and Treatment	Technical Services	Total
OPERATING EXPENSES				
Repairs and Maintenance	$ -	$ 4,473,063	$ 20,890	$ 4,493,953
Salaries and Wages	453,029	1,026,663	559,616	2,039,308
Employee Benefits	331,443	209,387	130,737	671,567
Retirement	89,116	210,468	122,798	422,382
Professional Fees	263,526	13,584	83,690	360,800
Supplies	-	-	13	13
Insurance	93,933	-	-	93,933
Utilities	-	97,376	-	97,376
Bank Charges	-	-	60,028	60,028
Memberships and Licenses	19,653	-	240	19,893
Office Expenses	11,565	-	-	11,565
Rental	-	350	-	350
Other Operating Expenses	69,944	372,423	840,090	1,282,457
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	$ 1,332,209	$ 6,403,314	$ 1,818,102	$ 9,553,625
Depreciation				$ 1,163,361
TOTAL OPERATING EXPENSES				$ 10,716,986

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
(Audited)
AS OF JUNE 30, 2015

Revenues		**Final Budget**		**Actual**		**Variance With Final Budget Favorable (Unfavorable)**
Sewer Charges	$	10,930,000	$	10,758,026	$	171,974
Connection Charges		1,570,000		888,198		681,802
Permits, Fees, and Inspections		750,000		274,971		475,029
Total Fees and Charges	**$**	**13,250,000**	**$**	**11,921,195**	**$**	**1,328,805**
OPERATING EXPENSES						
Collection and Treatment	$	3,723,300	$	6,403,314	$	(2,680,014)
Administration and General		4,850,000		1,332,209		3,517,791
Technical Services		5,950,000		1,818,102		4,131,898
Depreciation		-		1,163,361		(1,163,361)
Total Operating Expenses	**$**	**14,523,300**	**$**	**10,716,986**	**$**	**3,806,314**
LOSS FROM OPERATIONS	**$**	**(1,273,300)**	**$**	**1,204,209**	**$**	**(2,477,509)**
Tax Revenue		675,000		686,237		(11,237)
Interest Income		310,000		513,964		(203,964)
Interest Expense		-		(129,039)		129,039
Other Revenue		18,000		-		18,000
NET INCOME BEFORE TRANSFERS	**$**	**(270,300)**	**$**	**2,275,371**	**$**	**(2,545,671)**

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABLITY
(Audited)
AS OF JUNE 30, 2014
LAST 10 FISCAL YEARS *

	Miscellaneous Second Tier Plan	Miscellaneous Plan	PEPRA Miscellaneous Plan
Proportion of the net pension liability (asset)	0.00004%	0.03858%	0.00000%
Proportionate share of the net pension liability (asset)	$ 2,761	$ 2,400,776	$ 8
Covered employee payroll	$ 134,654	$ 1,418,993	$ 28,754
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.05%	169.19%	0.03%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	83.03%	82.98%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABLITY
(Audited)
AS OF JUNE 30, 2014
LAST 10 FISCAL YEARS *

	Miscellaneous Second Tier Plan	Miscellaneous Plan	PEPRA Miscellaneous Plan
Contractually required contribution	$ 12,569	$ 224,826	$ 5,072
Contributions in relation to the contractually required contribution	$ (12,569)	$ (224,826)	$ (5,072)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 134,654	$ 1,418,993	$ 28,754
Contributions as a percentage of covered-employee payroll	9.33%	15.84%	17.64%

* Amounts presented were determined as of calendar year January 1 – December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure information.

Note 1: Change in Benefit Terms

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Note 2: Change in Assumptions

None

Stroub & Company, CPAs

1555 River Park Drive Suite 106 Sacramento, CA 95815

916.774.4675 Fax 916.218.6282 Email paul@mytaxrefund.com

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 Municipal Utility District

We have audited the accompanying financial statements of the business-type activities, of South Placer Municipal Utility District as of June 30, 2015, for the year then ended, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered South Placer Municipal Utility District'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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies.

We noted the District had a lack of segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the South Placer Municipal Utility District's financial statements are free of material misstatements, 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 the determination of financial statement amounts. 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.

This report is intended solely for the information and use of the Board of Directors, management, the Placer County Auditor-Controller's Office and the Controller's Office of the State of California.

Stroub and Company

Stroub & Company,
Certified Public Accountants

November 20, 2015

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

STAFF REPORT

To:	Board of Directors
From:	Herb Niederberger, General Manager
Cc:	Joanna Belanger, Administrative Services Manager Eric Nielsen, District Engineer Sam Rose, Superintendent
Subject:	Adoption of Resolution 15-27 adopting Policy 3120 Investment of District Funds
Meeting Date:	December 3, 2015

Overview

The South Placer Municipal Utility District (District) generally operates in accordance with the Municipal Utilities District Act of California, and codified in the State of California Public Utilities Code § 11501, et seq. Public Utilities Code § 12871 allows the District to invest surplus money in is treasury and Government Code of the State of California, primarily §53601 and related subsections, authorizes the type of investment vehicles allowed in a California local agency's portfolio. The investment vehicles emphasize preservation of capital and conservative investments and the District is not permitted to purchase an investment that is not specifically authorized by law and within the scope of investments designated by the District's Board of Directors.

Staff proposes that the District utilize a "dual portfolio" approach to its investments, consisting of a "Liquidity Portfolio" and a "Long-Term Portfolio" that is consistent with the three primary principals of public fund investment, 1) Safety, 2) Liquidity and 3) Return on Investment, in that order of priority. The Liquidity Portfolio would consist of funds necessary for the District's operation and capital needs for a period of not less than one-year, plus prudent reserves in accordance with Policy 3130. Funds determined by the District in excess of the amount necessary to fund the Liquidity Portfolio may be allocated to the Long-Term Portfolio. In additions, Staff feels it is prudent to expand its investment portfolio into the Investment Trust of California (CalTRUST), a program established by public agencies in California for the purpose of pooling and investing local agency funds as well as permit the use long term securities up to the maximum maturities allowed by Government Code §53601in the Long-Term Portfolio. These recommend revisions are consistent with Public Utilities Code § 12871 and Government Code §53601.

Previously, Resolution 09-10 amended the District's investment policy and Resolution 15-23 organized the District's investment policy into the District's Policy Handbook as Policy No. 3120 – Investment of District Funds. On September 21, 2015, the District's Fee and Finance Advisory Committee reviewed the proposed revisions to the District's Investment Policy. On November 19, 2015, representatives from Wells Fargo Asset Management/Wells Capital Management provided additional information to the District's Fee and Finance Advisory Committee regarding these suggested revisions to the District's Investment Policy as well as two sample portfolios suggesting different ways to diversify and maximize the District's investments.

Recommendation
Staff recommends that the Board of Directors adopt the Resolution 15-27 adopting Policy 3120 Investment of District Funds.

Strategic Plan Goals
This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.3 Build Business Efficiencies

Goal 5.2 Explore and Evaluate Investment and Business Practice Alternatives

A. Explore and analyze investment options to optimize financial growth

Fiscal Impact
This action has the potential to increase the rate of return on District investments thereby increasing the funds available in the District's treasury.

Policy Name:	3120 – INVESTMENT OF DISTRICT FUNDS		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	
Resolution No.	04/08, 09/10, 12/16; 15/23: 15/27	Revised:	

PURPOSE
This policy provides direction to the Board of Directors, General Manager and Secretary of the District for the prudent and beneficial investment of all funds and monies of the District without regard to source or restrictions.

POLICY STATEMENT
Section 1: This policy provides direction to the Board of Directors, General Manager and Secretary of the District for the prudent and beneficial use of all funds and monies of the District without regard to source or restrictions. Any reference to portfolio or portfolios shall mean the total of District cash and securities under management by the District.

Section 2: Authority
The State of California Public Utilities Code § 12871 and Government Code § 53601 (CGC § 53601) and related subsections, authorizes the types of investments in which the District may invest any surplus funds in its treasury. . The investment vehicles emphasize preservation of capital and are a conservative set of investments. The authority to invest (as defined in the CGC § 53601) is delegated to the local agency's legislative body. Under no circumstances is the local agency permitted to purchase an investment that is not specifically authorized by law and within the scope of investments designated by the local agency's governing board.

Section 3: Basic Policy and Objectives
The investment policy of the District is a conservative policy guided by three principles of public fund management.

In specific order of importance, the three principles are:

(a) Safety of Principal - Investments shall be undertaken in a manner which first seeks to preserve portfolio principal.

(b) Liquidity - Investments shall be made with maturity dates that are compatible with cash flow requirements and which will permit easy and rapid conversion into cash, at all times, without a substantial loss of value.

(c) Return on Investment (ROI) - Investments shall be undertaken to produce an acceptable rate of return after first consideration for principal and liquidity.

Consistent with the three primary principals of public fund investment enumerated above – Safety, Liquidity and ROI, in that order of priority – the District may utilize a "dual portfolio" approach to its investments, consisting of a “Liquidity Portfolio” and a “Long-Term Portfolio.” The Liquidity Portfolio shall consist of funds necessary for the District’s operation and capital needs for a period of not less than one-year, plus prudent reserves in accordance with Policy 3130. Funds determined by the District in excess of the amount necessary to fund the Liquidity Portfolio may be allocated to the Long-Term Portfolio.

Section 4: Diversification
The District shall maintain a portfolio of authorized investments with diversified maturities, issuers and security types to avoid the risk inherent in over-investing in any one sector. The District shall evaluate or cause to be evaluated each potential investment, seeking quality of issuer, underlying security or collateral, potential negative effects of market volatility on the investment and shall diversify the portfolio to reduce exposure and assure adherence to the Basic Policy and Objectives of Section 3 of this policy.

Section 5: Prohibited Purchases
The District shall not invest any funds pursuant to Government Code § 53601.6 such as inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. The District shall not invest any funds pursuant to the law in any security that could result in a zero interest accrual if held to maturity. However, the District may hold prohibited instruments until their maturity dates.

Investments in repurchase agreements may be made, on any investment authorized by code, when the term of that agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two per cent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly.

The District, when purchasing any securities as described in Government Code §53601, shall require delivery of the securities to the District, including those purchased for the District by financial advisors, consultants, or managers using the District’s funds by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank’s customer book-entry account may be used for book entry delivery. For purposes of this policy, “counterparty” means the other party to the transaction. A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the District. Purchases of commercial paper may not exceed fifteen percent (15%) of the District’s surplus money that may be invested pursuant to the law.

Section 6: Delegation of Authority
The Board of Directors delegates the authority to manage the District’s investments to the General Manger or their assigns. Transfers or investments in excess of $5 million require a Resolution of the Board of Directors authorizing such a transaction.

Section 7: Prudent Person Clause
Investments will be made with the same standard of care that persons of prudence, discretion and intelligence exercise when managing their own affairs; not for speculation, but for investment with particular consideration for safety of capital, as well as probable income derived.

Section 8: Reporting Requirements
Each month the Secretary shall prepare and submit a report of investment transactions to the Board of Directors. This report will be sufficiently detailed to provide information for investment evaluation. This report shall also contain a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency's ability to meet its expenditure requirements for the next six (6) months.

Section 9: Grandfather Clause
Any investment held by the District at the time this policy is adopted shall not be sold to conform to any part of this policy unless its sale is judged to be prudent by the General Manager and with the consent of the Board of Directors.

Section 10: Conflicts
In the event any provision of this Investment Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provisions of each statute shall govern.

Section 11: Annual Review
An annual review and appraisal of the investment portfolio shall be made for the purpose of evaluating the District's investment program and such annual review and appraisal shall be considered by the staff and the Board of Directors for the purpose of recommending or making any changes or amendments to the District's Investment Policy.

Section 12: Permitted Investments
Permissible investments shall consist of the investments listed below to the maximum percentage of the total amount of District funds available for investment in the Liquidity Portfolio or the Long Term Portfolio pursuant to the limitations CGC §53601.

	Investment Type	**Maximum Amount of Portfolio**	**Maximum Maturity**
(1)	Local Agency Investment Fund (LAIF)	75%	Liquid Account
(2)	Placer County Treasurer's Investment Pool (PCTIP)	75%	Liquid Account
(3)	Investment Trust of CA (CalTRUST)	75%	Liquid Account
(4)	Bank Savings Account	75%	Liquid Account
(5)	Federal Agencies	Unlimited	5 years
(6)	Commercial Paper	15%	270 days
(7)	Negotiable Certificates of	30%	270 days

	Deposits		
(8)	Repurchase Agreements	20%	180 days
(9)	U.S. Treasury Obligations	Unlimited	5 years
(10)	All other investments allowed by CGC §53601	20%	Limited to terms under CGC §53601

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 15-27

ADOPTION OF POLICY NO. 3120 – INVESTMENT OF DISTRICT FUNDS

WHEREAS, Public Utilities Code § 12871 allows the District to invest surplus money in is treasury; and,

WHEREAS, Resolution 09-10 amended the District's investment policy and Resolution 15-23 organized the District's investment policy into the District's Policy Handbook as Policy No. 3120 – Investment of District Funds; and

WHEREAS, Government Code of the State of California, primarily §53601 and related subsections, authorizes the type of investment vehicles allowed in a California local agency's portfolio; and,

WHEREAS, The investment vehicles emphasize preservation of capital and are a conservative set of investments and under no circumstances is the District permitted to purchase an investment that is not specifically authorized by law and within the scope of investments designated by the District's Board of Directors; and,

WHEREAS, Consistent with the three primary principals of public fund investment, 1) Safety, 2) Liquidity and 3) Return on Investment, in that order of priority, the District has elected to utilize a "dual portfolio" approach to its investments, consisting of a "Liquidity Portfolio" and a "Long-Term Portfolio."

WHEREAS, The Liquidity Portfolio shall consist of funds necessary for the District's operation and capital needs for a period of not less than one-year, plus prudent reserves in accordance with Policy 3130. Funds determined by the District in excess of the amount necessary to fund the Liquidity Portfolio may be allocated to the Long-Term Portfolio.

WHEREAS, The District desires to expand its investment portfolio into the Investment Trust of California (CalTRUST), a program established by public agencies in California for the purpose of pooling and investing local agency funds, and to permit the use long term securities up to the maximum maturities allowed by Government Code §53601in the Long-Term Portfolio.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy No. 3120 – Investment of District Funds; is adopted in its entirety and to be included in the aforementioned District Policy Handbook.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 3rd day of December, 2015.

Signed: ________________________________
John Murdock, President of the Board of Directors

Attest: ________________________________
Joanna Belanger, Board Secretary

ITEM VII.2 ***GENERAL MANAGER REPORT***

To: Board of Directors

From: Herb Niederberger, GM

Date: December 3, 2015

Subject: General Manager Monthly Staff Report – November, 2015

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1) **DEPARTMENT REPORTS**

Attached are the monthly status reports for the Boards information:

A. Facility Services Department
B. Administrative Service Department, and
C. Technical Services Department

The Department Managers are prepared to answer any questions from the Board.

2) **INFORMATION ITEMS**

A. On November 3, 2015, the Administrative Services Manager, Joanna Belanger, and the General Manager met with the District Accountant and District Auditor to discuss the preliminary findings of the Fee and Finance Advisory Committee regarding the FY2014/15 Audit.

B. On November 4, the General Manager, along with Director Mitchell, attended the Rocklin Chamber of Commerce Government Relations Committee to hear a presentation from the Placer County elections Office.

C. On November 10, 2014, the Administrative Services Manager, Joanna Belanger, and the General Manager participated in a CSDA Webinar, "Best Practices in Managing Special District Investments."

D. On November 18, 2015, the General Manager met with Director Mitchell to discuss his attendance at the City of Rocklin's workshop pertaining to the Regional Housing Needs Allocation (RHNA).

E. On November 19, 2015, the General Manager met with the District Legal Counsel to discuss District legal needs. Among some of the items that were discussed:
   i. Foothill Trunk Replacement - Cultural Testing Plan and Burial Treatment Agreement with UAIC
   ii. SCIP Resolutions
   iii. Godfrey Lawsuit
   iv. Board Item Process Checklist
   v. City of Rocklin MOU
   vi. Rooftop Solar RFP

F. On November 25, 2015, the General Manager joined other District personnel in participating in the "Day Before Thanksgiving Parade" hosted by Loomis Basin Chamber of Commerce

G. Advisory Committee Meetings:
   i. On November 19, 2015, the Fee and Finance Advisory Committee met to hear a presentation by Wells Fargo and to discuss proposed revisions to the District Investment Policy
   ii. There were no other advisory committee meetings during October.

3) **LONG RANGE AGENDA**

January 2016

- City of Rocklin, Front Street Improvements Construction Agreement (c)
- Easement Encroachment Inventory and Update (c)
- Seating of Board President (Will Dickinson)
- Nominations and Appointment of Vice-President
- Consideration of Temporary Advisory Committees
- SCIP Resolutions

February 2016

- Loomis Basin Diversion Line – Assessment of Development and Refund, Reimbursement, and Credit Agreements (c)
- Consideration of Adjustments to FY 15/16 Budget (Mid-Year Review)
- Liquidity and Long-Term Investment Resolution

March 2016

- There are no items scheduled for this meeting yet.

To:	Board of Directors
From:	Sam Rose, Superintendent
Cc:	Herb Niederberger, General Manager
Subject:	Field Services Department Monthly Report
Meeting Date:	December 3, 2015

Overview
This report provides the Board with an overview of Field Services operations from 10/21/2015 through 11/20/2015. The work listed is not all inclusive.

1. **Recordable Accidents/Injuries (OSHA 300)**

2. **Service Calls / Sanitary Sewer Overflows (SSOs)**

   a. Service Calls
      i. Twenty One (23)
         A. 21 - Customer's Responsibility
         B. 2 - SPMUD Responsibility
            a) Noise from Lift Station
            b) Odor Complaint

   b. Lift Station Calls
      i. One (1)

   c. Sanitary Sewer Overflows (SSOs)
      i. Zero (0) (109 Days since last SSO)

3. **Safety/Training/Professional Development**

   a. All Field employees participated in:
      i. Emergency Bypass & Generator Training

   b. Five (5) "Tailgate" safety sessions were held.

   c. All District employees participated in EAP
      i. Rev up your Metabolism
      ii. Investing 101

4. **Maintenance**

			Feet
a.	CCTV Mainline Segments	102 Segments	25,581'
b.	CCTV Service Laterals	19 Laterals	712'
c.	Hydro-Clean Mainline Segments	90 Segments	23,437'
d.	Manhole Inspections	105 Manholes	
e.	Rodded/Cleaned Service Laterals	13 Laterals	
f.	Double Wye Assessments	00 Double Wye's	

5. **Construction**
   a. Service Taps — 0 Taps – Held Pre-Tap Meeting (4 taps)
   b. Lateral Installs — 0 Laterals
   c. Property Line Cleanout Work
      i. Repaired — 0 Cleanouts
      ii. Installed — 0 Cleanout
   d. Mainline Repair — 0 Mainline point repair
   e. Service Lateral Repair — 0 Lateral point repairs
   f. Manhole Rehabilitation — 1 Manholes
   g. Easement Reconstruction — 2000 LF (+/-) (Work in progress)

6. **Facilities**
   a. Lift Station Operations Checks — 44 Operation Checks
   b. Corp Yard Water Treatment Facility — 04 Operational Checks
   c. Lift Station Repair — 03 Repairs Performed
   d. Lift Station Wet Well Cleaning — 09 Wet Wells

7. **Miscellaneous**
   a. Performed Vehicle Inventory (All)
   b. Performed Maintenance/Repair on 7 Vehicles
   c. Implemented SWPPS (Storm Water Pollution Prevention Plan) for Corp Yard Spoils Area – (Work in Progress)
   d. Held two Pump demo's by vendors – Evaluating for purchase
   e. Held two Hands-Free-Communication demo's – Evaluating for purchase

ITEM VII. ASD REPORT

To: Board of Directors

From: Joanna Belanger, Administrative Services Manager

CC: Herb Niederberger, General Manager

Subject: Administrative Services Department Monthly Report

Board Mtg. Date: December 3, 2015

Recruitments

Staff will be performing outreach to local colleges and university career centers in the hopes of finding internship candidates to work within the Technical Services and Administration departments. Recruitment for a Maintenance Worker I position is currently underway.

FY 2014/15 Audit

Much of the month was spent working with the District's Accountant and Auditor in the preparation of the Comprehensive Annual Financial Report (CAFR) that is included in the Agenda packet for discussion.

July 1, 2015 OPEB Valuation Report

The final Actuarial OPEB report was issued by Bickmore Risk Services and is included in the Agenda packet under consent items.

F.O.G. Outreach Events

District staff attended the Loomis "Day before Thanksgiving Day" Parade. Two District vehicles were in the parade, with staff handing out educational materials to attendees regarding the Fats, Oils & Grease program and the "What not to Flush" initiative.

Future educational events for early spring 2016 are being calendared with local schools. The first issue of the semi-annual newsletter will be included in billing cycle 3 mailings at the beginning of this month, and cycle 1 & 2 in subsequent months. The first issue concentrates on District operations, Fats, Oils & Grease programs and the "What not to Flush" initiative.

Staff Training

(1) At the end of October, Administrative Staff attended the CalPERS Educational Forum in San Jose, as well as training for the Tyler Financial Software in Fresno.
(2) On November 10, 2015, the General Manger and the Administrative Services Manager participated in a CSDA Webinar, "Best Practices in Managing Special District Investments."

(3) In early November all employees received the following Employee Assistance Program (EAP) training: a) “Investing For Beginners” & b) “Rev Up Your Metabolism.”

ITEM VII. TSD REPORT

To: Board of Directors

From: Eric Nielsen, District Engineer

Cc: Herb Niederberger, General Manager

Subject: Technical Services Department Monthly Report

Board Date: December 3, 2015

IT Master Plan
Staff continues to work towards Phase One Implementation, which will include discontinued use of the existing WWMS database and implementation of the Lucity database. Staff is working with two implementers from Lucity to complete the migration of legacy data from WWMS to Lucity and complete the setup of Lucity for use by all District staff by the end of December.

Foothill Trunk Sewer Replacement Project
The project is now in the final design, permitting, and right-of-way acquisition phase. Contact with residents along the alignment has begun to gain right of entry during construction and to obtain required signatures for the City of Rocklin tree permit. The application for the other required permits is underway. The project team is coordinating with the United Auburn Indian Community to establish guidelines and procedures for the discovery of cultural resources for work done during testing and construction.
Construction of this project is planned for spring/summer of 2016.

Loomis Diversion Trunkline Project
The project is now in the final design, permitting, and right-of-way acquisition phase. The project team is currently conducting property research and preparing for initial correspondence with property owners.
Construction of this project is anticipated to start in the spring of 2017.

High Risk Facilities (HRF) Program
The RFP for preliminary engineering and cost estimates for the projects identified in the HRF report is being prepared and is anticipated to be advertised in early January 2016.

District Easements
Staff have begun the process of creating a registry of the District easements and incorporating them into the District GIS and Lucity databases. The registry will then be used to systematically inspect District easements to identify encroachments that require permitting. Staff is preparing a standard letter to issue to property owners with encroachments onto District easements.

Department Performance Indicators

The following charts depict the efforts and performance of the department in three areas as of November 23rd. Additional charts may be added in the future for other areas of work in the department.