SPMUD BOARD OF DIRECTORS
REGULAR MEETING

DATE & TIME: December 3, 2026 at 4:30 PM

LOCATION: SPMUD Boardroom
5807 Springview Drive, Rocklin, CA 95677
Zoom Meeting: 1 (669) 900-9128
Meeting ID: 881 6476 8563

The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda are posted on the District's website (www.spmud.ca.gov) and the District's outdoor bulletin board at 5807 Springview Drive, Rocklin, CA. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made at (916) 786-8555.

The December 3, 2026, Meeting of the SPMUD Board of Directors will be held in the District Board Room at 5807 Springview Drive in Rocklin, CA 95677, with the option for the public to listen and view the meeting using Zoom Meeting 1 (669) 900-9128, or the Zoom Link (https://us02web.zoom.us/j/88164768563). Public comments can be made in person at the time of the meeting or emailed to board_secretary@spmud.ca.gov. Public comments will be read into the record if they are received before the meeting starts, pertain to a consent or board report item listed on the meeting agenda, and are 250 words or less. All other emailed public comments will be distributed to the Board and treated as a public record.

AGENDA

I. CALL MEETING TO ORDER

II. ROLL CALL OF DIRECTORS

Director Jerry Mitchell	Ward 1
Director Will Dickinson	Ward 2
Director Christy Jewell	Ward 3
Director Michael Faria	Ward 4
Director Jack Arney	Ward 5

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

V. CONSENT ITEMS *Pages 4 to 15*

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 Requested: (Voice Vote)

Motion to approve the consent items for the December 3, 2026, Regular Meeting.

1. MINUTES from the November 5, 2026, Regular Meeting. *Pages 4 to 8*

2. ACCOUNTS PAYABLE in the amount of $394,317.06 through November 23, 2026. *Pages 9 to 13*

3. GENERAL MANAGER'S EDU BILLING RECONCILIATION REPORT *Pages 14 to 15*

VI. BOARD BUSINESS ***Pages 16 to205***

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. ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2026 *Pages 16 to 126*

Representatives from Certified Public Accountants Eide Bailly, formerly MUN CPAs, will present the Audit findings and Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2026.

Action Requested**:** (Voice Vote)
Receive and file the Fiscal Year 2025/26 Audited Financial Statements

2. POPULAR ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2026 *Pages 127 to 145*

Staff will present the Popular Annual Financial Report for the District. This report extracts information from the annual comprehensive financial report and provides it in a report that is specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

Action Requested: (Voice Vote)
Receive and file the Fiscal Year 2025/26 Popular Annual Financial Report

3. RESOLUTION 26-37 REVISING BOARD POLICY 3005 EMERGENCY PREPAREDNESS, RESOLUTION 26-38 REVISING BOARD POLICY 3150 PURCHASING POLICY, RESOLUTION 26-39 REVISING BOARD POLICY 3170 CREDIT CARD TRANSACTION CHARGES, RESOLUTION 26-40 REVISING BOARD POLICY 4041 DELEGATION TO THE GENERAL MANAGER AND RESCINDING RESOLUTION 21-10, AND RESOLUTION 26-41 CREATING BOARD POLICY 3117 LEASE AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) CAPITALIZATION & ACCOUNTING CONTROLS *Pages 146 to 189*

Staff will present a new proposed board policy recommended by the District Auditors for lease and subscription-based information technology arrangements. Additionally, staff will present revisions to several existing board policies.

Action Requested**:** Roll Call Vote
Staff recommends that the Board of Directors adopt the following Resolutions:

1. **Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness with the language included in option A,**
   OR
   Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness with the language included in option B.
2. **Resolution 26-38 Revising Board Policy 3150 Purchasing Policy.**
3. **Resolution 26-39 Revising Board Policy 3170 Credit Card Transaction Charges.**
4. **Resolution 26-40 Revising Board Policy 4041 Delegation to the General Manager and Rescinding Resolution 21-10.**
5. **Resolution 26-41 Creating Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls.**

4. RESOLUTION 26-42 PROFESSIONAL SERVICES AGREEMENT WITH WATER WORKS ENGINEERS TO DEVELOP THE DISTRICT'S ASSET MANAGEMENT PLAN *Pages 190 to 205*

Staff will present a proposed professional services agreement with Water Works Engineers to develop an asset management for the District to the Board.

Action Requested**:** Roll Call Vote
Staff recommends that the Board of Directors adopt Resolution 26-42 Authorizing the General Manager to execute the Professional Services Agreement with Water Works Engineers to develop the District's Asset Management Plan (AMP) in an amount not to exceed $145,000.

VII. DEPARTMENT REPORTS *Pages 206 to 221*

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 the public. No decisions are to be made on these issues.

1. Legal Counsel (A. Brown)
2. General Manager (E. Nielsen)
   a. Administrative, Field, and Technical Services Department Reports
   b. Informational Items

VIII. DIRECTOR'S COMMENTS

Directors may make brief announcements or brief reports on their 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.

IX. ADJOURNMENT

If there is no other Board business, the President will adjourn the meeting to the next regular meeting to be held on **January 7, 2027,** at **4:30 p.m.**

Item 5.1

REGULAR BOARD MINUTES
SOUTH PLACER MUNICIPAL UTILITY DISTRICT

MEETING DATE & TIME: **November 5, 2026 at 4:30 PM**

MEETING LOCATION: **SPMUD Boardroom**

I. CALL MEETING TO ORDER

A Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Dickinson presiding at 4:30 p.m.

II. ROLL CALL OF DIRECTORS

Present:	Director Jerry Mitchell, Director Christy Jewell, Director Will Dickinson, Director Michael Faria, and Director Jack Arney
Absent:	None
Vacant:	None
Staff:	Adam Brown, Legal Counsel Eric Nielsen, General Manager Emilie Costan, Administrative Services Manager Chad Stites, Superintendent Carie Huff, District Engineer

Vice President Mitchell motioned to allow Director Arney to participate in the board meeting remotely in accordance with the "Just Cause" Teleconference Participation Requirements; a second was made by Director Faria; a roll call vote was taken, and the motion carried 5-0.

Director Arney confirmed that there was no person over the age of eighteen years or older in the room with him.

III. PLEDGE OF ALLEGIANCE

Director Faria led the Pledge of Allegiance.

IV. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

V. CONSENT ITEMS

1. MINUTES from the September 30, 2026, Regular Meeting.

2. ACCOUNTS PAYABLE in the amount of $853,155.01 through October 26, 2026.

3. QUARTERLY INVESTMENT REPORT in the total amount of $90,405,743 through September 30, 2026.

4. ANNUAL INVESTMENT REPORT for the fiscal year ended June 30, 2026.

No public comments were received on the Consent Items.

Director Jewell motioned to approve the Consent Items, a second was made by Director Faria; a roll call vote was taken, and the motion carried 5-0.

VI. BOARD BUSINESS

1. RESOLUTION 26-36 NOTICE OF AWARD OF THE CONTRACT FOR THE DEL RIO AND DELMAR SEWER EXTENSION PROJECT TO MOZINGO CONSTRUCTION, INC.

DE Huff presented background information on the Del Rio and Delmar Sewer Extension Project and on the invitation to bid issued by the District. The District received 12 bids for the project, with the low bid being submitted by Mozingo Construction. DE Huff shared that the bid was found to comply with the bid documents for the project, and staff is recommending that the Board approve Resolution 26-36 awarding the contract to Mozingo Construction.

Vice President Mitchell asked if the District had ever contracted with Mozingo Construction before. DE Huff shared that Mozingo is the contractor on the cooperative project with the District and PCWA in Newcastle, and has done several land development projects in Rocklin, as well as underground work on the roundabout at Pacific Street and Rocklin Road.

Director Faria clarified the area and scope of work. DE Huff went over the lots that would connect, including commercial properties that are waiting to connect.

Director Jewell asked if the current budgeted amount would cover the cost of the project, and DE Huff confirmed it would, and that the project was competitively bid.

President Dickinson asked if the project would hit hard rock. DE Huff said initial pothole findings did not encounter any hard rock, and that Mozingo would be coming up with a plan to do additional review. The contract prescribes compensation should heavy machinery be needed.

No public comments were received.

Director Jewell motioned to approve Resolution 26-36, (1) Finding that the Del Rio and Delmar Sewer Extension Project is categorically exempt from further environmental review pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15303 (Class 3, New Construction or Conversion of Small Structures), and (2) Authorizing the General Manager to execute the Construction Agreement with Mozingo Construction Inc. to construct the Del Rio and Delmar Sewer Extension Project in the amount of $2,069,777, and (3) Execute change orders up to a cumulative amount not to exceed 10% of the awarded construction contract amount ($206,977.70), a second was made by Director Faria; a roll call vote was taken, and the motion carried 5-0.

2. RESOLUTION 26-37 ACCEPTING THE 2026 SYSTEM EVALUATION AND CAPACITY ASSURANCE PLAN (SECAP)

DE Huff and Associate Engineer Brett Husa presented the 2026 SECAP. DE Huff provided background on the SECAP, the requirements, and the process. She shared that in response to direction from the Board, staff worked with consultants and the District's partners to examine previously held assumptions and to carefully examine planned and future development. AE Husa went over the new methodology and process for creating the SECAP in more detail. He shared that three projects the District has previously identified in prior SECAP documents were grandfathered into the new SECAP. The updated SECAP identified several near-term and long-term capacity projects.

President Dickinson asked if the breakdown in project costs between renewal and capacity took into account the age of the pipe being replaced. Staff shared that the reported numbers are based on the ratio of the cross-sectional area of the existing pipe and the new pipe to be installed, and the age of the pipe was not a metric that was used. GM Nielsen said that age could be a useful measure given that a pipe being replaced might not have been fully depreciated.

Vice President Mitchell asked if the District received adequate information on new development from partners; staff confirmed. He shared appreciation for the level of technical data the SECAP included and asked if the information would be shared and used by the City of Roseville for treatment planning. DE Huff shared that some EDU projection information has already been shared with the City of Roseville, but as the plan is refined, the District would share findings.

Director Jewell asked if changes are made to the SECAP after it is adopted. DE Huff shared that changes could potentially be made if there was an error that caused significant issues; however, changes are not usually made.

The Board discussed the impact of pipe age and useful life on cost breakdowns for projects. GM Nielsen shared that the majority of the identified projects are going to involve new pipes and won't be replacement projects, so he anticipates the impact would be minimal.

President Dickinson questioned the large variation in the gallons per day graphic in the report. Staff shared the impact and calibration of flow meters, the limitations of the equipment, and the impact of the statistical spread of data in a large data collection set. Future development EDUs are assigned a flow rate in line with the City of Roseville's treatment assignment of 190 gallons per day, which is an averaged number.

President Dickinson expressed concern about the 2035 model showing potential spills if future projects aren't completed and asked if the District had enough staff available to complete the needed projects. GM Nielsen commented that resources would be an ongoing conversation moving forward. He recognized that there is a lot of work to be done, but currently the District has the appropriate staffing levels. President Dickinson brought up future bonds, and the District being prepared to purchase bonds for future renewal projects.

Director Arney expressed his agreement with the comments that had been discussed.

Vice President Mitchell spoke about the Rogersdale neighborhood and providing service to the area. GM Nielsen spoke about the most recent LAFCO Municipal Services Review. The service of the Rogersdale area will continue to be an ongoing conversation given that the area is surrounded by other sewer facilities.

Public comment was received from Bill Halldin. Mr. Halldin commented on development in Rocklin and in the District at large, and on ensuring resources and funding are appropriate for the projects identified.

This item was continued to the January 7, 2027 Board Meeting to allow more time to examine how the age of the pipe at the time of replacement may impact funding.

3. SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT – DIRECTOR WILL DICKINSON

President Dickinson provided a summary of the items presented at the recent South Placer Wastewater Authority (SPWA) Board Meeting. The items included two approvals for large budget increases on capital expansion projects and approval of the Equivalent Dwelling Unit (EDU) Study.

VII. DEPARTMENT REPORTS

Legal Counsel (A. Brown):

GC Brown shared that his report would be covered in Closed Session.

General Manager (E. Nielsen):

GM Nielsen introduced the General Manager and Department Reports.

Vice President Mitchell commented on the FOG Program. He also mentioned that the full SECAP report does not need to be included in the packet when the items come back to the Board.

President Dickinson asked about the paving issues from the Old State Highway Sewer Replacement Project, and DE Huff shared an update.

VIII. DIRECTOR'S COMMENTS

Vice President Mitchell shared how much he liked the data-driven SECAP and the new customer letter.

Director Faria commented on the number of days the District has gone without a lost time incident.

President Dickinson congratulated the Administration Service Department on receiving the GFOA Distinguished Budget Presentation Award. He also asked about staffing to complete the near-term projects identified in the SECAP.

Director Jewell asked for a Local Area Formation Commission update.

IX. PUBLIC COMMENTS ON CLOSED SESSION

No public comments were received.

X. CLOSED SESSION

The Board met in Closed Session at 5:41 p.m. and adjourned Closed Session at 6:20 p.m.

XI. CLOSED SESSION READOUT

The Board met in Closed Session to discuss the General Manager's evaluation. No action was taken. The Board discussed holding a special meeting in December to conduct the General Manager's performance evaluation.

XII. ADJOURNMENT

The President adjourned the meeting at 6:22 p.m. to the next regular meeting to be held on December 3, 2026, at 4:30 p.m.

Emilie Costan

Emilie Costan, Board Secretary

South Placer M.U.D.

Check Report

By Check Number

Date Range: 10/27/2026 - 11/23/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP Bank-AP Bank						
1240	Placer County Personnel	10/27/2026	Regular	0.00	3,536.15	19563
1047	CalChamber	10/29/2026	Regular	0.00	899.00	19564
1853	Cartwright Nor Cal Inc.	10/29/2026	Regular	0.00	448.75	19565
1652	Cintas Corporation	10/29/2026	Regular	0.00	604.06	19566
1887	Liebert Cassidy Whitmore	10/29/2026	Regular	0.00	5,933.00	19567
1919	Livingston's Concrete Service, Inc.	10/29/2026	Regular	0.00	878.70	19568
1815	Pace Supply Corp	10/29/2026	Regular	0.00	557.90	19569
1221	PG&E	10/29/2026	Regular	0.00	2,126.25	19570
1584	Smith & Loveless, Inc.	10/29/2026	Regular	0.00	16,180.73	19571
1718	U-Rock Utility Equipment LLC	10/29/2026	Regular	0.00	2,333.80	19572
1850	WYJO Services Corp	10/29/2026	Regular	0.00	2,700.16	19573
1327	US Bank Corporate Payment	11/02/2026	Regular	0.00	12,328.95	19574
	Void	11/02/2026	Regular	0.00	0.00	19575
	Void	11/02/2026	Regular	0.00	0.00	19576
	Void	11/02/2026	Regular	0.00	0.00	19577
	Void	11/02/2026	Regular	0.00	0.00	19578
1911	Stationary Engineers, Local 39	11/05/2026	Regular	0.00	538.92	19579
1652	Cintas Corporation	11/05/2026	Regular	0.00	622.43	19580
1685	Civic Plus LLC	11/05/2026	Regular	0.00	1,080.40	19581
1509	Crystal Communications	11/05/2026	Regular	0.00	311.64	19582
1086	Dataprose	11/05/2026	Regular	0.00	7,750.90	19583
1087	Dawson Oil Co.	11/05/2026	Regular	0.00	7,074.84	19584
1918	IMC	11/05/2026	Regular	0.00	1,375.00	19585
1564	Jensen Landscape Services, LLC	11/05/2026	Regular	0.00	1,121.00	19586
1764	Network Design Associates, Inc.	11/05/2026	Regular	0.00	2,477.92	19587
1815	Pace Supply Corp	11/05/2026	Regular	0.00	360.36	19588
1797	Pacific Storage Company	11/05/2026	Regular	0.00	85.00	19589
1218	PCWA	11/05/2026	Regular	0.00	152.80	19590
1221	PG&E	11/05/2026	Regular	0.00	8,258.23	19591
1253	Recology Auburn Placer	11/05/2026	Regular	0.00	412.48	19592
1878	Universal Building Services & Supply Co.	11/05/2026	Regular	0.00	1,335.00	19593
1850	WYJO Services Corp	11/05/2026	Regular	0.00	151.20	19594
248	AT&T	11/12/2026	Regular	0.00	8.91	19595
1022	AT&T CalNet	11/12/2026	Regular	0.00	487.02	19596
1652	Cintas Corporation	11/12/2026	Regular	0.00	591.56	19597
1068	City of Roseville	11/12/2026	Regular	0.00	38,959.29	19598
1666	Great America Financial Services	11/12/2026	Regular	0.00	567.27	19599
1475	Mapes Johnson LLP	11/12/2026	Regular	0.00	912.00	19600
1218	PCWA	11/12/2026	Regular	0.00	934.95	19601
1333	SPOK, Inc.	11/12/2026	Regular	0.00	34.14	19602
1718	U-Rock Utility Equipment LLC	11/12/2026	Regular	0.00	7,225.34	19603
1338	Verizon Wireless	11/12/2026	Regular	0.00	1,203.29	19604
1911	Stationary Engineers, Local 39	11/18/2026	Regular	0.00	539.82	19605
1787	Helen Gibson	10/30/2026	Bank Draft	0.00	1,128.06	DFT0011303
1909	Theresa Allen	10/30/2026	Bank Draft	0.00	503.50	DFT0011304
1802	Joyce Parker	10/30/2026	Bank Draft	0.00	503.50	DFT0011305
1015	American Fidelity Assurance	11/01/2026	Bank Draft	0.00	638.36	DFT0011306
1015	American Fidelity Assurance	11/01/2026	Bank Draft	0.00	50.00	DFT0011307
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	8,199.28	DFT0011308
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	41,611.45	DFT0011309
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	14,626.98	DFT0011310
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	51.55	DFT0011311
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	4,050.00	DFT0011312
1230	Pers (EFT)	11/01/2026	Bank Draft	0.00	31.59	DFT0011313

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1586	Principal Life Insurance Company	11/01/2026	Bank Draft	0.00	141.29	DFT0011314
1045	Cal Pers 457 Plan (EFT)	11/06/2026	Bank Draft	0.00	4,267.00	DFT0011334
1045	Cal Pers 457 Plan (EFT)	11/06/2026	Bank Draft	0.00	668.00	DFT0011335
1045	Cal Pers 457 Plan (EFT)	11/06/2026	Bank Draft	0.00	712.30	DFT0011336
1135	Empower (EFT)	11/06/2026	Bank Draft	0.00	275.00	DFT0011339
1135	Empower (EFT)	11/06/2026	Bank Draft	0.00	3,880.00	DFT0011340
1135	Empower (EFT)	11/06/2026	Bank Draft	0.00	1,266.32	DFT0011341
1042	CA State Disbursement (EF	11/06/2026	Bank Draft	0.00	585.68	DFT0011342
1015	American Fidelity Assurance	11/06/2026	Bank Draft	0.00	620.38	DFT0011343
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	49.13	DFT0011344
1913	Mission Square	11/06/2026	Bank Draft	0.00	2,000.00	DFT0011345
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	1,247.02	DFT0011346
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	2,504.97	DFT0011347
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	1,999.19	DFT0011348
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	3,404.32	DFT0011349
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	5,326.62	DFT0011350
1229	Pers (EFT)	11/06/2026	Bank Draft	0.00	5,450.31	DFT0011351
1149	Internal Revenue Service	11/06/2026	Bank Draft	0.00	14,500.78	DFT0011352
1098	EDD (EFT)	11/06/2026	Bank Draft	0.00	4,870.87	DFT0011353
1098	EDD (EFT)	11/06/2026	Bank Draft	0.00	1,617.38	DFT0011354
1149	Internal Revenue Service	11/06/2026	Bank Draft	0.00	3,644.16	DFT0011355
1149	Internal Revenue Service	11/06/2026	Bank Draft	0.00	11,171.23	DFT0011356
1045	Cal Pers 457 Plan (EFT)	11/20/2026	Bank Draft	0.00	4,267.00	DFT0011362
1045	Cal Pers 457 Plan (EFT)	11/20/2026	Bank Draft	0.00	668.00	DFT0011363
1045	Cal Pers 457 Plan (EFT)	11/20/2026	Bank Draft	0.00	712.30	DFT0011364
1135	Empower (EFT)	11/20/2026	Bank Draft	0.00	275.00	DFT0011367
1135	Empower (EFT)	11/20/2026	Bank Draft	0.00	3,880.00	DFT0011368
1135	Empower (EFT)	11/20/2026	Bank Draft	0.00	1,435.90	DFT0011369
1042	CA State Disbursement (EF	11/20/2026	Bank Draft	0.00	585.68	DFT0011370
1015	American Fidelity Assurance	11/20/2026	Bank Draft	0.00	620.38	DFT0011371
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	49.13	DFT0011372
1913	Mission Square	11/20/2026	Bank Draft	0.00	2,000.00	DFT0011373
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	1,247.02	DFT0011374
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	2,504.97	DFT0011375
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	1,999.18	DFT0011376
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	3,404.32	DFT0011377
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	5,353.59	DFT0011378
1229	Pers (EFT)	11/20/2026	Bank Draft	0.00	5,477.91	DFT0011379
1149	Internal Revenue Service	11/20/2026	Bank Draft	0.00	14,321.84	DFT0011380
1098	EDD (EFT)	11/20/2026	Bank Draft	0.00	4,814.52	DFT0011381
1098	EDD (EFT)	11/20/2026	Bank Draft	0.00	1,624.98	DFT0011382
1149	Internal Revenue Service	11/20/2026	Bank Draft	0.00	3,765.17	DFT0011383
1149	Internal Revenue Service	11/20/2026	Bank Draft	0.00	11,055.77	DFT0011384
1015	American Fidelity Assurance	11/18/2026	Bank Draft	0.00	33,238.77	DFT0011385
1135	Empower (EFT)	11/18/2026	Bank Draft	0.00	1,500.00	DFT0011386

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	62	39	0.00	133,099.16
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	56	56	0.00	246,397.65
EFT's	0	0	0.00	0.00
	118	**99**	**0.00**	**379,496.81**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: PY Bank-PY Bank						
1645	Aspire Retirement Solutions	11/06/2026	Bank Draft	0.00	1,433.60	DFT0011337
1645	Aspire Retirement Solutions	11/06/2026	Bank Draft	0.00	1,000.00	DFT0011338
1645	Aspire Retirement Solutions	11/20/2026	Bank Draft	0.00	1,433.60	DFT0011365
1645	Aspire Retirement Solutions	11/20/2026	Bank Draft	0.00	1,000.00	DFT0011366

Bank Code PY Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	4	4	0.00	4,867.20
EFT's	0	0	0.00	0.00
	4	**4**	**0.00**	**4,867.20**

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	62	39	0.00	133,099.16
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	60	60	0.00	251,264.85
EFT's	0	0	0.00	0.00
	122	**103**	**0.00**	**384,364.01**

Fund Summary

Fund	Name	Period	Amount
100	OPERATING FUND	10/2026	38,333.56
100	OPERATING FUND	11/2026	346,030.45
			384,364.01

Account Number	Name	Date	Type	Amount	Reference
102-0006141-02	McCoy, Michael and Crystal	11/20/2026	Refund	$ 2,435.35	Check #: 19606
102-0006735-02	Merlano, George	11/20/2026	Refund	$ 123.53	Check #: 19607
102-0008106-05	Cohen, Richard	11/20/2026	Refund	$ 9.71	Check #: 19608
102-0008347-01	Venne, Reinhard Auf Dem	11/20/2026	Refund	$ 378.99	Check #: 19609
102-0008632-02	Pollard, Randal and Joan	11/20/2026	Refund	$ 256.19	Check #: 19610
102-0009886-01	Sloan, C H	11/20/2026	Refund	$ 13.87	Check #: 19611
102-0010303-03	Cardanini, Marco	11/20/2026	Refund	$ 14.20	Check #: 19612
102-0011483-01	Godines, David	11/20/2026	Refund	$ 125.84	Check #: 19613
102-0011521-01	Taylor, Alan	11/20/2026	Refund	$ 124.16	Check #: 19614
102-0011879-02	Laidlaw, Michael Jr	11/20/2026	Refund	$ 1,165.72	Check #: 19615
103-0003594-01	Hutchinson, Elizabeth	11/20/2026	Refund	$ 81.00	Check #: 19616
106-0012713-02	Petersen, David	11/20/2026	Refund	$ 9.21	Check #: 19617
106-0012829-01	Schooss, Elizabeth	11/20/2026	Refund	$ 1,006.42	Check #: 19618
106-0013041-02	Gillis, Edward and Christine	11/20/2026	Refund	$ 123.53	Check #: 19619
106-0013244-02	Fox, Jamie	11/20/2026	Refund	$ 232.36	Check #: 19620
106-0014096-02	Kavanaugh, Terry	11/20/2026	Refund	$ 124.25	Check #: 19621
106-0015594-01	Trustee, Robert Wagner	11/20/2026	Refund	$ 119.90	Check #: 19622
106-0015873-01	Humphries, Eric	11/20/2026	Refund	$ 125.63	Check #: 19623
106-0016515-01	Menold, Ben	11/20/2026	Refund	$ 186.38	Check #: 19624
106-0016679-04	Coleman, Chad	11/20/2026	Refund	$ 381.53	Check #: 19625
106-0017136-01	Cooper, Kevin	11/20/2026	Refund	$ 419.49	Check #: 19626
106-0017315-02	Sewell, Elizabeth	11/20/2026	Refund	$ 124.03	Check #: 19627
106-1025463-01	Singh, Tejinder	11/20/2026	Refund	$ 86.39	Check #: 19628
106-1025549-03	Salazar, Charlie	11/20/2026	Refund	$ 6.09	Check #: 19629
106-1025755-01	Rossi, Debra	11/20/2026	Refund	$ 38.43	Check #: 19630
112-1022494-01	Rana, Jasvir	11/20/2026	Refund	$ 123.53	Check #: 19631
112-1023324-03	Sagara, Steven	11/20/2026	Refund	$ 119.15	Check #: 19632
112-1026689-02	Oboyski, Dominique and Jeffrey	11/20/2026	Refund	$ 121.73	Check #: 19633
112-1028278-03	Miller, Dustin and Jessica	11/20/2026	Refund	$ 124.29	Check #: 19634
112-1028297-01	Bains, Pritpal Kaur	11/20/2026	Refund	$ 123.53	Check #: 19635
112-1029278-01	Buehler, James and Lea	11/20/2026	Refund	$ 106.44	Check #: 19636
112-1029542-01	Menzel, Kimberly and Michael	11/20/2026	Refund	$ 163.66	Check #: 19637
112-1030162-01	Jarvis, Angela and Shawn	11/20/2026	Refund	$ 123.53	Check #: 19638
112-1030287-01	Milliken, Adam	11/20/2026	Refund	$ 253.42	Check #: 19639
112-1030668-00	Tim Lewis Communities	11/20/2026	Refund	$ 127.59	Check #: 19640
112-1030707-00	Anthem United Homes Construction LP	11/20/2026	Refund	$ 21.60	Check #: 19641
113-1026535-00	LP, Taylor Village 2018	11/20/2026	Refund	$ 127.13	Check #: 19642
202-0004935-02	James and Carmen Steil	11/20/2026	Refund	$ 639.11	Check #: 19643
212-1021792-01	Abram, Ronald	11/20/2026	Refund	$ 66.14	Check #: 19644
		TOTAL REFUNDS		$ 9,953.05	

Item 5.3

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: **Board of Directors**

From: Eric Nielsen, General Manager

Cc: Emilie Costan, Administrative Services Manager
Carie Huff, District Engineer

Subject: EDU Billing Reconciliation Report

Meeting Date: December 3, 2026

Overview

The South Placer Municipal Utility District (District) adopted a Policy Handbook per Resolution 15-23. Included in this Policy Handbook is District Board Policy 3161 – Commercial/Industrial Capacity Charge Reconciliation Policy. That policy authorizes the General Manager to apply EDU credits in lieu of payment of capacity charges for commercial or industrial accounts within prescribed parameters to reconcile discrepancies between the amount of capacity charges paid and the amount of capacity charges due. The policy requires the General Manager to inform the Board quarterly of any reconciliation of capacity charges granted under the General Manager's discretion. The following table summarizes the application of EDU credits over the previous quarter.

Project	Address	APN	Prev. EDU	New EDU	Delta	Explanation for Reconciliation
Placer Community Foundation	461 Main Street, Newcastle	040-175-002	1.22	1.35	0.13	There is a minor square footage discrepancy between the District's records and the current Declaration of Density form. The discrepancy can be attributed to the lack of historical documentation/review practices rather than non-disclosure by the property owner. No expansion or intensification is proposed under the current TI.
Angry Chickz	6741 Stanford Ranch Road, Rocklin	016-351-002	6.07	6.82	0.75	The existing outdoor seating was omitted from the original Carls Jr.'s application. The omission can be attributed to historical documentation/review practices rather than non-disclosure by the current property owner. No expansion or intensification is proposed under the current TI.

Recommendation

Staff recommends that the Board of Directors receive and file this report.

Strategic Plan Priorities
This action is consistent with the District's Strategic Plan Priorities:
Provide exceptional value for the cost of sewer service

Related District Ordinances and Policies
This action complies with the following District Policies:
Policy No. 3161 – Commercial/Industrial Capacity Charge Reconciliation Policy

Fiscal Impact
The granted value of applied EDU credits represents lost revenue to Fund 300, the Capital Expansion Fund, in the amount of $4,416.72; however, in both cases, the tenant improvements did not expand or intensify the use of the existing spaces.

The implementation of Policy 3161 does not impact the District's revenue from monthly service charges accumulated in Fund 100, the Operating Fund.

Attachments
None

Item 6.1

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: **Board of Directors**

From: Emilie Costan, Administrative Services Manager

Cc: Eric Nielsen, General Manager

Subject: Fiscal Year 2025/26 District Financial Audit Report

Meeting Date: December 3, 2026

Overview
An independent audit of the District's Financial Statements for the fiscal year ended June 30, 2026, was completed by the certified public accounting firm Eide Bailly, formerly MUN CPAs, LLP.

The Annual Comprehensive Financial Statements provide information about the finances of the District. The Management's Discussion and Analysis (MD&A) precedes the financial section of the report and serves as an executive summary of 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 the fiscal year ended on June 30, 2026, are free from material misstatement.

The report concludes that the District's financial statements are fairly presented in all material respects. The Auditor's report states that there are no material weaknesses and no compliance exceptions; however, there were two significant deficiencies in internal controls that are required to be reported under Government Auditing Standards.

The first significant deficiency is regarding reconciling all accounts, even if the balances are below the District's materiality threshold. In response to the finding, District management reviewed the liability accounts in detail to ensure that all activity has been properly posted in accordance with the GASB requirements. Staff have been instructed to correct accounts payable entries that were improperly applied to liability accounts to limit the need for additional entries in the future. Reconciliation of accounts will be performed regularly.

The second significant deficiency is regarding the preparation of the financial statements by the District Auditor. This is a new finding that will be included in all future audits unless the District uses internal staff to prepare the financial statements and related disclosures. District management acknowledges the risk but does not recommend any changes at this time.

Recommendation
Staff recommends that the Board of Directors receive and file the Fiscal Year 2025/26 Audited Financial Statements.

Strategic Plan Priorities
This action is consistent with the District's Strategic Plan Priorities:

Prepare for the future and foreseeable emergencies
Leverage existing and applicable technologies to improve efficiencies
Provide exceptional value for the cost of sewer service

Related District Ordinances and Policies
This action complies with the following District Policies:

Policy No. 4048 – District General Counsel & Auditor
Policy No. 3115 – Fixed Asset Capitalization & Accounting Control

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

Attachments

1. Independent Auditor's Report on Internal Control
2. Annual Comprehensive Financial Statements for the Fiscal Year Ended June 30, 2026
3. Auditor's Conclusion Letter

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
***GOVERNMENT AUDITING STANDARDS* REPORT**
FOR THE YEAR ENDED
JUNE 30, 2026

EIDE BAILLY LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CALIFORNIA 95833

INDEPENDENT AUDITOR'S 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
South Placer Municipal Utility District
Rocklin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and each major fund of the South Placer Municipal Utility District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2026-001 and 2026-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Sacramento, California
November 23, 2026

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2026

Finding 2026-001: Accrued Liabilities and Compensated Absences

Significant Deficiency in Internal Control

Criteria

Certain deficiencies in the internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

GASB 101, *Compensated Absence*s, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Condition

As part of the testing of accrued payroll related liabilities and compensated absences, we noted the following:

- Two accounts had residual balances that were no longer supported by current activity and were written off.
- The District re-evaluated their approach to the recording of compensated absences, particularly sick leave, which resulted in an increase in the liability.

Cause

Due to the immaterial nature of the payroll related liability accounts, the District had not spent a significant time researching or reconciling the balances.

Fiscal year 2025 was the first year of GASB 101 implementation; with increased knowledge and better understanding of the standard, the District revised the calculation.

Effect

Two payroll related liability accounts were decreased by approximately $55,000. The compensated absences liability was increased by approximately $119,000, resulting in a net increase of $64,000.

Recommendation

We recommend the District enhance their reconciliation process for all accounts, ensuring those with balances below the District's materiality threshold are still periodically reviewed.

Views of Responsible Officials

District management has reviewed the payroll and compensated absences liability accounts in detail to ensure that all activity has been properly posted in accordance with the GASB requirements. Staff have been instructed to correct accounts payable entries that were improperly applied to liability accounts to limit the need for additional entries in the future. The District intends to continue recording compensated absences using the methodology applied in the Audited Financial Statements for the year ended June 30, 2026. Reconciliation of accounts will be performed regularly.

Finding 2026-002: Financial Statement Close and Preparation

Significant Deficiency in Internal Control

Criteria

Certain deficiencies in the internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. In accordance with, AU-265, Communicating Internal Control Matters Identified in an Audit, management is responsible for establishing and maintaining internal control over financial reporting sufficient to provide reasonable assurance that financial statements and related disclosures are prepared in accordance with generally accepted accounting principles (GAAP).

Condition

The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of the audit, management requested the auditors draft the financial statements and accompanying note disclosures.

Cause

Due to the District's size, staffing and cost-benefit considerations, management has determined it is more practical for the auditors to assist with the preparation of the financial statements and disclosures rather than establish internal resources with the necessary technical expertise.

Effect

Although this circumstance is not unusual for a District of your size, because the financial statements and disclosures are prepared as part of the audit process, financial information may not be available to management on a timely basis for decision-making and financial reporting purposes.

Recommendation

Management should evaluate the costs and benefits of developing internal capabilities to prepare and review the financial statements and related disclosures. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Views of Responsible Officials

The District has limited staff resources. The District's small Administrative Services Department is responsible for all administrative functions, including Utility Billing & Account Maintenance, Permit Issuance & Fee Collection, Human Resources & Payroll, Finance & Accounting, and Board Administration & Secretarial Duties. District management has evaluated the staffing resources available to prepare the financial statements and related financial statement disclosures. Management acknowledges the risk associated with having a third-party prepare the financial statements and accompanying note disclosures and has determined the associated risk to be acceptable. Management will continue to monitor available resources and whether third-party preparation is in the District's best interest.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2026

5807 Springview Drive, Rocklin, California 95677
www.spmud.ca.gov

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2026

At SPMUD, **OUR VISION** is to be a reliable, innovative, sustainable, efficient, and cost-effective customer service provider.

PROTECT public health and the water environment.

PROVIDE efficient and effective sanitary sewer.

PREPARE for the future.

Prepared by the Administrative Services Department

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026

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SOUTH PLACER MUNICIPAL UTILITY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026

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INTRODUCTORY SECTION

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
5807 Springview Drive, Rocklin, California 95677
Phone: (916) 786-8555

TRANSMITTAL LETTER

November 23, 2026

To the Honorable Board President, Members of the South Placer Municipal Utility District Board of Directors, and Valued Constituents of the South Placer Municipal Utility District:

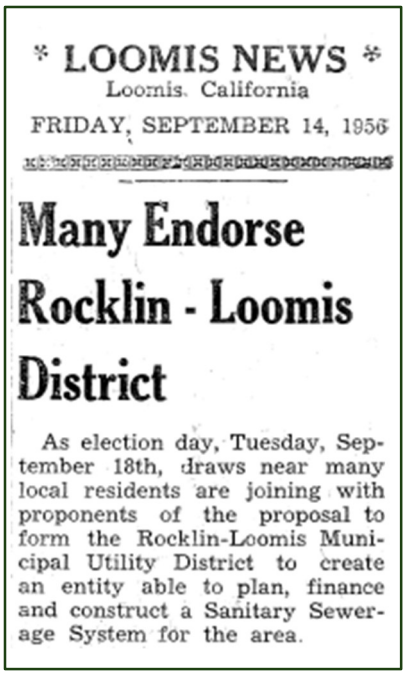
In accordance with the requirements of the Municipal Utility District Act of the State of California (California Public Utilities Code Section 11501, et.al.), the South Placer Municipal Utility District (the District or SPMUD) staff submits to you the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2026. The Annual Comprehensive Financial Report provides an assessment of the District's financial condition, informs readers about District services, provides details on infrastructure improvement and replacement projects, discusses current issues, and provides financial and demographic trend information. District Management is responsible for the preparation of this Annual Comprehensive Financial Report. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it.

DISTRICT OVERVIEW

The District, originally called the Rocklin-Loomis Municipal Utility District, was created as a customer-owned utility in 1956 to provide sanitary sewer service to Rocklin and Loomis. While the service area has expanded, this remains the District's core service. The District service area is divided into five wards and is governed by an elected five-member Board of Directors, who establish policy and oversee the General Manager. The General Manager is responsible for managing the day-to-day operations of the District.

The District originally maintained its own sewage treatment facilities but transitioned to using the City of Roseville Dry Creek Wastewater Treatment Plant in the 1970s. Since then, the District has served as a sewer collection provider for customers within its service area. In the 1980s, the name of the District was changed from the Rocklin-Loomis Municipal Utility District to the South Placer Municipal Utility District to reflect the District's expanding service area. In 2000, the District, the City of Roseville, and Placer County created the South Placer Wastewater Authority (SPWA)

under a Joint Powers Agreement (JPA) to finance the construction of a second wastewater treatment plant, the Pleasant Grove Wastewater Treatment Plant.



* LOOMIS NEWS *
Loomis, California
FRIDAY, SEPTEMBER 14, 1956

Many Endorse Rocklin - Loomis District

As election day, Tuesday, September 18th, draws near many local residents are joining with proponents of the proposal to form the Rocklin-Loomis Municipal Utility District to create an entity able to plan, finance and construct a Sanitary Sewerage System for the area.

In 2010, the Newcastle Sanitary District (NSD) was dissolved and annexed into the District. The District currently provides sewer collection services in southwestern Placer County, California, and serves residents and businesses in the City of Rocklin, the Town of Loomis, and the unincorporated communities of Penryn, Newcastle, and the Rogersdale area of Granite Bay. Sewage is collected by the District and conveyed to the two regional wastewater treatment plants, Dry Creek and Pleasant Grove, which are operated by the City of Roseville.

The South Placer Municipal Utility District service area covers thirty-one square miles. Rocklin makes up 88% of the service area, Loomis is 9%, and the remaining 3% is in unincorporated Placer County. The District provides service to 24,458 connections or an equivalent population of about 89,870 people. This equates to 38,704 Equivalent Dwelling Units (EDU) (80% residential and 20% commercial) with an average dry-weather sewer flow of about 4.5 million gallons per day. The District collects the sewage and transports it through 295 miles of District-owned and operated sewer mains (from 4" to 42" diameter). The District maintains an additional 124 miles of lower laterals within its easements or public rights-of-way. Other assets include the Headquarters, Maintenance, and Corporation Yard facilities, 7,466 manholes/flushing branches, 14 lift stations, 12 metering sites, and related buildings, facilities, and equipment. The District has 29 approved full-time positions that support operation and maintenance of the sewer collection system.



FRIDAY, OCTOBER 4, 1957

Court Declares M.U.D. IS VALID

According to word received here this week, a suit seeking to declare formation of the Rocklin Loomis Mucipipal Utilities Dist. unconstitutional has been defeated. as stated by Placer County District Attorney Al B. Broyer in Auburn.

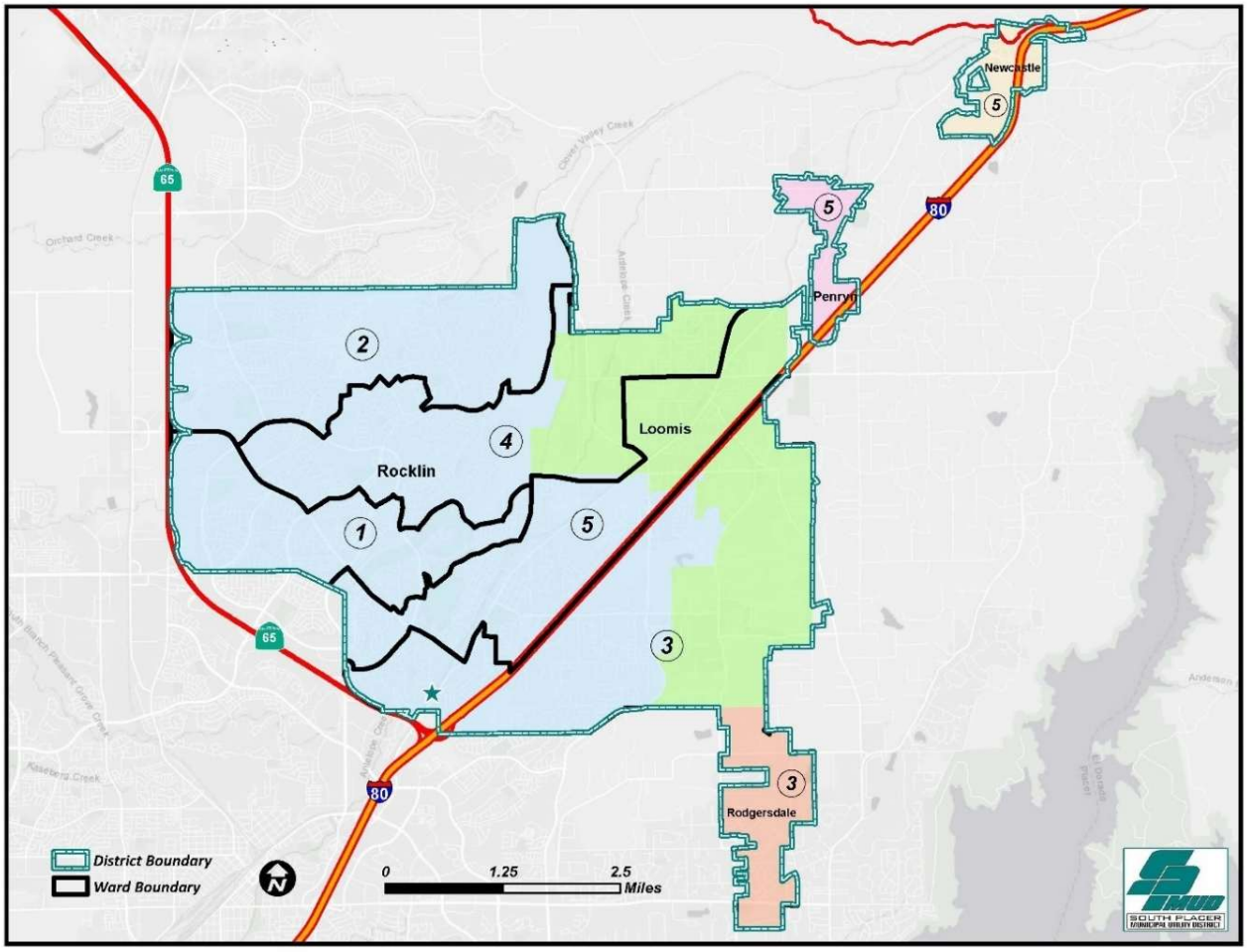
Establishment of the district had been attacked in a suit and now a decision handed down by the district court of appeals affirms an earlier ruling by Judge Warren Steele.

The district court ruling affirms formation of the Rocklin-Loomis district.

The District's monthly service charge is a fixed amount that is billed quarterly and in arrears. Bills are due two months after the billing date. Quarterly bills unpaid by the due date incur a late fee. On June 1, 2023, the District adopted a new five-year Cost of Service and Rate Study and a Capacity Charge Study. The monthly service charge for Fiscal Year 2025/26 was $40.50 per equivalent dwelling unit (EDU), which is a measurement of the typical wastewater usage for a single-family home, and the monthly late fee was $2.50 per EDU.

A Sewer Capacity Charge is collected when a home or business connects to the sewer system, or there is a change of use that increases the impact on the sewer system. The Local Capacity Charge, which provides for necessary expansions of the collection system, was $4,954 per EDU, and the Regional Capacity Charge, which provides for necessary expansions of the Wastewater Treatment Plants, was $9,858 per EDU.

Figure 1 South Placer Municipal Utility District Boundaries

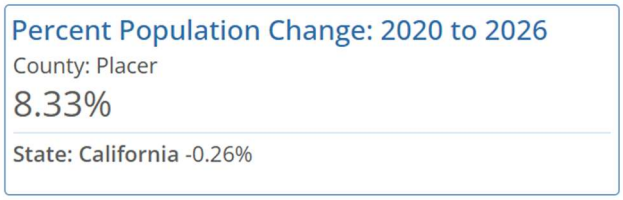


LOCAL ECONOMIC CONDITIONS

The District boundaries are located in southern Placer County. Placer County is in the northern portion of the Sacramento Valley and has an eastern border that touches the Nevada state line. Placer County has an annual population growth rate of 0.5%. It is one of the top ten fastest-growing counties in the State. Placer County has a population of 438,439 people and a labor force of 205,600. The District service area has a much higher population density than the County as a whole, with the 2020 United States Census reporting 3,391 people per square mile within the District's boundary and only 287 people per square mile in the County as a whole.

Population
County: Placer
438,439 Persons
State: California 39,435,158 Persons

Placer County has 164,077 households with an average household size of 2.64 persons, which is lower than the average household size in California of 2.86 persons. The average value of an



owner-occupied housing unit in Placer County is $784,904, which is also lower than the State average of $946,061. The median household income in Placer County is $115,998 compared to $99,122 in the State as a whole, and the unemployment rate is 4.4% compared with 5.1% in the State as a whole. These factors have led to continued population growth and a strong demand for housing in Placer County. The County has seen an increase of 7.17% in the number of housing units from 2020 to 2026, compared to an increase of 1.09% in housing units in the State for the same time period.



Placer County benefits heavily from visitor spending, which recently set records of $1.57 billion annually, generating significant local tax revenues and supporting roughly 16,000 jobs. However, inflation continues to be a major economic concern, primarily due to uncertainty over the impact of tariffs and rising fuel costs due to global conflicts. Based on the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): West Region Size Class A, inflation grew 8.2% in Fiscal Year 2021/22, 3.1%[1] in Fiscal Year 2022/23, 2.8% in Fiscal Year 2023/24, 2.6% in Fiscal Year 2024/25, and an additional 3.5% in Fiscal Year 2025/26. The Federal Reserve has continued to hold interest rates high to combat rising inflation, ending Fiscal Year 2025/26 with an average thirty-year fixed mortgage rate of 6.19%[2].



ENTERPRISE OPERATIONS

The District finances sewer operations through user charges, ad valorem property taxes, plan check and permit fees, and other miscellaneous income. Service charge revenues are derived from flat rates charged for sewer service, based on an Equivalent Dwelling Unit (EDU), and the cost of providing the sewer service is allocated to each customer proportionate to the strength and flow of the wastewater generated in EDUs. An EDU is intended to represent the wastewater generated by a single-family residential consumer. Based upon previous strength and flow monitoring studies, one EDU is equivalent to 190 gallons of wastewater daily with a wastewater strength of less than 200 mg/l B.O.D. and/or suspended solids. EDUs are calculated in accordance with Chapter 2 of the District Sewer Code and assigned to each customer account.

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands and expectations of its customers. Customers expect the District to protect the environment and provide cost-effective, reliable sewer operations, with minimal

[1] Bureau of Labor Statistics
[2] Yahoo Finance

sewage spills. Furthermore, District customers have become accustomed to excellent customer service and response time at a low cost. The District currently has the lowest monthly service charges for sewer service in the region.

The District offers a Low-income Lifeline Rate Assistance Program for income-eligible customers. This program offers a monthly discount of $5.00 to those owner-occupied residences that qualify for the PG&E CARE Program. Funding for this program is generated through the collection of late fees, charged to customers with delinquent utility accounts.

The District adopted a new Strategic Plan in September 2022. The 2023-2027 Strategic Plan will continue to confirm the District's Mission, Vision, and Core Values as a customer-driven utility dedicated to protecting public health by providing quality sanitary sewer collection service while protecting and preserving our water environment and resources for future generations. The new plan consists of two parts. The first part is comprised of five Strategic Priorities with 12 associated work plans and action steps. The second part is comprised of seventy Performance Measures established using the Effective Utility Management (EUM) framework created by WEF (Water Environment Federation), the AWWA (American Water Works Association), and other professional organizations in the water and wastewater industry. The Strategic Plan will continue to be used as the blueprint to guide the annual budget process, District programs, and ensure the District remains focused on its mission to Protect, Provide, and Prepare.

FISCAL YEAR 2023-2027 STRATEGIC PLAN PRIORITIES

PROVIDE EXCEPTIONAL VALUE FOR THE COST OF SEWER SERVICE

- Maintain Low Service Charges while Meeting Established Service Levels
- Use Investment Vehicles with the Best Return
- Become more Involved with the Determination of South Placer Wastewater Authority (SPWA) Treatment Costs

MAINTAIN AN EXCELLENT REGULATORY COMPLIANCE RECORD

- Reduce Sanitary Sewer Overflows
- Comply with Statewide Sanitary Sewer Systems General Order Reissuance

PREPARE FOR THE FUTURE & FORESEEABLE EMERGENCIES

- Pay Down Unfunded Actuarial Liability (UAL)
- Prepare Written Contingency Plans for Emergencies

LEVERAGE EXISTING & APPLICABLE TECHNOLOGIES TO IMPROVE EFFICIENCIES

- Tactical Asset Management Plan (TAMP)
- Update Supervisory Control & Data Acquisition (SCADA)
- Reduce Reliance on Energy

MAKE THE DISTRICT A GREAT PLACE TO WORK

- Employee Recognition
- Team Building Events

Careful stewardship of financial resources, along with a focus on long-term financial planning, provides the District with a firm financial base. The District has shown financial strength in capably responding to the operational requirements of the sewer system while responsibly investing in infrastructure replacement. The Board of Directors has adopted incremental rate increases, supported by a prudent and fiscally responsible cost of service study to perform core services, plan for short- and long-term needs, and meet the expectations of the District's customers.

PUBLIC OUTREACH

The District conducts regular Board Meetings that are open to the public. Meetings are normally held on the first Thursday of the month. Dates and meeting instructions can be found on the District website. Starting in July 2025, video recordings of Board Meetings are posted to the District's YouTube channel and linked from the District website. The District's website continues to be updated to be more informative and easier to use and continues to provide information about District activities. The website can be found at www.spmud.ca.gov. The District utilizes an "engage" platform on its website that allows members of the public to sign up to be notified when agenda packets, newsletters, and job openings are posted online.

District staff provide presentations to civic groups, service organizations, and local schools. The District also engages the public through welcome letters, newsletters, participation in community events, door hangers, and written notices. The District publishes two newsletters per year that are transmitted as bill inserts, typically in the Fall and Spring, and emailed to customers on electronic billing. The primary focus of these newsletters is to inform customers of District activities and achievements and to share with customers ways that they can help prevent sanitary sewer overflows.

MAJOR ACTIVITIES IN THE DISTRICT

The District's customers have high expectations of the Board of Directors, and they expect sewage to be collected and conveyed continuously, treated efficiently, and disposed of effectively. To that end, the Board of Directors adopts a five-year Strategic Plan that outlines the strategic priorities that align the District with its Mission, Vision, and Values. In alignment with these priorities, the District continued its ongoing commitment to the Supervisory Control and Data Acquisition (SCADA) Replacement Project, which is a Work Plan Item identified in the *Leverage Existing Technologies to Improve Efficiencies* Strategic Plan Priority. The project was started in 2022 and is estimated to be completed by the end of 2026. The District also completed design work for the Headquarters Design and Space Planning Project, which is aligned with the *Make SPMUD a Great Place to Work* Strategic Plan Priority. As the District has grown, with new

technologies adopted and staff roles having evolved, the District is working to improve the use of the existing spaces in the headquarters building. The District also substantially completed work on a large cooperative capital replacement project with the Placer County Water Agency in Newcastle off Buena Vista Avenue. This project is aligned with the *Prepare for the Future and Foreseeable Emergencies* and *Provide Exceptional Value for the Cost of Sewer Service* Strategic Plan Priorities. Completing this project in coordination with the Placer County Water Agency reduces construction impacts for the community, improves competitive bidding outcomes, and provides cost savings from shared expenses such as traffic control and paving. Other major activities completed in Fiscal Year 2025/26 include installation of a new lift station gate, a repaving project with the City of Rocklin, and lateral camera replacements to support the CCTV Inspection Program. Additionally, the District continued its ongoing commitment to the Fats, Oils, and Grease (FOG) Control Program.

LiveSewerSmart
Cities of Auburn | Colfax | Lincoln | Roseville
Placer County | SPMUD

The District has developed a High-Risk Facilities Program that meets the requirements of Attachment D, Section 8 of the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2022-0103 (SSS WDRs), which requires sewer systems to develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency. This program includes regular visual and TV inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation. The District's Renewal Plan focuses on the rehabilitation, repair, and replacement of sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the Renewal Plan addresses the proper management and protection of sewer infrastructure assets.

Above-grade creek crossings represent a unique and special risk to the District. By default, above-grade creek crossings are potential High-Risk Facilities due to their immediate proximity to a waterway. Any failure of an above-grade creek crossing results in the potential for serious consequences to public health and the environment, and litigation and fines for the District. For these reasons, a separate and more detailed risk assessment was conducted on this subset of the District's assets.

The District has been engaged in a multi-year plan to address projects identified in the Wastewater Collection System Evaluation and Capacity Assurance Plan (SECAP). The purpose of the SECAP is to provide the District with guidance in its efforts to ensure adequate capacity for existing customers and information on how to prepare and plan for future development to ensure the collection system can meet future development needs. The document summarizes the District's compliance with provision Attachment D, Section 8 of the SSS WDRs. It is included by reference in the District's Sewer System Management Plan (SSMP); it is reviewed regularly and is updated as deemed necessary by District staff (at a minimum of every eight years) to account for conditions affecting collection system capacity. The current SECAP was adopted by the District Board of Directors in February 2020 and is in the process of being updated by the end of 2026.

LOOKING TO THE FUTURE

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands and expectations of its customers. Because the District's customers ultimately bear the full cost of service, the District must maintain a long-term financial plan that keeps rates stable and affordable. The District operates under the State of California Municipal Utility District Act and functions as an enterprise fund, very much like a business. As a result, sewer services are not subsidized by General Fund taxpayers of any local government and must be fully self-sustaining.

In Fiscal Year 2022/23, the District hired a consultant to perform a Wastewater Cost of Service Rate Study and a Capacity Fee Study. IB Consulting reviewed the financial health of the District and determined that the District was in a strong financial position with a healthy reserve balance. However, without a rate increase, the annual net operating income would diminish over the years, and the District's Capital Plan would draw down reserves below the District's minimum reserve requirements within the next five years. The District has projected asset replacement costs for its collection system and lift stations. A sizeable portion of the District's collection system was installed prior to 1970, and the assets are approaching the end of their useful life. A significant number of replacements will occur over the next decade, with the peak of those replacements occurring in Fiscal Year 2032/33. The cost for currently identified capital renewal projects necessary over the next ten years is approximately $42.59 million. The capital renewal spending in Fiscal Year 2032/33 is expected to be funded through debt issuance.



Operating Fund Expenses for Fiscal Year 2025/26

The financial plan developed by the consultant utilizes a fifteen-year project model to establish rates for the next five years. The plan modifies the reserve requirement by eliminating the rate stabilization reserve and reducing the emergency reserve from $3.00 million to $1.00 million. The financial plan provides for modest rate increases and a long-term strategy to implement cost-

containment strategies and issue debt to fund necessary capital replacements in Fiscal Year 2032/33. Monthly Service Charges were adopted by Ordinance 23-01 at the June 2023 District Board Meeting.

The consultant also completed a local Capacity Fee Study based on the reasonable cost to accommodate additional demand from new development or the expansion of existing development on the collection system. The incremental cost approach was used to determine the appropriate fee. The capacity charge was adopted by Ordinance 23-02 at the June 2023 District Board Meeting. The cost for currently identified necessary capital expansion projects is approximately $80.41 million.

One of the major components affecting salary and benefits is the District's objective of fully funding its obligations to CalPERS and the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB). CalPERS' current discount rate is 6.9%. The expected rate of return is 6.8%. CalPERS reported a net return on investments of 9.2% in Fiscal Year 2023/24 and a net return on investments of 12.1% in Fiscal Year 2024/25. CalPERS reported a preliminary net return of 14.8% for Fiscal Year 2025/26. Multiple years of CalPERS investment returns in excess of the discount rate have had small positive impacts on the District's normal and unfunded liability costs; however, some of these gains from investment performance have been offset by negative plan experiences primarily due to inflation and the rising cost of salaries. In April 2024, the CalPERS Board approved a change to the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when investment returns exceed the discount rate. The policy now outlines that the CalPERS Board will hold a discussion when the investment return at fiscal year-end exceeds the assumed rate of return by 2% or more. The CalPERS Finance and Administration Committee met on September 15, 2026, and used its discretion to leave the discount rate at 6.9%. The District continues to make additional contributions towards its CalPERS unfunded liability obligation. The District made an additional discretionary payment of $1.00 million in Fiscal Year 2025/26.

Our Values

INTEGRITY We will be trustworthy, truthful, and honest.

STEWARDSHIP We will be accountable and committed to responsible management and respect our environment.

SERVICE We will be responsive, reliable, and respectful; putting the needs of the District and customers first.

QUALITY We will be dedicated to continuous improvement.

In March 2026, the District adopted a new Memorandum of Understanding (MOU) with IUOE Stationary Engineers, Local 39 that, among other benefit changes, restructured the retiree medical benefit for employees who are hired on or after January 27, 2020, and retire after January 1, 2026. On May 7, 2026, a benefits resolution covering unrepresented employees was approved by the District Board of Directors that provides comparable benefit provisions. The changes, along with the additional discretionary payments made to CalPERS, should reduce the District's long-term liabilities.

The District's five-year financial plan and cost of service study include a Capital Improvement Plan and contain the District's planned construction of Capital Renewal Projects, Capital Expansion Projects, and Operating Fund Projects. In February of 2025, the Board approved moving the funding of replacement capital projects in Newcastle from the Operating Fund to the Capital Renewal Fund. These projects were previously paid for by the Operating Fund, as Newcastle was annexed into the District in 2013, and the assets had not been depreciated prior to annexation. Depreciation and fund transfer for the total cost of the Newcastle system have been occurring since 2013.

Capital Expenses are categorized into their respective fund centers. Those projects designated as Capital Renewal Projects (Fund 400) are funded by accumulated depreciation transferred annually from the Operating Fund to the Renewal Fund. Projects designated as Capital Expansion Projects (Fund 300) are funded through the accumulation of the Local Sewer Capacity Charges. The remainder of the District's projects are pay-as-you-go projects that are funded by the Operating Fund (Fund 100).

FINANCIAL STATEMENTS AND INTERNAL CONTROLS

The District's financial statements were audited by Eide Bailly, formerly MUN CPAs, LLP, Certified Public Accountants. District Management believes the Annual Comprehensive Financial Report is complete and accurate in all material respects. Management has established a comprehensive framework of internal controls that provide a reasonable basis to assert that these financial statements are fairly represented and are free from any material misstatements. Internal controls have inherent limitations but have been established such that the cost of the controls does not exceed the benefits derived from their implementation. The District has established these internal controls, implemented policies and procedures, and retained the services of an outside accountant to safeguard assets and ensure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

BUDGETARY CONTROLS

The Annual Budget is a blueprint of planned operating, public goods and services, capital expenditures, and multi-year projects for each fiscal year beginning on July 1st and ending on June 30th. For each fiscal year, the South Placer Municipal Utility District adopts an annual budget that provides the Board of Directors with the projected revenues and expenses for the Operating and Capital Funds. The Budget's primary use is as a financial planning tool to meet the District's core service delivery benchmarks and accomplish the District's strategic funding goals and objectives.

The annual budget conforms to all policies previously adopted by the Board of Directors. District staff work with the Board of Directors and the Fee & Finance Committee to develop the annual budget. Staff presents the budget at public workshops and meetings before adoption.

The District's primary funding goals are:

- Maintaining minimum Reserve Fund Balances.
- Providing adequate funding for Capital Investments.
- Fully funding all Operations, Maintenance, and Regulatory Obligations.
- Fully funding the District's obligations to CalPERS.
- Fully funding the District's annual required contribution for Other Post-Employment Benefits (OPEB).

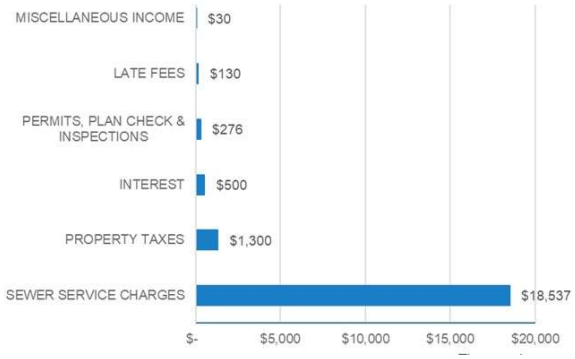
South Placer Municipal Utility District

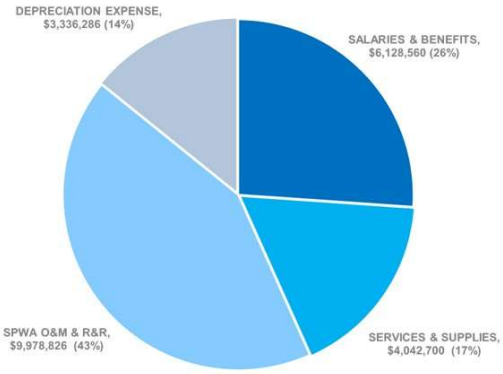
BUDGET–AT–A–GLANCE

Fiscal Year 2025/26

The Fiscal Year 2025/26 Budget supports the District's Vision to be a reliable, innovative, sustainable, efficient, and cost-effective sewer service provider.

Fiscal Year 2025/26 Operating Fund revenues are projected to be $20.89 million. Operating Fund revenues are comprised of monthly service fees, other service fees, property taxes, and interest revenues. The District has one of the lowest monthly residential customer service fees in the region at $40.50 per month.





This year's budget allocates 43% of the Operating Fund expenses to Regional Wastewater Treatment operated by the City of Roseville and financed through the South Placer Wastewater Authority. Local Collection System operations and maintenances expenses make up 43% of the spending plan with an additional 14% allocated to repair and rehabilitation of the Local Collection System.

Major Capital Expenses for Fiscal Year 2025/26 include the SCADA implementation, trunk line extensions, the Old State Highway Project in Newcastle, a new combination sewer cleaning truck, the replacement of the District Corporation Yard's north-side perimeter block wall, easement upgrades, cured-in-place pipe lining, and system rehabilitation projects.



DISTRICT HONORS

Since 2016, the South Placer Municipal Utility District has been consecutively awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation for outstanding efforts to promote transparency and good governance. To receive the award, which is granted for three years, the District demonstrated the completion of eight essential governance transparency requirements, including conducting ethics training for all District Board members; properly conducting open and public meetings; and filing financial transactions and compensation reports with the State Controller in a timely manner. The District also fulfilled 19 website requirements, including providing readily available information to the public, such as board agendas, past minutes, current budget, and the most recent financial audit.

The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to the District for the fiscal years beginning July 1, 2023, 2024, 2025, and 2026. The Distinguished Budget Presentation Award is the highest award in governmental budgeting. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial reports for the fiscal years ended June 30, 2019, through 2025. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is the highest form of recognition for governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the District.

Finally, the GFOA presented the Award for Outstanding Achievement in Popular Annual Financial Reporting to the District for the fiscal years ended June 30, 2024, and 2025. The Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The District received recognition as a Triple Crown winner for receiving all three GFOA Awards for the fiscal years ended June 30, 2024, and 2025.



ANNUAL FINANCIAL REPORT CONTRIBUTING STAFF

Eric Nielsen	General Manager
Emilie Costan	Administrative Services Manager and Board Secretary
Chad Stites	District Superintendent
Carie Huff	District Engineer
Monica Lindholm	Management Analyst

Sincerely,



Eric Nielsen
General Manager

GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Placer Municipal Utility District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

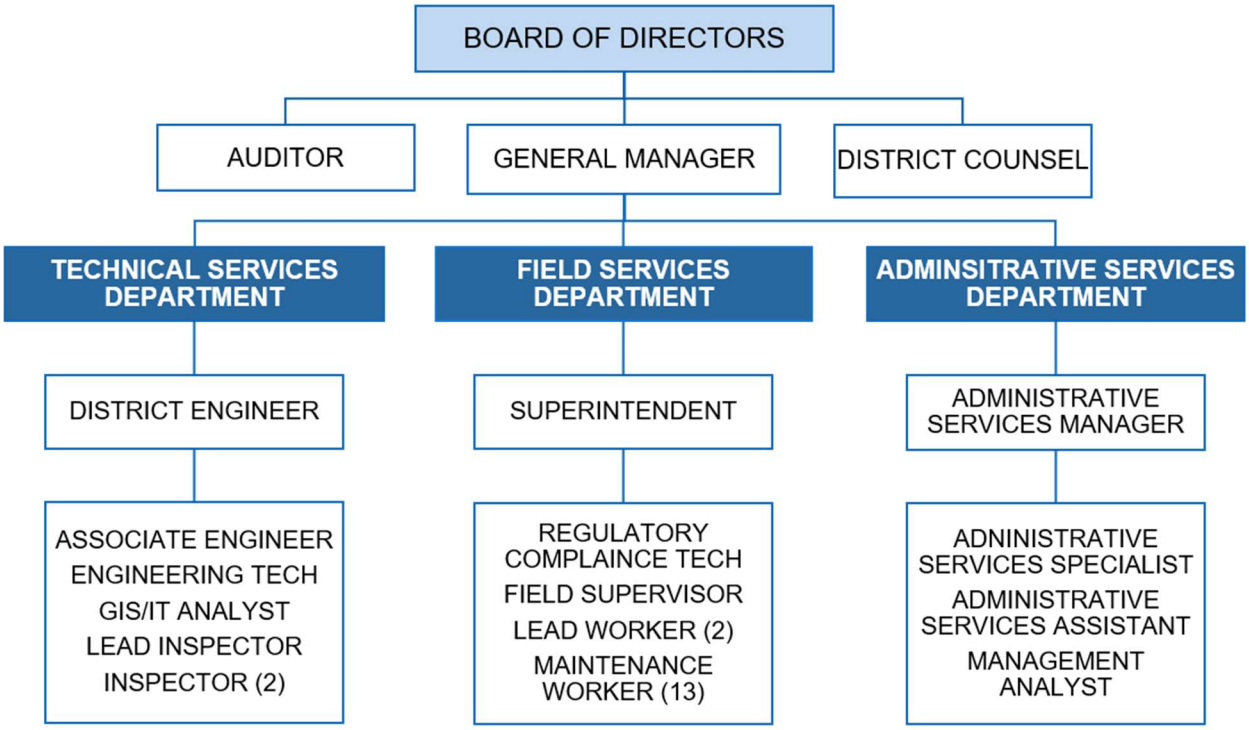
June 30, 2025

Christopher P. Morrill

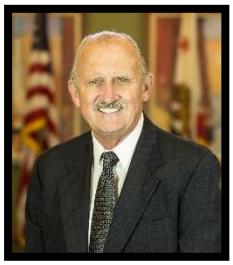
Executive Director/CEO

DISTRICT ORGANIZATIONAL CHART

The District is organized into three departments: Field Services, Technical Services, and Administrative Services. In general, all operations and maintenance functions are performed by Field Services staff; all engineering, development improvements, construction activity, and inspections are overseen by Technical Services staff; and all office, billing, accounting, customer service, financial, human resources, and administrative functions are performed by Administrative Services staff. District Audit and Legal Services are performed under contract. Employee salaries are set by a Memorandum of Understanding (MOU) adopted by the Board of Directors. Salaries for unrepresented employees are set by a resolution adopted by the Board of Directors.



BOARD OF DIRECTORS



GERALD MITCHELL

WARD 1: West Central area of the City of Rocklin, lying East of Highway 65; including the Blue Oaks Town Center, the Sunset Whitney Recreation Area, the West Oaks, portions of Stanford Ranch, Fairway Heights (north of Sunset), Parker Whitney, and Mission Hills neighborhoods.



WILLIAM DICKINSON

WARD 2: Northwest area of the City of Rocklin, East of Highway 65, directly South of the Town of Lincoln; including William Jessup University, Whitney High School, Whitney Ranch, and portions of the Whitney Oaks neighborhoods.



CHRISTY JEWELL

WARD 3: Southeast area of the City of Rocklin, South area of the Town of Loomis (east of I-80), and the Rodgersdale area of Granite Bay; including Sierra College, the Crossings Shopping Center, Southside Ranch, Sierra de Montserrat, and the Woodside neighborhoods.



MICHAEL C. FARIA

WARD 4: Central area of the City of Rocklin and a portion of the Western area of the Town of Loomis; including Rocklin High School, Twin Oaks Park, Sunrise Loomis Park, Clover Valley, and portions of the Stanford Ranch neighborhoods.



JACK ARNEY

WARD 5: Central area of the City of Rocklin, Central area of the Town of Loomis, the community of Penryn, and the community of Newcastle along the Interstate 80 corridor; including the downtown areas of Rocklin and Loomis, the Quarry District, Johnson-Springview Park, Del Oro High School, Fairway Heights (south of Sunset), Yankee Hill, and Lemos Ranch neighborhoods.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Placer Municipal Utility District
Rocklin, California

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of South Placer Municipal Utility District (the "District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of South Placer Municipal Utility District, as of June 30, 2026, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to the District's net pension liability, and the schedules related to the District's net other post-employment benefits (OPEB) liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule

of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Placer Municipal Utility District's internal control over financial reporting and compliance.

Eide Bailly LLP

Sacramento, California
November 23, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026 (FISCAL YEAR 2025/26)

As management of the South Placer Municipal Utility District, we have prepared this Management's Discussion and Analysis (MDA) to provide a fact-based summary of the financial status of the South Placer Municipal Utility District (the District or SPMUD) from a management perspective. This report provides information on the District's financial performance for the fiscal year begun on July 1, 2025, and ended June 30, 2026 (Fiscal Year 2025/26) and should be reviewed in conjunction with the preceding letter of transmittal and the audited financial statements, which follow this MDA.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. An important part of the basic financial statements is the accompanying notes, which provide the reader with additional information required by generally accepted accounting principles (GAAP). The Management Discussion and Analysis contains required supplementary and statistical information to the basic financial statements that is intended to provide additional details and context.

The Statement of Net Position provides financial information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the assets and deferred outflows and the liabilities and deferred inflows is reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position shares financial information on the District's revenues, expenses, and capital contributions and calculates the change in net position during the most recent fiscal year. Over time, increases or decreases in net position serve as a key indicator of the District's financial position. The Statement of Cash Flows provides a detailed account of the changes in cash and cash equivalents during the year. By contrast, the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position are prepared on an accrual basis, meaning revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of cash receipts and payments. The basic financial statements can be found on pages 27-30 of this report.

The South Placer Municipal Utility District is an independent Special District operating as a single wastewater enterprise fund. Proprietary Funds are used to account for activities that involve business-like interactions. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost-reimbursement basis. The District separates its single enterprise fund into three different proprietary funds: an Operating Fund (Fund 100), an Expansion Fund (Fund 300), and a Renewal Fund (Fund 400).

Fiduciary funds are used to account for resources for which an agency acts as a trustee or custodian. Resources held in fiduciary funds are not available to support the agency's own programs. The District does not have any fiduciary funds.

The Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. Notes are used to present greater detail on information found in the financial statements, explain the amounts reported and how those amounts were determined, and report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies). The notes to the financial statements can be found on pages 31-51 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, including information on the funding of pension and OPEB benefit obligations to employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 52-59. A schedule of operating expenses is included as supplementary information on page 60.

FINANCIAL HIGHLIGHTS

The District adopts a five-year Strategic Plan. The purpose of the Strategic Plan is to describe and reaffirm the mission, vision, and core values of the District. It also outlines strategic priorities and combines those with work plans to direct the work of the District departments to implement the priorities. The District's Strategic Plan Priorities are to:

- Maintain an Excellent Regulatory Compliance Record.
- Prepare for the Future and Foreseeable Emergencies.
- Leverage Existing and Applicable Technologies to Improve Efficiencies.
- Provide Exceptional Value for the Cost of Service.
- Make the District a Great Place to Work.

These strategic priorities reflect the direction, insights, and expertise of the District Board of Directors and District staff. An annual progress report is presented to the Board of Directors. The Strategic Plan presents performance measures using the Effective Utility Management framework to provide a mechanism for reporting progress, identifying and making course corrections, and ensuring accountability. The 2023-2027 Strategic Plan is available on the District website at https://spmud.ca.gov/strategic-plan.

In July 2022, the District hired a consultant to prepare a comprehensive Cost of Service and Rate Study that was accepted by the Board in March 2023. Monthly service charges were adopted on June 1, 2023. Implementation of the Cost of Service and Rate Study will result in long-term stability while providing sufficient revenues to cover the necessary operations and maintenance programs, capital investment, and reserves to meet the utility's stated needs.

Table 1 compares major District growth metrics for the last two fiscal years. The District added 135 new customer accounts in Fiscal Year 2025/26. Revenues from Sewer Service Charges

increased by 4.7% due to the adoption of a 4% rate increase and the addition of new customer accounts. The District's growth remained steady over the reporting period. The District has continued to invest in infrastructure as well as maintain a relatively stable amount of investment for the rehabilitation and replacement of aging facilities.

Table 1 Annual District Growth

Item	Unit	Fiscal Year 2025/26	Fiscal Year 2024/25	% Change
Annual Service Charges	Dollars	$ 19,026,439	$ 18,172,096	4.7%
Monthly Service Fee per EDU	Dollars	$40.50	$38.94	4.0%
Customer Accounts	Each	25,501	25,366	0.5%
Equal Dwelling Units	EDU	38,704	38,009	1.8%
Annual Flow to WWTP	Million Gallons	1,846	1,767	4.5%
Sewer Mains	Miles	295	293	0.7%
Lower Service Laterals	Miles	116	124	-6.5%
Manhole/Flushing Branch	Each	7,466	7,357	1.5%
Lift Stations	Each	14	13	7.7%
Force Mains	Miles	7	7	0.0%

FINANCIAL SUMMARY & ANALYSIS OF THE DISTRICT

NET POSITION

Net position over time may serve as a useful indicator of a government's financial position. In Fiscal Year 2025/26, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $229.30 million, an increase of $17.89 million from the previous year.

The Condensed Statement of Net Position, as shown below in Table 2, shows the District is investing in capital assets and has no long-term debt[3].

Table 2 Statement of Net Position

ASSETS	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 97,890,221	$ 89,354,284	$ 8,535,937	10%
CAPITAL ASSETS	136,638,856	125,400,486	11,238,370	9%
OTHER NON-CURRENT ASSETS	3,203,321	2,847,062	356,259	13%
TOTAL ASSETS	**237,732,398**	**217,601,832**	**20,130,566**	**9.3%**
DEFERRED OUTFLOW OF RESOURCES	**5,035,906**	**5,589,720**	**(553,814)**	**-10%**
LIABILITIES				
CURRENT LIABILITIES	4,088,386	765,773	3,322,613	434%
NON-CURRENT LIABILITIES	7,350,084	9,496,865	(2,146,781)	-23%
TOTAL LIABILITIES	**11,438,470**	**10,262,638**	**1,175,832**	**11%**
DEFERRED INFLOW OF RESOURCES	**2,030,091**	**1,522,891**	**507,200**	**33%**
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	135,747,323	125,400,486	10,346,837	8%
RESTRICTED FOR SECTION 115 PENSION TRUST	3,203,321	2,847,062	356,259	13%
RESTRICTED FOR CAPITAL CONSTRUCTION	39,472,497	36,658,480	2,814,017	8%
UNRESTRICTED	50,876,602	46,499,995	4,376,607	9%
TOTAL NET POSITION	**229,299,743**	**211,406,023**	**17,893,720**	**8%**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	**$ 242,768,304**	**$ 223,191,552**	**$ 19,576,752**	**9%**

When comparing Fiscal Year 2025/26 to Fiscal Year 2024/25, Total Assets increased by $20.13 million, and Deferred Outflows decreased by $0.55 million. Total Liabilities increased by $1.18 million, while Deferred Inflows increased by $0.51 million. This resulted in an overall increase of $17.89 million in Net Position.

Key components of the increase are as follows:

- Current Assets reflect a net increase of $8.54 million, which is primarily due to necessary but delayed capital expansion and renewal projects and investment earnings on the District's capital reserve funds. These investment earnings help cover inflationary impacts on capital project expenses.

[3] For more information, see the section titled Debt Administration.

- Capital assets, net of accumulated depreciation, increased by $11.24 million in Fiscal Year 2025/26. A total of $3.25 million in capital projects were completed for needed upgrades, replacements, and installation of new District facilities and equipment. In addition, $10.56 million in sewer assets were contributed from new development. The depreciation transfer (based on the prior year's depreciation expense) was $2.62 million.
- Deferred outflows decreased by $0.55 million, reflecting the differences between the actuarial assumptions and actual results, including additional discretionary payments, along with the differences between projected and actual earnings on investments in the Pension Plan and Other Post Employment Benefits (OPEB) Plan.
- Current liabilities from accounts payable and accrued payroll, benefits, and leave time increased by $3.32 million. This increase was primarily in accounts payable as the District had several large open payables at the end of the fiscal year, which included a $2.30 million payment to the City of Roseville for regional capacity charges from new connections. Long-term liabilities from total pension and OPEB liability, as well as compensated absence liabilities, decreased by $2.15 million in Fiscal Year 2025/26.
- The increase in deferred inflows of $0.51 million also reflects changes in actuarial assumptions, additional discretionary contributions, and investment earnings for the District's pension and OPEB funds.

PENSION LIABILITY

The District participates in the CalPERS retirement system. Since 2015, the District has been required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Prior to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred inflows/deferred outflows.

An Actuarial Valuation report required by GASB 68, *Cost Sharing Multiple Employer Pension Plan,* was completed by the District's Actuary, MacLeod Watts. The District's Total Pension Liability increased from $25.96 million (reported June 30, 2025, measured June 30, 2024) to $26.62 million (reported June 30, 2026, measured June 30, 2025) primarily due to interest costs. Over the same period, the Fiduciary Net Position increased from $19.78 million to $22.18 million, yielding a Fiscal Year 2025/26 Net Pension liability of $4.44 million, a decrease of $1.74 million or 28%. This decrease was primarily due to CalPERS investment performance and additional payments made towards the District's unfunded liability. Overall, the pension expense for Fiscal Year 2025/26 decreased by $.046 million from the prior year.

In October 2020, the District contributed $3.00 million to the California Employers' Pension Prefunding Trust (CEPPT) to help fund rising pension expenses. The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems

for eligible California public agencies. Section 115 trusts allow public agencies to set aside extra resources for pension funds at reduced investment risk. Section 115 trusts can also be used to help smooth volatility from year-to-year fluctuations in annual required contributions (ARCs).

By joining the CEPPT fund, California public agencies can help partially finance pension contributions from investment earnings provided by CalPERS. The District is invested in Strategy 1 with an expected long-term return on trust assets of 4.5% per year. While these funds are not shown in the GASB 68 report, they are reflected as restricted funds in the Statement of Net Position.

In accordance with the District's Strategic Plan, the District has been paying down the Unfunded Accrued Liability through additional discretionary payments. The District contributed an additional $1.00 million towards Unfunded Accrued Liability in Fiscal Year 2025/26.

The pension liability for Fiscal Year 2025/26 is summarized below in Tables 3 and 4. For more information on the District's pension plan, see Note 6 to the Financial Statements.

Table 3 Summary of Pension Liability

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
TOTAL PENSION LIABILITY	$ 26,620,616	$ 25,955,959	$ 664,657	3%
FIDUCIARY NET POSITION	22,182,271	19,778,109	$ 2,404,162	12%
NET PENSION LIABILITY (ASSET)	4,438,345	6,177,850	$ (1,739,505)	-28%
DEFERRED (OUTFLOWS) OF RESOURCES	(3,068,937)	(2,940,371)	$ (128,566)	4%
DEFERRED INFLOWS OF RESOURCES	1,285,849	626,104	$ 659,745	105%
IMPACT ON STATEMENT OF NET POSITION	2,655,257	3,863,583	$ (1,208,326)	-31%
PENSION EXPENSE	**$ 620,771**	**$ 1,085,400**	$ (464,629)	-43%

Table 4 Net Position Related to Pensions

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
TOTAL PENSION LIABILITY	$ 26,620,616	$ 25,955,959	$ 664,657	3%
FIDUCIARY NET POSITION	22,182,271	19,778,109	2,404,162	12%
NET PENSION LIABILITY (ASSET)	**$ 4,438,345**	**$ 6,177,850**	**$ (1,739,505)**	**-28%**
DEFERRED (OUTFLOWS) INFLOWS DUE TO:				
ASSUMPTION CHANGES	$ -	$ (158,783)	$ 158,783	-100%
PLAN EXPERIENCE	(531,823)	(513,292)	(18,531)	4%
INVESTMENT EXPERIENCE	600,559	(355,650)	956,209	-269%
CHANGES IN PROPORTIONS	685,290	542,425	142,865	26%
DIFFERENCES BETWEEN ACTUAL CONTRIBUTIONS & PROPORTIONATE SHARE OF CONTRIBUTIONS	(708,017)	(157,976)	(550,041)	348%
DEFERRED CONTRIBUTIONS	(1,829,097)	(1,670,991)	(158,106)	9%
NET DEFERRED (OUTFLOWS) INFLOWS	(1,783,088)	(2,314,267)	531,179	-23%
IMPACT ON STATEMENT OF NET POSITION	**$ 2,655,257**	**$ 3,863,583**	**$ (1,208,326)**	**-31%**

OTHER POST-EMPLOYMENT BENEFIT LIABILITY

The District provides continued health benefits for eligible retirees of the District through a Retiree Health Reimbursement Arrangement Plan. An Actuarial Valuation report required by GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions (Other Post-Employment Benefit Programs or OPEB)* was completed by the District's Actuary, MacLeod Watts. The District's Total OPEB Liability increased from $9.59 million (measured June 30, 2024) to $9.86 million (measured June 30, 2025). Over the same period, the Fiduciary Net Position increased from $6.27 million to $7.00 million, yielding a Fiscal Year 2025/26 Net OPEB liability of $2.86 million, a decrease of $0.46 million or 14%. The decrease is primarily due to higher investment earnings in the Trust. Overall, the OPEB expense for Fiscal Year 2025/26 decreased by $0.13 million from the prior year.

The District has participated in a CalPERS OPEB trust (CERBT) since 2008, when an initial contribution of $2.45 million was made. The California Employers' Retiree Benefit Trust (CERBT) Fund is a tax-exempt Trust organized under Section 115 of the Internal Revenue Code dedicated to prefunding Other Post-Employment Benefits (OPEB). The District adopted Board Policy #2575 to fund, in full, the unfunded actuarial accrued OPEB liabilities of the District by adopting a retrospective theory of funding. The District is invested in Strategy 2 with an expected long-term return on trust assets of 6.20% per year.

The District adopted restructured OPEB benefits for active employees effective March 19, 2026. Staff will be working with the District's Actuary to complete a new comprehensive valuation as of June 30, 2026, that incorporates the new benefits provisions.

The net OPEB liability reported in the Statement of Net Position for the year ended June 30, 2026, is summarized below in Tables 5 and 6. For more information on the District's OPEB, see Note 8 to the Financial Statements.

Table 5 Summary of OPEB Liability

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
TOTAL OPEB LIABILITY	$ 9,857,717	$ 9,591,028	$ 266,689	3%
FIDUCIARY NET POSITION	6,999,808	6,272,013	727,795	12%
NET OPEB LIABILITY (ASSET)	2,857,909	3,319,015	(461,106)	-14%
DEFERRED (OUTFLOWS) OF RESOURCES	(1,966,969)	(2,649,349)	682,380	-26%
DEFERRED INFLOWS OF NET POSITION	744,242	896,787	(152,545)	-17%
IMPACT ON STATEMENT OF NET POSITION	1,635,182	1,566,453	68,729	4%
OPEB EXPENSE	**$ 706,768**	**$ 834,562**	**$ (127,794)**	**-15%**

Table 6 Net Position Related to OPEB

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
TOTAL OPEB LIABILITY	$ 9,857,717	$ 9,591,028	$ 266,689	3%
FIDUCIARY NET POSITION	6,999,808	6,272,013	727,795	12%
NET OPEB LIABILITY (ASSET)	**$ 2,857,909**	**$ 3,319,015**	**$ (461,106)**	**-14%**
DEFERRED RESOURCES (OUTFLOWS) DUE TO:				
ASSUMPTION CHANGES	$ (351,860)	$ (340,669)	$ (11,191)	3%
PLAN EXPERIENCE	(977,070)	(1,171,427)	194,357	-17%
INVESTMENT EXPERIENCE	(280,909)	(537,641)	256,732	-48%
DEFERRED CONTRIBUTIONS	(638,039)	(599,612)	(38,427)	6%
NET DEFERRED OUTFLOWS	(2,247,878)	(2,649,349)	$ 401,471	-15%
DEFERRED RESOURCE (INFLOWS) DUE TO:				
ASSUMPTION CHANGES	$ 510,930	$ 595,398	$ (84,468)	-14%
PLAN EXPERIENCE	206,026	44,440	161,586	364%
INVESTMENT EXPERIENCE	308,195	256,949	51,246	20%
NET DEFERRED INFLOWS	1,025,151	896,787	128,364	14%
IMPACT ON STATEMENT OF NET POSITION	**$ 1,635,182**	**$ 1,566,453**	**$ 68,729**	4%

STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION

Table 7 Condensed Statement of Revenues, Expenses & Changes in Net Position

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
OPERATING REVENUES				
SEWER CHARGES	$ 19,026,439	$ 18,172,096	$ 854,343	5%
SEWER CAPACITY CHARGES		1,421,359	(1,421,359)	-100%
PERMITS, FEES & INSPECTIONS	566,829	486,287	80,542	17%
TOTAL OPERATING REVENUES	**19,593,268**	**20,079,742**	**(486,474)**	**-2%**
OPERATING EXPENSES				
COLLECTION & TREATMENT	11,973,807	9,479,941	2,493,866	26%
ADMINISTRATIVE & GENERAL	2,903,463	3,130,480	(227,017)	-7%
TECHNICAL SERVICES	3,552,645	2,705,701	846,944	31%
DEPRECIATION	2,700,728	2,617,566	83,162	3%
TOTAL OPERATING EXPENSES	**21,130,643**	**17,933,688**	**3,196,955**	**18%**
OPERATING INCOME (LOSS)	**(1,537,375)**	**2,146,054**	**(3,683,429)**	**-172%**
NONCAPITAL SUBSIDIES				
TAX REVENUE	1,487,390		1,487,390	100%
TOTAL NONCAPITAL SUBSIDIES	1,487,390		1,487,390	100%
OPERATING INCOME (LOSS) & NONCAPITAL SUBSIDIES	**(49,985)**		**(49,985)**	**100%**
NONOPERATING REVENUES (EXPENSES)				
TAX REVENUE		1,423,233	(1,423,233)	-100%
GAIN (LOSS) ON SALE OF ASSET		-	-	0%
INTEREST INCOME		3,953,128	(3,953,128)	-100%
TOTAL NONOPERATING REVENUES		**5,376,361**	**(5,376,361)**	**-100%**
OTHER NONOPERATING REVENUES (EXPENSES)				
CAPITAL CONTRIBUTIONS	10,561,429		10,561,429	100%
SEWER CAPACITY CHARGES	3,792,750		3,792,750	100%
INVESTMENT INCOME	3,541,089		3,541,089	100%
GAIN (LOSS) ON SALE OF ASSET	48,437		48,437	100%
TRANSFERS IN	5,910,821		5,910,821	100%
TRANSFERS OUT	(5,910,821)		(5,910,821)	100%
TOTAL OTHER NONOPERATING REVENUES	**17,943,705**		**17,943,705**	**100%**
TRANSFERS & CAPITAL CONTRIBUTIONS				
CAPITAL CONTRIBUTIONS		4,166,059	(4,166,059)	-100%
TRANSFERS IN		1,889,825	(1,889,825)	-100%
TRANSFERS OUT		(1,889,825)	1,889,825	-100%
TOTAL TRANSFERS & CAPITAL CONTRIBUTIONS		**4,166,059**	**(4,166,059)**	**-100%**
CHANGE IN NET POSITION	**17,893,720**	**11,688,474**	**6,205,246**	**53%**
NET POSITION, BEGINNING OF YEAR	**211,406,023**	**199,717,549**	**11,688,474**	**6%**
TOTAL NET POSITION, END OF YEAR	**$ 229,299,743**	**$ 211,406,023**	**$ 17,893,720**	**8%**

Beginning with Fiscal Year 2025/26, amounts are classified in accordance with GASB Statement No. 103, Financial Reporting Model Improvements. Prior-year amounts have not been reclassified to conform to the Fiscal Year 2025/26 presentation.

As shown in Table 7, the total net position at year-end increased from $211.41 million to $229.30 million ($17.89 million or 8%).

The increase in the District's net position was primarily due to new growth resulting in higher sewer service and capacity charge revenues, investment earnings, and developer-contributed capital. Revenue from capacity charges increased by $2.37 million from the prior fiscal year. Permit, fee, and inspection revenue increased to $0.57 million, 17% higher than the prior year, and Developer-in-Kind capital contributions increased from $4.17 million to $10.56 million, 153% higher than the prior fiscal year.

Operating expenses increased 18% in Fiscal Year 2025/26. Collection and Treatment and Technical Services expenses increased by $2.49 million and $0.85 million, respectively, with a large portion of the increased expenses attributable to treatment plant operation and renewal expenses. The District received a true-up credit of $1.68 million from the City of Roseville from Fiscal Year 2023/24 for wastewater treatment expense and additional recycled water credits of $.60 million for total credits of $2.28 million that were applied against the Fiscal Year 2024/25 treatment plant expenses allocated to the District. There were no true-up credits from Fiscal Year 2024/25. Additionally, several large renewal projects were completed at the plants in Fiscal Year 2025/26. Administrative and Depreciation expenses both remained relatively the same, with Administrative and General Expense decreasing by $.23 million and Depreciation expense increasing by $0.08 million. While revenue was 5% higher than the previous year, higher operating expenses resulted in an operating income loss of $0.05 million, a substantial change from the operating income of $2.15 million from the prior year. The resulting increase of $17.89 million to the District's net position is primarily a result of non-operating revenues from capacity charges, investment income, and developer-contributed capital.

Table 8 Revenue and Expenditure Summary by Fund

OPERATING FUND	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
SEWER CHARGES	$ 18,902,810	$ 18,042,358	$ 860,452	5%
PERMITS, FEES & INSPECTIONS	551,680	461,287	90,393	20%
TAX REVENUE	1,487,390	1,423,233	64,157	5%
LATE FEES	123,629	129,738	(6,109)	-5%
INTEREST INCOME	981,744	981,766	(22)	0%
MISCELLANEOUS REVENUE	63,586	25,000	38,586	154%
OPERATING FUND REVENUES	**$ 22,110,839**	**$ 21,063,382**	**$ 1,047,457**	**5%**
SALARIES/WAGES	$ 3,466,062	$ 3,203,623	262,439	8%
RETIREMENT BENEFITS	721,351	1,209,972	(488,621)	-40%
INSURANCE BENEFITS	901,018	872,440	28,578	3%
OPEB BENEFITS	908,429	662,142	246,287	37%
ASPHALT PAVING/ROOT CONTROL	174,052	144,422	29,630	21%
BUILDING & GROUNDS MAINTENANCE	51,944	67,486	(15,542)	-23%
EASEMENTS	108,676	23,347	85,329	365%
ELECTION EXPENSE	-	29,914	(29,914)	-100%
GENERAL OPERATING SUPPLIES & MAINTENANCE	140,115	173,154	(33,039)	-19%
LATERAL CAMERAS	22,605	16,492	6,113	37%
LIFT STATION & FLOW RECORDER PROGRAMS	55,234	40,839	14,395	35%
PROFESSIONAL DEVELOPMENT	47,714	51,171	(3,457)	-7%
PROFESSIONAL SERVICES	470,310	610,422	(140,112)	-23%
PROPERTY & LIABILITY INSURANCE	314,756	319,227	(4,471)	-1%
REGULATORY COMPLIANCE/GOVERNMENT FEES	80,170	86,119	(5,949)	-7%
SUBSCRIPTION/MAINTENANCE AGREEMENTS	174,304	152,154	22,150	15%
UNIFORMS	22,597	24,250	(1,653)	-7%
UTILIES/FUEL & OIL	297,035	272,591	24,444	9%
UTILITY BILLING/BANKING EXPENSE/PRINTING	304,668	279,155	25,513	9%
VEHICLE REPAIR & MAINTENANCE	65,936	72,237	(6,301)	-9%
WASTERWATER TREATMENT PLAN EXPENSE	9,978,826	7,004,471	2,974,355	42%
OPERATING FUND OPERATING EXPENDITURES	**$ 18,305,802**	**$ 15,315,628**	**$ 2,990,174**	**20%**
DEPRECIATION EXPENSE	$ 2,700,728	$ 2,617,566	$ 83,162	3%
OPERATING FUND CAPITAL EXPENDITURES	38,370	73,039	(34,669)	-47%
TOTAL OPERATING FUND EXPENDITURES	**$ 21,044,900**	**$ 18,006,233**	**$ 3,038,667**	**17%**
CAPITAL FUNDS				
SEWER CAPACITY FEES	$ 3,792,750	$ 1,421,359	2,371,391	167%
INTEREST INCOME	2,559,345	2,971,362	(412,017)	-14%
TOTAL CAPITAL FUND REVENUES	**$ 6,352,095**	**$ 4,392,721**	**$ 1,959,374**	**45%**
EXPANSION FUND OPERATING EXPENDITURES	$ 124,113	$ -	124,113	100%
EXPANSION FUND CAPITAL EXPENDITURES	-	-	-	0%
RENEWAL FUND OPERATING EXPENDITURES	-	-	-	0%
RENEWAL FUND CAPITAL EXPENDITURES	3,209,885	1,060,494	2,149,391	203%
TOTAL CAPITAL FUND EXPENDITURES	**$ 3,333,998**	**$ 1,060,494**	**$ 2,273,504**	**214%**

Operating Revenues of $22.11 million were higher than Operating Fund Expenses of $21.04 million. Capital Revenues of $6.35 million were higher than Capital Fund Expenses of $3.33 million.

REVENUES

Operating Fund Revenues derived from customer service charges were up 5% from the prior year as a result of the 4% increase in monthly service charges and customer growth. Operating fund revenue derived from permits, plan check fees, and inspections is dependent on the timing of development-related applications and approvals. The permit, plan check, and inspection fee revenue increased 20% from Fiscal Year 2024/25. Miscellaneous revenue, which is primarily comprised of credits and reimbursements and proceeds from the sale of surplus property, is included in permits, fees, and inspections in Table 7. Total Operating Fund Revenue used to fund ongoing operations, maintenance, and administrative functions of the District increased by $1.05 million, or 5%, from the previous year.

Capital Fund Revenues in the Capital Expansion Fund increased by $2.14 million or 70%. The increase was a result of local capacity charges from new connections, which are also dependent on the timing of development-related applications and approvals. Investment income allocated to both of the Capital Fund Revenues fell slightly due to changes in short-term interest rates. Interest income earned on the Capital Fund balances helps offset project cost increases due to inflation. Capital Fund Revenues in the Capital Renewal Fund decreased by $0.18 million or 14%, due to the fall in investment income returns.

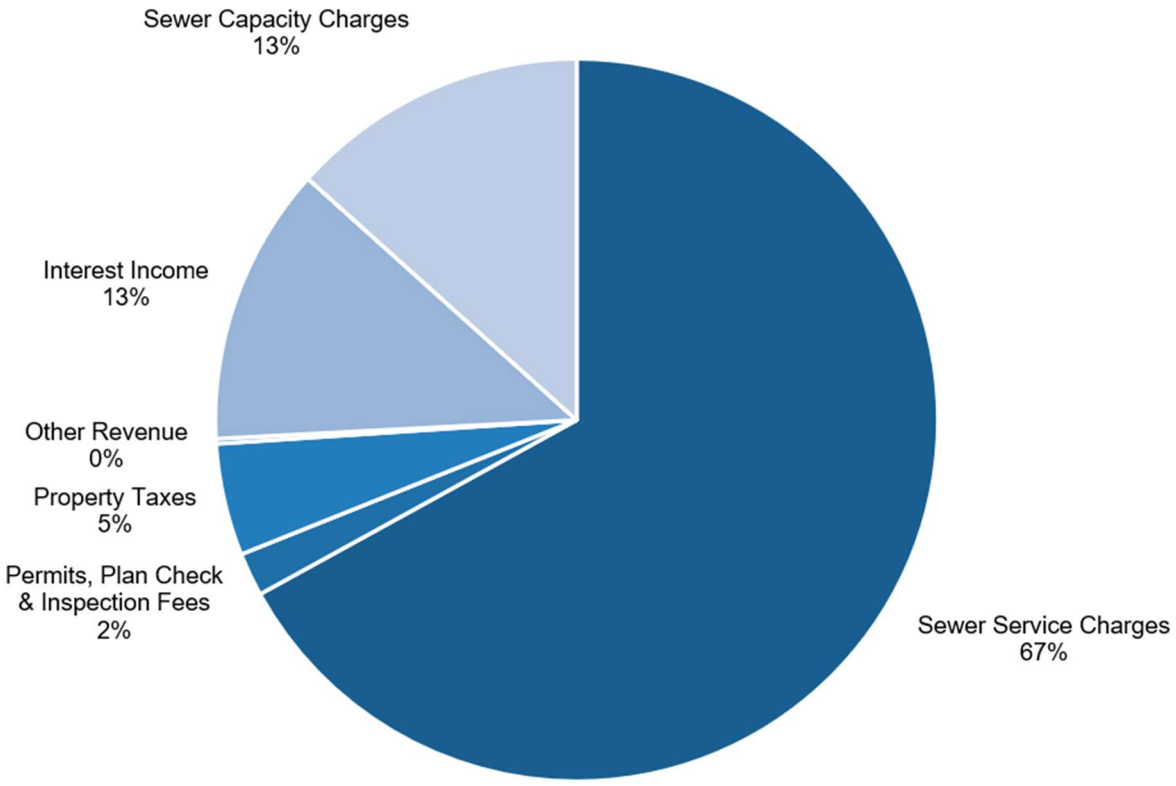
Table 9 Revenues

OPERATING FUND	FISAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
SEWER CHARGES	$ 18,841,076	$ 17,983,164	$ 857,912	5%
LATE FEES	123,629	129,738	(6,109)	-5%
LOW INCOME (LIL) RATE ASSISTANCE	61,734	59,194	2,540	4%
PERMITS, FEES & INSPECTIONS	551,680	461,287	90,393	20%
TAX REVENUE	1,487,390	1,423,233	64,157	5%
MISCELLANEOUS REVENUE	15,149	25,000	(9,851)	-39%
INTEREST INCOME	625,485	660,369	(34,884)	-6%
GAIN/LOSS ON SALE OF FIXED ASSET DISPOSAL	48,437	-	48,437	-100%
OPERATING FUND LESS CEPPT INTEREST EARNINGS	**$ 21,754,580**	**$ 20,741,985**	**$ 1,012,595**	**5%**
INTEREST INCOME FROM CEPPT (RESTRICTED)	$ 356,259	$ 321,397	$ 34,862	11%
TOTAL OPERATING FUND	**$ 22,110,839**	**$ 21,063,382**	**$ 1,047,457**	**5%**
CAPITAL EXPANSION FUND				
SEWER CAPACITY CHARGES	$ 3,792,750	$ 1,421,359	$ 2,371,391	167%
INTEREST INCOME	1,424,192	1,653,758	(229,566)	-14%
TOTAL EXPANSION FUND	**$ 5,216,942**	**$ 3,075,117**	**$ 2,141,825**	**70%**
CAPITAL RENEWAL FUND				
INTEREST INCOME	$ 1,135,153	$ 1,317,604	$ (182,451)	-14%
TOTAL RENEWAL FUND	**$ 1,135,153**	**$ 1,317,604**	**$ (182,451)**	**-14%**
TOTAL REVENUE	**$ 28,462,934**	**$ 25,456,103**	**$ 3,006,831**	**12%**

Table 9 provides additional detail on the Revenues shown in the Statement of Revenues, Expenses, and Changes in Net Position from the Financial Statements. Interest Income from District investments is included within the balance of each investment instrument as noted under

Note 2 of the Financial Statements. Total District revenue reported for Fiscal Year 2025/26 showed an increase of $3.01 million (12%) from the previous year. The loan repayment for the Newcastle Sanitary District (NSD) Project-Related Service Charges (PRSC) is included in Sewer Service Charges and reported as $0.22 million for Fiscal Year 2025/26 (see Note 11 of the Financial Statements).

Chart 1 Operating Revenues Fiscal Year 2025/26



INVESTMENTS

The District manages its investment portfolio in accordance with Board Policies #3120 Investment of District Funds and #3130 District Reserve Policy. In December 2022, the Board adopted Resolution 22-24, which revised Board Policy #3120 to simply reference the permitted investments in accordance with the State of California Government Code §53601, based on feedback the District received in a peer review by the California Special District Association (CSDA) Fiscal and Administrative Director. The previous version of the policy more explicitly listed allowable investments. The updated policy allows the District the option of utilizing 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 that comply with Board Policy #3130, the District Reserve Policy. Funds determined by the District in excess of the amount necessary to fund the Liquidity Portfolio may be allocated to the Long-Term Portfolio. The

District has moved funds in and out of a Long-Term Portfolio in accordance with market conditions.

After a period of time in which the Federal Reserve increased interest rates to combat persistently high inflation, the Federal Reserve began lowering rates in September of 2024. In preparation, the Board approved the investment of $15 million in longer-term fixed-income securities through Wells Fargo Securities in April 2024. These non-callable fixed-income securities consisted of a 2-year bond with a coupon rate of 4.625% and a 3-, 4-, and 5-year bond each with a coupon rate of 4.5%. The intent of these bonds was to reduce the risk to the District of interest rates returning to the previous low-rate environment and interest income correspondingly declining. The Federal Reserve again lowered rates in September 2025 and December 2025 and then held rates steady until increasing them in September 2026. The District has continued to reinvest the interest earnings and matured securities into new Wells Fargo fixed-income securities.

Overall, during the last fiscal year, interest declined slightly for the first half of the year and then remained steady for the remainder of the year. The District's short-term investment funds continued to provide consistent quarterly interest earnings, and equity also performed well. The net return on the District's CalPERS Section 115 Pension Trust's CERB and CEPP Trusts were 14.14% and 12.51%, respectively. The overall balance of the District's investment portfolio, excluding unrestricted deposits in financial institutions and the CEPPT, increased by $6.5 million (7.9%), with total investment income of $3.6 million, an approximately 3.9% rate of return. Table 9 shows the balance of investments over the past two years.

Table 10 – Investments

INVESTMENT	BALANCE AS OF 6/30/2026	BALANCE AS OF 6/30/2025
LOCAL AGENCY INVESTMENT FUND (LAIF)	$ 28,729,467	$ 27,546,962
WELLS FARGO FIXED-INCOME SECURITIES	16,674,380	15,924,300
CALIFORNIA CLASS PRIME FUND	14,668,364	14,101,439
CALTRUST SHORT-TERM INVESTMENT FUND	7,365,068	7,106,030
FIVE STAR MONEY MARKET	14,659,518	11,165,456
PLACER COUNTY TREASURY'S INVESTMENT POOL	5,994,941	5,768,555
	$ 88,091,738	**$ 81,612,744**
INTEREST RECEIVABLE	$ 299,544	$ 320,278
UNRESTRICTED DEPOSITS IN FINANCIAL INSTITUTIONS	3,709,056	1,998,969
	$ 92,100,338	**$ 83,931,991**
CALPERS CEPP TRUST (RESTRICTED)	$ 3,203,321	$ 2,847,062
TOTAL	**$ 95,303,659**	**$ 86,779,053**

EXPENSES

Total operating expenses increased $3.20 million (18%) from $17.93 million to $21.13 million. This increase reflects a large change in the amount paid to the City of Roseville for Regional Wastewater Treatment Plant Operations and Maintenance and Rehabilitation and Replacement expenses. The District had a true-up credit of $2.28 million that was applied against the treatment plant expenses in Fiscal Year 2024/25. There were no true-up credits for Fiscal Year 2025/26, and costs for renewal projects at the treatment plants were also higher. Other Operating Fund Expenses included spending on salaries and benefits, including higher health insurance premiums, one-time contributions to a Retiree Health Saving Account for employees hired after certain dates who are no longer eligible for Other-Post Employment Benefits, and additional discretionary payments to CalPERS for unfunded accrued pension liability, easement maintenance, root control foaming, and higher than normal fuel prices. Chart 1 and Table 11 show the District's Operating expenditures.

The District has 37 approved positions that include 5 elected, 2 contracted, 4 management, 3 management support, and 23 full-time staff positions; there are currently 28 full-time employees. On March 19, 2026, the District Board of Directors approved a new Memorandum of Understanding (MOU) with IUOE Stationary Engineers, Local 39, covering Fiscal Years 2025/26, 2026/27, 2027/28, and 2028/29. The District and Local 39 met and conferred in good faith regarding wages, hours, and other terms and conditions of employment for employees within the General Employees Unit. The MOU specifies an annual cost-of-living adjustment of between two and five percent, based on the March-to-March movement for the previous twelve (12) months of the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for State and Local Government. The ECI index from March 2025 to March 2026 was 3.4%. The MOU also authorized changes to several other benefit provisions, including boot allowance, standby pay, call back pay, longevity pay, medical, dental, and vision coverage, and restructured the retiree medical benefit for employees who are hired on or after January 27, 2020, and retire after January 1, 2026. On May 7, 2026, a benefits resolution covering unrepresented employees was approved by the District Board of Directors that provides the same cost-of-living adjustment and comparable benefit provisions.

Chart 2 Operating Expenses Fiscal Year 2025/26

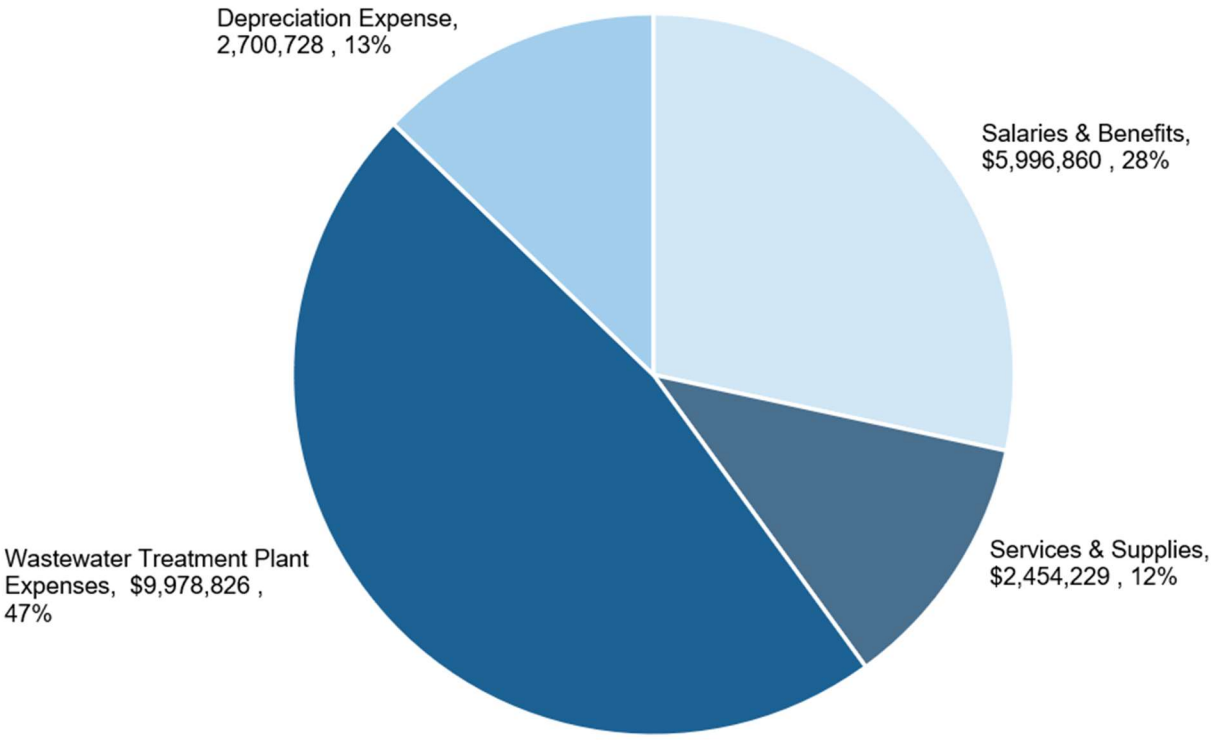


Table 11 Operating Expenditures

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
SALARIES/WAGES	$ 3,233,474	$ 2,978,410	$ 255,064	9%
FICA - SOCIAL SECURITY	232,588	225,213	7,375	3%
CALPERS RETIREMENT	255,159	281,714	(26,555)	-9%
CALPERS UNFUNDED ACCRUED LIABILITY	1,541,533	490,892	1,050,641	214%
GASB 68 UAL ADJUSTMENT	(1,208,326)	314,409	(1,522,735)	-484%
RETIREMENT 457 & 401A	132,985	122,957	10,028	8%
INSURANCE BENEFITS	901,018	872,440	28,578	3%
OTHER POST-EMPLOYMENT BENEFITS	765,130	427,192	337,938	79%
GASB 75 OPEB ADJUSTMENT	143,299	234,950	(91,651)	-39%
SALARIES & BENEFITS	**5,996,860**	**5,948,177**	**48,683**	**1%**
ASPHALT PAVING	19,025	142,666	(123,641)	-87%
BUILDING & GROUNDS MAINTENANCE	51,944	67,486	(15,542)	-23%
COMPUTERS/OFFICE FURNITURE	24,661	21,984	2,677	12%
EASEMENT MAINTENANCE	108,676	23,347	85,329	365%
ELECTION EXPENSE	-	29,914	(29,914)	-100%
FUEL & OIL EXPENSES	65,916	59,517	6,399	11%
GENERAL OPERATING SUPPLIES & MAINTENANCE	105,752	136,294	(30,542)	-22%
LATERAL CAMERAS	22,605	16,492	6,113	37%
LEGAL SERVICES	209,377	117,080	92,297	79%
LIFT STATION & FLOW RECORDER PROGRAMS	55,234	40,839	14,395	35%
OTHER OPERATING EXPENSES	4,489	-	4,489	100%
PARTICIPATION IN REGIONAL PROJECTS	-	494	(494)	-100%
PROFESSIONAL DEVELOPMENT	47,714	51,171	(3,457)	-7%
PROFESSIONAL SERVICES	385,046	493,592	(108,546)	-22%
PROPERTY & LIABILITY INSURANCE	314,756	319,227	(4,471)	-1%
REGULATORY COMPLIANCE/GOVERNMENT FEES	80,170	86,119	(5,949)	-7%
SUBSCRIPTION/MAINTENANCE AGREEMENTS	174,304	152,154	22,150	15%
ROOT CONTROL PROGRAM	155,027	1,756	153,271	8728%
UNIFORMS	22,597	24,250	(1,653)	-7%
TOOLS & SMALL EQUIPMENT	5,213	14,626	(9,413)	-64%
UTILITIES	231,119	213,074	18,045	8%
UTILITY BILLING/BANKING EXPENSE/PRINTING	304,668	279,155	25,513	9%
VEHICLE REPAIR & MAINTENANCE	65,936	72,237	(6,301)	-9%
SERVICES & SUPPLIES	**2,454,229**	**2,363,474**	**90,755**	**4%**
RWWTP MAINTENANCE & OPERATIONS	8,121,665	5,923,174	2,198,491	37%
RWWTP RENEWAL	1,857,161	1,081,297	775,864	72%
SPWA TREATMENT O&M + R&R EXPENSES	**9,978,826**	**7,004,471**	**2,974,355**	**42%**
TOTAL OPERATING EXPENSE BEFORE DEPRECIATION	**18,429,915**	**15,316,122**	**3,113,793**	**20%**
DEPRECIATION EXPENSE	2,700,728	2,617,566	83,162	3%
TOTAL OPERATING EXPENSE	**$ 21,130,643**	**$ 17,933,688**	**$ 3,196,955**	**18%**

CAPITAL ASSET & LONG-TERM FINANCING ACTIVITY

The District reported $136.64 million of capital assets, net of accumulated depreciation, at June 30, 2026. The District's net investment in capital asset activities as of June 30, 2026, is $135.75 million. This investment in capital assets includes sewer infrastructure, contributed and constructed, land, buildings, furniture, equipment, and vehicles. The total increase in capital assets for the current fiscal year was 8 percent.

CAPITAL EXPENDITURES

Capital Outlays are categorized into their respective fund centers. For example, those projects designated as Capital Renewal projects are funded by accumulated depreciation transferred annually from the Operating Fund to the Capital Renewal Fund; those projects designated as Capital Expansion projects are funded through the accumulation of the Sewer Capacity Charge. The remainder of the District's projects are pay-as-you-go from the Operating Fund.

In May of 2021, the District revised Board Policy #3130, District Reserve Policy, modifying the depreciation transfer from 100% of the annual depreciation expense to 115% of the annual depreciation expense. In June of 2023, as a component of the Rate and Cost of Service Study, the Reserve Policy was updated to allow for more flexibility in the amount of the depreciation transfer. The revised policy requires that the District maintain a Capital Renewal Reserve sufficient to fund the next three years of planned capital, taking into account anticipated revenues, with an ideal target of five years of planned capital. It also requires that funding projections be updated and reserve contributions to Fund 400 be re-evaluated no less than every two years.

In February 2025, the Board of Directors approved a change to fund the replacement of capital projects in the Newcastle service area from the Capital Renewal Fund. These projects were previously paid for by the Operating Fund. Newcastle was annexed into the District in 2013, and the existing assets had not been depreciated, with funds transferred to the Renewal Fund for their replacement, as they are for other District-owned assets. Depreciation and transfer of funds for the total cost of the Newcastle system, including system improvements, have been occurring since the annexation of Newcastle was completed.

The District expended $3.25 million in Capital Outlay during Fiscal Year 2025/26. The majority of the funds expended were for the Supervisory Control and Data Acquisition (SCADA) Replacement Project ($2.77 million) and the Old State Highway Sewer Replacement Project ($0.29 million). Additional capital expenses included two lateral camera purchases, a repaving and manhole alignment project with the City of Rocklin, and design for an interior space planning project at the District Headquarters Building.

In Fiscal Year 2025/26, the District received $10.56 million in sewer asset contributions from new development. This included approximately 2.24 miles of gravity sewer pipe, 0.34 miles of lower lateral pipe, 185 ft of access road, 82 manholes/flushing branches, and 1 new lift station. Summaries of the District's Fiscal Year 2025/26 Capital Projects are included in Tables 12 and 13.

Table 12 Five-Year Capital Investment Summary

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	FISCAL YEAR 2023/24	FISCAL YEAR 2022/23	FISCAL YEAR 2021/22
TOTAL OPERATING FUND CAPITAL	$ 38,370	$ 73,039	$ 214,233	$ 3,473,440	$ 405,380
TOTAL EXPANSION	-	-	150,000	61,424	124,732
TOTAL RENEWAL	3,209,885	1,060,494	1,351,197	1,518,698	958,034
TOTAL CAPITAL INVESTMENT	**$ 3,248,255**	**$ 1,133,533**	**$ 1,715,430**	**$ 5,053,562**	**$ 1,488,146**

Table 13 Detail of Capital Expenditures Fiscal Year 2025/26

CAPITAL IMPROVEMENTS	ORIGINAL BUDGET FISCAL YEAR 2025/26	BUDGET ADJUSTMENTS FISCAL YEAR 2025/26	FUND 100 OPERATING CAPITAL	FUND 300 CAPITAL EXPANSION	FUND 400 CAPITAL RENEWAL
COMPUTERS/OFFICE FURNITURE	$ 10,000	$ (10,000)	$ -	$ -	$ -
CURED IN PLACE PIPE	750,000	(750,000)	-	-	-
CY MASTER PLAN CAPITAL IMPROVEMENTS	770,000	-	38,370	-	-
EASEMENT ACCESS ROAD REPLACEMENT	277,000	(277,000)	-	-	-
EASEMENT ACQUISITION	250,000	-	-	-	-
EASEMENT INSPECTION PROGRAM	25,000	(25,000)	-	-	-
EXPANSION PROJECTS	5,084,000	-	-	-	-
HIGH-RISK FACILITY CREEK CROSSINGS	750,000	-	-	-	-
LATERAL CAMERAS	-	20,000	-	-	16,034
LIFT STATION PUMP REPLACEMENT	20,000	-	-	-	-
PARTICIPATION IN REGIONAL PROJECTS	1,175,000	-	-	-	133,511
SALARIES & BENEFITS	96,000	(72,000)	-	-	-
SCADA DESIGN & IMPLEMENTATION	3,598,500	-	-	-	2,768,510
SYSTEM IMPROVEMENTS	50,000	-	-	-	-
SYSTEM REHABILITATION	4,941,000	-	-	-	291,830
TOOLS & EQUIPMENT	16,000	(16,000)	-	-	-
TRUNK EXTENSION REIMBURSEMENT	5,950,000	-	-	-	-
VEHICLE PURCHASES	770,000	(770,000)	-	-	-
TOTAL CAPITAL IMPROVEMENTS	**$ 24,532,500**	**$ 22,632,500**	**$ 38,370**	**$ -**	**$ 3,209,885**

For additional information on Capital Assets, see Note 3 in the Notes to the Financial Statements.

DEBT ADMINISTRATION

The District does not currently have any debt in the sense of conventional loans or bond financing of District Improvements. The District, the City of Roseville, and Placer County are participants in the South Placer Wastewater Authority (SPWA), a Joint Powers Authority. The South Placer Wastewater Authority is formed through three separate agreements: a joint powers agreement, an operations agreement, and a funding agreement. The joint powers agreement establishes SPWA as an independent and separate legal entity that is governed by a Board of Directors appointed by the three member agencies for the purpose of planning, financing, acquisition, ownership, construction, and operation of the regional wastewater facilities. The operations agreement establishes that the regional wastewater facilities will be operated and maintained by the City of Roseville for the mutual benefit of the participants and requires the participants to contribute to the operations and maintenance costs based on their proportional volumetric share

of the wastewater flows. The funding agreement is specific to the funding of additional treatment plant capacity. The agreement establishes the capacity allocation for each of the member agencies and provides requirements for debt service, regional capacity charges, and minimum rate stabilization fund reserves.

In accordance with the SPWA funding agreement, the District has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of the SPWA debt service; however, the agreement establishes a rate stabilization account to be used for the payment of debt service on the bonds and other costs of the Authority. Monthly contributions of regional connection fees are deposited into the rate stabilization account, and SPWA pays the debt service and other costs from the account on behalf of each member of SPWA, based on each member's proportionate share. Per the February 4, 2026, SPWA Board Report, as of March 31, 2026, the SPWA had outstanding debt in the amount of $184.55 million and a rate stabilization fund balance of $257.32 million. As of March 31, 2026, the District has a balance of $91.00 million in its SPWA Rate Stabilization Account. The annual SPWA Debt assigned to the District from July 1, 2025, to March 31, 2026, was $3.85 million.

SPWA has approved $264 million in Capital Improvement and Treatment Upgrades at the Pleasant Grove and Dry Creek Wastewater Treatment Plants to prepare for regional growth, incorporate energy-related improvements, and maximize solids digestion. There are ten active Capital Improvement Projects with $125.24 million expended on improvements. SPWA is financing this construction through a blend of bond financing, State Revolving Fund loans, and cash payments from the SPWA Rate Stabilization Fund.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District is aware of the following items that will impact future finances and were considered in developing the 2026/27 fiscal year budget.

BUILDING A ROBUST ASSET MANAGEMENT PROGRAM

The District manages a collection of essential public infrastructure assets in the form of pipelines and pump stations, with the goal of operating this infrastructure at the lowest total cost of ownership to the customer. Due to the large number of renewal projects that will be needed beginning in 2033, the District is working to create a more robust long-term Asset Management Plan to help prioritize maintenance, plan for future replacement needs, and ensure the system remains safe, reliable, and cost-effective for decades to come.

STRENGTHING CYBERSECURITY

Protecting the District's critical infrastructure is essential. Water and wastewater systems in the United States have been subjected to cyberattacks. This District is developing an updated and comprehensive Cybersecurity Plan that evaluates current practices, strengthens safeguards, and ensures adequate preparation for emerging threats. The plan applies the National Institute of

Standards and Technology (NIST) Cybersecurity Framework 2.0 to incorporate industry best practices. This investment will help keep District operations resilient and secure.

UPDATING CAPACITY CHARGES

As the South Placer region continues to grow, it is important that the impacts from new development are mitigated by collecting capacity charges to build the infrastructure needed to support it. The District will be contracting with a consultant who will be reviewing and updating District capacity charges to ensure they remain accurate, equitable, and aligned with the true cost of expanding the District's wastewater system.

DELIVERING STRATEGIC COMMUNICATIONS

The District is working to expand and improve the ways in which we communicate with customers, stakeholders, and the general public. Management is committed to effectively relaying important information, involving customers in our decision-making processes, and sharing our successes. Staff developed a Strategic Communications Plan to guide these outreach efforts and will begin implementing the plan in the upcoming fiscal year.

PREPARING FOR FUTURE CAPACITY NEEDS

Sewer trunk extension projects and developer reimbursements are programmed for Fiscal Year 2026/27, reflecting the District's planned growth. These projects will allow the District to meet growing capacity needs and efficiently plan for future developments, while protecting the interests of customers and our environment.

MAINTAINING DISTRICT FACILITIES

The District headquarters located in Rocklin will undergo scheduled maintenance, as the corporation yard maintenance building will be getting a new roof, and the north-side perimeter block wall will be replaced. In addition, the headquarters building space planning project will move into the construction phase, as existing spaces are reconfigured to meet operational needs. The District is not anticipating any disruptions in customer service due to these projects.

MAINTAINING DISTRICT EQUIPMENT

Renewal of District equipment maintains the continuity of service for our customers. The District is purchasing a replacement combination sewer cleaning truck, aging lateral inspection cameras, and aging lift station pumps.

INVESTING IN OUR PEOPLE

District employees are dedicated public servants. The District strives to recognize their good work and support them with training and professional development opportunities. A strong, well-supported team means better service is provided to customers.

In Fiscal Year 2025/26, the Board adopted a Memorandum of Understanding (MOU) with Local 39, representing the General Employees Unit. This agreement included cost-of-living increases and changes to retiree health benefits. The District is planning to complete a new full actuarial valuation, which will update the funded status and long-term liabilities from the District Other Post-Employment Benefits. Additionally, the District is making an additional Unfunded Accrued Liability (UAL) contribution to fully fund the District's pension obligations, comprised of $3.19 million from

the District's CEPPT trust and $0.17 million in operating funds. These actions are part of the strategic plan priority of preparing for the future and foreseeable emergencies. Additional contributions and an overall reduction in the UAL reduce the interest the District pays, helping to keep costs low for the future and allowing funds to be spent on maintaining infrastructure.

NEWCASTLE SANITARY DISTRICT LOAN REPAYMENT

On August 25, 2010, the South Placer Municipal Utility District adopted Resolution 10-09, creating the Newcastle Special Benefit Area (NSBA) and levying a Sewer Benefit Area Project-Related Service Charge. The now-dissolved Newcastle Sanitary District (NSD) determined that it was in the best interest of the ratepayers of NSD and the general public to decommission its wastewater treatment ponds and make improvements to its wastewater system so its service area could receive wastewater service through the District. This allowed those receiving sanitary sewer services in the Newcastle area to be provided with superior sewer service and treatment, and compliance with applicable water quality control regulations to be maintained.

The District agreed to provide financing to NSD in an amount not to exceed $6 million for the purpose of constructing improvements and carrying out certain projects to enable NSD to connect to the District collection system. A portion of the funding was also received from an Environmental Protection Agency grant obtained by Placer County and the Placer Nevada Wastewater Authority (PNWA). The financing and construction of these improvements were determined by the District Board of Directors to be a condition of the annexation and would have to be completed prior to NSD's dissolution. The project work included:

1) Decommissioning and/or removing from service the existing NSD wastewater treatment pond(s), spray field(s), and other facilities.
2) Construction of new wastewater pump station(s), force main(s), manholes, gravity pipes, access roads, and connections to existing facilities.
3) Rehabilitation of the NSD wastewater system, and other facilities or appurtenance(s) required to connect the NSD customers to the District's wastewater system.
4) Acquisition of easements and rights-of-way, project administration and related services and costs, and any connection charges and fees; and
5) Studies, reports, and designs related thereto.

To facilitate repayment of the loan, the District designated a Project Related Capacity Charge (PRCC) payable by new connections within the NSBA made after the effective date of the NSBA. In addition, the District designated a Project Related Service Charge (PRSC) as a special area service charge imposed on an EDU basis on the landowners/ customers in the NSBA area that are connected to the wastewater system for repayment of the cost of the initial project work required by NSD to connect to the District. The PRSC is a separate service charge, in addition to the normal monthly service charge. Billing occurs quarterly with the regular billing cycle. The PRSC is shown and included on the same bill as the normal service charge bill. The collection and payment of the PRSC is subject to Division 6 of the Public Utilities Code of the State of California.

On September 5, 2013, the District adopted Resolution 13-11, which amended Resolution 10-09, regarding the NSBA and established the Project Related Service Charge. The District and NSD entered into agreements relating to the annexation of the NSD service area and the financing of the NSD project costs associated with the annexation, per the NSBA. As a result, the PRSC was fixed at $54.00 per EDU per month on the current and future lands in the NSBA that are now or will be connected to the NSBA wastewater system. The PRSC is used exclusively to repay the principal and interest on the Amount Repayable and is the sole and exclusive obligation of the NSBA landowners/customers connected to the NSBA wastewater system. Payment of the PRSC shall remain in effect until the obligation for the Amount Repayable with interest has been satisfied. NSD adopted Resolution 2013-1, transferring all NSB property, real and personal, accounts and liabilities to the District. On December 5, 2013, the District adopted Resolution 13-14 accepting all of the NSD property, liabilities, and accounts, thereby completing the annexation process.

As of June 30, 2026, the current balance of the Amount Repayable under the Financing Agreement applicable to the NSBA was $4,150,387. It is anticipated that the loan will be paid in full by 2050 (see Note 11 of the Financial Statements).

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 in writing to the General Manager, Eric Nielsen:

South Placer Municipal Utility District
5807 Springview Drive
Rocklin, CA 95677

Telephone: **(916) 786-8555**
Fax: **(916) 786-8553**
Web: **www.spmud.ca.gov**

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

	Operating Fund	Capital Expansion Fund	Capital Renewal Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	$ 3,709,056	$ -	$ -	$ 3,709,056
Investments (Note 2)	16,907,424	39,338,481	31,845,833	88,091,738
Accounts receivable	5,711,233	-	-	5,711,233
Interest receivable	58,711	134,016	106,817	299,544
Prepaid expenses	78,650	-	-	78,650
Total Current Assets	26,465,074	39,472,497	31,952,650	97,890,221
NONCURRENT ASSETS				
Capital assets, net (Note 3)	136,638,856	-	-	136,638,856
Investments - restricted (Note 2)	3,203,321	-	-	3,203,321
Total Noncurrent Assets	139,842,177	-	-	139,842,177
TOTAL ASSETS	166,307,251	39,472,497	31,952,650	237,732,398
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items (Note 6)	3,068,937	-	-	3,068,937
OPEB related items (Note 8)	1,966,969	-	-	1,966,969
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,035,906	-	-	5,035,906
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 171,343,157	$ 39,472,497	$ 31,952,650	$ 242,768,304
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 3,517,427	$ -	$ -	$ 3,517,427
Other accrued liabilities	258,229	-	-	258,229
Compensated absences - current (Note 5)	312,730	-	-	312,730
Total Current Liabilities	4,088,386	-	-	4,088,386
NONCURRENT LIABILITIES				
Net pension liability (Note 6)	4,438,345	-	-	4,438,345
Net OPEB liability (Note 8)	2,857,909	-	-	2,857,909
Compensated absences - net of current (Note 5)	53,830	-	-	53,830
Total Noncurrent Liabilities	7,350,084	-	-	7,350,084
TOTAL LIABILITIES	11,438,470	-	-	11,438,470
DEFERRED INFLOW OF RESOURCES				
Pension related items (Note 6)	1,285,849	-	-	1,285,849
OPEB related items (Note 8)	744,242	-	-	744,242
TOTAL DEFERRED INFLOW OF RESOURCES	2,030,091	-	-	2,030,091
NET POSITION				
Net investment in capital assets	135,747,323	-	-	135,747,323
Restricted for Section 115 pension trust	3,203,321	-	-	3,203,321
Restricted for capital construction	-	39,472,497	-	39,472,497
Unrestricted	18,923,952	-	31,952,650	50,876,602
TOTAL NET POSITION	157,874,596	39,472,497	31,952,650	229,299,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 171,343,157	$ 39,472,497	$ 31,952,650	$ 242,768,304

The accompanying notes are an integral part of the financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED
JUNE 30, 2026

	Operating Fund	Capital Expansion Fund	Capital Renewal Fund	Total
OPERATING REVENUE				
Sewer charges	$ 19,026,439	$ -	$ -	$ 19,026,439
Permits, fees, and inspections	566,829	-	-	566,829
Total Operating Revenues	19,593,268	-	-	19,593,268
OPERATING EXPENSES				
Collection and treatment	11,973,807	-	-	11,973,807
Administrative and general	2,903,463	-	-	2,903,463
Technical services	3,428,532	124,113	-	3,552,645
Depreciation	2,700,728	-	-	2,700,728
Total Operating Expenses	21,006,530	124,113	-	21,130,643
Operating Loss	(1,413,262)	(124,113)	-	(1,537,375)
NONCAPITAL SUBSIDIES				
Tax revenue	1,487,390	-	-	1,487,390
Total Noncapital Subsidies	1,487,390	-	-	1,487,390
Operating Income (Loss) and Noncapital Subsidies	74,128	(124,113)	-	(49,985)
OTHER NONOPERATING REVENUES (EXPENSES)				
Capital contributions	10,561,429	-	-	10,561,429
Capacity charges	-	3,792,750	-	3,792,750
Investment income	981,744	1,424,192	1,135,153	3,541,089
Gain on sale of assets	48,437	-	-	48,437
Transfers in	3,293,255	-	2,617,566	5,910,821
Transfers out	(2,617,566)	(2,278,812)	(1,014,443)	(5,910,821)
Total Other Nonoperating Revenues (Expenses)	12,267,299	2,938,130	2,738,276	17,943,705
CHANGE IN NET POSITION	12,341,427	2,814,017	2,738,276	17,893,720
NET POSITION, BEGINNING OF YEAR	145,533,169	36,658,480	29,214,374	211,406,023
TOTAL NET POSITION, END OF YEAR	$ 157,874,596	$ 39,472,497	$ 31,952,650	$ 229,299,743

The accompanying notes are an integral part of the financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2026

	Operating Fund	Capital Expansion Fund	Capital Renewal Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 19,240,940	$ -	$ -	$ 19,240,940
Payments to suppliers	(10,767,119)	(124,113)	-	(10,891,232)
Payments to employees	(6,067,730)	-	-	(6,067,730)
Net Cash Provided by (Used for) Operating Activities	2,406,091	(124,113)	-	2,281,978
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tax revenue	1,487,390	-	-	1,487,390
Net Cash Provided by Noncapital Financing Activities	1,487,390	-	-	1,487,390
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,630,360)	-	-	(2,630,360)
Capacity fees	-	3,792,750	-	3,792,750
Proceeds from the sale of assets	59,116	-	-	59,116
Transfers to other funds	(2,617,566)	(2,278,812)	(1,014,443)	(5,910,821)
Transfers from other funds	3,293,255	-	2,617,566	5,910,821
Net Cash Provided by (Used for) Capital Related Financing Activities	(1,895,555)	1,513,938	1,603,123	1,221,506
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends income	973,328	1,437,504	1,143,636	3,554,468
Purchase of investments	(1,261,167)	(2,827,329)	(2,746,759)	(6,835,255)
Net Cash Used for Investing Activities	(287,839)	(1,389,825)	(1,603,123)	(3,280,787)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,710,087	-	-	1,710,087
CASH AND CASH EQUIVALENTS - JULY 1, 2025	1,998,969	-	-	1,998,969
CASH AND CASH EQUIVALENTS - JUNE 30, 2026	$ 3,709,056	$ -	$ -	$ 3,709,056

The accompanying notes are an integral part of the financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED
JUNE 30, 2026

	Operating Fund	Capital Expansion Fund	Capital Renewal Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
OPERATING LOSS	$ (1,413,262)	$ (124,113)	$ -	$ (1,537,375)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation expense	2,700,728	-	-	2,700,728
Changes in assets and liabilities:				
Increase in deferred inflows	507,200	-	-	507,200
Decrease in deferred outflows	553,814	-	-	553,814
Increase in accounts receivable	(352,328)	-	-	(352,328)
Increase in prepaid expenses	(15,260)	-	-	(15,260)
Increase in other accrued liabilities	6,116	-	-	6,116
Increase in accounts payable	2,449,938	-	-	2,449,938
Increase in compensated absences	169,756	-	-	169,756
Decrease in net pension liability	(1,739,505)	-	-	(1,739,505)
Decrease in net OPEB liability	(461,106)	-	-	(461,106)
Total adjustments	3,819,353	-	-	3,819,353
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 2,406,091	$ (124,113)	$ -	$ 2,281,978
NON-CASH CAPITAL ACTIVITIES				
Non-cash capital contributions	$ 10,561,429	$ -	$ -	$ 10,561,429
Capital assets purchased through payables	$ 750,633	$ -	$ -	$ 750,633

The accompanying notes are an integral part of the financial statements.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2026

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The South Placer Municipal Utility District (the "District" or "SPMUD") 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.

Basis of Presentation

The basic financial statements of the South Placer Municipal Utility District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The South Placer Municipal Utility District follows the enterprise method of accounting practices and reporting methods approved for waste disposal districts. An enterprise type fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses excluding depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

Proprietary funds distinguish operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A subsidy represents amounts received from or provided to another party or fund of the District. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the proprietary charging higher fees in the future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses re reported as operating revenues and expenses.

As described below, the District maintains three major funds to run their operations:

Operating Fund - The purpose of the Operating Fund is to ensure that the District will have sufficient funding available at all times to meet its operating obligations. Operating revenue is flat rate and consistent over the year. Delinquencies are trued up through tax liens which are recoverable twice a year. Operating expenses are generally incurred uniformly over the year; however, work can be planned or deferred during the year to accommodate minor fluctuations in revenue. The source of funding for this fund is from sewer service charges.

Capital Expansion Fund - The purpose of the Capital Expansion Fund is to fund on a pay-as-you-go basis future capital facilities that are expansion or growth related. These capital improvements will be identified in a Wastewater Collection Master Plan, a System Evaluation and Capacity Assurance Plan or other such capital improvement plan designated by the District. These funds are accumulated in an orderly manner in conformance with State law and drawn down as required by growth related projects. The source of funding for the Capital Expansion Fund is the sewer capacity charge.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Renewal Fund - The purpose of this fund is to accumulate the probable replacement cost of equipment each year over the life of the asset, so it can be replaced readily when it becomes obsolete, is totally depreciated or is scheduled for replacement. Annual depreciation is calculated as a function of the depreciation schedule maintained within the District's financial management software. The source of funding for this fund is in the form of an annual operating expense transfer. The District maintains a Capital Renewal Fund reserve sufficient to fund the next three years of planned capital taking into account anticipated revenues with an ideal target of five years of planned capital. The District updates funding projections and re-evaluates reserve contributions to the Renewal Fund no less than every two years.

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.

Cash and Cash Equivalents

For the purpose of cash flows the District defines cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash or with original maturities of three months or less from the date of acquisition. This includes the District's deposits in financial institutions.

Fair Value Inputs, Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.
- Level 2 **-** Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3 **-** Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Receivables and Payables

Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Certain payments for health insurance and liability insurance reflect costs applicable to future accounting periods and are recorded as prepaid items.

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

Capital Contributions

Transmission and distribution system assets contributed to the District by installers are capitalized based on the District's Schedule of Values which is updated annually and adopted by the Board of Directors, which approximates the acquisition value at the date of the District's acquisition, and are recorded as capital contributions when received.

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.

R*estricted net position* - This component of net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. The District's restricted net position includes amounts restricted for the District's Section 115 trust fund as well as capacity fees to be used exclusively for future capacity expansion in accordance with California government code §66013.

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."

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Compensated absences include leave for which employees may receive cash payments or other forms of settlement, either during employment or upon termination. These include, but are not limited to, vacation leave, management leave, sick leave, holidays, and bereavement leave. Under GASB 101, a liability is recognized for: (1) leave that has been earned but not yet used, and (2) leave that has been used but not yet paid or settled. The liability is measured based on the amount of leave that is more likely than not to be paid or settled. This includes applicable salary-related payments, if those contributions are directly associated with the payment of compensated absences.

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 accounts. 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 by the District in the year they are assessed.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	June 30, 2024 to June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Participation Agreements

The District has extended credit to a small number of customers to pay for capacity charges over time in periods up to 5 years. These contracts, also known as deferred capacity agreements are recorded as revenue when the contracts are approved and executed. The District collects the receivable and interest for these contracts at the current Wall Street Journal Prime rate +2% per annum, as designated in the agreement. In the event of default or non-payment of the fees the District may impose a lien on the property to collect fees through property taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 23, 2026, which is the date the financial statements were issued.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2025, the District implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to enhance the clarity and consistency of financial reporting requirements related to management's discussion and analysis, proprietary fund reporting, unusual or infrequent items, and budgetary comparison information. As a result of implementing GASB Statement No. 103, tax revenue reported in the District's proprietary funds are presented as noncapital subsidies. Capital contributions, transfers in, and transfers out are reported as other nonoperating revenues (expenses). The implementation of this Statement had no effect on the District's beginning net position, change in net position, or ending net position.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement 34, and also requires additional disclosures for capital assets held for sale. Application of this statement had no material impact on the District's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2026 or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 105

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

NOTE 2: CASH AND INVESTMENTS

The components of the District's cash and cash equivalents and investments at June 30, 2026 are as follows:

Cash and cash equivalents:	
Unrestricted deposits in financial institutions	$ 3,709,056
Total cash and cash equivalents	3,709,056
Investments:	
Fixed income securities	16,674,380
Money market funds	14,659,518
CalTRUST Investment Fund	7,365,068
Placer County Treasury's Investment Pool	5,994,941
California CLASS	14,668,364
Local Agency Investment Fund (LAIF)	28,729,467
Total investments	88,091,738
California Employer's Pension Prefunding Trust (CEPPT)	3,203,321
Total investments-restricted	3,203,321
Total cash and investments	$ 95,004,115

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the District

The table below identifies the investment types that are authorized for the South Placer Municipal Utility District by California Government Code 53601 (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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment pools authorized under CA statute governed by Government Code:			$40 Million
Local Agency Investment Fund (LAIF)	N/A	75%	No Limit
Placer County Treasurer's Investment Pool	N/A	75%	No Limit
Investment Trust of CA (CalTRUST)	N/A	75%	No Limit
CalPERS CEPPT Fund	N/A	75%	No Limit
California CLASS	N/A	75%	No Limit
Bank savings account	N/A	75%	No Limit
Federal agencies	5 years	25%	No Limit
Commercial paper	180 days	15%	No Limit
Negotiable certificates of deposits	180	20%	No Limit
Repurchase agreements	180 Days	20%	No Limit
U.S. Treasury obligations	5 years	No Limit	No Limit
Any other allowed investments under CGC 53601	Limited	20%	No Limit
Fixed income securities	N/A	20%	No Limit
Money market funds	N/A	20%	No Limit

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short and long term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2026:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Fixed income securities	$ 3,966,206	$ 12,708,174	$ 16,674,380
Money market funds	14,659,518	-	14,659,518
CalTRUST Investment Fund	7,365,068	-	7,365,068
Placer County Treasury's Investment Pool	5,994,941	-	5,994,941
California CLASS	14,668,364	-	14,668,364
Local Agency Investment Fund (LAIF)	28,729,467	-	28,729,467
	75,383,564	12,708,174	88,091,738
CalPERS CEPP Trust	-	3,203,321	3,203,321
	$ 75,383,564	$ 15,911,495	$ 91,295,059

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.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the year ended June 30, 2026 for each investment type.

		Rating as of Year End		
	Total	S&P	Moody's	N/A
Money market funds	$ 14,659,518	AAAm		
CalTRUST Short Term Investment Fund	7,365,068	AAf		
Placer County Treasury's Investment Pool	5,994,941			Not rated
California CLASS	14,668,364	AAAm		
Fixed income securities	16,674,380	AA+		
Local Agency Investment Fund (LAIF)	28,729,467			Not rated
Total investments	88,091,738			
CalPERS CEPP Trust	3,203,321			Not rated
Total investments-restricted	3,203,321			
Total	$ 91,295,059			

Concentration 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.

Investment in State Investment Pool and Other Investments

The District is a voluntary participant in the Investment Trust of California (CalTRUST). CalTRUST is a program operated by a joint powers authority to offer a high level of current income consistent with preservation of principal. It offers short and medium term bond funds. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return.

The District is a voluntary participant in the Placer County Treasurer's Investment Portfolio that is administered by the Placer County Treasurer. Its primary objectives are to safeguard the principal of the funds under its control and to meet any liquidity needs of the depositor. Maximizing the rate of return is performed consistent with the objectives of safeguarding principal and meeting liquidity needs. 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 the County Treasurer for the entire portfolio under its control.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (CLASS). California CLASS is a Joint Powers Authority created by public agencies to provide a convenient method for agencies to pool their assets for investment purposes. California CLASS is governed by a Board of Trustees made up of experienced local agency executives. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Following the investment policy direction established by the Board of Trustees, the primary objective of the investment manager is to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the participants, and the final objective shall be to maximize the yield in a manner consistent with the first two objectives. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return. The District invests in the California CLASS Prime Fund. The average monthly yield at June 30, 2026 was 3.6996%.

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.

The District has a trust fund account managed by California Employers' Pension Prefunding Trust (CEPPT) Fund. This fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. The Section 115 Trust was established as a means to set aside monies to fund the District's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. In accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2026.

	Level 1	Level 2	Level 3	Total
Fixed income securities	$ -	$ 16,674,380	$ -	$ 16,674,380
Money market funds	14,659,518	-	-	14,659,518
Total assets at fair value	$ 14,659,518	$ 16,674,380	$ -	$ 31,333,898

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026 was as follows:

	July 1, 2025	Additions	Deletions	Transfers	June 30, 2026
Capital assets not being depreciated					
Land	$ 1,174,184	$ -	$ -	$ -	$ 1,174,184
Construction in Progress	1,311,771	3,234,448	-	-	4,546,219
Total capital assets not depreciated	2,485,955	3,234,448	-	-	5,720,403
Capital assets being depreciated					
Buildings	8,178,342	130,511	-	-	8,308,853
Sewer System	146,223,876	10,561,429	-	-	156,785,305
Equipment	2,163,826	16,034	-	-	2,179,860
Office Furniture	157,111	-	-	-	157,111
Vehicles	2,549,940	-	(115,676)	-	2,434,264
Total capital assets being depreciated	159,273,095	10,707,974	(115,676)	-	169,865,393
Less: accumulated depreciation					
Buildings	(3,093,019)	(302,413)	-	-	(3,395,432)
Sewer System	(29,532,817)	(2,033,943)	-	-	(31,566,760)
Equipment	(1,681,548)	(118,395)	-	-	(1,799,943)
Office Furniture	(145,909)	(3,945)	-	-	(149,854)
Vehicles	(1,905,271)	(242,032)	112,352	-	(2,034,951)
Total accumulated depreciation	(36,358,564)	(2,700,728)	112,352	-	(38,946,940)
Capital Assets, net	$ 125,400,486	$ 11,241,694	$ (3,324)	$ -	$ 136,638,856

Depreciation expense for the year ended June 30, 2026 totaled $2,700,728.

NOTE 4: INTERFUND TRANSACTIONS

Transfers between funds during the year ended June 30, 2026 were as follows:

Transfer From	Transfer To	Description of Transfer	Amount
Capital Expansion Fund	Operating Fund	Capital purchases	$ 2,278,812
Capital Renewal Fund	Operating Fund	Capital purchases	1,014,443
Operating Fund	Capital Renewal Fund	Depreciation reserve	2,617,566
		Total Interfund Transfers	$ 5,910,821

NOTE 5: COMPENSATED ABSENCES

A summary of changes related to compensated absences for the year ended June 30, 2026 were as follows:

	July 1, 2025	Net Change	June 30, 2026	Current Portion
Compensated absences	$ 196,804	$ 169,756	$ 366,560	$ 312,730

NOTE 6: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

All qualified permanent full time and part-time District employees working at least 1,000 hours per year are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three rate plans (all miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. 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 contributed the employee required contribution. For those employees hired on or after April 20th, 2012, the District implemented a 2% @ 55 Tier II plan which reduced the amount of employee contribution paid by the District to 7%. Effective July 1st, 2017, all employees pay the CalPERS employee share. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For employees hired after January 1, 2013, who aren't classic members as defined by CalPERS, the District benefit formula changed to a 2% @ 62 Tier III where the employee contributes the full employee contribution of 7.75% 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 contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

	Miscellaneous		
Hire date	Tier I Prior to April 20, 2012	Tier II April 20, 2012 to December 31, 2012	Tier III On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	16.09%	11.94%	7.96%
Required UAL contribution	$573,784	$11,042	$10,350

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2026 were $1,829,097, which consisted of $287,564 of normal contributions, the required unfunded actuarial liability of $541,533, and a $1,000,000 additional payment.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2026, the District reported a net pension liability of $4,438,345 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2025, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2025 measurement dates was as follows:

Measurement Period Ending	Miscellaneous
Proportion - June 30, 2024	0.12773%
Proportion - June 30, 2025	0.11126%
Change - Increase (Decrease)	(0.01647%)

For the year ended June 30, 2026, the District recognized pension expense of $620,771. At June 30, 2026, the District 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
Pension contributions subsequent to measurement date	$ 1,829,097	$ -
Net difference between projected and actual earnings on plan investments	-	600,559
Differences between expected and actual experience	531,823	-
Differences in proportions	-	685,290
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	708,017	-
Total	$ 3,068,937	$ 1,285,849

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

$1,829,097 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,		
2027	$	536,304
2028	$	(117,585)
2029	$	(235,469)
2030	$	(229,259)

Actuarial Assumptions

The total pension liabilities in the June 30, 2025 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price Inflation	2.30%
Wage inflation	2.8%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses, includes inflation.
Mortality (1)	Derived Using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and Post-retirement mortality tables include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2021 that can be found on the CalPERS website.

Change in Assumptions

For the measurement period ending June 30, 2025, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

NOTE 6: DEFINED BENEFIT PENSION PLAN (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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Real Return (a)
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Private Debt	8.0%	4.93%
Real Assets	15.0%	3.03%
Leverage	(5.0%)	1.40%

(a) An expected price inflation of 2.30% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 8,030,737	$ 4,438,345	$ 1,481,844

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7: DEFERRED COMPENSATION AND SUPPLEMENTAL RETIREMENT PROGRAM

Employees of the 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 plan, 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 and Empower as the third party administrators of the plan assets. Due to the fact that the District does not administer these plans, 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 also has a supplemental retirement program for management employees. The District will contribute up to 5% of the individual management employee's salary and 2.5% of management support's salary into an IRS 401(a) defined contribution supplemental retirement plan. As of March 2026, a $150 matching contribution will also be made. Management employees may elect to deposit into said 401(a) plan to the maximum allowable by law.

The District's deferred compensation and supplemental retirement expense for the matching contributions under the 457 deferred compensation and 401(a) retirement plans totaled $132,985.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Plan

South Placer Municipal Utility District's Post-Retirement Healthcare Plan is a defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits and life insurance benefits to eligible retirees and their eligible dependents. The California Employers' Retiree Benefit Trust (CERBT) administers the Plan, an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies that hold assets used to fund OPEB obligations. CERBT provides an annual financial report that can be found on the CalPERS website.

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). Eligible employees who meet the requirements of their tier and retire from the District receive a retiree medical benefit in accordance with their tier. 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 in excess of the CalPERS minimum are computed separately. As of June 30, 2026, there were 26 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 retired from the District before September 30, 2023. The amount of the life insurance benefit is $15,000 ($25,000 in the case of District management employees).

Employees Covered

As of the June 30, 2025 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	27
Inactive employees currently receiving benefits	26
Inactive employees entitled to, but not yet receiving benefits	1
Total	54

Contributions

The District's policy is to fully fund the actuarially determined contribution. The District makes the contributions on behalf of the participants. For the year ended June 30, 2026, the District contributed $638,039.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability ("NOL") was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2025
Funding Method	Entry Age Normal Cost, level percent pay
Asset Valuation Method	Market value
Long Term Return on Assets	6.20% as of June 30, 2025, and 6.20% as of June 30, 2024
Discount Rates	6.20% as of June 30, 2025, and 6.20% as of June 30, 2024
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Assumed Wage Inflation	3.00% per annum
Salary Increases	3.00% per annum
General Inflation Rate	2.50% per annum
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally
Healthcare Trend Rate	6.50% per annum

Changes in Assumptions

For the measurement period ending June 30, 2025, the healthcare trend assumption was updated based on the Getzen Model 2025 published by the Society of Actuaries. Future healthcare cost increases were assumed to start at 6.5% (increase effective January 1, 2027) from 6.0% (increase effective January 1, 2026).

Discount Rate

The discount rate used to measure the total OPEB liability was 6.20% based on an assumption that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Expected Long-term Return on Trust Assets

The expected long-term rate on trust assets was derived from published information by CalPERS. CalPERS expectations are summarized in the chart below:

CERBT Strategy 2		Years 1-5			Years 6-20		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-5 Year Expected Rate of Return*	Compound Return Yrs 1-5	General Inflation Rate Assumption	6-20 Year Expected Real Rate of Return*	Compound Return Years 6-20
Global Equity	34 %	2.40 %	3.90 %	6.80 %	2.40 %	4.70 %	7.10 %
Fixed Income	41 %	2.40 %	2.70 %	1.40 %	2.40 %	2.60 %	4.50 %
Global Real Estate (REITs)	17 %	2.40 %	3.70 %	5.40 %	2.40 %	4.00 %	6.40 %
Treasury Inflation Protected Securities (TIPS)	5 %	2.40 %	1.70 %	0.60 %	2.40 %	1.40 %	3.80 %
Commodities	3 %	2.40 %	2.90 %	3.20 %	2.40 %	2.00 %	4.40 %
Volatility	9.50 %		Portfolio	4.20 %		Portfolio	6.20 %

* Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.5%.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Net OPEB Liability

To determine the June 30, 2025 (measurement period) net OPEB liability, the District used a roll-forward technique for the total OPEB liability. The fiduciary net position is based on the actual June 30, 2025 fiduciary net position. The following table shows the results of the rollforward.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2024	$ 9,591,028	$ 6,272,013	$ 3,319,015
Service cost	290,993	-	290,993
Interest cost	596,082	-	596,082
Expected investment income	-	390,788	(390,788)
Employer contributions	-	599,612	(599,612)
Administrative expenses	-	(1,970)	1,970
Benefit payments	(535,600)	(535,600)	-
Healthcare trend changes	152,503	-	152,503
Plan experience	(237,289)	-	(237,289)
Investment experience	-	274,965	(274,965)
Net change for the measurement period	266,689	727,795	(461,106)
Balance at June 30, 2025	$ 9,857,717	$ 6,999,808	$ 2,857,909

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease (5.20)	Current Discount Rate (6.20%)	1% Increase (7.20%)
Net OPEB Liability	$ 4,171,673	$ 2,857,909	$ 1,776,910

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 1,680,771	$ 2,857,909	$ 4,318,952

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 year straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service year.

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense of $706,768. As of year ended June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 638,039	$ -
Changes of assumptions	351,860	510,930
Net difference between projected and actual earnings on OPEB plan investments	-	27,286
Differences between expected and actual experience	977,070	206,026
Total	$ 1,966,969	$ 744,242

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

$638,039 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

For the Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2027	$ 386,547
2028	$ 138,042
2029	$ (29,713)
2030	$ (306)
2031	$ 54,687
Thereafter	$ 35,431

NOTE 9: JOINT POWERS AGREEMENTS

South Placer Wastewater Authority

On October 1, 2000, the South Placer Wastewater Authority (the "Authority") was created to finance and construct the Pleasant Grove treatment plant along with expanding facilities at the Dry Creek plant and other regional facilities. The Authority is made up of 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's 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 year ended June 30, 2026 was $7,653,807. The financial statements for the South Placer Wastewater Authority are available online at: https://www.roseville.ca.us/government/departments/finance/general_accounting_department/south_placer_wastewater_authority.

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 year ended June 30, 2026 for maintenance and operation expenses was $8,017,080 and an additional $1,857,161 for the District's share of rehab project costs.

Special District Risk Management Authority

The District is also a member of a joint powers authority, Special District Risk Management Authority (SDRMA), for the operation of a common risk management and insurance program. SDRMA provides limits of liability for general liability, auto, and an additional umbrella policy. The District also maintains workers compensation insurance through Special District Risk Management Authority, with the employer's liability limit of $10,000,000 per occurrence. SDRMA is governed by a Board of Directors consisting of representatives from member agencies, which controls the operations of the SDRMA, including selection of management and approval of operating budgets.

NOTE 9: JOINT POWERS AGREEMENTS (CONTINUED)

The following is a summary of the most current audited financial information for SDRMA as of June 30, 2025 (the most recent information available):

Total assets and deferred outflows of resources	$ 186,964,081
Total liabilities and deferred inflows of resources	$ 78,834,809
Net assets	$ 108,129,272
Operating and non-operating revenue	$ 135,886,368
Operating expense	$ 112,943,462

The relationships between South Placer Municipal Utility District and the joint powers authorities are such that SDRMA is not considered a component unit of the District for financial reporting purposes.

NOTE 10: 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. The District's insurance carrier also covers defense costs that are not recovered from the opposing side upon successful resolution.

At June 30, 2026, the District had commitments with respect to various engineering services and construction projects.

Over the years, a number of agreements have been entered into by the District and local developers for installation of wastewater servicing facilities to the developer's projects. The developers constructed and installed the wastewater facilities at their own expense and thereafter dedicated said facilities to the District for public use. In return the Developers will receive partial reimbursement from construction fees actually collected on the properties within the project area, through the Agreement period. No contingent liability to the District is incurred for the uncollected portion of the agreed maximum amount.

Project Name	Max Reimbursement	EDUs Benefited
Granite Bluff	$ 36,856	40
Massie Trust - 3264 Taylor Road	$ 185,614	80
The Lands of Perona	$ 25,470	5
Lugo Extension	$ 14,055	2

NOTE 11: FUTURE REVENUES FROM FORMER NEWCASTLE SANITARY DISTRICT CUSTOMERS

In August 2010 as part of an agreement with Newcastle Sanitary District (NSD), the District loaned NSD $5,237,307 to make improvements to NSD’s wastewater system so its service area could receive wastewater service through the District. In order to facilitate repayment of the loan NSD charged a Project Related Participation Fee (PRPF) for new connections and a Project Related Service Charge (PRSC) to existing customers within NSD’s service area. On September 5, 2013 the District and NSD entered into agreements relating to the annexation of the NSD service area to the District. Since NSD no longer exists as a separate legal entity, the receivable was removed from the District's Statement of Net Position. However, the PRSC will still be collected from former NSD customers until the outstanding balance of the loan is paid off. The net present value of the amount of future revenues to be collected totaled $4,150,387 as of June 30, 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Measurement Period Ended June 30
LAST 10 YEARS

	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.11126 %	0.12773 %	0.12805 %	0.13903 %	0.16476 %
Proportionate share of the net pension liability	$ 4,438,345	$ 6,177,850	$ 6,403,258	$ 6,505,612	$ 3,128,464
Covered payroll	$ 2,834,056	$ 2,791,900	$ 2,679,762	$ 2,465,037	$ 2,595,337
Proportionate share of the net pension liability as a percentage of covered payroll	156.61 %	221.28 %	238.95 %	263.92 %	120.54 %
Plan fiduciary net position as a percentage of the total pension liability	82.40 %	78.10 %	76.20 %	76.70 %	88.30 %

Benefit changes: In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: For the measurement periods ended June 30, 2025, 2024 and 2023, there were no changes in actuarial assumptions. In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in 2022. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Measurement Period Ended June 30
LAST 10 YEARS

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.13007 %	0.12642 %	0.12327 %	0.11996 %	0.11759 %
Proportionate share of the net pension liability	$ 5,486,625	$ 5,062,627	$ 4,645,508	$ 4,728,860	$ 4,084,964
Covered payroll	$ 2,473,520	$ 2,354,398	$ 2,217,714	$ 1,897,932	$ 1,772,689
Proportionate share of the net pension liability as a percentage of covered payroll	221.81 %	215.03 %	209.47 %	249.16 %	230.44 %
Plan fiduciary net position as a percentage of the total pension liability	75.10 %	75.30 %	75.30 %	73.30 %	74.10 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
For the Year Ended June 30
LAST 10 YEARS

	2026	2025	2024	2023	2022
Contractually required contribution (actuarially determined)	$ 829,097	$ 770,991	$ 666,279	$ 711,161	$ 601,352
Contributions in relation to the actuarially determined contributions	(1,829,097)	(1,670,991)	(793,224)	(1,178,900)	(601,352)
Contribution deficiency (excess)	$ (1,000,000)	$ (900,000)	$ (126,945)	$ (467,739)	$ -
Covered payroll	$ 2,911,269	$ 2,834,056	$ 2,791,900	$ 2,679,762	$ 2,465,037
Contributions as a percentage of covered employee payroll	62.83 %	58.96 %	28.41 %	43.99 %	24.40 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
For the Year Ended June 30
LAST 10 YEARS

	2021	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	$ 628,962	$ 573,347	$ 506,322	$ 424,946	$ 369,153
Contributions in relation to the actuarially determined contributions	(628,962)	(573,347)	(506,322)	(424,946)	(369,153)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,595,337	$ 2,473,520	$ 2,354,398	$ 2,217,714	$ 1,897,932
Contributions as a percentage of covered employee payroll	24.23 %	23.18 %	21.51 %	19.16 %	19.45 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Period Ended June 30
Last 10 Years*

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 290,993	$ 305,252	$ 275,011	$ 267,001
Interest	596,082	501,003	482,524	465,381
Changes of benefit terms	-	75,182	-	-
Difference between expected and actual experience	(237,289)	1,070,064	141,561	-
Changes in assumptions	152,503	(673,216)	(7,592)	-
Benefit payments	(535,600)	(498,638)	(481,692)	(399,699)
Net change in total OPEB liability	266,689	779,647	409,812	332,683
Total OPEB liability, beginning	9,591,028	8,811,381	8,401,569	8,068,886
Total OPEB liability, ending (a)	$ 9,857,717	$ 9,591,028	$ 8,811,381	$ 8,401,569
Plan Fiduciary Net Position				
Contributions - employer	$ 599,612	$ 498,638	$ 481,692	$ 516,227
Net investment income	665,753	474,643	199,454	(799,892)
Benefit payments	(535,600)	(498,638)	(481,692)	(399,699)
Administrative expenses	(1,970)	(1,867)	(1,605)	(1,607)
Other expenses	-	-	-	-
Net change in plan fiduciary net position	727,795	472,776	197,849	(684,971)
Plan fiduciary net position, beginning	6,272,013	5,799,237	5,601,388	6,286,359
Plan fiduciary net position, ending (b)	$ 6,999,808	$ 6,272,013	$ 5,799,237	$ 5,601,388
District's net OPEB liability, ending (a) - (b)	$ 2,857,909	$ 3,319,015	$ 3,012,144	$ 2,800,181
Plan fiduciary net position as a percentage of the total OPEB liability	71.01 %	65.39 %	65.82 %	66.67 %
Covered-employee payroll**	$ 2,834,056	$ 2,791,900	$ 2,679,762	$ 2,694,000
District's net OPEB liability as a percentage of covered-employee payroll	100.84 %	118.88 %	112.40 %	103.94 %

Notes to Schedule:

Changes of assumptions: For the measurement period ended June 30, 2025, the healthcare trend assumption was updated using the Society of Actuaries Getzen Model 2025. For the measurement period ended June 30, 2024, the discount rate increased from 5.65 percent to 6.20 percent based on updated expected trust returns, the healthcare trend assumption was updated, and mortality assumptions were updated from the CalPERS 2017 mortality tables to the CalPERS 2021 mortality tables

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation. The schedule above is only nine years as shown. Additional years' information will be displayed as it becomes available.

** Contributions are not based on measure of pay.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
For the Measurement Period Ended June 30
Last 10 Years*

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 236,028	$ 229,153	$ 223,373	$ 199,744	$ 167,083
Interest	429,366	409,018	405,567	388,531	424,380
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	303,818	-	(386,278)	-	(866,361)
Changes in assumptions	796,945	-	49,712	276,413	497,052
Benefit payments	(340,175)	(314,030)	(274,244)	(274,870)	(347,294)
Net change in total OPEB liability	1,425,982	324,141	18,130	589,818	(125,140)
Total OPEB liability, beginning	6,642,904	6,318,763	6,300,633	5,710,815	5,835,955
Total OPEB liability, ending (a)	$ 8,068,886	$ 6,642,904	$ 6,318,763	$ 6,300,633	$ 5,710,815
Plan Fiduciary Net Position					
Contributions - employer	$ 340,175	$ 343,943	$ 317,737	$ 274,870	$ 347,294
Net investment income	1,032,867	269,753	310,791	339,972	408,278
Benefit payments	(340,175)	(314,030)	(274,244)	(274,870)	(347,294)
Administrative expenses	(1,913)	(2,460)	(996)	(2,277)	(2,072)
Other expenses	-	-	-	(5,651)	-
Net change in plan fiduciary net position	1,030,954	297,206	353,288	332,044	406,206
Plan fiduciary net position, beginning	5,255,405	4,958,199	4,604,911	4,272,867	3,866,661
Plan fiduciary net position, ending (b)	$ 6,286,359	$ 5,255,405	$ 4,958,199	$ 4,604,911	$ 4,272,867
District's net OPEB liability, ending (a) - (b)	$ 1,782,527	$ 1,387,499	$ 1,360,564	$ 1,695,722	$ 1,437,948
Plan fiduciary net position as a percentage of the total OPEB liability	77.91 %	79.11 %	78.47 %	73.09 %	74.82 %
Covered-employee payroll**	$ 2,681,595	$ 2,473,520	$ 2,354,398	$ 2,217,714	$ 2,217,714
District's net OPEB liability as a percentage of covered-employee payroll	66.47 %	56.09 %	57.79 %	76.46 %	64.84 %

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
For the Year Ended June 30
Last 10 Years*

	2026	2025	2024	2023
Actuarially Determined Contribution (ADC)	$ 607,460	$ 589,768	$ 424,872	$ 416,158
Contributions in relation to the ADC	(638,039)	(599,612)	(498,638)	(481,692)
Contribution deficiency (excess)	$ (30,579)	$ (9,844)	$ (73,766)	$ (65,534)
Covered-employee payroll***	$ 2,790,840	$ 2,834,056	$ 2,791,900	$ 2,679,762
Contributions as a percentage of covered-employee payroll	22.86%	21.16%	17.86%	17.98%

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation. The schedule above is only nine years as shown. Additional years' information will be displayed as it becomes available.

** The District has consistently contributed 100% or more of the ADC each year for at least the past 5 years. In July 2018, the District deposited an additional $17,405. This amount, when added to the contributions shown above, fully satisfies the year end 2018 ADC shown above.

*** Contributions are not based on measure of pay.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (CONTINUED)
For the Year Ended June 30
Last 10 Years*

	2022	2021	2020	2019	2018**
Actuarially Determined Contribution (ADC)	$ 376,479	$ 366,366	$ 312,164	$ 301,216	$ 292,275
Contributions in relation to the ADC	(516,227)	(340,175)	(343,943)	(317,737)	(274,870)
Contribution deficiency (excess)	$ (139,748)	$ 26,191	$ (31,779)	$ (16,521)	$ 17,405
Covered-employee payroll***	$ 2,694,000	$ 2,681,595	$ 2,473,520	$ 2,354,398	$ 2,217,714
Contributions as a percentage of covered-employee payroll	19.16%	12.69%	13.91%	13.50%	12.39%

Supplementary Information

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	Administrative and General	Collection and Treatment	Technical Services	Total
OPERATING EXPENSES				
Salaries and benefits	$ 1,854,396	$ 2,823,997	$ 1,318,467	$ 5,996,860
Gas and oil expense	-	65,916	-	65,916
Insurance	314,756	-	-	314,756
Professional services	85,972	68,300	230,774	385,046
Professional development	15,949	26,115	5,650	47,714
Legal	209,377	-	-	209,377
Utility billing / banking expenses	297,626	-	-	297,626
Operating supplies	125,387	423,674	138,878	687,939
Capital expenses	-	74,259	-	74,259
Uniform expenses	-	20,882	1,715	22,597
Buildings / utilities	-	283,063	-	283,063
Vehicle expenses	-	65,936	-	65,936
RWWTP expenses	-	8,121,665	1,857,161	9,978,826
EXPENSES BEFORE DEPRECIATION	$ 2,903,463	$ 11,973,807	$ 3,552,645	18,429,915
Depreciation				2,700,728
TOTAL OPERATING EXPENSES				$ 21,130,643

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the South Placer Municipal Utility District Annual Comprehensive Financial Report presents detailed information as a context for understanding the District's economic condition and overall health.

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FINANCIAL TRENDS DATA

These schedules contain financial trend information for the District's financial performance.

Table S1 Changes in Net Position
Table S2 Net Position by Component
Table S3 Equivalent Dwelling Unit (EDU) Connections by Fiscal Year

REVENUE CAPACITY DATA

These schedules contain information to help the reader assess the District's most significant local revenue source.

Table S4 Delinquent Accounts – Total Sewer Service Charges
Table S5 Monthly Sewer Rates & Local Capacity Charges
Figure 1 – Rate Comparison of Placer County Sewer Service Providers

DEMOGRAPHIC & ECONOMIC INFORMATION

These schedules contain demographic information for Placer County.

Table S6 Ten Largest District Customers
Table S7 County Economic Statistics
Table S8 County Demographic Statistics
Table S9 Placer County Largest Employers
Table S10 Top Ten Taxpayers in Placer County

OPERATING INFORMATION

These schedules provide information on the District's infrastructure replacement program and detail spending on current large projects.

Table S11 Ten-Year Capital Spending
Table S12 Capacity Charge Report

Sources: Unless otherwise noted, the information in these schedules is derived from the District's Annual Financial Reports for the relevant year.

TABLE S1 – CHANGES IN NET POSITION (LAST 10 YEARS)

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	FISCAL YEAR 2023/24	FISCAL YEAR 2022/23	FISCAL YEAR 2021/22
OPERATING REVENUES					
SEWER CHARGES	$ 19,026,439	$ 18,172,096	$ 17,103,804	$ 16,273,142	$ 15,955,824
SEWER CAPACITY CHARGES		1,421,359	1,407,105	1,443,652	3,476,886
PERMITS, FEES & INSPECTIONS	566,829	486,287	678,089	397,924	717,688
TOTAL OPERATING REVENUES	19,593,268	20,079,742	19,188,998	18,114,718	20,150,398
OPERATING EXPENSES					
COLLECTIONS & TREATMENT	11,973,807	9,479,941	9,791,937	10,676,878	8,119,944
ADMINISTRATIVE & GENERAL	2,903,463	3,130,480	3,084,503	2,912,702	1,627,236
TECHNICAL SERVICES	3,552,645	2,705,701	3,255,914	4,064,598	2,790,803
DEPRECIATION	2,700,728	2,617,566	2,601,119	2,330,061	2,218,607
TOTAL OPERATING EXPENSES	21,130,643	17,933,688	18,733,473	19,984,239	14,756,591
OPERATING INCOME (LOSS)	(1,537,375)	2,146,054	455,525	(1,869,521)	5,393,807
NONCAPITAL SUBSIDIES					
TAX REVENUE	1,487,390				
TOTAL NONCAPITAL SUBSIDIES	1,487,390				
OPERATING INCOME (LOSS) & NONCAPITAL SUBSIDIES	(49,985)				
NONOPERATING REVENUES (EXPENSES)					
TAX REVENUE		1,423,233	1,241,515	1,290,539	1,190,070
GAIN (LOSS) ON SALE OF ASSET		-	4,942	13,900	21,993
INTEREST INCOME		3,953,128	2,981,351	1,617,338	(967,245)
TOTAL NONOPERATING REVENUES		5,376,361	4,227,808	2,921,777	244,818
OTHER NONOPERATING REVENUES (EXPENSES)					
CAPITAL CONTRIBUTIONS	10,561,429				
SEWER CAPACITY CHARGES	3,792,750				
INVESTMENT INCOME	3,541,089				
GAIN (LOSS) ON SALE OF ASSET	48,437				
TRANSFERS IN	5,910,821				
TRANSFERS OUT	(5,910,821)				
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	17,943,705				
TRANSFERS & CAPITAL CONTRIBUTIONS					
CAPITAL CONTRIBUTIONS		4,166,059	5,771,180	1,578,826	9,919,851
TRANSFERS IN		1,889,825	1,698,162	3,799,484	2,977,721
TRANSFERS OUT		(1,889,825)	(1,698,162)	(3,799,484)	(2,977,721)
TOTAL TRANSFERS & CAPITAL CONTRIBUTIONS		4,166,059	5,771,180	1,578,826	9,919,851
CHANGE IN NET POSITION	17,893,720	11,688,474	10,454,513	2,631,082	15,558,476
NET POSITION, BEGINNING OF YEAR	211,406,023	199,717,549	189,263,036	186,253,620	170,695,144
PRIOR PERIOD ADJUSTMENT	-	-	-	378,334	-
NET POSITION, END OF YEAR	$229,299,743	$211,406,023	$199,717,549	$189,263,036	$186,253,620

Footnote: Beginning with Fiscal Year 2025/26, amounts are classified in accordance with GASB Statement No. 103, Financial Reporting Model Improvements. Prior-year amounts have not been reclassified to conform to the Fiscal Year 2025/26 presentation.

TABLE S1 – continued

	FISCAL YEAR 2020/21	FISCAL YEAR 2019/20	FISCAL YEAR 2018/19	FISCAL YEAR 2017/18	FISCAL YEAR 2016/17
OPERATING REVENUES					
SEWER CHARGES	$ 15,605,794	$ 15,383,211	$ 14,336,548	$ 12,694,346	$ 11,196,600
SEWER CAPACITY CHARGES	2,933,779	1,415,952	2,574,427	2,520,400	4,700,227
PERMITS, FEES & INSPECTIONS	546,273	253,247	533,932	338,446	475,524
TOTAL OPERATING REVENUES	19,085,846	17,052,410	17,444,907	15,553,192	16,372,351
OPERATING EXPENSES					
COLLECTIONS & TREATMENT	8,113,323	8,326,375	5,462,230	7,406,709	6,756,711
ADMINISTRATIVE & GENERAL	2,020,046	2,126,601	1,889,641	1,745,033	2,226,083
TECHNICAL SERVICES	1,924,508	2,399,482	3,173,059	3,237,207	2,443,940
DEPRECIATION	2,065,934	1,889,287	1,658,424	1,423,548	1,343,872
TOTAL OPERATING EXPENSES	14,123,811	14,741,745	12,183,354	13,812,497	12,770,606
OPERATING INCOME (LOSS)	4,962,035	2,310,665	5,261,553	1,740,695	3,601,745
NONCAPITAL SUBSIDIES					
TAX REVENUE					
TOTAL NONCAPITAL SUBSIDIES					
OPERATING INCOME (LOSS) & NONCAPITAL SUBSIDIES					
NONOPERATING REVENUES (EXPENSES)					
TAX REVENUE	1,173,961	1,083,897	993,704	929,449	874,218
GAIN (LOSS) ON SALE OF ASSET	(36,147)	-	13,707	63,498	(27,186)
INTEREST INCOME	670,185	1,602,378	1,716,388	202,813	72,111
TOTAL NONOPERATING REVENUES	1,807,999	2,686,275	2,723,799	1,195,760	919,143
OTHER NONOPERATING REVENUES (EXPENSES)					
CAPITAL CONTRIBUTIONS					
SEWER CAPACITY CHARGES					
INVESTMENT INCOME					
GAIN (LOSS) ON SALE OF ASSET					
TRANSFERS IN					
TRANSFERS OUT					
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)					
TRANSFERS & CAPITAL CONTRIBUTIONS					
CAPITAL CONTRIBUTIONS	5,143,394	9,854,903	7,071,156	6,680,289	2,819,904
TRANSFERS IN	3,288,071	5,968,828	6,359,937	5,469,970	4,128,264
TRANSFERS OUT	(3,288,071)	(5,968,828)	(6,359,937)	(5,469,970)	(4,128,264)
TOTAL TRANSFERS & CAPITAL CONTRIBUTIONS	5,143,394	9,854,903	7,071,156	6,680,289	2,819,904
CHANGE IN NET POSITION	11,913,428	14,851,843	15,056,508	9,616,744	7,340,792
NET POSITION, BEGINNING OF YEAR	158,781,716	143,929,873	128,873,365	120,878,621	113,537,829
PRIOR PERIOD ADJUSTMENT	-	-	-	(1,622,000)	-
NET POSITION, END OF YEAR	$170,695,144	$158,781,716	$143,929,873	$128,873,365	$120,878,621

Footnote: Beginning with Fiscal Year 2025/26, amounts are classified in accordance with GASB Statement No. 103, Financial Reporting Model Improvements. Prior-year amounts have not been reclassified to conform to the Fiscal Year 2025/26 presentation.

TABLE S2 - NET POSITION BY COMPONENT (LAST 10 YEARS)

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2026	$ 135,747,323	$ 42,675,818	$ 50,876,602	$ 229,299,743
2025	$ 125,400,486	$ 2,847,062	$ 83,158,475	$ 211,406,023
2024	$ 122,782,635	$ 3,425,665	$ 73,509,249	$ 199,717,549
2023	$ 118,079,205	$ 3,156,947	$ 68,026,884	$ 189,263,036
2022	$ 113,805,543	$ 3,006,902	$ 69,441,175	$ 186,253,620
2021	$ 104,924,074	$ 3,440,903	$ 62,330,167	$ 170,695,144
2020	$ 98,277,454	$ -	$ 60,504,262	$ 158,781,716
2019	$ 89,388,724	$ -	$ 54,541,149	$ 143,929,873
2018	$ 75,520,052	$ -	$ 53,353,313	$ 128,873,365
2017	$ 61,229,199	$ -	$ 59,649,422	$ 120,878,621

TABLE S3 - EQUIVALENT DWELLING CONNECTIONS BY FISCAL YEAR

Fiscal Year Ended June 30,	Total EDU'S	Increase	% Increase
2026	38,704	695	1.83%
2025	38,009	454	1.21%
2024	37,555	715	1.94%
2023	36,840	829	2.25%
2022	36,011	689	1.91%
2021	35,322	463	1.31%
2020	34,859	685	1.97%
2019	34,174	729	2.13%
2018	33,445	620	1.85%
2017	32,825	991	3.02%

TABLE S4 – DELINQUENT ACCOUNTS (TOTAL SEWER CHARGES)

Fiscal Year Ended June 30,	Delinquent Accounts	Total # of Accounts	% Delinquent Accounts	Delinquent Receivables	Total Sewer Charges	% Delinquent Charges
2026	1,226	25,501	4.81%	$704,390	$19,026,439	3.70%
2025	1,146	25,366	4.52%	$495,940	$18,172,096	2.73%
2024	1,137	25,128	4.52%	$588,364	$17,103,804	3.44%
2023	1,026	25,091	4.09%	$438,256	$16,273,142	2.69%
2022	909	24,402	3.73%	$350,989	$15,955,824	2.20%
2021	931	23,888	3.90%	$371,323	$15,527,905	2.39%
2020	896	23,430	3.82%	$355,843	$15,383,211	2.31%
2019	831	22,775	3.65%	$296,622	$14,336,548	2.07%
2018	845	22,175	3.81%	$336,459	$12,344,700	2.73%
2017	852	21,658	3.93%	$257,783	$11,196,600	2.30%

Note: Delinquent Accounts are assigned once each year. The delinquent account balances are collected through the Placer County Property Tax Rolls and paid to the District.

TABLE S5 – MONTHLY SEWER RATES & LOCAL CAPACITY CHARGES

Fiscal Year Ended June 30,	Sewer Service Rates per Month	Local Sewer Capacity Charges
2026	$ 40.50	$ 4,954
2025	$ 38.94	$ 4,926
2024	$ 37.44	$ 4,915
2023	$ 36.00	$ 4,827
2022	$ 36.00	$ 4,330
2021	$ 36.00	$ 4,129
2020	$ 36.00	$ 4,014
2019	$ 34.00	$ 3,923
2018	$ 31.00	$ 3,750
2017	$ 28.00	$ 3,750

Below is a comparison showing the rates charged by other sanitary providers in the region. South Placer Municipal Utility District is the lowest-cost sewer service provider in Placer County (as well as the major Sacramento Metropolitan area).

FIGURE S1 - RATE COMPARISON

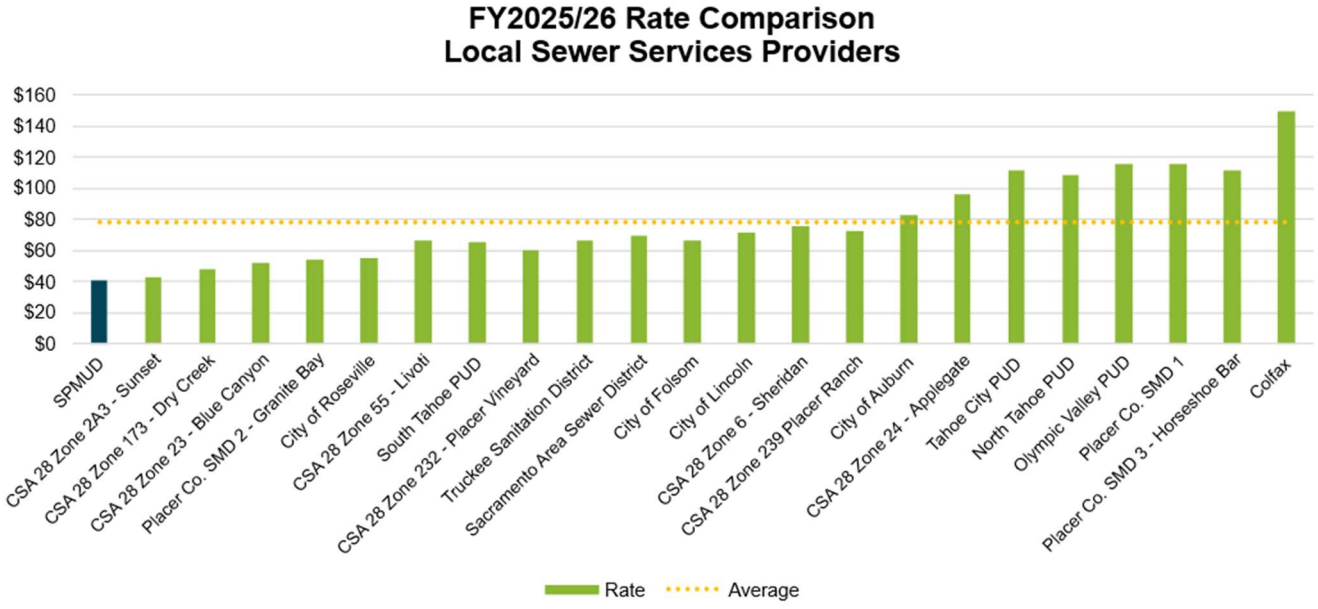

TABLE S6 – TEN LARGEST DISTRICT CUSTOMERS (LAST 12 YEARS)

2026	2025	2024	2023
Meridian Apts	Meridian Apts	Meridian Apts	Meridian Apts
Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts
Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts
Sierra College	Terracina Apts	Rocklin Elem. Schools	Rocklin Elem. Schools
Terracina Apts	Rocklin Elem. Schools	Garnet Creek Apts	Garnet Creek Apts
Rocklin Elem.Schools	Garnet Creek Apts	Rocklin High Schools	Rocklin High Schools
Garnet Creek Apts	Rocklin High Schools	Villa Serena Apts	Villa Serena Apts
Rocklin High Schools	Villa Serena Apts	Sierra Lakes MH Park	Sierra Lakes MH Park
Villa Serena Apts	Sierra Lakes MH Park	Blue Oaks Town Center	Winstead Apts
Sierra Lakes MH Park	Winsted Apts	Winsted Apts	Sierra Gateway Apts

2022	2021	2020	2019
Meridian Apts	Meridian Apts	Meridian Apts	Meridian Apts
Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts	Rocklin Ranch Apts
Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts	Sunset Summit Apts
Garnet Creek Apts	Garnet Creek Apts	Garnet Creek Apts	Garnet Creek Apts
Rocklin Elem. Schools	Rocklin High Schools	Rocklin High Schools	Rocklin High Schools
Rocklin High Schools	Villa Serena Apts	Villa Serena Apts	Senior Living
Villa Serena Apts	Sierra Lakes MH Park	Rocklin Elem. Schools	Sierra Lakes MH Park
Sierra Lakes MH Park	Rocklin Elem. Schools	Sierra Lakes MH Park	Broadstone Apts
Winstead Apts	Broadstone Apts	Broadstone Apts	Sagora Senior Living
Sierra Gateway Apts	Ansel Park Sr Living	Sagora Senior Living	William Jessup

2018	2017	2016	2015
MW Investment	Sunset West Apts	Sunset West Apts	Sunset West Apts
Sunset West Apts	William Jessup Univ	William Jessup Univ	William Jessup Univ
William Jessup Univ	Rocklin High Schools	Rocklin High Schools	Rocklin High Schools
Rocklin High Schools	Rocklin Elem. Schools	Rocklin Elem. Schools	Rocklin Elem. Schools
Rocklin Elem. Schools	Del Oro High School	Del Oro High School	Del Oro High School
Del Oro High School	Sierra College	Sierra College	Sierra College
Sierra College	Walmart Rocklin	Walmart Rocklin	Walmart Rocklin
Walmart (Rocklin)	Loomis RV Park	Loomis RV Park	Loomis RV Park
Loomis RV Park	Howard Johnson	Howard Johnson	Howard Johnson
Studio Movie Grill	Blue Oaks Marketplace	Blue Oaks Marketplace	Blue Oaks Marketplace

TABLE S7 – ECONOMIC STATISTICS

Fiscal Year Ended June 30,	Placer County Workforce	Number of Employed	Number of Unemployed	Unemployment Rate %	District Population	Median Household Income
2026	205,600	196,500	9,100	4.4%	89,870	$115,998
2025	207,800	197,700	10,100	4.9%	88,194	$112,576
2024	197,500	188,400	9,100	4.6%	86,965	$110,591
2023	194,300	186,900	7,400	3.8%	85,775	$109,895
2022	191,800	185,500	6,300	3.3%	84,591	$104,226
2021	186,900	176,900	10,000	5.3%	76,672	$95,371
2020	181,000	167,000	14,000	7.7%	76,136	$89,691
2019	186,600	180,400	6,200	3.3%	68,415	$84,357
2018	183,900	177,800	6,100	3.3%	68,325	$80,728
2017	179,800	171,800	8,000	4.5%	66,525	$76,600

Source: State of California, Employment Development Department & Placer County

TABLE S8 – DEMOGRAPHIC STATISTICS

As of July 1, 2025	District	Placer County
Persons under 5 years old, percent	5.6%	4.8%
Persons under 18 years old, percent	24.1%	21.3%
Persons 65 years old and over, percent	14.3%	21.2%
Female persons, percent	50.3%	50.8%
White alone, not Hispanic or Latino, percent	62.4%	66.0%
Hispanic or Latino, percent (b)	15.6%	16.3%
Asian alone, percent (a)	10.9%	10.9%
Black alone, percent (a)	1.4%	2.4%
American Indian and Alaska Native alone, percent (a)	0.5%	1.1%
Native Hawaiian and Other Pacific Islander alone, percent (a)	0.1%	0.4%
Two or More Races, percent	16.2%	5.5%
Language other than English spoken at home, percent of persons age 5 years+, 2019-2023	17.1%	16.6%
Owner-occupied housing unit rate, 2019-2023	69.9%	74.8%
Median value of owner-occupied housing units, 2019-2023	$697,643	$688,100
Median gross rent, 2019-2023	$2,212	$2,069
Households, 2019-2023	28,992	157,954
Persons per household, 2019-2023	2.73	2.62
High school graduate or higher, percent of persons age 25 years+, 2019-2023	95.9%	95.1%
Bachelor's degree or higher, percent of persons age 25 years+, 2019-2023	47.2%	43.2%
Population per square mile, 2020	3391.0	287.60
Population per square mile, 2010	2746.0	247.60

Fact Notes:
(a) Includes persons reporting only one race
(b) Hispanics may be of any race, so also are included in applicable race categories

Source: https://www.census.gov/quickfacts

TABLE S9 – PLACER COUNTY LARGEST EMPLOYERS

2026		2016	
Business or Organization	**No. of Employees**	**Business or Organization**	**No. of Employees**
Sutter Health	7,437	Sutter Health	5,435
Placer County	2,801	Kaiser Permanente	5,361
Thunder Valley Casino Resort	2,508	Placer County	2,700
Sierra Joint Community College District	1,695	Palisades Tahoe	2,500
Pacific Gas & Electric	1,400	Hewlett Packard	2,100
City of Roseville	1,314	Sierra Joint Community College District	1,940
Safeway	1,181	Thunder Valley Casino Resort	1,915
PRIDE Industries	1,105	Safeway	1,254
Western Placer Unified School District	900	PRIDE Industries	1,155
State of California	830	SolarCity	1,120

Source: Sacramento Business Journal

TABLE S10 - TOP TEN TAXPAYERS (PLACER COUNTY)

Taxpayer Name	Total Tax	Net Taxable Value
Pacific Gas & Electric Company	$ 23,247,613	$ 1,398,314,297
Roseville Shoppingtown LLC	$ 5,890,149	$ 567,981,328
John Mourier Construction INC	$ 5,745,702	$ 159,043,133
Liberty Utilities (Calpeco Electric), LLC	$ 3,378,092	$ 203,352,490
KB Homes Sacramento INC	$ 3,028,194	$ 63,081,310
Taylor Morrison of California LLC	$ 2,599,253	$ 119,697,146
Cellco Partnership	$ 2,370,984	$ 142,727,198
Consolidated Communications Co of CA	$ 2,082,065	$ 125,530,168
Briet Wave MF SC Owner LLC	$ 1,779,820	$ 172,965,375
Harvest-USIV LLC & Harvest-USHII LLC	$ 1,717,310	$ 123,154,926

Source: Placer County

TABLE S11 - 10-YEAR CAPITAL SPENDING (Fiscal Years 2016/17 - 2025/26)

CAPITAL IMPROVEMENTS	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	FISCAL YEAR 2023/24	FISCAL YEAR 2022/23	FISCAL YEAR 2021/22
Lateral Cameras	$ 16,034	$ -	$ 21,197	$ 29,770	$ -
CCTV Software & Equipment	-	-	-	-	-
Computers/Office Furniture	-	17,130	31,790	-	30,502
Corp Yard Improvements	38,370	6,800	594,023	3,390,996	574,403
Cured in Place Pipe/System Rehab	-	-	-	-	-
Data Acquisition	-	-	-	-	-
District Participation in Regional Projects	133,511	88,476	149,766	643,658	306,681
Easement Acquisitions, Repairs, and Upgrades	-	-	-	16,900	-
Energy Upgrades	-	-	-	-	-
Emergency Bypass Equipment	-	-	-	-	48,200
Expansion Projects	-	-	150,000	-	-
Foothill Trunk Project	-	-	-	-	185,405
General Equipment	-	-	11,541	14,016	8,411
HRF Creek Crossings	-	-	-	38,954	-
Lift Station Flow Recorders	-	-	43,593	13,576	-
Lift Station Rehab/ Pump Replacement	-	11,698	-	-	-
Lower Clover Valley Trunk Design	-	-	-	61,424	5,375
Lower Loomis Diversion Trunk Project	-	-	-		-
Newcastle Master Plan Improvements	-	-	-	30,288	6,464
Pipe Trailer Improvements	-	-	22,173	8,929	-
Professional Services	-	-	-	-	-
Rocklin 60 Reimbursement	-	-	-	-	-
Safety Equipment & Training Aids	-	-	-	-	-
SCADA	2,768,510	411,539	302,127	246,032	86,064
System Improvements & Rehabilitation	291,830	370,763	389,220	320,180	7,980
Telephone & Communication Replacements	-	-	-	-	-
Vehicle Purchases and Upgrades	-	227,127	-	238,839	228,661
Total Capital Improvements	**$3,248,255**	**$1,133,533**	**$1,715,430**	**$ 5,053,562**	**$ 1,488,146**
Cumulative Spending (10 years)	$3,248,255	$4,381,788	$6,097,218	$11,150,780	$12,638,926

TABLE S11 – Continued

CAPITAL IMPROVEMENTS	FISCAL YEAR 2020/21	FISCAL YEAR 2019/20	FISCAL YEAR 2018/19	FISCAL YEAR 2017/18	FISCAL YEAR 2016/17
Lateral Cameras	$ 13,860	$ -	$ -	$ 20,677	$ 6,424
CCTV Software & Equipment	13,076	-	-	-	-
Computers/Office Furniture	4,481	22,278	58,608	9,516	17,978
Corp Yard Improvements	154,197	58,180	42,014	13,104	48,088
Cured in Place Pipe/System Rehab	481,432	13	363,429	778,148	-
Data Acquisition	610	8,097	26,705	4,002	8,821
District Participation in Regional Projects	24,360	-	102,032	240,058	-
Easement Acquisitions, Repairs, and Upgrades	1,284	26,527	18,274	22,623	29,091
Energy Upgrades	-	-	24,128	-	-
Emergency Bypass Equipment	-	-	-	-	-
Expansion Projects	-	-	-	-	-
Foothill Trunk Project	2,511,379	989,186	13,484	16,974	85,535
General Equipment	23,114	5,998	16,373	106,256	75,715
HRF Creek Crossings	-	-	-	-	38,954
Lift Station Flow Recorders	-	-	13,022	-	-
Lift Station Rehab/ Pump Replacement	-	1,693	-	-	-
Lower Clover Valley Trunk Design	-	-	9,777	12,149	45,330
Lower Loomis Diversion Trunk Project	-	27,673	2,635,603	6,690,017	643,627
Newcastle Master Plan Improvements	123,902	400	8,105	222,695	59,256
Pipe Trailer Improvements	-	-	5,972	-	-
Professional Services	-	-	-	-	-
Rocklin 60 Reimbursement	314,306	-	157,153	-	314,306
Safety Equipment & Training Aids	-	-	4,763	-	-
SCADA	-	73,396	-	-	-
System Improvements & Rehabilitation	-	-	18,113	64,575	6,795
Telephone & Communication Replacements	-	-	175,267	-	-
Vehicle Purchases and Upgrades	98,490	323,446	-	908,821	200,609
Total Capital Improvements	**$ 3,764,490**	**$ 1,536,886**	**$ 3,692,822**	**$ 9,109,615**	**$ 1,580,529**
Cumulative Spending (10 years)	$16,403,416	$17,940,302	$21,633,124	$30,742,739	$32,323,268

TABLE S12 – CAPACITY CHARGE REPORT

Beginning Balance July 1, 2025		**$ 36,658,480**
	Revenue & Expense True-up Transfers from Prior Year	1,389,826
	Revenue & Expense Transfers Current Year	-
	Cash flow from investing activities	1,552,345
	Unrealized Investment Gain/Loss	(128,154)
		$ 2,814,017
Ending Balance June 30, 2026		**$ 39,472,497**
FY 2025/26 Revenue		
	Local Participation Fees Collected	3,792,750
	Total Revenue	**$ 3,792,750**
FY 2025/26 Expenditures		
	Professional Services	124,113
	Total Expenditures	**$ 124,113**
Revenues Less Expenditures		**$ 3,668,637**
Transfers from Operating to Capital Expansion		
	Revenue & Expense Transfers Current Year	-
	2026 Revenue & Expense Additional True-up Transfer	3,668,637
	Total Transfers	**$ 3,668,637**

November 23, 2026

To the Board of Directors
South Placer Municipal Utility District
Rocklin, California

We have audited the financial statements of South Placer Municipal Utility District (the District) as of and for the year ended June 30, 2026, and have issued our report thereon dated November 23, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated April 8, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies identified during our audit in our Independent Auditor's 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* dated November 23, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. During the year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive (or present higher risk of material misstatement) because of their significance to the financial statements and because of their complexity, subjectivity, inherent risk factors, greater degree of estimation uncertainty, and the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates are related to the net pension liability and the net other post-employment benefit (OPEB) liability.

Management's estimates of the net pension liability and net OPEB liability are based on actuarial valuations. We evaluated the methods, significant assumptions and data used to develop the estimates and determined that the estimates are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account

balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements identified as a result of our audit procedures.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Overstatement of payroll related liabilities: $55,435
- Understatement of compensated absences: ($119,682)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

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

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in Note 1 to the financial statements, due to the adoption of GASB Statement No. 103, *Financial Reporting Model Improvements*, the District reclassified amounts as of July 1, 2025. The purpose of the paragraph is to draw attention to the disclosures for the adoption of the standards update. We have included an emphasis of matter in our report regarding these reclassifications. We did not modify our opinions related to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated November 23, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report does not extend beyond the financial information

identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Eide Bailly LLP

Sacramento, California

Item 6.2

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: **Board of Directors**

From: Emilie Costan, Administrative Services Manager

Cc: Eric Nielsen, General Manager

Subject: Fiscal Year 2025/26 Popular Annual Financial Report

Meeting Date: December 3, 2026

Overview
The Popular Annual Financial Report (PAFR) provides a highlighted summary of the information in the Annual Comprehensive Financial Report. This report is specifically created to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This is the third year the District has created and circulated a PAFR to its customers.

The Fiscal Year 2025/26 PAFR was created by the District from the financial statements for the fiscal year ended on June 30, 2026. The financial statements have been audited by Eide Bailly, formerly MUN CPAs, LLP, Certified Public Accountants, in order to safeguard assets and ensure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

The PAFR is submitted to the Government Finance Officers Association (GFOA) for consideration for the Popular Annual Financial Reporting Award, one of the three awards required to receive the GFOA's Triple Crown award.

Recommendation
Staff recommends that the Board of Directors receive and file the Fiscal Year 2025/26 Popular Annual Financial Report.

Strategic Plan Priorities
This action is consistent with the District's Strategic Plan Priorities:

Leverage existing and applicable technologies to improve efficiencies
Provide exceptional value for the cost of sewer service

Related District Ordinances and Policies
There are no directly related District ordinances or policies.

Fiscal Impact
There is no direct fiscal impact associated with the Popular Annual Financial Report.

Attachments
1. Fiscal Year 2025/26 Popular Annual Financial Report

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

5807 Springview Drive, Rocklin, California 95677
www.spmud.ca.gov

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What is a Popular Annual Financial Report?

The Popular Annual Financial Report (PAFR) is part of the South Placer Municipal Utility District's ongoing commitment to transparency in its operations and governance. This report provides a condensed and highlighted version of the District's annual financial reports.

Additional information, including the District's Annual Budget, Annual Comprehensive Financial Report (ACFR), planning documents, and more, can be found at www.spmud.ca.gov.

DISTRICT MANAGEMENT

ERIC NIELSEN
General Manager

CHAD STITES
District Superintendent

CARIE HUFF
District Engineer

EMILIE COSTAN
Administrative Services Manager

VISION

Our vision is to be a reliable, innovative, sustainable, efficient, and cost-effective sewer service provider.

MISSION

PROTECT public health and the water environment.

PROVIDE efficient and effective sanitary sewer service.

PREPARE for the future.

VALUES

INTEGRITY We will be trustworthy, truthful, and honest.

STEWARDSHIP We will be accountable and committed to responsible management and respect our environment.

SERVICE We will be responsive, reliable, and respectful; putting the needs of the District and customers first.

QUALITY We will be dedicated to continuous improvement.

A MESSAGE FROM THE GENERAL MANAGER

To the Valued Constituents of the South Placer Municipal Utility District:

The South Placer Municipal Utility District (District) is excited to present the Popular Annual Financial Report (PAFR) for fiscal year 2025/26. This report provides a summary of the information compiled and presented in the Annual Comprehensive Financial Report for the fiscal year ended on June 30, 2026. These reports provide customers, constituents, and partners with information about the financial condition of the District, services provided, projects planned, and other general information that may be useful in the consideration of the services and operations provided by the District.

While the PAFR was created by the District, all financial statements were audited by Eide Bailly, formerly MUN CPAs, LLP, Certified Public Accountants, in order to safeguard assets and ensure proper recording and reporting of transactions using Generally Accepted Accounting Principles. The full Annual Comprehensive Financial Report and additional information about the items presented in this report may be viewed on the District's website, www.spmud.ca.gov.

Every day, the District works to ensure our infrastructure operates smoothly, meeting the highest standards of safety, performance, and regulatory compliance. As we maintain and improve our system and programs, we value the input and partnership with our constituents in keeping our waterways clean and our community safe.

We look forward to continuing to serve the community and our customers, and as always, we are here to help and answer any questions. Please don't hesitate to contact us at 916-786-8555.

Respectfully submitted,

Eric Nielsen

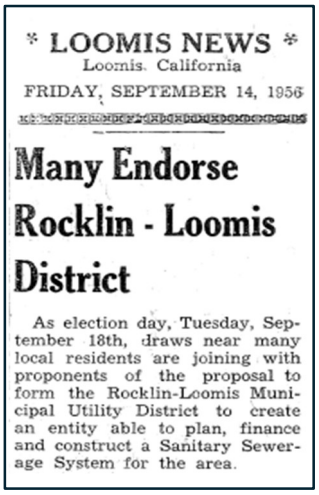
Eric Nielsen
General Manager

BOARD OF DIRECTORS



WILL DICKINSON	CHRISTY JEWELL	JACK ARNEY	MICHAEL FARIA	JERRY MITCHELL
Board President	*Board Member*	*Board Member*	*Board Member*	*Vice President*
Ward 2	Ward 3	Ward 5	Ward 4	Ward 1

ABOUT THE DISTRICT



* LOOMIS NEWS *
Loomis, California
FRIDAY, SEPTEMBER 14, 1956

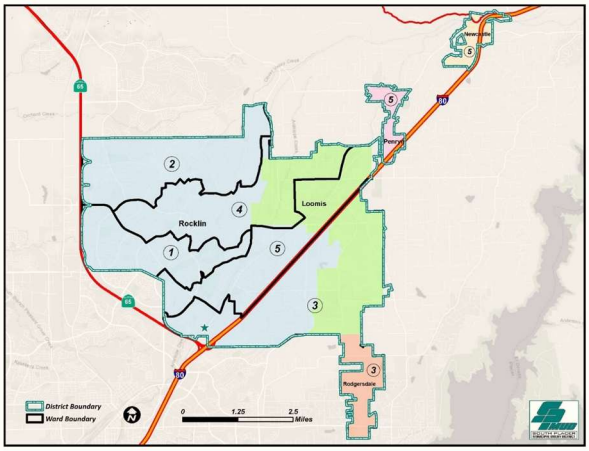
Many Endorse Rocklin - Loomis District

As election day, Tuesday, September 18th, draws near many local residents are joining with proponents of the proposal to form the Rocklin-Loomis Municipal Utility District to create an entity able to plan, finance and construct a Sanitary Sewerage System for the area.

The South Placer Municipal Utility District (District) was established in 1956 and provides sewer collection and maintenance services to the City of Rocklin, Town of Loomis, the communities of Penryn and Newcastle, as well as the Rodgersdale area of Granite Bay. The service area covers thirty-one square miles.

The District provides services to 24,458 connections or an equivalent population of about 89,870 people.

The District collects wastewater and transports it through District-owned and operated sewer mains for treatment at the two regional wastewater treatment plants, operated by the City of Roseville.



The District also maintains lower laterals within its easements, or public rights-of-way.

DISTRICT-AT-A-GLANCE

$40.50
monthly service charge (per EDU)

4.4%
unemployment rate

$115,998
median household income

$5.00
monthly discount for eligible residents

80% residential and **20% commercial** EDUs in the District

TOP 5 CUSTOMERS

1. Meridian Apartments
2. Rocklin Ranch Apartments
3. Sunset Summit Ranch
4. Sierra College
5. Terracina Apartments

TOP 5 EMPLOYERS

1. Sutter Health
2. Placer County
3. Thunder Valley Casino Resort
4. Sierra Joint Community College District
5. PG&E

*An **EDU** or **Equivalent Dwelling Unit** is the unit of measurement used to determine design and fee requirements, based on the typical average flow and strength of wastewater from a single-family residential occupancy.*

STRATEGIC PLAN

The District adopted its Strategic Plan in September 2022. The 2023-2027 Strategic Plan reinforces the District's Mission, Vision, and Core Values as a customer-driven utility dedicated to protecting public health by providing quality sanitary sewer collection service while protecting and preserving our water environment and resources for future generations.

The Strategic Plan consists of two parts. The first part is comprised of five strategic priorities with twelve associated work plans and action steps. The second part is comprised of seventy performance measures established using the Effective Utility Management (EUM) framework created by WEF (Water Environment Federation), the AWWA (American Water Works Association), and other professional organizations in the water and wastewater industry. The full strategic plan is available on the District's website, https://spmud.ca.gov/strategic-plan.

MAINTAIN EXCELLENT REGULATORY COMPLIANCE RECORD

PREPARE FOR THE FUTURE & FORESEEABLE EMERGENCIES

LEVERAGE EXISTING & APPLICABLE TECHNOLOGIES TO IMPROVE EFFICIENCIES

PROVIDE EXCEPTIONAL VALUE FOR THE COST OF SEWER SERVICE

MAKE SPMUD A GREAT PLACE TO WORK

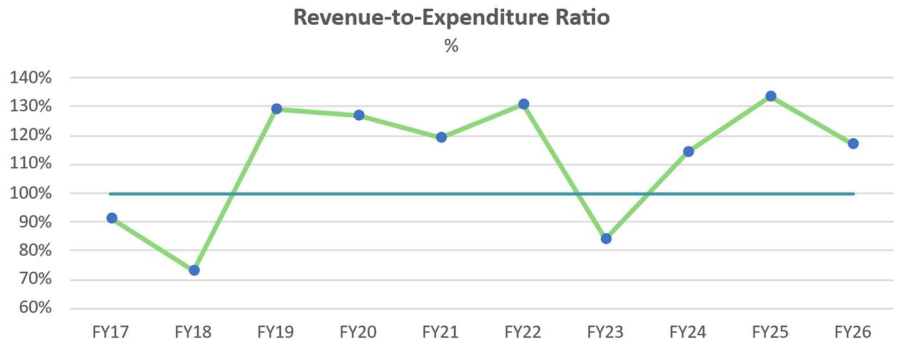
PERFORMANCE MEASURES

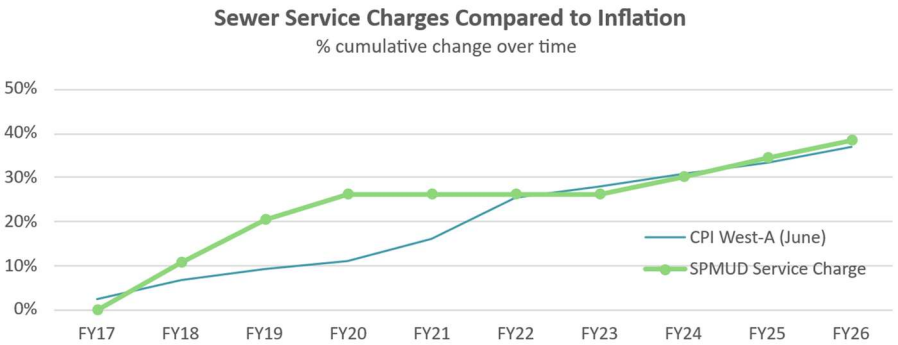
The EUM framework allows for analysis and reporting on various District efforts in a well-known and industry-accepted manner. The full analysis is on the District's website, https://spmud.ca.gov/strategic-plan.

Performance Measure updates are presented to the Board of Directors at the regular Board Meeting and are posted to the District's website, https://spmud.ca.gov/district-performance-measures. Annually, metrics are presented to the Board as part of the Strategic Plan Annual Performance Report.

Each measure is identified by its Strategic Plan Priority, Work Plan, Action Steps, and Timeline, as well as assigned a rating, depending on the outcome of the analysis.

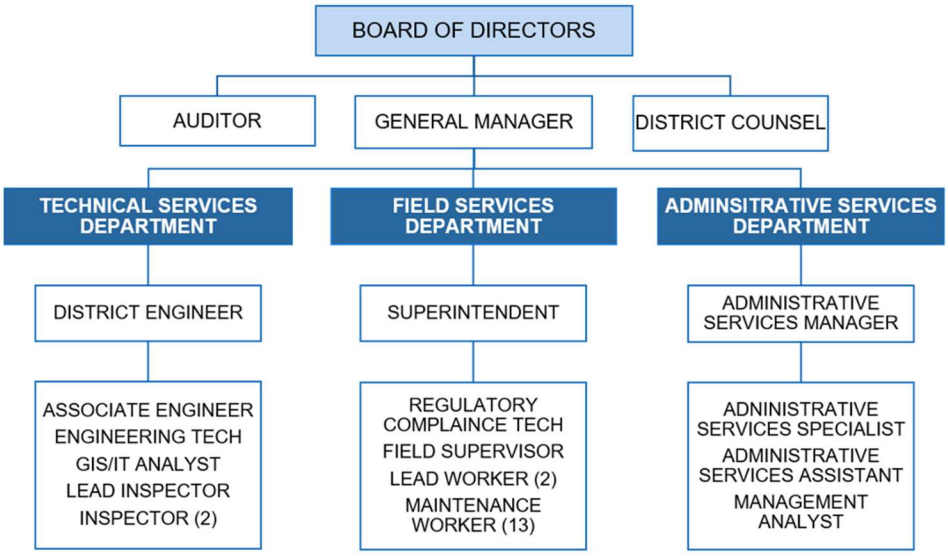
Measures include product quality, customer service, financial viability, infrastructure strategy and performance, among others.





ORGANIZATIONAL STRUCTURE

The District is organized into three departments: Field Services, Technical Services, and Administrative Services, and currently employs 28 full-time employees across the three departments. The District also has five elected officials and works with two contracted employees, the District Auditor and the General Counsel.



COMMUNITY OUTREACH

COMMUNITY EVENTS The District participates in community events including Hot Chili, Cool Cars in Rocklin, and the Loomis Day Before Thanksgiving Parade. Staff and family members attend, speak with customers, and provide information and giveaways on key messages including "No Wipes in the Pipes" and "Call Us First." The District also serves as a local drop-off location for Toys for Tots.



BOARD MEETINGS The District conducts regular Board Meetings that are open to the public and that are posted to the District's YouTube page. Meetings are normally held on the first Thursday of the month, with information available at the District headquarters and on the District's website, www.spmud.ca.gov.

PRESENTATIONS District staff present information to civic groups, local chambers, service organizations, and local schools.

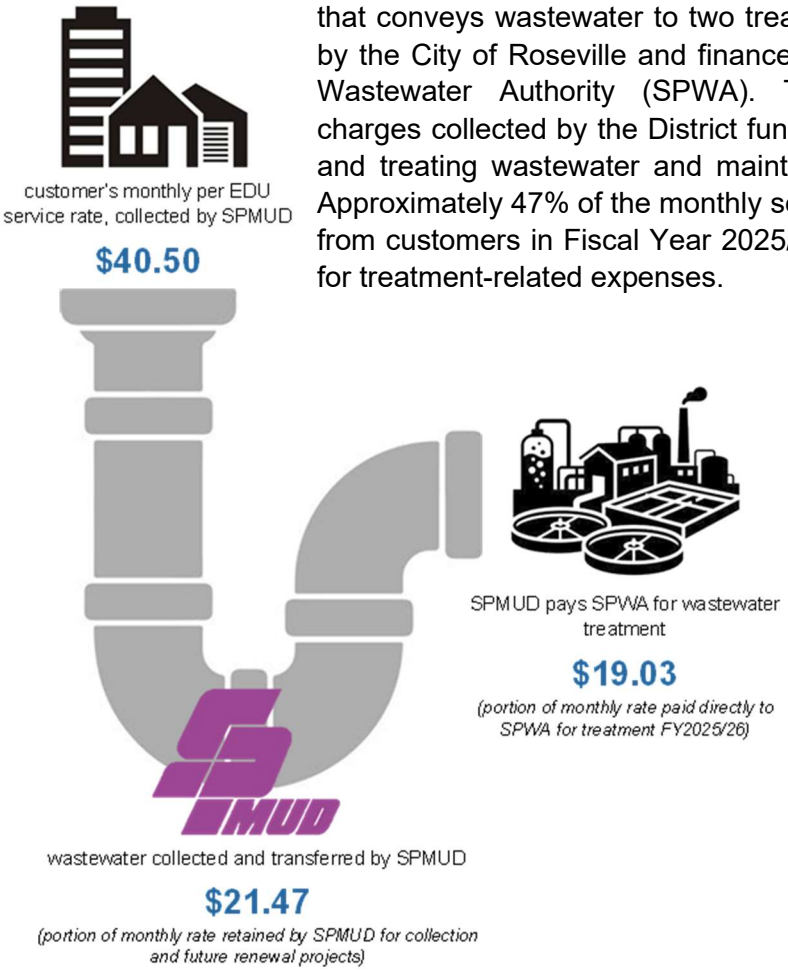
The District is available **24/7** for sewer emergencies!

Call us at 916-786-8555 and press option 1.

NEWSLETTERS The District publishes two customer newsletters per year, in the fall and spring. The primary focus of these newsletters is to inform customers of District activities and achievements and to share with customers ways that they can help prevent sanitary sewer overflows.

WELCOME LETTERS The District sends out welcome letters to new customers to provide information on the services the District provides, as well as general billing and account information.

SERVICE RATES



The District owns and operates the sewer collection system that conveys wastewater to two treatment plants operated by the City of Roseville and financed by the South Placer Wastewater Authority (SPWA). The monthly service charges collected by the District fund the cost of collecting and treating wastewater and maintaining sewer facilities. Approximately 47% of the monthly service charge collected from customers in Fiscal Year 2025/26 was paid to SPWA for treatment-related expenses.

The District is proud to continue to offer the **lowest** monthly service rate in the area!

CUSTOMER FUNDED & PROP 218

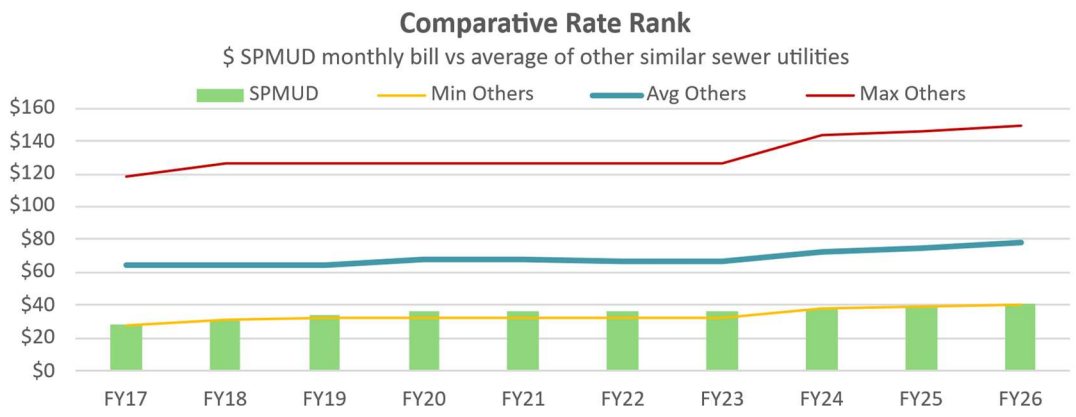
The District is a single enterprise utility, funded primarily through rates and charges for services. Sewer service charges collected are subject to Proposition 218.

COST OF SERVICE & CAPACITY FEE STUDY

The Wastewater Cost of Service Rate Study and the Capacity Fee Study, completed in Fiscal Year 2022/23, showed that the District was in a strong financial position with a healthy reserve balance; however, it projected a decrease in the annual net operating income that would necessitate a rate increase to avoid drawing down reserves below the minimum requirements within the next five years.

The financial plan adopted by the District provides for modest service rate increases, applies an incremental cost approach to establish a reasonable connection fee to accommodate new development and expansion, and sets a long-term strategy to implement cost-containing strategies and issue debt to fund necessary capital replacements in Fiscal Year 2032/33.

Revenues from Sewer Service Charges increased by 5% due to the adoption of the 4% rate increase and the addition of 135 new customer accounts.



MAJOR ACTIVITIES IN THE DISTRICT

In alignment with the Strategic Plan Priorities, the District strives to continue to serve the community by continuously, efficiently, and effectively collecting and conveying wastewater for treatment.

- **OLD STATE HIGHWAY REPLACEMENT PROJECT IN PARTNERSHIP WITH PLACER COUNTY WATER AGENCY**
  The District substantially completed the large cooperative project with PCWA to replace infrastructure in Newcastle.



Photo: Courtesy of PCWA

- **SUPERVISORY CONTROL & DATA ACQUISITION (SCADA) REPLACEMENT PROJECT**
  Work on the SCADA project has been substantially completed, with final work being completed in 2026. This system will improve the District's ability to respond to emergencies, as well as allow for the collection of data for future analysis.

- **SYSTEM EVALUATION & CAPACITY ASSURANCE PLAN (SECAP) UPDATE**
  The District is in the process of updating the SECAP, which guides the District's efforts in ensuring capacity and preparing and planning for the collection system to meet future development needs. This effort will also include an inflow and infiltration study and an analysis of funding mechanisms and alternative fee structures.

- **DISTRICT HQ DESIGN & SPACE PLANNING PROJECT**
  The District completed the design work for the Headquarters Design and Space Planning Project and is moving into the contracting and construction phases. This project aims to improve the use of existing and underutilized spaces at the 5807 Springview Drive Headquarters building.

- **FATS, OILS & GREASE (FOG) PROGRAM**
  The District continued its efforts to work with commercial businesses and residents to educate and mitigate the discharge of FOG into the sewer system.

The District regularly maintains:

94 MILES
Easements

116 MILES
Lower Laterals

14
Lift Stations

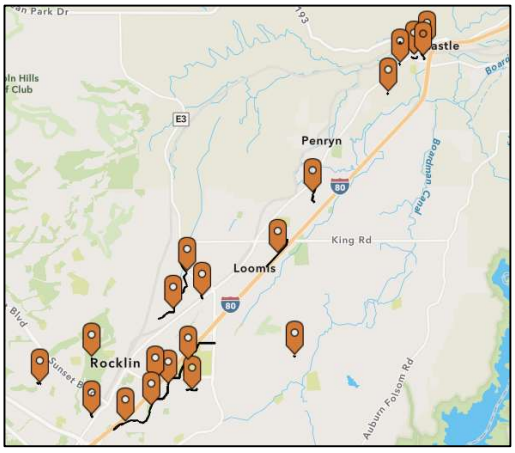
295 MILES
Sewer Mains

7,466
Manholes

23
District Fleet Vehicles

CAPITAL IMPROVEMENT PROJECTS

The District collects funds to construct two primary types of Capital Improvement Projects (CIP):



► **CAPITAL EXPANSION PROJECTS** ensure that as new development occurs, capacity is available downstream to serve the projects. The fees for these projects are collected as development occurs.

► **CAPITAL RENEWAL PROJECTS** ensure that aging infrastructure, including sewer pipes, manholes, and lift stations, is replaced when needed and before the end of its useful life to prevent spills and other environmental hazards. The fees for these projects are collected as part of the monthly service charges.

The average sewer expansion project costs the District $7.4 million per mile of pipe, and the average sewer replacement project costs the District $6.3 million per mile of pipe. The District saves customers millions of dollars in interest on debt payments by collecting incremental fees proportional to the long-term impacts over time to fund replacement without the use of debt financing.

The District is committed to ensuring the community is informed and engaged prior to and during the work associated with each of its projects. Updated information about District projects is available on the District's website, https://spmud.ca.gov/sewer-improvement-projects.

IN CONSTRUCTION

DEL RIO COURT & DELMAR AVENUE SEWER EXTENSION

Estimated Completion: Spring 2027
Estimated Cost: $2,500,000

This project consists of the construction of approximately 3,300 feet of 15" sewer line. In addition, there will be stubs for two future development projects on Delmar Ave.

Benefit: *This project extends the sewer along Del Rio Ct. and Delmar Ave. and to the Town of Loomis to accommodate future development.*

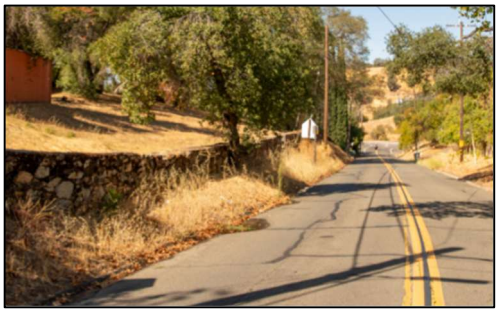


OLD STATE HIGHWAY SEWER REPLACEMENT PROJECT

Estimated Completion: Winter 2026
Estimated Cost: $1,700,000

The District will reconstruct approximately 1,700 feet of sewer within the right-of-way and construct new lower and upper laterals to replace substandard facilities that are difficult to maintain due to access issues.

Benefit: *This project will replace substandard facilities and relocate facilities on private property.*



COMING UP

MAIN STREET SEWER REPLACEMENT (NEWCASTLE)

Estimated Completion: 2028
Estimated Cost: $1,950,000

The District will reconstruct approximately 830 feet of sewer within the right-of-way and construct new upper and lower laterals to replace substandard facilities that are difficult to maintain due to access issues.

Benefit: *This project will eliminate substandard facilities on private property.*

TAYLOR ROAD CROSSING

Estimated Completion: 2027
Estimated Cost: $325,000

There is an existing sewer crossing on Taylor Rd. in Newcastle (near the Portuguese Hall) that is threaded through an existing storm drainpipe. The District will be constructing a new crossing of approximately 125 feet with minimum separation from the existing storm drain system and removing the existing sewer pipe.

Benefit: *This project will eliminate a facility that conflicts with the storm drain system and currently creates a high-risk situation.*

I09-033 SEWER REPLACEMENT PROJECT

Estimated Completion: 2027
Estimated Cost: $825,000

The I09-033 Sewer Replacement Project is located between the Comfort Inn and Suites and the food service establishments along Rocklin Rd. The District will eliminate the existing ACP lines, remove and replace the existing 8” sewer line that requires high-frequency maintenance, and reconnect the existing customers.

Benefit: *This project will eliminate high-frequency maintenance and provide a more efficient sewer system by replacing pipe that is nearing the end of its useful life.*

N13-031 LOS FLORES SEWER REPLACEMENT PROJECT

Estimated Completion: 2028
Estimated Cost: $325,000

The N13-031 Los Flores Sewer Replacement Project is located on the north side of King Rd. in Loomis. The District will remove and replace the existing 4” and 6” sewer lines that require high-frequency maintenance due to a flat slope and reconnect the existing customers.

Benefit: *This project will eliminate high-frequency maintenance and provide a more efficient sewer system by replacing pipe that is nearing the end of its useful life.*

IN THE FUTURE

SIERRA COLLEGE TRUNK

Elimination of the Sierra College lift station.

Estimated Completion: TBD
Estimated Cost: $21.4 M

BOYINGTON DIVERSION

Elimination of the Boyington Rd lift station.

Estimated Completion: TBD
Estimated Cost: $2.7 M

COLLEGE PARK SOUTH TRUNK REALIGNMENT

Realignment and upsizing of the sewer trunk in the subdivision.

Estimated Completion: TBD
Estimated Cost: $3.3 M



The District is currently in the process of adopting its 2026 System Evaluation and Capacity Assurance Plan (SECAP). Completed every 5 years, this report assesses the capacity of the District’s sewer system and identifies future capital projects needed to prepare for future development. The SECAP is available on the District’s website, https://spmud.ca.gov/system-evaluation-and-capacity-assurance-plan-secap.

FINANCIAL PERFORMANCE

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements and the demands and expectations of its customers, and to operate under a financial plan that will permit the utility to meet its priorities at an affordable and stable cost in the long term. The District's growth has remained steady over the reporting period, and the District has continued to invest in infrastructure as well as maintain a relatively stable amount of investment for the necessary rehabilitation and replacement of aging facilities.



CONDENSED STATEMENT OF NET POSITION

The Condensed Statement of Net Position as included below shows the District is investing in capital assets and has no long-term debt.

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25	$ DIFFERENCE	% CHANGE
ASSETS				
CURRENT ASSETS	$ 97,890,221	$ 89,354,284	$ 8,535,937	10%
CAPITAL ASSETS	136,638,856	125,400,486	11,238,370	9%
OTHER NON-CURRENT ASSETS	3,203,321	2,847,062	356,259	13%
TOTAL ASSETS	**237,732,398**	**217,601,832**	**20,130,566**	**9.3%**
DEFERRED OUTFLOW OF RESOURCES	**5,035,906**	**5,589,720**	**(553,814)**	**-10%**
LIABILITIES				
CURRENT LIABILITIES	4,088,386	765,773	3,322,613	434%
NON-CURRENT LIABILITIES	7,350,084	9,496,865	(2,146,781)	-23%
TOTAL LIABILITIES	**11,438,470**	**10,262,638**	**1,175,832**	**11%**
DEFERRED INFLOW OF RESOURCES	**2,030,091**	**1,522,891**	**507,200**	**33%**
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	135,747,323	125,400,486	10,346,837	8%
RESTRICTED FOR SECTION 115 PENSION TRUST	3,203,321	2,847,062	356,259	13%
RESTRICTED FOR CAPITAL CONSTRUCTION	39,472,497	36,658,480	2,814,017	8%
UNRESTRICTED	50,876,602	46,499,995	4,376,607	9%
TOTAL NET POSITION	**229,299,743**	**211,406,023**	**17,893,720**	**8%**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	**$ 242,768,304**	**$ 223,191,552**	**$ 19,576,752**	**9%**

TERMS EXPLAINED

Current Assets: cash and cash equivalents
Capital Assets: land, building, sewer infrastructure, equipment, and other assets owned by the District
Current Liabilities: present financial obligations, including employee benefits
Deferred Outflow/Inflow of Resources: gains/losses to be applied in the future, including employee retirement benefits
Non-Current Liabilities: long-term financial obligations, including employee retirement benefits
Net Investment in Capital Assets: amounts invested in capital assets less accumulated depreciation
Other Non-Current Assets: restricted investments held in the District's pension trust
Restricted for Capital Construction: funds collected from capacity charges restricted for capital construction projects
Restricted for Section 115 Pension Trust: restricted investments held in the District's pension trust
Unrestricted: assets and liabilities, not including net investment in capital assets and restricted investments

REVENUES & EXPENSES

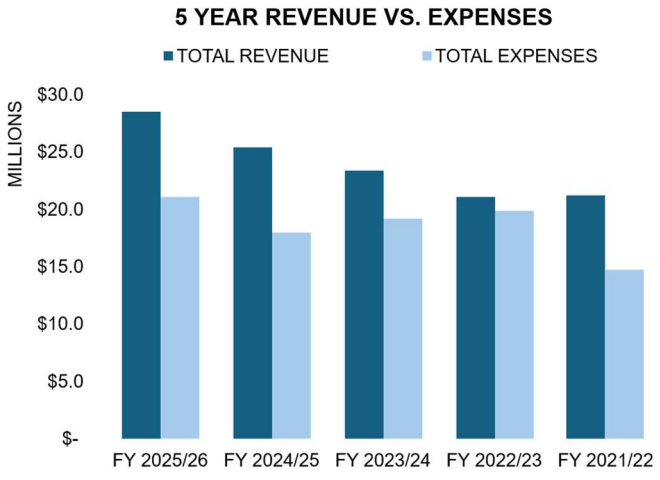
The District's total net position at year-end increased from $211,406,023 to $229,299,743 (+8%).



	FISCAL YEAR 2025/26
OPERATING REVENUES	
SEWER CHARGES	$ 19,026,439
PERMITS, FEES & INSPECTIONS	566,829
TOTAL OPERATING REVENUES	**19,593,268**
OPERATING EXPENSES	
COLLECTION & TREATMENT	11,973,807
ADMINISTRATIVE & GENERAL	2,903,463
TECHNICAL SERVICES	3,552,645
DEPRECIATION	2,700,728
TOTAL OPERATING EXPENSES	**21,130,643**
OPERATING INCOME (LOSS)	**(1,537,375)**
NONCAPITAL SUBSIDIES	
TAX REVENUE	1,487,390
TOTAL NONCAPITAL SUBSIDIES	1,487,390
OPERATING INCOME (LOSS) & NONCAPITAL SUBSIDIES	**(49,985)**
OTHER NONOPERATING REVENUES (EXPENSES)	
CAPITAL CONTRIBUTIONS	10,561,429
SEWER CAPACITY CHARGES	3,792,750
INVESTMENT INCOME	3,541,089
GAIN (LOSS) ON SALE OF ASSET	48,437
TRANSFERS IN	5,910,821
TRANSFERS OUT	(5,910,821)
TOTAL OTHER NONOPERATING REVENUES	**17,943,705**
CHANGE IN NET POSITION	**17,893,720**
NET POSITION, BEGINNING OF YEAR	**211,406,023**
TOTAL NET POSITION, END OF YEAR	**$ 229,299,743**

SOME CONTRIBUTING FACTORS

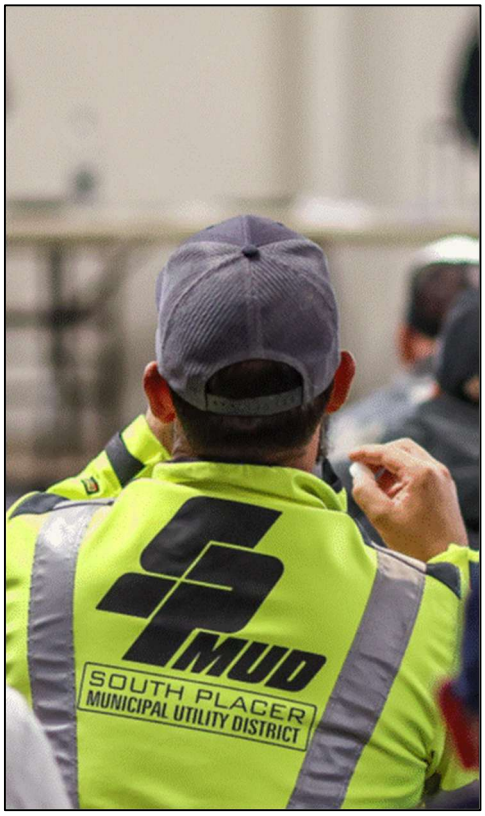
- District growth and development resulted in higher sewer service and capacity charge revenues.
- Increase in investment earnings due to investment in fixed-income securities and consistent quarterly interest earnings from short-term investment funds.
- Impact of rising inflation and labor costs.
- Additional Wastewater Treatment Plant expenses from regional capital renewal projects and increased treatment costs.



- Increase in Developer-In-Kind capital contributions and local development-related fees, including permits and inspection fees, as a result of several large projects.

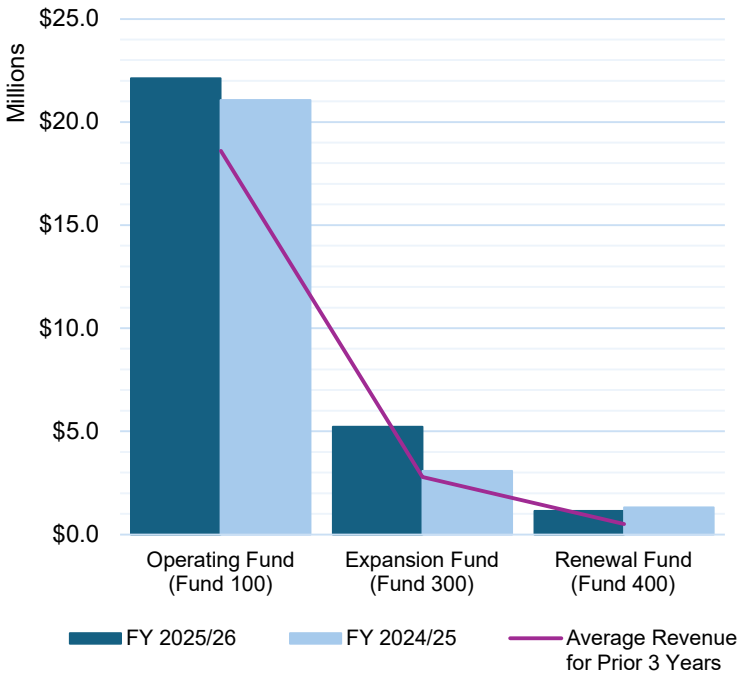
REVENUE BY SOURCES

Total District revenue for FY 2025/26 showed an increase of $3.01 million (+12%) from the previous year.



	FISCAL YEAR 2025/26
OPERATING FUND	
SEWER CHARGES	$ 18,841,076
LATE FEES	123,629
LOW INCOME (LIL) RATE ASSISTANCE	61,734
PERMITS, FEES & INSPECTIONS	551,680
TAX REVENUE	1,487,390
MISCELLANEOUS REVENUE	15,149
INTEREST INCOME	625,485
GAIN/LOSS ON SALE OF FIXED ASSET DISPOSAL	48,437
OPERATING FUND LESS CEPPT INTEREST EARNINGS	**$ 21,754,580**
INTEREST INCOME FROM CEPPT (RESTRICTED)	$ 356,259
TOTAL OPERATING FUND	**$ 22,110,839**
CAPITAL EXPANSION FUND	
SEWER CAPACITY CHARGES	$ 3,792,750
INTEREST INCOME	1,424,192
TOTAL EXPANSION FUND	**$ 5,216,942**
CAPITAL RENEWAL FUND	
INTEREST INCOME	$ 1,135,153
TOTAL RENEWAL FUND	**$ 1,135,153**
TOTAL REVENUE	**$ 28,462,934**

REVENUE COMPARISON BY FUND



SPMUD OFFERS 7 WAYS TO PAY MONTHLY SERVICE CHARGES

1. **Online** at www.spmud.ca.gov
   **e-check payment now available!*
2. **By Automated Phone** 24/7 at 833-273-7454
3. **Text to Pay** enroll via your online account
4. **By Mail** sent to 5807 Springview Dr.
5. **By Check or E-Check** sent to PO Box 7655, San Francisco, CA 94120
6. **By Phone** during business hours at 916-786-8555
7. **In Person** during business hours at 5807 Springview Dr.

BREAKDOWN OF EXPENSES

Total Operating Fund Expenses increased $3.20 million (+18%) from $17.93 million to $21.13 million.

In Fiscal Year 2025/26, the District saw a large change in the amount paid to the City of Roseville for Regional WWTP Operations and Maintenance and Rehab and Replacement expenses. The District had a true-up credit of $2.28 million that was applied against the treatment plant expenses in Fiscal Year 2024/25. There were no true-up credits for Fiscal Year 2025/26, and costs for renewal projects at the treatment plants were also higher.

$9,978,826
Paid by SPMUD to SPWA for wastewater treatment in FY2025/26

1,846,200,000
FY2025/26 flow of wastewater in gallons to SPWA.
4.5% increase from FY2024/25.

In March, a new Memorandum of Understanding (MOU) with Local 39 was approved. The District saw an increase in spending on labor costs, including one-time contributions to Retiree Health Savings Accounts for employees no longer eligible for Other-Post Employment Benefits. At Midyear, the Board approved an additional discretionary payment of $1.00 million dollars towards the District's CalPERS UAL, aligning with the Strategic Goal of paying down the liability. Additionally, operations costs continued to be impacted by rising inflation and labor costs.



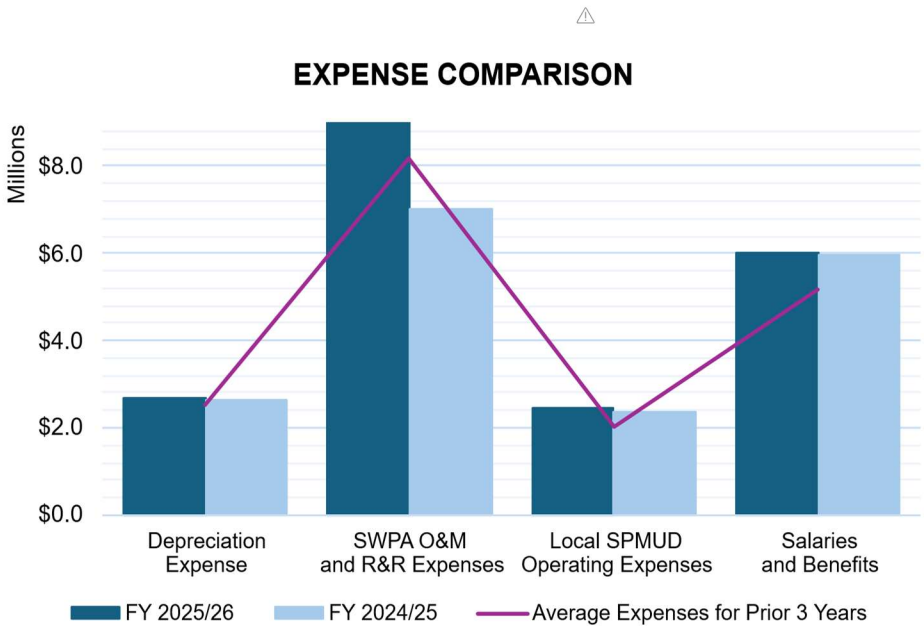
Clover Valley Hill Project
June 1979

Expansion Projects are funded through the accumulation of the Sewer Capacity Charges, and Renewal Projects are funded by contributions from the Operating Fund and in accordance with District Board Policy 3251. The remainder of the District's projects are pay-as-you-go through the Operating Fund.

The District spent $3.25 million on Capital Projects during FY 2025/26. The majority of the funds expended were for the Supervisory Control and Data Acquisition (SCADA) Replacement Projects and the Old State Highway Sewer Replacement Project.

FY2025/26 CAPITAL PROJECT EXPENSE BREAKDOWN

1% Operating Projects
4% Expansion Projects
95% Renewal Projects



INVESTMENTS

The District has an investment portfolio that complies with the California Government Code and the District's Investment Policy adopted by the Board of Directors. One of the ways the District has managed its exposure to interest rate risk has been by purchasing a combination of short- and long-term investments and timing cash flows from maturities to provide the cash flow and liquidity needed for District operations. During Fiscal Year 2025/26, interest rates declined slightly for the first half of the year and then remained steady for the remainder of the year. The District's short-term investment funds continued to provide consistent quarterly interest earnings, and equity also performed well. The overall balance of the District's investment portfolio, excluding unrestricted deposits in financial institutions and the CEPPT, increased by $6.5 million (+7.9%), with total investment income of $3.6 million, an approximately 3.9% rate of return.

INVESTMENT BALANCES (as of June 30, 2026, not including interest receivable)

Balance: **$28,729,467**
% of Portfolio: **30%**
Annual Return Rate: **4.17%**

Balance: **$16,674,380**
% of Portfolio: **17%**
Annual Return Rate: **4.74%**

Balance: **$14,668,364**
% of Portfolio: **15%**
Annual Return Rate: **4.19%**

Balance: **$7,365,068**
% of Portfolio: **8%**
Annual Return Rate: **3.60%**

Balance: **$14,659,518**
% of Portfolio: **15%**
Annual Return Rate: **4.17%**

Balance: **$5,994,941**
% of Portfolio: **6%**
Annual Return Rate: **3.85%**

Balance: **$3,203,321**
% of Portfolio: **3%**
Annual Return Rate: **17.47%**

Balance: **$3,709,056**
% of Portfolio: **4%**
Annual Return Rate: **0.52%**

DEBTS & LIABILITIES

NEWCASTLE SPECIAL BENEFIT AREA

As part of an agreement to annex the Newcastle Sanitary District (NSD), in 2010 the District agreed to provide financing in an amount not to exceed $6 million for the purpose of decommissioning the NSD wastewater treatment ponds and constructing improvements to enable NSD to connect to the District collection system. A portion of the funding for this regional sewer project was received from an Environmental Protection Agency grant obtained by Placer County and the Placer Nevada Wastewater Authority (PNWA).



The District created the Newcastle Special Benefit Area (NSBA) and designated both a Project Related Capacity Charge (PRCC) payable by new connections within the NSBA and a Project Related Service Charge (PRSC) imposed monthly on an EDU basis on the customers in the NSBA area that are connected to the wastewater system. Monthly, residents within the NSBA pay $54 per EDU, in addition to their monthly service charges, that goes toward the repayment of this loan. The outstanding balance of the loan as of June 30, 2026, is $4.15 million and is anticipated to be paid in full by 2050.

SOUTH PLACER WASTEWATER AUTHORITY (SPWA)

The District does not currently have any debt in the sense of conventional loans or bond financing of District improvements. The District, the City of Roseville, and Placer County are participants in SPWA with the intended purpose of financing the Dry Creek and Pleasant Grove Wastewater Treatment Plants through bonds, low-interest loans, or other types of debt. As such, the District is subject to the SPWA Funding Agreement and debt indenture. In accordance with the SPWA debt indenture, the District contributes regional connection fees monthly into the Rate Stabilization Account, and SPWA pays the debt service and other costs from the account on behalf of each member of SPWA, based on each member's proportionate share.

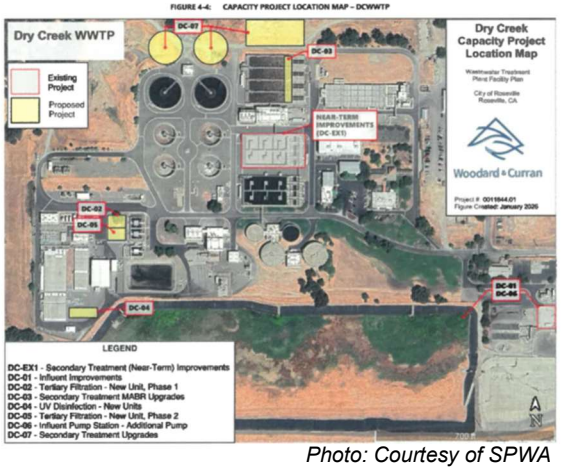


Photo: Courtesy of SPWA

As of March 31, 2026, the balance in the SPWA Rate Stabilization account was $91.00 million, with the total SPWA fund balance from all three partners equaling $257.32 million. In February 2026, SPWA staff reported that the outstanding debt, as calculated through March 31, 2026, equaled $184.55 million.

$264 million in regional renewal projects have been approved to prepare for regional growth, the incorporation of energy-related improvements, and to maximize solids digestion.

PENSION & OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY

The District's Total Pension Liability increased from $25.96 million to $26.62 million (reported June 30, 2026, measured June 30, 2025), primarily due to interest costs. Over the same period, the Fiduciary Net Position increased to $22.18 million, resulting in the Net Pension liability decreasing by $1.74 million to $4.44 million, a funded ratio of 83.32%. This change was primarily due to CalPERS investment performance and additional payments to the District's unfunded liability. Overall, the pension expense for FY 2025/26 decreased by $.46 million from the prior year.

The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies and allows agencies to set aside extra resources for pension funds at reduced investment risk and can be used to help smooth volatility from year-to-year fluctuations in annual required contributions (ARCs).

The District has participated in a CalPERS OPEB trust (CERBT) since 2008 to fund the total OPEB liability (including implicit subsidy). The District's Total OPEB Liability increased to $9.86 million. Over the same period, the Fiduciary Net Position increased to $6.99 million, resulting in the Net OPEB liability decreasing from $3.32 million to $2.86 million, a funded ratio of 70.89%. In FY 2025/26, the District contributed an additional $1.00 million towards the Unfunded Accrued Liability.

	FISCAL YEAR 2025/26	FISCAL YEAR 2024/25
TOTAL PENSION LIABILITY	$ 26,620,616	$ 25,955,959
FIDUCIARY NET POSITION	22,182,271	19,778,109
NET PENSION LIABILITY (ASSET)	4,438,345	6,177,850
DEFERRED (OUTFLOWS) OF RESOURCES	(3,068,937)	(2,940,371)
DEFERRED INFLOWS OF RESOURCES	1,285,849	626,104
IMPACT ON STATEMENT OF NET POSITION	2,655,257	3,863,583
PENSION EXPENSE	**$ 620,771**	**$ 1,085,400**

Overall, the OPEB expense for FY 2025/26 decreased by $127,794 from the prior year.

DISTRICT AWARDS

The District is proud to have been the recipient of numerous industry awards.

DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE
Special District Leadership Foundation
Certificates are awarded every three years

2016, 2019, 2022, 2025

COLLECTION SYSTEM OF THE YEAR
California Water Environment Association

2009, 2020

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
Government Finance Officers of the United States and Canada (GFOA)

2019, 2020, 2021, 2022, 2023, 2024, 2025

AWARD OF OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCAL REPORTING
Government Finance Officers of the United States and Canada

2024, 2025

DISTINGUISHED BUDGET PRESENTATION AWARD
Government Finance Officers of the United States and Canada

2023, 2024, 2025, 2026, 2027

TRIPLE CROWN
Government Finance Officers of the United States and Canada (GFOA)

2025, 2026

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

Want to stay updated on upcoming meetings and District news?

Visit spmud.ca.gov and join our mailing list!

BOARD OF DIRECTOR MEETINGS

1st Thursday of Every Month, 4:30 pm

District Headquarters Board Room
5807 Springview Drive • Rocklin, CA 95677

OFFICE HOURS

Monday - Thursday 7:00 am - 4:30 pm
Friday 7:00 am - 3:30 pm

5807 Springview Drive • Rocklin, CA 95677

916-786-8555
www.spmud.ca.gov



Item 6.3

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: **Board of Directors**

From: Eric Nielsen, General Manager

Cc: Emilie Costan, Administrative Services Manager
Chad Stites, Superintendent

Subject: Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness, Resolution 26-38 Revising Board Policy 3150 Purchasing Policy, Resolution 26-39 Revising Board Policy 3170 Credit Card Transaction Charges, Resolution 26-40 Revising Board Policy 4041 Delegation to the General Manager and Rescinding Resolution 21-10, and Resolution 26-41 Creating Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls

Meeting Date: December 3, 2026

Overview

The South Placer Municipal Utility District (District) adopted a Policy Handbook per Resolution 15-23. Included in this Policy Handbook are District Board Policies 3005 Emergency Preparedness, 3150 Purchasing Policy, 3170 Credit Card Transaction Charges, and 4041 Delegation to the General Manager. Staff have determined that these policies require revisions.

3005 Emergency Preparedness. In preparation for an anticipated wet winter storm season, staff have been reviewing the District's emergency response plans. As part of that effort, staff reviewed the Emergency Preparedness Policy and are recommending that the policy be updated. The revised policy includes updates to reorganize the policy to separate and clarify the steps for declaring an emergency and the steps for authorizing contracts during an emergency. The updates also include changes to the reporting timeframes after an emergency is declared. Staff has prepared two proposed policy options for the Board's consideration regarding the contract authority of the General Manager during a declared District emergency. Option A allows the General Manager to enter into an emergency contract for any dollar value when the contract is immediately necessary to preserve life or property. Option B allows the General Manager to enter into an emergency contract not to exceed $1,000,000 without Board approval. Both options require the General Manager to provide a report on any emergency contract at the next regular board meeting or within 14 days. Staff would like the Board to discuss both options and adopt the language contained in either Policy Option A or Policy Option B. This policy is required to be adopted by a four-fifths vote of the Board to comply with California Public Utilities Code §22050.

3150 Purchasing Policy. The policy has been revised to include a new Emergency Procurement section that refers the reader to the Emergency Preparedness Policy.

3170 Credit Card Transaction Charges. The District currently charges a 2.5 percent credit card transaction fee on all fees other than the monthly service charge. The District has recently implemented permitting software. This software allows customers to apply and pay for permits online. In working with the software company, Tyler Technologies, to facilitate the payment of fees through the permitting software, the District has been informed that there is a different credit card transaction fee structure for these types of fees. Rather than trying to estimate a credit card transaction fee that is collected by the District and covers the cost of the transaction fees, staff is proposing having the Tyler Technologies software programs pass the credit card transaction fees directly to the customer. The District will still absorb the credit card transaction fees for the monthly sewer service charges. Due to the work required to implement the necessary changes in both Tyler software systems, this change will occur as soon as each software system setup is complete. Until such time, District staff will continue to assess a 2.5 percent credit card transaction fee.

4041 Delegation to the General Manager. District Resolution 21-10 delegates authority to the General Manager to Cast Votes for Elections to the Placer County Local Agency Formation Commission (LAFCo). Board Policy 4041 contains language about this delegation. The District was notified by the new Executive Director of the Placer County LAFCo that Government Code §56332 requires the District's Board President (or alternate Board member designated by the President) to cast the ballot to elect representatives to Placer County LAFCo. This proposed policy revision aligns the policy language with the requirements in the Government Code. Staff are also requesting that the Board rescind Resolution 21-10.

The District Auditors have recommended that the District adopt a capitalization policy for leases and subscription-based information technology arrangements (SBITAs). The proposed Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls sets the capitalization threshold for leases and SBITAs at $100,000 with a term greater than 12 months and assists the District in meeting the requirements of GASB Statement Number 87, Leases, and GASB Statement 96, SBITAs.

The Policy and Ordinance Advisory Committee met on October 16, 2026, and November 18, 2026, to review the proposed revisions and the new policy, as described above, and recommended that the policies be forwarded to the Board of Directors for consideration. Included with this staff report are redlines and final versions of the revised policies and the proposed new policy for the Board's consideration.

Recommendation

Staff recommends that the Board of Directors adopt the following Resolutions:

1. Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness with the language included in option A,
   OR
   Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness with the language included in option B.
2. Resolution 26-38 Revising Board Policy 3150 Purchasing Policy.
3. Resolution 26-39 Revising Board Policy 3170 Credit Card Transaction Charges.

4. Resolution 26-40 Revising Board Policy 4041 Delegation to the General Manager and Rescinding Resolution 21-10.
5. Resolution 26-41 Creating Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls.

Strategic Plan Priorities

This action is consistent with the District's Strategic Plan Priorities:

Maintain an excellent regulatory compliance record
Prepare for the future and foreseeable emergencies
Provide exceptional value for the cost of sewer service

Related District Ordinances and Policies

This action complies with the following District Policies:

Policy No. 1000 – Purpose of Board Policies
Policy No. 1010 – Adoption or Amendment of Policies

Fiscal Impact

There is no fiscal impact related to the revision of the attached policies and the creation of a new policy.

Attachments

1. Resolution 26-37 Revising Board Policy 3005 Emergency Preparedness
2. Board Policy 3005 Emergency Preparedness Option A (redline)
3. Board Policy 3005 Emergency Preparedness Option A (final)
4. Board Policy 3005 Emergency Preparedness Option B (redline)
5. Board Policy 3005 Emergency Preparedness Option B (final)
6. Resolution 26-38 Revising Board Policy 3150 Purchasing Policy
7. Board Policy 3150 Purchasing Policy (redline)
8. Board Policy 3150 Purchasing Policy (final)
9. Resolution 26-39 Revising Board Policy 3170 Credit Card Transaction Charges
10. Board Policy 3170 Credit Card Transaction Charges (redline)
11. Board Policy 3170 Credit Card Transaction Charges (final)
12. Resolution 26-40 Revising Board Policy 4041 Delegation to the General Manager
13. Board Policy 4041 Delegation to the General Manager (redline)
14. Board Policy 4041 Delegation to the General Manager (final)
15. Rescinded Resolution 21-10 Delegating the General Manager to Cast Votes for the Current and Future Elections to the Placer County LAFCo
16. Resolution 26-41 Creating Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Control
17. Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Control (final)

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 26-37

REVISING BOARD POLICY 3005 EMERGENCY PREPAREDNESS

WHEREAS, the South Placer Municipal Utility District (District) created a District Policy Handbook adopted by Resolution 15-23 on September 3, 2015; and

WHEREAS, Section 1 of Policy 1010 – Adoption or Amendment of Policies allows for policies to be added, eliminated, or modified from time to time by Resolution of the Board; and

WHEREAS, Staff are proposing revisions to Board Policy 3005 Emergency Preparedness to clarify language, revise reporting timelines, and update the contract authority of the General Manager during a declared District emergency.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy 3005-Emergency Preparedness is adopted in its entirety and is 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 2026.

AYES: NOES: ABSTAIN: ABSENT:

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

_____

William Dickinson, President of the Board of Directors

ATTEST

_____

Emilie Costan, Board Secretary

Option A

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**3005 - EMERGENCY PREPAREDNESS**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
Resolution No.	15-23, 26-37	**Revised:**	12/03/26

PURPOSE

The purpose of this policy is to define and describe active emergency preparedness programs for the District.

POLICY STATEMENT

Section 1. General

It is the policy of South Placer Municipal District to create and maintain an active emergency preparedness program that includes an emergency plan that will help manage the District's critical functions during any emergency and protect the safety of staff. The District will coordinate the emergency plan, function, and response with those responders from the public and private entities and organizations charged with emergency duties.

Section 2. Emergency

Emergency means the actual or threatened existence of conditions of disaster or of extreme peril to the provision of critical District functions and the health and safety of staff or the public, caused by such conditions as fire, severe storm, riot, hazardous materials releases, train derailment, plane crash, earthquake, power outages, dam failures, freezes, water supply contamination, and other conditions which may be beyond the capability of the services, personnel, equipment, and facilities of this District, and may require the combined forces of other political subdivisions to help respond.

Section 3. Emergency Preparedness

The Board of Directors authorizes the establishment of an Emergency Preparedness Program, which consists of the nationally recognized four phases of emergency management: mitigation, preparedness/planning, response, and recovery. District actions will include developing and maintaining a District-wide emergency plan, identifying and training District staff to activate and use the plan, appointing District staff to critical positions identified in the emergency plan, and appointing staff to represent the District in negotiations or consultations with public and private agencies on matters pertaining to response to the emergency, ~~and~~ recovery of damaged systems, and financial costs incurred during the emergency.

Section 4. Standardized Emergency Management System

The California Office of Emergency Services regulates the Standardized Emergency Management System (SEMS), which was created by Government Code §8607 following the East Bay Hills Firestorm in 1991. To ensure reimbursement for claims filed after a disaster, all District emergency plans, procedures, and training will follow the SEMS regulations, and coordinate with the District-wide emergency plan.

Section 5. District Emergency Declaration

When an emergency condition arises that necessitates immediate action to minimize damage resulting from such condition, the General Manager may, in consultation with the Board President, declare a "District Emergency." The Board must ratify the declaration within fourteen days at a regular, special, or emergency Board meeting. The Board may also declare a District emergency under the Municipal Utility District Act (Public Utilities Code) §12753. The emergency declaration will remain in effect until formal Board action is taken to conclude the emergency.

During the period in which the emergency declaration remains in effect, the General Manager shall provide a report to the Board of Directors at all board meetings providing an update on the status of the emergency and the status of all contracts and purchases executed in response to said emergency.

Section 6. Authorization of Contracts During District Emergencies

The General Manager's Declaration of a District Emergency is a public acknowledgement of the serious situation the District faces, and that the District's resources may not be adequate to respond to the emergency. In accordance with Public Contract Code §22050, the General Manager or their designee is authorized, after a District-declared emergency, to enter into emergency contracts, when such actions are immediately necessary for the continued operation of the District or for the preservation of life or property, without bids or notice during the emergency response period. ~~The Board of Directors, in consultation with the General Manager, may delegate to the General Manager the authority to suspend competitive bidding and enter into emergency contracts of up to $250,000, as authorized by Public Contract Code §20567 and §22050.~~

If the General Manager or their designee, orders any emergency procurement action without giving notice of bids or proposals, that person shall report to the Board of Directors at the next regularly scheduled meeting, if it is held within 14 days, or if necessary, at a special meeting. The report shall include the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.

Section 7. Mutual Aid

The California Master Mutual Aid Agreement (Government Code §8561, §8615, and §8617) allows for the implementation of mutual aid during threatened, actual, or declared emergencies. The General Manager, in accordance with the Emergency Plan, may request mutual aid assistance from other local government and public agencies, or commit District resources to other agencies requesting aid. The General Manager may sign appropriate documents to effectuate mutual aid and other emergency response agreements.

Section 8. Continuity of Management

The District's emergency plan will list at least two successors to critical staff identified in the plan, including the General Manager. In the event the primary person is unable to respond to an emergency, each successor, in order, may assume all the duties and powers of the primary staff.

Section 9. Status Reports

The General Manager will provide ~~annual~~ periodic reports to the Board of Directors on the progress of the Emergency Preparedness Program. Additional reports will be given to the Board on the effectiveness of the plan and the District's response within sixty days ~~of the occurrence~~after the conclusion of a declared District Emergency.

Option A

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**3005 - EMERGENCY PREPAREDNESS**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
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Option B

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**3005 - EMERGENCY PREPAREDNESS**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
Resolution No.	15-23, 26-37	**Revised:**	12/03/26

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Option B

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**3005 - EMERGENCY PREPAREDNESS**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
Resolution No.	15-23, 26-37	**Revised:**	12/03/26

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If the General Manager or their designee, orders any emergency procurement action without giving notice of bids or proposals, that person shall report to the Board of Directors at the next regularly scheduled meeting, if it is held within 14 days, or if necessary, at a special meeting. The report shall include the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.

Section 7. Mutual Aid

The California Master Mutual Aid Agreement (Government Code §8561, §8615, and §8617) allows for the implementation of mutual aid during threatened, actual, or declared emergencies. The General Manager, in accordance with the Emergency Plan, may request mutual aid assistance from other local government and public agencies, or commit District resources to other agencies requesting aid. The General Manager may sign appropriate documents to effectuate mutual aid and other emergency response agreements.

Section 8. Continuity of Management

The District's emergency plan will list at least two successors to critical staff identified in the plan, including the General Manager. In the event the primary person is unable to respond to an emergency, each successor, in order, may assume all the duties and powers of the primary staff.

Section 9. Status Reports

The General Manager will provide periodic reports to the Board of Directors on the progress of the Emergency Preparedness Program. Additional reports will be given to the Board on the effectiveness of the plan and the District's response within sixty days after the conclusion of a declared District Emergency.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 26-38

REVISING BOARD POLICY 3150 PURCHASING POLICY

WHEREAS, the South Placer Municipal Utility District (District) created a District Policy Handbook adopted by Resolution 15-23 on September 3, 2015; and

WHEREAS, Section 1 of Policy 1010 – Adoption or Amendment of Policies allows for policies to be added, eliminated, or modified from time to time by Resolution of the Board; and

WHEREAS, Staff are proposing revisions to Board Policy 3150 Purchasing Policy to include a new Emergency Procurement section that refers the reader to the Emergency Preparedness Policy.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy 3150 Purchasing Policy is adopted in its entirety and is 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 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

_____

William Dickinson, President of the Board of Directors

ATTEST

_____

Emilie Costan, Board Secretary

Policy Name:	3150 – PURCHASING POLICY		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	02/05/15
Resolution No.	15-02, 15-23, 20-33, 26-38	Revised:	~~11/05/20~~12/03/26~~20~~

PURPOSE

This policy seeks to establish efficient, equitable, and uniform procedures for all District contracting for goods (including, without limitation, materials and equipment), services (professional and other), rentals and leases of personal property, and construction; provide for fair and equitable treatment by the District of all persons involved in the contracting process; maximize the purchasing value of public funds; exercise financial control over the District expenditures it covers; clearly define authority for spending approvals and contracting functions; and provide safeguards for maintaining a high-quality procurement system.

POLICY STATEMENT

The District's General Manager, who shall be the District's Purchasing Agent, will implement and administer standard operating procedures for District contracting in consultation with the District's General Counsel, to implement the purpose and requirements of these administrative regulations. The District shall conduct all contracting for goods, services, rentals and leases of personal property, and construction in accordance with these administrative regulations and associated standard operating procedures, and under the administration of the Purchasing Agent.

Section 1. Purchasing Authority

The purchasing authority is established by the dollar amount of the purchase and includes sales tax and shipping.

A single contract or commitment shall not exceed $50,000 without approval by the Board of Directors.

All other contracts or commitments require the following spending approval:

a) Up to and including $50,000 - General Manager or their~~his~~ designee.
b) Up to and including $5,000 – Department Manager or other employee who has been pre-approved by express written authorization by the General Manager for such spending approval authority.
c) Up to and including $1,000 – Field Supervisor or other employee who has been pre-approved by express written authorization by the General Manager for such spending approval authority

Where a single contract or commitment that was originally approved for less than or equal to $50,000, requires a change order that increases it to more than $50,000, the change order shall be submitted to the Board of Directors for approval. The General Manager shall ensure that District procurements are not artificially divided or structured to avoid the approval requirements set forth herein.

The following table summarizes the requirements for purchasing goods, equipment, professional and non-professional services, and contracting for construction projects.

Purchase Type	# of Quotes	Dollar Limit	Approved By
Goods/Equipment	3	$250	Lead Workers/ASA
Goods/Equipment	3	$1000	Field Supervisor
Goods/Equipment	3	$5,000	Department Manager
Goods/Equipment	3	$5,001 to $50,000[1]	General Manager
Goods/Equipment	RFB	$50,001 and up[2]	SPMUD Board
Services	3	$5,000	Department Manager
Services	3	$5,001 to $50,000	General Manager
Services	RFP, RFQ	$50,001 and up	SPMUD Board
Construction	3	$50,000[3]	General Manager
Construction	Public Bidding	$50,001 and up[3]	SPMUD Board

The General Manager or ~~his or her~~their designee shall have the authority to approve employee benefit payments such as health premiums, dental and vision programs, retirement contributions, OPEB trust contributions, life insurance, etc. as required by contract, Memorandum of Understanding, and employment contracts.

Section 2. Purchase Orders

Except as exempted by this Policy, a purchase order is required for all purchases over $5,000 ***prior*** to requesting the goods or services from the vendor except in the case of an emergency. Requests for purchase orders shall be submitted by the Department Manager against whose budget account the expenditure shall be charged. The request must contain sufficient information to ensure acquisition of the correct item(s). Requisitions must indicate the account number to be charged. Requisitions will not be made utilizing accounts that are unrelated to the type of item or service being purchased. Original quotes or bids, specifications, and other documentation are to accompany the request, if applicable.

Blanket purchase orders may be used with vendors that are expected to supply repetitive-use products or services on an ongoing and/or regular basis throughout the year. Blanket purchase orders are closed at the conclusion of each fiscal year. Examples of open purchase orders may include contract services such as maintenance, landscaping, janitorial services, uniforms, or software subscriptions. Blanket purchase orders shall include the following: a description of the supplies or services that may be incurred; the period of time the order will remain open (not to exceed one fiscal year); the maximum total amount which may be charged on the purchase order and/or agreed upon prices or pricing structure; items excluded from the purchase, if applicable.

[1] [1] See MUD Act §12751 purchases over $40,000 require contract to be let to the lowest responsible bidder unless the provisions of 12751.3 apply.
[2] See MUD Act §12751 requires contract to be let to the lowest responsible bidder unless the provisions of 12751.3 apply.
[3] [3] See CA PCC §20190 contract shall be let to the lowest responsible bidder.

The General Manager and Administrative Services Manager must approve all purchase orders. Purchase orders, including blanket purchase orders, will be reported by the General Manager to the Board of Directors at the Board Meeting following the creation of the purchase order.

Purchase Order Exceptions

The following items do not require a purchase order:

a) Utilities such as water, garbage, telephone, gas, electricity, and similar services.
b) Medical, dental, vision, life, workers compensation, and similar health insurances, liability, property, and other insurance premiums and insurance claims.
c) Medical payments for physicians, lab, etc.
d) Petty cash replenishments.
e) Regulatory, permitting fees, or taxes paid to other municipalities and government agencies.
f) Miscellaneous charges such as advertisements and notices, memberships and dues, shipping, delivery, and messenger services, subscriptions, trade circulars, or books, and other similar items.
g) Items that utilize other forms of authorization such as travel expenses, claim expenses, and tuition reimbursement.
h) Purchases where petty cash or a credit card are utilized.

Section 3. Charge Accounts Established with Local Vendors

The General Manager, or their~~his/her~~ designee, must approve all requests to establish charge accounts with local vendors. Once the accounts are approved and established, employees may purchase items on account with local vendors. A paid invoice or receipt shall be obtained, and the employee shall acknowledge receipt of the items by signing the invoice. A valid account number(s) shall be included on the receipt indicating where the item(s) will be charged. The receipt shall be forwarded to Accounting. A blanket purchase order may be established each fiscal year for such accounts.

Section 4. Purchasing Card Responsibilities – e.g. CALCard

A credit card or purchasing card is issued to an employee of the District for the purpose of making authorized purchases on the District's behalf. Cardholders are authorized to use the Purchasing Card to purchase many business-related goods and services needed to perform their duties as an employee of the District. Transactions that are placed on the Purchasing Card should not conflict with any of the District's purchasing policies. Personal purchases may not be made with the card. Personal purchases made with the card subject the Cardholder to disciplinary action, up to and including possible card cancellation, termination of employment, and criminal prosecution. All receipts for Purchasing Card purchases must be detailed and itemized. Receipts should show all items purchased not just a total amount. The also applies to restaurant receipts.

Section 5. Petty Cash – Use and Reimbursement

The District has established a petty cash fund to purchase minor supplies and improve upon the efficiency of District operations. Disbursements from petty cash funds must be properly documented and for a valid District business purpose. An original receipt must be provided. Petty cash funds may not be used for the following:

a) Items/receipts in excess of $100.00.

b) Cashing of personal checks or providing personal loans.

Section 6. Request for Proposals/Qualifications

The District shall use a Request for Bid (RFB), Proposals (RFP), or Qualification (RFQ) procedure to acquire goods, equipment, and professional and non-professional services exceeding $50,000. The District may utilize the RFP/RFQ procedure for single procurements, or for establishing an on-call list of professional services providers capable and qualified to conduct certain types of services. In reviewing proposals, the District shall consider the quality of the proposal to be reflective of the quality of the work the Consultant is able to perform. The ability of the Consultant to convey information clearly and concisely will be considered in the review process. No contract for the services of legal counsel may be awarded without the approval of the District's General Counsel. Procedures for the selection of architect, engineer, and land surveying services shall be in accordance with state law.

RFP/RFQ Exceptions

The following items do not require a Request for Proposals (RFP) or Qualification (RFQ):

a) Medical, dental, vision, life, workers compensation, and similar health insurances, liability, property, and other insurance providers.
b) Contracts to provide a CONTINUOUS work force through independent contractors for the maintenance, installation, and repair of the system.
c) Purchase of goods or services for which there is a single source of supply.
d) Purchases for immediate delivery in actual emergencies arising from unforeseen causes.
e) Purchases of real property (permanent, immovable property such as land, buildings, and improvements).
f) Purchases from any federal, state, or local government unit or agency.
g) Purchases from non-profit corporations whose primary purpose is to provide goods or services to various local governments.
h) Purchases of items for resale.

Section 7. Protests

The District shall adopt and maintain a protest procedure for protests of the solicitation and award of contracts and include a description of the protest procedure in solicitation documents. Any actual or prospective bidder, proposer, or contractor who is aggrieved in connection with the solicitation of a bid or proposal, or the award of a contract on which he/she bid or proposed, may file a written protest in the manner prescribed in the solicitation documents.

Section 8. Piggyback Procurements

The General Manager may arrange for the District to enter purchase contracts with a supplier for the purchase of goods or services when the pricing and terms have been previously established by another local, state, or federal government agency or an association of public entities, provided:

a) The resulting contract with the supplier of goods or services is the result of competitive bidding or negotiation and is made in compliance with the competitive bid or proposal requirements of the participating entity or association.

b) The purchase is made within the longer of one year of the competitive bid or negotiation, or the original contract term or subsequent extension(s).
c) The purchase conforms to the District's specifications for the goods or services; and
d) The purchase is of equal or better value to the District than if made directly by the District.

Section 9. Purchases Requiring Competitive Bids

All purchases requiring competitive bids shall comply with §20190 of the State of California Public Contract Code as well as the Municipal Utility District Act provided for in Division 6 (commencing with §11501) of the Public Utilities Code, as such may be amended from time to time, as well as all other applicable federal, state or local laws.

Before the District requests a competitive bid from a vendor, the request must be approved by the General Manager in writing.

The District will request and accept bids in accordance with §12751 of the Public Utilities Code.
Bids may be requested, by any of the following methods:

a) Internet;
b) Telephone;
c) Writing;
d) Newspaper advertisement;
e) Fax;
f) E-mail.

The District may choose, as an alternative to open public bids, use of vendors listed with any other agency that has gone through a public bid process and authorized other agencies to use their bid prices.

The District will request at least three bids from qualified contractors/vendors whenever possible. Contractors/Vendors may submit their bids to the District by email, telephone with a written confirmation or by means of a written bid, at the discretion of the General Manager.

When the District requests bids from vendors, the bids submitted by vendors must contain the following information:

a) The title of the project and the date issued;
b) Date the bid (whether written confirmation of telephone bids or written bid) was received by the District;
c) The bid amount in words and figures;
d) The bidder's contact information (including full legal name and address) and signature;
e) Notice that all bids must be delivered to the District's office.

Any bids submitted after the deadline shall be rejected by the District. The District reserves the right to reject all bids.

The winner of the bid shall be the lowest qualified and responsible bidder, as determined by the District in its discretion. In determining the lowest qualified and responsible bidder, the District may consider the following factors in addition to the price quoted:

a) Apparent ability to perform;
b) Quality of the company, product or service;
c) Purpose or use of the product or service;
d) Discount for prompt payment provided by the vendor;
e) Freight method and cost;
f) Delivery date;
g) Past performance;
h) Other pertinent factors such as experience in providing products or services to similar utilities, references on similar jobs, and compatibility with existing utility equipment.

The District is not obligated to purchase a product or service from the bidder with the lowest price. When the District accepts a bid, it will notify the vendor in writing of its acceptance.

Section 10. Bid and Performance/Payment Bonds

The District may require vendors to submit a bid bond with their bids under the following guidelines:

a) The bid bond must be issued by a surety company licensed to do business in the State of California.
b) The bid bond of the successful bidder will be retained until such bidder has executed the contract, furnished the required performance and payment bond(s), certificates of insurance, and all other conditions of the contract.
c) Bid bonds submitted by unsuccessful vendors will be returned upon award of contract.
d) Personal or vendor company checks are not acceptable in the place of bid bonds; however, bank cashier's checks will be accepted.

The District may require vendors to submit performance and/or payment bond(s) under the following guidelines:

a) A performance and/or payment bond(s) must be issued by a surety company licensed to do business in the State of California.
b) When required, the amount of the bond(s) will be stated by the District in writing.
c) The vendor must file a performance and/or payment bond(s) with the District within ten (10) working days after receipt of the Notice of Award.
d) Personal or vendor company checks are not acceptable in the place of performance or payment bonds; however, bank cashier's checks will be accepted.
e) An irrevocable letter of credit (LOC) or a certificate of deposit (CD) from a state or national bank or a state or federal savings and loan association having its principal office in California may be acceptable in lieu of a performance or payment bond. The terms and conditions of the LOC or CD are subject to the approval of the District in its sole and exclusive discretion, and any CD must be assigned to the District and be accompanied by the issuing bank's agreement to subordinate its claim to the District's claim.

Section 11. The District's Compliance Requirements

When a purchase requires competitive bidding, the District shall create a file for this purchase transaction which shall include the following:

a) Written requests for bids.
b) Written notation of bid deadlines that the District requests by telephone.
c) Written bids received from vendors.
d) Any vendor's written confirmation of telephone bids.
e) All written contracts that relate to competitive bids.
f) Other related written materials.
g) If a bid is awarded to someone other than the lowest bidder, a memo shall be placed in the file stating the reason the winning vendor was selected over the low bidder. The person responsible for placing this document in the file is the General Manager.

In the absence of specific rules or policies, the disposition of purchasing procedures shall be made by the Board of Directors in accordance with its usual and customary practices and applicable law.

Section 12. Emergency Procurement

Refer to Board Policy 3005 Emergency Preparedness for contracting requirements during District-declared emergencies.

Policy Name:	3150 – PURCHASING POLICY		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	02/05/15
Resolution No.	15-02, 15-23, 20-33, 26-38	Revised:	12/03/26

PURPOSE

This policy seeks to establish efficient, equitable, and uniform procedures for all District contracting for goods (including, without limitation, materials and equipment), services (professional and other), rentals and leases of personal property, and construction; provide for fair and equitable treatment by the District of all persons involved in the contracting process; maximize the purchasing value of public funds; exercise financial control over the District expenditures it covers; clearly define authority for spending approvals and contracting functions; and provide safeguards for maintaining a high-quality procurement system.

POLICY STATEMENT

The District's General Manager, who shall be the District's Purchasing Agent, will implement and administer standard operating procedures for District contracting in consultation with the District's General Counsel, to implement the purpose and requirements of these administrative regulations. The District shall conduct all contracting for goods, services, rentals and leases of personal property, and construction in accordance with these administrative regulations and associated standard operating procedures, and under the administration of the Purchasing Agent.

Section 1. Purchasing Authority

The purchasing authority is established by the dollar amount of the purchase and includes sales tax and shipping.

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Where a single contract or commitment that was originally approved for less than or equal to $50,000, requires a change order that increases it to more than $50,000, the change order shall be submitted to the Board of Directors for approval. The General Manager shall ensure that District procurements are not artificially divided or structured to avoid the approval requirements set forth herein.

The following table summarizes the requirements for purchasing goods, equipment, professional and non-professional services, and contracting for construction projects.

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Goods/Equipment	3	$1000	Field Supervisor
Goods/Equipment	3	$5,000	Department Manager
Goods/Equipment	3	$5,001 to $50,000[1]	General Manager
Goods/Equipment	RFB	$50,001 and up[2]	SPMUD Board
Services	3	$5,000	Department Manager
Services	3	$5,001 to $50,000	General Manager
Services	RFP, RFQ	$50,001 and up	SPMUD Board
Construction	3	$50,000[3]	General Manager
Construction	Public Bidding	$50,001 and up[3]	SPMUD Board

The General Manager or their designee shall have the authority to approve employee benefit payments such as health premiums, dental and vision programs, retirement contributions, OPEB trust contributions, life insurance, etc. as required by contract, Memorandum of Understanding, and employment contracts.

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The General Manager and Administrative Services Manager must approve all purchase orders. Purchase orders, including blanket purchase orders, will be reported by the General Manager to the Board of Directors at the Board Meeting following the creation of the purchase order.

Purchase Order Exceptions

The following items do not require a purchase order:

a) Utilities such as water, garbage, telephone, gas, electricity, and similar services.
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c) Medical payments for physicians, lab, etc.
d) Petty cash replenishments.
e) Regulatory, permitting fees, or taxes paid to other municipalities and government agencies.
f) Miscellaneous charges such as advertisements and notices, memberships and dues, shipping, delivery, and messenger services, subscriptions, trade circulars, or books, and other similar items.
g) Items that utilize other forms of authorization such as travel expenses, claim expenses, and tuition reimbursement.
h) Purchases where petty cash or a credit card are utilized.

Section 3. Charge Accounts Established with Local Vendors

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a) Items/receipts in excess of $100.00.

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Section 6. Request for Proposals/Qualifications

The District shall use a Request for Bid (RFB), Proposals (RFP), or Qualification (RFQ) procedure to acquire goods, equipment, and professional and non-professional services exceeding $50,000. The District may utilize the RFP/RFQ procedure for single procurements, or for establishing an on-call list of professional services providers capable and qualified to conduct certain types of services. In reviewing proposals, the District shall consider the quality of the proposal to be reflective of the quality of the work the Consultant is able to perform. The ability of the Consultant to convey information clearly and concisely will be considered in the review process. No contract for the services of legal counsel may be awarded without the approval of the District's General Counsel. Procedures for the selection of architect, engineer, and land surveying services shall be in accordance with state law.

RFP/RFQ Exceptions

The following items do not require a Request for Proposals (RFP) or Qualification (RFQ):

a) Medical, dental, vision, life, workers compensation, and similar health insurances, liability, property, and other insurance providers.
b) Contracts to provide a CONTINUOUS work force through independent contractors for the maintenance, installation, and repair of the system.
c) Purchase of goods or services for which there is a single source of supply.
d) Purchases for immediate delivery in actual emergencies arising from unforeseen causes.
e) Purchases of real property (permanent, immovable property such as land, buildings, and improvements).
f) Purchases from any federal, state, or local government unit or agency.
g) Purchases from non-profit corporations whose primary purpose is to provide goods or services to various local governments.
h) Purchases of items for resale.

Section 7. Protests

The District shall adopt and maintain a protest procedure for protests of the solicitation and award of contracts and include a description of the protest procedure in solicitation documents. Any actual or prospective bidder, proposer, or contractor who is aggrieved in connection with the solicitation of a bid or proposal, or the award of a contract on which he/she bid or proposed, may file a written protest in the manner prescribed in the solicitation documents.

Section 8. Piggyback Procurements

The General Manager may arrange for the District to enter purchase contracts with a supplier for the purchase of goods or services when the pricing and terms have been previously established by another local, state, or federal government agency or an association of public entities, provided:

a) The resulting contract with the supplier of goods or services is the result of competitive bidding or negotiation and is made in compliance with the competitive bid or proposal requirements of the participating entity or association.

b) The purchase is made within the longer of one year of the competitive bid or negotiation, or the original contract term or subsequent extension(s).
c) The purchase conforms to the District's specifications for the goods or services; and
d) The purchase is of equal or better value to the District than if made directly by the District.

Section 9. Purchases Requiring Competitive Bids

All purchases requiring competitive bids shall comply with §20190 of the State of California Public Contract Code as well as the Municipal Utility District Act provided for in Division 6 (commencing with §11501) of the Public Utilities Code, as such may be amended from time to time, as well as all other applicable federal, state or local laws.

Before the District requests a competitive bid from a vendor, the request must be approved by the General Manager in writing.

The District will request and accept bids in accordance with §12751 of the Public Utilities Code.
Bids may be requested, by any of the following methods:

a) Internet;
b) Telephone;
c) Writing;
d) Newspaper advertisement;
e) Fax;
f) E-mail.

The District may choose, as an alternative to open public bids, use of vendors listed with any other agency that has gone through a public bid process and authorized other agencies to use their bid prices.

The District will request at least three bids from qualified contractors/vendors whenever possible. Contractors/Vendors may submit their bids to the District by email, telephone with a written confirmation or by means of a written bid, at the discretion of the General Manager.

When the District requests bids from vendors, the bids submitted by vendors must contain the following information:

a) The title of the project and the date issued;
b) Date the bid (whether written confirmation of telephone bids or written bid) was received by the District;
c) The bid amount in words and figures;
d) The bidder's contact information (including full legal name and address) and signature;
e) Notice that all bids must be delivered to the District's office.

Any bids submitted after the deadline shall be rejected by the District. The District reserves the right to reject all bids.

The winner of the bid shall be the lowest qualified and responsible bidder, as determined by the District in its discretion. In determining the lowest qualified and responsible bidder, the District may consider the following factors in addition to the price quoted:

a) Apparent ability to perform;
b) Quality of the company, product or service;
c) Purpose or use of the product or service;
d) Discount for prompt payment provided by the vendor;
e) Freight method and cost;
f) Delivery date;
g) Past performance;
h) Other pertinent factors such as experience in providing products or services to similar utilities, references on similar jobs, and compatibility with existing utility equipment.

The District is not obligated to purchase a product or service from the bidder with the lowest price. When the District accepts a bid, it will notify the vendor in writing of its acceptance.

Section 10. Bid and Performance/Payment Bonds

The District may require vendors to submit a bid bond with their bids under the following guidelines:

a) The bid bond must be issued by a surety company licensed to do business in the State of California.
b) The bid bond of the successful bidder will be retained until such bidder has executed the contract, furnished the required performance and payment bond(s), certificates of insurance, and all other conditions of the contract.
c) Bid bonds submitted by unsuccessful vendors will be returned upon award of contract.
d) Personal or vendor company checks are not acceptable in the place of bid bonds; however, bank cashier's checks will be accepted.

The District may require vendors to submit performance and/or payment bond(s) under the following guidelines:

a) A performance and/or payment bond(s) must be issued by a surety company licensed to do business in the State of California.
b) When required, the amount of the bond(s) will be stated by the District in writing.
c) The vendor must file a performance and/or payment bond(s) with the District within ten (10) working days after receipt of the Notice of Award.
d) Personal or vendor company checks are not acceptable in the place of performance or payment bonds; however, bank cashier's checks will be accepted.
e) An irrevocable letter of credit (LOC) or a certificate of deposit (CD) from a state or national bank or a state or federal savings and loan association having its principal office in California may be acceptable in lieu of a performance or payment bond. The terms and conditions of the LOC or CD are subject to the approval of the District in its sole and exclusive discretion, and any CD must be assigned to the District and be accompanied by the issuing bank's agreement to subordinate its claim to the District's claim.

Section 11. The District's Compliance Requirements

When a purchase requires competitive bidding, the District shall create a file for this purchase transaction which shall include the following:

a) Written requests for bids.
b) Written notation of bid deadlines that the District requests by telephone.
c) Written bids received from vendors.
d) Any vendor's written confirmation of telephone bids.
e) All written contracts that relate to competitive bids.
f) Other related written materials.
g) If a bid is awarded to someone other than the lowest bidder, a memo shall be placed in the file stating the reason the winning vendor was selected over the low bidder. The person responsible for placing this document in the file is the General Manager.

In the absence of specific rules or policies, the disposition of purchasing procedures shall be made by the Board of Directors in accordance with its usual and customary practices and applicable law.

Section 12. Emergency Procurement

Refer to Board Policy 3005 Emergency Preparedness for contracting requirements during District-declared emergencies.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 26-39

REVISING BOARD POLICY 3170 CREDIT CARD TRANSACTION CHARGES

WHEREAS, the South Placer Municipal Utility District (District) created a District Policy Handbook adopted by Resolution 15-23 on September 3, 2015; and

WHEREAS, Section 1 of Policy 1010 – Adoption or Amendment of Policies allows for policies to be added, eliminated, or modified from time to time by Resolution of the Board; and

WHEREAS, Staff are proposing revisions to Board Policy 3170 Credit Card Transaction Charges to eliminate the current 2.5 percent credit card transaction fee and instead pass the credit card transaction fees directly to the customer; and

WHEREAS, the District will continue to absorb the credit card transaction fees for the monthly sewer service charge.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy 3170 Credit Card Transaction Charges is adopted in its entirety and is 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 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	3170 – CREDIT CARD TRANSACTION CHARGES		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	06/07/18
Resolution No.	18-14, 21-06, 26-39	Revised:	~~02/04/21~~12/03/26

PURPOSE

The purpose of this policy is to establish criteria for the assessment of credit or debit card transactional charges.

POLICY STATEMENT

Section 1: General

The District allows payment by ~~both~~ credit card, including payment by a~~and~~ debit card with a Visa or Mastercard logo~~s~~. C~~Use of the c~~redit cards ~~or debit cards~~ can be ~~transacted~~ used over the counter, online, over the phone, by Interactive Voice Response (IVR), by text message, and by preauthorized automatic payment (~~auto-pay~~autopay). To encourage bill payment by credit ~~or debit~~ card~~s~~, the District has decided to absorb the cost of the transaction and convenience fees ~~charged by the banking industry~~ for the Monthly Sewer Service Charge~~s paid~~ payments customers make by credit ~~/debit~~ card ~~transactions~~. For all other fees and charges, the customer will be responsible for paying the transaction and convenience fees when they opt to pay with a credit card. ~~A 2.5% convenience fee will be assessed on all other credit/debit payments.~~

Section 2: Justification

A. The District desires to provide its customers with a full range of payment ~~type~~ options to make it simple and convenient for customers to pay their monthly sewer bills on time.

B. By encouraging autopay and ~~online~~ other self-serve payment methods made with~~by~~ a credit ~~or debit~~ card~~s~~, the District is automating repetitive monthly processes that would ~~away from traditionally~~ otherwise be manual tasks. These automations significantly improve efficiencies and offset labor costs, which ~~reduce~~ mitigates the need for additional staff ~~in the Administrative Services Department~~ing.

C. ~~The~~ Collecting third-party, card-related transaction and convenience fees on ~~non-monthly~~ District fees and charges, other than the Monthly Sewer Service Charge, ~~reimburses the~~ensures ~~the~~ District ~~for~~ does not incur processing ~~out-of-pocket~~ costs ~~from~~ for~~processing credit~~ credit card transactions and is able to charge customers for the true cost of service.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	3170 – CREDIT CARD TRANSACTION CHARGES		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	06/07/18
Resolution No.	18-14, 21-06, 26-39	Revised:	12/03/26

PURPOSE

The purpose of this policy is to establish criteria for the assessment of credit or debit card transactional charges.

POLICY STATEMENT

Section 1: General

The District allows payment by credit card, including payment by a debit card with a Visa or Mastercard logo. Credit cards can be used over the counter, online, over the phone, by Interactive Voice Response (IVR), by text message, and by preauthorized automatic payment (autopay). To encourage bill payment by credit card, the District has decided to absorb the cost of the transaction and convenience fees for the Monthly Sewer Service Charge payments customers make by credit card. For all other fees and charges, the customer will be responsible for paying the transaction and convenience fees when they opt to pay with a credit card.

Section 2: Justification

A. The District desires to provide its customers with a full range of payment options to make it simple and convenient for customers to pay their monthly sewer bills on time.

B. By encouraging autopay and other self-serve payment methods made with a credit card, the District is automating repetitive monthly processes that would otherwise be manual tasks. These automations significantly improve efficiencies and offset labor costs, which mitigates the need for additional staffing.

C. Collecting third-party, card-related transaction and convenience fees on District fees and charges, other than the Monthly Sewer Service Charge, ensures the District does not incur processing costs for credit card transactions and is able to charge customers for the true cost of service.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 26-40

REVISING BOARD POLICY 4041 DELEGATION TO THE GENERAL MANAGER AND RESCINDING RESOLUTION 21-10

WHEREAS, the South Placer Municipal Utility District (District) adopted Resolution 21-10 on April 1, 2021; and

WHEREAS, Resolution 21-10 granted the General Manager the authority to cast votes for current and future elections to the Placer County Local Agency Formation Commission (LAFCo); and

WHEREAS, Government Code §56332 requires the Board President (or alternate Board member designated by the President) to cast the ballot to elect representatives to LAFCo; and

WHEREAS, the District created a District Policy Handbook adopted by Resolution 15-23 on September 3, 2015; and

WHEREAS, Section 1 of Policy 1010 – Adoption or Amendment of Policies allows for policies to be added, eliminated, or modified from time to time by Resolution of the Board; and

WHEREAS, Staff are proposing revisions to Board Policy 4041 Delegation to the General Manager and Rescission of Resolution 21-10 to conform to the requirements in the Government Code.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy 4041 Delegation to the General Manager is adopted in its entirety and is to be included in the aforementioned District Policy Handbook, and Board Resolution 21-10 is hereby rescinding in its entirety.

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 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**4041 - DELEGATION TO THE GENERAL MANAGER**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
Resolution No:	15-23, 17-21, 21-10, 22-45, 24-31, 25-20, 26-40	**Revised:**	~~08/07/25~~12/03/26

PURPOSE

This policy sets forth instructions to the SPMUD General Manager to achieve the results of the organization, and the delegations of authority.

POLICY STATEMENT

The Board will instruct the General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Specifically:

a) The Board shall identify and define those results or conditions of SPMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.

b) The Board shall develop policies that define the delegation to the General Manager with regard to the General Manager's authority.

c) The General Manager is authorized to:

1. Establish all further non-Board policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of the District;
2. Negotiate and enter into Temporary Sewer Connection and Use Agreements.
3. Cast ballots to elect representatives to the Special District Risk Management Authority (SDRMA) per Resolution 25-20~~, to elect representatives to Placer County Local Area Formation Commission (LAFCO) per Resolution 21-10,~~ and to elect directors to the California Special District Association (CSDA) per Resolution 17-21.
4. Author, prepare, and sign position letters of support or opposition on behalf of the District to any legislative effort, Senate or Assembly bill, when said position is consistent with the recommendation of the California Special Districts Association or prior positions promulgated by the Board of Directors. The General Manager will inform the Board of any positions taken at the next regular Board meeting or via email/other communication as appropriate.

d) The General Manager shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SPMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SPMUD to unreasonable risk. If the General Manager reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SPMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SPMUD's reputation; or (v) materially

compromises the policies and goals established by the Board, the General Manager shall inform the Board and may request the Board to take appropriate actions.

e) The Board may change its delegation to the General Manager at any time, subject to the conditions of the Board's contract with the General Manager, thereby expanding or limiting the authority of the General Manager. But as long as any particular delegation is in place, the Board will abide by the General Manager's decisions in those areas that are delegated to him or her.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	**4041 - DELEGATION TO THE GENERAL MANAGER**		
Approval Authority:	SPMUD BOARD OF DIRECTORS	**Adopted:**	09/03/15
Resolution No:	15-23, 17-21, 21-10, 22-45, 24-31, 25-20, 26-40	**Revised:**	12/03/26

PURPOSE

This policy sets forth instructions to the SPMUD General Manager to achieve the results of the organization, and the delegations of authority.

POLICY STATEMENT

The Board will instruct the General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Specifically:

a) The Board shall identify and define those results or conditions of SPMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.

b) The Board shall develop policies that define the delegation to the General Manager with regard to the General Manager's authority.

c) The General Manager is authorized to:

1. Establish all further non-Board policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of the District;
2. Negotiate and enter into Temporary Sewer Connection and Use Agreements.
3. Cast ballots to elect representatives to the Special District Risk Management Authority (SDRMA) per Resolution 25-20 and to elect directors to the California Special District Association (CSDA) per Resolution 17-21.
4. Author, prepare, and sign position letters of support or opposition on behalf of the District to any legislative effort, Senate or Assembly bill, when said position is consistent with the recommendation of the California Special Districts Association or prior positions promulgated by the Board of Directors. The General Manager will inform the Board of any positions taken at the next regular Board meeting or via email/other communication as appropriate.

d) The General Manager shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SPMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SPMUD to unreasonable risk. If the General Manager reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SPMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SPMUD's reputation; or (v) materially compromises the policies and goals established by the Board, the General Manager shall inform the Board and may request the Board to take appropriate actions.

e) The Board may change its delegation to the General Manager at any time, subject to the conditions of the Board's contract with the General Manager, thereby expanding or limiting the authority of the General Manager. But as long as any particular delegation is in place, the Board will abide by the General Manager's decisions in those areas that are delegated to him or her.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 21-10

DELEGATING THE GENERAL MANAGER TO CAST VOTES FOR THE CURRENT AND ALL FUTURE ELECTIONS TO THE PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO)

Whereas, each county in the state is required to have a Local Agency Formation Commission (LAFCO); and

Whereas, Placer County (LAFCO) regulates boundaries and boundary changes for the South Placer Municipal Utility District as prescribed by law; and,

Whereas, Placer LAFCO Commission contains seven members made up of two representatives from the County Board of Supervisors, two representatives from City Councils, two Special District Representatives, and one member of the public who are all elected by ballot.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the South Placer Municipal Utility District delegates to the General Manager the authority to make selections of the representatives to serve on the Placer County Local Agency Formation Commission.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 1st day of April 2021.

-- RESCINDED --

Signed: _____
William Dickinson, President of the Board of Directors

Attest: _____
Emilie Costan, Board Secretary

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 26-41

CREATING BOARD POLICY 3117 LEASE AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) CAPITALIZATION & ACCOUNTING CONTROLS

WHEREAS, the South Placer Municipal Utility District (District) created a District Policy Handbook adopted by Resolution 15-23 on September 3, 2015; and

WHEREAS, Section 1 of Policy 1010 – Adoption or Amendment of Policies allows for policies to be added, eliminated, or modified from time to time by Resolution of the Board; and

WHEREAS, Staff is proposing a new Board Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls per the recommendation of the District Auditors to comply with GASB Statement Number 87, Leases, and GASB Statement 96, SBITAs.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the attached Policy 3117 Lease and Subscription-Based Information Technology Arrangement (SBITA) Capitalization & Accounting Controls is adopted in its entirety and is 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 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary

Policy Name:	3117 – LEASE AND SUBSCRIPTION-BASED INFORMATION TECHNOLGY ARRANGEMENT (SBITA) CAPITALIZATION & ACCOUNTING CONTROLS		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	12/03/26
Resolution No.	26-41	Revised:	

PURPOSE

The purpose of this policy is to establish guidelines for recognition, measurement, presentation, and disclosure of Leases and Subscription-Based Information Technology Arrangements (SBITAs) by the South Placer Municipal Utility District (District) in accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, and GASB Statement No. 96, SBITAs.

POLICY STATEMENT

Section 1. Definitions

A LEASE is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period in exchange for consideration. The lessee is the party that obtains the right to use the asset. The lessor is the party that owns the asset and makes it available for use by the lessee.

A SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) is a contract that gives a party the right to use another party's IT software for a set period of time.

A LEASE LIABILITY is an obligation by the lessee to make payments arising from a lease.

A RIGHT-OF-USE ASSET represents a lessee's right to use a leased asset during the lease term.

Section 2. Capitalization Threshold

The materiality threshold for leases and SBITAs will be set at $100,000 with a term greater than 12 months.

Purchases of hardware or software the District acquires through conventional purchase methods, such as outright purchase, capitalization, or financing arrangements, and/or internal labor costs incurred by the District for developing, hosting, or maintaining software do not apply.

Section 3. Record Keeping

The District will keep appropriate records in order to monitor and accurately inventory all leases and SBITAs.

Section 4. Recordation of Leases

As a lessee, the District shall recognize a lease liability at the commencement of the lease term measured at the present value of payments expected to be made during the lease term. The District shall reduce the lease liability as payments are made and recognize an outflow of resources for interest on the liability. The lease asset shall be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The District shall amortize the lease asset over the shorter of the lease term or the useful life of the underlying asset.

As a lessor, the District shall recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources shall be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District shall recognize interest revenue on the lease receivable and revenue from the deferred inflows of resources over the term of the lease.

Section 5. Recordation of SBITAs

The District shall recognize a right-of-use asset and a corresponding liability at the commencement of the subscription term for SBITAs. The subscription liability shall be initially measured at the present value of the subscription payments expected to be made over the contract term. Future subscription payments shall be discounted using the interest rate the SBITA vendor charges the District, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. The District shall recognize amortization of the discount on the subscription liability as an outflow of resources. The subscription asset shall be initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The District shall recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Section 6. Incremental Borrowing/Implicit Rate

This is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term. In most cases, the borrowing rate is not stated in the lease; however, it is implied that there is a cost of borrowing the amounts. The District shall use the Wall Street Journal (WSJ) Prime Rate for any new eligible GASB 87 leases and lease amendments and GASB 96 SBITAs.

Section 7. Disclosure

The District shall ensure the proper presentation of material leases and SBITAs meeting the capitalization thresholds in its financial statements. In accordance with GASB 87, the notes to the financial statements shall include a description of leasing arrangements, the amount of lease assets recognized, a schedule of future lease payments to be made, and the total inflows of resources recognized from leases. In accordance with GASB 96, the notes to the financial statements shall disclose descriptive information about its SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of the subscription liability, principal and interest requirements for the subscription liability, and other essential information.

Item 6.4

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT

To: **Board of Directors**

From: Eric Nielsen, General Manager

Cc: Carie Huff, District Engineer

Subject: Adoption of Resolution 26-42 Professional Services Agreement with Water Works Engineers to Develop the District's Asset Management Plan

Meeting Date: December 3, 2026

Overview

South Placer Municipal Utility District intends to develop a practical Asset Management Plan to support repeatable decisions regarding inspection, maintenance, rehabilitation, replacement, capital planning, and long-term funding. The program will build on the District's existing Geographic Information System, Wastewater Master Plan, Sanitary Sewer Management Plan (SSMP), Aquanuity sewer hydraulic model, inspection and maintenance records, capital improvement plan, prior renewal forecasts, and available financial information.

The District intends to have the work completed in phases over the next eighteen months. Water Works Engineers will provide the services described in three separate phases:

Phase 1 – Establish the Baseline ($25,000):
Organize existing modeled assets and records, establish initial framework, and prepare an updated baseline Nessie Curve for District use.

Phase 2 – Build the Design Tool ($60,000):
Refine and apply conditions, resiliency, criticality, and risk criteria; expand the inventory; configure the Aquanuity Asset-Twin analysis tool; run scenarios; bundle related work; and develop a prioritized capital improvement plan.

Phase 3 – Institutionalize the Program ($60,000):
Document the tested process in a formal Asset Management Plan, establish governance and update procedures, train staff, and define ongoing use and potential financial-planning integration.

Once the AMP is developed, District staff can use it as a tool on a regular basis to analyze and develop a capital improvement plan for the renewal and replacement of sewer assets.

Recommendation

Staff recommends that the Board of Directors adopt Resolution 26-42 authorizing the General Manager to execute the Professional Services Agreement with Water Works Engineers to develop the District's Asset Management Plan (AMP) in an amount not to exceed $145,000.

Strategic Plan Priorities

This action is consistent with the District's Strategic Priorities:

Maintain an excellent regulatory compliance record
Prepare for the future and foreseeable emergencies
Leverage existing and applicable technologies to improve efficiencies
Provide exceptional value for the cost of sewer service

Related District Resolutions and Policies

Policy No. 3150 – Purchasing Policy
Policy No. 3370 – Sewer System Management Plan (SSMP)
Resolution 22-36 Adopting a Strategic Plan 2023/2027

Fiscal Impact

The Fiscal Year 2026/27 budget includes a line item within Fund 100 for Professional Services to develop the District's Asset Management Plan for $145,000.

Attachments:

1. Resolution 26-42 Professional Services Agreement with Water Works Engineers to Develop the District's Asset Management Plan
2. Professional Services Agreement with Water Works Engineers

SOUTH PLACER MUNICIPAL UTILITY DISTRICT
RESOLUTION NO. 26-42

AUTHORIZATION FOR THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH WATER WORKS ENGINEERS, LLC TO DEVELOP AN ASSET MANAGEMENT PROGRAM

WHEREAS, the South Placer Municipal Utility District (District) has prioritized and invested in technology to assist with the planning, maintenance, operation, and eventual replacement of its public sewer assets; and

WHEREAS, the District intends to build on the existing Geographic Information System (GIS), Wastewater Master Plan, Sanitary Sewer Management Plan (SSMP), Aquanuity sewer hydraulic model, inspection and maintenance records, capital improvement program, and the District's financial software; and

WHEREAS, the 2023-2027 Strategic Plan identified the integration of these programs to develop an Asset Management Plan to shape the District's capital planning efforts as the system matures; and

WHEREAS, the District allocated funding in Fund 100 in the FY26/27 budget to complete the Asset Management Plan (AMP); and

WHEREAS, Water Works Engineers was selected from the short list of qualified engineering consultants created in May of 2023; and

WHEREAS, Water Works Engineers possesses the technical expertise required to develop the District's Asset Management Plan.

NOW, THEREFORE, BE IT RESOLVED, that the South Placer Municipal Utility District Board of Directors adopt Resolution 26-42 Authorizing the General Manager to enter into a Professional Services Agreement attached hereto with Water Works Engineers, LLC to develop the District's Asset Management Plan (AMP) in an amount not to exceed $145,000.

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 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary

South Placer Municipal Utility District
5807 Springview Drive Rocklin, CA 95677

PROFESSIONAL SERVICES AGREEMENT

AGREEMENT TERM: Two (2) years **EXECUTED:**

Provide Professional Engineering Services to develop the District's Asset Management Plan.

DISTRICT: South Placer Municipal Utility District

DISTRICT REPRESENTATIVE: Carie Huff
(916) 786-8555; chuff@spmud.ca.gov

CONTRACTOR: Water Works Engineers, LLC.
CONTRACTOR REPRESENTATIVE: Michael J Fisher
(916) 521-9200; mikef@wwengineers.com

SERVICES:
The undersigned agrees to develop the District's Asset Management Plan per the Scope of Work attached as Exhibit "A."

Hourly Rates and Billing Schedule shall be in accordance with the Fee Proposal attached as Exhibit "B."

Total Services shall not exceed $145,000.00.

This includes all applicable taxes and fees. Proof of insurance, as described in the General Provisions, has been provided to the District.

Name and address of contractor:	Signature of person authorized to sign:
Water Works Engineers 2260 Douglas Boulevard, Suite 105 Roseville, CA 95661 (916) 780-2888	_____ Print Name: _____ Title: _____ Date: _____

NOTICE OF AWARD (This section for District use only)

☐ You are directed to proceed with the work upon receipt of this award.

Print Name: Eric Nielsen	Title: General Manager
Signature: _____	Date: _____

GENERAL PROVISIONS

1. SCOPE OF SERVICES: Consultant shall do all work, attend all meetings, and carry out all activities necessary to complete all services described in the attached proposal included as part of this Agreement. This Agreement and its exhibits, attached or incorporated by reference, shall be known as the "Agreement Documents." The Consultant enters into this Agreement as an independent Consultant and not as an employee of the District.

2. TIME OF PERFORMANCE: The Services described in this Contract shall be provided for one years with an option to extend for one additional year. The services are to commence upon execution and receipt of this Agreement and shall be completed in a prompt and timely manner in accordance with the conditions of the Agreement.

3. COMPENSATION: Payments shall be paid *monthly* upon completion of services for a total amount not to exceed $145,000.00. The District reserves the right to perform any of these services with its own staff or to retain other Consultants to perform the services. **"**Reimbursable Expenses" are limited to actual expenditures of the Consultant for expenses that are necessary for the proper satisfaction of the Contract and are only payable if specifically authorized in advance in writing by the District. No additional charges will be allowed unless specified in the Contract, including charges for transportation, fuel, containers, packing, or disposal. Consultant is responsible for supplying invoices and all documentation necessary to verify invoices to the District's satisfaction. Invoices shall be emailed to ap@spmud.ca.gov or mailed to 5807 Springview Drive, Rocklin, CA 95677.

4. TERMINATION: This Agreement may be terminated, without cause, at any time by the District or Consultant upon ten days written notice. Consultant shall be compensated for all services provided for in the Agreement to that date. District shall be entitled to all work created pursuant to the Agreement.

5. CHANGES: District or Consultant may request changes to the scope of services to be performed. Such changes must be authorized in advance by the District in writing. Mutually agreed to changes shall be incorporated in written amendments to this Agreement.

6. PROPERTY OF THE DISTRICT: It is mutually agreed that all work or materials prepared under this Agreement shall become the property of the District. The District shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant under this Contract. In this Contract, the term "information" means and includes any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof.

7. CONFIDENTIALITY**:** During performance of this Agreement, the Consultant may gain access to and use District information. The Consultant agrees to protect all District Information and treat it as strictly confidential, and further agrees that they shall at no time, either directly or indirectly, divulge, disclose, or communicate in any manner any District information to any third party without the prior written consent. In addition, the Consultant shall comply with all policies governing the use of the District network and technology systems.

8. NOTIFICATION OF MATERIAL CHANGES IN BUSINESS: Consultant agrees that if it experiences any material changes in its business, including a reorganization, refinancing, restructuring, leveraged buyout,

bankruptcy, name change, or loss of key personnel, it will immediately notify the District of the changes. Consultant also agrees to immediately notify the District of any condition that may jeopardize the scheduled delivery or fulfillment of Consultant's obligations to the District under this Contract.

9. WARRANTY: Consultant warrants that it has the expertise or has experts available to perform the services set forth in this Agreement in a manner consistent with accepted standards of its profession. It warrants that it will perform said services in a legal manner in conformance with all applicable laws and guidelines.

10. STANDARD OF PERFORMANCE: Consultant shall perform in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California and in compliance with all requirements of this Contract. All products that Consultant delivers to District under this Contract must be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession.

    Consultant shall designate a Project Manager as its representative in all matters relating to the Agreement. The Project Manager shall remain in such capacity unless and until he is removed at the request of the District or replaced with the written permission of the District.

11. CERTIFICATE OF COMPLIANCE WITH LABOR CODE 3700: Section 3700 of the Labor Code requires every employer to be insured against liability for workers compensation or to undertake self-insurance in accordance with the provisions of that code, and the Consultant will comply with such provisions before commencing with any work of this Agreement.

12. INTEREST IN AGREEMENT: Consultant covenants that neither it nor any of its employees has an interest in this Agreement which would conflict in any manner or degree with the performance of its services hereunder.

13. NEGLIGENCE: Consultant shall be responsible for performing the work in a safe and skillful manner consistent with generally accepted standards and shall be liable for its own negligence and the negligent acts of its employees. District shall have no right of control over the manner in which the work is done but only as to its outcome and shall not be charged with the responsibility of preventing risk to any of Consultant's employees.

14. INDEMNITY: Consultant shall indemnify, defend, and hold harmless the District, its officers, officials, agents and employees from and against any and all claims, costs, losses and expenses arising out of or in connection with the performance of work or failure to comply with the obligations contained in the Agreement Documents, except such loss or damage which was caused by the active negligence or willful misconduct of the District.

15. INSURANCE REQUIREMENTS: Consultant agrees to have and maintain the policies set forth in Exhibit A entitled "INSURANCE REQUIREMENTS," which is attached hereto and incorporated herein. All policies, endorsements, certificates, and/or binders shall be subject to approval by the District as to form and content. These requirements are subject to amendment or waiver only if so approved in writing by the District. A lapse in any required insurance coverage during this Agreement shall be a breach of this Agreement.

16. SEVERABILITY: If a court with jurisdiction rules that any portion of this Contract or its application to any person or circumstance is invalid or unenforceable, the remainder of this Contract will not be affected thereby and will remain valid and enforceable as written, to the greatest extent permitted by law.

17. FACILITIES AND EQUIPMENT: Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for the Consultant to perform services pursuant to this Agreement.

18. LICENSES AND PERMITS: Consultant represents and warrants that Consultant has, and shall maintain at all times during the term of this Contract at its sole cost and expense, all licenses, permits, qualifications, and approvals of any nature that are legally required for Consultant to practice its profession or fulfill the terms of this Contract, including any required certification issued by the California Secretary of State.

19. MISCELLANEOUS PROVISIONS:

A. Consultant shall not engage in unlawful employment discrimination.

B. Information received from the Consultant will be disclosed upon receipt of a request under the California Public Records Act; however, if any information is set apart and clearly marked "trade secret" when provided to the District, the District shall give notice of any request for disclosure. The Consultant shall have five (5) days from the date of notification to enter into an agreement with the District, providing for the defense of, and complete indemnification and reimbursement of all costs incurred by the District in any legal action to compel disclosure of the information. The Consultant shall have sole responsibility for defense of the "trade secret" designation.

C. This Agreement and its exhibits constitute the entire agreement between the parties relative to the services herein and no modifications shall be effective unless and until such modification is in writing and signed by both parties.

D. Consultant shall maintain and make available to District accurate records of all its costs and receipts with respect to any work under this Agreement for six months after the final payment under this Agreement.

Exhibit A
INSURANCE REQUIREMENTS

Consultant shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, his agents, representatives, employees or subconsultants.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL)**: Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits no less than **$2,000,000** per occurrence. The general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability**: ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with a limit no less than **$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation**: as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions)**: Insurance appropriates to the Consultant's profession, with a limit of no less than **$2,000,000** per occurrence or claim, **$2,000,000** aggregate. **(Professional Services Contracts ONLY)**

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the District requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The District, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the **Consultant's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be in excess of the Consultant's insurance and shall not contribute to it. This requirement shall also apply to any Excess or Umbrella liability policies.

Umbrella or Excess Policy

The Consultant may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall

provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Consultant's primary and excess liability policies are exhausted.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the District.

Waiver of Subrogation

Consultant hereby grants to the District a waiver of any right to subrogation which any insurer of said Consultant may acquire against the District by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the District has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the District. The District may require the Consultant to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or the District. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds $5,000 unless approved in writing by the District. Any and all deductibles and SIRs shall be the sole responsibility of Consultant or subConsultant who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. The District may deduct from any amounts otherwise due the Consultant to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. The District reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the District.

Claims Made Policies

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained, and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of ***five (5)*** years after completion of work.

Verification of Coverage

Consultant shall furnish the District with original certificates and amendatory endorsements or copies of the applicable policy language affecting coverage required by this clause **and a copy of the Declarations and**

Endorsements Pages of the CGL and any Excess policies listing all policy endorsements. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. The District reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Special Risks or Circumstances

The District reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

SCOPE OF WORK

South Placer Municipal Utility District

Asset Management Program Development

Phase 1: Establish the Baseline

Phase 2: Build the Decision Tool

Phase 3: Institutionalize the Program

PROJECT UNDERSTANDING AND PHASED APPROACH

South Placer Municipal Utility District (District, SPMUD, or CLIENT) intends to develop a practical asset management program supporting repeatable decisions regarding inspection, maintenance, rehabilitation, replacement, capital planning, and long-term funding. The program will build on the District's existing GIS, Wastewater Master Plan, Sanitary Sewer Management Plan (SSMP), Aquanuity sewer hydraulic model, inspection and maintenance records, CIP, prior renewal forecasts, and available financial information.

Based on discussion with District staff, Water Works Engineers, LLC (Water Works or ENGINEER) will provide the services described in this scope to the CLIENT. Water Works will implement the work in three separately authorized phases. Each phase will produce a useful stand-alone product and establish the foundation for the next phase.

- Phase 1 – Establish the Baseline: organize existing modeled assets and records, establish the initial framework, and prepare an updated baseline Nessie Curve for District use in developing Board-ready materials.
- Phase 2 – Build the Decision Tool: refine and apply condition, resiliency, criticality, and risk criteria; expand the inventory; configure the Aquanuity Asset-Twin analysis tool; run scenarios; bundle related work; and develop a prioritized capital plan.
- Phase 3 – Institutionalize the Program: document the tested process in a formal Asset Management Plan, establish governance and update procedures, train staff, and define ongoing use and potential financial-planning integration.

PHASE 1 – ESTABLISH THE BASELINE

Phase 1 will establish a transparent baseline using existing information. The emphasis will be an understandable first product for staff, advisory-committee, and Board discussions rather than an extensive narrative report.

Task 1.1 – Project Initiation, Data Collection, and Scope Confirmation

Water Works will conduct a kickoff meeting to confirm objectives, schedule, data sources, initial asset boundaries, and intended uses of the renewal forecast. Water Works will prepare a focused information request and review available GIS and Aquanuity data, CCTV and inspection records, maintenance and overflow history, master-planning and SSMP information, lift-station records, the CIP, prior Nessie Curve, replacement costs, useful-life assumptions, and relevant financial documents.

Task 1.2 – Initial Asset Inventory, Hierarchy, and Data Gaps

Water Works will create the Phase 1 inventory using assets already represented in Aquanuity and other readily available records. Gravity sewers, force mains, manholes, laterals, and related modeled assets will be incorporated at the level supported by existing data. Missing or unreliable attributes will be identified rather than treated as verified facts. Lift stations and non-pipe assets will initially be grouped unless adequate component records are available. Water Works and the District will confirm whether civil, mechanical, electrical, instrumentation, structural, building, roof, paving, standby-power, and site-infrastructure groups should be expanded in Phase 2.

Task 1.3 – Baseline Criteria and Nessie Curve

Water Works will establish screening-level condition, resiliency, criticality, useful-life, and replacement-cost assumptions. Using installation year or estimated age, useful life, representative replacement cost, available inspection information, and staff knowledge, Water Works will assign an anticipated renewal year and value to each included asset or cohort. The editable Nessie Curve will show annual and smoothed 5- or 10-year renewal needs and distinguish the age/useful-life baseline from later condition- and risk-adjusted scenarios.

Task 1.4 – Phase 1 Summary and Board-Level Materials

Water Works will assist the District in preparing concise materials explaining the inventory, Nessie Curve, assumptions, limitations, data-improvement needs, and how later phases will improve prioritization and support Fund 400 planning. Water Works will conduct one staff review workshop. A separate Board or advisory-committee presentation may be included if authorized.

Phase Deliverables	• Information request and existing-information assessment • Initial asset hierarchy and baseline inventory • Data-gap and data-quality register • Baseline useful-life and replacement-cost assumptions • Editable Nessie Curve with annual and smoothed renewal requirements • Concise technical summary and Board-ready presentation/talking points • One staff review workshop
Phase Fee	Time and expense, not to exceed: $25,000

PHASE 2 – BUILD THE DECISION TOOL

Phase 2 will convert the baseline into a working, risk-based decision tool and will be separately authorized after District review of Phase 1.

Task 2.1 – Staff Workshops and Asset Boundary Refinement

Water Works will conduct focused workshops with management, engineering, operations, maintenance, collections, GIS/information-management, and finance staff. Workshops will capture institutional knowledge, document current asset decisions, confirm the hierarchy, and establish the level of detail for lift stations and currently untracked non-pipe assets.

Task 2.2 – Condition, Resiliency, Criticality, and Risk Criteria

Water Works will refine criteria by asset class so prioritization is not based on age alone. Condition and likelihood will consider PACP/CCTV results, inspections, corrosion, maintenance, blockages, failures, performance, repairs, and staff observations. Resiliency will consider redundancy, bypass capability, emergency response, accessibility, spares, and ability to maintain service. Criticality and consequence will consider SSO potential, public-health and environmental effects, customers affected, hydraulic significance, regulatory exposure, community impacts, emergency cost, and effects on connected facilities. Aquanuity hydraulic results will inform capacity, wet-weather vulnerability, redundancy, and locations where condition and capacity deficiencies coincide. The framework will generally apply Risk/Resiliency = Likelihood of Failure × Consequence/Impacts of Failure, with criteria and weighting of each incorporated as agreed with the District.

Task 2.3 – Aquanuity Configuration, Asset Scoring, and Scenarios

Water Works will configure the working analysis in the District's Aquanuity environment to the extent supported by available functionality and data. Agreed attributes, scores, inspections, hydraulic results, replacement assumptions, and management actions will be loaded or linked. Missing data will be flagged. Water Works will evaluate baseline service life, condition-adjusted renewal, risk-prioritized renewal, deferred replacement, accelerated rehabilitation, and alternative funding scenarios.

Task 2.4 – Intervention Strategies, Project Bundling, and Capital Plan

Decision pathways will consider Monitor, Inspect, Maintain, Repair, Rehabilitate, and Replace. Water Works will identify high-priority work and opportunities to bundle projects by geography, access, construction method, mobilization, or coordination with capacity projects. The resulting program will distinguish near-, intermediate-, and long-term needs and support annual CIP updates.

Phase Deliverables	• Refined hierarchy and expanded working inventory • Documented condition, resiliency, criticality, and risk criteria • Configured Aquanuity asset-management analysis • Prioritized asset register and data-quality flags • Condition- and risk-adjusted Nessie Curve and funding scenarios • Rehabilitation/replacement decision criteria • Project-bundling recommendations and prioritized capital plan • Phase 2 technical memorandum and staff workshop
Phase Fee	Separately authorized; time and expense, not to exceed: $60,000

PHASE 3 – INSTITUTIONALIZE THE PROGRAM

Phase 3 will document and institutionalize the process after the District and Water Works have tested the inventory, criteria, Aquanuity workflow, renewal forecast, and capital-planning outputs. The objective is a living management program with clear ownership and repeatable update procedures, not a static report.

Task 3.1 – Levels of Service, Performance Measures, and Governance

Water Works will work with District staff to understand and document and/or establish measurable Levels of Service and KPIs that are acceptable to the District, consistent with industry standards and can be calculated and tracked using District resources and tools. The objectives of these Levels of Service and KPIs are to track and document SSO prevention, system operations reliability, regulatory compliance, wet-weather performance, emergency response, inspection coverage, planned versus reactive maintenance, high-risk assets, remaining useful life, , repair/rehabilitation/replacement performance and reinvestment needs. Governance will assign responsibility for inventory maintenance, score review, cost updates, completed-project imports, CIP reconciliation, and methodology changes.

Task 3.2 – Financial-Planning Coordination

The operational analysis will initially remain distinct from the District's fixed-asset and depreciation records. Water Works will identify practical mapping between physical assets, replacement-cost forecasts, accounting records, depreciation, reserves, rates, and Fund 400 renewal decisions. The work will explain the different purposes of current replacement cost and accounting book value. Financial-system restructuring, audit support, and rate-study updates are excluded unless separately authorized.

Task 3.3 – Asset Management Plan and Implementation Roadmap

Water Works will prepare a Draft and Final Asset Management Plan documenting the objectives, hierarchy, data governance, condition and risk methodology, Aquanuity workflow, hydraulic integration, renewal forecast, intervention strategies, capital-planning process, levels of service, financial coordination, and ongoing implementation. The five-year roadmap will identify the responsible position, activity, frequency, source data, system of record, performance measure, and implementation date.

- Continuous or annual inventory updates and annual import of completed projects.
- Annual replacement-cost and Nessie Curve updates.
- Condition-rating updates following inspections.
- Annual review of high-risk assets, capital priorities, Levels of Service, and KPIs.
- Annual staff workshop and approximately five-year comprehensive AMP updates.
- Ongoing access, stewardship, quality control, backup, and change management for Aquanuity and related systems.

Task 3.4 – Training, Handover, and Final Workshop

Water Works will demonstrate the Aquanuity workflow, inventory, risk register, scenarios, Nessie Curve, and capital-prioritization process; provide editable tools; and confirm District responsibilities for continuing the program.

Phase Deliverables	• Draft and Final SPMUD Asset Management Plan • Levels of Service and KPI framework • Governance and data-stewardship matrix • Financial-planning coordination memorandum • Five-year implementation roadmap • Final Aquanuity analysis, inventory/risk register, Nessie Curve, and capital-planning outputs • User guide, training materials, and final workshop
Phase Fee	Separately authorized; time and expense, not to exceed: $60,000

PROGRAM ASSUMPTIONS

- Each phase will be separately authorized and may be refined based on the preceding phase.
- The District will provide electronic records and timely staff access.
- Phase 1 primarily uses existing data. Field inspection, CCTV, surveying, destructive testing, detailed facility assessment, and missing record drawings are excluded unless authorized.
- Replacement costs are planning-level estimates, not project-specific construction estimates.
- Aquanuity work is limited to available licensed functionality and accessible data. Licensing, custom software, interfaces, IT integration, and cybersecurity review are excluded unless authorized.
- The District will provide one consolidated set of comments on each major draft.
- Audited financial statements, accounting-policy changes, depreciation schedules, rate studies, financing documents, design documents, and bid packages are outside this scope.

PRELIMINARY SCHEDULE AND FEE SUMMARY

The Phase 1 target discussed with District staff was completion by the end of December 2026, subject to prompt authorization, data access, and review. Later durations will be refined with each authorization.

Phase	Estimated Duration	Authorization	Not-to-Exceed Fee
Phase 1 – Establish the Baseline	4–8 weeks	Initial authorization	$25,000
Phase 2 – Build the Decision Tool	16–24 weeks	After Phase 1	$60,000
Phase 3 – Institutionalize the Program	10–12 weeks	After Phase 2	$60,000

WATERWORKS ENGINEERS

2027 Rate Sheet

Classification	Title	Hourly Rate
AA1	Administrative	$91.00
AA2	Senior Administrative	$128.00
E0	Jr Engineer / Jr Field Engineer	$128.00
E1	Staff Engineer	$161.00
E1A	Staff Engineer II	$180.00
E2	Associate Engineer	$197.00
E2A	Associate Engineer II	$209.00
E3	Project Engineer	$221.00
E3A	Project Engineer II	$237.00
E4	Senior Project Engineer	$256.00
E4A	Senior Project Engineer II	$276.00
E5	Principal Engineer	$298.00
E5A	Principal Engineer II	$320.00
I1	Field Inspector	$147.00
I1A	Field Inspector II	$172.00
I2	Senior Inspector	$182.00
I2A	Senior Inspector II	$194.00
I3	Supervising Inspector	$215.00
I3A	Supervising Inspector II	$221.00
T1	CADD Tech 1 (Drafter/Jr. Technician)	$98.00
T1A	CADD Tech 1A (Drafter/Jr. Technician II)	$109.00
T2	CADD Tech 2 (Designer/Sr. Technician)	$146.00
T2A	CADD Tech 2A (Designer/Sr. Technician II)	$159.00
T3	CADD Tech 3 (Senior Designer)	$178.00
T3A	CADD Tech 3A (Supervising Designer)	$192.00

Notes:

1. A markup of 10% will be applied to all project related Direct Costs and Expenses.
2. An additional premium of 25% will be added to the above rates for Expert Witness and Testimony Services.
3. Rate effective through December 31, 2027. A 3% increase will be added for any services performed in each year thereafter.

Item 7.2

GENERAL MANAGER REPORT

To: **Board of Directors**

From: Eric Nielsen, General Manager

Subject: General Manager Monthly Staff Report

Meeting Date: December 3, 2026

1. STATUS UPDATE - 2026 GENERAL MANAGER GOALS

The table below summarizes progress towards the General Manager's goals.

Goal	Description of Activity	Deadline	Status
Cybersecurity Plan	The draft plan is complete. Staff are reaching out to additional resources (e.g., CISA, FBI) for assistance in completing the final version of the plan.	MAR 2027	Delayed
Asset Management Plan	The initial timeline was delayed due to the focused effort preparing the SECAP. Portions of the SECAP analysis will be leveraged into the asset management plan. An agreement to retain a consultant is being presented to the Board for approval at the Dec 3 meeting. The first of three phases will be completed in 4-8 weeks.	MAR 2027	Delayed
Changes to Capacity Charges	Conduct at least two Fee & Finance Advisory Committee meetings	MAR	Complete
	Board workshop on options	MAY	Complete
	Provide update on progress	SEP	Complete
	The consultant has completed the review of the requested data and concluded the preliminary analysis of EDU assignments for various residential uses. The consultant is investigating the impacts of various EDU adjustments.	FEB 2027	Delayed
Adopt MOU with Local 39	Adopted March 5, 2026	APR	Complete
Adopt Benefits Resolution	Adopted May 7, 2026	JUN	Complete

2. TIME ALLOCATION

The following summary reflects how the General Manager's time was generally allocated during the month.

Strategic Leadership & Administration – (35%)

Time during this period included regularly scheduled and ad hoc meetings with District Managers to support ongoing initiatives and projects. On November 12th, the General Manager facilitated the District's monthly All-Hands Meeting, providing employees with cross-departmental updates, reinforcing organizational priorities, and supporting team unity. District staff also participated in team-building outreach efforts, including the annual Koinonia service event and the Loomis Day Before Thanksgiving Parade.

Governance, Board, and Legal Support – (15%)

Board Preparation and Administrative Activities
Time during this period included follow-up on action items from the November 5th Board Meeting, including researching the causes of escalating treatment costs and preparing for the December 3rd Board Meeting. The time also included ongoing correspondence with board members and collaboration with General Counsel on active legal matters.

Advisory Committee Meetings
The General Manager and Administrative Services Manager facilitated a meeting on November 10th with the Fee and Finance Advisory Committee to present annual audit updates, review budget-to-actual performance, review investment allocations, and review trends in wastewater treatment plant expenses. The General Manager and Administrative Services Manager also facilitated a meeting on November 18th with the Policy and Ordinance Advisory Committee to review the proposed policies being brought to the Board at the December 3rd meeting and the status of the draft Personnel Rules and the needed coordination with existing policies.

SPWA Involvement
The General Manager held a briefing meeting with President Dickinson and attended the November 4th South Placer Wastewater Authority (SPWA) Board Meeting.

Local Capacity Charge / EDU Study
The consultant continues to analyze the District's response to the data request, with ongoing coordination and support from the General Manager.

Labor Relations & Human Resources – (15%)

The General Manager is developing a course for cohorts of employees to learn more about the functions of all District departments, develop leadership skills, and participate in team-building opportunities. The program is patterned after Leadership Rocklin (a program facilitated through the Rocklin Chamber of Commerce) and will have monthly sessions over a course of eight months. The first session on governance, law, and strategic planning was held on November 4th.

The General Manager continued to support the District's labor negotiator regarding the completed salary survey and follow-up items identified in the Memorandum of Understanding. The District

and Local 39 are continuing collaborative work on the proposed Personnel Rules, which will serve as an updated civil service manual once finalized.

External Affairs & Public Relations – (10%)

Public Outreach
The General Manager attended the Rocklin Chamber of Commerce Government Relations Committee Meeting on November 4th and provided an update to the group on the Del Rio/Delmar construction project and the System Evaluation and Capacity Assurance Plan. The General Manager also attended the Good Morning Rocklin Chamber meeting on November 12th, where District Attorney Morgan Gire was the keynote speaker.

Leadership Rocklin
The General Manager continues to serve as co-chair of the 2026–27 Leadership Rocklin Steering Committee. On November 19th, he helped facilitate Session 4. Involvement with this program strengthens regional relationships, enhances the District's visibility, provides insight into emerging local priorities, and demonstrates the District's commitment to engaging with the community.

Risk Management & Cybersecurity – (5%)

Staff are continuing to refine the District's cybersecurity documentation and are evaluating and updating the plan for maintaining and strengthening the District's overall cybersecurity posture. This project will help align the District's efforts with industry recommendations and will help protect the District from emerging threats. The draft plan is complete. Staff is looking to leverage other sources to complete the final version of the plan. The District Engineer, Associate Engineer, and General Manager participated in the scoping meeting for the Asset Management Plan professional services contract.

Financial Management – (5%)

This time includes review and approval of expenditures (e.g., accounts payable, purchase orders, and purchase card statements) and supporting the preparation of the Annual Comprehensive Financial Report and Popular Annual Financial Report.

Leave & Holidays – (15%)

3. PURCHASE ORDERS/CONTRACTS INITIATED UNDER THE GENERAL MANAGER'S AUTHORITY

PO Req#	Date	Vendor	Description	Amount
REQ-0562	11/06/26	Aquanuity	AquaTwin Asset Pro Software	$13,000.00
REQ-0561	10/21/26	Syneco Systems	Peacemaker Air Scrubbers Lease	$7,741.19

4. LONG-RANGE AGENDA

December 16, 2027 (Special Meeting at 4:00 pm)

- GM Evaluation (closed session)

January 2027

- Oath of Office
- Selection of Officers and Appointments to Temporary Advisory Committees
- GM Evaluation and Contract Amendment
- GM Goals
- Strategic Plan Annual Report
- 2026 SECAP

February 2027

- Quarterly Investment Report
- Quarterly Budget Report
- Mid-Year Budget Adjustments
- Adopt Personnel/Civil Service Rules
- Award HQ Space Planning Project Contract
- FOG Program Data Analysis

March 2026

- Asset Management Plan Phase 1 Status Report
- Cybersecurity Assessment Report and Plan

5. DEPARTMENT REPORTS

Attached are the monthly status reports from the District's three departments for the Board's information:

A. Administrative Services Department,
B. Field Services Department, and
C. Technical Services Department.

Item 7.2.1

ADMINISTRATIVE SERVICES DEPARTMENT REPORT

To: **Board of Directors**

From: Emilie Costan, Administrative Services Manager

Cc: Eric Nielsen, General Manager

Subject: Administrative Services Department Monthly Report

Meeting Date: December 3, 2026

South Placer Wastewater Authority Board Meeting

The Administrative Services Manager, General Manager, and District Engineer attended the South Placer Wastewater Authority Board meeting on November 4th.

Credit Card Terminal Upgrade

The Administrative Services staff, with assistance from the District's GIS / IT Analyst and Tyler Technologies, upgraded the District's credit card terminal devices and associated software.

HQ Space Planning Project Design and Finish Meeting

The Administrative Services Manager, Superintendent, and District Engineer attended a meeting presented by RMW Architecture on November 18th to review the plan set for the Headquarters Space Planning Project.

Fee & Finance Advisory Committee Meeting

The Administrative Services Manager and General Manager held a Fee & Finance Advisory Committee Meeting on November 10, 2026, to review the fiscal health of the District, including the fiscal year 2025/26 budget-to-actual review. The committee also discussed investment allocations, the CalPERS CERB and CEPP Trusts, an analysis of wastewater treatment plant operating and renewal expenses, and high-level recommendations for the upcoming mid-year budget adjustments that will be brought to the Board in February.

Annual Financial Reporting

The Administrative Services staff have been continuing to work on the Annual Comprehensive Financial Report and Popular Annual Financial Report for the Fiscal Year Ended 2025/26. The final documents are included in the agenda packet for presentation to the full board at the December board meeting.

Policy & Ordinance Committee

The Administrative Service Manager and General Manager held a Policy & Ordinance Committee meeting on November 18, 2026. The committee reviewed the three policy revisions included in the agenda packet for presentation to the full board at the December board meeting.

Archiving & Scanning of Historical Records

The Administrative Services staff are continuing to work on digitizing paper files in preparation for the HQ Space Planning Project. Scanned records were imported into the Laserfiche repository, where they are more readily accessible when needed.

District Outreach Events

The Administrative Services team participated in the Koinonia Holiday Event and the Loomis Day Before Thanksgiving Parade.

November Monthly Investment Transactions per GC §53607

DEPOSITS, TRANSFERS, OR WITHDRAWALS

CalTRUST:	None
CA CLASS:	None
LAIF:	None
Placer County:	None
Wells Fargo:	Reinvestment of $0.5 million in the WF MM into two 4-yr Bank CDs
Five Star MM:	None
CEPPT:	None

Item 7.2.2

FIELD SERVICES DEPARTMENT REPORT

To: **Board of Directors**

From: Chad Stites, Superintendent

Cc: Eric Nielsen, General Manager

Subject: Field Services Department Monthly Report

Meeting Date: December 3, 2026

Department Overview

This section provides the Board with an update on the news and major tasks from the Field Services Department (FSD).

1. **Supervisory Control and Data Acquisition (SCADA) Replacement**
    a. Weekly meetings with the contractor/integrator (Telstar), engineering/construction management services (Carollo), and the District are continuing.
    b. Telstar reached substantial completion on June 30, 2026.
    c. Telstar is still working on Punch List items.
2. **Headquarters Remodel Project**
    a. A meeting between staff and RMW was held on November 18, 2026, to finalize plans.
    b. 100% plans and contract/bid documents are expected on December 11, 2026.

Reporting

This section provides the Board an overview of the Field Services Department operations and maintenance activities through 10/31/2026. The work listed is not all-inclusive.

1. **Lost Time Accidents/Injuries (OSHA 300)**
    a. Zero (0)
        i. 3736 days (10.23 years) without a Lost Time Accident/Injury
    b. Workers' Compensation Claims over the last twelve (12) months
        i. One (1)
2. **Safety/Training/Professional Development**
    a. Field Services employees participated in training for the following:
        i. Hard Hat Safety
        ii. General Housekeeping
        iii. Poisonous Plants
        iv. Material Handling
    b. Total Training Hours for October = 21.5

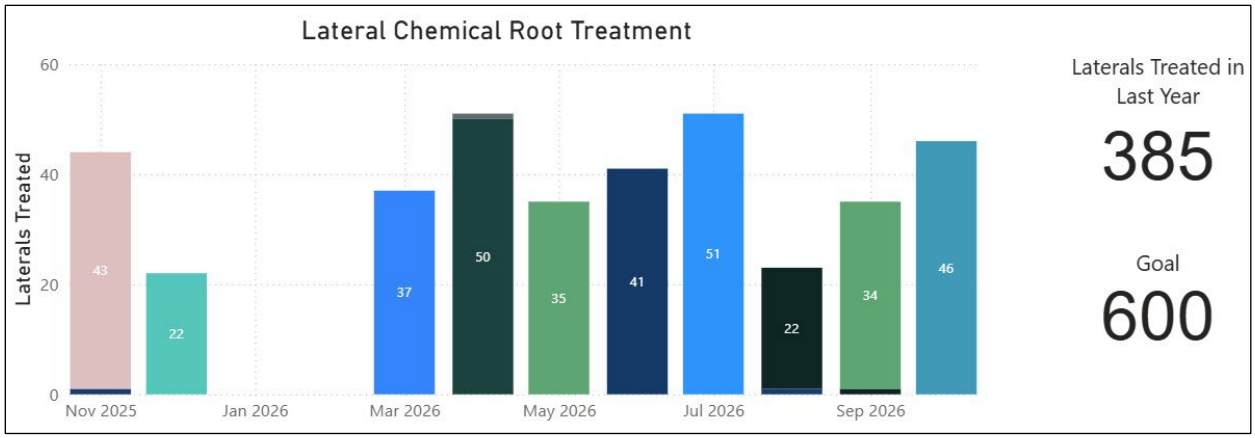
3. Customer Service Calls

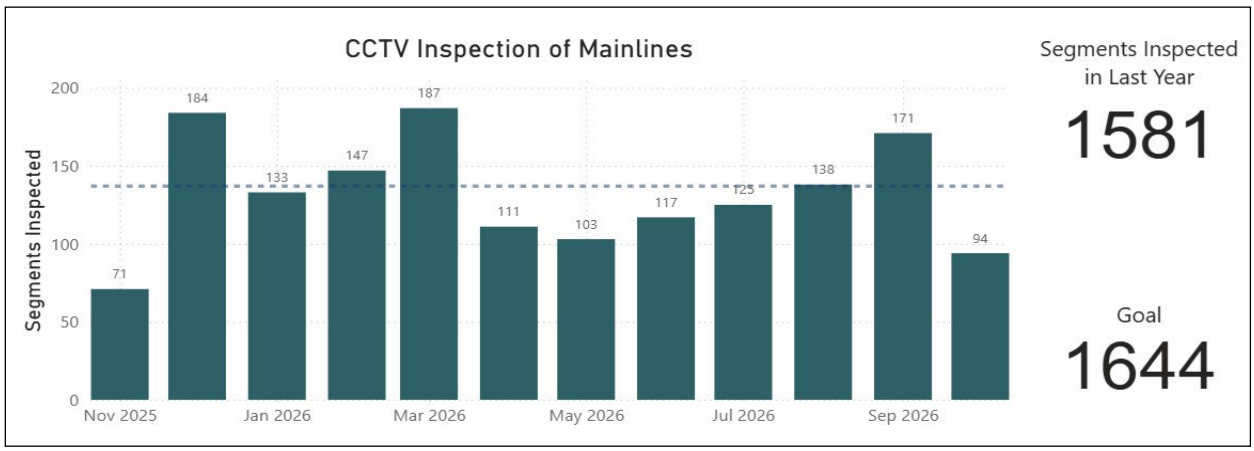
Response Time Goals over the Last 12 Months			
	Goal	Average	Success Rate
During Business Hours	< 30	20	92% (Goal is 95%)
During Non-Business Hours	< 60	42	

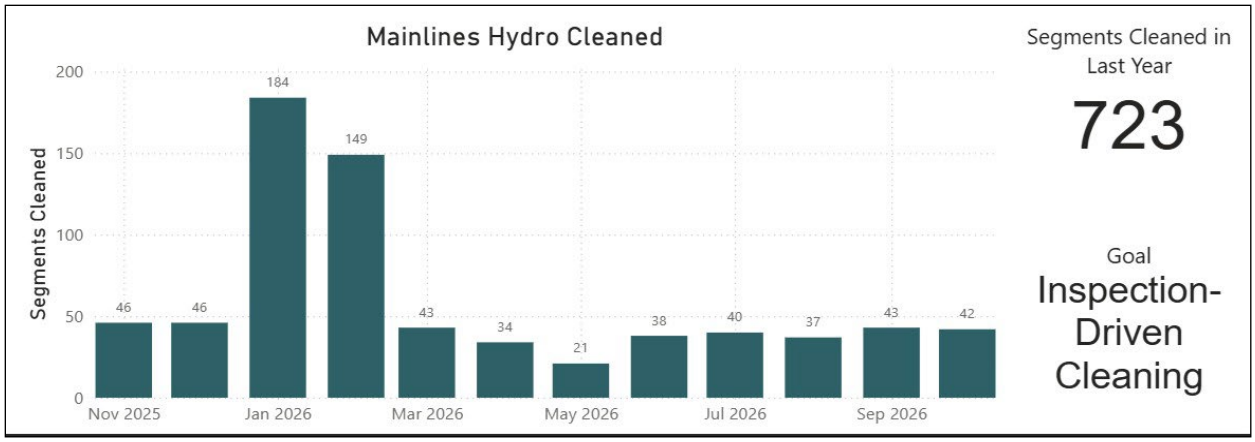
Service Calls - October							
Responsibility	Spill	Stoppage	Odor	Alarm	PLSD	Misc	Total Service Calls
SPMUD Responsibility	2	1	2	3		1	20
Owner Responsibility		3	1		6	1	
PCWA Responsibility							
N/A							

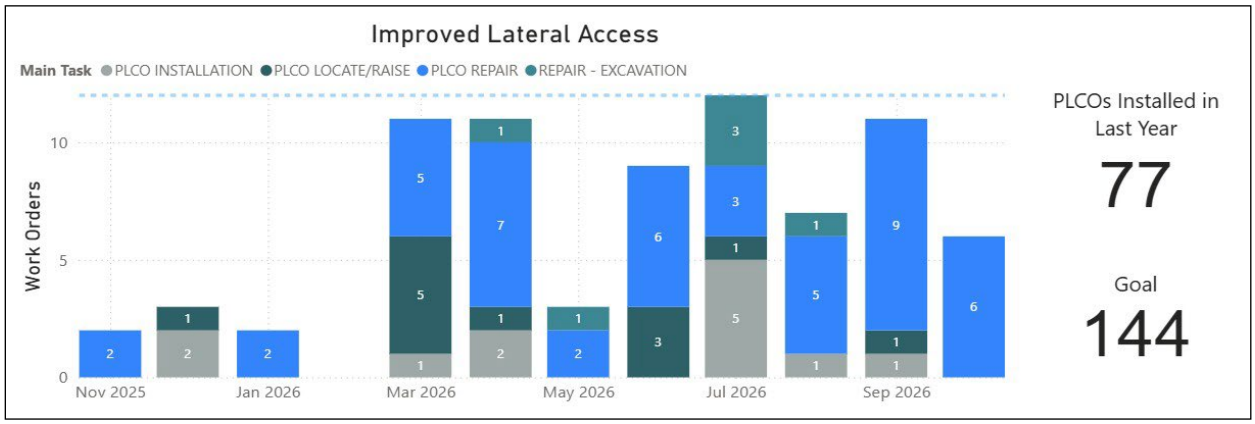
4. Production

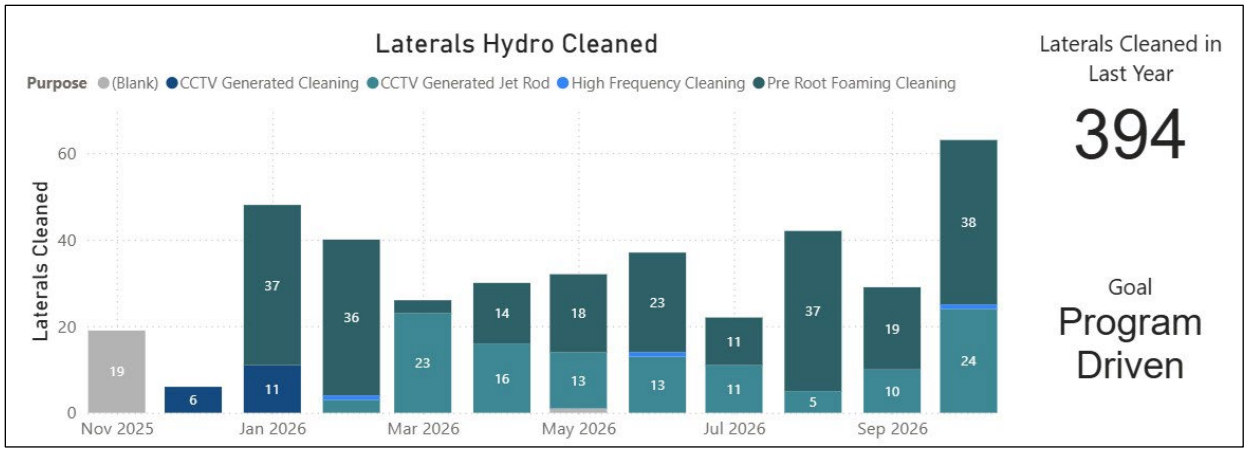
a. The information provided below shows the work performed in key areas of focus. It does not represent all the work completed in the department.

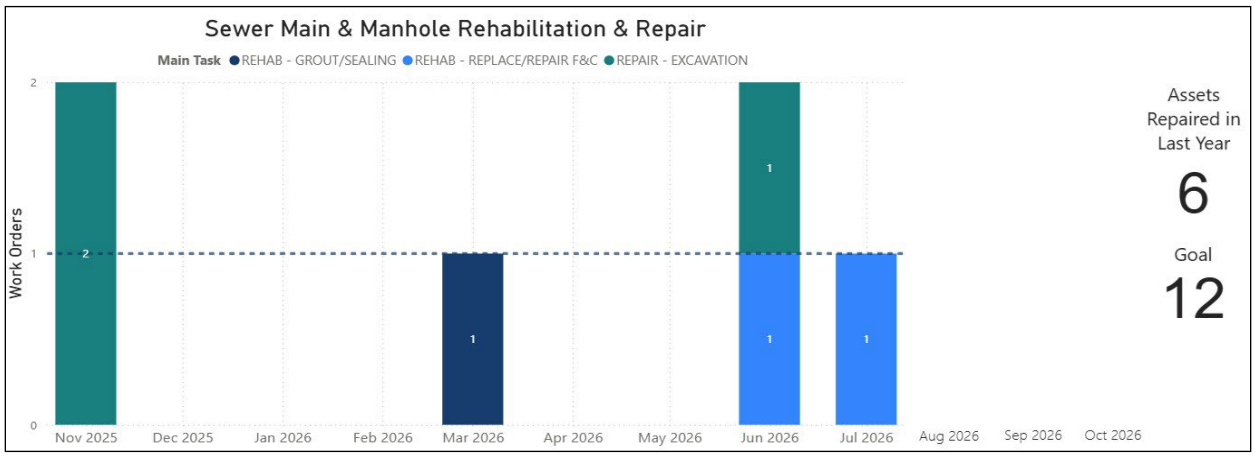


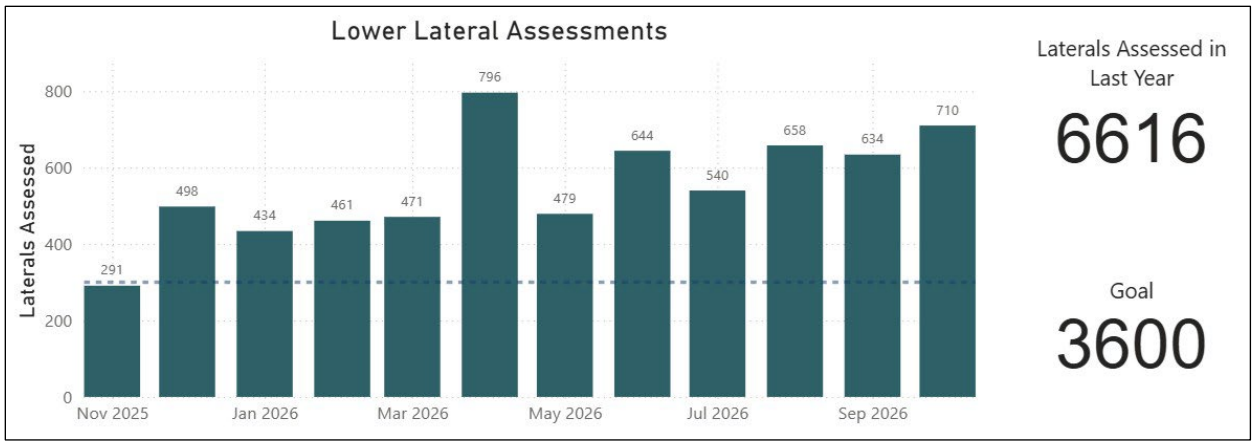

CCTV Inspection of Mainlines
Segments Inspected
200
150
100
50
0
71
184
133
147
187
111
103
117
125
138
171
94
Nov 2025
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
Segments Inspected in Last Year
1581
Goal
1644


Mainlines Hydro Cleaned
Segments Cleaned
200
150
100
50
0
46
46
184
149
43
34
21
38
40
37
43
42
Nov 2025
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
Segments Cleaned in Last Year
723
Goal
Inspection-Driven Cleaning


Improved Lateral Access
Main Task
PLCO INSTALLATION
PLCO LOCATE/RAISE
PLCO REPAIR
REPAIR - EXCAVATION
Work Orders
10
5
0
Nov 2025
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
PLCOs Installed in Last Year
77
Goal
144


Laterals Hydro Cleaned
Purpose (Blank) CCTV Generated Cleaning CCTV Generated Jet Rod High Frequency Cleaning Pre Root Foaming Cleaning
Laterals Cleaned
0
20
40
60
19
6
11
37
36
23
16
14
13
18
13
23
11
11
37
5
19
10
38
24
Nov 2025
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
Laterals Cleaned in Last Year
394
Goal
Program Driven


Sewer Main & Manhole Rehabilitation & Repair
Main Task REHAB - GROUT/SEALING REHAB - REPLACE/REPAIR F&C REPAIR - EXCAVATION
Work Orders
0
1
2
2
1
1
1
1
Nov 2025
Dec 2025
Jan 2026
Feb 2026
Mar 2026
Apr 2026
May 2026
Jun 2026
Jul 2026
Aug 2026
Sep 2026
Oct 2026
Assets Repaired in Last Year
6
Goal
12


Lower Lateral Assessments
Laterals Assessed
0
200
400
600
800
291
498
434
461
471
796
479
644
540
658
634
710
Nov 2025
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
Laterals Assessed in Last Year
6616
Goal
3600

Item 7.2.3

TECHNICAL SERVICES DEPARTMENT REPORT

To: **Board of Directors**

From: Carie Huff, District Engineer

Cc: Eric Nielsen, General Manager

Subject: Technical Services Department Monthly Report

Meeting Date: December 3, 2026

TSD Updates:

- TSD staff participated in the monthly Monument Springs Bridge coordination meeting on October 29th. Discussion included permitting and right-of-way acquisition status along with 95% design comments.
- Staff participated in Placer County's 26/27 Winter/Spring Seasonal Hazard Outlook on October 29th.
- Staff organized a Chili Cook-Off on November 2nd.
- The General Manager, Administrative Services Manager, and District Engineer attended the SPWA Board Meeting on November 4th.
- The District hosted the City of Roseville and Placer County on November 9th for the collection-focused check-in meeting.
- TSD staff attended the all-hands meeting on November 12th.
- TSD staff participated in the Countywide Development Coordination Meeting on November 17th. Representatives from PCWA, AT&T, the City of Rocklin, and the Town of Loomis attended the meeting as well.
- The General Manager, District Engineer, and Associate Engineer participated in the scope development for the Asset Management Plan on November 18th.
- The Superintendent, Administrative Services Manager, and District Engineer participated in the review of the plans for the District headquarters tenant improvement project on November 18th.
- The District Engineer participated in the monthly CASSE teleconference on November 18th.
- The District completed the annual decorating of the Koinonia group homes and Crisis Resolution Center on November 23rd.

PCWA / Newcastle Construction Cooperation Project:
Proposed solutions to the paving/drainage deficiencies have been submitted to Placer County for review and approval, and the District and PCWA are waiting for a response so the corrective actions can be scheduled with Mozingo.

There are several contract claims submitted by Mozingo for claims of additional work. These claims will be reviewed in totality once the corrective actions are resolved. Liquidated damages and inspection overtime will be included in the review.

The contract change orders were approved with the authority given to the General Manager through Resolution 25-27. Any future change orders that exceed the granted authority will be brought to the board for approval.

Original Award Amount:	**$1,243,733.40**
10% Contingency:	**$124,373.34**
Approved Contract Change Orders (to date):	$119,251.26
Anticipated Contract Change Orders:	$1,452.49
Total:	$120,703.75

Del Rio Court and Delmar Sewer Extension Project:
The contract documents are being routed for execution. The preconstruction meeting is scheduled for December 3rd. The District's website has been updated with project information, and staff has prepared outreach materials to mail to customers near the project area.

Local Agency Formation Commission (LAFCO)
The Board approved the annexation of 2891 Swetzer Road with Resolution 26-02. However, due to ongoing discussions with Placer County over the Tax Rate Area, TSD staff submitted an Out-of-Area Service Agreement for 2891 Swetzer Road to allow the property owner to connect to public sewer until the issues with Placer County are resolved. The Out-of-Area Service Agreement will be considered at the December 9th LAFCO meeting and the December 15th Placer County Board meeting.

Industrial Pretreatment Program
TSD staff received notice that the City of Roseville would begin inspecting dental offices within the District's service area to verify compliance with federal pretreatment standards. Roseville staff provided copies of the correspondence sent to dental offices, so District staff are able to explain the program to customers.

FOG Control Program
The FOG Inspector conducted one rough inspection of a grease control device (GCD) and two final inspections at food service establishments (FSEs) in Rocklin.

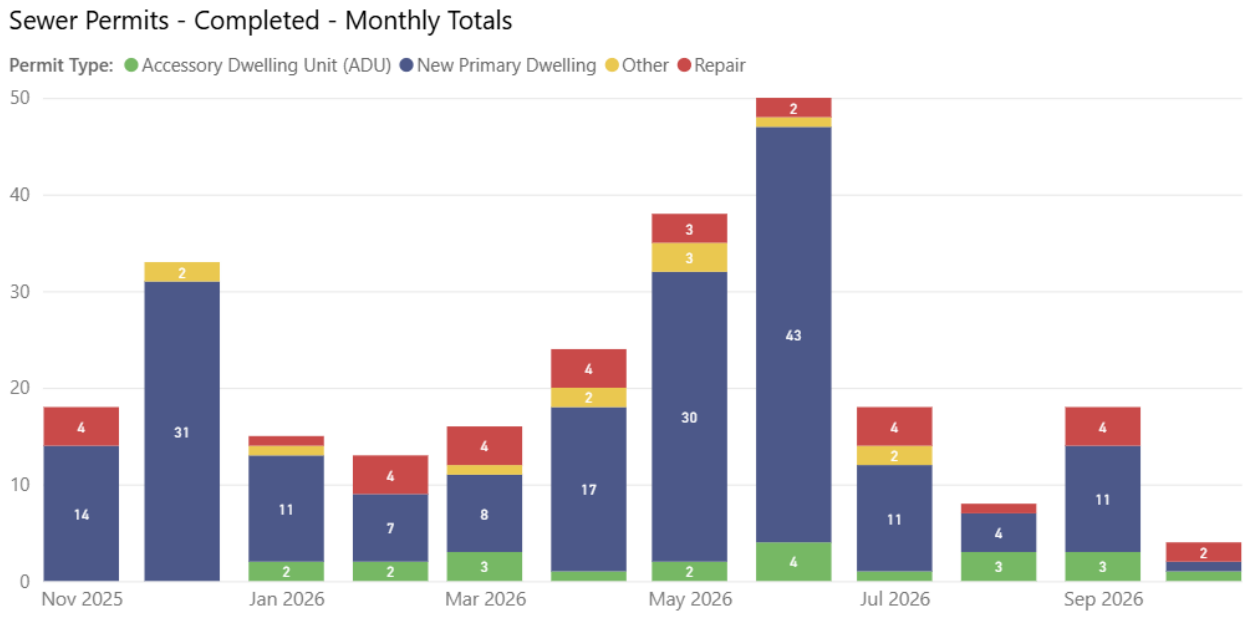
A warning of non-compliance was resolved at an FSE in Rocklin that had been operating in substandard conditions for years. The GCD was replaced, and improvements were made to the site to mitigate storm drainage from entering the sewer system. FSD also reconstructed the lower lateral and property line cleanout to improve access.

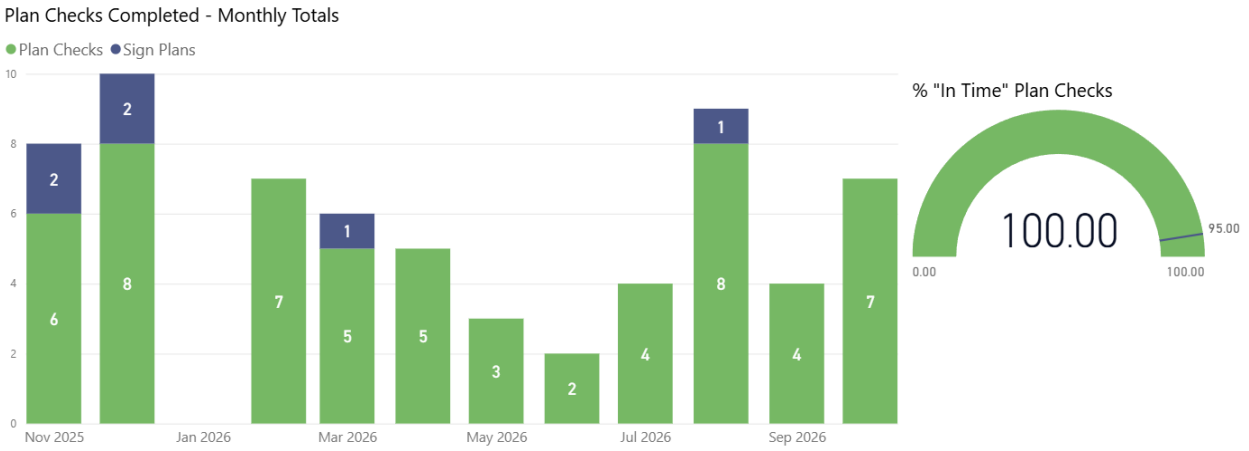
A pre-construction meeting was held for a new frozen yogurt shop.

Castro Valley Sanitary District contacted the District to review and discuss the District's FOG Control Program. Castro Valley will be sending representatives to visit the District in early December to shadow the FOG Inspector and observe the District's processes.

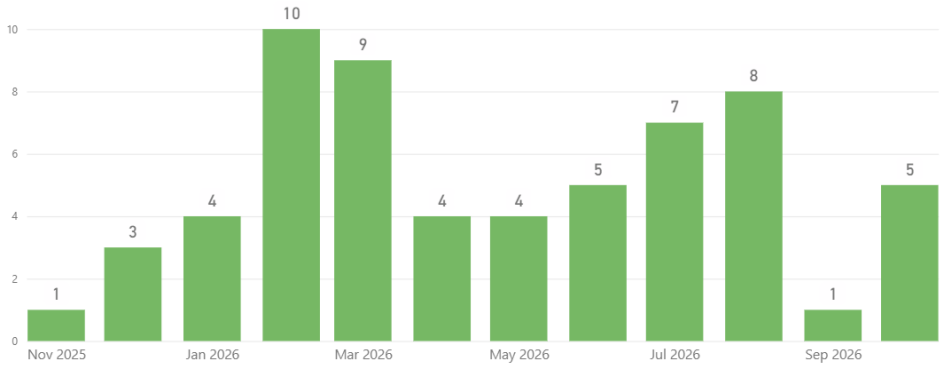
Department Performance Indicators

The following charts depict the efforts and performance of the department in the following areas of work as of October 31st, 2026. The charts are created in a reporting tool that directly connects to the District's data, improving the timeliness of reporting efforts and leveraging the District's investment in technology. Additional charts may be added in the future for other areas of work in the department.

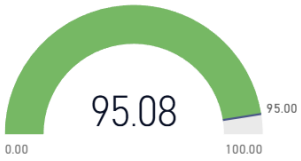




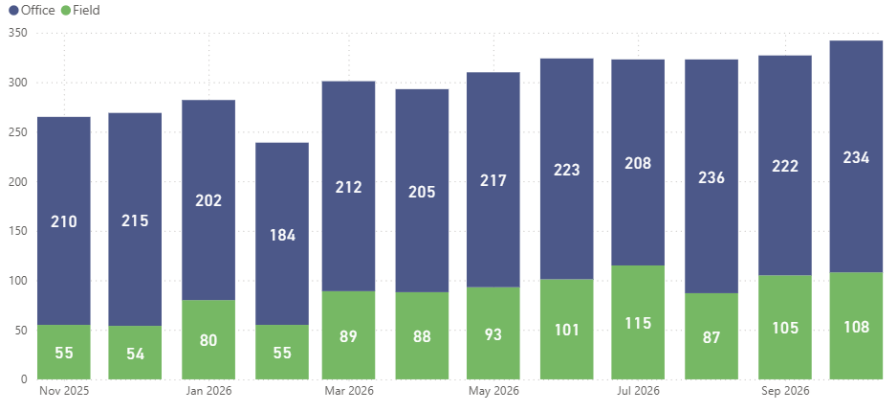
Tenant Improvement Reviews Completed - Monthly Totals



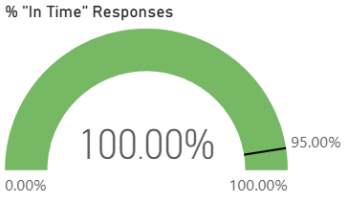
% "In Time" Tenant Improvements



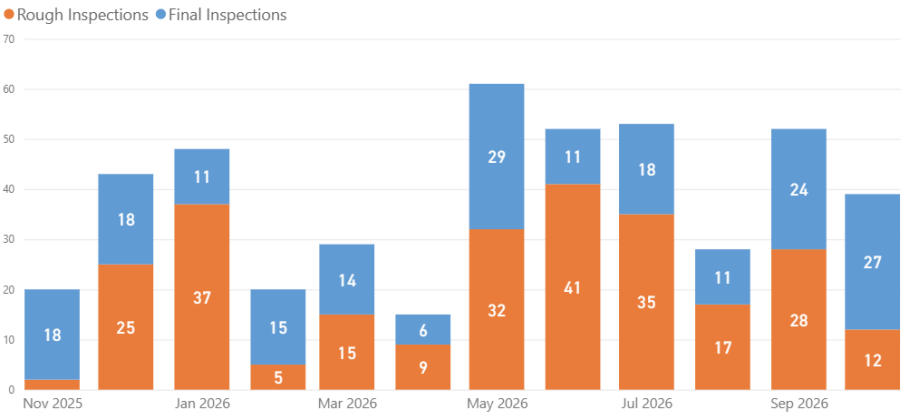
811 Responses



% "In Time" Responses



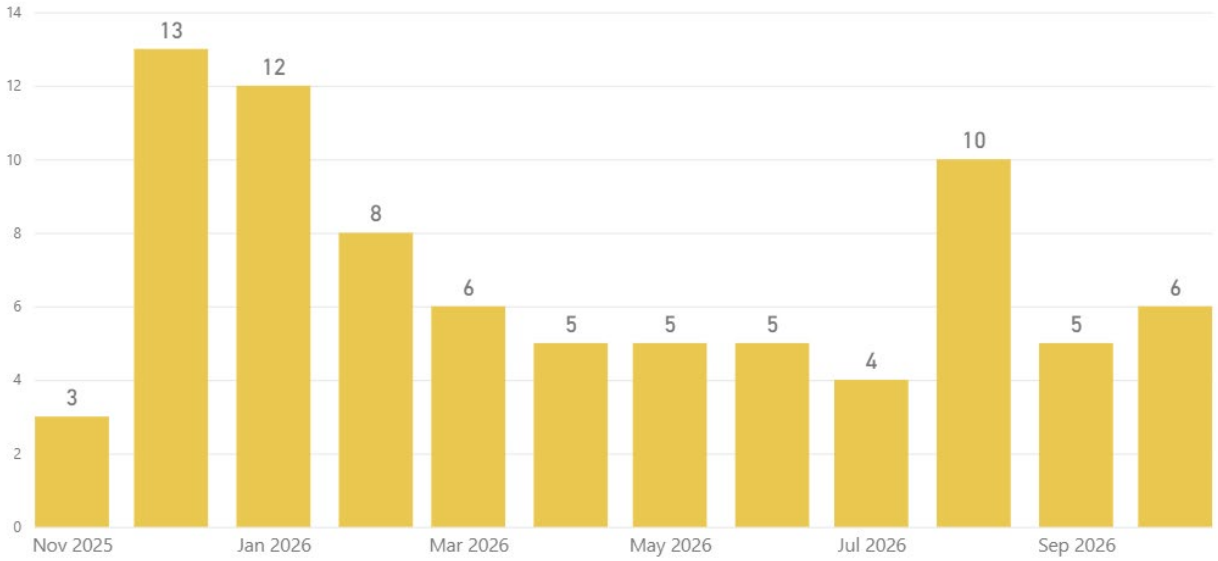
Building Sewer Inspections - Monthly Totals



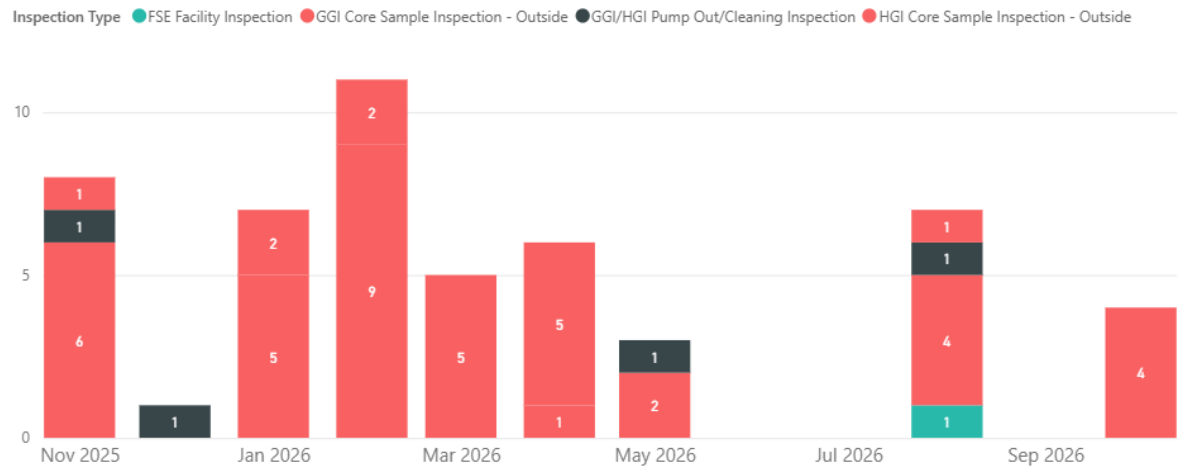
% "In Time" Inspections



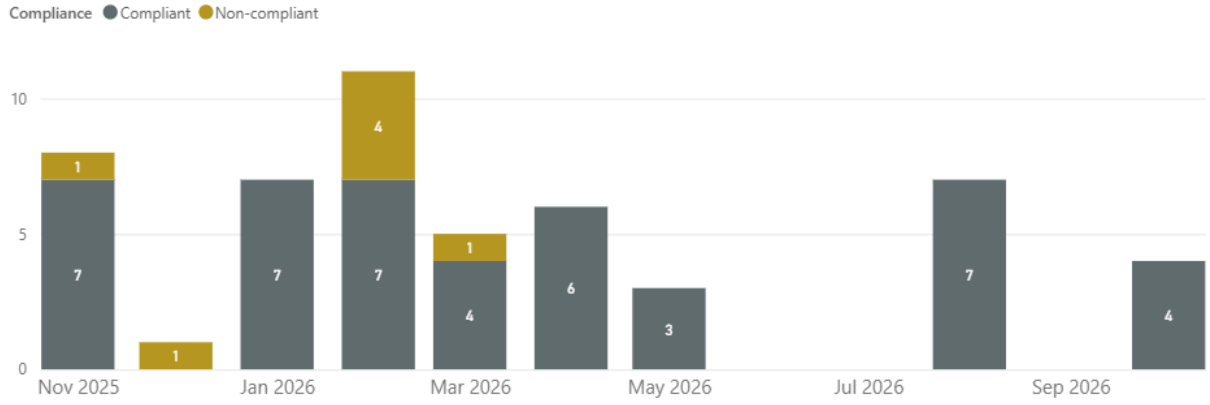
FOG Pickups - Monthly Totals



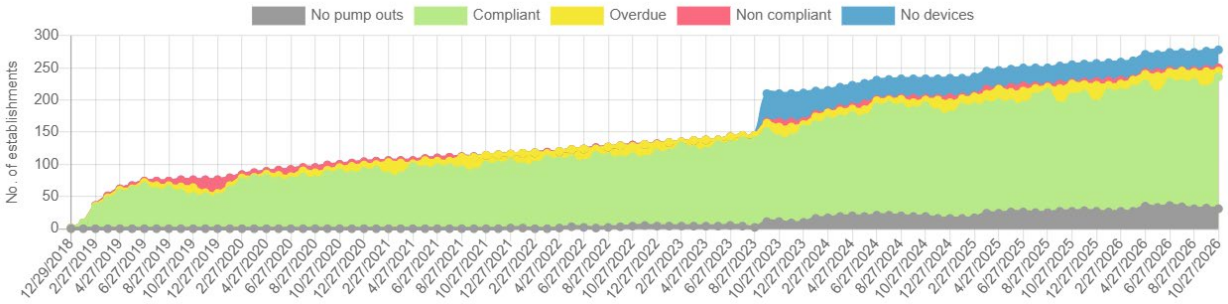
Grease Control Device Inspections



Grease Control Device Inspection Results



FOG Compliance History



SwiftComply updated the program to include facilities that do not have a grease control device. This blue area indicates food service establishments that either have no devices or have not been investigated or inspected yet.