

**FISCAL
YEAR
2017-2018**

**SOUTH PLACER
MUNICIPAL UTILITY DISTRICT**

FISCAL YEAR ENDING JUNE 30, 2018

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November 1, 2018

Honorable SPMUD Board Directors

TO THE DIRECTORS OF THE BOARD:

The South Placer Municipal Utility District (the District) staff submits to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. The CAFR provides an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it.

The District's financial statements were audited by Mann, Urrutia, Nelson, Certified Public Accountants. Management believes the Annual Financial Report is complete and accurate in all material respects. Internal controls through policies and procedures and the services of an outside Accountant safeguard assets and assure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

DISTRICT OVERVIEW

The Rocklin-Loomis Municipal Utility District was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. The District is divided into five wards and governed by an elected five-member Board of Directors whom establish policy and oversee the General Manager, who manages the day-to-day operations.

In the 1970's the District decommissioned its sewage treatment facilities and began using the City of Roseville (City) Dry Creek Wastewater Treatment Plant (DCWWTP).

SPMUD MISSION

- PROTECT public health and the water environment.
- PROVIDE efficient and effective sanitary sewer service.
- PREPARE for the future.

SPMUD VISION

To be a reliable, innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, efficient, cost-effective customer services.

SPMUD VALUES

1. INTEGRITY: We will be trustworthy, truthful and honest.
2. STEWARDSHIP: We will be accountable and committed to responsible management and respect our environment.
3. SERVICE: We will be responsive, reliable and respectful; putting the needs of the District and customers first.
4. QUALITY: We will be dedicated to continuous improvement.

In the 1980's, the name changed to South Placer Municipal Utility District to reflect its larger service area. In 2000, the District, the City of Roseville and Placer County (PC) created the South Placer Wastewater Authority (SPWA) to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP).

In 2008, SPMUD boundaries expanded to match the incorporated town limits of Loomis, and in 2010, SPMUD annexed the Newcastle Sanitary District (NSD) area. The District provides sewer collection services in southwestern Placer County, CA and currently serves residents and businesses in the City of Rocklin and Town of Loomis, and in the unincorporated communities of Penryn, Newcastle and the Rogersdale area of Granite Bay. Sewage is collected by the District and conveyed to regional wastewater treatment plants (WWTP) operated by the City of Roseville.

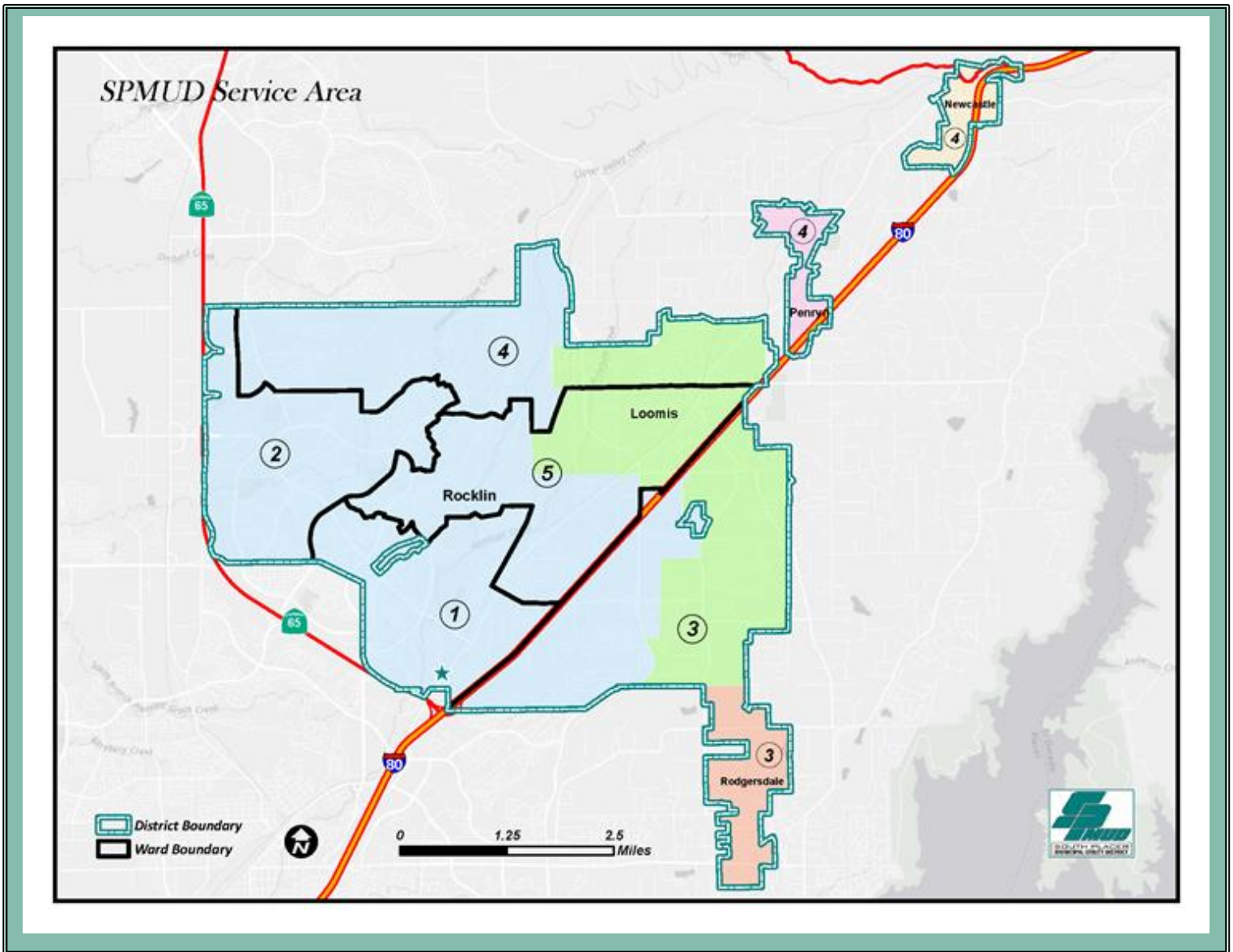
The SPMUD service area covers 31 square miles as shown in Figure 1. The District provides service to 22,775 customers (80% residential and 20% commercial); this equates to 33,445 Equivalent Dwelling Units (EDU) or an equivalent population of about 75,000 people. Our customers discharge an average sewer flow of about five million gallons per day. The District collects the sewage through customer owned sewer laterals (the pipe connecting their building sewer to the sewer mainlines) and transports this via 276.9 miles of District owned and operated sewer mains (from 4" to 42" diameter). The District maintains an additional 103.3 miles of lower laterals within our easement or public right-of-way. Other assets include our Headquarters, Maintenance and Corporation Yard facilities, 6399 manholes/flushing branches, 13 lift stations, 12 metering sites, and related buildings, facilities and equipment.

During FY 2017/18 the monthly service charges increased on October 1, 2017 and June 30, 2018, to the current rate of \$34.00 per month. Local Participation Fees increased on June 30, 2018 to \$3,923 per equivalent dwelling unit (EDU).

INVESTING IN INFRASTRUCTURE

The District's customers have high expectation from the Board of Directors. They expect sewage to be contained in the pipes, to be treated efficiently and disposed of effectively. The District has developed a High-Risk Facilities (HRF) Program that meets the requirements of provision D.13.vi.c of the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-003 (SSS WDR), 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. The 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. Rehabilitation and replacement focus on sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the rehabilitation and replacement plan includes a capital improvement plan that addresses proper management and protection of the infrastructure assets.

Figure 1 – SPMUD Boundaries



Above grade creek crossings represent a unique and special risk to the District. By default, above grade creek crossings are potential HRFs 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 also embarked on 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 guidance in its efforts to assure capacity for existing customers and information on how to prepare and plan for future development. This document summarizes the District's compliance with provision D.13.viii – System Evaluation and Capacity Assurance Plan of the California State Water Resources Control Board (SWRCB) Order No. 2006-0003-DWQ, the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (SSS WDR). It is included by reference to the District's Sewer System Management Plan (SSMP); is reviewed annually; and is updated as deemed necessary by District staff (at minimum every five years) to account for conditions affecting collection system capacity.

LOCAL ECONOMIC CONDITIONS

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 a population of 386,166 people and approximately 148,700 wage and salary jobs. The median household income in Placer County is \$76,926. The strong recovery of

the local economy indicates that the South Placer area should see additional growth in future years.



Employment across the South Placer region increased by 2.8% in 2017. A significant area of growth in jobs can be attributed to a surge in Health Care employment. The unemployment rate improved markedly, falling from 5.0% in 2016 to 3.7% in 2017.

During 2017, the largest employment gains were observed in education and healthcare, construction, manufacturing, wholesale and retail trade and financial activities. Declines were not observed in any major sector. Net migration added over 70,000 residents to the County, including both legal and unauthorized foreign immigrants, residents who left the State to live abroad and others moving to and from Placer County from within California and the United States.

Job growth has continued to accelerate and over the next few years is expected to grow in the areas of leisure and hospitality, professional and business services, education and healthcare, and wholesale and retail trade. These sectors will account for 83% of net job creation in the county.



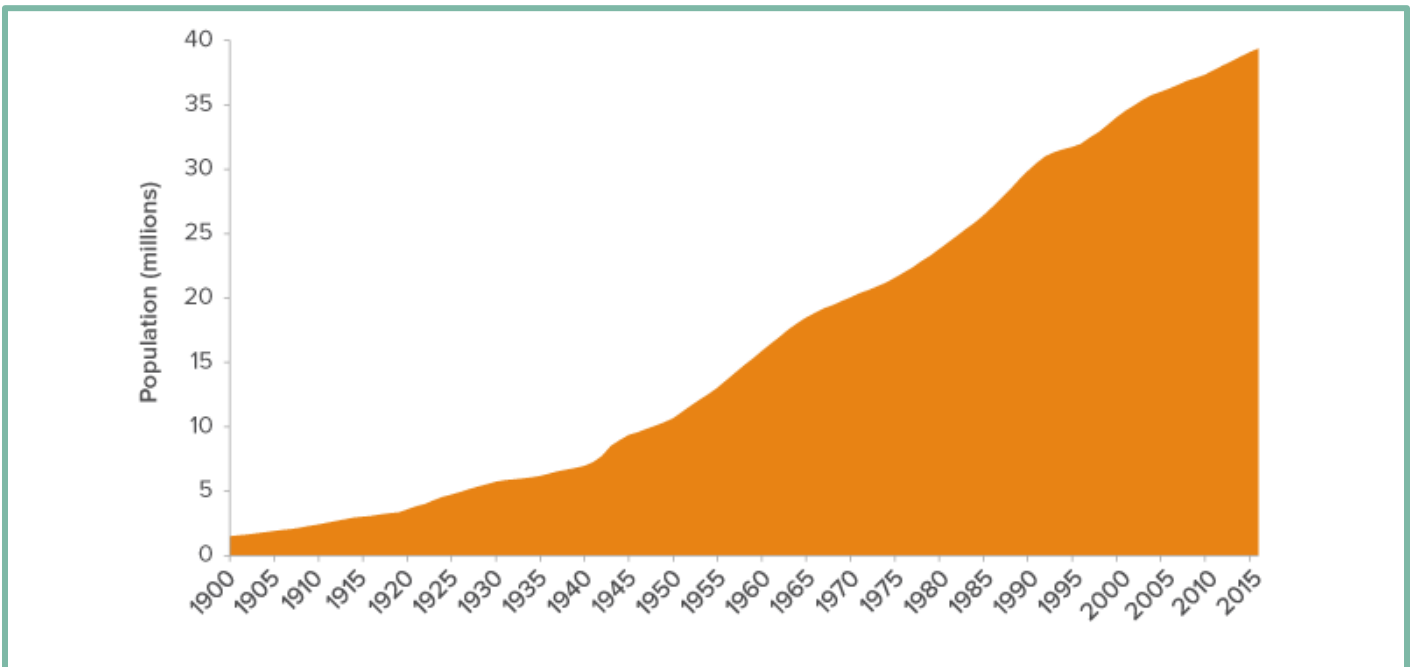
Annual population in California surpassed over 40 million this year. It remains the most populous state in the nation. With the next State being Texas, having a population of 28 million.

ENTERPRISE OPERATIONS

The District finances sewer operations through user charges, property tax receipts and miscellaneous other income. All charges are based upon 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 residential consumer. Based upon previous strength and flow monitoring studies, one EDU is equivalent to 200 gallons of wastewater daily with wastewater strength of less than 200 mg/l B.O.D. and/or suspended solids. Service Charge revenues are derived from flat rates charged for sewer service, based upon the EDU's assigned to each 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 of the District have an expectation for cost-effective reliable sewer operations, with minimal sewage spills that have the capacity to impact the environment. Furthermore, District customers have become accustomed to excellent customer service and response at low cost. The District currently has some of the lowest monthly service charge for sewer service.



California Population Growth Source: California Department of Finance Estimates

In January 2018 the Districts Lifeline Low income rate assistance program began. This program offers a small 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.

In 2013 and most recently in 2017 the District developed forward thinking Strategic Plans. Strategic Plan 2018/2022 establishes the blueprint for the District's current activities and response to future activities and changing priorities. The Strategic Plan confirms the District's Mission, Vision and Core Values as a customer driven utility dedicated to protecting the public health by providing quality sanitary sewer collection service while protecting and preserving our water environment and resources for future generations. The plan is used to guide the annual budget process and capture the Board's goals and objectives to be achieved during the planning period while meeting the District's mission to Protect, Provide and Prepare.

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 its financial abilities in capably responding to the operational requirements of the sewer system while responsibly investing in infrastructure replacement. The Board of Directors' policies carefully coordinate reasonable rate increases to meet the District's mission.

PUBLIC OUTREACH

The District conducts regular Board Meetings that are open to the public. They are normally held on the first Thursday of the month. Dates can be found on the District

website. The District's website continues to be updated to be more informative, and easier to use and provides information about SPMUD's activities. The website can be found at www.spmud.ca.gov.

District staff provide presentations to civic groups, service organizations, and local schools. The District also engages the public through newsletters, door hangars and written notices.

BUDGETARY CONTROLS

The Annual Budget is a blueprint of planned operating, public goods and debt service expenses, 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 upcoming fiscal year revenues and expenses for the General and Capital Funds. The Budget's primary use is as a fiscal planning tool to accomplish the District's strategic 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' Fee & Finance Committee to develop the annual budget. Staff presents the budget at public workshops and meetings before adoption.

LOOKING FORWARD 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. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable,

requiring limited increases in the cost of services, minimizing those increases that are required, and provide sufficient revenues to cover necessary operations and maintenance programs, capital investment and reserves to meet the utility's stated needs.

Because the District's customers bear the ultimate cost of service, there exists a need to have a financial plan that will permit the utility to meet its priorities at an affordable and stable cost for the long-term. To this end, the District operates under the Municipal Utility District Act and is set up as an enterprise fund to operate very much like a business. Sewer customers are not subsidized by the General Fund taxpayers of any local government and must be individually self-sustaining.

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The 3-consecutive annual increases in rates will fully fund all operations, maintenance and regulatory obligations as well as capital improvements until 2022. The increase will also provide funding of the District's pension and other post-employment benefit obligations as well as meet the debt indenture revenue requirements mandated by the South Placer Wastewater Authority.

Capital Outlays are categorized to their respective fund centers. Those projects designated as Capital Replacement & Rehabilitation (R&R) projects would be funded by accumulated depreciation; those projects designated as Capital Improvement Projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund. It is only those projects covered by the General Fund that are

directly funded as pay-as-you-go by customers through the monthly service charge.

The District's 5-year financial plan and cost of service study included a capital improvement plan to take the district out to fiscal Year 2021/22 and contains District planned construction of R&R projects, CIP projects and General Fund projects.



DISTRICT HONORS

In 2016, the South Placer Municipal Utility District was awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation for outstanding efforts to promote transparency and good governance. In order to receive the award, SPMUD 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 15 website requirements, including providing readily available information to the public, such as board agendas, past minutes, current budget and the most recent financial audit.

ANNUAL FINANCIAL REPORT CONTRIBUTING STAFF

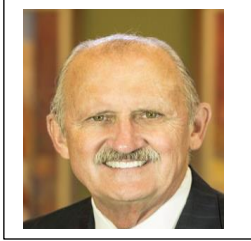
Herb Niederberger	General Manager
Joanna Belanger	Administrative Services Manager and Board Secretary
Sam Rose	Superintendent
Eric Nielsen	District Engineer

Sincerely,



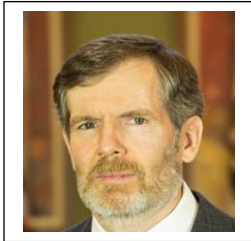
Herb Niederberger
General Manager

DISTRICT BOARD OF DIRECTORS



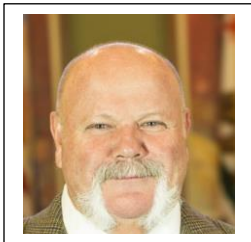
Gerald Mitchell

WARD 1: Southwest central area of the City of Rocklin lying north of Interstate 80, including the Woodside, Five Star/Fairway Heights, south Stanford Ranch, and Sunset neighborhoods, as well as the west parts of old Rocklin.



William Dickinson

WARD 2: Northwest part of the City of Rocklin lying on the east side of Highway 65 in the Sunset West and north central Stanford Ranch neighborhoods.



John Murdock

WARD 3: Southeast Rocklin lying south of Interstate 80 in the vicinity of Sierra Community College. Also includes south Loomis and a stretch of land extending into Granite Bay in the Joe Rogers Road area.



Victor Markey

WARD 4: Community of Penryn, the Town of Loomis lying north of King Road, extending west into the north part of the City of Rocklin in the Whitney Ranch and north Whitney Oaks neighborhoods.



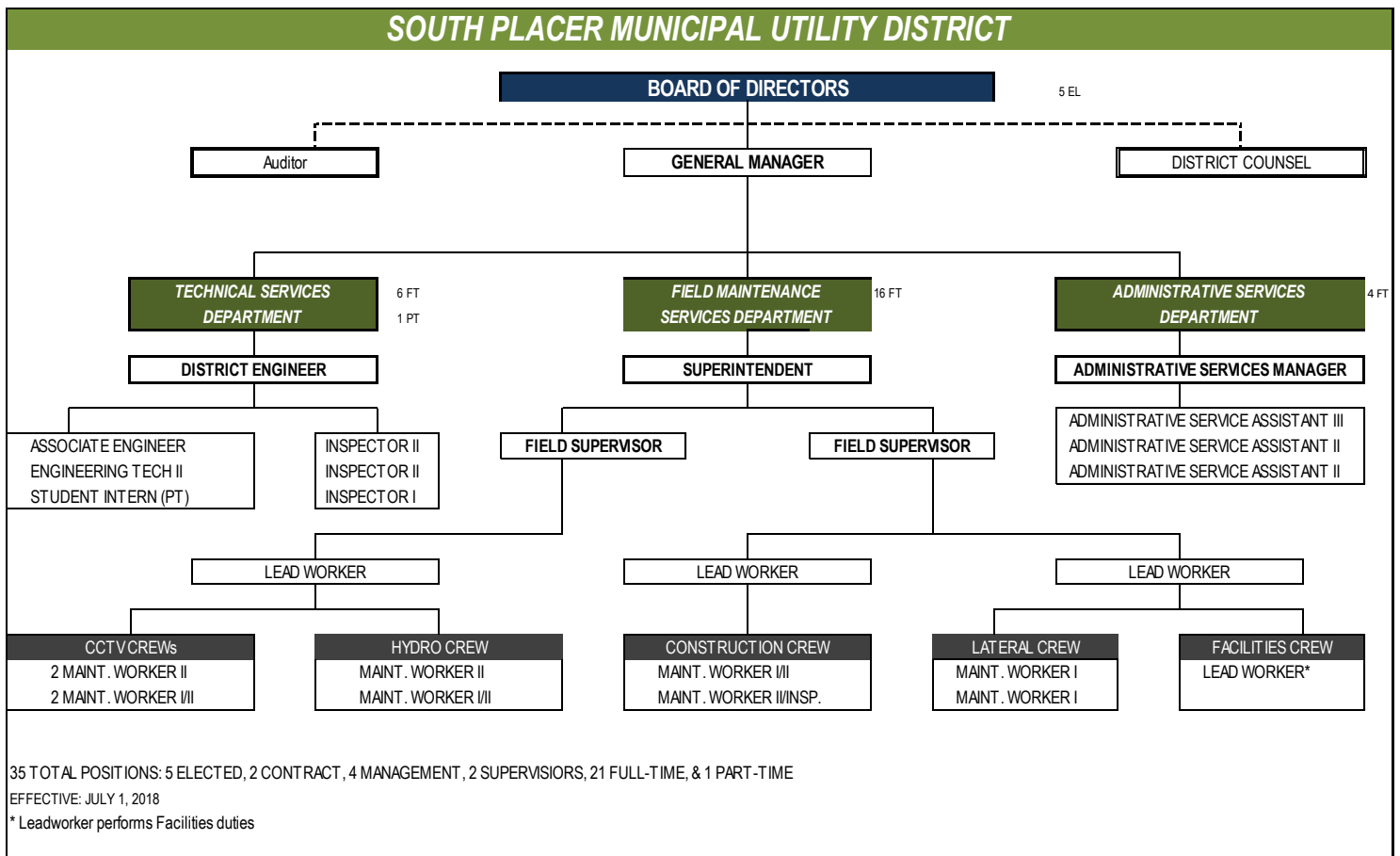
James Williams

WARD 5: West and central part of the Town of Loomis lying between Interstate 80 and King Road, extending west into the City of Rocklin into the east Stanford Ranch and south Whitney Oaks neighborhoods, as well as the east part of old Rocklin.

ORGANIZATION

The District is organized into three departments, Field Services, Technical Services and Administrative Services. In general, all operation 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 and administrative functions are performed by Administrative Service staff. District Audit and Legal Services are performed under contract. Employees and Management salaries are governed by a Memorandum of Understanding (MOU) between each of the two employee groups and the Board of Directors.

DISTRICT ORGANIZATIONAL CHART FY 18/19



INSERT AUDITORS SAS LETTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ending June 30, 2018 (FY 2017/18)

The purpose of this Management's Discussion and Analysis (MDA) is to provide a fact-based summary of the financial status of the South Placer Municipal Utility District (District) from a management's perspective. This report provides an indication of the District's financial performance for fiscal year beginning on July 1, 2017 and ending June 30, 2018 (FY 2017/18) and should be reviewed in conjunction with the audited financial statements, which follow this MDA.

FINANCIAL HIGHLIGHTS

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable, requiring limited increases in the cost of services, minimizing those increases that are required, and provide sufficient revenues to cover necessary operations and maintenance programs, as well as capital investment and reserves to meet the utility's stated needs.

In addition to these general needs, the District determined five specific funding goals to be accomplished during the 5-year Financial Plan. These include:

- A. Fully funding the District's obligations to CalPERS
- B. Fully funding the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB)
- C. Maintaining minimum reserve fund balances
- D. Meeting the Debt Coverage Ratio mandated by the South Placer Wastewater Authority (SPWA) debt indenture
- E. Providing adequate funding for Capital Investments

Table 1 compares major District growth metrics for the last two fiscal years. The District added 620 new customer accounts in FY 2017/18 representing 2.7% growth. Sewer Service Charges increased by 12.4%, this is due to rate increases, late fees and the addition of customer service accounts and increases to Equal Dwelling Units.

TABLE 1: ANNUAL DISTRICT GROWTH
(compares major District metrics for the last two fiscal years)

Item	Unit	Fiscal Year 2016/17	Fiscal Year 2017/18	% Change over Previous
Service Charges	Dollars	\$ 10,983,759	\$ 12,344,676	12.4%
Customer Accounts	Each	22,175	22,775	2.7%
Equal Dwelling Units	EDU	32,825	33,445	1.9%
Service Fee per EDU	Monthly	\$28.00	\$34.00	21.4%
Annual Flow to WWTP	Million Gallons	1,675	1,570	-6.3%
Sewer Mains	Miles	273.5	276.9	1.2%
Lower Service Laterals	Miles	127	133	4.8%
Manhole/Flushing Branch	Each	6,365	6,399	0.5%
Lift Stations	Each	13	13	0.0%
Force Mains	Miles	6.8	6.8	0.0%

OVERVIEW OF THE BASIC 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 users additional information required by generally accepted accounting principles (GAAP). The Management Discussion and Analysis is required supplementary information to the basic financial statements.

The Statement of Net Position includes the District’s assets and liabilities. The difference between assets and liabilities is reported as net position. The Statement of Revenues, Expenses and Changes in Net Position account for revenue, expenses, and capital contributions and calculates the change in net position. 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 the details on 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.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Position

The condensed Statement of Net Position shown in Statistical Section at the end of this analysis shows the District is investing in capital assets. Since 2015, the District has been required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new 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.

The net pension liability reported in the Statement of Net Position for year ended June 30, 2018 is summarized as follows:

Items	Reporting at Fiscal Year Ending June 30, 2018
Total Pension Liability	\$17,893,687
Fiduciary Net Position	<u>\$13,164,827</u>
Net Pension Liability (Asset)	\$4,728,860
Deferred (Outflows) of Resources	(\$1,132,423)
Impact on Statement of Net Position	<u>\$3,596,437</u>
Pension Expense, FY 2018	\$845,176

For more information on the District's pension plan, see Note 5 of the Notes to the Financial Statements.

TABLE 2 – NET POSITION RELATED TO PENSIONS

	6/30/2017	6/30/2018	Change (\$)
Total Pension Liability	\$ 16,269,009.00	\$ 17,893,687.00	\$ 1,624,678.00
Fiduciary Net Position	\$ 12,184,045.00	\$ 13,164,827.00	\$ 980,782.00
Net Pension Liability (Asset)	\$ 4,084,964.00	\$ 4,728,860.00	\$ 643,896.00
<i>Deferred (Outflows) Inflows Due to:</i>			
Assumption Changes	\$ 108,116.00	\$ (689,730.00)	\$ (797,846.00)
Plan Experience	\$ (8,809.00)	\$ 80,197.00	\$ 89,006.00
Investment Experience	\$ (562,707.00)	\$ (168,863.00)	\$ 393,844.00
Changes in Proportions	\$ (359,940.00)	\$ (189,355.00)	\$ 170,585.00
Differences between actual contributions and proportionate	\$ 283,736.00	\$ 260,274.00	\$ (23,462.00)
Contributions Made Subsequent to the Measurement Date	\$ (369,153.00)	\$ (424,946.00)	\$ (55,793.00)
Net Deferred (Outflows) Inflows	\$ (908,757.00)	\$ (1,132,423.00)	\$ (223,666.00)
Impact on Statement of Net Position	\$ 3,176,207.00	\$ 3,596,437.00	\$ 420,230.00

An Actuarial Valuation report for Other Post Employment Benefit Programs (OPEB) was completed in July 2018 by the Districts Actuary, MacCleod Watts. The explanation of the increases to the Actuarial Accrued Liability between is as follows:

The Actuarial Accrued Liability (AAL) decreased by approximately \$333,000 between July 1, 2015 and July 1, 2017 from approximately 1,771,000 to \$1,438,000. Some of the differences was expected based upon the assumptions made in the prior valuation. Premium changes and employee decisions affecting coverage were not anticipated.

The District has chosen to fund the total OPEB liability (including implicit subsidy) based on an expected long-term return of trust assets of 6.73% per year.

Revenues and Expenses

Revenues: General Fund Revenues derived from customer service charges were up by 12% over last year. This increase is primarily from increases to service charge rate, but also from the added EDU's from the previous year. General fund revenue derived from permits, plan check fees and inspections decreased by 28.8% due to the decrease in development activity. Local home resales drove an increase in revenue from the Districts' portion of the local property taxes by 6.3%. Total General Fund Revenue used to fund ongoing operations, maintenance and administrative functions of the District were increased over \$1.54M from the previous year.

Revenue received from Sewer Participation charges increased by approximately \$1.07 Million over the previous year due to development activities within the District boundaries. On February 4, 2016, the District adopted a strategy for the investment of District funds. Total SPMUD revenue reported for FY 2017/18 showed a decrease of \$3.81 Million (26%) over the previous year, due primarily to funds being utilized for the Loomis Diversion Trunkline Project. The Loan Repayment for NSD – PRSC (Project Related Service Charges) is included in Sewer Service Charges and reported as \$196,939 for FY 17/18.

Table 3 reflects the Statement of Revenues from the Financial Statement. Interest Income for District investments is included within the balance of each investment instrument as noted under Note 2 of the Financial Statements.

TABLE 3: REVENUE

GENERAL FUND	FISCAL YR 2016/17	FISCAL YR 2017/187	% Change over Previous
SEWER SERVICE CHARGES REVENUES	\$ 11,196,600	\$ 12,554,921	12.1%
PERMITS, PLAN CHECK FEES & INSPECTIONS	\$ 475,524	\$ 338,446	-28.8%
PROPERTY TAXES	\$ 874,218	\$ 929,449	6.3%
INTEREST INCOME	\$ 12,083	\$ 45,706	278.3%
INTEREST EXPENSE	\$ (120,912)	\$ (119,120)	-1.5%
GAIN/LOSS ON SALE FIXED ASSET DISPOSAL	\$ (27,186)	\$ 63,498	-333.6%
LATE FEES	\$ -	\$ 128,549	100.0%
LOW INCOME (LIL) RATE ASSIST. PROGRAM	\$ -	\$ 10,876	100.0%
TOTAL GENERAL FUND	\$ 12,410,327	\$ 13,952,325	
CAPITAL IMPROVEMENT PROGRAM FUND			
SEWER PARTICIPATION FEES	\$ 1,443,773	\$ 2,520,400	74.6%
INTEREST	\$ 523,523	\$ 197,569	-62.3%
TOTAL CIP FUND	\$ 1,967,296	\$ 2,717,969	
CAPITAL REPLACEMENT FUND			
INTEREST INCOME	\$ 47,023	\$ 78,685	67.3%
TOTAL CAPITAL REPLACEMENT FUND	\$ 47,023	\$ 78,685	
TOTAL SPMUD REVENUE	\$ 14,424,646	\$ 16,748,979	

Note regarding Interest Income from Investments

One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-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. During the year investments experienced gains and losses, the following table shows balance of investments over the past two years.

The overall balance of investments has decreased from last year since the District is undergoing various multi-million-dollar projects, including the Lower Loomis Diversion Project & Foothill Trunk Sewer line improvements. Table 4 indicates the balance of Investment funds at 06/30/18.

TABLE 4: INVESTMENTS

Investment	Balance 06/30/17	Balance 06/30/18
Wells Fargo Fixed Income Securities & Money Market Mutual Funds	\$22,011,526	\$21,966,843
Local Agency Investment Fund (LAIF)	\$5,042,235	\$5,114,252
Caltrust Investments	\$19,181,658	\$19,275,339
Placer County Treasury Investments	\$5,094,193	\$5,177,179
Unrestricted deposits in financial institutions	\$4,592,055	\$575,599
TOTAL	\$55,921,667	\$52,109,212

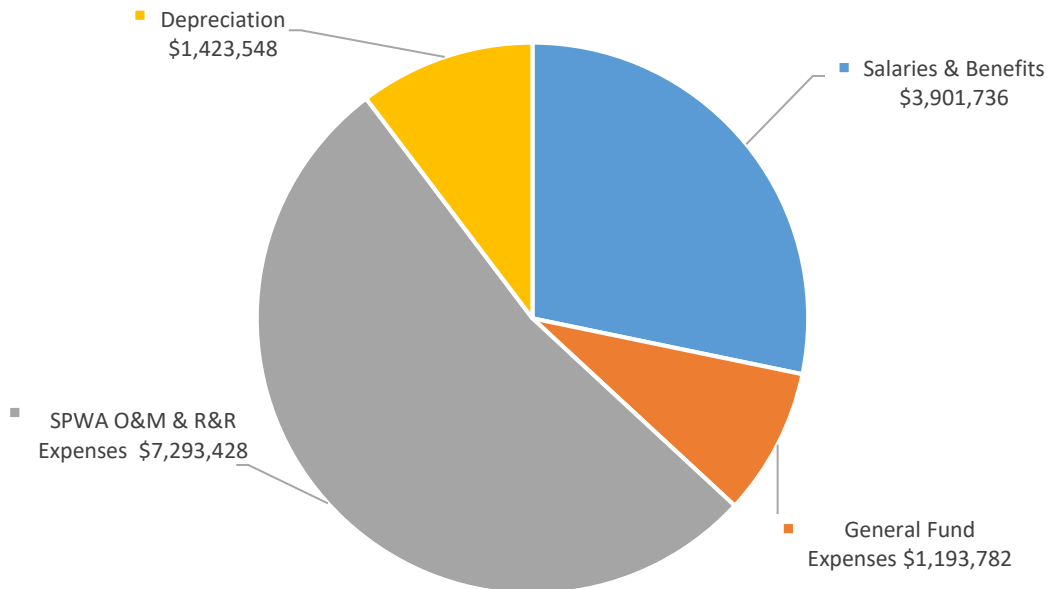
Expenses: General Fund Expenses increased from FY 2016/17 to FY 2017/18 by \$1,180,412 (9.0%) from \$12.6M to \$13.81M. This increase was primarily for the increased amount paid to CalPERS for the UAL and for Newcastle Master Plan Improvements and District participation in Regional Projects. Table 5 and Chart 1 show the District's General Fund expenditures. General Fund Revenues of \$13.98M exceeded General Fund Expenses of \$13.81M.

TABLE 5 – GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES	AUDITED	
	FISCAL YR 16/17	FISCAL YR 17/18
Salaries/Wages	\$ 2,021,529	\$ 2,330,199
FICA - Social Security	\$ 134,846	\$ 177,385
CalPERS Retirement	\$ 459,750	\$ 234,089
CalPERS UAL	\$ 580,669	\$ 263,855
457 & 401a Retirement	\$ 46,575	\$ 79,098
Performance Merit Pay Program	\$ -	\$ -
Insurance Benefits	\$ 496,890	\$ 606,026
Pers OPEB	\$ 216,683	\$ 211,085
Sub Total Salaries & Benefits	\$ 3,956,942	\$ 3,901,736
Property & Liability Insurance	\$ 98,407	\$ 119,949
Professional Services	\$ 59,643	\$ 89,124
Vehicle Repair and Maintenance	\$ 82,277	\$ 84,911
Professional Development	\$ 33,384	\$ 46,329
Legal Services	\$ 111,568	\$ 31,994
Utility Billing/Banking Expense/Printing	\$ 163,984	\$ 160,606
Other Operating Expenses	\$ 19,892	\$ 45,558
General Operating Supplies & Maintenance	\$ 158,048	\$ 167,821
Gas & Oil Expenses	\$ 29,109	\$ 39,095
Election Expenses	\$ -	\$ -
Safety Gear/Uniforms	\$ 16,128	\$ 17,566
Utilities	\$ 134,652	\$ 135,779
Repair/Maintenance Agreements	\$ 74,792	\$ 73,446
Regulatory Compliance/Government Fees	\$ 39,289	\$ 30,015
Lift Station & Flow Recorder Programs	\$ 46,533	\$ 29,851
Building & Grounds Maintenance	\$ 39,810	\$ 73,546
Asphalt Paving	\$ 6,795	\$ 48,192
Sub Total Local SPMUD General Fund Expenses	\$ 1,114,311	\$ 1,193,782
RWWTP Maintenance & Operations	\$ 4,711,758	\$ 5,003,758
RWWTP Rehab & Replacement	\$ 1,505,199	\$ 2,289,670
Sub Total SPWA O&M + R&R Expenses	\$ 6,216,957	\$ 7,293,428
Total Operations Expense before Depreciation	\$ 11,288,210	\$ 12,388,946
Depreciation expense	\$ 1,343,872	\$ 1,423,548
Total General Fund Expenses	\$ 12,632,082	\$ 13,812,494

CHART 1 – GENERAL FUND EXPENSES FY 17/18

FISCAL YR 17/18 GENERAL FUND EXPENSES



Capital Assets

Capital Outlays are categorized to their respective fund centers. For example, those projects designated as Capital Replacement & Rehabilitation projects would be funded by accumulated depreciation; those projects designated as Capital Improvement projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund.

The District budgeted \$11.99M in Capital Outlay during FY 2017/18 and expended \$9.1M consisting of \$449,979 in General Fund Capital - 100 projects, \$6,719,140 in CIP & Expansion fund – 300 projects, and \$1,940,496 in Capital Rehabilitation & Replacement fund – 400 projects. A reimbursement of \$845,252 was received for work completed in conjunction with the Caltrans/ Highway 65 expansion project.

The District also received \$2.75M in sewer asset contributions from new development. This included 2.4 miles of gravity sewer pipe, and 82 manholes/flushing branches. A list of the District's Capital Projects in FY 17/18 are included in Table 6 & Chart 2.

TABLE 6: FY17/18 CAPITAL OUTLAY ACTIVITY

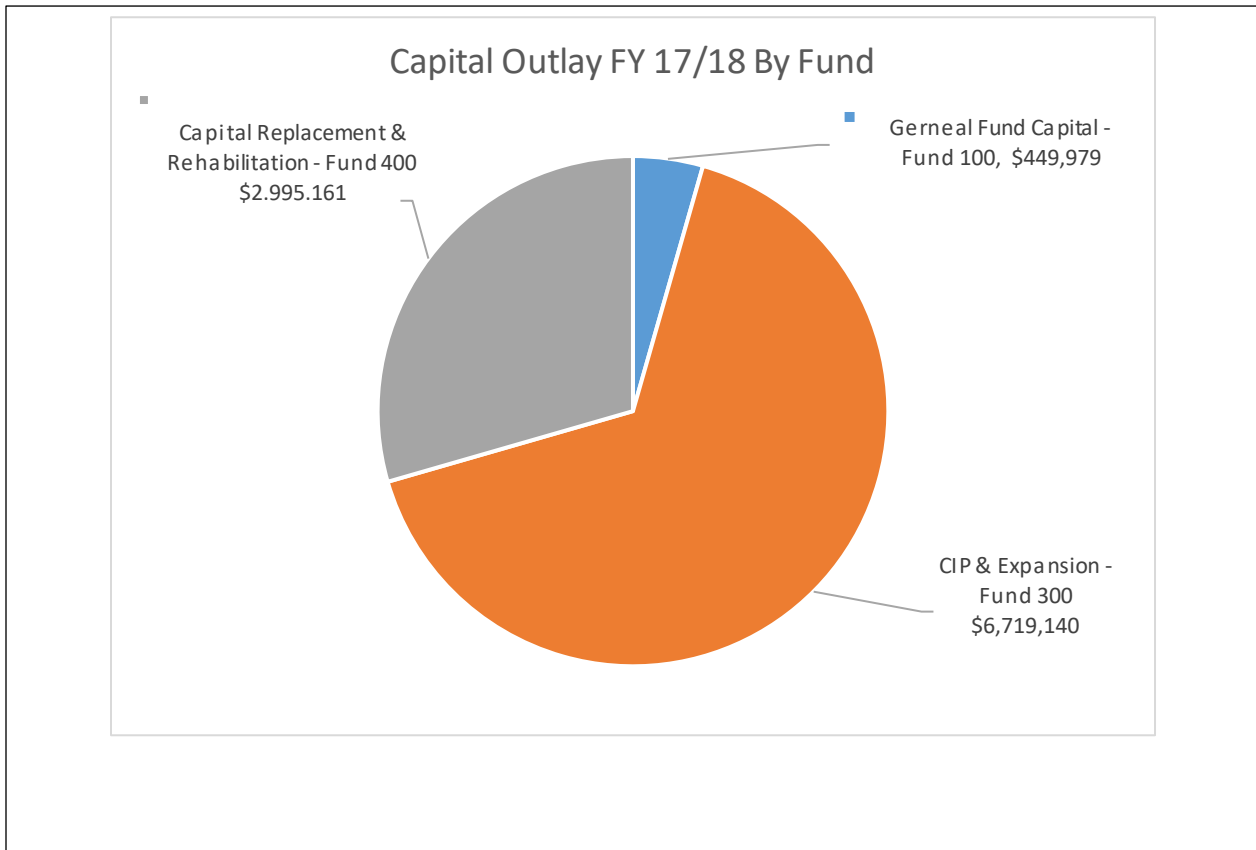
**South Placer Municipal Utility District
Capital Expenditure Budget FY 17/18**

CAPITAL IMPROVEMENTS	FY 17/18 BUDGET	FUND 100	FUND 300	FUND 400
		General Fund Capital	CIP & Expansion	Capital Replacement & Rehabilitation
Board Room Audio/Visual upgrades	\$ 5,000			
Software Upgrades/Tyler	\$ 5,000			
Computers/Office Furniture	\$ 20,000	\$ 9,516		
HQ Front Office/Reception Area	\$ 10,000			
Energy Upgrades	\$ 200,000			
Archiving/Disaster Development Plan	\$ 30,000			
Easement Roadway Replacements	\$ 35,000	\$ 19,195		\$ 3,428
HRF Creek Crossings - Design & Permitting	\$ 50,000			
Software/Data Acquisition	\$ 11,000	\$ 4,002		
System Improvements	\$ 155,000	\$ 64,575		
Newcastle Master Plan Improvements	\$ 200,000	\$ 222,695		
Corporation Yard Master Plan Improvements	\$ 50,000			\$ 3,244
Lower Clover Valley Trunk - Design	\$ 410,000		\$ 12,149	
Corporation Yard Perimeter Fencing Upgrades	\$ 110,000			
Lateral Camera Replacements	\$ 37,000			\$ 20,677
Portable Generator Replacement	\$ 82,000			\$ 72,654
Portable Generator Connection Upgrades L.S.	\$ 20,000			\$ 33,602
Corp Yard Fuel Tank Removal	\$ 9,000			\$ 9,860
Vehicle Replacement (x3)	\$ 488,000			\$ 908,821
District Participation in Regional Projects	\$ 185,000	\$ 129,996		
System Rehabilitation	\$ 835,000			\$ 778,148
Foothill Trunk Project - Construction	\$ 2,130,000		\$ 16,974	
Loomis Diversion Trunkline - Construction	\$ 5,960,000		\$6,690,017	
CalTrans I80/Hwy65 pipe-Reimb. \$845,253	\$ 960,000			\$ 110,062
Total Capital Improvements	\$ 11,997,000	\$ 449,979	\$6,719,140	\$ 1,940,496

AUDITED FINANCIALS

	FISCAL YR 14/15	FISCAL YR 15/16	FISCAL YR 16/17	FISCAL YR 17/18
TOTAL GENERAL FUND CAPITAL IMPROVEMENT:	\$ 362,089	\$ 75,910	\$ 16,037	\$ 449,979
TOTAL CIP & EXPANSION	\$ 590,189	\$ 259,533	\$2,819,904	\$ 6,719,140
TOTAL REPLACEMENT & REHABILITATION	\$ 930,138	\$ 159,558	\$ 389,039	\$ 1,940,496
TOTAL CAPITAL INVESTMENT	\$ 1,882,416	\$ 495,001	\$3,224,980	\$ 9,109,615

CHART 2 – CAPITAL FUND EXPENSES FY 17/18



For additional information on Capital Assets, see Note 3 in the Notes to 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 (PC) are participants in the South Placer Wastewater Authority (SPWA) with the intended purpose to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP) through bonds, low-interest loans or other types of debt. As such, the district is subject to the SPWA Funding Agreement and debt indenture.

The SPWA Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. 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. As of June 30, 2018, the District maintained a balance of \$52,745,211 in the Rate Stabilization Account on deposit with the Authority. Per the last approved financial statement accepted by the SPWA, the annual SPWA Debt assigned to SPMUD was \$3,291,332. Without any changes, the District currently has approximately 16 years' worth of debt

service on account with SPWA. SPWA is proposing \$80M in Capital Improvements and Treatment Upgrades at the PG WWTP to prepare for regional growth, incorporate energy related improvements and to maximize solids digestion. SPWA is proposing to finance this construction through a blend of bond financing, State Revolving Fund loans and cash payments.

In accordance with the SPWA debt indenture, SPMUD has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of debt service. The source of funding for this reserve can be accounted for from all SPMUD revenues and are expected to provide Debt Coverage Ratio (DCR) of 110% over the lives of the Bonds.

ECONOMIC FACTORS AND FISCAL YEAR 2018/19 BUDGET OVERVIEW

Revenue: The Economic forecast for growth within the District's service area boundaries looks favorable. There continues to be a backlog of development proposals which are under review and should allow the District to add an additional 500 EDUs during the next fiscal year. The Federal Government hiked its benchmark interest rate to a range of 1.75 to 2 percent, a move that will probably cause a slight increase in mortgage, credit card, auto loan and small business loan rates. The District will be reviewing its investment policy to enhance revenue potential through diversification of the investment portfolio.

The monthly service rate increased from \$31/EDU to \$34/EDU in July, one additional scheduled increase will occur July 1 of 2019 changing to \$36/EDU/month. Revenues are expected to increase accordingly.

Expenses: Indexes for electricity, and natural gas have been declining which is helping to keep those related costs down; however, the recently enacted California Gas Tax will impact overall fuel purchase for the coming year. The District has been successful keeping a cap on locally controlled expenses as well. Total charges from SPWA continue to rise, which constitute over half of the expenses incurred by the District annually. Prior drought and last year's record rainfall have impacted flows to sewers which may necessitate a review of the sewage allocation to the RWWTTP by the SPWA partners. Projected General Fund expenses are shown in Table 7.

As part of the 5-year Financial Plan and Cost of Services study, the District projected expenses to the year 2022. One of the major components affecting salary and benefits is the objective to fully funding the District's obligations to CalPERS as well as funding the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB).

SPMUD has 35 approved personnel positions that include 5 elected, 2 contracted, 4 management, 2 supervisors, and 22 staff positions; there are currently 27 Full Time Employees. The current MOU's for employees and management were negotiated in FY16/17, and cover the following fiscal years 17/18, 18/19 & 19/20, Cost of Living increases are tied to the Consumer Cost Index.

TABLE 7 – FY18/19 PROPOSED GENERAL FUND EXPENSES

GENERAL FUND EXPENDITURES	FISCAL YR 18/19
Salaries/Wages	\$ 2,384,000
FICA - Social Security	\$ 180,800
CalPERS Retirement	\$ 240,000
CalPERS UAL	\$ 320,000
457 Retirement	\$ 86,200
Insurance Benefits	\$ 627,000
Pers OPEB	\$ 250,000
Sub Total Salaries & Benefits	\$ 4,088,000
Property & Liability Insurance	\$ 130,000
Professional Services	\$ 266,000
Vehicle Repair and Maintenance	\$ 85,000
Professional Development	\$ 62,500
Legal Services	\$ 100,000
Utility Billing/Banking Expense/Printing	\$ 155,000
Discount - LIL Rate Assistance Program	\$ 7,797
Other Operating Expenses	\$ 48,800
General Operating Supplies & Maintenance	\$ 131,000
Gas & Oil Expenses	\$ 40,000
Election Expenses	\$ 80,000
Safety Gear/Uniforms	\$ 23,000
Utilities	\$ 130,000
Repair/Maintenance Agreements	\$ 89,400
Regulatory Compliance/Government Fees	\$ 62,500
Root Control Program	\$ 45,000
Lift Station & Flow Recorder Programs	\$ 35,000
Building & Grounds Maintenance	\$ 75,100
Asphalt Paving	\$ 25,000
Sub Total Local SPMUD General Fund Expenses	\$ 1,591,097
RWWTP Maintenance & Operations	\$ 4,962,000
RWWTP Rehab & Replacement	\$ 1,606,000
Sub Total SPWA O&M + R&R Expenses	\$ 6,568,000
Total Operations Expense before Depreciation	\$ 12,247,097
Depreciation expense	\$ 1,370,000
Total General Fund Expenses	\$ 13,617,097

Capital Expenses: The District anticipates increased capital facility construction in the coming years with the installation of the Foothill Trunk and the Loomis Basin Diversion Trunk. The District has sufficient funds available to construct these facilities on a pay-as-you-go and does not anticipate the need to secure debt to finance these upcoming projects. Details and summaries of the FY 18/19 Budget Review Capital Projects are shown in Table 8 & 9.

TABLE 8 – FY 18/19 CAPITAL IMPROVEMENT PROJECTS

CAPITAL IMPROVEMENTS	FISCAL YR 18/19			
	FUND 100	FUND 300	FUND 400	
	General Fund Capital	CIP & Expansion	Capital Replacement & Rehabilitation	
All Weather Access Roads	\$ 46,000	\$ 46,000		
Archiving/Disaster Development Plan	\$ 45,000	\$ 45,000		
Board Room Audio/Visual upgrades	\$ 10,000		\$ 10,000	
Computers/Office Furniture	\$ 17,500	\$ 17,500		
Confined Space Entry Equipment	\$ 6,500	\$ 6,500		
CY Concreting Projects	\$ 40,000	\$ 40,000		
CY Master Plan Capital Improvements - Locker R	\$ 100,000	\$ 100,000		
District Participation in Regional Projects	\$ 365,000	\$ 30,000	\$ 335,000	
Easement Inspection Equipment	\$ 5,400	\$ 5,400		
Easement Roadway Replacements	\$ 17,500	\$ 17,500		
Easement Roadway Upgrades	\$ 17,500		\$ 17,500	
Electric Rodder W/Attachments	\$ 20,000	\$ 20,000		
Energy Upgrades	\$ 100,000	\$ 100,000		
Flow Recorder Replacement - Five Star Outfall	\$ 18,000		\$ 18,000	
Foothill Trunk Project - Construction	\$ 3,140,000	\$ 3,140,000		
HQ Front Office/Reception Area	\$ 15,000		\$ 15,000	
HRF Creek Crossings - Design & Permitting	\$ 50,000		\$ 50,000	
Lateral Camera Replacements	\$ 5,700		\$ 5,700	
Loomis Diversion Trunkline - Construction	\$ 4,820,000	\$ 4,820,000		
Lower Clover Valley Trunk - Design	\$ 401,000	\$ 401,000		
Newcastle Master Plan Improvements	\$ 200,000	\$ 200,000		
Pipe Trailer Replacement	\$ 14,000		\$ 14,000	
Rocklin 60 Reimbursement	\$ 160,000	\$ 160,000		
Server Replacement	\$ 50,000		\$ 50,000	
Software Upgrades/Tyler	\$ 10,000	\$ 10,000		
Software/Data Acquisition	\$ 10,000	\$ 10,000		
System Improvements	\$ 50,000	\$ 50,000		
System Rehabilitation (CY Fencing, Mainline CIP)	\$ 1,020,000		\$ 1,020,000	
Vehicle Improvements - Hydro Vac & Unit 20	\$ 14,200	\$ 14,200		
Vehicle Replacement (x1 Construction Truck)	\$ 150,000		\$ 150,000	
Total Capital Improvements	\$ 10,918,300	\$ 712,100	\$ 8,521,000	\$ 1,685,200

**TABLE 9: FY18/19 BUDGET REVIEW
CAPITAL PROJECTS**

South Placer Municipal Utility District CAPITAL INVESTMENT FY18/19				
	AUDITED FINANCIALS			BUDGETED
	FISCAL YR 15/16	FISCAL YR 16/17	FISCAL YR 17/18	FISCAL YR 18/19
TOTAL GENERAL FUND CAPITAL IMPROVEMENTS	\$ 75,910.00	\$ 157,190.25	\$ 449,979	\$ 712,100
TOTAL CIP & EXPANSION	\$ 259,533.00	\$ 842,722	\$ 6,719,140	\$ 8,521,000
TOTAL REPLACEMENT & REHABILITATION	\$ 159,558.00	\$ 714,054	\$ 1,940,496	\$ 1,685,200
TOTAL CAPITAL INVESTMENT	\$ 495,001.00	\$ 1,713,966	\$ 9,109,615	\$ 10,918,300

**SOUTH PLACER
MUNICIPAL UTILITY
DISTRICT**

**STATISTICAL SECTION
FISCAL YEAR ENDING
JUNE 30, 2018**

STATISTICAL SECTION

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

CONTENTS

Financial Trends Data

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

1. Changes in Net Position
2. EDU Connections by Fiscal Year.

Revenue Capacity Data

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

3. Delinquent Accounts - Equal Dwelling Units – Sewer Service Charges
4. Annual/Monthly Sewer Rates/Participation Fees & Rate Comparison

Debt Capacity Data

This narrative presents information regarding the District's participation and debt burden through the South Placer Wastewater Authority (SPWA).

Demographic & Economic Information

These schedules contain demographic information for Placer County

5. Ten Largest District Customers
6. County Demographics, unemployment
7. Placer County Largest Employers
8. Property Taxes

Operating Information

These schedules provide information on the Districts infrastructure replacement program and details spending on current large projects.

9. Capital Spending
10. Detail of Capital Spending



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

1. CHANGES IN NET POSITION LAST TEN YEARS

	2012-13	2013-14	2014-15	2015-16	2016-17
OPERATING REVENUES:					
Sewer charges	10,260,093	10,202,898	10,758,026	10,911,091	11,196,600
Connections charges	680,755	1,005,529	888,198	1,443,773	4,700,227
Permits, Fees and Inspections	132,774	538,220	274,971	443,885	475,524
Total Operating Revenues	<u>11,073,622</u>	<u>11,746,647</u>	<u>11,921,195</u>	<u>12,798,749</u>	<u>16,372,351</u>
OPERATING EXPENSES:					
Collection & Treatment	6,080,773	6,418,108	6,403,314	6,476,122	6,756,711
Administrative & General	1,054,767	1,104,119	1,332,209	1,269,273	2,226,083
Technical Services	688,465	704,383	1,818,102	2,106,383	2,443,940
Depreciation	1,022,054	1,088,844	1,163,361	1,381,819	1,343,872
Total Operating Expenses	<u>8,846,059</u>	<u>9,315,454</u>	<u>10,716,986</u>	<u>11,233,597</u>	<u>12,770,606</u>
Operating Income (loss)	<u>2,227,563</u>	<u>2,431,193</u>	<u>1,204,209</u>	<u>1,565,152</u>	<u>3,601,745</u>
NON-OPERATING REVENUES (EXPENSES):					
Tax Revenue	610,400	893,954	686,237	790,587	874,218
Gain (loss) on sale of asset	4,039	-	-	-	(27,186)
Interest Income	595,320	545,196	513,964	825,604	193,023
Interest Expense	12,271	14,544	(129,039)	(122,564)	(120,912)
Total Non-Operating Revenues	<u>1,222,030</u>	<u>1,453,694</u>	<u>1,071,162</u>	<u>1,493,627</u>	<u>919,143</u>
TRANSFERS & CAPITAL CONTRIBUTIONS:					
Capital Contributions	330,760	4,099,981	2,651,181	1,957,751	2,819,904
Transfers In	-	1,527,718	1,027,284	2,451,218	4,128,264
Transfers Out	-	(1,527,718)	(1,027,284)	(2,451,218)	(4,128,264)
Total Transfers & Capital Contributions	<u>330,760</u>	<u>4,099,981</u>	<u>2,651,181</u>	<u>1,957,751</u>	<u>2,819,904</u>
INCREASE IN NET POSIITON:	<u>3,780,353</u>	<u>7,984,868</u>	<u>4,926,552</u>	<u>5,016,530</u>	<u>7,340,792</u>
NET POSITION, BEGINNING OF YEAR:	<u>94,491,070</u>	<u>98,782,297</u>	<u>106,767,165</u>	<u>108,521,299</u>	<u>113,537,829</u>
PRIOR PERIOD ADJUSTMENT	510,874	-	(3,172,418)	-	-
NET POSITION, END OF YEAR:	<u>98,782,297</u>	<u>106,767,165</u>	<u>108,521,299</u>	<u>113,537,829</u>	<u>120,878,621</u>

CHANGES IN NET POSITION – continued

	2007-08	2008-09	2009-10	2010-11	2011-12
OPERATING REVENUES:					
Sewer charges	7,126,337	7,250,894	7,827,078	8,599,106	9,489,453
Connections charges	684,300	696,125	376,895	267,268	411,250
Permits, Fees and Inspections	76,833	102,231	53,592	51,049	44,720
Total Operating Revenues	<u>7,887,470</u>	<u>8,049,250</u>	<u>8,257,565</u>	<u>8,917,423</u>	<u>9,945,423</u>
OPERATING EXPENSES:					
Collection & Treatment	6,813,163	6,927,431	7,811,646	8,665,187	7,060,338
Administrative & General	1,278,100	1,130,248	978,741	1,032,454	998,869
Technical Services	-	-	657,671	617,663	667,200
Depreciation	956,094	1,058,521	1,059,168	1,067,596	1,052,093
Total Operating Expenses	<u>9,047,357</u>	<u>9,116,200</u>	<u>10,507,226</u>	<u>11,382,900</u>	<u>9,778,500</u>
Operating Income (loss)	<u>(1,159,887)</u>	<u>(1,066,950)</u>	<u>(2,249,661)</u>	<u>(2,465,477)</u>	<u>166,923</u>
NON-OPERATING REVENUES (EXPENSES):					
Tax Revenue	739,567	718,957	655,680	607,420	575,130
Gain (loss) on sale of asset	-	496,039	-	7,279	312
Interest Income	1,917,496	1,059,780	653,106	619,371	643,017
Interest Expense	14,534	39,219	9,523	15,979	10,551
Total Non-Operating Revenues	<u>2,671,597</u>	<u>2,313,995</u>	<u>1,318,309</u>	<u>1,250,049</u>	<u>1,229,010</u>
TRANSFERS & CAPITAL CONTRIBUTIONS:					
Capital Contributions	1,451,494	477,350	324,280	10,000	342,900
Transfers In	-	-	2,516,683	-	-
Transfers Out	-	-	(2,516,683)	-	-
Total Transfers & Capital Contributions	<u>1,451,494</u>	<u>477,350</u>	<u>324,280</u>	<u>10,000</u>	<u>342,900</u>
INCREASE IN NET POSIITON:	<u>2,963,204</u>	<u>1,724,395</u>	<u>(607,072)</u>	<u>(1,205,428)</u>	<u>1,738,833</u>
NET POSITION, BEGINNING OF YEAR:	<u>89,909,429</u>	<u>90,703,247</u>	<u>92,339,286</u>	<u>91,734,163</u>	<u>94,947,491</u>
PRIOR PERIOD ADJUSTMENT	<u>(2,169,386)</u>	<u>(88,356)</u>	<u>1,949</u>	<u>4,418,756</u>	<u>(2,195,254)</u>
NET POSITION, END OF YEAR:	<u>90,703,247</u>	<u>92,339,286</u>	<u>91,734,163</u>	<u>94,947,491</u>	<u>94,491,070</u>

2. DELINQUENT ACCOUNTS – TOTAL EQUAL DWELLING UNITS/SEWER CHARGES



FISCAL YEAR SENT TO TAX COLLECTIONS	DELINQUENT RECEIVABLES	DELINQUENT ACCOUNTS	TOTAL EDU'S	SEWER CHARGES
2017-18	336,459.90	845	33,445	12,344,700.00
2016-17	257,783.00	852	32,810	11,196,600.00
2015-16	271,300.00	890	31,834	10,911,100.00
2014-15	244,165.00	820	31,241	10,758,000.00
2013-14	243,315.00	828	30,925	10,203,000.00
2012-13	224,416.00	886	30,595	10,260,000.00
2011-12	209,925.74	898	30,235	9,489,000.00
2010-11	207,530.00	897	29,730	8,600,000.00
2009-10	174,132.00	866	29,626	7,827,000.00
2008-09	145,100.00	798	29,241	7,250,900.00

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

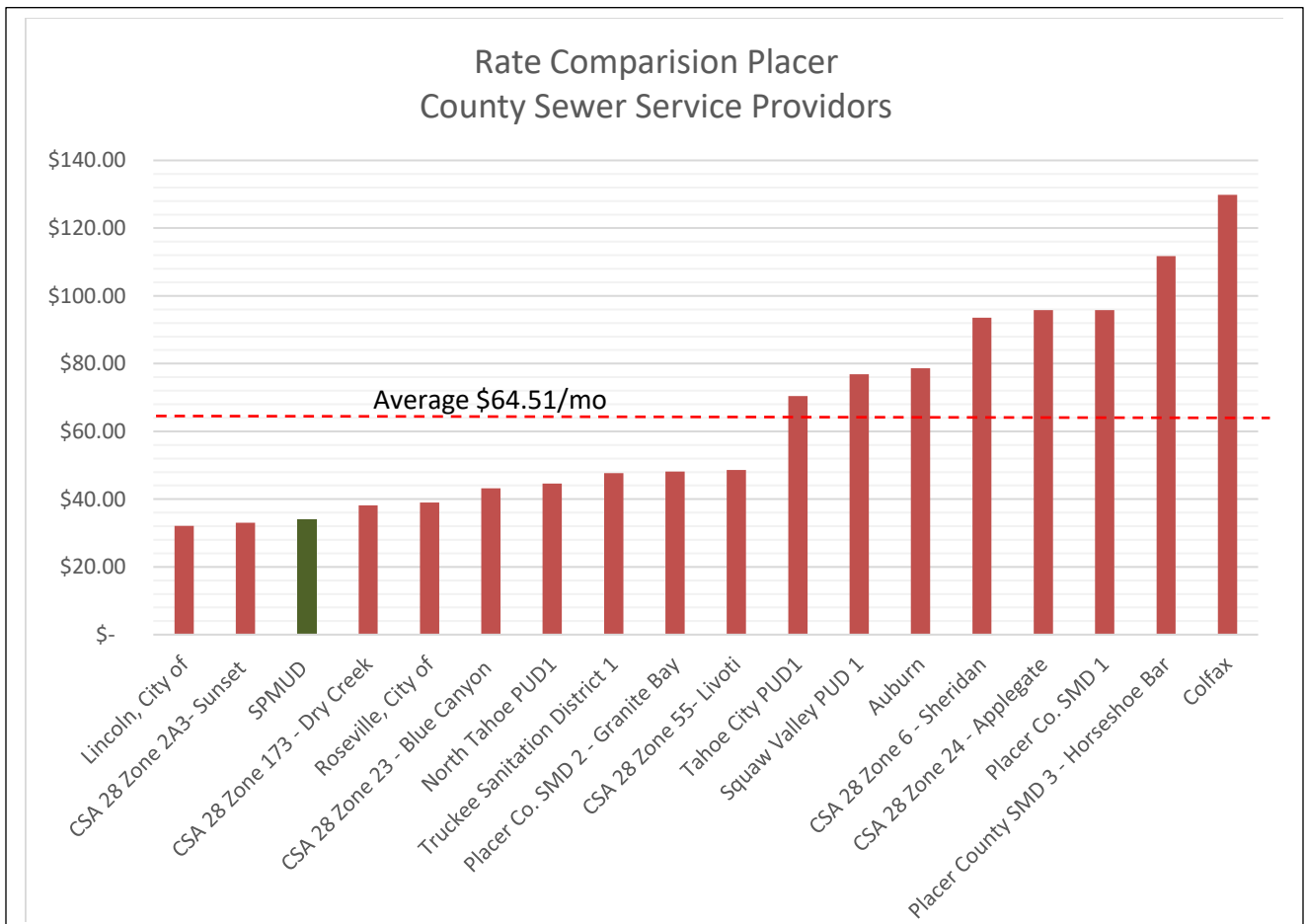
3. EQUAL DWELLING CONNECTIONS BY FISCAL YEAR

FISCAL YEAR	TOTAL EDU'S	INCREASE	% INCREASE
1998/99	18,395	2,033	11.1%
1999/00	20,026	1,631	8.1%
2000/01	21,426	1,353	6.5%
2001/02	23,089	1,663	7.2%
2002/03	24,624	1,535	6.2%
2003/04	25,493	869	3.4%
2004/05	26,160	667	2.5%
2005/06	26,954	783	2.9%
2006/07	27,790	836	3.0%
2007/08	28,665	1,044	3.1%
2008/09	29,130	465	1.6%
2009/10	29,515	385	1.3%
2010/11	29,619	104	0.4%
2011/12	30,124	505	1.7%
2012/13	30,249	125	0.4%
2013/14	30,355	106	0.3%
2013/14	30,670	315	1.0%
2014/15	30,900	230	0.7%
2015/16	31,241	341	1.1%
2016/17	31,834	593	1.9%
2017/18	32,825	991	3.0%
2018/19	33,445	620	1.9%

4. MONTHLY SEWER RATES/PARTICIPATION FEES & RATE COMPARISON

Last Ten Years

	SEWER SERVICE RATES PER MONTH	LOCAL SEWER PARTICIPATION FEES
2018-19	34.00	3,923.00
2017-18	31.00	3,750.00
2016-17	28.00	3,750.00
2015-16	28.00	3,000.00
2014-15	28.00	3,000.00
2013-14	28.00	2,500.00
2012-13	28.00	2,500.00
2011-12	28.00	2,500.00
2010-11	24.00	2,250.00
2009-10	22.00	2,000.00
2008-09	17.00	1,500.00



5. DEBT CAPACITY

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) with the intended purpose to finance the construction of the Pleasant Grove Wastewater Treatment Plant through bonds, low-interest loans or other types of debt. As such, the District is subject to the SPWA Funding Agreement and debt indenture. As of 2016, the District maintained a balance of \$43 Million in the Rate Stabilization Account on deposit with the Authority. Without any changes the District currently has over 21 years of debt service on account with SPWA.

SPWA has programed over \$80 Million in Capital Improvements and Treatment Upgrades at the Placer Grove Wastewater Treatment Plant. These improvements are funded through a blend of bond financing, State Revolving Fund loans and cash payments. SPMUD estimates that an increase of debt payments assigned to the District will be approximately \$1.1 Million over the current 5-year Financial Plan.

In accordance with the SPWA debt indenture, SPMUD has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of debt service. The source of funding for this reserve can be accounted for from all SPMUD revenues and are expected to provide Debt Coverage Ratio of 110% over the lives of the Bonds.

6. TEN LARGEST DISTRICT CUSTOMERS

Last Ten Years

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
William Jessup University	William Jessup University	Sunset West Apartments William Jessup University	Sunset West Apartments William Jessup University	Sunset West Apartments William Jessup University	MW Investments Sunset West Apartments William Jessup University
Rocklin High Schools	Rocklin High Schools	Rocklin High Schools	Rocklin High Schools	Rocklin High Schools	Rocklin High Schools
Rocklin Elem.Schools	Rocklin Elem.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	Del Oro High School	Del Oro High School
Sierra College	Sierra College	Sierra College	Sierra College	Sierra College	Sierra College
Walmart Rocklin	Walmart Rocklin	Walmart Rocklin	Walmart Rocklin	Walmart Rocklin	Walmart Rocklin
Loomis RV Park	Loomis RV Park	Loomis RV Park	Loomis RV Park	Loomis RV Park	Loomis RV Park
Howard Johnson	Howard Johnson	Howard Johnson	Howard Johnson	Howard Johnson	Howard Johnson
Blue Oaks Marketplace	Blue Oaks Marketplace	Blue Oaks Marketplace	Blue Oaks Marketplace	Blue Oaks Marketplace	Blue Oaks Marketplace
RC Willey	RC Willey	RC Willey	RC Willey	RC Willey	RC Willey
2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Sierra College	Sierra College	Sierra College	Sierra College	Sierra College	Sierra College
Whitney High School	Whitney High School	Whitney High School	Whitney High School	Whitney High School	Whitney High School
Rocklin High School	Rocklin High School	Rocklin High School	Rocklin High School	Rocklin High School	Rocklin High School
Del Oro High School	Del Oro High School	William Jessup University	William Jessup University	Del Oro High School William Jessup University	Del Oro High School William Jessup University
Loomis RV Park	Loomis RV Park	Del Oro High School	Del Oro High School	Loomis RV Park	Loomis RV Park
Howard Johnson	Howard Johnson	Loomis RV Park	Loomis RV Park	Howard Johnson	Howard Johnson
Rocklin Lodging Group	Rocklin Lodging Group	Howard Johnson	Howard Johnson	Howard Johnson	Howard Johnson
Destiny Christian	Destiny Christian	Rocklin Lodging Group	Rocklin Lodging Group	Rocklin Lodging Group	Rocklin Lodging Group
Rocklin Park Hotel	Rocklin Park Hotel	Destiny Christian	Destiny Christian	Destiny Christian	Rocklin Lodging Group
Target	Target	Rocklin Park Hotel	Rocklin Park Hotel	Rocklin Park Hotel	Five Star Plaza

7. DEMOGRAPHICS AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year	Placer County Workforce	Number of Employed	Number on Unemployed	Unemployment Rate %	District Population	Per Capita Income
2017-18	183900	177800	6,100	3.32%	22,675	76,600
2016-17	179,800	171,800	8,000	4.45%	22,175	71,435
2015-16	176,800	167,900	8,900	5.03%	21,658	70,490
2014-15	175,800	164,800	11,000	6.26%	21,003	70,100
2013-14	175,800	162,300	13,500	7.68%	20,777	69,800
2012-13	174,900	158,500	16,400	9.38%	20,529	68,800
2011-12	173,700	154,900	18,800	10.82%	20,500	68,200
2010-11	173,700	154,900	18,800	10.82%	20,138	67,900
2009-10	173,300	153,200	20,100	11.60%	20,047	67,900
2008-09	173,300	153,200	20,100	11.60%	19,688	67,000

8. PLACER COUNTY LARGEST EMPLOYERS

Current Year and Ten Years ago

2017/18		2008/09	
Business or Organization	Number of Employees	Business or Organization	Number of Employees
Kaiser Permanente	5835	Hewlett Packard Enterprise Co.	3600
Sutter Health	5630	County of Placer	2875
Squaw Valley Alpine Meadows	2600	Kaiser Permanente	2673
Thunder Valley Casino Resort	2114	Thunder Valley Casino Resort	1700
Hewlett Packard Enterprise Co.	2000	Sutter Health	1543
Pride Industries Inc.	1747	Pride Industries Inc.	1479
Roseville City School District	1486	Union Pacific Railroad Company	1400
City of Roseville	1137	Wells Fargo	1320
Adventist Health System	1008	City of Roseville	1319
Union Pacific Railroad Co. Inc	994	Dry Creek Joint Elementary School District	992

Source: Sacramento Business Journal, May 2017

9. TOP TEN TAXPAYERS – PLACER COUNTY

Taxpayer Name	Total Tax	Percentage	Net Taxable Value
Pacific Gas & Electric Company	12,313,926.00	1.30%	742,468,290.00
Roseville Shoppingtown LLC	4,448,238.00	0.46%	421,334,951.00
Cellco Partnership	3,519,107.00	0.37%	212,326,968.00
BBC Roseville Oaks LLC	1,934,975.00	0.20%	48,363,529.00
Roseville Fountains LP	1,592,974.00	0.17%	70,452,372.00
Liberty Utilities (Calpeco Electric), LLC	1,426,437.00	0.15%	86,064,736.00
Union Pacific Railroad Company	1,257,358.00	0.13%	87,498,614.00
Consolidated Communications of CA	1,190,618.00	0.12%	71,973,730.00
MGP X Properties LLC	1,175,846.00	0.12%	72,822,135.00
ATC Realty One LLC	1,147,686.00	0.12%	29,800,281.00

10. CAPITAL SPENDING - FY 11/12 TO FY 17/18

CAPITAL PROJECT REVIEW	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
ACCOUNT CLERK WORKSTATION/CUBICLES	3,543			5,585		8,989	
BOARD ROOM FURNITURE					6,057		
BYPASS EQUIPMENT							
CCTV REPLACEMENT SINGLE COND. CABLE	4,159	4,981					
CCTV SOFTWARE EVALUATION	3,154	4,205	6,308				
CCTV VEHICLE REPLACEMENT			96,950	208,623	3,366	106,792	
CORP YARD STORAGE ENCLOSURE UPGRADE			37,342		53,554		
CORP YARD VEHICLE WASH FACILITY UPGRADES					20,000		
COMPUTER EQUIPMENT	36,444	18,300	19,280	24,452	4,255		9,516
CORP YARD BATHROOM RENOVATION					6,970		
CORP YARD & HQ FIRE AND ENTRY ALARM REPLACEMENT					37,890	5,647	
CORP YARD/HQ SMART T.V. SCREENS					1,615		
CORPORATION YARD EXTERIOR REHABILITATION		3,837	37,342				9,860
CORPORATION YARD MASTER PLAN IMPROVEMENTS						21,528	3,245
CORPORATION YARD PAVEMENT INSTALLATION		20,000	101,437	53,555			
DATA ACQUISITION	19,944	82,030	409,000	33,297	20,915	8,821	4,003
DISTRICT PARTICIPATION IN REGIONAL PROJECTS							129,996
EASEMENT ROADWAY REPLACEMENTS	64,715	52,679		30,740	35,000		22,623
FLAIL MOWER REPLACEMENT				6,581			
FOOTHILL TRUNK PROJECT					216,414	85,535	16,974
GPS SURVEY UNIT					13,539		
HANDS FREE COMMUNICATION					6,500		
HYDRO-VAC EXCAVATION KIT					6,800		
HYDRO CLEANING NOZZLE - CHAIN FLAIL					7,800		
HRF PRE-DESIGN						38,953	
INTERIOR PAINTING				3,950			
LATERAL CAMERA REPLACEMENTS							20,677
LIFT STATION REHAB/PUMP REPLACEMENT	17,339	12,420	12,533	34,817	4,415		
LOWER CLOVER VALLEY TRUNK						45,329	12,149
LOWER LOOMIS "10" TRUNK CIPP LINER				378,941			
LOWER LOOMIS DIVERSION TRUNKLINE PROJECT				69,998	43,119	517,468	6,690,017
NEWCASTLE MASTER PLAN IMPROVEMENTS							222,695
PORTABLE FLOW RECORDER REPLACEMENT					40,000		
PORTABLE GENERATOR REPLACEMENT							106,256

CAPITAL PROJECT REVIEW	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
RECONDITION SUPER BACKHOE				15,000			
REMOTE SITE CONTROLS IMPROVEMENTS - SCADA				102,934			
REPLACEMENT 580 SUPER E BACKHOE				86,761			
REPLACEMENT OF MINI-CAMERAS	4,159			28,204			
REPLACEMENT OF VIBRA-PLATE COMPACTOR				2,074			
ROOT FOAMING - HYDRO TRUCK RETROFIT	4,306	4,853	49,694				
RPS HARDWARE/SOFTWARE UPGRADE	10,000	4,500	150,000	51,098			
SAFETY TRAINING AIDS				1,945			
SCADA (Lift Station Control Panel Impr.)	12,511	76,812	88,557	102,933			
SCANNER		7,488					
SEWER CLEANING HEADS	4,306	5,741	8,612	9,980	7,844		
SMART COVERS				9,982			
SMOKE TESING EQUIPMENT		4,558					
SYSTEM REHABILITATION	273,155	45,876	259,284	116,643	220,000		778,147
SYSTEM IMPROVEMENTS							64,575
VEHICLE - VACTOR TRUCK							908,821
UPPER ANTELOPE CREEK-EAST TRUNK		1,817,550	547,456				
VOIP TELEPHONE REPLACEMENT				8,300			
WATER SAMPLING EQUIP		3,570		6,000			
WHITNEY RANCH RECORDER				29,744			
I80/HWY 65 PIPELINE RELOCATION - DISTRICT SHARE							110,062
TOTALS	457,735	2,169,400	1,823,795	1,422,137	756,053	839,062	9,109,616

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, Herb Niederberger:

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5807 Springview Drive
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