



ANNUAL
REPORT
2020

***FORWARD
FOCUSED***



A CULTURE THAT LENDERS ITSELF TO SUCCESS

DIRECTOR'S MESSAGE

There are two major focuses that guide our work at Environmental Utilities (EU): Our community and resources.

Our goal is to provide residents with high-quality utility services at the best possible rates. We also ensure the long-term reliability of those services. It's our job to make sure we can continue to keep clean water flowing and maintain a manageable trash and recycling system three generations from now. To achieve this, we've planned for the future and built a culture of resilience that served us well in fiscal year 2020. The people who make up our utilities are flexible, proactive, and proud of their stewardship of Roseville's resources. These attributes will continue to carry us through challenges related to natural disasters, climate change, and even the unexpected.

As we neared the end of the 2020 fiscal year (July 1, 2019-June 30, 2020), the COVID-19 pandemic disrupted nearly every aspect of daily life. Businesses and public spaces closed. People's routines were thrown into upheaval, from parents balancing working and teaching from home to the essential workers who kept basic services afloat. It posed new challenges for us, too. What could we do to keep our staff safe? How could our Utility Exploration Center, a largely hands-on museum, continue to teach kids about the utilities? I am proud of how our team responded to these urgent questions.

Our transition to a work-from-home system for those many employees was smooth, thanks in large part to the city's IT department. Residents saw no interruption in their utilities, aside from the temporary closure of the waste disposal facility at the onset of the pandemic. Our Waste Services division made up for this by adding residential neighborhood cleanup containers and shifting more refuse drivers to neighborhood routes.

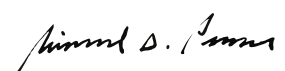
The Utility Exploration Center likely saw the most significant change, as the museum had to close its doors to the public and rethink the largely tactile experience. It didn't take that team long to beef up its online presence, adding more web resources for teachers and parents and tapping into their creativity for social media engagement. The new methods the UEC has developed during the pandemic will no doubt influence the museum's future.

EU staff didn't just respond to circumstances. We made progress on Capital Improvement Projects, including the Pleasant Grove Wastewater Treatment Plant Expansion, the Roseville Energy Recovery Project, and the West Side Tanks and Pump Station. These projects will make it possible for the utilities to keep pace with planned regional growth, while continuing to adhere to environmental regulations. We also continued work on diversifying our water sources, to ensure water reliability now and into the future.

We also kept our staff safe by changing work processes, providing them with personal protective equipment (PPE), and being more considerate of their schedules and circumstances. Our staff's willingness to cooperate and do their best in a tough situation allowed us to stay on track for our current and future residents.

FY2020 gave EU the chance to prove what we're made of. We're a future-focused organization committed to moving forward, no matter the obstacle.

Richard D. Plecker, P.E.
Environmental Utilities Director



COMPARE OUR RATES

UTILITY RATES

The Environmental Utilities Department operates municipal water, wastewater, recycled water, and waste services utilities for residential, commercial, and industrial customers in Roseville. City ownership of these municipal utilities allows customers the dual benefit of reliable services and utility rates that remain among the lowest in the region. This is a breakdown of average monthly residential costs per utility compared to the Sacramento region.



FISCAL YEAR 2020 STATISTICS

UTILITY CUSTOMER BREAKDOWN



Water

Residential Customers	42,392
Commercial Customers	3,360
Total	45,752



Wastewater

Residential Customers	44,237
Commercial Customers	2,143
Total	46,380



Waste Services

Residential Customers	45,217
Commercial Customers	1,524
Total	46,741

Sales, Service and Employees

	Water	Wastewater	Waste Services
Utility Sales	\$32,137,257	\$43,315,989	\$26,808,954
Service (Water Production, Wastewater Treatment and Refuse Collection)	27,584 acre-feet	6.3 million gallons	140,000 tons
Number of Employees (Includes EU Admin and EU Technical Services)	73	104	71

Utility Exploration Center



29,930

Total Attendance



13,219

Special Event
Attendance



5,359

School Tour
Attendance



10

Number of
Employees



2,459

Volunteer
Hours

THE PLANNERS BEHIND THE SCENES

TECHNICAL SERVICES

Those who think of Environmental Utilities (EU) might recall the time they toured the local wastewater treatment plant, or the friendly drivers who collect their trash each week. If they wanted to explore the nitty-gritty details of the utilities, they should talk to Dale Olson.

Olson is the assistant Environmental Utilities director and heads up Technical Services. This division supports the utilities through three groups: data management/GIS mapping, engineering, and business services. They're tasked with anything from mapping and sustaining infrastructure to assisting with major construction to setting rates that are fair to residents today and down the line.

"We do anything we can to help provide support to the three utilities," Olson said. "We get a lot of stuff done."

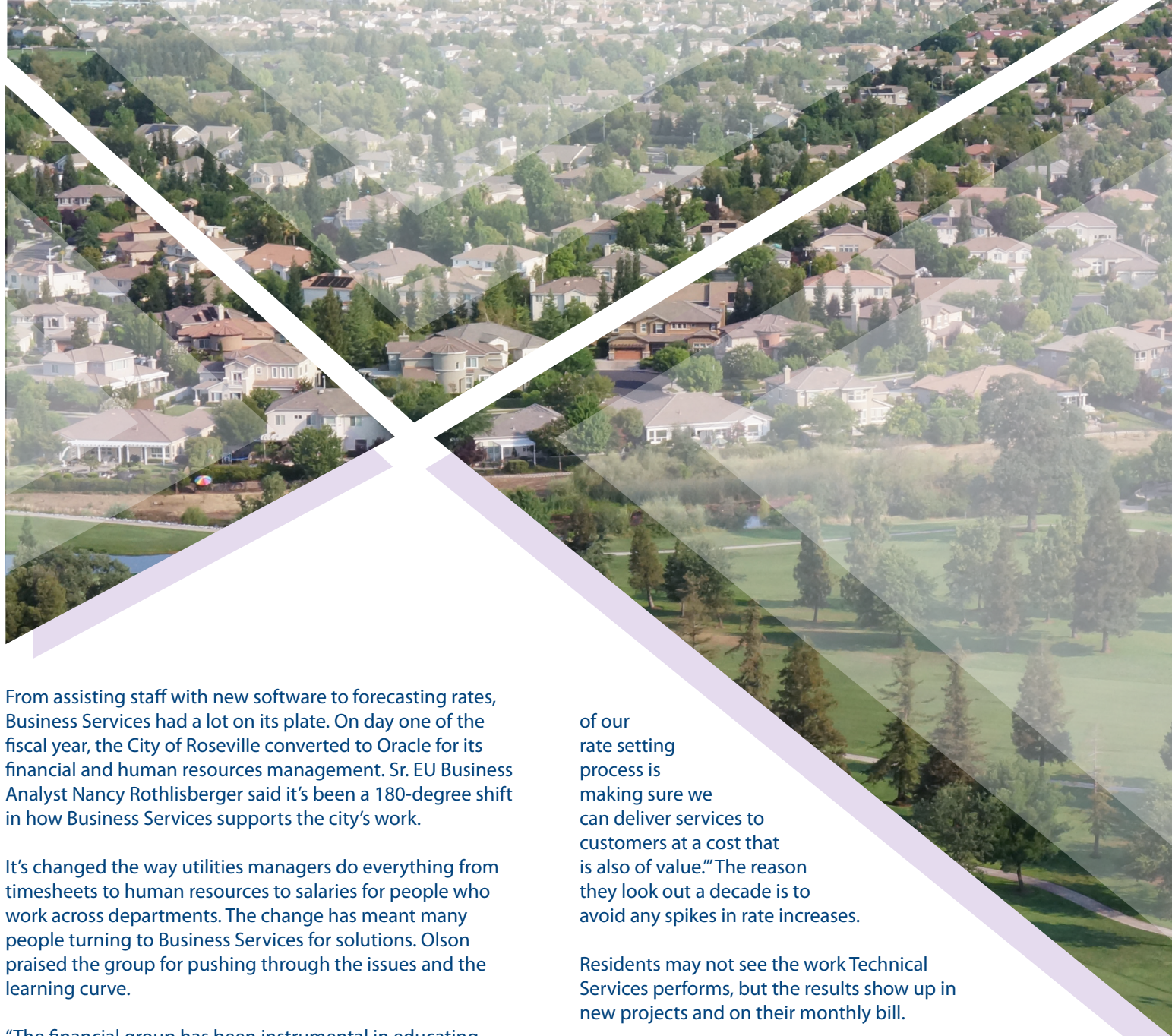
The GIS/data management group is responsible for mapping every piece of utility infrastructure and keeping that information current. During this fiscal year, the data management group prepared for the launch of a new system-wide tool, Maximo. The Maximo system keeps an electronic, easy-to-update record of the attributes of each piece of infrastructure. That means work crews can enter data into a tablet while they're out in the field, which minimizes mistakes, simplifies the process, and saves time. While both wastewater treatment plants have been using Maximo, it will be used by all the utilities in the next few years.

The Engineering Group aids in the planning and construction of capital improvement projects. Three of these major projects kicked off in FY20: one in water and two in wastewater. The Water Utility broke ground on the West Side Tanks and Pump Station, a project 15 years in the making. Located just south of the Pleasant Grove Wastewater Treatment Plant, the project will add two six-million gallon water storage reservoirs and a pump station to keep up with growing demand on the water's distribution system. After a delay due to economic conditions in the mid-2000s, it is now underway and should be completed in June 2022. The Wastewater Utility broke ground on the PGWWTP expansion and, concurrently, the Roseville Energy Recovery Project. These projects will allow the plant to keep up with the region's projected growth and convert waste otherwise destined for the landfill into energy. These projects are also expected to wrap up in mid-2022.

**"We get a lot of
stuff done."**

DALE OLSON
Assistant Environmental Utilities Director





From assisting staff with new software to forecasting rates, Business Services had a lot on its plate. On day one of the fiscal year, the City of Roseville converted to Oracle for its financial and human resources management. Sr. EU Business Analyst Nancy Rothlisberger said it's been a 180-degree shift in how Business Services supports the city's work.

It's changed the way utilities managers do everything from timesheets to human resources to salaries for people who work across departments. The change has meant many people turning to Business Services for solutions. Olson praised the group for pushing through the issues and the learning curve.

"The financial group has been instrumental in educating, training, and working through the challenges," he said.

Business Services also conducted its biennial rate study to establish rates that will go into effect in FY 2022. In this process, they take where they left off financially from the last rate study and plug in factors like revenues and labor cost projections, working with utility managers to gather that information and work on a reasonable budget. They plug the numbers into a model and look out 10 years, taking the long view when considering rate adjustments.

Environmental Utilities Business Administrator Janet Vargas said their considerations involve more than just numbers. They also have to weigh the feasibility of each increase.

"You have to really think about the political culture and the financial culture you're in," Vargas said. "An important aspect

of our rate setting process is making sure we can deliver services to customers at a cost that is also of value." The reason they look out a decade is to avoid any spikes in rate increases.

Residents may not see the work Technical Services performs, but the results show up in new projects and on their monthly bill.

"An important aspect of our rate setting process is making sure we can deliver services to customers at a cost that is also of value."

JANET VARGAS
Environmental Utilities Business Administrator

READY FOR WHAT'S AHEAD

WASTEWATER UTILITY

The Wastewater Utility is tasked with maintaining the city's 505 miles of sewer lines and ensuring water is safe to release back into the environment, or for watering public spaces. Millions of gallons of wastewater each day is treated at two facilities — Dry Creek Wastewater Treatment Plant and Pleasant Grove Wastewater Treatment Plant. This is a 365-day-a-year job, and as the region grows, so will the workload. That's why the EU's Wastewater Utility is preparing for that growth with exciting infrastructure projects and new avenues of funding.

In February 2020, Wastewater broke ground on a project years in the making: the Pleasant Grove Wastewater Treatment Plant expansion project. This plant (PGWWTP) serves residents within the City of Roseville, the City of Rocklin, and unincorporated portions of Placer County. As this area sees an influx of new homes and businesses, the plant expansion will allow the Wastewater Utility to keep up with planned growth.

Once completed, PGWWTP will be equipped to take in and treat 12 million gallons of wastewater daily, compared to its

current capacity of 9.5 million gallons. This will bring the total capacity of the two wastewater treatment plants to 30 million gallons each day, accommodating projected growth through 2035. Keeping pace with growth is not the only benefit.

The utilities will benefit from new sources of energy to power our work, while also reducing greenhouse gas emissions. The Roseville Energy Recovery Project includes an anaerobic digestion process, which produces three outputs from what would otherwise be waste: crop fertilizer, electricity, and Compressed Natural Gas (CNG). We will use electricity to power the plant (which is a huge expenditure to keep the plant running) and the CNG will fuel trash and recycling collection trucks. The entire Waste Services fleet will run on compressed natural gas by 2025.

"It really helps us to recover beneficial uses from what is otherwise a waste," said Assistant Environmental Utilities Director Ken Glotzbach. "It's something that I've been looking forward to for a long time because it's the right thing to do."

**"Our ratepayers
trust us to take
care of all these
Wastewater
issues now and
into the future."**

DAN PRUDEN
Wastewater Collection Supervisor





The anaerobic digestion process reduces the amount of materials that enter the landfill, thus reducing greenhouse gas emissions overall from the landfill. The project will be under construction for about three years. It's a joint-venture funded by the City of Roseville, Placer County and the South Placer Municipal Utilities District. These partners comprise the South Placer Wastewater Authority.

In another instance of looking toward the future, the Wastewater and Water utilities teamed up on an application for a low-interest federal loan. The Water Infrastructure Finance and Innovation Act (WIFIA) made funding available through the Environmental Protection Agency for public agencies to upgrade their infrastructure. Marisa Tricas, utility government relations administrator for the City of Roseville, took the lead on putting the detailed application together. She explained that to qualify, public agencies in large communities like the greater Roseville area must propose a minimum \$20 million project.

"This is not a simple application," said Tricas. "It took about a year and a half to complete."

The application detailed the Roseville Water Future Initiative, a holistic strategy to meet the community's water needs through 2050. It includes diversifying water sources, expanding the groundwater program over the next decade, and launching a pilot study to explore advanced treatment technologies for recycling water. In total, the projects proposed in the Roseville Water Future Initiative cost \$37 million. The application also included a detailed financial plan that takes into account the loan, which has an interest rate of about 1.06 percent.

Glotsbach said these are upgrades the Water and Wastewater utilities would likely pursue anyways, but the jumpstart of capital allows them to be more proactive. They plan to replace filters at the Pleasant Grove Treatment Plant, for example.

"Instead of saving our nickels and dimes as they come in, we can get the capital to get started earlier, which in general helps you make good decisions," he said. "This really low interest loan is going to help get us there quicker."

Dan Pruden, wastewater collection superintendent, added that residents have a high level of trust in their local utilities departments to make these decisions. During two focus groups conducted this year, both sets of respondents said they trusted city employees and Roseville Environmental Utilities to be technically and economically efficient.

"Not only does our council trust us, our city manager trusts us, but more importantly our ratepayers trust us to take care of all these Wastewater issues now and into the future," said Pruden.

The Wastewater team's commitment to maintaining that trust and being good stewards became even more important in uncertain times. In March, when work as we knew it changed for most people, we pressed on. The first order of business

was to ensure the safety of the staff. That meant sending as many people to work from home as possible.

"In the beginning it was about protecting employees and trying to keep everybody safe," said Bryan Buchanan, principal engineer. "For the operations and technical lab, there was also the continuity of service."

In their case, work couldn't be done from home. Wastewater treatment plant operators are state-certified staff who need to be on site. Each treatment plant can be operated remotely from

the other, and most staff are trained to do so. That became a contingency plan if coronavirus spread at either plant, but staff were supplied with PPE and practiced social distancing to avoid that situation.

Laboratory staff must also be on site to collect and analyze samples throughout the treatment process to ensure they meet California Health Department standards. Those labs process more than 60,000 samples annually.

"This group is a little unique in dealing with something like this, in that the material we're working with every day in wastewater is biologically hazardous," Glotsbach said. "We're used to dealing with things that can make you sick."

Environmental Utilities Compliance Administrator Rajalakshmi Subramanian leads the work at both labs. She said there was no easing up of environmental standards or



reporting requirements during the pandemic. In addition to meeting environmental requirements while keeping staff safe, there were also personnel considerations to take into account.

“There is the other aspect of people with young children and having to stay home more,” she said. “That’s a personal stressor that we haven’t dealt with before.”

Through this unprecedented time, the Wastewater Utility team was able to sustain services, address staff needs, and continue to look toward the future.

WASTEWATER FY 2020 HIGHLIGHTS



Hosted two Wastewater facility tours and one Wastewater Treatment Plant Open House.



Took the wastewater treatment plant tour online when in-person visits weren't possible. Now, residents can learn all about the treatment process from their home, in 21 clicks!



The Construction Management Association of America (CMAA) recognized the Wastewater utility with one national and one regional award. The awards were for upgrades at the Dry Creek Wastewater Treatment Plant, which resulted in nitrate reduction and energy generation.

WORKING WITH RELIABILITY IN MIND

WATER UTILITY

Within Roseville Environmental Utilities (EU), the Water Utility is responsible for maintaining a safe, reliable water supply to nearly 130,000 residents as well as the region's businesses. Most of this water comes from Folsom Reservoir and once it's conveyed to the Barton Road water treatment facility, we largely let gravity do its job to deliver it to customers. However, as the 2015 drought reminded us, we can't leave the future of water availability up to nature or chance. That's why we're working on comprehensive strategies -- groundwater banking and investment in infrastructure -- to ensure we can meet the water needs of our region, now and into the future. Concurrently, the Water Utility has implemented a set of core competencies and values: teamwork, leadership, respect, competence, and integrity.

"We're really trying to have the entire team live and breathe those core values," said Assistant Environmental Utilities Director of Water Sean Bigley. "It's important in terms of focusing our division on the stewardship that we're responsible for."

These values guide the water utility staff's day-to-day work as well as their long-term planning.

The Roseville Water Future Initiative is a proactive effort to diversify water supplies and make sure we maintain a high level of water reliability through 2050. This holistic approach takes many factors into consideration, including increased demand due to the region's growth, weather changes like less snowpack, and state regulations that may come down the pike. While the utility has worked for two decades to diversify the region's water sources, that work is ongoing. As Water Distribution Superintendent Michael Simi pointed out, the Water Utility's work has been effective because they make evidence-based choices.

"We've really been focused on making data-driven decisions," Simi said. "We've had extreme success because we're using data to help drive our activities."

Within Roseville's Water Future Initiative, we're exploring additional surface water supplies and expanding our groundwater program to include more Aquifer Storage and



Recovery (ASR) wells. The system currently has six ASR wells, where we can treat surface water, inject it below ground in the aquifer, and save it for future use. By creating a bank of this water, we're making sure the City of Roseville maintains its water reliability in dryer times. As we plan to add six more ASR wells in our service area in the coming years, we've identified potential locations for the new wells. The Water Utility was able to bring a hydrogeologist on staff who was tasked with developing the ASR recovery program.

"That has greatly increased our capacity and ability to move these projects forward," said Bigley. "It's given us a vast amount of technological knowledge."

**"We've had
extreme success
because we're
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activities."**

MIKE SIMI
Water Distribution Superintendent



“We’re ensuring that the infrastructure is up to par and will last another 100 years.”

SEAN BIGLEY
Assistant Environmental Utilities Director

The Roseville Water Future Initiative is being considered for a low-interest federal loan through the Environmental Protection Agency along with wastewater utility projects. The utilities submitted the loan application during FY20.

The Water Utility also broke ground on infrastructure to accommodate growth in western Roseville. The West Side Tank and Pump Station project features the construction of two six-million gallon water storage reservoirs, as well as a pump station that will allow for increased pumping capacity. The \$23.5 million project is funded through developer fees. Construction is expected to wrap up in June 2022.

The Water Utility is also getting ready to update the infrastructure in the city’s older neighborhoods. Bigley said that during FY20, they worked on planning and design to prepare for the upgrades, starting with Hillcrest in early 2021.

“We have infrastructure that, in some cases, is 75 to 100 years old,” Bigley said. “We’re ensuring that the infrastructure is up to par and will last another 100 years and beyond.”

STEPPING UP IN UNCERTAIN TIMES

WASTE SERVICES & STORMWATER

The staff who work in the Waste Services and Stormwater Utility are accustomed to managing hazardous materials that people toss. Each year, they collect more than 100,000 tons of trash, recycling, and green waste from residents and businesses throughout Roseville. As this year saw unexpected challenges, that work didn't slow down.

When the coronavirus pandemic hit in March 2020, everyone had to adjust, including those in Waste Services. To keep staff safe, we sanitized Waste Services trucks after each shift and worked to get PPE like N-95 masks to everyone. We found, however, that sanitizing trucks left too much moisture in the cab, and those masks were in short supply. We stopped conducting in-person meetings, and found it was possible to keep up with the workload and keep staff safe.

"Just by having everybody isolated, even if we had a case, we could trace it back and keep everybody safe," said Refuse and Stormwater Utility Manager Devin Whittington. "It's worked this far into the pandemic."

Whittington explained that the amount of waste generated in this time remained about the same, but its source changed. With the statewide shelter-in-



place order, people spent much more time at home, so less waste came from businesses. Whittington said more waste is usually generated in commercial areas, so drivers' routes were adjusted to reflect that change.

To meet residents' needs, we deployed 20 additional cleanup containers per week for residential use. That allowed residents to get rid of excess trash or large items like furniture that they'd normally be able to take to the local disposal facility, which was temporarily closed to reduce the spread of COVID. In total, more than 700 bins were deployed while the disposal facility was unavailable to residents.

"We got a lot of compliments from that," said Whittington. "We were booked out for two months."

In addition to meeting the moment, the division moved forward on its long-term projects that reduce the community's environmental impact. We launched the Household Hazardous Waste Pilot in 1,487 homes in the city, which offers people a convenient way to safely dispose of these items. Whittington describes it as a "reverse-Amazon delivery," where residents schedule a pickup time, leave the items on their porch, and a refuse driver removes it to be safely recycled. This program curbs illegal dumping and keeps those hazardous items out of the landfill. Residents who were part of the pilot responded positively, and Whittington said they plan to expand the program to a full-scale, citywide service over the next three years.

"We want to have a schedule," he said. "For example, if you want to get rid of some light bulbs and some batteries, we want you to be able to do that in the next few days rather than the next few weeks," he said.

Another major effort kicked off this year, with the completion of the first phase of renewable natural gas upgrades for collections vehicles. As we work to shift our entire fleet to run on CNG, we've begun making upgrades to our vehicle maintenance shop to bring it up to code for those vehicles. The second phase should be completed by July 2021 and by 2025, the entire fleet of collections vehicles will be powered by renewable natural gas thanks to the Energy Recovery Project underway at the Pleasant Grove Wastewater Treatment Plant.

While continuing this work, the Waste Services division also added a supervisor, Lorenzo Montez, who started with the division as a refuse driver in 2006.

Montez said the good work environment and benefits are what attracted him to a career in the utilities. His eagerness to learn has helped him thrive there. As he developed a deeper knowledge of the different routes and procedures, Montez was promoted to front load lead worker, managing the weekend routes.

"I became pretty self-sufficient in my role," he said. "I started to become curious on how to resolve supervisor-level issues."

"As a whole - EU overall and Waste Services - we adapted to change very rapidly and were successful."

DEVIN WHITTINGTON

Refuse and Stormwater Utility Manager



He continued to learn through experience, asking questions and even making mistakes. As he's continued to grow into his latest role of maintenance supervisor during the pandemic, he's seen how flexibility is key to maintaining service and taking care of staff needs.

"There's people with kids, people that have a world outside of work," he said. "We all just need to take that into consideration."

Sometimes, that means adjusting drivers' schedules, or offering a helping hand when someone needs time off. That flexibility has made Montez a strong leader, and he is a big part of how the utilities have been able to sustain service through the pandemic.

"As a whole — EU overall and Waste Services — we adapted to change very rapidly and were successful," said Whittington. "We were able to adapt our business model to provide service without very many interruptions."

TOSSING OUT THE OLD MODEL

UTILITY EXPLORATION CENTER

The Utility Exploration Center (UEC) was on track to have a standout year teaching community members about the utilities they use each day. A record number of people took part in family events like Big Trucks Summer, as well as Bird and Bug Bonanza. UEC staff helped instill important messages like “no wipes in the pipes” when they supported wastewater treatment plant tours. Our enthusiastic volunteers showed up each month to help carry out our mission, and the UEC earned national awards for Home for the Holidays and Wastewater Education programs.

When the UEC saw a decline in participation in our school programs, we sprang into action. Plans were in the works to align those programs more closely with Next Generation Science Standards. As we learned new inquiry-based methods of teaching, we surveyed kids to gauge their response.

“There was a whole lot of learning going on leading up to the shutdown,” said Rachel Tooker, interpretive services supervisor with the Roseville Utility Exploration Center. The highly tactile museum is co-run with Roseville’s Electric Utility. Its mission is to inspire stewardship of resources by sharing the interconnectedness between utilities, customers, community and the planet. This work was jolted in mid-March, when the COVID-19 pandemic interrupted most aspects of people’s lives. With a stay-at-home order in place, the museum closed its doors.

“As hard as it was, this was also opening up space,” Tooker said. The new conditions required a reimagining of the UEC’s vision.

The team was up to the challenge as they began working from home. They quickly became content producers, thinking up creative ways to bring utilities messages directly to residents as we all stayed home.

At the center of this reinvention of the UEC was a shift to online engagement. We created activities families could enjoy at home, including upcycled craft projects, and shared them online.





“We suddenly had to reinvent ourselves.”

RACHEL TOOKER
Interpretive Services Supervisor

“Everything that we were doing up until March was high-touch, high-crowd, very hands-on and interactive,” said Tooker. “We suddenly had to reinvent ourselves.”

At the center of this reinvention of the UEC was a shift to online engagement. We created activities families could enjoy at home, including upcycled craft projects, and shared them online.

Many teachers benefited from the Educational Resources page, which we updated with 20 new utility-related activities organized by grade level.

We added resources for our adult audience, too. The UEC hosted its first virtual workshop, a Drip Irrigation Webinar, in July, which nearly 450 people pre-registered for. The team also filmed five gardening videos with Master Gardeners. These were among the items on the UEC’s long-term “to-do list,” which, given the conditions and the scaling back of our events, we were finally able to prioritize.

We were also able to use social media not just more, but in different ways. As we posted more diverse content, we saw our engagement grow. In the last quarter of FY20, our Facebook posts had 326,051 unique impressions and our Instagram followers grew by 10.6%.

Marketing and Communication Analyst, Desiree Pickert, who led the charge on online engagement, said she was impressed with the ways the UEC team tapped into their creativity. A shining example was the no wipes PSA video, created by UEC interpreter Heidi Hollister. She used humor

and her video skills to create a commercial that introduced viewers to the trash bin — the proper place for used non-paper wipes. That video got 34,000 views and some fun comments on social media.

“The UEC team just really rose to the challenge,” said Pickert. “(Our) social media was less promotional, more providing the actual information. ... I think it actually has turned out to be an advantage.”

As museums worldwide were shuttered, an opportunity to partner despite distance arose. Museum Buddy was created during the pandemic to pair up museums each week so they can share resources and “find connections in their collections.” The UEC partnered with Horniman Museum and Gardens in London the week of June 8, which coincided with World Oceans Day.

“They had a huge exhibit on pulling plastic out of the ocean, so it was a great connection to talk about each others’ messages,” Pickert said.

Through hands-on learning experiences, both museums teach people about the importance of reducing waste and protecting water resources. It was another great experience where the UEC was able to think outside the box as everyone adapted to a new normal.

Through it all, the UEC continued to learn about how we could best serve the community. In late May, the UEC organized online discussion groups to hear about public perception of the museum. The small groups were demographically representative of Roseville residents, and descriptors they used included “educational,” “fun” and “interactive.”

They also provided suggestions on what they'd like to see us offer, including how-to videos, activities for seniors and programs for teens.

While the pandemic has taken its toll, the resulting conditions have opened us up to exciting new ways to approach our work into the future.

"These were not just stop-gap measures," said Tooker. "This was the new Utility Exploration Center."

Staff look forward to seeing volunteers and visitors in person again, at workshops or exploring UEC exhibits. Until then, we'll keep bringing fun opportunities to learners of all ages to engage from home.

**"The UEC team
just really rose to
the challenge."**

DESIREE PICKERT
*Marketing and Communications
Analyst II*

UTILITY EXPLORATION CENTER FY 2020 HIGHLIGHTS



In February 2020, the UEC saw more monthly visitors than any other time in its history. That means more residents were equipped with utilities knowledge!



More families rolled up for our popular Big Trucks Summer event in August 2019. The event saw a 45% increase in attendance from last year and has grown by 75% in attendance over the last three years. We'll toot our own horn for that!



From July through September, 78 volunteers worked more than 1,100 hours. That equals \$25,438 in savings! We celebrated volunteer Sharon Schlesinger for a decade of dedication to the UEC, where she has led tours, taught classes and more.



In November 2019, we helped introduce 24 high school students to the different kinds of engineering careers they could have with the city. Careers in Public Service Day gave students an up-close look at the city's traffic operation center, wastewater treatment plant and much more. It left a lasting impression on several students as they considered their future careers.



Basic Financial Statements
June 30, 2020

Environmental Utilities Enterprise Funds City of Roseville, California

Environmental Utilities Enterprise Funds
City of Roseville, California
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June 30, 2020

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Independent Auditor's Report

Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

Report on Financial Statements

We have audited the accompanying financial statements of Environmental Utilities Enterprise Funds (Funds) of the City of Roseville, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Fund Financial Statements

As discussed in note 1, the financial statements present only the Environmental Utilities Enterprise Funds of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2020, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Environmental Utilities enterprise fund's proportionate share of the City's miscellaneous plan net pension liability, schedule of pension contributions, the schedule of the Environmental Utilities enterprise fund's proportionate share of the City's net OPEB liability, and the schedule of OPEB contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds' basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the Funds' 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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 Funds' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sacramento, California
February 26, 2021

Environmental Utilities Enterprise Funds

City of Roseville, California

Statement of Net Position

June 30, 2020

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Assets				
Current Assets				
Cash and investments in City Treasury	\$ 123,752,074	\$ 63,487,978	\$ 34,197,769	\$ 221,437,821
Restricted cash and investments with fiscal agents	9,058,848	-	-	9,058,848
Receivables				
Accounts, net of allowance for doubtful accounts	4,369,863	6,510,426	2,831,289	13,711,578
Accrued interest	391,495	223,885	106,654	722,034
Notes	56,900	-	-	56,900
Inventories	3,118,722	106,747	146,847	3,372,316
Total current assets	140,747,902	70,329,036	37,282,559	248,359,497
Noncurrent Assets				
Developer permit fees receivable	2,917,152	2,655,246	130,380	5,702,778
Investments in SPWA reserves	-	94,570,144	-	94,570,144
Capital assets:				
Land and construction in progress	8,223,078	28,959,937	362,876	37,545,891
Capital assets being depreciated, net	509,624,774	599,683,568	2,933,024	1,112,241,366
Total noncurrent assets	520,765,004	725,868,895	3,426,280	1,250,060,179
Total assets	661,512,906	796,197,931	40,708,839	1,498,419,676
Deferred Outflows of Resources				
Deferred charge on refunding	1,704,101	143,969	-	1,848,070
Deferred outflows related to OPEB	2,556,000	1,981,000	353,000	4,890,000
Deferred outflows related to pensions	4,205,577	6,604,331	4,647,993	15,457,901
Total deferred outflows of resources	8,465,678	8,729,300	5,000,993	22,195,971

Environmental Utilities Enterprise Funds
City of Roseville, California
Statement of Net Position
June 30, 2020

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,598,110	\$ 2,160,951	\$ 1,451,185	\$ 5,210,246
Accrued liabilities	361,388	372,258	216,300	949,946
Current portion of compensated absences	640,367	994,703	469,615	2,104,685
Current portion of long-term debt	2,695,000	3,412,525	-	6,107,525
Deposits	26,668	64,138	50,955	141,761
Total current liabilities	5,321,533	7,004,575	2,188,055	14,514,163
Noncurrent liabilities				
Long-term debt, non-current portion	32,259,644	98,486,581	-	130,746,225
Landfill closure and post closure liability	-	-	1,084,633	1,084,633
Compensated absences	798,500	1,162,587	599,633	2,560,720
Net OPEB liability	7,549,000	7,948,000	6,579,000	22,076,000
Net pension liability	17,367,370	26,055,583	15,587,114	59,010,067
Total noncurrent liabilities	57,974,514	133,652,751	23,850,380	215,477,645
Total liabilities	63,296,047	140,657,326	26,038,435	229,991,808
Deferred Inflows of Resources				
Deferred inflows related to OPEB	2,470,000	2,599,000	4,372,000	9,441,000
Deferred inflows related to pensions	4,974,613	824,656	512,150	6,311,419
Total deferred inflows of resources	7,444,613	3,423,656	4,884,150	15,752,419
Net Position				
Net investment in capital assets	493,656,157	526,888,368	3,295,900	1,023,840,425
Restricted for debt service	4,134,075	4,720,274	-	8,854,349
Restricted for capital projects	9,058,848	-	-	9,058,848
Unrestricted	92,388,844	129,237,607	11,491,347	233,117,798
Total net position	\$ 599,237,924	\$ 660,846,249	\$ 14,787,247	\$ 1,274,871,420

Environmental Utilities Enterprise Funds
City of Roseville, California
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Operating Revenues				
Charges for services	\$ 34,643,228	\$ 41,874,295	\$ 26,808,954	\$ 103,326,477
Other	154,760	191,186	50,682	396,628
Total operating revenues	34,797,988	42,065,481	26,859,636	103,723,105
Operating Expenses				
Operations	20,623,204	24,223,146	23,996,745	68,843,095
Administration	3,488,973	2,752,411	2,116,126	8,357,510
Depreciation and amortization	11,558,488	10,025,206	375,727	21,959,421
Total operating expenses	35,670,665	37,000,763	26,488,598	99,160,026
Operating income (loss)	(872,677)	5,064,718	371,038	4,563,079
Nonoperating Revenues (Expenses)				
Interest and rents revenue	4,253,802	1,953,828	1,029,744	7,237,374
Interest and fiscal charges (expense)	(1,792,377)	(1,795,125)	-	(3,587,502)
Gain (loss) from sale of property	(14,932)	(29,710)	(952)	(45,594)
Subventions and grants	22,549	340,643	38,097	401,289
Increase (decrease) in SPWA reserves	-	(6,982,322)	-	(6,982,322)
Net nonoperating revenues (expenses)	2,469,042	(6,512,686)	1,066,889	(2,976,755)
Income (Loss) Before Contributions and Transfers	1,596,365	(1,447,968)	1,437,927	1,586,324
Capital Contributions - Connection/Impact Fees	10,490,685	12,670,235	646,565	23,807,485
Capital Contributions from Developers and Governmental Activities	24,188,730	27,520,129	20,978	51,729,837
Transfers in	1,173,748	46,011	-	1,219,759
Transfers (Out)	(1,424,306)	(1,982,303)	(893,202)	(4,299,811)
Total contributions and transfers	34,428,857	38,254,072	(225,659)	72,457,270
Change in Net Position	36,025,222	36,806,104	1,212,268	74,043,594
Total Net Position-Beginning	563,212,702	624,040,145	13,574,979	1,200,827,826
Total Net Position-Ending	\$ 599,237,924	\$ 660,846,249	\$ 14,787,247	\$ 1,274,871,420

Environmental Utilities Enterprise Funds
City of Roseville, California
Statement of Cash Flows
Year Ended June 30, 2020

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Operating Activities				
Receipts from customers	\$ 32,333,234	\$ 41,184,750	\$ 26,715,143	\$ 100,233,127
Payments to suppliers	(10,109,448)	(16,443,032)	(14,937,945)	(41,490,425)
Payments to employees	(11,279,658)	(14,488,503)	(8,423,293)	(34,191,454)
Other receipts	154,760	191,186	50,682	396,628
Net Cash Provided by Operating Activities	11,098,888	10,444,401	3,404,587	24,947,876
Noncapital Financing Activities				
Subventions and grants	22,549	340,643	38,097	401,289
(Increase) decrease in due from other funds	-	(2,655,246)	-	(2,655,246)
Transfers in	1,173,748	46,011	-	1,219,759
Transfers (out)	(1,424,306)	(1,982,303)	(893,202)	(4,299,811)
Net Cash Provided by (used for) Noncapital Financing Activities	(228,009)	(4,250,895)	(855,105)	(5,334,009)
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(1,388,243)	(7,112,870)	-	(8,501,113)
Loss on sale of capital assets	64,934	-	307,897	372,831
Acquisition of restricted assets	534,647	-	-	534,647
Payments on notes receivables	8,754	-	-	8,754
Principal paid on capital debt	(2,560,000)	(1,618,503)	-	(4,178,503)
Interest paid on capital debt	(2,083,930)	(1,363,216)	-	(3,447,146)
Connection fees	10,490,685	12,670,235	646,565	23,807,485
Net Cash Provided by (used for) Capital and Related Financing Activities	5,066,847	2,575,646	954,462	8,596,955
Investing Activities				
Interest income	4,414,569	2,052,710	1,076,283	7,543,562
Transfer of connection fees to SPWA	-	(9,523,834)	-	(9,523,834)
Cash Flows from Investing Activities	4,414,569	(7,471,124)	1,076,283	(1,980,272)
Net Increase in Cash and Cash Equivalents	20,352,295	1,298,028	4,580,227	26,230,550
Cash and Cash Equivalents at Beginning of Period	103,399,779	62,189,950	29,617,542	195,207,271
Cash and Equivalents at End of Period	\$ 123,752,074	\$ 63,487,978	\$ 34,197,769	\$ 221,437,821

Environmental Utilities Enterprise Funds
City of Roseville, California
Statement of Cash Flows
Year Ended June 30, 2020

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (used for) Operating Activities				
Operating Income	\$ (872,677)	\$ 5,064,718	\$ 371,038	\$ 4,563,079
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (used for)				
Operating Activities:				
Depreciation and amortization	11,558,488	10,025,206	375,727	21,959,421
OPEB expense	(667,000)	(1,725,000)	4,141,000	1,749,000
Pension expense	2,608,007	(118,816)	987,353	3,476,544
Changes in Assets and Liabilities:				
Receivables, net	(1,624,341)	(729,362)	(117,296)	(2,470,999)
Inventories	44,663	(1,209)	31,077	74,531
Accounts and other payables	679,069	(2,071,136)	(2,356,842)	(3,748,909)
Unearned revenues	(627,321)	-	(27,470)	(654,791)
Net Cash Provided by Operating Activities	<u>\$ 11,098,888</u>	<u>\$ 10,444,401</u>	<u>\$ 3,404,587</u>	<u>\$ 24,947,876</u>
Noncash Transactions				
Changes in fair value of derivative		<u>\$ 872,530</u>		
Contribution of capital assets	<u>\$ 23,497,527</u>	<u>\$ 1,827,454</u>		<u>\$ 25,324,981</u>
Amortization of bond premium	<u>\$ 461,963</u>	<u>\$ 728,540</u>		<u>\$ 1,190,503</u>
Amortization of deferred amount on refunding	<u>\$ (170,411)</u>			<u>\$ (170,411)</u>

Note 1 - Summary of Significant Accounting Policies

A. General

The City of Roseville – Environmental Utilities Enterprise Funds (Funds) are enterprise funds of the City of Roseville (City) that own and operate the water, wastewater, and waste services and provide these services to the businesses and residents of the City. The Funds are under the policy control of the City Council. The accompanying financial statements only reflect the activity of the Funds. The Funds are an integral part of the City and the Funds' financial statements are included in the basic financial statements of the City.

The financial statements are intended to reflect the financial position and changes in financial position and cash flows of the Funds only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City and changes in financial position, or, its cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

B. Basis of Presentation

The financial statements of the Funds are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The Funds include the following funds:

Water Funds – These funds account for all financial transactions relating to the City's Water service. Services are on a user charge basis to residents and business owners located in Roseville. The Water Funds include the Water Operations, Water Construction, Water Rehabilitation, Water Meter Retrofit, Water Rate Stabilization, Water Technical Services, and Utility Exploration Center Funds.

Wastewater Funds – These funds account for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Roseville. The Wastewater Funds include the Wastewater Operations, Wastewater Construction, Wastewater Rehabilitation and Wastewater Rate Stabilization Funds.

Waste Services Funds – These funds account for all financial transactions relating to the City's waste services. Services are on a user charge basis to residents and business owners located in Roseville. The Waste Services Funds include the Waste Services Operations, Waste Services Capital Purchases, Waste Services Rehabilitation and Waste Services Rate Stabilization Funds.

C. Basis of Accounting

The Funds are accounted for as enterprise funds (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of the private sector in which the purpose is to conserve and add to economic resources. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

D. Cash and Investments

Cash and investments with original maturities of three months or less are treated as cash and equivalents for purpose of preparing the statements of cash flows. Also, each Fund's portion of the City's overall cash and investment pool is treated as cash and equivalents since these amounts are in substance demand deposits. Further information related to the City's cash and investment pool can be found in the City's Comprehensive Annual Financial Report.

E. Inventories

Inventories are valued at cost, using the weighted-average method and consist primarily of merchandise held for internal consumption.

F. Deposits from Customers

Deposits from Customers may be required by the Funds from commercial and residential customers when they establish their account as specified in section 14.04.030 of the City's Municipal Code.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Funds have three items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are described in note 6. The deferred outflows related to OPEB are described in note 7.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Funds have two items that qualify for reporting in this category. The deferred inflows related to pensions are described in note 6. The deferred inflows related to OPEB are described in note 7.

H. Revenue Recognition and Classification of Revenues

Revenues are recognized when earned based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There are twenty-two billing cycles per month which include all types of customers, based on their location within the City. Revenues for services provided but not billed at the end of a fiscal year are accrued.

Contributions of cash or assets to proprietary funds from state and federal agencies, developers and others are recorded as revenue when earned.

Operating revenues consist mainly of charges for services. Operating revenues are used to finance the cost of operations, including the cost of delivering and providing services, maintenance and recurring capital replacement. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Compensated Absences

Compensated Absences including accumulated unpaid vacation, sick pay and other employee benefits are accounted for as expenses in the year earned.

Changes in compensated absences payable in the Funds consist of the following:

Beginning Balance	\$ 4,365,518
Additions	1,876,684
Payments	<u>(1,576,797)</u>
Ending Balance	<u>\$ 4,665,405</u>
Current Portion	<u>\$ 2,104,685</u>

J. Use of Estimates

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

K. Fair Value Measurement

The funds categorize the fair value measurements of their 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.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) 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.

M. 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 City of Roseville Retiree Healthcare 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 the Plan. 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.

N. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed. The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is calculated using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

	<u>Useful Lives</u>	<u>Capitalization Thresholds</u>
Buildings	40 years	\$20,000
Improvements	20-75 years	no threshold
Machinery and equipment	6-20 years	5,000
Plants and substations:		
Sewer	50 years	5,000
Water	50 years	5,000
Distribution systems:		
Sewer	75 years	no threshold
Water	75 years	no threshold

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

O. Net Position

Net Position is the excess of a fund's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three categories described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. Restricted for debt service represents the portion of net position held in reserve in the event other resources of the Authority are not adequate to make required debt service payments.

Unrestricted describes the portion of Net Position which is not restricted as to use.

P. New Accounting Pronouncements

Effective in Fiscal Year

Governmental Accounting Standards Board (GASB) Statement No. 95 – In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the Fund's financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the Fund's financial statements.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 90 – In September 2018, the GASB issues Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method for reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for reporting periods beginning after December 15, 2021. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 94– In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 96– In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect on the Fund’s financial statements.

GASB Statement No. 97— In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect on the Fund’s financial statements.

Note 2 - Cash and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. Individual investments are generally made by the City’s fiscal agents as required under its debt issues. In order to maximize security, the City employs the trust department of a bank as the custodian of all City managed investments, regardless of their form.

The City’s investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and investments in City Treasury	\$ 221,437,821
Restricted cash and investments with fiscal agent	<u>9,058,848</u>
Total cash and investments	<u><u>\$ 230,496,669</u></u>

A. Classification

Cash and investments of the Funds are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agreements.

Cash and investments as of June 30, 2020, consist of the following:

Cash on hand	\$ 600
City pooled cash and investments	221,437,221
Investments	<u>9,058,848</u>
Total cash and investments	<u><u>\$ 230,496,669</u></u>

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality at Time of Purchase	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations (A)	5 Years	None	None	None
U.S. Agency Securities(A)	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	AA	20%	None
Forward Delivery Agreements	N/A	A	None	None
Local Agency Bonds	5 Years	None	None	None
Repurchase Agreements	1 Year	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10% (B)
Medium-Term Notes	5 Years	A	30%	None
Collateralized Time Deposits	5 Years	None	30%	None
Negotiable Certificates of Deposit	5 Years	A	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$75 million/account
Insured Saving Accounts	N/A	None	None	None
Money Market Mutual Funds	N/A	None	20%	10%
Shares in a California Common Law Trust	N/A	None	None	None
Interest Rate Swaps (C)	N/A	None	None	None
Supranationals	5 Years	AA	30%	None

- (A) In specified fund accounts where liquidity is not the primary investment objective, the maximum maturity can be up to ten years with granted express authority by the City Council. Such investments cannot be made less than three months following the approval of extended investment terms. All longer-term investments must be Federal Treasury or Agency securities.
- (B) Eligible Commercial Paper may not represent more than 10% of the outstanding paper of an issuing corporation.
- (C) Interest rate swaps may only be used in conjunction with enterprise fund debt or investments, not the General Fund.

C. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quantity
U.S. Treasury Obligations (A)	N/A	None
U.S. Agency Securities (A)	N/A	None
Money Market Funds	N/A	AAAm-G
Certificates of Deposit	360 days	None to A-1
Savings Accounts; Deposit Accounts (fully insured)	N/A	None
Investment Agreements	N/A	A+ to AA
State or Municipality Bonds/Notes	N/A	One of two highest rating categories
Federal Funds or Bankers' Acceptances	270 days	None to A-1
Commercial Paper (B)	270 days	A-1 to AA
Local Agency Investment Fund (LAIF)	N/A	None
California Asset Management Program	N/A	None

- (A) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the Agency, provided they are backed by the full faith and credit of the United States of America, as follows:
- a. Certificates of beneficial ownership of the Farmers Home Administration
 - b. Federal Housing Administration debentures
 - c. Participations certificates of the General Services Administration
 - d. Guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association
 - e. Guaranteed Title XI financings of the U.S. Maritime Administration
 - f. Project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development
- (B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies:
- a. Senior debt obligations of the Federal Home Loan Bank System
 - b. Participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation
 - c. Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association
 - d. Senior debt obligations of the Student Loan Marketing Association
 - e. Obligations of the Resolution Funding Corporation
 - f. Consolidated system-wide bonds and notes of the Farm Credit System

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity.

Information about the sensitivity of the fair values of the investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity or earliest call date:

	Remaining Maturity (in Months)			Total
	12 Months or Less	1 year to 3 years	More than 5 years	
Cash held in City's investment pool	\$ 221,437,221	\$ -	\$ -	\$ 221,437,221
Investments held with fiscal agent:				
Federal Farm Credit Bank	-	901,350	-	901,350
Guaranteed Investment Contract	-	-	3,918,125	3,918,125
Money Market Mutual Funds	4,239,373	-	-	4,239,373
 Total Investments	 \$ 225,676,594	 \$ 901,350	 \$ 3,918,125	 \$ 230,496,069

E. 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 deposits 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 or collateral securities that are in the possession of another party.

All of the City's investments in securities are held in the name of the City and held at the location of the City's third party custodian. Therefore, the City is not exposed to custodial credit risk.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2020, for each investment type as provided by Standard and Poor's investment rating system:

	<u>AA+/AA/AA-</u>	<u>AAA/AAAm</u>	<u>Total</u>
Investments:			
Federal Farm Credit Bank	\$ 901,350	\$ -	\$ 901,350
Money Market Mutual Funds	<u>-</u>	<u>4,239,373</u>	<u>4,239,373</u>
Totals	<u>\$ 901,350</u>	<u>\$ 4,239,373</u>	5,140,723
Not Rated:			
Cash held in City's investment pool			221,437,221
Guaranteed Investment Contract			<u>3,918,125</u>
Total investments			<u>\$ 230,496,069</u>

G. Fair Value Measurements

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

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

The cash and investments held by the City are not categorized.

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The Funds have the following recurring fair value measurements as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money Market Mutual Funds	\$ 4,239,373	\$ -	\$ -
Federal Farm Credit Bank	<u>-</u>	<u>901,350</u>	<u>901,350</u>
Total investments at fair value	<u>\$ 4,239,373</u>	<u>\$ 901,350</u>	901,350
Investments with uncategorized inputs			
Cash held in City's investment pool			221,437,221
Guaranteed Investment Contract			<u>3,918,125</u>
			225,355,346
Total Investments			<u>\$ 226,256,696</u>

Pooled cash and investments

The Funds' cash balance was pooled with various other City funds for deposit and investment purposes. The City's treasury is responsible for the cash management of the Fund's cash balance, which pools available cash for investment purposes. Each City fund owns a share of pooled cash and investments, which are separately maintained, and interest income was apportioned based on its average month-end cash balances to the total of the pooled cash and investments.

The Funds' pooled cash and investments balance at June 30, 2020 is \$221,437,221. The deposit and investment disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are reported in the annual report of the City. The Fund recognizes its position in the City investment pool at fair value based on information provided by the City. Deposits and withdrawals to the pool are made on the basis of \$1 and not fair value. Accordingly, the inputs used to measure fair value are uncategorized and not defined as Level 1, Level 2 or Level 3. Additional information regarding interest rate risk, concentration of credit risk, custodial credit risk and fair value measurements of the City's pooled cash and investments is presented in the City's Comprehensive Annual Financial Report.

Note 3 - Interfund Transactions

A. Transfers Among Funds and with Other City Funds

With City Council approval, resources may be transferred from one fund to another. Transfers between funds during the fiscal year ended June 30, 2020, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	
Water Operations	Waste Services Operations	\$ 213,409	(A)
	Wastewater Operations	960,339	(A)
Water Construction	Water Operations	58,350	(G)
Water Rehabilitation	Water Operations	4,456,451	(B)
Water Rate Stabilization	Water Operations	250,000	(D)
Water Technical Services	Water Operations	2,150,753	(F)
Utility Exploration Center	Water Operations	21,325	(F)
Wastewater Operations	Waste Services Operations	40,625	(E)
	Water Operations	5,386	(E)
Wastewater Rehabilitation	Wastewater Operations	8,386,003	(B)
Wastewater Rate Stabilization	Wastewater Operations	1,250,000	(D)
Waste Services Rehabilitation	Waste Services Operations	365,712	(B)
Waste Services Rate Stabilization	Waste Services Operations	<u>103,000</u>	(D)
	Gross Transfers In	18,261,353	
	Intrafund Eliminations	<u>(17,041,594)</u>	
	Total Transfers In	<u><u>\$ 1,219,759</u></u>	

Environmental Utilities Enterprise Funds
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<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	
City of Roseville Non-Major Governmental Funds	Water Operations	\$ 1,114,052	(C)
	Water Rehabilitation	304,868	(C)
	Wastewater Operations	725,542	(C)
	Wastewater Rehabilitation	296,422	(C)
	Waste Services Operations	445,740	(C)
	Waste Services Rehabilitation	<u>193,428</u>	(C)
	Gross Transfers Out to the City	<u>\$ 3,080,052</u>	
	Total net transfers out	<u><u>\$ 4,299,811</u></u>	

- (A) Transfers to pay for shared project costs
(B) Transfers to fund future rehabilitation costs
(C) Transfers to fund utility impact reimbursement, debt service, and/or shared project costs
(D) Transfers within utility to support rates
(E) Transfers of capital assets
(F) Transfers to close out funds
(G) Transfers to fund project

Environmental Utilities Enterprise Funds
City of Roseville, California
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B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2020, interfund balances comprised the following:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Water Construction	Water Operations	\$ 385,000
	Water Rehabilitation	267,770
		<u>652,770</u>
	Intrafund Eliminations	<u>(652,770)</u>
	Total	<u><u>\$ -</u></u>

Long-Term Interfund Advances

At June 30, 2020, the funds below had made advances which were not expected to be repaid within the next year.

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount</u>
Water Construction	Water Operations	\$ 3,460,000
	Water Rehabilitation	555,440
		<u>4,015,440</u>
	Intrafund Eliminations	<u>(4,015,440)</u>
	Total	<u><u>\$ -</u></u>

Water operations advance bears interest from 3 to 5 percent. It will be repaid over a period of 13 years ending in 2030.

Water Rehabilitation advance bears interest of 2.42 percent. It will be repaid over a period of 20 years ending in 2023.

Note 4 - Capital Assets

A. Capital Asset Additions, Retirements, and Transfers

Capital assets at June 30, 2020 comprise of the following:

	Balance at June 30, 2019	Adjustments	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated:						
Land	\$ 5,784,164	\$ -	\$ -	\$ -	\$ 4,874,649	\$ 10,658,813
Easements	-	-	-	-	19,000	19,000
Construction in progress	38,651,312	-	18,881,517	-	(30,664,751)	26,868,078
Total capital assets not being depreciated	44,435,476	-	18,881,517	-	(25,771,102)	37,545,891
Capital assets, being depreciated:						
Buildings	4,501,670	-	-	(40,877)	-	4,460,793
Improvements	13,014,390	-	96,667	(28,719)	23,649,761	36,732,099
Machinery and equipment	10,487,286	-	-	-	2,162,808	12,650,094
Plants and substations	297,556,232	-	-	(11,612)	-	297,544,620
Distribution	1,136,858,403	-	41,773,980	(39,835)	44,723	1,178,637,271
Total capital assets being depreciated	1,462,417,981	-	41,870,647	(121,043)	25,857,292	1,530,024,877
Less accumulated depreciation for:						
Buildings	(1,257,173)	56,243	(111,521)	20,543	-	(1,291,908)
Improvements	(866,814)	33,287	(307,581)	-	-	(1,141,108)
Machinery and equipment	(5,204,959)	(645,903)	(1,544,489)	28,026	-	(7,367,325)
Flood control	(883,044)	-	-	-	-	(883,044)
Plants and substations	(114,538,313)	(1,730,209)	(6,655,793)	3,174	-	(122,921,141)
Distribution	(272,169,001)	3,861,327	(15,892,165)	20,854	-	(284,178,985)
Total accumulated depreciation	(394,919,304)	1,574,745	(24,511,549)	72,597	-	(417,783,511)
Net Capital Assets Being Depreciated	1,067,498,677	1,574,745	17,359,098	(48,446)	25,857,292	1,112,241,366
Environmental Utilities Enterprise Funds Capital Assets, net	\$ 1,111,934,153	\$ 1,574,745	\$ 36,240,615	\$ (48,446)	\$ 86,190	\$ 1,149,787,257

During the fiscal year, the City updated its depreciation policy to consolidate the number of years assets are depreciated to ensure consistency across all assets by type. This resulted in a cumulative adjustment in the amount of \$1,574,745 in depreciation.

Net transfers of \$86,190 represent transfers to funds of the City of Roseville not presented in this report.

Environmental Utilities Enterprise Funds
City of Roseville, California
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B. Depreciation Allocation

Depreciation expense is charged to individual enterprise funds based on their usage of the related assets. The amount allocated to each individual fund is as follows:

Water Operations	\$ 5,071,449
Water Construction	5,895,090
Water Rehabilitation	387,155
Water Meter Retrofit	496,347
Wastewater Operations	5,005,085
Wastewater Construction	4,501,745
Wastewater Rehabilitation	884,516
Waste Services Operations	471,814
Waste Services Capital Purchases	41,262
Waste Services Rehabilitation	<u>182,341</u>
 Total Environmental Utilities Enterprise Funds	 <u><u>\$ 22,936,804</u></u>

Note 5 - Long-Term Debt

The Funds generally incur long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Certificates of Participation:						
2015 Water Utility Revenue						
2.00% - 5.00%, due 12/1/29	\$ 42,565,000	\$ 32,895,000	\$ -	\$ (2,560,000)	\$ 30,335,000	\$ 2,695,000
Add: bond premium	6,899,891	5,081,607	-	(461,963)	4,619,644	-
Total Certificates of Participation	<u>49,464,891</u>	<u>37,976,607</u>	<u>-</u>	<u>(3,021,963)</u>	<u>34,954,644</u>	<u>2,695,000</u>
Revenue Bonds:						
2011 Refunding Wastewater Revenue Bonds, Series C						
1.00-5.25%, due 11/1/25	36,315,568	6,592,597	-	(3,180,072)	3,412,525	3,412,525
Add: bond premium	2,839,017	322,780	-	(242,086)	80,694	-
2017 Refunding Wastewater Revenue Bonds						
5%, due 11/1/37	46,109,348	48,285,446	-	-	48,285,446	-
Add: bond premium	10,618,219	10,007,406	-	(555,968)	9,451,438	-
2020 Refunding Wastewater Revenue Bonds						
5%, due 11/1/35	30,296,244	-	30,296,244	-	30,296,244	-
Add: bond premium	10,372,759	-	10,372,759	-	10,372,759	-
Total Revenue Bonds	<u>136,551,155</u>	<u>65,208,229</u>	<u>40,669,003</u>	<u>(3,978,126)</u>	<u>101,899,106</u>	<u>3,412,525</u>
Direct Placement Debt:						
2013 Refunding Wastewater Revenue Bonds						
variable rate, due 11/1/35	36,582,878	38,309,381	-	(38,309,381)	-	-
Total Environmental Utilities Enterprise Funds Debt	<u><u>\$ 222,598,924</u></u>	<u><u>\$ 141,494,217</u></u>	<u><u>\$ 40,669,003</u></u>	<u><u>\$ (45,309,470)</u></u>	<u><u>\$ 136,853,750</u></u>	<u><u>\$ 6,107,525</u></u>

B. 2015 Water Utility Revenue Refunding Certificates of Participation

On August 20, 2015, the Roseville Finance Authority issued the Water Revenue Certificates of Participation, Series 2015, in the principal amount of \$42,565,000 to refund the 2007 Water Utility Certificates of Participation. The certificates bear interest at 2.00 percent to 5.00 percent and are due semi-annually on December 1 and June 1 of each year. The certificates are repayable by a pledge of net revenue from the Water Utility System. Principal payments are due annually on December 1 through 2030.

As of June 30, 2020, the total principal and interest remaining to be paid on the certificates was \$37,684,775. As disclosed in the official statement, all net revenues of the Water Utility System are expected to provide coverage over debt service of 120 percent over the life of the certificates. For fiscal year 2020, net revenues amounted to \$28,101,331 which represented coverage of 682 percent over the \$4,119,783 in debt service. The balance outstanding as of June 30, 2020, was \$30,335,000.

C. 2011 South Placer Wastewater Authority Refunding Revenue Bonds, Series A, B, C, and D

On April 7, 2011, the South Placer Wastewater Authority (Authority) issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2011A and 2011B in the original principal amounts of \$30,165,000 and \$30,160,000, respectively, and Revenue Refunding Bonds Series 2011C and 2011D (SIFMA Index Bonds) in the original principal amount of \$67,040,000 and \$30,000,000, respectively. The City's share of this obligation was determined to be 54.17 percent when the bonds were issued. The Authority amended the Funding Agreement and the members entered into a Reallocation and Repayment Agreement during fiscal year 2012 which changed the proportionate share of the member obligations prospectively effective October 1, 2012. The Authority once again amended the funding agreement in January 2019 to update the percentage allocations. As a result, the City's share of the obligation increased to 64.57 percent and the liability for the 2011C Bonds were increased by \$430,680.

The 2011C Bonds bear interest at 1.00 percent-5.25 percent and are due semi-annually on May 1 and November 1 of each year. The bonds are repayable solely from the Authority Revenues. Principal payments are due annually November 1 through 2020. The balance outstanding for the City's share of the bonds as of June 30, 2020 was \$3,412,525.

D. 2013 South Placer Wastewater Authority Refunding Revenue Bonds

On April 1, 2013, the Authority entered into a direct placement agreement with U.S. Bank for the purchase of the 2013 Bonds. The bonds were secured by a pledge of a portion revenue from the Authority's connection and impact fees paid by each of the Authority participants as a result of real estate development that is sufficient to pay the principal and interest on the debt. The revenues could not be used for any other purpose while any of the bonds remain outstanding. The continuing covenant agreement for the bonds included a provision that in an event of default, the repayment of the outstanding principal plus any accrued interest becomes immediately due. The terms of this agreement expired on April 1, 2020, at which time, the Authority paid off the outstanding balance of the debt. As described in more detail in Note 9, effective January 31, 2019, the City's proportionate share of the obligation increased to 64.57 percent. As a result, the City's share of the 2013 obligation increased by \$1,726,503. The City's share of the balance outstanding was paid off as of June 30, 2020.

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

The Authority originally entered into a 19 year interest rate swap agreement for the entire amount of the 2008 B Bonds, and as part of the issuance of the 2011 ABCD Bonds, the swap agreement was amended and remained in effect, but the notional amount of the swap was based on the notional amount of the 2008 B Bonds. The interest rate swap was again amended in September 2017 to reduce the notional amount. The combination of the variable rate bonds and the floating rate swap creates a synthetic fixed-rate debt for the Authority. The swap was terminated when the bonds were paid off.

E. South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series 2017

On September 28, 2017, the South Placer Wastewater Authority issued Revenue Bonds, Series 2017 in the amount of \$74,780,000 to partially refund the Authority's Wastewater Revenue Refunding Bonds, Series 2011C, fully refund the Authority's Wastewater Revenue Refunding Bonds, Series 2014 and partially finance the 2017 Project, Pleasant Grove Plant improvements. The City's share of this obligation was determined to be 61.66 percent or \$46,109,348. As described in more detail in Note 9, effective January 31, 2019 the City's proportionate share of the obligation increased to 64.57 percent. As a result, the City's share of the 2017 obligation increased by \$2,176,098. The Revenue Bonds bear interest at 5.00 percent and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2021 through 2037. The City's share of the balance outstanding as of June 30, 2020 is \$48,285,446.

F. South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series 2020

On April 28, 2020, the South Placer Wastewater Authority issued Revenue Bonds, Series 2020 in the amount of \$46,920,000 to redeem the Authority's Wastewater Revenue Refunding Bonds, Series 2013 outstanding. The City's share of this obligation was determined to be 64.57 percent or \$30,296,244. The Revenue Bonds bear interest at 5.00 percent and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2029 through 2035. The City's share of the balance outstanding as of June 30, 2020 is \$30,296,244. The refunding resulted in an economic loss of \$981,489.

G. Wastewater Bonds Net Revenue Summary

As of June 30, 2020, the total principal and interest remaining to be paid on the 2011 Series C, the 2017 Bonds and the 2020 Bonds was \$127,970,508. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110 percent over the lives of the Bonds, however the Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. As discussed in Note 9, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share. For fiscal year 2020, \$7,485,879 in debt service was paid from the Rate Stabilization Account.

Annual debt service requirements are shown below for all long-term debt of the Funds:

For the Year Ending June 30,	Certificates of Participation and Revenue Bonds	
	Principal	Interest
2021	\$ 6,107,525	\$ 5,466,096
2022	6,311,780	5,142,990
2023	6,713,603	4,817,355
2024	7,125,112	4,471,387
2025	7,574,219	4,103,904
2026-2036	37,979,301	14,530,461
2031-2035	22,176,566	7,516,675
2036-2038	18,341,109	1,432,728
Totals	112,329,215	\$ 47,481,596
Reconciliation of long-term debt		
Add deferred bond premium	24,524,535	
Net long-term debt	\$ 136,853,750	

H. Original Issue Discounts and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Note 6 - Pension Plan

Plan Description – The Funds participate and contribute to the City’s Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and may be amended by City 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. For financial reporting purposes, the Funds report a proportionate share of the City’s net pension liability. Accordingly, the disclosures and required supplementary information (RSI) has been reported for the Funds as a cost-sharing participant.

Benefits Provided – CalPERS provides 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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	After January 1, 2013
Hire date	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 - 55	52 - 67
Retirement age	2.0% - 2.7%	1.0% - 2.5%
Monthly benefits, as a % of annual salary	8.00%	6.25%
Required employee contribution rates	10.85%	6.25%
Required employer contribution rates		

Contributions – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in 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 Funds are required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Employee contribution rates for the fiscal year ended June 30, 2020, were 8.0 percent for the Classic Plan Members and 6.25 percent for the PEPRA Plan members. The Funds’ proportionate share of the City’s contributions to the miscellaneous plan is \$5,489,807 for the year ended June 30, 2020.

As of June 30, 2020, the Funds reported a combined net pension liability of \$59,010,067 for its proportionate share of the Plan’s net pension liability.

The net pension liability of the Plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The Funds’ proportion of the Plan’s net pension liability was based on the Funds’ fiscal year 2020 contributions to the Plan relative to the total contributions of the City as a whole. The Funds’ proportionate share of the City’s miscellaneous pension plan net pension liability, measured as of June 30, 2019 was 23.84 percent, which is a 0.54 percent decrease from the prior year.

For the year ended June 30, 2020, the Funds recognized pension expense of \$3,476,544. At June 30, 2020, the Funds reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 5,489,807	\$ -
Changes of assumptions	2,005,994	696,686
Differences between expected and actual experience	2,620,183	195,061
Changes in proportions	5,341,917	4,724,708
Net differences between projected and actual earnings on pension plan investments	-	694,964
Total	<u>\$ 15,457,901</u>	<u>\$ 6,311,419</u>

The amount of \$5,489,807 reported as pension contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts will be recognized as a reduction to pension expense as follows:

<u>Year ended June 30</u>	
2021	\$ 3,498,373
2022	(184,047)
2023	249,939
2024	<u>92,410</u>
Total	<u>\$ 3,656,675</u>

Actuarial Assumptions – The Funds’ proportion of the City’s total pension liabilities in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.375%
Mortality	Derived using CalPERS membership data

(1) Depending on age, service and type of employment

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

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 on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

1 – An expected inflation of 2.0% used for this period

2 – An expected inflation of 2.92% used for this period

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Funds contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Funds' proportionate share of the City's Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate – The following presents the Funds' proportionate share of the net pension liability of the Plan, calculated using the discount rate for the Plan, as well as what the Funds' 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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 82,197,397
Current Discount Rate	7.15%
Net Pension Liability	\$ 59,010,067
1% Increase	8.15%
Net Pension Liability	\$ 39,863,300

Pension Plan Fiduciary Net Position – Detailed information regarding the City's collective net pension liability is available in the City's separately issued Comprehensive Annual Financial Report (CAFR). The City's financial statements may be obtained by contacting the City of Roseville's Finance Department. That report may also be obtained on the internet at www.roseville.ca.us.

Note 7 - Postemployment Health Care Benefits

Plan Description

The City provides medical benefits to substantially all retirees under the City of Roseville Other Postemployment Benefit Plan (Plan), a single employer defined benefit healthcare plan administered by the Trust Investment Review Committee. The City is responsible for establishing and amending the funding policy of the Plan. The Plan financial statements can be obtained at www.roseville.ca.us or by contacting the City of Roseville Finance Department at 311 Vernon Street, Roseville, California 95678. For financial reporting purposes, the Funds reports a proportionate share of the City's net OPEB liability. Accordingly, the disclosures and required supplementary information (RSI) has been reported for the Funds as a cost-sharing participant.

Benefits Provided – The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan. Benefit provisions are established and may be amended by City labor agreements, which are approved by the City Council.

Contributions – The contribution requirements of plan members and the City are established and may be amended by the City Council. The City Council establishes rates based on actuarially determined rates. For the year ended June 30, 2020, the Funds contributed \$3,106,000 to the Plan.

Environmental Utilities Enterprise Funds

City of Roseville, California

Notes to Financial Statements

June 30, 2020

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Funds reported a liability of \$22,076,000 for its proportionate share of the City's net OPEB liability.

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The Funds' proportion of the net OPEB liability was based on the Fund's fiscal year 2020 contributions to the Plan relative to the total contributions of the City as a whole. At June 30, 2020, the Funds' proportion was 18.84 percent, which is a decrease of .03 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Funds recognized an OPEB credit of \$2,147,000. At June 30, 2020, the Funds 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
Differences between expected and actual experience	\$ 1,183,000	\$ 6,158,000
Changes in proportion	3,707,000	2,219,000
Changes in assumptions	-	923,000
Net differences between projected and actual earnings on pension plan investments	-	141,000
Total	<u>\$ 4,890,000</u>	<u>\$ 9,441,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction to OPEB expense as follows:

<u>Year ended June 30</u>	
2021	\$ 962,000
2022	962,000
2023	924,000
2024	753,000
2025	364,000
Thereafter	<u>586,000</u>
Total	<u>\$ 4,551,000</u>

Actuarial Assumptions - The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Contribution Policy	Pre-funded with pay-go plus a percent of pay which varies by employee group.
Discount Rate	6.25%
Expected Long-Term Rate of Return	6.25%
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increases	3%
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Healthcare participation	Tier 1: 100% Tier 2 & Tier 3 RFF: 80% at 50% of cap to 100% of cap Tier 3 Non-RFF & Tier 4: 60%
Mortality	Derived using CalPERS membership data

(1) Depending on age, service and type of employment

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return ¹
Domestic Equity	39%	4.80%
International Equity	21%	4.80%
Fixed Income	40%	1.50%
Total	100%	

1 – An expected inflation of 2.75% used

Discount rate. The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Environmental Funds' proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Funds' proportionate share of the net OPEB liability, as well as what the Funds' proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 28,288,000	\$ 22,076,000	\$ 17,037,000

Sensitivity of the Environmental Funds' proportionate share of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the Funds' proportionate share of the net OPEB liability, as well as what the Funds' proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (Non-Medicare - 6.5% decreasing to 3%) (Medicare - 5.5% decreasing to 3%)	Discount Rate (Non-Medicare - 7.5% decreasing to 4%) (Medicare - 6.5% decreasing to 4%)	1% Increase (Non-Medicare - 8.5% decreasing to 5%) (Medicare - 7.5% decreasing to 5%)
Net OPEB Liability	\$ 176,280,000	\$ 22,076,000	\$ 26,472,000

OPEB plan fiduciary net position – Detailed information about the Plan's fiduciary net position is available in the separately issued City of Roseville Other Postemployment Benefits Trust financial report.

Note 8 - Risk Management

The Funds are included in the City's risk management program. The City is exposed to various risks of loss related to worker's compensation, torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City self-insures and/or carries commercial insurance. Earthquake damage is not included in the property insurance coverage carried by the City. All funds of the City participate in the program and make payments to the Risk Management Internal Service Fund based on estimates of the amounts needed to pay operating costs, insurance premiums, and prior and current year claims.

Note 9 - South Placer Wastewater Authority

The City is a member of the South Placer Wastewater Authority (SPWA), a joint powers agency which operates under a joint powers agreement among three public agencies, the City of Roseville, South Placer Municipal Utility District and Placer County. The purpose of SPWA is to provide for the planning, financing, acquisition, construction and operation of the Regional Wastewater Facilities. Under the terms of the amended and restated funding agreement, effective January 31, 2019, the City will own and operate the Regional Wastewater Facilities and the member agencies will share the operating costs of the Facilities after construction is complete. The Regional Wastewater Facilities include the Dry Creek Plant and the Pleasant Grove Plant.

Under the terms of the Reallocation and Repayment Agreement, effective January 31, 2019, the three agencies are responsible for the repayment of all the revenue bonds. The City's share of this obligation was 61.66%, but with amendment to the funding agreement, the City's obligation is now 64.57%. This portion of the debt was recorded on the City's financial statements, as discussed in Note 5.

During the year ended June 30, 2020, the City paid \$12,137,511 to SPWA based on connection fees collected during the fiscal year.

The City records its share of income and expenses from SPWA in the Wastewater Enterprise Fund and these changes are reflected in the Statement of Revenues, Expenses and Changes in Net Position. The City's investment in SPWA Reserves at June 30, 2020, was \$94,570,144, which includes the City's rate stabilization balance of \$67,285,326.

SPWA's financial statements can be obtained from the City of Roseville, 311 Vernon Street, Roseville, California, 95678.

Note 10 - Municipal Solid Waste Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the Roseville sanitary landfill site, which is closed, through the year 2024. Accordingly, the City has recorded a liability and expense in the Waste Services Enterprise Fund for the estimated postclosure care cost. The recorded amount is based on applicable state and local laws and regulations concerning closure and postclosure care. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may result in increased charges to future landfill users or the usage of future tax revenues. During fiscal year 2020, the changes of landfill closure liabilities were as follows:

Beginning Balance	\$ 1,404,323
Deductions	<u>(319,690)</u>
Ending Balance	<u><u>\$ 1,084,633</u></u>



Required Supplementary Information
June 30, 2020

Environmental Utilities Enterprise Funds City of Roseville, California

Environmental Utilities Enterprise Funds
City of Roseville, California
Schedule of the Environmental Utilities Enterprise Funds' Proportional Share of the
City's Miscellaneous Plan Net Pension Liability
Last Ten Years*

	2015	2016	2017	2018	2019	2020
Proportion of the City's miscellaneous plan net pension liability	23.04%	22.92%	22.24%	23.89%	24.38%	23.84%
Proportionate share of the City's miscellaneous plan net pension liability	\$ 38,280,956	\$ 40,337,310	\$ 45,402,874	\$ 54,604,965	\$ 56,591,332	\$ 59,010,067
Covered payroll	\$ 15,090,600	\$ 15,784,820	\$ 16,538,824	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256
Proportionate share of net pension liability as a percentage of covered payroll	253.67%	255.54%	274.52%	301.86%	303.73%	357.35%
Miscellaneous plan fiduciary net position as a percentage of the total pension liability	67.62%	66.97%	63.89%	63.85%	65.21%	65.09%
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

*Fiscal year 2015 was the first year of implementation.

Environmental Utilities Enterprise Funds
City of Roseville, California
Schedule of Pension Contributions
Last Ten Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contributions	\$ 3,657,536	\$ 3,906,008	\$ 4,656,142	\$ 4,392,306	\$ 4,962,133	\$ 5,489,807
Contributions in relation to the actuarially determined contribution	<u>3,657,536</u>	<u>3,906,008</u>	<u>4,656,142</u>	<u>4,392,306</u>	<u>4,962,133</u>	<u>5,489,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,784,820	\$ 16,538,824	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256	\$ 17,837,256
Contributions as a percentage of covered payroll	23.17%	23.62%	25.74%	23.57%	30.05%	30.78%

Notes to Schedule

*Fiscal year 2015 was the first year of implementation.

Environmental Utilities Enterprise Funds

City of Roseville, California

Schedule of the Environmental Utilities Enterprise Funds' Proportionate Share of the City's Net OPEB Liability Last Ten Years*

	2018	2019	2020
Proportion of the City's miscellaneous plan net OPEB liability	17.65%	18.74%	18.84%
Proportionate share of the City's miscellaneous plan net OPEB liability	\$ 25,203,000	\$ 26,400,000	\$ 22,076,000
Covered payroll	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256
Proportionate share of net OPEB liability as a percentage of covered payroll	139.32%	141.69%	133.69%
Miscellaneous plan fiduciary net position as a percentage of the total OPEB liability	37.07%	40.98%	48.58%
Measurement date	6/30/2018	6/30/2019	6/30/2020

*Fiscal year 2018 was the first year of implementation.

Environmental Utilities Enterprise Funds
City of Roseville, California
Schedule of OPEB Contributions
Last Ten Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contributions	\$ 2,796,000	\$ 2,873,000	\$ 3,106,000
Contributions in relation to the actuarially determined contribution	<u>2,796,000</u>	<u>2,873,000</u>	<u>3,106,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256
Contributions as a percentage of covered payroll	15.46%	15.42%	18.81%

*Fiscal year 2018 was the first year of implementation.



Supplementary Information
June 30, 2020

Environmental Utilities Enterprise Funds City of Roseville, California

Water Enterprise Fund:

Water Operations Fund – accounts for all revenues and expenses related to the operations of the City owned and operated water utility. This is funded primarily by customer user charges.

Water Construction Fund – accounts for water utility capital projects funded primarily by development fees and grants.

Water Rehabilitation Fund – accounts for water utility rehabilitation projects funded by customer user charges.

Water Meter Retrofit Fund – accounts for all revenues and expenses related to installing water meters.

Water Rate Stabilization Fund – accounts for all revenues and expenses related to maintaining the short-term and long-term financial health of the water utility and mitigating risks associated with financial exposures. This is funded primarily by customer user charges.

Water Technical Services Fund – accounts for all revenues and expenses related to providing engineering and technical services to the development community, water funds, wastewater funds, waste services funds, and other City departments. This fund was closed during the year.

Utility Exploration Center Fund – accounts for the operations of the state-of-the-art Utilities Exploration Center. This fund was closed during the year.

Wastewater Enterprise Fund:

Wastewater Operations Fund – accounts for all revenues and expenses related to the operations of the City owned and operated wastewater utility. This is funded primarily by customer user charges.

Wastewater Construction Fund – accounts for regional development fees and deferred development fees.

Wastewater Rehabilitation Fund – accounts for wastewater utility rehabilitation projects funded by customer user charges and local development fees.

Wastewater Rate Stabilization Fund – accounts for all revenues and expenses related to maintaining the short-term and long-term financial health of the wastewater utility and mitigating risks associated with financial exposures. This is funded primarily by customer user charges.

Waste Services Enterprise Fund:

Waste Services Operations Fund – accounts for all revenues and expenses related to the operations of the City owned and operated solid waste utility. This is funded primarily by customer user charges.

Waste Services Capital Purchase Fund – accounts for waste services utility capital projects funded by development fees.

Waste Services Rehabilitation Fund – accounts for waste services utility rehabilitation projects funded by customer user charges.

Waste Services Rate Stabilization Fund – accounts for all revenues and expenses related to maintaining the short-term and long-term financial health of the waste services utility and mitigating risks associated with financial exposures. This is funded primarily by customer user charges.

Environmental Utilities Enterprise Funds

City of Roseville, California

Combining Statement of Net Position

June 30, 2020

	Water Enterprise Fund								
	Operations	Construction	Rehabilitation	Meter Retrofit	Rate Stabilization	Technical Services	Utility Exploration Center	Interfund Eliminations	Total
Assets									
Current Assets:									
Cash and investments in City Treasury	\$ 37,671,973	\$ 56,527,575	\$ 18,636,126	\$ 1,277,869	\$ 9,638,531	\$ -	\$ -	\$ -	\$ 123,752,074
Restricted cash and investments with fiscal agents	-	9,058,848	-	-	-	-	-	-	9,058,848
Receivables:									
Accounts, net of allowance for doubtful accounts	4,336,216	21,617	6,950	1,403	3,677	-	-	-	4,369,863
Accrued interest	111,720	191,736	50,865	4,072	33,102	-	-	-	391,495
Notes	-	-	-	56,900	-	-	-	-	56,900
Due from other funds	-	652,770	-	-	-	-	-	(652,770)	-
Inventories	3,118,722	-	-	-	-	-	-	-	3,118,722
Total current assets	45,238,631	66,452,546	18,693,941	1,340,244	9,675,310	-	-	(652,770)	140,747,902
Noncurrent Assets:									
Developer permit fees receivable	184,768	2,710,448	-	21,936	-	-	-	-	2,917,152
Investments in SPWA reserves	-	-	-	-	-	-	-	-	-
Advances to other funds	-	4,015,440	-	-	-	-	-	(4,015,440)	-
Capital assets:									
Land and construction in progress	2,335,360	4,660,860	1,226,858	-	-	-	-	-	8,223,078
Capital assets being depreciated, net	396,181,259	92,508,399	17,260,638	3,674,478	-	-	-	-	509,624,774
Total noncurrent assets	398,701,387	103,895,147	18,487,496	3,696,414	-	-	-	(4,015,440)	520,765,004
Total assets	443,940,018	170,347,693	37,181,437	5,036,658	9,675,310	-	-	(4,668,210)	661,512,906
Deferred Outflows of Resources									
Deferred charge on refunding	-	1,704,101	-	-	-	-	-	-	1,704,101
Deferred outflows related to net OPEB liability	2,556,000	-	-	-	-	-	-	-	2,556,000
Deferred outflows related to pensions	4,205,577	-	-	-	-	-	-	-	4,205,577
Total deferred outflows of resources	6,761,577	1,704,101	-	-	-	-	-	-	8,465,678
Liabilities									
Current Liabilities:									
Accounts payable	576,225	670,400	351,460	3	22	-	-	-	1,598,110
Accrued liabilities	235,822	125,537	29	-	-	-	-	-	361,388
Due to other funds	385,000	-	267,770	-	-	-	-	(652,770)	-
Current portion of compensated absences	640,367	-	-	-	-	-	-	-	640,367
Current portion of long-term debt	-	2,695,000	-	-	-	-	-	-	2,695,000
Deposits	26,650	-	-	18	-	-	-	-	26,668
Total current liabilities	1,864,064	3,490,937	619,259	21	22	-	-	(652,770)	5,321,533
Long-Term Liabilities:									
Advances from other funds	3,460,000	-	555,440	-	-	-	-	(4,015,440)	-
Long-term debt, non-current portion	-	32,259,644	-	-	-	-	-	-	32,259,644
Landfill closure and post closure liability	-	-	-	-	-	-	-	-	-
Compensated absences	798,500	-	-	-	-	-	-	-	798,500
Net OPEB liability	7,549,000	-	-	-	-	-	-	-	7,549,000
Net pension liability	17,367,370	-	-	-	-	-	-	-	17,367,370
Total long-term liabilities	29,174,870	32,259,644	555,440	-	-	-	-	(4,015,440)	57,974,514
Total liabilities	31,038,934	35,750,581	1,174,699	21	22	-	-	(4,668,210)	63,296,047
Deferred Inflows of Resources									
Deferred outflows related to OPEB	2,470,000	-	-	-	-	-	-	-	2,470,000
Deferred inflows related to pensions	4,974,613	-	-	-	-	-	-	-	4,974,613
Total deferred outflows of resources	7,444,613	-	-	-	-	-	-	-	7,444,613
Net Position									
Net investment in capital assets	398,516,619	72,977,564	18,487,496	3,674,478	-	-	-	-	493,656,157
Restricted for debt services	-	4,134,075	-	-	-	-	-	-	4,134,075
Restricted for capital projects	-	9,058,848	-	-	-	-	-	-	9,058,848
Unrestricted	13,701,429	50,130,726	17,519,242	1,362,159	9,675,288	-	-	-	92,388,844
Total net position (deficit)	\$ 412,218,048	\$ 136,301,213	\$ 36,006,738	\$ 5,036,637	\$ 9,675,288	\$ -	\$ -	\$ -	\$ 599,237,924

Environmental Utilities Enterprise Funds

City of Roseville, California

Combining Statement of Net Position

June 30, 2020

Wastewater Enterprise Fund						Waste Services Fund					
Operations	Construction	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total	Operations	Capital Purchase	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total
\$ 23,796,505	\$ 814,387	\$ 30,478,583	\$ 8,398,503	\$ -	\$ 63,487,978	\$ 25,126,233	\$ 4,631,203	\$ 2,168,487	\$ 2,271,846	\$ -	\$ 34,197,769
-	-	-	-	-	-	-	-	-	-	-	-
6,156,323	502	350,397	3,204	-	6,510,426	2,827,823	1,775	824	867	-	2,831,289
81,238	4,985	115,590	22,072	-	223,885	75,724	13,792	9,486	7,652	-	106,654
-	-	-	-	-	-	-	-	-	-	-	-
106,747	-	-	-	-	106,747	146,847	-	-	-	-	146,847
30,140,813	819,874	30,944,570	8,423,779	-	70,329,036	28,176,627	4,646,770	2,178,797	2,280,365	-	37,282,559
-	2,537,372	117,874	-	-	2,655,246	-	130,380	-	-	-	130,380
-	94,570,144	-	-	-	94,570,144	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
5,550,714	21,182,748	2,226,475	-	-	28,959,937	327,100	-	35,776	-	-	362,876
321,719,813	210,419,438	67,544,317	-	-	599,683,568	2,145,243	210,065	577,716	-	-	2,933,024
327,270,527	328,709,702	69,888,666	-	-	725,868,895	2,472,343	340,445	613,492	-	-	3,426,280
357,411,340	329,529,576	100,833,236	8,423,779	-	796,197,931	30,648,970	4,987,215	2,792,289	2,280,365	-	40,708,839
-	143,969	-	-	-	143,969	-	-	-	-	-	-
1,981,000	-	-	-	-	1,981,000	353,000	-	-	-	-	353,000
6,604,331	-	-	-	-	6,604,331	4,647,993	-	-	-	-	4,647,993
8,585,331	143,969	-	-	-	8,729,300	5,000,993	-	-	-	-	5,000,993
727,924	470,332	962,676	19	-	2,160,951	1,378,874	30,709	41,597	5	-	1,451,185
372,258	-	-	-	-	372,258	216,114	-	186	-	-	216,300
-	-	-	-	-	-	-	-	-	-	-	-
994,703	-	-	-	-	994,703	469,615	-	-	-	-	469,615
-	3,412,525	-	-	-	3,412,525	-	-	-	-	-	-
64,138	-	-	-	-	64,138	50,955	-	-	-	-	50,955
2,159,023	3,882,857	962,676	19	-	7,004,575	2,115,558	30,709	41,783	5	-	2,188,055
-	-	-	-	-	-	-	-	-	-	-	-
-	98,486,581	-	-	-	98,486,581	-	-	-	-	-	-
-	-	-	-	-	-	1,084,633	-	-	-	-	1,084,633
1,162,587	-	-	-	-	1,162,587	599,633	-	-	-	-	599,633
7,948,000	-	-	-	-	7,948,000	6,579,000	-	-	-	-	6,579,000
26,055,583	-	-	-	-	26,055,583	15,587,114	-	-	-	-	15,587,114
35,166,170	98,486,581	-	-	-	133,652,751	23,850,380	-	-	-	-	23,850,380
37,325,193	102,369,438	962,676	19	-	140,657,326	25,965,938	30,709	41,783	5	-	26,038,435
2,599,000	-	-	-	-	2,599,000	4,372,000	-	-	-	-	4,372,000
824,656	-	-	-	-	824,656	512,150	-	-	-	-	512,150
3,423,656	-	-	-	-	3,423,656	4,884,150	-	-	-	-	4,884,150
327,270,527	129,847,049	69,770,792	-	-	526,888,368	2,472,343	210,065	613,492	-	-	3,295,900
-	4,720,274	-	-	-	4,720,274	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(2,022,705)	92,736,784	30,099,768	8,423,760	-	129,237,607	2,327,532	4,746,441	2,137,014	2,280,360	-	11,491,347
\$ 325,247,822	\$ 227,304,107	\$ 99,870,560	\$ 8,423,760	\$ -	\$ 660,846,249	\$ 4,799,875	\$ 4,956,506	\$ 2,750,506	\$ 2,280,360	\$ -	\$ 14,787,247

Environmental Utilities Enterprise Funds
City of Roseville, California
Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

	Water Enterprise Fund								
	Operations	Construction	Rehabilitation	Meter Retrofit	Rate Stabilization	Technical Services	Utility Exploration	Interfund Eliminations	Total
Operating Revenues									
Charges for services	\$ 34,643,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,643,228
Other	154,760	-	-	-	-	-	-	-	154,760
Total operating revenues	34,797,988	-	-	-	-	-	-	-	34,797,988
Operating Expenses									
Operations	20,846,917	(696,035)	472,322	-	-	-	-	-	20,623,204
Administration	1,651,673	1,127,804	698,958	1,610	8,928	-	-	-	3,488,973
Depreciation and amortization	5,071,450	5,603,536	387,155	496,347	-	-	-	-	11,558,488
Total operating expenses	27,570,040	6,035,305	1,558,435	497,957	8,928	-	-	-	35,670,665
Operating income (loss)	7,227,948	(6,035,305)	(1,558,435)	(497,957)	(8,928)	-	-	-	(872,677)
Nonoperating Revenues (Expenses)									
Interest and rents revenue	1,172,064	2,194,621	554,444	38,483	294,338	-	(148)	-	4,253,802
Interest and fiscal charges (expense)	(211,500)	(1,563,367)	(17,510)	-	-	-	-	-	(1,792,377)
Gain (loss) from sale of property	(12,106)	(677)	(2,149)	-	-	-	-	-	(14,932)
Subventions and grants	22,549	-	-	-	-	-	-	-	22,549
Increase (decrease) in SPWA reserves	-	-	-	-	-	-	-	-	-
Net nonoperating revenues (expenses)	971,007	630,577	534,785	38,483	294,338	-	(148)	-	2,469,042
Income (loss) before contributions and transfers	8,198,955	(5,404,728)	(1,023,650)	(459,474)	285,410	-	(148)	-	1,596,365
Capital Contributions - Connection/Impact Fees	-	10,409,888	-	80,797	-	-	-	-	10,490,685
Capital contributions from developers and Governmental activities	24,139,307	7,623	33,836	7,964	-	-	-	-	24,188,730
Transfers in	1,173,748	58,350	4,456,451	-	250,000	2,150,753	21,325	(6,936,879)	1,173,748
Transfers (out)	(8,056,317)	-	(304,868)	-	-	-	-	6,936,879	(1,424,306)
Change in Net Position	25,455,693	5,071,133	3,161,769	(370,713)	535,410	2,150,753	21,177	-	36,025,222
Total Net Position (Deficit)-Beginning	386,762,355	131,230,080	32,844,969	5,407,350	9,139,878	(2,150,753)	(21,177)	-	563,212,702
Total Net Position (Deficit)-Ending	\$ 412,218,048	\$ 136,301,213	\$ 36,006,738	\$ 5,036,637	\$ 9,675,288	\$ -	\$ -	\$ -	\$ 599,237,924

Environmental Utilities Enterprise Funds
City of Roseville, California
Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

Wastewater Enterprise Fund						Waste Services Fund					
Operations	Construction	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total	Operations	Capital Purchase	Rehabilitation	Rate Stabilization	Interfund Eliminations	Totals
\$ 41,874,295	\$ -	\$ -	\$ -	\$ -	\$ 41,874,295	\$ 26,807,954	\$ 1,000	\$ -	\$ -	\$ -	\$ 26,808,954
191,186	-	-	-	-	191,186	50,682	-	-	-	-	50,682
42,065,481	-	-	-	-	42,065,481	26,858,636	1,000	-	-	-	26,859,636
33,598,114	(9,133,091)	(241,877)	-	-	24,223,146	23,288,332	92,495	615,918	-	-	23,996,745
1,441,604	5,328	1,300,656	4,823	-	2,752,411	2,094,794	4,505	16,827	-	-	2,116,126
5,005,088	4,135,602	884,516	-	-	10,025,206	152,125	41,261	182,341	-	-	375,727
40,044,806	(4,992,161)	1,943,295	4,823	-	37,000,763	25,535,251	138,261	815,086	-	-	26,488,598
2,020,675	4,992,161	(1,943,295)	(4,823)	-	5,064,718	1,323,385	(137,261)	(815,086)	-	-	371,038
753,771	62,461	887,842	249,754	-	1,953,828	750,926	138,428	71,363	69,027	-	1,029,744
(1,900)	(1,793,225)	-	-	-	(1,795,125)	-	-	-	-	-	-
(23,005)	(6,566)	(139)	-	-	(29,710)	(675)	-	(277)	-	-	(952)
1,840	-	338,803	-	-	340,643	38,097	-	-	-	-	38,097
-	(6,982,322)	-	-	-	(6,982,322)	-	-	-	-	-	-
730,706	(8,719,652)	1,226,506	249,754	-	(6,512,686)	788,348	138,428	71,086	69,027	-	1,066,889
2,751,381	(3,727,491)	(716,789)	244,931	-	(1,447,968)	2,111,733	1,167	(744,000)	69,027	-	1,437,927
-	12,137,511	532,724	-	-	12,670,235	-	646,565	-	-	-	646,565
27,487,981	-	32,148	-	-	27,520,129	-	-	20,978	-	-	20,978
46,011	-	8,386,003	1,250,000	(9,636,003)	46,011	-	-	365,712	103,000	(468,712)	-
(11,321,884)	-	(296,422)	-	9,636,003	(1,982,303)	(1,168,486)	-	(193,428)	-	468,712	(893,202)
18,963,489	8,410,020	7,937,664	1,494,931	-	36,806,104	943,247	647,732	(550,738)	172,027	-	1,212,268
306,284,333	218,894,087	91,932,896	6,928,829	-	624,040,145	3,856,628	4,308,774	3,301,244	2,108,333	-	13,574,979
\$ 325,247,822	\$ 227,304,107	\$ 99,870,560	\$ 8,423,760	\$ -	\$ 660,846,249	\$ 4,799,875	\$ 4,956,506	\$ 2,750,506	\$ 2,280,360	\$ -	\$ 14,787,247

Environmental Utilities Enterprise Funds

City of Roseville, California Combining Statement of Cash Flows Year Ended June 30, 2020

	Water Enterprise Fund								Total
	Operations	Construction	Rehabilitation	Meter Retrofit	Rate Stabilization	Technical Services	Utility Exploration Center	Interfund Eliminations	
Operating Activities									
Receipts from customers	\$ 34,228,299	\$ (1,877,282)	\$ (6,950)	\$ (7,156)	\$ (3,677)	\$ -	\$ -	\$ -	\$ 32,333,234
Payments to suppliers	(9,780,717)	405,821	(695,817)	(1,611)	(8,906)	(7,041)	(21,177)	-	(10,109,448)
Payments to employees	(10,646,675)	(427,753)	(205,230)	-	-	-	-	-	(11,279,658)
Other receipts	154,760	-	-	-	-	-	-	-	154,760
Net Cash Provided (used) by Operating Activities	13,955,667	(1,899,214)	(907,997)	(8,767)	(12,583)	(7,041)	(21,177)	-	11,098,888
Noncapital Financing Activities									
Subventions and grants	22,549	-	-	-	-	-	-	-	22,549
Increase / decrease in due from other funds	-	(6,380)	-	-	-	-	-	6,380	-
Increase / decrease in due to other funds	-	-	6,380	-	-	-	-	(6,380)	-
Advances to other funds	-	-	(267,770)	-	-	-	-	267,770	-
Payments (receipts) on advances to (from) other funds	(385,000)	652,770	-	-	-	-	-	(267,770)	-
Transfers in	1,173,748	58,350	4,456,451	-	250,000	2,150,753	21,325	(6,936,879)	1,173,748
Transfers (out)	(8,056,317)	-	(304,868)	-	-	-	-	6,936,879	(1,424,686)
Cash Flows from (used for) Noncapital Financing Activities	(7,245,020)	704,740	3,890,193	-	250,000	2,150,753	21,325	-	(228,009)
Capital and Related Financing Activities									
Acquisition and construction of capital assets	(205,353)	(898,013)	(302,410)	7,964	-	9,569	-	-	(1,388,243)
Proceeds from sale of capital assets	-	-	64,934	-	-	-	-	-	64,934
Acquisition of restricted assets	-	534,647	-	-	-	-	-	-	534,647
Payments on notes receivables	-	-	-	8,754	-	-	-	-	8,754
Principal paid on capital debt	-	(2,560,000)	-	-	-	-	-	-	(2,560,000)
Interest paid on capital debt	(211,500)	(1,854,920)	(17,510)	-	-	-	-	-	(2,083,930)
Capital contributions	-	10,409,888	-	80,797	-	-	-	-	10,490,685
Cash Flows from (used for) Capital and Related Financing Activities	(416,853)	5,631,602	(254,986)	97,515	-	9,569	-	-	5,066,847
Cash Flows from Investing Activities									
Interest received (paid)	1,220,340	2,266,608	579,174	40,277	308,318	-	(148)	-	4,414,569
Transfer of connection fees to SPWA	-	-	-	-	-	-	-	-	-
Cash Flows from Investing Activities	1,220,340	2,266,608	579,174	40,277	308,318	-	(148)	-	4,414,569
Net Increase (Decrease) in Cash and Cash Equivalents	7,514,134	6,703,736	3,306,384	129,025	545,735	2,153,281	-	-	20,352,295
Cash and Investments at Beginning of Period	30,157,839	49,823,839	15,329,742	1,148,844	9,092,796	(2,153,281)	-	-	103,399,779
Cash and Investments at End of Period	\$ 37,671,973	\$ 56,527,575	\$ 18,636,126	\$ 1,277,869	\$ 9,638,531	\$ -	\$ -	\$ -	\$ 123,752,074
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:									
Operating income (loss)	\$ 7,227,948	\$ (6,035,305)	\$ (1,558,435)	\$ (497,957)	\$ (8,928)	\$ -	\$ -	\$ -	\$ (872,677)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation and amortization	5,071,450	5,603,536	387,155	496,347	-	-	-	-	11,558,488
Inventories	44,663	-	-	-	-	-	-	-	44,663
OPEB expense	(667,000)	-	-	-	-	-	-	-	(667,000)
Pension expense	2,608,007	-	-	-	-	-	-	-	2,608,007
Change in assets and liabilities:									
Receivables, net	(356,579)	(1,249,961)	(6,950)	(7,174)	(3,677)	-	-	-	(1,624,341)
Accounts and other payables	27,178	409,837	270,233	17	22	(7,041)	(21,177)	-	679,069
Unearned revenue	-	(627,321)	-	-	-	-	-	-	(627,321)
Net Cash Provided by Operating Activities	\$ 13,955,667	\$ (1,899,214)	\$ (907,997)	\$ (8,767)	\$ (12,583)	\$ (7,041)	\$ (21,177)	\$ -	\$ 11,098,888
Noncash Capital and Related Financing Activities									
Changes in fair value of derivative									
Contributions of capital assets	\$ 23,334,307	\$ 163,220							\$ 23,497,527
Amortization of bond premium		\$ 461,963							\$ 461,963
Amortization of deferred amount on refunding		\$ (170,411)							\$ (170,411)

Environmental Utilities Enterprise Funds
City of Roseville, California
Combining Statement of Cash Flows
Year Ended June 30, 2020

Wastewater Enterprise Fund						Waste Services Fund					
Operations	Construction	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total	Operations	Capital Purchase	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total
\$ 40,133,987	\$ 1,364,506	\$ (310,539)	\$ (3,204)	\$ -	\$ 41,184,750	\$ 26,715,143	\$ -	\$ -	\$ -	\$ -	\$ 26,715,143
(23,006,575)	9,138,605	(2,570,258)	(4,804)	-	(16,443,032)	(14,181,536)	(183,454)	(572,093)	(862)	-	(14,937,945)
(14,174,693)	-	(313,810)	-	-	(14,488,503)	(8,385,869)	-	(37,424)	-	-	(8,423,293)
191,186	-	-	-	-	191,186	50,682	-	-	-	-	50,682
3,143,905	10,503,111	(3,194,607)	(8,008)	-	10,444,401	4,198,420	(183,454)	(609,517)	(862)	-	3,404,587
1,840	-	338,803	-	-	340,643	38,097	-	-	-	-	38,097
-	(2,537,372)	(117,874)	-	-	(2,655,246)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
46,011	-	8,386,003	1,250,000	(9,636,003)	46,011	-	-	365,712	103,000	(468,712)	-
(11,321,884)	-	(296,422)	-	9,636,003	(1,982,303)	(1,168,486)	-	(193,428)	-	468,712	(893,202)
(11,274,033)	(2,537,372)	8,310,510	1,250,000	-	(4,250,895)	(1,130,389)	-	172,284	103,000	-	(855,105)
4,253,362	(8,766,948)	(2,599,284)	-	-	(7,112,870)	97,151	-	(97,151)	-	-	-
-	-	-	-	-	-	248,971	-	58,926	-	-	307,897
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	(1,618,503)	-	-	-	(1,618,503)	-	-	-	-	-	-
(1,900)	(1,361,316)	-	-	-	(1,363,216)	-	-	-	-	-	-
-	12,137,511	532,724	-	-	12,670,235	-	646,565	-	-	-	646,565
4,251,462	390,744	(2,066,560)	-	-	2,575,646	346,122	646,565	(38,225)	-	-	954,462
796,175	66,988	928,669	260,878	-	2,052,710	783,948	144,843	75,216	72,276	-	1,076,283
-	(9,523,834)	-	-	-	(9,523,834)	-	-	-	-	-	-
796,175	(9,456,846)	928,669	260,878	-	(7,471,124)	783,948	144,843	75,216	72,276	-	1,076,283
(3,082,491)	(1,100,363)	3,978,012	1,502,870	-	1,298,028	4,198,101	607,954	(400,242)	174,414	-	4,580,227
26,878,996	1,914,750	26,500,571	6,895,633	-	62,189,950	20,928,132	4,023,249	2,568,729	2,097,432	-	29,617,542
\$ 23,796,505	\$ 814,387	\$ 30,478,583	\$ 8,398,503	\$ -	\$ 63,487,978	\$ 25,126,233	\$ 4,631,203	\$ 2,168,487	\$ 2,271,846	\$ -	\$ 34,197,769
\$ 2,020,675	\$ 4,992,161	\$ (1,943,295)	\$ (4,823)	\$ -	\$ 5,064,718	\$ 1,323,385	\$ (137,261)	\$ (815,086)	\$ -	\$ -	\$ 371,038
5,005,088	4,135,602	884,516	-	-	10,025,206	152,125	41,261	182,341	-	-	375,727
(1,209)	-	-	-	-	(1,209)	31,077	-	-	-	-	31,077
(1,725,000)	-	-	-	-	(1,725,000)	4,141,000	-	-	-	-	4,141,000
(118,816)	-	-	-	-	(118,816)	987,353	-	-	-	-	987,353
(1,804,446)	1,364,506	(286,218)	(3,204)	-	(729,362)	(55,610)	(59,995)	(824)	(867)	-	(117,296)
(232,387)	10,842	(1,849,610)	19	-	(2,071,136)	(2,380,910)	11	24,052	5	-	(2,356,842)
-	-	-	-	-	-	-	(27,470)	-	-	-	(27,470)
\$ 3,143,905	\$ 10,503,111	\$ (3,194,607)	\$ (8,008)	\$ -	\$ 10,444,401	\$ 4,198,420	\$ (183,454)	\$ (609,517)	\$ (862)	\$ -	\$ 3,404,587
	\$ 872,530				\$ 872,530						
\$ 1,679,245	\$ 728,540	\$ 148,209			\$ 1,827,454						
					\$ 728,540						



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 *Governmental Auditing Standards*

Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Environmental Utilities Enterprise Funds (Funds) of the City of Roseville, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated February 26, 2021. Our report included an emphasis of matter paragraph stating the Funds' financial statements do not purport to and do not, present fairly the financial position of the City as of June 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Funds' internal control over financial reporting (internal control) as a basis for designing the 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 Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' 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*.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sacramento, California

February 26, 2021