

Working together to stay the course

2021 ANNUAL REPORT



Contents

Director's message	1
Compare our rates	3
Fiscal Year 2021 statistics	4
Keeping utility services status quo for customers	5
Getting it done together	13
Making progress in the face of uncertainty	17
Environmental Utilities enterprise funds	21

Director's message

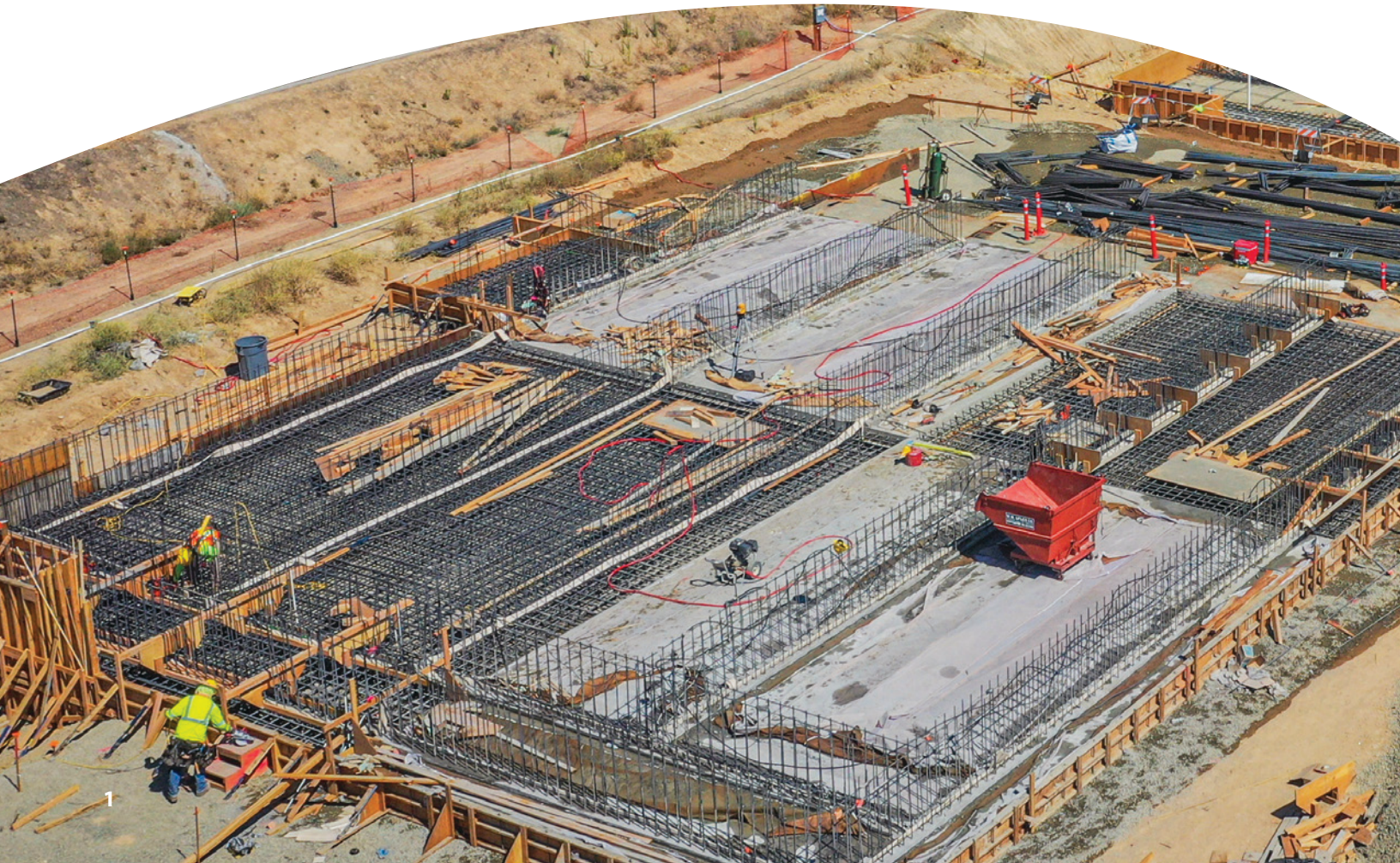
As many leaders of effective organizations know, a staff focused on outcomes can achieve great things. In fiscal year 2021, the Roseville Environmental Utilities (EU) team hit significant project milestones and had several achievements that illustrate this point.

Whether working through the changes we have seen coming — like new regulations or long-planned development — or those that were unforeseen, we rose to the circumstances to manage the community's resources while maintaining utility services.

In FY21 (July 1, 2020-June 30, 2021), Roseville EU made headway on capital improvement projects, which anyone can now track using an interactive project dashboard. In the Hillcrest neighborhood, plans were underway for the Water Utility to replace outdated fire hydrants and upsize more than 15,000 feet of water mains. The utility also planned to develop

six new aquifer storage recovery wells, which will allow Roseville to bank water underground during the wetter years and tap into it as needed.

The construction of two of those wells was fast-tracked in FY21. Construction was also underway on a long-planned project to increase water storage capacity and facilitate operational flexibility — the West Side Tanks and Pumps Station. We've had this plan on the books since 2005, but it was delayed after the Great Recession stalled regional development. The Pleasant Grove Wastewater Treatment Plant, located adjacent to the in-progress pump station, and the concurrent Energy Recovery Project, were also well into the construction phase. Those projects will result in short- and long-term benefits for Roseville's utility customers.



Each of these projects exemplifies the strong collaboration between our utility divisions and our technical services and data management groups — the engineers and project managers behind the scenes who are instrumental in seeing these utility projects through.

Additionally, EU was well-equipped to respond to the pandemic safely and effectively for two reasons: Our divisions, like Wastewater and Waste Services, are experienced in handling toxic materials due to the nature of the work. Second, much of our utility crew staff were already largely independent or remote, which meant there wasn't too much adjusting necessary.

EU divisions most impacted by the pandemic stayed true to their focus but changed how they do things. Nowhere was this more evident than at the Utility Exploration Center — a place that is managed with Roseville Electric that's filled with learning activities for children and families. UEC staff serves school-aged children while engaging an adult audience worldwide by honing their webinars. This team also strategized ways to teach 6th through 12th graders — young people who could be the next generation of utility workers as we see more retirements and staffing shortfalls.

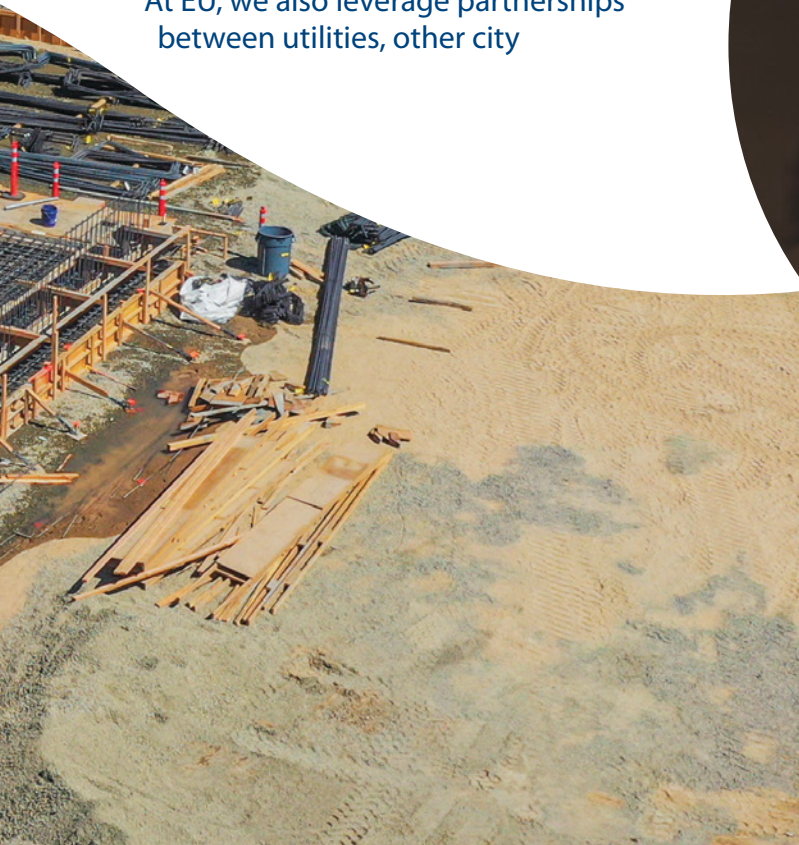
At EU, we also leverage partnerships between utilities, other city

departments, and outside organizations. This year, these collaborations resulted in our utilities being more self-reliant and efficient, fewer disruptions for residents during infrastructure projects, and even more informed approaches to school programs.

What stands out about 2021 was the team's collective ability to tap into our strengths to successfully maintain services throughout the year while continuing to move the needle on long-term efforts.



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

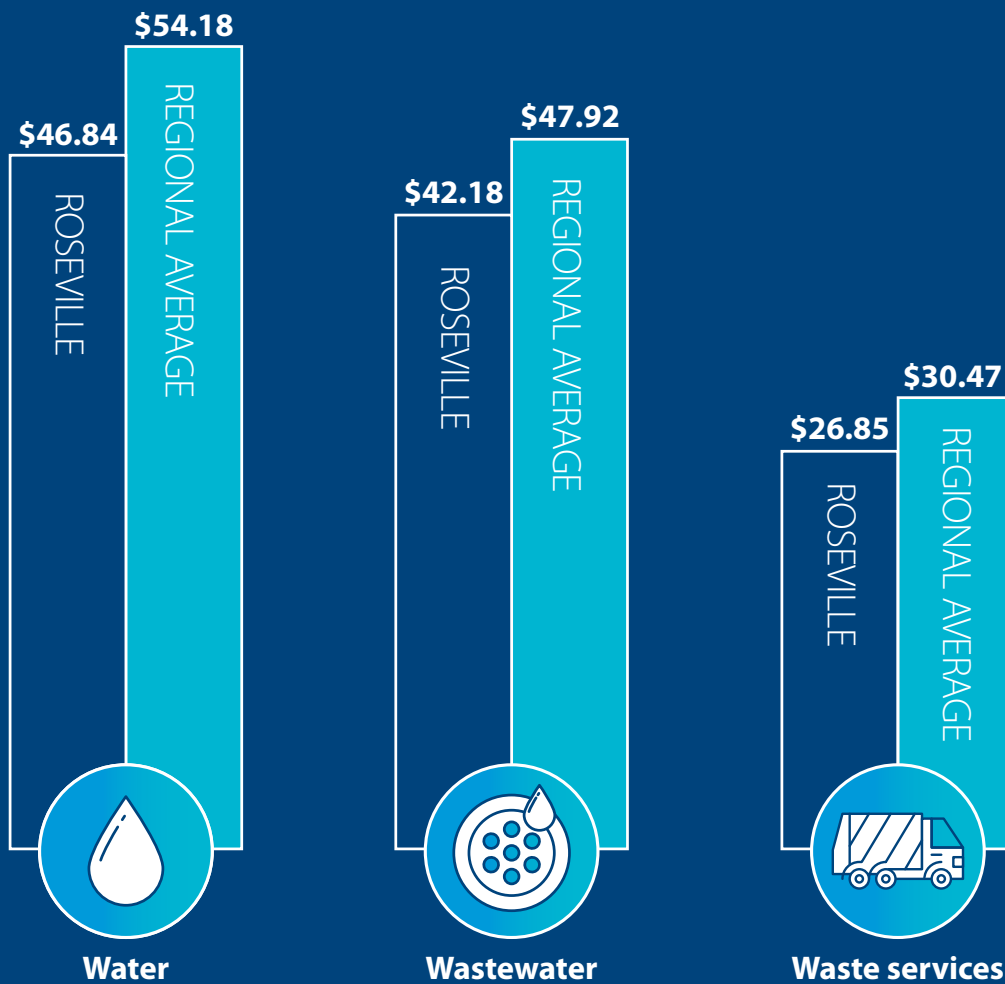


Compare our rates

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 2021 statistics



Water



Wastewater



Waste Services

Residential Customers

43,485

45,338

46,840

Commercial Customers

3,321

2,193

1,514

46,806
Total customers

47,531
Total customers

48,354
Total customers



\$36,887,506

Utility sales

\$43,609,275

Utility sales

\$28,638,281

Utility sales



Water
production

**29,285 acre-feet
produced**

72

Employees



Wastewater
treatment

**6.2 billion
gallons treated**

107

Employees



Refuse
collection

**140,000 tons
collected**

66

Employees

Utility Exploration Center



3,747
Total
attendance



930
Special event
attendance



704
School tour
attendance



10
Number of
employees



0
Volunteer
hours

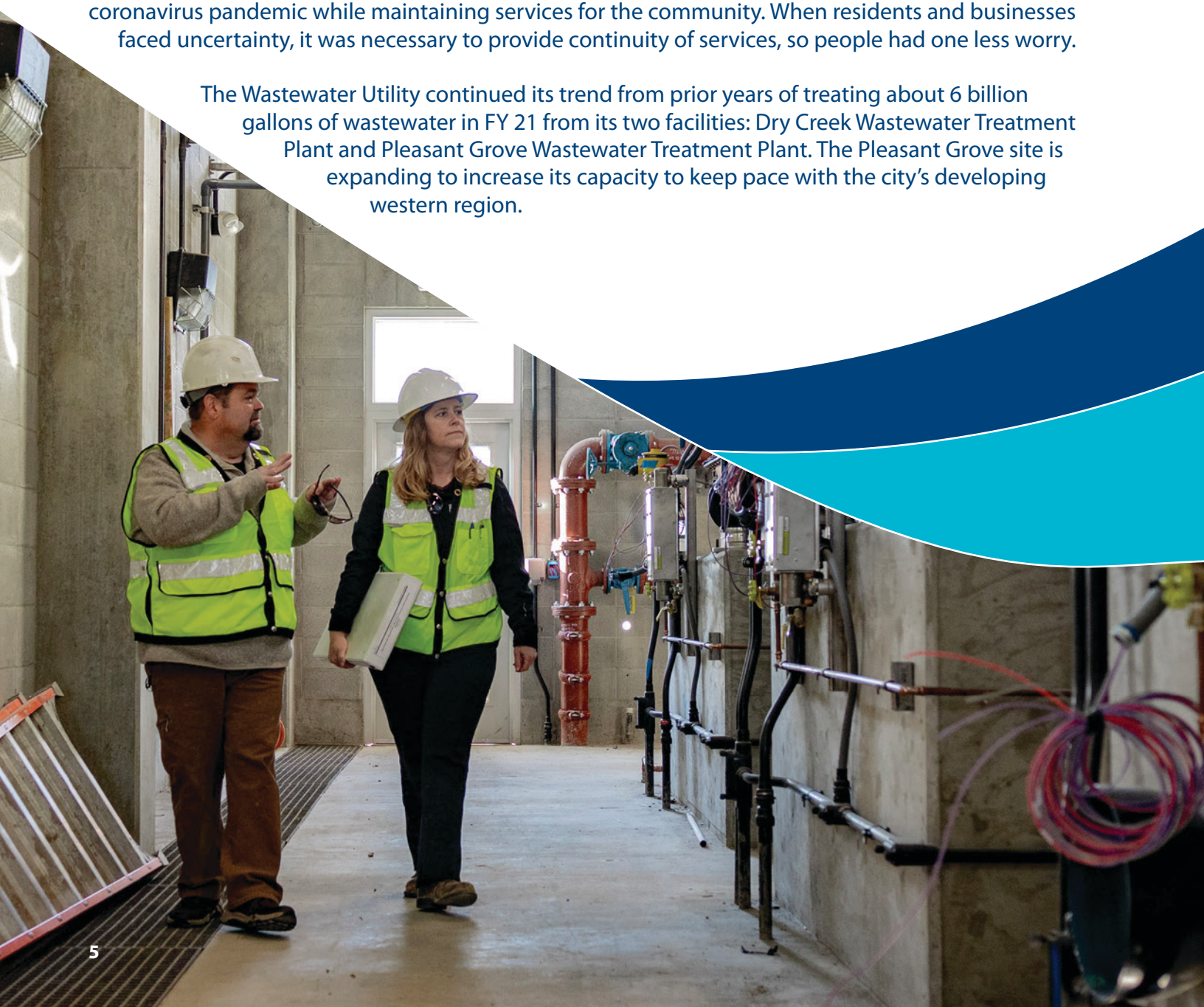
Keeping utility services status quo for customers

When the world faced uncertainty, Roseville EU stayed on track with projects, programs, and services to maintain service levels and expand infrastructure

Roseville Environmental Utilities is accustomed to working within conditions that aren't always within their control — from state and federal regulatory policies to the region's water supply.

These experiences have equipped us to adapt to the changing circumstances through the coronavirus pandemic while maintaining services for the community. When residents and businesses faced uncertainty, it was necessary to provide continuity of services, so people had one less worry.

The Wastewater Utility continued its trend from prior years of treating about 6 billion gallons of wastewater in FY 21 from its two facilities: Dry Creek Wastewater Treatment Plant and Pleasant Grove Wastewater Treatment Plant. The Pleasant Grove site is expanding to increase its capacity to keep pace with the city's developing western region.





"Keeping continuity of service was a big deal, and we did that successfully," said Bryan Buchanan, wastewater operations manager.

"We continued with projects and maintained normal business even with COVID."

The Waste Services Utility (trash and recycling) also continued uninterrupted service after a short time of suspending curbside pickup of household hazardous waste and e-waste at the beginning of the pandemic. So, aside from shifting customer service staff to home offices, it was predominantly business as usual.



“For us, it was status quo because we have to provide services every day,” said Shelly Tilley, refuse superintendent.

Because customer service staff are needed onsite to process paperwork each day, Waste Services Utility Manager Devin Whittington said there was some schedule juggling involved in keeping staff onsite to receive paperwork at the end of the day.

“It was a learning opportunity for all of us to shift from working in the office to (mostly) working at home, but I feel like we came together as a group and did a great job,” said Vicki Reid, senior solid waste billing technician. “Our level of service didn’t change.”





The most public-facing branch of EU — the Utility Exploration Center (UEC) — had to reach beyond its own four walls to keep people engaged. After the coronavirus pandemic caused the UEC to close its doors in 2020, staff had to rethink their approach to inspiring stewardship of resources in everyday life.

UEC staff focused on creating fun, on-message social media content and prepared a suite of elementary school programs that included at-home activities and teacher detailed unit plans. In addition to designing this program rollout, Melissa Kinsey, interpretive services specialist II, also developed content and piloted the UEC's two new virtual field trips and traveling trunks.

This program included an entire unit and materials kit for Roseville students to learn how trash travels through the water system and contributes to pollution and how they can help. The popular Count Watts Spooktacular also resumed in October as a drive-through, COVID-safe family event.

The UEC pivoted its offerings for adults, as well. They produced webinars and virtual how-to videos that were stormwater and Master Gardener-focused on topics like “using pesticides wisely” and “how to feed your citrus trees.”

Brayden Mitchell, Utility Exploration Center’s senior interpretive services specialist, said the virtual offerings through online event platforms widened their audience reach.

“Using the Eventbrite platform opens us up to a global audience,” he said. “It was cool to have messages that were very specific to Roseville but used around the world.”

The UEC also re-piloted its Green Gardener series — an eight-week series packed with gardening information for homeowners. This year, it was 100 percent virtual with a new website, where materials were added week by week. About 50 people participated in the series, a few from the Placer County Master Gardeners program.

When the UEC reopened in the spring of 2021, larger hands-on items meant for groups of children were replaced with smaller manipulatives for families to share — like tabletop-sized building blocks and magnet kits with utility-themed design challenges.

“That was a way of getting the families to sit together at a single table and interact and build together,” said Mitchell. Those kits also included a one-sheet that gave parents more information about Roseville Utilities.

Their changes have been lasting as the UEC serves and expands its audiences.



“We first wanted to make sure we continued to serve our regular visitors but also used this opportunity to realign resources to extend our reach to a broader audience,” said Rachel Tooker, interpretive services supervisor.

“This was not just a stop-gap measure for the pandemic, we were also building a new UEC.”





Turning back to utilities, EU's Water Utility continued construction on the West Side Tanks and Pump Station, which will increase operational capacity and staffing flexibility in a developing region of the city.

“It will allow us to have staff that is located within the western part of the city to help better serve the community,” said Sean Bigley, assistant director for the City’s Water Utility.

The Water Utility also planned for two of a total of six planned aquifer storage recovery, or ASR wells, which were put on a construction fast track due to drought conditions and are expected to be online and running in the summer of 2023. With periodic droughts as a part of California’s climate and a fact of living in the western United States, these wells will make it possible for Roseville to store the water underground and extract in drier years so our customers won’t face supply shortages with an uncertain future.



As the pandemic played out, Bobby Alvarez, water conservation administrator, pointed out some adjusting for the utility. “It was just all hands on deck, and I think that it was pretty successful seeing that this has never happened to us before and the plan was created on the fly,” he said.

“We take a lot of pride in being able to adapt how we work,” added Bigley. “From a customer’s perspective, it has been seamless.”

Two teams work behind the scenes to make that seamless customer experience — Technical Services and Data Management. They’re the people who manage significant projects, build GIS infrastructure maps, input, access asset data, track and plan rehabilitation needs and EU maintains for the benefit of the community.

Getting it done together

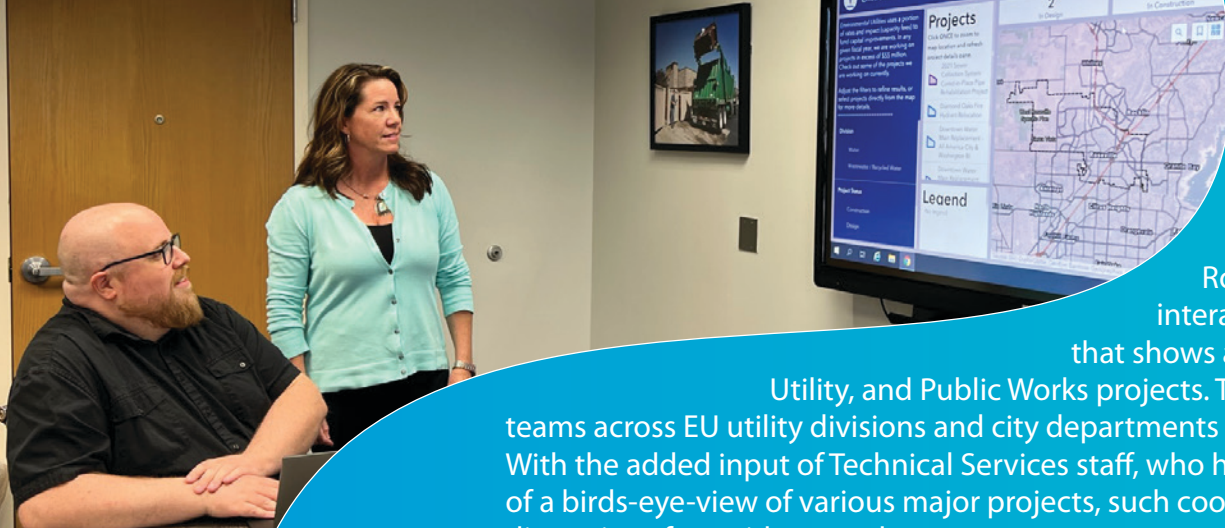
This year, partnerships made for more thoughtful, efficient work, and helped EU stay the course

It truly takes a village to run this organization's utilities and other parts, and behind-the-scenes partnerships help make it happen. We like to work smarter at EU by coordinating efforts to carry out our plans in efficient, economically sound ways that benefit our wider community. A significant point of internal collaboration is with EU Technical Services and Data Management teams, comprised of engineers and others who carry out large projects with utility heads.

"There's a wide range of responsibilities for the engineers who focus on capital improvement projects," said Jonathan Cummings, associate engineer with Technical Services. "As project managers, we oversee capital improvements from inception to completion."

As Jon Heisler, a senior GIS analyst with the Data Management group explained, "We don't have a direct line with the residents themselves, but we support the people that do."





This year, Data Management GIS analyst Kelly Rock developed an interactive dashboard that shows all the EU, Electric

Utility, and Public Works projects. That has helped teams across EU utility divisions and city departments coordinate projects. With the added input of Technical Services staff, who have the advantage of a birds-eye-view of various major projects, such coordination limits disruptions for residents and ratepayers.



“We have both the opportunity and the luxury of interfacing with all of the different utilities,” said Janice Gainey, senior engineer.

She explains that the Technical Services is the backbone of ensuring that we rehab services when needed to maintain reliability and expand to keep pace with the use of utility services as Roseville expands. The coordination of projects during FY21 in the Hillcrest neighborhood is a prime example of how this partnership translates to customer ease.

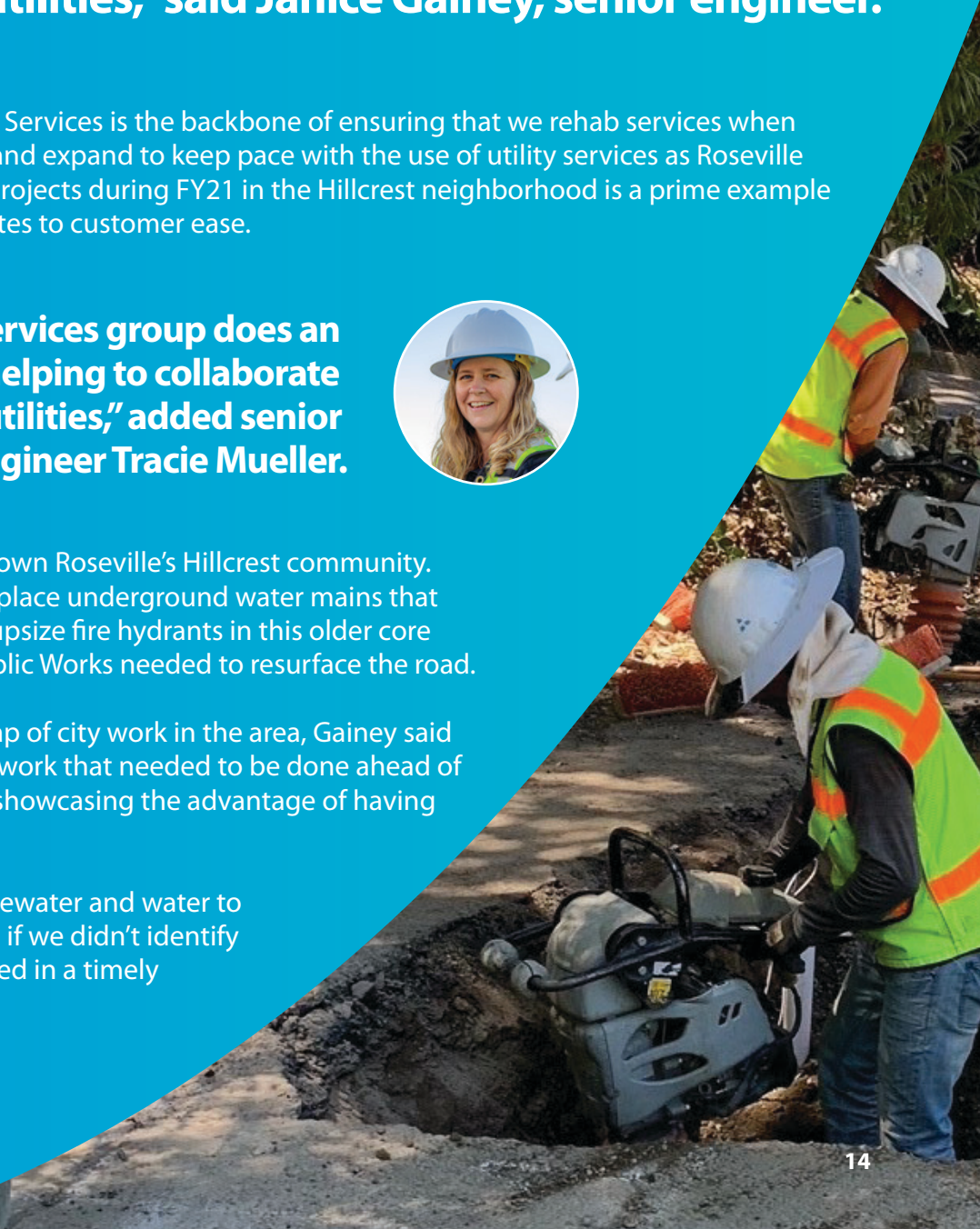
“The Technical Services group does an excellent job of helping to collaborate with other utilities,” added senior engineer Tracie Mueller.



This was exemplified in Downtown Roseville’s Hillcrest community. The Water Utility planned to replace underground water mains that exceeded their useful life and upsize fire hydrants in this older core neighborhood. In addition, Public Works needed to resurface the road.

In addition to seeing the overlap of city work in the area, Gainey said her team also identified sewer work that needed to be done ahead of the water infrastructure work, showcasing the advantage of having most utilities under one roof.

“We were able to connect wastewater and water to coordinate that effort, whereas if we didn’t identify that, it might not have happened in a timely fashion,” Mueller said.





Our utilities also coordinated with the Public Works resurfacing project to complete our rehab and upgrades beforehand. “Technical Services was able to manage that project and fit it in so that we got the best benefit to the customer,” said Mike Simi, water distribution superintendent.

“That’s going to be resurfaced, and all the infrastructure is going to be new, so we collaborated to make sure we did it all at the same time.”

The UEC also got a lot out of partnerships this year, starting with Technical Services support from Assistant Engineer Rana Moore. Staff is planning to redesign and refresh its exhibits, and Rana helped put the project in motion by interviewing designers, reviewing proposals, and calling references.

“Especially for (this) project, it requires collaboration from everyone because the UEC represents everyone,” said Moore. “People are willing to make themselves available, and that’s really appreciated.”

The UEC also strengthened its ties to Placer County Office of Education and researched to form stronger connections with local classroom teachers. They also partnered with the Wastewater Utility to develop a virtual tour of the Pleasant Grove Wastewater Treatment Plant instead of in-person tours, which were suspended.



“While managing the pandemic, we were able to adapt the great content that we have and translate it to an online experience,” said Rachel Tooker. “It gives people a whole look -- not only at the steps in the wastewater treatment process, but also how they can be good partners in helping us manage wastewater effectively.”

That tour won an award from the California Association of Sanitation Agencies.

Continuing on the notion of partnerships, the Waste Services utility developed plans to adhere to new state recycling and organics laws. In doing so, staff worked with EU’s Business Services and residential ratepayers to build a financially sound program. It also included customers’ perspectives to ensure a successful citywide program next year.

Senior solid waste billing technician Vicki Reid said that her utility also worked with customers directly to assess the best plan for a new collections system possibly on the horizon.



“That’s a big collaboration right there — working with the customers to help them meet their needs,” said Vicki. “We don’t want to set something up that people aren’t going to buy into.”



Making progress in the face of uncertainty

How we pushed ahead using the best tools we have

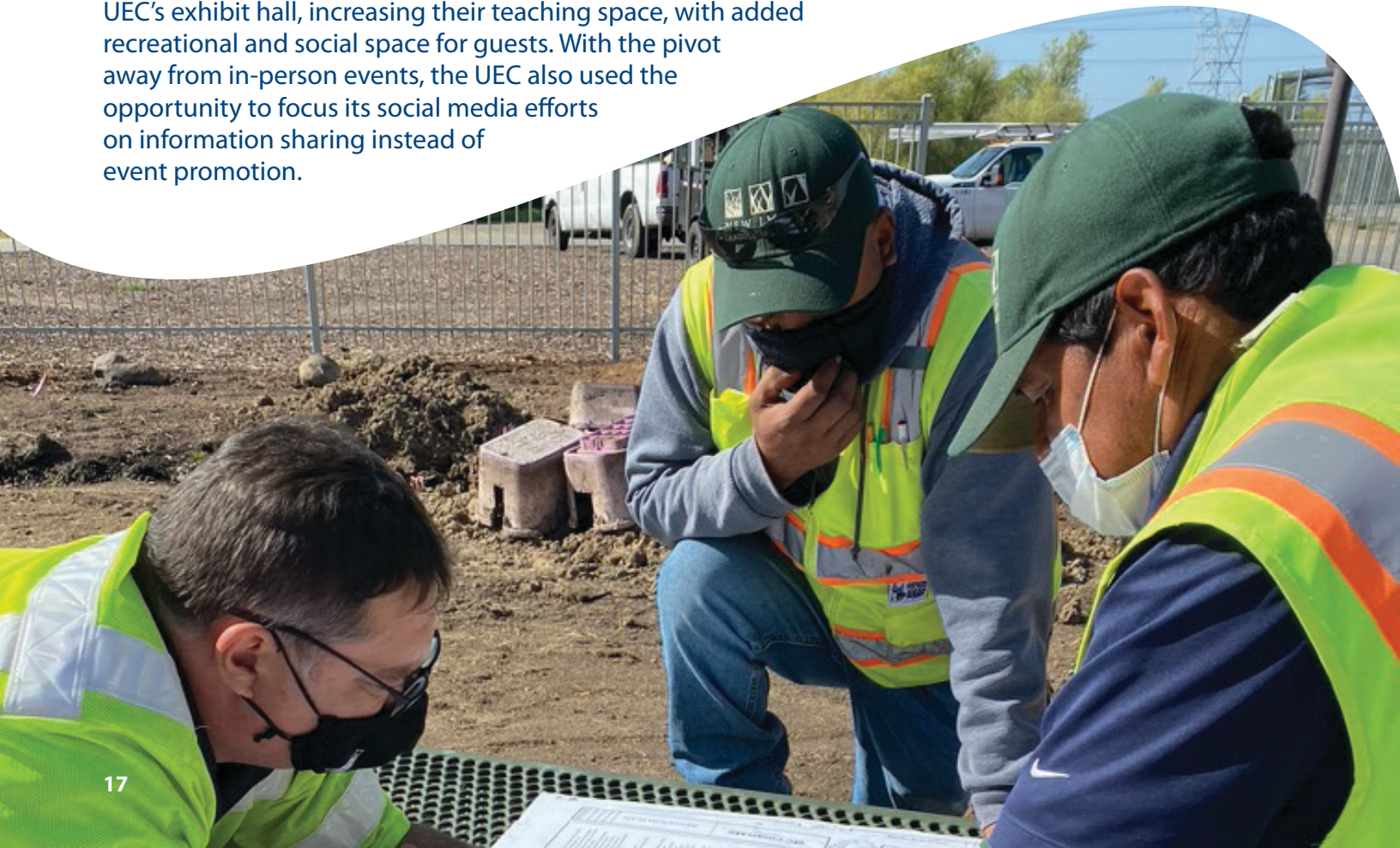
The work we do at EU to manage our resources and deliver services requires us to be proactive in our long-term planning. Through FY21, we maintained our focus on long-term plans and projects, from our education programs to completing a rehabilitation schedule for water infrastructure.

As the UEC staff continued to put out content and activities for today's audiences, Melissa Kinsey began developing school programs through high school — an untapped age group so far that has the potential to be the next generation of utility professionals.



“In the past, we focused our energy on elementary school programs, but as we look to the future, we are working on expanding into middle and high school programs,” said Melissa.

They also continued work on the Inspiration Garden, a supplement to the UEC's exhibit hall, increasing their teaching space, with added recreational and social space for guests. With the pivot away from in-person events, the UEC also used the opportunity to focus its social media efforts on information sharing instead of event promotion.





In the fall of 2020, Waste Services launched a two-phase pilot program to evaluate whether to switch from a two-bin to a three-bin collections system to comply with California's Senate Bill 1383. To reduce methane emissions from decomposing organic waste in landfills, the law has many components that each municipality must address, from how they collect organic waste from businesses and residents to where it is stored and processed or redistributed.



“We’re still in the process of evaluating those factors to determine which compliance path will be used moving forward,” said Michelle White, recycling and organics coordinator.

Their team is also working on plans to adhere to Assembly Bill 939, which involves waste disposal. “I feel confident that we will comply. It has taken us a lot of time here,” added Devin Whittington.

In FY21, EU conducted a full review and developed a rehabilitation schedule of the city's water mains, the water treatment plant, and other infrastructure. The detailed analysis allows the Water Utility to develop a long-range plan for maintaining and investing in rehabilitation based on the likelihood of infrastructure failure and the consequence of failure.



“We have a good model to help inform rehabilitation decisions, with the utility able to plan that work out in the coming years strategically,” said Sean Bigley, water utility assistant director.

The Pleasant Grove Wastewater Treatment Plant expansion and concurrent Energy Recovery Project are moving closer toward completion in the Wastewater Utility.

The Energy Recovery Project will result in a waste-to-energy plant that produces electricity for onsite use, reducing reliance on the electrical grid during rolling blackouts. The plant will also produce Compressed Natural Gas to fuel a fleet of refuse trucks — another utility partnership in the making that results in environmental benefits, greater efficiency, and cost-savings for ratepayers.





In addition to extensive plant upgrades and expansion at one of our regional wastewater facilities, our wastewater utility began working on an effort to rehabilitate sewer collection lines. This included installing more than three miles of liner – an approach to seal cracks and restore pipes so that wastewater flows without interruption.

Additionally, the ASR wells project and West Side Tanks and Pumps Station will increase the reliability of our water supply, which has historically been more reliant on surface water from Folsom Lake. These projects will make for greater flexibility in storing and releasing water as the community develops and the region faces potential drought.

While 2020 was a year of learning to push forward through uncertainty, FY 2021 was our chance to put our best practices into action.

“We got creative and developed some processes that I am just so proud of,” said Vicki Reid, senior solid waste billing technician. “I can say that we are prepared for anything at this point.”





ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS ROSEVILLE, CALIFORNIA

JUNE 30, 2021

FINANCIAL STATEMENT

Focused
on YOU



ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS
ROSEVILLE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Statement of Net Position.....	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	9
Required Supplementary Information	
Schedule of the Environmental Utilities Enterprise Fund's Proportional Share of the City's Miscellaneous Plan Net Pension Liability	34
Schedule of Pension Contributions	36
Schedule of the Environmental Utilities Enterprise Funds' Proportional Share of the City's Net OPEB Liability	38
Schedule of OPEB Contributions	39
Supplementary Information	
Combining Statement of Net Position	44
Combining Statement of Revenues, Expenses and Changes in Net Position.....	50
Combining Statement of Cash Flows.....	56
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 <i>Governmental Auditing Standards</i>	61

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INDEPENDENT AUDITORS' REPORT

Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Environmental Utilities Enterprise Funds (Funds) of the City of Roseville (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds, as of June 30, 2021, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, 2021, and the changes in its financial position and 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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





Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the Funds' miscellaneous plan net pension liability, schedule of pension contributions, schedule of proportionate share of the Funds' net OPEB liability and schedule of OPEB contributions. be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other



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City of Roseville, California

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 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 results of that testing, and not to provide an opinion on the effectiveness of the Funds' 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 black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
May 25, 2022

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2021

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Assets:				
Current:				
Cash and investments in City Treasury	\$ 134,154,868	\$ 74,359,402	\$ 35,949,144	\$ 244,463,414
Restricted cash and investments with fiscal agents	8,173,965	-	-	8,173,965
Receivables:				
Accounts, net of allowance for doubtful accounts	4,715,645	4,887,547	3,264,559	12,867,751
Accrued interest	256,033	150,593	66,722	473,348
Notes and loans	48,147	4,344,362	-	4,392,509
Inventories	3,151,070	139,135	193,578	3,483,783
Developer permit fees receivable	4,405,019	4,248,216	410	8,653,645
Total Current Assets	154,904,747	88,129,255	39,474,413	282,508,415
Noncurrent:				
Land and construction in progress	29,043,404	81,807,710	1,088,866	111,939,980
Capital assets being depreciated, net	552,562,820	626,741,083	2,491,090	1,181,794,993
Total Noncurrent Assets	581,606,224	708,548,793	3,579,956	1,293,734,973
Total Assets	736,510,971	796,678,048	43,054,369	1,576,243,388
Deferred Outflows of Resources:				
Deferred charge on refunding	1,533,691	-	-	1,533,691
Deferred outflows related to OPEB	861,000	666,000	619,000	2,146,000
Deferred outflows related to pensions	3,448,622	4,382,146	2,491,150	10,321,918
Total Deferred Outflows of Resources	5,843,313	5,048,146	3,110,150	14,001,609
Liabilities:				
Current:				
Accounts payable	8,074,226	1,696,609	965,970	10,736,805
Accrued liabilities	398,355	427,298	262,405	1,088,058
Unearned revenues	6,303	3	-	6,306
Deposits payable	39	61,703	50,794	112,536
Current portion of compensated absences	732,944	1,226,573	656,164	2,615,681
Current portion of long-term debt	2,825,000	-	-	2,825,000
Total Current Liabilities	12,036,867	3,412,186	1,935,333	17,384,386
Noncurrent:				
Net Investment in SPWA reserves	-	13,227,399	-	13,227,399
Landfill closure and post closure liability	-	-	784,378	784,378
Compensated absences	613,062	772,722	435,971	1,821,755
Net OPEB liability	7,580,000	5,869,000	5,457,000	18,906,000
Net pension liability	21,962,323	27,907,407	15,864,731	65,734,461
Long-term debt, noncurrent portion	28,972,679	4,344,362	-	33,317,041
Total Noncurrent Liabilities	59,128,064	52,120,890	22,542,080	133,791,034
Total Liabilities	71,164,931	55,533,076	24,477,413	151,175,420
Deferred Inflows of Resources:				
Deferred inflows related to OPEB	3,595,000	2,784,000	2,588,000	8,967,000
Deferred inflows related to pensions	127,016	161,398	91,751	380,165
Total Deferred Inflows of Resources	3,722,016	2,945,398	2,679,751	9,347,165
Net Position:				
Net investment in capital assets	551,342,236	704,204,431	3,579,956	1,259,126,623
Restricted for capital projects	8,173,965	-	-	8,173,965
Restricted for debt service	4,134,075	5,516,260	-	9,650,335
Unrestricted	103,817,061	33,527,029	15,427,399	152,771,489
Total Net Position	\$ 667,467,337	\$ 743,247,720	\$ 19,007,355	\$ 1,429,722,412

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Operating Revenues:				
Charges for services	\$ 36,887,506	\$ 43,609,275	\$ 28,638,281	\$ 109,135,062
Other	89,293	292,707	196,957	578,957
Total Operating Revenues	36,976,799	43,901,982	28,835,238	109,714,019
Operating Expenses:				
Operations	24,682,407	35,108,437	22,519,205	82,310,049
Administration	2,884,655	2,435,389	2,411,170	7,731,214
Depreciation and amortization	10,908,056	14,092,506	152,482	25,153,044
Total Operating Expenses	38,475,118	51,636,332	25,082,857	115,194,307
Operating Income (Loss)	(1,498,319)	(7,734,350)	3,752,381	(5,480,288)
Nonoperating Revenues (Expenses):				
Subventions and grants	2,808	2,258,834	17,660	2,279,302
Interest and rents revenue	279,041	29,286	1,486	309,813
Interest and fiscal charges	(1,431,438)	(7,548)	-	(1,438,986)
Decrease in SPWA reserves	-	(22,644,322)	-	(22,644,322)
Loss on disposal of capital assets	(14,661)	(222,189)	-	(236,850)
Total Nonoperating Revenues (Expenses)	(1,164,250)	(20,585,939)	19,146	(21,731,043)
Income (Loss) Before Transfers and Capital Contributions	(2,662,569)	(28,320,289)	3,771,527	(27,211,331)
Connection/impact fees	16,766,432	17,431,213	893,912	35,091,557
Contributions from developers and other agencies	55,238,582	94,027,219	-	149,265,801
Transfers out	(1,113,032)	(736,672)	(445,331)	(2,295,035)
Changes in Net Position	68,229,413	82,401,471	4,220,108	154,850,992
Net Position - Beginning	599,237,924	660,846,249	14,787,247	1,274,871,420
Net Position - Ending	\$ 667,467,337	\$ 743,247,720	\$ 19,007,355	1,429,722,412

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Cash Flows from Operating Activities:				
Receipts from customers	\$ 36,644,695	\$ 45,523,861	\$ 28,404,266	\$ 110,572,822
Payments to suppliers	(11,339,374)	(25,978,005)	(22,218,180)	(59,535,559)
Payments to employees	(9,444,390)	(9,307,594)	(4,310,605)	(23,062,589)
Net Cash Provided by Operating Activities	15,860,931	10,238,262	1,875,481	27,974,674
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(1,113,032)	(725,431)	(445,331)	(2,283,794)
(Increase) decrease in developer permit receivables	(1,487,885)	(1,592,970)	129,970	(2,950,885)
Increase (decrease) in deposits	-	(1,432)	(161)	(1,593)
(Increase) decrease in notes and loans receivable	10,942	(4,344,362)	-	(4,333,420)
Subventions and grants	2,808	2,258,834	17,660	2,279,302
Net Cash Used by Non-Capital Financing Activities	(2,587,167)	(4,405,361)	(297,862)	(7,290,390)
Cash Flows from Capital and Related Financing Activities:				
Contributions	1,118,349	52,727,022	-	53,845,371
Acquisition and construction of capital assets	(17,892,474)	(52,957,188)	(759,275)	(71,608,937)
Principal paid on capital debt	(2,695,000)	-	-	(2,695,000)
Interest paid on capital debt	(1,431,438)	(7,548)	-	(1,438,986)
Proceeds from capital debt issued	-	4,344,362	-	4,344,362
Connection/impact fees	16,766,432	17,431,213	893,912	35,091,557
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,134,131)	21,537,861	134,637	17,538,367
Cash Flows from Investing Activities:				
Investment in SPWA Reserves	-	(16,601,916)	-	(16,601,916)
Interest received	378,278	102,578	39,119	519,975
Net Cash Provided (Used) by Investing Activities	378,278	(16,499,338)	39,119	(16,081,941)
Net Increase in Cash and Cash Equivalents	9,517,911	10,871,424	1,751,375	22,140,710
Cash and Cash Equivalents at Beginning of Year	132,810,922	63,487,978	34,197,769	230,496,669
Cash and Cash Equivalents at End of Year	\$ 142,328,833	\$ 74,359,402	\$ 35,949,144	\$ 252,637,379

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Enterprise Funds			
	Water	Wastewater	Waste Services	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (1,498,319)	\$ (7,734,350)	\$ 3,752,381	\$ (5,480,288)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by Operating Activities:				
Depreciation and amortization	10,908,056	14,092,506	152,482	25,153,044
Current year adjustment to CIP	-	39,852	22,484	62,336
(Increase) decrease in receivables	(311,796)	1,622,879	(430,972)	880,111
(Increase) decrease in inventory	(32,348)	(32,388)	(46,731)	(111,467)
Increase (decrease) in accounts payable	3,516,229	(478,033)	(485,216)	2,552,980
Increase (decrease) in accrued liabilities	36,967	55,040	46,105	138,112
Increase (decrease) in unearned revenue	(20,308)	(1,000)	-	(21,308)
Increase (decrease) in net pension liability	4,594,953	1,851,824	277,617	6,724,394
Increase (decrease) in OPEB liability	31,000	(2,079,000)	(1,122,000)	(3,170,000)
(Increase) decrease in deferred pension related items	(4,090,642)	1,558,927	1,736,444	(795,271)
(Increase) decrease in deferred OPEB related items	2,820,000	1,500,000	(2,050,000)	2,270,000
Increase (decrease) in compensated absences	(92,861)	(157,995)	22,887	(227,969)
Total Adjustments	17,359,250	17,972,612	(1,876,900)	33,454,962
Net Cash Provided (Used) by Operating Activities	\$ 15,860,931	\$ 10,238,262	\$ 1,875,481	\$ 27,974,674
Non-Cash Investing, Capital, and Financing Activities:				
Capital assets transferred to governmental activities	\$ -	\$ (11,241)	\$ -	\$ (11,241)
Acquisition and construction of capital assets in accounts payable	2,959,935	13,692	-	2,973,627
Net amortization of premium and deferred loss	291,555	-	-	291,555
Capital contributions	54,120,233	41,300,197	-	95,420,430

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ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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, and Utility Shared Services 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, Wastewater Regional 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 Annual Comprehensive 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 1: Summary of Significant Accounting Policies (Continued)

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	\$ 4,665,405
Additions	1,226,093
Payments	<u>(1,454,062)</u>
Ending Balance	<u>\$ 4,437,436</u>
Current Portion	<u>\$ 2,615,681</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. Pension

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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 1: Summary of Significant Accounting Policies (Continued)

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:

	Useful Lives	Capitalization Thresholds
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 System:		
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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 Future Fiscal Years

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. 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 1: Summary of Significant Accounting Policies (Continued)

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	\$ 244,463,414
Restricted cash and investments with fiscal agent	8,173,965
Total cash and investments	<u>\$ 252,637,379</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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 2: Cash and Investments (Continued)

Cash and investments as of June 30, 2021, consist of the following:

Cash on Hand	\$ 500
City pooled cash and investments	244,462,914
Investments	8,173,965
Total cash and investments	<u>\$ 252,637,379</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	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 Years	None	None	None
Bankers' Acceptances	180 Days	None	40%	30%
Commercial Paper	270 Days	A-1	25%	10% (b)
Medium-Term Notes (Corporate 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	N/A	None	None	LAIF Limit
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 percent 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 2: Cash and Investments (Continued)

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 Quality
U.S. Treasury Obligations (a)	N/A	None
U.S. Agency Securities (a)	N/A	None
Mortgage Pass-Through Securities	N/A	AAAm-G
Certificates of Deposit	360 days	None to A-1
Savings Accounts Deposit Account (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
- b. Federal Housing Administration debentures
- c. Participation certificates of the General Services Administration
- d. Guaranteed mortgage-backed bonds or guaranteed pass through obligations of the Government National Mortgage Association
- e. Guaranteed Title XI financings of the U.S. Maritime Administration
- f. Project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development

(b) Bonds, debentures, notes or other evidence or indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies:

- a. Senior debt obligations of the Federal Home Loan Bank System
- b. Participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation
- c. Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association
- d. Senior debt obligations of the Student Loan Marketing Association
- e. Obligations of the Resolution Funding Corporation
- f. Consolidated system-wide bonds and notes of the Farm Credit System

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 2: Cash and Investments (Continued)

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:

June 30, 2021	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	\$ 244,462,914	\$ -	\$ -	\$ 244,462,914
Investments held with fiscal agent:				
Guaranteed Investment Contract	-	-	3,491,881	3,491,881
Money Market Mutual Funds	4,682,084	-	-	4,682,084
Total investments	<u>\$ 249,144,998</u>	<u>\$ -</u>	<u>\$ 3,491,881</u>	<u>\$ 252,636,879</u>

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, 2021, for each investment type as provided by Standard and Poor's investment rating system:

	AAA/AAAm	Total
Investments:		
Money Market Mutual Funds	\$ 4,682,084	\$ 4,682,084
Totals	<u>\$ 4,682,084</u>	4,682,084
Not Rated:		
Cash held in City's investment pool		244,462,914
Guaranteed Investment Contract		3,491,881
Total investments		<u>\$ 252,636,879</u>

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 2: Cash and Investments (Continued)

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.

The Funds have the following recurring fair value measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
MoneyMarket Mutual Funds	\$ 4,682,084	\$ -	\$ -	\$ 4,682,084
Total investments at fair value	<u>\$ 4,682,084</u>	<u>\$ -</u>	<u>\$ -</u>	4,682,084
Investments with uncategorized inputs				
Cash held in City's investment pool				244,462,914
Guaranteed Investment Contract				3,491,881
				<u>247,954,795</u>
Total investments				<u>\$ 252,636,879</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, 2021 is \$244,462,914. 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 Annual Comprehensive Financial Report.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

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, 2021, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	
Water Construction	Water Operations	\$ 58,350	(D)
Water Rehabilitation	Water Operations	14,612,471	(B)
Water Rate Stabilization	Water Operations	3,850,000	(C)
Wastewater Construction	Wastewater Rehabilitation	6,876,614	(D)
Wastewater Rehabilitation	Wastewater Operations	8,471,114	(B)
Wastewater Regional Rehabilitation	Wastewater Operations	1,700,000	(B)
	Wastewater Rehabilitation	3,000,000	(B)
Wastewater Rate Stabilization	Wastewater Operations	10,750,000	(C)
Waste Services Operations	Waste Services Rate Stabilization	500,000	(C)
Waste Services Rehabilitation	Waste Services Operations	2,616,122	(B)
	Waste Services Rate Stabilization	500,000	(B)
Waste Services Rate Stabilization	Waste Services Operations	5,600,000	(C)
	Gross Transfers In	\$ 58,534,671	
	Intrafund Eliminations	(58,534,671)	
	Total Transfers In	<u>\$ -</u>	
<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	
City of Roseville Non-Major	Water Operations	\$ 1,113,032	(A)
Governmental Funds	Wastewater Operations	736,672	(A)
	Waste Services Operations	445,331	(A)
	Gross Transfers Out	<u>\$ 2,295,035</u>	
	Total net transfers out	<u>\$ 2,295,035</u>	

- (A) Transfers to fund utility impact reimbursement, debt service, and/or shared project costs.
- (B) Transfers to fund future rehabilitation costs.
- (C) Transfers within utility to support rates.
- (D) Transfers to fund project.

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, 2021, interfund balances comprised the following:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Water Operations	Utility Shared Services	\$ 287
Water Rehabilitation	Water Operations	368
Wastewater Operations	Wastewater Regional Rehabilitation	770
		1,425
	Intrafund Eliminations	(1,425)
	Total	<u>\$ -</u>

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 3: Interfund Transactions (Continued)

Long-Term Interfund Advances

At June 30, 2021, the funds below had made advances which were not expected to be repaid within the next year.

<u>Due from Other Funds</u>	<u>Fund Receiving Advance</u>	<u>Amount</u>
Water Construction	Water Operations	\$ 3,075,000
	Water Rehabilitation	281,130
		<u>3,356,130</u>
	Intrafund Eliminations	(3,356,130)
	Total	<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, 2021 comprise of the following:

	Balance at June 30, 2020	Adjustments	Additions	Retirements	Transfers*	Balance at June 30, 2021
Capital assets, not being depreciated						
Land	\$ 10,658,813	\$ -	\$ -	\$ -	\$ -	\$ 10,658,813
Easements	19,000	-	-	-	-	19,000
Construction in progress	26,868,078	-	74,405,330	-	(11,241)	101,262,167
Total capital assets not being depreciated	<u>37,545,891</u>	<u>-</u>	<u>74,405,330</u>	<u>-</u>	<u>(11,241)</u>	<u>111,939,980</u>
Capital assets, being depreciated						
Buildings	4,460,793	-	-	-	-	4,460,793
Improvements	36,732,099	(67,948)	-	-	-	36,664,151
Machinery and equipment	12,650,094	67,948	105,334	-	-	12,823,376
Plant and substations	297,544,620	-	-	-	-	297,544,620
Distribution	1,178,637,271	-	95,429,996	(299,628)	-	1,273,767,639
Total capital assets being depreciated	<u>1,530,024,877</u>	<u>-</u>	<u>95,535,330</u>	<u>(299,628)</u>	<u>-</u>	<u>1,625,260,579</u>
Less accumulated depreciation for						
Buildings	(1,291,908)	-	(111,519)	-	-	(1,403,427)
Improvements	(2,024,152)	-	(813,582)	-	-	(2,837,734)
Machinery and equipment	(7,367,325)	-	(1,426,601)	-	-	(8,793,926)
Plant and substations	(122,921,141)	-	(6,555,765)	-	-	(129,476,906)
Distribution	(284,178,985)	-	(16,837,386)	62,778	-	(300,953,593)
Total accumulated depreciation	<u>(417,783,511)</u>	<u>-</u>	<u>(25,744,853)</u>	<u>62,778</u>	<u>-</u>	<u>(443,465,586)</u>
Net capital assets being depreciated	<u>1,112,241,366</u>	<u>-</u>	<u>69,790,477</u>	<u>(236,850)</u>	<u>-</u>	<u>1,181,794,993</u>
Environmental Utilities Enterprise Funds Capital Assets, net	<u>\$ 1,149,787,257</u>	<u>\$ -</u>	<u>\$ 144,195,807</u>	<u>\$ (236,850)</u>	<u>\$ (11,241)</u>	<u>\$ 1,293,734,973</u>

* Net transfers of \$11,241 represent transfers to funds of the City of Roseville not presented in this report.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 4: Capital Assets (Continued)

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	\$ 8,223,447
Water Construction	2,051,411
Water Rehabilitation	452,492
Water Meter Retrofit	472,260
Wastewater Operations	6,517,511
Wastewater Construction	6,082,782
Wastewater Rehabilitation	1,492,213
Waste Services Operations	307,606
Waste Services Capital Purchases	17,336
Waste Services Rehabilitation	127,795
Total Environmental Utilities Enterprise Funds	<u>\$ 25,744,853</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 at June 30, 2020	Adjustments*	Additions	Retirements	Balance at June 30, 2021	Current Position
Certificate of Participation:							
2015 Water Utility Revenue							
2.00% - 5.00%, due 12/1/29	\$ 42,565,000	\$ 30,335,000	\$ -	\$ -	\$ (2,695,000)	\$ 27,640,000	\$ 2,825,000
Add: bond premium	6,899,891	4,619,644	-	-	(461,965)	4,157,679	-
Total certificates of participation	<u>49,464,891</u>	<u>34,954,644</u>	<u>-</u>	<u>-</u>	<u>(3,156,965)</u>	<u>31,797,679</u>	<u>2,825,000</u>
Revenue Bonds:							
2011 Refunding Wastewater Revenue Bonds, Series C							
1.00% - 5.25%, due 11/1/25	36,315,568	3,412,525	(3,412,525)	-	-	-	-
Add: bond premium	2,839,017	80,694	(80,694)	-	-	-	-
2017 Refunding Wastewater Revenue Bonds							
5.00%, due 11/1/37	46,109,348	48,285,446	(48,285,446)	-	-	-	-
Add: bond premium	10,618,219	9,451,438	(9,451,438)	-	-	-	-
2020 Refunding Wastewater Revenue Bonds							
5.00%, 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>101,899,106</u>	<u>(101,899,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Direct Placement Loans:							
State Revolving Fund Loan - PGWWTP Energy Recovery	2,078,586	-	(2,078,586)	2,078,586	-	-	-
State Revolving Fund Loan - PGWWTP Expansion	4,344,362	-	-	4,344,362	-	4,344,362	-
Total direct placement loans	<u>6,422,948</u>	<u>-</u>	<u>(2,078,586)</u>	<u>6,422,948</u>	<u>-</u>	<u>4,344,362</u>	<u>-</u>
Total Environmental Utilities Enterprise Funds Debt	<u>\$ 192,438,994</u>	<u>\$ 136,853,750</u>	<u>\$ (103,977,692)</u>	<u>\$ 6,422,948</u>	<u>\$ (3,156,965)</u>	<u>\$ 36,142,041</u>	<u>\$ 2,825,000</u>

* See Note 9 for additional information regarding the Revenue Bond adjustments and Note 5.c for the Direct Placement Loans adjustment.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 5: Long-Term Debt (Continued)

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, 2021, the total principal and interest remaining to be paid on the certificates was \$33,550,700. 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 2021, net revenues amounted to \$31,850,248 which represented coverage of 773 percent over the \$4,122,845 in debt service. The balance outstanding as of June 30, 2021, was \$27,640,000.

c. 2020 State Revolving Fund Loans

In June 2020, the City entered into two loan agreements with the State Water Resources Control Board to secure funding for the Pleasant Grove Wastewater Treatment Plant Expansion (Expansion) project and the Pleasant Grove Wastewater Treatment Plant Energy Recovery (Energy Recovery) project in the form of loans from the Clean Water State Revolving Fund. In addition, the City entered into agreements with the South Placer Wastewater Authority (Authority), which is responsible for these projects, for the City to reimburse project costs to the Authority from loan disbursements and for the Authority to reimburse the City for costs of the loans. The loans bear interest at 1.30 percent and require net revenues equal to at least 120 percent of the maximum annual debt service with respect to the City's share of outstanding wastewater obligations. For fiscal year 2021, wastewater net revenues amounted to \$16,940,320 which represented coverage of 385 percent over the \$4.4 million in maximum annual debt service. Interest accrues on the loans as project cost reimbursements are disbursed. Beginning one year after completion of construction, repayment of the principal and accrued interest will be paid annually. The projects are currently under construction with estimated completion dates in July 2023.

The Expansion project loan is approved for up to \$78,347,000 and has a balance outstanding of \$4,344,362 as of June 30, 2021. The Energy Recovery project loan is approved for up to \$29,674,755 and allows for up to \$4 million in loan forgiveness. As of June 30, 2021, a total of \$2,078,586 of this loan has been disbursed and forgiven.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 5: Long-Term Debt (Continued)

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

For the Year Ending June 30,	Certificates of Participation		Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,825,000	\$ 1,301,075	\$ -	\$ -	\$ 2,825,000	\$ 1,301,075
2023	2,975,000	1,156,075	119,332	56,477	3,094,332	1,212,552
2024	3,125,000	1,003,575	120,884	54,925	3,245,884	1,058,500
2025	3,290,000	843,200	122,455	53,354	3,412,455	896,554
2026	3,455,000	674,575	124,047	51,762	3,579,047	726,337
2027-2031	11,970,000	932,200	644,846	234,198	12,614,846	1,166,398
2032-2036	-	-	687,865	191,178	687,865	191,178
2037-2041	-	-	733,755	145,289	733,755	145,289
2042-2046	-	-	782,705	96,339	782,705	96,339
2047-2051	-	-	834,921	44,122	834,921	44,122
2052	-	-	173,552	2,256	173,552	2,256
Totals	27,640,000	<u>\$ 5,910,700</u>	4,344,362	<u>\$ 929,900</u>	31,984,362	<u>\$ 6,840,600</u>
Reconciliation of long-term debt						
Add deferred bond premium	4,157,679		-		4,157,679	
Net long-term debt	<u>\$ 31,797,679</u>		<u>\$ 4,344,362</u>		<u>\$ 36,142,041</u>	

d. 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 6: Pension Plan (Continued)

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

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	After to January 1, 2013
Hire date		
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	2.0-2.7%	1.0-2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates*	10.85%	12.50%

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, 2021, 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 \$6,761,884 for the year ended June 30, 2021.

As of June 30, 2021, the Funds reported a combined net pension liability of \$65,734,461 for their proportionate share of the Plan’s net pension liability.

The net pension liability of the Plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. The Funds’ proportion of the Plan’s net pension liability was based on the Funds’ fiscal year 2021 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, 2020 was 24.84 percent, which is a 4.19 percent increase from the prior year.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 6: Pension Plan (Continued)

For the year ended June 30, 2021, the Funds recognized pension expense of \$12,073,798. At June 30, 2021, the Funds reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 6,761,884	\$ -
Changes in assumptions	-	380,165
Differences between expected and actual experience	2,692,982	-
Net differences between projected and actual earnings on pension plan investments	867,052	-
Total	<u>\$ 10,321,918</u>	<u>\$ 380,165</u>

The amount of \$6,761,884, 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, 2022. Other amounts will be recognized as a reduction to pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2022	\$ 588,321
2023	1,198,671
2023	914,878
2024	477,999
Total	<u>\$ 3,179,869</u>

Actuarial Assumptions – The Funds’ proportion of the City’s total pension liabilities in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.3-14.2% (1)
Investment Rate of Return	7.150%
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, 2019 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 6: Pension Plan (Continued)

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+ 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(1)	2021		
	Assumed Asset Allocation	Real Return Years 1-10(2)	Real Return Years 11+(3)
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- In the Basic Financial Statement, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investment; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

2- An expected inflation of 2.0% used for this period

3- 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 for each plan. 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 district's 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.

Subsequent Events- Discount Rate – On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next for years, while at the same time retaining the current target rate of return. The Board also approved adding 5 percent leverage to increase investment diversification. The new asset allocation takes effect July 1, 2022.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 6: Pension Plan (Continued)

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	\$ 90,854,741
Current Discount Rate	7.15%
Net Pension Liability	\$ 65,734,461
1% Increase	8.15%
Net Pension Liability	\$ 44,977,571

Pension Plan Fiduciary Net Position – Detailed information regarding the City's collective net pension liability is available in the City's separately issued Annual Comprehensive Financial Report (ACFR). 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: Post-Employment Health Care Benefits

Plan Description

The City provides medical benefits to substantially all retirees under the City of Roseville Other Post-Employment 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, 2021, the Funds contributed \$2,914,000 to the Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the Funds reported a liability of \$18,906,000 for their proportionate share of the City's net OPEB liability.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 7: Post-Employment Health Care Benefits (Continued)

The net OPEB liability was measured as of June 30, 2021, 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, 2021. The Funds' proportion of the net OPEB liability was based on the Fund's fiscal year 2021 contributions to the Plan relative to the total contributions of the City as a whole. At June 30, 2021, the Funds' proportion was 18.98 percent, which is an increase of 0.74 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2021, the Funds recognized an OPEB credit of \$900,000. At June 30, 2021, the Funds reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,146,000	\$ 782,000
Differences between expected and actual experience	-	4,858,000
Net differences between projected and actual earnings on pension plan investments	-	3,327,000
Total	<u>\$ 2,146,000</u>	<u>\$ 8,967,000</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:

Year Ending June 30,	Net Deferred Inflows of Resources
2022	\$ (1,806,000)
2023	(1,768,000)
2024	(1,598,000)
2025	(1,210,000)
2026	(396,000)
Thereafter	(43,000)
Total	<u>\$ (6,821,000)</u>

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 7: Post-Employment Health Care Benefits (Continued)

Actuarial Assumptions - The total OPEB liability in the June 30, 2019, 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, 2021
Contribution Policy	Prefunded with pay-go plus percent of pay which varies by employee group.
Discount Rate	6.00%
Expected Long-Term Rate of Return	6.00%
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increase	3.00%
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
Equities	60%	4.65%
Fixed Income	40%	0.78%
Total	100%	

¹An expected of Inflation is 2.75% used

Discount rate. The discount rate used to measure the total OPEB liability was 6.00 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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 7: Post-Employment Health Care Benefits (Continued)

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 (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 25,636,908	\$ 18,906,000	\$ 13,453,370

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%)	Discount Rate (Non- Medicare 7.5% decreasing to 4%)	1% Increase (Non- Medicare 8.5% decreasing to 5%)
Net OPEB Liability	\$ 13,809,356	\$ 18,906,000	\$ 23,940,740

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.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Note 9: South Placer Wastewater Authority (Continued)

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 is 64.57%. During the year, the City changed its method for calculating its investment in SPWA reserves. In prior years, the City's proportionate share of SPWA debt was reported as a separate line with the Wastewater Fund balance sheet. This debt is now included in the SPWA reserves calculation. The City's net investment in SPWA Reserves at June 30, 2021, was a liability of \$13,227,399, which includes the City's rate stabilization fund balance of \$46,904,402.

During the year ended June 30, 2021, the City paid \$16,601,916 to SPWA based on connection fees collected during the fiscal year.

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 2021, the changes of landfill closure liabilities were as follows:

Beginning Balance	\$ 1,084,633
Deductions	<u>(300,255)</u>
Ending Balance	<u>\$ 784,378</u>

REQUIRED SUPPLEMENTARY INFORMATION

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ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

SCHEDULE OF THE ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS' PROPORTIONATE SHARE OF THE CITY'S MISCELLANEOUS PLAN NET PENSION LIABILITY AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the City's miscellaneous plan net pension liability	23.04%	22.92%	22.24%	23.89%
Proportionate share of the City's miscellaneous plan net pension liability	\$ 38,280,956	\$ 40,337,310	\$ 45,402,874	\$ 54,604,965
Covered payroll	\$ 15,090,600	\$ 15,784,820	\$ 16,538,824	\$ 18,089,649
Proportionate share of the net pension liability as a percentage of covered payroll	253.67%	255.54%	274.52%	301.86%
Miscellaneous plan fiduciary net position as a percentage of the total pension liability	67.62%	66.97%	63.89%	63.85%
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2019	2020	2021
24.38%	23.84%	24.84%
\$ 56,591,332	\$ 59,010,067	\$ 65,734,461
\$ 18,632,338	\$ 16,513,256	\$ 17,837,256
303.73%	357.35%	368.52%
65.21%	65.09%	64.55%
6/30/2018	6/30/2019	6/30/2020

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN YEARS**

Valuation Date	2015	2016	2017	2018
	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
Actuarial Determined Contribution	\$ 3,657,536	\$ 3,906,008	\$ 4,656,142	\$ 4,392,306
Contribution in relation to the Actuarially Determined Contribution	(3,657,536)	(3,906,008)	(4,656,142)	(4,392,306)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,784,820	\$ 16,538,824	\$ 18,089,649	\$ 18,632,338
Contributions as a percentage of covered payroll	23.17%	23.62%	25.74%	23.57%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal cost method
Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method
Inflation
Salary increases
Payroll growth
Investment rate of return
Retirement age

Market Value
2.50%
Varies by Entry Age and Service
2.75%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

Mortality

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2019		2020		2021	
June 30, 2017		June 30, 2018		June 30, 2019	
Miscellaneous		Miscellaneous		Miscellaneous	
\$	4,962,133	\$	5,489,807	\$	6,761,884
	(4,962,133)		(5,489,807)		(6,761,884)
\$	-	\$	-	\$	-
\$	16,513,256	\$	17,837,256	\$	21,891,924
	30.05%		30.78%		30.89%

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

**SCHEDULE OF THE ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS'
PROPORTIONATE SHARE OF THE CITY'S NET OPEB LIABILITY
LAST TEN YEARS****

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Measurement Date	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the City's miscellaneous plan net OPEB liability	17.65%	18.74%	18.84%	18.98%
Proportionate share of City's miscellaneous plans net OPEB liability	\$ 25,203,000	\$ 26,400,000	\$ 22,076,000	\$ 18,906,000
Covered payroll	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256	\$ 17,837,256
Proportionate share of net OPEB liability as a percentage of covered payroll	139.32%	141.69%	133.69%	105.99%
Miscellaneous plan fiduciary net position as a percentage of the total OPEB liability	37.07%	40.98%	48.58%	

** Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN YEARS****

Valuation Date	2018	2019	2020	2021
	June 30, 2017	June 30, 2017	June 30, 2019	June 30, 2019
Actuarially Determined Contribution	\$ 2,796,000	\$ 2,873,000	\$ 3,106,000	\$ 2,914,000
Contribution in Relation to the Actuarially Determined Contributions	(2,796,000)	(2,873,000)	(3,106,000)	(2,914,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 18,089,649	\$ 18,632,338	\$ 16,513,256	\$ 17,837,256
Contributions as a percentage of covered-employee payroll	15.46%	15.42%	18.81%	16.34%

** Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

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SUPPLEMENTARY INFORMATION

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FUND DESCRIPTIONS

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.

Utility Shared Services – accounts for utility billing and meter reading activity for all utility funds.

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, local connection fees and deferred development fees.

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

Wastewater Regional Rehabilitation Fund – accounts for regional wastewater utility rehabilitation projects. This is funded by the regional wastewater facilities member agencies comprised of the City, South Placer Municipal Utility District and Placer County.

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 purchases 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

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

Water Enterprise Fund

	Operations	Construction	Rehabilitation	Meter Retrofit
Assets:				
Current:				
Cash and investments in City Treasury	\$ 31,986,150	\$ 56,958,735	\$ 30,241,826	\$ 1,427,519
Restricted cash and investments with fiscal agents	-	8,173,965	-	-
Receivables:				
Accounts, net of allowance for doubtful accounts	4,714,384	266	-	995
Accrued interest	60,167	125,964	29,550	2,575
Notes and loans	2,189	-	-	45,958
Due from other funds	287	-	368	-
Inventories	3,151,070	-	-	-
Developer permit fee receivable	596	4,404,423	-	-
Total Current Assets	39,914,843	69,663,353	30,271,744	1,477,047
Noncurrent:				
Advances to other funds	-	3,356,130	-	-
Land and construction in progress	3,525,670	20,184,781	5,332,953	-
Capital assets being depreciated, net	442,085,906	90,466,549	16,808,146	3,202,219
Total Noncurrent Assets	445,611,576	114,007,460	22,141,099	3,202,219
Total Assets	485,526,419	183,670,813	52,412,843	4,679,266
Deferred Outflows of Resources:				
Deferred charge on refunding	-	1,533,691	-	-
Deferred outflows related to OPEB	861,000	-	-	-
Deferred outflows related to pensions	3,448,622	-	-	-
Total Deferred Outflows of Resources	4,309,622	1,533,691	-	-
Liabilities:				
Current:				
Accounts payable	1,032,566	3,730,265	3,311,395	-
Accrued liabilities	284,048	114,307	-	-
Unearned revenues	6,303	-	-	-
Deposits payable	39	-	-	-
Due to other funds	368	-	-	-
Current portion of compensated absences	732,944	-	-	-
Current portion of long-term debt	-	2,825,000	-	-
Total Current Liabilities	2,056,268	6,669,572	3,311,395	-
Noncurrent:				
Advances from other funds	3,075,000	-	281,130	-
Net Investment in SPWA reserves	-	-	-	-
Landfill closure and post closure liability	-	-	-	-
Compensated absences	613,062	-	-	-
Net OPEB liability	7,580,000	-	-	-
Net pension liability	21,962,323	-	-	-
Long-term debt, non-current portion	-	28,972,679	-	-
Total Noncurrent Liabilities	33,230,385	28,972,679	281,130	-
Total Liabilities	35,286,653	35,642,251	3,592,525	-
Deferred Inflows of Resources:				
Deferred OPEB related items	3,595,000	-	-	-
Deferred pension related items	127,016	-	-	-
Total Deferred Inflows of Resources	3,722,016	-	-	-
Net Position:				
Net Investment in capital assets	445,611,576	80,387,342	22,141,099	3,202,219
Restricted for capital projects	-	8,173,965	-	-
Restricted for debt service	-	4,134,075	-	-
Unrestricted	5,215,796	56,866,871	26,679,219	1,477,047
Total Net Position	\$ 450,827,372	\$ 149,562,253	\$ 48,820,318	\$ 4,679,266

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

(CONTINUED)

	Water Enterprise Fund			
	Rate Stabilization	Utility Shared Services	Interfund Eliminations	Total
Assets:				
Current:				
Cash and investments in City Treasury	\$ 13,498,783	\$ 41,855	\$ -	\$ 134,154,868
Restricted cash and investments with fiscal agents	-	-	-	8,173,965
Receivables:				
Accounts, net of allowance for doubtful accounts	-	-	-	4,715,645
Accrued interest	22,449	15,328	-	256,033
Notes and loans	-	-	-	48,147
Due from other funds	-	-	(655)	-
Inventories	-	-	-	3,151,070
Developer permit fee receivable	-	-	-	4,405,019
Total Current Assets	13,521,232	57,183	(655)	154,904,747
Noncurrent:				
Advances to other funds	-	-	(3,356,130)	-
Land and construction in progress	-	-	-	29,043,404
Capital assets being depreciated, net	-	-	-	552,562,820
Total Noncurrent Assets	-	-	(3,356,130)	581,606,224
Total Assets	13,521,232	57,183	(3,356,785)	736,510,971
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	-	1,533,691
Deferred outflows related to OPEB	-	-	-	861,000
Deferred outflows related to pensions	-	-	-	3,448,622
Total Deferred Outflows of Resources	-	-	-	5,843,313
Liabilities:				
Current:				
Accounts payable	-	-	-	8,074,226
Accrued liabilities	-	-	-	398,355
Unearned revenues	-	-	-	6,303
Deposits payable	-	-	-	39
Due to other funds	-	287	(655)	-
Current portion of compensated absences	-	-	-	732,944
Current portion of long-term debt	-	-	-	2,825,000
Total Current Liabilities	-	287	(655)	12,036,867
Noncurrent:				
Advances from other funds	-	-	(3,356,130)	-
Net Investment in SPWA reserves	-	-	-	-
Landfill closure and post closure liability	-	-	-	-
Compensated absences	-	-	-	613,062
Net OPEB liability	-	-	-	7,580,000
Net pension liability	-	-	-	21,962,323
Long-term debt, non-current portion	-	-	-	28,972,679
Total Noncurrent Liabilities	-	-	(3,356,130)	59,128,064
Total Liabilities	-	287	(3,356,785)	71,164,931
Deferred Inflows of Resources:				
Deferred OPEB related items	-	-	-	3,595,000
Deferred pension related items	-	-	-	127,016
Total Deferred Inflows of Resources	-	-	-	3,722,016
Net Position:				
Net Investment in capital assets	-	-	-	551,342,236
Restricted for capital projects	-	-	-	8,173,965
Restricted for debt service	-	-	-	4,134,075
Unrestricted	13,521,232	56,896	-	103,817,061
Total Net Position	\$ 13,521,232	\$ 56,896	\$ -	\$ 667,467,337

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	Wastewater Enterprise Fund			
	Operations	Construction	Rehabilitation	Regional Rehabilitation
Assets:				
Current:				
Cash and investments in City Treasury	\$ 17,213,125	\$ 6,316,907	\$ 27,176,780	\$ 4,490,153
Restricted cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts, net of allowance for doubtful accounts	4,662,547	180,000	45,000	-
Accrued interest	48,924	9,084	80,418	-
Notes and loans	-	4,344,362	-	-
Due from other funds	770	-	-	-
Inventories	139,135	-	-	-
Developer permit fee receivable	-	4,248,216	-	-
Total Current Assets	22,064,501	15,098,569	27,302,198	4,490,153
Noncurrent:				
Advances to other funds	-	-	-	-
Land and construction in progress	5,556,242	73,852,140	2,176,469	222,859
Capital assets being depreciated, net	356,342,169	204,336,656	66,062,258	-
Total Noncurrent Assets	361,898,411	278,188,796	68,238,727	222,859
Total Assets	383,962,912	293,287,365	95,540,925	4,713,012
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	-	-
Deferred outflows related to OPEB	666,000	-	-	-
Deferred outflows related to pensions	4,382,146	-	-	-
Total Deferred Outflows of Resources	5,048,146	-	-	-
Liabilities:				
Current:				
Accounts payable	1,496,923	-	185,994	13,692
Accrued liabilities	419,367	5,648	2,283	-
Unearned revenues	3	-	-	-
Deposits payable	61,703	-	-	-
Due to other funds	-	-	-	770
Current portion of compensated absences	1,226,573	-	-	-
Current portion of long-term debt	-	-	-	-
Total Current Liabilities	3,204,569	5,648	188,277	14,462
Noncurrent:				
Advances from other funds	-	-	-	-
Net Investment in SPWA reserves	-	13,227,399	-	-
Landfill closure and post closure liability	-	-	-	-
Compensated absences	772,722	-	-	-
Net OPEB liability	5,869,000	-	-	-
Net pension liability	27,907,407	-	-	-
Long-term debt, non-current portion	-	4,344,362	-	-
Total Noncurrent Liabilities	34,549,129	17,571,761	-	-
Total Liabilities	37,753,698	17,577,409	188,277	14,462
Deferred Inflows of Resources:				
Deferred OPEB related items	2,784,000	-	-	-
Deferred pension related items	161,398	-	-	-
Total Deferred Inflows of Resources	2,945,398	-	-	-
Net Position:				
Net Investment in capital assets	361,898,411	273,844,434	68,238,727	222,859
Restricted for capital projects	-	-	-	-
Restricted for debt service	-	5,516,260	-	-
Unrestricted	(13,586,449)	(3,650,738)	27,113,921	4,475,691
Total Net Position	\$ 348,311,962	\$ 275,709,956	\$ 95,352,648	\$ 4,698,550

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

(CONTINUED)

	Wastewater Enterprise Fund			Waste Services Enterprise Fund
	Rate Stabilization	Interfund Eliminations	Total	Operations
Assets:				
Current:				
Cash and investments in City Treasury	\$ 19,162,437	\$ -	\$ 74,359,402	\$ 19,808,076
Restricted cash and investments with fiscal agents	-	-	-	-
Receivables:				
Accounts, net of allowance for doubtful accounts	-	-	4,887,547	3,264,559
Accrued interest	12,167	-	150,593	45,591
Notes and loans	-	-	4,344,362	-
Due from other funds	-	(770)	-	-
Inventories	-	-	139,135	193,578
Developer permit fee receivable	-	-	4,248,216	-
Total Current Assets	19,174,604	(770)	88,129,255	23,311,804
Noncurrent:				
Advances to other funds	-	-	-	-
Land and construction in progress	-	-	81,807,710	304,618
Capital assets being depreciated, net	-	-	626,741,083	1,837,636
Total Noncurrent Assets	-	-	708,548,793	2,142,254
Total Assets	19,174,604	(770)	796,678,048	25,454,058
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	-	-
Deferred outflows related to OPEB	-	-	666,000	619,000
Deferred outflows related to pensions	-	-	4,382,146	2,491,150
Total Deferred Outflows of Resources	-	-	5,048,146	3,110,150
Liabilities:				
Current:				
Accounts payable	-	-	1,696,609	924,904
Accrued liabilities	-	-	427,298	262,251
Unearned revenues	-	-	3	-
Deposits payable	-	-	61,703	50,794
Due to other funds	-	(770)	-	-
Current portion of compensated absences	-	-	1,226,573	656,164
Current portion of long-term debt	-	-	-	-
Total Current Liabilities	-	(770)	3,412,186	1,894,113
Noncurrent:				
Advances from other funds	-	-	-	-
Net Investment in SPWA reserves	-	-	13,227,399	-
Landfill closure and post closure liability	-	-	-	784,378
Compensated absences	-	-	772,722	435,971
Net OPEB liability	-	-	5,869,000	5,457,000
Net pension liability	-	-	27,907,407	15,864,731
Long-term debt, non-current portion	-	-	4,344,362	-
Total Noncurrent Liabilities	-	-	52,120,890	22,542,080
Total Liabilities	-	(770)	55,533,076	24,436,193
Deferred Inflows of Resources:				
Deferred OPEB related items	-	-	2,784,000	2,588,000
Deferred pension related items	-	-	161,398	91,751
Total Deferred Inflows of Resources	-	-	2,945,398	2,679,751
Net Position:				
Net Investment in capital assets	-	-	704,204,431	2,142,254
Restricted for capital projects	-	-	-	-
Restricted for debt service	-	-	5,516,260	-
Unrestricted	19,174,604	-	33,527,029	(693,990)
Total Net Position	\$ 19,174,604	\$ -	\$ 743,247,720	\$ 1,448,264

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

Waste Services Enterprise Fund					
	Capital Purchase	Rehabilitation	Rate Stabilization	Interfund Eliminations	Total
Assets:					
Current:					
Cash and investments in City Treasury	\$ 5,108,110	\$ 4,162,640	\$ 6,870,318	\$ -	\$ 35,949,144
Restricted cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Accounts, net of allowance for doubtful accounts	-	-	-	-	3,264,559
Accrued interest	8,228	7,188	5,715	-	66,722
Notes and loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	193,578
Developer permit fee receivable	410	-	-	-	410
Total Current Assets	5,116,748	4,169,828	6,876,033	-	39,474,413
Noncurrent:					
Advances to other funds	-	-	-	-	-
Land and construction in progress	-	784,248	-	-	1,088,866
Capital assets being depreciated, net	192,730	460,724	-	-	2,491,090
Total Noncurrent Assets	192,730	1,244,972	-	-	3,579,956
Total Assets	5,309,478	5,414,800	6,876,033	-	43,054,369
Deferred Outflows of Resources:					
Deferred charge on refunding	-	-	-	-	-
Deferred outflows related to OPEB	-	-	-	-	619,000
Deferred outflows related to pensions	-	-	-	-	2,491,150
Total Deferred Outflows of Resources	-	-	-	-	3,110,150
Liabilities:					
Current:					
Accounts payable	-	41,066	-	-	965,970
Accrued liabilities	-	154	-	-	262,405
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	50,794
Due to other funds	-	-	-	-	-
Current portion of compensated absences	-	-	-	-	656,164
Current portion of long-term debt	-	-	-	-	-
Total Current Liabilities	-	41,220	-	-	1,935,333
Noncurrent:					
Advances from other funds	-	-	-	-	-
Net Investment in SPWA reserves	-	-	-	-	-
Landfill closure and post closure liability	-	-	-	-	784,378
Compensated absences	-	-	-	-	435,971
Net OPEB liability	-	-	-	-	5,457,000
Net pension liability	-	-	-	-	15,864,731
Long-term debt, non-current portion	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	22,542,080
Total Liabilities	-	41,220	-	-	24,477,413
Deferred Inflows of Resources:					
Deferred OPEB related items	-	-	-	-	2,588,000
Deferred pension related items	-	-	-	-	91,751
Total Deferred Inflows of Resources	-	-	-	-	2,679,751
Net Position:					
Net Investment in capital assets	192,730	1,244,972	-	-	3,579,956
Restricted for capital projects	-	-	-	-	-
Restricted for debt service	-	-	-	-	-
Unrestricted	5,116,748	4,128,608	6,876,033	-	15,427,399
Total Net Position	\$ 5,309,478	\$ 5,373,580	\$ 6,876,033	\$ -	\$ 19,007,355

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ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

Water Enterprise Fund

	Operations	Construction	Rehabilitation	Meter Retrofit
Operating Revenues:				
Charges for services	\$ 36,887,506	\$ -	\$ -	\$ -
Other	89,293	-	-	-
Total Operating Revenues	36,976,799	-	-	-
Operating Expenses:				
Operations	24,108,885	224,256	349,266	-
Administration	1,634,647	252,022	995,703	256
Depreciation and amortization	8,223,447	1,759,857	452,492	472,260
Total Operating Expenses	33,966,979	2,236,135	1,797,461	472,516
Operating Income (Loss)	3,009,820	(2,236,135)	(1,797,461)	(472,516)
Nonoperating Revenues (Expenses):				
Subventions and grants	2,808	-	-	-
Interest and rents revenue	40,150	185,203	(1,430)	251
Interest and fiscal charges (expense)	-	(1,431,438)	-	-
Increase (decrease) in SPWA reserves	-	-	-	-
Gain (loss) on disposal of capital assets	(14,661)	-	-	-
Total Nonoperating Revenues (Expenses)	28,297	(1,246,235)	(1,430)	251
Income (Loss) Before Transfers and Capital Contributions	3,038,117	(3,482,370)	(1,798,891)	(472,265)
Connection/impact fees	-	16,659,155	-	107,277
Contributions from developers and other agencies	55,205,060	25,905	-	7,617
Transfers in	-	58,350	14,612,471	-
Transfers out	(19,633,853)	-	-	-
Changes in Net Position	38,609,324	13,261,040	12,813,580	(357,371)
Net Position - Beginning	412,218,048	136,301,213	36,006,738	5,036,637
Net Position - Ending	\$ 450,827,372	\$ 149,562,253	\$ 48,820,318	\$ 4,679,266

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

(CONTINUED)

Water Enterprise Fund

	Rate Stabilization	Utility Shared Services	Interfund Eliminations	Total
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ 36,887,506
Other	-	-	-	89,293
Total Operating Revenues	-	-	-	36,976,799
Operating Expenses:				
Operations	-	-	-	24,682,407
Administration	2,027	-	-	2,884,655
Depreciation and amortization	-	-	-	10,908,056
Total Operating Expenses	2,027	-	-	38,475,118
Operating Income (Loss)	(2,027)	-	-	(1,498,319)
Nonoperating Revenues (Expenses):				
Subventions and grants	-	-	-	2,808
Interest and rents revenue	(2,029)	56,896	-	279,041
Interest and fiscal charges (expense)	-	-	-	(1,431,438)
Increase (decrease) in SPWA reserves	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	(14,661)
Total Nonoperating Revenues (Expenses)	(2,029)	56,896	-	(1,164,250)
Income (Loss) Before Transfers and Capital Contributions	(4,056)	56,896	-	(2,662,569)
Connection/impact fees	-	-	-	16,766,432
Contributions from developers and other agencies	-	-	-	55,238,582
Transfers in	3,850,000	-	(18,520,821)	-
Transfers out	-	-	18,520,821	(1,113,032)
Changes in Net Position	3,845,944	56,896	-	68,229,413
Net Position - Beginning	9,675,288	-	-	599,237,924
Net Position - Ending	\$ 13,521,232	\$ 56,896	\$ -	\$ 667,467,337

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

	Wastewater Enterprise Fund			
	Operations	Construction	Rehabilitation	Regional Rehabilitation
Operating Revenues:				
Charges for services	\$ 42,788,401	\$ -	\$ 820,874	\$ -
Other	247,707	-	45,000	-
Total Operating Revenues	43,036,108	-	865,874	-
Operating Expenses:				
Operations	31,658,297	2,078,586	1,369,009	2,545
Administration	1,306,574	427	1,126,850	-
Depreciation and amortization	6,517,511	6,082,782	1,492,213	-
Total Operating Expenses	39,482,382	8,161,795	3,988,072	2,545
Operating Income (Loss)	3,553,726	(8,161,795)	(3,122,198)	(2,545)
Nonoperating Revenues (Expenses):				
Subventions and grants	248	2,258,586	-	-
Interest and rents revenue	34,214	(18,191)	9,786	1,095
Interest and fiscal charges (expense)	(1,900)	(5,648)	-	-
Increase (decrease) in SPWA reserves	-	(22,644,322)	-	-
Gain (loss) on disposal of capital assets	(222,189)	-	-	-
Total Nonoperating Revenues (Expenses)	(189,627)	(20,409,575)	9,786	1,095
Income (Loss) Before Transfers and Capital Contributions	3,364,099	(28,571,370)	(3,112,412)	(1,450)
Connection/impact fees	-	17,431,213	-	-
Contributions from developers and other agencies	41,357,827	52,669,392	-	-
Transfers in	-	6,876,614	8,471,114	4,700,000
Transfers out	(21,657,786)	-	(9,876,614)	-
Changes in Net Position	23,064,140	48,405,849	(4,517,912)	4,698,550
Net Position - Beginning	325,247,822	227,304,107	99,870,560	-
Net Position - Ending	\$ 348,311,962	\$ 275,709,956	\$ 95,352,648	\$ 4,698,550

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

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

(CONTINUED)

	Wastewater Enterprise Fund			Waste Services Enterprise Fund
	Rate Stabilization	Interfund Eliminations	Totals	Operations
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ 43,609,275	\$ 28,638,281
Other	-	-	292,707	196,957
Total Operating Revenues	-	-	43,901,982	28,835,238
Operating Expenses:				
Operations	-	-	35,108,437	21,750,347
Administration	1,538	-	2,435,389	2,290,852
Depreciation and amortization	-	-	14,092,506	7,351
Total Operating Expenses	1,538	-	51,636,332	24,048,550
Operating Income (Loss)	(1,538)	-	(7,734,350)	4,786,688
Nonoperating Revenues (Expenses):				
Subventions and grants	-	-	2,258,834	17,660
Interest and rents revenue	2,382	-	29,286	5,494
Interest and fiscal charges (expense)	-	-	(7,548)	-
Increase (decrease) in SPWA reserves	-	-	(22,644,322)	-
Gain (loss) on disposal of capital assets	-	-	(222,189)	-
Total Nonoperating Revenues (Expenses)	2,382	-	(20,585,939)	23,154
Income (Loss) Before Transfers and Capital Contributions	844	-	(28,320,289)	4,809,842
Connection/impact fees	-	-	17,431,213	-
Contributions from developers and other agencies	-	-	94,027,219	-
Transfers in	10,750,000	(30,797,728)	-	500,000
Transfers out	-	30,797,728	(736,672)	(8,661,453)
Changes in Net Position	10,750,844	-	82,401,471	(3,351,611)
Net Position - Beginning	8,423,760	-	660,846,249	4,799,875
Net Position - Ending	\$ 19,174,604	\$ -	\$ 743,247,720	\$ 1,448,264

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ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Water Enterprise Fund			
	Operations	Construction	Rehabilitation	Meter Retrofit
Cash Flows from Operating Activities:				
Cash received from customers	\$ 36,627,637	\$ 21,351	\$ 6,950	\$ 408
Cash paid to suppliers	(12,576,990)	2,583,587	(1,343,662)	(260)
Cash paid to employees	(9,431,824)	(11,230)	(1,336)	-
Net Cash Provided (Used) by Operating Activities	14,618,823	2,593,708	(1,338,048)	148
Cash Flows from Non-Capital Financing Activities:				
Financing Activities:				
Cash transfers out	(19,633,853)	-	-	-
Cash transfers in	-	58,350	14,612,471	-
Payments (receipts) on advances to (from) other funds	(385,000)	659,310	(274,310)	-
(Increase) decrease in due from other funds	(287)	652,770	(368)	-
Increase (decrease) in due to other funds	(384,632)	-	(267,770)	-
(Increase) decrease in developer permit receivables	184,172	(1,693,975)	-	21,918
Increase (decrease) in deposits	-	-	-	-
(Increase) decrease in notes and loans receivable	-	-	-	10,942
Subventions and grants	2,808	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(20,216,792)	(323,545)	14,070,023	32,860
Cash Flows from Capital and Related Financing Activities:				
Contributions	1,084,827	25,905	-	7,617
Acquisition and construction of capital assets	(1,212,831)	(15,533,483)	(1,146,160)	-
Principal paid on capital debt	-	(2,695,000)	-	-
Interest paid on capital debt	-	(1,431,438)	-	-
Proceeds from capital debt issued	-	-	-	-
Connection/impact fees	-	16,659,155	-	107,277
Net Cash Provided (Used) by Capital and Related Financing Activities	(128,004)	(2,974,861)	(1,146,160)	114,894
Cash Flows from Investing Activities:				
Investment in SPWA Reserves	-	-	-	-
Interest received	40,150	250,975	19,885	1,748
Net Cash Provided (Used) by Investing Activities	40,150	250,975	19,885	1,748
Net Increase (Decrease) in Cash and Cash Equivalents	(5,685,823)	(453,723)	11,605,700	149,650
Cash and Cash Equivalents at Beginning of Year	37,671,973	65,586,423	18,636,126	1,277,869
Cash and Cash Equivalents at End of Year	\$ 31,986,150	\$ 65,132,700	\$ 30,241,826	\$ 1,427,519
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,009,820	\$ (2,236,135)	\$ (1,797,461)	\$ (472,516)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	8,223,447	1,759,857	452,492	472,260
Current year adjustment to CIP	-	-	-	-
(Increase) decrease in receivables	(328,854)	21,351	6,950	408
(Increase) decrease in inventory	(32,348)	-	-	-
Increase (decrease) in accounts payable	456,390	3,059,865	-	(4)
Increase (decrease) in accrued liabilities	48,226	(11,230)	(29)	-
Increase (decrease) in unearned revenue	(20,308)	-	-	-
Increase (decrease) in net pension liability	4,594,953	-	-	-
Increase (decrease) in net OPEB liability	31,000	-	-	-
(Increase) decrease in deferred pension related items	(4,090,642)	-	-	-
(Increase) decrease in deferred OPEB related items	2,820,000	-	-	-
Increase (decrease) in compensated absences	(92,861)	-	-	-
Total Adjustments	11,609,003	4,829,843	459,413	472,664
Net Cash Provided (Used) by Operating Activities	\$ 14,618,823	\$ 2,593,708	\$ (1,338,048)	\$ 148
Non-Cash Investing, Capital, and Financing Activities:				
Capital assets transferred to governmental activities	\$ -	\$ -	\$ -	\$ -
Acquisition and construction of capital assets in accounts payable	-	-	2,959,935	-
Net amortization of premium and deferred loss	-	291,555	-	-
Capital contributions	54,120,233	-	-	-

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

(CONTINUED)

	Water Enterprise Fund			
	Rate Stabilization	Utility Shared Services	Interfund Eliminations	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,677	\$ (15,328)	\$ -	\$ 36,644,695
Cash paid to suppliers	(2,049)	-	-	(11,339,374)
Cash paid to employees	-	-	-	(9,444,390)
Net Cash Provided (Used) by Operating Activities	1,628	(15,328)	-	15,860,931
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	18,520,821	(1,113,032)
Cash transfers in	3,850,000	-	(18,520,821)	-
Payments (receipts) on advances to (from) other funds	-	-	-	-
(Increase) decrease in due from other funds	-	-	(652,115)	-
Increase (decrease) in due to other funds	-	287	652,115	-
(Increase) decrease in developer permit receivables	-	-	-	(1,487,885)
Increase (decrease) in deposits	-	-	-	-
(Increase) decrease in notes and loans receivable	-	-	-	10,942
Subventions and grants	-	-	-	2,808
Net Cash Provided (Used) by Non-Capital Financing Activities	3,850,000	287	-	(2,587,167)
Cash Flows from Capital and Related Financing Activities:				
Contributions	-	-	-	1,118,349
Acquisition and construction of capital assets	-	-	-	(17,892,474)
Principal paid on capital debt	-	-	-	(2,695,000)
Interest paid on capital debt	-	-	-	(1,431,438)
Proceeds from capital debt issued	-	-	-	-
Connection/impact fees	-	-	-	16,766,432
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(4,134,131)
Cash Flows from Investing Activities:				
Investment in SPWA Reserves	-	-	-	-
Interest received	8,624	56,896	-	378,278
Net Cash Provided (Used) by Investing Activities	8,624	56,896	-	378,278
Net Increase (Decrease) in Cash and Cash Equivalents	3,860,252	41,855	-	9,517,911
Cash and Cash Equivalents at Beginning of Year	9,638,531	-	-	132,810,922
Cash and Cash Equivalents at End of Year	\$ 13,498,783	\$ 41,855	\$ -	\$ 142,328,833
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (2,027)	\$ -	\$ -	\$ (1,498,319)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	-	-	-	10,908,056
Current year adjustment to CIP	-	-	-	-
(Increase) decrease in receivables	3,677	(15,328)	-	(311,796)
(Increase) decrease in inventory	-	-	-	(32,348)
Increase (decrease) in accounts payable	(22)	-	-	3,516,229
Increase (decrease) in accrued liabilities	-	-	-	36,967
Increase (decrease) in unearned revenue	-	-	-	(20,308)
Increase (decrease) in net pension liability	-	-	-	4,594,953
Increase (decrease) in net OPEB liability	-	-	-	31,000
(Increase) decrease in deferred pension related items	-	-	-	(4,090,642)
(Increase) decrease in deferred OPEB related items	-	-	-	2,820,000
Increase (decrease) in compensated absences	-	-	-	(92,861)
Total Adjustments	3,655	(15,328)	-	17,359,250
Net Cash Provided (Used) by Operating Activities	\$ 1,628	\$ (15,328)	\$ -	\$ 15,860,931
Non-Cash Investing, Capital, and Financing Activities:				
Capital assets transferred to governmental activities	\$ -	\$ -	\$ -	\$ -
Acquisition and construction of capital assets in accounts payable	-	-	-	2,959,935
Net amortization of premium and deferred loss	-	-	-	291,555
Capital contributions	-	-	-	54,120,233

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Wastewater Enterprise Fund			
	Operations	Construction	Rehabilitation	Regional Rehabilitation
Cash Flows from Operating Activities:				
Cash received from customers	\$ 44,528,884	\$ (179,498)	\$ 1,171,271	\$ -
Cash paid to suppliers	(20,227,122)	(2,549,345)	(3,197,436)	(2,545)
Cash paid to employees	(9,280,272)	5,648	(32,970)	-
Net Cash Provided (Used) by Operating Activities	15,021,490	(2,723,195)	(2,059,135)	(2,545)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(21,646,545)	-	(9,876,614)	-
Cash transfers in	-	6,876,614	8,471,114	4,700,000
Payments (receipts) on advances to (from) other funds	-	-	-	-
(Increase) decrease in due from other funds	(770)	-	-	-
Increase (decrease) in due to other funds	-	-	-	770
(Increase) decrease in developer permit receivables	-	(1,710,844)	117,874	-
Increase (decrease) in deposits	(1,432)	-	-	-
(Increase) decrease in notes and loans receivable	-	(4,344,362)	-	-
Subventions and grants	248	2,258,586	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(21,648,499)	3,079,994	(1,287,626)	4,700,770
Cash Flows from Capital and Related Financing Activities:				
Contributions	57,630	52,669,392	-	-
Acquisition and construction of capital assets	(78,629)	(52,669,392)	-	(209,167)
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	(1,900)	(5,648)	-	-
Proceeds from capital debt issued	-	4,344,362	-	-
Connection/impact fees	-	17,431,213	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(22,899)	21,769,927	-	(209,167)
Cash Flows from Investing Activities:				
Investment in SPWA Reserves	-	(16,601,916)	-	-
Interest received	66,528	(22,290)	44,958	1,095
Net Cash Provided (Used) by Investing Activities	66,528	(16,624,206)	44,958	1,095
Net Increase (Decrease) in Cash and Cash Equivalents	(6,583,380)	5,502,520	(3,301,803)	4,490,153
Cash and Cash Equivalents at Beginning of Year	23,796,505	814,387	30,478,583	-
Cash and Cash Equivalents at End of Year	\$ 17,213,125	\$ 6,316,907	\$ 27,176,780	\$ 4,490,153
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 3,553,726	\$ (8,161,795)	\$ (3,122,198)	\$ (2,545)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	6,517,511	6,082,782	1,492,213	-
Current year adjustment to CIP	-	-	39,852	-
(Increase) decrease in receivables	1,493,776	(179,498)	305,397	-
(Increase) decrease in inventory	(32,388)	-	-	-
Increase (decrease) in accounts payable	769,000	(470,332)	(776,682)	-
Increase (decrease) in accrued liabilities	47,109	5,648	2,283	-
Increase (decrease) in unearned revenue	(1,000)	-	-	-
Increase (decrease) in net pension liability	1,851,824	-	-	-
Increase (decrease) in net OPEB liability	(2,079,000)	-	-	-
(Increase) decrease in deferred pension related items	1,558,927	-	-	-
(Increase) decrease in deferred OPEB related items	1,500,000	-	-	-
Increase (decrease) in compensated absences	(157,995)	-	-	-
Total Adjustments	11,467,764	5,438,600	1,063,063	-
Net Cash Provided (Used) by Operating Activities	\$ 15,021,490	\$ (2,723,195)	\$ (2,059,135)	\$ (2,545)
Non-Cash Investing, Capital, and Financing Activities:				
Capital assets transferred to governmental activities	\$ (11,241)	\$ -	\$ -	\$ -
Acquisition and construction of capital assets in accounts payable	-	-	-	13,692
Net amortization of premium and deferred loss	-	-	-	-
Capital contributions	41,300,197	-	-	-

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

(CONTINUED)

	Wastewater Enterprise Fund			Waste Services Enterprise
	Rate Stabilization	Interfund Eliminations	Total	Operations
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,204	\$ -	\$ 45,523,861	\$ 28,398,502
Cash paid to suppliers	(1,557)	-	(25,978,005)	(21,305,990)
Cash paid to employees	-	-	(9,307,594)	(4,302,342)
Net Cash Provided (Used) by Operating Activities	1,647	-	10,238,262	2,790,170
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	30,797,728	(725,431)	(8,661,453)
Cash transfers in	10,750,000	(30,797,728)	-	500,000
Payments (receipts) on advances to (from) other funds	-	-	-	-
(Increase) decrease in due from other funds	-	770	-	-
Increase (decrease) in due to other funds	-	(770)	-	-
(Increase) decrease in developer permit receivables	-	-	(1,592,970)	-
Increase (decrease) in deposits	-	-	(1,432)	(161)
(Increase) decrease in notes and loans receivable	-	-	(4,344,362)	-
Subventions and grants	-	-	2,258,834	17,660
Net Cash Provided (Used) by Non-Capital Financing Activities	10,750,000	-	(4,405,361)	(8,143,954)
Cash Flows from Capital and Related Financing Activities:				
Contributions	-	-	52,727,022	-
Acquisition and construction of capital assets	-	-	(52,957,188)	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	(7,548)	-
Proceeds from capital debt issued	-	-	4,344,362	-
Connection/impact fees	-	-	17,431,213	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	21,537,861	-
Cash Flows from Investing Activities:				
Investment in SPWA Reserves	-	-	(16,601,916)	-
Interest received	12,287	-	102,578	35,627
Net Cash Provided (Used) by Investing Activities	12,287	-	(16,499,338)	35,627
Net Increase (Decrease) in Cash and Cash Equivalents	10,763,934	-	10,871,424	(5,318,157)
Cash and Cash Equivalents at Beginning of Year	8,398,503	-	63,487,978	25,126,233
Cash and Cash Equivalents at End of Year	\$ 19,162,437	\$ -	\$ 74,359,402	\$ 19,808,076
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,538)	\$ -	\$ (7,734,350)	\$ 4,786,688
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	-	-	14,092,506	7,351
Current year adjustment to CIP	-	-	39,852	22,484
(Increase) decrease in receivables	3,204	-	1,622,879	(436,736)
(Increase) decrease in inventory	-	-	(32,388)	(46,731)
Increase (decrease) in accounts payable	(19)	-	(478,033)	(453,971)
Increase (decrease) in accrued liabilities	-	-	55,040	46,137
Increase (decrease) in unearned revenue	-	-	(1,000)	-
Increase (decrease) in net pension liability	-	-	1,851,824	277,617
Increase (decrease) in net OPEB liability	-	-	(2,079,000)	(1,122,000)
(Increase) decrease in deferred pension related items	-	-	1,558,927	1,736,444
(Increase) decrease in deferred OPEB related items	-	-	1,500,000	(2,050,000)
Increase (decrease) in compensated absences	-	-	(157,995)	22,887
Total Adjustments	3,185	-	17,972,612	(1,996,518)
Net Cash Provided (Used) by Operating Activities	\$ 1,647	\$ -	\$ 10,238,262	\$ 2,790,170
Non-Cash Investing, Capital, and Financing Activities:				
Capital assets transferred to governmental activities	\$ -	\$ -	\$ (11,241)	\$ -
Acquisition and construction of capital assets in accounts payable	-	-	13,692	-
Net amortization of premium and deferred loss	-	-	-	-
Capital contributions	-	-	41,300,197	-

ENVIRONMENTAL UTILITIES ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Waste Services Enterprise Fund				
	Capital Purchase	Rehabilitation	Rate Stabilization	Interfund Eliminations	Totals
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,775	\$ 3,122	\$ 867	\$ -	\$ 28,404,266
Cash paid to suppliers	(555,743)	(356,442)	(5)	-	(22,218,180)
Cash paid to employees	-	(8,263)	-	-	(4,310,605)
Net Cash Provided (Used) by Operating Activities	(553,968)	(361,583)	862	-	1,875,481
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	-	-	(1,000,000)	9,216,122	(445,331)
Cash transfers in	-	3,116,122	5,600,000	(9,216,122)	-
Payments (receipts) on advances to (from) other funds	-	-	-	-	-
(Increase) decrease in due from other funds	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-	-
(Increase) decrease in developer permit receivables	129,970	-	-	-	129,970
Increase (decrease) in deposits	-	-	-	-	(161)
(Increase) decrease in notes and loans receivable	-	-	-	-	-
Subventions and grants	-	-	-	-	17,660
Net Cash Provided (Used) by Non-Capital Financing Activities	129,970	3,116,122	4,600,000	-	(297,862)
Cash Flows from Capital and Related Financing Activities:					
Contributions	-	-	-	-	-
Acquisition and construction of capital assets	-	(759,275)	-	-	(759,275)
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
Proceeds from capital debt issued	-	-	-	-	-
Connection/impact fees	893,912	-	-	-	893,912
Net Cash Provided (Used) by Capital and Related Financing Activities	893,912	(759,275)	-	-	134,637
Cash Flows from Investing Activities:					
Investment in SPWA Reserves	-	-	-	-	-
Interest received	6,993	(1,111)	(2,390)	-	39,119
Net Cash Provided (Used) by Investing Activities	6,993	(1,111)	(2,390)	-	39,119
Net Increase (Decrease) in Cash and Cash Equivalents	476,907	1,994,153	4,598,472	-	1,751,375
Cash and Cash Equivalents at Beginning of Year	4,631,203	2,168,487	2,271,846	-	34,197,769
Cash and Cash Equivalents at End of Year	\$ 5,108,110	\$ 4,162,640	\$ 6,870,318	\$ -	\$ 35,949,144
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (542,370)	\$ (491,937)	\$ -	\$ -	\$ 3,752,381
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	17,336	127,795	-	-	152,482
Current year adjustment to CIP	-	-	-	-	22,484
(Increase) decrease in receivables	1,775	3,122	867	-	(430,972)
(Increase) decrease in inventory	-	-	-	-	(46,731)
Increase (decrease) in accounts payable	(30,709)	(531)	(5)	-	(485,216)
Increase (decrease) in accrued liabilities	-	(32)	-	-	46,105
Increase (decrease) in unearned revenue	-	-	-	-	-
Increase (decrease) in net pension liability	-	-	-	-	277,617
Increase (decrease) in net OPEB liability	-	-	-	-	(1,122,000)
(Increase) decrease in deferred pension related items	-	-	-	-	1,736,444
(Increase) decrease in deferred OPEB related items	-	-	-	-	(2,050,000)
Increase (decrease) in compensated absences	-	-	-	-	22,887
Total Adjustments	(11,598)	130,354	862	-	(1,876,900)
Net Cash Provided (Used) by Operating Activities	\$ (553,968)	\$ (361,583)	\$ 862	\$ -	\$ 1,875,481
Non-Cash Investing, Capital, and Financing Activities:					
Capital assets transferred to governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition and construction of capital assets in accounts payable	-	-	-	-	-
Net amortization of premium and deferred loss	-	-	-	-	-
Capital contributions	-	-	-	-	-



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

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 Environmental Utilities Enterprise Funds (Funds) of the City of Roseville, California, (City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated May 25, 2022.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency: (2021-001)



Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

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 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*.

Management's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
May 25, 2022



Public Utilities Commission
Environmental Utilities Department
City of Roseville, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Bank Reconciliations – Significant deficiency

Reference Number: 2021-001

Condition:

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

Criteria:

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

Cause of Condition:

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

Effect or Potential Effect of Condition:

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

Recommendation:

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

Management's Response and Corrective Action:

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

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