



CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND

YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL STATEMENTS

Focused
on YOU



CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND

Financial Statements

Years Ended June 30, 2023 and 2022

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Financial Statements

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
Electric Department
City of Roseville, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Electric Fund (the "Fund"), an enterprise fund of the City of Roseville, California (the "City") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's 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 Fund, as of June 30, 2023 and 2022, and the respective changes in financial position, and the cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Fund 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Electric Fund, an enterprise fund of the City, and do not purport to, and do not present fairly the financial position of the City, as of June 30, 2023, the change in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Honorable Mayor and Members of the City Council
Electric Department
City of Roseville, California

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 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

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



To the Honorable Mayor and Members of the City Council
Electric Department
City of Roseville, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2023, on our consideration of the City's internal control over the Fund's 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 City's internal control over the Fund's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Sacramento, California
May 20, 2024

**Electric Enterprise Fund
Management's Discussion and Analysis
June 30, 2023 and 2022**

Management of the Roseville Electric Enterprise Fund (Electric Fund), a fund of the City of Roseville (City) offers the following overview and analysis of the financial statements of the Electric Fund for the fiscal year ended June 30, 2023 and 2022. We encourage readers to utilize the information presented here in conjunction with the accompanying basic financial statements.

Overview of the Financial Statements

The Electric Fund's financial statements are divided into two sections: 1) basic financial statements, and 2) required supplementary information.

Included as part of the basic financial statements are the *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, *Statement of Cash Flows*, and notes to the financial statements. The required supplementary information follows the notes to the financial statements and includes the schedules related to pensions and other post-employment benefits.

Financial Highlights

2023 compared to 2022

The Electric Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$519.5 million, an increase of \$23.8 million or 4.8% over the prior fiscal year.

Total operating revenue was \$181.8 million, an increase of \$9.2 million or 5.3% compared to fiscal year 2022. Total operating expense was \$168.1 million, an increase of \$24.9 million or 17.4%. Operating income was \$13.7 million. Payment in lieu of taxes of \$7.3 million was paid to the City as a franchise fee.

2022 compared to 2021

The Electric Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$495.7 million, an increase of \$21.6 million or 4.6% over the prior fiscal year.

Total operating revenue was \$172.6 million, an increase of \$4.6 million or 2.7% compared to fiscal year 2021. Total operating expense was \$143.1 million, a decrease of \$5.9 million or 4.0%. Operating income was \$29.5 million. Payment in lieu of taxes of \$6.4 million was paid to the City as a franchise fee.

Financial Analysis

The *Statement of Net Position* for the Electric Fund is as follows:

Condensed Statement of Net Position (In thousands)			
	FY2023	FY2022	FY2021
Assets			
Current Assets	\$196,137.8	\$249,742.3	\$233,149.5
Capital Assets	490,741.9	490,784.6	482,687.7
Non-current Assets	6,862.8	8,637.6	5,158.6
Total Assets	693,742.5	749,164.4	720,995.8
Deferred Outflows	27,452.6	22,496.3	29,373.9
Liabilities			
Current Liabilities	21,476.2	43,838.2	28,128.5
Non-Current Long-term Debt	85,575.0	141,642.7	149,590.5
Long-term Liabilities	86,596.2	63,676.5	92,599.3
Total Liabilities	193,647.4	249,157.5	270,318.3
Deferred Inflows	8,049.2	26,771.7	5,936.8
Net Position			
Net Investment in Capital Assets	404,214.2	348,510.4	331,397.0
Restricted:			
Benefit of Rate Payers	8,607.5	11,415.4	13,609.7
Debt Service	10,134.4	15,087.3	16,084.2
Unrestricted	96,542.4	120,718.6	113,023.7
Total Net Position	\$519,498.5	\$495,731.7	\$474,114.6

2023 compared to 2022

As of June 30, 2023, the Electric Fund's total assets decreased by \$55.4 million or 7.4% compared to the prior fiscal year. This decline was mainly attributed to a decrease in cash and investments held in the City Treasury, along with a decrease in restricted cash and investments with fiscal agent. However, this decrease was partially offset by an increase in inventories. Furthermore, deferred outflows of resources increased by \$5.0 million or 22.0%, primarily attributed to an increase in deferred amount related to pension. This increase, however, was offset by a decrease in deferred charging on refunding, accumulated decrease in fair value of hedging diversities, and deferred amount related to OPEB.

As of June 30, 2023, total liabilities decrease by \$55.5 million or 22.3% compared to the prior fiscal year. This reduction was primarily driven by decreases in outstanding debt, deposit payable, and derivative at fair value-liability. However, that this decrease was offset by an increase in the net pension liability. Moreover, deferred inflows of resources decreased by \$18.7 million or 69.9%, primarily attributed to a decrease in deferred inflows related to pensions and deferred inflows related to OPEB.

2022 compared to 2021

As of June 30, 2022, the Electric Fund's total assets increased by \$28.2 million or 3.9% compared to the prior year, primarily due to increases in restricted cash and investments in City Treasury, Investment in NCPA reserves, lease receivable, and capital assets (net of depreciation). However, these positive factors were partially offset by a decrease in accounts receivable and prepaids. Furthermore, deferred outflows of resources decreased by \$6.9 million, primarily attributed to declines in the accumulated fair value of hedging derivatives, deferred amounts related to pension, and deferred charges on refunding. This decrease was offset by an increase in deferred amounts related to OPEB.

Total liabilities as of June 30, 2022, decreased by \$21.2 million or 7.8% compared to the prior fiscal year. This reduction was attributed to decreases in accounts payable, outstanding debt, net OPEB liability, net pension liability, and derivative at fair value-liability. However, this reduction was partially offset by an increase in deposit payable. Furthermore, deferred inflows of resources increased by \$20.9 million or 350.9%, primarily related to OPEB, pensions and leases.

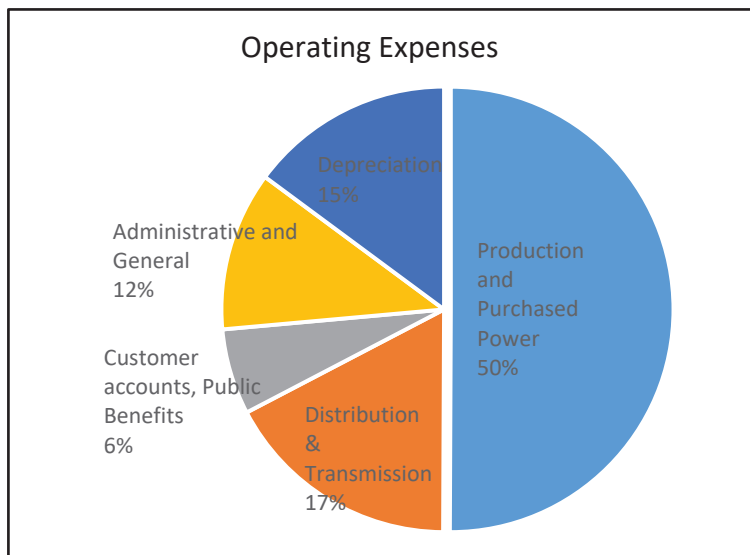
The Statement of Revenues, Expenses, and Changes in Net Position for the Electric Fund is as follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position			
(in thousands)			
	FY2023	FY2022	FY2021
Operating Revenue			
Sales Revenue	\$176,889.9	\$166,656.2	\$162,958.5
Wholesale sales	1,629.0	1,482.9	2,857.8
Other Operating Revenue	3,271.7	4,447.8	2,210.3
Total Operating Revenue	181,790.6	172,587.0	168,026.6
Operating Expenses			
Production and Purchased Power	84,096.0	72,795.1	69,819.5
Transmission & Distribution	28,993.3	26,998.4	24,492.8
Customer Accounts, Administrative and General	29,691.8	19,235.3	31,852.7
Depreciation	25,272.4	24,099.8	22,902.8
Total Operating Expenses	168,053.5	143,128.5	149,067.8
Operating Income	13,737.1	29,458.4	18,958.8
Non-operating Revenues (Expenses)			
Interest Expense	(7,292.5)	(5,287.7)	(5,993.9)
Subventions and grants	127.8	514.4	-
Payment in Lieu of Taxes	(7,295.2)	(6,439.0)	(6,156.4)
Investments, Amortization & Loss from Sale of Property	2,191.7	(10,534.2)	287.6
Lease revenue	3,549.1	2,992.8	287.6
Proceeds from litigation	9,427.1	-	-
Total Non-operating Revenues (Expenses)	708.0	(18,753.7)	(11,862.7)
Income before Capital Contributions and Transfers	14,445.1	10,704.8	7,096.1
Contributions and Transfers			
Capital Contributions	9,580.1	11,325.0	28,675.6
Transfers in/out from/to City	(258.4)	(412.6)	(392.0)
Total Contributions and Transfers	9,321.7	10,912.4	28,283.6
Change in Net Position	23,766.8	21,617.1	35,379.6
Net Position, Beginning	495,731.7	474,114.6	438,734.9
Net Position, Ending	\$519,498.5	\$495,731.7	\$474,114.6

2023 compared to 2022

The Electric Fund's operating revenue was \$181.8 million, an increase of \$9.2 million or 5.3% compared to the prior fiscal year. This increase in operating revenue is primarily attributed to a \$10.2 million or 6.1% rise in sales revenue due to increases in the energy cost surcharge and rate case. However, this increase was offset by a decrease in hydroelectric surcharge. Out of the approximate \$176.9 million total sales revenue, \$91.2 million was attributed to commercial customers, and \$85.7 million to residential customers. The wholesale energy sales revenue for the current fiscal year amounted to \$1.6 million, indicating an increase of \$0.1 million or 9.8%. This growth is primarily attributed to an addition in wholesale power sold. Furthermore, other operating revenues experienced a decrease of \$1.2 million or 26.4%. This decline is primarily due to a decrease in mutual aid recovery from other agencies and a decrease in carbon allowance and credit proceeds.

Total operating expenses were \$168.1 million, indicating an increase of \$24.9 million or 17.4% compared the prior fiscal year. Total production and purchased power expense accounted for \$84.1 million, representing 50.0% of operating expenses. Additionally, total distribution and transmission expense totaled \$29.0 million, representing 17.3% of the overall operating expenses. Administrative and general expense was \$19.3 million, reflecting an increase of \$7.7 million or 66.2% compared to the prior fiscal year. This increase is mainly attributed to higher costs in salaries and employee pension benefits. Customer accounts and public benefits expense amounted to \$10.4 million, representing 6.2% of operating costs. Furthermore, depreciation expense was \$25.3 million, reflecting an increase of \$1.2 million or 4.9% compared to the prior fiscal year.



Consistent with the City Charter, the Utility may pay an in lieu franchise fee not to exceed 4% of expenses, to the City General Fund as a Payment in Lieu of Taxes. For fiscal year 2023, this franchise fee transfer amounted to \$7.3 million, reflecting an increase of \$0.9 million or 13.3% compared to the prior fiscal year.

Investment earnings, including the net change in fair value of investments, amounted to \$2.2 million, reflecting an increase of \$12.7 million, primarily attributed by the rise in the fair value of pooled investments.

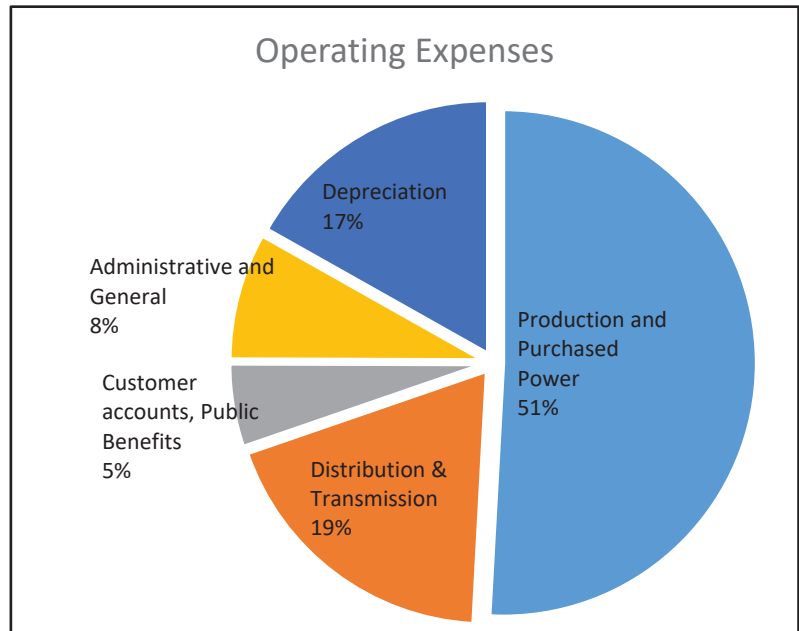
Total capital contributions received was \$9.6 million, a decrease of \$1.7 million or 15.4%, primarily due to a decrease in contributions from developers.

The net transfers out of the Electric Fund to the City projects was \$0.3 million.

2022 compared to 2021

The Electric Fund's operating revenue was \$172.6 million, reflecting an increase of \$4.6 million or 2.7% compared to the prior fiscal year. This increase is primarily attributed to a \$3.7 million or 2.2% increase in sales revenues, driven by increase in hydroelectric surcharge and rate case adjustments. Out of the approximate \$166.7 million total sales revenue, \$87.9 million was related to commercial customers and \$78.6 million to residential customers. Wholesale energy sales revenue for the current fiscal year totaled \$1.5 million, indicating a decrease of \$1.4 million or 48.1% mainly due to a reduction in wholesale power sold. Additionally, other operating revenues experienced an increase of \$2.2 million or 101.2%, primarily attributed to increased mutual aid recovery from other agencies along with additional revenue form customer late fees and reconnect charges.

Total operating expenses were \$143.1 million, reflecting a decrease of \$5.9 million or 4.0% compared the prior fiscal year. Total production and purchased power expense was \$72.9 million, which represented 50.9% of operating expenses. Additionally, total distribution and transmission expense totaled \$27.0 million, which represented 18.9% of overall operating expense. Administrative and general expense amounted to \$11.6 million, a decrease of \$12.4 million or 51.6% compared to prior fiscal year. This reduction is primarily attributed to lower costs in salaries and employee benefits. Moreover, customer accounts and public benefits expense amounted to \$7.6 million, representing 5.3% of operating costs. Depreciation expense was \$24.1 million, reflecting an increase of \$1.2 million or 5.2% over the prior fiscal year.



Consistent with the City Charter, the Utility may pay an in lieu franchise fee not to exceed 4% of expenses to the City General Fund as a Payment in Lieu of Taxes. For fiscal year 2022, this franchise fee transfer amounted to \$6.4 million, reflecting an increase of \$0.3 million or 4.6% compared to the prior fiscal year.

Investment earnings, including the net change in fair value of investments, were (\$10.5) million, indicating a decrease of \$10.8 million, primarily attributed to the decline in fair value of pooled investments.

Total capital contributions received was \$11.3 million, a decrease of \$17.4 million or 60.5%, primarily due to a \$8.6 million decrease in contributions from developers, a \$9.1 million decrease in contribution in aid of construction offsetting by a \$0.4 million increase in connection and impact fees.

Transfers out of the Electric Fund to the City for general rehabilitation projects were \$0.4 million.

Capital Assets

2023 compared to 2022

As of June 30, 2023, the Electric Fund's net utility plant and equipment, which includes investments in land, buildings, production and distribution facilities, as well as general items like equipment, furniture and right-to-use leased assets, totaled \$490.7 million. This figure represents a decrease of \$0.1 million or 0.0% compared to prior fiscal year.

2022 compared to 2021

As of June 30, 2022, the Electric Fund's net utility plant and equipment, which includes investments in land, buildings, production and distribution facilities, and as well as general items like equipment and furniture, was \$490.8 million. This indicates an increase of \$8.1 million or 1.7% compared to the previous fiscal year.

Capital Assets (In thousands)			
	FY2023	FY2022	FY2021
Land	\$5,467.3	\$5,173.0	\$5,173.0
Buildings & Improvements	31,789.7	31,067.9	25,677.7
Equipment & Vehicles	25,694.8	23,568.2	20,953.5
Traffic Signals	75,166.4	74,853.3	73,760.7
Plant and Substations	93,518.0	93,677.0	93,742.9
Distribution	392,600.6	381,056.1	361,819.8
Generation	218,132.9	216,985.2	212,846.5
Construction in Progress	20,623.4	14,150.7	15,372.9
Right-to-Use Leased Assets	1,347.9	-	-
Less: Accumulated Depreciation	(373,599.1)	(349,746.8)	(326,659.3)
Capital Assets, Net	\$490,741.9	\$490,784.6	\$482,687.7

Debt Administration

2023 compared to 2022

Total long-term debt, net of unamortized premium of \$3.4 million, was \$89.8 million at the end of fiscal year 2023. This represents a notable decrease of \$59.0 million or 39.7% compared to the previous fiscal year. This reduction is primarily attributed to the retirement of \$51.1 million in variable rate 2012 Series Electric System Revenue Certificates of Participation (COP) in March 2023. The current long-term debt due within a year was \$4.3 million, while non-current long-term debt was \$82.2 million. The debt is backed by the revenue of the Utility.

The Utility maintains a debt service coverage ratio that exceeds the current provisions in the bond indenture document. This debt service coverage ratio is a measure of the adequacy of cash to pay debt service. The Utility must maintain debt coverage of 1.1 as required by the bond indenture, however the City has an internal policy for the Utility to maintain a debt coverage of 2.0. As of June 30, 2023, the Utility had debt coverage of 2.94.

Interest rates on outstanding debt range from 0.39% to 5.25%.

2022 compared to 2021

Total long-term debt, net of unamortized premium of \$4.1 million, was \$148.8 million at the end of FY2022. This represents a decrease of \$9.5 million or 6.0% compared to the prior fiscal year. The current long-term debt due within a year was \$7.2 million and non-current long-term debt was \$137.5 million. The debt is backed by the revenue of the Utility.

The Utility maintains a debt service coverage ratio that exceeds the current provisions in the bond indenture document. This debt service coverage ratio is a measure of the adequacy of cash to pay debt service. The Utility must maintain debt coverage of 1.1 as required by the bond indenture, however the City has an internal policy for the Utility to maintain a debt coverage of 2.0. As of June 30, 2022, the Utility had debt coverage of 3.95.

Interest rates on outstanding debt range from 0.39% to 5.25%.

Long-Term Debt (In thousands)			
	FY2023	FY2022	FY2021
Certificates of Participation	\$5.0	\$54,005.0	\$54,005.0
Revenue Bonds	89,820.0	94,842.7	104,340.5
Total Long-Term Debt	89,825.0	148,847.7	158,345.5
Current Portion of Long-Term Debt	4,250.0	7,205.0	8,755.0

Economic Condition, Outlook and Activity

The Electric Fund's Residential and commercial customer count experienced a growth of 2.23% compared to prior fiscal year. Simultaneously, total retail electric energy sales increase 2.44%, reaching 1.2 million megawatt hours. Correspondingly, revenue had a 6.3% increase, primarily attributable to implementation of the energy cost surcharge and the rate case increase. However, this overall increase was offset by a decrease in hydroelectric surcharge.

During the fiscal year, the Electric Fund was rated "AA" by Fitch Ratings and the Ratings Outlook to Stable, Standard and Poor's Global Ratings rating was "AA" and Moody's Investors Service rating was "A1", stable.

The revenue to expense outlook for the next several years forecasts expenses exceeding revenues. New development will continue to add residential and commercial customers to the service territory. The utility plans to recommend a rate increase to insure adequate revenues. Issues that may impact future rates include: the increasing volatility of the natural gas and energy markets in California, state and federal mandates related to renewable energy and environmental concerns, as well as increasing distributed generation and energy efficiency programs throughout the service territory.

Requests for Information

This financial report is designed to provide a general overview of the Electric Fund's finances. Questions concerning information provided in this report should be addressed to the Financial Administrator, Roseville Electric Utility, 116 South Grant Street, Roseville, California 95678.

CITY OF ROSEVILLE ELECTRIC FUND
Statement of Net Position
June 30, 2023 and 2022

	2023	2022
Assets:		
Current:		
Cash and investments in City Treasury	\$ 134,784,933	\$ 170,763,511
Restricted cash and investments with City Treasury	-	18,800,000
Restricted cash and investments with fiscal agent	10,261,381	16,332,511
Accounts receivable, net of allowance for doubtful accounts	23,991,009	22,749,000
Accrued interest	740,470	726,611
Prepays	2,885,787	3,591,473
Inventories	21,616,376	13,179,596
Leases receivable	1,857,893	3,599,563
Total Current Assets	196,137,849	249,742,265
Noncurrent:		
Capital assets not being depreciated	26,090,740	19,323,671
Capital assets being depreciated	838,250,291	821,207,731
Less: accumulated depreciation	(373,599,143)	(349,746,826)
Total Capital Assets	490,741,888	490,784,576
Investment in NCPA reserves	6,120,238	6,037,128
Leases receivable	742,579	2,600,472
Total Noncurrent Assets	497,604,705	499,422,176
Total Assets	693,742,554	749,164,441
Deferred Outflows of Resources:		
Deferred charges on refunding	4,435,192	6,573,546
Accumulated decrease in fair value of hedging derivatives	-	4,190,270
Deferred outflows related to OPEB	1,439,000	2,169,000
Deferred outflows related to pensions	21,578,386	9,563,510
Total Deferred Outflows of Resources	27,452,578	22,496,326
Liabilities:		
Current:		
Accounts payable and accrued payroll	8,171,039	9,342,771
Accrued liabilities	1,290,242	1,212,762
Interest payable	1,168,881	1,399,298
Current portion of compensated absences	3,614,801	2,973,494
Customer deposits	2,657,424	21,704,916
Current portion of long-term debt	4,250,000	7,205,000
Current portion of subscriptions	323,775	-
Total Current Liabilities	21,476,162	43,838,241
Noncurrent:		
Accrued compensated absences	1,662,522	1,580,550
Derivative at fair value-liability	-	4,190,270
Net OPEB liability	9,778,000	10,427,000
Net pension liability	74,341,652	47,478,679
Certificates of participation and revenue bonds due in more than one year	85,574,958	141,642,711
Subscriptions	814,105	-
Total Noncurrent Liabilities	172,171,237	205,319,210
Total Liabilities	193,647,399	249,157,451
Deferred Inflows of Resources:		
Deferred inflows related to OPEB	5,509,000	7,015,000
Deferred inflows related to pensions	-	13,677,191
Lease deferred inflows	2,540,223	6,079,462
Total Deferred Inflows of Resources	8,049,223	26,771,653
Net Position:		
Net investment in capital assets	404,214,242	348,510,411
Restricted for the benefit of rate payers	8,607,478	11,415,382
Restricted for debt service	10,134,406	15,087,251
Unrestricted	96,542,384	120,718,619
Total Net Position	\$ 519,498,510	\$ 495,731,663

CITY OF ROSEVILLE ELECTRIC FUND
Statement of Revenues, Expenses
and Changes in Net Position
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Residential sales	\$ 85,701,443	\$ 78,672,106
Commercial and industrial sales	91,155,270	87,940,952
Other sales	33,201	43,178
Wholesale sales	1,629,023	1,482,901
Other operating revenues	3,271,743	4,447,845
Total Operating Revenues	<u>181,790,680</u>	<u>172,586,982</u>
Operating Expenses:		
Production and purchased power	84,096,004	72,795,102
Transmission	8,747,705	9,040,454
Distribution	20,245,641	17,957,948
Customer accounts, service and informational	4,500,359	4,002,193
Public benefits and administrative and general	25,191,443	15,233,081
Depreciation/Amortization	25,272,365	24,099,767
Total Operating Expenses	<u>168,053,517</u>	<u>143,128,545</u>
Operating Income	<u>13,737,163</u>	<u>29,458,437</u>
Nonoperating Revenues (Expenses):		
Subvention and grants	127,820	514,419
Payment in lieu of taxes (franchise transfer)	(7,295,172)	(6,439,009)
Increase in value of certain NCPA projects and reserves	83,110	878,500
Investment income	3,941,525	(11,271,822)
Interest expense and fiscal charges	(7,292,473)	(5,287,744)
Amortization of gain (loss) on refunding	(1,395,602)	261,471
Loss on disposal of capital assets	(437,368)	(402,349)
Lease revenue	3,549,080	2,992,824
Proceeds from litigation	9,427,101	-
Total Nonoperating Revenues (Expenses)	<u>708,021</u>	<u>(18,753,710)</u>
Income Before Transfers and Capital Contributions	14,445,184	10,704,727
Capital contributions - connection/impact fees	2,500,094	2,428,029
Contributions in aid of construction	2,065,674	2,178,834
Capital contributions from developers	5,014,316	6,718,149
Transfers in from other City funds	177,080	-
Transfers out from other City funds	(435,501)	(412,636)
Changes in Net Position	23,766,847	21,617,103
Net position, Beginning	<u>495,731,663</u>	<u>474,114,560</u>
Net position, Ending	<u>\$ 519,498,510</u>	<u>\$ 495,731,663</u>

CITY OF ROSEVILLE ELECTRIC FUND
Statement of Cash Flows
Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 177,955,062	\$ 174,336,788
Payments to suppliers	(110,002,012)	(87,377,170)
Payments to employees	(41,014,311)	(37,815,965)
Receipts from counterparties	22,600,000	29,700,000
Receipts returned to counterparties	(41,400,000)	(11,700,000)
Other receipts	2,434,384	2,837,272
Net Cash Provided (Used) by Operating Activities	<u>10,573,123</u>	<u>69,980,925</u>
Cash Flows from Non-Capital Financing Activities:		
Payment in lieu of taxes (franchise transfer)	(7,295,172)	(6,439,009)
Proceeds from litigation	9,427,101	-
Subvention and grants	39,554	464,664
Transfers out	177,080	-
Transfers out	(435,501)	(412,636)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,913,062</u>	<u>(6,386,981)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	2,065,674	2,178,835
Acquisition and construction of capital assets	(19,643,188)	(25,900,924)
Principal paid on capital debt	(7,205,000)	(8,755,000)
Interest paid on capital debt	(4,850,544)	(5,437,191)
Refunding principal payoff	(51,075,000)	-
Debt service related fees	(2,665,000)	-
Proceeds from sale of capital assets	-	20,055
Connection/impact fees	2,500,094	2,428,029
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(80,872,964)</u>	<u>(35,466,196)</u>
Cash Flows from Investing Activities:		
Lease payments received	3,627,946	2,891,804
Fair market adjustment	1,664,350	(13,131,688)
Interest and dividends	2,244,775	1,652,820
Net Cash Provided (Used) by Investing Activities	<u>7,537,071</u>	<u>(8,587,064)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(60,849,708)</u>	<u>19,540,684</u>
Cash and Cash Equivalents at Beginning of Year	205,896,022	186,355,338
Cash and Cash Equivalents at End of Year	<u>\$ 145,046,314</u>	<u>\$ 205,896,022</u>
Cash and Cash Equivalents Included In:		
Cash and investments with city treasury		
Unrestricted	\$ 134,784,934	\$ 170,763,511
Restricted - collateral deposit	-	18,800,000
Restricted	10,261,381	16,332,511
Cash and Cash Equivalents at End of Year	<u>\$ 145,046,315</u>	<u>\$ 205,896,022</u>

CITY OF ROSEVILLE ELECTRIC FUND
Statement of Cash Flows
Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 13,737,163	\$ 29,458,437
Adjustments to Reconcile Operating Income Net Cash Provided by Operating Activities:		
Depreciation/Amortization	25,272,365	24,099,767
(Increase) decrease in receivables	(1,153,740)	5,287,947
(Increase) decrease in inventories	(8,436,780)	(279,844)
(Increase) decrease in prepaids	705,686	1,641,013
Increase (decrease) in accounts payable	(973,263)	(1,318,287)
Increase (decrease) in deposits payable	(19,047,493)	18,384,712
Increase (decrease) in net pension liability	26,862,973	(21,140,341)
Increase (decrease) in OPEB liability	(649,000)	(1,254,000)
(Increase) decrease in deferred pension related items	(25,692,067)	14,491,699
(Increase) decrease in deferred OPEB related items	(776,000)	631,000
Increase (decrease) in compensated absences	723,279	(21,178)
Total Adjustments	<u>(3,164,040)</u>	<u>40,522,488</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,573,123</u>	<u>\$ 69,980,925</u>
Non-Cash Investing, Capital, and Financing Activities:		
Net amortization of premium and deferred loss	\$ 742,753	\$ 742,753
Contribution of capital assets from developers	5,014,316	6,718,149
Gain/(Loss) on disposition of capital assets	(437,368)	(422,404)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Electric Fund (Fund) is an enterprise fund of the City of Roseville (City) that owns and operates the electric systems and provides these services to the businesses and residents of the City. The Electric Fund is under the policy control of the City Council. The accompanying financial statements only reflect the activity of the Electric Fund as it does not have any component units. The Electric Fund is an integral part of the City and its financial statements are included in the basic financial statements of the City. These financial statements do not purport to, and do not represent the financial position, changes in financial position, and where applicable, cash flows of the City.

B. Basis of Presentation

The Financial Statements of the Electric Fund 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 accounting records of the Electric Fund are also substantially in conformity with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). The Electric Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Basis of Accounting

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

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

The Electric Fund may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

D. Cash and Investments

Cash and investments with original maturities of three months or less are treated as cash and cash equivalents for purpose of preparing the statements of cash flows. Also, the Electric 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Joint Powers Authorities

The Electric Fund records its equity in the general operating reserve of the Northern California Power Agency (NCPA), and its net equity in those projects in which it participates, as discussed in Note 8. The Electric Fund's share of individual project obligations has been netted against its share of the related project assets, as reported by NCPA, because the Electric Fund does not actively manage these projects and does not expect to become directly liable for any of the obligations of these projects. Amounts paid to the Transmission Agency of Northern California (TANC) are expensed currently because the Electric Fund's estimated equity, if any, in TANC is not material. Amounts paid to the California Joint Powers Risk Management and the Local Agency Workers Compensation Excess Joint Powers Authority are charged currently to insurance expense, as discussed in Note 8.

F. Prepays

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the financial statements.

G. Inventories

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the financial statements.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, 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 deferred charge on refunding reported in the statement of net position 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 accumulated decrease in the fair value of hedging derivatives is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed effective. The deferred outflows related to pensions are described in Note 5. The deferred outflows related to other postemployment benefits (OPEB) are described in Note 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, 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 deferred inflows related to pensions are described in Note 5. The deferred inflows related to OPEB are described in Note 6.

I. Deposits from Customers

Deposits from Customers may be required by the Electric Fund from commercial and residential customers when they establish their account as specified in section 14.04.030 of the City of Roseville Municipal Code. Significant customer deposits may be held in the form of certificates of deposit in the Electric Fund's name with the interest paid to the customer.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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 consist of the following:

	2023	2022
Beginning Balance	\$ 4,554,044	\$ 4,575,222
Additions	3,197,406	2,198,428
Payments	<u>(2,474,127)</u>	<u>(2,219,606)</u>
Ending Balance	<u>\$ 5,277,323</u>	<u>\$ 4,554,044</u>
Current Portion	<u>\$ 3,614,801</u>	<u>\$ 2,973,494</u>

K. Revenue Recognition

Revenues are recognized based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There are twenty-three 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.

L. Classification of Revenues

Operating revenues consist mainly of electric sales. 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.

M. Operating Expense

Operating expenses include expenses reflected by the City as related to rent payments, information technology and facility services, and other indirect cost transfers.

N. Allocation and Capitalization of Operating Overhead Expenses and General and Administrative Costs

The allocation of operating overhead expenses and general and administrative costs to capital projects, as well as FERC distribution and maintenance operating expenses, was based on a comprehensive analysis and study prepared by the City’s staff. This analysis and allocation process is conducted annually in conformance with the generally accepted electric utility accounting practices within the Uniform System of Accounts (USOA) prescribed by FERC and utility accounting guides published by the American Public Power Association (APPA) regarding job costing and utility accounting.

The process of allocating and capitalizing operating overhead expenses and general and administrative costs was implemented to allow the Electric Fund Financial Statements to reflect a chart of accounts consistent with industry standards, provide more accurate operation and maintenance costs, and track the total actual costs of electric capital assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. Fair Value Measurements

The Electric Fund categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. 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.

Q. Pensions

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

R. Post-Employment Benefits Other Than Pensions (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's OPEB 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

S. Capital Asset Policies

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.

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.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is provided 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 Electric Fund 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
Equipment	6-20 years	5,000
Plants and Substations	40 years	5,000
Distribution System	15-60 years	no threshold
Electric Generation	15-30 years	5,000
Traffic Signals	20 years	no threshold
Landscaping	12 years	20,000
Leases	Varies by contract	75,000
SBITA	Varies by contract	75,000

Major outlays for capital assets and improvements are capitalized as projects are constructed.

T. New Accounting Pronouncements

New Pronouncements

Effective in Current Fiscal Year

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 effect on the Fund is noted in note 4.

Effective in Future Fiscal Years

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature. The City has not determined the effect on the Electric Fund’s financial statements.

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 96, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement is effective for reporting periods beginning after June 15, 2023. The City has not determined the effect on the Electric Fund’s financial statements.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Net Position

Net position is the excess of all the Electric Fund’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net position is classified into the captions below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the Electric Fund’s capital assets less accumulated depreciation and less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws enabling legislation, or other restrictions which the Electric Fund cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

It is the City’s policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, is as follows:

	Balance at June 30, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated					
Land	\$ 5,173,011	\$ 294,324	\$ -	\$ -	\$ 5,467,335
Construction in progress	14,150,660	16,818,351	-	(10,345,606)	20,623,405
Total capital assets not being depreciated	<u>19,323,671</u>	<u>17,112,675</u>	<u>-</u>	<u>(10,345,606)</u>	<u>26,090,740</u>
Capital assets, being depreciated					
Buildings	28,679,133	-	-	-	28,679,133
Improvements	1,788,833	-	-	90,140	1,878,973
Vehicles and equipment	23,568,195	192,499	(206,776)	2,140,838	25,694,756
Landscaping	599,975	-	-	631,585	1,231,560
Traffic signals	74,853,320	-	(1,091,218)	1,404,314	75,166,416
Plant and substations	93,676,970	-	(159,006)	-	93,517,964
Distribution	381,056,064	7,134,937	(521,406)	4,931,029	392,600,624
Generation	216,985,241	-	-	1,147,700	218,132,941
Subscriptions	-	1,347,924	-	-	1,347,924
Total capital assets being depreciated	<u>821,207,731</u>	<u>8,675,360</u>	<u>(1,978,406)</u>	<u>10,345,606</u>	<u>838,250,291</u>
Less accumulated depreciation for					
Buildings	(7,503,670)	(716,978)	-	-	(8,220,648)
Improvements	(1,237,694)	(76,879)	-	-	(1,314,573)
Vehicles and equipment	(15,499,851)	(2,662,747)	71,206	-	(18,091,392)
Landscaping	(553,470)	(26,095)	-	-	(579,565)
Traffic signals	(49,659,936)	(2,505,434)	794,538	-	(51,370,832)
Plant and substations	(36,714,075)	(2,307,357)	138,729	-	(38,882,703)
Distribution	(127,613,427)	(8,437,542)	415,575	-	(135,635,394)
Generation	(110,964,703)	(8,245,296)	-	-	(119,209,999)
Subscriptions	-	(294,037)	-	-	(294,037)
Total accumulated depreciation	<u>(349,746,826)</u>	<u>(25,272,365)</u>	<u>1,420,048</u>	<u>-</u>	<u>(373,599,143)</u>
Net capital assets being depreciated	<u>471,460,905</u>	<u>(16,597,005)</u>	<u>(558,358)</u>	<u>10,345,606</u>	<u>464,651,148</u>
Capital assets, net	<u>\$ 490,784,576</u>	<u>\$ 515,670</u>	<u>\$ (558,358)</u>	<u>\$ -</u>	<u>\$ 490,741,888</u>

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 2: CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2022 is as follows:

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated					
Land	\$ 5,173,011	\$ -	\$ -	\$ -	\$ 5,173,011
Construction in progress	15,372,901	23,707,633	-	(24,929,874)	14,150,660
Total capital assets not being depreciated	20,545,912	23,707,633	-	(24,929,874)	19,323,671
Capital assets, being depreciated					
Buildings	23,488,382	-	-	5,190,751	28,679,133
Improvements	1,639,317	-	-	149,516	1,788,833
Vehicles and equipment	20,953,523	224,175	(102,625)	2,493,122	23,568,195
Landscaping	550,000	-	-	49,975	599,975
Traffic signals	73,760,652	-	(409,643)	1,502,311	74,853,320
Plant and substations	93,742,947	-	(65,977)	-	93,676,970
Distribution	361,819,834	8,685,225	(731,211)	11,282,216	381,056,064
Generation	212,846,422	2,040	(125,204)	4,261,983	216,985,241
Total capital assets being depreciated	788,801,077	8,911,440	(1,434,660)	24,929,874	821,207,731
Less accumulated depreciation for					
Buildings	(6,892,290)	(611,380)	-	-	(7,503,670)
Improvements	(1,162,712)	(74,982)	-	-	(1,237,694)
Vehicles and equipment	(13,200,625)	(2,401,851)	102,625	-	(15,499,851)
Landscaping	(550,000)	(3,470)	-	-	(553,470)
Traffic signals	(47,562,955)	(2,488,596)	391,615	-	(49,659,936)
Plant and substations	(34,455,587)	(2,308,781)	50,293	-	(36,714,075)
Distribution	(119,964,503)	(8,080,397)	431,473	-	(127,613,427)
Generation	(102,870,642)	(8,130,310)	36,249	-	(110,964,703)
Total accumulated depreciation	(326,659,314)	(24,099,767)	1,012,255	-	(349,746,826)
Net capital assets being depreciated	462,141,763	(15,188,327)	(422,405)	24,929,874	471,460,905
Capital assets, net	\$ 482,687,675	\$ 8,519,306	\$ (422,405)	\$ -	\$ 490,784,576

Depreciation and amortization on capital assets and intangibles included in the statement of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 was \$25,272,365 and \$24,099,767 respectively.

During the fiscal year, the City updated its system to standardize the number of years of depreciation by asset class and updated accumulated depreciation to reflect the standardized years of certain assets.

NOTE 3: 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 specific securities instruments, or 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.

In order to mitigate its credit exposure to energy market risk and protect its financial position, the City requested its trading counterparties to post collateral. The collateral was held by the City in a specific account. If its trading counterparties defaulted on their contract obligations, the City could seize the collateral. Otherwise, the City would ultimately be obligated to return the entire amount back to those companies.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

The City’s investments of the Electric Fund 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. The City’s investment pool is not registered with the Security and Exchange Commission and is not rated.

A. Classification

Cash and investments of the Electric Fund 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 other agreements.

	<u>2023</u>	<u>2022</u>
Cash and investments in City Treasury	\$ 134,784,933	\$ 170,763,511
Restricted cash and investments with City Treasury	-	18,800,000
Restricted cash and investments with fiscal agent	<u>10,261,381</u>	<u>16,332,511</u>
 Total cash and investments	 <u>\$ 145,046,314</u>	 <u>\$ 205,896,022</u>

Cash and investments with original maturities of three months or less are treated as cash and equivalents for purpose of preparing the statement of cash flows. Also, the Electric 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.

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

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 4,312	\$ 3,450
City of Roseville pooled cash and investments	134,780,621	189,560,061
Investments	<u>10,261,381</u>	<u>16,332,511</u>
 Total cash and investments	 <u>\$ 145,046,314</u>	 <u>\$ 205,896,022</u>

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations (a)	5 Years	None	None	None
U.S. Agency Securities (a)	5 Years	None	None	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
Mortgage Pass-Through Securities	5 Years	AA	20%	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.

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.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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
Certificates of Deposit	N/A - 30 days	None to A-1
Bankers' Acceptances	N/A - 270 days	None to A-1
Money Market Mutual Funds	N/A	None to Aam-G
Pre-refunded Municipal Obligations	N/A	AAA
Repurchase Agreements	N/A - 30 days	None to A
Investments Agreements	N/A	A+ to AA
California Asset Management Program (CAMP)	N/A	None
Local Agency Investment Fund (LAIF)	N/A	None
Guaranteed Investment Contract	N/A	None

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 to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity or earliest call date, as of June 30, 2023:

June 30, 2023	Remaining Maturity (in Months)		Total
	12 Months or Less	More than 60 Months	
City of Roseville Investment Pool	\$ 134,784,605	\$ -	\$ 134,784,605
Money Market Mutual Funds	8,106,660	-	8,106,660
Guaranteed Investment Contract (GIC)	-	2,150,737	2,150,737
Total investments	\$ 142,891,265	\$ 2,150,737	\$ 145,042,002

Information about the sensitivity of the fair values of the investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity or earliest call date, as of June 30, 2022:

June 30, 2022	Remaining Maturity (in Months)		Total
	12 Months or Less	More than 60 Months	
City of Roseville Investment Pool	\$ 189,560,061	\$ -	\$ 189,560,061
Money Market Mutual Funds	14,181,774	-	14,181,774
Guaranteed Investment Contract (GIC)	-	2,150,737	2,150,737
Total investments	\$ 203,741,835	\$ 2,150,737	\$ 205,892,572

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

E. 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, 2023 and 2022 for each investment type as provided by Standard and Poor's investment rating system:

<u>June 30, 2023</u>	<u>Total</u>
Not Rated	
City of Roseville Investment Pool	\$ 134,784,605
Money Market Mutual Funds	8,106,660
Guaranteed Investment Contract (GIC)	2,150,737
Subtotal	<u>145,042,002</u>
Total Investments	<u><u>\$ 145,042,002</u></u>

<u>June 30, 2022</u>	<u>Total</u>
Not Rated	
City of Roseville Investment Pool	\$ 189,560,061
Money Market Mutual Funds	14,181,774
Guaranteed Investment Contract (GIC)	2,150,737
Subtotal	<u>205,892,572</u>
Total Investments	<u><u>\$ 205,892,572</u></u>

F. Fair Value Measurements

The Electric Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is used on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable input; 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.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

The Electric Fund has the following recurring fair value measurements as of June 30, 2023 and 2022:

	Balance at June 30, 2023	Significant Other Observable Inputs (Level 2)
<u>Investment at Fair Value</u>		
Money Market Mutual Funds	\$ 8,106,660	<u>\$ 8,106,660</u>
<u>Investments not subject to the Fair Value Heirarchy</u>		
City of Roseville Investment Pool	134,784,605	
<u>Investments Measured at Amortized Cost</u>		
Guaranteed Investment Contract (GIC)	<u>2,150,737</u>	
Total Investments	<u>\$ 145,042,002</u>	
	Balance at June 30, 2022	Significant Other Observable Inputs (Level 2)
<u>Investment at Fair Value</u>		
Money Market Mutual Funds	\$ 14,181,774	<u>\$ 14,181,774</u>
<u>Investments not subject to the Fair Value Heirarchy</u>		
City of Roseville Investment Pool	189,560,061	
<u>Investments Measured at Amortized Cost</u>		
Guaranteed Investment Contract (GIC)	<u>2,150,737</u>	
Total Investments	<u>\$ 205,892,572</u>	

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Lessor Leases

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lease Receivable for the year ended June 30, 2023, and June 30, 2022 are as follows:

2023	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Lease Receivable				
Buildings	\$ 960,035	\$ -	\$ 108,133	\$ 851,902
Land	5,240,000	-	3,491,430	1,748,570
Total Lease Receivable	\$ 6,200,035	\$ -	\$ 3,599,563	\$ 2,600,472
2022	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Receivable				
Buildings	\$ 1,066,991	\$ -	\$ 106,956	\$ 960,035
Land	-	7,981,596	2,741,596	5,240,000
Total Lease Receivable	\$ 1,066,991	\$ 7,981,596	\$ 2,848,552	\$ 6,200,035

Deferred Inflows of Resources for the year ended June 30, 2023, and June 30, 2022 are as follows:

2023	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Deferred Inflows of Resources:				
Buildings	\$ 948,436	\$ -	\$ 118,555	\$ 829,881
Land	5,131,026	-	3,420,684	1,710,342
Total Deferred Inflows of Resources	\$ 6,079,462	\$ -	\$ 3,539,239	\$ 2,540,223
2022	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Deferred Inflows of Resources:				
Buildings	\$ 1,066,991	\$ -	\$ 118,555	\$ 948,436
Land	-	7,981,596	2,850,570	5,131,026
Total Deferred Inflows of Resources	\$ 1,066,991	\$ 7,981,596	\$ 2,969,125	\$ 6,079,462

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

B. Subscription-Based Information Technology Arrangements (SBITAs)

The Fund is a subscriber for a noncancellable subscription of information technology services. The Fund recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. The Fund recognized subscription liabilities with an initial, individual value of \$75,000 or more.

At the commencement of a subscription, the Fund initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the Fund

determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The Fund uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Fund generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Fund is reasonably certain to exercise.

The Fund monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

<u>Subscription Type</u>	<u>Amount of SBITA Capital Assets</u>	<u>Accumulated Amortization</u>
Software as a service	<u>\$ 1,347,924</u>	<u>\$ 294,037</u>

<u>For the Year Ending June 30,</u>	<u>Subscription Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 323,775	\$ 25,001
2025	310,621	17,881
2026	271,130	11,047
2027	232,354	5,075
Total	<u>\$ 1,137,880</u>	<u>\$ 59,004</u>

NOTE 5: LONG-TERM DEBT

A. Composition and Changes

The Electric Fund generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The Electric Fund's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 5: LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended June 30, 2023, is as follow:

	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
Direct Placement Debt						
Certificates of Participation:						
2012 Electric System Revenue variable rate, due 2/1/35	\$ 90,000,000	\$ 54,000,000	\$ -	\$ (54,000,000)	\$ -	\$ -
Direct placement debt total	90,000,000	54,000,000	-	(54,000,000)	-	-
Certificates of Participation:						
2004 Electric System Revenue, 3.00-5.25%, due 2/1/34	39,940,000	5,000	-	-	5,000	-
Less: deferred bond discount	(728,254)	-	-	-	-	-
Total certificates of participation	39,211,746	5,000	-	-	5,000	-
Revenue Bonds:						
2013 Electric System Revenue Refunding						
2.00-5.00%, due 2/1/29	48,780,000	875,000	-	(875,000)	-	-
Add: bond premium	5,899,513	501,326	-	(501,326)	-	-
2017A Electric System Revenue Refunding						
3.00-5.00%, due 2/1/37	56,210,000	56,035,000	-	(2,765,000)	53,270,000	3,605,000
Add: bond premium	5,069,937	3,621,385	-	(241,427)	3,379,958	-
2020 Electric System Revenue Refunding						
0.39-2.08%, due 2/1/34	34,770,000	33,810,000	-	(640,000)	33,170,000	645,000
Total revenue bonds	150,729,450	94,842,711	-	(5,022,753)	89,819,958	4,250,000
Total certificates of participation & revenue debt	189,941,196	94,847,711	-	(5,022,753)	89,824,958	4,250,000
Subscriptions	-	-	1,347,924	(210,044)	1,137,880	323,775
Total	\$ 279,941,196	\$ 148,847,711	\$ 1,347,924	\$ (59,232,797)	\$ 90,962,838	\$ 4,573,775

Long-term debt activity for the year ended June 30, 2022, is as follow:

	Original Issue Amount	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022	Current Portion
Direct Placement Debt						
Certificates of Participation:						
2012 Electric System Revenue variable rate, due 2/1/35	\$ 90,000,000	\$ 54,000,000	\$ -	\$ -	\$ 54,000,000	\$ 2,925,000
Direct placement debt total	90,000,000	54,000,000	-	-	54,000,000	2,925,000
Certificates of Participation:						
2004 Electric System Revenue, 3.00-5.25%, due 2/1/34	39,940,000	5,000	-	-	5,000	-
Less: deferred bond discount	(728,254)	-	-	-	-	-
Total certificates of participation	39,211,746	5,000	-	-	5,000	-
Revenue Bonds:						
2013 Electric System Revenue Refunding						
2.00-5.00%, due 2/1/29	48,780,000	6,290,000	-	(5,415,000)	875,000	875,000
Add: bond premium	5,899,513	1,002,653	-	(501,327)	501,326	-
2017A Electric System Revenue Refunding						
3.00-5.00%, due 2/1/37	56,210,000	56,210,000	-	(175,000)	56,035,000	2,765,000
Add: bond premium	5,069,937	3,862,811	-	(241,426)	3,621,385	-
2017B Taxable Electric System Revenue Refunding						
1.03-2.41%, due 2/1/22	6,265,000	2,525,000	-	(2,525,000)	-	-
2020 Electric System Revenue Refunding						
0.39-2.08%, due 2/1/34	34,770,000	34,450,000	-	(640,000)	33,810,000	640,000
Total revenue bonds	175,608,674	104,340,464	-	(9,497,753)	94,847,711	4,280,000
Total certificates of participation & revenue debt	214,820,420	104,345,464	-	(9,497,753)	94,847,711	4,280,000
Total	\$ 304,820,420	\$ 158,345,464	\$ -	\$ (9,497,753)	\$ 148,847,711	\$ 7,205,000

NOTE 5: LONG-TERM DEBT (CONTINUED)

B. Direct Placement

2012 Electric System Revenue Refunding Certificates of Participation

On November 7, 2012 the City entered into a direct placement agreement with U.S. Bank for the purchase of the 2012 bonds. The COP's were issued to refund and retire the outstanding balance of the 2008A Electric System Revenue COPs. As of June 30, 2023, the balance was fully paid.

The COPs are secured by a pledge of the net revenue of the Electric Department. The revenue may not be used for any other purpose while any of the bonds remain outstanding.

The continuing covenant agreement for the bonds includes a provision that in an event of default, the repayment of the outstanding principal plus any accrued interest becomes immediately due. The City is responsible for cost increases caused by the adoption of a law or rule applicable to the bonds, changes in the taxes or tax basis of the Purchaser or Credit Protection Provider.

The terms of this agreement were renewed on April 20, 2016, and will expire on November 1, 2019. The City originally entered into a 27-year interest rate swap agreement for the entire amount of the 2008A COPs, and the interest rate swap agreement remains outstanding after the refunding, but notional amount of the swap is based on the notional amount of the 2008A COPs. The combination of the variable rate COPs and a floating rate swap creates synthetic fixed-rate debt for the City. The synthetic fixed rate for the COPs was 3.919 percent for the year ended June 30, 2022. The COPs were subject to mandatory prepayment annually beginning February 1, 2023 through 2035.

On November 1, 2019, the 2012 Electric COPs were paid down by \$36,000,000 leaving a balance of \$54,000,000. In addition, the Bank of America Merrill Lynch swap was terminated as of this date. As a result, the City paid \$7,176,500 to terminate the interest rate swap agreement. The US Bank direct placement was renewed with new interest rate terms of 80% of one-month LIBOR plus 60 basis points with direct placement expiring May 1, 2023. On April 3, 2023, the remaining balance of the 2012 Electric COPs, amounting to \$51,075,000, was fully paid off. Concurrently, the associated interest rate swap with Morgan Stanley Capital Services was terminated as of this date. The City paid \$2,665,000 to terminate the interest rate swap agreement.

C. Certificates of Participation

2004 Electric System Revenue Certificates of Participation

On July 1, 2004, the City issued \$39,940,000 of Certificates of Participation (COPs) to finance capital improvements to the City's Electric System. The COPs are repayable from net revenue of the Electric Utility System. The COPs bear interest at 3.00 percent to 5.25 percent and are due semi-annually on February 1 and August 1 of each year beginning February 1, 2005. Principal payments are due annually on February 1 through February 2034. The COPs were partially refunded by the 2013 Electric System Revenue Refunding Bonds as discussed in Note 5D below. In August 2014, the 2004 Electric System Revenue COP was partially refunded by the 2014 Electric System Revenue Refunding Bonds, leaving a par amount of \$5,000.

NOTE 5: LONG-TERM DEBT (CONTINUED)

D. Revenue Bonds

2013 Electric System Revenue Refunding Bonds

On November 14, 2013, the Roseville Finance Authority issued the Electric System Revenue Refunding Bonds, Series 2013, in the principal amount of \$48,780,000 to refund a portion of each of the 2004 Electric System Revenue and 2005 Electric System Revenue, Series A, COPs. The Bonds bear interest at 2.00 percent to 5.00 percent, and are due semi-annually on February 1 and August 1 of each year. The Bonds are repayable by a pledge of net revenue from the Electric System. Principal payments are due annually on February 1 through 2029. In September 2020, the City issued the 2020 Taxable Electric System Revenue Refunding Bonds, which refunded a portion of the 2013 bonds, which are further described below. As of June 30, 2023, the balance was fully paid.

2017A Electric System Revenue Refunding Bonds

On February 8, 2017, the City issued Revenue Bonds in the original principal amount of \$56,210,000. The Bonds were issued to refund a portion of the 2009 Electric System Revenue Refunding Certificates of Participation and the 2010 Electric System Revenue Refunding Bonds. The Revenue Bonds bear interest at 3.00 percent to 5.00 percent and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually on February 1 starting in 2022 and running through 2037. The balance outstanding as of June 30, 2023 is \$53,270,000.

2020 Electric System Revenue Refunding Bonds

On September 2020, the City issued Taxable Revenue Bonds in the original principal amount of \$34,770,000. The Bonds were issued to refund a portion of the 2013 and 2014 Electric System Revenue Refunding Bonds. The Revenue Bonds bear interest at 0.389 percent to 2.081 percent and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually on February 1 through 2034. The balance outstanding as of June 30, 2023 is \$33,170,000

E. Electric System Pledged Revenues

As of June 30, 2023, the total principal and interest remaining to be paid on the 2004 Electric System Revenue COPs, the 2017A Electric System Revenue Refunding bonds and the 2020 Electric System Revenue Refunding Bonds was \$113,505,352. As disclosed in the official statements, all net revenues of the Electric System are expected to provide coverage over debt service of 110 percent over the lives of the Bonds. For fiscal year 2023, net revenues amounted to \$42,558,607 which represents coverage of 294 percent over the \$14,476,511 in debt service.

F. Original Issue Discounts and Premiums, Deferred Amounts on Refunding

For proprietary fund types, 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. Any difference between proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 5: LONG-TERM DEBT (CONTINUED)

G. Debt Service Requirements

Annual debt service requirements are shown for all long-term debt:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,250,000	\$ 2,771,536
2025	4,320,000	2,586,017
2026	4,400,000	2,499,576
2027	4,450,000	2,403,441
2028	4,565,000	2,296,148
2029-2033	23,350,000	9,701,189
2034-2038	41,110,000	4,802,446
Total	<u>\$ 86,445,000</u>	<u>\$ 27,060,353</u>

NOTE 6: PENSION PLAN

A. Plan Description

Substantially all Electric Fund employees are eligible to participate in the City’s Miscellaneous 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 are 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.

B. 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.

The Plan’s provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>After to January 1, 2013</u>
Hire date	5 years service	5 years service
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	8.000%	6.250%
Required employer contribution rates*	10.847%	12.500%

*There was an additional contribution amount related to the payment of the Unfunded Actuarial Liability (UAL). This amount is allocated by the City to the City’s various funds.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 6: PENSION PLAN (CONTINUED)

C. 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 is 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 Electric Fund is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

The Electric Fund's proportionate share of the City's contributions to the Miscellaneous Plan was \$8,057,403 and \$7,457,891 for the year ended June 30, 2023 and 2022, respectively.

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

As of June 30, 2023 and 2022, the Electric Fund reported a net pension liability of \$74,341,652 and \$47,478,679 respectively for its proportionate share of the City's Miscellaneous Plan's net pension liability.

The net pension liability of the Plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Electric Fund's proportion of the City's Miscellaneous Pension Plan's net pension liability was based on the Electric Fund's fiscal year 2021 contributions to the City's miscellaneous pension plan relative to the total contributions of the City as a whole. The Electric Fund's proportionate share of the City's miscellaneous pension plan net pension liability, measured as of June 30, 2022 and June 30, 2021, for June 30, 2023 and 2022 was 24.07 percent and 24.58 percent respectively.

For the year ended June 30, 2023 and 2022, the Electric Fund recognized pension expense of \$9,228,309 and \$809,249 respectively. At June 30, 2023 and 2022, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 8,057,403	\$ -
Differences between expected and actual experience	1,631,894	-
Changes in assumptions	5,328,836	-
Net differences between projected and actual earnings on pension plan investments	6,560,253	-
Total	\$ 21,578,386	\$ -
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 7,457,891	\$ -
Differences between expected and actual experience	2,105,619	-
Changes in assumptions	-	34,790
Net differences between projected and actual earnings on pension plan investments	-	13,642,101
Total	\$ 9,563,510	\$ 13,676,891

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 6: PENSION PLAN (CONTINUED)

The amount of \$8,057,403 reported at June 30, 2023 in the enterprise fund as deferred outflows of resources related to pensions, resulting from the Electric Fund’s contributions to the City’s plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023 . Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>For the Year Ending June 30,</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (3,668,017)
2025	(3,217,492)
2026	(2,503,937)
2027	(4,131,873)
Total	<u>\$ (13,521,319)</u>

E. Actuarial Assumptions

The Electric Fund’s proportion of the City’s Miscellaneous Plan total pension liability in the June 30, 2023 and 2022, actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>	
	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.80%	2.15%
Payroll Growth	2.80%	2.75%
Projected Salary Increase	3.3-14.2% (1)	3.3-14.2% (1)
Investment Rate of Return	7.00% (2)	7.00% (2)
Mortality	Derived using CalPERS membership data	

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

(2) Net of pension plan investment and administrative expenses, includes inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an 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 an inflation) are developed for each major asset class.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

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⁾	2023		
	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

(2) An expected inflation of 2.0% used for this period

(3) An expected inflation of 2.92% used for this period

Asset Class ⁽¹⁾	2022		
	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

(2) An expected inflation of 2.0% used for this period

(3) An expected inflation of 2.92% used for this period

NOTE 6: PENSION PLAN (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent and 7.15 percent for the Plan as of the measurement date of June 30, 2022 and 2021, respectively. 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 City'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.

G. Sensitivity of the Electric Fund's proportionate share of the City's Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Electric Fund for the Plan, calculated using the discount rate for the Plan, as well as what the Electric Fund's 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>2023</u>	<u>2022</u>
1% Decrease	5.90%	6.15%
Net Pension Liability	\$ 71,961,663	\$ 73,354,982
Current Discount Rate	6.90%	7.15%
Net Pension Liability	\$ 74,341,652	\$ 47,478,679
1% Increase	7.90%	8.15%
Net Pension Liability	\$ 35,784,240	\$ 26,052,903

H. Pension Plan Fiduciary Net Position

Detailed information the City's collective net pension liability is available in the City's separately issued Annual Comprehensive Financial Report. The City's financial statements may be obtained by contacting the City of Roseville's Finance Department. That report may be obtained on the internet at www.roseville.ca.us.

NOTE 7: POSTEMPLOYMENT BENEFITS

Plan Description - The City provides medical benefits to substantially all retirees under the City of Roseville Retiree Healthcare Plan, a sole 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 by contacting the City of Roseville Finance Department at 311 Vernon Street, Roseville, California 95678. For financial reporting purposes, the Electric Fund reports a proportionate share of the City's net OPEB liability. Accordingly, the disclosures and required supplementary information (RSI) have been reported for the Electric Fund 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.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 7: POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions – Contribution requirements of the Electric Fund are established and may be amended by the City Council. The Council established rates based on an actuarially determined rate. For the year ended June 30, 2023 and 2022, the Electric Fund contributed \$1,306,373 and \$1,708,099 respectively.

OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB.

As of June 30, 2023 and 2022, the Electric Fund reported a net OPEB liability of \$9,778,000 and \$10,427,000 respectively for its proportionate share of the City's net OPEB liability.

The net OPEB liability of the Plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Electric Fund's proportion of the Plan's net OPEB liability was based on the Electric Fund's fiscal year 2023 contributions to the Plan relative to the total contributions of the City as a whole. The Electric Fund's proportionate share of the Plan's net OPEB liability, measured as of June 30, 2023 and 2022, was 12.43 percent 12.45 percent respectively.

For the year ended June 30, 2023 and 2022, the Electric Fund recognized OPEB expense (income) of (\$64,627) and \$1,085,099 respectively. At June 30, 2023 and 2022, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 758,198	\$ 1,981,335
Differences between expected and actual experience	-	3,527,665
Net difference between projected and actual earnings on plan investments	680,802	-
Total	\$ 1,439,000	\$ 5,509,000

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,076,880	\$ 2,335,804
Differences between expected and actual experience	-	4,679,196
Net difference between projected and actual earnings on plan investments	1,092,120	-
Total	\$ 2,169,000	\$ 7,015,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an reduction to pension expense for the year ending June 30, 2023 are as follows:

For the Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2024	\$ (1,095,908)
2025	(838,773)
2026	(298,904)
2027	(823,322)
2028	(563,814)
Therafter	(449,279)
Total	\$ (4,070,000)

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 7: POSTEMPLOYMENT BENEFITS (CONTINUED)

The Electric Fund’s proportion of the City’s total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method; Level % of pay	
Actuarial Assumptions:		
Discount Rate	5.75%	5.75%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	2.75%	2.75%
Investment Rate of Return	5.75%	5.75%
Healthcare cost trend rate	Non-medicare: 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076. Medicare: 5.13% for 2020, decreasing to an ultimate rate of 3.75% in 2076.	
Mortality	CalPERS 1997-2015 Experience Study 11 Experience Study.	

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

In measurement year ended June 30, 2023 and 2022, the discount rate was 5.75 percent and 5.75 percent respectively.

The table below reflects long-term expected real rate of return by asset class for the year ended June 30, 2023. 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.

	2023	
Asset Class	Target	Expected Real Return
Equities	60%	4.65%
Fixed Income	40%	0.78%
Total	100%	

Assumed Long-Term Rate of Inflation is 2.50%

The table below reflects long-term expected real rate of return by asset class for the year ended June 30, 2022. 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.

	2022	
Asset Class	Target	Expected Real Return
Equities	60%	4.65%
Fixed Income	40%	0.78%
Total	100%	

Assumed Long-Term Rate of Inflation is 2.50%

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 7: POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Discount Rate

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined rate. Based on those assumptions, the 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

B. Sensitivity of the Electric Fund's proportionate share of the Plan's net OPEB Liability to changes in the discount rate

The following presents the Electric Fund's proportionate share of the net OPEB liability, calculated using the discount rate for the Plan, as well as what the Electric Fund's proportionate share of the net OPEB 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:

	2023		
	1% decrease 4.75%	Current 5.75%	1% increase 6.75%
Electric Fund's net OPEB liability	\$ 13,633,457	\$ 9,778,000	\$ 6,652,820

	2022		
	1% decrease 4.75%	Current 5.75%	1% increase 6.75%
Electric Fund's net OPEB liability	\$ 14,195,270	\$ 10,427,000	\$ 7,369,706

C. Sensitivity of the Electric Fund's proportionate share of the Plan's net OPEB Liability to changes in the healthcare cost trend rate

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

	2023		
	1% decrease (5.5% decreasing to 2.75%)	Current (6.5% decreasing to 3.75%)	1% increase (7.5% increasing to 4.75%)
Electric Fund's net OPEB liability	\$ 6,719,255	\$ 9,778,000	\$ 13,116,802

	2022		
	1% decrease (5.5% decreasing to 2.75%)	Current (6.5% decreasing to 3.75%)	1% increase (7.5% increasing to 4.75%)
Electric Fund's net OPEB liability	\$ 7,616,687	\$ 10,427,000	\$ 13,481,417

OPEB Plan Fiduciary Net Position – Detailed information about the City's collective net OPEB liability is available in the City's separately issued Annual Comprehensive Financial Report. The City's Annual Comprehensive Financial Report may be obtained at www.roseville.ca.us.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 8: NORTHERN CALIFORNIA POWER AGENCY (NCPA)

A. General

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

The City is a member of NCPA, a joint powers agency which operates under a joint powers agreement among fifteen public agencies. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, and to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

The City receives no income from NCPA, and does not participate in all of its projects. Further, NCPA does not measure or determine the City's equity in NCPA as a whole. NCPA reports only the City's share of its General Operating Reserve, comprised of cash and investments, and the City's share of those Projects in which the City is a participant. These amounts are reflected in the financial statements as Investment in NCPA Reserve.

In the fiscal year ending June 30, 2023, the City generated revenues totaling \$7,470,295 from resource contracts and the sale of energy produced by NCPA. In contrast, for the fiscal year ending June 30, 2022, the City incurred expenses totaling \$3,338,354 for purchased power, regulatory and legislative assessments, and prepaid assets paid to NCPA.

The City's interest in certain NCPA Projects and Reserve, as computed by NCPA using unaudited information, is set forth below.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
General Operation Reserve (including advances)	\$ 4,461,627	\$ 4,017,291
Associated Member Services (including advances)	92,212	83,731
Undivided equity interest, at cost, in certain NCPA Power Projects:		
Geothermal Projects	762,969	1,254,280
Calaveras Hydroelectric Project	490,689	375,254
Combustion Turbine Project No. 2	312,741	306,572
	<u>\$ 6,120,238</u>	<u>\$ 6,037,128</u>

The General Operating Reserve (GOR) is an additional operating reserve for non-budgeted items that are contingent or non-specific. Deposits to the GOR include items such as the City's portion of funds which resulted from the settlement with third parties of issues with financial consequences and reconciliations of prior years' budgets for programs. It is recognized that all the funds credited to the City are linked to the collection of revenue from the City's ratepayers, or to the settlement of disputes relating to electric power supply and that the money was collected from the City's ratepayers to pay power bills. Additionally, the NCPA Commission identified and approved the funding of specific reserves for working capital, accumulated employees post - retirement medical benefits, and billed property taxes for the geothermal project. The Commission also identified a number of contingent liabilities that may or may not be realized, the cost of which in most cases is difficult to estimate at this time. One such contingent liability is the steam field depletion which will require funding to cover debt service and operational costs in excess of the expected value of the electric power. The General Operating Reserve is intended to minimize the number and amount of

NOTE 8: NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

individual reserves needed for each project, protect NCPA's financial condition and maintain its credit worthiness. These funds are available on demand, but the City maintains funds with NCPA as a reserve against these contingencies identified by NCPA.

Members of NCPA may participate in an individual project of NCPA without obligation for any other project. Member assessments collected for one project may not be used to finance other projects of NCPA without the member's permission.

B. Projects

1. *Geothermal Projects*

NCPA's Geothermal Project has experienced a greater than originally anticipated decline in steam production from geothermal wells on its leasehold property. NCPA will continue to monitor the wells while pursuing alternatives for improving and extending reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA, along with other steam field operators, has observed a substantial increase in steam production in the vicinity of reinjection wells and is attempting to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

Based on an internal assessment of the melded costs of power from the Geothermal Project and all other resources available to the members, NCPA believes its members will continue to be able to operate their electric utilities on a competitive basis, when compared to local investor-owned utility rates, while meeting all electric system obligations including those to NCPA. In March 2009, NCPA issued \$35,610,000 Geothermal Project Number 3 Revenue Bonds (2009 Series A). The proceeds were used to finance and operate the two NCPA 110 MW geothermal steam powered generating plants, Plant Number 1 and Plant Number 2. In 2012, NCPA issued \$12,910,000 Geothermal Project Number 3 Revenue Bonds to facilitate turbine upgrades (2012 Series A) for Plant Number 1. In 2016, NCPA refinanced a portion of the outstanding Geothermal Project Number 3 Revenue Bonds by the issuance of the \$17,530,000 Fixed Rate Geothermal Project Number 3 Revenue Bonds (2016 Refunding Series A). The City is obligated to pay its contractual share of 7.883 percent of the operating costs and debt service until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2023, the book value of this Project's plant, equipment and other assets was \$131,814,266 while its long-term debt totaled \$6,785,000 and other liabilities totaled \$115,356,060. The City's share of the Project's long-term debt amounted to \$534,862 at that date. At June 30, 2022, the book value of this Project's plant, equipment and other assets was \$142,174,192 while its long-term debt totaled \$10,815,000 and other liabilities totaled \$115,453,351. The City's share of the Project's long-term debt amounted to \$852,546 at that date.

2. *Calaveras Hydroelectric Project*

In July 1981, NCPA agreed with Calaveras County Water District to purchase the output of the North Fork Stanislaus River Hydroelectric Development Project and to finance its construction. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants. Under its power purchase agreement with NCPA, the City is obligated to pay 12 percent of this Project's debt service and operating costs. In March 2018, NCPA refunded a portion of the outstanding Revenue Bonds with the \$70,215,000 2018 Hydroelectric Project Number One Revenue Bonds. The City's share of the 2018 bonds is 4.586 percent. In April 2019, NCPA refunded a portion of the outstanding Revenue Bonds with the \$39,250,000 2019 Hydroelectric Project Number One Revenue Bonds. In April 2022, NCPA refunded a portion of the outstanding Revenue Bonds with the \$132,310,000 2022 Hydroelectric Project Number One Revenue Bonds. At June 30, 2023, the book value of this Project's plant, equipment and other assets was \$250,743,387, while its long-term debt totaled \$203,500,748, and other liabilities totaled \$43,153,564. The City's share of the Project's long-term debt amounted to \$21,502,287 at that date. At June 30, 2022, the book value of this Project's plant, equipment and other assets was \$266,160,000, while its long-term debt totaled \$228,492,698, and other liabilities totaled \$34,540,185. The City's share of the Project's long-term debt amounted to \$23,561,355 at that date.

NOTE 8: NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

3. Combustion Turbine Project No. 2 (Steam Injected Gas Turbine Project)

The City is a participant in a 49.8 megawatt Steam Injected Gas Turbine project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In October 1992, NCPA issued \$152,320,000 of Multiple Capital Facilities Revenue Bonds to finance this project. In January 2010, NCPA refinanced the outstanding Capital Facilities Revenue Bonds by the issuance of the \$55,120,000 Capital Facilities Revenue Bonds Series A (2010 Refunding Series A). Under the NCPA power purchase agreement, the City is obligated to pay 36.50 percent of the debt service and operating costs for the Lodi unit.

The City's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, the City and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. The City is obligated to pay 17.9218 percent of the natural gas purchase contract.

At June 30, 2023, the book value of this Project's plant, equipment and other assets was \$14,075,998, while its long-term debt totaled \$9,909,721 and other liabilities totaled \$3,317,441. The City's share of the Project's long-term debt amounted to \$3,614,131 at that date. At June 30, 2022, the book value of this Project's plant, equipment and other assets was \$18,183,000, while its long-term debt totaled \$14,702,877 and other liabilities totaled \$2,640,200. The City's share of the Project's long-term debt amounted to \$5,366,550 at that date.

C. NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 651 Commerce Drive, Roseville, California 95678.

NOTE 9: RISK MANAGEMENT

The Electric Fund, as a Fund of the City, is included in the City's risk management program. The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

The contributions made to the risk pools below equal the ratio of the respective member payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

A. Risk Coverage

General Liability, Property and Boiler and Machinery

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims, property, and boiler and machinery losses. Once the City's self-insured retention (SIR) is met, CJPRMA becomes responsible for payment of all claims up to the limit. Financial statements for the risk pool and more information may be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, California 94551.

NOTE 9: RISK MANAGEMENT (CONTINUED)

General Liability Coverage

The City has a self-insured retention (SIR) of \$1,000,000 per claim up to a \$40,000,000 limit.

Property Coverage

CJPRMA has purchased commercial insurance against property damage, boiler machinery claims. The City has a SIR of \$25,000 per claim up to a \$400,000,000 limit.

Roseville Energy Park Property Coverage

The City purchased commercial property insurance specifically to cover the Roseville Energy Park. The City has a SIR of \$250,000 per claim up to a \$200,000,000 limit.

Fiduciary Coverage

The City purchased fiduciary insurance specifically to cover the OPEB Trust. The SIR is \$25,000 per claim up to a \$3,000,000 limit.

Workers' Compensation

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which covers workers' compensation claims up to \$5,000,000 and has excess coverage through CSAC-EIA up to the statutory limit. The City has a SIR of \$500,000 per claim.

Financial statements for the risk pool and more information may be obtained from LAWCX, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

Claims have not exceeded coverage at any time in the last three years.

NOTE 10: CONTINGENT LIABILITIES

A. NCPA, Transmission Agency of Northern California and Western Area Power Administration

Under the terms of its NCPA joint venture agreement, the City is contingently liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 8. The City's estimated share of such debt outstanding at June 30, 2023 and 2022, was \$25,651,279 and \$29,780,451, respectively. Under certain circumstances, the City may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

The City is a member of the Transmission Agency of Northern California (TANC), a joint powers agency. The City is entitled to 2.1119 percent of TANC's share of transfer capability in the California-Oregon Transmission Project (approximately 29.35MW). The City is responsible for a share of debt service on debt issued by TANC under a take-or-pay agreement, approximately \$350,000 annually through 2039. The City's estimated share of debt outstanding at June 30, 2023 and 2022 was \$3,776,850 and \$3,829,338 respectively.

In addition, the City has a long-term obligation to the United States Department of Energy, Western Area Power Administration, for 4.85333 percent of the output of the Central Valley Project, California. This contract, also known as the Western Base Resource, obligates the City to make payments on a "take-or-pay" basis through December 31, 2024. The City expects to pay approximately \$3.25 million annually for the term of this contract. The City receives approximately 155,000 MWh of energy per year under average hydro and storage conditions.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 10: CONTINGENT LIABILITIES (CONTINUED)

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, other than disclosed above, which is likely to have a material adverse effect on the financial position of the City.

D. Other Commitments

The Electric Fund had the following outstanding significant commitments at June 30, 2023 and 2022:

Projects	2023 Amount (in millions)	2022 Amount (in millions)
Roseville Energy Park long-term service agreement	\$ 29.0	\$ 32.5
Net power purchase contracts	6.8	4.2
Natural Gas Forward Obligations	49.3	69.7
Renewable power purchase obligations	15.1	25.8
Advanced Metering Infrastructure	4.0	7.2

NOTE 11: DERIVATIVE INSTRUMENTS

A. Summary of Notional Amounts and Fair Values

The City enters into contracts to hedge its price exposures to power and natural gas, and to procure energy supplies. These contracts are evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, to determine whether they meet the definition of derivative instruments, and, if so, whether they effectively hedge the expected cash flows associated with interest rate and energy exposures.

The City applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred inflow or outflow of resources on the statement of net position. For the reporting period, all of the City's derivatives are considered effective hedges.

For energy derivatives, fair values are estimated by comparing contract prices to forward market prices quoted by third party market participants or provided in relevant industry publications.

The following is a summary of the fair value and notional amounts of the derivative instrument outstanding as of June 30, 2022. This derivative instrument was terminated in April 2023 with the pay off of the 2012 Electric System Revenue Refunding Certificates of Participation as described in Note 5.

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 11: DERIVATIVE INSTRUMENTS (CONTINUED)

2022	Change in Fair Value		Fair Value		Notional	Level
	Classification	Amount	Classification	Amount		
Effective Cash Flow Hedges						
Pay Fixed SWAP, Natural Gas	Deferred Outflow	\$ 6,028,918	Derivative	\$ (4,190,270)	342,000 MWh	2
				<u>\$ (4,190,270)</u>		

B. Objective and Terms of Hedging Derivative Instruments

The objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2023 and 2022, are summarized in the next table. The table is aggregated by the credit ratings of the City's counterparties. For counterparties having multiple ratings, the rating indicating the greatest degree of risk is used.

Objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2023 are summarized in the table below:

Type and Objective	June 30, 2023					
	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Counterparty Rating
Forward Contracts, Gas:						
Hedge Cash Flows on PG&E Citygate Gas	3,885,000 mmBtu	10/1/2023	12/31/2025	Pay \$5.33; Receive NGL PG&E citygate price	BP Energy	A3
Hedge Cash Flows on PG&E Citygate Gas	1,225,000 mmBtu	8/1/2023	9/30/2025	Pay \$5.51; Receive NGL PG&E citygate price	Citigroup	A2
Hedge Cash Flows on PG&E Citygate Gas	1,060,000 mmBtu	8/1/2023	6/30/2025	Pay \$4.77; Receive NGL PG&E citygate price	EDF Trading North America	Baa3
Hedge Cash Flows on PG&E Citygate Gas	230,000 mmBtu	10/1/2023	12/31/2025	Pay \$3.47; Receive NGL PG&E citygate price	J Aron & Company	A2
Hedge Cash Flows on PG&E Citygate Gas	4,772,500 mmBtu	8/1/2023	3/31/2026	Pay \$4.81; Receive NGL PG&E citygate price	Macquarie Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	955,300 mmBtu	10/1/2023	12/31/2024	Pay \$5.61; Receive NGL PG&E citygate price	Shell Trading Risk Management	A2
Forward Contracts, Power:						
Hedge Cash Flows on NP15 Power	39,400 MWh	7/1/2023	9/30/2024	Average Cost/Unit at \$109.17	Citigroup Energy	A2
Hedge Cash Flows on NP15 Power	92,000 MWh	7/1/2023	6/30/2024	Average Cost/Unit at \$78.98	EDF Trading North America	Baa3

CITY OF ROSEVILLE ELECTRIC ENTERPRISE FUND
Notes to the Financial Statements
Years Ended June 30, 2023 and 2022

NOTE 11: DERIVATIVE INSTRUMENTS (CONTINUED)

Objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2022 are summarized in the table below:

Type and Objective	June 30, 2022					
	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Counterparty Rating
Forward Contracts, Gas:						
Hedge Cash Flows on PG&E Citygate Gas	1,982,500 mmBtu	7/1/2021	3/31/2025	Pay \$4.18; Receive NGI PG&E citygate price	BP Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	1,372,500 mmBtu	8/1/2022	9/30/2024	Pay \$5.59; Receive NGI PG&E citygate price	Citigroup Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	837,500 mmBtu	8/1/2022	3/31/2024	Pay \$3.55; Receive NGI PG&E citygate price	EDF Trading North America	Baa3
Hedge Cash Flows on PG&E Citygate Gas	685,000 mmBtu	10/1/2022	12/31/2023	Pay \$4.14; Receive NGI PG&E citygate price	J Aron & Company	A2
Hedge Cash Flows on PG&E Citygate Gas	7,387,500 mmBtu	8/1/2022	3/31/2025	Pay \$4.00; Receive NGI PG&E citygate price	Macquarie Energy	A2
Forward Contracts, Power:						
Hedge Cash Flows on NP15 Power	54,600 MWh	4/1/2023	6/30/2023	Average Cost/Unit at \$27.00	Constellation Energy Generation	Baa2
Hedge Cash Flows on NP15 Power	30,800 MWh	7/1/2022	9/30/2022	Average Cost/Unit at \$39.00	J Aron & Company	A2
Hedge Cash Flows on NP15 Power	61,600 MWh	7/1/2022	12/31/2022	Average Cost/Unit at \$0.68	Macquarie Energy	A2

C. Risks of Derivative Instruments

Credit risk – Credit risk is the risk of loss due to a counterparty defaulting on its obligations. The City seeks to minimize credit risk by transacting with creditworthy counterparties. Interest rate swap counterparties are evaluated at the time of transaction execution. The procedure prohibits the City from executing energy hedge transactions with counterparties rated lower than BBB by Standard & Poor's or Fitch rating services, or Baa2 by Moody's. Subsequent to entering into transactions, the credit ratings of one or more counterparties may deteriorate. If so, the City's credit risk management policies increase the amount of collateral that the counterparty must post with the City when the counterparty owes the City, thereby reducing credit risk associated with the decline in the counterparty's credit worthiness.

Termination risk – Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default, and mergers in which the successor entity does not meet credit criteria. One aspect of termination risk is that the City would lose the hedging benefit of a derivative that becomes subject to a termination event. Another aspect of termination risk is that, if at the time of termination, the mark-to-market value of the derivative was a liability to the City, the City could be required to pay that amount to the counterparty. Termination risk is associated with all of the City's derivatives up to the fair value amounts.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSEVILLE ELECTRIC FUND
Schedule of the Electric Fund's 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>
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Proportion of the City's miscellaneous plan net pension liability	21.27%	21.27%	15.10%	24.20%
Proportionate share of the City's miscellaneous plan net pension liability	\$ 35,340,103	\$ 37,644,806	\$ 45,137,479	\$ 55,319,523
Covered payroll	\$ 14,222,485	\$ 15,098,184	\$ 16,397,168	\$ 19,055,633
Proportionate share of the net pension liability as a percentage of covered payroll	248.48%	249.33%	275.28%	290.31%
Miscellaneous plan fiduciary net position as a percentage of the total pension liability	67.62%	66.97%	63.89%	63.85%

Notes to Schedule:

(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 nine years are shown.

2019	2020	2021	2022	2023
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
24.80%	25.60%	25.93%	24.58%	24.07%
\$ 58,193,004	\$ 63,291,847	\$ 68,619,020	\$ 47,478,679	\$ 74,341,652
\$ 19,169,023	\$ 20,288,169	\$ 20,586,805	\$ 22,270,720	\$ 21,355,722
303.58%	311.96%	333.32%	213.19%	348.11%
65.21%	65.09%	64.55%	75.39%	63.82%

CITY OF ROSEVILLE ELECTRIC FUND
Schedule of pension Contributions
As of June 30, for the Last Ten Fiscal 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	\$ 3,375,790	\$ 3,884,489	\$ 4,699,119	\$ 4,463,913
Contribution in relation to the Actuarially Determined Contribution	(3,375,790)	(3,884,489)	(4,699,119)	(4,463,913)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,098,184	\$ 16,397,168	\$ 19,055,633	\$ 19,169,023
Contributions as a percentage of covered payroll	22.36%	23.69%	24.66%	23.29%

Notes to Schedule:

Valuation date June 30, 2021

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.
The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality

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.

**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 nine years are shown.

2019		2020		2021		2022		2023	
June 30, 2017		June 30, 2018		June 30, 2019		June 30, 2020		June 30, 2021	
Miscellaneous		Miscellaneous		Miscellaneous		Miscellaneous		Miscellaneous	
\$	5,112,952	\$	5,888,148	\$	7,058,610	\$	7,457,891	\$	8,057,403
	(5,112,952)		(5,888,148)		(7,058,610)		(7,457,891)		(8,057,403)
\$	-	\$	-	\$	-	\$	-	\$	-
\$	20,288,169	\$	20,586,805	\$	22,270,720	\$	21,355,722	\$	22,445,040
	25.20%		28.60%		31.69%		34.92%		35.90%

CITY OF ROSEVILLE ELECTRIC FUND
Schedule of the Electric Fund's
Proportionate Share of the City's Net OPEB Liability
Last Ten Years**

Measurement Date	<u>2018</u>	<u>2019</u>	<u>2020</u>
	June 30, 2018	June 30, 2019	June 30, 2020
Proportion of the City's miscellaneous plan net OPEB liability	11.11%	13.43%	12.18%
Proportionate share of City's miscellaneous plans net OPEB liability	\$ 15,897,000	\$ 18,900,000	\$ 14,134,000
Covered payroll	\$ 13,336,246	\$ 17,651,501	\$ 20,586,805
Proportionate share of net OPEB liability as a percentage of covered payroll	119.20%	107.07%	68.66%
Miscellaneous plan fiduciary net position as a percentage of the total OPEB liability	37.07%	41.04%	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.

2021	2022	2023
June 30, 2021	June 30, 2022	June 30, 2023
11.72%	12.45%	12.43%
\$ 11,681,000	\$ 10,427,000	\$ 9,778,000
\$ 22,270,720	\$ 21,355,722	\$ 22,445,040
52.45%	48.83%	43.56%
58.95%	60.73%	64.17%

CITY OF ROSEVILLE ELECTRIC FUND
Schedule of OPEB Contributions
Last Ten Years**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2019
Actuarially Determined Contribution	\$ 2,016,000	\$ 2,079,000	\$ 2,224,000
Contribution in Relation to the Actuarially Determined Contributions	(2,016,000)	(2,079,000)	(2,224,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,336,246	\$ 17,651,501	\$ 20,586,805
Contributions as a percentage of covered-employee payroll	15.12%	11.78%	10.80%

** 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.

Notes to Schedule:

Methods and assumptions used to determine contributions:

Most Recent Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal, level percent of payroll
Amortization Method	Level percent of pay
Asset Valuation Method	Investment gains and losses spread over 5 year rolling period
Inflation	2.50%
Salary Increase	Aggregate of 2.75%
Discount rate	5.75%
Mortality	Derived using CalPERS membership data

2021	2022	2023
June 30, 2019	June 30, 2021	June 30, 2021
\$ 2,286,000	\$ 1,936,000	\$ 1,602,000
(2,286,000)	(1,936,000)	(1,602,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,270,720	\$ 21,355,722	\$ 22,445,040
10.26%	9.07%	7.14%