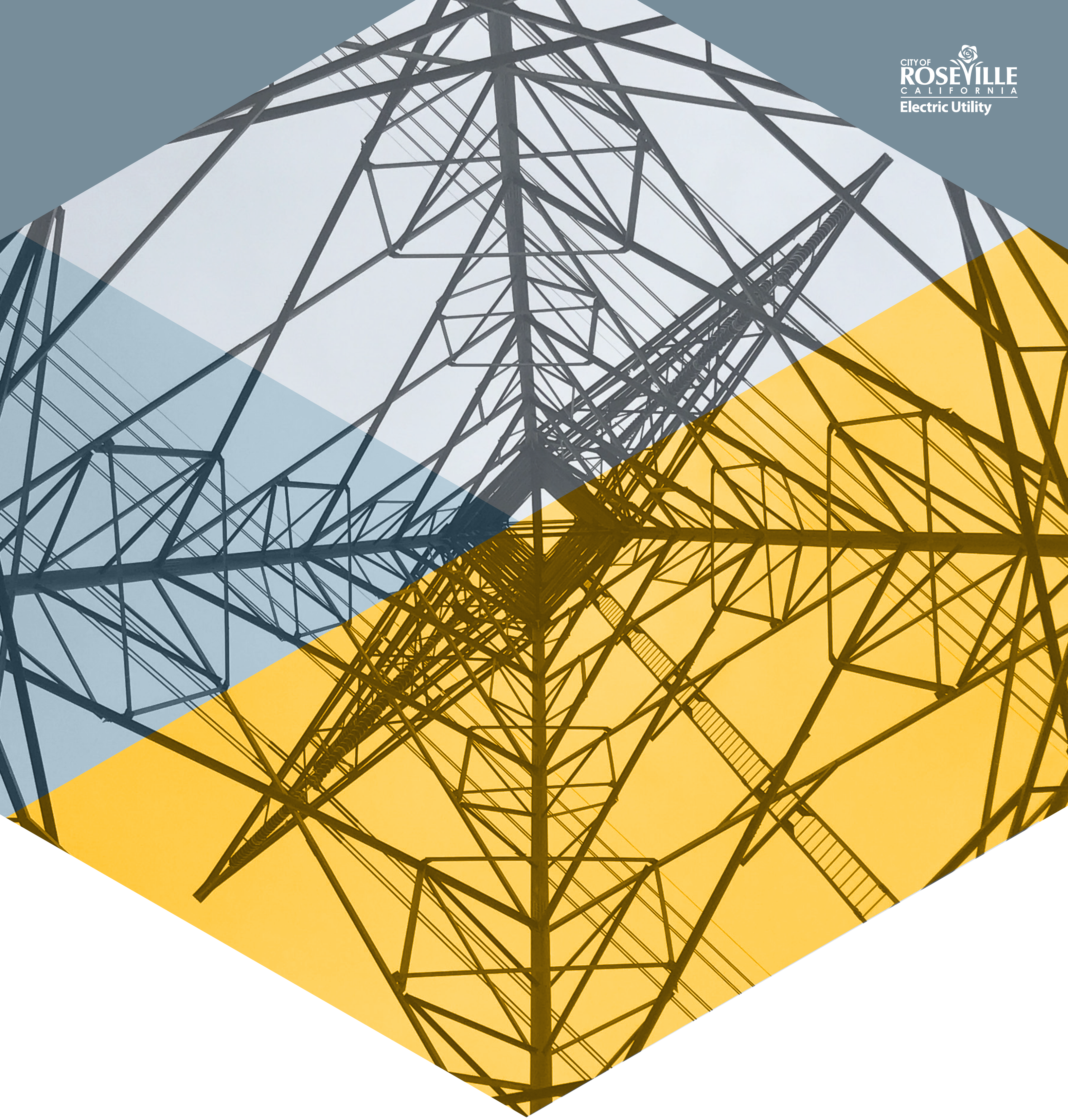
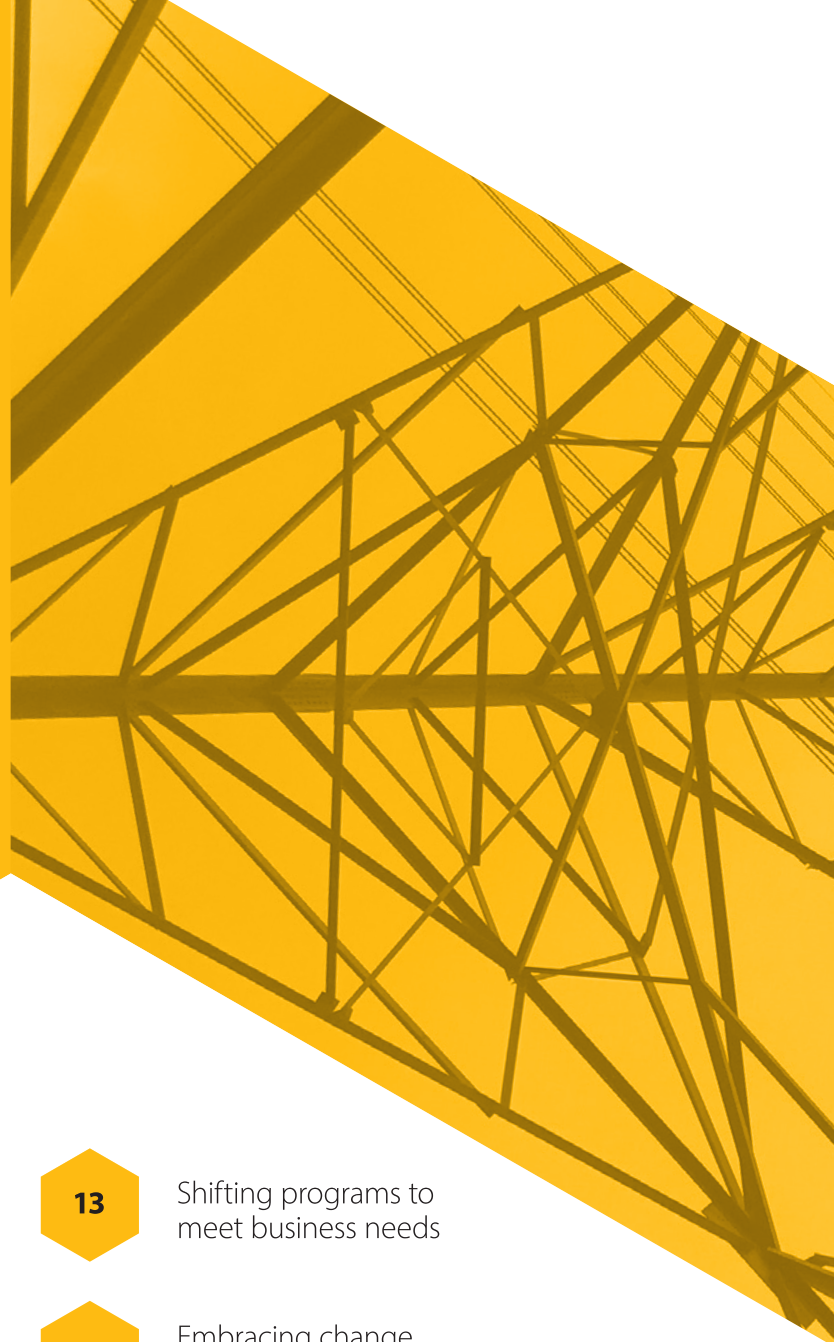


City of Roseville California Electric Utility

Connected

Annual Report /// 2021



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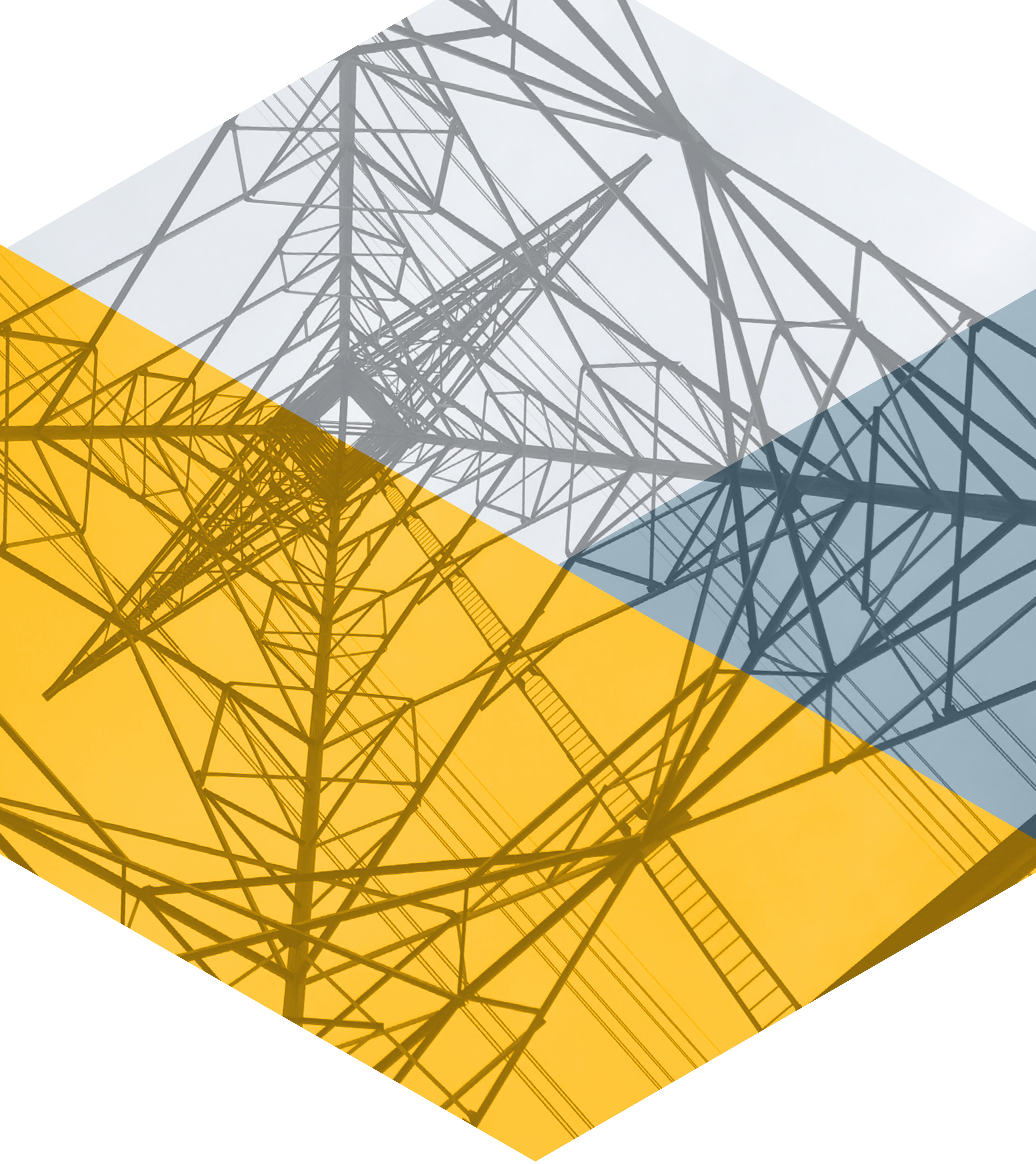


"Our accomplishments are only possible due to the tireless efforts of our staff and the incredible commitment of our community."

Director's message: Staying connected

The past year has been one for the books. From the ongoing impacts of the global pandemic to heightened grid emergencies, Roseville Electric Utility has seen its share of challenges and opportunities. Despite everything, our focus the past year has been staying connected – to each other, to our community, and, at the very basic but most important level, to the electric service that preserves the quality of life expected here in the City of Roseville.

This year our team successfully launched a new outage communication system to better serve the residents and businesses of Roseville in the face of forecasted grid emergencies throughout the state. Customers indicated in our last customer satisfaction survey that they wanted to see new ways to receive information from us, including the desire for text message updates in the case of service-related emergencies. In response, we launched our new system in January 2021. In addition to text messaging capability, our system offers a web-based outage map and Interactive Voice Response system that provide real-time updates during unscheduled outages. I am proud to say this system deployed while a number of our team members were working from home. Despite the challenges of virtual training and testing, the system launched as scheduled.

In addition to offering new communication channels to manage outage information, we entered the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM). This was in collaboration with the Balancing Authority of Northern California in an effort to be more efficient and utilize available carbon-free resources in a timely manner – a project that finished on budget and ahead of schedule. Since its launch in 2014, the EIM has enhanced grid reliability and generated cost savings for its participants, including Roseville Electric beginning in March 2021 Besides its economic advantages, the EIM improves the integration of renewable energy, which leads to a cleaner, greener grid for our customers.

As the global pandemic continued into its second year, our customer service team focused on program support for small to medium businesses struggling to stay open. Reopen Energy Smart launched in August 2020 with an emphasis on enhanced rebates. In an effort to assist our smaller commercial customers, especially a number of our local restaurants, we increased rebate levels for a variety of measures including smart thermostats, HVAC tune-ups, LED lighting, and food service equipment. Moreover, we successfully kept the lights on through a summer of peak alerts, wildfire threats, and rolling outages that affected nearby communities large and small.

These accomplishments are only possible due to the tireless efforts of our staff and the incredible commitment of our community. Though this last year has been long and at times uncertain, it was also one of tremendous success and continued growth. It was also my last as director of this amazing utility. Serving our community for the past twenty years has been an honor, privilege, and wonderful opportunity. While no one can predict what the future holds, I am certain that Roseville Electric Utility is ready to meet it head on.

Michelle Bertolino
Roseville Electric Utility Director

Real-time information when it matters most

After years of discussion, our utility determined it was time to replace the paper-based processes that had served us since we started…over 100 years ago. New technological solutions were needed to replace our wall-scale map of the city that was the primary organizational tool for outage management, especially as our city continues to grow in size each year.

We know from recent customer satisfaction surveys that our customers want fast and in-depth access to information, while our staff need quick, standardized features that enhance customer communication channels. By entering the market for a new Outage Management System (OMS) connected with Interactive Voice Response (IVR), Roseville sought to solve both types of communications issues simultaneously.

In an effort to identify efficiencies and best serve our customer base, we adjusted the deployment slightly to suit our unique structure – we are a city that is large enough to always have someone on standby in case of customer calls, but not big enough for a dispatcher to be working at all hours. Despite the fact that the implementation occurred during the COVID-19 pandemic, necessitating remote training, the system was launched on time for the new calendar year.

The new solution includes customer-facing digital communications capabilities, a first for Roseville. Emails and texts notifying customers of important updates are now triggered automatically, not manually, freeing up time for staff to manage an outage.

Our utility now has internal and external communication capabilities that will power our operations for years to come.

On alert during peak demand

As our grid continues to experience increasing demand during heat-related emergencies, our focus has remained on providing reliable electric service to residents and businesses even through Public Safety Power Shutoffs, the preemptive shutoff of power under high fire risk conditions, and Flex Alerts, which call on customers to voluntarily conserve electricity during peak hours, and the COVID-19 pandemic. Thanks to our unique structure, Roseville Electric is well positioned to minimize the impact of these challenges on our customers.

Last year, yet another major wildfire – the Bootleg Fire in Oregon – impacted critical transmission lines from the Pacific Northwest. Despite the energy market challenges, Roseville was able to avoid rotating blackouts that affected other utilities throughout the state. Instead, we encouraged residents to conserve energy during peak hours. We were also able to send excess energy not needed by our customers to neighboring utilities experiencing shortages.

Access to renewable energy, ahead of schedule

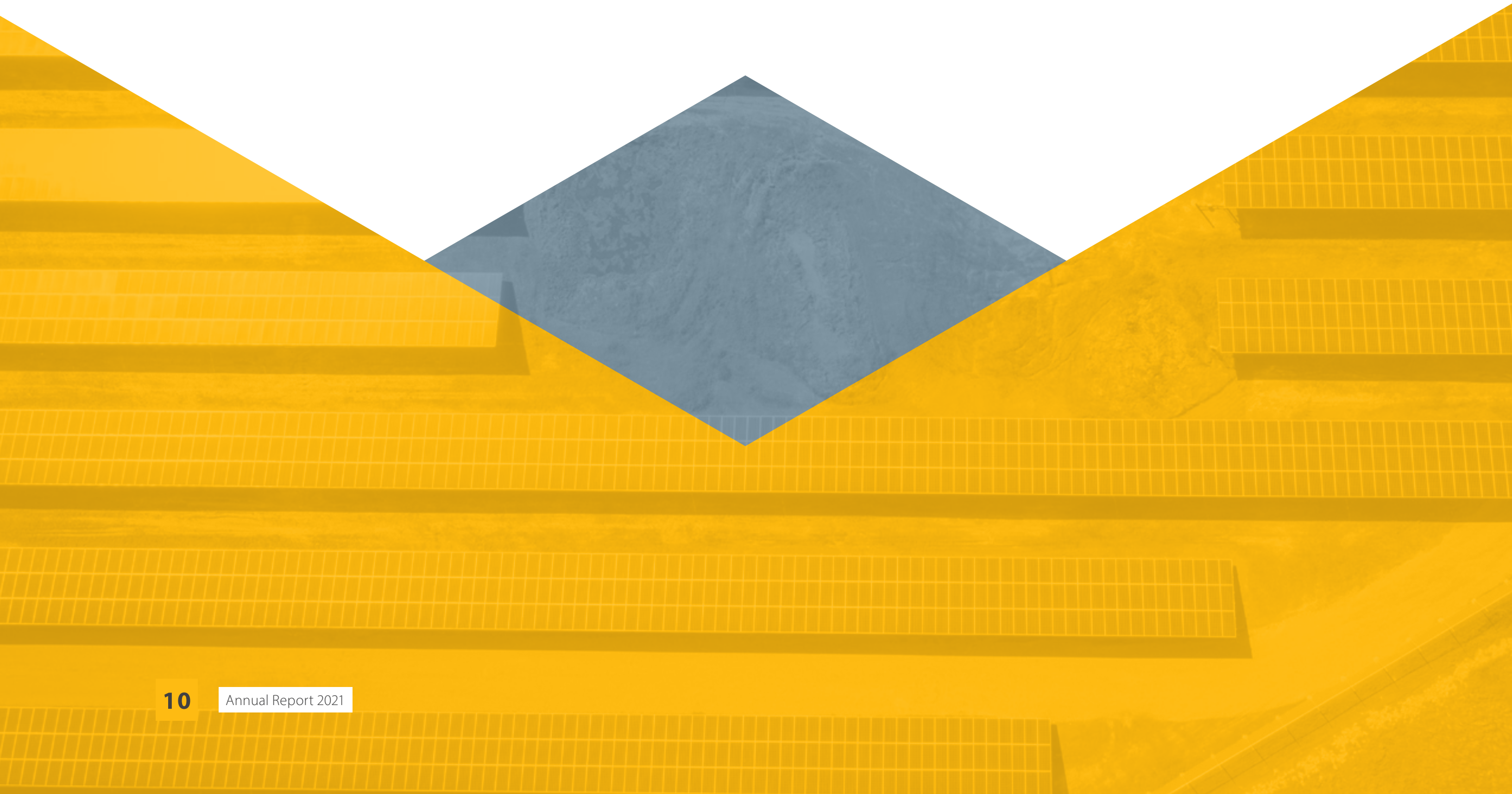
Roseville embarked on a second large project in the midst of working from home. Following a month's long effort by Roseville Electric and other Balancing Authority of Northern California (BANC) utilities, we successfully entered the California Independent System Operator's Western Energy Imbalance Market (EIM) in March 2020.

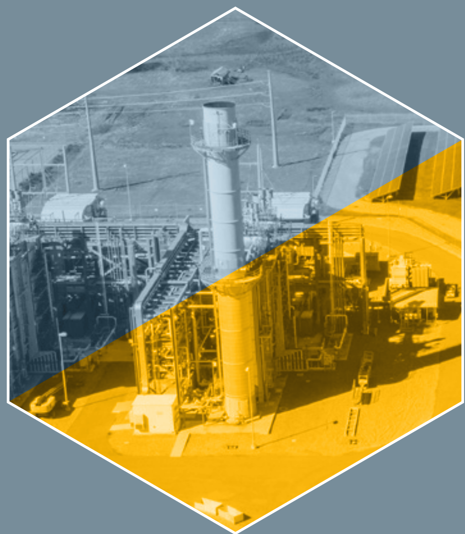
This transition occurred a week earlier than the originally scheduled cutover date of April 1 announced in September 2019.

The Western EIM is the west's first real-time energy market. It enables participating utilities to find the lowest cost energy to balance real-time supply and demand by scheduling power deliveries every 15 minutes with five-minute power plant dispatching. Utilities across a larger geographic area can exchange resources more effectively while significantly lowering the cost of delivering power to consumers.

"The EIM allows us to more easily integrate renewable energy resources, helping Roseville Electric meet renewable goals and manage cost for our customers," said Michelle Bertolino, director of Roseville Electric Utility.

Besides its economic advantages, the EIM improves the integration of renewable energy, which leads to a cleaner, greener grid for our customers.





"The EIM allows us to more easily integrate renewable energy resources, helping Roseville Electric meet renewable goals and manage cost for our customers."

- Michelle Bertolino


COME in we're
OPEN
V60
CHEMEX
AEROPRESS
FRENCH PRESS

Shifting programs to meet business needs

While large retailers across the nation and here in Roseville experienced a jump in sales during the pandemic, our small to medium business customers have struggled to keep their doors open.

To assist customers facing financial hardship, we created a new program for our commercial customers. According to data from Applied Geographic Solutions and GIS Planning 2019, nearly 83% of Roseville businesses have less than 10 employees. It was important to dig in quickly and identify ways to help our struggling business partners. That led to a new program called Reopen Energy Smart, consisting of energy-efficiency rebates up to 200% above normal levels.

The first phase of Reopen Energy Smart, which launched in August 2020, focused on enhanced rebates. In an effort to assist this customer segment, especially a number of local restaurants, rebate levels were increased for a variety of measures including smart thermostats, HVAC tune-ups, LED lighting, and food service equipment. During this phase, we processed 56 rebates, supporting 20 unique small to medium businesses in Roseville.

Rebate $ distributed:
$300,108.88

Energy savings:
145.9 kW / 976,242 kWh saved

Year one results

The second phase included a no-cost audit and direct install program to keep monthly electric costs down for our small to medium business customers. That launched in November 2020 with a goal of assisting roughly 100 customers.

Utility EXPLORATION CENTER *Where utilities meet life*

Embracing change with a new look

The Utility Exploration Center is a one-of-a-kind learning center focused on inspiring stewardship of resources in everyday life. Since opening over a decade ago, the center has focused on a hands-on, family-friendly look at the utility systems that keep our community safe, healthy and strong with an engaging and experience-rich atmosphere.

While that focus remains true, the programs and offerings from the UEC has significantly expanded. In early 2020, the team refreshed the UEC brand to align with that evolution in the community, including enhanced community outreach opportunities, increased curriculum for Roseville schools, and enriched offerings for adult audiences.

While preserving the integrity of the fun, fresh, and kid-friendly brand that was created when the UEC first opened, this refresh will infuse the Utility Exploration Center with a new vitality and expanded reach.

Utility Exploration Center
Where utilities meet life

The Utility Exploration Center is truly where utilities meet life.

Continuing virtual content as part of evolution

As COVID-19 cases started to decline in September 2020, city offices and libraries started to reopen to the public. However, due to the high touch environment of the UEC, the center remained closed. In an effort to maintain engaging programming for Roseville families, the team continued to build on a suite of online offerings started during the first year of the pandemic.

The interpretive team worked diligently to generate a broad array of new offerings to help our community understand and engage with the work of our utilities. Some of those offerings included:

- Packaged lesson plans for students in grades K-5 tied to Next Generation Science Standards, with a plan to extend offerings to middle school and high school in the year ahead;
- Virtual classroom visits and other resources that can be sent to the classroom or executed online;
- A broad array of activities for families that are downloadable from our website and that now are available to pickup in our center;
- Instructional videos; and virtual gardening and irrigation workshops.

In addition to our rebrand, this new variety of educational programs and services developed during the extended closure assists the Utility Exploration Center in better serving our community now and in the years to come.

City of Roseville Electric Enterprise Fund Financial Statements

June 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Electric Fund (Fund), an enterprise Fund of the City of Roseville, California, (the City) as of and for the year ended June 30, 2021, 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 respective financial position of the Fund, as of June 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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, 2021, 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 date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Public Utilities Commission
Electric Department
Roseville, California

Other Reporting Responsibilities

Required Supplementary Information

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

Prior Year Audited Financial Statements

The financial statements for the year ended June 30, 2020, were audited by other auditors whose report dated March 5, 2021, expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements, and accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
March 15, 2022

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Electric Enterprise Fund
Management's Discussion and Analysis
June 30, 2021 and 2020

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, 2021 and 2020. 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

2021 compared to 2020
The Electric Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $474.1 million, an increase of $35.4 million or 8.1% over the prior fiscal year.

Total operating revenue was $168.0 million, an increase of $4.5 million or 2.8% compared to fiscal year 2020. Total operating expense was $149.1 million, an increase of $23.5 million or 18.7%. Operating income was $19.0 million. Payment in lieu of taxes of $6.2 million was paid to the City as a franchise fee.

2020 compared to 2019

The Electric Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $438.7 million, an increase of $43.4 million or 11.0% over the prior fiscal year.

Total operating revenue was $163.5 million, a decrease of $4.2 million or 2.5% compared to fiscal year 2019. Total operating expense was $125.6 million, a decrease of $7.8 million or 5.9%. Operating income was $37.9 million. Payment in lieu of taxes of $6.3 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)	FY2021	FY2020	FY2019
Assets			
Current Assets	$233,149.5	$218,772.4	$245,283.5
Capital Assets	482,687.7	460,733.1	429,221.6
Non-current Assets	5,158.6	5,175.9	5,218.6
Total Assets	720,995.8	684,681.4	679,723.7
Deferred Outflows	29,373.9	38,241.2	38,498.6
Liabilities			
Current Liabilities	28,128.5	24,432.0	22,927.6
Non-Current Long-term Debt	149,590.5	158,248.2	202,797.5
Long-term Liabilities	92,599.3	93,619.7	95,684.3
Total Liabilities	270,318.3	276,299.9	321,409.4
Deferred Inflows	5,936.8	7,887.8	1,447.3
Net Position			
Net Investment in Capital Assets	331,397.0	300,364.0	225,071.0
Restricted:			
Benefit of Rate Payers	13,609.7	19,164.4	19,719.4
Debt Service	16,084.2	16,099.6	16,099.6
Unrestricted	113,023.7	103,106.9	134,475.7
Total Net Position	$474,114.6	$438,734.9	$395,365.7

2021 compared to 2020

As of June 30, 2021, the Electric Fund's total assets increased by $36.3 million or 5.3% compared to the prior year, primarily due to increases in cash and investments in City Treasury, accounts receivable, prepaids, and capital assets, net of depreciation offset by the decrease in restricted cash and investments with fiscal agent. Deferred outflows of resources decreased $8.9 million primarily due to decreases in the accumulated fair value of hedging derivatives, deferred amounts related to OPEB and pensions, offset by increase in deferred charge on refunding.

Total liabilities as of June 30, 2021, decreased by $6.0 million or 2.2% compared to the prior fiscal year. This was due to decreases in outstanding debt, net OPEB liability, derivative at fair value-liability, unamortized bond premiums and compensated absence liabilities offset by increases in the net pension liability, accounts payable, payroll and customer deposits. Deferred inflows of resources decreased by $2.0 million primarily related to OPEB and pensions.

2020 compared to 2019

As of June 30, 2020, the Electric Fund's total assets increased by $5.0 million or 0.7% compared to the prior year, primarily due to increases in accounts receivable, inventories, and capital assets, net of depreciation offset by the decrease in cash and investments in City Treasury. Deferred outflows of resources decreased $0.3 million primarily due to decreases in the accumulated fair value of hedging derivatives, offset by increase in deferred outflows related to pensions and OPEB.

Total liabilities as of June 30, 2020 decreased by $45.1 million or 14.0% compared to the prior fiscal year. This was due to decreases in outstanding debt, net OPEB liability, derivative at fair value- liability, and unamortized bond premiums offset by increases in the net pension liability, accounts payable, payroll and compensated absences liabilities. Deferred inflows of resources increased by $6.5 million primarily related to OPEB and pensions.

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)	FY2021	FY2020	FY2019
Operating Revenue			
Sales Revenue	$162,958.5	$156,007.0	$160,076.1
Wholesale sales	2,857.8	2,259.2	-
Other Operating Revenue	2,210.3	5,238.4	7,613.3
Total Operating Revenue	168,026.6	163,504.5	167,689.4
Operating Expenses			
Production and Purchased Power	69,819.5	64,867.0	62,588.8
Transmission & Distribution	24,492.8	23,579.0	22,065.6
Customer Accounts, Administrative and General	31,852.7	29,262.2	25,906.1
Depreciation	22,902.8	7,892.8	22,881.8
Total Operating Expenses	149,067.8	125,601.1	133,442.3
Operating Income	18,958.8	37,903.5	34,247.2
Non-operating Revenues (Expenses)			
Interest expense and fiscal charges	(5,993.9)	(14,659.8)	(8,642.7)
Payment in Lieu of Taxes	(6,156.4)	(6,310.7)	(6,476.4)
Investments, Amortization & Loss from Sale of Property	287.6	5,620.1	8,770.5
Total Non-operating Revenues (Expenses)	(11,862.8)	(15,350.5)	(6,348.6)
Income before Capital Contributions and Transfers	7,096.0	22,553.0	27,898.6
Contributions and Transfers			
Capital Contributions	28,675.6	21,507.2	16,356.5
Transfers in/out from/to City	(392.0)	(691.0)	(644.0)
Total Contributions and Transfers	28,283.6	20,816.2	15,712.5
Change in Net Position	35,379.6	43,369.2	43,611.1
Net Position, Beginning	438,734.9	395,365.7	351,754.6
Net Position, Ending	$474,114.6	$438,734.9	$395,365.7

2021 compared to 2020

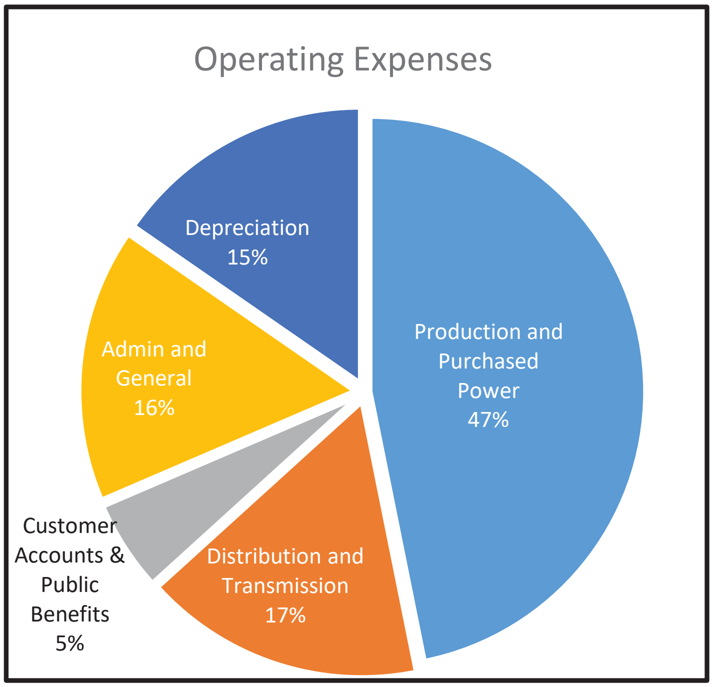
The Electric Fund's operating revenue was $168.0 million, an increase of $4.5 million or 2.8% compared to the prior fiscal year. Sales revenue increased by $7.0 million or 4.5% primarily due to increase customer usage. Of the approximate $163.0 million total sales revenue, $84.4 million was related to commercial customers and $78.6 million to residential customers. Wholesale energy sales revenue totaled $2.9 million in the current fiscal year, and increase of $0.6 million or 26.5% mainly due to increase wholesale power sold. Other operating revenues decreased by $3.0 million, primarily due to revenue from greenhouse gas auctions proceeds.

Total operating expenses were $149.1 million, an increase of $23.5 million or 18.7% compared the prior fiscal year. Total production and purchased power expense was $69.8 million, which represented 47.0% of operating expenses. Total distribution and transmission expense was $24.5 million, which represented 17.0% of operating expense. Administrative and general expense amounted to $24.0 million, an increase of $4.7 million or 24.6% over the prior fiscal year mainly due to salaries and employee benefits. Customer accounts and public benefits expense was $7.9 million, which represented 5.0% of operating costs. Depreciation expense was $22.9 million, an increase of $15.0 million or 190.2% 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. This franchise fee transfer was $6.2 million for FY2021, a decrease of $0.1 million or 2.5% compared to the prior fiscal year.

Investment earnings, including the net change in fair value of investments, were $0.3 million, a decrease of $5.3 million due to $4.2 million decrease in the fair value of pooled investments, $1.3 million decrease in interest revenue, and $0.2 million less loss from sale of property.

Total capital contributions received was $28.7 million, an increase of $7.2 million or 33.3%, primarily due to $4.6 million increase in contribution from developers, $1.9 million increase in contribution in aid of construction, and $0.7 million increase in connection and impact fees.



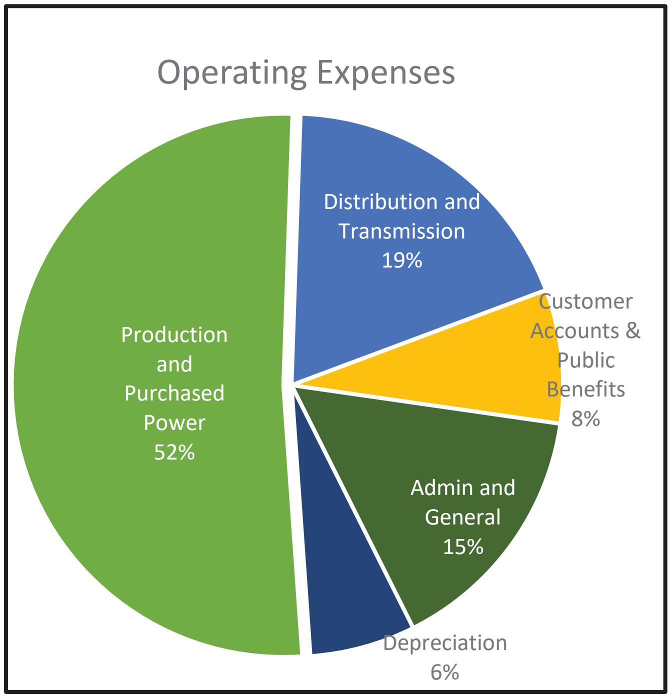
Transfers out of the Electric Fund to the City for general rehabilitation projects were $0.4 million.

2020 compared to 2019

The Electric Fund's operating revenue was $163.5 million, a decrease of $4.2 million or 2.5% compared to the prior fiscal year. Sales revenue decreased by $4.1 million or 2.5% primarily due to reduced customer usage. Of the approximate $156.0 million total sales revenue, $83.8 million was related to commercial customers and $72.2 million to residential customers. Wholesale sales revenue totaled $2.3 million in the current fiscal year. Other operating revenues decreased by $2.4 million, primarily due to revenue from greenhouse gas auctions proceeds.

Total operating expenses were $125.6 million, a decrease of $7.8 million or 5.9% compared the prior fiscal year. Total production and purchased power expense was $64.9 million, which represented 51.7% of operating expenses. Total distribution and transmission expense was $23.6 million, which represented 18.8% of operating expense. Administrative and general expense amounted to $19.3 million, an increase of $1.3 million or 7.2% over the prior fiscal year mainly due to salaries. Customer Accounts and Public Benefits expense was $10.0 million, which represented 8.0% of operating costs. Depreciation expense was $7.9 million, a decrease of $15.0 million or 65.5% 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. This franchise fee transfer was $6.3 million for FY2020, a decrease of $0.2 million or 2.6% compared to the prior fiscal year.



Investment earnings, including the net change in fair value of investments, were $5.6 million, a decrease of $3.1 million due to $1.8 million decrease in the fair value of pooled investments, $0.2 million increase in interest revenue, $0.2 million less loss from sale of property and $1.7 million decrease in NCPA project reserves.

Total capital contributions received was $21.5 million, an increase of $5.1 million or 31.5%, primarily due to $3.0 million increase in contribution from developers and $2.1 million increase in contribution in aid of construction.

Transfers out of the Electric Fund to the City for general rehabilitation projects were $0.7 million.

Capital Assets

2021 compared to 2020

As of June 30, 2021 the Electric Fund's net utility plant and equipment, which includes investments in land, buildings, production and distribution facilities, and general items such as equipment and furniture, was $482.7 million, an increase of $22.0 million or 4.8% over the prior fiscal year.

2020 compared to 2019

As of June 30, 2020 the Electric Fund's net utility plant and equipment, which includes investments in land, buildings, production and distribution facilities, and general items such as equipment and furniture, was $460.8 million, an increase of $31.5 million or 7.3% over the prior fiscal year.

Capital Assets			
	FY2021	FY2020	FY2019
Land	$5,173.0	$5,173.0	$4,706.9
Buildings & Improvements	25,677.7	25,677.7	15,687.3
Equipment & Vehicles	20,953.5	20,234.5	18,310.2
Traffic Signals	73,760.7	72,081.1	71,660.4
Plant and Substations	93,742.9	81,483.5	81,215.8
Distribution	361,819.8	336,349.8	319,481.7
Generation	212,846.5	204,380.6	203,721.4
Construction in Progress	15,372.9	20,065.0	14,393.5
Less: Accumulated Depreciation	(326,659.3)	(304,712.1)	(299,955.6)
Capital Assets, Net	$482,687.7	$460,733.1	$429,221.6

Debt Administration

2021 compared to 2020

Total long-term debt, net of unamortized premium of $4.9 million, was $158.3 million at the end of FY2021. This represents a decrease of $7.7 million or 4.6% compared to the prior fiscal year. The current long-term debt due within a year was $8.7 million and non-current long-term debt was $149.6 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, 2021, the Utility had debt coverage of 2.97.

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

2020 compared to 2019

Total long-term debt, net of unamortized premium of $8.9 million, was $166.0 million at the end of FY2020. This represents a decrease of $44.2 million or 21.0% compared to the prior fiscal year. The current long-term debt due within a year was $7.8 million and non-current long-term debt was $158.2 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, 2020, the Utility had debt coverage of 3.43.

Interest rates on outstanding debt range from 1.03% to 5.25%.

Long-Term Debt			
	FY2021	FY2020	FY2019
Certificates of Participation	$54,005.0	$54,005.0	$91,237.5
Revenue Bonds	104,340.5	112,043.2	119,020.0
Total Long-Term Debt	158,345.5	166,048.2	210,257.5
Current Portion of Long-Term Debt	8,755.0	7,800.0	7,460.0

Economic Condition, Outlook and Activity

The Electric Fund's Residential and commercial customer count increased 3.16% over the prior fiscal year while total retail electric energy sales increase 3.08%, to 1.2 million megawatt hours. Revenue was up correspondingly.

During the fiscal year, the Electric Fund was rated "AA" by Fitch Ratings and the Ratings Outlook revised to Positive from 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 revenues meeting expenses. New development will continue to add residential and commercial customers to the service territory. Issues that may impact future rates include 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, 2090 Hilltop Circle, Roseville, California 95747.

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CITY OF ROSEVILLE ELECTRIC FUND

STATEMENT OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
Assets:		
Current:		
Cash and investments in City Treasury	$ 170,175,119	$ 160,395,454
Restricted cash and investments with fiscal agent	16,180,219	17,135,059
Accounts receivable, net of allowance for doubtful accounts	28,122,783	22,932,026
Accrued interest	539,117	736,994
Prepaids	5,232,488	4,922,424
Inventories	12,899,751	12,650,432
Total Current Assets	**233,149,477**	**218,772,389**
Noncurrent:		
Capital assets not being depreciated	20,545,912	25,237,987
Capital assets being depreciated	788,801,077	740,207,221
Less: accumulated depreciation	(326,659,314)	(304,712,062)
Total Capital Assets	482,687,675	460,733,146
Investment in NCPA reserves	5,158,628	5,175,920
Total Noncurrent Assets	**487,846,303**	**465,909,066**
Total Assets	**720,995,780**	**684,681,455**
Deferred Outflows of Resources:		
Deferred charges on refunding	7,054,828	5,679,081
Accumulated decrease in fair value of hedging derivatives	10,219,188	13,691,174
Deferred outflows related to OPEB	1,325,000	3,656,000
Deferred outflows related to pensions	10,774,865	15,214,896
Total Deferred Outflows of Resources	**29,373,881**	**38,241,151**
Liabilities:		
Current:		
Accounts payable and accrued payroll	10,878,843	8,872,843
Accrued liabilities	976,943	797,079
Due to other governments	18,035	18,035
Interest payable	1,548,745	2,085,580
Current portion of compensated absences	2,495,110	2,239,588
Customer deposits	3,455,794	2,618,862
Current portion of long-term debt	8,755,000	7,800,000
Total Current Liabilities	**28,128,470**	**24,431,987**
Noncurrent:		
Accrued compensated absences	2,080,112	2,502,644
Derivative at fair value-liability	10,219,188	13,691,174
Net OPEB liability	11,681,000	14,134,000
Net pension liability	68,619,020	63,291,847
Certificates of participation and revenue bonds due in more than one year	149,590,464	158,248,168
Total Noncurrent Liabilities	**242,189,784**	**251,867,833**
Total Liabilities	**270,318,254**	**276,299,820**
Deferred Inflows of Resources:		
Deferred inflows related to OPEB	5,540,000	4,623,000
Deferred inflows related to pensions	396,847	3,264,848
Total Deferred Inflows of Resources	**5,936,847**	**7,887,848**
Net Position:		
Net investment in capital assets	331,397,039	300,364,059
Restricted for the benefit of rate payers	13,609,695	19,164,405
Restricted for debt service	16,084,167	16,099,600
Unrestricted	113,023,659	103,106,874
Total Net Position	**$ 474,114,560**	**$ 438,734,938**

CITY OF ROSEVILLE ELECTRIC FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating Revenues:		
Residential sales	$ 78,564,307	$ 72,181,571
Commercial and industrial sales	84,358,190	83,787,314
Other sales	35,984	38,078
Wholesale sales	2,857,849	2,259,153
Other operating revenues	2,210,308	5,238,423
Total Operating Revenues	**168,026,638**	**163,504,539**
Operating Expenses:		
Production and purchased power	69,819,485	64,867,012
Transmission	7,736,647	7,823,174
Distribution	16,756,141	15,755,867
Customer accounts, service and informational	4,277,872	5,031,228
Public benefits and administrative and general	27,574,873	24,230,954
Depreciation	22,902,800	7,892,840
Total Operating Expenses	**149,067,818**	**125,601,075**
Operating Income	18,958,820	37,903,464
Nonoperating Revenues (Expenses):		
Payment in lieu of taxes (franchise transfer)	(6,156,436)	(6,310,737)
Increase in value of certain NCPA projects and reserves	(17,292)	(42,689)
Investment income	205,908	5,696,468
Interest expense and fiscal charges	(5,993,893)	(14,659,807)
Amortization of loss on refunding	257,613	321,588
Loss on disposal of capital assets	(158,677)	(355,291)
Total Nonoperating Revenues (Expenses)	**(11,862,777)**	**(15,350,468)**
Income Before Transfers and Capital Contributions	7,096,043	22,552,996
Capital contributions - connection/impact fees	2,067,795	1,380,941
Contributions in aid of construction	11,313,621	9,386,648
Capital contributions from developers	15,294,134	10,739,635
Transfers out to other City funds	(391,971)	(691,004)
Changes in Net Position	35,379,622	43,369,216
Net position, Beginning	438,734,938	395,365,722
Net position, Ending	**$ 474,114,560**	**$ 438,734,938**

CITY OF ROSEVILLE ELECTRIC FUND

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities:		
Receipts from customers	$ 161,450,692	$ 155,013,528
Payments to suppliers	(78,917,114)	(77,874,051)
Payments to employees	(38,045,193)	(34,548,396)
Other receipts	2,173,083	5,119,891
Net Cash Provided by Operating Activities	**46,661,468**	**47,710,972**
Cash Flows from Non-Capital Financing Activities:		
Franchise Transfer	(6,156,436)	(6,310,737)
Transfers in	(391,971)	(691,004)
Net Cash Used by Non-Capital Financing Activities	**(6,548,407)**	**(7,001,741)**
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	11,313,621	9,386,648
Acquisition and construction of capital assets	(29,735,815)	(29,108,611)
Principal paid on capital debt	(8,120,000)	(43,459,998)
Interest paid on capital debt	(6,163,984)	(14,793,980)
Change in restricted assets	954,840	(204,838)
Issuance costs	(366,743)	-
Refunding principal proceeds	34,770,000	-
Refunding principal payoff	(33,609,951)	-
Additional refunding proceeds deposited in escrow	(1,860,887)	-
Proceeds from sale of capital assets	13,943	88,608
Connection/impact fees	2,067,795	1,380,941
Net Cash Used by Capital and Related Financing Activities	**(30,737,181)**	**(76,711,230)**
Cash Flows from Investing Activities:		
Interest received	403,785	6,019,272
Net Cash Provided by Investing Activities	**403,785**	**6,019,272**
Net Increase (Decrease) in Cash and Cash Equivalents	**9,779,665**	**(29,982,727)**
Cash and Cash Equivalents at Beginning of Year	160,395,454	190,378,181
Cash and Cash Equivalents at End of Year	**$ 170,175,119**	**$ 160,395,454**

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ 18,958,820	$ 37,903,464
Adjustments to Reconcile Operating Income Net Cash Provided by Operating Activities:		
Depreciation	22,902,800	7,892,840
(Increase) decrease in receivables	(5,190,757)	(2,523,951)
(Increase) decrease in inventories	(249,319)	(930,372)
(Increase) decrease in prepaids	(310,064)	(231,592)
Increase (decrease) in accounts payable	2,185,863	880,454
Increase (decrease) in deposits payable	836,932	(42,976)
Increase (decrease) in unearned revenue	-	(47,870)
Increase (decrease) in net pension liability	5,327,173	5,098,843
Increase (decrease) in OPEB liability	(2,453,000)	(4,766,000)
(Increase) decrease in deferred pension related items	1,572,030	1,660,325
(Increase) decrease in deferred OPEB related items	3,248,000	2,162,000
Increase (decrease) in compensated absences	(167,010)	655,807
Total Adjustments	**27,702,648**	**9,807,508**
Net Cash Provided by Operating Activities	**$ 46,661,468**	**$ 47,710,972**
Non-Cash Investing, Capital, and Financing Activities:		
Net amortization of premium and deferred loss	$ 742,753	$ 321,586
Contribution of capital assets from developers	$ 15,294,134	$ 10,739,635

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 7. 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. Prepaids

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.

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:

	2021	2020
Beginning Balance	$ 4,742,232	$ 4,086,426
Additions	1,268,396	2,040,863
Payments	(1,435,406)	(1,385,057)
Ending Balance	$ 4,575,222	$ 4,742,232
Current Portion	$ 2,495,110	$ 2,239,588

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, meter reading, billing, customer service, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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

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

t. New Accounting Pronouncements

New Pronouncements

Effective in Future Fiscal Years

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2021 is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated					
Land	$ 5,173,011	$ -	$ -	$ -	$ 5,173,011
Construction in progress	20,064,976	28,076,453	-	(32,768,528)	15,372,901
Total capital assets not being depreciated	25,237,987	28,076,453	-	(32,768,528)	20,545,912
Capital assets, being depreciated					
Buildings	23,488,382	-	-	-	23,488,382
Improvements	1,639,317	-	-	-	1,639,317
Vehicles and equipment	20,234,454	191,509	(56,140)	583,700	20,953,523
Landscaping	550,000	-	-	-	550,000
Traffic signals	72,081,061	34,721	(387,647)	2,032,517	73,760,652
Plant and substations	81,483,460	-	(195,088)	12,454,575	93,742,947
Distribution	336,349,818	16,727,266	(439,285)	9,182,035	361,819,834
Generation	204,380,729	-	(50,008)	8,515,701	212,846,422
Total capital assets being depreciated	740,207,221	16,953,496	(1,128,168)	32,768,528	788,801,077
Less accumulated depreciation for					
Buildings	(6,305,079)	(587,211)	-	-	(6,892,290)
Improvements	(1,089,600)	(73,112)	-	-	(1,162,712)
Vehicles and equipment	(10,966,669)	(2,289,146)	55,190	-	(13,200,625)
Landscaping	(550,000)	-	-	-	(550,000)
Traffic signals	(45,423,710)	(2,521,040)	381,795	-	(47,562,955)
Plant and substations	(32,589,559)	(2,061,116)	195,088	-	(34,455,587)
Distribution	(112,855,770)	(7,412,999)	304,266	-	(119,964,503)
Generation	(94,931,675)	(7,958,176)	19,209	-	(102,870,642)
Total accumulated depreciation	(304,712,062)	(22,902,800)	955,548	-	(326,659,314)
Net capital assets being depreciated	435,495,159	(5,949,304)	(172,620)	32,768,528	462,141,763
Capital assets, net	$ 460,733,146	$ 22,127,149	$ (172,620)	$ -	$ 482,687,675

Note 2: Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance at June 30, 2019	Adjustments	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated						
Land	$ 4,706,913	$ -	$ 466,098	$ -	$ -	$ 5,173,011
Construction in progress	14,393,528	-	17,342,530	-	(11,671,082)	20,064,976
Total capital assets not being depreciated	19,100,441	-	17,808,628	-	(11,671,082)	25,237,987
Capital assets, being depreciated						
Buildings	13,520,157	-	10,034,407	(44,012)	(22,170)	23,488,382
Improvements	1,617,147	-	-	-	22,170	1,639,317
Vehicles and equipment	18,310,183	-	200,983	(1,281,910)	3,005,198	20,234,454
Landscaping	550,000	-	-	-	-	550,000
Traffic signals	71,660,391	-	7,160	(1,592,829)	2,006,339	72,081,061
Plant and substations	81,215,756	-	-	(72,297)	340,001	81,483,460
Distribution	319,481,654	-	11,682,203	(474,385)	5,660,346	336,349,818
Generation	203,721,531	-	-	-	659,198	204,380,729
Total capital assets being depreciated	710,076,819	-	21,924,753	(3,465,433)	11,671,082	740,207,221
Less accumulated depreciation for						
Buildings	(5,881,506)	9,670	(462,469)	17,270	11,956	(6,305,079)
Improvements	(557,548)	(443,756)	(76,340)	-	(11,956)	(1,089,600)
Vehicles and equipment	(9,268,006)	(761,788)	(2,199,540)	1,262,116	549	(10,966,669)
Landscaping	(550,000)	-	-	-	-	(550,000)
Traffic signals	(39,809,139)	(4,459,083)	(2,582,617)	1,427,129	-	(45,423,710)
Plant and substations	(28,835,395)	(1,795,433)	(2,011,045)	52,314	-	(32,589,559)
Distribution	(93,290,853)	(12,924,006)	(6,903,617)	262,706	-	(112,855,770)
Generation	(121,763,173)	34,594,584	(7,762,537)	-	(549)	(94,931,675)
Total accumulated depreciation	(299,955,620)	14,220,188	(21,998,165)	3,021,535	-	(304,712,062)
Net capital assets being depreciated	410,121,199	14,220,188	(73,412)	(443,898)	11,671,082	435,495,159
Capital assets, net	$ 429,221,640	$ 14,220,188	$ 17,735,216	$ (443,898)	$ -	$ 460,733,146

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, 2021 and 2020 was $22,902,800 and $21,998,165 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.

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.

	2021	2020
Cash and investments in City Treasury	$ 170,175,119	$ 160,395,454
Restricted cash and investments with fiscal agent	16,180,219	17,135,059
Total cash and investments	$ 186,355,338	$ 177,530,513

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:

	2021	2020
Cash on hand	$ 600	$ 600
City of Roseville pooled cash and investments	170,174,519	160,394,854
Investments	16,180,219	17,135,059
Total cash and investments	$ 186,355,338	$ 177,530,513

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:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations (a)	5 Years	None	None	None
U.S. Agency Securities (a)	5 Years	None	None	None
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.

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, 2021:

	Remaining Maturity (in Months)		
June 30, 2021	12 Months or Less	More than 60 Months	Total
City of Roseville Investment Pool	$ 170,174,519	$ -	$ 170,174,519
Money Market Mutual Funds	14,029,483	-	14,029,483
Guaranteed Investment Contract (GIC)	-	2,150,736	2,150,736
Total investments	$ 184,204,002	$ 2,150,736	$ 186,354,738

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, 2020:

	Remaining Maturity (in Months)		
June 30, 2020	12 Months or Less	More than 60 Months	Total
City of Roseville Investment Pool	$ 160,394,854	$ -	$ 160,394,854
Money Market Mutual Funds	14,984,322	-	14,984,322
Guaranteed Investment Contract (GIC)	-	2,150,737	2,150,737
Total investments	$ 175,379,176	$ 2,150,737	$ 177,529,913

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, 2021 and 2020 for each investment type as provided by Standard and Poor's investment rating system:

June 30, 2021	Total
Not Rated	
City of Roseville Investment Pool	$ 170,174,519
Money Market Mutual Funds	14,029,483
Guaranteed Investment Contract (GIC)	2,150,736
Subtotal	186,354,738
Total Investments	$ 186,354,738

June 30, 2020	Total
Not Rated	
City of Roseville Investment Pool	$ 160,394,854
Money Market Mutual Funds	14,984,322
Guaranteed Investment Contract (GIC)	2,150,737
Subtotal	177,529,913
Total Investments	$ 177,529,913

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.

Note 3: Cash and Investments (Continued)

The Electric Fund has the following recurring fair value measurements as of June 30, 2021 and 2020:

Investment at Fair Value	Balance at June 30, 2021	Significant Other Observable Inputs (Level 2)
Money Market Mutual Funds	$ 14,029,483	$ 12,833,586
Investments not subject to the Fair Value Heirarchy		
City of Roseville Investment Pool	170,174,519	
Investments Measured at Amortized Cost		
Guaranteed Investment Contract (GIC)	2,150,736	
Total Investments	$ 186,354,738	

Investment at Fair Value	Balance at June 30, 2020	Significant Other Observable Inputs (Level 2)
Money Market Mutual Funds	$ 14,984,322	$ 14,984,322
Investments not subject to the Fair Value Heirarchy		
City of Roseville Investment Pool	160,394,854	
Investments Measured at Amortized Cost		
Guaranteed Investment Contract (GIC)	2,150,737	
Total Investments	$ 177,529,913	

Note 4: 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.

Note 4: Long-Term Debt (Continued)

Long-term debt activity for the year ended June 30, 2021, is as follow:

	Original Issue Amount	Balance at June 30, 2020	Defeased	Additions	Retirements	Balance at June 30, 2021	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 Reveue, 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 Reveue Refunding 2.00-5.00%, due 2/1/29	48,780,000	25,275,000	(13,820,000)	-	(5,165,000)	6,290,000	5,415,000
Add: bond premium	5,899,513	3,318,474	(1,814,494)	-	(501,327)	1,002,653	-
2014 Electric System Reveue Refunding 5.00%, due 2/1/34	16,485,000	16,485,000	(16,485,000)	-	-	-	-
Add: bond premium	2,129,224	1,490,457	(1,490,457)	-	-	-	-
2017A Electric System Reveue Refunding 3.00-5.00%, due 2/1/37	56,210,000	56,210,000	-	-	-	56,210,000	175,000
Add: bond premium	5,069,937	4,104,237	-	-	(241,426)	3,862,811	-
2017B Taxable Electric System Reveue Refunding 1.03-2.41%, due 2/1/22	6,265,000	5,160,000	-	-	(2,635,000)	2,525,000	2,525,000
2020 Electric System Reveue Refunding 0.39-2.08%, due 2/1/34	34,770,000	-	-	34,770,000	(320,000)	34,450,000	640,000
Total revenue bonds	175,608,674	112,043,168	(33,609,951)	34,770,000	(8,862,753)	104,340,464	8,755,000
Total certificates of participation & revenue debt	214,820,420	112,048,168	(33,609,951)	34,770,000	(8,862,753)	104,345,464	8,755,000
Total	$ 304,820,420	$ 166,048,168	$ (33,609,951)	$ 34,770,000	$ (8,862,753)	$ 158,345,464	$ 8,755,000

Note 4: Long-Term Debt (Continued)

Long-term debt activity for the year ended June 30, 2020, is as follow:

	Original Issue Amount	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Current Portion
Direct Placement Debt						
Certificates of Participation:						
2012 Electric System Revenue variable rate,						
due 2/1/35	$ 90,000,000	$ 90,000,000	$ -	$ (36,000,000)	$ 54,000,000	$ -
Direct placement debt total	90,000,000	90,000,000	-	(36,000,000)	54,000,000	-
Certificates of Participation:						
2004 Electric System Reveue, 3.00-5.25%,						
due 2/1/34	39,940,000	5,000	-	-	5,000	-
Less: deferred bond discount	(728,254)	-	-	-	-	-
2009 Electric System Reveue Refunding						
2.00-5.25%, due 2/1/20	27,010,000	1,215,000	-	(1,215,000)	-	-
Add: bond premium	396,611	17,478	-	(17,478)	-	-
Total certificates of participation	66,618,357	1,237,478	-	(1,232,478)	5,000	-
Revenue Bonds:						
2010 Electric System Reveue Refunding						
2.00-5.00%, due 2/1/20	55,845,000	545,000	-	(545,000)	-	-
Add: bond premium	2,764,207	15,232	-	(15,232)	-	-
2013 Electric System Reveue Refunding						
2.00-5.00%, due 2/1/29	48,780,000	30,195,000	-	(4,920,000)	25,275,000	5,165,000
Add: bond premium	5,899,513	3,687,194	-	(368,720)	3,318,474	-
2014 Electric System Reveue Refunding						
5.00%, due 2/1/34	16,485,000	16,485,000	-	-	16,485,000	-
Add: bond premium	2,129,224	1,596,918	-	(106,461)	1,490,457	-
2017A Electric System Reveue Refunding						
3.00-5.00%, due 2/1/37	56,210,000	56,210,000	-	-	56,210,000	-
Add: bond premium	5,069,937	4,345,663	-	(241,426)	4,104,237	-
2017B Taxable Electric System Reveue Refunding						
1.03-2.41%, due 2/1/22	6,265,000	5,940,000	-	(780,000)	5,160,000	2,635,000
Total revenue bonds	199,447,881	119,020,007	-	(6,976,839)	112,043,168	7,800,000
Total certificates of participation & revenue debt	266,066,238	120,257,485	-	(8,209,317)	112,048,168	7,800,000
Total	$ 356,066,238	$ 210,257,485	$ -	$ (44,209,317)	$ 166,048,168	$ 7,800,000

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, 2021, the City's outstanding debt from direct borrowing of $54,000,000 are subject to special redemption prior to their respective stated date of maturity by the City upon written notice. There is no provision for early redemption by U.S. Bank (Purchaser).

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.

Note 4: Long-Term Debt (Continued)

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 4.191 percent for the year ended June 30, 2020. The COPs are subject to mandatory prepayment annually beginning February 1, 2023 through 2035. The balance outstanding as of June 30, 2021 is $54,000,000.

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.

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 4D below. In August 2014, the 2004 Electric System Revenue COP was partially refunded by the 2014 Electric System Revenue Refunding Bonds as discussed in Note 4g below, leaving partially a par amount of $5,000.

2009 Electric System Revenue Refunding Certificates of Participation

On November 24, 2009, the City issued COPs in the original principal amount of $27,010,000. The COPs were issued to refinance the remaining outstanding balance of the 2002 Electric System Revenue Certificates of Participation. The COPs bear interest at 2.00 percent to 5.25 percent and are due semi-annually on February 1 and August 1 of each year. In February 2017, the 2009 Electric System Revenue Refunding Certificates of Participation were partially refunded by the 2017 A and 2017 B Electric System Revenue Bonds as discussed in Note 4d. The bonds were paid off during fiscal year 2020-2021.

d. Revenue Bonds

2010 Electric System Revenue Refunding Bonds

On October 21, 2010, the City issued Revenue Bonds in the original principal amount of $55,845,000. The Bonds were issued to refinance the remaining outstanding balance of the 2008 Electric System Refunding Certificates of Participation Series B. The Revenue 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. In February 2017, the 2010 Electric System Revenue Refunding Certificates of Participation were partially refunded by the 2017 A and 2017 B Electric System Revenue Bonds as discussed in Note 4d. The bonds were paid off during fiscal year 2020-2021.

Note 4: Long-Term Debt (Continued)

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. The balance outstanding as of June 30, 2021 is $6,290,000.

Roseville Financing Authority Electric System Revenue Refunding Bonds, Series 2014

On July 24, 2014, the Roseville Financing Authority issued Electric System Revenue Refunding Bonds, Series 2014, in the amount of $16,485,000 to refund the 2004 Electric System Revenue COPs. The bonds bear interest of 5.00 percent. Principal payments are due annually on February 1 beginning in 2030. Interest payments are due semi-annually on each August 1 and February 1, commencing on February 1, 2015 through February 1, 2034. In September 2020, the City issued the 2020 Taxable Electric System Revenue Refunding Bonds, which refunded a portion of the 2014 bonds, which are further described below. The balance outstanding as of June 30, 2021 was zero.

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, 2021 is $56,210,000.

2017B Taxable Electric System Revenue Refunding Bonds

On February 8, 2017, the City issued Taxable Revenue Bonds in the original principal amount of $6,265,000. 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 1.03 percent to 2.41 percent and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually on February 1 through 2022. The balance outstanding as of June 30, 2021 is $2,525,000.

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, 2021 is $34,450,000.

Note 4: Long-Term Debt (Continued)

e. Electric System Pledged Revenues

As of June 30, 2021, the total principal and interest remaining to be paid on the 2004 Electric System Revenue COPs, the 2013 Electric System Revenue Refunding Bonds, the 2017A Electric System Revenue Refunding bonds, the 2017B Electric System Refunding bonds, and the 2020 Electric System Revenue Refunding Bonds was $191,128,670. 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 2021, net revenues amounted to $69,159,018 which represents coverage of 504 percent over the $13,712,507 in debt service.

f. Interest Rate Swap Agreements

The City entered into interest swap agreements in connection with the 2008 Electric Revenue Certificates of Participation (COPs), Series A.

This transaction allows the City to create synthetic fixed rates on the COPs, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreements are disclosed below.

Terms: The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2021, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the associated bond issue.

Related Bond Issue	Notional Amount	Effective Date	Counterparty	Credit Rating [A]	Fixed Rate Paid	Variable Rate Received	Termination Date
2012 Electric System Refunding COP	$ 54,000,000	5/13/2008	Morgan Stanley Capital Services, Inc.	A+	3.321%	70.5% 1m LIBOR plus 60 basis point	2/1/2035
	$ 54,000,000						

[A] Credit rating by Standard & Poor's Agency.

Based on the swap agreements, the city owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that approximates the rate required by the associated COPs. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

Fair value – Fair value of the swaps takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique, which calculates the future net settlement payments, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates (LIBOR or SIMFA). The payments are then discounted using the spot rates (LIBOR or SIMFA) implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swap.

As of June 30, 2021, the fair value of the swaps was not in favor of the Electric Fund as follows:

	Fair Value	
Related Bond Issue	2021	2020
2012 Electric System Refunding COP		
Bank of America, N.A.		
Morgan Stanley Capital Services, Inc.	$ (10,219,188)	$ (13,691,174)
	$ (10,219,188)	$ (13,691,174)

Note 4: Long-Term Debt (Continued)

Credit risk – Since the fair values of the swaps are negative, the City is not currently exposed to credit risk. The fair values may increase if interest rates increase in the future. Should interest rates increase to the point where the fair values become positive, the City would be exposed to credit risk on the outstanding swaps. The City will be exposed to interest rate risk only if a counterparty to a swap defaults or if the swap is terminated.

Basis risk – Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to the bondholders temporarily differs from the variable swap rates received from the applicable counterparty. The City bears basis risk on the swaps. The swaps have basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rates the City pays on the underlying COPs and Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

Termination risk – The City may terminate if the other party fails to perform under the terms of the contract. The City will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination, the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk – Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the City will be re-exposed to the risks being hedged by the swap. The would be exposed to rollover risk if the swap terminates before the maturity date.

Swap payments and associated debt – Using rates as of June 30, 2020, debt service requirements of the Electric Fund's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements at Note 4h:

For the Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2022	$ -	$ 367,416	$ 1,755,080	$ 2,122,496
2023	2,925,000	359,124	1,755,080	5,039,204
2024	3,420,000	337,819	1,715,468	5,473,287
2025	3,555,000	314,166	1,613,698	5,482,864
2026	3,690,000	289,595	6,283,510	10,263,105
2027-2031	20,730,000	1,044,703	2,855,498	24,630,201
2032-2036	19,680,000	285,394	98,683	20,064,077
Total	$ 54,000,000	$ 2,998,217	$ 16,077,017	$ 73,075,234

g. 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.

Note 4: Long-Term Debt (Continued)

h. Debt Service Requirements

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

			Direct Placement	
For the Year Ending June 30,	Principal	Interest	Principal	Interest
2022	$ 8,755,000	$ 3,283,417	$ -	$ 367,416
2023	4,280,000	2,939,934	2,925,000	359,124
2024	4,250,000	2,771,536	3,420,000	337,819
2025	4,320,000	2,586,017	3,555,000	314,166
2026	4,400,000	2,499,576	3,690,000	289,595
2027-2031	22,830,000	10,870,436	20,730,000	1,044,703
2032-2036	35,165,000	7,713,588	19,680,000	285,394
2037-2040	15,480,000	619,200	-	-
Total	$ 99,480,000	$ 33,283,704	$ 54,000,000	$ 2,998,217

Note 5: 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, 2021 and 2020, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	After to January 1, 2013
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.

Note 5: 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 $7,058,610 and $5,888,148 for the year ended June 30, 2021 and 2020, respectively.

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

As of June 30, 2021 and 2020, the Electric Fund reported a net pension liability of $68,619,020 and $63,291,847 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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 2020 contributions to the City's miscellaneous pension plan relative to the total contributions of the City has a whole. The Electric Fund's proportionate share of the City's miscellaneous pension plan net pension liability, measured as of June 30, 2019 and June 30, 2020, for June 30, 2020 and 2021 was 25.60 percent and 25.93 percent respectively.

For the year ended June 30, 2021 and 2020, the Electric Fund recognized pension expense of $11,155,925 and $6,759,168 respectively. At June 30, 2021 and 2020, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	$ 7,058,610	$ -
Differences between expected and actual experience	2,811,155	-
Changes in assumptions	-	396,847
Net differences between projected and actual earnings on pension plan investments	905,100	-
Total	$ 10,774,865	$ 396,847

Note 5: Pension Plan (Continued)

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	$ 5,888,148	$ -
Differences between expected and actual experience	2,810,305	209,215
Changes in proportion	4,364,893	1,563,005
Changes in assumptions	2,151,550	747,236
Net differences between projected and actual earnings on pension plan investments	-	745,392
Total	$ 15,214,896	$ 3,264,848

The amount of $7,058,610 reported at June 30, 2021 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

For the Year Ending June 30,	Net Deferred Outflows of Resources
2022	$ 614,025
2023	1,251,040
2024	954,849
2025	499,494
Total	$ 3,319,408

e. Actuarial Assumptions

The Electric Fund's proportion of the City's Miscellaneous Plan total pension liability in the June 30, 2019 and 2018, actuarial valuation was determined using the following actuarial assumptions.

	Miscellaneous	
Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.15%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3-14.2% (1)	3.3-14.2% (1)
Invetment Rate of Return	7.15% (2)	7.15% (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, 2019 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.

Note 5: Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense an inflation) are developed for each major asset class.

In determining the long-term expected rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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.

	2021		
Asset Class(1)	Assumed Asset Allocation	Real Return Years 1-10(2)	Real Return Years 11+(3)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(1) - In the Basic Financial Statement, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investment; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) - An expected inflation of 2.0% used for this period
(3) - An expected inflation of 2.92% used for this period

Note 5: Pension Plan (Continued)

		2020	
Asset Class	Target	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(1) - An expected inflation of 2.0% used for this period
(2) - An expected inflation of 2.92% used for this period

f. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and 7.15 percent for the Plan as of the measurement date of June 30, 2020 and 2019, 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:

	2021	2020
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 94,841,628	$ 88,161,654
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 68,619,020	$ 63,291,847
1% Increase	8.15%	8.15%
Net Pension Liability	$ 46,951,276	$ 42,755,788

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 6: Post-Employment 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.

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, 2021 and 2020, the Electric Fund contributed $2,286,000 and $2,224,000 respectively.

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

As of June 30, 2021 and 2020, the Electric Fund reported a net OPEB liability of $11,681,000 and $14,134,000 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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Electric Fund's proportion of the Plan's net OPEB liability was based on the Electric Fund's fiscal year 2019 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, 2021 and 2020, was 11.72 percent 12.18 percent respectively.

For the year ended June 30, 2021 and 2020, the Electric Fund recognized OPEB credit of $795,000 and ($2,604,000) respectively. At June 30, 2021 and 2020, the Electric Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 1,325,000	$ 482,938
Differences between expected and actual experience	-	3,001,155
Net difference between projected and actual earnings on plan investments	-	2,055,907
Total	$ 1,325,000	$ 5,540,000

	2020	
	Deferred Outflows of	Deferred Inflows of Resources
Changes in assumptions	$ 3,656,000	$ 4,623,000

Note 6: Post-Employment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase to pension expense for the year ending June 30, 2021 are as follows:

For the Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2022	$ (1,115,768)
2023	(1,092,318)
2024	(987,266)
2025	(747,614)
2026	(244,453)
Therafter	(27,581)
Total	$ (4,215,000)

The Electric Fund's proportion of the City's total OPEB liability in the June 30, 2019 and 2018 actuarial valuations was determined using the following actuarial assumptions:

	Miscellaneous	
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method; Level % of pay	
Actuarial Assumptions:		
Discount Rate	6.00%	6.25%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.00%	3.00%
Invetment Rate of Return	6.00%	6.25%
Healthcare cost trend rate	Non-medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.	
	Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.	
Mortality	CalPERS 1997-2015 Experience Study 11 Experience Study.	

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019, 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, 2021 and 2020, the discount rate was 6.00 percent and 6.25 percent respectively.

The table below reflects long-term expected real rate of return by asset class for the year ended June 30, 2021. 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.

	2021	
Asset Class	Target	Expected Real Return
Equities	60%	4.65%
Fixed Income	40%	0.78%
Total	100%	

Assumed Long-Term Rate of Inflation is 2.75%

Note 6: Post-Employment Benefits (Continued)

The table below reflects long-term expected real rate of return by asset class for the year ended June 30, 2020. 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.

	2020	
Asset Class	Target	Expected Real Return
Domestic Equity	39%	4.80%
International Equity	21%	4.00%
Fixed Income	40%	1.50%
Total	100%	

Assumed Long-Term Rate of Inflation is 2.75%

Discount Rate

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

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:

	2021		
	1% decrease 5.00%	Current 6.00%	1% increase 7.00%
Electric Fund's net OPEB liability	$ 15,839,666	$ 11,681,000	$ 8,312,113

	2020		
	1% decrease 5.25%	Current 6.25%	1% increase 7.25%
Electric Fund's net OPEB liability	$ 18,111,104	$ 14,134,000	$ 10,905,214

Note 6: Post-Employment Benefits (Continued)

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:

	2021		
	1% decrease (6.5% decreasing to 3%)	Current (7.5% decreasing to 4%)	1% increase (8.5% increasing to 5%)
Electric Fund's net OPEB liability	$ 8,532,058	$ 11,681,000	$ 14,791,695

	2020		
	1% decrease (6.5% decreasing to 3%)	Current (7.5% decreasing to 4%)	1% increase (8.5% increasing to 5%)
Electric Fund's net OPEB liability	$ 11,286,228	$ 14,134,000	$ 16,948,703

<u>OPEB Plan Fiduciary Net Position</u> – 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.

Note 7: 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.

Note 7: Northern California Power Agency (NCPA) (Continued)

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.

During the year ended June 30, 2021 and 2020, the City incurred expenses totaling $5,352,544 and $7,638,898 respectively for purchased power, regulatory and legislative assessments, association dues 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.

	June 30, 2021	June 30, 2020
General Operation Reserve (including advances)	$ 3,974,683	$ 3,457,819
Associated Member Services (including advances)	85,739	82,649
Undivided equity interest, at cost, in certain NCPA Power Projects:		
Geothermal Projects	509,432	652,117
Calaveras Hydroelectric Project	419,706	837,089
Combustion Turbine Project No. 2	169,068	146,246
	$ 5,158,628	$ 5,175,920

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 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.

Note 7: Northern California Power Agency (NCPA) (Continued)

b. Projects

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 in bonds for Plant Number 1 turbine upgrades. 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, 2021, the book value of this Project's plant, equipment and other assets was $136,571,820 while its long-term debt totaled $15,505,000 and other liabilities totaled $114,608,477. The City's share of the Project's long-term debt amounted to $1,222,259 at that date. At June 30, 2020, the book value of this Project's plant, equipment and other assets was $135,960,830 while its long-term debt totaled $20,100,000 and other liabilities totaled $107,592,397. The City's share of the Project's long-term debt amounted to $1,584,483 at that date.

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%. In April 2018, NCPA refunded a portion of the outstanding Revenue Bonds with the $39,250,000 2019 Hydroelectric Project Number One Revenue Bonds. At June 30, 2021, the book value of this Project's plant, equipment and other assets was $303,750,805, while its long-term debt totaled $255,822,613, and other liabilities totaled $44,430,637. The City's share of the Project's long-term debt amounted to $25,946,605 at that date. At June 30, 2020, the book value of this Project's plant, equipment and other assets was $333,196,518, while its long-term debt totaled $279,438,459, and other liabilities totaled $46,732,319. The City's share of the Project's long-term debt amounted to $27,457,243 at that date.

Note 7: Northern California Power Agency (NCPA) (Continued)

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, 2021, the book value of this Project's plant, equipment and other assets was $22,057,438, while its long-term debt totaled $19,315,661 and other liabilities totaled $2,278,578. The City's share of the Project's long-term debt amounted to $7,050,216 at that date. At June 30, 2020, the book value of this Project's plant, equipment and other assets was $25,397,853, while its long-term debt totaled $22,457,231 and other liabilities totaled $2,539,948. The City's share of the Project's long-term debt amounted to $8,196,889 at that date.

c. NCPA Financial Information

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

Note 8: 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.

Note 8: Risk Management (Continued)

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.

General Liability Coverage

The City has a self-insured retention (SIR) of $500,000 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 9: 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 7. The City's estimated share of such debt outstanding at June 30, 2021 and 2020, was $34,219,080 and $36,488,086, 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.

Note 9: Contingent Liabilities (Continued)

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 $400,000 annually through 2039. The City's estimated share of debt outstanding at June 30, 2021 and 2020 was $3,878,289 and $3,924,958, respectively.

In addition, the City has a long-term obligation to the United States Department of Energy, Western Area Power Administration, for 4.58533 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 $4 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.

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, 2021 and 2020:

Projects	2021 Amount (in millions)	2020 Amount (in millions)
Roseville Energy Park long-term service agreement	$ 36.5	$ 37.9
Net power purchase contracts	5.5	13.4
Natural Gas Forward Obligations	50.9	42.7
Renewable power purchase obligations	31.3	44.4
Advanced Metering Infrastructure	7.9	9.8

Note 10: 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 values and notional amounts of derivative instruments outstanding as of June 30, 2021 and 2020.

	Change in Fair Value		Fair Value			
2021	Classification	Amount	Classification	Amount	Notional	Level
Effective Cash Flow Hedges						
Pay Fixed SWAP, Natural Gas	Deferred Outflow	(3,471,986)	Derivative	(10,219,188)	342,000 MWh	2
				$ (10,219,188)		

	Change in Fair Value		Fair Value			
2020	Classification	Amount	Classification	Amount	Notional	Level
Effective Cash Flow Hedges	Deferred Outflow	$ 6,538,818	Derivative	$ -	2,282,500 mmBtu	2
Pay Fixed SWAP, Natural Gas	Deferred Outflow	(4,090,830)	Derivative	(13,691,174)	342,000 MWh	2
Pay Fixed SWAP, Natural Gas				$ (13,691,174)		

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, 2021 and 2020, 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.

Note 10: Derivative Instruments (Continued)

Objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2021 are summarized in the table below:

	June 30, 2021					
Type and Objective	Nototional Amount	Effective Date	Maturity Date	Terms	Counterparty	Counterparty Rating
Forward Countracts, Gas:						
Hedge Cash Flows on PG&E Citygate Gas	612,500 mmBtu	7/1/2020	8/31/2021	Pay $4.10; Receive NGI PG&E citygate price	BP Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	1,372,500 mmBtu	8/1/2021	6/30/2022	Pay $3.54; Receive NGI PG&E citygate price	EDF Trading North America	Baa2
Hedge Cash Flows on PG&E Citygate Gas	2,282,500 mmBtu	8/1/2021	3/31/2022	Pay $3.24; Receive NGI PG&E citygate price	J Aron & Company	A2
Hedge Cash Flows on PG&E Citygate Gas	4,040,000 mmBtu	8/1/2021	6/30/2022	Pay $3.14; Receive NGI PG&E citygate price	Macquarie Energy	A2
Forward Countracts, Power:						
Hedge Cash Flows on NP15 Power	100,425 MWh	7/1/2021	12/31/2021	Average Cost/Unit at $4.00	Conoco Phillipa	A3
Hedge Cash Flows on NP15 Power	92,000 MWh	7/1/2021	3/31/2022	Average Cost/Unit at $4.00	EDF Trading North America	Baa2
Hedge Cash Flows on NP15 Power	64,600 MWh	9/1/2021	6/30/2023	Average Cost/Unit at $3.00	Exelon Generation	Baa2
Hedge Cash Flows on NP15 Power	30,800 MWh	7/1/2022	9/30/2022	Average Cost/Unit at $5.00	J Aron	A2
Hedge Cash Flows on NP15 Power	122,800 MWh	1/1/2022	12/31/2022	Average Cost/Unit at $3.00	Macquarie Energy	A2
Commodity Swaps, Gas						
Prepayment 20-year supply of Natural Gas	20,426,500 mmBtu	1/1/2008	12/31/2027	Pay index minus 0.68; Receive NGI	Merrill Lynch	Aa3
Hedge Cash Flows on prepayment of 20-year supply of Natural Gas	From 75,000 to 372,000 mmBty per month	1/24/2007	1/25/2028	Pay NGI PG&E Citygate price; Receive $7.7224 per MMBtu	JP Morgan Chase Bank, NA	Aa2

Note 10: Derivative Instruments (Continued)

Objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2020 are summarized in the table below:

	June 30, 2020					
Type and Objective	Nototional Amount	Effective Date	Maturity Date	Terms	Counterparty	Counterparty Rating
Forward Countracts, Gas:						
Hedge Cash Flows on PG&E Citygate Gas	155,000 mmBtu	7/1/2020	1/31/2021	Pay $2.97; Receive NGI PG&E citygate price	BP Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	612,500 mmBtu	8/1/2020	9/30/2022	Pay $3.01; Receive NGI PG&E citygate price	EDF Trading North America	Baa2
Hedge Cash Flows on PG&E Citygate Gas	3,722,500 mmBtu	8/1/2020	3/31/2022	Pay $3.04; Receive NGI PG&E citygate price	J Aron & Company	A3
Hedge Cash Flows on PG&E Citygate Gas	3,195,500 mmBtu	1/1/2021	3/31/2023	Pay $3.05; Receive NGI PG&E citygate price	Macquarie Energy	A2
Hedge Cash Flows on PG&E Citygate Gas	382,500 mmBtu	8/1/2020	12/31/2020	Pay $3.13; Receive NGI PG&E citygate price	Shell Trading Risk Management	A2
Forward Countracts, Power:						
Hedge Cash Flows on NP15 Power	145,025 MWh	7/1/2020	12/31/2021	Average Cost/Unit at $35.68	Conoco Phillipa	A3
Hedge Cash Flows on NP15 Power	184,400 MWh	7/1/2020	12/31/2021	Average Cost/Unit at $40.07	EDF Trading North America	Baa2
Hedge Cash Flows on NP15 Power	61,600 MWh	7/1/2020	12/31/2021	Average Cost/Unit at $38.25	Macquarie Energy	A2
Commodity Swaps, Gas						
Prepayment 20-year supply of Natural Gas	20,426,500 mmBtu	1/1/2008	12/31/2027	Pay index minus 0.68; Receive NGI	Merrill Lynch	Aa3
prepayment of 20-year supply of Natural Gas	From 75,000 to 372,000 mmBty per month	1/24/2007	1/25/2028	Pay NGI PG&E Citygate price; Receive $7.7224 per MMBtu	JP Morgan Chase Bank, NA	Aa2

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.

Note 10: Derivative Instruments (Continued)

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.

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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)

	2015	2016	2017	2018
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 mescellaneous 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 seven years are shown.

2019	2020	2021
6/30/2018	6/30/2019	6/30/2020
24.80%	25.60%	25.93%
$ 58,193,004	$ 63,291,847	$ 68,619,020
$ 19,169,023	$ 20,288,169	$ 20,586,805
303.58%	311.96%	333.32%
65.21%	65.09%	64.55%

CITY OF ROSEVILLE ELECTRIC FUND

SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	2015	2016	2017	2018
Valuation Date	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, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal cost method

Amortization method: Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source: (Gain)/Loss Investment	(Gain)/Loss Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
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: Market Value

Inflation: 2.50%

Salary increases: Varies by Entry Age and Service

Payroll growth: 2.75%

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation.

Retirement age: All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

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 seven years are shown.

2019		2020		2021	
June 30, 2017		June 30, 2018		June 30, 2019	
Miscellaneous		Miscellaneous		Miscellaneous	
$	5,112,952	$	5,888,148	$	7,058,610
	(5,112,952)		(5,888,148)		(7,058,610)
$	-	$	-	$	-
$	20,288,169	$	20,586,805	$	22,270,720
	25.20%		28.60%		31.69%

CITY OF ROSEVILLE ELECTRIC FUND

SCHEDULE OF THE ELECTRIC FUND'S PROPORTIONATE SHARE OF THE CITY'S NET OPEB LIABILITY LAST TEN YEARS**

	2018	2019	2020	2021
Measurement Date	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the City's mescellaneous plan net OPEB liability	11.11%	13.43%	12.18%	11.72%
Proportionate share of City's miscellaneous plans net OPEB liability	$ 15,897,000	$ 18,900,000	$ 14,134,000	$ 11,681,000
Covered payroll	$ 13,336,246	$ 17,651,501	$ 20,586,805	$ 22,270,720
Proportionate share of net OPEB liability as a percentage of covered payroll	119.20%	107.07%	68.66%	52.45%
Miscellaneous plan fiduciary net position as a percentage of the total OPEB liability	37.07%	41.04%	48.58%	58.95%

** 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.

CITY OF ROSEVILLE ELECTRIC FUND

SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN YEARS**

	2018	2019	2020	2021
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2019	June 30, 2019
Actuarially Determined Contribution	$ 2,016,000	$ 2,079,000	$ 2,224,000	$ 2,286,000
Contribution in Relation to the Actuarially Determined Contributions	(2,016,000)	(2,079,000)	(2,224,000)	(2,286,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 13,336,246	$ 17,651,501	$ 20,586,805	$ 22,270,720
Contributions as a percentage of covered-employee payroll	15.12%	11.78%	10.80%	10.26%

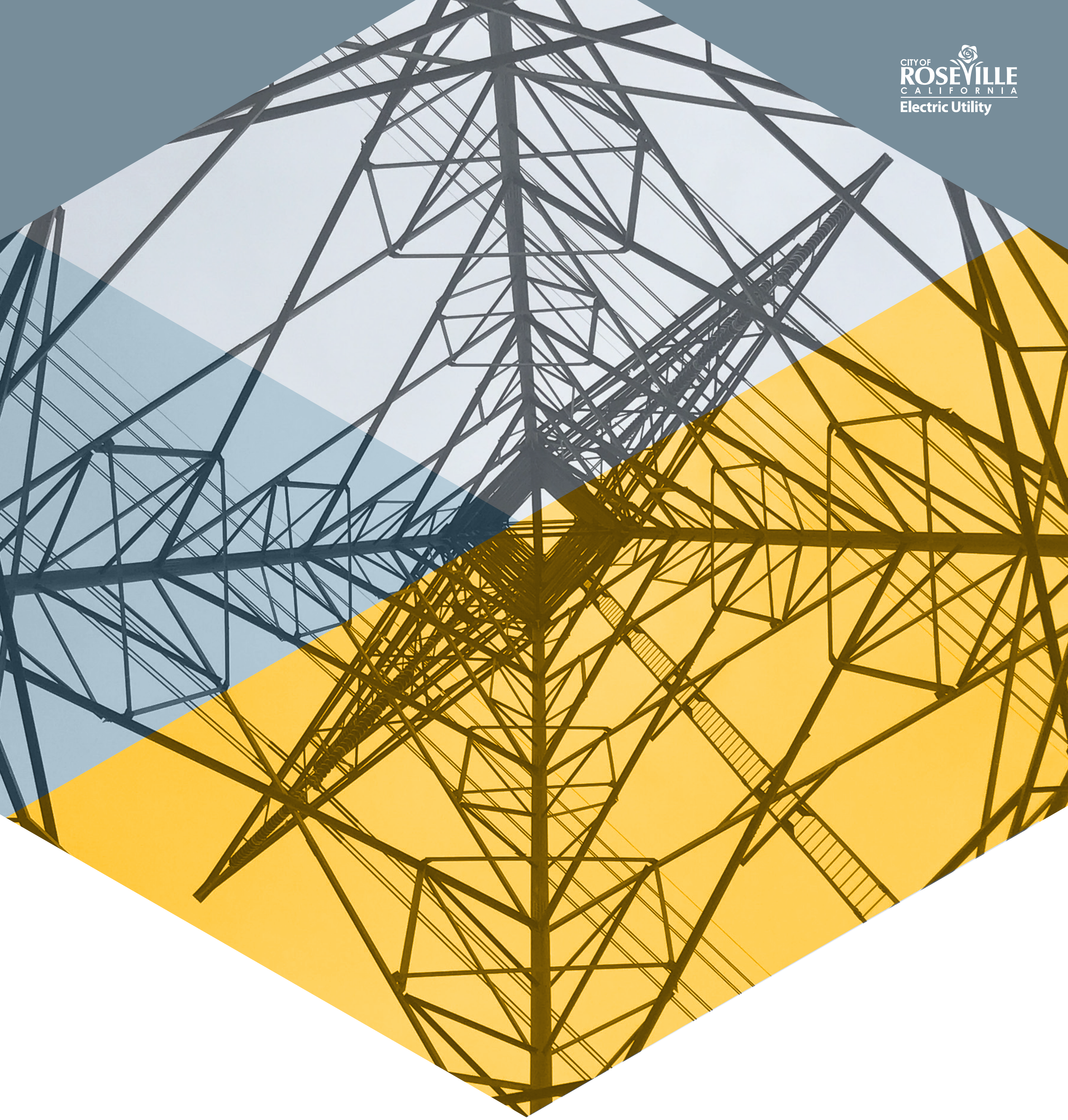
** Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2021 were from the June 30, 2018 actuarial

Methods and assumptions used to determine contributions:

Most Recent Valuation Date	June 30, 2019
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	2.75%
Salary Increase	Aggregate of 3.00%
Discount rate	6.25%
Mortality	Derived using CalPERS membership data



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