

**CITY OF ROSEVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002**

**Prepared by
FINANCE DEPARTMENT**

CITY OF ROSEVILLE
Annual Financial Report
For the Fiscal Year Ended June 30, 2002

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**INDEPENDENT AUDITOR'S REPORT ON
BASIC FINANCIAL STATEMENTS**

To the City Council
City of Roseville, California

We have audited the basic financial statements of the City of Roseville as of and for the year ended June 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in Government Auditing Standards (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the City of Roseville at June 30, 2002 and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The basic financial statements referred to above follow the requirements of Government Accounting Standards Board Statements No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, No. 36, Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33, No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus, and No. 38, Certain Financial Statement Note Disclosures, as discussed in Note 1 to the basic financial statements.

Management's Discussion and Analysis and Required Supplemental Information is supplementary information required by the Government Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Roseville. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued reports dated December 6, 2002 on our consideration of the City of Roseville's internal control structure and on its compliance with laws and regulations.

December 6, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

In fiscal year 2002, the City is issuing its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34) "*Basic Financial Statements—and Management's Discussion and Analysis (MD&A)—for State and Local Governments*". The MD&A is a GASB 34 requirement and should be read in conjunction with the basic financial statements.

The City was not seriously impacted by the weakness in the economy in Northern California in fiscal year 2002. Revenues increased, as did the net number of jobs and residents in the City; although at a lower rate than in the prior year. The number of net new jobs grew 2.4% in fiscal year 2002 while the number of residents grew 4.1%. The City's financial highlights are presented below:

FISCAL YEAR 2002 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2002 include the following:

Entity-wide:

- The City's total net assets were \$1.25 billion as of June 30, 2002. Of this total, \$647 million were Governmental assets and \$601 million were Business-type assets.
- Entity-wide Governmental revenues include program revenues of \$100 million and general revenues and transfers of \$85 million for a total of \$185 million.
- Entity-wide Governmental expenses were \$91 million.
- Entity-wide Business-type program revenues and interest revenue were \$210 million while Business-type expenses and transfers were \$151 million.

Fund Level:

- Governmental Fund balances increased to \$148 million in fiscal year 2002, up \$28 million from the prior year.
- Governmental Fund revenues increased to \$118 million in fiscal year 2002, up \$5 million from the prior year.
- Governmental Fund expenditures increased to \$142 million in fiscal year 2002, up \$16 million from the prior year.
- Other Financing Sources provided a net of \$52 million in fiscal year 2002, up from \$30 million in the prior year.

General Fund:

- General Fund revenues of \$75 million were \$6 million higher than the prior year.
- General Fund expenditures of \$73 million represented an increase of \$7 million over the prior year.
- Other Financing Sources contributed \$13 million in fiscal year 2002, up \$15 million compared with the prior year.
- General Fund balance of \$41 million as of June 30, 2002 compared favorably with fiscal year 2001's fund balance of \$26 million.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into four parts:

- 1) Management's Discussion and Analysis (MD&A);
- 2) The Basic Financial Statements, which include the Entity-wide and the Fund Financial Statements, along with the Notes to these financial statements;
- 3) Required Supplemental Information;
- 4) Combining statements for Non-major Governmental, Internal Service and Fiduciary Funds.

The Basic Financial Statements

The Basic Financial Statements comprise the Entity-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The Entity-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the City's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into Government Activities and Business-type Activities, as explained below. The amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities for the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the entity-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The Fiduciary Statements provide financial information about the activities of the Community Facilities Districts and certain other entities, for which the City acts solely as agent. The Fiduciary Statements provide information about the cash balances and activities of these Districts and other entities. These statements are separate from, and their balances are excluded from, the City's financial activities.

The Entity-wide Financial Statements

Entity-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental Activities**—All of the City's basic services are considered to be governmental activities. These services are supported by general City revenues such as taxes, and by specific program revenues such as user fees and charges.

The City's governmental activities also include the activities of three separate legal entities, the Redevelopment Agency of the City of Roseville, the Roseville Finance Authority, and the City of Roseville Housing Authority. The City is financially accountable for these entities.

- **Business-type Activities**—The City's enterprise activities of electric, water, wastewater, solid waste, golf course, local transportation and school-age child care are reported in this area. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

In the City's case, the Community Facilities District Projects Fund is the only Major Governmental Fund in addition to the General Fund.

All seven of the City's Enterprise Funds are reported as Major Funds.

Fund Financial Statements include governmental, proprietary and fiduciary funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Proprietary Funds Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the Entity-wide Financial Statements and any related profits or losses are returned to the activities which created them, along with any residual net assets of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund, as required by GASB 34. The combining non-major funds statements present budget and actual comparisons for all budgeted governmental funds.

The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds' Statement of Changes in Assets and Liabilities. Their balances are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Assets and Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

Governmental Activities

Table 1
Governmental Net Assets at June 30, 2002
(in Millions)

| | <u>Governmental Activities</u> |
|---|--------------------------------|
| Cash and investments | \$171.2 |
| Other assets | 33.9 |
| Capital assets | 508.9 |
| Total assets | 714.0 |
| Long-term debt outstanding | 20.8 |
| Other liabilities | 46.5 |
| Total liabilities | 67.3 |
| Net assets: | |
| Invested in capital assets, net of debt | 487.8 |
| Restricted | 108.4 |
| Unrestricted | 50.5 |
| Total net assets | <u><u>\$646.7</u></u> |

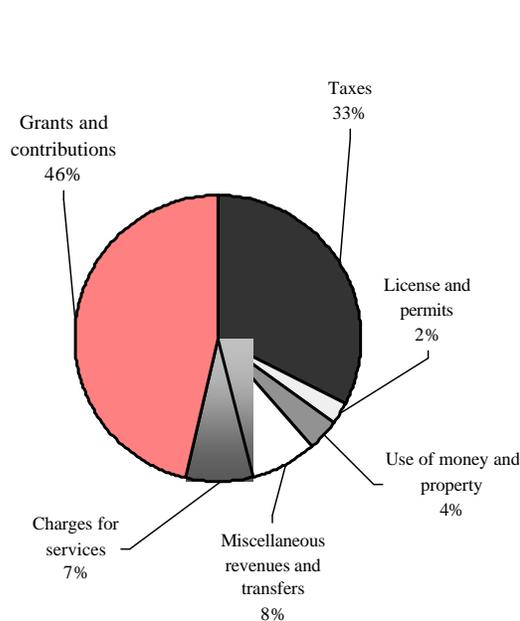
The City's governmental net assets amounted to \$646.7 million as of June 30, 2002, an increase of \$85 million over 2001. This increase is the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net assets as of June 30, 2002 comprised the following:

- Cash and investments comprised \$166.7 million in the city treasury and \$4.5 million of restricted cash and investments. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.
- Receivables comprised \$20.7 million of current receivables, along with deferred receivables of \$6.9 million and notes receivable of \$5.2 million that are due over longer periods of time, as explained in Notes 5 and 6 to the financial statements.
- Capital assets of \$508.9 million, net of depreciation charges, which includes all the City's infrastructure as well as its other capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$32.1 million.
- Accrued compensated absence liabilities payable to employees of \$8.5 million, as explained in Note 1G to the financial statements.
- Developer agreement payable of \$6 million, should be as explained in Note 7B to the financial statements.

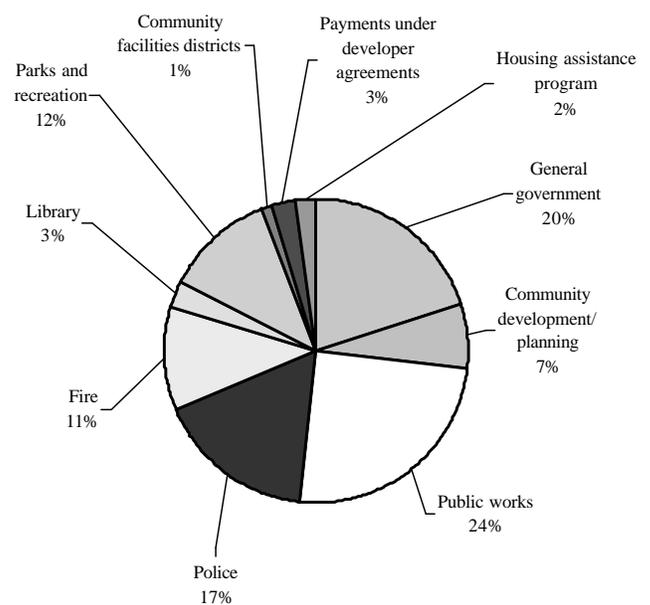
- Long-term debt of \$20.8 million, of which \$19.7 million is due in future years and \$1.1 million is due currently.
- Net assets invested in capital assets net of related debt of \$487.8 million, representing the City's investment in infrastructure and other capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$108.4 million, which may be used only to construct specified capital projects, for debt service, or for community development projects. The restrictions on these funds were placed there by outsiders and cannot be changed by the City.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$50.5 million of unrestricted net assets as of June 30, 2002.

Fiscal Year 2002 Government Activities

Sources of Revenues



Functional Expenses



As the Sources of Revenue Chart above shows, \$60.3 million, or 33% of the City's fiscal year 2002 governmental activities revenue, came from taxes, while \$85.8 million or 46% came from grants and contributions, \$13.7 million, or 7%, came from charges for services, and the remainder came from a variety of sources, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are now added to the City's capital assets. As the Chart shows, general government is \$18 million, or 20% of total government expenses, community development and planning is \$6.3 million, or 7%, public works is \$22.2 million, or 24%, police is \$15.5 million, or 17%, fire is \$9.9 million, or 11%, parks and recreation is \$10.4 million, or 12%, and other governmental programs and functions are the remaining 9%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Assets summarized below.

Table 2
Changes in Governmental Net Assets
(in Millions)

| | Governmental Activities |
|-------------------------------------|----------------------------|
| Expenses | |
| General government | \$18.0 |
| Community development and planning | 6.3 |
| Public works | 22.2 |
| Police | 15.5 |
| Fire | 9.9 |
| Library | 2.6 |
| Parks and recreation | 10.4 |
| Community facilities districts | 1.0 |
| Payments under developer agreements | 2.3 |
| Housing assistance payments | 2.0 |
| Interest on long term debt | 1.2 |
| Total expenses | 91.4 |
| Revenues | |
| Program revenues: | |
| Charges for services | 13.7 |
| Operating grants and contributions | 7.4 |
| Capital grants and contributions | 78.4 |
| Total program revenues | 99.5 |
| General revenues: | |
| Taxes | 60.3 |
| License and permits | 4.6 |
| Use of money and property | 6.5 |
| Miscellaneous | 1.8 |
| Transfers | 12.2 |
| Total general revenues | 85.4 |
| Total revenues | 184.9 |
| Extraordinary item | (8.5) |
| Change in net assets | \$85.0 |

As the Sources of Revenue Chart and Table 2 above show, \$99.5 million, or 54% of the City’s fiscal year 2002 governmental revenue, came from program revenues and \$85.4 million or 46% came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$13.7 million which include permit revenues, fees and charges used to fund expenses incurred in providing services; \$7.4 million of operating grants and contributions which include gas tax revenues and housing and police grants, and capital grants and contributions of \$78.4 million which consist mainly of street project grants, developer impact fees restricted to capital outlay and contributions from community facilities districts to be used to build infrastructure in those districts.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net (expense) or revenue of each of the City’s governmental activities, including interest on long-term debt. Net expense is defined as total program cost less the revenues generated by those specific activities.

Table 3
Governmental Activities
(in Millions)

| | Net (Expense) Revenue <u>From Services</u> |
|-------------------------------------|--|
| General government | (\$14.6) |
| Community development and planning | (2.7) |
| Public works | 23.0 |
| Police | (13.7) |
| Fire | (6.2) |
| Library | (2.4) |
| Parks and recreation | (1.7) |
| Community facilities districts | 29.4 |
| Payments under developer agreements | (2.3) |
| Housing assistance payments | 0.4 |
| Interest on long term debt | <u>(1.2)</u> |
| Totals | <u><u>\$8.0</u></u> |

Business-type Activities

The Statement of Net Assets and Statement of Activities present a summary of the City's Business-type Activities that are composed of the City's enterprise funds.

Table 4
Business-Type Net Assets at June 30, 2002
(in Millions)

| | <u>Business-Type</u> |
|---|------------------------------|
| Cash and investments | \$123.2 |
| Other assets | 145.1 |
| Capital assets | <u>514.8</u> |
| Total assets | 783.1 |
| Long-term debt outstanding | 161.7 |
| Other liabilities | <u>20.6</u> |
| Total liabilities | 182.3 |
| Net assets: | |
| Invested in capital assets, net of debt | 353.3 |
| Restricted | 79.3 |
| Unrestricted | <u>168.2</u> |
| Total net assets | <u><u>\$600.8</u></u> |

The net assets of business-type activities increased to \$601 million in fiscal year 2002, an increase of \$58.1 million. Substantially all of these increases occurred in the Water and Wastewater Funds, as discussed in the analysis of the major proprietary funds which follows

Table 5
Changes in Business-Type Net Assets
(in Millions)

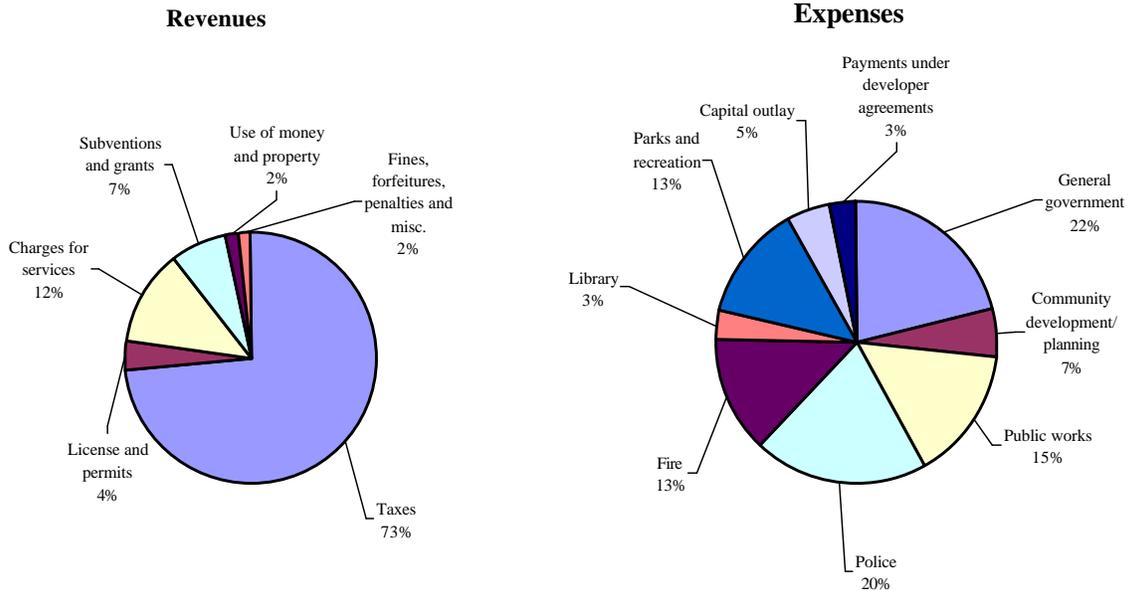
| | Net (Expense) Revenue <u>From Services</u> |
|----------------------------|--|
| Electric Fund | \$0.6 |
| Water Fund | 16.3 |
| Wastewater Fund | 45.6 |
| Solid Waste Fund | (1.1) |
| Golf Course Fund | 0.1 |
| Local Transportation Fund | 2.9 |
| School-age Child Care Fund | 0.1 |
| Use of money and property | 5.8 |
| Transfers | <u>(12.2)</u> |
| Totals | <u><u>\$58.1</u></u> |

Analyses of Major Funds

Governmental Funds

General Fund

Fiscal Year 2002 General Fund Activity



General Fund revenues increased \$6.3 million this fiscal year due primarily to increases in property taxes and sales taxes of nearly \$4.0 million. Actual revenues exceeded budgeted amounts by \$5.7 million. Property taxes increased \$1.0 million as assessed valuations rose 10%, driven by new construction. Sales tax revenues increased \$3.0 million across the board, as sales increases were reported in all major sectors resulting in part from the prior year opening of the Galleria at Roseville Mall and other new stores surrounding the mall. Charges for services were up \$1 million, due to increases in plan check fees, parks and recreation program fees and franchise fees.

General Fund expenditures were \$72.9 million, an increase of \$7.0 million from prior year. Expenditures were \$14.4 million less than budgeted, including general government and police salaries being budgeted at the top step; vacancies in the police department; special plan check and inspection services studies that did not occur; and projects anticipated for 2002 that have been carried over to fiscal year 2003.

Other financing Sources and Uses reported net inflows of \$13.2 million in fiscal year 2002, compared with net outflows of \$1.8 million in the prior year. Transfers into the General Fund were \$10 million, net, in fiscal year 2002, compared with net transfers out of \$2.1 million in the prior year, while contributions from developers increased \$2.3 million in fiscal year 2002.

As of June 30, 2002, the General Fund's fund balance totaled \$41.0 million, including \$9.1 million reserved almost entirely for encumbrances and advances to other funds, \$24.3 million designated for economic reserve, capital improvements and utility users tax, and \$7.6 million in unreserved, undesignated balances. Only the unreserved portion of fund balance represents available liquid resources, since the reserved portion is represented by non-cash assets or by open purchase orders. The designated portion of fund balance has been set aside by City council, which may alter or reverse its decisions with respect to designated fund balances at any time.

Community Facilities District Projects

This Fund accounts for capital expenditures on community facilities districts in the City. The purpose of these districts is to finance the construction of capital improvements within the boundaries of each district, from the contribution of Mello-Roos bond proceeds. The assessments are contributed to the City, which actually constructs the improvements. In fiscal year 2002, the Fund received \$34.2 million in such contributions from property-owners and developers, and expended \$34.9 million in capital outlay on facilities in community facilities districts. The largest projects underway in fiscal year 2002 were improvements to the Stoneridge East and West areas and Woodcreek East and West areas, on which \$30.8 million was expended in fiscal year 2002.

The Fund's fiscal year end fund balance of \$18.1 million represents Mello-Roos bond proceeds contributed from property owners and developers that have not yet been expended on projects, and it may only be used for these purposes.

Other Governmental Funds

These funds are not presented separately in the Basic Financial statements, but are individually presented as Supplemental Information.

Proprietary Funds

Electric Fund

Net assets of the Electric Fund declined \$3.2 million in fiscal year 2002 to a total of \$225.9 million. This decline arose principally out of the \$6.4 million operating loss incurred in fiscal year 2002, which was only partially offset by a net \$3.1 million in non-operating revenues and other financing sources. Wholesale power sales, which totaled over \$6.1 million in fiscal year 2001, were insignificant in fiscal year 2002 resulting in an overall decrease of \$5.2 million in operating revenues to \$72.4 million. Expenses, however, increased \$17 million due in part to the absence of \$11 million in power-related refunds from NCPA recorded in fiscal year 2001. Electric rates remained unchanged in 2002.

Of the fund's Net Assets of \$225.9 million, \$142.6 million was invested in capital assets, \$7.5 million was restricted and \$75.8 million was unrestricted.

Water Fund

Revenues increased \$1 million to a total of \$8.2 million in fiscal year 2002, while expenses also increased \$1 million to a total of \$9.8 million. There was a resulting operating loss of \$1.5 million. However, contributions from developers were \$4.0 million and capital connection fees were \$14.8 million, an increase of \$6.8 million in fiscal year 2002, while net transfers out were \$1.2 million. As a result the Fund's net assets increased \$16.5 million to a new total of \$112.8 million. Of this amount, \$67.2 million was invested in capital assets, \$2.6 million was restricted for debt service and \$43.0 million was unrestricted as to use.

Wastewater Fund

Net assets of the Wastewater Fund increased \$43.4 million in fiscal year 2002 to a total of \$245.5 million. This increase came from capital connection fees of \$12.9 million, \$28 million in capital contributions from South Placer Wastewater Authority, contributions from developers of \$2.6 million, net non-operating revenues of \$2.0 million, and net transfers out of \$2.0. Rates remained unchanged in fiscal year 2002. Operating revenues increased \$1.9 million to \$11.5 million. Expenses increased \$1.0 million as operations expenses increased. Contributions from the South Placer Wastewater Authority are in the form of construction expenditures to build a new wastewater treatment plant that will become the fund's property when it is completed.

As of June 30, 2002, the Fund's Net Assets were \$245.5 million, of which \$126.9 million was invested in capital assets, \$63.0 million was invested in South Placer Wastewater Authority, and \$55.6 million was unrestricted.

Solid Waste Fund

Revenues increased \$0.4 million to a total of \$12.2 million in fiscal year 2002, while expenses increased \$4.2 million to a total of \$13.6 million as a result of recognizing the long-term liability associated with the landfill closure costs expected to be paid over the next twenty-two years. Net transfers out were \$1.3 million. As a result, the Fund's net assets declined \$2.7 million to a deficit of \$1.8 million.

Golf Course Fund

Revenues and expenses remained stable in fiscal year 2002 at \$2.6 million and \$2 million, respectively. As a result the Fund's net assets remained at \$6.4 million. The Fund is financed by advances from other City funds; as a result, it has a deficit in its unrestricted net assets, partially offsetting the \$10.3 million it has invested in capital assets, net of the related debt.

Local Transportation Fund

Net assets of the Fund increased \$2.9 million in fiscal year 2002 to a total of \$9.4 million. This increase arose out of the \$2.4 million operating loss incurred in fiscal year 2002, which was more than offset by the \$5.3 million in grants and subsidies received for the operation of the City's transit program.

As of June 30, 2002, the Fund's Net Assets were \$9.4 million, of which \$3.9 million was invested in capital assets and \$5.5 million was restricted for use in local transportation only.

School-Age Child Care Fund

Net assets of the Fund declined \$0.2 million in fiscal year 2002 to a total of \$1 million. This decline resulted from revenues of \$3.3 million which were slightly less than the prior year, while expenses of \$3.4 million were \$0.6 million higher due to increases in operating costs. As of June 30, 2002, the Fund's Net Assets were \$1 million, all of which was invested in capital assets.

CAPITAL ASSETS

GASB 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2002, the City recorded the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2002 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 6 below:

Table 6
Capital Assets at Year-end
(in Millions)

| | Balance at June 30, 2002 |
|--|-----------------------------|
| <i>Governmental Activities</i> | |
| Land | \$11.0 |
| Streets (modified) | 145.3 |
| Parks (modified) | 35.2 |
| Landscaping (modified) | 1.3 |
| Construction in progress | 50.1 |
| Buildings | 75.3 |
| Improvements | 2.2 |
| Equipment | 37.1 |
| Bike paths | 6.5 |
| Bridges | 45.6 |
| Culverts | 18.7 |
| Curb, gutter, sidewalk, & median curbs | 106.8 |
| Drain inlets | 18.1 |
| Flood control improvements | 12.8 |
| Soundwall | 9.8 |
| Stormdrains | 40.3 |
| Traffic signals | 17.4 |
| Less: Accumulated depreciation | (124.6) |
| Governmental activity capital assets, net | \$508.9 |
| <i>Business-type Activities</i> | |
| Land | \$13.7 |
| Landscaping (modified) | 0.6 |
| Construction in progress | 146.5 |
| Buildings | 31.7 |
| Improvements | 221.1 |
| Machinery and Equipment | 9.0 |
| Electric substations | 36.8 |
| Electric distribution | 148.5 |
| Less: Accumulated depreciation | (93.1) |
| Business-type activity capital assets, net | \$514.8 |

Detail on capital assets, current year additions and construction in progress can be found in Note 8.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34, except for streets, parks and landscaping, which are reported using the Modified Approach allowed under GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 8 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City uses a computerized Pavement Management System to track the condition levels of each of the street sections. The City has adopted a policy of maintaining arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.5 and residential roadways at an average PQI of 6.5, which means that, on average, the City's streets must be maintained at no less than 70% of pavement in perfect condition.

At June 30, 2002, the City's streets averaged 7.8 PQI for arterial and collector roadways and 7.5 PQI for residential roadways. The City expended \$3.7 million on preservation of its streets in fiscal year 2002 and plans to spend \$4.8 million in fiscal year 2003.

The City uses a computerized Grounds Management System to track the condition levels of each of its parks and landscaping area. The City has adopted a policy of maintaining parks and landscaping at an average Ground Management Index (GMI) of Level 2, which means that, on average, the City's parks and landscaping must be maintained at no less than 83% of parks and landscaping maintained at a state-of-the-art level.

At June 30, 2002, the City's parks and landscaping averaged 2 GMI. The City expended \$3.1 million on preservation of its parks and landscaping in fiscal year 2002 and plans to spend \$3.8 million in fiscal year 2003.

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2002. The City made all scheduled repayments of existing debt. Each of the City's debt issues is discussed in detail in Note 9 to the financial statements. As of June 30, 2002, the City's debt comprised:

Table 7
Outstanding Debt
(in Millions)

| | <u>June 30, 2002</u> |
|--|-----------------------|
| Governmental Activity Debt: | |
| Certificates of Participation: | |
| 1993 Public Facilities Bond, 2.8%-5.1%, due 8/1/20 | <u>\$19.4</u> |
| Installment Purchase Obligations: | |
| Equipment | 0.4 |
| Motorola Radio Equipment, 5.6%, due 8/1/04 | <u>0.9</u> |
| Total Installment Purchase Obligations | <u>1.3</u> |
| Other Long Term Obligations: | |
| Foothill Blvd. Extension, due 4/1/07 | <u>0.1</u> |
| Total Governmental Activity Debt: | <u><u>\$20.8</u></u> |
| Business-type Activity Debt: | |
| Certificates of Participation: | |
| 1997 Electric System Revenue, 3.6%-5.25%, due 2/1/17 | \$5.8 |
| 1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24 | 21.2 |
| 1993 Golf Course Project, 4.6%-6.0%, due 8/1/23 | 8.4 |
| 1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18 | <u>29.7</u> |
| Total Certificates of Participation | <u>65.1</u> |
| Revenue Bonds: | |
| 2000 Wastewater Revenue Bonds, | |
| Series A, 3.8%-5.5%, due 11/1/27 | 58.4 |
| 2000 Variable Rate Demand Wastewater Revenue Bonds, | |
| Series B, variable rate, due 11/1/35 | <u>37.9</u> |
| Total Revenue Bonds | <u>96.3</u> |
| Other Long Term Obligations: | |
| Notes, 5%, due 10/1/17 | <u>0.2</u> |
| Total Business-type Activity Debt: | <u><u>\$161.6</u></u> |

COMMUNITY FACILITIES DISTRICTS DEBT

Community facilities districts in different parts of the City have also issued debt to finance infrastructure and facilities construction in their respective districts. As of June 30, 2002, a total of \$225 million in community facilities district debt was outstanding, representing fifteen issues by community facilities districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments. Further detail on this debt may be found in Note 10 to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the City of Roseville at 311 Vernon Street, Roseville, California, 95678.

CITY OF ROSEVILLE

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities are entirely new statements required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities and the portion of the Internal Service Fund balances that service Enterprise Funds.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Roseville, the Roseville Finance Authority, and the City of Roseville Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

These new financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*; the term General Purpose Financial Statements is no longer used.

CITY OF ROSEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2002

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|------------------------|
| ASSETS | | | |
| Cash and investments in City Treasury (Note 3) | \$166,670,801 | \$114,960,976 | \$281,631,777 |
| Restricted cash and investments with fiscal agents (Note 3) | 4,508,855 | 8,203,021 | 12,711,876 |
| Receivables: | | | |
| Taxes | 1,507,597 | 22,464 | 1,530,061 |
| Accounts | 2,281,153 | 18,217,281 | 20,498,434 |
| Accrued interest | 2,212,483 | 922,955 | 3,135,438 |
| Due from other government agencies | 9,903,390 | 1,073,661 | 10,977,051 |
| Internal balances (Note 4K) | 4,817,663 | (4,816,719) | 944 |
| Prepaid expenses | 11,517 | | 11,517 |
| Deferred receivables (Note 6) | 6,896,996 | 1,338,882 | 8,235,878 |
| Notes receivables (Note 5) | 5,241,918 | | 5,241,918 |
| Inventories (Note 1I) | 944,592 | 5,360,236 | 6,304,828 |
| Prepaid purchased electricity (Note 14) | | 5,668,543 | 5,668,543 |
| Unamortized bond origination costs | | 1,592,156 | 1,592,156 |
| Investment in NCPA reserves (Note 15) | | 4,764,836 | 4,764,836 |
| Investment in SPWA reserves (Note 16) | | 110,976,780 | 110,976,780 |
| Capital assets, net of accumulated depreciation (Note 8) | 508,947,259 | 514,786,934 | 1,023,734,193 |
| Total assets | 713,944,224 | 783,072,006 | 1,497,016,230 |
| LIABILITIES | | | |
| Accounts payable | 8,264,927 | 5,839,014 | 14,103,941 |
| Accrued liabilities | 3,392,583 | 2,374,331 | 5,766,914 |
| Due to other governments | 4,323,444 | 860,702 | 5,184,146 |
| Self-insurance claims payable and litigation settlement (Note 13) | 13,461,000 | | 13,461,000 |
| Deposits | 1,908,928 | 719,576 | 2,628,504 |
| Deferred revenue | 738,925 | 2,416,461 | 3,155,386 |
| Landfill closure and post closure liability (Note 17) | | 4,481,039 | 4,481,039 |
| Compensated absences (Note 1G) | 8,486,689 | 3,907,546 | 12,394,235 |
| Developer agreement payable (Note 7B) | 5,953,483 | | 5,953,483 |
| Long term liabilities (Note 9): | | | |
| Due within one year | 1,096,491 | 3,290,634 | 4,387,125 |
| Due in more than one year | 19,655,479 | 158,381,515 | 178,036,994 |
| Total liabilities | 67,281,949 | 182,270,818 | 249,552,767 |
| NET ASSETS (Note 11) | | | |
| Invested in capital assets, net of related debt | 487,758,224 | 353,316,278 | 841,074,502 |
| Restricted for: | | | |
| Joint ventures | | 67,709,889 | 67,709,889 |
| Capital projects | 106,033,098 | | 106,033,098 |
| Debt service | 1,686,123 | 5,999,796 | 7,685,919 |
| Community development projects | 702,001 | | 702,001 |
| Local transportation | | 5,527,487 | 5,527,487 |
| School-age child care | | 15,325 | 15,325 |
| Total restricted net assets | 108,421,222 | 79,252,497 | 187,673,719 |
| Unrestricted net assets | 50,482,829 | 168,232,413 | 218,715,242 |
| Total net assets | \$646,662,275 | \$600,801,188 | \$1,247,463,463 |

See accompanying notes to financial statements

CITY OF ROSEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|---|----------------------|-------------------------|--|--|--|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental Activities: | | | | | | | |
| General government | \$17,964,866 | \$46,441 | \$545,665 | \$2,806,158 | (\$14,566,602) | | (\$14,566,602) |
| Community development and planning | 6,289,024 | 1,021,175 | 2,553,390 | 9,757 | (2,704,702) | | (2,704,702) |
| Public works | 22,234,851 | 7,435,683 | 200,156 | 37,626,555 | 23,027,543 | | 23,027,543 |
| Police | 15,521,608 | 1,003,793 | 778,211 | | (13,739,604) | | (13,739,604) |
| Fire | 9,888,898 | 406,127 | 560,560 | 2,735,080 | (6,187,131) | | (6,187,131) |
| Library | 2,600,828 | 67 | 226,916 | | (2,373,845) | | (2,373,845) |
| Parks and recreation | 10,410,021 | 3,746,008 | 106,875 | 4,835,377 | (1,721,761) | | (1,721,761) |
| Community facilities districts | 997,338 | | | 30,402,707 | 29,405,369 | | 29,405,369 |
| Payments under developer agreements | 2,270,481 | | | | (2,270,481) | | (2,270,481) |
| Housing assistance payments | 2,027,930 | | 2,441,243 | | 413,313 | | 413,313 |
| Interest on long term debt | 1,231,940 | | | | (1,231,940) | | (1,231,940) |
| Total Governmental Activities | 91,437,785 | 13,659,294 | 7,413,016 | 78,415,634 | 8,050,159 | | 8,050,159 |
| Business-type Activities: | | | | | | | |
| Electric | 91,181,747 | 72,397,572 | 1,774,999 | 17,620,534 | | \$611,358 | 611,358 |
| Water | 10,763,651 | 8,225,840 | 30,619 | 18,846,256 | | 16,339,064 | 16,339,064 |
| Wastewater | 15,224,345 | 11,632,233 | | 49,166,163 | | 45,574,051 | 45,574,051 |
| Solid waste | 13,253,807 | 12,175,022 | 21,350 | | | (1,057,435) | (1,057,435) |
| Golf Course | 2,529,029 | 2,583,468 | | | | 54,439 | 54,439 |
| Local Transportation | 2,928,898 | 566,366 | 5,250,143 | 10,000 | | 2,897,611 | 2,897,611 |
| School-age Child Care | 3,292,081 | 3,341,780 | 95,249 | | | 144,948 | 144,948 |
| Total Business-type Activities | 139,173,558 | 110,922,281 | 7,172,360 | 85,642,953 | | 64,564,036 | 64,564,036 |
| Total | \$230,611,343 | \$124,581,575 | \$14,585,376 | \$164,058,587 | 8,050,159 | 64,564,036 | 72,614,195 |
| General revenues: | | | | | | | |
| Taxes | | | | | 60,265,780 | | 60,265,780 |
| Licenses and permits | | | | | 4,562,788 | | 4,562,788 |
| Use of money and property | | | | | 6,509,896 | 5,764,373 | 12,274,269 |
| Miscellaneous revenues | | | | | 1,807,075 | | 1,807,075 |
| Transfers | | | | | 12,245,181 | (12,245,181) | |
| Total general revenues and transfers | | | | | 85,390,720 | (6,480,808) | 78,909,912 |
| Extraordinary item: | | | | | | | |
| Litigation settlement (Note 13C) | | | | | (8,500,000) | | (8,500,000) |
| Change in Net Assets | | | | | 84,940,879 | 58,083,228 | 143,024,107 |
| Net Assets-Beginning | | | | | 561,721,396 | 542,717,960 | 1,104,439,356 |
| Net assets-Ending | | | | | \$646,662,275 | \$600,801,188 | \$1,247,463,463 |

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2002. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

COMMUNITY FACILITIES DISTRICT PROJECTS FUND

This fund is used to account for specific public improvements such as streets, sewers, storm drains, sidewalks or other amenities funded by special assessments against benefited properties.

CITY OF ROSEVILLE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2002

| | General | Community Facilities District Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------------|---|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments in City Treasury (Note 3) | \$32,136,484 | \$18,225,342 | \$96,034,787 | \$146,396,613 |
| Restricted cash and investments with fiscal agents (Note 3) | | 2,578,040 | 1,799,135 | 4,377,175 |
| Receivables: | | | | |
| Taxes | 1,507,597 | | | 1,507,597 |
| Accounts | 2,196,657 | 6,846 | 68,557 | 2,272,060 |
| Accrued interest | 420,084 | 115,502 | 864,228 | 1,399,814 |
| Due from other government agencies | 6,709,316 | | 3,191,824 | 9,901,140 |
| Due from other funds (Note 4B) | 259,684 | 703,970 | 50,000 | 1,013,654 |
| Advances to other funds (Note 4C) | 6,387,888 | | 350,000 | 6,737,888 |
| Prepaid expenses | 11,517 | | | 11,517 |
| Deferred receivables (Note 6) | | | 6,896,996 | 6,896,996 |
| Notes receivables (Note 5) | 158,983 | | 5,082,935 | 5,241,918 |
| Inventories (Note 1I) | 396,794 | | | 396,794 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$50,185,004</u> | <u>\$21,629,700</u> | <u>\$114,338,462</u> | <u>\$186,153,166</u> |
| LIABILITIES | | | | |
| Accounts payable | \$2,000,162 | \$3,415,740 | \$2,178,479 | \$7,594,381 |
| Accrued liabilities | 1,742,480 | | 1,165,588 | 2,908,068 |
| Due to other funds (Note 4B) | | 57,544 | 1,063,855 | 1,121,399 |
| Due to other government agencies | 36,024 | | 4,287,420 | 4,323,444 |
| Advances from other funds (Note 4C) | | | 7,626,789 | 7,626,789 |
| Deposits | 1,299,263 | 9,665 | 600,000 | 1,908,928 |
| Deferred revenue | 509,254 | | 8,078,408 | 8,587,662 |
| Current portion of compensated absences (Note 1G) | 3,627,094 | | 4,291 | 3,631,385 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>9,214,277</u> | <u>3,482,949</u> | <u>25,004,830</u> | <u>37,702,056</u> |
| FUND BALANCES (Note 11) | | | | |
| Reserved for: | | | | |
| Advances | 6,387,888 | | 350,000 | 6,737,888 |
| Inventories | 396,794 | | | 396,794 |
| Encumbrances | 2,172,045 | | 1,373,428 | 3,545,473 |
| Capital projects | | 18,146,751 | | 18,146,751 |
| Deferred receivables and notes receivable | 158,983 | | 57,394 | 216,377 |
| Prepaid expenses | 11,517 | | | 11,517 |
| Low and moderate income housing | | | 405,155 | 405,155 |
| Debt service | | | 1,686,123 | 1,686,123 |
| Unreserved | | | | |
| Designated for economic reserve | 6,955,500 | | | 6,955,500 |
| Designated for carryover of capital improvement projects | 5,576,749 | | 11,448,839 | 17,025,588 |
| Designated for utility users tax refund reserve | 11,728,819 | | | 11,728,819 |
| Unreserved, undesignated, reported in: | | | | |
| General Fund | 7,582,432 | | | 7,582,432 |
| Special Revenue Funds | | | 57,998,370 | 57,998,370 |
| Permanent Funds | | | 16,014,323 | 16,014,323 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCES | <u>40,970,727</u> | <u>18,146,751</u> | <u>89,333,632</u> | <u>148,451,110</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$50,185,004</u> | <u>\$21,629,700</u> | <u>\$114,338,462</u> | <u>\$186,153,166</u> |

See accompanying notes to financial statements

CITY OF ROSEVILLE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the Governmental Activities
 STATEMENT OF NET ASSETS
 JUNE 30, 2002

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$148,451,110

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 508,947,259

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

| | |
|------------------------------------|-------------|
| Cash and investments | 20,405,868 |
| Accounts receivable | 9,093 |
| Interest receivable | 812,669 |
| Due from other government agencies | 2,250 |
| Inventories | 547,798 |
| Accounts payable | (670,546) |
| Accrued liabilities | (47,450) |
| Self-insurance claims payable | (4,961,000) |
| Compensated absences | (216,506) |
| Internal balances | 5,814,309 |

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 7,848,737

Expenses which are not payable currently are not accrued on the Fund Balance Sheets
 Refunds payable to developers (5,953,483)

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

| | |
|---|--------------|
| Long-term debt | (20,751,970) |
| Interest payable, included in accrued liabilities | (437,065) |
| Non-current portion of compensated absences | (4,638,798) |
| Litigation settlement | (8,500,000) |

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$646,662,275

See accompanying notes to financial statements

CITY OF ROSEVILLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002

| | General | Community Facilities District Projects | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$54,855,833 | | \$6,505,739 | \$61,361,572 |
| Licenses and permits | 2,787,695 | | | 2,787,695 |
| Charges for services | 9,254,035 | \$1,350 | 20,334,348 | 29,589,733 |
| Subventions and grants | 5,388,644 | | 10,720,950 | 16,109,594 |
| Use of money and property | 1,242,693 | 983,116 | 3,721,110 | 5,946,919 |
| Fines, forfeitures and penalties | 652,292 | | 441,089 | 1,093,381 |
| Miscellaneous revenues | 507,735 | 539,889 | 510,157 | 1,557,781 |
| Total Revenues | 74,688,927 | 1,524,355 | 42,233,393 | 118,446,675 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 15,199,665 | | 2,514,564 | 17,714,229 |
| Community development and planning | 4,075,756 | | 2,737,078 | 6,812,834 |
| Public works | 10,991,887 | | | 10,991,887 |
| Public safety: | | | | |
| Police | 14,647,683 | | | 14,647,683 |
| Fire | 9,631,469 | | | 9,631,469 |
| Library | 2,319,017 | | 185,873 | 2,504,890 |
| Parks and recreation | 9,673,894 | | 807,121 | 10,481,015 |
| Housing assistance payments | | | 2,027,930 | 2,027,930 |
| Capital outlay | 3,552,450 | 34,889,074 | 21,605,437 | 60,046,961 |
| Payments under developer agreements (Note 7) | 2,270,481 | | 2,944,421 | 5,214,902 |
| Debt service | | | | |
| Principal retirement | 457,202 | | 620,000 | 1,077,202 |
| Interest and fiscal charges | 103,336 | | 1,092,642 | 1,195,978 |
| Total Expenditures | 72,922,840 | 34,889,074 | 34,535,066 | 142,346,980 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,766,087 | (33,364,719) | 7,698,327 | (23,900,305) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions from property owners | | 34,173,448 | | 34,173,448 |
| Contributions from developers | 2,338,128 | 408,373 | 1,953,174 | 4,699,675 |
| Proceeds from capital lease (Note 9) | 142,889 | | | 142,889 |
| Transfers in (Note 4A) | 17,152,563 | | 9,974,365 | 27,126,928 |
| Transfers (out) (Note 4A) | (6,465,676) | (589) | (8,122,330) | (14,588,595) |
| Total Other Financing Sources (Uses) | 13,167,904 | 34,581,232 | 3,805,209 | 51,554,345 |
| NET CHANGE IN FUND BALANCES | 14,933,991 | 1,216,513 | 11,503,536 | 27,654,040 |
| Fund balances at beginning of period, as restated (Note 11F) | 26,036,736 | 16,930,238 | 77,830,096 | 120,797,070 |
| FUND BALANCES AT END OF PERIOD | \$40,970,727 | \$18,146,751 | \$89,333,632 | \$148,451,110 |

See accompanying notes to financial statements

CITY OF ROSEVILLE
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2002

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

| | |
|--|--------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$27,654,040 |
|--|--------------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

| | |
|--|--------------|
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. | |
| The capital outlay expenditures are therefore added back to fund balance | 60,046,960 |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$2,780,489 which has already been allocated to serviced funds.) | (10,411,297) |
| Retirements of capital assets (net of internal service fund retirements of \$148,085) | (4,210,041) |
| Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands. | 15,583,226 |

LONG TERM DEBT PROCEEDS AND PAYMENTS

| | |
|--|-----------|
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities. | |
| Proceeds from capital assets | (142,889) |
| Repayment of debt principal is added back to fund balance | 1,077,202 |

ACCRUAL OF NON-CURRENT ITEMS

| | |
|--|-------------|
| The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change): | |
| Long-term compensated absences | (759,454) |
| Interest payable, including in accrued liabilities | (35,962) |
| Deferred revenues | (737,664) |
| Payments to developers | 2,944,421 |
| Litigation settlement | (8,500,000) |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

| | |
|---|-------------|
| Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities. | |
| Change in Net Assets - All Internal Service Funds | 4,044,828 |
| Change in Net Assets of Internal Service Funds reported with Business-Type Activities | (1,612,491) |

| | |
|---|--------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$84,940,879 |
|---|--------------|

See accompanying notes to financial statements

CITY OF ROSEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$50,689,530 | \$51,959,530 | \$54,855,833 | \$2,896,303 |
| Licenses and permits | 2,154,200 | 2,354,200 | 2,787,695 | 433,495 |
| Charges for services | 6,826,171 | 7,548,171 | 9,254,035 | 1,705,864 |
| Subventions and grants | 5,312,682 | 5,654,447 | 5,388,644 | (265,803) |
| Use of money and property | 806,690 | 806,690 | 1,242,693 | 436,003 |
| Fines, forfeitures and penalties | 58,000 | 58,000 | 652,292 | 594,292 |
| Miscellaneous revenues | 477,490 | 610,360 | 507,735 | (102,625) |
| TOTAL REVENUES | 66,324,763 | 68,991,398 | 74,688,927 | 5,697,529 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 16,402,610 | 17,071,824 | 15,199,665 | 1,872,159 |
| Community development and planning | 5,616,560 | 7,403,946 | 4,075,756 | 3,328,190 |
| Public works | 12,605,321 | 15,551,231 | 10,991,887 | 4,559,344 |
| Public safety: | | | | |
| Police | 16,415,396 | 16,437,401 | 14,647,683 | 1,789,718 |
| Fire | 9,823,476 | 10,270,621 | 9,631,469 | 639,152 |
| Library | 2,693,891 | 2,693,891 | 2,319,017 | 374,874 |
| Parks and recreation | 10,368,673 | 10,463,013 | 9,673,894 | 789,119 |
| Capital outlay | 5,713,739 | 5,713,739 | 3,552,450 | 2,161,289 |
| Payments under development agreements | 1,118,860 | 1,118,860 | 2,270,481 | (1,151,621) |
| Debt Service: | | | | |
| Principal | 470,019 | 480,804 | 457,202 | 23,602 |
| Interest and fiscal charges | 103,396 | 112,491 | 103,336 | 9,155 |
| TOTAL EXPENDITURES | 81,331,941 | 87,317,821 | 72,922,840 | 14,394,981 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions from developers | 2,448,550 | 4,158,165 | 2,338,128 | (1,820,037) |
| Proceeds from capital lease | | | 142,889 | 142,889 |
| Transfers in | 14,910,386 | 17,192,589 | 17,152,563 | (40,026) |
| Transfers (out) | (7,486,285) | (6,740,295) | (6,465,676) | 274,619 |
| Total Other Financing Sources (Uses) | 9,872,651 | 14,610,459 | 13,167,904 | (1,442,555) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | | | |
| | (\$5,134,527) | (\$3,715,964) | 14,933,991 | \$18,649,955 |
| Fund balance at beginning of year, as restated | | | 26,036,736 | |
| Fund balance at end of year | | | \$40,970,727 | |

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2002.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

ELECTRIC FUND

This fund accounts for all financial transactions relating to the City's Electric service. Services are on a user charge basis to residents and business owners located in Roseville.

WATER FUND

This fund accounts for all financial transactions relating to the City's Water service. Services are on a user charge basis to residents and business owners located in Roseville.

WASTEWATER FUND

This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Roseville.

SOLID WASTE FUND

This fund accounts for all financial transactions relating to the City's Solid Waste service. Services are on a user charge basis to residents and business owners located in Roseville.

GOLF COURSE FUND

This fund accounts for all financial transactions associated relating to the development, operation and maintenance of the City's public golf courses.

LOCAL TRANSPORTATION FUND

This fund accounts for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

SCHOOL-AGE CHILD CARE FUND

This fund accounts for the receipt of parent fees and State grants used to finance child development programs.

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2002

| | Business-type Activities-Enterprise Funds | | | | | |
|---|---|----------------------|----------------------|----------------------|--------------------|----------------------|
| | Electric | Water | Wastewater | Solid Waste | Golf Course | Local Transportation |
| ASSETS | | | | | | |
| Cash and investments in city treasury (Note 3) | \$56,136,894 | \$41,445,543 | \$8,476,660 | \$1,431,329 | \$464,801 | \$4,857,858 |
| Restricted cash and investments with fiscal agents (Note 3) | 4,776,688 | 2,656,573 | | | 769,760 | |
| Receivables: | | | | | | |
| Taxes | 22,464 | | | | | |
| Accounts | 12,280,383 | 2,704,090 | 1,278,185 | 1,510,234 | 42,213 | 5,530 |
| Accrued Interest | 524,436 | 285,015 | 50,836 | 10,636 | 13,055 | 35,176 |
| Due from other government agencies | 52 | 7,909 | 276,959 | | | 788,741 |
| Due from other funds (Note 4B) | | 266,409 | | | | |
| Inventories (Note 11) | 4,815,312 | 415,197 | 55,585 | 74,142 | | |
| Deferred receivables (Note 6) | 619,171 | 420,431 | 299,280 | | | |
| Prepaid purchased electricity (Note 14) | 5,668,543 | | | | | |
| Unamortized bond origination costs | 741,776 | 719,475 | | | 130,905 | |
| Investment in NCPA reserves (Note 15) | 4,764,836 | | | | | |
| Investment in SPWA reserves (Note 16) | | | 110,976,780 | | | |
| Advances to other funds (Note 4C) | | | | | | |
| Capital assets, net of accumulated depreciation (Note 8) | 169,625,062 | 96,952,177 | 223,239,692 | 1,422,321 | 18,637,223 | 3,932,119 |
| Total assets | 259,975,617 | 145,872,819 | 344,653,977 | 4,448,662 | 20,057,957 | 9,619,424 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | 1,568,469 | 1,923,104 | 398,725 | 528,127 | 879,987 | 88,934 |
| Accrued liabilities | 1,012,058 | 310,597 | 653,689 | 72,597 | 205,116 | 10,062 |
| Due to other governments | | | 860,702 | | | |
| Due to other funds (Note 4B) | | | | 310,000 | 100,000 | |
| Current portion of compensated absences (Note 1G) | 707,208 | 394,418 | 370,607 | 128,504 | | 30,248 |
| Current portion of long-term debt (Note 9) | 715,000 | 1,183,894 | 1,191,740 | | 200,000 | |
| Deposits | 538,004 | 40,360 | 123,778 | | 14,936 | |
| Deferred revenue | 2,221,730 | | | | | |
| Self-insurance claims payable (Note 13) | | | | | | |
| Total Current Liabilities | 6,762,469 | 3,852,373 | 3,599,241 | 1,039,228 | 1,400,039 | 129,244 |
| Long-Term Liabilities | | | | | | |
| Advances from other funds (Note 4C) | | | | 553,128 | 4,120,000 | |
| Notes (Note 9) | | 201,493 | | | | |
| Certificates of participation (Note 9) | 26,265,000 | 28,575,000 | 95,155,022 | | 8,185,000 | |
| Revenue bonds (Note 9) | | | | | | |
| Landfill closure and post closure liability (Note 17) | | | | 4,481,039 | | |
| Compensated absences (Note 1G) | 1,058,432 | 453,856 | 418,733 | 153,553 | | 30,574 |
| Total Liabilities | 34,085,901 | 33,082,722 | 99,172,996 | 6,226,948 | 13,705,039 | 159,818 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 142,645,062 | 67,193,283 | 126,892,930 | 1,422,321 | 10,252,223 | 3,932,119 |
| Restricted for joint venture | 4,764,836 | | 62,945,053 | | | |
| Restricted for debt service | 2,696,763 | 2,612,320 | | | 690,713 | |
| Restricted for local transportation | | | | | | 5,527,487 |
| Restricted for school-age child care | | | | | | |
| Unrestricted | 75,783,055 | 42,984,494 | 55,642,998 | (3,200,607) | (4,590,018) | |
| Total Net Assets | \$225,889,716 | \$112,790,097 | \$245,480,981 | (\$1,778,286) | \$6,352,918 | \$9,459,606 |

Some amounts reported for *business-type activities* in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.

Net assets business-type activities

See accompanying notes to financial statements

| School-Age Child Care | Totals | Governmental Activities- Internal Service Funds |
|--------------------------|---------------|--|
| \$535,400 | \$113,348,485 | \$21,886,679 |
| | 8,203,021 | 131,680 |
| | 22,464 | |
| 396,646 | 18,217,281 | 9,093 |
| 3,801 | 922,955 | 812,669 |
| | 1,073,661 | 2,250 |
| | 266,409 | 460,000 |
| | 5,360,236 | 547,798 |
| | 1,338,882 | |
| | 5,668,543 | |
| | 1,592,156 | |
| | 4,764,836 | |
| | 110,976,780 | |
| | | 5,562,029 |
| 978,340 | 514,786,934 | 11,473,871 |
| 1,914,187 | 786,542,643 | 40,886,069 |
| 451,668 | 5,839,014 | 670,546 |
| 110,212 | 2,374,331 | 47,450 |
| | 860,702 | |
| | 410,000 | 207,720 |
| 131,993 | 1,762,978 | 110,343 |
| | 3,290,634 | |
| 2,498 | 719,576 | |
| 194,731 | 2,416,461 | |
| | | 4,961,000 |
| 891,102 | 17,673,696 | 5,997,059 |
| | 4,673,128 | |
| | 201,493 | |
| | 158,180,022 | |
| | 4,481,039 | |
| 29,420 | 2,144,568 | 106,163 |
| 920,522 | 187,353,946 | 6,103,222 |
| 978,340 | 353,316,278 | 11,473,871 |
| | 67,709,889 | |
| | 5,999,796 | |
| | 5,527,487 | |
| 15,325 | 15,325 | |
| | 166,619,922 | 23,308,976 |
| \$993,665 | 599,188,697 | \$34,782,847 |
| | 1,612,491 | |
| | \$600,801,188 | |

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2002

| | Business-type Activities-Enterprise Funds | | | | |
|---|---|----------------------|----------------------|----------------------|--------------------|
| | Electric | Water | Wastewater | Solid Waste | Golf Course |
| OPERATING REVENUES | | | | | |
| Charges for services | \$71,908,153 | \$8,056,647 | \$11,606,570 | \$12,030,383 | \$2,568,087 |
| Sale of wholesale power | 334,880 | | | | |
| Other | 154,539 | 169,193 | 25,663 | 144,639 | 15,381 |
| Total Operating Revenues | 72,397,572 | 8,225,840 | 11,632,233 | 12,175,022 | 2,583,468 |
| OPERATING EXPENSES | | | | | |
| Purchased power | 61,022,132 | | | | |
| Distribution: | | | | | |
| Operations | 12,146,068 | 5,359,872 | 7,912,010 | 13,104,918 | 1,661,627 |
| Administration | 1,868,813 | 2,220,513 | 185,119 | 364,909 | |
| Depreciation and amortization | 3,734,682 | 2,192,730 | 3,381,983 | 90,958 | 371,562 |
| Claims expense | | | | | |
| Total Operating Expenses | 78,771,695 | 9,773,115 | 11,479,112 | 13,560,785 | 2,033,189 |
| Operating Income (Loss) | (6,374,123) | (1,547,275) | 153,121 | (1,385,763) | 550,279 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest revenue | 3,637,229 | 1,549,600 | 271,632 | 47,625 | 123,674 |
| Interest and fiscal charges (expense) | (1,323,869) | (1,206,698) | (4,148,291) | | (495,840) |
| Subventions and grants | 1,774,999 | 30,619 | | 21,350 | |
| NCPA - Calaveras Hydroelectric (Note 16) | (11,592,534) | | | | |
| Increase (decrease) in NCPA reserves | 2,012,606 | | | | |
| Increase (decrease) in SPWA reserves | | | 5,840,892 | | |
| Other | | | | | |
| Net Nonoperating Revenues (Expenses) | (5,491,569) | 373,521 | 1,964,233 | 68,975 | (372,166) |
| Income (Loss) Before Contributions and Transfers | (11,865,692) | (1,173,754) | 2,117,354 | (1,316,788) | 178,113 |
| Capital contributions - connection fees | | 14,801,775 | 12,792,113 | | |
| Contribution in aid of construction | 6,200,082 | | | | |
| Capital contributions from developers | 9,407,846 | 4,044,481 | 2,553,478 | | |
| Capital contributions from SPWA member agencies | | | 27,979,680 | | |
| Transfers in (Note 4A) | 239,000 | 517,508 | 10,336 | 155,941 | 22,009 |
| Transfers (out) (Note 4A) | (7,212,608) | (1,710,937) | (2,061,867) | (1,503,932) | (343,630) |
| Change in net assets | (3,231,372) | 16,479,073 | 43,391,094 | (2,664,779) | (143,508) |
| Total net assets-beginning, as restated (Note 11F) | 229,121,088 | 96,311,024 | 202,089,887 | 886,493 | 6,496,426 |
| Total net assets-ending | \$225,889,716 | \$112,790,097 | \$245,480,981 | (\$1,778,286) | \$6,352,918 |

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds service.

Change in net assets of business-type activities

See accompanying notes to financial statements

| Local Transportation | School-Age Child Care | Totals | Governmental Activities- Internal Service Funds |
|-------------------------|--------------------------|---------------|--|
| \$474,244 | \$3,311,689 | \$109,955,773 | \$13,465,431 |
| | | 334,880 | |
| 92,122 | 30,091 | 631,628 | 408,430 |
| 566,366 | 3,341,780 | 110,922,281 | 13,873,861 |
| | | 61,022,132 | |
| 2,145,425 | 3,360,680 | 45,690,600 | 5,541,348 |
| 344,931 | 2,560 | 4,986,845 | |
| 541,369 | 5,956 | 10,319,240 | 2,780,489 |
| | | | 2,166,038 |
| 3,031,725 | 3,369,196 | 122,018,817 | 10,487,875 |
| (2,465,359) | (27,416) | (11,096,536) | 3,385,986 |
| 115,517 | 19,096 | 5,764,373 | 731,293 |
| | | (7,174,698) | |
| 5,250,143 | 95,249 | 7,172,360 | |
| | | (11,592,534) | |
| | | 2,012,606 | |
| | | 5,840,892 | |
| | | | 220,701 |
| 5,365,660 | 114,345 | 2,022,999 | 951,994 |
| 2,900,301 | 86,929 | (9,073,537) | 4,337,980 |
| | | 27,593,888 | |
| 10,000 | | 6,210,082 | |
| | | 16,005,805 | |
| | | 27,979,680 | |
| 15,689 | | 960,483 | 596,558 |
| (63,700) | (308,990) | (13,205,664) | (889,710) |
| 2,862,290 | (222,061) | 56,470,737 | 4,044,828 |
| 6,597,316 | 1,215,726 | 542,717,960 | 30,738,019 |
| \$9,459,606 | \$993,665 | 599,188,697 | \$34,782,847 |
| | | 1,612,491 | |
| | | \$600,801,188 | |

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2002

| | Business-type Activities-Enterprise Funds | | | | |
|--|---|---------------------|--------------------|--------------------|--------------------|
| | Electric | Water | Wastewater | Solid Waste | Golf Course |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$77,394,679 | \$7,316,508 | \$11,456,595 | \$12,010,566 | \$2,576,170 |
| Payments to suppliers | (60,818,838) | (4,523,492) | (4,476,497) | (7,887,204) | (917,132) |
| Payments to employees | (5,151,272) | (2,990,979) | (2,626,972) | (1,711,225) | (14,257) |
| Claims paid | | | | | |
| Other receipts | 154,539 | 169,193 | 25,663 | 144,639 | 15,381 |
| Net cash provided by operating activities | <u>11,579,108</u> | <u>(28,770)</u> | <u>4,378,789</u> | <u>2,556,776</u> | <u>1,660,162</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| (Increase) decrease in due from other funds | | 210,211 | | 31,996 | |
| Increase (decrease) in due to other funds | | | (607,584) | (12,562) | 4,756 |
| (Increase) decrease in advance to other funds | | | | | |
| Increase (decrease) in advances from other funds | | | | (310,000) | 900,000 |
| Transfers in | 239,000 | 517,508 | 10,336 | 155,941 | 22,009 |
| Transfers (out) | (7,212,608) | (1,710,937) | (2,061,867) | (1,503,932) | (343,630) |
| Cash Flows from Noncapital Financing Activities | <u>(6,973,608)</u> | <u>(983,218)</u> | <u>(2,659,115)</u> | <u>(1,638,557)</u> | <u>583,135</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital contributions | 6,200,082 | | | | |
| Acquisition and construction of fixed assets, net | (8,720,145) | (3,840,255) | (1,751,730) | (99,767) | (1,833,480) |
| Retirement and transfers of fixed assets | | | | | |
| Proceeds from sale of assets | | | | | |
| Transfer of connection fees to SPWA | | | (11,742,563) | | |
| Change in restricted assets | 2,865,382 | 35,717 | | | (14,365) |
| Principal payments on capital debt | (685,000) | (1,133,470) | | | (190,000) |
| Interest paid on capital debt | (1,323,869) | (1,206,698) | | | (495,840) |
| NCPA-Calaveras Hydroelectric | (11,592,534) | | | | |
| Subventions and grants | 1,774,999 | 30,619 | | 21,350 | |
| Grants and subsidies | 1,952 | (1,880) | 394,438 | | |
| Connection fees | | 14,801,775 | 12,792,113 | | |
| Other | | | | | |
| Cash Flows from Capital and Related Financing Activities | <u>(11,479,133)</u> | <u>8,685,808</u> | <u>(307,742)</u> | <u>(78,417)</u> | <u>(2,533,685)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest and dividends | 3,850,308 | 1,429,037 | 253,676 | 40,193 | 118,289 |
| Net increase (decrease) in cash and cash equivalents | (3,023,325) | 9,102,857 | 1,665,608 | 879,995 | (172,099) |
| Cash and investments at beginning of period | 59,160,219 | 32,342,686 | 6,811,052 | 551,334 | 636,900 |
| Cash and investments at end of period | <u>\$56,136,894</u> | <u>\$41,445,543</u> | <u>\$8,476,660</u> | <u>\$1,431,329</u> | <u>\$464,801</u> |
| NONCASH TRANSACTIONS: | | | | | |
| Transfer of SPWA capital assets to City | | | \$61,225,104 | | |
| Principal retirement of SPWA Revenue Bonds | | | (1,037,356) | | |
| Interest on SPWA Revenue Bonds | | | (3,658,564) | | |
| Contributions of capital assets, net | \$9,407,846 | \$4,044,481 | 2,553,478 | | |
| Loss on retirement of capital assets | | 102,108 | 144,671 | \$131,951 | \$7,793 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | |
| Operating income (loss) | (\$6,374,123) | (\$1,547,275) | \$153,121 | (1,385,763) | 550,279 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation | 3,734,682 | 2,192,730 | 3,381,983 | 90,958 | 371,562 |
| Change in assets and liabilities: | | | | | |
| Receivables, net | 6,543,144 | (741,079) | (150,575) | (19,817) | 5,999 |
| Inventories | 257,348 | (60,727) | (216) | 31,194 | |
| Prepaid expenses | 11,224,495 | | | | |
| Prepaid purchased electricity | (66,588) | | | | |
| Accounts and other payables | (2,160,177) | 127,581 | 994,476 | 3,840,204 | 745,174 |
| Deferred revenue | (1,579,673) | | | | (12,852) |
| Net cash provided by operating activities | <u>\$11,579,108</u> | <u>(\$28,770)</u> | <u>\$4,378,789</u> | <u>\$2,556,776</u> | <u>\$1,660,162</u> |

See accompanying notes to financial statements

| Local Transportation | School-Age Child Care | Totals | Governmental Activities- Internal Service Funds |
|-------------------------|--------------------------|----------------------|--|
| \$473,928 | \$3,428,625 | \$114,657,071 | \$13,588,594 |
| (2,522,524) | (339,540) | (81,485,227) | (3,791,946) |
| (274,429) | (2,563,240) | (15,332,374) | (1,483,964) |
| 92,122 | 30,091 | 631,628 | 408,430 |
| (2,230,903) | 555,936 | 18,471,098 | 6,895,076 |
| | | 242,207 | (54,756) |
| | | (615,390) | 182,224 |
| | | 590,000 | (540,000) |
| 15,689 | | 960,483 | 596,558 |
| (63,700) | (308,990) | (13,205,664) | (889,710) |
| (48,011) | (308,990) | (12,028,364) | (705,684) |
| 10,000 | | 6,210,082 | |
| (317,903) | (531,004) | (17,094,284) | (3,255,712) |
| | | | 148,085 |
| | | | 96,234 |
| | | (11,742,563) | |
| | | 2,886,734 | |
| | | (2,008,470) | |
| | | (3,026,407) | |
| | | (11,592,534) | |
| 5,250,143 | 95,249 | 7,172,360 | |
| (379,609) | | 14,901 | |
| | | 27,593,888 | |
| | | | 124,467 |
| 4,562,631 | (435,755) | (1,586,293) | (2,886,926) |
| 92,738 | 18,630 | 5,802,871 | 642,710 |
| 2,376,455 | (170,179) | 10,659,312 | 3,945,176 |
| 2,481,403 | 705,579 | 102,689,173 | 18,073,183 |
| <u>\$4,857,858</u> | <u>\$535,400</u> | <u>\$113,348,485</u> | <u>\$22,018,359</u> |
| | | \$61,225,104 | |
| | | (1,037,356) | |
| | | (3,658,564) | |
| 21,965 | \$28,780 | 16,005,805 | |
| | | 437,268 | |
| (2,465,359) | (27,416) | (11,096,536) | \$3,385,986 |
| 541,369 | 5,956 | 10,319,240 | 2,780,489 |
| (316) | (80,293) | 5,557,063 | (109,507) |
| | | 227,599 | |
| | | 11,224,495 | |
| (306,597) | 462,958 | (66,588) | |
| | 194,731 | 3,703,619 | 838,108 |
| | | (1,397,794) | |
| <u>(\$2,230,903)</u> | <u>\$555,936</u> | <u>\$18,471,098</u> | <u>\$6,895,076</u> |

| |
|------------------------|
| FIDUCIARY FUNDS |
|------------------------|

FIDUCIARY FUNDS

Endowment Private-Purpose Trust Fund is used to account for trust arrangements under which principal and income benefit private organizations.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF ROSEVILLE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

| | Endowments Private-purpose Trust Fund | Agency Funds |
|---|---|-----------------|
| ASSETS | | |
| Cash and investments in Treasury (Note 3) | \$1,114,549 | \$145,344,413 |
| Restricted cash and investments with fiscal agents (Note 3) | | 85,746,031 |
| Accounts receivable | | 897,242 |
| Accrued interest receivable | 13,194 | 1,078,085 |
| Due from other government agencies | | 2,369,579 |
| Deferred receivables (Note 6) | | 3,178,543 |
| | | |
| Total Assets | 1,127,743 | \$238,613,893 |
| LIABILITIES | | |
| Accounts payable | 256 | \$8,554,978 |
| Accrued liabilities | | 1,033,272 |
| Due to other government agencies | | 18,104 |
| Due to other funds (Note 4B) | | 944 |
| Due to member agencies | | 188,055,056 |
| Due to bondholders | | 40,524,589 |
| Due to others | | 426,950 |
| | | |
| Total Liabilities | 256 | \$238,613,893 |
| NET ASSETS | | |
| Held in trust for private purpose | \$1,127,487 | |

See accompanying notes to financial statements

CITY OF ROSEVILLE
ENDOWMENT PRIVATE-PURPOSE TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | |
|--|---------------------------|
| ADDITIONS | |
| Contributions from developers | \$32,155 |
| Investment income | 59,621 |
| Miscellaneous revenues | <u>36,712</u> |
| Total additions | <u>128,488</u> |
| DEDUCTIONS | |
| Closure of trust accounts | 169,247 |
| Payments in accordance with trust agreements | <u>6,471</u> |
| NET (DECREASE) IN NET ASSETS | (47,230) |
| NET ASSETS - BEGINNING OF YEAR, AS RESTATED (NOTE 11F) | <u>1,174,717</u> |
| NET ASSETS - END OF YEAR | <u><u>\$1,127,487</u></u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Roseville was incorporated on April 10, 1909 under provisions of Act 279, P.A. 1909, as amended (Home Rule City). The City operates under the Council Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, water, solid waste, electric, local transportation, school-age child care, golf course, parks recreation, public improvements, planning and zoning, library, general administration services, redevelopment and housing.

The financial statements and accounting policies of the City conform with generally accepted accounting principles in the United States of America applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. *Reporting Entity*

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. This City's component units which are described below are all blended.

The **Redevelopment Agency of the City of Roseville** is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Agency of the City of Roseville Special Revenue Fund.

The **Roseville Finance Authority** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Roseville Finance Authority Debt Service Fund and Capital Projects Fund.

The **City of Roseville Housing Authority** is a separate government entity whose purpose is to assist with the housing for the City's low and moderate income residents. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Housing Authority Section 8 Special Revenue Fund.

Financial statements for the Redevelopment Agency may be obtained from the City of Roseville at 311 Vernon Street, Roseville, California, 95678. Separate financial statements for the Roseville Finance Authority and Roseville Housing Authority are not issued.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The California Joint Powers Risk Management Authority, the Local Agency Workers' Compensation Excess Joint Powers Authority, the Roseville-Placer County Civic Center Improvement Authority, the Highway 65 Joint Powers Authority, the Disaster Recovery Joint Powers Authority, and the South Placer Wastewater Authority are not included in the accompanying basic financial statements because they do not meet the above financial accountability criteria as these entities are administered by governing boards separate from and wholly independent of the City.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary 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 nonexchange transactions or ancillary activities.

C. Major Funds

GASB Statement 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Community Facilities District Projects Fund - This fund is used to account for specific public improvements such as streets, sewers, storm drains, sidewalks or other amenities funded by special assessments against benefited properties.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Electric Fund - This fund accounts for all financial transactions relating to the City's Electric service. Services are on a user charge basis to residents and business owners located in Roseville.

Water Fund - This fund accounts for all financial transactions relating to the City's Water service. Services are on a user charge basis to residents and business owners located in Roseville.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wastewater Fund - This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Roseville.

Solid Waste Fund - This fund accounts for all financial transactions relating to the City's Solid Waste service. Services are on a user charge basis to residents and business owners located in Roseville.

Golf Course Fund – This fund accounts for all financial transactions associated relating to the development, operation and maintenance of the City's public golf courses.

Local Transportation Fund – This fund accounts for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

School-age Child Care Fund – This fund accounts for the receipt of parent fees and State grants used to finance child development programs.

The City also reports the following fund types:

Internal Service Funds. The funds account for automotive services, automotive replacement, worker's compensation, general liability, unemployment reserve, vision, dental, section 125, post retirement, and central stores; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds. The Endowment Private-Purpose Trust Fund and the Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund 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.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual are property, sales and franchise taxes, certain other intergovernmental revenues, certain charges for services and interest revenue. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows Statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

E. Revenue Recognition For Electric, Water, Sewer, and Garbage Funds

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

F. Property Tax

Placer County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the county, which retains all penalties.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

G. *Compensated Absences*

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. The City’s liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Assets.

The net changes of the compensated absences are allocated among departments on the Statement of Activities as follows:

| | Total | Current Portion | |
|---------------------------------|--------------|--------------------|-----|
| General Government | \$1,694,960 | \$796,150 | A |
| Community Development/Planning | 558,643 | 317,602 | A,B |
| Public Works | 1,036,825 | 542,373 | A |
| Police | 2,233,326 | 826,246 | A |
| Fire | 1,568,248 | 588,335 | A |
| Library | 267,544 | 161,976 | A |
| Parks and Recreation | 910,637 | 398,703 | A |
| Internal Service Funds | 216,506 | 110,343 | |
| Electric Enterprise | 1,765,640 | 707,208 | |
| Water Enterprise | 848,274 | 394,418 | |
| Wastewater Enterprise | 789,340 | 370,607 | |
| Solid Waste Enterprise | 282,057 | 128,504 | |
| Transportation Enterprise | 60,822 | 30,248 | |
| School-Age Childcare Enterprise | 161,413 | 131,993 | |
| Total | \$12,394,235 | \$5,504,706 | |

The following funds have been used to liquidate compensated absences:

- A. General Fund
- B. Redevelopment Agency of the City of Roseville

H. *Postemployment Health Care Benefits*

The City provides health care benefits for 235 retired employees and spouses based on negotiated employee bargaining unit contracts. Substantially all of the City’s employees may become eligible for those benefits if they reach the normal retirement age and have a minimum five years of service while working for the City. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the year ending June 30, 2002, those costs totaled \$955,073.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventories

Inventories are valued at the lower of cost (weighted-average method) or market. Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual inventory items are consumed. Reported General Fund inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Inventories of the Enterprise Funds consist primarily of merchandise held for internal consumption.

J. Closed Fund

Cirby Way West Agency Fund was closed as of June 30, 2002.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a minute order and ordinance.
4. The City Manager or designee is authorized to apply prudent monitoring procedures to assure that actual expenditures/expenses of the City do not exceed the appropriations by department of the major summary categories (salaries and benefits, operating services and supplies, capital outlay, and capital improvement projects) in conformance with the adopted policies set by the City Council. Additional appropriations or interfund transfers not included in the original budget ordinance require approval by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the department level by major summary category.
6. Formal budgetary integration is employed as a management control device during the year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds, except for Proprietary Funds, which do not budget for depreciation and do budget capital outlay.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

C. Excess of Expenditures or Expenses over Appropriations

The funds below incurred expenditures in excess of their budgets in the amounts below. Sufficient resources were available within each fund to finance their excesses.

| Fund / Department | Amount |
|---|-------------|
| General Fund | |
| Payments under development agreements | \$1,151,621 |
| Special Revenue Funds: | |
| Traffic Mitigation | |
| Payments under development agreements | 409,816 |
| Pleasant Grove Drain Basin | |
| Community Development and Planning | 84,159 |
| Housing Authority Section 8 | |
| Housing Assistance Payments | 111,640 |
| Redevelopment Agency of the City of Roseville | |
| Community Development and Planning | 117,310 |
| Capital Outlay | 722,021 |
| Debt Service | 124,337 |
| Debt Service Fund: | |
| Roseville Finance Authority | |
| Debt Service | 18,835 |

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.

A. Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City categorizes its individual securities instruments in ascending order to reflect the relative risk of loss of these instruments. This risk is called Credit Risk, the lower the number, the lower the risk. The three levels of risk prescribed by generally accepted accounting principles are described below:

Category 1 - Securities instruments in this category are in the City's name and are in the possession of the Trust Department of the bank employed by the City solely for this purpose. The City is the registered owner of securities held in book entry form by the bank's Trust Department.

Category 2 - Securities instruments and book entry form securities in this category are in the bank's name but are held by its Trust Department in a separate account in the City's name.

Category 3 - None of the City's investments are in this category, which would include only City-owned securities instruments or book entry form securities which were not in the City's name or which were not held by the bank's Trust Department.

Pooled Investments - Pooled investments are not categorized because of their pooled, rather than individual, nature.

Investments are carried at fair value and are categorized as follows at June 30, 2002:

| | |
|---|-----------------------------|
| Category 2 Investments: | |
| U.S. Government Securities | \$242,467,512 |
| Forward delivery agreement | 55,996,514 |
| Pooled Investments (non Categorized): | |
| Guaranteed Investment Contracts | 57,939,159 |
| Mutual Funds and Money Market Funds (U.S. Securities) | 9,086,288 |
| State of California Local Agency Investment Fund | 80,222,412 |
| California Arbitrage Management Program | <u>52,488,046</u> |
| Total Investments | 498,199,931 |
| Cash Deposits with Banks | <u>28,348,715</u> |
| Total Cash and Investments | <u><u>\$526,548,646</u></u> |

B. Classification

Cash and investments 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 agency agreements.

| | |
|--|-----------------------------|
| Cash and investments in City Treasury | \$281,631,777 |
| Restricted cash and investments with fiscal agent | <u>12,711,876</u> |
| Total City cash and investments | 294,343,653 |
| Cash and investments in Fiduciary Funds (Separate statement) | <u>232,204,993</u> |
| Total Cash and Investments | <u><u>\$526,548,646</u></u> |

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Cash Deposits

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The carrying amount of the City's cash deposits was \$28,348,715 at June 30, 2002. Bank balances before reconciling items were \$28,672,091 of which \$481,454 was insured (Category 1), and \$28,190,637 was collateralized as discussed above (Category 2) at June 30, 2002.

D. Authorized Investments

The City's investment policy and the California Government Code allow the City to invest in the following:

- City of Roseville Bonds
- Securities of the U. S. Government or its agencies
- Forward Delivery Agreements
- Obligations of the State of California
- Repurchase Agreements
- Banker's Acceptances
- Commercial Paper
- Medium Term Corporate Notes
- Certificates of Deposit
- Negotiable Certificates of Deposit
- California Local Agency Investment Fund
- Insured Savings Accounts
- Money Market and Mutual Funds
- Shares in a California Common Law Trust

The City does not enter into reverse repurchase agreements. Trustees under bond indentures may also invest in guaranteed investment contracts.

The City's investments are carried at fair value instead of cost, 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 is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Among Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund.

Transfers between funds during the fiscal year ended June 30, 2002 were as follows:

| Fund Receiving Transfers | Fund Making Transfers | Amount Transferred |
|---|--|-----------------------|
| General Fund | Non-Major Governmental Funds | \$5,447,460 (A) |
| | Electric Enterprise Fund | 6,075,303 (B) |
| | Water Enterprise Fund | 1,467,730 (C) |
| | Wastewater Enterprise Fund | 1,556,096 (C) |
| | Solid Waste Enterprise Fund | 1,011,031 (C) |
| | Golf Course Enterprise Fund | 343,630 (C) |
| | Local Transportation Enterprise Fund | 53,700 (C) |
| | School-Age Child Care Enterprise Fund | 308,990 (C) |
| | Internal Service Funds | 888,623 (F) |
| Non-Major Governmental Funds | General Fund | 5,950,563 (D) |
| | Non-Major Governmental Funds | 2,605,001 (E) |
| | Electric Enterprise Fund | 1,119,805 (F) |
| | Water Enterprise Fund | 83,050 (F) |
| | Wastewater Enterprise Fund | 99,738 (F) |
| | Solid Waste Enterprise Fund | 106,208 (F) |
| | Local Transportation Enterprise Fund | 10,000 (F) |
| Electric Enterprise Fund | Water Enterprise Fund | 79,670 (F) |
| | Wastewater Enterprise Fund | 79,660 (F) |
| | Solid Waste Enterprise Fund | 79,670 (F) |
| Water Enterprise Fund | Wastewater Enterprise Fund | 326,374 (F) |
| | Solid Waste Enterprise Fund | 191,134 (F) |
| Wastewater Enterprise Fund | General Fund | 10,336 (E) |
| Solid Waste Enterprise Fund | General Fund | 155,941 (E) |
| Golf Course Enterprise Fund | Non-Major Governmental Funds | 22,009 (F) |
| Local Transportation Enterprise Fund | General Fund | 15,100 (E) |
| | Community Facilities District Projects | |
| | Capital Projects Fund | 589 (F) |
| Internal Service Funds | General Fund | 333,736 (E) |
| | Non-Major Governmental Funds | 47,860 (F) |
| | Electric Enterprise Fund | 17,499 (F) |
| | Water Enterprise Fund | 80,487 (F) |
| | Solid Waste Enterprise Fund | 115,889 (F) |
| | Internal Service Fund | 1,087 (F) |
| Total Interfund Transfers | | \$28,683,969 |

- (A) To fund street projects and to fund FEMA assisted flood projects.
- (B) To transfer in lieu franchise fees and fund indirect costs.
- (C) To pay for indirect costs.
- (D) To fund various projects in the capital funds and pay debt service.
- (E) Transfer to fund operations.
- (F) Recurring transfers.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2002 interfund balances comprised the following:

| Fund with Due From | Fund with Due To | Amount |
|--------------------------------|--|--------------------|
| General Fund | Traffic Safety Special Revenue Fund | \$59,684 |
| | Redevelopment Agency Special Revenue Fund | 200,000 |
| Special Revenue Fund: | | |
| Affordable Housing | Redevelopment Agency Special Revenue Fund | 50,000 |
| Capital Projects Fund: | | |
| Community Facilities Districts | Lighting and Landscape and Service District Special Revenue Fund | 703,970 |
| Enterprise Fund: | | |
| Water | Community Facilities District Projects Capital Projects Fund | 57,544 |
| | Automotive Replacement Internal Service Fund | 207,720 |
| | Lighting and Landscape and Service District Special Revenue Fund | 201 |
| | Crocker Ranch Community Facilities District Agency Fund | 505 |
| | Other Agency Fund | 439 |
| Internal Service Fund: | | |
| Automotive Replacement | Redevelopment Agency Special Revenue Fund | 50,000 |
| | Golf Course Enterprise Fund | 100,000 |
| | Solid Waste | 310,000 |
| | | <u>\$1,740,063</u> |

C. Long-Term Interfund Advances

At June 30, 2002 the funds below had made advances which were not expected to be repaid within the next year.

| Fund Receiving Advance | Fund Making Advance | Amount of Advance |
|---|--|---------------------|
| Special Revenue Funds: | | |
| Park Development | General Fund | \$4,600,000 |
| Redevelopment Agency of the City of Roseville | General Fund | 1,787,888 |
| | Affordable Housing Special Revenue Fund | 350,000 |
| | Automotive Replacement Internal Service Fund | 888,901 |
| Enterprise Funds: | | |
| Golf Course | Automotive Replacement Internal Service Fund | 4,120,000 |
| Solid waste | Automotive Replacement Internal Service Fund | 553,128 |
| | | <u>\$12,299,917</u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Park Development advance consists of two advances. The \$600,000 advance will be repaid over a period of five years. The \$4,000,000 advance will begin interest only payments in fiscal year 2004 and full repayment by fiscal year 2010. Both advances bear interest at the Local Agency Investment Fund (LAIF) rate.

Redevelopment Agency advances will begin payments in fiscal year 2003 and will be repaid in fiscal year 2009. The advances bear interest at the Local Agency Investment Fund (LAIF) rate.

Golf Course advance bears interest at 3.5%. It will be repaid over a period of 27 years and will be repaid in fiscal year 2029.

Solid waste advance has annual payments of \$310,000 and will be repaid by fiscal 2004. This advance bears interest at the Local Agency Investment Fund (LAIF) rate.

D. Internal Balances

Internal balances are presented in the City-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 - NOTES RECEIVABLE

The City and Agency engage in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the City's terms. Although these notes are expected to be repaid in full, their balance has been offset in the fund financial statements by deferred revenue or a reservation of fund balance as they are not expected to be repaid during fiscal year 2003. These notes receivable comprised the following at June 30, 2002:

| | |
|--|---------------------------|
| Notes | \$265,398 |
| Employee Notes | 122,608 |
| Housing Rehabilitation and Affordable Housing | 2,476,950 |
| First Time Home-Buyer | 2,327,984 |
| Housing Elevation | <u>48,978</u> |
| Total | <u><u>\$5,241,918</u></u> |

A. Notes Receivable

The City has provided loans to various homeowners and businesses for rehabilitation due to flood damage. The maximum loan amount is \$5,000 carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by a reservation of fund balance. The balance of these notes receivable at June 30, 2002 was \$28,656.

In fiscal year 2000, the City sold an air compressor to Western Placer County JPA. The City will receive ten annual payments of \$4,518 toward the purchase of this equipment. At June 30, 2002 the balance due was \$36,147.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 5 - NOTES RECEIVABLE (Continued)

In fiscal year 1989, the City made a loan to a property owner in the amount of \$7,719, secured by a first deed of trust. The note does not bear interest and payment is deferred until July 2, 2007 unless the property is transferred or sold. The balance of this note has been offset by a reservation of fund balance.

The Agency engages in a commercial rehabilitation program designed to aid small business owners in renovating and rehabilitating commercial property in need of repair. These notes will be forgiven at the end of the Owner Participation Agreement term, which is five to fifteen years, if the property has not been sold. If the property is sold prior to the completion of the agreement term, a proportionate amount of the note will be forgiven. The notes are secured by a deed of trust on the property. At June 30, 2002, \$192,876 in notes had been issued to fifteen property owners.

B. *Employee Notes Receivable*

All full-time and part-time City employees who have completed their probationary period are eligible to obtain an interest free loan of up to \$2,500 to purchase a computer. All requests for loans are subject to review by the Management Information Systems Department and must be approved by the Personnel Director. Repayment of these loans is handled through payroll deductions which are spread out equally over a two year period. Employees must pay off any outstanding balance on their loans upon ending employment with the City. As of June 30, 2002, 114 employees had \$122,608 in notes due to the City.

C. *Housing Rehabilitation and Affordable Housing Notes Receivable*

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to home-owners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset with the liability, Due to Other Governments, as they are not expected to be repaid during fiscal year 2003 and any repayments will be used to reduce future grant draw-downs by the City. The balance of the notes receivable arising from these programs at June 30, 2002 was \$2,476,950.

D. *First Time Home-Buyer Notes Receivable*

The City engages in a first time home-buyer program designed to encourage home ownership among low income persons. Under this program, grants or loans are provided at no interest and are due upon sale or transfer of the property. These loans have been offset by due to other governments and deferred revenue as they are not expected to be repaid during fiscal year 2003 and any repayments will be used to reduce future grant draw-downs by the City. The balance of the notes receivable arising from this program at June 30, 2002 was \$2,327,984.

E. *Housing Elevation Notes Receivable*

In fiscal 1997, the Federal Emergency Management Agency (FEMA) approved Hazard Mitigation Grant Program funds to be used for residential home elevation projects in the City at a maximum of \$33,934 per household, with the total federal share not to exceed \$1,493,096. The City provides matching funds to each eligible household at a maximum of \$5,000 in the form of a zero percent, deferred loan payable upon sale, change of title or change of use (See A. above). As of June 30, 2002, fifteen loans, funded through the FEMA Hazard Mitigation Grant Program, were outstanding with a total balance of \$48,978.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 6 - DEFERRED RECEIVABLES

The City has entered into a number of agreements with developers to defer permit fees for various projects within the City. The terms of these agreements call for various interest rates and payment dates. Although these fees are expected to be repaid in full, their balance has been offset by deferred revenue in governmental funds, as they are not expected to be repaid early enough to be treated as a current asset. The long-term portion of these receivables at June 30, 2002 was \$11,414,421, which has been classified as deferred receivables, and the short-term portion of these receivables, which totaled \$2,276,484 at June 30, 2002 is included in accounts receivable.

NOTE 7 – DEVELOPMENT AGREEMENTS

The City may enter into development agreements in an effort to provide incentives to develop new businesses and new tax revenues. The substance of these agreements is that developers will be paid a portion of future sales tax or traffic mitigation fee revenues produced by their developments. These payments are conditioned on the generation of sales tax revenues or traffic mitigation fee revenues by these developments and the City is not required to use any other resources to pay these amounts.

A. *Galleria at Roseville*

In fiscal 2001, the City agreed to share a portion of future sales tax revenues generated from the Galleria at Roseville regional mall. The Developer agreed to construct the mall along with water and storm sewer mains, a bike trail, pedestrian walks, landscaping, parking areas and infrastructure improvements to surrounding streets. The mall opened for business in August 2000 and the term of the sales tax sharing agreement commenced on that date. In fiscal 2002, the City revised the payment schedule in order to revise the projected future sales tax revenues since the project had been completed. The remaining portion of sales tax revenues to be returned approximated \$24 million at June 30, 2002. The agreement terminates in 2017, regardless of whether this amount has been returned; after that date all future sales tax revenues remain with the City. During fiscal year 2002 payments made to the developer under the agreement totaled \$2,270,481.

B. *Elliot Homes Inc. / Stoneridge Development*

In fiscal 2002, the City agreed to reimburse a portion of traffic mitigation fees generated from the Elliot Homes Inc. Stoneridge development. The Developer agreed to construct improvements to Roseville Parkway that were in excess of the normal frontage improvements required by the City. The improvements were completed in May 2001 at a cost of \$10.1 million with the agreement commencing on that date. Although the City must remit quarterly payments to the developer from traffic mitigation fees collected, the City may elect to pay the developer, regardless of whether any fees had been collected. The agreement terminates when reimbursement is complete; after that date all future traffic mitigation fees remain with the City. During fiscal year 2002, payments made to the developer under the agreement totaled \$2,944,421. The remaining portion of traffic mitigation fees to be reimbursed was \$5,953,483, which has been accrued in the Entity-wide financial statements.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

With the implementation of GASB Statement 34, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the “modified approach” may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation is 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 City has assigned the useful lives listed below to capital assets:

| | |
|---|--------------|
| Buildings | 20-40 years |
| Improvements | 40 years |
| Machinery and Equipment | 3-6 years |
| Bike Paths | 20 years |
| Bridges | 90 years |
| Culverts | 75 years |
| Curb, Gutter, Sidewalks & Median Curbs | 20 years |
| Drain Inlets | 50 years |
| Flood Control Improvements | 75 years |
| Soundwall | 35 years |
| Stormdrains | 75 years |
| Traffic Signals | 20 years |
| Water and Sewer Lines | 40 years |
| Electric Improvements: | |
| Electric Substations | 10-120 years |
| Electric Distribution Systems | 7-100 years |

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

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

| | Balance at June 30, 2001 | Additions | Retirements | Transfers | Balance at June 30, 2002 |
|--|-----------------------------|---------------------|----------------------|-----------|-----------------------------|
| <i>Governmental activities</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$9,813,954 | \$1,149,335 | | | \$10,963,289 |
| Streets (modified) | 141,210,181 | 4,126,964 | | | 145,337,145 |
| Parks (modified) | 34,188,192 | 1,038,016 | | | 35,226,208 |
| Landscaping (modified) | 394,826 | 935,934 | | | 1,330,760 |
| Construction in progress | | 50,096,250 | | | 50,096,250 |
| Total capital assets not being depreciated | <u>185,607,153</u> | <u>57,346,499</u> | | | <u>242,953,652</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 69,306,557 | 5,971,544 | (\$2,253) | | 75,275,848 |
| Improvements | 2,135,011 | 158,851 | (43,947) | | 2,249,915 |
| Equipment | 38,977,952 | 3,762,756 | (5,583,769) | | 37,156,939 |
| Bike paths | 6,364,277 | 96,612 | | | 6,460,889 |
| Bridges | 45,570,000 | | | | 45,570,000 |
| Culverts | 18,710,915 | 12,600 | | | 18,723,515 |
| Curb, gutter, sidewalk, & median curbs | 99,244,031 | 7,540,417 | | | 106,784,448 |
| Drain inlets | 17,747,639 | 302,950 | | | 18,050,589 |
| Flood control improvements | 12,790,000 | | | | 12,790,000 |
| Soundwall | 8,901,518 | 925,219 | | | 9,826,737 |
| Stormdrains | 38,123,547 | 2,140,584 | | | 40,264,131 |
| Traffic signals | 16,827,845 | 627,867 | | | 17,455,712 |
| Total capital assets being depreciated | <u>374,699,292</u> | <u>21,539,400</u> | <u>(5,629,969)</u> | | <u>390,608,723</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (20,208,137) | (1,774,621) | | | (21,982,758) |
| Improvements | (373,928) | (57,660) | | | (431,588) |
| Equipment | (20,082,067) | (4,052,565) | 1,271,843 | | (22,862,789) |
| Bike paths | (2,618,672) | (246,730) | | | (2,865,402) |
| Bridges | (2,812,500) | (506,333) | | | (3,318,833) |
| Culverts | (2,150,884) | (249,563) | | | (2,400,447) |
| Curb, gutter, sidewalk, & median curbs | (47,256,258) | (4,242,675) | | | (51,498,933) |
| Drain inlets | (3,530,498) | (357,982) | | | (3,888,480) |
| Flood control improvements | (322,000) | (149,133) | | | (471,133) |
| Soundwall | (1,805,152) | (267,546) | | | (2,072,698) |
| Stormdrains | (5,055,882) | (522,585) | | | (5,578,467) |
| Traffic signals | (6,479,195) | (764,393) | | | (7,243,588) |
| Total accumulated depreciation | <u>(112,695,173)</u> | <u>(13,191,786)</u> | <u>1,271,843</u> | | <u>(124,615,116)</u> |
| Net capital assets being depreciated | <u>262,004,119</u> | <u>8,347,614</u> | <u>(4,358,126)</u> | | <u>265,993,607</u> |
| Governmental activity capital assets, net | <u>\$447,611,272</u> | <u>\$65,694,113</u> | <u>(\$4,358,126)</u> | | <u>\$508,947,259</u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

| | Balance at June 30, 2001 | Additions | Retirements | Transfers | Balance at June 30, 2002 |
|--|-----------------------------|---------------------|--------------------|---------------------|-----------------------------|
| <i>Business-type activities</i> | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$12,958,876 | \$761,534 | | | \$13,720,410 |
| Landscaping | 550,000 | | | | 550,000 |
| Construction in progress | 88,768,315 | 68,327,766 | | (\$10,615,674) | 146,480,407 |
| Total capital assets not being depreciated | <u>102,277,191</u> | <u>69,089,300</u> | | <u>(10,615,674)</u> | <u>160,750,817</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 31,831,984 | 430,284 | | (590,560) | 31,671,708 |
| Improvements | 202,320,271 | 7,645,820 | (\$72,568) | 11,197,347 | 221,090,870 |
| Machinery and Equipment | 9,870,865 | 556,108 | (1,386,630) | 8,887 | 9,049,230 |
| Electric substations | 35,625,834 | 1,141,413 | | | 36,767,247 |
| Electric distribution | 132,567,706 | 15,970,134 | | | 148,537,840 |
| Total capital assets being depreciated | <u>412,216,660</u> | <u>25,743,759</u> | <u>(1,459,198)</u> | <u>10,615,674</u> | <u>447,116,895</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (11,748,430) | (727,233) | | | (12,475,663) |
| Improvements | (41,671,355) | (5,188,816) | 24,636 | | (46,835,535) |
| Machinery and Equipment | (4,395,739) | (762,280) | 997,294 | | (4,160,725) |
| Electric substations | (5,383,382) | (776,392) | | | (6,159,774) |
| Electric distribution | (20,899,421) | (2,549,660) | | | (23,449,081) |
| Total accumulated depreciation | <u>(84,098,327)</u> | <u>(10,004,381)</u> | <u>1,021,930</u> | | <u>(93,080,778)</u> |
| Net capital assets being depreciated | <u>328,118,333</u> | <u>15,739,378</u> | <u>(437,268)</u> | <u>10,615,674</u> | <u>354,036,117</u> |
| Business-type activity capital assets, net | <u>\$430,395,524</u> | <u>\$84,828,678</u> | <u>(\$437,268)</u> | | <u>\$514,786,934</u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities

| | |
|--|---------------------|
| General government | \$400,410 |
| Community development and planning | 1,325 |
| Public works | 7,326,144 |
| Police | 1,085,467 |
| Fire | 283,273 |
| Library | 154,412 |
| Parks and recreation | 162,928 |
| Community Facilities Districts | 997,338 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 2,780,489 |
| Total Governmental Activities | \$13,191,786 |

Business-Type Activities

| | |
|---------------------------------------|---------------------|
| Electric | \$3,474,044 |
| Water | 2,150,409 |
| Wastewater | 3,381,983 |
| Solid Waste | 90,958 |
| Golf Course | 359,662 |
| Land Transportation | 541,369 |
| School-age Child Care | 5,956 |
| Total Business-Type Activities | \$10,004,381 |

C. Streets, Parks and Landscaping Covered By The Modified Approach

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy based on current funding is to maintain the arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.5 and residential roadways at an average PQI of 6.5, instead of providing depreciation. During fiscal 2002 the City expended \$3,730,265 to preserve its roads. The City estimates that it will be required to expend approximately \$4,766,980 in fiscal 2003 to maintain its roads at this condition level.

The City has also elected to use the modified approach with respect to its parks and landscaping, most of which are relatively new. The City's policy based on current funding is to maintain the parks and landscape at an average Ground Management Index (GMI) of Level 2, instead of providing depreciation. During fiscal 2002 the City expended \$3,078,263 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$3,796,952 in fiscal 2003 to maintain its parks at this condition level.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT

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

A. Current Year Transactions and Balances

| | Original Issue Amount | Balance June 30, 2001 | Additions | Retirements | Balance June 30, 2002 | Current Portion |
|--|--------------------------|--------------------------|------------------|--------------------|--------------------------|--------------------|
| Governmental Activity Debt: | | | | | | |
| Certificates of Participation: | | | | | | |
| 1993 Public Facilities Bond, 2.8%-5.1%, due 8/1/20 | \$23,970,000 | \$20,025,000 | | \$620,000 | \$19,405,000 | \$650,000 |
| Installment Purchase Obligations: | | | | | | |
| Equipment | 1,018,429 | 425,498 | \$142,889 | 180,360 | 388,027 | 153,811 |
| Motorola Radio Equipment, 5.6%, due 8/1/04 | 1,955,734 | 1,157,006 | | 266,057 | 890,949 | 280,956 |
| Total Installment Purchase Obligations | 2,974,163 | 1,582,504 | 142,889 | 446,417 | 1,278,976 | 434,767 |
| Other Long Term Obligations: | | | | | | |
| Foothill Blvd. Extension, due 4/1/07 | 114,423 | 78,779 | | 10,785 | 67,994 | 11,724 |
| Total Governmental Activity Debt: | \$27,058,586 | \$21,686,283 | \$142,889 | \$1,077,202 | \$20,751,970 | \$1,096,491 |
| Business-type Activity Debt: | | | | | | |
| Certificates of Participation: | | | | | | |
| 1997 Electric System Revenue, 3.6%-5.25%, due 2/1/17 | \$11,880,000 | \$6,035,000 | | \$260,000 | \$5,775,000 | \$270,000 |
| 1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24 | 21,630,000 | 21,630,000 | | 425,000 | 21,205,000 | 445,000 |
| 1993 Golf Course Project, 4.6%-6.0%, due 8/1/23 | 9,325,000 | 8,575,000 | | 190,000 | 8,385,000 | 200,000 |
| 1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18 | 33,000,000 | 30,875,000 | | 1,125,000 | 29,750,000 | 1,175,000 |
| Total Certificates of Participation | 75,835,000 | 67,115,000 | | 2,000,000 | 65,115,000 | 2,090,000 |
| Revenue Bonds: | | | | | | |
| 2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27 | 59,465,118 | 59,465,118 | | 1,037,356 | 58,427,762 | 1,191,740 |
| 2000 Variable Rate Demand Wastewater Revenue Bonds, Series B, variable rate, due 11/1/35 | 37,919,000 | 37,919,000 | | | 37,919,000 | |
| Total Revenue Bonds | 97,384,118 | 97,384,118 | | 1,037,356 | 96,346,762 | 1,191,740 |
| Other Long Term Obligations: | | | | | | |
| Notes, 5%, due 10/1/17 | 333,108 | 218,857 | | 8,470 | 210,387 | 8,894 |
| Total Business-type Activity Debt: | \$173,552,226 | \$164,717,975 | | \$3,045,826 | \$161,672,149 | \$3,290,634 |

B. 1993 Certificates of Participation

The City issued Certificates of Participation in the original principal amount of \$23,970,000 on October 1, 1993 to advance refund and defease the outstanding \$16,855,000 principal amount of the 1989 Refunding Revenue Bonds and to reimburse the City for some of the costs of the Corporation Yard Improvement and is repayable from the General Fund. Principal payments are payable annually on August 1 and interest payments are due semi-annually on February 1 and August 1, through August 1, 2020.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

C. *Foothill Blvd. Extension*

The City acquired several parcels of land, in August of 1989, within the Foothill Blvd. Extension Assessment District to build the Corporation Yard. Upon acquisition, the City took over the assessment debt in the amount of \$114,423, due on these parcels. Principal and interest payments are payable annually on April 1, through April 1, 2007.

D. *1997 Electric System Revenue Certificates of Participation*

The City issued Certificates of Participation in the original principal amount of \$11,880,000 on November 1, 1997 to finance a substation for the Electrical System and to refinance its' 1985 COP's and is repayable from net revenue of the Electric Utility System. Principal payments are payable annually on February 1 and interest payments are due semi-annually on February 1 and August 1, through February 1, 2017.

E. *1999 Electric System Revenue Certificates of Participation*

On August 3, 1999, the City issued \$21,630,000 of Certificates of Participation to finance a portion of the cost of capital improvements and is repayable from net revenue of the Electric Utility System. The Certificates bear interest at 4.0% - 5.5% and are due semi-annually on February 1 and August 1. Principal payments are due annually on February 1 and interest payments are due semi-annually on February 1 and August 1, through February 1, 2024.

F. *1993 Golf Course Project Certificates of Participation*

The City issued Certificates of Participation in the original principal amount of \$9,325,000 on October 1, 1993 to provide funds to acquire and construct the Golf Course Improvements and is repayable from the General Fund. Principal payments are payable annually on August 1 and interest payments are due semi-annually on February 1 and August 1, through August 1, 2023.

G. *1997 Water Utility Revenue Certificates of Participation*

The City issued Certificates of Participation in the original principal amount of \$33,000,000 on September 1, 1997 to finance the acquisition, construction, and installation of additions to the water utility system, and is repayable from net revenue from the Water Utility System. Principal payments are payable annually on December 1 and interest payments are due semi-annually on December 1 and June 1, through December 1, 2018.

H. *2000 South Placer Wastewater Authority Wastewater Revenue Bonds, Series A; and 2000 South Placer Wastewater Authority Variable Rate Demand Wastewater Revenue Bonds, Series B*

In November 2000, the South Placer Wastewater Authority issued Revenue Bonds Series A and Series B in the original principal amounts of \$109,775,000 and \$70,000,000 respectively. The purpose of these bonds is to partially finance the costs of acquisition and construction of the Pleasant Grove Wastewater Treatment Plant. Upon completion, this Plant will benefit the City of Roseville, the South Placer Municipal Utility District, and the County of Placer. These three entities in return share the obligation of the Revenue Bonds. The City's share of this obligation was determined to be 54.17%. As a result, this portion of the debt was recorded on the City's financial statements.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

The South Placer Wastewater Authority Wastewater Revenue Bonds, Series A were issued as fixed rate bonds. Principal payments are payable annually on November 1 and interest payments are due semi-annually on May 1 and November 1, through November 1, 2027.

The South Placer Wastewater Authority Variable Rate Demand Wastewater Revenue Bonds, Series B were issued as variable rate bonds, with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. The average monthly interest paid in fiscal year 2001-02 was \$97,637. Beginning in fiscal year 2028-29, principal payments as shown below will be made in addition to the variable interest payments.

| Year Ending June 30 | Principal Repayment | Interest (at current rate) | Total |
|------------------------|------------------------|-------------------------------|---------------------|
| 2003 | | \$436,069 | \$436,069 |
| 2004 | | 436,069 | 436,069 |
| 2005 | | 436,069 | 436,069 |
| 2006 | | 436,069 | 436,069 |
| 2007 | | 436,069 | 436,069 |
| 2008-2012 | | 2,180,343 | 2,180,343 |
| 2013-2017 | | 2,180,343 | 2,180,343 |
| 2018-2022 | | 2,180,343 | 2,180,343 |
| 2023-2027 | | 2,180,343 | 2,180,343 |
| 2028-2032 | \$17,472,534 | 1,754,843 | 19,227,377 |
| 2033-2036 | 20,446,467 | 442,558 | 20,889,024 |
| | <u>\$37,919,000</u> | <u>\$13,099,114</u> | <u>\$51,018,114</u> |

I. Notes Payable

The City borrowed \$333,108 original principal amount, on November 9, 1977, from the U. S. Department of Commerce to aid in financing drought emergency projects. The debt is repayable from the surplus revenue account of the Water Revenue Bonds. Principal and interest payments are payable annually on October 1, through October 1, 2017.

J. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt except the variable rate demand bonds discussed above:

| For the Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|--------------------------------|-------------------------|---------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2003 | \$1,096,491 | \$997,365 | \$3,290,634 | \$6,244,038 |
| 2004 | 1,083,099 | 943,693 | 3,427,123 | 6,104,962 |
| 2005 | 1,119,148 | 889,419 | 3,566,343 | 5,957,291 |
| 2006 | 784,653 | 831,610 | 3,728,294 | 5,800,446 |
| 2007 | 808,579 | 793,503 | 3,895,688 | 5,632,927 |
| 2008-2012 | 4,480,000 | 3,330,854 | 22,341,958 | 25,236,906 |
| 2013-2017 | 5,725,000 | 2,056,516 | 28,748,383 | 18,710,965 |
| 2018-2022 | 5,655,000 | 553,017 | 28,793,869 | 10,700,492 |
| 2023-2027 | | | 22,036,247 | 3,736,484 |
| 2028 | | | 3,924,610 | 103,021 |
| Total | <u>\$20,751,970</u> | <u>\$10,395,977</u> | <u>\$123,753,149</u> | <u>\$88,227,532</u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 10 – DEBT WITHOUT CITY COMMITMENT

A. Special Assessment Districts

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2002 is as follows:

| | |
|---|---------------|
| Rocky Ridge/Harding Refunding District | \$1,255,000 |
| Taylor Road Sewer Assessment District | 19,000 |
| North Roseville-Rocklin Sewer Refunding District | 1,375,000 |
| Foothills Boulevard Extension Assessment District | 2,760,000 |
| Northeast Roseville Community Facilities District #1 & #2 | 26,785,000 |
| North Roseville Community Facilities District #1 | 18,850,000 |
| North Central Roseville Community Facilities District #1 | 54,445,000 |
| Northwest Roseville Community Facilities District #1 | 29,330,000 |
| Highland Reserve North Community Facilities District #1 | 32,840,000 |
| Woodcreek West Community Facilities District #1 | 16,635,000 |
| Woodcreek East Community Facilities District #1 | 5,465,000 |
| Stoneridge Parcel 1 Community Facilities District #1 | 1,975,000 |
| Stoneridge East Community Facilities District # 1 | 16,000,000 |
| Stoneridge West Community Facilities District # 1 | 12,995,000 |
| Crocker Ranch Community Facilities District # 1 | 4,525,000 |
| Total | \$225,254,000 |

NOTE 11 – NET ASSETS AND FUND BALANCES

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 11 – NET ASSETS AND FUND BALANCES (Continued)

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

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

B. Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

C. Reserves

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity, which provided the funds. The City cannot modify or remove these restrictions or reserves. At June 30, 2002, reservations included:

Reserves for **advances, inventories, deferred receivables and notes receivable, and prepaid expenses** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserve for **capital projects** is the portion of fund balance to be used for construction within the various community facilities districts of the City.

Reserve for **low and moderate income housing** is the portion of redevelopment fund balance legally required to be set-aside for low and moderate income housing expenditures.

Reserve for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Unreserved fund balance in the General Fund represents the resources available at June 30, 2002 to meet the financial needs of the City through approximately December 10, 2002 when the next property tax payment is due from the County. Unreserved fund balance in the Special Revenue and Capital Projects funds are not available for general expenditures as they are reserved for the particular purposes of the funds they reside in.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 11 – NET ASSETS AND FUND BALANCES (Continued)

D. Designations

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period. Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action.

Designated for economic reserve is the portion of fund balance which represents 10% of the original adopted operating expenditure budget to be used in the event of fiscal need.

Designated for carryover of capital improvement projects is the portion of fund balance to be used for approved capital projects.

Designated for utility users tax is the portion of fund balance set aside by Council as a litigation reserve to deal with potential refunds.

E. Fund Balance and Net Assets Deficits

The Redevelopment Agency of the City of Roseville Special Revenue Fund had a deficit fund balance at June 30, 2002 of \$2,080,350. The Solid Waste Enterprise Fund had deficit net assets at June 30, 2002 of \$1,778,286. Future revenues are expected to offset this deficit.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 11 – NET ASSETS AND FUND BALANCES

F. Fund Balance /Net Assets Restatements

As part of the conversion of the City’s GASB reporting, during the fiscal year ended June 30, 2002 the City revised its reporting presentation and fund classification to comply with new requirement. The recategorizations and restatements below, all of which took effect as of July 1, 2001, resulted from this conversion to the new requirements.

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Permanent</u> | <u>Enterprise</u> | <u>Private-Purpose Trust</u> |
|--|-------------------------|----------------------------|---------------------|----------------------|----------------------------------|
| Ending Fund Balance/Retained Earnings/ Net Assets June 30, 2001 | \$29,589,394 | \$63,390,412 | | \$374,037,036 | |
| Restated current portion of compensated absences | (3,554,955) | (3,361) | | | |
| Special Revenue Fund Recategorized as Permanent Fund | | (15,928,630) | \$15,928,630 | | |
| Agency Funds Recategorized as General Fund | 2,297 | | | | |
| Agency Funds Recategorized as Special Revenue Funds | | 153,309 | | | |
| Agency Funds Recategorized as Permanent Fund | | | 14,779 | | |
| Agency Funds Recategorized as Endowment Private-Purpose Trust Fund | | | | | \$1,174,717 |
| Infrastructure recorded with Implementation of GASB 34 | | | | 13,684,076 | |
| Elimination of contributed capital from Implementation of GASB 34 | | | | 97,469,238 | |
| Elimination of equity in joint venture from Implementation of GASB 34 | | | | 57,527,610 | |
| Restated Beginning Fund Balance/ Net Assets July 1, 2001 | <u>\$26,036,736</u> | <u>\$47,611,730</u> | <u>\$15,943,409</u> | <u>\$542,717,960</u> | <u>\$1,174,717</u> |

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 12 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2002, are summarized as follows:

| | Safety | Miscellaneous |
|---|------------------|------------------|
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as a % of annual salary | 3% | 1.426%-2.418% |
| Required employee contribution rates | 9% | 7% |
| Required employer contribution rates | 5.297% | 0% |
| Actuarially required contributions | \$1,477,876 | \$2,614,003 |

The City's labor contracts require it to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

The Plans' actuarial value (which differs from market value) and funding progress over the past three years are set forth below at their actuarial valuation date of June 30:

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 12 - PENSION PLAN (Continued)

Safety Plan:

| Actuarial | | | | | | |
|-------------------|-----------------------------------|-------------------|---------------------------------------|-----------------|------------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) as % of Payroll |
| 1999 | \$41,288,321 | \$47,958,769 | (\$6,670,448) | 116.2% | \$7,864,442 | (84.818%) |
| 2000 | 47,423,350 | 54,094,076 | (6,670,726) | 114.1% | 8,909,183 | (74.875%) |
| 2001 | 60,655,770 | 57,312,502 | 3,343,268 | 94.5% | 9,817,194 | 34.055% |

Miscellaneous Plan:

| Actuarial | | | | | | |
|-------------------|-----------------------------------|-------------------|---------------------------------------|-----------------|------------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) as % of Payroll |
| 1999 | \$72,237,960 | \$88,364,377 | (\$16,126,417) | 122.3% | \$26,875,060 | (60.005%) |
| 2000 | 83,502,216 | 100,573,810 | (17,071,594) | 120.4% | 30,898,942 | (55.250%) |
| 2001 | 109,399,318 | 105,784,049 | 3,615,269 | 96.7% | 34,683,299 | 10.424% |

Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

PERS has reported that the value of the net assets in the Plan held for pension benefits changed as follows during the year ended June 30, 2001:

| | Safety | Miscellaneous |
|--|--------------|---------------|
| Beginning Balance 6/30/00 | \$54,094,076 | \$100,573,810 |
| Contributions received | 1,706,768 | 2,391,151 |
| Benefits and Refunds Paid | (1,322,527) | (2,520,871) |
| Transfers and Miscellaneous Adjustments Paid | (43,957) | (20,167) |
| Expected Investment Earnings Credited | 4,476,520 | 8,291,279 |
| Expected Actuarial Value of Assets 6/30/01 | \$58,910,880 | \$108,715,202 |
| Market Value of Assets 6/30/01 | \$54,115,747 | \$99,921,743 |
| Actuarial Value of Assets 6/30/01 | \$57,312,502 | \$105,784,049 |

Actuarially required contributions for fiscal years 2002, 2001, and 2000 were \$4,091,879, \$4,024,651, and \$4,725,535, respectively.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT

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. The City maintains insurance coverage from a commercial carrier for its long-term disability and dental benefit plan.

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 municipalities. 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 municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

A. Risk Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$25,000,000, property damage up to \$295,000,000, and boiler and machinery up to \$20,000,000. The City has a self-insured retention or deductible of \$500,000, \$25,000, and \$5,000, respectively, per claim. Once the City's self-insured retention for general liability claims is met, CJPRMA becomes responsible for payment of all claims up to the limit. CJPRMA has purchased commercial insurance against property damage and boiler and machinery claims. During the fiscal year ended June 30, 2002, the City contributed \$499,222 for coverage during the current year and received a refund of \$177,571 of prior year excess contributions.

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to \$500,000 and provides additional coverage up to statutory limits. The City has a self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2002, the City contributed \$147,285 for current year coverage.

The contributions made to each risk pool equal the ratio of their respective 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.

Financial statements for the risk pools may be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, CA 94583 and LAWCX, c/o Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT (Continued)

B. Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The change in the Worker's Compensation Internal Service Fund's claims liability, including claims incurred but not reported is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

| | 2002 | 2001 |
|-------------------------------------|-------------|-------------|
| Claims liability, beginning of year | \$3,042,000 | \$3,085,000 |
| Current year claims | 1,600,000 | 1,300,000 |
| Change in prior year claims | 52,000 | (952,000) |
| Claims paid, current year claims | (246,000) | (169,000) |
| Claims paid, prior year claims | (832,000) | (222,000) |
| Claims liability, end of year | \$3,616,000 | \$3,042,000 |

The City's liability for uninsured general liability claims, including claims incurred but not reported is reported in the General Liability Internal Service Fund. The liability is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

| | 2002 | 2001 |
|-------------------------------------|-------------|-------------|
| Claims liability, beginning of year | \$1,579,000 | \$1,422,000 |
| Current year claims | 650,000 | 700,000 |
| Change in prior year claims | (553,000) | (227,000) |
| Claims paid, current year claims | (101,000) | (86,000) |
| Claims paid, prior year claims | (230,000) | (230,000) |
| Claims liability, end of year | \$1,345,000 | \$1,579,000 |

The Unemployment Reserve and Vision Internal Service Funds had no outstanding claims liability at June 30, 2002.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT (Continued)

C. *Litigation Settlement*

The City was served with a lawsuit December 11, 2000, alleging that the City's utility user taxes collected as five percent of charges made for water, telephone, sewer, refuse, gas, electricity, and cable services violates the provisions of Proposition 218. On the plaintiff's motion for summary judgment, the trial court declared the taxes invalid. The City filed a Notice of Appeal with the Third District Court of Appeal. The City's motion was again denied under a ruling on February 10, 2003. The City has recognized a potential liability of \$8.5 million in its Entity-Wide Financial Statements.

NOTE 14 - PREPAID PURCHASED ELECTRICITY

During fiscal 1999 the City paid \$6,138,335 to the Northern California Power Agency (NCPA) (see Note 15) as a capital contribution for the Geothermal and Hydroelectric Projects debt refinancing. This contribution has been capitalized on the City's balance sheet and will be amortized in conjunction with the related debt service savings. During fiscal 2002 the City paid an additional \$66,588 to the NCPA. The amount amortized for fiscal year 2002 was \$220,233.

NOTE 15 - 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 members 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.

During the year ended June 30, 2002, the City incurred expenses totaling \$19,820,021 for purchased power and assessments and prepaid assets paid to NCPA.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

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

| | June 30, 2002 |
|---|---------------|
| General Operating Reserve (including advances) | \$2,061,328 |
| Associated Member Services (including advances) | 266,072 |
| Undivided equity interest, at cost, in certain NCPA Power Projects: | |
| Geothermal Projects | 488,544 |
| Calaveras Hydroelectric Project | 550,267 |
| Combustion Turbine Project No. 1 | 38,657 |
| Geothermal Public Power Line | NIL |
| Combustion Turbine Project No. 2 | 877,743 |
| Graeagle Hydroelectric Project | NIL |
| Northwest Power Purchase Contract | 482,225 |
| | \$4,764,836 |

The General Operating Reserve represents the City's portion of funds which resulted from the settlement with third parties of issues with financial consequences and reconciliations of several 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 has left them with NCPA as a reserve against these contingencies identified by NCPA.

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

B. Projects

Geothermal Projects

A purchased power agreement with NCPA obligates the City for 7.880% of the operating costs and debt service of the two NCPA 110-megawatt geothermal steam powered generating plants, Plant Number 1 and Plant Number 2.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

NCPA's Geothermal Project has experienced a greater than originally anticipated decline in steam production from geothermal wells on its leasehold property. Results of the continuing well analysis program indicate that the potential productive capacity of the geothermal steam reservoir is less than originally estimated. Therefore, NCPA has modified the operations of the Geothermal Project to reduce the average annual output from past levels. As a result, the per unit cost of energy generated by the projects is higher than anticipated.

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, other steam developers, and the Lake County Sanitation District have constructed 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 January 1996, NCPA issued \$167,940,000 (1996 Refunding Series B), and \$5,420,000 (1996 Taxable Series C) in variable rate revenue bonds, the proceeds of which were used to refund a portion of the 1987 Refunding Series A Revenue Bonds. In August 1998, NCPA remarketed \$121,590,000 (1996 Refunding Series A) of revenue bonds changing the interest rate from a weekly interest rate to a long term rate. The City is obligated to pay its contractual share of the debt until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2002, the book value of this Project's plant, equipment and other assets was \$352,937,483, while its long-term debt totaled \$301,710,000 and other liabilities totaled \$51,227,483. The City's share of the Project's long-term debt amounted to \$23,774,748 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% of this Project's debt service and operating costs. On April 16, 2002, NCPA completed the \$86,620,000 refunding of revenue bonds at a weekly variable interest rate, initially set at 5.097%, and a net present value savings of \$10,160,431. During fiscal year 2002 the City paid \$11.6 million to NCPA for its share of refunding the 1992 Refunding Series A Bonds and costs of issuance related to the 2002 Refunding Series A, B and C Bonds. At June 30, 2002, the book value of this Project's plant, equipment and other assets was \$525,000,247, while its long-term debt totaled \$506,270,000 and other liabilities totaled \$18,730,247. The City's share of the Project's long-term debt amounted to \$60,752,400 at that date.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

Combustion Turbine Project No. 1

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities, began full commercial operation in June 1986, providing reserve and peaking power. In December 1989, NCPA issued \$68,958,257 in fixed rate revenue bonds, the proceeds of which were used to defease the bonds then outstanding. Under the NCPA power purchase agreement, the City is obligated to pay 13.5840% of this Project's debt service and operating costs. At June 30, 2002, the book value of this Project's plant, equipment and other assets was \$35,813,517, while its long-term debt totaled \$30,645,000 and other liabilities totaled \$5,168,517. The City's share of the Project's long-term debt amounted to \$4,162,817 at that date.

Geothermal Public Power Line

In 1983, NCPA, Sacramento Municipal Utility District, the City of Santa Clara and the Modesto Irrigation District (joint owners) initiated studies for a Geothermal Public Power Line (GPPL) which would carry power generated at several existing and planned geothermal plants in the Geysers area to a location where the joint owners could receive it for transmission to their load centers. NCPA has an 18.5% share of this Project and the City has a 14.1756% participation in NCPA's share. In 1989, the development of the proposed Geothermal Public Power Line was discontinued because NCPA was able to contract for sufficient transmission capacity to meet its needs in the Geysers. However, because the project financing provided funding for an ownership interest in a PG&E transmission line, a central dispatch facility and a performance bond pursuant to the Interconnection Agreement with PG&E, as well as an ownership interest in the proposed GPPL, NCPA issued \$16,000,000 in long-term, fixed-rate revenue bonds in November 1989 to defease the remaining variable rate refunding bonds used to refinance this project. The City is obligated to pay its 14.1756% share of the related debt service, but debt service costs are covered through NCPA billing mechanisms that allocate the costs to members based on use of the facilities and services.

At June 30, 2002, the book value of this Project's plant, equipment and other assets was \$6,853,875, while its long-term debt totaled \$6,760,000 and other liabilities totaled \$93,875. The City's share of the Project's long-term debt amounted to \$958,271 at that date.

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, a similar project for the Turlock Irrigation District in Ceres, and Lodi system facilities. Under the NCPA power purchase agreement, the City is obligated to pay 36.50% 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%.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

At June 30, 2002, the book value of this Project's plant, equipment and other assets was \$148,973,904, while its long-term debt totaled \$144,065,000 and other liabilities totaled \$4,908,904. The City's share of the Project's long-term debt amounted to \$52,583,725 at that date.

Graeagle Hydroelectric Project

The City's participation in this small hydroelectric project was approved in 1993. Although this project does not involve any financing, it does involve a long-term contractual commitment to purchase the power produced by the project.

Northwest Power Purchase Contract

The City's participation with other NCPA members in a long-term contract for purchase of power from the Washington Water Power Company was approved in 1993. At that date the City did not have a share of the Project's long-term debt. On February 1, 1997, the NCPA issued \$18,310,000 in Northwest Resource Revenue Bonds. The proceeds will permit early termination of the contract by financing a portion of a payment to be made under the Northwest Power Purchase Contract and costs of issuance of the debt. Under the NCPA Agreement for Financing Electric Capacity, the City was obligated to pay 22.8940% of this debt service. At June 30, 2002 the book value of this Project's total assets was \$7,779,137, while its other liabilities totaled \$7,779,137.

California Electric Industry Restructuring

In September 1996, the California State legislature signed into law Assembly Bill 1890 (AB 1890) deregulating the electric power supply market and restructuring the electric power industry in California. While the majority of the legislation is directed at investor-owned utilities (IOU), the City and other California public utilities are affected by the restructuring of markets serving 70% of the electric load in California and the introduction of direct access in neighboring service territories.

NCPA's Industry Restructuring Task Force plays an active role in protecting members contractual rights in FERC, California Public Utilities Commission (CPUC), and other legislative/regulatory proceedings. Priorities are the preservation of local rate making authority for publicly owned utilities, assuring that NCPA member investments are fully recovered, removing IRS restrictions on the use of NCPA and member assets after deregulation, and maintaining members' preference access to power from the Central Valley Project and Western Area Power Authority.

NCPA's Generation Operations and Marketing, Pooling and Member Services Business Units seek to enhance members' competitive position by capitalizing on new marketing and service opportunities resulting from restructuring. Generation Operations and Marketing services work in tandem to optimize system operations and identify market power sales/purchase opportunities.

In addition, as restructuring increased the need for scheduling coordinators, NCPA was able to market its scheduling capabilities. During the 1996-1997 fiscal year, NCPA provided scheduling and interchange management services for eight power marketers, including PG & E Services, US Generating Company, and Cinergy.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

NCPA's Generation Operations and Power Management Business Units work in tandem to optimize system operations and identify market power sales/purchase opportunities. NCPA is working to expand membership and services to other public sector organizations.

NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 180 Cirby Way, Roseville, CA 95678.

NOTE 16 – SOUTH PLACER WASTEWATER AUTHORITY

The City is a member of the South Placer Wastewater Authority (SPWA), a joint powers agency which operates under a joint powers agreement among three public agencies, the City of Roseville, South Placer Municipal Utility District and Placer County. The purpose of SPWA is to provide for the planning, financing, acquisition, ownership, construction and operation of the Regional Wastewater Facilities.

Under the terms of a funding agreement, the City will own and operate the Regional Wastewater Facilities. Under the terms of this agreement the member agencies will share the operating costs of the Facilities after construction is complete. The Regional Wastewater Facilities include the Dry Creek Plant and the Pleasant Grove Plant. In November 2000, the SPWA issued Revenue Bonds Series A and Series B in the original principal amounts of \$109,775,000 and \$70,000,000 respectively. The purpose of these bonds is to partially finance the costs of acquisition and construction of the Pleasant Grove Wastewater Treatment Plant. The three agencies are responsible for the repayment of the Revenue Bonds. The City's share of this obligation was determined to be 54.17%. As a result, this portion of the debt was recorded on the City's financial statements, as discussed in Note 9.

During the year ended June 30, 2002, the City paid \$11,729,964 to SPWA based on connection fees collected during the fiscal year.

The City records its share of income and expenses from SPWA in the Wastewater Enterprise Fund and these changes are reflected in the Statement of Revenues, Expenses and Changes in Retained Earnings. The City's Interest in SPWA Reserves at June 30, 2002 was \$110,976,780. The City's equity in SPWA was \$62,945,053 at June 30, 2002.

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

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 17 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the Roseville sanitary landfill site, which is closed, through the year 2024. Accordingly, the City has recorded a liability and expense in the Enterprise Solid Waste Fund for the estimated postclosure care cost. The recorded amount is based on applicable state and local laws and regulations concerning closure and postclosure care. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may result in increased charges to future landfill users or the usage of future tax revenues. During fiscal year 2002 the City reviewed its future closure and postclosure care costs and as a result, the City recognized an additional liability of \$4,000,000. As of June 30, 2002, landfill closure liability was \$4,481,039.

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES

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 15. The City's estimated share of such debt outstanding at June 30, 2002 was \$142,231,960. Under certain circumstances, the City may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

The City was served with a lawsuit October 19, 1998, alleging that the City's long-standing practice of transferring funds in lieu of fees City's Water, Wastewater and Solid Waste departments violates the provisions of Proposition 218. Proposition 218 related issues have not been litigated to conclusion in California yet, so no controlling precedent exists. The Court granted plaintiff's motion for summary judgment, and denied the City's motion at a hearing was held on February 4, 2003. Per the City Attorney, the City expects to continue to vigorously defend this action.

The City is in the process of expanding its wastewater treatment capacity through the construction of a new wastewater treatment plant known as the Pleasant Grove Wastewater Treatment Plant through the South Placer Wastewater Authority, as discussed in Note 16. Certain environmental organizations have also filed an administrative appeal of the permit for the Pleasant Grove facility. The outcome of those proceedings could significantly affect the availability of the City to provide wastewater service or the cost of providing such service. The City believes it is likely it will prevail.

The City participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2002 by the City's independent accountants in accordance with the provisions of the federal Single Audit Act amendments of 1996 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.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The City has committed approximately \$1.8 million, \$1.1 million and \$0.5 million for the City's Vernon Street Streetscape, Fire Station #6 and Washington Railing Replacement Projects, respectively.

NOTE 19 – SUBSEQUENT EVENTS

In October 2002 the Redevelopment Agency of the City of Roseville issued Tax Allocation Bonds, Series 2002 in the amount of \$14,500,000. The Agency anticipates using the proceeds for converting the Tower Theatre from a movie theatre to a performing arts center, constructing a downtown parking garage for approximately 500 cars across from City Hall and the performing arts center, and improving the streetscape for the City's historic district. The Tax Allocation Bonds bear interest at 3.0% - 5.0%. Principal payments are due annually on September 1 and interest payments are due semiannually on March 1 and September 1, through September 1, 2033.

Subsequent to year end the City paid \$13.3 million from the Electric Enterprise Fund to terminate certain power purchase agreements.

| |
|---|
| REQUIRED SUPPLEMENTARY INFORMATION |
|---|

MODIFIED APPROACH TO REPORTING STREET PAVEMENT COSTS AND PARKS AND LANDSCAPING COSTS

GASB Statement 34 allows the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The Modified Approach may be used if two requirements are met:

- 1) The City must have an asset management system (AMS) with certain features.
 - ✓ It must maintain an up-to-date inventory of the infrastructure assets.
 - ✓ It must estimate the annual costs to maintain and preserve those assets at the condition level the City has established and disclosed through administrative or executive policy or legislative action.
 - ✓ The AMS must be used to assess the condition of the assets periodically, using a measurement scale.
 - ✓ The condition assessments must be replicable as those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results.

- 2) The City must document that the roads, parks and landscaping are being preserved approximately at or above the condition level the City has established and disclosed. This documentation must include the results of the three most recent complete condition assessments and must provide reasonable assurance that the assets are being preserved approximately at or above the intended condition level.

Street Pavement

The City has elected to use the Modified Approach to report street pavement costs. The City uses a computerized Pavement Management System to track the condition levels of each of the street sections.

The condition of the pavement is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 10 for pavement with perfect condition. The condition index is used to classify pavement in good or better condition (7.0-10.0), fair condition (5.5-6.9), and substandard condition (less than 5.5).

The City's maintenance costs are budgeted to be \$4,766,980 in fiscal 2003. The Pavement Quality Index (PQI) for the City's street pavement for the last three years is as follows:

| Year | PQI | | Maintenance Budget | Actual Maintenance |
|-------|------------------------|-------------|--------------------|--------------------|
| | Arterial/ Collector | Residential | | |
| 99/00 | na | na | \$3,967,410 | \$2,386,645 |
| 00/01 | 7.7 | 7.6 | 3,615,450 | 1,240,576 |
| 01/02 | 7.8 | 7.5 | 2,784,660 | 3,730,265 |
| 02/03 | 7.8 | 7.9 | 4,766,980 | N/A |
| 03/04 | 7.6 | 7.6 | 5,733,500(est) | N/A |

The City's policy based on current funding is to maintain arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.5 and residential roadways at an average PQI of 6.5. This rating allows for minor cracking and revealing of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$3,730,265 for street preservation for fiscal 2002.

| |
|---|
| REQUIRED SUPPLEMENTARY INFORMATION (Continued) |
|---|

Parks and Landscaping

The City has also elected to use the Modified Approach to report parks and landscaping costs. The City uses a computerized Grounds Management System to track the condition levels of each of the parks and landscaping.

The condition of the parks and landscaping is based on a weighted average of 6 levels of condition. The ground management system uses a measurement scale that is based on various levels ranging from six for an undeveloped natural area to one for parks and landscaping with high-quality, diverse landscaping with state-of-the art maintenance. The condition index is used to classify parks and landscaping in the following levels: state-of-the-art to high-level maintenance (1-2), moderate to moderately low level maintenance (3-4), minimum-level maintenance (5), and natural area that is not developed (6).

The City's maintenance costs are budgeted to be \$3,796,952 in fiscal 2003. The Ground Management Index (GMI) for the City's parks and landscaping maintenance for the last two years is as follows:

| Fiscal Year | GMI (Level) Parks and Landscaping | Maintenance Budget | Actual Maintenance |
|------------------------|--|-------------------------------|-------------------------------|
| 98/99 | N/A | N/A | N/A |
| 99/00 | N/A | N/A | N/A |
| 00/01 | N/A | N/A | N/A |
| 01/02 | 2 | \$3,213,790 | \$3,078,263 |
| 02/03 | 2 | 3,796,952 | N/A |

The City's policy based on current funding is to maintain parks and landscape at an average Ground Management Index (GMI) of Level 2. This rating allows for high-level maintenance and is the recommended level for most organizations. The City expended \$3,078,263 for maintenance for fiscal 2002.

CITY OF ROSEVILLE
COMMUNITY FACILITIES DISTRICT PROJECTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

| | Budget | Final | Variance Positive (Negative) |
|---|----------------------|------------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$5,000 | \$1,350 | (\$3,650) |
| Use of money and property | 365,670 | 983,116 | 617,446 |
| Miscellaneous revenues | 226,270 | 539,889 | 313,619 |
| Total revenues | 596,940 | 1,524,355 | 927,415 |
| EXPENDITURES | | | |
| Capital Outlay | 36,713,871 | 34,889,074 | 1,824,797 |
| OTHER FINANCING SOURCES (USES) | | | |
| Contributions from property owners | 30,277,831 | 34,173,448 | 3,895,617 |
| Contributions from developers | 7,500 | 408,373 | 400,873 |
| Transfers out | (29,734) | (589) | 29,145 |
| Total Other Financing Sources (Uses) | 30,255,597 | 34,581,232 | 4,325,635 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | (\$5,861,334) | 1,216,513 | \$7,077,847 |
| Fund balance at beginning of year | | 16,930,238 | |
| Fund balance at end of year | | \$18,146,751 | |

CITY OF ROSEVILLE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BY DEPARTMENT AND SUMMARY CATEGORY FOR ALL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| Department/Category | Appropriations | Actual Expenditures | Variance Favorable (Unfavorable) |
|-----------------------------------|----------------|------------------------|--|
| City Council | | | |
| Salaries and Benefits | \$36,600 | \$36,600 | |
| Operating Services and Supplies | 596,897 | 479,589 | \$117,308 |
| Total City Council | 633,497 | 516,189 | 117,308 |
| Office of the City Manager | | | |
| Salaries and Benefits | 857,320 | 789,282 | 68,038 |
| Operating Services and Supplies | 402,500 | 328,854 | 73,646 |
| Capital Outlay | 171,214 | 122,548 | 48,666 |
| Total Office of the City Manager | 1,431,034 | 1,240,684 | 190,350 |
| Office of the City Attorney | | | |
| Salaries and Benefits | 741,480 | 574,047 | 167,433 |
| Operating Services and Supplies | 209,310 | 159,702 | 49,608 |
| Capital Outlay | 8,500 | 2,508 | 5,992 |
| Total Office of the City Attorney | 959,290 | 736,257 | 223,033 |
| Administrative Services | | | |
| Salaries and Benefits | 2,727,567 | 2,710,795 | 16,772 |
| Operating Services and Supplies | 5,875,293 | 5,275,444 | 599,849 |
| Capital Outlay | 420,114 | 322,580 | 97,534 |
| Debt Service | 565,000 | 540,867 | 24,133 |
| Total Administrative Services | 9,587,974 | 8,849,686 | 738,288 |
| City Clerk | | | |
| Salaries and Benefits | 480,580 | 440,403 | 40,177 |
| Operating Services and Supplies | 103,323 | 93,840 | 9,483 |
| Capital Outlay | 15,716 | 12,860 | 2,856 |
| Total City Clerk | 599,619 | 547,103 | 52,516 |
| Central Services | | | |
| Salaries and Benefits | 3,861,090 | 3,523,178 | 337,912 |
| Operating Services and Supplies | 3,425,777 | 3,119,007 | 306,770 |
| Capital Outlay | 72,084 | 36,504 | 35,580 |
| Capital Improvement Projects | 17,182,913 | 6,885,190 | 10,297,723 |
| Total Central Services | 24,541,864 | 13,563,879 | 10,977,985 |
| Finance | | | |
| Salaries and Benefits | 3,030,585 | 2,819,111 | 211,474 |
| Operating Services and Supplies | 1,675,507 | 1,303,107 | 372,400 |
| Capital Outlay | 127,500 | 70,127 | 57,373 |
| Total Finance | 4,833,592 | 4,192,345 | 641,247 |
| Police | | | |
| Salaries and Benefits | 13,113,400 | 11,577,679 | 1,535,721 |
| Operating Services and Supplies | 3,119,833 | 2,911,944 | 207,889 |
| Capital Outlay | 204,168 | 158,060 | 46,108 |
| Total Police | 16,437,401 | 14,647,683 | 1,789,718 |
| Fire | | | |
| Salaries and Benefits | 7,715,740 | 7,690,479 | 25,261 |
| Operating Services and Supplies | 2,544,381 | 1,936,313 | 608,068 |
| Capital Outlay | 642,866 | 238,181 | 404,685 |
| Capital Improvement Projects | 43,000 | 14,647 | 28,353 |
| Total Fire | 10,945,987 | 9,879,620 | 1,066,367 |

(Continued)

CITY OF ROSEVILLE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BY DEPARTMENT AND SUMMARY CATEGORY FOR ALL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| Department/Category | Appropriations | Actual Expenditures | Variance Favorable (Unfavorable) |
|----------------------------------|----------------|------------------------|--|
| Library | | | |
| Salaries and Benefits | \$2,275,140 | \$1,943,114 | \$332,026 |
| Operating Services and Supplies | 510,661 | 472,196 | 38,465 |
| Capital Outlay | 111,090 | 89,581 | 21,509 |
| Debt Service | 1,020 | 988 | 32 |
| Total Library | 2,897,911 | 2,505,879 | 392,032 |
| Community Development | | | |
| Salaries and Benefits | 1,595,715 | 1,501,951 | 93,764 |
| Operating Services and Supplies | 1,491,970 | 732,031 | 759,939 |
| Capital Outlay | 55,121 | 34,625 | 20,496 |
| Capital Improvement Projects | 995,500 | 846,903 | 148,597 |
| Total Community Development | 4,138,306 | 3,115,510 | 1,022,796 |
| Housing and Redevelopment | | | |
| Salaries and Benefits | 400,590 | 320,314 | 80,276 |
| Operating Services and Supplies | 2,833,716 | 884,457 | 1,949,259 |
| Capital Outlay | | 2,100 | (2,100) |
| Debt Service | | 124,337 | (124,337) |
| Capital Improvement Projects | 1,641,000 | 2,363,021 | (722,021) |
| Other Expenditures | 597,411 | 775,547 | (178,136) |
| Total Housing and Redevelopment | 5,472,717 | 4,469,776 | 1,002,941 |
| Planning | | | |
| Salaries and Benefits | 1,705,340 | 1,478,769 | 226,571 |
| Operating Services and Supplies | 316,697 | 92,752 | 223,945 |
| Capital Outlay | 36,000 | 29,386 | 6,614 |
| Total Planning | 2,058,037 | 1,600,907 | 457,130 |
| Public Works | | | |
| Salaries and Benefits | 7,439,225 | 6,674,473 | 764,752 |
| Operating Services and Supplies | 3,835,685 | 3,143,564 | 692,121 |
| Capital Outlay | 66,512 | 58,884 | 7,628 |
| Capital Improvement Projects | 35,872,579 | 13,167,668 | 22,704,911 |
| Total Public Works | 47,214,001 | 23,044,589 | 24,169,412 |
| Environmental Utilities | | | |
| Salaries and Benefits | 10,724,819 | 10,110,747 | 614,072 |
| Operating Services and Supplies | 14,496,531 | 13,611,812 | 884,719 |
| Capital Outlay | 575,527 | 504,835 | 70,692 |
| Capital Improvement Projects | 16,428,397 | 6,306,880 | 10,121,517 |
| Total Environmental Utilities | 42,225,274 | 30,534,274 | 11,691,000 |
| Parks and Recreation | | | |
| Salaries and Benefits | 9,309,520 | 8,810,115 | 499,405 |
| Operating Services and Supplies | 5,868,717 | 5,636,278 | 232,439 |
| Capital Outlay | 176,431 | 109,297 | 67,134 |
| Capital Improvement Projects | 10,706,716 | 5,344,959 | 5,361,757 |
| Debt Service | 10,068 | 3,359 | 6,709 |
| Total Parks and Recreation | 26,071,452 | 19,904,008 | 6,167,444 |

(Continued)

CITY OF ROSEVILLE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BY DEPARTMENT AND SUMMARY CATEGORY FOR ALL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| Department/Category | Appropriations | Actual Expenditures | Variance Favorable (Unfavorable) |
|---------------------------------|----------------|------------------------|--|
| Electric | | | |
| Salaries and Benefits | \$7,975,130 | \$7,750,927 | \$224,203 |
| Operating Services and Supplies | 79,660,773 | 77,167,581 | 2,493,192 |
| Capital Outlay | 385,325 | 202,088 | 183,237 |
| Capital Improvement Projects | 14,093,567 | 8,554,641 | 5,538,926 |
| Other Expenditures | 211,550 | 211,550 | |
| Total Electric | 102,326,345 | 93,886,787 | 8,439,558 |
| Transit | | | |
| Salaries and Benefits | 242,680 | 210,492 | 32,188 |
| Operating Services and Supplies | 2,802,218 | 2,256,234 | 545,984 |
| Capital Improvement Projects | 1,538,738 | 202,115 | 1,336,623 |
| Capital Outlay | 2,996,168 | 32,770 | 2,963,398 |
| Total Transit | 7,579,804 | 2,701,611 | 4,878,193 |
| Debt Service | | | |
| Debt Service | 17,995,587 | 17,277,183 | 718,404 |
| Other Expenditures | 160,800 | 253,404 | (92,604) |
| Total Debt Service | 18,156,387 | 17,530,587 | 625,800 |
| Community Grants | | | |
| Operating Services and Supplies | 1,453,370 | 1,152,775 | 300,595 |
| Total Community Grants | 1,453,370 | 1,152,775 | 300,595 |
| Automotive Replacement | | | |
| Capital Outlay | 5,408,809 | 3,139,026 | 2,269,783 |
| Total Automotive Replacement | 5,408,809 | 3,139,026 | 2,269,783 |
| Non-departmental | | | |
| Salaries and Benefits | | 272,271 | (272,271) |
| Operating Services and Supplies | 596,327 | 415,773 | 180,554 |
| Capital Improvement Projects | 41,747,673 | 38,262,087 | 3,485,586 |
| Other Expenditures | 1,044,215 | 1,381,959 | (337,744) |
| Total Community Grants | 43,388,215 | 40,332,090 | 3,056,125 |

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2002

SPECIAL REVENUE FUNDS

| | Lighting and Landscape and Service Districts | State Gasoline Tax | Home Improvement | Construction Surcharge | California Library Services |
|---|---|--------------------------|---------------------|---------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash and investments in City Treasury | \$1,458,512 | \$6,202,910 | \$555,022 | \$5 | \$151,842 |
| Restricted cash and investments with fiscal agents | | | | | |
| Receivables: | | | | | |
| Accounts | 44,952 | | | | |
| Accrued interest | 10,444 | 41,026 | 72,385 | 6 | 1,066 |
| Due from other government agencies | | 337,252 | | | 21,709 |
| Due from other funds | | | | | |
| Advances to other funds | | | | | |
| Deferred receivables | | | | | |
| Notes receivables | | | 106,372 | | |
| Total Assets | \$1,513,908 | \$6,581,188 | \$733,779 | \$11 | \$174,617 |
| LIABILITIES | | | | | |
| Accounts payable | \$31,162 | \$99,562 | | | \$1,113 |
| Accrued liabilities | | | | | |
| Current portion of compensated absences | | | | | |
| Due to other funds | 704,171 | | | | |
| Due to other government agencies | | | | | |
| Advances from other funds | | | | | |
| Deposits | | | | | |
| Deferred revenue | | | \$48,978 | | |
| Total Liabilities | 735,333 | 99,562 | 48,978 | | 1,113 |
| FUND EQUITY | | | | | |
| Reserved for: | | | | | |
| Advances | | | | | |
| Encumbrances | 106,676 | 354,826 | | | |
| Low and moderate income housing | | | | | |
| Deferred receivables and notes receivable | | | 57,394 | | |
| Debt service | | | | | |
| Unreserved: | | | | | |
| Designated for carryover of capital improvement projects | | | | | |
| Undesignated | 671,899 | 6,126,800 | 627,407 | \$11 | 173,504 |
| TOTAL FUND BALANCES | 778,575 | 6,481,626 | 684,801 | 11 | 173,504 |
| Total Liabilities and Fund Balances | \$1,513,908 | \$6,581,188 | \$733,779 | \$11 | \$174,617 |

SPECIAL REVENUE FUNDS

| Traffic Safety | FEMA | Trench Cut Recovery Fund | Law Enforcement Block Grants | Fire Facilities | Traffic Mitigation | Public Facilities | Park Development |
|-------------------|------------------|--------------------------------|------------------------------------|--------------------|-----------------------|----------------------|---------------------|
| | | \$2,310 | \$433,721 | \$7,908,424 | \$9,066,785 | \$5,028,605 | \$19,347,838 |
| \$12,381 | | | | 19 | 220 | 18 | |
| 47,303 | \$124,935 | 15 | 2,869 | 53,067 | 60,011 | 32,352 | 126,102 |
| | | | | 460,039 36,147 | 4,701,184 | 371,142 | 1,091,700 |
| <u>\$59,684</u> | <u>\$124,935</u> | <u>\$2,325</u> | <u>\$436,590</u> | <u>\$8,457,696</u> | <u>\$15,803,200</u> | <u>\$5,432,117</u> | <u>\$20,565,640</u> |
| | | | | \$2,220 | \$749,206 | | \$188,268 |
| \$59,684 | | | | | | | 4,600,000 |
| | \$124,935 | | \$229,671 | 496,010 | 4,780,784 | \$370,793 | 1,091,700 |
| 59,684 | 124,935 | | 229,671 | 498,230 | 5,529,990 | 370,793 | 5,879,968 |
| | | | | 384,340 | 21,303 | | 64,606 |
| | | \$2,325 | 206,919 | 7,575,126 | 10,251,907 | 5,061,324 | 14,621,066 |
| | | 2,325 | 206,919 | 7,959,466 | 10,273,210 | 5,061,324 | 14,685,672 |
| <u>\$59,684</u> | <u>\$124,935</u> | <u>\$2,325</u> | <u>\$436,590</u> | <u>\$8,457,696</u> | <u>\$15,803,200</u> | <u>\$5,432,117</u> | <u>\$20,565,640</u> |

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2002

| | SPECIAL REVENUE FUNDS | | | | |
|---|----------------------------------|---------------------|---|-----------------------------------|-----------------------|
| | Pleasant Grove Drain Basin | Tree Propagation | Community Development Block Grant/HOME | Housing Authority Section 8 | Affordable Housing |
| ASSETS | | | | | |
| Cash and investments in City Treasury | \$11,087,812 | \$3,280,815 | \$71,344 | \$268,267 | \$210,147 |
| Restricted cash and investments with fiscal agents | | | | 77,412 | |
| Receivables: | | | | | |
| Accounts | | | | 2,742 | |
| Accrued interest | 72,370 | 21,591 | | | 16,066 |
| Due from other government agencies | | | 521,595 | 9,610 | |
| Due from other funds | | | | | 50,000 |
| Advances to other funds | | | | | 350,000 |
| Deferred receivables | 272,931 | | | | |
| Notes receivables | | | 4,287,420 | | |
| | \$11,433,113 | \$3,302,406 | \$4,880,359 | \$358,031 | \$626,213 |
| LIABILITIES | | | | | |
| Accounts payable | \$222,207 | | \$23,890 | \$52,247 | |
| Accrued liabilities | | | | 105,470 | |
| Current portion of compensated absences | | | | | |
| Due to other funds | | | | | |
| Due to other government agencies | | | 4,287,420 | | |
| Advances from other funds | | | | | |
| Deposits | | | | | |
| Deferred revenue | 272,931 | | | 9,610 | |
| | 495,138 | | 4,311,310 | 167,327 | |
| FUND EQUITY | | | | | |
| Reserved for: | | | | | |
| Advances | | | | | \$350,000 |
| Encumbrances | | \$226,000 | 960 | | |
| Low and moderate income housing | | | | | |
| Deferred receivables and notes receivable | | | | | |
| Debt service | | | | | |
| Unreserved: | | | | | |
| Designated for carryover of capital improvement projects | | | | | |
| Undesignated | 10,937,975 | 3,076,406 | 568,089 | 190,704 | 276,213 |
| | 10,937,975 | 3,302,406 | 569,049 | 190,704 | 626,213 |
| TOTAL FUND BALANCES | 10,937,975 | 3,302,406 | 569,049 | 190,704 | 626,213 |
| Total Liabilities and Fund Balances | \$11,433,113 | \$3,302,406 | \$4,880,359 | \$358,031 | \$626,213 |

| SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | PERMANENT FUND |
|------------------------------|--------------------|---|-----------------------------|------------------------|---|-----------------------------|--|
| Park and Recreation Donation | Forfeited Property | Redevelopment Agency of the City of Roseville | Roseville Finance Authority | Building | General Capital Improvement Projects Rehabilitation | Roseville Finance Authority | Roseville Aquatics Complex Maintenance |
| \$166,424 | \$15,395 | \$2,757,155 | \$1,674,719 | \$4,510,147 | \$7,192,625 | \$644 | \$618,443 |
| 1,098 | 5,608 102 | 455 20,522 154,420 | 11,404 | 25,011 | 48,045 | 1,557 | |
| | | 652,996 | | | | | |
| <u>\$167,522</u> | <u>\$21,105</u> | <u>\$3,585,548</u> | <u>\$1,686,123</u> | <u>\$4,535,158</u> | <u>\$7,240,670</u> | <u>\$2,201</u> | <u>\$618,443</u> |
| \$64 | | \$621,704 1,060,118 4,291 300,000 3,026,789 | | \$186,836 | | | \$600,000 |
| | | 652,996 | | | | | |
| <u>64</u> | | <u>5,665,898</u> | | <u>186,836</u> | | | <u>600,000</u> |
| | | 72,363 405,155 | \$1,686,123 | 142,354 | | | |
| 167,458 | \$21,105 | (2,557,868) | | 4,205,968 | \$7,240,670 | \$2,201 | 18,443 |
| 167,458 | 21,105 | (2,080,350) | 1,686,123 | 4,348,322 | 7,240,670 | 2,201 | 18,443 |
| <u>\$167,522</u> | <u>\$21,105</u> | <u>\$3,585,548</u> | <u>\$1,686,123</u> | <u>\$4,535,158</u> | <u>\$7,240,670</u> | <u>\$2,201</u> | <u>\$618,443</u> |

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2002

| | PERMANENT FUND | Total Nonmajor Governmental Funds |
|---|---------------------|--|
| | Citizens Benefit | Funds |
| ASSETS | | |
| Cash and investments in City Treasury | \$15,699,595 | \$96,034,787 |
| Restricted cash and investments with fiscal agents | 47,004 | 1,799,135 |
| Receivables: | | |
| Accounts | 2,162 | 68,557 |
| Accrued interest | 247,119 | 864,228 |
| Due from other government agencies | | 3,191,824 |
| Due from other funds | | 50,000 |
| Advances to other funds | | 350,000 |
| Deferred receivables | | 6,896,996 |
| Notes receivables | | 5,082,935 |
| | | |
| Total Assets | \$15,995,880 | \$114,338,462 |
| LIABILITIES | | |
| Accounts payable | | \$2,178,479 |
| Accrued liabilities | | 1,165,588 |
| Current portion of compensated absences | | 4,291 |
| Due to other funds | | 1,063,855 |
| Due to other government agencies | | 4,287,420 |
| Advances from other funds | | 7,626,789 |
| Deposits | | 600,000 |
| Deferred revenue | | 8,078,408 |
| | | |
| Total Liabilities | | 25,004,830 |
| FUND EQUITY | | |
| Reserved for: | | |
| Advances | | 350,000 |
| Encumbrances | | 1,373,428 |
| Low and moderate income housing | | 405,155 |
| Deferred receivables and notes receivable | | 57,394 |
| Debt service | | 1,686,123 |
| Unreserved: | | |
| Designated for carryover of capital improvement projects | | 11,448,839 |
| Undesignated | \$15,995,880 | 74,012,693 |
| | | |
| TOTAL FUND BALANCES | 15,995,880 | 89,333,632 |
| Total Liabilities and Fund Balances | \$15,995,880 | \$114,338,462 |

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

| | SPECIAL REVENUE FUNDS | | | | |
|--|---|--------------------------|---------------------|---------------------------|-----------------------------------|
| | Lighting and Landscape and Service Districts | State Gasoline Tax | Home Improvement | Construction Surcharge | California Library Services |
| REVENUES | | | | | |
| Taxes | \$959,657 | | | | |
| Charges for services | | | | | \$99,758 |
| Subventions and grants | | \$2,903,939 | | | 149,759 |
| Use of money and property | 45,810 | 229,019 | \$18,780 | \$11 | 3,691 |
| Fines, forfeitures and penalties | | | | | |
| Miscellaneous revenues | | 1,425 | 25,000 | | 35 |
| Total Revenues | 1,005,467 | 3,134,383 | 43,780 | 11 | 253,243 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | | | | | |
| Community development and planning | | | | | |
| Library | | | | | 185,873 |
| Parks and recreation | 807,121 | | | | |
| Housing assistance payments | | | | | |
| Capital outlay | | 2,866,923 | | 1,258 | |
| Payments under development agreements | | | | | |
| Debt service | | | | | |
| Principal retirement | | | | | |
| Interest and fiscal charges | | | | | |
| Total Expenditures | 807,121 | 2,866,923 | | 1,258 | 185,873 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 198,346 | 267,460 | 43,780 | (1,247) | 67,370 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contributions from developers | | | | | |
| Transfers in | | 332,255 | | 4,125 | |
| Transfers (out) | (27,880) | (1,326,697) | (340) | | (5,070) |
| Total Other Financing Sources (Uses) | (27,880) | (994,442) | (340) | 4,125 | (5,070) |
| Net change in fund balances | 170,466 | (726,982) | 43,440 | 2,878 | 62,300 |
| Fund balances at the beginning of period, as restated | 608,109 | 7,208,608 | 641,361 | (2,867) | 111,204 |
| Fund balances at the end of period | <u>\$778,575</u> | <u>\$6,481,626</u> | <u>\$684,801</u> | <u>\$11</u> | <u>\$173,504</u> |

SPECIAL REVENUE FUNDS

| Traffic Safety | FEMA | Trench Cut Recovery Fund | Law Enforcement Block Grants | Fire Facilities | Traffic Mitigation | Public Facilities | Park Development |
|-------------------|--------------------|--------------------------------|------------------------------------|--------------------|-----------------------|----------------------|---------------------|
| | | | | \$2,711,343 | | | |
| | \$2,471,659 | | \$96,688 | | \$11,056,968 | \$2,731,159 | \$4,885,378 |
| \$439,961 | | \$82 | 7,119 | 268,821 | 881,000 | 143,337 | 662,466 |
| | | | | 5,018 | 294,082 | 66 | |
| | | | | | 1,062 | | |
| | | | | 5,018 | 16,790 | | 38,250 |
| <u>439,961</u> | <u>2,471,659</u> | <u>82</u> | <u>103,807</u> | <u>2,985,182</u> | <u>12,249,902</u> | <u>2,874,562</u> | <u>5,586,094</u> |
| | | | | | | | |
| | | | | 248,151 | 5,544,023 | | 3,580,891 |
| | | | | | 2,944,421 | | |
| | | | | | | | |
| | | | | 248,151 | 8,488,444 | | 3,580,891 |
| <u>439,961</u> | <u>2,471,659</u> | <u>82</u> | <u>103,807</u> | <u>2,737,031</u> | <u>3,761,458</u> | <u>2,874,562</u> | <u>2,005,203</u> |
| | | | | | | | |
| | | | | | 1,539,000 | | 250,000 |
| <u>(439,961)</u> | <u>(2,471,659)</u> | | <u>(234,700)</u> | <u>(1,454,877)</u> | <u>(62,195)</u> | <u>(180,826)</u> | <u>983,313</u> |
| | | | | | | | (28,590) |
| <u>(439,961)</u> | <u>(2,471,659)</u> | | <u>(234,700)</u> | <u>(1,454,877)</u> | <u>1,476,805</u> | <u>(180,826)</u> | <u>1,204,723</u> |
| | | | | | | | |
| | | 82 | (130,893) | 1,282,154 | 5,238,263 | 2,693,736 | 3,209,926 |
| | | 2,243 | 337,812 | 6,677,312 | 5,034,947 | 2,367,588 | 11,475,746 |
| | | \$2,325 | \$206,919 | \$7,959,466 | \$10,273,210 | \$5,061,324 | \$14,685,672 |

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

SPECIAL REVENUE FUNDS

| | Pleasant Grove Drain Basin | Tree Propagation | Community Development Block Grant/HOME | Housing Authority Section 8 | Affordable Housing |
|--|----------------------------------|---------------------|---|-----------------------------------|-----------------------|
| REVENUES | | | | | |
| Taxes | | | | | |
| Charges for services | \$1,433,406 | \$127,529 | | | |
| Subventions and grants | | | \$1,642,193 | \$2,431,321 | |
| Use of money and property | 377,699 | 113,003 | | 9,922 | \$18,734 |
| Fines, forfeitures and penalties | | | | | |
| Miscellaneous revenues | | | 395,537 | | |
| | <u>1,811,105</u> | <u>240,532</u> | <u>2,037,730</u> | <u>2,441,243</u> | <u>18,734</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | | | | | |
| Community development and planning | 834,159 | | 1,568,776 | 334,143 | |
| Library | | | | | |
| Parks and recreation | | | | | |
| Housing assistance payments | | | | 2,027,930 | |
| Capital outlay | | 12,744 | 103,236 | | |
| Payments under development agreements | | | | | |
| Debt service | | | | | |
| Principal retirement | | | | | |
| Interest and fiscal charges | | | | | |
| | <u>834,159</u> | <u>12,744</u> | <u>1,672,012</u> | <u>2,362,073</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>976,946</u> | <u>227,788</u> | <u>365,718</u> | <u>79,170</u> | <u>18,734</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contributions from developers | | | | | 120,139 |
| Transfers in | | | 119,960 | | |
| Transfers (out) | (5,520) | (1,670) | (188,000) | (32,988) | |
| | <u>(5,520)</u> | <u>(1,670)</u> | <u>(68,040)</u> | <u>(32,988)</u> | <u>120,139</u> |
| Net change in fund balances | 971,426 | 226,118 | 297,678 | 46,182 | 138,873 |
| Fund balances at the beginning of period, as restated | <u>9,966,549</u> | <u>3,076,288</u> | <u>271,371</u> | <u>144,522</u> | <u>487,340</u> |
| Fund balances at the end of period | <u>\$10,937,975</u> | <u>\$3,302,406</u> | <u>\$569,049</u> | <u>\$190,704</u> | <u>\$626,213</u> |

| SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | PERMANENT FUND |
|------------------------------|--------------------|---|---|------------------------|---|-----------------------------|--|
| Park and Recreation Donation | Forfeited Property | Redevelopment Agency of the City of Roseville | Roseville Finance Authority Debt Service Fund | Building | General Capital Improvement Projects Rehabilitation | Roseville Finance Authority | Roseville Aquatics Complex Maintenance |
| | | \$2,834,739 | | | | | |
| \$150 | | | | | | | |
| 20,378 | | 124,013 | | | | | |
| 5,581 | \$327 | 116,463 | \$137,321 | \$140,223 | \$235,444 | \$8,866 | \$3,664 |
| | 18,030 | 9,547 | | 525 | | | |
| 26,109 | 18,357 | 3,084,762 | 137,321 | 140,748 | 235,444 | 8,866 | 3,664 |
| 9,212 | | 1,691,957 | | | | | |
| | | 2,363,021 | | 6,885,190 | | | |
| | | | 620,000 | | | | |
| | | 124,337 | 968,305 | | | | |
| 9,212 | | 4,179,315 | 1,588,305 | 6,885,190 | | | |
| 16,897 | 18,357 | (1,094,553) | (1,450,984) | (6,744,442) | 235,444 | 8,866 | 3,664 |
| | | 44,035 | | | | | |
| | | 78,000 | 1,472,762 | 3,506,150 | 3,477,800 | | |
| | | (158,120) | | | (1,006,578) | (496,659) | |
| | | (36,085) | 1,472,762 | 3,506,150 | 2,471,222 | (496,659) | |
| 16,897 | 18,357 | (1,130,638) | 21,778 | (3,238,292) | 2,706,666 | (487,793) | 3,664 |
| 150,561 | 2,748 | (949,712) | 1,664,345 | 7,586,614 | 4,534,004 | 489,994 | 14,779 |
| \$167,458 | \$21,105 | (\$2,080,350) | \$1,686,123 | \$4,348,322 | \$7,240,670 | \$2,201 | \$18,443 |

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002

| | <u>PERMANENT FUND</u> | |
|--|---------------------------|--|
| | Citizens Benefit | Total Nonmajor Governmental Funds |
| | <u>Benefit</u> | <u>Funds</u> |
| REVENUES | | |
| Taxes | | \$6,505,739 |
| Charges for services | | 20,334,348 |
| Subventions and grants | | 10,720,950 |
| Use of money and property | \$880,645 | 3,721,110 |
| Fines, forfeitures and penalties | | 441,089 |
| Miscellaneous revenues | | 510,157 |
| | <u>880,645</u> | <u>42,233,393</u> |
| Total Revenues | | |
| EXPENDITURES | | |
| Current: | | |
| General government | 813,395 | 2,514,564 |
| Community development and planning | | 2,737,078 |
| Library | | 185,873 |
| Parks and recreation | | 807,121 |
| Housing assistance payments | | 2,027,930 |
| Capital outlay | | 21,605,437 |
| Payments under development agreements | | 2,944,421 |
| Debt service | | |
| Principal retirement | | 620,000 |
| Interest and fiscal charges | | 1,092,642 |
| | <u>813,395</u> | <u>34,535,066</u> |
| Total Expenditures | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | |
| | <u>67,250</u> | <u>7,698,327</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Contributions from developers | | 1,953,174 |
| Transfers in | | 9,974,365 |
| Transfers (out) | | (8,122,330) |
| | <u> </u> | <u>3,805,209</u> |
| Total Other Financing Sources (Uses) | | |
| Net change in fund balances | 67,250 | 11,503,536 |
| Fund balances at the beginning of period, as restated | <u>15,928,630</u> | <u>77,830,096</u> |
| Fund balances at the end of period | <u>\$15,995,880</u> | <u>\$89,333,632</u> |

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | LIGHTING AND LANDSCAPE SERVICE DISTRICTS | | | STATE GASOLINE TAX | | |
|--|---|------------------|------------------------------------|----------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$1,651,790 | \$959,657 | (\$692,133) | | | |
| Property tax increment | | | | | | |
| Charges for services | | | | | | |
| Subventions and grants | | | | \$2,384,000 | \$2,903,939 | \$519,939 |
| Use of money and property | | 45,810 | 45,810 | 21,290 | 229,019 | 207,729 |
| Fines, forfeitures and penalties | | | | | | |
| Miscellaneous revenues | | | | 500 | 1,425 | 925 |
| Total Revenues | 1,651,790 | 1,005,467 | (646,323) | 2,405,790 | 3,134,383 | 728,593 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Community development and planning | | | | | | |
| Library | | | | | | |
| Parks and recreation | 1,636,122 | 807,121 | 829,001 | | | |
| Housing assistance payments | | | | | | |
| Capital outlay | | | | 9,456,510 | 2,866,923 | 6,589,587 |
| Debt service | | | | | | |
| Principal retirement | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | 1,636,122 | 807,121 | 829,001 | 9,456,510 | 2,866,923 | 6,589,587 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 15,668 | 198,346 | 182,678 | (7,050,720) | 267,460 | 7,318,180 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions from developers | | | | | | |
| Transfers in | | | | 199,750 | 332,255 | 132,505 |
| Transfers (out) | | (27,880) | (27,880) | (1,253,530) | (1,326,697) | (73,167) |
| Total Other Financing Sources (Uses) | | (27,880) | (27,880) | (1,053,780) | (994,442) | 59,338 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$15,668 | 170,466 | \$154,798 | (\$8,104,500) | (726,982) | \$7,377,518 |
| Fund balances at beginning of year | | 608,109 | | | 7,208,608 | |
| Fund balances at end of year | | \$778,575 | | | \$6,481,626 | |

| HOME IMPROVEMENT | | | CONSTRUCTION SURCHARGE | | | CALIFORNIA LIBRARY SERVICES | | |
|------------------|------------------|------------------------------------|------------------------|----------------|------------------------------------|-----------------------------|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | \$80,000 | \$99,758 | \$19,758 |
| \$10,720 | \$18,780 | \$8,060 | | \$11 | \$11 | 120,000 | 149,759 | 29,759 |
| | 25,000 | 25,000 | | | | 890 | 3,691 | 2,801 |
| | | | | | | 300 | 35 | (265) |
| <u>10,720</u> | <u>43,780</u> | <u>33,060</u> | | <u>11</u> | <u>11</u> | <u>201,190</u> | <u>253,243</u> | <u>52,053</u> |
| | | | | | | | | |
| | | | | | | 203,000 | 185,873 | 17,127 |
| | | | \$25,599 | 1,258 | 24,341 | | | |
| | | | | | | | | |
| | | | <u>25,599</u> | <u>1,258</u> | <u>24,341</u> | <u>203,000</u> | <u>185,873</u> | <u>17,127</u> |
| <u>10,720</u> | <u>43,780</u> | <u>33,060</u> | <u>(25,599)</u> | <u>(1,247)</u> | <u>24,352</u> | <u>(1,810)</u> | <u>67,370</u> | <u>69,180</u> |
| | | | | | | | | |
| | | | 28,469 | 4,125 | (24,344) | (5,070) | (5,070) | |
| | (340) | (340) | | | | | | |
| | (340) | (340) | 28,469 | 4,125 | (24,344) | (5,070) | (5,070) | |
| | | | | | | | | |
| <u>\$10,720</u> | <u>43,440</u> | <u>\$32,720</u> | <u>\$2,870</u> | <u>2,878</u> | <u>\$8</u> | <u>(\$6,880)</u> | <u>62,300</u> | <u>\$69,180</u> |
| | <u>641,361</u> | | | <u>(2,867)</u> | | | <u>111,204</u> | |
| | <u>\$684,801</u> | | | <u>\$11</u> | | | <u>\$173,504</u> | |

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | TRAFFIC SAFETY | | | FEMA | | |
|---|------------------|------------------|------------------------------------|--------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Property tax increment | | | | | | |
| Charges for services | | | | | | |
| Subventions and grants | | | | \$2,396,665 | \$2,471,659 | \$74,994 |
| Use of money and property | | | | | | |
| Fines, forfeitures and penalties | \$255,000 | \$439,961 | \$184,961 | | | |
| Miscellaneous revenues | | | | | | |
| Total Revenues | <u>255,000</u> | <u>439,961</u> | <u>184,961</u> | <u>2,396,665</u> | <u>2,471,659</u> | <u>74,994</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Community development and planning | | | | | | |
| Library | | | | | | |
| Parks and recreation | | | | | | |
| Housing assistance payments | | | | | | |
| Capital outlay | | | | | | |
| Debt service | | | | | | |
| Principal retirement | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>255,000</u> | <u>439,961</u> | <u>184,961</u> | <u>2,396,665</u> | <u>2,471,659</u> | <u>74,994</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions from developers | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | (255,000) | (439,961) | (184,961) | (2,396,665) | (2,471,659) | (74,994) |
| Total Other Financing Sources (Uses) | <u>(255,000)</u> | <u>(439,961)</u> | <u>(184,961)</u> | <u>(2,396,665)</u> | <u>(2,471,659)</u> | <u>(74,994)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | | | | | |
| Fund balances at beginning of year | | | | | | |
| Fund balances at end of year | | | | | | |

| LAW ENFORCEMENT BLOCK GRANTS | | | FIRE FACILITIES | | | TRAFFIC MITIGATION | | |
|------------------------------|------------------|------------------------------|----------------------|--------------------|------------------------------|----------------------|---------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$2,000,000 | \$2,711,343 | \$711,343 | | | |
| | \$96,688 | \$96,688 | | | | \$9,900,000 | \$11,056,968 | \$1,156,968 |
| \$8,760 | 7,119 | (1,641) | 200,380 | 268,821 | 68,441 | 6,244,798 | 881,000 | (5,363,798) |
| | | | | 5,018 | 5,018 | 144,980 | 294,082 | 149,102 |
| | | | | | | | 1,062 | 1,062 |
| | | | | | | | 16,790 | 16,790 |
| <u>8,760</u> | <u>103,807</u> | <u>95,047</u> | <u>2,200,380</u> | <u>2,985,182</u> | <u>784,802</u> | <u>16,289,778</u> | <u>12,249,902</u> | <u>(4,039,876)</u> |
| | | | 675,366 | 248,151 | 427,215 | 18,851,510 | 5,544,023 | 13,307,487 |
| | | | <u>675,366</u> | <u>248,151</u> | <u>427,215</u> | <u>18,851,510</u> | <u>5,544,023</u> | <u>13,307,487</u> |
| <u>8,760</u> | <u>103,807</u> | <u>95,047</u> | <u>1,525,014</u> | <u>2,737,031</u> | <u>1,212,017</u> | <u>(2,561,732)</u> | <u>6,705,879</u> | <u>9,267,611</u> |
| | | | | | | | 1,539,000 | 1,539,000 |
| <u>(245,035)</u> | <u>(234,700)</u> | <u>10,335</u> | <u>(3,789,016)</u> | <u>(1,454,877)</u> | <u>2,334,139</u> | <u>(86,539)</u> | <u>(62,195)</u> | <u>24,344</u> |
| <u>(245,035)</u> | <u>(234,700)</u> | <u>10,335</u> | <u>(3,789,016)</u> | <u>(1,454,877)</u> | <u>2,334,139</u> | <u>(86,539)</u> | <u>1,476,805</u> | <u>1,563,344</u> |
| <u>(\$236,275)</u> | <u>(130,893)</u> | <u>\$105,382</u> | <u>(\$2,264,002)</u> | <u>1,282,154</u> | <u>\$3,546,156</u> | <u>(\$2,648,271)</u> | <u>8,182,684</u> | <u>\$10,830,955</u> |
| | <u>337,812</u> | | | <u>6,677,312</u> | | | <u>5,034,947</u> | |
| | <u>\$206,919</u> | | | <u>\$7,959,466</u> | | | <u>\$13,217,631</u> | |

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | PUBLIC FACILITIES | | | PARK DEVELOPMENT | | |
|---|--------------------|--------------------|------------------------------------|----------------------|---------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Property tax increment | | | | | | |
| Charges for services | \$2,000,000 | \$2,731,159 | \$731,159 | \$3,522,180 | \$4,885,378 | \$1,363,198 |
| Subventions and grants | | | | 93,000 | | (93,000) |
| Use of money and property | 50,270 | 143,337 | 93,067 | 415,920 | 662,466 | 246,546 |
| Fines, forfeitures and penalties | | 66 | 66 | | | |
| Miscellaneous revenues | | | | 15,000 | 38,250 | 23,250 |
| Total Revenues | <u>2,050,270</u> | <u>2,874,562</u> | <u>824,292</u> | <u>4,046,100</u> | <u>5,586,094</u> | <u>1,539,994</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Community development and planning | | | | | | |
| Library | | | | | | |
| Parks and recreation | | | | | | |
| Housing assistance payments | | | | | | |
| Capital outlay | | | | 7,083,573 | 3,580,891 | 3,502,682 |
| Debt service | | | | | | |
| Principal retirement | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | | | | <u>7,083,573</u> | <u>3,580,891</u> | <u>3,502,682</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2,050,270</u> | <u>2,874,562</u> | <u>824,292</u> | <u>(3,037,473)</u> | <u>2,005,203</u> | <u>5,042,676</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions from developers | | | | | 250,000 | 250,000 |
| Transfers in | | | | 1,667,541 | 983,313 | (684,228) |
| Transfers (out) | (683,821) | (180,826) | 502,995 | (6,927,899) | (28,590) | 6,899,309 |
| Total Other Financing Sources (Uses) | <u>(683,821)</u> | <u>(180,826)</u> | <u>502,995</u> | <u>(5,260,358)</u> | <u>1,204,723</u> | <u>6,465,081</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$1,366,449</u> | <u>2,693,736</u> | <u>\$1,327,287</u> | <u>(\$8,297,831)</u> | <u>3,209,926</u> | <u>\$11,507,757</u> |
| Fund balances at beginning of year | | 2,367,588 | | | 11,475,746 | |
| Fund balances at end of year | | <u>\$5,061,324</u> | | | <u>\$14,685,672</u> | |

| PLEASANT GROVE DRAIN BASIN | | | TREE PROPAGATION | | | COMMUNITY DEVELOPMENT BLOCK GRANT/ HOME | | |
|----------------------------|---------------------|------------------------------------|------------------|--------------------|------------------------------------|--|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$1,000,000 | \$1,433,406 | \$433,406 | \$395,000 | \$127,529 | (\$267,471) | | | |
| 327,580 | 377,699 | 50,119 | 67,340 | 113,003 | 45,663 | \$1,182,715 | \$1,642,193 | \$459,478 |
| | | | | | | | 395,537 | 395,537 |
| <u>1,327,580</u> | <u>1,811,105</u> | <u>483,525</u> | <u>462,340</u> | <u>240,532</u> | <u>(221,808)</u> | <u>1,182,715</u> | <u>2,037,730</u> | <u>855,015</u> |
| 750,000 | 834,159 | (84,159) | | | | 1,832,715 | 1,568,776 | 263,939 |
| | | | 245,500 | 12,744 | 232,756 | 526,759 | 103,236 | 423,523 |
| <u>750,000</u> | <u>834,159</u> | <u>(84,159)</u> | <u>245,500</u> | <u>12,744</u> | <u>232,756</u> | <u>2,359,474</u> | <u>1,672,012</u> | <u>687,462</u> |
| <u>577,580</u> | <u>976,946</u> | <u>399,366</u> | <u>216,840</u> | <u>227,788</u> | <u>10,948</u> | <u>(1,176,759)</u> | <u>365,718</u> | <u>1,542,477</u> |
| <u>(5,520)</u> | <u>(5,520)</u> | | <u>(1,670)</u> | <u>(1,670)</u> | | 100,000 | 119,960 | 19,960 |
| | | | | | | <u>(188,000)</u> | <u>(188,000)</u> | |
| <u>(5,520)</u> | <u>(5,520)</u> | | <u>(1,670)</u> | <u>(1,670)</u> | | <u>(88,000)</u> | <u>(68,040)</u> | <u>19,960</u> |
| <u>\$572,060</u> | 971,426 | <u>\$399,366</u> | <u>\$215,170</u> | 226,118 | <u>\$10,948</u> | <u>(\$1,264,759)</u> | 297,678 | <u>\$1,562,437</u> |
| | <u>9,966,549</u> | | | <u>3,076,288</u> | | | <u>271,371</u> | |
| | <u>\$10,937,975</u> | | | <u>\$3,302,406</u> | | | <u>\$569,049</u> | |

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | HOUSING AUTHORITY SECTION 8 | | | REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE | | |
|--|-----------------------------|------------------|------------------------------------|--|----------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Property tax increment | | | | \$2,091,650 | \$2,834,739 | 743,089 |
| Charges for services | | | | | | |
| Subventions and grants | \$2,278,170 | \$2,431,321 | \$153,151 | 29,860 | 124,013 | 94,153 |
| Use of money and property | 6,000 | 9,922 | 3,922 | 68,200 | 116,463 | 48,263 |
| Fines, forfeitures and penalties | | | | | | |
| Miscellaneous revenues | | | | | 9,547 | 9,547 |
| Total Revenues | <u>2,284,170</u> | <u>2,441,243</u> | <u>157,073</u> | <u>2,189,710</u> | <u>3,084,762</u> | <u>895,052</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Community development and planning | 340,780 | 334,143 | 6,637 | 1,574,647 | 1,691,957 | (117,310) |
| Library | | | | | | |
| Parks and recreation | | | | | | |
| Housing assistance payments | 1,916,290 | 2,027,930 | (111,640) | | | |
| Capital outlay | | | | 1,641,000 | 2,363,021 | (722,021) |
| Debt service | | | | | | |
| Principal retirement | | | | | 124,337 | (124,337) |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | <u>2,257,070</u> | <u>2,362,073</u> | <u>(105,003)</u> | <u>3,215,647</u> | <u>4,179,315</u> | <u>(963,668)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>27,100</u> | <u>79,170</u> | <u>52,070</u> | <u>(1,025,937)</u> | <u>(1,094,553)</u> | <u>(68,616)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions from developers | | | | | 44,035 | 44,035 |
| Transfers in | | | | 424,970 | 654,276 | 229,306 |
| Transfers (out) | (32,990) | (32,988) | 2 | (385,130) | (734,396) | (349,266) |
| Total Other Financing Sources (Uses) | <u>(32,990)</u> | <u>(32,988)</u> | <u>2</u> | <u>39,840</u> | <u>(36,085)</u> | <u>(75,925)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$5,890)</u> | <u>46,182</u> | <u>\$52,072</u> | <u>(\$986,097)</u> | <u>(1,130,638)</u> | <u>(\$144,541)</u> |
| Fund balances at beginning of year | | 144,522 | | | (949,712) | |
| Fund balances at end of year | | <u>\$190,704</u> | | | <u>(\$2,080,350)</u> | |

| ROSEVILLE FINANCE AUTHORITY DEBT SERVICE FUND | | | BUILDING | | | GENERAL CAPITAL IMPROVEMENT PROJECTS REHABILITATION | | |
|--|--------------------|------------------------------------|----------------------|--------------------|------------------------------------|--|--------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$90,650 | \$137,321 | \$46,671 | \$427,930 | \$140,223 | (\$287,707) | \$90,000 | \$235,444 | \$145,444 |
| | | | | 525 | 525 | | | |
| <u>90,650</u> | <u>137,321</u> | <u>46,671</u> | <u>427,930</u> | <u>140,748</u> | <u>(287,182)</u> | <u>90,000</u> | <u>235,444</u> | <u>145,444</u> |
| | | | 17,182,913 | 6,885,190 | 10,297,723 | | | |
| 620,000 | 620,000 | | | | | | | |
| 949,470 | 968,305 | (18,835) | | | | | | |
| <u>1,569,470</u> | <u>1,588,305</u> | <u>(18,835)</u> | <u>17,182,913</u> | <u>6,885,190</u> | <u>10,297,723</u> | | | |
| <u>(1,478,820)</u> | <u>(1,450,984)</u> | <u>27,836</u> | <u>(16,754,983)</u> | <u>(6,744,442)</u> | <u>10,010,541</u> | <u>90,000</u> | <u>235,444</u> | <u>145,444</u> |
| 1,569,470 | 1,472,762 | (96,708) | 12,751,609 | 3,506,150 | (9,245,459) | 3,477,800 | 3,477,800 | 1,689,834 |
| | | | | | | (2,696,412) | (1,006,578) | |
| <u>1,569,470</u> | <u>1,472,762</u> | <u>(96,708)</u> | <u>12,751,609</u> | <u>3,506,150</u> | <u>(9,245,459)</u> | <u>781,388</u> | <u>2,471,222</u> | <u>1,689,834</u> |
| <u>\$90,650</u> | 21,778 | <u>(\$68,872)</u> | <u>(\$4,003,374)</u> | (3,238,292) | <u>\$765,082</u> | <u>\$871,388</u> | 2,706,666 | <u>\$1,835,278</u> |
| | <u>1,664,345</u> | | | <u>7,586,614</u> | | | <u>4,534,004</u> | |
| | <u>\$1,686,123</u> | | | <u>\$4,348,322</u> | | | <u>\$7,240,670</u> | |

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | CITIZEN BENEFITS | | | TOTALS | | |
|---|------------------|---------------------|------------------------------------|-----------------------|---------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | \$3,651,790 | \$3,671,000 | \$19,210 |
| Property tax increment | | | | 2,091,650 | 2,834,739 | 743,089 |
| Charges for services | | | | 3,475,000 | 4,391,852 | 916,852 |
| Subventions and grants | | | | 8,391,410 | 9,819,572 | 1,428,162 |
| Use of money and property | \$945,950 | \$880,645 | (\$65,305) | 2,315,960 | 2,727,308 | 411,348 |
| Fines, forfeitures and penalties | | | | 255,000 | 440,027 | 185,027 |
| Miscellaneous revenues | | | | 800 | 437,087 | 436,287 |
| Total Revenues | <u>945,950</u> | <u>880,645</u> | <u>(65,305)</u> | <u>20,181,610</u> | <u>24,321,585</u> | <u>4,139,975</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 836,687 | 813,395 | 23,292 | 836,687 | 813,395 | 23,292 |
| Community development and planning | | | | 4,498,142 | 4,429,035 | 69,107 |
| Library | | | | 203,000 | 185,873 | 17,127 |
| Parks and recreation | | | | 1,636,122 | 807,121 | 829,001 |
| Housing assistance payments | | | | 1,916,290 | 2,027,930 | (111,640) |
| Capital outlay | | | | 29,753,647 | 12,480,523 | 17,273,124 |
| Debt service | | | | | | |
| Principal retirement | | | | 620,000 | 620,000 | |
| Interest and fiscal charges | | | | 949,470 | 1,092,642 | (143,172) |
| Total Expenditures | <u>836,687</u> | <u>813,395</u> | <u>23,292</u> | <u>40,413,358</u> | <u>22,456,519</u> | <u>17,956,839</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>109,263</u> | <u>67,250</u> | <u>(42,013)</u> | <u>(20,231,748)</u> | <u>1,865,066</u> | <u>22,096,814</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions from developers | | | | | 44,035 | 44,035 |
| Transfers in | | | | 18,552,068 | 9,567,328 | (8,984,740) |
| Transfers (out) | | | | (11,937,859) | (8,111,162) | 3,826,697 |
| Total Other Financing Sources (Uses) | | | | <u>6,614,209</u> | <u>1,500,201</u> | <u>(5,114,008)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$109,263</u> | <u>67,250</u> | <u>(\$42,013)</u> | <u>(\$13,617,539)</u> | <u>3,365,267</u> | <u>\$16,982,806</u> |
| Fund balances at beginning of year | | 15,928,630 | | | 60,171,738 | |
| Fund balances at end of year | | <u>\$15,995,880</u> | | | <u>\$63,537,005</u> | |

INTERNAL SERVICE FUNDS

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2002

| | Automotive Services | Automotive Replacement | Self Insurance Funds | | |
|--|------------------------|---------------------------|--------------------------|----------------------|-------------------------|
| | | | Worker's Compensation | General Liability | Unemployment Reserve |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and investments in City Treasury | | \$6,387,152 | \$5,525,734 | \$5,574,735 | \$84,516 |
| Restricted cash and investments with fiscal agents | | | 98,635 | 33,045 | |
| Receivables: | | | | | |
| Accounts | \$8,378 | | | | |
| Accrued interest | | 715,211 | 35,736 | 36,313 | 542 |
| Due from other government agencies | 2,250 | | | | |
| Due from other funds | | 460,000 | | | |
| Inventories | 547,798 | | | | |
| Total Current Assets | 558,426 | 7,562,363 | 5,660,105 | 5,644,093 | 85,058 |
| Other Assets | | | | | |
| Advances to other funds | | 5,562,029 | | | |
| Capital assets, net of accumulated depreciation | 17,801 | 11,442,954 | 13,116 | | |
| Total Assets | 576,227 | 24,567,346 | 5,673,221 | 5,644,093 | 85,058 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 36,433 | 39,900 | 113,305 | 18,609 | |
| Accrued liabilities | 44,454 | | | | |
| Due to other funds | 207,720 | | | | |
| Compensated absences | 110,343 | | | | |
| Self-insurance claims payable | | | 3,616,000 | 1,345,000 | |
| Total Current Liabilities | 398,950 | 39,900 | 3,729,305 | 1,363,609 | |
| Long-term Liabilities | | | | | |
| Compensated absences | 106,163 | | | | |
| Total Liabilities | 505,113 | 39,900 | 3,729,305 | 1,363,609 | |
| NET ASSETS | | | | | |
| Invested in capital assets | 17,801 | 11,442,954 | 13,116 | | |
| Unrestricted | 53,313 | 13,084,492 | 1,930,800 | 4,280,484 | 85,058 |
| Total Net Assets | \$71,114 | \$24,527,446 | \$1,943,916 | \$4,280,484 | \$85,058 |

Self Insurance Funds

| <u>Vision</u> | <u>Dental</u> | <u>Section 125</u> | <u>Post Retirement</u> | <u>Central Stores</u> | <u>Total</u> |
|------------------|------------------|--------------------|------------------------|-----------------------|--|
| \$220,406 | \$353,832 | \$44,755 | \$3,217,140 | \$478,409 | \$21,886,679 131,680 |
| 95 | 620 | | | | 9,093 |
| 1,435 | 2,309 | 281 | 20,842 | | 812,669 2,250 460,000 547,798 |
| <u>221,936</u> | <u>356,761</u> | <u>45,036</u> | <u>3,237,982</u> | <u>478,409</u> | <u>23,850,169</u> |
| | | | | | 5,562,029 11,473,871 |
| <u>221,936</u> | <u>356,761</u> | <u>45,036</u> | <u>3,237,982</u> | <u>478,409</u> | <u>40,886,069</u> |
| 3,780 | | 12,199 | 2,996 | 446,320 | 670,546 47,450 207,720 110,343 4,961,000 |
| <u>3,780</u> | | <u>12,199</u> | <u>2,996</u> | <u>446,320</u> | <u>5,997,059</u> |
| | | | | | 106,163 |
| <u>3,780</u> | | <u>12,199</u> | <u>2,996</u> | <u>446,320</u> | <u>6,103,222</u> |
| 218,156 | 356,761 | 32,837 | 3,234,986 | 32,089 | 11,473,871 23,308,976 |
| <u>\$218,156</u> | <u>\$356,761</u> | <u>\$32,837</u> | <u>\$3,234,986</u> | <u>\$32,089</u> | <u>\$34,782,847</u> |

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
JUNE 30, 2002

| | Automotive Services | Automotive Replacement | Self Insurance Funds | | |
|--------------------------------------|------------------------|---------------------------|--------------------------|-------------------------|-------------------------|
| | | | Worker's Compensation | General Liability | Unemployment Reserve |
| OPERATING REVENUES | | | | | |
| Charges for services | \$3,722,778 | \$3,582,426 | \$1,750,080 | \$1,402,335 | \$66,615 |
| Other | 68,386 | | 162,475 | 177,569 | |
| Total Operating Revenues | <u>3,791,164</u> | <u>3,582,426</u> | <u>1,912,555</u> | <u>1,579,904</u> | <u>66,615</u> |
| OPERATING EXPENSES | | | | | |
| Operations | 3,125,021 | 77,538 | 1,099,337 | 977,728 | |
| Depreciation and amortization | 6,666 | 2,768,033 | 5,790 | | |
| Claims expense | | | 1,121,677 | (77,335) | 48,371 |
| Total Operating Expenses | <u>3,131,687</u> | <u>2,845,571</u> | <u>2,226,804</u> | <u>900,393</u> | <u>48,371</u> |
| Operating Income (Loss) | <u>659,477</u> | <u>736,855</u> | <u>(314,249)</u> | <u>679,511</u> | <u>18,244</u> |
| NONOPERATING (EXPENSES) | | | | | |
| Interest revenue | 77 | 245,073 | 187,467 | 181,522 | 2,855 |
| Other | | 220,701 | | | |
| Net Nonoperating Revenues (Expenses) | <u>77</u> | <u>465,774</u> | <u>187,467</u> | <u>181,522</u> | <u>2,855</u> |
| Income (Loss) Before Transfers | 659,554 | 1,202,629 | (126,782) | 861,033 | 21,099 |
| Transfers in | | 417,873 | | | |
| Transfers (out) | <u>(660,001)</u> | <u>(193,309)</u> | <u>(7,280)</u> | <u>(7,280)</u> | <u>(7,280)</u> |
| Change in Net Assets | (447) | 1,427,193 | (134,062) | 853,753 | 13,819 |
| Net assets-beginning | <u>71,561</u> | <u>23,100,253</u> | <u>2,077,978</u> | <u>3,426,731</u> | <u>71,239</u> |
| Net assets-ending | <u><u>71,114</u></u> | <u><u>24,527,446</u></u> | <u><u>1,943,916</u></u> | <u><u>4,280,484</u></u> | <u><u>85,058</u></u> |

Self Insurance Funds

| Vision | Dental | Section 125 | Post Retirement | Central Stores | Total |
|-----------|-----------|-------------|-----------------|----------------|-------------------------|
| \$102,318 | \$892,855 | \$246,815 | \$1,699,209 | | \$13,465,431 408,430 |
| 102,318 | 892,855 | 246,815 | 1,699,209 | | 13,873,861 |
| 8,180 | 96,783 | | 156,761 | | 5,541,348 2,780,489 |
| 72,287 | 757,032 | 244,006 | | | 2,166,038 |
| 80,467 | 853,815 | 244,006 | 156,761 | | 10,487,875 |
| 21,851 | 39,040 | 2,809 | 1,542,448 | | 3,385,986 |
| 7,440 | 12,234 | 1,633 | 92,992 | | 731,293 220,701 |
| 7,440 | 12,234 | 1,633 | 92,992 | | 951,994 |
| 29,291 | 51,274 | 4,442 | 1,635,440 | | 4,337,980 |
| (7,280) | (7,280) | | 178,685 | | 596,558 (889,710) |
| 22,011 | 43,994 | 4,442 | 1,814,125 | | 4,044,828 |
| 196,145 | 312,767 | 28,395 | 1,420,861 | \$32,089 | 30,738,019 |
| 218,156 | 356,761 | 32,837 | 3,234,986 | 32,089 | 34,782,847 |

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

| | Automotive Services | Automotive Replacement | Self Insurance Funds | |
|--|------------------------|---------------------------|---------------------------|---------------------------|
| | | | Worker's Compensation | General Liability |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$3,739,427 | \$3,689,340 | \$1,750,080 | \$1,402,378 |
| Payments to suppliers | (2,059,312) | (52,052) | (1,007,115) | (971,700) |
| Payments to employees | (1,324,773) | | | |
| Claims paid | | | (547,677) | (156,665) |
| Other receipts (payments) | 68,386 | | 162,475 | 177,569 |
| Net cash provided by operating activities | <u>423,728</u> | <u>3,637,288</u> | <u>357,763</u> | <u>451,582</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| (Increase) decrease in due from other funds | | (54,756) | | |
| Increase (decrease) in due to other funds | 207,720 | (25,496) | | |
| (Increase) decrease in advances to other funds | | (540,000) | | |
| Transfers in | | 417,873 | | |
| Transfers (out) | (660,001) | (193,309) | (7,280) | (7,280) |
| Cash Flows from Noncapital Financing Activities | <u>(452,281)</u> | <u>(395,688)</u> | <u>(7,280)</u> | <u>(7,280)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | | (3,255,712) | | |
| Retirement of capital assets | 16,002 | 69,231 | 54,879 | 7,973 |
| Proceeds from sale of assets | | 96,234 | | |
| Other | | 124,467 | | |
| Cash Flows from Capital and Related Financing Activities | <u>16,002</u> | <u>(2,965,780)</u> | <u>54,879</u> | <u>7,973</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends | 77 | 196,435 | 175,863 | 168,959 |
| Cash Flows from Investing Activities | <u>77</u> | <u>196,435</u> | <u>175,863</u> | <u>168,959</u> |
| Net increase (decrease) in cash and cash equivalents | (12,474) | 472,255 | 581,225 | 621,234 |
| Cash and investments at beginning of period | <u>12,474</u> | <u>5,914,897</u> | <u>5,043,144</u> | <u>4,986,546</u> |
| Cash and investments at end of period | <u><u>12,474</u></u> | <u><u>\$6,387,152</u></u> | <u><u>\$5,624,369</u></u> | <u><u>\$5,607,780</u></u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$659,477 | \$736,855 | (\$314,249) | \$679,511 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 6,666 | 2,768,033 | 5,790 | |
| Change in assets and liabilities: | | | | |
| Receivables, net | (216,021) | 106,914 | | 43 |
| Accounts and other payables | (26,394) | 25,486 | 666,222 | (227,972) |
| Net cash provided by operating activities | <u>\$423,728</u> | <u>\$3,637,288</u> | <u>\$357,763</u> | <u>\$451,582</u> |

Self Insurance Funds

| Unemployment Reserve | Vision | Dental | Section 125 | Post Retirement | Central Stores | Total |
|----------------------|----------------------|-----------------------|---------------------|-------------------------------|------------------|--|
| \$66,615 | \$102,246 (4,400) | \$892,484 (96,783) | \$246,815 12,199 | \$1,699,209 2 (159,191) | \$387,215 | \$13,588,594 (3,791,946) (1,483,964) (1,826,038) 408,430 |
| (48,371) | (72,287) | (757,032) | (244,006) | | | |
| <u>18,244</u> | <u>25,559</u> | <u>38,669</u> | <u>15,008</u> | <u>1,540,020</u> | <u>387,215</u> | <u>6,895,076</u> |
| | | | | | | (54,756) 182,224 (540,000) 596,558 (889,710) |
| <u>(7,280)</u> | <u>(7,280)</u> | <u>(7,280)</u> | | <u>178,685</u> | | <u>(705,684)</u> |
| <u>(7,280)</u> | <u>(7,280)</u> | <u>(7,280)</u> | | <u>178,685</u> | | |
| | | | | | | (3,255,712) 148,085 96,234 124,467 |
| | | | | | | <u>(2,886,926)</u> |
| <u>2,644</u> | <u>6,938</u> | <u>11,536</u> | <u>1,503</u> | <u>78,755</u> | | <u>642,710</u> |
| <u>2,644</u> | <u>6,938</u> | <u>11,536</u> | <u>1,503</u> | <u>78,755</u> | | <u>642,710</u> |
| <u>13,608</u> | <u>25,217</u> | <u>42,925</u> | <u>16,511</u> | <u>1,797,460</u> | <u>387,215</u> | <u>3,945,176</u> |
| <u>70,908</u> | <u>195,189</u> | <u>310,907</u> | <u>28,244</u> | <u>1,419,680</u> | <u>91,194</u> | <u>18,073,183</u> |
| <u>\$84,516</u> | <u>\$220,406</u> | <u>\$353,832</u> | <u>\$44,755</u> | <u>\$3,217,140</u> | <u>\$478,409</u> | <u>\$22,018,359</u> |
| \$18,244 | \$21,851 | \$39,040 | \$2,809 | \$1,542,448 | | \$3,385,986 |
| | | | | | | 2,780,489 |
| | (72) 3,780 | (371) | 12,199 | (2,428) | \$387,215 | (109,507) 838,108 |
| <u>\$18,244</u> | <u>\$25,559</u> | <u>\$38,669</u> | <u>\$15,008</u> | <u>\$1,540,020</u> | <u>\$387,215</u> | <u>\$6,895,076</u> |

AGENCY FUNDS

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|--|--------------------------|-----------|------------|--------------------------|
| <hr/> <u style="text-align: center;">Cirby Way West</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$46,124 | | \$46,124 | |
| Due to bondholders | \$46,124 | | \$46,124 | |
| <hr/> <u style="text-align: center;">Foothills Boulevard</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$89,462 | \$458 | | \$89,920 |
| Due to bondholders | \$89,462 | \$458 | | \$89,920 |
| <hr/> <u style="text-align: center;">Hilltop</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$33,930 | \$813 | | \$34,743 |
| Accrued interest receivable | 115 | 162 | \$115 | 162 |
| Total Assets | \$34,045 | \$975 | \$115 | \$34,905 |
| Due to bondholders | \$34,045 | \$975 | \$115 | \$34,905 |
| <hr/> <u style="text-align: center;">North Roseville/Rocklin Sewer</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$382,179 | \$256,363 | \$247,129 | \$391,413 |
| Accrued interest receivable | 1,158 | 1,621 | 1,158 | 1,621 |
| Total Assets | \$383,337 | \$257,984 | \$248,287 | \$393,034 |
| Accounts payable | | \$3,313 | | \$3,313 |
| Due to bondholders | \$383,337 | 254,671 | \$248,287 | 389,721 |
| Total Liabilities | \$383,337 | \$257,984 | \$248,287 | \$393,034 |
| <hr/> <u style="text-align: center;">Rocky Ridge/Harding</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$453,077 | \$418,063 | \$398,448 | \$472,692 |
| Accrued interest receivable | 990 | 1,398 | 990 | 1,398 |
| Total Assets | \$454,067 | \$419,461 | \$399,438 | \$474,090 |
| Accounts payable | | \$148 | | \$148 |
| Due to bondholders | \$454,067 | 419,313 | \$399,438 | 473,942 |
| Total Liabilities | \$454,067 | \$419,461 | \$399,438 | \$474,090 |

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|---|--------------------------|--------------------|--------------------|--------------------------|
| <hr/> Champion Oaks <hr/> | | | | |
| Cash and investments in City Treasury | \$21,138 | | | \$21,138 |
| Due to bondholders | \$21,138 | | | \$21,138 |
| <hr/> Foothills Boulevard Extension <hr/> | | | | |
| Cash and investments in City Treasury | \$982,479 | \$655,643 | \$640,998 | \$997,124 |
| Accrued interest receivable | 3,072 | 4,280 | 3,072 | 4,280 |
| Total Assets | \$985,551 | \$659,923 | \$644,070 | \$1,001,404 |
| Accounts payable | | \$5,425 | | \$5,425 |
| Due to bondholders | \$985,551 | 654,498 | \$644,070 | 995,979 |
| Total Liabilities | \$985,551 | \$659,923 | \$644,070 | \$1,001,404 |
| <hr/> Northeast Roseville Community Facilities District #1 <hr/> | | | | |
| Cash and investments in City Treasury | \$2,341,922 | \$2,500,179 | \$2,339,539 | \$2,502,562 |
| Restricted cash and investments with fiscal agents | 1,439,773 | 35,016 | 150,209 | 1,324,580 |
| Accrued interest receivable | 11,590 | 16,903 | 11,590 | 16,903 |
| Total Assets | \$3,793,285 | \$2,552,098 | \$2,501,338 | \$3,844,045 |
| Accounts payable | \$1,495 | \$1,401 | \$1,495 | \$1,401 |
| Due to bondholders | 3,791,790 | 2,550,697 | 2,499,843 | 3,842,644 |
| Total Liabilities | \$3,793,285 | \$2,552,098 | \$2,501,338 | \$3,844,045 |
| <hr/> Northwest Roseville Community Facilities District #1 <hr/> | | | | |
| Cash and investments in City Treasury | \$1,767,918 | \$2,397,734 | \$2,456,561 | \$1,709,091 |
| Restricted cash and investments with fiscal agents | 2,420,938 | 67,152 | 29,595 | 2,458,495 |
| Accrued interest receivable | 57,392 | 59,821 | 57,392 | 59,821 |
| Total Assets | \$4,246,248 | \$2,524,707 | \$2,543,548 | \$4,227,407 |
| Accounts payable | \$3,982 | \$2,675 | \$3,982 | \$2,675 |
| Due to bondholders | 4,242,266 | 2,522,032 | 2,539,566 | 4,224,732 |
| Total Liabilities | \$4,246,248 | \$2,524,707 | \$2,543,548 | \$4,227,407 |

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|---|--------------------------|--------------------|------------------|--------------------------|
| <u>Stoneridge East Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | | \$823,170 | | \$823,170 |
| Restricted cash and investments with fiscal agents | | 1,213,351 | | 1,213,351 |
| Accrued interest receivable | | 10,865 | | 10,865 |
| Total Assets | | \$2,047,386 | | \$2,047,386 |
| Accounts payable | | \$1,403 | | \$1,403 |
| Due to bondholders | | 2,045,983 | | 2,045,983 |
| Total Liabilities | | \$2,047,386 | | \$2,047,386 |
| <u>Payroll Revolving</u> | | | | |
| Cash and investments in City Treasury | \$594,124 | \$1,052,655 | \$594,124 | \$1,052,655 |
| Accounts payable | \$594,124 | \$1,052,655 | \$594,124 | \$1,052,655 |
| <u>Highway 65 JPA</u> | | | | |
| Cash and investments in City Treasury | \$2,939,602 | \$2,234,123 | \$290,933 | \$4,882,792 |
| Accrued interest receivable | 14,174 | 32,011 | 14,174 | 32,011 |
| Due from other government agencies | 159,835 | 216,630 | 159,835 | 216,630 |
| Total Assets | \$3,113,611 | \$2,482,764 | \$464,942 | \$5,131,433 |
| Accounts payable | \$52,913 | | \$52,913 | |
| Due to member agencies | 3,060,698 | \$2,482,764 | 412,029 | \$5,131,433 |
| Total Liabilities | \$3,113,611 | \$2,482,764 | \$464,942 | \$5,131,433 |
| <u>Northeast Roseville Community Facilities District #2</u> | | | | |
| Cash and investments in City Treasury | \$772,988 | \$678,604 | \$621,577 | \$830,015 |
| Restricted cash and investments with fiscal agents | 1,104,300 | 27,790 | 41,722 | 1,090,368 |
| Accrued interest receivable | 3,839 | 5,631 | 3,839 | 5,631 |
| Total Assets | \$1,881,127 | \$712,025 | \$667,138 | \$1,926,014 |
| Accounts payable | \$1,484 | \$1,399 | \$1,484 | \$1,399 |
| Due to bondholders | 1,879,643 | 710,626 | 665,654 | 1,924,615 |
| Total Liabilities | \$1,881,127 | \$712,025 | \$667,138 | \$1,926,014 |

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|---|--------------------------|--------------------|--------------------|--------------------------|
| <u>North Central Roseville Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$7,009,027 | \$9,120,679 | \$9,180,292 | \$6,949,414 |
| Restricted cash and investments with fiscal agents | 5,528,112 | | 46,551 | 5,481,561 |
| Accrued interest receivable | 76,281 | 86,679 | 76,281 | 86,679 |
| Total Assets | \$12,613,420 | \$9,207,358 | \$9,303,124 | \$12,517,654 |
| Accounts payable | \$2,576 | \$4,186 | \$2,576 | \$4,186 |
| Due to bondholders | 12,610,844 | 9,203,172 | 9,300,548 | 12,513,468 |
| Total Liabilities | \$12,613,420 | \$9,207,358 | \$9,303,124 | \$12,517,654 |
| <u>Dry Creek Drainage Basin</u> | | | | |
| Cash and investments in City Treasury | \$129,987 | \$20,736 | | \$150,723 |
| Accounts receivable | | 10 | | 10 |
| Accrued interest receivable | 540 | 866 | \$540 | 866 |
| Deferred receivable | 4,874 | 14,133 | 4,874 | 14,133 |
| Total Assets | \$135,401 | \$35,745 | \$5,414 | \$165,732 |
| Accounts Payable | \$79,373 | \$99,211 | \$79,373 | \$99,211 |
| Accrued liabilities | 55,014 | 65,262 | 55,014 | 65,262 |
| Due to bondholders | 1,014 | (128,728) | (128,973) | 1,259 |
| Total Liabilities | \$135,401 | \$35,745 | \$5,414 | \$165,732 |
| <u>North Roseville Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$1,879,474 | \$2,263,417 | \$2,743,837 | \$1,399,054 |
| Restricted cash and investments with fiscal agents | 1,584,650 | 81,978 | 123,546 | 1,543,082 |
| Accrued interest receivable | 9,310 | 13,141 | 9,310 | 13,141 |
| Total Assets | \$3,473,434 | \$2,358,536 | \$2,876,693 | \$2,955,277 |
| Accounts payable | \$792 | \$3,175 | \$792 | \$3,175 |
| Due to bondholders | 3,472,642 | 2,355,361 | \$2,875,901 | 2,952,102 |
| Total Liabilities | \$3,473,434 | \$2,358,536 | \$2,876,693 | \$2,955,277 |

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|--|--------------------------|--------------------|--------------------|--------------------------|
| <u>Disaster Recovery JPA</u> | | | | |
| Cash and investments in City Treasury | \$101,269 | | \$23,076 | \$78,193 |
| Accounts receivable | | \$34 | | 34 |
| Accrued interest receivable | 492 | 517 | 492 | 517 |
| Due from other government agencies | 3,000 | | 3,000 | |
| Total Assets | \$104,761 | \$551 | \$26,568 | \$78,744 |
| Accounts payable | \$14,200 | \$5,147 | \$14,200 | \$5,147 |
| Due to member agencies | 90,561 | (4,596) | 12,368 | 73,597 |
| Total Liabilities | \$104,761 | \$551 | \$26,568 | \$78,744 |
| <u>Woodcreek West Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$1,199,393 | \$1,691,698 | \$1,665,554 | \$1,225,537 |
| Restricted cash and investments with fiscal agents | 1,490,661 | 92,165 | 115,926 | 1,466,900 |
| Accrued interest receivable | 37,270 | 39,385 | 37,270 | 39,385 |
| Total Assets | \$2,727,324 | \$1,823,248 | \$1,818,750 | \$2,731,822 |
| Accounts payable | \$1,455 | \$1,524 | \$1,455 | \$1,524 |
| Due to bondholders | 2,725,869 | 1,821,724 | 1,817,295 | 2,730,298 |
| Total Liabilities | \$2,727,324 | \$1,823,248 | \$1,818,750 | \$2,731,822 |
| <u>Highland Reserve North Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$2,130,789 | \$3,172,470 | \$3,054,207 | \$2,249,052 |
| Restricted cash and investments with fiscal agents | 2,891,392 | | 69,413 | 2,821,979 |
| Accrued interest receivable | 70,589 | 75,227 | 70,589 | 75,227 |
| Total Assets | \$5,092,770 | \$3,247,697 | \$3,194,209 | \$5,146,258 |
| Accounts payable | \$1,547 | \$1,615 | \$1,547 | \$1,615 |
| Due to bondholders | 5,091,223 | 3,246,082 | 3,192,662 | 5,144,643 |
| Total Liabilities | \$5,092,770 | \$3,247,697 | \$3,194,209 | \$5,146,258 |
| <u>Stoneridge Parcel 1 Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$175,873 | \$188,453 | \$261,121 | \$103,205 |
| Restricted cash and investments with fiscal agents | 197,279 | | 34,371 | 162,908 |
| Accrued interest receivable | 861 | 709 | 861 | 709 |
| Total Assets | \$374,013 | \$189,162 | \$296,353 | \$266,822 |
| Accounts payable | \$995 | \$884 | \$995 | \$884 |
| Due to bondholders | 373,018 | 188,278 | 295,358 | 265,938 |
| Total Liabilities | \$374,013 | \$189,162 | \$296,353 | \$266,822 |

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|---|--------------------------|--------------------|------------------|--------------------------|
| <u>Woodcreek East Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | | \$353,879 | \$30,779 | \$323,100 |
| Restricted cash and investments with fiscal agents | \$807,455 | 9,008 | 341,000 | 475,463 |
| Accounts receivable | | 13 | | 13 |
| Accrued interest receivable | 871 | 2,928 | 871 | 2,928 |
| Total Assets | \$808,326 | \$365,828 | \$372,650 | \$801,504 |
| Accounts payable | | \$1,251 | | 1,251 |
| Due to bondholders | \$808,326 | 364,577 | 372,650 | 800,253 |
| Total Liabilities | \$808,326 | \$365,828 | \$372,650 | \$801,504 |
| <u>Stoneridge West Community Facilities District #1</u> | | | | |
| Cash and investments in City Treasury | \$26,789 | \$876,173 | \$312,712 | \$590,250 |
| Restricted cash and investments with fiscal agents | | 1,329,081 | 377,714 | 951,367 |
| Accrued interest receivable | 130 | 7,939 | 130 | 7,939 |
| Total Assets | \$26,919 | \$2,213,193 | \$690,556 | \$1,549,556 |
| Accounts payable | | \$1,533 | | \$1,533 |
| Due to bondholders | \$26,919 | 2,211,660 | 690,556 | 1,548,023 |
| Total Liabilities | \$26,919 | \$2,213,193 | \$690,556 | \$1,549,556 |
| <u>Crocker Ranch Community Facilities District #1</u> | | | | |
| Restricted cash and investments with fiscal agents | | \$525,531 | | \$525,531 |
| Total Assets | | \$525,531 | | \$525,531 |
| Due to other funds | | \$505 | | \$505 |
| Due to bondholders | | 525,026 | | 525,026 |
| Total Liabilities | | \$525,531 | | \$525,531 |
| <u>County Capital Facilities Fee</u> | | | | |
| Cash and investments in City Treasury | \$602,094 | \$3,782,398 | \$602,094 | \$3,782,398 |
| Accrued interest receivable | 3,994 | 23,598 | 3,994 | 23,598 |
| Deferred receivable | | 336,334 | | 336,334 |
| Total Assets | \$606,088 | \$4,142,330 | \$606,088 | \$4,142,330 |
| Accounts payable | \$1,380 | \$3,734,445 | \$1,380 | \$3,734,445 |
| Due to others | 604,708 | 407,885 | 604,708 | 407,885 |
| Total Liabilities | \$606,088 | \$4,142,330 | \$606,088 | \$4,142,330 |

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <hr/> <u>South Placer Wastewater Authority</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$98,238,301 | \$25,365,945 | \$9,295,507 | \$114,308,739 |
| Restricted cash and investments with fiscal agents | 124,952,284 | 6,201,688 | 64,923,526 | 66,230,446 |
| Accounts receivable | 2,019,703 | 897,185 | 2,019,703 | 897,185 |
| Accrued interest receivable | 483,737 | 692,253 | 483,737 | 692,253 |
| Due from other government agencies | 1,523,433 | 2,152,949 | 1,523,433 | 2,152,949 |
| Deferred receivables | 3,452,529 | 24,712 | 649,165 | 2,828,076 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$230,669,987</u> | <u>\$35,334,732</u> | <u>\$78,895,071</u> | <u>\$187,109,648</u> |
| | | | | |
| Accounts payable | \$5,825,538 | \$3,291,612 | \$5,825,538 | \$3,291,612 |
| Accrued liabilities | 1,063,088 | 968,010 | 1,063,088 | 968,010 |
| Due to member agencies | 223,781,361 | 31,075,110 | 72,006,445 | 182,850,026 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>\$230,669,987</u> | <u>\$35,334,732</u> | <u>\$78,895,071</u> | <u>\$187,109,648</u> |
| | | | | |
| <hr/> <u>North Central Roseville Community Facilities District School Fees</u> <hr/> | | | | |
| Cash and investments in City Treasury | \$1,037,140 | \$38,370 | \$730,757 | \$344,753 |
| Accrued interest receivable | 4,951 | 2,120 | 4,951 | 2,120 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$1,042,091</u> | <u>\$40,490</u> | <u>\$735,708</u> | <u>\$346,873</u> |
| | | | | |
| Accounts payable | \$994,061 | \$336,945 | \$994,061 | \$336,945 |
| Due to others | 48,030 | (296,455) | (258,353) | 9,928 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>\$1,042,091</u> | <u>\$40,490</u> | <u>\$735,708</u> | <u>\$346,873</u> |
| | | | | |
| <hr/> <u>Special Sewer Benefit Area #4</u> <hr/> | | | | |
| Cash and investments in City Treasury | | \$5,043 | | \$5,043 |
| Accrued interest receivable | | 31 | | 31 |
| | | <hr/> | | <hr/> |
| Total Assets | | <u>\$5,074</u> | | <u>\$5,074</u> |
| | | | | |
| Accounts payable | | \$5,016 | | \$5,016 |
| Due to others | | 58 | | 58 |
| | | <hr/> | | <hr/> |
| Total Liabilities | | <u>\$5,074</u> | | <u>\$5,074</u> |

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| Other | Balance June 30, 2001 | Additions | Reductions | Balance June 30, 2002 |
|--|--------------------------|---------------------|----------------------|--------------------------|
| Cash and investments in City Treasury | \$1,131,345 | \$27,637 | \$1,131,345 | \$27,637 |
| Accrued interest receivable | 11,963 | | 11,963 | |
| Total Assets | \$1,143,308 | \$27,637 | \$1,143,308 | \$27,637 |
| Accounts payable | \$1,043 | \$15 | \$1,043 | \$15 |
| Accrued liabilities | | | | |
| Due to other government agencies | 18,094 | 10 | | 18,104 |
| Due to other funds | 710 | 439 | 710 | 439 |
| Due to others | 1,123,461 | 27,173 | 1,141,555 | 9,079 |
| Total Liabilities | \$1,143,308 | \$27,637 | \$1,143,308 | \$27,637 |
| Total Agency Funds | | | | |
| Cash and investments in City Treasury | \$124,086,424 | \$57,924,703 | \$36,666,714 | \$145,344,413 |
| Restricted cash and investments with fiscal agents | 142,416,844 | 9,582,760 | 66,253,573 | 85,746,031 |
| Accounts receivable | 2,019,703 | 897,242 | 2,019,703 | 897,242 |
| Accrued interest receivable | 793,319 | 1,078,085 | 793,319 | 1,078,085 |
| Due from other government agencies | 1,686,268 | 2,369,579 | 1,686,268 | 2,369,579 |
| Deferred receivable | 3,457,403 | 375,179 | 654,039 | 3,178,543 |
| Total Assets | \$274,459,961 | \$72,227,548 | \$108,073,616 | \$238,613,893 |
| Accounts payable | \$7,576,958 | \$8,554,978 | \$7,576,958 | \$8,554,978 |
| Accrued liabilities | 1,118,102 | 1,033,272 | 1,118,102 | 1,033,272 |
| Due to other government agencies | 18,094 | 10 | | 18,104 |
| Due to other funds | 710 | 944 | 710 | 944 |
| Due to member agencies | 226,932,620 | 33,553,278 | 72,430,842 | 188,055,056 |
| Due to bondholders | 37,037,278 | 28,946,405 | 25,459,094 | 40,524,589 |
| Due to others | 1,776,199 | 138,661 | 1,487,910 | 426,950 |
| Total Liabilities | \$274,459,961 | \$72,227,548 | \$108,073,616 | \$238,613,893 |