

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2004



**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

**Prepared by
FINANCE DEPARTMENT**

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INTRODUCTORY SECTION

CITY OF ROSEVILLE, CALIFORNIA
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Finance

311 Vernon Street
Roseville, California 95678-2649

December 3, 2004

Honorable Mayor, Members of the City Council and City Manager:

This document, the second Comprehensive Annual Financial Report (CAFR) of the City of Roseville, is for the fiscal year ended June 30, 2004. The report was prepared by the Finance Department in conjunction with the City's independent auditors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The data, as presented, is accurate in all material aspects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The organization of the financial report follows the guidelines set forth by the Government Finance Officers' Association (GFOA) of the United States and Canada.

The report is divided into three sections:

- I. Introductory section, including this letter of transmittal, list of City elected officials, and City's organizational chart.
- II. Financial section, including the auditors' report by Maze & Associates, the City's independent certified public accountants, management discussion and analysis, the basic financial statements, notes to the financial statements, required supplemental information and the combining financial statements for non-major funds.
- III. Statistical section, including a number of tables and graphs of unaudited data depicting 10 years of financial history about the City and information on its overlapping governmental debt.

A separate single audit report has been prepared in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments."

Finally, it is highly recommended that all readers of this report review the narrative introduction, overview, and analysis found in management's discussion and analysis (MD&A) in this CAFR's financial section.

THE REPORTING ENTITY AND ITS SERVICES

This report reflects the entity concept prescribed by generally accepted accounting principles. It combines the financial statements of the Redevelopment Agency of the City of Roseville (the "Agency"), the Roseville Finance Authority (the "Authority"), and the City of Roseville Housing Authority (the

“Housing Authority”) with those of the City to constitute a single reporting entity. In accordance with the criteria of the Government Accounting Standards Board (GASB) Statement 14, the basic financial statements include the financial activity of the City, the Agency, the Authority, and the Housing Authority. The Agency, the Authority, and the Housing Authority are separate legal entities from the City, are controlled by the City, and have the same governing board. The Agency issues its own component unit financial statements. Separate financial statements for the Authority and the Housing Authority are not issued.

Roseville is a charter law city of the State of California. The City was incorporated in 1909 and operates under a Council-Manager form of government. The City's political and legislative body is the City Council and is empowered by the City's charter to formulate citywide policy, including a fiscal program, City services, and appointment of the City Manager and City Attorney. There are five City Council members who are elected at-large for staggered four-year terms, and the Mayor is determined by which member received the highest number of votes in the previous election.

Roseville is a full-service City providing a full range of municipal utility and services. These include: police; fire; community development; parks and recreation; public libraries; planning; building and public facility inspection; engineering; streets; electric, water, wastewater and solid waste utilities; redevelopment; housing and general administrative services.

Residents of the City desiring to assist the City Council in forming government policy may do so by serving on a City commission, Committee, or Board. The commissions, committees, and boards act in an advisory capacity to the City Council. They are: Planning Commission; Parks and Recreation Commission, Cultural Arts Commission, Public Utilities Commission, Roseville Grants Advisory Commission, Senior Citizen Commission, Transportation Commission, Campaign Finance Reform Committee, Design Committee, Board of Appeals/Hearing Examiners, Library Board, Growth Management Visioning Committee, and the Personnel Board.

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City of Roseville has seen strong and continued economic growth through the recent downturns in the State and National economies. Roseville's diverse land use has helped to continue a growth pattern that has resulted in continued economic strength for the City. In addition to a strong housing market, Roseville enjoys the convenience of being a regional shopping destination for both general retail goods as well as automobiles, with 650,000 square feet of retail space being added in 2004. The City's office market, once small and stagnant, is one of the strongest sub-markets in the region, with 520,000 square feet of office space being added in 2004.

The industrial development segment of the City grew slightly in 2004 with 250,000 square feet of new space—predominantly mini-storage and small business parks—added during the year. Of the City's two main industrial companies, Hewlett Packard has reduced jobs over the last several years, while NEC has stabilized its employment in large part by expanding their customer base in the electronic area to include the automotive industry.

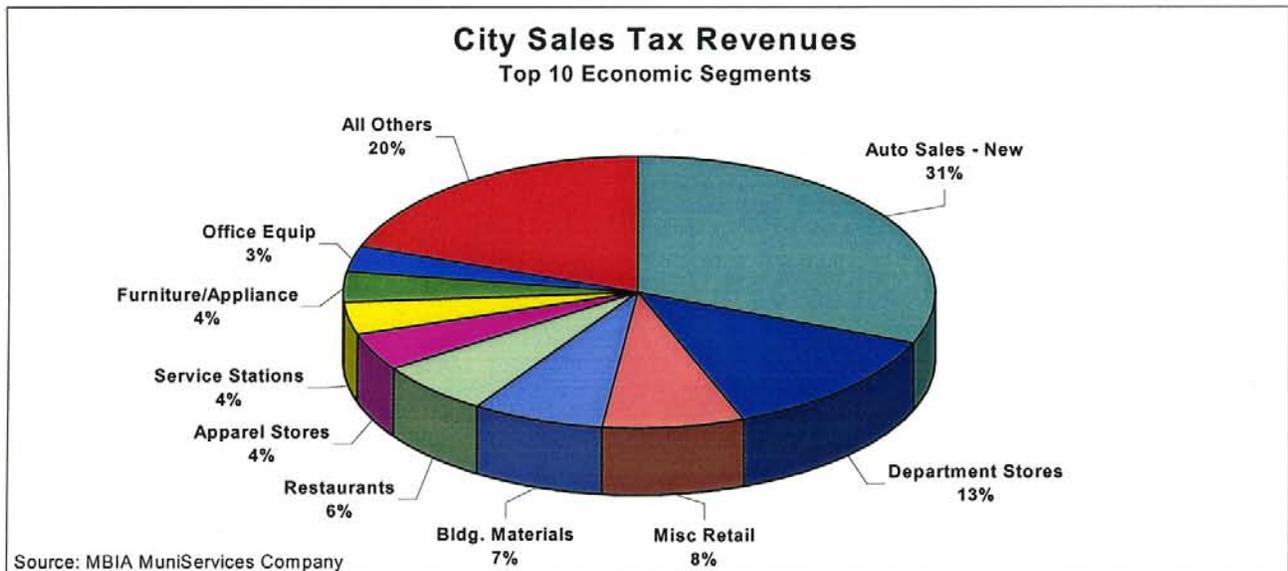
The City's total employment grew during the year. This year the City has had a net increase of 1,521 jobs to bring the total to 71,893. The City's ability to attract jobs and residents has been the foundation of the City's economic success.

The City has become a regional health care center. It is expected that this segment of the economy will continue to grow.

Overall, the City appears to be in a favorable position to continue attracting jobs, retail establishments, and new residents for the next several years. This growth increases and strengthens the City's tax base and increases the diversity of revenue generation.

Top Ten Sales Tax Generators by Economic Segment

The chart below provides an overview of the City's sales tax revenue by economic segment. All sectors have grown proportionately in the last fiscal year. Sales taxes increased \$3.3 million in fiscal year 2004. An important note is that while automobile sales represent a significant portion of the City's tax base, this segment is less dominant of total sales as the City has diversified and stabilized its sales tax base.



Major Activity in the City

Many of the major activities initiated in fiscal year 2004 are consistent with the City Council's direction to focus on projects and funding that provide economic stability within the community and enhance the City's long-term financial condition while maintaining high levels of service to the older parts of the community. Projects were initiated in:

- Public works—re-routing of a major interchange to ease traffic and an increase in overall road system maintenance
- Water—upgrade of the water treatment plant reservoir and replacement of a major storage tank
- Wastewater—opening of Pleasant Grove treatment plant
- Electric—an electric generation power plant that is going through the approval process

Private development has continued at a growing pace. The table below provides a summary of the City's major development activity in 2004.

Development Type	Number of Permits	New Square Feet Occupied
Single-Family Residential	1,278	
Multi-Family Development	570	
Industrial Development		250,634
Commercial Development		658,593
Business Professional		520,658

Additionally, an annexation of 3,000 plus acres of land to the west of the existing City has been approved. This development will add 8,400 new residential units and several hundred acres of additional commercial development to the City.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The Finance Department staff remains committed to improving the City's accounting system; to maintain the City's internal accounting controls to adequately safeguard assets; and to provide reasonable assurances of proper recording of financial transactions. Budgetary control is directed by the City Council by ordinance when the budget is adopted each year. Expenditures may not legally exceed appropriations at the department level by major summary category. The City utilizes the encumbrance system as a management control technique to assist in controlling expenditures. Periodic reports of revenue, expense, and investment activity are prepared and distributed to the City Council and City departments to monitor spending in relation to the budget. At fiscal year-end, open encumbrances are reported as reservations of the fund balance. The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. Each fund is classified by category and fund type:

Category Fund Type

Governmental Funds: General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Permanent Funds

Proprietary Funds: Enterprise Funds and Internal Service Funds

Fiduciary Funds: Agency Funds and Endowment Private-Purpose Trust Fund

Governmental Funds: The basic financial statements necessary to fairly present the financial position and operating results from major governmental funds are: the balance sheet, and the statement of revenues, expenditures and changes in fund balance. These funds are maintained using the modified accrual basis of accounting, which is more thoroughly explained in the Notes to the Financial Statements.

Proprietary Funds: Generally accepted accounting principles applicable to private commercial business are applicable to proprietary funds of a government agency. The basic financial statements required to present the financial position and operating results from major proprietary funds are the statement of net assets; statement of revenues; expenses, and changes in net assets; and the statement of cash flows. The full-accrual basis of accounting is utilized as explained in the Notes to the Financial Statements.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a government agency acting as a trustee or agent for individuals, assessment districts, organizations, other governmental units, or other funds of the same entity. The modified accrual basis of accounting is used as explained in the Notes to the Financial Statements.

CASH MANAGEMENT

The City has a formal investment policy, which is subject to annual review and approval by the City Council. Available cash for operations was invested in the State Treasurer's Local Agency Investment Fund (LAIF), corporate notes, money market funds, commercial paper, and government securities. Restrictions on the maturity and percentage of the investments and categorization of credit risk are discussed in the Notes to the Basic Financial Statements. The City's portfolio is invested mainly in Federal Agency Issues, and U.S. Treasury Coupons. The average annual yield was 2.20% on the City's month-end average investment balances. This compared with a return of 2.87% in the prior year. Investment income includes appreciation in the fair value of investments. Increases in fair market value during the current year do not necessarily represent trends that will continue nor is it an available financial resource, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

INDEPENDENT AUDIT

Each year the City requires an independent annual audit of the City's financial records, the results of its operations, and cash flows. This report includes the opinion of the City's independent auditors, Maze & Associates, for the basic financial statements of the City. In addition, a separately issued document contains the auditors' reports on the internal control structure and compliance with applicable laws and regulations related specifically to the single audit.

AWARD

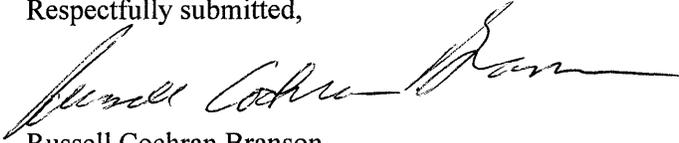
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roseville for its comprehensive annual financial report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

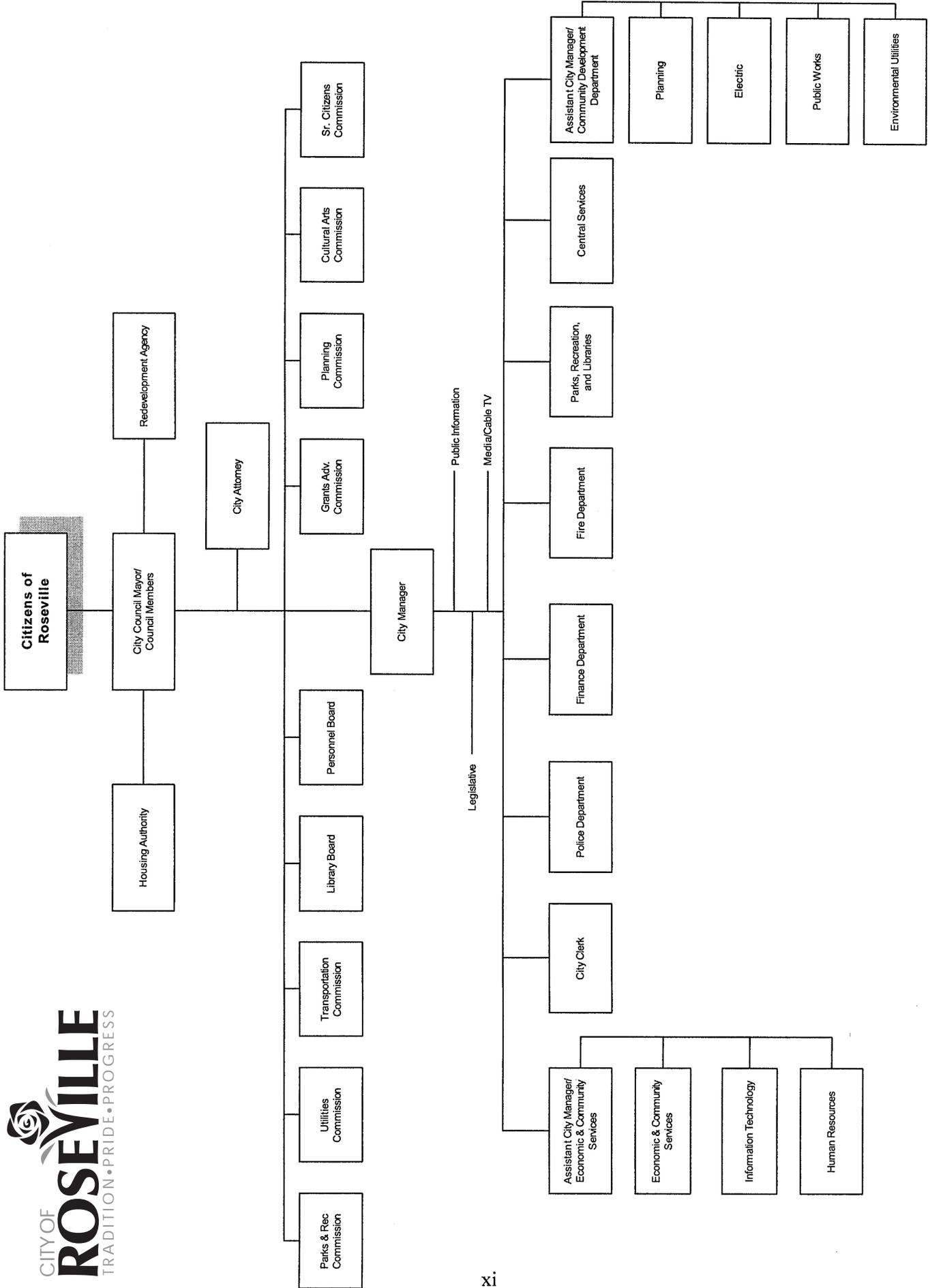
ACKNOWLEDGMENTS

I extend my appreciation to the entire staff in the Finance Department and other departments who assisted in the process of compiling the information for this report. In addition, I extend a special "thank you" to the City's Accounting Division staff and our external auditors who contributed long hours to make this document possible. Their efforts and continued dedication are greatly appreciated. I sincerely thank the Mayor, members of the City Council and City Manager, for their support, interest, and integrity in directing the financial affairs of the City in a responsible, professional, and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell Cochran Branson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Russell Cochran Branson
Finance Director/Treasurer



CITY OF ROSEVILLE

ELECTED OFFICIALS

JUNE 30, 2004

Mayor	Frederic C. Rockholm
Mayor Pro-tem	Regina Garbolino
Council Member	John B. Allard
Council Member	Jim Gray
Council Member	Richard Roccucci

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roseville,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

ACCOUNTANCY CORPORATION
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Walnut Creek, California 94596
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E-Mail: maze@mazeassociates.com
Website: www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

Honorable Mayor and City Council
City of Roseville, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, California (City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements 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.

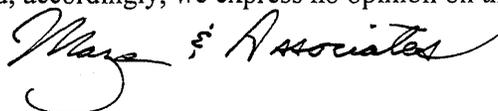
We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, California as of June 30, 2004 and the respective changes in the financial position and cash flow, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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. This information has been subjected to the auditing procedures applied in the 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.

The Introductory Section and Statistical Section have not been subjected to the auditing procedure applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



December 3, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion provides readers of the City of Roseville's financial statements a narrative overview and analysis of the financial activities of the City of Roseville for the fiscal year ended June 30, 2004. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

The City remained strong economically, even with continuing weaknesses in certain aspects of the State's economy. Overall, general fund tax revenues increased, business activities were healthy and growing, and revenues for capital expenditures grew at the pace of development. The City's financial highlights are presented below:

FISCAL YEAR 2004 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2004 include the following:

Entity-wide:

- The City's total net assets were \$1.8 billion as of June 30, 2004. Of this total, \$756 million were Governmental assets and \$1.05 billion were Business-type assets.
- Governmental revenues include program revenues of \$62.7 million and general revenues and transfers of \$86.9 million for a total of \$149.6 million.
- Governmental expenses were \$107 million.
- Business-type program revenues and interest revenue were \$202.8 million while Business-type expenses, special items, and transfers were \$148 million.

Fund Level:

- Governmental Fund balances decreased to \$189.2 million in fiscal year 2004, down \$12.6 million from the prior year.
- Governmental Fund revenues decreased to \$123 million in 2004, down \$32.3 million from the prior year after reclassifying Community Facility District contributions from Other Financing Sources to Governmental Revenues. This was primarily due to the receipt of bond proceeds from the Community Facility Districts in 2003.
- Governmental Fund expenditures increased to \$140.6 million in fiscal year 2004, up \$12.8 million from the prior year. This increase was primarily due to the expenditure of Community Facility District funds for facility construction projects scheduled for fiscal year 2004, as the magnitude of these projects vary year to year.
- Other Financing Sources provided a net of \$4.9 million in fiscal year 2004, down \$20.9 million from 2003 due to, for the most part, receipt of Redevelopment bond proceeds in 2003.

General Fund:

- General Fund revenues of \$81.9 million were \$1.3 million higher than the prior year.
- General Fund expenditures of \$88.3 million represented a decrease of \$1.3 million over the prior year.
- Other Financing Sources showed a net transfer out of \$1 million in fiscal year 2004 compared to a net contribution of \$17.6 million into the fund in the prior year.
- The General Fund balance of \$42.1 million as of June 30, 2004 is down from fiscal year 2003's fund balance of \$49.6 million.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is divided into six parts:

- 1) Introductory section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis (this part),
- 3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
- 4) Required Supplemental Information,
- 5) Combining statements for Non-major Governmental Funds and Fiduciary Funds,
- 6) Statistical information

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 an overview of the City's activities, and are comprised of 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 major functions. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into either Government Activities or 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.

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 statements.

The Entity-wide Financial Statements

Entity-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City.

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 activities, 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 Redevelopment Agency of the City of Roseville Fund and the Community Facilities District Projects Fund are the only Major Governmental Funds in addition to the General Fund.

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

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

Governmental Fund Financial Statements are prepared on the modified accrual basis. This 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.

Enterprise and Internal Service Fund Financial Statements are prepared on the full-accrual basis, 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 and the Redevelopment Agency of the City of Roseville Fund, as required by GASB 34.

Fiduciary Statements

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. These activities 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, 5 and 6 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
(in Millions)

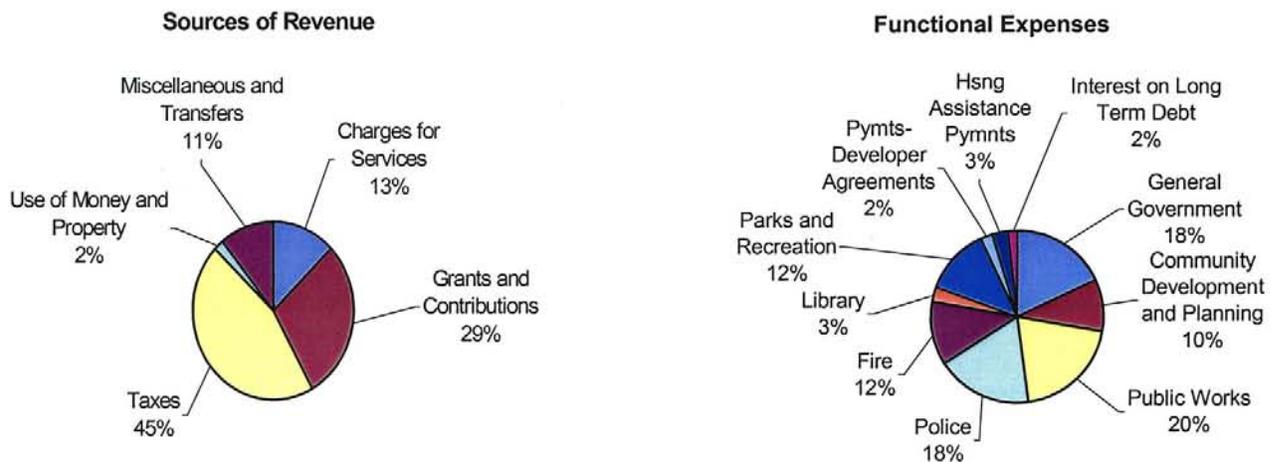
	<u>2004</u>	<u>2003</u>
Cash and Investments	\$238.5	\$238.6
Other Assets	32.9	32.7
Capital Assets	561.6	523.7
Total Assets	833.0	795.0
Long-Term Debt Outstanding	33.1	34.3
Other Liabilities	43.6	46.9
Total Liabilities	76.7	81.2
Net Assets:		
Invested in Capital Assets, Net of Debt	540.7	501.8
Restricted	142.4	148.1
Unrestricted	73.2	63.9
Total Net Assets	\$756.3	\$713.8

The City's governmental net assets amounted to \$756.3 million as of June 30, 2004, an increase of \$42.5 million over 2003. 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, 2004 comprised the following:

- Cash and investments comprised \$211.2 million in the city treasury and \$27.3 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 \$15.6 million of current receivables, along with deferred receivables of \$4.8 million and notes receivable of \$7.5 million that are due over longer periods of time, as explained in Notes 5 and 6 to the financial statements.
- Capital assets of \$561.6 million, net of depreciation charges, includes all of the City's infrastructure as well as other capital assets used in governmental activities, as discussed in Note 8.
- Current liabilities—including accounts payable, claims, and other amounts due currently—totaled \$30.0 million.
- Accrued compensated absence liabilities payable to employees of \$9.6 million, as explained in Note 1G to the financial statements.

- Developer agreement payable of \$2.3 million, explained in Note 7B to the financial statements.
- Long-term debt of \$33.1 million, of which \$31.9 million is due in future years and \$1.2 million is due currently, as detailed in Note 9.
- Net assets invested in capital assets net of related debt of \$540.7 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 \$142.4 million, only may be used to construct specified capital projects, for debt service, or for community development projects. The restrictions on these funds cannot be changed by the City.
- Unrestricted net assets is that 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 \$73.2 million of unrestricted net assets as of June 30, 2004. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Fiscal Year 2004 Government Activities



As the Sources of Revenue Chart above shows, \$67.9 million, or 45% of the City's fiscal year 2004 governmental activities revenue, came from taxes, while \$43.6 million or 29% came from grants and contributions, \$19.1 million, or 13%, 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 added to the City's capital assets. As the Chart shows, general government is \$19.3 million, or 18% of total government expenses, community development and planning is \$10.4 million, or 10%, public works is \$21.6 million, or 20%, police is \$19.3 million, or 18%, fire is \$12.8 million, or 12%, parks and recreation is \$13.3 million, or 12%, and other governmental programs and functions are the remaining 10%.

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
June 30
(in Millions)

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Expenses		
General Government	\$19.3	\$19.5
Community Development and Planning	10.4	9.3
Public Works	21.6	31.3
Police	19.3	17.6
Fire	12.8	11.6
Library	2.8	2.8
Parks and Recreation	13.3	12.7
Community Facilities Districts	0	23.8
Payments Under Developer Agreements	2.6	2.4
Housing Assistance Payments	3.1	2.5
Interest on Long Term Debt	1.8	2.3
Total Expenses	107.0	135.8
Revenues		
Program Revenues:		
Charges for Services	19.1	16.2
Operating Grants and Contributions	8.5	7.0
Capital Grants and Contributions	35.1	72.5
Total Program Revenues	62.7	95.7
General Revenues:		
Taxes	67.9	68.1
Use of Money and Property	3.0	6.9
Miscellaneous	0.4	1.3
Transfers	15.6	12.0
Total General Revenues and Transfers	86.9	88.3
Total Revenues	149.6	184.0
Change in Net Assets	\$42.6	\$48.2

During 2003, capital assets valued at \$23.8 million were transferred from the Community Facilities Districts to the City's Enterprise Funds. This transfer did not recur in 2004, accounting for the majority of the \$28.8 million decrease in expenses.

As the Sources of Revenue Chart and **Table 2** above show, \$62.7 million, or 42% of the City's fiscal year 2004 governmental revenue, came from program revenues and \$86.9 million, or 58%, came from general revenues such as taxes and interest.

Program revenues were composed of charges for services of \$19.1 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; \$8.5 million of operating grants and contributions which include gas tax revenues, housing, and police grants; and capital grants and contributions of \$35.1 million that 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. Capital grants and contributions decreased \$37.4 million due to, for the most part, receipt of bond proceeds in 2003.

General Revenues-Taxes showed a minor decrease of \$0.2 million. While property and sales taxes increased \$7.7 million, the loss of utility users tax of \$6 million, the reduction of \$1.2 million from the restructuring of the motor vehicle in-lieu taxes, and minor decreases of \$0.7 million for franchise, motor fuel taxes, and other taxes caused an overall net decrease. General revenues are not allocable to programs and are used to pay 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
June 30
(in Millions)

	<u>Net (Expense)/Revenues from Services</u>	
	<u>2004</u>	<u>2003</u>
General Government	(\$15.0)	(\$14.9)
Community Development and Planning	(3.9)	(4.0)
Public Works	5.8	9.5
Police	(16.9)	(14.7)
Fire	(9.1)	(7.7)
Library	(2.6)	(2.6)
Parks and Recreation	(1.6)	(1.5)
Community Facilities Districts	2.9	0.1
Payments Under Developer Agreements	(2.6)	(2.4)
Housing Assistance Payments	.4	0.5
Interest on Long Term Debt	(1.8)	(2.3)
Totals	(\$44.4)	(\$40.0)

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
(in Millions)

	<u>2004</u>	<u>2003</u>
Cash and Investments	\$149.9	\$134.2
Other Assets	148.5	148.7
Capital Assets	949.3	736.6
Total Assets	1,247.7	1,019.5
Long-Term Debt Outstanding	165.3	172.9
Other Liabilities	26.4	20.4
Total Liabilities	191.7	193.3
Net Assets:		
Invested in Capital Assets,		
Net of Debt	774.6	560.1
Restricted	89.4	85.3
Unrestricted	192.0	180.8
Total Net Assets	\$1,056.0	\$826.2

The net assets of business-type activities increased to \$1.056 billion in fiscal year 2004, an increase of \$229.8 million. The majority of this increase is simply the addition of existing utility assets on the City's books as required under provisions of GASB 34. The majority of increases in net assets occurred in the Water, Wastewater, and Electric Funds, as shown in Table 6.

Table 5
Changes in Business-Type Net Assets
June 30
(in Millions)

	Business-Type Activities	
	<u>2004</u>	<u>2003</u>
Expenses		
Electric Fund	\$69.6	\$71.5
Water Fund	15.7	12.8
Wastewater Fund	18.1	18.6
Solid Waste Fund	11.6	10.9
Golf Course Fund	2.4	2.6
Local Transportation Fund	3.8	3.4
School-Age Child Care Fund	3.8	3.8
Total Expenses	125.0	123.6
Revenues		
Charges for Services	142.4	122.8
Operating Grants and Contributions	6.7	4.4
Capital Grants and Contributions	52.6	88.8
Total Program Revenues	201.7	216.0
Use of Property and Money	1.1	5.6
Special Item	(7.4)	(13.3)
Transfers	(15.6)	(12.0)
Loss from sale of assets	(0.2)	0.0
Changes in Net Assets	\$54.6	\$72.5

Business-type program revenues and interest revenue were \$202.8 million while Business-type expenses, special items, and transfers were \$148.2 million 2004. Each program is discussed in the Proprietary Funds section below.

Table 6 summarizes the financial activity of the business-type programs, the detail of which is discussed under the Proprietary Funds section below.

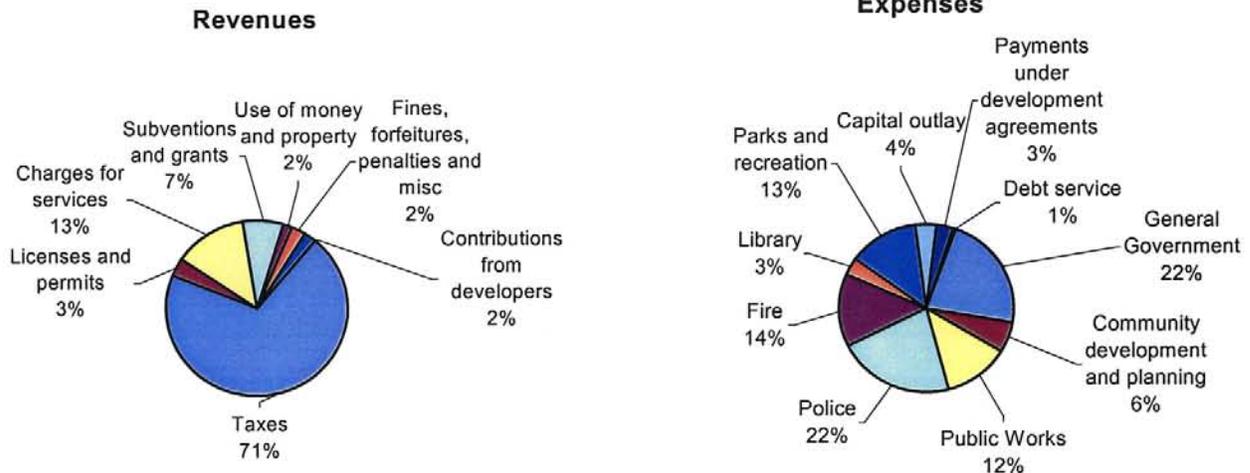
Table 6
Changes in Business-Type Net Assets
(in Millions)

	<u>Net (Expense)/Revenues From Services</u>	
	<u>2004</u>	<u>2003</u>
Electric Fund	\$35.7	\$18.7
Water Fund	10.3	30.6
Wastewater Fund	23.0	38.3
Solid Waste Fund	3.1	2.9
Golf Course Fund	1.2	(0.1)
Local Transportation Fund	3.3	1.9
School-Age Child Care Fund	.2	0.0
Totals	\$76.8	\$92.3

Analyses of Major Governmental Funds

General Fund

Fiscal Year 2004 General Fund Activity



General Fund revenues increased \$1.3 million this fiscal year due primarily to increases in charges for services. Actual revenues exceeded budgeted amounts by \$4 million, as taxes, charges for services and subventions and grants came in greater than targeted, even with an increase to the final budget of \$2.7 from the original budget. Taxes, while showing a slight decrease overall, actually increased in both property and sales taxes (\$2.2 million and \$3.3 million, respectively), however the City lost utility user taxes as discussed in Note 13C amounting to \$6 million in 2003. Property taxes' assessed valuations rose 14.9%, driven by new construction. Sales tax revenues increased across the board, as sales increases were reported in all major sectors resulting in part from continued addition of new retail stores surrounding the Galleria regional mall and the Highway 65 corridor. Charges for services increased (\$1.6 million) as departments implemented/increased fees to more directly match their expenditures.

General Fund expenditures were \$88.3 million, a decrease of \$1.2 million from the prior year. Expenditures were \$11.3 million less than budgeted; however, as most departments expended less than budgeted, due to cost-cutting measures triggered from the loss of utility users taxes. The original budget was increased by \$4.5 million from encumbrances carried over from fiscal year 2003. The sources of these budget savings included general government, community development, and public safety salaries being budgeted at the top step; vacancies in the police department; and projects anticipated for 2004 that have been carried over to fiscal year 2005.

Other financing sources and uses reported net outflows of \$1.1 million in fiscal year 2004, compared with net inflows of \$17.5 million in the prior year. Transfers out of the General Fund were \$19.3 million, in fiscal year 2004, compared with net transfers in of \$17.3 million in the prior year. One of the major reasons for the increase in transfers out was setting aside funds in an internal service fund to offset future post-retirement health insurance.

As of June 30, 2004, the General Fund's fund balance totaled \$42.0 million, including \$17.8 million reserved almost entirely for encumbrances and advances to other funds, \$16.8 million designated for economic reserve and capital improvements and \$6.9 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.

Redevelopment Agency of the City of Roseville

This Fund accounts for the Redevelopment (RDA) activity including capital projects in the downtown redevelopment area funded by tax allocation bonds. The majority of the bond proceeds from the 2003 tax allocation bonds remain unspent. In addition the RDA owes other City funds \$13.7 million, which will be repaid from future tax increment revenues.

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, through the contribution of Mello-Roos bond proceeds. The improvements are contributed to the City, which in turn acquires and pays for these facilities from the developers who actually construct the improvements. In fiscal year 2004, the Fund received \$2.6 million in such contributions from property-owners and developers, and expended \$26.9 million in capital outlay on facilities in community facilities districts, which included contributions and bond proceeds received in prior years. The largest projects underway in fiscal year 2004 were improvements to the Stone Point, Stoneridge East, Woodcreek East, and Crocker Ranch areas.

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 increased \$20.5 million in fiscal year 2004 to a total of \$248.4 million. Operating income for fiscal year 2004 is \$26.2 million, an increase of \$16.3 million from 2003. Electric retail sales increased by \$10.1 million due to increased customers, the rate rebate originally established in September 2002 ended in August 2003, and wholesale power sales rose to \$4.4 million in 2004. In addition, purchased power expenses decreased by \$2.1 million over 2003 levels, which was due to market fluctuations in the power market. The Electric Department recorded a special item of \$7.4 million to account for the possible SCS tariff charges being imposed by PG&E (see note 15). Overall electric rates remained unchanged in 2004; however, there may be a rate increase in 2005.

Of the fund's Net Assets of \$248.4 million, \$155.4 million was invested in capital assets, \$9.4 million was restricted and \$83.6 million was unrestricted.

Water Fund

Net assets of the Water Fund increased \$8.5 million in fiscal year 2004. Along with a \$175.2 million GASB 34 adjustment for recording infrastructure assets, this increased total assets to \$328 million. Operating revenues increased \$2.9 to a total of \$11.8 million in fiscal year 2004 due to a rate increase in August 2003, while expenses also increased \$3.1 million to a total of \$14.4 million. Most of this increase for expenses was due to increased depreciation from the additions to infrastructure. There was a resulting operating loss of \$2.6 million, including \$5 million for depreciation and amortization. However, capital connection fees were \$11 million (a decrease of \$1.7 million, as growth has stabilized), and contributions from developers were \$3.2 million in fiscal year 2004 while net transfers out were \$2.4 million.

As of June 30, 2004, the Fund's Net Assets were \$328 million, of which \$272.9 million was invested in capital assets, \$2.6 million was restricted for debt service and \$52.5 million was unrestricted as to use.

Wastewater Fund

Operating revenues increased in fiscal year 2004 \$1.6 million to a total of \$14.7 million due for the most part to a rate increase in August 2003. Operating expenses increased slightly to \$15.6 million, up \$0.8 million. The net result was a small operating loss of \$0.9 million, of which \$5.5 million was depreciation. Other items that affected net assets were: connection fees of \$9.5 million (down \$2.5 million as growth has stabilized); capital contributions of \$8.1 million and \$5.6 million, respectively from developers and South Placer Wastewater Authority; net non-operating revenues of \$0.7 million; a loss of \$0.2 million from capital assets; and net transfers out of \$2.8 million. Contributions from the South Placer Wastewater Authority are in the form of construction expenditures to build a new wastewater treatment plant and other infrastructure. The total increase to net assets was \$20 million for fiscal year 2004 to a total of \$455.2 million. As of June 30, 2004, of the Fund's Net Assets were \$455.2 million, \$326.6 million was invested in capital assets, \$69 million was invested in South Placer Wastewater Authority, and \$59.6 million was unrestricted.

Solid Waste Fund

Revenues and expenses remained relatively flat in fiscal year 2004 at \$14.7 million and \$11.6 million, respectively. As a result, net operating income decreased slightly by \$314,000 to \$3.1 million. Net transfers out were \$1.6 million. The total net assets from 2003 were \$38,000 and with an increase of \$1.4 million; the ending balance for 2004 was \$1.47 million.

Golf Course Fund

Revenues and expenses remained relatively flat in fiscal year 2004 at \$2.4 million and \$2.0 million, respectively. There was also a contribution of \$1.1 million from the Northwest Community Facilities District Fund. As a result, the Fund's net assets increased to \$8.1 million. The Fund is financed in part by advances from other City funds; as a result, it has a deficit in its unrestricted net assets, partially offsetting the \$10.2 million it has invested in capital assets, net of the related debt.

Local Transportation Fund

Net assets of the Fund increased \$3.2 million in fiscal year 2004 to a total of \$14.3 million. While there was a \$3.2 million operating loss in fiscal year 2004, this was more than offset by the \$6.5 million in grants and subsidies received for the operations of the City's transit program. As of June 30, 2004, the Fund's Net Assets were \$14.3 million, of which \$6.6 million was invested in capital assets and \$7.6 million was restricted for use in local transportation.

School-Age Child Care Fund

Net assets of the Fund declined \$0.12 million in fiscal year 2004 to a total of \$0.55 million. Since both revenues and expenses were up \$0.2 million, the decline in net assets was due in part to additional transfers out for indirect costs. As of June 30, 2004, the Fund's Net Assets were \$0.55 million. \$0.99 million were invested in capital assets, which leaves a negative \$0.44 million in unrestricted net assets.

CAPITAL ASSETS

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

In fiscal year 2002, the City started recording the cost of its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. As mentioned earlier, the City continued to review its historical infrastructure balances (as allowed by GASB 34) and this year's statement includes adjustments to capital assets. The cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 7 below:

Table 7
Capital Assets at Year End
(in Millions)

	<u>Balance at June 30, 2004</u>
Governmental Activities	
Land	\$ 12.1
Streets (modified)	153.6
Parks (modified)	52.2
Landscaping (modified)	23.8
Construction in Progress	41.6
Buildings	81.1
Improvements	4.1
Equipment	44.3
Bike Paths	6.6
Bridges	45.6
Culverts	18.9
Curb, Gutter, Sidewalk, & Median Curbs	114.4
Drain Inlets	18.1
Flood Control Improvements	15.5
Soundwall	15.5
Stormdrains	45.5
Traffic Signals	18.1
Less: Accumulated Depreciation	<u>(149.2)</u>
Governmental Activity Capital Assets, Net	<u>\$561.8</u>

	Balance at June 30, 2004
Business-Type Activities	
Land	\$ 13.7
Landscaping (modified)	0.6
Construction in Progress	157.8
Buildings	10.6
Improvements	10.7
Machinery and Equipment	12.2
Bike Paths	1.1
Plant and Substations	137.7
Distribution	760.2
Less: Accumulated Depreciation	(155.4)
	<hr/>
Business-Type Activity Capital Assets, Net	\$949.2
	<hr/> <hr/>

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, 2004, the City's streets averaged 7.6 PQI for arterial and collector roadways and 7.6 PQI for residential roadways. The City expended \$2.9 million on preservation of its streets in fiscal year 2004 and plans to spend \$6.5 million in fiscal year 2005.

The City uses a computerized Grounds Management System to track the condition levels of each of the parks and landscaping. 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, 2004, the City's parks and landscaping averaged 2 GMI. The City expended \$3.6 million on preservation of its parks and landscaping in fiscal year 2004 and plans to spend \$4.2 million in fiscal year 2005.

DEBT ADMINISTRATION

In July 2003, the City refinanced the 1993 Public Facilities Certificates of Participation and the 1993 Golf Course Project Certificates of Participation with the 2003A Public Facilities Refunding Certificates of Participation and 2003B Golf Course Refunding Certificates of Participation, respectively. In addition, the South Placer Wastewater Authority (SPWA) issued revenue bonds of \$97 million in September 2003 to advance refund a portion of the 2000 SPWA Revenue Bonds. The City's share of this obligation is 54.17%. These bonds are auction-rate bonds with weekly interest resets. SPWA entered into a 24-year interest rate swap agreement for the amount of the refunding bonds for a fixed-payer rate of 3.433% and a receiver rate of 62% of Libor.

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, 2004, the City's debt comprised:

Table 8
Outstanding Debt
(in Millions)

Governmental Activity Debt:	
Certificates of Participation:	
2003 Public Facilities Bond, 2.0%-5.0%, due 8/1/25	\$18.28
Tax Allocation Bonds	
2002 Roseville Redevelopment Project 3%-5.14% due 9/1/33	14.18
Installment Purchase Obligations	
Equipment	.32
Motorola Radio Equipment, 5.6%, due 8/1/04	.31
Total Installment Purchase Obligations	.64
Other Long Term Obligations:	
Foothill Blvd. Extension, due 4/1/07	nil
Total Governmental Activity Debt:	\$33.09

Business-type Activity Debt:**Certificates of Participation:**

1997 Electric System Revenue, 3,6%-5.25%, due 2/1/17	\$.93
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	2.62
2002 Electric System Revenue, Variable Rate, due 2/1/24	35.7
Less deferred amount on refunding	(3.44)
2003 Golf Course Project, 2.0-5.0%, due 8/1/23	8.24
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	27.35
	<hr/>
Total Certificates of Participation	71.40

Revenue Bonds:

2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	10.21
2000 Variable Rate Demand Wastewater Revenue Bonds, Series B, variable rate, due 11/1/35	37.92
2003 Wastewater Refunding Revenue Bonds, variable rate, due 11/1/27	51.68
Less deferred amount on refunding	(6.07)
	<hr/>
Total Revenue Bonds	93.74

Other Long Term Obligations:

Notes, 5%, due 10/1/17	.20
	<hr/>

Total Business-type Activity Debt: **\$165.33**

COMMUNITY FACILITIES/ASSESSMENT DISTRICTS DEBT

Community facilities districts and assessment 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, 2004, a total of \$231.2 million in community facilities district and assessment district debt was outstanding, representing thirteen issues by community facilities districts and three issues by assessment districts. This debt is secured only by special tax liens and assessments on the real property in the district issuing the debt and is not the City's responsibility; however, the City does act as the agent in the collection and remittance of special taxes and assessments for these Districts. 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ROSEVILLE

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities are 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 any portion of the Internal Service Fund balances that service Enterprise Funds. Fiduciary activity is excluded.

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.

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.

CITY OF ROSEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	\$211,238,556	\$143,214,465	\$354,453,021
Restricted cash and investments with fiscal agents (Note 3)	27,272,697	6,738,557	34,011,254
Receivables:			
Taxes	1,154,358	34,012	1,188,370
Accounts	2,561,687	16,500,515	19,062,202
Accrued interest	3,156,580	1,032,831	4,189,411
Due from other government agencies	8,744,319	5,499,100	14,243,419
Internal balances (Note 4D)	4,109,733	(4,109,733)	
Prepays	10,281	438	10,719
Deferred receivables (Note 6)	4,766,097	755,089	5,521,186
Notes receivable (Note 5)	7,483,477		7,483,477
Inventories (Note 11)	898,479	4,940,750	5,839,229
Prepaid purchased electricity (Note 14)		5,010,133	5,010,133
Unamortized bond origination costs		1,565,223	1,565,223
Investment in NCPA reserves (Note 15)		6,756,181	6,756,181
Investment in SPWA reserves (Note 16)		110,517,137	110,517,137
Capital assets (Note 8):			
Land and construction in progress	283,195,384	172,134,214	455,329,598
Capital assets being depreciated, net	278,446,339	777,143,746	1,055,590,085
Total assets	<u>833,037,987</u>	<u>1,247,732,658</u>	<u>2,080,770,645</u>
LIABILITIES			
Accounts payable	8,378,517	10,869,902	19,248,419
Accrued liabilities	4,169,591	2,135,900	6,305,491
Due to other governments	5,800,483	673,596	6,474,079
Self-insurance claims payable and litigation settlement (Note 13)	6,953,000		6,953,000
Deposits	3,683,177	1,011,247	4,694,424
Unearned revenues	997,699	2,826,693	3,824,392
Deferred liabilities	1,670,998	262,466	1,933,464
Landfill closure and post closure liability (Note 17)		4,037,302	4,037,302
Compensated absences (Note 1G)	9,639,263	4,588,962	14,228,225
Developer agreement payable (Note 7B)	2,295,495		2,295,495
Long term liabilities (Note 9):			
Due within one year	1,236,331	8,686,363	9,922,694
Due in more than one year	31,863,495	156,642,244	188,505,739
Total liabilities	<u>76,688,049</u>	<u>191,734,675</u>	<u>268,422,724</u>
NET ASSETS (Note 11)			
Invested in capital assets, net of related debt	<u>540,714,647</u>	<u>774,624,921</u>	<u>1,315,339,568</u>
Restricted for:			
Joint ventures		75,756,727	75,756,727
Capital projects	137,896,289		137,896,289
Debt service	1,369,687	5,999,796	7,369,483
Community development projects	3,138,766		3,138,766
Local transportation		7,652,206	7,652,206
Total restricted net assets	<u>142,404,742</u>	<u>89,408,729</u>	<u>231,813,471</u>
Unrestricted net assets	<u>73,230,549</u>	<u>191,964,333</u>	<u>265,194,882</u>
Total net assets	<u>\$756,349,938</u>	<u>\$1,055,997,983</u>	<u>\$1,812,347,921</u>

See accompanying notes to financial statements

CITY OF ROSEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

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	\$19,299,495	\$1,318,112	\$473,670	\$2,457,552	(\$15,050,161)		(\$15,050,161)
Community development and planning	10,370,401	2,988,881	2,951,065	563,363	(3,867,092)		(3,867,092)
Public works	21,567,351	6,612,890	55,538	20,740,497	5,841,574		5,841,574
Police	19,351,991	1,581,324	830,919	53,889	(16,885,859)		(16,885,859)
Fire	12,768,918	945,366	396,163	2,300,856	(9,126,533)		(9,126,533)
Library	2,839,127	136,710	69,515		(2,632,902)		(2,632,902)
Parks and recreation	13,257,771	5,508,574	107,934	6,057,460	(1,583,803)		(1,583,803)
Community facilities districts				2,921,223	2,921,223		2,921,223
Payments under developer agreements	2,607,608				(2,607,608)		(2,607,608)
Housing assistance payments	3,127,150		3,591,451		464,301		464,301
Interest on long term debt	1,813,647				(1,813,647)		(1,813,647)
Total Governmental Activities	107,003,459	19,091,857	8,476,255	35,094,840	(44,340,507)		(44,340,507)
Business-type Activities:							
Electric	69,630,286	94,387,590		10,936,868		\$35,694,172	35,694,172
Water	15,748,289	11,804,088	15,000	14,240,251		10,311,050	10,311,050
Wastewater	18,050,409	14,739,888		26,306,577		22,996,056	22,996,056
Solid waste	11,614,060	14,678,394				3,064,334	3,064,334
Golf Course	2,365,048	2,436,735		1,100,000		1,171,687	1,171,687
Local Transportation	3,768,970	526,204	6,503,889	20,000		3,281,123	3,281,123
School-age Child Care	3,824,316	3,810,089	198,543			184,316	184,316
Total Business-type Activities	125,001,378	142,382,988	6,717,432	52,603,696		76,702,738	76,702,738
Total	\$232,004,837	\$161,474,845	\$15,193,687	\$87,698,536	(44,340,507)	76,702,738	32,362,231
General revenues:							
Taxes:							
Property taxes					20,101,838		20,101,838
Less Educational Revenue							
Augmentation Fund payment (Note 19)					(143,182)		(143,182)
Sales taxes					38,031,918		38,031,918
Franchise taxes					954,396		954,396
Motor fuel taxes					1,775,122		1,775,122
Other taxes					2,978,450		2,978,450
Motor vehicle in lieu					4,152,209		4,152,209
Gain/(Loss) from sales of capital assets					92,324	(227,334)	(135,010)
Bond issuance premium					351,119		351,119
Use of money and property					2,992,312	1,096,493	4,088,805
Miscellaneous revenues					12,975		12,975
Special Item (Note 15D)						(7,394,906)	(7,394,906)
Transfers (Note 4)					15,605,538	(15,605,538)	
Total general revenues and transfers					86,905,019	(22,131,285)	64,773,734
Change in Net Assets					42,564,512	54,571,453	97,135,965
Net Assets-Beginning					713,785,426	826,249,786	1,540,035,212
GASB Statement No. 34 Implementation Adjustment (Note 8B)						175,176,744	175,176,744
Net assets-Ending					\$756,349,938	\$1,055,997,983	\$1,812,347,921

See accompanying notes to financial statements

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MAJOR GOVERNMENTAL FUNDS

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 2004. 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.

REDEVELOPMENT AGENCY

The Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Redevelopment Agency tax allocation bonds issued in 2003; 3) capital projects connected with downtown redevelopment funded by property tax increment revenues.

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, 2004

	General	Redevelopment Agency of the City of Roseville	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments in City Treasury (Note 3)	\$29,678,977	\$3,591,297	\$4,739,402	\$133,119,526	\$171,129,202
Restricted cash and investments with fiscal agents (Note 3)		12,957,127	11,905,743	2,337,458	27,200,328
Receivables:					
Taxes	996,086	158,272			1,154,358
Accounts	2,173,612			310,560	2,484,172
Accrued interest	908,679	24,890	85,595	996,497	2,015,661
Due from other government agencies	7,810,026			934,293	8,744,319
Due from other funds (Note 4B)	731,051			50,000	781,051
Advances to other funds (Note 4C)	12,935,536			4,200,000	17,135,536
Prepays	10,281				10,281
Deferred receivables (Note 6)				4,766,097	4,766,097
Notes receivable (Note 5)	138,700	1,422,672		5,922,105	7,483,477
Inventories (Note 1I)	419,536				419,536
Total Assets	\$55,802,484	\$18,154,258	\$16,730,740	\$152,636,536	\$243,324,018
LIABILITIES					
Accounts payable	\$2,084,682	\$246,515	\$3,412,510	\$2,020,666	\$7,764,373
Accrued liabilities	3,215,165	348,777		134,571	3,698,513
Due to other funds (Note 4B)		600,000		453,251	1,053,251
Due to other government agencies	19,042			5,781,441	5,800,483
Advances from other funds (Note 4C)		13,724,737		4,877,500	18,602,237
Deposits	3,026,177	50,000		607,000	3,683,177
Deferred revenue	899,599	1,422,672		5,039,989	7,362,260
Deferred liabilities		1,474,703		196,295	1,670,998
Current portion of compensated absences (Note 1G)	4,495,844	10,794		2,269	4,508,907
Total Liabilities	13,740,509	17,878,198	3,412,510	19,112,982	54,144,199
FUND BALANCES (Note 11)					
Reserved for:					
Advances	12,935,536			4,200,000	17,135,536
Inventories	419,536				419,536
Encumbrances	4,910,016	34,854		3,847,840	8,792,710
Capital projects			13,318,230		13,318,230
Deferred receivables and notes receivable	138,700			46,343	185,043
Prepays	10,281				10,281
Low and moderate income housing		1,172,887			1,172,887
Debt service				1,369,687	1,369,687
Unreserved					
Designated for economic reserve	15,865,200				15,865,200
Designated for carryover of capital improvement projects	909,845			19,522,248	20,432,093
Unreserved, undesignated, reported in:					
General Fund	6,872,861				6,872,861
Special Revenue Funds		(931,681)		88,812,055	87,880,374
Permanent Funds				15,725,381	15,725,381
TOTAL FUND BALANCES	42,061,975	276,060	13,318,230	133,523,554	189,179,819
Total Liabilities and Fund Balances	\$55,802,484	\$18,154,258	\$16,730,740	\$152,636,536	\$243,324,018

See accompanying notes to financial statements

CITY OF ROSEVILLE
 Reconciliation of
 GOVERNMENTAL FUNDS -- FUND BALANCE
 with the Governmental Activities
 NET ASSETS
 JUNE 30, 2004

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$189,179,819

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. 561,641,723

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	40,181,723
Accounts receivable	77,515
Interest receivable	1,140,919
Inventories	478,943
Accounts payable	(614,144)
Accrued liabilities	(78,866)
Self-insurance claims payable	(6,953,000)
Compensated absences	(302,688)
Internal balances	5,848,634

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. 6,364,561

Expenses which are not payable currently are not accrued on the Fund Balance Sheets
 Refunds payable to developers (2,295,495)

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	(33,099,826)
Interest payable and other accrued liabilities, included in accrued liabilities	(392,212)
Non-current portion of compensated absences	(4,827,668)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$756,349,938

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, 2004

	General	Redevelopment Agency of the City of Roseville	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$57,308,742	\$4,254,202	\$22,276	\$4,229,841	\$65,815,061
Less Educational Revenue					
Augmentation Fund payment (Note 19)		(143,182)			(143,182)
Licenses and permits	2,784,570				2,784,570
Charges for services	10,735,970			16,607,679	27,343,649
Subventions and grants	5,831,584	49,272		7,877,994	13,758,850
Use of money and property	1,352,145	134,149	242,814	1,726,201	3,455,309
Fines, forfeitures and penalties	677,188			794,528	1,471,716
Contributions from property owners			2,568,135	6,500	2,574,635
Contributions from developers	1,934,251	55,214	86,320	586,586	2,662,371
Miscellaneous revenues	1,251,680	15,700	1,678	2,062,650	3,331,708
Total Revenues	81,876,130	4,365,355	2,921,223	33,891,979	123,054,687
EXPENDITURES					
Current:					
General government	19,625,572			1,293,987	20,919,559
Community development and planning	5,146,170	2,339,147		3,322,250	10,807,567
Public works	10,854,747			101,259	10,956,006
Public safety:					
Police	19,051,384				19,051,384
Fire	12,602,614				12,602,614
Library	2,842,056			481	2,842,537
Parks and recreation	11,450,197			1,799,379	13,249,576
Housing assistance payments				3,127,150	3,127,150
Capital outlay	3,599,915	644,367	26,913,358	9,991,503	41,149,143
Payments under developer agreements (Note 7)	2,607,608				2,607,608
Debt service					
Principal retirement	444,690	320,000		675,000	1,439,690
Interest and fiscal charges	62,372	999,183		850,641	1,912,196
Total Expenditures	88,287,325	4,302,697	26,913,358	21,161,650	140,665,030
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,411,195)	62,658	(23,992,135)	12,730,329	(17,610,343)
OTHER FINANCING SOURCES (USES)					
Proceeds from debt issuance (Note 9)				18,275,000	18,275,000
Bond issuance premium				351,119	351,119
Payment to refunded bond escrow agent (Note 9)				(18,080,000)	(18,080,000)
Transfers in (Note 4A)	18,154,410			9,780,338	27,934,748
Transfers (out) (Note 4A)	(19,268,898)	(102,568)	(202,308)	(3,970,161)	(23,543,935)
Total Other Financing Sources (Uses)	(1,114,488)	(102,568)	(202,308)	6,356,296	4,936,932
NET CHANGE IN FUND BALANCES	(7,525,683)	(39,910)	(24,194,443)	19,086,625	(12,673,411)
Fund balances at beginning of period	49,587,658	315,970	37,512,673	114,436,929	201,853,230
FUND BALANCES AT END OF PERIOD	\$42,061,975	\$276,060	\$13,318,230	\$133,523,554	\$189,179,819

See accompanying notes to financial statements

CITY OF ROSEVILLE
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

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 (\$12,673,411)

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 38,060,888

Depreciation expense is deducted from the fund balance
 (Depreciation expense is net of internal service fund depreciation of \$3,509,354 which has already been allocated to serviced funds.) (10,663,812)

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. 11,045,388

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 the issuance of debt and capital assets are deducted from fund balance (18,275,000)

Repayment of debt principal is added back to fund balance 1,439,690

Payments made to refunded debt escrow agent, net 18,080,000

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 (352,130)

Interest payable and accrued liabilities, included in accrued liabilities 98,549

Deferred revenues (177,411)

Payments to developers (66,292)

Litigation settlement 2,153,996

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 13,894,057

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$42,564,512

See accompanying notes to financial statements

CITY OF ROSEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$52,935,440	\$55,035,440	\$57,308,742	\$2,273,302
Licenses and permits	2,783,800	2,783,800	2,784,570	770
Charges for services	8,916,473	9,301,473	10,735,970	1,434,497
Subventions and grants	5,797,572	4,563,538	5,831,584	1,268,046
Use of money and property	1,590,040	1,590,040	1,352,145	(237,895)
Fines, forfeitures and penalties	690,300	690,300	677,188	(13,112)
Contributions from developers	2,219,420	3,376,560	1,934,251	(1,442,309)
Miscellaneous revenues	222,100	516,130	1,251,680	735,550
TOTAL REVENUES	75,155,145	77,857,281	81,876,130	4,018,849
EXPENDITURES				
Current:				
General government	21,190,723	22,247,263	19,625,572	2,621,691
Community development and planning	5,599,490	6,752,630	5,146,170	1,606,460
Public works	12,348,713	12,612,713	10,854,747	1,757,966
Public safety:				
Police	20,457,573	20,873,732	19,051,384	1,822,348
Fire	12,888,322	13,079,375	12,602,614	476,761
Library	3,091,363	3,185,313	2,842,056	343,257
Parks and recreation	12,006,548	12,063,211	11,450,197	613,014
Capital outlay	4,399,964	5,700,097	3,599,915	2,100,182
Payments under developer agreements	2,472,200	2,472,200	2,607,608	(135,408)
Debt Service:				
Principal	512,665	512,665	444,690	67,975
Interest and fiscal charges	119,765	119,765	62,372	57,393
TOTAL EXPENDITURES	95,087,326	99,618,964	88,287,325	11,331,639
OTHER FINANCING SOURCES (USES)				
Transfers in	17,965,790	18,232,091	18,154,410	(77,681)
Transfers (out)	(4,597,829)	(19,391,118)	(19,268,898)	122,220
Total Other Financing Sources (Uses)	13,367,961	(1,159,027)	(1,114,488)	44,539
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	<u>(\$6,564,220)</u>	<u>(\$22,920,710)</u>	<u>(7,525,683)</u>	<u>\$15,395,027</u>
Fund balance at beginning of year			49,587,658	
Fund balance at end of year			<u>\$42,061,975</u>	

See accompanying notes to financial statements

CITY OF ROSEVILLE
REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Final	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,070,040	\$3,796,010	\$4,254,202	\$458,192
Less Educational Revenue				
Augmentation Fund payment (Note 19)			(143,182)	(143,182)
Subventions and grants	41,970	49,310	49,272	(38)
Use of money and property	28,500	54,330	134,149	79,819
Contributions from developers		36,580	55,214	18,634
Miscellaneous revenues			15,700	15,700
Total revenues	<u>3,140,510</u>	<u>3,936,230</u>	<u>4,365,355</u>	<u>429,125</u>
EXPENDITURES				
Community development and planning	1,783,134	2,678,194	2,339,147	339,047
Capital outlay		2,959,087	644,367	2,314,720
Debt service:				
Principal			320,000	(320,000)
Interest and fiscal charges			999,183	(999,183)
Total expenditures	<u>1,783,134</u>	<u>5,637,281</u>	<u>4,302,697</u>	<u>1,334,584</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(77,630)	(77,120)	(102,568)	(25,448)
Total Other Financing Sources (Uses)	<u>(77,630)</u>	<u>(77,120)</u>	<u>(102,568)</u>	<u>(25,448)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$3,062,880</u>	<u>\$900,023</u>	(39,910)	<u>(\$939,933)</u>
Fund balance at beginning of year			<u>315,970</u>	
Fund balance at end of year			<u>\$276,060</u>	

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

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 2004.

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
 JUNE 30, 2004

	Business-type Activities-Enterprise Funds					
	Electric	Water	Wastewater	Solid Waste	Golf Course	Local Transportation
ASSETS						
Current Assets:						
Cash and investments in City Treasury (Note 3)	\$71,238,148	\$51,132,389	\$11,570,520	\$4,127,132	\$1,175,001	\$3,651,387
Restricted cash and investments with fiscal agents (Note 3)	3,487,093	2,612,367			639,097	
Receivables:						
Taxes	34,012					
Accounts	11,199,196	1,632,326	1,630,420	1,544,252	74,840	615
Accrued Interest	486,566	397,844	66,052	22,435	25,702	32,581
Due from other government agencies		25,838	888,898	2,065		4,542,373
Due from other funds (Note 4B)		643,454				
Inventories (Note 11)	4,085,816	745,718	59,446	49,770		
Prepays						438
Total Current Assets	90,530,831	57,189,936	14,215,336	5,745,654	1,914,640	8,227,394
Non Current Assets:						
Deferred receivables (Note 6)	606,079	134,171	14,839			
Prepaid purchased electricity (Note 14)	5,010,133					
Unamortized bond origination costs	637,740	634,830			292,653	
Investment in NCPA reserves (Note 15)	6,756,181					
Investment in SPWA reserves (Note 16)			110,517,137			
Advances to other funds (Note 4C)						
Capital assets (Note 8):						
Land and construction in progress	9,587,901	11,300,556	144,074,479	277,415	6,058,241	392,296
Capital assets being depreciated, net	185,021,623	288,968,903	282,356,459	1,639,149	12,380,309	6,228,018
Total assets	298,150,488	358,228,396	551,178,250	7,662,218	20,645,843	14,847,708
LIABILITIES						
Current Liabilities						
Accounts payable	7,460,233	1,237,013	302,042	1,228,011	141,556	465,332
Accrued liabilities	799,118	463,656	387,342	154,610	130,985	20,154
Due to other government agencies	19,993		653,603			
Due to other funds (Note 4B)				243,128	127,000	
Current portion of compensated absences (Note 1G)	1,028,258	427,500	529,817	181,252		31,529
Current portion of long-term debt (Note 9)	5,495,000	1,284,805	1,611,558		295,000	
Deposits	936,827	44,146	10,882		11,265	
Deferred revenue	2,506,805					
Self-insurance claims payable (Note 13)						
Total Current Liabilities	18,246,234	3,457,120	3,495,244	1,807,001	705,806	517,015
Long-Term Liabilities						
Deferred liabilities		94,840		167,626		
Advances from other funds (Note 4C)					3,893,000	
Notes (Note 9)		182,350				
Certificates of participation (Note 9)	33,750,000	26,075,000			7,945,000	
Unamortized loss on refunding (Note 9)	(3,436,796)		(6,069,986)			
Revenue bonds (Note 9)			98,196,676			
Landfill closure and post closure liability (Note 17)				4,037,302		
Compensated absences (Note 1G)	1,187,787	432,130	346,495	179,034		58,173
Total Liabilities	49,747,225	30,241,440	95,968,429	6,190,963	12,543,806	575,188
NET ASSETS						
Invested in capital assets, net of related debt	155,364,524	272,909,654	326,622,704	1,916,564	10,198,550	6,620,314
Restricted for joint venture (Notes 15 and 16)	6,756,181		69,000,546			
Restricted for debt service	2,696,763	2,612,320			690,713	
Restricted for local transportation						7,652,206
Unrestricted	83,585,795	52,464,982	59,586,571	(445,309)	(2,787,226)	
Total Net Assets	\$248,403,263	\$327,986,956	\$455,209,821	\$1,471,255	\$8,102,037	\$14,272,520

See accompanying notes to financial statements

School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$319,888	\$143,214,465	\$40,109,354
	6,738,557	72,369
	34,012	
418,866	16,500,515	77,515
1,651	1,032,831	1,140,919
39,926	5,499,100	
	643,454	642,328
	4,940,750	478,943
	438	
<u>780,331</u>	<u>178,604,122</u>	<u>42,521,428</u>
	755,089	
	5,010,133	
	1,565,223	
	6,756,181	
	110,517,137	5,659,701
443,326	172,134,214	
549,285	777,143,746	13,266,721
<u>1,772,942</u>	<u>1,252,485,845</u>	<u>61,447,850</u>
35,715	10,869,902	614,144
180,035	2,135,900	78,866
	673,596	
190,059	560,187	453,395
186,768	2,385,124	168,194
	8,686,363	
8,127	1,011,247	
319,888	2,826,693	
		6,953,000
<u>920,592</u>	<u>29,149,012</u>	<u>8,267,599</u>
	262,466	
300,000	4,193,000	
	182,350	
	67,770,000	
	(9,506,782)	
	98,196,676	
	4,037,302	
219	2,203,838	134,494
<u>1,220,811</u>	<u>196,487,862</u>	<u>8,402,093</u>
992,611	774,624,921	13,266,721
	75,756,727	
	5,999,796	
	7,652,206	
(440,480)	191,964,333	39,779,036
<u>\$552,131</u>	<u>\$1,055,997,983</u>	<u>\$53,045,757</u>

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
OPERATING REVENUES					
Charges for services	\$87,718,935	\$10,770,611	\$14,710,904	\$14,375,341	\$2,418,796
Sale of wholesale power	6,319,700				
Other	348,955	1,033,477	28,984	303,053	17,939
Total Operating Revenues	94,387,590	11,804,088	14,739,888	14,678,394	2,436,735
OPERATING EXPENSES					
Purchased power	49,815,601				
Distribution -					
Operations	11,244,013	6,632,675	9,815,724	11,264,510	1,743,986
Administration	2,503,681	2,804,170	384,082	457,198	
Depreciation and amortization	4,661,903	4,967,401	5,449,999	(121,422)	275,382
Claims expense					
Total Operating Expenses	68,225,198	14,404,246	15,649,805	11,600,286	2,019,368
Operating Income (Loss)	26,162,392	(2,600,158)	(909,917)	3,078,108	417,367
NONOPERATING REVENUES (EXPENSES)					
Interest and rents revenue/expense	364,127	604,571	58,728	15,273	28,104
Interest and fiscal charges (expense)	(1,405,088)	(1,344,043)	(2,400,604)	(13,774)	(345,680)
Subventions and grants		15,000			
Increase (decrease) in NCPA reserves	155,451				
Increase (decrease) in SPWA reserves			3,086,477		
Other					
Net Nonoperating Revenues (Expenses)	(885,510)	(724,472)	744,601	1,499	(317,576)
Income (Loss) Before Contributions and Transfers	25,276,882	(3,324,630)	(165,316)	3,079,607	99,791
Contributions					
Capital contributions - connection fees		10,992,741	9,514,948		
Contribution in aid of construction	4,594,172				1,100,000
Capital contributions from developers	6,187,245	3,247,510	8,134,120		
Capital contributions from SPWA member agencies			5,571,032		
Gain/(Loss) from sale of capital assets			(240,692)		
Transfers in (Note 4A)	221,999	718,442	4,681		
Transfers (out) (Note 4A)	(8,380,652)	(3,090,864)	(2,840,864)	(1,647,038)	(164,222)
Special Item (Note 15D)	(7,394,906)				
Change in net assets	20,504,740	8,543,199	19,977,909	1,432,569	1,035,569
Total net assets-beginning	227,898,523	144,267,013	435,231,912	38,686	7,066,468
GASB Statement No. 34 Implementation Adjustment (Note 8B)		175,176,744			
Total net assets-ending	\$248,403,263	\$327,986,956	\$455,209,821	\$1,471,255	\$8,102,037

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$513,239	\$3,809,936	\$134,317,762	\$15,915,291
12,965	153	6,319,700	
526,204	3,810,089	1,745,526	617,936
		142,382,988	16,533,227
		49,815,601	
2,640,519	3,808,267	47,149,694	7,943,843
344,418		6,493,549	
784,033	16,049	16,033,345	3,509,354
			2,845,013
3,768,970	3,824,316	119,492,189	14,298,210
(3,242,766)	(14,227)	22,890,799	2,235,017
27,444	(1,754)	1,096,493	219,614
6,503,889	198,543	(5,509,189)	
		6,717,432	
		155,451	
		3,086,477	
			215,576
6,531,333	196,789	5,546,664	435,190
3,288,567	182,562	28,437,463	2,670,207
			9,125
		20,507,689	
		5,694,172	
20,000		17,588,875	
		5,571,032	
13,358		(227,334)	
202,308		1,147,430	12,226,825
(322,368)	(306,960)	(16,752,968)	(1,012,100)
		(7,394,906)	
3,201,865	(124,398)	54,571,453	13,894,057
11,070,655	676,529	826,249,786	39,151,700
		175,176,744	
\$14,272,520	\$552,131	\$1,055,997,983	\$53,045,757

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Business-type Activities-Enterprise Funds

	Electric	Water	Wastewater	Solid Waste	Golf Course	Local Transportation	School-Age Child Care
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$95,966,104	\$11,036,229	\$14,269,449	\$14,544,892	\$2,408,800	\$518,893	\$3,855,780
Payments to suppliers	(55,164,591)	(5,894,164)	(6,563,936)	(8,584,161)	(1,606,285)	(2,323,114)	(558,695)
Payments to employees	(7,935,590)	(4,140,270)	(3,527,472)	(2,619,577)	(82,865)	(298,093)	(3,157,039)
Claims paid							
Other receipts	348,955	1,033,477	28,984	303,053	17,939	12,965	153
Net cash provided by operating activities	33,214,878	2,035,272	4,207,025	3,644,207	737,589	(2,089,349)	140,199
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
(Increase) decrease in due from other funds		(427,326)					
Increase (decrease) in due to other funds				(66,872)	27,000		(26,069)
(Increase) decrease in advance to other funds							
Increase (decrease) in advances from other funds				(243,128)	(127,000)		
Increase (decrease) in deferred liabilities		94,840					
Special item	(616,244)						
Transfers in	221,999	718,442	4,681			202,308	
Transfers (out)	(8,380,652)	(3,090,864)	(2,840,864)	(1,647,038)	(164,222)	(322,368)	(306,960)
Cash Flows from Noncapital Financing Activities	(8,774,897)	(2,704,908)	(2,836,183)	(1,957,038)	(264,222)	(120,060)	(333,029)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	10,781,417	3,247,510			1,100,000	20,000	
Acquisition and construction of capital assets, net	(18,861,291)	(10,670,262)	(217,964)	(236,436)		(2,475,056)	
Proceeds from sale of assets							
Transfer of connection fees to SPWA			(8,172,702)				
Change in restricted assets	47,143	6			68,661		
Proceeds from debt issuance					8,240,000		
Premium on debt issuance					135,442		
Payment to bond escrow agent					(8,134,500)		
Cost of issuance					(323,558)		
Principal payments on capital debt	(5,310,000)	(1,234,338)			(210,000)		
Interest paid on capital debt	(1,405,088)	(1,344,043)			(343,112)		
Subventions and grants		15,000				6,503,889	198,543
Grants and subsidies		(20,977)	1,928,444	(2,065)		(3,873,861)	38,231
Connection fees		10,992,741	9,514,948				
Other Contributions							
Cash Flows from Capital and Related Financing Activities	(14,747,819)	985,637	3,052,726	(238,501)	532,933	174,972	236,774
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	340,605	517,189	32,144	14,112	13,119	31,656	(2,672)
Net increase (decrease) in cash and cash equivalents	10,032,767	833,190	4,455,712	1,462,780	1,019,419	(2,002,781)	41,272
Cash and investments at beginning of period	61,205,381	50,299,199	7,114,808	2,664,352	155,582	5,654,168	278,616
Cash and investments at end of period	\$71,238,148	\$51,132,389	\$11,570,520	\$4,127,132	\$1,175,001	\$3,651,387	\$319,888
NONCASH TRANSACTIONS:							
Transfer of SPWA capital assets to City			\$13,147,797				
Proceeds from SPWA Revenue Bonds			52,544,900				
Payment to bond escrow agent for SPWA Revenue Bonds			(52,121,073)				
Loss on refunding			6,333,890				
Principal retirement of SPWA Revenue Bonds			(2,104,505)				
Accrued interest on advance				\$13,774			
Interest on SPWA Revenue Bonds			(2,810,172)				
Transfers of capital assets, net			8,134,120				
GASB 34 Implementation Adjustments		175,176,744					
Loss on retirement of capital assets			(240,692)				
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$26,162,392	(\$2,600,158)	(\$909,917)	3,078,108	\$417,367	(\$3,242,766)	(14,227)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	4,661,903	4,967,401	5,449,999	(121,422)	275,382	784,033	16,049
Change in assets and liabilities:							
Receivables, net	2,815,412	261,300	(447,509)	169,551	(14,333)	5,654	2,151
Inventories	214,929	(134,145)	1,262	1,853			
Prepays	589,199					6,028	
Accounts and other payables	(221,939)	(459,126)	113,190	516,117	59,173	357,702	94,954
Deferred revenue	(1,007,018)						41,272
Net cash provided by operating activities	\$33,214,878	\$2,035,272	\$4,207,025	\$3,644,207	\$737,589	(\$2,089,349)	\$140,199

See accompanying notes to financial statements

Totals	Governmental Activities- Internal Service Funds
\$142,600,147	\$15,920,075
(80,694,946)	(5,669,250)
(21,760,906)	(2,036,475)
	(1,425,013)
<u>1,745,526</u>	<u>617,936</u>
<u>41,889,821</u>	<u>7,407,273</u>
(427,326)	158,939
(65,941)	62,128
	642,328
(370,128)	
94,840	
(616,244)	
1,147,430	12,226,825
<u>(16,752,968)</u>	<u>(1,012,100)</u>
<u>(16,990,337)</u>	<u>12,078,120</u>
15,148,927	
(32,461,009)	(3,045,530)
	4,501
(8,172,702)	
115,810	
8,240,000	
135,442	
(8,134,500)	
(323,558)	
(6,754,338)	
(3,092,243)	
6,717,432	
(1,930,228)	
20,507,689	
	211,075
	<u>9,125</u>
<u>(10,003,278)</u>	<u>(2,820,829)</u>
<u>946,153</u>	<u>87,402</u>
15,842,359	16,751,966
127,372,106	23,429,757
<u>\$143,214,465</u>	<u>\$40,181,723</u>
\$13,147,797	
52,544,900	
(52,121,073)	
6,333,890	
(2,104,505)	
13,774	
(2,810,172)	
8,134,120	
175,176,744	
(240,692)	
22,890,799	\$2,235,017
16,033,345	3,509,354
2,792,226	(14,012)
83,899	
595,227	
460,071	1,676,914
<u>(965,746)</u>	
<u>\$41,889,821</u>	<u>\$7,407,273</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements.

Endowment Private-Purpose Trust funds are 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, 2004

	<u>Endowment Private-purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments in Treasury (Note 3)	\$1,469,099	\$166,706,681
Restricted cash and investments with fiscal agents (Note 3)		60,112,792
Accounts receivable		139,713
Accrued interest receivable	8,680	901,743
Due from other government agencies		1,106,042
Deferred receivables (Note 6)		<u>900</u>
 Total Assets	 <u>1,477,779</u>	 <u>\$228,967,871</u>
LIABILITIES		
Accounts payable	39	\$4,913,695
Accrued liabilities		186,789
Due to other government agencies		13,014
Due to member agencies		179,970,376
Due to bondholders		43,806,482
Due to others		<u>77,515</u>
 Total Liabilities	 <u>39</u>	 <u>\$228,967,871</u>
NET ASSETS		
Held in trust for private purpose	<u>\$1,477,740</u>	

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, 2004

ADDITIONS	
Contributions from developers	\$250,591
Investment income	5,240
Miscellaneous revenues	<u>33,454</u>
Total additions	<u>289,285</u>
DEDUCTIONS	
Payments in accordance with trust agreements	<u>47,948</u>
Change in net assets	241,337
Net assets - beginning	<u>1,236,403</u>
Net assets - end	<u><u>\$1,477,740</u></u>

See accompanying notes to financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

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.

These Standards 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.

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 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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

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.

Redevelopment Agency - The Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Redevelopment Agency tax allocation bonds issued in 2003; 3) capital projects connected with downtown redevelopment funded by property tax increment revenues.

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.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government-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*.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 twenty 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.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$9,045,755	\$4,203,853	\$13,249,608
Additions	3,956,730	2,322,420	6,279,150
Payments	<u>(3,363,222)</u>	<u>(1,937,311)</u>	<u>(5,300,533)</u>
Ending Balance	<u>\$9,639,263</u>	<u>\$4,588,962</u>	<u>\$14,228,225</u>
Current Portion	<u>\$4,677,101</u>	<u>\$2,385,124</u>	<u>\$7,062,225</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund and the Redevelopment Agency of the City of Roseville Special Revenue Fund.

H. *Postemployment Health Care Benefits*

The City provides health care benefits for 277 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, 2004, those costs totaled \$1,477,872.

I. *Inventories*

Inventories are valued at cost, using the weighted-average method. 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. *New Fund*

The South Placer County Safe Kids Coalition Agency Fund was established in fiscal year 2004.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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 governmental funds. Budgets are adopted for all governmental funds except for Roseville Finance Authority Capital Projects Fund, all Permanent Funds and the following Special Revenue Funds:
 - i. Construction Surcharge
 - ii. FEMA
 - iii. Trench Cut Recovery
 - iv. Affordable Housing
 - v. Park and Recreation Donation
 - vi. Forfeited Property
 - vii. Storm Water Management

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

C. Excess of Expenditures or Expenses over Appropriations

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

Department	Amount
City Manager	
Salaries and Benefits	\$31,791
Operating Services & Supplies	204,618
City Attorney	
Salaries and Benefits	21,728
Administrative Services	
Salaries and Benefits	33,656
Operating Services & Supplies	800,254
Housing & Redevelopment	
Debt Service	318,950
Public Works	
Capital Outlay	97
Debt Service	
Other Expenditures	135,408
Non-departmental	
Capital Improvement Projects	6,339,159

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, 2004:

Category 2 Investments:

U.S. Government Securities	\$389,945,552
Commercial Paper	22,649,350
Corporate Notes	4,915,505
Forward Delivery Agreement	58,867,959

Pooled Investments (non Categorized):

Guaranteed Investment Contracts	6,666,345
Mutual Funds and Money Market Funds (U.S. Securities)	24,554,713
State of California Local Agency Investment Fund	59,934,007
California Arbitrage Management Program	<u>38,937,225</u>
Total Investments	<u>606,470,656</u>

Cash Deposits with Banks

	<u>10,282,191</u>
Total Cash and Investments	<u><u>\$616,752,847</u></u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	\$354,453,021
Restricted cash and investments with fiscal agent	34,011,254
Total City cash and investments	388,464,275
Cash and investments in Fiduciary Funds (Separate statement)	228,288,572
Total Cash and Investments	\$616,752,847

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.

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 a balance of \$10,282,191 at June 30, 2004. Bank balances before reconciling items were \$24,257,145 of which \$291,786 was insured (Category 1), and \$23,965,359 was collateralized as discussed above (Category 2) at June 30, 2004.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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
- Interest Rate Swaps

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 City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. At June 30, 2004 the fair value was \$97,000 less than the City's cost. 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, United States Treasury Notes and Bills, 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, 2004 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Redevelopment Agency of the City of Roseville	\$77,120 (A)
	Non-Major Governmental Funds	3,034,971 (B)
	Electric Enterprise Fund	8,139,154 (C)
	Water Enterprise Fund	2,296,335 (D)
	Wastewater Enterprise Fund	1,708,603 (D)
	Solid Waste Enterprise Fund	1,123,715 (D)
	Golf Course Enterprise Fund	164,222 (D)
	Local Transportation Enterprise Fund	291,230 (D)
	School-Age Child Care Enterprise Fund	306,960 (D)
	Internal Service Funds	1,012,100 (E)
Non-Major Governmental Funds	General Fund	8,067,280 (F)
	Redevelopment Agency of the City of Roseville	25,448 (A)
	Non-Major Governmental Funds	333,250 (F)
	Electric Enterprise Fund	22,120 (E)
	Water Enterprise Fund	674,610 (E)
	Wastewater Enterprise Fund	613,692 (E)
	Solid Waste Enterprise Fund	12,800 (E)
	Local Transportation Enterprise Fund	31,138 (E)
Electric Enterprise Fund	Non-Major Governmental Funds	17,806 (G)
	Water Enterprise Fund	68,064 (E)
	Wastewater Enterprise Fund	64,971 (E)
	Solid Waste Enterprise Fund	71,158 (E)
Water Enterprise Fund	Wastewater Enterprise Fund	448,781 (E)
	Solid Waste Enterprise Fund	269,661 (E)
Wastewater Enterprise Fund	General Fund	4,681 (G)
Local Transportation Enterprise Fund	Community Facilities District Projects	
	Capital Projects Fund	202,308 (E)
Internal Service Funds	General Fund	11,196,937 (G)
	Non-Major Governmental Funds	584,134 (E)
	Electric Enterprise Fund	219,378 (E)
	Water Enterprise Fund	51,855 (E)
	Wastewater Enterprise Fund	4,817 (E)
	Solid Waste Enterprise Fund	169,704 (E)
Total Interfund Transfers		<u><u>\$41,309,003</u></u>

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

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, 2004 interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	\$490,300
	Traffic Safety Special Revenue Fund	120,751
	Park Development Capital Projects Fund	120,000
Special Revenue Fund:		
Affordable Housing	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	50,000
Enterprise Fund:		
Water	School-Age Child Care Enterprise Fund	190,059
	Automotive Services Enterprise Fund	453,395
Internal Service Fund:		
Automotive Replacement	Redevelopment Agency of the City of Roseville	59,700
	Traffic Mitigation Special Revenue Fund	212,500
	Golf Course Enterprise Fund	127,000
	Solid Waste Enterprise Fund	243,128
		\$2,066,833

C. Long-Term Interfund Advances

At June 30, 2004 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:		
Redevelopment Agency of the City of Roseville	General Fund	\$8,695,536
	Gas Tax Special Revenue Fund	3,900,000
	Affordable Housing Special Revenue Fund	300,000
	Automotive Replacement Internal Service Fund	829,201
Traffic Mitigation	Automotive Replacement Internal Service Fund	637,500
Park Development	General Fund	4,240,000
Enterprise Funds:		
Golf Course	Automotive Replacement Internal Service Fund	3,893,000
School-Age Child Care	Automotive Replacement Internal Service Fund	300,000
		\$22,795,237

Redevelopment Agency advance consists of three advances. Advances in the amount of \$2,076,789 will be repaid in fiscal year 2009. Advances in the amount of \$7,747,948 will be repaid in fiscal year 2029. The advances bear interest at the average interest rate of the City's pooled investments. Advances in the amount of \$3,900,000 bear no interest and will be repaid in fiscal year 2029.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Traffic Mitigation advance bears interest at the average interest rate of the City's pooled investments. Principal to be repaid over four years, interest at the end of repayment schedule. The first annual principal repayment will be paid in fiscal year 2005.

Park Development advance consists of two advances. The \$600,000 advance will be repaid over a period of five years. Payments for the \$600,000 advance began in 2002. 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 average interest rate of the City's pooled investments.

Golf Course advance bears interest from 3.5-4.0%. It will be repaid over a period of 27 years and will be repaid in 2029.

School-Age Child Care advance will be repaid over five years beginning in fiscal year 2007. This advance bears interest at the average interest rate of the City's pooled investments and interest is to be paid at the end of the loan.

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 2004. These notes receivable comprised the following at June 30, 2004:

Notes	\$379,107
Employee Notes	106,728
Housing Rehabilitation and Affordable	
Housing Notes	4,312,142
First Time Home-Buyer Notes	2,651,522
Housing Elevation Notes	<u>33,978</u>
Total	<u><u>\$7,483,477</u></u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 5 - NOTES RECEIVABLE (Continued)

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, 2004 was \$24,253.

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, 2004 the balance due was \$27,110.

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, 2004, \$320,025 in notes had been issued to sixteen 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 Information Technology Department and must be approved by the Human Resources 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, 2004, 95 employees had \$106,728 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 2005 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, 2004 was \$4,312,142.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 5 - NOTES RECEIVABLE (Continued)

D. First Time Home-Buyer Notes Receivable

The City and the Agency engage 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 2005 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, 2004 was \$2,651,522.

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, 2004, eleven loans funded through the FEMA Hazard Mitigation Grant Program were outstanding with a total balance of \$33,978.

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, 2004 was \$5,522,086, which has been classified as deferred receivables, and the short-term portion of these receivables, which totaled \$49,224 at June 30, 2004 is included in accounts receivable.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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. The remaining portion of sales tax revenues to be returned approximated \$22 million at June 30, 2004. 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 2004 payments made to the developer under the agreement totaled \$2,607,608.

B. *Elliot Homes Inc. / Stoneridge Development*

In fiscal 2003, 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 2004, the City made no payments to the developer under the agreement. The remaining portion of traffic mitigation fees to be reimbursed was \$2,295,495, which has been accrued in the Entity-wide financial statements.

C. *Civic Plaza Project*

In fiscal 2004, the Agency agreed to sell four parcels of land to Vernon Street Associates, LLC for \$150,000, related to the Developer's construction of an office complex and public parking garage. Two of the parcels are owned by the City and will be conveyed to the Agency prior to the sale to the Developer. The office complex will be built on the land sold to the Developer and will be funded by the Developer. The developer has agreed to construct the parking garage for the Agency and the construction will be funded by \$6,326,840 of bond proceeds from the Agency's 2002 Tax Allocation Bonds and a \$360,000 contribution from the Developer. In addition, the Developer has agreed to contribute \$20,000 annually, plus an inflationary escalator beginning in 2010, towards the maintenance and operation costs of the parking garage. Construction is expected to commence in fiscal 2005.

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. The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the “modified approach” is 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 and capitalization thresholds listed below to capital assets:

	<u>Useful lives</u>	<u>Capitalization Thresholds</u>
Buildings	20-40 years	\$10,000
Improvements	40 years	10,000
Machinery and Equipment	3-12 years	5,000
Bike Paths	20 years	10,000
Bridges	90 years	10,000
Culverts	75 years	10,000
Curb, Gutter, Sidewalks & Median Curbs	20 years	10,000
Drain Inlets	50 years	10,000
Flood Control Improvements	75 years	10,000
Soundwall	35 years	10,000
Stormdrains	75 years	10,000
Traffic Signals	20 years	10,000
Plants and Substations		
Electric	10-120 years	10,000
Sewer	15-60 years	10,000
Water	15-75 years	10,000
Electric Improvements:		
Electric	7-100 years	10,000
Sewer	75 years	10,000
Water	75 years	10,000

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

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.

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2003	Additions	Retirements	Transfers	Balance at June 30, 2004
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$11,554,955	\$542,652			\$12,097,607
Streets (modified)	148,647,922	4,044,484		\$864,271	153,556,677
Parks (modified)	46,007,703	2,576,988		3,622,365	52,207,056
Landscaping (modified)	21,670,782	1,818,651		282,217	23,771,650
Construction in progress	24,282,316	29,704,833		(12,424,755)	41,562,394
Total capital assets not being depreciated	<u>252,163,678</u>	<u>38,687,608</u>		<u>(7,655,902)</u>	<u>283,195,384</u>
Capital assets being depreciated:					
Buildings	75,275,848	64,520		5,764,667	81,105,035
Improvements	2,435,237	755,830		916,808	4,107,875
Equipment	42,009,040	4,597,868	(\$2,329,868)		44,277,040
Bike paths	6,573,849	31,128			6,604,977
Bridges	45,570,000				45,570,000
Culverts	18,818,695	44,148			18,862,843
Curb, gutter, sidewalk, & median curbs	110,485,590	3,430,482		521,815	114,437,887
Drain inlets	18,050,589	12,840		12,176	18,075,605
Flood control improvements	13,777,425	1,674,864		20,579	15,472,868
Soundwall	14,815,777	515,445		203,155	15,534,377
Stormdrains	43,444,237	2,027,703		7,351	45,479,291
Traffic signals	17,555,084	316,504		209,351	18,080,939
Total capital assets being depreciated	<u>408,811,371</u>	<u>13,471,332</u>	<u>(2,329,868)</u>	<u>7,655,902</u>	<u>427,608,737</u>
Less accumulated depreciation for:					
Buildings	(23,832,023)	(1,922,130)			(25,754,153)
Improvements	(615,403)	(80,504)			(695,907)
Equipment	(25,773,405)	(4,576,462)	2,322,733		(28,027,134)
Bike paths	(3,142,608)	226,314			(2,916,294)
Bridges	(3,825,166)	(506,334)			(4,331,500)
Culverts	(2,650,728)	(251,210)			(2,901,938)
Curb, gutter, sidewalk, & median curbs	(55,998,091)	(4,671,193)			(60,669,284)
Drain inlets	(4,249,492)	(361,262)			(4,610,754)
Flood control improvements	(648,249)	(216,402)			(864,651)
Soundwall	(2,424,734)	(433,574)			(2,858,308)
Stormdrains	(6,136,523)	(592,824)			(6,729,347)
Traffic signals	(8,015,543)	(787,585)			(8,803,128)
Total accumulated depreciation	<u>(137,311,965)</u>	<u>(14,173,166)</u>	<u>2,322,733</u>		<u>(149,162,398)</u>
Net capital assets being depreciated	<u>271,499,406</u>	<u>(701,834)</u>	<u>(7,135)</u>	<u>7,655,902</u>	<u>278,446,339</u>
Governmental activity capital assets, net	<u>\$523,663,084</u>	<u>\$37,985,774</u>	<u>(\$7,135)</u>		<u>\$561,641,723</u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2003	GASB 34 Implementation Adjustments	Additions	Retirements	Transfers	Balance at June 30, 2004
<i>Business-type activities</i>						
Capital assets, not being depreciated:						
Land	\$13,752,110					\$13,752,110
Landscaping	550,000					550,000
Construction in progress	141,570,058		\$23,167,940	(\$894,653)	(\$6,011,241)	157,832,104
Total capital assets not being depreciated	155,872,168		23,167,940	(894,653)	(6,011,241)	172,134,214
Capital assets, being depreciated:						
Buildings	14,150,372	(\$3,567,178)	19,698			10,602,892
Improvements	126,131,861	(115,503,410)	81,842			10,710,293
Machinery and Equipment	10,793,907		2,296,656	(879,317)		12,211,246
Bike Paths			668,033		396,134	1,064,167
Drain Inlets			18,500			18,500
Storm Drains			30,863			30,863
Plant and Substations	97,352,707	35,461,694	947,991		3,901,045	137,663,437
Distribution	452,178,286	279,885,174	26,543,432	(128,016)	1,714,062	760,192,938
Total capital assets being depreciated	700,607,133	196,276,280	30,607,015	(1,007,333)	6,011,241	932,494,336
Less accumulated depreciation for:						
Buildings	(4,734,835)	2,077,316	(267,999)			(2,925,518)
Improvements	(21,985,353)	19,501,514	37,940			(2,445,899)
Machinery and Equipment	(4,973,722)		(1,038,165)	852,558		(5,159,329)
Bike Paths			(26,604)			(26,604)
Drain Inlets			(185)			(185)
Storm Drains			(206)			(206)
Plant and Substations	(27,933,367)	(6,959,028)	(3,043,665)			(37,936,060)
Distribution	(60,236,306)	(35,719,338)	(10,931,685)	30,540		(106,856,789)
Total accumulated depreciation	(119,863,583)	(21,099,536)	(15,270,569)	883,098		(155,350,590)
Net capital assets being depreciated	580,743,550	175,176,744	15,336,446	(124,235)	6,011,241	777,143,746
Business-type activity capital assets, net	\$736,615,718	\$175,176,744	\$38,504,386	(\$1,018,888)		\$949,277,960

B. GASB 34 Implementation

During the fiscal year ended June 30, 2004 the City completed a capital asset valuation study to comply with the requirements of GASB 34. The goal of the study was to provide a valuation of assets used in the City's business-type activities. In addition, the City changed the categorization of certain assets to align them with the activities where they are being used. The results of this study and recategorizations were included in the City's financial reports for the fiscal year ended June 30, 2004, and resulted in accounting adjustments in governmental and business-type activities. The results of these accounting adjustments are reported as GASB 34 Implementation Adjustments at June 30, 2004.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

C. 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	\$966,358
Community development and planning	131,783
Public works	7,880,764
Police	802,055
Fire	378,724
Library	103,382
Parks and recreation	400,746
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	3,509,354
Total Governmental Activities	\$14,173,166

Business-Type Activities

Electric	\$4,144,298
Water	4,925,078
Wastewater	5,185,674
Solid Waste	111,455
Golf Course	103,982
Land Transportation	784,033
School-age Child Care	16,049
Total Business-Type Activities	\$15,270,569

D. 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 2004 the City expended \$2,925,909 to preserve its roads. The City estimates that it will be required to expend approximately \$6,499,729 in fiscal 2005 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 2004 the City expended \$3,648,683 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$4,224,025 in fiscal 2005 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, 2003	Additions	Retirements	Balance June 30, 2004	Current Portion
Governmental Activity Debt:						
Certificates of Participation:						
1993 Public Facilities Bond, 2.8%-5.1%, due 8/1/20	\$23,970,000	\$18,755,000		\$18,755,000		
2003A Public Facilities Refunding Bond, 2.0%-5.0%, due 8/1/25	18,275,000		\$18,275,000		\$18,275,000	\$565,000
Total Certificates of Participation	42,245,000	18,755,000	18,275,000	18,755,000	18,275,000	565,000
Tax Allocation Bonds						
2002 Roseville Redevelopment Project 3%-5.14%, due 9/1/33	14,500,000	14,500,000		320,000	14,180,000	220,000
Installment Purchase Obligations:						
Equipment	1,111,949	467,807		145,368	322,439	135,194
Motorola Radio Equipment, 5.6%, due 8/1/04	1,955,734	609,993		296,689	313,304	313,304
Total Installment Purchase Obligations	3,067,683	1,077,800		442,057	635,743	448,498
Other Long Term Obligations:						
Foothill Blvd. Extension, due 4/1/07	114,423	11,716		2,633	9,083	2,833
Total Governmental Activity Debt:	<u>\$59,927,106</u>	<u>\$34,344,516</u>	<u>\$18,275,000</u>	<u>\$19,519,690</u>	<u>\$33,099,826</u>	<u>\$1,236,331</u>
Business-type Activity Debt:						
Certificates of Participation:						
1997 Electric System Revenue, 3.6%-5.25%, due 2/1/17	\$11,880,000	\$1,215,000		\$285,000	\$930,000	\$295,000
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	21,630,000	3,075,000		460,000	2,615,000	480,000
2002 Electric System Revenue, variable rate, due 2/1/24	40,385,000	40,265,000		4,565,000	35,700,000	4,720,000
Less deferred amount on refunding	(3,780,476)	(3,780,476)		(343,680)	(3,436,796)	
1993 Golf Course Project, 4.6%-6.0%, due 8/1/23	9,325,000	8,185,000		8,185,000		
2003B Golf Course Refunding Bond, 2.0%-5.0%, due 8/1/23	8,240,000		\$8,240,000		8,240,000	295,000
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	33,000,000	28,575,000		1,225,000	27,350,000	1,275,000
Total Certificates of Participation	120,679,524	77,534,524	8,240,000	14,376,320	71,398,204	7,065,000
Revenue Bonds:						
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	59,465,118	57,236,022		47,024,975	10,211,047	1,286,538
2000 Variable Rate Demand Wastewater Revenue Bonds, Series B, variable rate, due 11/1/35	37,919,000	37,919,000			37,919,000	
2003 Wastewater Refunding Revenue Bonds, Variable, due 11/1/27	52,544,900		52,544,900	866,713	51,678,187	325,020
Less deferred amount on refunding			(6,333,890)	(263,904)	(6,069,986)	
Total Revenue Bonds	149,929,018	95,155,022	46,211,010	47,627,784	93,738,248	1,611,558
Other Long Term Obligations:						
Notes, 5%, due 10/1/17	333,108	201,493		9,338	192,155	9,805
Total Business-type Activity Debt:	<u>\$270,941,650</u>	<u>\$172,891,039</u>	<u>\$54,451,010</u>	<u>\$62,013,442</u>	<u>\$165,328,607</u>	<u>\$8,686,363</u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

B. 1993 Public Facilities 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.

On July 17, 2003, the City defeased the Bonds by placing proceeds from the 2003A Certificates of Participation in an irrevocable trust to provide amounts sufficient to pay on August 1, 2003 the prepayment price of 102% of the principal amount and accrued interest.

C. 2003A Public Facilities Refunding Bonds

On July 17, 2003 the City issued \$18,275,000 of Public Facilities Refunding COPs to advance refund the outstanding 1993 Public Facilities COP's. The COP's are repayable from the any source of available funds of the City which includes the General Fund. The defeasance resulted in an overall increase in debt service of \$840,885 and an economic gain of \$1,000. Principal payments are payable annually and interest payments are due semi-annually on February 1 and August 1 through 2025.

D. 2002 Roseville Redevelopment Project Tax Allocation Bonds

On March 5, 2003 the Redevelopment Agency issued Tax Allocation Bonds in the original principal amount of \$14,500,000 to fund certain redevelopment activities of benefit to property within the Agency's Roseville Redevelopment Project Area. The Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenue. Principal payments are payable annually on September 1 and interest payments are due semi-annually on March 1 and September 1, through September 1, 2033.

E. Installment Purchase Obligations

The City is purchasing various pieces of computer equipment on the installment basis. The City has also entered into long-term contracts for the lease/purchase of various public safety equipment.

F. Foothill Blvd. Extension

The City acquired several parcels of land, in August of 1989, within the Foothill Boulevard 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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

G. *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.

In December of 2002 the City defeased a portion of the 1997 COP's by placing proceeds from the 2002 Electric System Revenue Certificates of Participation in an irrevocable trust to provide amounts sufficient to pay on February 1, 2008 the prepayment price of 101% of the principal amount and accrued interest. Accordingly, the trust account assets and the liability for the defeased COP's are not included in the financial statements. At June 30, 2004 the 1997 Electric System Revenue Certificates of Participation outstanding in the amount of \$4,290,000 are considered defeased.

H. *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.

In December of 2002 the City defeased a portion of the 1999 COP's by placing proceeds from the 2002 Electric System Revenue Certificates of Participation in an irrevocable trust to provide amounts sufficient to pay on August 1, 2009 the prepayment price of 101% of the principal amount and accrued interest. Accordingly, the trust account assets and the liability for the defeased COP's are not included in the financial statements. At June 30, 2004 the 1999 Electric System Revenue Certificates of Participation outstanding in the amount of \$17,685,000 are considered defeased.

I. *2002 Electric System Revenue Certificates of Participation*

On December 17, 2002 the City issued \$40,385,000 of Certificates of Participation to defease portions of the 1997 and 1999 Electric System Revenue Certificates of Participation above and finance a portion of the cost of capital improvements. The COP's are repayable from net revenue of the Electric Utility System. Principal Payments are due annually in two installments on January 1 and February 1 in fiscal years ending June 30, 2003 through June 30, 2006. The remaining principal payments are due annually on February 1 and interest payments are due monthly, through February 1, 2024.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

The 2002 Electric System Revenue Certificates of Participation were issued as variable rate COP's, with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. However, the City entered into a 22-year interest rate swap agreement for the entire amount of its 2002 Electric System Revenue Certificates of Participation. Based on the swap agreement, the City owes interest calculated at a fixed rate of 2.98% to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that matches the rate required by the bonds. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The City continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The City will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the City's making or receiving a termination payment.

J. 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. 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.

On July 17, 2003, the City defeased the Bonds by placing proceeds from the 2003B Certificates of Participation in an irrevocable trust to provide amounts sufficient to pay on August 1, 2003 the prepayment price of 102% of the principal amount and accrued interest.

K. 2003B Golf Course Refunding Certificates of Participation

On July 17, 2003 the City issued \$8,240,000 of Golf Course Refunding COPs, the proceeds of which are to be used to advance refund the outstanding 1993 Golf Course COP's. The COP's are repayable from the any source of available funds of the City which includes the general fund. The defeasance resulted in an overall cash savings of \$1,866,558 and an economic gain of \$875,372. Principal and interest payments are due annually on August 1 through 2025.

L. 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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

M. 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.

The South Placer Wastewater Authority Wastewater Revenue Bonds, Series A were issued as fixed rate bonds. On September 17, 2003, \$84,525,000 of the Series A Bonds were defeased by the 2003 Wastewater Refunding Revenue Bonds as mentioned below. Remaining 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. At June 30, 2004 the outstanding balance of the defeased portion of the Series A Bonds was \$84,525,000.

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 2004 was \$55,178. Beginning in fiscal year 2029, principal payments will be made in addition to the variable interest payments.

N. 2003 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds

On September 17, 2003 the South Placer Wastewater Authority issued \$97,000,000 of Refunding Wastewater Revenue Bonds to defease a portion of the Series A Wastewater Revenue Bonds, as discussed above. The City's share of this obligation was determined to be 54.17%. These proceeds were placed in an irrevocable trust to provide for all future debt service payments on the Refunded Bonds. The defeasance resulted in an overall cash estimated savings of \$8,412,644 and an economic gain of \$5,406,557. Principal and interest payments are due semi-annually on May 1 and November 1, through November 1, 2027.

The 2003 Wastewater Refunding Revenue Bonds were issued as auction rate bonds with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. However, the Authority entered into a 24-year interest rate swap agreement for the entire amount of its 2003 Refunding Revenue bonds. Based on the swap agreement, the Authority owes interest calculated at a fixed rate of 3.433% to the counterparty of the swap. In return, the counterparty owes the Authority interest based on the auction rate that matches the rate required by the bonds. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

The Authority continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Authority will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Authority's making or receiving a termination payment.

O. 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.

P. 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
2005	\$1,236,331	\$1,416,994	\$8,686,363	\$5,416,373
2006	917,826	1,372,422	9,506,857	5,094,226
2007	958,476	1,349,032	4,542,793	4,826,360
2008	947,193	1,323,190	4,733,755	4,634,614
2009	930,000	1,297,177	4,930,160	4,440,882
2010-2014	5,120,000	5,995,122	27,929,807	19,059,037
2015-2019	6,155,000	4,941,767	34,211,490	13,076,692
2020-2024	7,730,000	4,122,750	28,006,568	7,355,427
2025-2029	5,705,000	1,911,125	18,482,805	3,217,684
2030-2034	3,400,000	367,500	23,182,053	1,144,795
2035-2036			10,622,738	94,030
Total	\$33,099,826	\$24,097,079	174,835,389	\$68,360,120
Reconciliation of long-term debt				
				<u>(9,506,782)</u>
			<u>\$165,328,607</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 recorded as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2004 is as follows:

Rocky Ridge/Harding Refunding District	\$620,000
North Roseville-Rocklin Sewer Refunding District	1,025,000
Foothills Boulevard Extension Assessment District	1,970,000
Northeast Roseville Community Facilities District #1 & #2	22,335,000
North Roseville Community Facilities District #1	17,905,000
North Central Roseville Community Facilities District #1	46,265,000
Northwest Roseville Community Facilities District #1	27,255,000
Highland Reserve North Community Facilities District #1	31,360,000
Woodcreek West Community Facilities District #1	15,970,000
Woodcreek East Community Facilities District #1	5,275,000
Stoneridge Parcel 1 Community Facilities District #1	1,925,000
Stoneridge East Community Facilities District # 1	15,570,000
Stoneridge West Community Facilities District # 1	12,500,000
Crocker Ranch Community Facilities District # 1, Series 2002	4,460,000
Crocker Ranch Community Facilities District # 1, Series 2003	15,475,000
Stone Point Community Facilities District # 1	11,285,000
Total	<u>\$231,195,000</u>

NOTE 11 – NET ASSETS AND FUND BALANCES

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 assets, 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, 2004, reservations included:

Reserves for **advances, inventories, deferred receivables and notes receivable, and prepaids** 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, 2004 to meet the financial needs of the City through approximately December 10, 2004 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.

E. Fund Balance and Net Assets Deficits

The Roseville Aquatics Complex Maintenance Permanent Fund had a deficit fund balance at June 30, 2004 of \$269. The Automotive Services Internal Service Fund had deficit net assets of \$454,093 at June 30, 2004. Future revenues are expected to offset these deficits.

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, 2004, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	2%
Required employee contribution rates	9%	8%
Required employer contribution rates	22.592%	11.058%
Actuarially required contributions	\$3,881,518	\$8,463,220

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 12 - PENSION PLAN (Continued)

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 7.75% is assumed, including inflation at 3%. 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:

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
2001	\$60,655,770	\$57,312,502	\$3,343,268	94.5%	\$9,817,194	34.055%
2002	65,454,937	55,405,419	10,049,518	84.6%	9,828,128	102.253%
2003	71,045,091	59,434,080	11,611,011	83.7%	11,047,254	105.103%

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
2001	\$109,399,318	\$105,784,049	\$3,615,269	96.7%	\$34,683,299	10.424%
2002	124,234,750	101,977,202	22,257,548	82.1%	38,572,183	57.704%
2003	144,786,456	111,129,154	33,657,302	76.8%	42,975,594	78.317%

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

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 12 - PENSION PLAN (Continued)

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, 2003:

	Safety	Miscellaneous
Beginning Balance 6/30/02	\$55,405,419	\$101,977,202
Contributions received	3,517,763	8,030,701
Benefits and Refunds Paid	(1,765,435)	(3,075,700)
Transfers and Miscellaneous Adjustments Paid	(126)	(68,946)
Expected Investment Earnings Credited	4,641,793	8,610,675
Expected Actuarial Value of Assets 6/30/03	<u>\$61,799,414</u>	<u>\$115,473,932</u>
Market Value of Assets 6/30/03	<u>\$54,030,982</u>	<u>\$101,026,504</u>
Actuarial Value of Assets 6/30/03	<u>\$59,434,080</u>	<u>\$111,129,154</u>

Actuarially required contributions for fiscal years 2004, 2003, and 2002 were \$12,344,738, \$10,809,704, and \$4,091,879, respectively. The City made these contributions as required.

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 \$200,000,000, 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, 2004, the City contributed \$692,555 for coverage during the current year and received a refund of \$287,429 of prior year excess contributions.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT (Continued)

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which covers workers' compensation claims up to \$3,500,000 and provides additional coverage up to \$48,000,000. The City has a self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2004, the City contributed \$406,023 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 James P. Marta, CPA, 5921 Landis Avenue, Suite 1, Carmichael, CA 95608.

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:

	<u>2004</u>	<u>2003</u>
Claims liability, beginning of year	\$4,361,000	\$3,616,000
Current year claims	2,300,000	1,500,000
Change in prior year claims	1,531,000	562,000
Claims paid, current year claims	(518,000)	(168,000)
Claims paid, prior year claims	<u>(2,556,000)</u>	<u>(1,149,000)</u>
Claims liability, end of year	<u>\$5,118,000</u>	<u>\$4,361,000</u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 13 - RISK MANAGEMENT (Continued)

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:

	2004	2003
Claims liability, beginning of year	\$1,172,000	\$1,345,000
Current year claims	750,000	500,000
Change in prior year claims	3,126,000	(207,000)
Claims paid, current year claims	(57,000)	(73,000)
Claims paid, prior year claims	(3,156,000)	(393,000)
Claims liability, end of year	\$1,835,000	\$1,172,000

The Unemployment Reserve and Vision Internal Service Funds had no outstanding claims liability at June 30, 2004.

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 settled the case and the City had refunded a total of \$6,695,470 through June 30, 2004. Since the case was settled and all refunds have been made, there is no future liability recorded.

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. The amount amortized for fiscal year 2004 was \$219,632.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

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 twenty-one 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.

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

During the year ended June 30, 2004, the City incurred expenses totaling \$17,403,937 for purchased power and assessments and prepaid assets paid to NCPA.

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

	June 30, 2004
General Operating Reserve (including advances)	\$5,004,608
Associated Member Services (including advances)	917,939
Undivided equity interest, at cost, in certain NCPA Power Projects:	
Geothermal Projects	290,777
Calaveras Hydroelectric Project	153,735
Combustion Turbine Project No. 1	118,676
Geothermal Public Power Line	NIL
Combustion Turbine Project No. 2	270,446
Graeagle Hydroelectric Project	NIL
	\$6,756,181

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

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.

NCPA's Geothermal Project has experienced a greater than originally anticipated decline in steam production from geothermal wells on its leasehold property. NCPA has continued 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 has evaluated a number of alternatives to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

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, 2004, the book value of this Project's plant, equipment and other assets was \$264,115,409, while its long-term debt totaled \$215,399,468 and other liabilities totaled \$48,715,941. The City's share of the Project's long-term debt amounted to \$16,973,478 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, 2004, the book value of this Project's plant, equipment and other assets was \$517,398,380 while its long-term debt totaled \$498,008,677 and other liabilities totaled \$19,389,703. The City's share of the Project's long-term debt amounted to \$59,761,041 at that date.

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, 2004, the book value of this Project's plant, equipment and other assets was \$28,194,250, while its long-term debt totaled \$25,220,640 and other liabilities totaled \$2,973,610. The City's share of the Project's long-term debt amounted to \$3,424,963 at that date.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

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, 2004, the book value of this Project's plant, equipment and other assets was \$5,533,223, while its long-term debt totaled \$5,449,416 and other liabilities totaled \$83,807. The City's share of the Project's long-term debt amounted to \$772,727 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%.

At June 30, 2004, the book value of this Project's plant, equipment and other assets was \$68,762,866, while its long-term debt totaled \$67,434,886 and other liabilities totaled \$1,327,980. The City's share of the Project's long-term debt amounted to \$24,613,733 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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

C. *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.

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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

D. Provision for Disputed SCS Charges

In November 1999, PG&E filed with FERC its Schedule Coordination Services (SCS) Tariff, alleging that PG&E was entitled to collect from Roseville and other users certain costs imposed by the ISO on PG&E for the period April 1998 to August 2002. In June 2004, PG&E began billing NCPA for these costs, and NCPA has, in turn, began billing its members. These costs, which are being billed over a twelve-month period, will accumulate to approximately \$7.4 million, including interest, and will be subject to a final determination by the FERC of the amount actually owed. Roseville maintains its position that PG&E has no legal or factual basis for its proposed tariff, and will continue to vigorously contest this charge.

E. 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. On September 2003, the SPWA issued Refunding Revenue Bonds in the original principal amounts of \$97,000,000. The purpose of these bonds is to advance refund the 2000 Revenue Bonds Series A. 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, 2004, the City paid \$8,826,305 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, 2004 was \$110,517,137. The City's equity in SPWA was \$69,000,546 at June 30, 2004.

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. As of June 30, 2004, landfill closure liability was \$4,037,302.

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, 2004 was \$105,545,942. Under certain circumstances, the City may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

The City is 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, 2004 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.

On March 3, 1999 the City entered into an agreement with the State of California, acting by and through its Department of Transportation (CalTrans) to modify the interchange on Route 80 at Douglas Boulevard. The City is responsible for all costs in excess of original cost of construction. As of June 30, 2004, the City estimates that its share of the project will be \$17.7 million payable to CalTrans for construction, construction engineering, and construction management.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 19- TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)

The State of California directed that a portion of the incremental property taxes which had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During the fiscal year ended June 30, 2004, the Agency paid \$143,182 as a result of the State directive.

NOTE 20 – SUBSEQUENT EVENTS

In June 2004 the City authorized the issuance of the 2004 Electric Certificates of Participation in aggregate principal amount of \$39,940,000 for various capital improvement projects.

SUPPLEMENTAL INFORMATION

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 \$6,499,729 in fiscal 2005. 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	2,665,863
03/04	7.6	7.6	5,733,500	2,925,909
04/05	7.5	7.9	6,499,729(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 \$2,925,909 for street preservation for fiscal 2004.

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 \$4,224,025 in fiscal 2005. 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	3,439,081
03/04	2	3,946,547	3,648,683
04/05	2	4,224,025	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 \$3,648,683 for maintenance for fiscal 2004.

**MAJOR GOVERNMENTAL FUND, OTHER THAN GENERAL FUND AND
SPECIAL REVENUE 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
COMMUNITY FACILITIES DISTRICT PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Taxes		\$22,276	\$22,276
Charges for services			
Use of money and property	\$603,110	242,814	(360,296)
Contributions from property owners	2,622,810	2,568,135	(54,675)
Contributions from developers		86,320	86,320
Miscellaneous revenues		1,678	1,678
Total revenues	<u>3,225,920</u>	<u>2,921,223</u>	<u>(304,697)</u>
EXPENDITURES			
Capital outlay	<u>21,065,195</u>	<u>26,913,358</u>	<u>(5,848,163)</u>
OTHER FINANCING SOURCES			
Transfers out		<u>(202,308)</u>	<u>(202,308)</u>
Total Other Financing Sources		<u>(202,308)</u>	<u>(202,308)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(\$17,839,275)</u>	(24,194,443)	<u>(\$6,355,168)</u>
Fund balance at beginning of year		<u>37,512,673</u>	
Fund balance at end of year		<u>\$13,318,230</u>	

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL BY DEPARTMENT
AND SUMMARY CATEGORY FOR ALL FUND TYPES**

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, 2004

Department/Category	Appropriations	Actual Expenditures	Variance Positive (Negative)
City Council			
Salaries and Benefits	\$36,600	\$36,000	\$600
Operating Services and Supplies	507,190	500,104	7,086
Total City Council	543,790	536,104	7,686
Office of the City Manager			
Salaries and Benefits	1,094,510	1,126,301	(31,791)
Operating Services and Supplies	120,950	325,568	(204,618)
Capital Outlay	413,487	121,267	292,220
Total Office of the City Manager	1,628,947	1,573,136	55,811
Office of the City Attorney			
Salaries and Benefits	783,410	805,138	(21,728)
Operating Services and Supplies	246,710	239,455	7,255
Total Office of the City Attorney	1,030,120	1,044,593	(14,473)
Administrative Services			
Salaries and Benefits	3,576,334	3,609,990	(33,656)
Operating Services and Supplies	7,322,873	8,123,127	(800,254)
Capital Outlay	1,303,080	1,042,467	260,613
Debt Service	611,500	499,684	111,816
Total Administrative Services	12,813,787	13,275,268	(461,481)
City Clerk			
Salaries and Benefits	500,290	428,865	71,425
Operating Services and Supplies	245,622	194,146	51,476
Capital Outlay	19,795	11,612	8,183
Total City Clerk	765,707	634,623	131,084
Central Services			
Salaries and Benefits	4,551,540	4,384,168	167,372
Operating Services and Supplies	4,394,691	3,636,835	757,856
Capital Outlay	131,078	13,474	117,604
Capital Improvement Projects	16,831,410	218,866	16,612,544
Total Central Services	25,908,719	8,253,343	17,655,376
Finance			
Salaries and Benefits	4,066,380	3,763,667	302,713
Operating Services and Supplies	2,625,210	1,852,557	772,653
Capital Outlay	19,357	5,270	14,087
Total Finance	6,710,947	5,621,494	1,089,453
Police			
Salaries and Benefits	15,981,420	15,616,199	365,221
Operating Services and Supplies	3,572,798	3,334,553	238,245
Capital Outlay	1,319,515	100,633	1,218,882
Total Police	20,873,733	19,051,385	1,822,348
Fire			
Salaries and Benefits	11,325,050	11,034,835	290,215
Operating Services and Supplies	2,356,418	2,173,645	182,773
Capital Outlay	414,526	155,340	259,186
Capital Improvement Projects	65,064	28,707	36,357
Total Fire	14,161,058	13,392,527	768,531

(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, 2004

Department/Category	Appropriations	Actual Expenditures	Variance Positive (Negative)
Library			
Salaries and Benefits	2,455,190	2,212,251	242,939
Operating Services and Supplies	637,601	543,207	94,394
Capital Outlay	172,522	87,080	85,442
Total Library	<u>3,265,313</u>	<u>2,842,538</u>	<u>422,775</u>
Community Development			
Salaries and Benefits	1,955,440	1,858,933	96,507
Operating Services and Supplies	2,501,777	2,445,055	56,722
Capital Improvement Projects	9,874,717	615,356	9,259,361
Total Community Development	<u>14,331,934</u>	<u>4,919,344</u>	<u>9,412,590</u>
Housing and Redevelopment			
Salaries and Benefits	470,740	390,923	79,817
Operating Services and Supplies	5,733,281	2,345,243	3,388,038
Debt Service		318,950	(318,950)
Capital Improvement Projects	2,469,581	610,769	1,858,812
Total Housing and Redevelopment	<u>8,673,602</u>	<u>3,665,885</u>	<u>5,007,717</u>
Planning			
Salaries and Benefits	2,125,790	1,909,704	216,086
Operating Services and Supplies	1,646,070	1,414,371	231,699
Capital Outlay	1,343,560	144,032	1,199,528
Total Planning	<u>5,115,420</u>	<u>3,468,107</u>	<u>1,647,313</u>
Public Works			
Salaries and Benefits	9,105,435	8,119,170	986,265
Operating Services and Supplies	4,257,652	4,038,709	218,943
Capital Outlay	14,855	14,952	(97)
Capital Improvement Projects	54,963,867	7,944,206	47,019,661
Total Public Works	<u>68,341,809</u>	<u>20,117,037</u>	<u>48,224,772</u>
Environmental Utilities			
Salaries and Benefits	14,395,910	13,497,689	898,221
Operating Services and Supplies	19,022,698	17,589,622	1,433,076
Capital Outlay	738,526	609,976	128,550
Capital Improvement Projects	65,907,273	16,450,155	49,457,118
Total Environmental Utilities	<u>100,064,407</u>	<u>48,147,442</u>	<u>51,916,965</u>
Parks and Recreation			
Salaries and Benefits	10,939,180	10,859,861	79,319
Operating Services and Supplies	6,199,957	6,066,476	133,481
Capital Outlay	65,351	25,819	39,532
Capital Improvement Projects	7,272,457	2,299,037	4,973,420
Total Parks and Recreation	<u>24,476,945</u>	<u>19,251,193</u>	<u>5,225,752</u>

(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, 2004

Department/Category	Appropriations	Actual Expenditures	Variance Positive (Negative)
Electric			
Salaries and Benefits	10,319,070	10,024,620	294,450
Operating Services and Supplies	61,669,881	53,180,165	8,489,716
Capital Outlay	1,582,692	184,370	1,398,322
Capital Improvement Projects	15,051,349	11,130,253	3,921,096
Total Electric	88,622,992	74,519,408	14,103,584
Transit			
Salaries and Benefits	438,590	376,274	62,316
Operating Services and Supplies	2,889,505	2,561,061	328,444
Capital Improvement Projects	6,654,128	2,521,083	4,133,045
Total Transit	9,982,223	5,458,418	4,523,805
Debt Service			
Debt Service	23,021,083	20,448,426	2,572,657
Other Expenditures	2,472,200	2,607,608	(135,408)
Total Debt Service	25,493,283	23,056,034	2,437,249
Community Grants			
Capital Outlay	127,487	118,066	9,421
Operating Services and Supplies	1,021,006	792,544	228,462
Total Community Grants	1,148,493	910,610	237,883
Automotive Replacement			
Capital Outlay	4,061,922	2,932,425	1,129,497
Total Automotive Replacement	4,061,922	2,932,425	1,129,497
Non-departmental			
Salaries and Benefits			
Capital Outlay		(128,078)	128,078
Capital Improvement Projects	21,825,964	28,165,123	(6,339,159)
Debt Service	1,633,132	1,247,453	385,679
Other Expenditures	2,113,860	1,757,730	356,130
Total Non-departmental	25,572,956	31,042,228	(5,469,272)

NON-MAJOR GOVERNMENTAL FUNDS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Lighting and Landscape and Service Districts Fund. To account for the collection of assessment revenue from property owners for the maintenance of surrounding park and landscaping improvements within the boundaries of each district.

State Gasoline Tax Fund. To account for revenue apportioned to the City from the State-collected gas tax revenues and spent for construction and maintenance of City streets.

Home Improvement Fund. To account for loan activities for the production of affordable housing.

California Library Services Fund. To account for revenues and grants from the State to be expended for library related materials

Traffic Safety Fund. To account for the City's share of fines generated from violations of the State Motor Vehicle Code.

FEMA Fund. To account for the City's share of grants and reimbursements from the Federal Emergency Management Agency.

Trench Cut Recovery Fund. To account for the collection of fees charged by the City for cutting trenches in paved roadway and spent for maintaining the street if useful life is decreased.

Law Enforcement Block Grants Fund. To account for the collection of grants from the Federal Department of Justice Assistance and expended for front line law enforcement.

Fire Facilities Fund. To account for fees applied to new construction and expended for construction or repair of fire facilities and equipment for which it creates a need.

Traffic Mitigation Fund. To account for revenues and expenses related to major roadways and related structures such as bridges or interchanges.

Public Facilities Fund. To account for fees applied to new construction and expended for the development of public facilities for which it creates a need.

Park Development Fund. To account for collection fees applied to new construction and expended for neighborhood and community park and recreation facilities.

Pleasant Grove Drainage Basin Fund. To account for collection of fees applied to new construction and expended for mitigation of developmental impacts on the Pleasant Grove watershed.

Tree Propagation Fund. To account for fees assessed on oak tree removal and expended on the continuation and preservation of tree planting within the city.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Community Development Block Grant/HOME Fund. To account for monies received from the Department of Housing & Urban Development and expended for programs and activities to benefit low-income residents / to account for funds received from the Federal government used to produce affordable housing and rehabilitate existing residential units.

Housing Authority Section 8 Fund. To account for monies received from the U.S. Department of Housing and Urban Development and expended for rental assistance to low income households within the Roseville and Rocklin areas.

Affordable Housing Fund. To account for monies received from property whose land use was changed from residential to commercial and from affordable housing agreements. These monies are then used to fund other affordable housing projects.

Park and Recreation Donation Fund. To account for donations and revenues received by Park and Recreation Facilities.

Forfeited Property Fund. To account for revenues received from confiscated property.

Storm Water Management Fund. To accumulate expenditures for future storm water mandates.

DEBT SERVICE FUND

Roseville Finance Authority Fund. To account for the accumulation of resources from lease payments and the payment of long-term debt incurred by the Finance Authority.

CAPITAL PROJECTS FUNDS

Building Fund. To account for approved capital projects within the city funded by various fees and sources.

General Capital Improvement Projects Rehabilitation Fund. To account for the approved rehabilitation of existing city property funded by the General Fund.

PERMANENT FUNDS

Roseville Aquatics Complex Maintenance Fund. A permanent fund established to account for contribution from the High School District. Only the interest earnings can be spent on helping maintain the Aquatics Complex.

Citizens Benefit Fund. A permanent fund established to account for the proceeds from the sale of any municipally owned Hospital and interest earnings expended for improving the quality of life for the citizens of the City of Roseville.

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CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2004

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
ASSETS					
Cash and investments in City Treasury	\$1,966,879	\$10,240,250	\$653,658	\$354,565	
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts	153,708				\$13,079
Accrued interest	13,250	198,117	22,583	2,074	
Due from other government agencies					107,772
Due from other funds					
Advances to other funds		3,900,000			
Deferred receivables					
Notes receivables			80,321		
Total Assets	<u>\$2,133,837</u>	<u>\$14,338,367</u>	<u>\$756,562</u>	<u>\$356,639</u>	<u>\$120,851</u>
LIABILITIES					
Accounts payable	\$121,294	\$807,950		\$406	
Accrued liabilities					\$100
Due to other funds					120,751
Due to other government agencies					
Advances from other funds					
Deposits	7,000				
Deferred revenue			\$33,978		
Deferred liabilities					
Current portion of compensated absences					
Total Liabilities	<u>128,294</u>	<u>807,950</u>	<u>33,978</u>	<u>406</u>	<u>120,851</u>
FUND BALANCES					
Reserved for:					
Advances		3,900,000			
Encumbrances	262,851	3,153,831			
Deferred receivables and notes receivable			46,343		
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	1,742,692	6,476,586	676,241	356,233	
TOTAL FUND BALANCES	<u>2,005,543</u>	<u>13,530,417</u>	<u>722,584</u>	<u>356,233</u>	
Total Liabilities and Fund Balances	<u>\$2,133,837</u>	<u>\$14,338,367</u>	<u>\$756,562</u>	<u>\$356,639</u>	<u>\$120,851</u>

SPECIAL REVENUE FUNDS

FEMA	Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Traffic Mitigation	Public Facilities	Park Development
	\$55,505	\$206,650	\$8,579,996	\$25,088,908	\$9,299,882	\$24,637,801
	326	1,800	55,896	85,229 145,069 261,100	53,924	144,892
			313,846 27,110	3,695,198	368,673	141,107
	<u>\$55,831</u>	<u>\$208,450</u>	<u>\$8,976,848</u>	<u>\$29,275,504</u>	<u>\$9,722,479</u>	<u>\$24,923,800</u>
			\$15,692	\$857,170		\$123,722
				212,500		120,000
				637,500		4,240,000
		\$98,100	339,678	3,771,964 43,085	\$367,422	141,107 153,210
		98,100	355,370	5,522,219	367,422	4,778,039
			226,651	26,482		13,973
	<u>\$55,831</u>	<u>110,350</u>	<u>8,394,827</u>	<u>23,726,803</u>	<u>9,355,057</u>	<u>20,131,788</u>
	<u>55,831</u>	<u>110,350</u>	<u>8,621,478</u>	<u>23,753,285</u>	<u>9,355,057</u>	<u>20,145,761</u>
	<u>\$55,831</u>	<u>\$208,450</u>	<u>\$8,976,848</u>	<u>\$29,275,504</u>	<u>\$9,722,479</u>	<u>\$24,923,800</u>

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2004

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	\$11,874,986	\$3,643,476	\$58,717	\$165,174	\$1,002,612
Restricted cash and investments with fiscal agents				85,146	
Receivables:					
Accounts			30,000	8,034	20,510
Accrued interest	69,718	21,161			39,666
Due from other government agencies			379,656	185,159	
Due from other funds					50,000
Advances to other funds					300,000
Deferred receivables	247,273				
Notes receivables			5,781,441		33,233
Total Assets	\$12,191,977	\$3,664,637	\$6,249,814	\$443,513	\$1,446,021
LIABILITIES					
Accounts payable	\$9,057	\$13,456	\$29,957	\$18,654	
Accrued liabilities			20	128,687	
Due to other funds					
Due to other government agencies			5,781,441		
Advances from other funds					
Deposits					
Deferred revenue	247,273			7,234	\$33,233
Deferred liabilities					
Current portion of compensated absences					
	<u>256,330</u>	<u>13,456</u>	<u>5,811,418</u>	<u>154,575</u>	<u>33,233</u>
FUND BALANCES					
Reserved for:					
Advances					300,000
Encumbrances	11,993		5,000		
Deferred receivables and notes receivable					
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	<u>11,923,654</u>	<u>3,651,181</u>	<u>433,396</u>	<u>288,938</u>	<u>1,112,788</u>
TOTAL FUND BALANCES	11,935,647	3,651,181	438,396	288,938	1,412,788
Total Liabilities and Fund Balances	\$12,191,977	\$3,664,637	\$6,249,814	\$443,513	\$1,446,021

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		PERMANENT FUND
Park and Recreation Donation	Forfeited Property	Storm Water Management	Roseville Finance Authority	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance
\$229,892	\$25,982	\$249,409	\$1,341,650	\$4,244,071	\$15,224,146	\$588,382
1,342	224 606	1,537	28,037	24,932	73,351	11,349
<u>\$231,234</u>	<u>\$26,812</u>	<u>\$250,946</u>	<u>\$1,369,687</u>	<u>\$4,269,003</u>	<u>\$15,297,497</u>	<u>\$599,731</u>
		\$3,729 5,764		\$18,733		
						\$600,000
		2,269				
		11,762		18,733		600,000
		121,540		25,519		
			\$1,369,687			
<u>\$231,234</u>	<u>\$26,812</u>	<u>\$117,644</u>		4,224,751	\$15,297,497	(269)
<u>231,234</u>	<u>26,812</u>	<u>239,184</u>	<u>1,369,687</u>	<u>4,250,270</u>	<u>15,297,497</u>	<u>(269)</u>
<u>\$231,234</u>	<u>\$26,812</u>	<u>\$250,946</u>	<u>\$1,369,687</u>	<u>\$4,269,003</u>	<u>\$15,297,497</u>	<u>\$599,731</u>

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2004

	PERMANENT FUND	Total Nonmajor Governmental Funds
	Citizens Benefit	
ASSETS		
Cash and investments in City Treasury	\$14,728,585	\$133,119,526
Restricted cash and investments with fiscal agents	910,662	2,337,458
Receivables:		
Accounts		310,560
Accrued interest	87,249	996,497
Due from other government agencies		934,293
Due from other funds		50,000
Advances to other funds		4,200,000
Deferred receivables		4,766,097
Notes receivables		5,922,105
	<u>\$15,726,496</u>	<u>\$152,636,536</u>
LIABILITIES		
Accounts payable	\$846	\$2,020,666
Accrued liabilities		134,571
Due to other funds		453,251
Due to other government agencies		5,781,441
Advances from other funds		4,877,500
Deposits		607,000
Deferred revenue		5,039,989
Deferred liabilities		196,295
Current portion of compensated absences		2,269
	<u>846</u>	<u>19,112,982</u>
FUND BALANCES		
Reserved for:		
Advances		4,200,000
Encumbrances		3,847,840
Deferred receivables and notes receivable		46,343
Debt service		1,369,687
Unreserved:		
Designated for carryover of capital improvement projects		19,522,248
Undesignated	15,725,650	104,537,436
	<u>15,725,650</u>	<u>133,523,554</u>
TOTAL FUND BALANCES	<u>15,725,650</u>	<u>133,523,554</u>
Total Liabilities and Fund Balances	<u>\$15,726,496</u>	<u>\$152,636,536</u>

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CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
REVENUES					
Taxes	\$1,947,630				
Charges for services				\$57,932	
Subventions and grants		\$1,800,885			
Use of money and property	2,326	149,137	\$3,439	7,400	
Fines, forfeitures and penalties					\$794,528
Contributions from property owners					
Contributions from developers					
Miscellaneous revenues	8,934		10,000	21,420	
Total Revenues	1,958,890	1,950,022	13,439	86,752	794,528
EXPENDITURES					
Current:					
General government					
Community development and planning					
Public Works					
Library				481	
Parks and recreation	1,567,848				
Housing assistance payments					
Capital outlay		2,215,827			
Debt service					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	1,567,848	2,215,827		481	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	391,042	(265,805)	13,439	86,271	794,528
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt issue					
Bond issuance premium					
Payment to refunded bond escrow agent					
Transfers in		2,031,098			
Transfers (out)		(189,931)	(480)	(56,410)	(794,528)
Total Other Financing Sources (Uses)		1,841,167	(480)	(56,410)	(794,528)
Net change in fund balances	391,042	1,575,362	12,959	29,861	
Fund balances at the beginning of the period	1,614,501	11,955,055	709,625	326,372	
Fund balances at the end of period	<u>\$2,005,543</u>	<u>\$13,530,417</u>	<u>\$722,584</u>	<u>\$356,233</u>	

SPECIAL REVENUE FUNDS

FEMA	Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Traffic Mitigation	Public Facilities	Park Development
			\$2,282,211			
		\$189,477	\$23,068	\$8,829,827	\$2,297,503	\$4,258,917
	\$195	(4,069)	49,276	439,798		
				994,929	51,091	142,973
	27,215		92,772	166,809		18,641
	27,410	185,408	2,447,327	10,431,363	2,348,594	4,420,531
						228,149
			789,911	3,451,358		2,057,436
			789,911	3,451,358		2,285,585
	27,410	185,408	1,657,416	6,980,005	2,348,594	2,134,946
(\$159,645)		(103,352)	(1,374,116)	1,138 (118,783)	(53,319)	(18,620)
(159,645)		(103,352)	(1,374,116)	(117,645)	(53,319)	(18,620)
(159,645)	27,410	82,056	283,300	6,862,360	2,295,275	2,116,326
159,645	28,421	28,294	8,338,178	16,890,925	7,059,782	18,029,435
	\$55,831	\$110,350	\$8,621,478	\$23,753,285	\$9,355,057	\$20,145,761

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

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	\$945,890	\$217,610			
Subventions and grants			\$1,849,129	\$3,575,637	
Use of money and property	61,698	19,262	6,210	7,500	\$16,194
Fines, forfeitures and penalties					
Contributions from property owners			6,500		
Contributions from developers					586,586
Miscellaneous revenues			1,496,417	8,314	140,000
Total Revenues	1,007,588	236,872	3,358,256	3,591,451	742,780
EXPENDITURES					
Current:					
General government					
Community development and planning		34,171	2,885,970	368,877	33,232
Public Works					
Library					
Parks and recreation					
Housing assistance payments				3,127,150	
Capital outlay	612,404		638,139		
Debt service					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	612,404	34,171	3,524,109	3,496,027	33,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	395,184	202,701	(165,853)	95,424	709,548
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt issue					
Bond issuance premium					
Payment to refunded bond escrow agent					
Transfers in			193,395		
Transfers (out)	(33,460)	(3,340)		(57,640)	(170)
Total Other Financing Sources (Uses)	(33,460)	(3,340)	193,395	(57,640)	(170)
Net change in fund balances	361,724	199,361	27,542	37,784	709,378
Fund balances at the beginning of the period	11,573,923	3,451,820	410,854	251,154	703,410
Fund balances at the end of period	<u>\$11,935,647</u>	<u>\$3,651,181</u>	<u>\$438,396</u>	<u>\$288,938</u>	<u>\$1,412,788</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		PERMANENT FUND
Park and Recreation Donation	Forfeited Property	Storm Water Management	Roseville Finance Authority	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance
\$1,188	\$265	\$1,763	\$35,410	\$22,148	\$67,743	(\$7,397)
37,564	12,573			1,000		
38,752	12,838	1,763	35,410	23,148	67,743	(7,397)
			846,777			
		101,259				
3,382				226,428		
			675,000			
			850,641			
3,382		101,259	2,372,418	226,428		
35,370	12,838	(99,496)	(2,337,008)	(203,280)	67,743	(7,397)
			18,275,000			
			351,119			
			(18,080,000)			
		339,790	1,514,316	187,429	5,513,172	
	(12,600)			(26,720)	(967,047)	
	(12,600)	339,790	2,060,435	160,709	4,546,125	
35,370	238	240,294	(276,573)	(42,571)	4,613,868	(7,397)
195,864	26,574	(1,110)	1,646,260	4,292,841	10,683,629	7,128
\$231,234	\$26,812	\$239,184	\$1,369,687	\$4,250,270	\$15,297,497	(\$269)

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>PERMANENT FUND</u>	
	Citizens Benefit	Total Nonmajor Governmental Funds
REVENUES		
Taxes		\$4,229,841
Charges for services		16,607,679
Subventions and grants		7,877,994
Use of money and property	\$97,520	1,726,201
Fines, forfeitures and penalties		794,528
Contributions from property owners		6,500
Contributions from developers		586,586
Miscellaneous revenues	20,991	2,062,650
	<u>118,511</u>	<u>33,891,979</u>
Total Revenues		
EXPENDITURES		
Current:		
General government	447,210	1,293,987
Community development and planning		3,322,250
Public Works		101,259
Library		481
Parks and recreation		1,799,379
Housing assistance payments		3,127,150
Capital outlay		9,991,503
Debt service		
Principal retirement		675,000
Interest and fiscal charges		850,641
	<u>447,210</u>	<u>21,161,650</u>
Total Expenditures		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(328,699)</u>	<u>12,730,329</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from long-term debt issue		18,275,000
Bond issuance premium		351,119
Payment to refunded bond escrow agent		(18,080,000)
Transfers in		9,780,338
Transfers (out)		(3,970,161)
		<u>6,356,296</u>
Total Other Financing Sources (Uses)		
Net change in fund balances	(328,699)	19,086,625
Fund balances at the beginning of the period	<u>16,054,349</u>	<u>114,436,929</u>
Fund balances at the end of period	<u>\$15,725,650</u>	<u>\$133,523,554</u>

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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, 2004

	LIGHTING AND LANDSCAPE SERVICE DISTRICTS			STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$1,639,581	\$1,947,630	\$308,049			
Charges for services						
Subventions and grants				\$3,118,418	\$1,800,885	(\$1,317,533)
Use of money and property	28,020	2,326	(25,694)	150,000	149,137	(863)
Fines, forfeitures and penalties						
Contributions from property owners						
Miscellaneous revenues		8,934	8,934			
Total Revenues	<u>1,667,601</u>	<u>1,958,890</u>	<u>291,289</u>	<u>3,268,418</u>	<u>1,950,022</u>	<u>(1,318,396)</u>
EXPENDITURES						
Current:						
General government						
Community development and planning						
Public works						
Library						
Parks and recreation	2,158,362	1,567,848	590,514			
Housing assistance payments						
Capital outlay				12,589,005	2,215,827	10,373,178
Debt service						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>2,158,362</u>	<u>1,567,848</u>	<u>590,514</u>	<u>12,589,005</u>	<u>2,215,827</u>	<u>10,373,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(490,761)</u>	<u>391,042</u>	<u>881,803</u>	<u>(9,320,587)</u>	<u>(265,805)</u>	<u>9,054,782</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt issue						
Bond issuance premium						
Payment to refunded bond escrow agent						
Transfers in				2,344,994	2,031,098	(313,896)
Transfers (out)				(211,984)	(189,931)	22,053
Total Other Financing Sources (Uses)				<u>2,133,010</u>	<u>1,841,167</u>	<u>(291,843)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$490,761)</u>	<u>391,042</u>	<u>\$881,803</u>	<u>(\$7,187,577)</u>	<u>1,575,362</u>	<u>\$8,762,939</u>
Fund balances at beginning of year		<u>1,614,501</u>			<u>11,955,055</u>	
Fund balances at end of year		<u>\$2,005,543</u>			<u>\$13,530,417</u>	

HOME IMPROVEMENT			CALIFORNIA LIBRARY SERVICES			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				\$57,932	\$57,932			
\$12,000	\$3,439	(\$8,561)	76,000	7,400	(76,000)			
			3,500		3,900	\$350,500	\$794,528	\$444,028
	10,000	10,000	100	21,420	21,320	100		(100)
12,000	13,439	1,439	79,600	86,752	7,152	350,600	794,528	443,928
			80,000	481	79,519			
			80,000	481	79,519			
12,000	13,439	1,439	(400)	86,271	86,671	350,600	794,528	443,928
(480)	(480)		(204,870)	(56,410)	148,460	(350,600)	(794,528)	(443,928)
(480)	(480)		(204,870)	(56,410)	148,460	(350,600)	(794,528)	(443,928)
\$11,520	12,959	\$1,439	(\$205,270)	29,861	\$235,131			
	709,625			326,372				
	\$722,584			\$356,233				

(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, 2004

	LAW ENFORCEMENT BLOCK GRANTS			FIRE FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$3,000,000	\$2,282,211	(\$717,789)
Charges for services						
Subventions and grants	\$62,000	\$189,477	\$127,477	36,750	23,068	(13,682)
Use of money and property	8,000	(4,069)	(12,069)	210,220	49,276	(160,944)
Fines, forfeitures and penalties						
Contributions from property owners						
Miscellaneous revenues				4,500	92,772	88,272
Total Revenues	70,000	185,408	115,408	3,251,470	2,447,327	(804,143)
EXPENDITURES						
Current:						
General government						
Community development and planning						
Public works						
Library						
Parks and recreation						
Housing assistance payments						
Capital outlay				1,081,684	789,911	291,773
Debt service						
Principal retirement						
Interest and fiscal charges						
Total Expenditures				1,081,684	789,911	291,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,000	185,408	115,408	2,169,786	1,657,416	(512,370)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt issue						
Bond issuance premium						
Payment to refunded bond escrow agent						
Transfers in						
Transfers (out)	(147,663)	(103,352)	44,311	(5,865,898)	(1,374,116)	4,491,782
Total Other Financing Sources (Uses)	(147,663)	(103,352)	44,311	(5,865,898)	(1,374,116)	4,491,782
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$77,663)</u>	82,056	<u>\$159,719</u>	<u>(\$3,696,112)</u>	283,300	<u>\$3,979,412</u>
Fund balances at beginning of year		28,294			8,338,178	
Fund balances at end of year		<u>\$110,350</u>			<u>\$8,621,478</u>	

TRAFFIC MITIGATION			PUBLIC FACILITIES			PARK DEVELOPMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$11,000,000	\$8,829,827	(\$2,170,173)	\$2,500,000	\$2,297,503	(\$202,497)	\$4,432,750	\$4,258,917	(\$173,833)
12,931,729	439,798	(12,491,931)				46,500		(46,500)
323,460	994,929	671,469	150,070	51,091	(98,979)	497,900	142,973	(354,927)
	166,809	166,809				11,000	18,641	7,641
<u>24,255,189</u>	<u>10,431,363</u>	<u>(13,823,826)</u>	<u>2,650,070</u>	<u>2,348,594</u>	<u>(301,476)</u>	<u>4,988,150</u>	<u>4,420,531</u>	<u>(567,619)</u>
						877,800	228,149	649,651
38,707,368	3,451,358	35,256,010				6,787,978	2,057,436	4,730,542
<u>38,707,368</u>	<u>3,451,358</u>	<u>35,256,010</u>				<u>7,665,778</u>	<u>2,285,585</u>	<u>5,380,193</u>
<u>(14,452,179)</u>	<u>6,980,005</u>	<u>21,432,184</u>	<u>2,650,070</u>	<u>2,348,594</u>	<u>(301,476)</u>	<u>(2,677,628)</u>	<u>2,134,946</u>	<u>4,812,574</u>
20,000	1,138	(18,862)				522,528		(522,528)
<u>(48,440)</u>	<u>(118,783)</u>	<u>(70,343)</u>	<u>(6,412,625)</u>	<u>(53,319)</u>	<u>6,359,306</u>	<u>(5,027,148)</u>	<u>(18,620)</u>	<u>5,008,528</u>
<u>(28,440)</u>	<u>(117,645)</u>	<u>(89,205)</u>	<u>(6,412,625)</u>	<u>(53,319)</u>	<u>6,359,306</u>	<u>(4,504,620)</u>	<u>(18,620)</u>	<u>4,486,000</u>
<u>(\$14,480,619)</u>	6,862,360	<u>\$21,342,979</u>	<u>(\$3,762,555)</u>	2,295,275	<u>\$6,057,830</u>	<u>(\$7,182,248)</u>	2,116,326	<u>\$9,298,574</u>
	<u>16,890,925</u>			<u>7,059,782</u>			<u>18,029,435</u>	
	<u>\$23,753,285</u>			<u>\$9,355,057</u>			<u>\$20,145,761</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, 2004

	PLEASANT GROVE DRAIN BASIN			TREE PROPAGATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services	\$735,000	\$945,890	\$210,890	\$165,000	\$217,610	\$52,610
Subventions and grants						
Use of money and property	300,000	61,698	(238,302)	75,000	19,262	(55,738)
Fines, forfeitures and penalties						
Contributions from property owners						
Miscellaneous revenues						
Total Revenues	1,035,000	1,007,588	(27,412)	240,000	236,872	(3,128)
EXPENDITURES						
Current:						
General government						
Community development and planning				236,006	34,171	201,835
Public works						
Library						
Parks and recreation						
Housing assistance payments						
Capital outlay	9,874,717	612,404	9,262,313			
Debt service						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	9,874,717	612,404	9,262,313	236,006	34,171	201,835
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,839,717)	395,184	9,234,901	3,994	202,701	198,707
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt issue						
Bond issuance premium						
Payment to refunded bond escrow agent						
Transfers in						
Transfers (out)	(33,460)	(33,460)			(3,340)	(3,340)
Total Other Financing Sources (Uses)	(33,460)	(33,460)			(3,340)	(3,340)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$8,873,177)	361,724	\$9,234,901	\$3,994	199,361	\$195,367
Fund balances at beginning of year		11,573,923			3,451,820	
Fund balances at end of year		<u>\$11,935,647</u>			<u>\$3,651,181</u>	

COMMUNITY DEVELOPMENT BLOCK GRANT/ HOME			HOUSING AUTHORITY SECTION 8			ROSEVILLE FINANCE AUTHORITY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,784,689	\$1,849,129	\$64,440	\$3,112,421	\$3,575,637	\$463,216	\$1,664,000	\$35,410	(\$1,628,590)
	6,210	6,210	1,200	7,500	6,300			
	6,500	6,500						
	1,496,417	1,496,417	5,600	8,314	2,714			
<u>1,784,689</u>	<u>3,358,256</u>	<u>1,573,567</u>	<u>3,119,221</u>	<u>3,591,451</u>	<u>472,230</u>	<u>1,664,000</u>	<u>35,410</u>	<u>(1,628,590)</u>
							846,777	(846,777)
2,630,719	2,885,970	(255,251)	467,669	368,877	98,792			
			2,926,824	3,127,150	(200,326)			
674,889	638,139	36,750				675,000	675,000	
						913,000	850,641	62,359
<u>3,305,608</u>	<u>3,524,109</u>	<u>(218,501)</u>	<u>3,394,493</u>	<u>3,496,027</u>	<u>(101,534)</u>	<u>1,588,000</u>	<u>2,372,418</u>	<u>(784,418)</u>
<u>(1,520,919)</u>	<u>(165,853)</u>	<u>1,355,066</u>	<u>(275,272)</u>	<u>95,424</u>	<u>370,696</u>	<u>76,000</u>	<u>(2,337,008)</u>	<u>(2,413,008)</u>
							18,275,000	18,275,000
							351,119	351,119
197,402	193,395	(4,007)		(57,640)	(57,640)		(18,080,000)	(18,080,000)
							1,514,316	1,514,316
<u>197,402</u>	<u>193,395</u>	<u>(4,007)</u>		<u>(57,640)</u>	<u>(57,640)</u>		<u>2,060,435</u>	<u>2,060,435</u>
<u>(\$1,323,517)</u>	27,542	<u>\$1,351,059</u>	<u>(\$275,272)</u>	37,784	<u>\$313,056</u>	<u>\$76,000</u>	(276,573)	<u>(\$352,573)</u>
	410,854			251,154			1,646,260	
	<u>\$438,396</u>			<u>\$288,938</u>			<u>\$1,369,687</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, 2004

	BUILDING			GENERAL CAPITAL IMPROVEMENT PROJECTS REHABILITATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services						
Subventions and grants						
Use of money and property	\$100,000	\$22,148	(\$77,852)	\$200,000	\$67,743	(\$132,257)
Fines, forfeitures and penalties						
Contributions from property owners						
Miscellaneous revenues		1,000	1,000			
Total Revenues	<u>100,000</u>	<u>23,148</u>	<u>(76,852)</u>	<u>200,000</u>	<u>67,743</u>	<u>(132,257)</u>
EXPENDITURES						
Current:						
General government						
Community development and planning						
Public works						
Library						
Parks and recreation						
Housing assistance payments						
Capital outlay	17,051,410	226,428	16,824,982			
Debt service						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>17,051,410</u>	<u>226,428</u>	<u>16,824,982</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,951,410)</u>	<u>(203,280)</u>	<u>16,748,130</u>	<u>200,000</u>	<u>67,743</u>	<u>(132,257)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt issue						
Bond issuance premium						
Payment to refunded bond escrow agent						
Transfers in	16,702,297	187,429	(16,514,868)	5,555,519	5,513,172	(42,347)
Transfers (out)	<u>(26,720)</u>	<u>(26,720)</u>		<u>(2,576,124)</u>	<u>(967,047)</u>	<u>1,609,077</u>
Total Other Financing Sources (Uses)	<u>16,675,577</u>	<u>160,709</u>	<u>(16,514,868)</u>	<u>2,979,395</u>	<u>4,546,125</u>	<u>1,566,730</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u><u>(\$275,833)</u></u>	<u><u>(42,571)</u></u>	<u><u>\$233,262</u></u>	<u><u>\$3,179,395</u></u>	<u><u>4,613,868</u></u>	<u><u>\$1,434,473</u></u>
Fund balances at beginning of year		<u>4,292,841</u>			<u>10,683,629</u>	
Fund balances at end of year		<u><u>\$4,250,270</u></u>			<u><u>\$15,297,497</u></u>	

CITIZEN BENEFITS

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$481,000	\$97,520	(\$383,480)
	<u>20,991</u>	<u>20,991</u>
<u>481,000</u>	<u>118,511</u>	<u>(362,489)</u>
	447,210	(447,210)
	<u>447,210</u>	<u>(447,210)</u>
<u>481,000</u>	<u>(328,699)</u>	<u>(809,699)</u>
<u>\$481,000</u>	<u>(328,699)</u>	<u>(\$809,699)</u>
	<u>16,054,349</u>	
	<u>\$15,725,650</u>	

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Automotive Services Fund. To account for the maintenance of vehicles used by City departments. Funds are received by means of a rental fee charged to the various departments.

Automotive Replacement Fund. To accumulate resources and account for the purchase of vehicles used by City departments. The source of revenue for this fund is replacement fees charged to city vehicles.

Workers Compensation Fund. To account for the City's self-insurance program for Workers' Compensation benefits and for the administration of various preventative programs.

General Liability Fund. To account for the cost of claims and administrative costs of the City's self-insured general liability program.

Unemployment Reserve Fund. To account for State and Federal mandated unemployment insurance benefits for employees.

Vision Fund. To account for the City's insurance program for Vision benefits.

Dental Fund. To account for the City's insurance program for Dental benefits.

Section 125 Fund. To account for the assets and liabilities of the employer's flexible benefits plan established under Internal Revenue Code Section 125.

Post Retirement Fund. To account for the contributions and benefits paid in relation to accrued employee retirement compensation.

Central Stores Fund. To account for stores inventory that gets allocated out at year-end to the General Fund and Enterprise Funds.

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2004

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
ASSETS				
Current Assets				
Cash and investments in City Treasury	\$461	\$8,463,185	\$6,283,449	\$7,265,845
Restricted cash and investments with fiscal agents			32,369	40,000
Receivables:				
Accounts	11,737	12,475	40,944	
Accrued interest		974,382	37,022	41,831
Due from other funds		642,328		
Inventories	478,943			
Total Current Assets	491,141	10,092,370	6,393,784	7,347,676
Non Current Assets				
Advances to other funds		5,659,701		
Capital assets, net of accumulated depreciation	5,948	13,258,899	1,874	
Total Assets	497,089	29,010,970	6,395,658	7,347,676
LIABILITIES				
Current Liabilities				
Accounts payable	116,233	230,515	21,004	24,131
Accrued liabilities	78,866			
Due to other funds	453,395			
Compensated absences	168,194			
Self-insurance claims payable			5,118,000	1,835,000
Total Current Liabilities	816,688	230,515	5,139,004	1,859,131
Long-term Liabilities				
Compensated absences	134,494			
Total Liabilities	951,182	230,515	5,139,004	1,859,131
NET ASSETS				
Invested in capital assets	5,948	13,258,899	1,874	
Unrestricted	(460,041)	15,521,556	1,254,780	5,488,545
Total Net Assets	(\$454,093)	\$28,780,455	\$1,256,654	\$5,488,545

Self Insurance Funds

Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$93,836	\$249,628	\$404,704	\$26,175	\$17,166,454	\$155,617	\$40,109,354 72,369
538	1,489	2,359	150	83,148	12,359	77,515 1,140,919 642,328 478,943
94,374	251,117	407,063	26,325	17,249,602	167,976	42,521,428
						5,659,701 13,266,721
94,374	251,117	407,063	26,325	17,249,602	167,976	61,447,850
17,597		56,000	12,777		135,887	614,144 78,866 453,395 168,194 6,953,000
17,597		56,000	12,777		135,887	8,267,599
						134,494
17,597		56,000	12,777		135,887	8,402,093
76,777	251,117	351,063	13,548	17,249,602	32,089	13,266,721 39,779,036
\$76,777	\$251,117	\$351,063	\$13,548	\$17,249,602	\$32,089	\$53,045,757

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
JUNE 30, 2004

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
OPERATING REVENUES				
Charges for services	\$4,461,192	\$4,023,689	\$2,374,050	\$1,895,250
Other	82,920		245,936	289,080
Total Operating Revenues	4,544,112	4,023,689	2,619,986	2,184,330
OPERATING EXPENSES				
Operations	3,926,142	24,287	1,528,620	736,023
Depreciation and amortization	5,497	3,498,405	5,452	
Claims expense			1,489,458	1,355,555
Total Operating Expenses	3,931,639	3,522,692	3,023,530	2,091,578
Operating Income (Loss)	612,473	500,997	(403,544)	92,752
NONOPERATING (EXPENSES)				
Interest revenue		114,524	31,156	36,217
Other		215,576		
Net Nonoperating Revenues (Expenses)		330,100	31,156	36,217
Income (Loss) Before Contributions and Transfers	612,473	831,097	(372,388)	128,969
Contributions		9,125		
Transfers in		1,033,740		
Transfers (out)	(809,480)	(153,620)	(7,000)	(7,000)
Change in Net Assets	(197,007)	1,720,342	(379,388)	121,969
Net assets (deficit)-beginning	(257,086)	27,060,113	1,636,042	5,366,576
Net assets (deficit)-ending	(\$454,093)	\$28,780,455	\$1,256,654	\$5,488,545

Self Insurance Funds

Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$77,534	\$112,911	\$1,002,758	\$281,918	\$1,685,989		\$15,915,291 617,936
77,534	112,911	1,002,758	281,918	1,685,989		16,533,227
81,866	100,610	995,163	284,437	266,695		7,943,843 3,509,354 2,845,013
81,866	100,610	995,163	284,437	266,695		14,298,210
(4,332)	12,301	7,595	(2,519)	1,419,294		2,235,017
660	1,387	2,231	258	33,181		219,614 215,576
660	1,387	2,231	258	33,181		435,190
(3,672)	13,688	9,826	(2,261)	1,452,475		2,670,207
(7,000)	(7,000)	(7,000)	(7,000)	11,193,085 (7,000)		9,125 12,226,825 (1,012,100)
(10,672)	6,688	2,826	(9,261)	12,638,560		13,894,057
87,449	244,429	348,237	22,809	4,611,042	\$32,089	39,151,700
\$76,777	\$251,117	\$351,063	\$13,548	\$17,249,602	\$32,089	\$53,045,757

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,489,151	\$4,053,817	\$2,333,106	\$1,895,250
Payments to suppliers	(2,097,251)	183,811	(1,642,353)	(738,309)
Payments to employees	(1,727,007)			
Claims paid			(732,458)	(692,555)
Other receipts (payments)	82,920		245,936	289,080
Net cash provided by operating activities	<u>747,813</u>	<u>4,237,628</u>	<u>204,231</u>	<u>753,466</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in due from other funds		158,939		
Increase (decrease) in due to other funds	62,128			
(Increase) decrease in advances to other funds		642,328		
Transfers in		1,033,740		
Transfers (out)	(809,480)	(153,620)	(7,000)	(7,000)
Cash Flows from Noncapital Financing Activities	<u>(747,352)</u>	<u>1,681,387</u>	<u>(7,000)</u>	<u>(7,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets		(3,045,530)		
Proceeds from sale of assets		4,501		
Other		211,075		
Contributions		9,125		
Cash Flows from Capital and Related Financing Activities		<u>(2,820,829)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends		45,691	28,856	31,647
Cash Flows from Investing Activities		<u>45,691</u>	<u>28,856</u>	<u>31,647</u>
Net increase (decrease) in cash and cash equivalents	461	3,143,877	226,087	778,113
Cash and investments at beginning of period		5,319,308	6,089,731	6,527,732
Cash and investments at end of period	<u>\$461</u>	<u>\$8,463,185</u>	<u>\$6,315,818</u>	<u>\$7,305,845</u>
NONCASH TRANSACTIONS:				
Loss on retirement of capital assets				
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$612,473	\$500,997	(\$403,544)	\$92,752
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,497	3,498,405	5,452	
Change in assets and liabilities:				
Receivables, net	9,163	30,128	(40,944)	
Accounts and other payables	120,680	208,098	643,267	660,714
Net cash provided by operating activities	<u>\$747,813</u>	<u>\$4,237,628</u>	<u>\$204,231</u>	<u>\$753,466</u>

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AGENCY FUNDS

AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Special Assessments/Community Facility Districts (CFDs)

These funds account for the monies collected and disbursed for land-based debt, where the City is not obligated for the debt.

Payroll Revolving Fund

This fund accounts for the payroll deductions and contributions that are held in transit.

Highway 65 JPA (Bizz Johnson JPA)

This JPA, which consists of the City, City of Rocklin and Placer County, was formed to fund interchanges off of Highway 65. The City acts as lead agency and treasurer. The fees are collected via building permits.

Dry Creek Drainage Basin

Fees are collected via building permits for the Dry Creek area and submitted quarterly to Placer County for drainage mitigation.

Disaster Recovery JPA (DRJPA)

The DRJPA was formed to provide disaster recovery for computer services. The members are the City, Yolo County of Education, City of West Sacramento, City of Alameda and Yolo County. The City of Woodland pays just for services (non-voting member). The City is acting as lead agency and treasurer. The agencies pay annual membership dues for maintenance of backup computer servers and capital outlay.

County Capital Facilities Fee

This fee was established by the County to fund future county capital facilities from development. It is collected via building permits and submitted quarterly to the County.

South Placer Wastewater Authority (SPWA)

SPWA is a Joint Powers Authority comprised of the City, Placer County and South Placer Public Utilities District. The City is acting as the treasurer and construction manager. This JPA was formed to issue debt to facilitate the construction of the regional wastewater infrastructure. The agencies collect regional wastewater connection fees and submit them to SPWA which is used for debt service payments and for the future expansion of facilities.

AGENCY FUNDS (Continued)

NCRCFD School Fees

Fees are collected for the school district from the North Central Roseville CFD area via the City's building permit process.

Special Sewer Benefit Area #4

This Sewer Special Benefit Area was established to reimburse from properties benefiting from certain sewer infrastructure and oversized pipelines in the southeast portion of the City. The reimbursements are made to Southfork Partnership.

South Placer County Tourism Business Improvement District (SPCTBID)

All hotels in the region are assessed fees for the purpose of promoting tourism in the area. These fees are forwarded to the City quarterly and then submitted quarterly to the SPCTBID.

South Placer County Safe Kids Coalition

The fees are collected for and submitted to an organization in Placer County for child safety programs.

South Placer Regional Traffic Fee

This fee is collected via building permits and submitted quarterly to Placer County Transportation Authority to fund regional traffic mitigation.

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CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Foothills Boulevard</u>				
Cash and investments in City Treasury	\$15,839	\$15,839	\$15,839	\$15,839
Due to bondholders	\$15,839	\$15,839	\$15,839	\$15,839
<u>Hilltop</u>				
Cash and investments in City Treasury	\$1,139	\$1,015	\$1,139	\$1,015
Accrued interest receivable	150		150	
Total Assets	\$1,289	\$1,015	\$1,289	\$1,015
Due to bondholders	\$1,289	\$1,015	\$1,289	\$1,015
<u>North Roseville/Rocklin Sewer</u>				
Cash and investments in City Treasury	\$431,329	\$490,788	\$431,329	\$490,788
Accrued interest receivable	1,500	1,497	1,500	1,497
Total Assets	\$432,829	\$492,285	\$432,829	\$492,285
Accounts payable		\$56		\$56
Due to bondholders	\$432,829	492,229	\$432,829	492,229
Total Liabilities	\$432,829	\$492,285	\$432,829	\$492,285
<u>Rocky Ridge/Harding</u>				
Cash and investments in City Treasury	\$519,758	\$561,062	\$519,758	\$561,062
Accrued interest receivable	1,294	1,291	1,294	1,291
Total Assets	\$521,052	\$562,353	\$521,052	\$562,353
Accounts payable		\$71		\$71
Due to bondholders	\$521,052	562,282	\$521,052	562,282
Total Liabilities	\$521,052	\$562,353	\$521,052	\$562,353
<u>Champion Oaks</u>				
Cash and investments in City Treasury	\$19,286	\$1		\$19,287
Due to bondholders	\$19,286	\$1		\$19,287

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Foothills Boulevard Extension</u>				
Cash and investments in City Treasury	\$1,074,190	\$1,197,486	\$1,074,190	\$1,197,486
Accrued interest receivable	3,960	3,953	3,960	3,953
Total Assets	\$1,078,150	\$1,201,439	\$1,078,150	\$1,201,439
Accounts payable		\$36		\$36
Due to bondholders	\$1,078,150	1,201,403	\$1,078,150	1,201,403
Total Liabilities	\$1,078,150	\$1,201,439	\$1,078,150	\$1,201,439
<u>Northeast Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,418,090	\$2,319,776	\$2,418,090	\$2,319,776
Restricted cash and investments with fiscal agents	1,117,375	1,110,662	1,117,375	1,110,662
Accrued interest receivable	19,936	18,957	19,936	18,957
Total Assets	\$3,555,401	\$3,449,395	\$3,555,401	\$3,449,395
Accounts payable	\$1,384	\$1,466	\$1,384	\$1,466
Due to bondholders	3,554,017	\$3,447,929	3,554,017	3,447,929
Total Liabilities	\$3,555,401	\$3,449,395	\$3,555,401	\$3,449,395
<u>Northwest Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,740,866	\$1,994,262	\$1,740,866	\$1,994,262
Restricted cash and investments with fiscal agents	2,390,548	2,378,660	2,390,548	2,378,660
Accrued interest receivable	59,236	10,683	59,236	10,683
Total Assets	\$4,190,650	\$4,383,605	\$4,190,650	\$4,383,605
Accounts payable	\$3,364	\$4,678	\$3,364	\$4,678
Due to bondholders	4,187,286	4,378,927	4,187,286	4,378,927
Total Liabilities	\$4,190,650	\$4,383,605	\$4,190,650	\$4,383,605
<u>Stoneridge East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$703,597	\$629,630	\$703,597	\$629,630
Restricted cash and investments with fiscal agents	1,188,488	1,188,442	1,188,488	1,188,442
Accrued interest receivable	24,343	23,985	24,343	23,985
Total Assets	\$1,916,428	\$1,842,057	\$1,916,428	\$1,842,057
Accounts payable	\$1,524	\$4,210	\$1,524	\$4,210
Due to bondholders	1,914,904	1,837,847	1,914,904	1,837,847
Total Liabilities	\$1,916,428	\$1,842,057	\$1,916,428	\$1,842,057

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Northeast Roseville Community Facilities District #2</u>				
Cash and investments in City Treasury	\$790,955	\$807,622	\$790,955	\$807,622
Restricted cash and investments with fiscal agents	1,108,548	1,101,673	1,108,548	1,101,673
Accrued interest receivable	4,811	9,796	4,811	9,796
Total Assets	\$1,904,314	\$1,919,091	\$1,904,314	\$1,919,091
Accounts payable	\$1,383	\$3,514	\$1,383	\$3,514
Due to bondholders	1,902,931	1,915,577	1,902,931	1,915,577
Total Liabilities	\$1,904,314	\$1,919,091	\$1,904,314	\$1,919,091
<u>North Central Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$8,728,442	\$8,899,179	\$10,223,791	\$7,403,830
Restricted cash and investments with fiscal agents	5,445,406	5,303,518	5,445,406	5,303,518
Accrued interest receivable	101,751	52,588	101,751	52,588
Total Assets	\$14,275,599	\$14,255,285	\$15,770,948	\$12,759,936
Accounts payable	\$4,183	\$6,534	\$4,183	\$6,534
Due to bondholders	14,271,416	14,248,751	15,766,765	12,753,402
Total Liabilities	\$14,275,599	\$14,255,285	\$15,770,948	\$12,759,936
<u>North Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,011,418	\$996,349	\$1,011,418	\$996,349
Restricted cash and investments with fiscal agents	1,548,258	1,537,685	1,548,258	1,537,685
Accrued interest receivable	18,843	16,269	18,843	16,269
Total Assets	\$2,578,519	\$2,550,303	\$2,578,519	\$2,550,303
Accounts payable	\$3,021	\$5,061	\$3,021	\$5,061
Due to bondholders	2,575,498	2,545,242	2,575,498	2,545,242
Total Liabilities	\$2,578,519	\$2,550,303	\$2,578,519	\$2,550,303
<u>Woodcreek West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$871,711	\$858,658	\$871,711	\$858,658
Restricted cash and investments with fiscal agents	1,420,905	1,410,927	1,420,905	1,410,927
Accrued interest receivable	13,498	12,509	13,498	12,509
Total Assets	\$2,306,114	\$2,282,094	\$2,306,114	\$2,282,094
Accounts payable	\$2,352	\$5,042	\$2,352	\$5,042
Due to bondholders	2,303,762	2,277,052	2,303,762	2,277,052
Total Liabilities	\$2,306,114	\$2,282,094	\$2,306,114	\$2,282,094

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Highland Reserve North Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,191,384	\$3,084,274	\$2,191,384	\$3,084,274
Restricted cash and investments with fiscal agents	2,710,241	2,691,667	2,710,241	2,691,667
Accrued interest receivable	26,485	24,573	26,485	24,573
Total Assets	\$4,928,110	\$5,800,514	\$4,928,110	\$5,800,514
Accounts payable	\$1,886	\$4,688	\$1,886	\$4,688
Due to bondholders	4,926,224	5,795,826	4,926,224	5,795,826
Total Liabilities	\$4,928,110	\$5,800,514	\$4,928,110	\$5,800,514
<u>Stoneridge Parcel 1 Community Facilities District #1</u>				
Cash and investments in City Treasury	\$101,715	\$98,668	\$101,715	\$98,668
Restricted cash and investments with fiscal agents	162,352	162,126	162,352	162,126
Accrued interest receivable	609	597	609	597
Total Assets	\$264,676	\$261,391	\$264,676	\$261,391
Accounts payable	\$878	\$2,955	\$878	\$2,955
Due to bondholders	263,798	258,436	263,798	258,436
Total Liabilities	\$264,676	\$261,391	\$264,676	\$261,391
<u>Woodcreek East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$362,812	\$468,935	\$362,812	\$468,935
Restricted cash and investments with fiscal agents	441,484	438,526	441,484	438,526
Accrued interest receivable	4,618	4,739	4,618	4,739
Total Assets	\$808,914	\$912,200	\$808,914	\$912,200
Accounts payable	\$1,255	\$3,328	\$1,255	\$3,328
Due to bondholders	807,659	908,872	807,659	908,872
Total Liabilities	\$808,914	\$912,200	\$808,914	\$912,200
<u>Stoneridge West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$500,326	\$546,764	\$500,326	\$546,764
Restricted cash and investments with fiscal agents	924,987	924,967	924,987	924,967
Accrued interest receivable	18,511	18,990	18,511	18,990
Total Assets	\$1,443,824	\$1,490,721	\$1,443,824	\$1,490,721
Accounts payable	\$1,810	\$3,972	\$1,810	\$3,972
Due to bondholders	1,442,014	1,486,749	1,442,014	1,486,749
Total Liabilities	\$1,443,824	\$1,490,721	\$1,443,824	\$1,490,721

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Crocker Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury	\$356,549	\$1,221,725	\$356,549	\$1,221,725
Restricted cash and investments with fiscal agents	1,781,016	1,422,461	1,781,016	1,422,461
Accrued Interest receivable	3,287	8,554	3,287	8,554
Total Assets	\$2,140,852	\$2,652,740	\$2,140,852	\$2,652,740
Accounts payable		\$6,513		\$6,513
Due to bondholders	\$2,140,852	2,646,227	\$2,140,852	\$2,646,227
Total Liabilities	\$2,140,852	\$2,652,740	\$2,140,852	\$2,652,740
<u>Stone Point Community Facilities District #1</u>				
Cash and investments in City Treasury	\$965,133	\$930,209	\$965,133	\$930,209
Restricted cash and investments with fiscal agents	964,103	340,312	964,103	340,312
Accrued interest receivable	4,664	4,360	4,664	4,360
Total Assets	\$1,933,900	\$1,274,881	\$1,933,900	\$1,274,881
Accounts payable		\$3,552		\$3,552
Due to bondholders	\$1,933,900	1,271,329	\$1,933,900	1,271,329
Total Liabilities	\$1,933,900	\$1,274,881	\$1,933,900	\$1,274,881
<u>Payroll Revolving</u>				
Cash and investments in City Treasury	\$1,303,663	\$1,017,206	\$1,303,663	\$1,017,206
Accounts payable	\$1,303,663	\$1,017,206	\$1,303,663	\$1,017,206
<u>Highway 65 JPA</u>				
Cash and investments in City Treasury	\$2,007,196	\$5,687,488	\$2,007,196	\$5,687,488
Accrued interest receivable	11,744	33,116	11,744	33,116
Due from other government agencies	1,685,766	82,048	1,685,766	82,048
Total Assets	\$3,704,706	\$5,802,652	\$3,704,706	\$5,802,652
Due to member agencies	\$3,704,706	\$5,802,652	\$3,704,706	\$5,802,652
<u>Dry Creek Drainage Basin</u>				
Cash and investments in City Treasury	\$127,015	\$99,124	\$127,015	\$99,124
Accounts receivable	36	5	36	5
Accrued interest receivable	674	519	674	519
Deferred receivable	1,628	900	1,628	900
Total Assets	\$129,353	\$100,548	\$129,353	\$100,548
Accounts Payable	\$84,769	\$56,423	\$84,769	\$56,423
Accrued liabilities	52,757	53,113	52,757	53,113
Due to bondholders	(8,173)	(8,988)	(8,173)	(8,988)
Total Liabilities	\$129,353	\$100,548	\$129,353	\$100,548

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Disaster Recovery JPA</u>				
Cash and investments in City Treasury	\$53,750	\$46,503	\$53,750	\$46,503
Accrued interest receivable	300	277	300	277
Due from other government agencies	16,000		16,000	
Total Assets	\$70,050	\$46,780	\$70,050	\$46,780
Accounts payable		\$500		\$500
Due to member agencies	\$70,050	46,280	\$70,050	46,280
Total Liabilities	\$70,050	\$46,780	\$70,050	\$46,780
<u>County Capital Facilities Fee</u>				
Cash and investments in City Treasury	\$780,512	\$630,644	\$780,512	\$630,644
Accrued interest receivable	19,004	3,119	19,004	3,119
Total Assets	\$799,516	\$633,763	\$799,516	\$633,763
Accounts payable	\$717,623	\$580,272	\$717,623	\$580,272
Due to others	81,893	53,491	81,893	53,491
Total Liabilities	\$799,516	\$633,763	\$799,516	\$633,763
<u>South Placer Wastewater Authority</u>				
Cash and investments in City Treasury	\$129,753,884	\$11,729,742	\$6,356,203	\$135,127,423
Restricted cash and investments with fiscal agents	48,374,662		8,273,496	40,101,166
Accounts receivable	16,750		9,781	6,969
Accrued interest receivable	658,858	649,499	658,858	649,499
Due from other government agencies	568,599	1,023,994	568,599	1,023,994
Deferred receivable	18,626		18,626	
Total Assets	\$179,391,379	\$13,403,235	\$15,885,563	\$176,909,051
Accounts payable	\$2,368,495	\$2,653,931	\$2,368,495	\$2,653,931
Accrued liabilities	889,755	133,676	889,755	133,676
Due to member agencies	176,133,129	10,615,628	12,627,313	174,121,444
Total Liabilities	\$179,391,379	\$13,403,235	\$15,885,563	\$176,909,051
<u>North Central Roseville Community Facilities District School Fees</u>				
Cash and investments in City Treasury	\$190,241	\$21,313	\$190,241	\$21,313
Accrued interest receivable	1,068	125	1,068	125
Total Assets	\$191,309	\$21,438	\$191,309	\$21,438
Accounts payable	\$187,670		\$187,670	
Due to others	3,639	\$21,438	3,639	\$21,438
Total Liabilities	\$191,309	\$21,438	\$191,309	\$21,438

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
<u>Special Sewer Benefit Area #4</u>				
Cash and investments in City Treasury	\$5,211	\$111,590	\$5,211	\$111,590
Accrued interest receivable	31	395	31	395
Total Assets	\$5,242	\$111,985	\$5,242	\$111,985
Accounts payable	\$5,016	\$111,720	\$5,016	\$111,720
Due to others	226	265	226	265
Total Liabilities	\$5,242	\$111,985	\$5,242	\$111,985
<u>South Placer County Tourism Business Improvement District (SPCTBID)</u>				
Cash and investments in City Treasury		\$1,425		\$1,425
Accounts receivable	\$103,617	132,739	\$103,617	132,739
Accrued interest receivable		8		8
Total Assets	\$103,617	\$134,172	\$103,617	\$134,172
Accounts payable		\$132,741		\$132,741
Due to others	\$103,617	1,431	\$103,617	1,431
Total Liabilities	\$103,617	\$134,172	\$103,617	\$134,172
<u>South Placer County Safe Kids Coalition</u>				
Cash and investments in City Treasury		\$2,647		\$2,647
Accrued interest receivable		13		13
Total Assets		\$2,660		\$2,660
Accounts payable		\$1,078		\$1,078
Due to others		1,582		1,582
Total Liabilities		\$2,660		\$2,660
<u>South Placer Regional Traffic Fee</u>				
Cash and investments in City Treasury	\$311,397	\$302,125	\$311,397	\$302,125
Accrued interest receivable	1,289	1,331	1,289	1,331
Total Assets	\$312,686	\$303,456	\$312,686	\$303,456
Accounts payable		\$304,148		\$304,148
Due to others	\$312,686	(692)	\$312,686	(692)
Total Liabilities	\$312,686	\$303,456	\$312,686	\$303,456

Other	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
Cash and investments in City Treasury	\$18,275	\$13,014	\$18,275	\$13,014
Total Assets	<u>\$18,275</u>	<u>\$13,014</u>	<u>\$18,275</u>	<u>\$13,014</u>
Accounts payable				
Due to other government agencies	\$18,261		\$5,247	\$13,014
Due to others	14	\$13,014	13,028	
Total Liabilities	<u>\$18,275</u>	<u>\$13,014</u>	<u>\$18,275</u>	<u>\$13,014</u>
<u>Total Agency Funds</u>				
Cash and investments in City Treasury	\$157,355,683	\$44,785,063	\$35,434,065	\$166,706,681
Restricted cash and investments with fiscal agents	69,578,373	20,011,626	29,477,207	60,112,792
Accounts receivable	120,403	132,744	113,434	139,713
Accrued interest receivable	1,000,464	901,743	1,000,464	901,743
Due from other government agencies	2,270,365	1,106,042	2,270,365	1,106,042
Deferred receivable	20,254	900	20,254	900
Total Assets	<u>\$230,345,542</u>	<u>\$66,938,118</u>	<u>\$68,315,789</u>	<u>\$228,967,871</u>
Accounts payable	\$4,690,276	\$4,913,695	\$4,690,276	\$4,913,695
Accrued liabilities	942,512	186,789	942,512	186,789
Due to other government agencies	18,261		5,247	13,014
Due to member agencies	179,907,885	16,464,560	16,402,069	179,970,376
Due to bondholders	44,284,533	45,282,545	45,760,596	43,806,482
Due to others	502,075	90,529	515,089	77,515
Total Liabilities	<u>\$230,345,542</u>	<u>\$66,938,118</u>	<u>\$68,315,789</u>	<u>\$228,967,871</u>

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STATISTICAL SECTION

STATISTICAL SECTION

The statistical section is unchanged by GASB Statement 34. It contains comprehensive statistical data which relates to physical, economic, social and political characteristics of the City. It is intended to provide users with a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules included in the financial section.

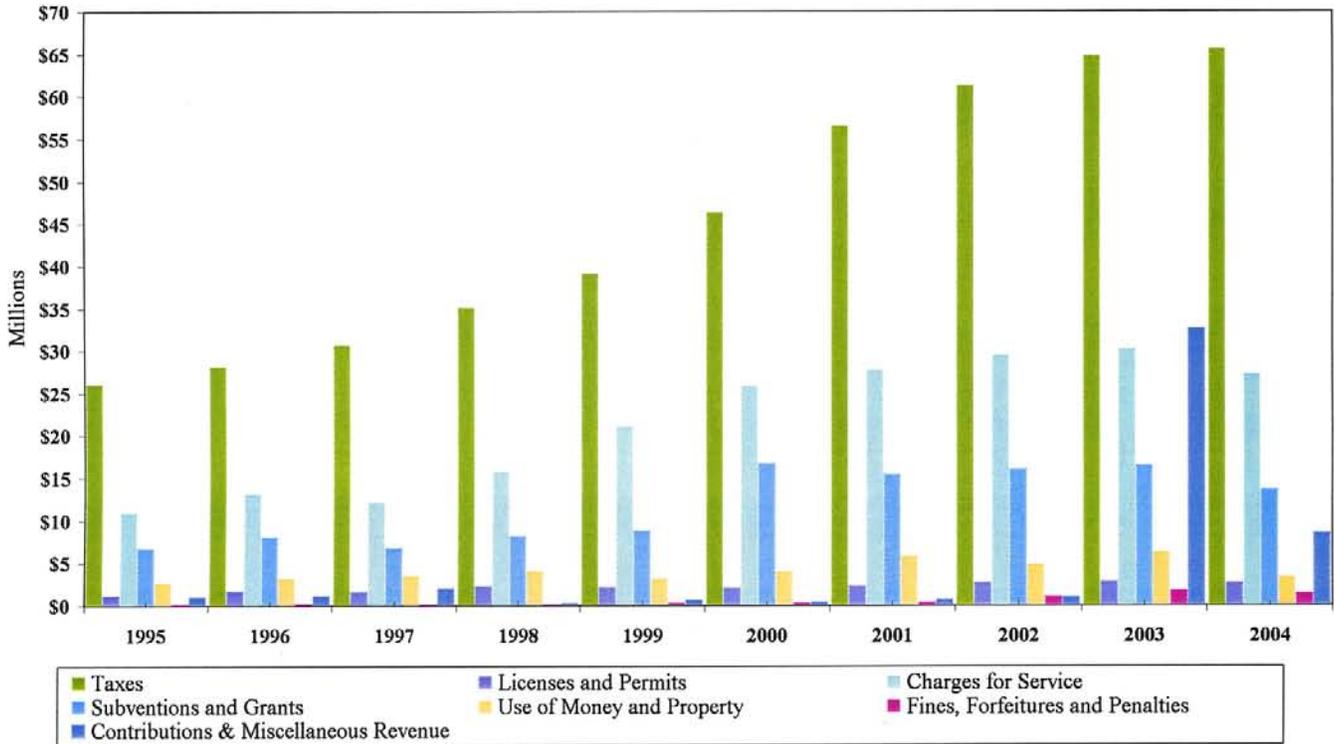
In this section, readers will find comparative information related to the City's revenue sources, expenditures, property tax valuations, levies and collections, general obligation bonded debt, sewer revenue debt service, demographics and pension plan funding. Where available, the comparative information is presented for the last ten fiscal years.

In addition, this section presents information related to the City's legal debt margin computation, principal taxpayers, notary and security bond coverages, and other miscellaneous statistics pertaining to services provided by the City.

In contrast to the financial section, the statistical section information is not subject to independent audit.

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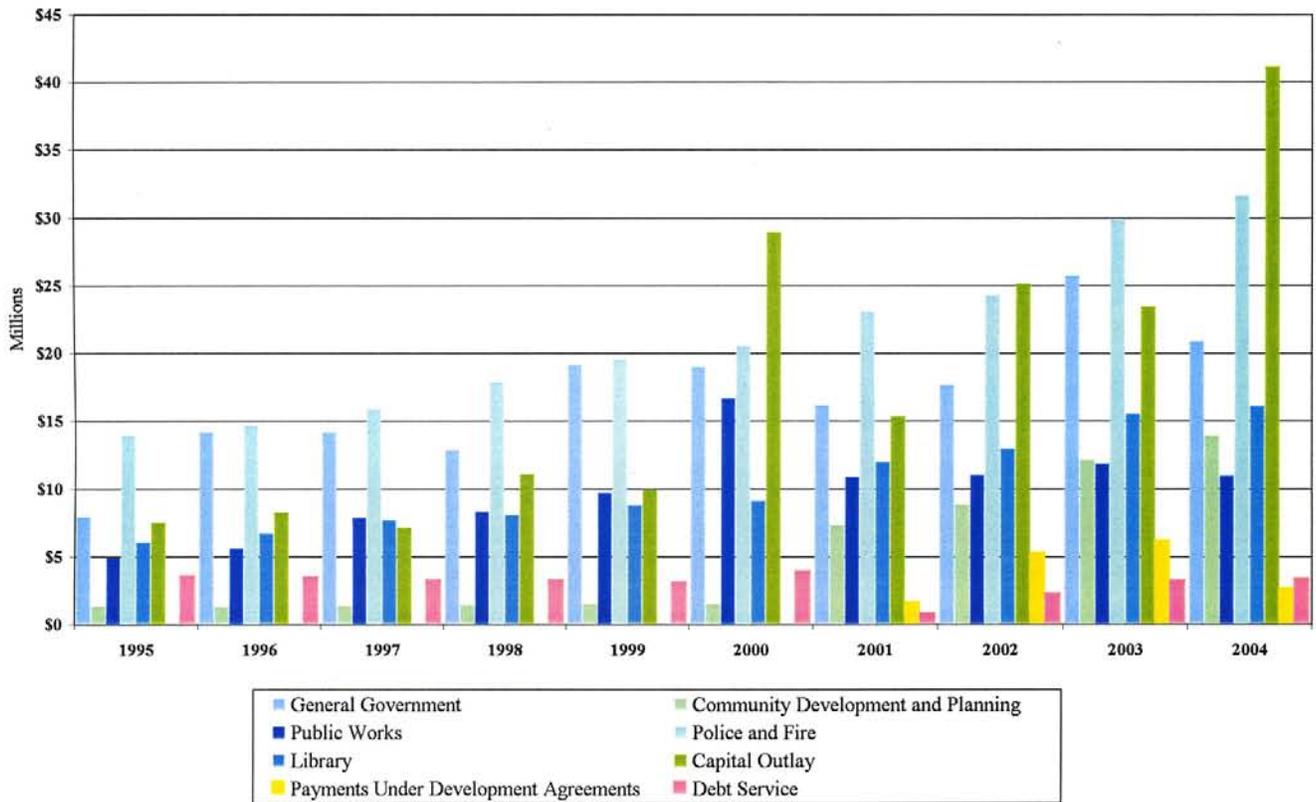
**CITY OF ROSEVILLE
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**



Fiscal Year	Taxes	Licenses and Permits	Charges for Service	Subventions and Grants	Use of Money and Property	Fines Forfeitures and Penalties	Contributions & Miscellaneous Revenue	Total
1995	\$26,085,873	\$ 1,301,428	\$11,025,369	\$ 6,835,027	\$ 2,779,290	\$ 223,165	\$ 1,023,988	\$49,274,140
1996	28,222,493	1,764,683	13,245,743	8,213,297	3,298,949	264,800	1,189,983	56,199,948
1997	30,729,846	1,711,635	12,197,372	6,895,174	3,604,536	256,322	2,067,492	57,462,377
1998	35,190,795	2,365,373	15,860,923	8,230,879	4,191,352	250,569	309,110	66,399,001
1999	39,152,089	2,274,709	21,139,783	8,911,568	3,313,178	345,121	686,286	75,822,734
2000	46,414,028	2,210,596	25,857,630	16,785,739	4,139,898	354,984	423,235	96,186,110
2001	56,621,766	2,431,091	27,815,523	15,518,284	5,936,578	465,239	782,137	109,570,618
2002	61,361,572	2,787,695	29,588,383	16,109,594	4,963,803	1,093,381	1,017,892	116,922,320
2003	64,810,700	2,913,664	30,198,984	16,583,320	6,361,032	1,842,340	32,641,739	155,351,779
2004	65,671,879	2,784,570	27,343,649	13,758,850	3,455,309	1,471,716	8,568,714	123,054,687

Source: The City's Comprehensive Annual Financial Reports

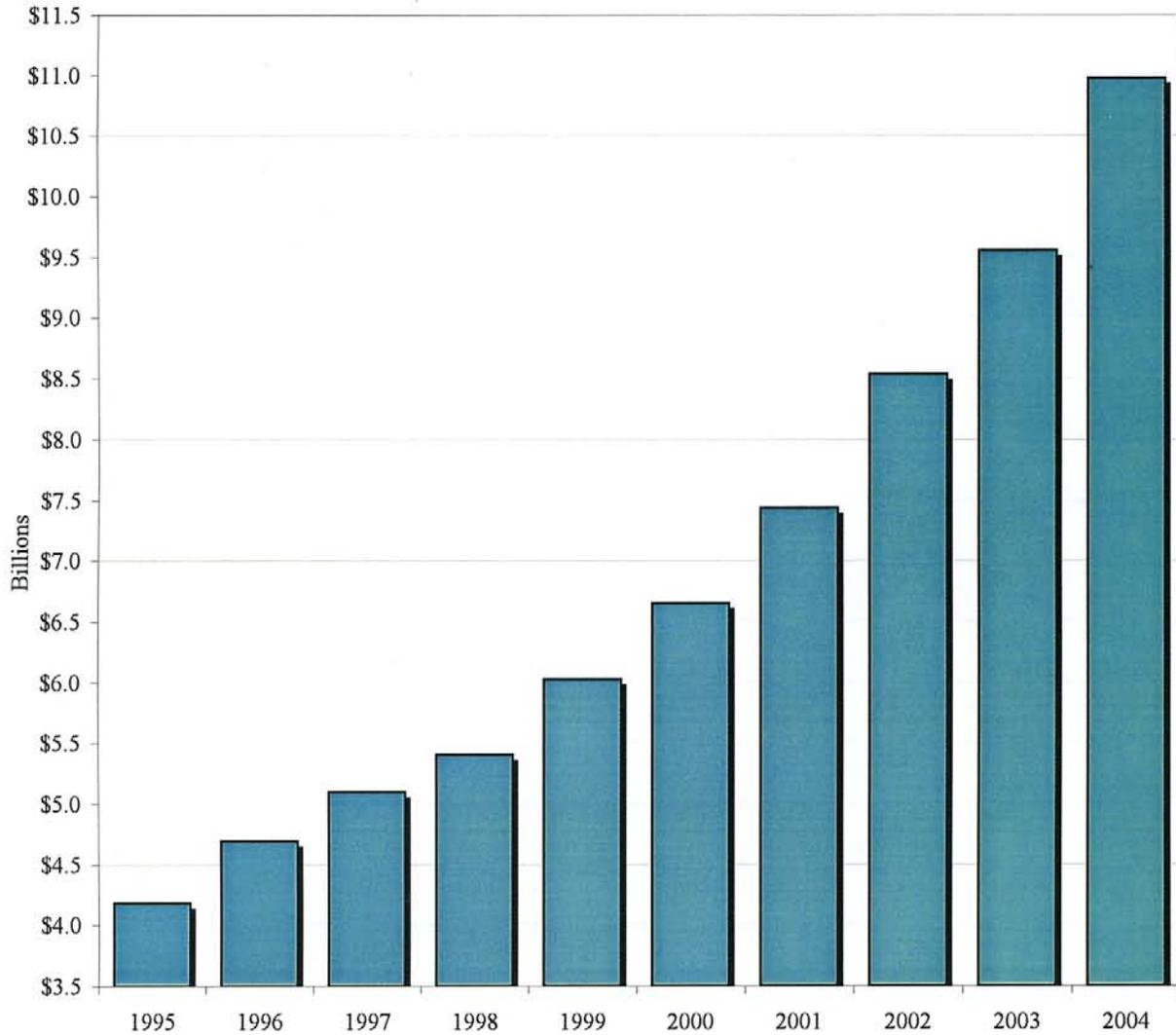
**CITY OF ROSEVILLE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**



Fiscal Year	General Government	Community Development and Planning	Public Works	Police and Fire	Parks & Rec and Library	Capital Outlay	Payments Under Development Agreements	Debt Service	Total
1995	\$ 7,933,446	\$ 1,341,717	\$ 4,960,030	\$ 13,971,839	\$ 6,068,084	\$ 7,541,796		\$ 3,595,001	\$ 45,411,913
1996	14,227,282	1,314,969	5,598,338	14,756,331	6,741,962	8,261,218		3,483,538	54,383,638
1997	14,225,324	1,431,319	7,837,361	15,917,315	7,702,134	7,146,279		3,235,446	57,495,178
1998	12,879,952	1,460,151	8,330,762	17,908,183	8,087,691	11,114,749		3,249,513	63,031,001
1999	19,144,670	1,495,145	9,691,170	19,579,783	8,782,451	9,980,765		3,093,521	71,767,505
2000	19,020,015	1,496,176	16,652,261	20,551,250	9,109,736	28,933,841		3,904,778	99,668,057
2001	16,185,257	7,361,138	10,873,585	23,065,839	12,025,744	15,357,884	\$ 1,603,838	800,796	87,274,081
2002	17,714,229	8,840,764	10,991,887	24,279,152	12,985,905	25,157,887	5,214,902	2,273,180	107,457,906
2003	25,734,538	12,147,082	11,880,167	29,776,270	15,523,314	23,432,869	6,131,086	3,224,151	127,849,477
2004	20,919,559	13,934,717	10,956,006	31,653,998	16,092,113	41,149,143	2,607,608	3,351,886	140,665,030

Source: The City's Comprehensive Annual Financial Report

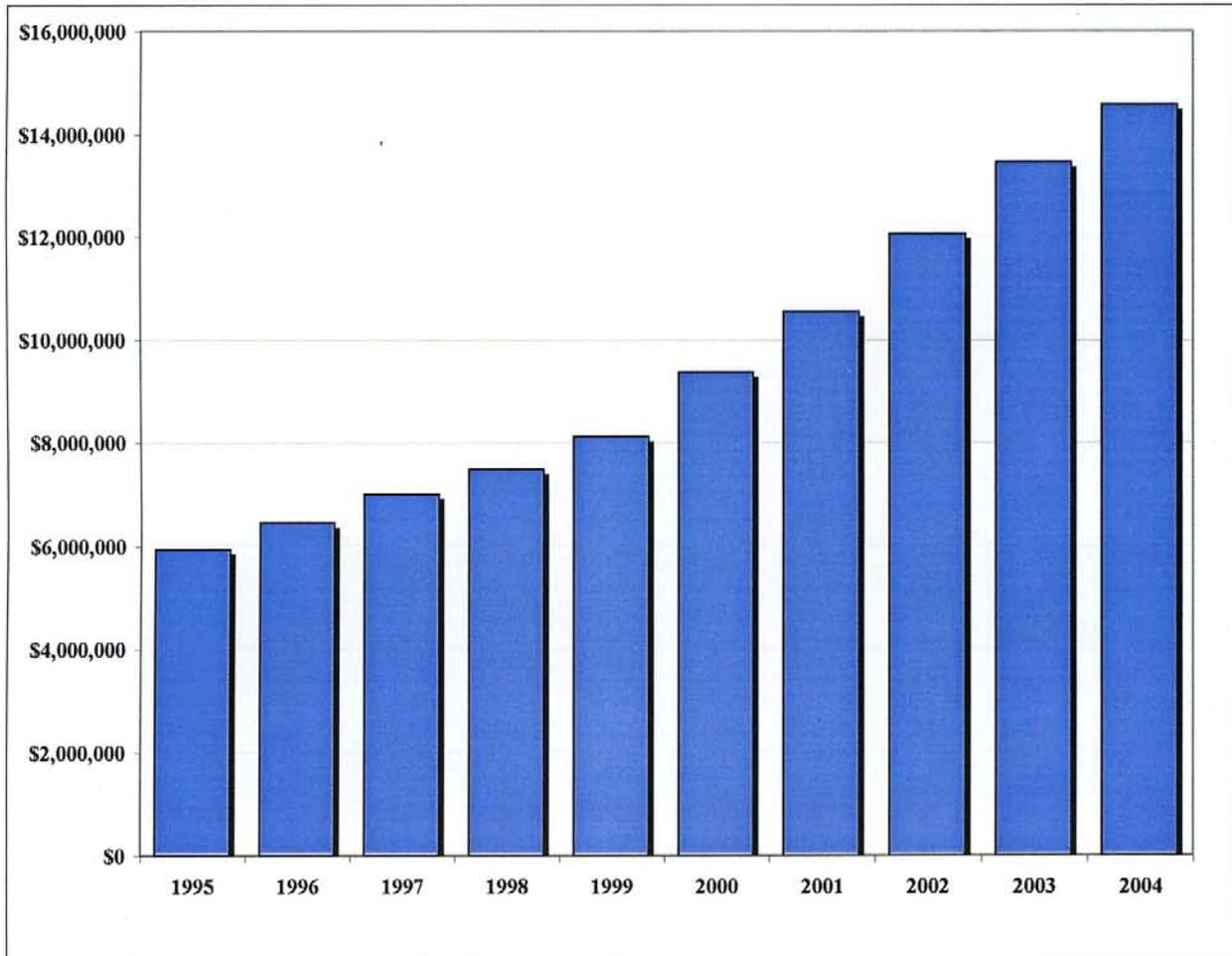
**CITY OF ROSEVILLE
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



Fiscal Year	Assessed Value	Valuation Increase (Decrease)	
		Amount	Percent
1995	\$ 4,181,516,272	\$ 231,921,203	5.9%
1996	4,695,131,439	513,615,167	12.3%
1997	5,098,009,081	402,877,642	8.6%
1998	5,404,552,510	306,543,429	6.0%
1999	6,027,829,273	623,276,763	11.5%
2000	6,651,499,947	623,670,674	10.3%
2001	7,433,802,352	782,302,405	11.8%
2002	8,537,321,617	1,103,519,265	14.8%
2003	9,557,134,348	1,019,812,731	11.9%
2004	10,977,317,224	1,420,182,876	14.9%

Source: Placer County Tax Rates and Information

**CITY OF ROSEVILLE, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

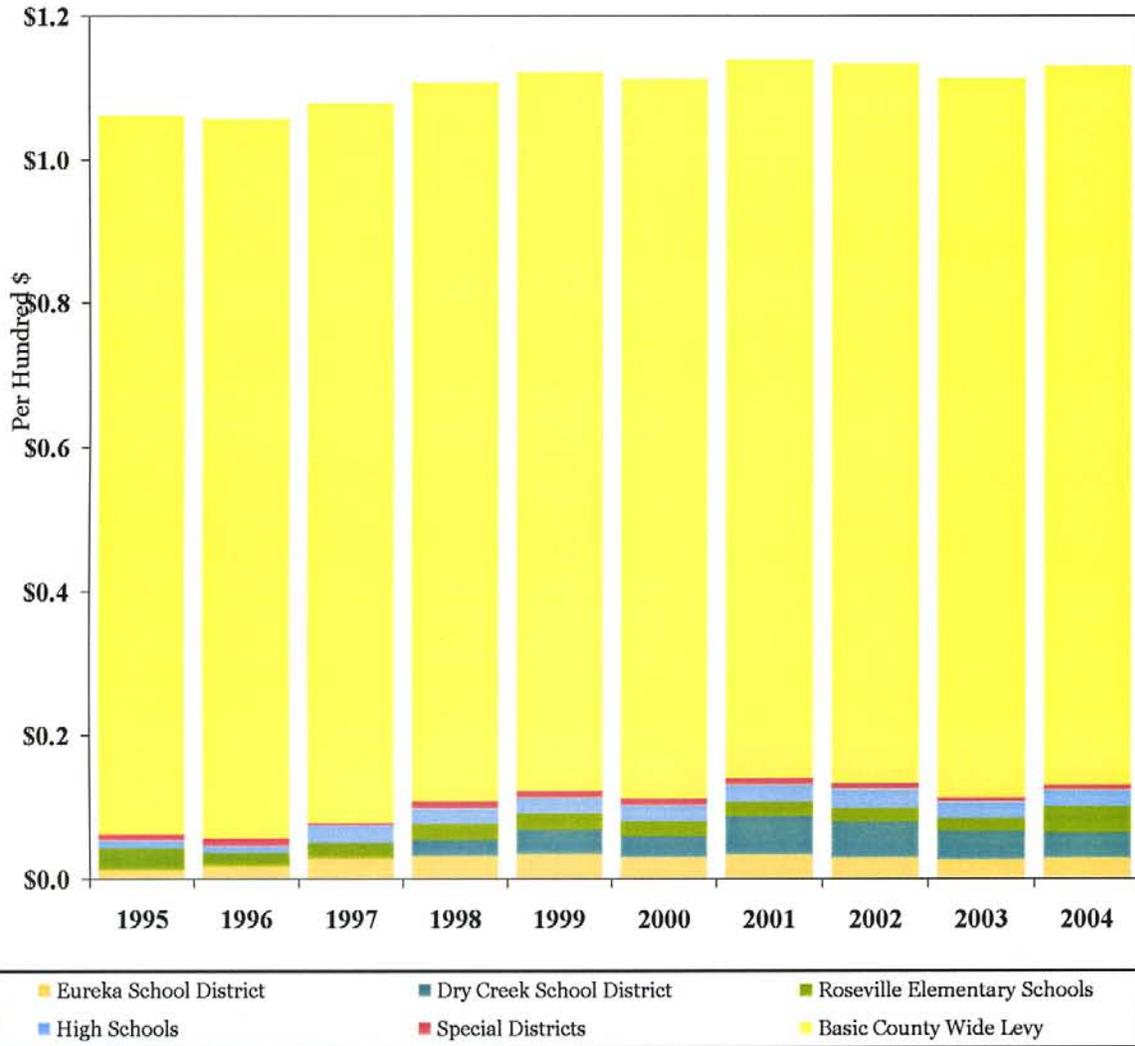


Fiscal Year	Taxes Levied (a)	Current Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Taxes Collected	Percent of Levy
1995	\$ 5,907,853	\$ 5,930,317	100.39%	(b)	\$ 5,930,317	100.38%
1996	6,601,393	6,448,353	97.68%		6,448,353	97.68%
1997	7,186,779	7,002,999	97.44%		7,002,999	97.44%
1998	7,579,293	7,480,287	98.69%		7,480,287	98.69%
1999	8,464,546	8,114,689	95.87%		8,114,689	95.87%
2000	9,411,328	9,367,744	99.54%		9,367,744	99.54%
2001	10,457,636	10,552,003	100.90%		10,552,003	100.90%
2002	11,995,194	12,056,708	100.51%		12,056,708	100.51%
2003	13,800,915	13,460,448	97.53%		13,460,448	97.53%
2004	14,747,241	14,582,072	98.88%		14,582,072	98.88%

(a) Levies include real and personal property.

(b) The City selected to participate in the "Teeter" plan offered by the County whereby cities receive 100% of the taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The "Teeter" plan does not apply to Special Assessment Districts.

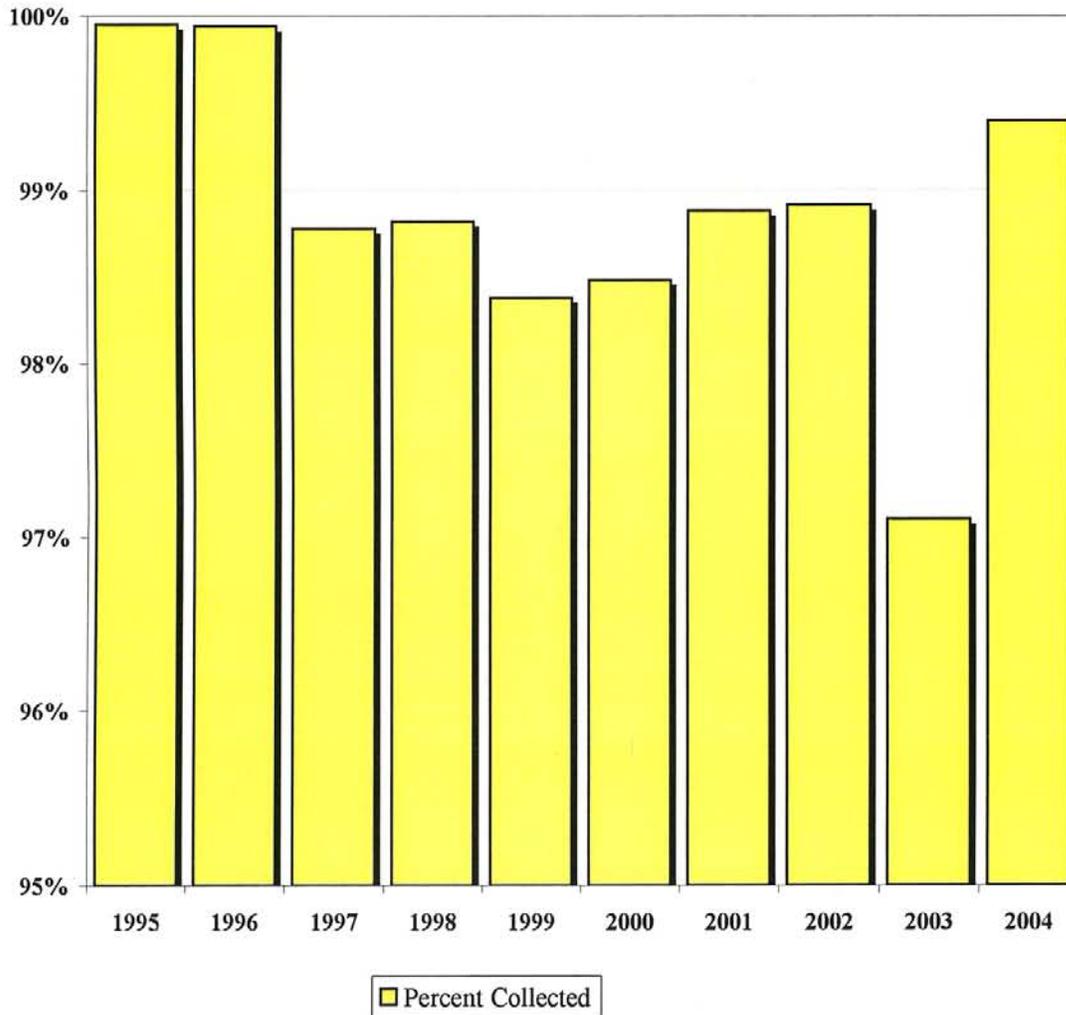
CITY OF ROSEVILLE
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	Eureka School District	Dry Creek School District	Roseville Elementary Schools	High Schools	Special Districts	Total
1995	\$1.0000	0.0112	0.0000	0.0316	0.0094	0.0088	\$1.0610
1996	1.0000	0.0169	0.0000	0.0188	0.0082	0.0115	1.0554
1997	1.0000	0.0279	0.0000	0.0216	0.0238	0.0041	1.0774
1998	1.0000	0.0304	0.0227	0.0224	0.0208	0.0111	1.1073
1999	1.0000	0.0330	0.0347	0.0223	0.0220	0.0093	1.1212
2000	1.0000	0.0284	0.0303	0.0205	0.0222	0.0095	1.1109
2001	1.0000	0.0323	0.0539	0.0204	0.0229	0.0093	1.1388
2002	1.0000	0.0278	0.0502	0.0198	0.0253	0.0092	1.1322
2003	1.0000	0.0244	0.0411	0.0178	0.0223	0.0065	1.1120
2004	1.0000	0.0265	0.0365	0.0362	0.0218	0.0079	1.1290

Source: Placer County Tax Rates and Information

**CITY OF ROSEVILLE
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Assessment Levied</u>	<u>Assessment Collections</u>	<u>Percent Collected</u>
1995	\$ 16,343,142	\$ 16,335,090	99.95%
1996	16,572,043	16,562,494	99.94%
1997	15,079,107	14,895,053	98.78%
1998	16,447,517	16,253,207	98.82%
1999	17,781,968	17,493,970	98.38%
2000	19,041,792	18,752,377	98.48%
2001	22,162,830	21,914,769	98.88%
2002	25,073,596	24,801,347	98.91%
2003	25,224,753	24,495,026	97.11%
2004	26,351,783	26,192,958	99.40%

Source: Placer County Bond Assessment Maintenance Schedule and Muni Financial

**CITY OF ROSEVILLE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004**

2003-04 Assessed Valuation:	\$10,977,332,574
Redevelopment Incremental Valuation:	390,970,263
Adjusted Assessed Valuation:	<u>\$10,586,362,311</u>

	PERCENTAGE APPLICABLE TO CITY OF ROSEVILLE	AMOUNT APPLICABLE TO CITY OF ROSEVILLE
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Placer County Water Agency, Zone No. 1	2.073%	\$ 5,390
Roseville Joint Union High School District	73.181%	28,599,048
Rocklin Unified School District	0.017%	16,310
Dry Creek Joint School District	63.500%	12,292,357
Eureka Union School District	37.859%	4,235,852
Roseville City School District	97.202%	40,738,108
San Juan Suburban Water District	4.461%	43,718
City of Roseville Community Facilities Districts	38.655-100%	227,644,009
City of Roseville 1915 Act Bonds	100.000%	3,755,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 317,329,792</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Placer County Certificates of Participation	31.256%	\$ 7,753,051
Placer County Office of Education Certificates of Participation	31.256%	968,936
Sierra Joint Community College District Certificates of Participation	22.599%	963,847
Roseville Joint Union High School District Certificates of Participation	73.181%	5,528,825
Eureka Union School District Certificates of Participation	37.859%	2,898,106
Roseville City School District Certificates of Participation	97.202%	19,809,768
City of Roseville Certificates of Participation	100.000%	26,515,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 64,437,533</u>
COMBINED TOTAL DEBT		<u><u>\$ 381,767,325</u></u> (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2003-04 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.89%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$26,515,000) 0.25%
Combined Total Debt 3.61%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$0

CITY OF ROSEVILLE
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2004

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u><u>\$10,522,257,652</u></u>
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$394,584,662</u>
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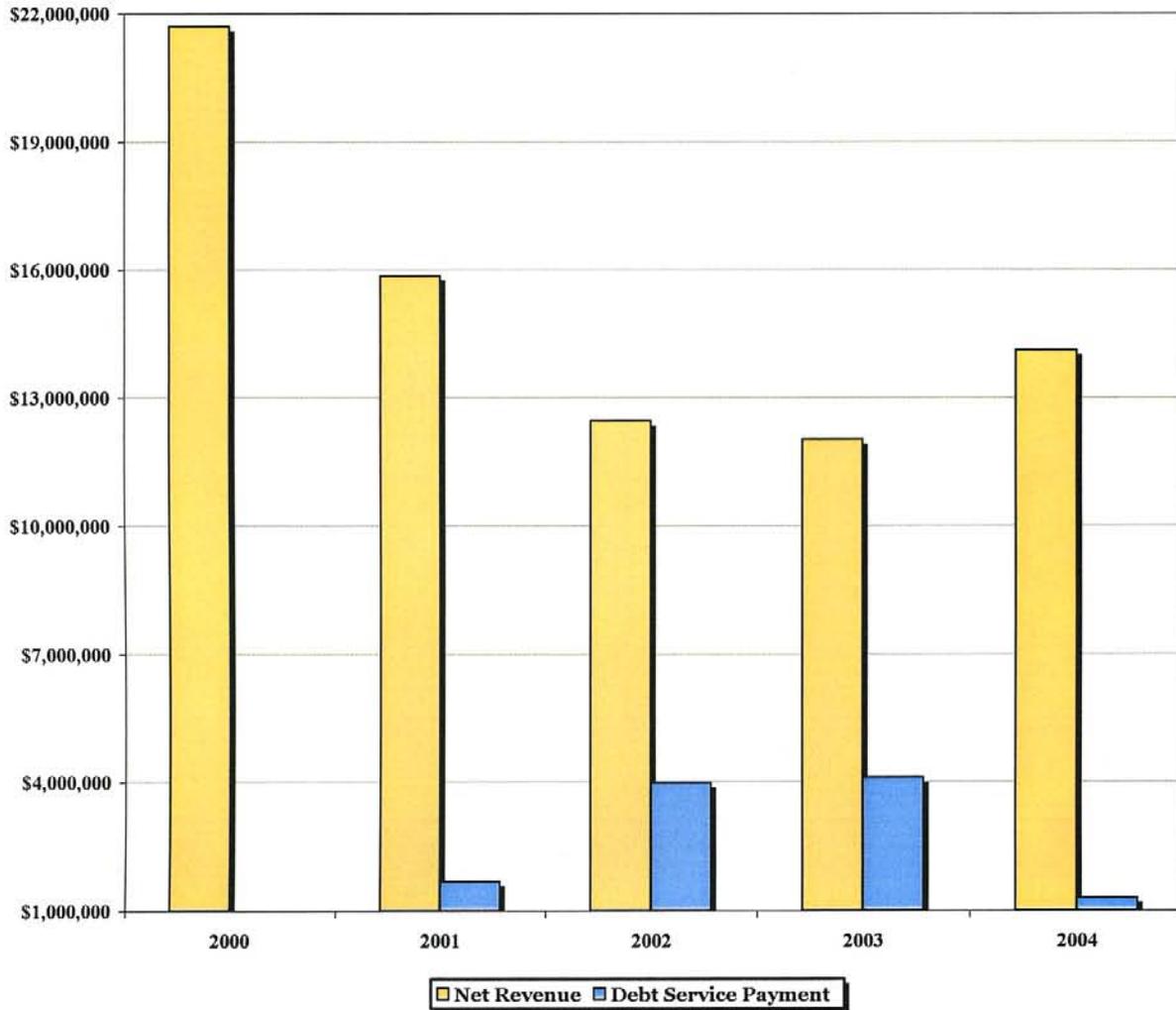
AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	
Less Tax Allocation Bonds and Sales Tax Revenue	
Bonds, Certificate of Participation not subject to limit	<u>0</u>
Amount of debt subject to limit	<u>0</u>

LEGAL BONDED DEBT MARGIN	<u><u>\$394,584,662</u></u>
--------------------------	-----------------------------

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2000 WASTEWATER REVENUE BONDS
LAST FIVE FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 28,429,548	\$ 6,733,043	\$ 21,696,505	\$ -	\$ -	\$ -	
2001	25,428,386	9,573,817	15,854,569	-	1,687,679	1,687,679	9.39
2002	24,695,978	12,245,420	12,450,558	1,037,356	2,955,498	3,992,854	3.12
2003	25,349,107	13,323,621	12,025,486	1,191,740	2,908,817	4,100,557	2.93
2004	24,313,564	10,199,806	14,113,758	1,237,785	50,867 *	1,288,652	10.95

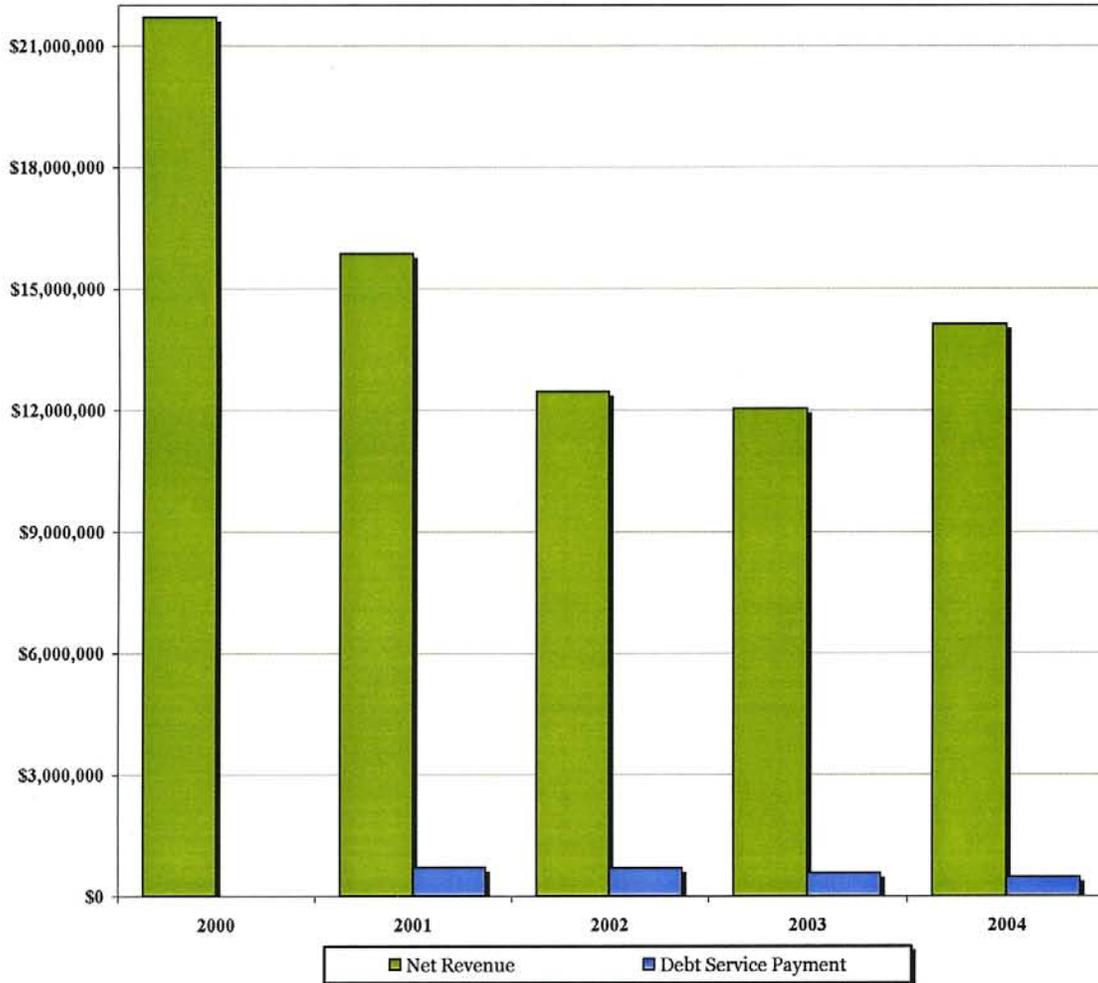
Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue

(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

* Refinanced with the 2003 Refunding Variable Rate Wastewater Revenue Bonds

Source: City of Roseville Annual Financial Statements

CITY OF ROSEVILLE
2000 VARIABLE RATE DEMAND WASTEWATER REVENUE BONDS
LAST FIVE FISCAL YEARS



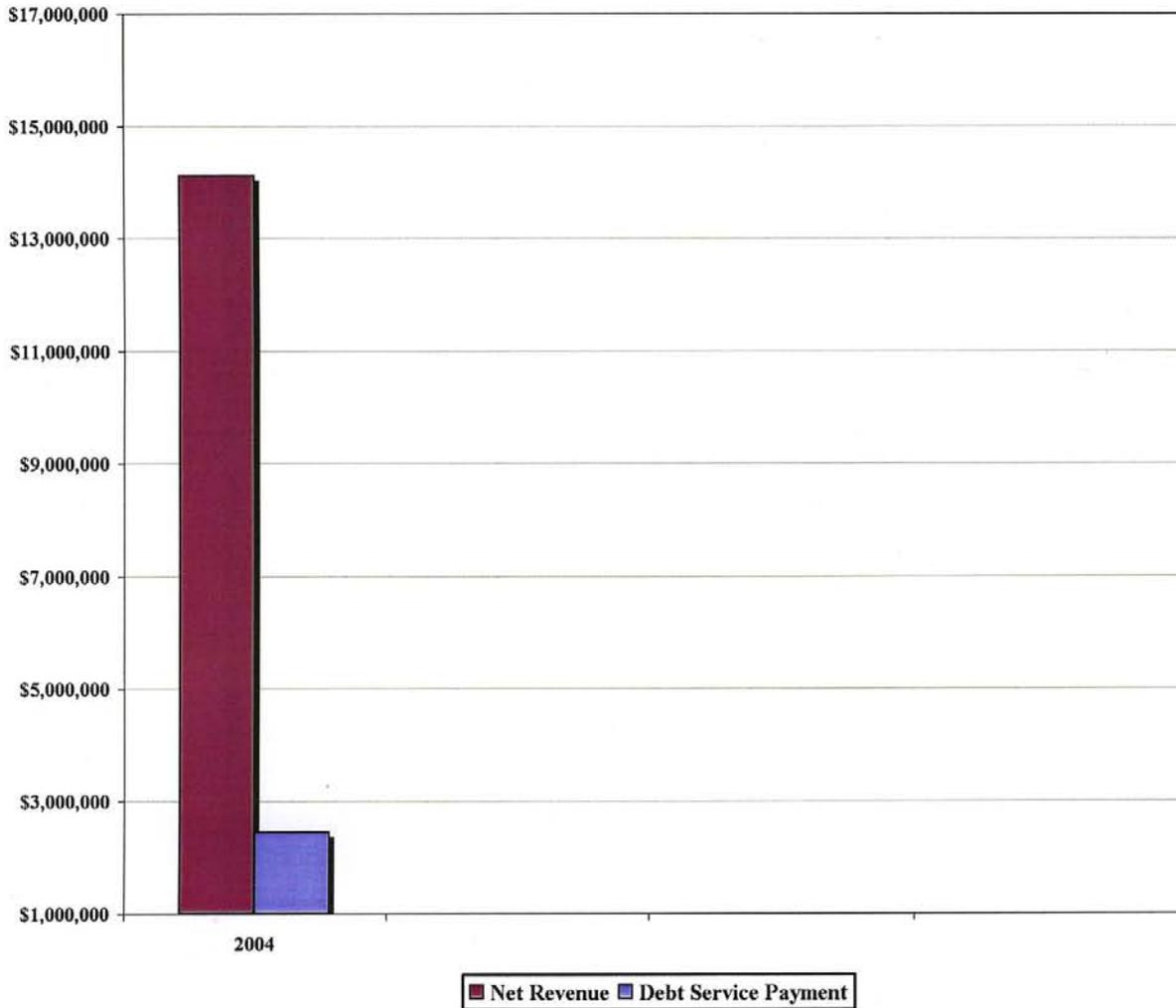
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$28,429,548	\$6,733,043	\$21,696,505	\$0	\$0	\$0	
2001	25,428,386	9,573,817	15,854,569	0	709,607	709,607	22.34
2002	24,695,978	12,245,420	12,450,558	0	699,238	699,238	17.81
2003	25,349,107	13,323,621	12,025,486	0	562,542	562,542	21.38
2004	24,313,564	10,199,806	14,113,758	0	464,168	464,168	30.41

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue

(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Roseville Annual Financial Statements

**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2003 REFUNDING AUCTION RATE-SYNTHETIC FIXED WASTEWATER REVENUE BONDS
FIRST FISCAL YEAR**

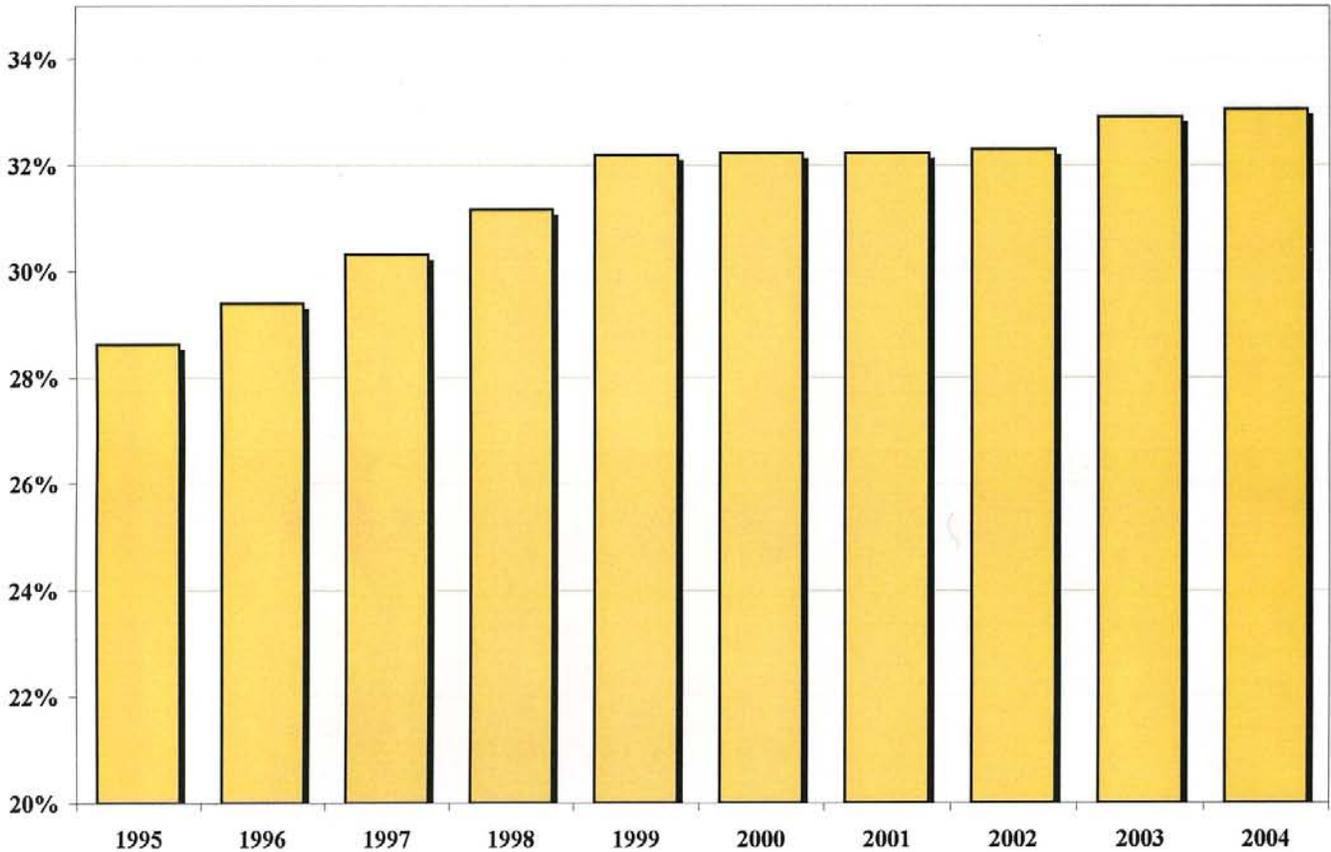


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 24,313,564	\$10,199,806	\$ 14,113,758	\$ 866,720	\$1,579,805	\$2,446,525	5.77

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Roseville Annual Financial Statements

**CITY OF ROSEVILLE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

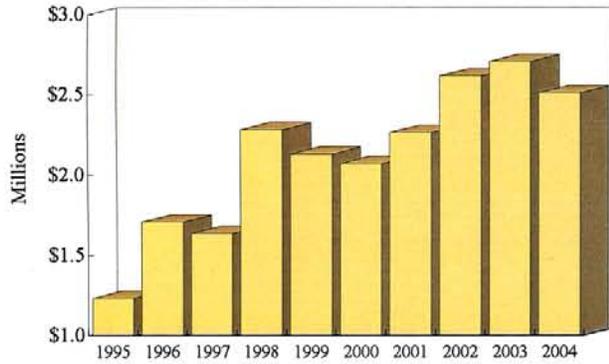


■ City Population as a % of County Population

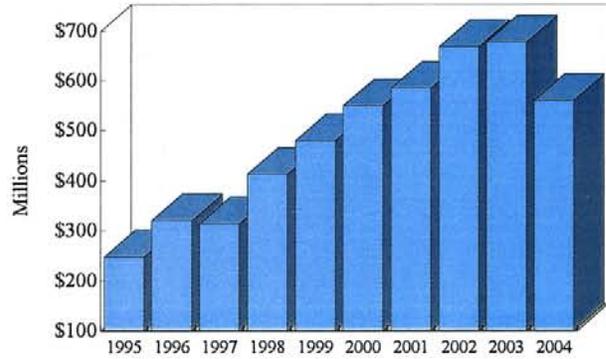
<u>Fiscal Year</u>	<u>City Population</u>	<u>Placer County Population</u>	<u>City Population % of County</u>
1995	59,300	207,200	28.62%
1996	63,200	215,000	29.40%
1997	67,400	222,300	30.32%
1998	71,600	229,700	31.17%
1999	76,700	238,300	32.19%
2000	79,300	246,100	32.22%
2001	82,200	255,100	32.22%
2002	85,800	265,700	32.29%
2003	90,700	275,600	32.91%
2004	96,600	292,235	33.06%

Source: California State Department of Finance

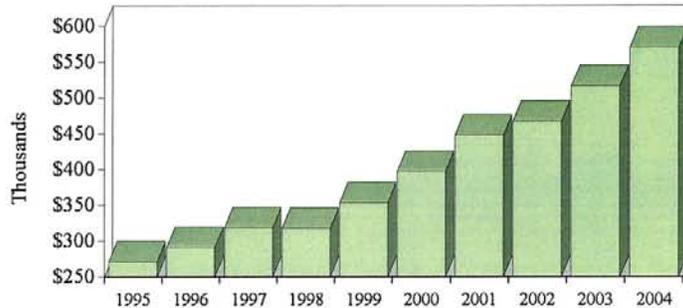
CITY OF ROSEVILLE CONSTRUCTION AND BUSINESS ACTIVITY LAST TEN FISCAL YEARS



■ Building Permit Revenue



■ Estimated Construction Value



■ Business License Revenue

<u>Fiscal Year</u>	<u>Building Permit Revenue</u>	<u>Estimated Construction Value</u>	<u>Business License Revenue</u>
1995	\$ 1,233,136	\$ 247,892,885	\$ 271,767
1996	1,706,855	320,831,934	291,117
1997	1,637,509	314,990,192	318,462
1998	2,282,074	413,531,017	317,828
1999	2,131,299	480,529,203	353,607
2000	2,071,424	549,682,111	397,238
2001	2,264,092	585,390,431	448,278
2002	2,618,443	669,245,929	467,727
2003	2,707,747	677,836,863	517,282
2004	2,511,430	560,547,997	570,917

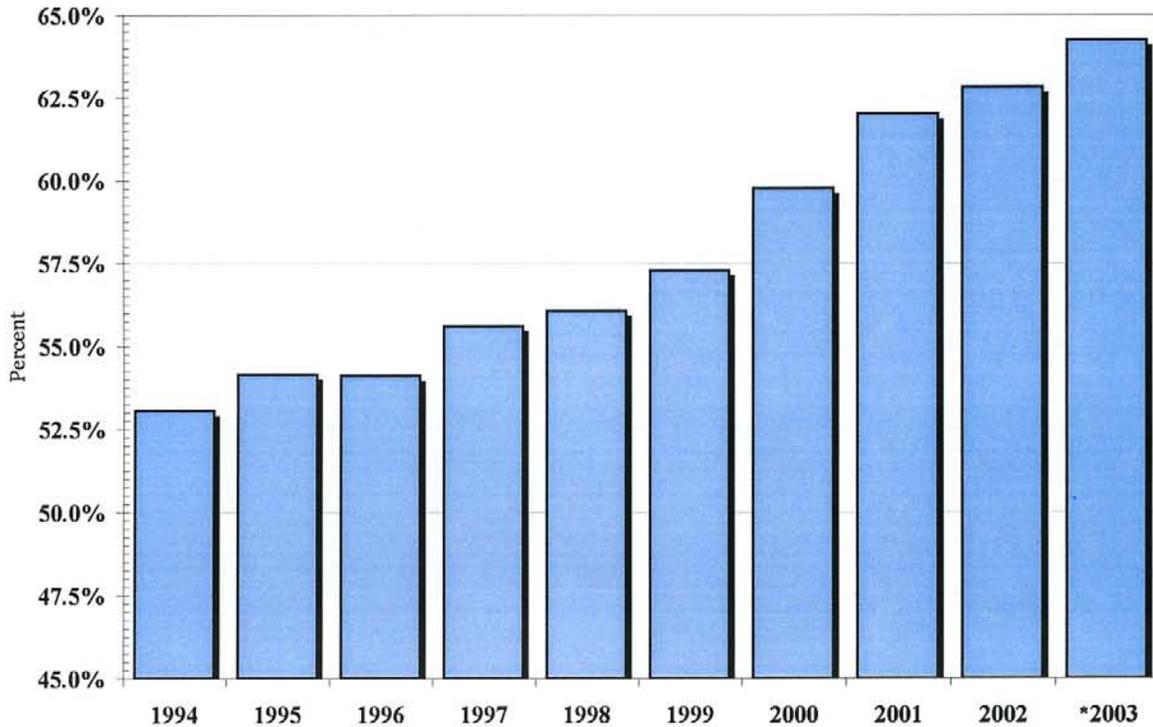
Source: City of Roseville Comprehensive Annual Financial Reports and Building Department

**CITY OF ROSEVILLE
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2004**

Assessed Name	Assessed Value	Percent of Total Assessed Value
NEC Electronics USA Inc.	\$409,950,443	3.90%
Hewlett Packard Co.	368,032,445	3.50%
Roseville Shoppingtown LLC	214,981,460	2.04%
Spieker Properties	69,348,000	0.66%
Creekside Center LLC	58,485,379	0.56%
SI VII LLC	54,548,600	0.52%
Evergreen Britanna Land Joint Venture	54,099,081	0.51%
John Mourier Construction Inc.	52,610,666	0.50%
Rosemead LLC	47,313,135	0.45%
Demmon Haverhill Partners LP	44,152,510	0.42%
Homarose LP	40,107,420	0.38%
Kobra Properties	39,768,837	0.38%
Nordstrom Inc.	36,036,923	0.34%
Property Reserve Inc.	32,313,600	0.31%
Macys West Inc.	32,148,014	0.31%
Preserve at Creekside LLC	32,056,536	0.30%
Lennar Renaissance Inc.	30,579,077	0.29%
SMII Highland Reserve LLC	30,182,718	0.29%
JB Management LP	29,764,333	0.28%
Autumn Oaks 200 LLC / Autumn Oaks 216 Ltd.	29,034,551	0.28%
	<u>\$1,705,513,728</u>	<u>16.21%</u>
Total Secured Assessed Valuation	<u>\$10,522,257,652</u>	<u>100.00%</u>

Source: California Municiple Statistics, Inc.

**CITY OF ROSEVILLE
CITY AND COUNTY TAXABLE RETAIL SALES
IN (000's)
LAST TEN CALENDAR YEARS**

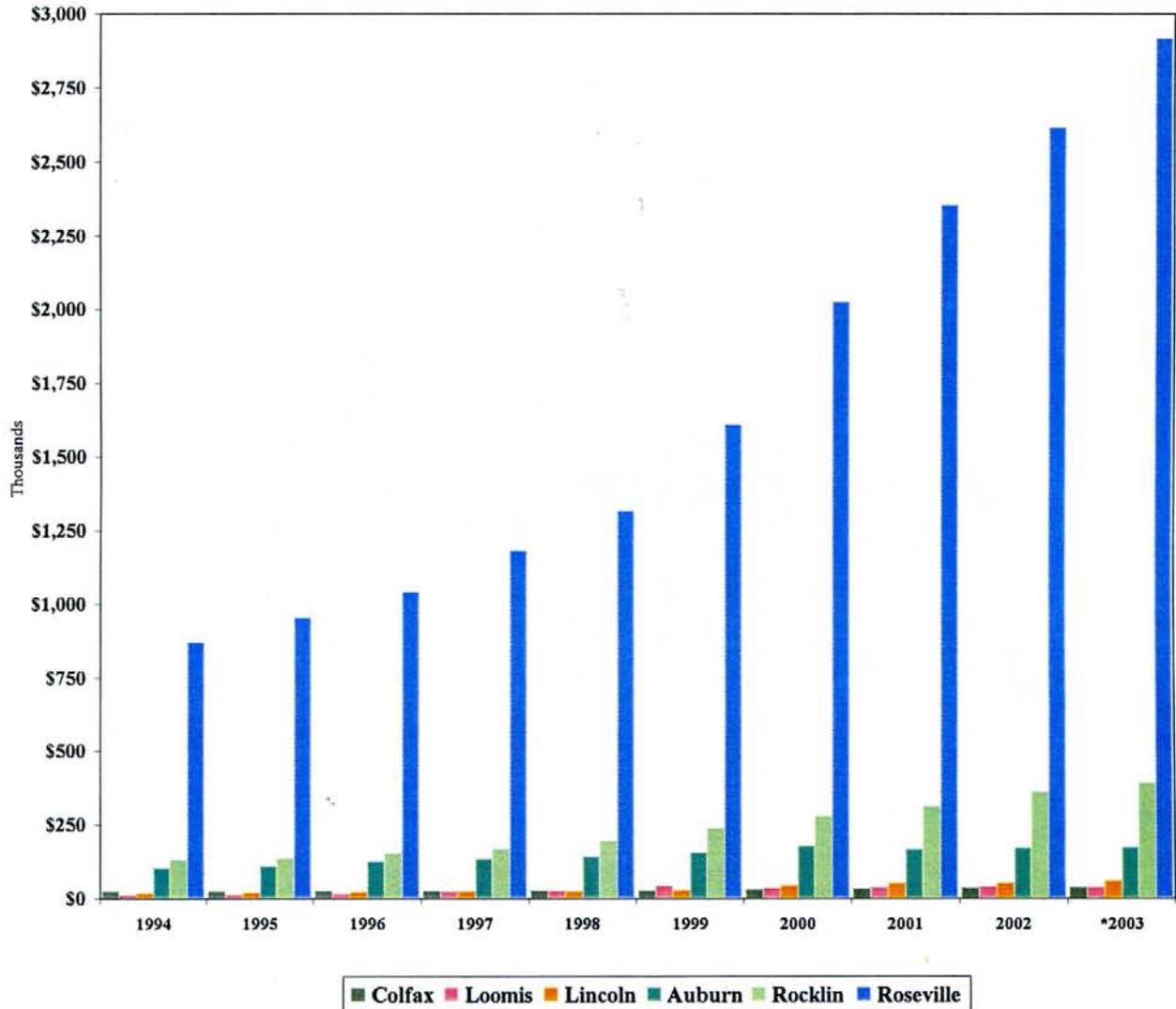


■ City Retail Sales as % of County

Calendar Year	Retail Sales (000)		City Retail Sales as a Percent of County
	County	City	
1994	\$ 1,638,035	\$ 869,228	53.07%
1995	1,757,661	951,741	54.15%
1996	1,921,604	1,039,945	54.12%
1997	2,122,328	1,180,536	55.62%
1998	2,345,526	1,315,488	56.08%
1999	2,807,480	1,608,513	57.29%
2000	3,384,347	2,022,864	59.77%
2001	3,793,236	2,352,220	62.01%
2002	4,161,204	2,614,068	62.82%
*2003	4,539,346	2,916,345	64.25%

* Most recent year available with full annual data

CITY OF ROSEVILLE
TAXABLE RETAIL SALES COMPARED WITH NEIGHBORING CITIES
IN (000's)
LAST TEN CALENDAR YEARS



<u>Year</u>	<u>Auburn</u>	<u>Colfax</u>	<u>Lincoln</u>	<u>Loomis</u>	<u>Rocklin</u>	<u>ROSEVILLE</u>
1994	\$ 104,145	\$ 24,027	\$ 18,636	\$ 12,719	\$ 133,032	\$ 869,228
1995	110,804	23,952	20,031	13,746	136,665	951,741
1996	125,967	26,766	22,610	15,955	152,407	1,039,945
1997	134,694	26,729	24,359	24,761	169,341	1,180,536
1998	143,146	27,992	24,552	27,430	196,103	1,315,488
1999	154,302	28,157	28,361	44,891	238,880	1,608,513
2000	177,297	30,897	45,219	37,352	278,159	2,022,864
2001	166,013	34,408	53,549	39,256	312,130	2,352,220
2002	170,696	36,931	52,363	40,229	360,732	2,614,068
*2003	173,776	38,130	61,386	39,428	389,985	2,916,345

* Most recent year available with full annual data

Source: Statistical Research and Consulting Division California State Board of Equalization Taxable Sales in California (Annual Report)

CITY OF ROSEVILLE
TAXABLE RETAIL SALES COMPARED WITH NEIGHBORING CITIES
IN (000's)
LAST TEN CALENDAR YEARS

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>*2003</u>
Auburn	104,145	110,804	125,967	134,694	143,146	154,302	177,297	166,013	170,696	173,776
Colfax	24,027	23,952	26,766	26,729	27,992	28,157	30,897	34,408	36,931	38,130
Lincoln	18,636	20,031	22,610	24,359	24,552	28,361	45,219	53,549	52,363	61,386
Loomis	12,719	13,746	15,955	24,761	27,430	44,891	37,352	39,256	40,229	39,428
Rocklin	133,032	136,665	152,407	169,341	196,103	238,880	278,159	312,130	360,732	389,985
ROSEVILLE	<u>869,228</u>	<u>951,741</u>	<u>1,039,945</u>	<u>1,180,536</u>	<u>1,315,488</u>	<u>1,608,513</u>	<u>2,022,864</u>	<u>2,352,220</u>	<u>2,614,068</u>	<u>2,916,345</u>
Total Six Cities	1,161,787	1,256,939	1,383,650	1,560,420	1,734,711	2,103,104	2,591,788	2,957,576	3,275,019	3,619,050
Other Cities, Areas	<u>476,248</u>	<u>500,722</u>	<u>537,954</u>	<u>561,908</u>	<u>610,815</u>	<u>704,376</u>	<u>792,559</u>	<u>835,660</u>	<u>886,185</u>	<u>920,296</u>
Placer County	<u>\$ 1,638,035</u>	<u>\$ 1,757,661</u>	<u>\$ 1,921,604</u>	<u>\$ 2,122,328</u>	<u>\$ 2,345,526</u>	<u>\$ 2,807,480</u>	<u>\$ 3,384,347</u>	<u>\$ 3,793,236</u>	<u>\$ 4,161,204</u>	<u>\$ 4,539,346</u>
California	<u>\$ 187,088,022</u>	<u>\$ 194,378,106</u>	<u>\$ 205,746,810</u>	<u>\$ 217,245,483</u>	<u>\$ 229,406,469</u>	<u>\$ 255,589,386</u>	<u>\$ 286,475,687</u>	<u>\$ 293,956,521</u>	<u>\$ 301,612,306</u>	<u>\$ 320,217,054</u>

* Most recent year available with full annual data

Source: Statistical Research and Consulting Division California State Board of Equalization Taxable Sales in California (Annual Report)

**CITY OF ROSEVILLE
LARGEST EMPLOYERS
JUNE 30, 2004**

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Hewlett Packard	Technology	3,803
Kaiser Permanente	Health Care	3,000
Sutter Roseville Medical Center	Health Care	1,800
Union Pacific	Railroad	1,294
City of Roseville	Government	1,046
Roseville Joint Union High School District	Education	982
Pride Industries	Manufacturing	800
NEC Electronics	Technology	725
Surewest Communications	Phone Service	683
State Farm Insurance	Insurance	560

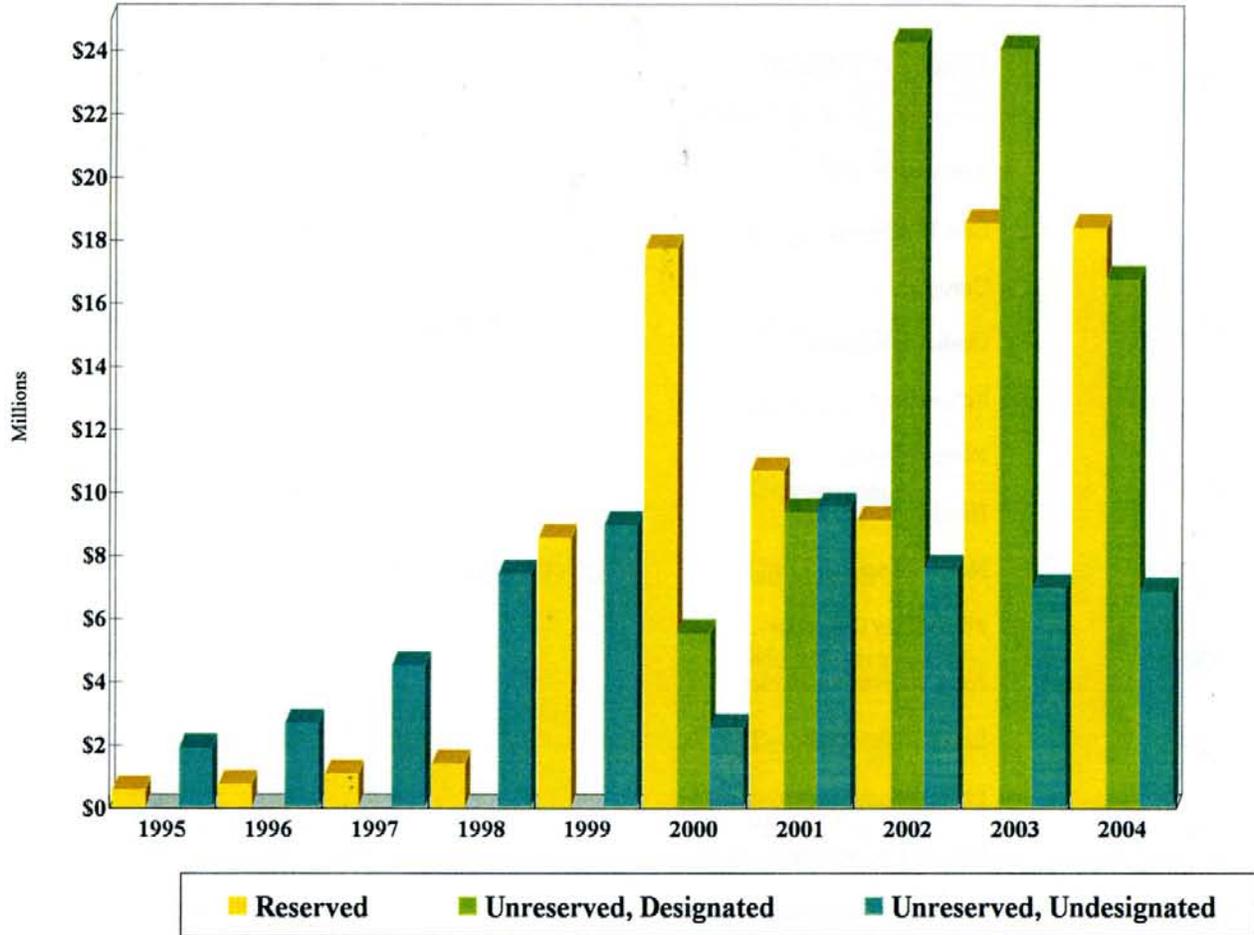
Source: City of Roseville Economic & Community Services

**CITY OF ROSEVILLE
TOP 25 SALES TAX GENERATORS
IN ALPHABETICAL ORDER
JUNE 30, 2004**

Agilent Technologies
Autowest Chrysler/Plymth/Jeep
Autowest Honda
Best Buy Stores
Carmax
Costco Wholesale
Future Ford
Future Nissan
Hewlett-Packard
Home Depot
J C Penney Company
John Sullivan Chevrolet
Lexus of Roseville
Lowe's Home Improvement
Macy's Department Store
Nordstrom Department Stores
Roseville BMW
Roseville Cycle
Roseville Olds/Buick/GMC
Roseville Toyota
Sacramento Infiniti
Sam's Club
Sears Roebuck & Company
Target Stores
Wal-Mart

Source: MBIA Muniservices Company

**CITY OF ROSEVILLE
HISTORY OF GENERAL FUND BALANCE
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved Designated</u>	<u>Unreserved Undesignated</u>	<u>Total</u>
1995	\$ 574,483		\$ 1,908,686	\$ 2,483,169
1996	757,524		2,677,096	3,434,620
1997	1,073,522		4,495,782	5,569,304
1998	1,403,098		7,415,609	8,818,707
1999	8,548,817		8,961,165	17,509,982
2000	17,748,596	\$ 5,533,700	2,535,163	25,817,459
2001	10,686,999	9,361,184	9,541,211	29,589,394
2002	9,127,227	24,261,068	7,582,432	40,970,727
2003	18,553,213	24,051,491	6,982,954	49,587,658
2004	18,414,069	16,775,045	6,872,861	42,061,975

Source: The City's Comprehensive Annual Financial Reports

CITY OF ROSEVILLE
MISCELLANEOUS STATISTICS
JUNE 30, 2004

Date of Incorporation	April 10, 1909	Water Utility:	
Form of Government	Municipal	Number of Customers:	
Employees	1,636.0	Residential	31,653
		Commercial	2,875
Population	96,600	Average Daily Consumption	28.77M
Land Area (Square Miles)	31.32	(in gallons)	
Miles of Streets	428 center line miles	Miles of Water Mains	480
Number of Traffic Lights	133		
Fire Protection:		Sewer Utility:	
Number of Stations	6	Miles of Sanitary Sewers	600
Number of Firefighters	74	Miles of Storm Drain	420
Fire Apparatus	37	Public Schools Serving the Community:	
Number of Fire Hydrants	4,499	Elementary Schools	22
		Middle Schools	5
Police Protection:		High Schools	4
Number of Stations	1	Continuation High Schools	3
Number of Officers	96	Adult School	1
Number of Crossing Guard Posts	20		
Number of Patrol Vehicles	70	Parks Recreation and Libraries:	
motorcycles	5	Acres of Parkland	1,186
Employees:		Number of Parks	40
Full-time Permanent	1,043	Acres of Open Space	1,536
Part-time/Temporary	593	Miles of Creek	57
Electric Utility:		Number of Tennis Courts	12
Residential customers	38,054	Number of Swimming Pools	4
Commercial customers	4,720	Number of Golf Courses	2
Energy sales to customers (kWh)	1,022,194,188	Number of Libraries	2
Peak demand (kW)	275	Community Services	
		Households helped by Section 8 program	740
		Families helped in buying first home	19
		Families helped with housing rehabilitation	22

Source: City of Roseville Finance Department

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