

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

**CITY OF ROSEVILLE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2005**

**Prepared by  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

**CITY OF ROSEVILLE, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2005**

**INTRODUCTORY SECTION:**

Table of Contents ..... i

Letter of Transmittal ..... v

Organization Chart ..... xi

Elected Officials ..... xii

GFOA Certificate ..... xiii

**FINANCIAL SECTION:**

*Independent Auditors' Report on Basic Financial Statements* ..... 1

*Management's Discussion and Analysis* ..... 3

**Basic Financial Statements:**

Government-wide Financial Statements:

Statement of Net Assets ..... 22

Statement of Activities ..... 23

Fund Financial Statements:

Governmental Funds:

Balance Sheet ..... 26

Reconciliation of Governmental Funds – Fund Balances with  
Governmental Activities Net Assets ..... 28

Statement of Revenues, Expenditures, and Changes in Fund Balance ..... 30

Reconciliation of the Net Change in Fund Balances Total Governmental  
Funds with the Changes in Net Assets of Governmental Activities ..... 31

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances  
– Budget and Actual: ..... 32

Redevelopment Agency Fund Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual: ..... 34

**CITY OF ROSEVILLE, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2005**

**FINANCIAL SECTION (Continued):**

Major Proprietary Funds:	
Statement of Net Assets .....	36
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	38
Statement of Cash Flows .....	40
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	44
Statement of Changes in Net Assets .....	45
Notes to Financial Statements .....	47
1. Summary of Significant Accounting Policies.....	47
2. Budgets and Budgetary Accounting .....	53
3. Cash and Investments.....	55
4. Interfund Transactions .....	61
5. Notes Receivable .....	64
6. Deferred Receivables .....	66
7. Development Agreements .....	66
8. Capital Assets .....	68
9. Long Term Debt .....	73
10. Debt Without City Commitment .....	79
11. Net Assets and Fund Balances.....	79
12. Pension Plan .....	81
13. Risk Management .....	83
14. Prepaid Purchased Electricity .....	84
15. Northern California Power Agency (NCPA).....	85
16. South Placer Wastewater Authority (SPWA).....	89
17. Municipal Solid Waste Landfill Closure and Postclosure Care Costs .....	90
18. Commitments and Contingent Liabilities.....	90
19. Tax Increment Shift to Educational Revenue Augmentation Fund .....	91

**CITY OF ROSEVILLE, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2005**

**SUPPLEMENTAL INFORMATION SECTION:**

**Required Supplementary Information:**

Modified Approach to Reporting Street Pavement, Costs and Parks and Landscaping Costs ..... 93

**Supplemental Information:**

*Non-major Governmental Funds:*

Combining Balance Sheets ..... 98

Combining Statements of Revenues, Expenditures, and Changes  
In Fund Balances..... 104

Combining Statement of Revenues, Expenditures, and Changes  
In Fund Balances-Budget and Actual..... 110

*Internal Service Funds:*

Combining Statements of Net Assets ..... 118

Combining Statements of Revenues, Expenses and Changes in Net Assets..... 120

Combining Statements of Cash Flows..... 122

*Agency Funds*

Statement of Changes in Assets and Liabilities ..... 128

**CITY OF ROSEVILLE, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2005**

**STATISTICAL SECTION:**

General Governmental Revenues by Source - Last Ten Fiscal Years .....	139
General Governmental Expenditures by Function - Last Ten Fiscal Years .....	140
Assessed Value of Taxable Property - Last Ten Fiscal Years.....	141
Property Tax Levies and Collection - Last Ten Fiscal Years.....	142
Property Tax Rates - All Direct and Overlapping Governments - Last Ten Fiscal Years .....	143
Special Assessment Billings and Collections .....	144
Computation of Direct and Overlapping Debt.....	145
Computation of Legal Bonded Debt Margin.....	146
Revenue Bond Coverage 2000 Wastewater Revenue Bonds.....	147
2000 Variable Rate Demand Wastewater Revenue Bonds.....	148
2003 Refunding Auction Rate – Synthetic Fixed Wastewater Revenue Bonds – First Fiscal Year...	149
Demographic Statistics - Last Ten Fiscal Years .....	150
Construction and Business Activity - Last Ten Fiscal Years.....	151
Principal Property Taxpayers .....	152
City and County Taxable Retail Sales - Last Ten Calendar Years.....	153
Taxable Retail Sales Compared with Neighboring Cities .....	154
Largest Employers .....	156
Top 25 Sales Tax Generators .....	157
History of General Fund Balance .....	158
Miscellaneous Statistics .....	159

**Finance**

311 Vernon Street  
Roseville, California 95678-2649

October 28, 2005

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

This document, the Comprehensive Annual Financial Report (CAFR) of the City of Roseville, is for the fiscal year ended June 30, 2005. 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's 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 (GAAP). 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, Central Roseville Revitalization Committee, and the Personnel Board.

## ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City of Roseville has seen strong and continued economic growth. Roseville's diverse land use has helped to continue a growth pattern that has resulted in increased 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 nearly 500,000 square feet of commercial space being added in FY 2005. The City's office market, once small and stagnant, is one of the strongest sub-markets in the region, with over 645,000 square feet of office space being added in FY 2005.

The industrial development segment of the City grew slightly in FY 2005 with 288,050 square feet of new space added during the year. This growth is consistent with that of the last few years. 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.

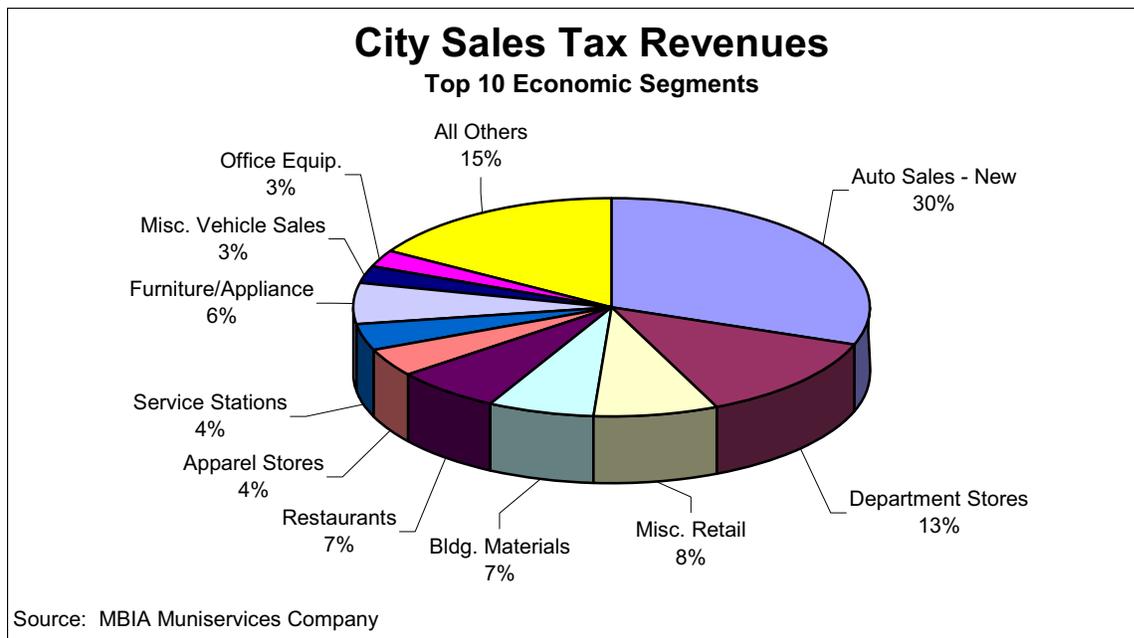
The City's total employment grew during the year. This year the City has had a net increase of 1,217 jobs to bring the total to 74,610. The City's ability to attract jobs and residents has been the foundation of the City's economic success.

The City has become a regional health care center. Major expansions of the Kaiser and Sutter hospitals are underway. 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 \$3.0 million in fiscal year 2005. 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 continues to diversify its sales tax base.



**Major Activity in the City**

Many of the major activities initiated in fiscal year 2005 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—ongoing improvement of treatment plant operations
- Electric—approval of, and funding for, an electric generation power plant

Private development has continued at a growing pace in business professional development and industrial development, but at a slower pace in residential and commercial development. The table below provides a summary of the City's major development activity in the 2005 fiscal year.

<b>Development Type</b>	<b>Number of Permits</b>	<b>New Square Feet Occupied</b>
Single-Family Residential	1,033	
Multi-Family Development	524	
Industrial Development		288,050
Commercial Development		493,658
Business Professional		645,880

Proposed major annexations to the City continue to be processed for specific plans on the boundaries of the West Roseville Specific Plan, the City's newest annexation area. In addition, the City has seen a number of requests to rezone industrial, commercial, and business professional uses to residential land use. The largest rezone request being processed is for a large portion of Hewlett Packard's land holdings contiguous to the existing Hewlett Packard facility.

#### 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 and capital 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 2.53% on the City's month-end average investment balances. This compared with a return of 2.20% in the prior year. As of June 30, 2005, the yield to market of outstanding investments was 3.148%. This increase was the result of an overall rising interest rate environment. 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, 2004. 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.

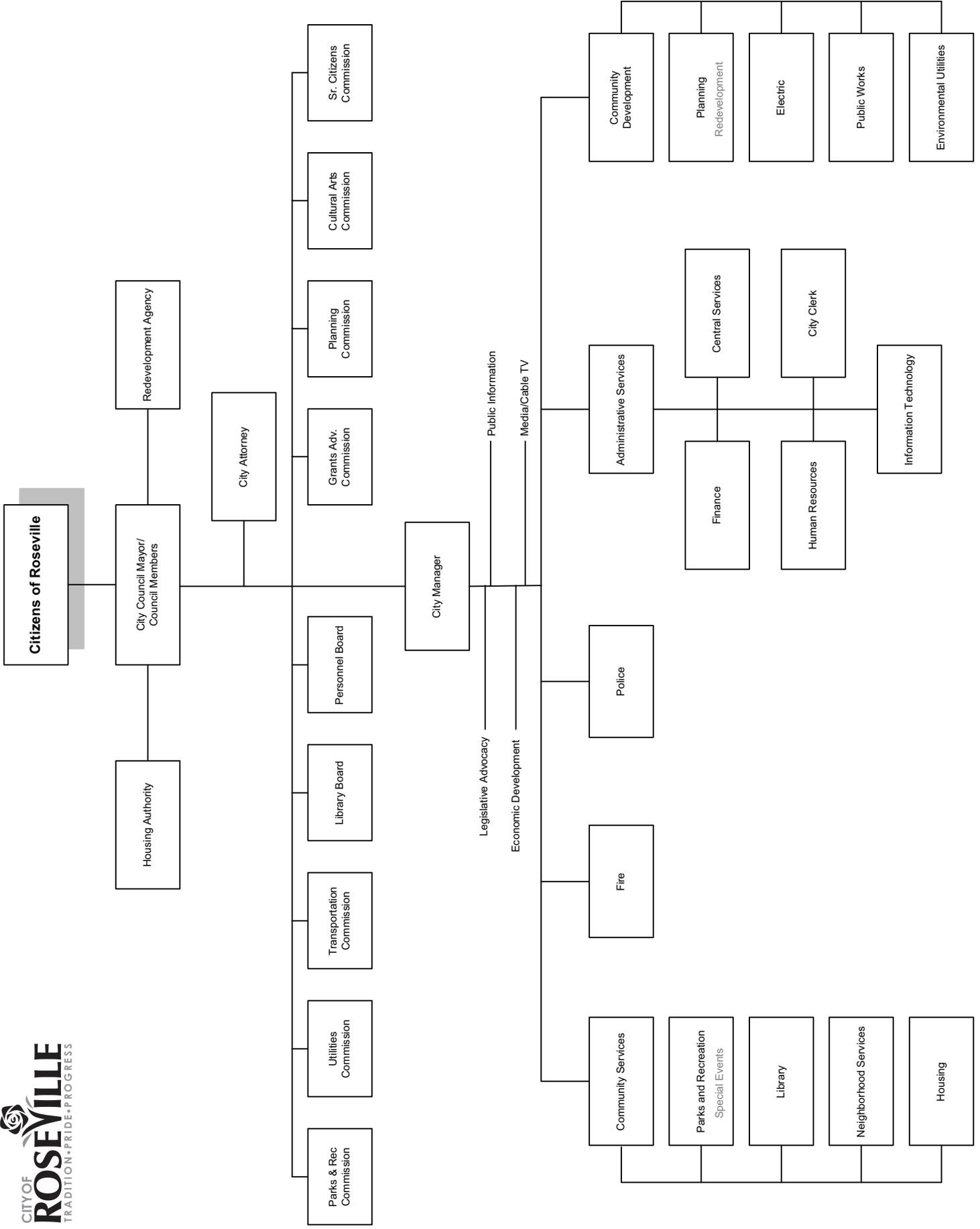
#### ACKNOWLEDGMENTS

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 cursive script that reads "Russ Branson". The signature is written in black ink and is positioned above the printed name and title.

Russ Branson  
Finance Director



**CITY OF ROSEVILLE**

**ELECTED OFFICIALS**

**JUNE 30, 2005**

Mayor	Regina Garbolino
Mayor Pro-tem	Frederic C. Rockholm
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, 2004

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. Zielle*

President

*Jeffrey R. Emser*

Executive Director

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' 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, 2005, 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, 2005 and the respective changes in the financial position and cash flows, 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.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2005 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

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.



October 28, 2005

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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, 2005. 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 2005 FINANCIAL HIGHLIGHTS**

Financial highlights of fiscal year 2005 include the following:

#### *Entity-wide:*

- The City's total net assets were \$1.9 billion as of June 30, 2005. Of this total, \$793.2 million were Governmental assets and \$1.09 billion were Business-type assets.
- Governmental revenues include program revenues of \$72.1 million and general revenues and transfers of \$99.6 million for a total of \$171.7 million.
- Governmental expenses were \$134.8 million.
- Business-type program revenues, interest revenue, and "recovery of disputed charges" were \$212.7 million while Business-type expenses and transfers were \$174.5 million.

#### *Fund Level:*

- Governmental Fund balances decreased to \$184.7 million in fiscal year 2005, down \$4.5 million from the prior year.
- Governmental Fund revenues increased to \$140.8 million in 2005, up \$17.8 million from the prior year. This was primarily due to an increase of tax revenues of \$10 million and \$7 million in contributions of bond proceeds for Community Facility Districts and other developer contributions. Governmental Fund expenditures increased to \$162.6 million in fiscal year 2005, up \$22 million from the prior year. This increase was primarily due to an increase of capital outlay of \$17.6 million, public safety increase of \$3.6 million, and \$2.8 million of developer agreement payments.
- Other Financing Sources provided a net of \$17.3 million in fiscal year 2005, up \$12.4 million from 2004 due to, an unusual amount of transfers out to fund other projects in 2004, which did not happen in 2005.

#### *General Fund:*

- General Fund revenues of \$88.5 million were \$6.6 million higher than the prior year.
- General Fund expenditures of \$90 million represented an increase of \$1.7 million over the prior year.
- Other Financing Sources showed \$16.7 million of which the net transfers in were \$16.5 million in fiscal year 2005 compared to a net transfer out of \$1 million into the fund in the prior year. The previous year had non-recurring transfer out.
- The General Fund balance of \$57.2 million as of June 30, 2005 is up from fiscal year 2004's fund balance of \$42.1 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, Traffic Mitigation 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)**

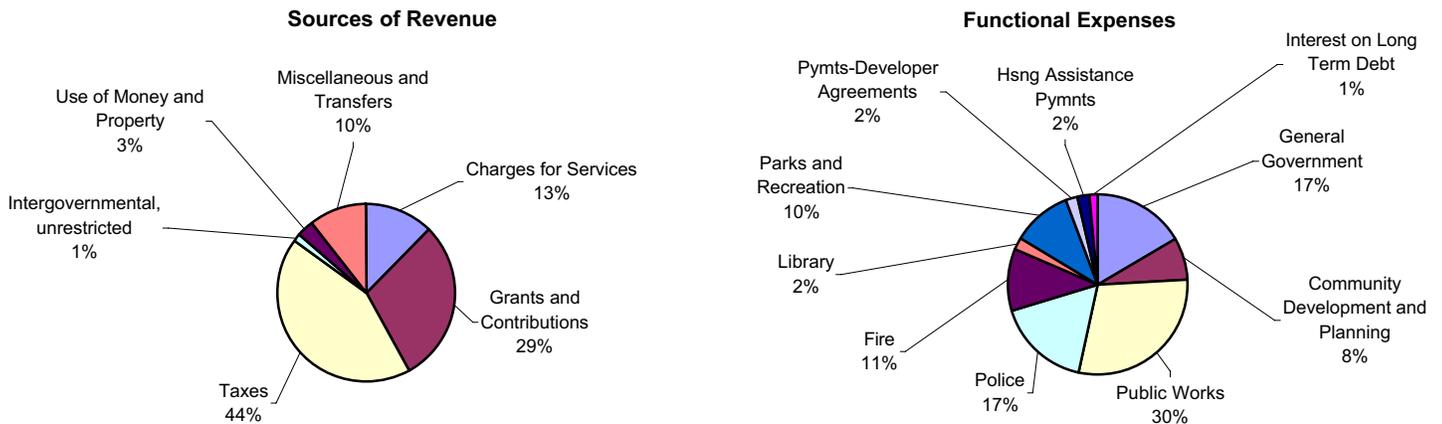
	2005	2004
Cash and Investments	\$255.2	\$238.5
Other Assets	31.9	\$32.9
Capital Assets	600.4	561.6
<b>Total Assets</b>	<b>887.5</b>	<b>833.0</b>
Long-Term Debt Outstanding	32.0	33.1
Other Liabilities	62.2	43.6
<b>Total Liabilities</b>	<b>94.2</b>	<b>76.7</b>
Net Assets:		
Invested in Capital Assets, Net of Debt	579.8	540.7
Restricted	124.5	142.4
Unrestricted	89.0	73.2
<b>Total Net Assets</b>	<b>\$793.3</b>	<b>\$756.3</b>

The City's governmental net assets amounted to \$793.3 million as of June 30, 2005, an increase of \$37.0 million over 2004. 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, 2005 comprised the following:

- Cash and investments comprised \$239.1 million in the city treasury and \$16.1 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 \$14.0 million of current receivables, along with deferred receivables of \$3.5 million and notes receivable of \$8.7 million that are due over longer periods of time, as explained in Notes 5 and 6 to the financial statements.

- Capital assets of \$600.4 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 \$51.1million.
- Accrued compensated absence liabilities payable to employees of \$11.1million, as explained in Note 1G to the financial statements.
- Long-term debt of \$32.0 million, of which \$31.0 million is due in future years and \$0.94 million is due currently, as detailed in Note 9.
- Net assets invested in capital assets net of related debt of \$579.8 million, representing the City’s investment in infrastructure and other capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$124.5 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 \$89.0 million of unrestricted net assets as of June 30, 2005. While these assets are technically unrestricted, most of these assets are designated for a specific use.

### Fiscal Year 2005 Government Activities



As the Sources of Revenue Chart above shows, \$76.0 million, or 45% of the City’s fiscal year 2005 governmental activities revenue, came from taxes and unrestricted intergovernmental revenues (motor vehicle-in-lieu), while \$50.6 million or 29% came from grants and contributions, \$21.5 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 \$22.4 million, or 17% of total government expenses, community development and planning is \$10.1 million, or 8%, public works is \$39.4 million, or 30%, police is \$22.8 million, or 17%, fire is \$15.2 million, or 11%, parks and recreation is \$14.0 million, or 10%, and other governmental programs and functions are the remaining 7%.

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>2005</u>	<u>2004</u>
<b>Expenses</b>		
General Government	\$22.4	\$19.3
Community Development and Planning	10.1	10.4
Public Works	39.4	21.6
Police	22.8	19.3
Fire	15.2	12.8
Library	3.0	2.8
Parks and Recreation	14.0	13.3
Payments Under Developer Agreements	3.1	2.6
Housing Assistance Payments	3.0	3.1
Interest on Long Term Debt	1.8	1.8
<b>Total Expenses</b>	<b>134.8</b>	<b>107.0</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	21.5	19.1
Operating Grants and Contributions	9.5	8.5
Capital Grants and Contributions	41.1	35.1
<b>Total Program Revenues</b>	<b>72.1</b>	<b>62.7</b>
General Revenues:		
Taxes/Intergovernmental	76.0	67.9
Use of Money and Property	5.6	3.0
Miscellaneous	0.7	0.4
<b>Total General Revenues</b>	<b>82.3</b>	<b>71.3</b>
<b>Total Revenues</b>	<b>154.4</b>	<b>134.0</b>
<b>Changes in Net Assets before Transfers</b>	<b>19.6</b>	<b>27.0</b>
Transfers	17.3	15.6
<b>Change in Net Assets</b>	<b>\$36.9</b>	<b>\$42.6</b>

As the Sources of Revenue Chart and **Table 2** above show, \$72.1 million, or 47% of the City's fiscal year 2005 governmental revenue, came from program revenues and \$82.3 million, or 53%, came from general revenues such as taxes and interest.

Program revenues were composed of charges for services of \$21.5 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; \$9.5 million of operating grants and contributions which include gas tax revenues, housing, and police grants; and capital grants and contributions of \$41.1 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.

General Revenues-Taxes/Intergovernmental showed an increase of \$8.1 million. Property and sales taxes increased \$9.2 million, the reduction of \$2.0 million from the restructuring of the motor vehicle in-lieu taxes, and minor increases of \$0.9 million for franchise, motor fuel taxes, and other taxes caused the net increase. 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)**

	Net (Expense)/Revenues from Services	
	2005	2004
General Government	(\$18.7)	(\$15.0)
Community Development and Planning	(4.6)	(3.9)
Public Works	(6.8)	5.8
Police	(19.7)	(16.9)
Fire	(11.7)	(9.1)
Library	(2.7)	(2.6)
Parks and Recreation	(2.2)	(1.6)
Community Facilities Districts	8.2	2.9
Payments Under Developer Agreements	(3.1)	(2.6)
Housing Assistance Payments	0.4	0.4
Interest on Long Term Debt	(1.8)	(1.8)
<b>Totals</b>	<b>(\$62.7)</b>	<b>(\$44.4)</b>

### *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>2005</u>	<u>2004</u>
Cash and Investments	\$383.5	\$149.9
Other Assets	156.5	148.5
Capital Assets	1,008.5	949.3
	<hr/>	<hr/>
<b>Total Assets</b>	<b>1,548.5</b>	<b>1,247.7</b>
	<hr/>	<hr/>
Long-Term Debt Outstanding	399.9	165.3
Other Liabilities	54.4	26.4
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>454.3</b>	<b>191.7</b>
	<hr/>	<hr/>
Net Assets:		
Invested in Capital Assets, Net of Debt	767.6	774.6
Restricted	31.0	89.4
Unrestricted	295.6	192.0
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>\$1,094.2</b>	<b>\$1,056.0</b>
	<hr/> <hr/>	<hr/> <hr/>

The net assets of business-type activities increased to \$1.09 billion in fiscal year 2005, an increase of \$38 million. While cash and investments increased \$233.6 million, the corresponding debt also increased \$234.6 million. The majority of the net increase occurred in capital assets.

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

	Business-Type Activities	
	<u>2005</u>	<u>2004</u>
<b>Expenses</b>		
Electric Fund	\$93.1	\$69.6
Water Fund	16.7	15.7
Wastewater Fund	23.9	18.1
Solid Waste Fund	12.7	11.6
Golf Course Fund	2.5	2.4
Local Transportation Fund	4.1	3.8
School-Age Child Care Fund	4.2	3.8
<b>Total Expenses</b>	<b>157.2</b>	<b>125.0</b>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	151.0	142.4
Operating Grants and Contributions	7.0	6.7
Capital Grants and Contributions	49.8	52.6
<b>Total Program Revenues</b>	<b>207.8</b>	<b>201.7</b>
<b>General Revenues</b>		
Use of Property and Money	4.5	1.1
<b>Total Revenues</b>	<b>212.3</b>	<b>202.8</b>
<b>Change in Net Assets before Special</b>		
<b>Items and Transfers</b>	<b>55.1</b>	<b>77.8</b>
Provision for Disputed SCS Charges	0.4	(7.4)
Transfers	(17.3)	(15.6)
Loss from sale of assets	0.0	(0.2)
<b>Changes in Net Assets</b>	<b>\$38.2</b>	<b>\$54.6</b>

Business-type program revenues and interest revenue were \$212.3 million while Business-type expenses, special items, and transfers were \$174.1 million 2005. 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.

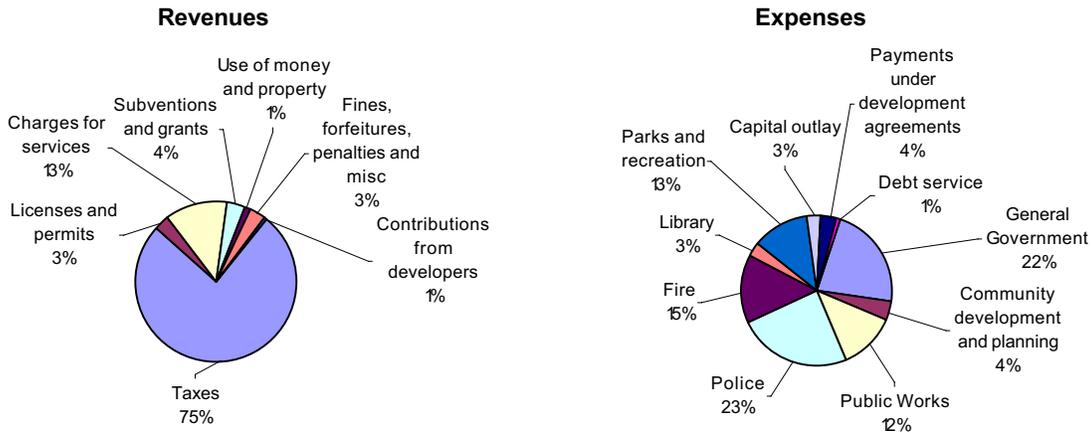
**Table 6**  
**Changes in Business-Type Net Assets**  
**(in Millions)**

	<u>Net (Expense)/Revenues From Services</u>	
	<u>2005</u>	<u>2004</u>
Electric Fund	\$13.3	\$35.7
Water Fund	18.6	10.3
Wastewater Fund	13.3	23.0
Solid Waste Fund	2.7	3.1
Golf Course Fund	0.1	1.2
Local Transportation Fund	2.4	3.3
School-Age Child Care Fund	0.2	0.2
<b>Totals</b>	<b>\$50.6</b>	<b>\$76.8</b>

***Analyses of Major Governmental Funds***

**General Fund**

**Fiscal Year 2005 General Fund Activity**



General Fund revenues increased \$6.6 million this fiscal year due primarily to increases in charges for services. Actual revenues exceeded budgeted amounts by \$6 million, as taxes and charges for services came in greater than targeted. Overall, revenues increased by \$6.6 million this fiscal year. Taxes increased in both property and sales taxes (\$4.6 million and \$3.0 million, respectively). Property taxes' assessed valuations rose 12.5%, 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.

General Fund expenditures were \$90 million, a increase of \$1.7 million from the prior year. Expenditures were \$18.5 million less than budgeted; however, as most departments expended less than budgeted. The original budget was increased by \$3 million from encumbrances carried over from fiscal year 2004. The sources of these budget savings included general government, community development, public works, and public safety salaries being budgeted at the top step; vacancies in the police department; and projects anticipated for 2005 that have been carried over to fiscal year 2006.

Other financing sources and uses reported net inflows of \$16.7 million in fiscal year 2005, compared with net outflows of \$1.1 million in the prior year. There were large non-recurring transfers out in the previous year which caused the difference.

As of June 30, 2005, the General Fund's fund balance totaled \$57.2 million, including \$18.4 million reserved almost entirely for encumbrances and advances to other funds, \$18.5 million designated for economic reserve and capital improvements and \$20.3million 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 \$13.3 million, which will be repaid from future tax increment revenues.

### **Traffic Mitigation Fund**

This fund accounts for revenues and expenditures related to major roadways and related infrastructure. Current year expenditures were \$17 million for roadways and developer reimbursements. This fund has \$18 million in cash and investments which will be used for the most part to complete an interchange/realignment of a major thoroughfare to the freeway.

### **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 2005, the Fund received \$7.9 million in such contributions from property-owners and developers, and expended \$21.7 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 2005 were improvements to the West Roseville area.

## **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 \$6.6 million in fiscal year 2005 to a total of \$255.0 million. Operating income for fiscal year 2005 is \$8.8 million, an decrease of \$17.4 million from 2004. Electric retail sales increased by \$4.2 million in 2005. But purchased power expenses increased by \$17.4 million over 2004 levels, which was due to the termination of the Western Area Power contract and the replacement power was significantly higher. Because of this increase of power costs, there was a rate increase in April 2005.

Of the fund's Net Assets of \$255.0 million, \$122.9 million was invested in capital assets, \$17.3 million was restricted and \$114.8 million was unrestricted.

#### **Water Fund**

Net assets of the Water Fund increased \$17.5 million in fiscal year 2005. There continued to be an operating loss of \$2.4 million, but that was decreased slightly from 2004. Rates are anticipated to be increased in fiscal year 2006. Operating revenues increased \$1.4 to a total of \$13.2 million in fiscal year 2005, while expenses also increased \$1.2 million to a total of \$15.6 million. However, capital connection fees were \$10.3 million (a decrease of \$0.7 million, as growth has stabilized), and contributions from developers were \$11.1 million in fiscal year 2005, an increase of \$7.8 million, while net transfers out were \$2.5 million.

As of June 30, 2005, the Fund's Net Assets were \$345.5 million, of which \$287.4 million was invested in capital assets, \$2.6 million was restricted for debt service and \$55.5 million was unrestricted as to use.

#### **Wastewater Fund**

Operating revenues increased in fiscal year 2005 \$1.6 million to a total of \$16.3 million. Operating expenses increased to \$20.7 million, up \$5.1 million. The net result was an operating loss of \$4.3 million, of which \$7.3 million was depreciation. Rates are anticipated to be increased in fiscal year 2006. Other items that affected net assets were: connection fees of \$6.8 million (down \$2.7 million as growth has stabilized); capital contributions of \$6.9 million and \$4.1 million, respectively, from developers and South Placer Wastewater Authority; and net transfers out of \$3.1 million. The total increase to net assets was \$10.8 million for fiscal year 2005 to a total of \$466 million. As of June 30, 2005, of the Fund's Net Assets were \$466 million, \$337.4 million was invested in capital assets, and \$128.6 million was unrestricted.

### **Solid Waste Fund**

Revenues increased \$0.5 million to \$15.2 million and expenses increased \$1.1 million to \$12.7 million in fiscal year 2005. As a result, net operating income decreased slightly by \$577,000 to \$2.5 million. Rates are anticipated to be increased in fiscal year 2006. Net transfers out were \$1.8 million. The total net assets from 2004 were \$1.5 and with an increase of \$0.9 million; the ending balance for 2005 was \$2.4 million.

### **Golf Course Fund**

Revenues and expenses remained relatively flat in fiscal year 2005 at \$2.6 million and \$2.2 million, respectively. As a result, the Fund's net assets stayed stable at \$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 \$10.1 million it has invested in capital assets, net of the related debt.

### **Local Transportation Fund**

Net assets of the Fund increased \$2.3 million in fiscal year 2005 to a total of \$16.5 million. While there was a \$3.6 million operating loss in fiscal year 2005, this was more than offset by the \$5.6 million in grants and subsidies received for the operations of the City's transit program. As of June 30, 2005, the Fund's Net Assets were \$16.5 million, of which \$6.1 million was invested in capital assets and \$10.4 million was restricted for use in local transportation.

### **School-Age Child Care Fund**

Net assets of the Fund remained relatively flat \$0.03 million in fiscal year 2005 to a total of \$0.58 million. Since both revenues and expenses were up \$0.4 million, the decline in net assets was due in part to additional transfers out for indirect costs. As of June 30, 2005, the Fund's Net Assets were \$0.58 million. \$0.97 million were invested in capital assets, which leaves a negative \$0.39 million in unrestricted net assets.

## CAPITAL ASSETS

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. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. 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)**

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Governmental Activities</b>		
Land	\$ 22.1	\$ 12.1
Streets (modified)	159.3	153.6
Parks (modified)	54.4	52.2
Landscaping (modified)	24.6	23.8
Construction in Progress	63.4	41.6
Buildings	79.9	81.1
Improvements	4.2	4.1
Equipment	43.9	44.3
Bike Paths	7.2	6.6
Bridges	45.6	45.6
Culverts	18.9	18.9
Curb, Gutter, Sidewalk, & Median Curbs	118.2	114.4
Drain Inlets	18.2	18.1
Flood Control Improvements	15.5	15.5
Soundwall	18.3	15.5
Stormdrains	49.4	45.5
Traffic Signals	18.6	18.1
Less: Accumulated Depreciation	(161.3)	(149.2)
<b>Governmental Activity Capital Assets, Net</b>	<b>\$600.4</b>	<b>\$561.8</b>

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Business-Type Activities</b>		
Land	\$ 16.1	\$ 13.7
Landscaping (modified)	0.6	0.6
Construction in Progress	70.1	157.8
Buildings	11.8	10.6
Improvements	10.7	10.7
Machinery and Equipment	15.2	12.2
Bike Paths	1.1	1.1
Plant and Substations	270.9	137.7
Distribution	785.2	760.2
Less: Accumulated Depreciation	(173.2)	(155.4)
<b>Business-Type Activity Capital Assets, Net</b>	<b>\$1,008.5</b>	<b>\$949.2</b>

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, 2005, the City's streets averaged 7.5 PQI for arterial and collector roadways and 7.9 PQI for residential roadways. The City expended \$4.3 million on preservation of its streets in fiscal year 2005 and plans to spend \$7.8 million in fiscal year 2006.

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, 2005, the City's parks and landscaping averaged 2 GMI. The City expended \$3.9 million on preservation of its parks and landscaping in fiscal year 2005 and plans to spend \$4.6 million in fiscal year 2006.

## **DEBT ADMINISTRATION**

In July 2004, the City issued \$39,940,000 (Fixed Rate) bonds for the 2004 Electric System Revenue Certificates of Participation. In June 2005, the City issued \$52,900,000 (Fixed Rate, Series A), \$90,000,000 (Auction Rate, Series B), and \$60,000,000 (Auction Rate, Series C) bonds for the 2005 Electric System Revenue Certificates of Participation. The Series B and C are auction-rate bonds with weekly interest resets. The City entered into a 30-year interest rate swap agreement for the Series B bonds for a fixed-payer rate of 3.613% and a receiver rate of 70.5% of LIBOR. Morgan Stanley and Bear Stearns' portion of the interest rate swap represents 60% and 40%, respectively.

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, the City's debt comprised:

**Table 8**  
**Outstanding Debt**  
**(in Millions)**

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Governmental Activity Debt:</b>		
<b>Certificates of Participation:</b>		
2003 Public Facilities Bond, 2.0%-5.0%, due 8/1/25	\$17.71	\$18.28
<b>Tax Allocation Bonds</b>		
2002 Roseville Redevelopment Project 3%-5.14% due 9/1/33	13.96	14.18
<b>Installment Purchase Obligations</b>		
Equipment	0.31	0.32
Motorola Radio Equipment, 5.6%, due 8/1/04		0.31
Total Installment Purchase Obligations	0.31	0.63
<b>Other Long Term Obligations:</b>		
Foothill Blvd. Extension, due 4/1/07	nil	nil
<b>Total Governmental Activity Debt:</b>	<b>\$31.98</b>	<b>\$33.09</b>

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Business-type Activity Debt:</b>		
<b>Certificates of Participation:</b>		
1997 Electric System Revenue, 3,6%-5.25%, due 2/1/17	\$ 0.63	\$ 0.93
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	2.14	2.62
2002 Electric System Revenue, Variable Rate, due 2/1/24	30.98	35.7
Less deferred amount on refunding	(3.26)	(3.44)
2004 Electric System Revenue, 3.0-5.25%, due 2/1/34	39.94	
2005 Electric System Revenue, Series A, 3.0-5.0%, due 2/1/23	52.90	
2005 Electric System Revenue, Series B, Variable Rate, due 2/1/35	90.00	
2005 Electric System Revenue, Series C, Variable Rate, due 2/1/35	60.00	
2003 Golf Course Project, 2.0-5.0%, due 8/1/23	7.94	8.24
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	26.08	27.35
	<hr/>	<hr/>
Total Certificates of Participation	<b>307.35</b>	<b>71.40</b>
	<hr/>	<hr/>
<b>Revenue Bonds:</b>		
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	8.92	10.21
2000 Variable Rate Demand Wastewater Revenue Bonds, Series B, variable rate, due 11/1/35	37.92	37.92
2003 Wastewater Refunding Revenue Bonds, variable rate, due 11/1/27	51.35	51.68
Less deferred amount on refunding	(5.80)	(6.07)
	<hr/>	<hr/>
Total Revenue Bonds	<b>92.39</b>	<b>93.74</b>
	<hr/>	<hr/>
<b>Other Long Term Obligations:</b>		
Notes, 5%, due 10/1/17	0.18	0.20
	<hr/>	<hr/>
<b>Total Business-type Activity Debt:</b>	<b>\$399.92</b>	<b>\$165.33</b>
	<hr/> <hr/>	<hr/> <hr/>

### **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, 2005, a total of \$225.7 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.

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**CITY OF ROSEVILLE**

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

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire City's financial activities and financial position.

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 focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets and 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, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	\$240,730,373	\$142,099,854	\$382,830,227
Restricted cash and investments with fiscal agents (Note 3)	14,503,764	241,375,294	255,879,058
Receivables:			
Taxes	1,393,638	26,538	1,420,176
Accounts	1,880,343	17,768,026	19,648,369
Accrued interest	1,691,350	1,203,876	2,895,226
Due from other government agencies	9,053,239	15,172,243	24,225,482
Internal balances (Note 4D)	4,342,827	(4,342,827)	
Prepays	46,160		46,160
Deferred receivables (Note 6)	3,474,803	721,780	4,196,583
Notes receivable (Note 5)	8,735,401		8,735,401
Notes receivable from NCPA (Note 15B)		204,958	204,958
Inventories (Note 1I)	1,266,390	6,476,032	7,742,422
Prepaid purchased electricity (Note 14)		4,794,882	4,794,882
Unamortized bond origination costs		1,285,772	1,285,772
Investment in NCPA reserves (Note 15)		3,085,396	3,085,396
Investment in SPWA reserves (Note 16)		110,180,091	110,180,091
Capital assets (Note 8):			
Land and construction in progress	323,746,646	86,712,696	410,459,342
Capital assets being depreciated, net	276,631,344	921,747,107	1,198,378,451
<b>Total assets</b>	<b>887,496,278</b>	<b>1,548,511,718</b>	<b>2,436,007,996</b>
LIABILITIES			
Accounts payable	25,812,671	14,677,748	40,490,419
Accrued liabilities	5,189,307	3,427,841	8,617,148
Due to other governments	6,770,493	833,689	7,604,182
Self-insurance claims payable and litigation settlement (Note 13)	7,475,000		7,475,000
Deposits	4,795,865	23,276,022	28,071,887
Unearned revenues	1,013,443	2,903,585	3,917,028
Deferred liabilities		113,584	113,584
Landfill closure and post closure liability (Note 17)		3,842,748	3,842,748
Compensated absences (Note 1G):			
Due within one year	389,864	2,424,310	2,814,174
Due in more than one year	10,743,564	2,782,308	13,525,872
Developer agreement payable (Note 7C)			
Long term liabilities (Note 9):			
Due within one year	941,946	9,506,857	10,448,803
Due in more than one year	31,040,444	390,411,140	421,451,584
<b>Total liabilities</b>	<b>94,172,597</b>	<b>454,199,832</b>	<b>548,372,429</b>
NET ASSETS (Note 11)			
Invested in capital assets, net of related debt	579,757,919	767,628,987	1,347,386,906
Restricted for:			
Capital projects	118,931,212		118,931,212
Debt service	1,369,828	20,555,663	21,925,491
Community development projects	4,226,405		4,226,405
Local transportation		10,526,676	10,526,676
<b>Total restricted net assets</b>	<b>124,527,445</b>	<b>31,082,339</b>	<b>155,609,784</b>
Unrestricted net assets	89,038,317	295,600,560	384,638,877
<b>Total net assets</b>	<b>\$793,323,681</b>	<b>\$1,094,311,886</b>	<b>\$1,887,635,567</b>

See accompanying notes to financial statements

CITY OF ROSEVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

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	
<b>Governmental Activities:</b>							
General government	\$22,350,454	\$1,570,571	\$1,239,771	\$2,834,171	(\$16,705,941)		(\$16,705,941)
Community development and planning	10,131,568	3,652,829	1,120,873	764,949	(4,592,917)		(4,592,917)
Public works	39,391,505	6,814,277	1,710,706	24,019,482	(6,847,040)		(6,847,040)
Police	22,761,768	2,009,281	1,000,209	68,514	(19,683,764)		(19,683,764)
Fire	15,226,498	1,082,211	656,733	1,756,529	(11,731,025)		(11,731,025)
Library	2,996,195	162,479	140,486		(2,693,230)		(2,693,230)
Parks and recreation	14,001,045	6,224,464	97,395	3,492,702	(4,186,484)		(4,186,484)
Community facilities districts				8,207,598	8,207,598		8,207,598
Payments under developer agreements	3,093,615				(3,093,615)		(3,093,615)
Housing assistance payments	3,050,762		3,483,579		432,817		432,817
Interest on long term debt	1,760,833				(1,760,833)		(1,760,833)
<b>Total Governmental Activities</b>	<b>134,764,243</b>	<b>21,516,112</b>	<b>9,449,752</b>	<b>41,143,945</b>	<b>(62,654,434)</b>		<b>(62,654,434)</b>
<b>Business-type Activities:</b>							
Electric	93,061,537	98,949,341	304,808	7,127,348		\$13,319,960	13,319,960
Water	16,719,257	13,163,434	721,250	21,454,685		18,620,112	18,620,112
Wastewater	23,885,474	16,355,694		20,827,630		13,297,850	13,297,850
Solid Waste	12,749,998	15,244,048	175,000			2,669,050	2,669,050
Golf Course	2,473,835	2,564,469				90,634	90,634
Local Transportation	4,106,631	530,516	5,698,561	418,566		2,541,012	2,541,012
School-age Child Care	4,211,285	4,193,923	205,276			187,914	187,914
<b>Total Business-type Activities</b>	<b>157,208,017</b>	<b>151,001,425</b>	<b>7,104,895</b>	<b>49,828,229</b>		<b>50,726,532</b>	<b>50,726,532</b>
<b>Total</b>	<b>\$291,972,260</b>	<b>\$172,517,537</b>	<b>\$16,554,647</b>	<b>\$90,972,174</b>	<b>(62,654,434)</b>	<b>50,726,532</b>	<b>(11,927,902)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					26,548,498		26,548,498
Less Educational Revenue							
Augmentation Fund payment (Note 19)					(260,676)		(260,676)
Sales taxes					40,973,365		40,973,365
Franchise taxes					1,060,903		1,060,903
Motor fuel taxes					1,897,211		1,897,211
Other taxes					3,671,924		3,671,924
<b>Intergovernmental, unrestricted:</b>							
Motor vehicle in lieu					2,123,202		2,123,202
Use of money and property					5,631,061	4,487,348	10,118,409
Miscellaneous revenues					664,191		664,191
Provision for disputed SCS charges (Note 15)						418,521	418,521
Transfers (Note 4)					17,318,498	(17,318,498)	
<b>Total general revenues and transfers</b>					<b>99,628,177</b>	<b>(12,412,629)</b>	<b>87,215,548</b>
<b>Change in Net Assets</b>					<b>36,973,743</b>	<b>38,313,903</b>	<b>75,287,646</b>
<b>Net Assets-Beginning</b>					<b>756,349,938</b>	<b>1,055,997,983</b>	<b>1,812,347,921</b>
<b>Net assets-Ending</b>					<b>\$793,323,681</b>	<b>\$1,094,311,886</b>	<b>\$1,887,635,567</b>

See accompanying notes to financial statements

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## **MAJOR GOVERNMENTAL FUNDS**

<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2005. 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.

**TRAFFIC MITIGATION FUND**

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

**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, 2005

	General	Redevelopment Agency of the City of Roseville	Traffic Mitigation	Community Facilities District Projects
ASSETS				
Cash and investments in City Treasury (Note 3)	\$44,096,930	\$4,295,379	\$18,101,029	\$17,303,986
Restricted cash and investments with fiscal agents (Note 3)		12,319,140		693,361
Receivables:				
Taxes	1,164,411	229,227		
Accounts	1,572,488			
Accrued interest	1,139,772	37,321	134,997	88,677
Due from other government agencies	6,582,222	39,730	399,386	
Due from other funds (Note 4B)	1,719,108			
Advances to other funds (Note 4C)	12,465,536			
Prepays	46,160			
Deferred receivables (Note 6)			2,437,346	
Notes receivable (Note 5)	161,186	1,395,375		
Inventories (Note 1I)	534,899			
	<u>\$69,482,712</u>	<u>\$18,316,172</u>	<u>\$21,072,758</u>	<u>\$18,086,024</u>
Total Assets				
LIABILITIES				
Accounts payable	\$2,952,679	\$237,403	\$901,655	\$18,914,180
Accrued liabilities	4,014,839	364,914		
Due to other funds (Note 4B)		400,000	212,500	
Due to other government agencies	20,258			
Advances from other funds (Note 4C)		13,324,737	425,000	
Deposits	4,145,865	50,000		
Deferred revenue	852,049	1,395,375	2,686,826	
Deferred liabilities		1,827,513	64,611	
Current portion of compensated absences (Note 1G)	259,229			
	<u>12,244,919</u>	<u>17,599,942</u>	<u>4,290,592</u>	<u>18,914,180</u>
Total Liabilities				
FUND BALANCES (Note 11)				
Reserved for:				
Advances	12,465,536			
Inventories	534,899			
Encumbrances	5,241,831	24,500	363,724	
Deferred receivables and notes receivable	161,186			
Prepays	46,160			
Low and moderate income housing		1,950,682		
Debt service		12,333,172		
Unreserved				
Designated for economic reserve	17,117,700			
Designated for carryover of capital improvement projects	1,382,551			
Unreserved, undesignated, reported in:				
General Fund	20,287,930			
Special Revenue Funds		(13,592,124)	16,418,442	
Capital projects				(828,156)
Permanent Funds				
	<u>57,237,793</u>	<u>716,230</u>	<u>16,782,166</u>	<u>(828,156)</u>
TOTAL FUND BALANCES				
Total Liabilities and Fund Balances	<u>\$69,482,712</u>	<u>\$18,316,172</u>	<u>\$21,072,758</u>	<u>\$18,086,024</u>

See accompanying notes to financial statements

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$109,677,376	\$193,474,700
1,451,263	14,463,764
	1,393,638
247,322	1,819,810
1,079,890	2,480,657
2,019,265	9,040,603
50,000	1,769,108
4,150,000	16,615,536
	46,160
1,037,457	3,474,803
7,178,840	8,735,401
	534,899
<u>\$126,891,413</u>	<u>\$253,849,079</u>
\$2,242,610	\$25,248,527
173,448	4,553,201
505,781	1,118,281
6,750,235	6,770,493
4,120,000	17,869,737
600,000	4,795,865
1,599,164	6,533,414
118,988	2,011,112
	259,229
<u>16,110,226</u>	<u>69,159,859</u>
4,150,000	16,615,536
	534,899
6,908,733	12,538,788
31,402	192,588
	46,160
	1,950,682
1,369,828	13,703,000
	17,117,700
18,562,084	19,944,635
	20,287,930
63,440,468	66,266,786
	(828,156)
<u>16,318,672</u>	<u>16,318,672</u>
<u>110,781,187</u>	<u>184,689,220</u>
<u>\$126,891,413</u>	<u>\$253,849,079</u>

CITY OF ROSEVILLE  
Reconciliation of  
GOVERNMENTAL FUNDS -- FUND BALANCE  
with the Governmental Activities  
NET ASSETS  
JUNE 30, 2005

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$184,689,220

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. 600,377,990

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	47,295,673
Accounts receivable	60,533
Interest receivable	1,221,805
Due from other government agencies	12,636
Inventories	731,491
Accounts payable	(564,144)
Accrued liabilities	(118,949)
Self-insurance claims payable	(7,475,000)
Compensated absences	(324,803)
Internal balances	4,946,201

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. 5,519,971

Expenses which are not payable currently are not accrued on the Fund Balance Sheets  
Refunds payable to developers

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	(31,982,390)
Interest payable and other accrued liabilities, included in accrued liabilities	(517,157)
Non-current portion of compensated absences	(10,549,396)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$793,323,681

See accompanying notes to financial statements

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CITY OF ROSEVILLE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005

	General	Redevelopment Agency of the City of Roseville	Traffic Mitigation	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$66,892,077	\$4,819,561			\$4,188,765	\$75,900,403
Less Educational Revenue						
Augmentation Fund payment (Note 19)		(260,676)				(260,676)
Licenses and permits	2,591,354					2,591,354
Charges for services	11,327,588		\$8,676,476		6,810,576	26,814,640
Subventions and grants	3,174,685	115,263	399,386		8,940,752	12,630,086
Use of money and property	1,236,539	355,234	502,227	\$282,182	2,546,503	4,922,685
Fines, forfeitures and penalties	718,174				1,085,388	1,803,562
Contributions from property owners				7,841,639		7,841,639
Contributions from developers	599,932	27,254		83,777	3,662,518	4,373,481
Miscellaneous revenues	1,913,082	24,084	45,770		2,231,034	4,213,970
<b>Total Revenues</b>	<b>88,453,431</b>	<b>5,080,720</b>	<b>9,623,859</b>	<b>8,207,598</b>	<b>29,465,536</b>	<b>140,831,144</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	19,890,709				357,471	20,248,180
Community development and planning	3,598,087	1,999,805			4,153,830	9,751,722
Public works	10,569,141				248,007	10,817,148
Public safety:						
Police	21,547,825					21,547,825
Fire	13,753,902					13,753,902
Library	2,762,274					2,762,274
Parks and recreation	11,471,422				2,035,937	13,507,359
Housing assistance payments					3,050,762	3,050,762
Capital outlay	2,687,805	1,131,035	14,773,091	21,734,741	18,402,684	58,729,356
Payments under development agreements (Note 7)	3,159,907		2,229,203			5,389,110
Debt service						
Principal retirement	479,702	220,000			565,000	1,264,702
Interest and fiscal charges	49,394	1,023,700			716,004	1,789,098
<b>Total Expenditures</b>	<b>89,970,168</b>	<b>4,374,540</b>	<b>17,002,294</b>	<b>21,734,741</b>	<b>29,529,695</b>	<b>162,611,438</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,516,737)</b>	<b>706,180</b>	<b>(7,378,435)</b>	<b>(13,527,143)</b>	<b>(64,159)</b>	<b>(21,780,294)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease (Note 9)	147,266					147,266
Transfers in (Note 4A)	19,284,312		963,546	200,000	5,669,076	26,116,934
Transfers (out) (Note 4A)	(2,739,023)	(266,010)	(556,230)	(819,243)	(4,593,999)	(8,974,505)
<b>Total Other Financing Sources (Uses)</b>	<b>16,692,555</b>	<b>(266,010)</b>	<b>407,316</b>	<b>(619,243)</b>	<b>1,075,077</b>	<b>17,289,695</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,175,818</b>	<b>440,170</b>	<b>(6,971,119)</b>	<b>(14,146,386)</b>	<b>1,010,918</b>	<b>(4,490,599)</b>
Fund balances at beginning of period	42,061,975	276,060	23,753,285	13,318,230	109,770,269	189,179,819
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$57,237,793</b>	<b>\$716,230</b>	<b>\$16,782,166</b>	<b>(\$828,156)</b>	<b>\$110,781,187</b>	<b>\$184,689,220</b>

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, 2005

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 (\$4,490,599)

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 39,583,494

Depreciation expense is deducted from the fund balance  
 (Depreciation expense is net of internal service fund depreciation of \$3,410,347 which has already been allocated to serviced funds.) (11,519,254)

Loss on retirement of capital assets (Internal service fund retirement of \$9,339 has already been deducted from capital assets) (12,604)

Transfer of assets to Business-Type Activities (1,147,569)

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. 13,598,839

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 (147,266)  
 Repayment of debt principal is added back to fund balance 1,264,702

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 (5,721,728)  
 Interest payable and accrued liabilities, included in accrued liabilities 28,265  
 Deferred revenues (997,800)  
 Payments to developers 2,295,495

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds 4,239,768

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$36,973,743

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, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$60,157,550	\$60,157,550	\$66,892,077	\$6,734,527
Licenses and permits	2,755,900	2,755,900	2,591,354	(164,546)
Charges for services	9,251,269	9,297,169	11,327,588	2,030,419
Subventions and grants	6,340,078	6,491,368	3,174,685	(3,316,683)
Use of money and property	831,285	831,285	1,236,539	405,254
Fines, forfeitures and penalties	539,920	539,320	718,174	178,854
Contributions from developers	1,354,000	1,650,000	599,932	(1,050,068)
Miscellaneous revenues	488,250	570,090	1,913,082	1,342,992
<b>TOTAL REVENUES</b>	<b>81,718,252</b>	<b>82,292,682</b>	<b>88,453,431</b>	<b>6,160,749</b>
<b>EXPENDITURES</b>				
Current:				
General government				
Council				
Salaries and benefits	36,600	36,600	36,600	
Operating services and supplies	416,463	515,463	500,965	14,498
City attorney				
Salaries and benefits	958,230	958,230	792,636	165,594
Operating services and supplies	188,530	188,530	132,739	55,791
City manager				
Salaries and benefits	1,409,694	1,475,694	1,342,413	133,281
Operating services and supplies	472,966	688,563	633,528	55,035
Finance				
Salaries and benefits	4,600,664	4,611,064	3,990,321	620,743
Operating services and supplies	2,170,891	2,175,891	1,603,445	572,446
Human resources				
Salaries and benefits	1,383,330	1,383,330	1,162,851	220,479
Operating services and supplies	568,229	568,229	539,137	29,092
Information technology				
Salaries and benefits	2,461,510	2,473,510	2,348,637	124,873
Operating services and supplies	1,520,652	1,552,652	1,239,835	312,817
City clerk				
Salaries and benefits	554,720	554,720	478,919	75,801
Operating services and supplies	309,041	309,041	186,534	122,507
Central services				
Salaries and benefits	3,118,970	2,975,470	2,539,107	436,363
Operating services and supplies	2,245,491	2,453,291	2,363,042	90,249
Community development and planning				
Community services				
Operating services and supplies	40,675	44,075	29,157	14,918
Housing				
Salaries and benefits	341,430	249,030	240,388	8,642
Operating services and supplies	120,323	120,323	121,885	(1,562)
Community development				
Salaries and benefits	990,250	990,250	919,161	71,089
Operating services and supplies	119,690	264,190	172,657	91,533
Planning				
Salaries and benefits	2,142,860	2,142,860	1,740,383	402,477
Operating services and supplies	479,256	675,256	374,456	300,800
Public works				
Salaries and benefits	8,908,982	8,905,282	7,659,284	1,245,998
Operating services and supplies	4,587,348	4,587,348	2,909,857	1,677,491

(Continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
Public safety:				
Police				
Salaries and benefits	19,795,900	20,014,800	17,719,182	2,295,618
Operating services and supplies	4,165,108	4,410,915	3,828,643	582,272
Fire				
Salaries and benefits	12,441,364	12,937,164	12,105,716	831,448
Operating services and supplies	1,968,670	2,035,660	1,648,186	387,474
Library				
Salaries and benefits	2,675,120	2,675,120	2,044,660	630,460
Operating services and supplies	749,045	763,595	717,614	45,981
Parks and recreation				
Salaries and benefits	8,365,560	8,500,460	7,332,051	1,168,409
Operating services and supplies	4,294,756	4,324,286	4,139,371	184,915
Capital outlay	7,145,280	7,992,702	2,687,805	5,304,897
Payments under development agreements	3,162,200	3,345,647	3,159,907	185,740
Debt Service:				
Principal	535,485	535,485	479,702	55,783
Interest and fiscal charges	82,695	53,345	49,394	3,951
<b>TOTAL EXPENDITURES</b>	<b>105,527,978</b>	<b>108,488,071</b>	<b>89,970,168</b>	<b>18,517,903</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease			147,266	147,266
Transfers in	19,693,664	19,864,806	19,284,312	(580,494)
Transfers (out)	(2,621,403)	(2,832,903)	(2,739,023)	93,880
<b>Total Other Financing Sources (Uses)</b>	<b>17,072,261</b>	<b>17,031,903</b>	<b>16,692,555</b>	<b>(339,348)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(\$6,737,465)</b>	<b>(\$9,163,486)</b>	<b>15,175,818</b>	
Fund balance at beginning of year			42,061,975	
Fund balance at end of year			<b>\$57,237,793</b>	

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, 2005

	Budgeted Amounts		Final	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$3,796,280	\$4,513,090	\$4,819,561	\$306,471
Less Educational Revenue				
Augmentation Fund payment (Note 19)		(260,654)	(260,676)	(22)
Subventions and grants	49,310	54,730	115,263	60,533
Use of money and property	70,570	74,160	355,234	281,074
Contributions from developers		11,000	27,254	16,254
Miscellaneous revenues		7,910	24,084	16,174
	<u>3,916,160</u>	<u>4,400,236</u>	<u>5,080,720</u>	<u>680,484</u>
<b>EXPENDITURES</b>				
Community development and planning				
Community services				
Salaries and benefits	231,534	142,624	256,349	(113,725)
Operating services and supplies	1,521,829	1,508,799	408,365	1,100,434
Passthru payments	1,126,925	1,331,090	1,335,091	(4,001)
Capital outlay	2,330,043	2,686,297	1,131,035	1,555,262
Debt service:				
Principal		220,000	220,000	
Interest and fiscal charges		670,410	1,023,700	(353,290)
	<u>5,210,331</u>	<u>6,559,220</u>	<u>4,374,540</u>	<u>2,184,680</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(117,022)	(117,100)	(266,010)	(148,910)
	<u>(117,022)</u>	<u>(117,100)</u>	<u>(266,010)</u>	<u>(148,910)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>				
	<u>(\$1,411,193)</u>	<u>(\$2,276,084)</u>	440,170	<u>\$2,716,254</u>
Fund balance at beginning of year			<u>276,060</u>	
Fund balance at end of year			<u>\$716,230</u>	

See accompanying notes to financial statements

## **MAJOR PROPRIETARY FUNDS**

<b>MAJOR PROPRIETARY FUNDS</b>
--------------------------------

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 2005.

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, 2005

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments in City Treasury (Note 3)	\$71,437,052	\$55,279,377	\$9,482,280	\$2,812,847	\$1,081,620
Restricted cash and investments with fiscal agents (Note 3)	238,138,757	2,612,443			624,094
<b>Receivables:</b>					
Taxes	26,538				
Accounts	12,426,396	1,609,060	1,371,031	1,773,510	75,514
Accrued Interest	658,674	383,699	76,894	24,056	30,231
Due from other government agencies	894,057	72,324	4,263,890	176,167	
Due from other funds (Note 4B)					
Inventories (Note 11)	5,650,973	660,533	71,163	93,363	
Prepays					
<b>Total Current Assets</b>	<b>329,232,447</b>	<b>60,617,436</b>	<b>15,265,258</b>	<b>4,879,943</b>	<b>1,811,459</b>
<b>Noncurrent Assets:</b>					
Deferred receivables (Note 6)	606,079	104,582	11,119		
Notes receivable from NCPA (Note 15B)	204,958				
Prepaid purchased electricity (Note 14)	4,794,882				
Unamortized bond origination costs	412,511	592,508			280,753
Investment in NCPA reserves (Note 15)	3,085,396				
Investment in SPWA reserves (Note 16)			110,180,091		
Advances to other funds (Note 4C)					
<b>Capital assets (Note 8):</b>					
Land and construction in progress	41,299,094	15,204,349	22,789,917	303,185	6,007,666
Capital assets being depreciated, net	190,205,013	298,250,341	412,789,144	2,468,778	12,035,989
<b>Total Noncurrent Assets</b>	<b>240,607,933</b>	<b>314,151,780</b>	<b>545,770,271</b>	<b>2,771,963</b>	<b>18,324,408</b>
<b>Total Assets</b>	<b>569,840,380</b>	<b>374,769,216</b>	<b>561,035,529</b>	<b>7,651,906</b>	<b>20,135,867</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	11,842,446	1,432,073	357,220	654,266	48,691
Accrued liabilities	1,890,802	537,990	426,646	205,109	128,527
Due to other government agencies	14,471		819,218		
Due to other funds (Note 4B)					
Current portion of compensated absences (Note 1G)	1,067,889	463,826	473,688	216,983	
Current portion of long-term debt (Note 9)	6,170,000	1,345,295	1,676,562		315,000
Deposits	23,195,880	55,000	4,828		10,944
Deferred revenue	2,098,245				
Self-insurance claims payable (Note 13)					
<b>Total Current Liabilities</b>	<b>46,279,733</b>	<b>3,834,184</b>	<b>3,758,162</b>	<b>1,076,358</b>	<b>503,162</b>
<b>Long-Term Liabilities</b>					
Deferred liabilities				108,192	
Advances from other funds (Note 4C)					3,893,000
Notes (Note 9)		172,056			
Certificates of participation (Note 9)	270,420,000	24,740,000			7,630,000
Unamortized loss on refunding (Note 9)	(3,264,957)		(5,806,065)		
Revenue bonds (Note 9)			96,520,106		
Landfill closure and post closure liability (Note 17)				3,842,748	
Compensated absences (Note 1G)	1,355,695	510,974	566,445	221,661	
<b>Total Long-Term Liabilities</b>	<b>268,510,738</b>	<b>25,423,030</b>	<b>91,280,486</b>	<b>4,172,601</b>	<b>11,523,000</b>
<b>Total Liabilities</b>	<b>314,790,471</b>	<b>29,257,214</b>	<b>95,038,648</b>	<b>5,248,959</b>	<b>12,026,162</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	122,900,254	287,369,395	337,382,393	2,771,963	10,098,655
Restricted for debt service	17,319,323	2,612,320			624,020
Restricted for local transportation					
Unrestricted	114,830,332	55,530,287	128,614,488	(369,016)	(2,612,970)
<b>Total Net Assets</b>	<b>\$255,049,909</b>	<b>\$345,512,002</b>	<b>\$465,996,881</b>	<b>\$2,402,947</b>	<b>\$8,109,705</b>

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$1,675,648	\$331,030	\$142,099,854	\$47,255,673
		241,375,294	40,000
		26,538	
1,233	511,282	17,768,026	60,533
28,064	2,258	1,203,876	1,221,805
9,765,174	631	15,172,243	12,636
			212,500
		6,476,032	731,491
<u>11,470,119</u>	<u>845,201</u>	<u>424,121,863</u>	<u>49,534,638</u>
		721,780	
		204,958	
		4,794,882	
		1,285,772	
		3,085,396	
		110,180,091	5,447,201
665,159	443,326	86,712,696	
<u>5,463,971</u>	<u>533,871</u>	<u>921,747,107</u>	<u>11,500,082</u>
<u>6,129,130</u>	<u>977,197</u>	<u>1,128,732,682</u>	<u>16,947,283</u>
<u>17,599,249</u>	<u>1,822,398</u>	<u>1,552,854,545</u>	<u>66,481,921</u>
319,470	23,582	14,677,748	564,144
34,972	203,795	3,427,841	118,949
		833,689	
	149,827	149,827	713,500
43,179	158,745	2,424,310	130,635
		9,506,857	
	9,370	23,276,022	
474,316	331,024	2,903,585	
			7,475,000
<u>871,937</u>	<u>876,343</u>	<u>57,199,879</u>	<u>9,002,228</u>
	5,392	113,584	
	300,000	4,193,000	
		172,056	
		302,790,000	
		(9,071,022)	
		96,520,106	
		3,842,748	
71,506	56,027	2,782,308	194,168
<u>71,506</u>	<u>361,419</u>	<u>401,342,780</u>	<u>194,168</u>
<u>943,443</u>	<u>1,237,762</u>	<u>458,542,659</u>	<u>9,196,396</u>
6,129,130	977,197	767,628,987	11,500,082
		20,555,663	
10,526,676		10,526,676	
	(392,561)	295,600,560	45,785,443
<u>\$16,655,806</u>	<u>\$584,636</u>	<u>\$1,094,311,886</u>	<u>\$57,285,525</u>

CITY OF ROSEVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
<b>OPERATING REVENUES</b>					
Charges for services	\$91,883,705	\$11,101,062	\$16,028,981	\$14,822,410	\$2,558,991
Sale of wholesale power	6,757,463				
Other	308,173	2,062,372	326,713	421,638	5,478
<b>Total Operating Revenues</b>	<b>98,949,341</b>	<b>13,163,434</b>	<b>16,355,694</b>	<b>15,244,048</b>	<b>2,564,469</b>
<b>OPERATING EXPENSES</b>					
Purchased power	67,179,143				
Operations	14,945,619	7,343,862	12,759,117	12,043,475	1,754,991
Administration	2,909,993	3,208,580	624,420	695,809	
Depreciation and amortization	5,104,119	5,042,009	7,288,042	3,978	406,795
Claims expense					
<b>Total Operating Expenses</b>	<b>90,138,874</b>	<b>15,594,451</b>	<b>20,671,579</b>	<b>12,743,262</b>	<b>2,161,786</b>
<b>Operating Income (Loss)</b>	<b>8,810,467</b>	<b>(2,431,017)</b>	<b>(4,315,885)</b>	<b>2,500,786</b>	<b>402,683</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and rents revenue/expense	2,581,182	1,417,514	236,272	76,747	81,049
Interest and fiscal charges (expense)	(2,922,663)	(1,124,806)	(3,213,895)	(6,736)	(312,049)
Subventions and grants	304,808	721,250		175,000	
Increase (decrease) in NCPA reserves	(477,622)				
Increase (decrease) in SPWA reserves			3,067,100		
Provision for disputed SCS charges (Note 15)	418,521				
Other					
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(95,774)</b>	<b>1,013,958</b>	<b>89,477</b>	<b>245,011</b>	<b>(231,000)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>8,714,693</b>	<b>(1,417,059)</b>	<b>(4,226,408)</b>	<b>2,745,797</b>	<b>171,683</b>
<b>Contributions</b>					
Capital contributions - connection fees		10,350,420	6,794,031		
Contribution in aid of construction	3,742,563				
Capital contributions from developers	3,862,407	11,104,265	6,915,001		
Capital contributions from SPWA member agencies			4,051,498		
Transfers in (Note 4A)	679,131	1,052,080	387,515	411,106	
Transfers (out) (Note 4A)	(10,352,148)	(3,564,660)	(3,134,577)	(2,225,211)	(164,015)
<b>Change in net assets</b>	<b>6,646,646</b>	<b>17,525,046</b>	<b>10,787,060</b>	<b>931,692</b>	<b>7,668</b>
<b>Total net assets-beginning</b>	<b>248,403,263</b>	<b>327,986,956</b>	<b>455,209,821</b>	<b>1,471,255</b>	<b>8,102,037</b>
<b>Total net assets-ending</b>	<b>\$255,049,909</b>	<b>\$345,512,002</b>	<b>\$465,996,881</b>	<b>\$2,402,947</b>	<b>\$8,109,705</b>

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$517,685	\$4,193,923	\$141,106,757	\$17,218,801
12,831		6,757,463	
		3,137,205	920,622
530,516	4,193,923	151,001,425	18,139,423
		67,179,143	
2,912,765	4,191,370	55,951,199	9,800,439
387,973		7,826,775	
805,893	14,523	18,665,359	3,410,347
			1,972,649
4,106,631	4,205,893	149,622,476	15,183,435
(3,576,115)	(11,970)	1,378,949	2,955,988
92,886	1,698	4,487,348	999,620
	(5,392)	(7,585,541)	
5,698,561	205,276	7,104,895	
		(477,622)	
		3,067,100	
		418,521	
			83,909
5,791,447	201,582	7,014,701	1,083,529
2,215,332	189,612	8,393,650	4,039,517
			24,182
		17,144,451	
		3,742,563	
418,566		22,300,239	
		4,051,498	
201,301		2,731,133	2,774,376
(451,913)	(157,107)	(20,049,631)	(2,598,307)
2,383,286	32,505	38,313,903	4,239,768
14,272,520	552,131	1,055,997,983	53,045,757
\$16,655,806	\$584,636	\$1,094,311,886	\$57,285,525

CITY OF ROSEVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2005

Business-type Activities-Enterprise Funds

	Electric	Water	Wastewater	Solid Waste	Golf Course	Local Transportation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$112,514,472	\$11,164,771	\$16,286,036	\$14,593,152	\$2,557,996	\$991,383
Payments to suppliers	(66,359,596)	(5,119,732)	(9,257,131)	(10,363,618)	(1,833,645)	(2,988,878)
Payments to employees	(8,401,984)	(4,962,961)	(3,871,243)	(3,058,701)	(16,669)	(417,483)
Claims paid						
Other receipts	7,065,636	2,062,372	326,713	421,638	5,478	12,831
Net cash provided by operating activities	<u>44,818,528</u>	<u>3,144,450</u>	<u>3,484,375</u>	<u>1,592,471</u>	<u>713,160</u>	<u>(2,402,147)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
(Increase) decrease in due from other funds		643,454				
Increase (decrease) in due to other funds				(243,128)	(127,000)	
(Increase) decrease in advance to other funds						
Increase (decrease) in advances from other funds						
Increase (decrease) in deferred liabilities		(94,840)				
Provision for disputed SCS charges	(3,166,978)					
Transfers in	679,131	1,052,080	387,515	411,106		201,301
Transfers (out)	(10,352,148)	(3,564,660)	(3,134,577)	(2,225,211)	(164,015)	(451,913)
Cash Flows from Noncapital Financing Activities	<u>(12,839,995)</u>	<u>(1,963,966)</u>	<u>(2,747,062)</u>	<u>(2,057,233)</u>	<u>(291,015)</u>	<u>(250,612)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions	7,604,970	11,104,265				418,566
Acquisition and construction of capital assets, net	(41,430,158)	(18,184,918)	(416,977)	(859,377)		(314,709)
Transfer of connection fees to SPWA			(6,053,045)			
Change in restricted assets	(234,651,664)	(76)			15,003	
Proceeds from debt issuance	242,840,000					
Premium on debt issuance	3,528,055					
Cost of issuance	(3,072,994)					
Principal payments on capital debt	(5,495,000)	(1,284,804)			(295,000)	
Interest paid on capital debt	(2,922,663)	(1,124,806)		(66,170)	(312,049)	
Subventions and grants	304,808	721,250		175,000		5,698,561
Grants and subsidies	(894,057)	(46,486)	(3,374,992)	(174,102)		(5,222,801)
Connection fees		10,350,420	6,794,031			
Other						
Cash Flows from Capital and Related Financing Activities	<u>(34,188,703)</u>	<u>1,534,845</u>	<u>(3,050,983)</u>	<u>(924,649)</u>	<u>(592,046)</u>	<u>579,617</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends	2,409,074	1,431,659	225,430	75,126	76,520	97,403
Net increase (decrease) in cash and cash equivalents	198,904	4,146,988	(2,088,240)	(1,314,285)	(93,381)	(1,975,739)
Cash and investments at beginning of period	71,238,148	51,132,389	11,570,520	4,127,132	1,175,001	3,651,387
Cash and investments at end of period	<u>\$71,437,052</u>	<u>\$55,279,377</u>	<u>\$9,482,280</u>	<u>\$2,812,847</u>	<u>\$1,081,620</u>	<u>\$1,675,648</u>
<b>NONCASH TRANSACTIONS:</b>						
Contribution of SPWA capital assets to City			\$13,162,107			
Principal retirement of SPWA Revenue Bonds			(1,611,566)			
Accrued interest on advance						
Interest on SPWA Revenue Bonds			(3,222,472)			
Contribution of capital assets from developers			6,915,001			
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$8,810,467	(\$2,431,017)	(\$4,315,885)	2,500,786	\$402,683	(\$3,576,115)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>						
Depreciation and amortization	5,104,119	5,042,009	7,288,042	3,978	406,795	805,893
<b>Change in assets and liabilities:</b>						
Receivables, net	(1,219,726)	52,855	263,109	(229,258)	(674)	(618)
Inventories	(1,565,157)	85,185	(11,717)	(43,593)		
Prepays						438
Accounts and other payables	34,097,385	395,418	260,826	(639,442)	(95,644)	(106,061)
Deferred revenue	(408,560)					474,316
Net cash provided by operating activities	<u>\$44,818,528</u>	<u>\$3,144,450</u>	<u>\$3,484,375</u>	<u>\$1,592,471</u>	<u>\$713,160</u>	<u>(\$2,402,147)</u>

See accompanying notes to financial statements

School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$4,113,886	\$162,221,696	\$17,223,147
(623,966)	(96,546,566)	(7,699,059)
(3,527,992)	(24,257,033)	(2,341,730)
	9,894,668	(1,450,649)
		920,622
(38,072)	51,312,765	6,652,331
	643,454	429,828
(40,232)	(410,360)	260,105
		212,500
	(94,840)	
	(3,166,978)	
	2,731,133	2,774,376
(157,107)	(20,049,631)	(2,598,307)
(197,339)	(20,347,222)	1,078,502
891	19,127,801	
	(61,205,248)	(1,619,526)
	(6,053,045)	
	(234,636,737)	
	242,840,000	
	3,528,055	
	(3,072,994)	
	(7,074,804)	
	(4,425,688)	
205,276	7,104,895	
39,295	(9,673,143)	
	17,144,451	
		83,909
245,462	(36,396,457)	(1,535,617)
1,091	4,316,303	918,734
11,142	(1,114,611)	7,113,950
319,888	143,214,465	40,181,723
<u>\$331,030</u>	<u>\$142,099,854</u>	<u>\$47,295,673</u>
	\$13,162,107	
	(1,611,566)	
	(3,222,472)	
	6,915,001	
(11,970)	1,378,949	\$2,955,988
14,523	18,665,359	3,410,347
(92,416)	(1,226,728)	(248,202)
	(1,535,282)	
	438	
40,655	33,953,137	534,198
11,136	76,892	
(38,072)	51,312,765	6,652,331

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## **FIDUCIARY FUNDS**

<b>FIDUCIARY FUNDS</b>
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**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, 2005

	Endowment Private-purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments in Treasury (Note 3)	\$1,935,733	\$170,422,447
Restricted cash and investments with fiscal agents (Note 3)		51,126,179
Accounts receivable		147,891
Accrued interest receivable	10,650	1,373,917
Due from other government agencies		1,375,120
Deferred receivables (Note 6)		592
Total Assets	1,946,383	\$224,446,146
<b>LIABILITIES</b>		
Accounts payable		\$2,705,351
Accrued liabilities		253,602
Due to other government agencies		13,014
Due to member agencies		179,305,272
Due to bondholders		42,033,053
Due to others		135,854
Total Liabilities		\$224,446,146
<b>NET ASSETS</b>		
Held in trust for private purpose	\$1,946,383	

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, 2005

ADDITIONS	
Contributions from developers	\$451,735
Investment income	<u>33,512</u>
Total additions	<u>485,247</u>
DEDUCTIONS	
Payments in accordance with trust agreements	<u>16,604</u>
Change in net assets	468,643
Net assets - beginning	<u>1,477,740</u>
Net assets - end	<u><u>\$1,946,383</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.

**Traffic Mitigation Fund** – The Fund accounts for revenues and expenses related to major roadways and related structures such as bridges or interchanges.

**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 private-purpose trust 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	\$9,639,263	\$4,588,962	\$14,228,225
Additions	1,753,394	617,656	2,371,050
Payments	(259,229)		(259,229)
Ending Balance	<u>\$11,133,428</u>	<u>\$5,206,618</u>	<u>\$16,340,046</u>
Current Portion	<u>\$389,864</u>	<u>\$2,424,310</u>	<u>\$2,814,174</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 299 retired employees and spouses based on negotiated employee bargaining unit contracts. Substantially all of the City's employees hired before January 1, 2004 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. Employees hired after January 1, 2004 may become eligible for those benefits if they reach the normal retirement age and have years of service credit that range from 10 to 20 years with the City's contributions ranging from 50% to 100%, respectively. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the year ending June 30, 2005, those costs totaled \$1,818,415.

**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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. New Funds**

The Air Quality Mitigation and Traffic Signal Special Revenue Funds, Westpark, Fiddymont Ranch, and Longmeadow Community Facilities Districts Agency Funds, Sewer Special Benefit Area #3 Agency Fund, and City/County Traffic Mitigation Fund Agency Fund were established in fiscal year 2005.

**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 within each fund.
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 the following Special Revenue and Permanent Funds:
  - i. Special Revenue Funds
    1. Park and Recreation Donation
    2. Forfeited Property
  - ii. Permanent Fund
    1. Roseville Aquatics Complex Maintenance

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

The following funds are budgeted on a project basis. Such budgets are based on a project time frame, rather than a fiscal year “operating” time frame, whereby unused appropriations continue until project completion:

- i. Special Revenue Funds
  - 1. Traffic Mitigation
  - 2. State Gasoline Tax
  - 3. Park Development
  - 4. Pleasant Grove Drain Basin
  - 5. Tree Propagation
- ii. Capital Project Funds
  - 1. Community Facilities District
  - 2. Building

***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 Funds below incurred expenditures in excess of their budgets in the amounts below. Sufficient resources were available within each department to finance these overages.

Fund	Department	Amount
General Fund:		
	Housing	
	Operating services & supplies	\$1,562
Redevelopment Agency Special Revenue Fund:		
	Community services	
	Salaries and benefits	113,725
	Passthru payments	4,001
	Debt service:	
	Interest and fiscal charges	353,290
Community Development Block Grant Special Revenue Fund:		
	Housing	
	Operating services & supplies	177,458
	Capital outlay	333
Housing Authority Section 8 Special Revenue Fund:		
	Housing assistance payments	96,890
Affordable Housing Special Revenue Fund:		
	Community services	
	Operating services & supplies	307,400

**NOTE 3 - CASH AND INVESTMENTS**

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific 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'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.

**A. 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	\$382,830,227
Restricted cash and investments with fiscal agent	<u>255,879,058</u>
Total City cash and investments	638,709,285
Cash and investments in Fiduciary Funds (Separate statement)	<u>223,484,359</u>
Total Cash and Investments	<u><u>\$862,193,644</u></u>

Cash and investments as of June 30, 2005 consist of the following:

Cash in bank and on hand	\$25,443,292
Investments	<u>836,750,352</u>
Total Cash and Investments	<u><u>\$862,193,644</u></u>

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

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**B. Investments Authorized by the California Government Code and the City's Investment Policy**

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None	None
U.S. Agency Securities	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	None	20%	None
Forward Delivery Agreements (A)	N/A	A	None	None
Local Agency Bonds	5 Years	None	None	None
Repurchase Agreements	30 days	None	None	None
Banker's Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10% (B)
Medium-Term Notes	5 Years	AA	30%	None
Collateralized Time Deposits	5 Years	None	None	None
Negotiable Certificates of Deposit	5 Years	AA	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None
Insured Saving Accounts	N/A	None	None	None
Money Market Mutual Funds	N/A	None	20%	10%
Shares in a California Common Law Trust	N/A	None	None	None
Interest Rate Swaps (C )	N/A	None	None	None

(A) In specified fund accounts where liquidity is not the primary investment objective, the maximum maturity can be up to ten years with granted express authority by the City Council. Such investments cannot be made less than three months following the approval of extended investment terms. All longer-term investments must be Federal Treasury or Agency securities. The specified fund accounts are:

- Citizens Benefit Permanent Fund
- Roseville Aquatics Complex Maintenance Permanent Fund
- Endowment Private-purpose Trust Fund
- All future trust and/or endowment funds established by the City with no anticipated use of principal

(B) Eligible Commercial Paper may not represent more than 10% of the outstanding paper of an issuing corporation.

(C) Interest rate swaps may only be used in conjunction with enterprise fund debt or investments, not the general fund. Currently, the City does not participate in any interest rate swaps for investments.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**C. Investments Authorized by Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	None
U.S. Agency Securities	N/A	None
Certificates of Deposit	N/A - 30 days	None - A-1
Time Deposits	N/A - 30 days	None - A-1
Repurchase Agreements	N/A	None - A
Bankers Acceptances	N/A - 270 days	None - A-1
Obligations	N/A	None
Money Market Funds	N/A	None - Aam-G
Taxable Govt Money Market Portfolio	N/A	None
Legal Investment	N/A	None
Commercial Paper (A)	180-270 days	A-1 - AA
General Obligations	N/A	None - A
General Short-term Obligations	N/A	A-1
Special Revenue Bonds	N/A	AA
Pre-refunded Municipal Obligations	N/A	AAA
Municipal Obligations	N/A	AAA
Common Law Trust	N/A	None
C.A.M.P.	N/A	None
Lawful Investment	N/A	None
Investment Agreements	N/A	A+ - AA
L.A.I.F.	N/A	None
Placer County Investment Pool	N/A	None

(A) Maximum investment in one issuer of Commercial Paper is 10% of the outstanding bond proceeds.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

	Remaining Maturity (in Months)				Total
	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months	
U.S. Government Securities	\$7,280,236	\$72,144,366	\$60,540,234		\$139,964,836
Federal Agency Securities	58,644,708	194,481,149	20,375,953		273,501,810
Corporate Notes		11,576,645			11,576,645
Forward Delivery Agreement				\$63,173,622	63,173,622
Guaranteed Investment Contracts			15,366,938	13,070,011	28,436,949
Mutual Funds and Money					
Market Funds (U.S. Securities)	225,990,431				225,990,431
Local Agency Investment Fund	74,862,864				74,862,864
California Asset Management Pool	17,727,651				17,727,651
Collateralized Time Deposits	1,515,544				1,515,544
<b>Total Investments</b>	<u>\$386,021,434</u>	<u>\$278,202,160</u>	<u>\$96,283,125</u>	<u>\$76,243,633</u>	<u>\$836,750,352</u>

The City is a 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, 2005 the fair value was \$169,005 less than the City's cost. The balance is available for withdrawal on demand, and 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 3 - CASH AND INVESTMENTS (Continued)**

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2005 for each investment type as provided by Standard and Poor's investment rating system:

	AAA	AA	AA-	A+	Total
<b>Investments:</b>					
Federal Agency Securities	\$273,501,810				\$273,501,810
Corporate Notes				\$11,576,645	11,576,645
Forward Delivery Agreement			\$56,006,691	7,166,931	63,173,622
Guaranteed Investment Contracts	25,699,657	\$624,020	2,113,272		28,436,949
Mutual Funds and Money					
Market Funds (U.S. Securities)	225,990,431				225,990,431
Totals	<u>\$525,191,898</u>	<u>\$624,020</u>	<u>\$58,119,963</u>	<u>\$18,743,576</u>	602,679,457
<b>Exempt from Credit Rate Disclosure:</b>					
U.S. Government Securities					139,964,836
<b>Not Rated:</b>					
Local Agency Investment Fund					74,862,864
California Asset Management Pool					17,727,651
Collateralized Time Deposits					1,515,544
Total Investments					<u>\$836,750,352</u>

**F. Concentration of Credit Risk**

Investments in any one issuer, other than U. S. Treasury securities, mutual funds, California Local Agency Investment Fund, and California Asset Management Pool, that represent 5% or more of total Entity-wide investments are as follows at June 30, 2005:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal agency securities	\$126,945,179
Federal Home Loan Mortgage Corporation	Federal agency securities	60,701,103
Federal National Mortgage Association	Federal agency securities	46,462,701

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investments in any one issuer that represent 5% or more of total investments by individual funds were as follows at June 30, 2005:

Fund	Issuer	Investment Type	Amount
<i>Major Enterprise</i>			
Electric	Federal Home Loan Bank	Federal agency securities	\$23,365,981
	Federal Home Loan Mortgage Corporation	Federal agency securities	16,202,889
Water	Federal Home Loan Mortgage Corporation	Federal agency securities	8,141,024
	Federal National Mortgage Association	Federal agency securities	6,042,228
	Federal Home Loan Bank	Federal agency securities	5,003,729
Golf Course	AIG	Investment Contract	624,020
<i>Fiduciary Funds</i>			
Endowment Private	Federal Home Loan Mortgage Corporation	Federal agency securities	301,957
Purpose Trust Fund	Federal Home Loan Bank	Federal agency securities	384,272
South Placer Wastewater Authority Agency Fund	J.P. Morgan	Forward Delivery Agreement	56,006,691

**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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

Transfers between funds during the fiscal year ended June 30, 2005 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
<b>General Fund</b>	Redevelopment Agency of the City of Roseville	\$117,100 (A)
	Non-Major Governmental Funds	2,693,306 (B)
	Electric Enterprise Fund	8,790,480 (C)
	Water Enterprise Fund	2,744,503 (D)
	Wastewater Enterprise Fund	1,801,200 (D)
	Solid Waste Enterprise Fund	1,519,525 (D)
	Golf Course Enterprise Fund	164,015 (D)
	Local Transportation Enterprise Fund	184,950 (D)
	School-Age Child Care Enterprise Fund	152,940 (D)
	Internal Service Funds	1,116,293 (E)
<b>Community Facilities District Projects</b>	Non-Major Governmental Funds	200,000 (F)
<b>Non-Major Governmental Funds</b>	General Fund	2,311,805 (F)
	Redevelopment Agency of the City of Roseville	148,910 (A)
	Community Facilities District Projects	617,942 (F)
	Non-Major Governmental Funds	1,327,378 (F)
	Electric Enterprise Fund	223,773 (E)
	Water Enterprise Fund	693,161 (E)
	Wastewater Enterprise Fund	815,000 (E)
	Solid Waste Enterprise Fund	250,000 (E)
	Local Transportation Enterprise Fund	244,653 (E)
<b>Electric Enterprise Fund</b>	Non-Major Governmental Funds	679,025 (G)
	Water Enterprise Fund	35 (E)
	Wastewater Enterprise Fund	34 (E)
	Solid Waste Enterprise Fund	37 (E)
<b>Water Enterprise Fund</b>	Electric Enterprise Fund	390,654 (E)
	Wastewater Enterprise Fund	362,903 (E)
	Solid Waste Enterprise Fund	298,523 (E)
<b>Wastewater Enterprise Fund</b>	General Fund	157 (G)
	Electric Enterprise Fund	387,358 (G)
<b>Solid Waste Enterprise Fund</b>	Electric Enterprise Fund	393,926 (G)
	Water Enterprise Fund	8,590 (G)
	Wastewater Enterprise Fund	8,590 (G)
<b>Local Transportation Enterprise Fund</b>	Community Facilities District Projects	201,301 (E)
<b>Internal Service Funds</b>	General Fund	427,061 (G)
	Non-Major Governmental Funds	250,520 (E)
	Electric Enterprise Fund	165,957 (E)
	Water Enterprise Fund	118,371 (E)
	Wastewater Enterprise Fund	146,850 (E)
	Solid Waste Enterprise Fund	157,126 (E)
	Local Transportation Enterprise Fund	22,310 (E)
	School-Age Child Care Enterprise Fund	4,167 (E)
	Internal Service Funds	1,482,014 (E)
Total Interfund Transfers		<u>\$31,622,443</u>

- (A) To reimburse flood construction expenses.
- (B) To fund street 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, 2005 interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount
<b>General Fund</b>	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	\$350,000
	Traffic Safety Special Revenue Fund	176,302
	Community Development Block Grant/HOME	
	Special Revenue Fund	209,479
	Park Development Capital Projects Fund	120,000
	School-Age Child Care Enterprise Fund	149,827
	Automotive Replacement Internal Service Fund	713,500
<b>Special Revenue Fund:</b>		
Affordable Housing	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	50,000
<b>Internal Service Fund:</b>		
Automotive Replacement	Traffic Mitigation Special Revenue Fund	212,500
		<u>\$1,981,608</u>

**C. Long-Term Interfund Advances**

At June 30, 2005 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
<b>Special Revenue Funds:</b>		
Redevelopment Agency of the City of Roseville	General Fund	\$8,345,536
	Gas Tax Special Revenue Fund	3,900,000
	Affordable Housing Special Revenue Fund	250,000
	Automotive Replacement Internal Service Fund	829,201
Traffic Mitigation	Automotive Replacement Internal Service Fund	425,000
Park Development	General Fund	4,120,000
<b>Enterprise Funds:</b>		
Golf Course	Automotive Replacement Internal Service Fund	3,893,000
School-Age Child Care	Automotive Replacement Internal Service Fund	300,000
		<u>\$22,062,737</u>

**Redevelopment Agency** advance consists of four advances: (1) Advances in the amount of \$1,676,789 will be repaid in fiscal year 2009. (2) Advances in the amount of \$7,747,948 will be repaid in fiscal year 2029. Both the advances bear interest at the average interest rate of the City's pooled investments. (3) Advances in the amount of \$3,900,000 bear no interest and will be repaid in fiscal year 2029. (4) Advances in the amount of \$180,222 bear interest at 4.45% and will be repaid in fiscal year 2009.

**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 2006.

**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 began interest only payments in fiscal year 2004 and full repayment is expected 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 2006. These notes receivable comprised the following at June 30, 2005:

Notes	\$333,528
Employee Notes	146,834
Housing Rehabilitation and Affordable Housing Notes	4,728,724
First Time Home-Buyer Notes	3,492,338
Housing Elevation Notes	<u>33,977</u>
Total	<u><u>\$8,735,401</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, 2005 was \$6,633.

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, 2005 the balance due was \$22,592.

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, 2005, \$296,584 in notes had been issued to fourteen 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, 2005, 125 employees had \$146,834 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 2006 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, 2005 was \$4,728,724.

**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 2006 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, 2005 was \$3,492,338.

**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, 2005, eleven loans funded through the FEMA Hazard Mitigation Grant Program were outstanding with a total balance of \$33,977.

**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, 2005 was \$4,197,166, which has been classified as deferred receivables, and the short-term portion of these receivables, which totaled \$21,223 at June 30, 2005 is included in accounts receivable.

**NOTE 7 – DEVELOPMENT AGREEMENTS**

The City may enter into development agreements in an effort to provide incentives to develop new businesses and new tax revenues. The substance of these agreements is that developers or other public agencies 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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 7 – DEVELOPMENT AGREEMENTS (Continued)**

**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 \$20 million at June 30, 2005. 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 2005 payments made to the developer under the agreement totaled \$2,593,202.

**B. *Wal-Mart at Roseville***

In fiscal year 2003, City entered into Wal-Mart Sales Tax Revenue Sharing Agreement with City of Rocklin. The City agreed to share retail sales tax with the City of Rocklin after the retail sales commenced at the new Wal-Mart location in Roseville on October 28, 2003. The City will make certain sales tax revenue payments to Rocklin for thirty-six months from the day of the store opening which occurred in 2004. In addition, the City has the option to share sales tax revenue with City of Rocklin for an extended period of not more than 24 months. In fiscal year 2005, the City paid \$566,705 to the City of Rocklin.

**C. *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 2005, the City made the final payments of \$2,229,203 to the developer under the agreement.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 7 – DEVELOPMENT AGREEMENTS (Continued)**

**D.     *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 \$6,125,477 of bond proceeds from the Agency’s 2002 Tax Allocation Bonds, a \$360,000 contribution from the Developer, and a \$600,000 contribution from the General Fund. 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 2006.

**NOTE 8 – CAPITAL ASSETS**

**A.     *Policies***

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated 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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 8 – CAPITAL ASSETS (Continued)**

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The 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

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

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 8 - CAPITAL ASSETS (Continued)**

**B. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	Balance at June 30, 2004	Additions	Retirements	Transfers	Balance at June 30, 2005
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$12,097,607	\$9,964,887			\$22,062,494
Streets (modified)	153,556,677	4,431,372		\$1,283,267	159,271,316
Parks (modified)	52,207,056	840,756		1,334,806	54,382,618
Landscaping (modified)	23,771,650	723,697		114,118	24,609,465
Construction in progress	41,562,394	25,895,118		(4,036,759)	63,420,753
Total capital assets not being depreciated	<u>283,195,384</u>	<u>41,855,830</u>		<u>(1,304,568)</u>	<u>323,746,646</u>
Capital assets being depreciated:					
Buildings	81,105,035			(1,209,063)	79,895,972
Improvements	4,107,875			151,797	4,259,672
Equipment	44,277,040	2,370,548	(\$2,780,966)		43,866,622
Bike paths	6,604,977	83,859		485,158	7,173,994
Bridges	45,570,000				45,570,000
Culverts	18,862,843	10,000			18,872,843
Curb, gutter, sidewalk, & median curbs	114,437,887	3,637,521		109,290	118,184,698
Drain inlets	18,075,605	61,550		38,695	18,175,850
Flood control improvements	15,472,868	94,359			15,567,227
Soundwall	15,534,377	2,531,685		236,050	18,302,112
Stormdrains	45,479,291	3,615,464		267,274	49,362,029
Traffic signals	18,080,939	574,564			18,655,503
Total capital assets being depreciated	<u>427,608,737</u>	<u>12,979,550</u>	<u>(2,780,966)</u>	<u>79,201</u>	<u>437,886,522</u>
Less accumulated depreciation for:					
Buildings	(25,754,153)	(1,964,768)		77,798	(27,641,123)
Improvements	(695,907)	(109,266)			(805,173)
Equipment	(28,027,134)	(4,471,346)	2,759,023		(29,739,457)
Bike paths	(2,916,294)	(343,569)			(3,259,863)
Bridges	(4,331,500)	(506,333)			(4,837,833)
Culverts	(2,901,938)	(251,571)			(3,153,509)
Curb, gutter, sidewalk, & median curbs	(60,669,284)	(4,805,517)			(65,474,801)
Drain inlets	(4,610,754)	(362,515)			(4,973,269)
Flood control improvements	(864,651)	(206,934)			(1,071,585)
Soundwall	(2,858,308)	(483,378)			(3,341,686)
Stormdrains	(6,729,347)	(632,275)			(7,361,622)
Traffic signals	(8,803,128)	(792,129)			(9,595,257)
Total accumulated depreciation	<u>(149,162,398)</u>	<u>(14,929,601)</u>	<u>2,759,023</u>	<u>77,798</u>	<u>(161,255,178)</u>
Net capital assets being depreciated	<u>278,446,339</u>	<u>(1,950,051)</u>	<u>(21,943)</u>	<u>156,999</u>	<u>276,631,344</u>
Governmental activity capital assets, net	<u>\$561,641,723</u>	<u>\$39,905,779</u>	<u>(\$21,943)</u>	<u>(\$1,147,569)</u>	<u>\$600,377,990</u>

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 8 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2004	Additions	Retirements	Transfers	Balance at June 30, 2005
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$13,752,110	\$2,308,114			\$16,060,224
Landscaping	550,000				550,000
Construction in progress	157,832,104	43,233,676	(\$350,142)	(\$130,613,166)	70,102,472
Total capital assets not being depreciated	<u>172,134,214</u>	<u>45,541,790</u>	<u>(350,142)</u>	<u>(130,613,166)</u>	<u>86,712,696</u>
Capital assets, being depreciated:					
Buildings	10,602,892			1,223,959	11,826,851
Improvements	10,710,293			50,575	10,760,868
Machinery and Equipment	12,211,246	755,257	(287,871)	2,488,035	15,166,665
Bike Paths	1,064,167				1,064,167
Drain Inlets	18,500				18,500
Storm Drains	30,863				30,863
Plant and Substations	137,663,437	5,813,466		127,410,389	270,887,289
Distribution	760,192,938	24,644,229	(329,050)	665,574	785,173,691
Total capital assets being depreciated	<u>932,494,336</u>	<u>31,212,952</u>	<u>(616,921)</u>	<u>131,838,532</u>	<u>1,094,928,894</u>
Less accumulated depreciation for:					
Buildings	(2,925,518)	(302,896)		(82,349)	(3,310,767)
Improvements	(2,445,899)	(264,165)			(2,710,064)
Machinery and Equipment	(5,159,329)	(1,467,612)	276,861	(17,547)	(6,367,627)
Bike Paths	(26,604)	(53,208)			(79,812)
Drain Inlets	(185)	(370)			(555)
Storm Drains	(206)	(412)			(618)
Plant and Substations	(37,936,060)	(4,862,814)			(42,798,874)
Distribution	(106,856,789)	(11,128,452)	49,672	22,099	(117,913,470)
Total accumulated depreciation	<u>(155,350,590)</u>	<u>(18,079,929)</u>	<u>326,533</u>	<u>(77,797)</u>	<u>(173,181,787)</u>
Net capital assets being depreciated	<u>777,143,746</u>	<u>13,133,023</u>	<u>(290,388)</u>	<u>131,760,735</u>	<u>921,747,107</u>
Business-type activity capital assets, net	<u>\$949,277,960</u>	<u>\$58,674,813</u>	<u>(\$640,530)</u>	<u>\$1,147,569</u>	<u>\$1,008,459,803</u>

**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:

<i><b>Governmental Activities</b></i>	
General government	\$1,102,760
Community development and planning	146,333
Public works	8,574,399
Police	765,033
Fire	402,618
Library	117,671
Parks and recreation	410,440
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	3,410,347
<b>Total Governmental Activities</b>	<b>\$14,929,601</b>
<i><b>Business-Type Activities</b></i>	
Electric	\$4,641,860
Water	4,999,687
Wastewater	7,024,130
Solid Waste	198,532
Golf Course	394,894
Local Transportation	806,303
School-age Child Care	14,523
<b>Total Business-Type Activities</b>	<b>\$18,079,929</b>

**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 2005 the City expended \$4,284,993 to preserve its roads. The City estimates that it will be required to expend approximately \$7,794,196 in fiscal 2006 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 2005 the City expended \$3,879,242 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$4,633,558 in fiscal 2006 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, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Certificates of Participation:</b>						
2003A Public Facilities Refunding Bond, 2.0%-5.0%, due 8/1/25	\$18,275,000	\$18,275,000		\$565,000	\$17,710,000	\$605,000
<b>Tax Allocation Bonds</b>						
2002 Roseville Redevelopment Project 3%-5.14%, due 9/1/33	14,500,000	14,180,000		220,000	13,960,000	225,000
<b>Installment Purchase Obligations:</b>						
Equipment	1,111,949	322,439	\$147,266	163,565	306,140	108,919
Motorola Radio Equipment, 5.6%, due 8/1/04	1,955,734	313,304		313,304		
Total Installment Purchase Obligations	3,067,683	635,743	147,266	476,869	306,140	108,919
<b>Other Long Term Obligations:</b>						
Foothill Blvd. Extension, due 4/1/07	114,423	9,083		2,833	6,250	3,027
<b>Total Governmental Activity Debt:</b>	<u>\$35,957,106</u>	<u>\$33,099,826</u>	<u>\$147,266</u>	<u>\$1,264,702</u>	<u>\$31,982,390</u>	<u>\$941,946</u>
<b>Business-type Activity Debt:</b>						
<b>Certificates of Participation:</b>						
1997 Electric System Revenue, 3.6%-5.25%, due 2/1/17	\$11,880,000	\$930,000		\$295,000	\$635,000	\$310,000
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	21,630,000	2,615,000		480,000	2,135,000	500,000
2002 Electric System Revenue, variable rate, due 2/1/24	40,385,000	35,700,000		4,720,000	30,980,000	5,360,000
Less deferred amount on refunding	(3,780,476)	(3,436,796)		(171,839)	(3,264,957)	
2004 Electric System Revenue, 3.00%-5.25%, due 2/1/34	39,940,000		\$39,940,000		39,940,000	
2005 Electric System Revenue, Series A 3.00%-5.00%, due 2/1/23	52,900,000		52,900,000		52,900,000	
2005 Electric System Revenue, Series B variable rate, due 2/1/35	90,000,000		90,000,000		90,000,000	
2005 Electric System Revenue, Series C variable rate, due 2/1/35	60,000,000		60,000,000		60,000,000	
2003B Golf Course Refunding Bond, 2.0%-5.0%, due 8/1/23	8,240,000	8,240,000		295,000	7,945,000	315,000
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	33,000,000	27,350,000		1,275,000	26,075,000	1,335,000
Total Certificates of Participation	<u>354,194,524</u>	<u>71,398,204</u>	<u>242,840,000</u>	<u>6,893,161</u>	<u>307,345,043</u>	<u>7,820,000</u>
<b>Revenue Bonds:</b>						
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	59,465,118	10,211,047		1,286,546	8,924,501	1,337,999
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	51,678,187		325,020	51,353,167	338,563
Less deferred amount on refunding	(6,333,890)	(6,069,986)		(263,921)	(5,806,065)	
Total Revenue Bonds	<u>143,595,128</u>	<u>93,738,248</u>		<u>1,347,645</u>	<u>92,390,603</u>	<u>1,676,562</u>
<b>Other Long Term Obligations:</b>						
Notes, 5%, due 10/1/17	333,108	192,155		9,804	182,351	10,295
<b>Total Business-type Activity Debt:</b>	<u>\$498,122,760</u>	<u>\$165,328,607</u>	<u>\$242,840,000</u>	<u>\$8,250,610</u>	<u>\$399,917,997</u>	<u>\$9,506,857</u>

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (Continued)**

***B. 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. Principal payments are payable annually and interest payments are due semi-annually on February 1 and August 1 through 2025.

***C. 2002 Roseville Redevelopment Project Tax Allocation Bonds***

On October 23, 2002 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.

***D. 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.

***E. 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.

***F. 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, 2005 the 1997 Electric System Revenue Certificates of Participation outstanding in the amount of \$4,290,000 are considered defeased.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (Continued)**

**G. 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, 2005 the 1999 Electric System Revenue Certificates of Participation outstanding in the amount of \$17,685,000 are considered defeased.

**H. 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.

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 monthly calculated at a fixed rate of 2.98% to the counterparty of the swap. In return, the counterparty owes the City interest monthly based on the variable rate of 62% of LIBOR 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.

**I. 2004 Electric System Revenue Certificates of Participation**

On July 1, 2004 the City issued \$39,940,000 of Certificates of Participation to finance capital improvements to the City's Electric System. The COP's are repayable from net revenue of the Electric Utility System. The COPs bear interest at 3.00%-5.25% and are due semi-annually on February 1 and August 1 of each year beginning February 1, 2005. Principal payments are due annually on February 1 beginning February 1, 2007.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (Continued)**

***J. 2005 Electric System Revenue Certificates of Participation, Series A; 2005 Electric System Revenue Certificates of Participation, Series B; and 2005 Electric System Variable Rate Revenue Certificates of Participation, Series C;***

On May 26, 2005 the City issued Certificates of Participation Series A, Series B, and Series C in the original principal amounts of \$52,900,000, \$90,000,000, and \$60,000,000 respectively, to finance certain Electric System improvements, primarily including construction of the Roseville Energy Park.

The Series A COPs bear interest at 3.00%-5.00% and are due semi-annually on February 1 and August 1 of each year beginning February 1, 2006. Principal payments are due annually on February 1 beginning February 1, 2008 through 2023.

The Series B COPs were issued as auction rate securities with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. However, the City entered into a 30-year interest rate swap agreement for the entire amount of the Series B COPs. Based on the swap agreement, the City owes interest weekly calculated at a fixed rate of 3.613% to the counterparty of the swap. In return, the counterparty owes the City interest monthly based on the auction rate that matches the rate required by the bonds which is 70.5% of LIBOR. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. Principal payments are due annually on February 1 beginning 2023 through 2035.

The Series C were issued as variable rate bonds, with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. Interest payments are due semi-annually on February 1 and August 1 of each year beginning February 1, 2006. Principal payments are due annually on February 1 beginning February 1, 2008 through 2035.

***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. 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, 2005 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 2005 was \$105,962. 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. 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 weekly calculated at a fixed rate of 3.433% to the counterparty of the swap. In return, the counterparty owes the Authority interest monthly based on the auction rate that matches the rate required by the bonds which is 62% of LIBOR. 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:

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$941,946	\$1,377,504	\$9,506,857	\$13,418,587
2007	987,727	1,352,797	4,872,793	14,422,357
2008	977,850	1,325,572	6,068,755	14,214,577
2009	962,111	1,298,108	7,275,160	13,976,311
2010	962,756	1,267,852	8,499,303	13,686,712
2011-2015	5,295,000	5,810,258	56,614,956	62,908,372
2016-2020	6,420,000	4,733,404	66,545,963	50,641,319
2021-2025	8,110,000	3,991,125	69,206,811	37,323,792
2026-2030	4,680,000	1,319,250	80,593,067	23,745,482
2031-2035	2,645,000	216,375	94,391,062	8,578,086
2036			5,414,292	32,847
<b>Total</b>	<b>\$31,982,390</b>	<b>\$22,692,245</b>	<b>408,989,019</b>	<b>\$252,948,442</b>
<b>Reconciliation of long-term debt</b>				
	Less deferred amount on refunding		<u>(9,071,022)</u>	
	Net long-term debt		<u>\$399,917,997</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, 2005 is as follows:

Rocky Ridge/Harding Refunding District	\$320,000
North Roseville-Rocklin Sewer Refunding District	885,000
Foothills Boulevard Extension Assessment District	1,525,000
Northeast Roseville Community Facilities District #1 & #2	19,970,000
North Roseville Community Facilities District #1	17,395,000
North Central Roseville Community Facilities District #1	43,975,000
Northwest Roseville Community Facilities District #1	26,155,000
Highland Reserve North Community Facilities District #1	29,430,000
Woodcreek West Community Facilities District #1, Series 2005	20,440,000
Woodcreek East Community Facilities District #1	5,170,000
Stoneridge Parcel 1 Community Facilities District #1	1,895,000
Stoneridge East Community Facilities District # 1	15,330,000
Stoneridge West Community Facilities District # 1	12,295,000
Crocker Ranch Community Facilities District # 1, Series 2002	4,395,000
Crocker Ranch Community Facilities District # 1, Series 2003	15,230,000
Stone Point Community Facilities District # 1	11,285,000
Total	\$225,695,000

**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. 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.

*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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 11 – NET ASSETS AND FUND BALANCES (Continued)**

*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, 2005, 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 **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, 2005 to meet the financial needs of the City through approximately December 10, 2005 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.

**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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 11 – NET ASSETS AND FUND BALANCES (Continued)**

**E. Fund Balance and Net Assets Deficits**

The Community Facility District Projects Capital Project Fund had deficit fund balance at June 30, 2005 of \$828,156. The Law Enforcement Block Grant Special Revenue and Roseville Aquatics Complex Maintenance Permanent Funds had deficit fund balances at June 30, 2005 of \$2,664 and \$1,004, respectively. The Automotive Services Internal Service Fund had deficit net assets of \$481,840 at June 30, 2005. 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, 2005, are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	2.7%
Required employee contribution rates	9%	8%
Required employer contribution rates	28.149%	15.409%
Actuarially required contributions	\$5,140,684	\$11,209,760

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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLAN (Continued)**

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

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

*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
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%
2004	80,707,509	66,152,912	14,554,597	82.0%	12,799,408	113.713%

*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
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%
2004	166,048,078	124,996,283	41,051,795	75.3%	46,309,329	88.647%

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

PERS has reported that the value of the net assets in the Plan held for pension benefits changed as follows during the year ended June 30, 2004:

	Safety	Miscellaneous
Beginning Balance 6/30/03	\$59,434,080	\$111,129,154
Contributions received	4,073,342	9,261,697
Benefits and Refunds Paid	(1,992,245)	(3,990,996)
Transfers and Miscellaneous Adjustments Paid	20,693	(85,288)
Expected Investment Earnings Credited	4,686,066	8,809,695
	\$66,221,936	\$125,124,262
Expected Actuarial Value of Assets 6/30/04	\$66,221,936	\$125,124,262
Market Value of Assets 6/30/04	\$65,186,582	\$123,204,579
Actuarial Value of Assets 6/30/04	\$66,152,912	\$124,996,283

Actuarially required contributions for fiscal years 2005, 2004, and 2003 were \$16,350,444, \$12,344,738, and \$10,809,704, respectively. The City made these contributions as required.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 13 - RISK MANAGEMENT**

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks. The City maintains insurance coverage from a commercial carrier for its long-term disability and dental benefit plan.

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

**A. Risk Coverage**

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$25,000,000, property damage up to \$5,000,000, and boiler and machinery up to \$21,250,000. 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, 2005, the City contributed \$773,217 for coverage during the current year and received a refund of \$200,884 of prior year excess contributions.

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which covers workers' compensation claims up to \$1,750,000 and provides additional coverage up to \$98,000,000. The City has a self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2005, the City contributed \$487,578 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.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 13 - RISK MANAGEMENT (Continued)**

**B. Insurance Internal Service Funds**

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

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

	2005	2004
Claims liability, beginning of year	\$5,118,000	\$4,361,000
Current year claims	1,600,000	2,300,000
Change in prior year claims	(543,000)	1,531,000
Claims paid, current year claims	(206,000)	(518,000)
Claims paid, prior year claims	(537,000)	(2,556,000)
Claims liability, end of year	\$5,432,000	\$5,118,000

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

	2005	2004
Claims liability, beginning of year	\$1,835,000	\$1,172,000
Current year claims	750,000	750,000
Change in prior year claims	(2,201,000)	3,126,000
Claims paid, current year claims	(106,000)	(57,000)
Claims paid, prior year claims	1,765,000	(3,156,000)
Claims liability, end of year	\$2,043,000	\$1,835,000

The Unemployment Reserve and Vision Internal Service Funds had no outstanding claims liability at June 30, 2005.

**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 2005 was \$215,251.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

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

**A. General**

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

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

The City is a member of NCPA, a joint powers agency which operates under a joint powers agreement among 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, 2005, the City incurred expenses totaling \$21,692,817 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.

	<u>June 30, 2005</u>
General Operating Reserve (including advances)	\$1,386,482
Associated Member Services (including advances)	608,601
Undivided equity interest, at cost, in certain NCPA Power Projects:	
Geothermal Projects	468,195
Calaveras Hydroelectric Project	141,550
Combustion Turbine Project No. 1	30,502
Geothermal Public Power Line	Nil
Combustion Turbine Project No. 2	450,066
Graeagle Hydroelectric Project	Nil
	<u>\$3,085,396</u>

**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, 2005, the book value of this Project's plant, equipment and other assets was \$217,241,581, while its long-term debt totaled \$170,922,667 and other liabilities totaled \$46,318,914. The City's share of the Project's long-term debt amounted to \$13,468,706 at that date.

On October 28, 2004 NCPA approved a resolution to finance the expansion and remodeling of NCPA main office building located in Roseville. The expansion is included as part of the Geothermal Projects funded by the bonds mentioned above. The City will recover its 7.880% share of the cost of the expansion which was \$204,958, with a 5% return on the investment over a ten year period. As of June 30, 2005 the City was owed \$204,958.

***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, 2005, the book value of this Project's plant, equipment and other assets was \$514,079,579 while its long-term debt totaled \$492,852,356 and other liabilities totaled \$21,227,223. The City's share of the Project's long-term debt amounted to \$59,142,283 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, 2005, the book value of this Project's plant, equipment and other assets was \$24,564,259, while its long-term debt totaled \$22,006,611 and other liabilities totaled \$2,557,648. The City's share of the Project's long-term debt amounted to \$2,989,478 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, 2005, the book value of this Project's plant, equipment and other assets was \$4,833,024, while its long-term debt totaled \$4,760,724 and other liabilities totaled \$72,300. The City's share of the Project's long-term debt amounted to \$675,861 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, 2005, the book value of this Project's plant, equipment and other assets was \$68,654,402, while its long-term debt totaled \$66,676,180 and other liabilities totaled \$1,978,222. The City's share of the Project's long-term debt amounted to \$24,336,806 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. *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, in turn, began billing its members, including Roseville. These costs, which were billed over a twelve-month period, accumulated to approximately \$7.4 million, including interest, and were subject to a final determination by the FERC of the amount actually owed. Roseville maintained its position that PG&E had no legal or factual basis for its proposed tariff, and continued to vigorously contest this charge. In fiscal year 2005, the dispute was settled and the City of Roseville's payment obligation was \$6,976,385. In addition, in August 2005 PG&E returned funds paid by NCPA in excess of the settlement agreement and Roseville's share was \$4,138,896 which will be added to the General Operating Reserve.

**D. *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, 2005, the City paid \$6,218,660 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, 2005 was \$110,180,091.

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, 2005, landfill closure liability was \$3,842,748.

**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, 2005 was \$100,613,134. 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 expanded 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, 2005 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, 2005, the City estimates that its share of the project will be \$11.8 million payable to CalTrans for construction, construction engineering, and construction management.

**CITY OF ROSEVILLE**  
**Notes to Basic Financial Statements**

**NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

On September 30, 2005 the City signed a Lease and Sublease Agreement with Roseville Investments, LLC for the development of two hotels and a conference center within the North Central Roseville Specific Plan Area. According to the terms of the Agreement, the City will lease the property in an aggregate amount of \$10 million from the Developer. The City will advance the lease payments for the public improvements at the site. The Developer will then sublease the public improvements from the City commencing upon the issuance of a certificate of occupancy for the first hotel for a term of ten years. At the end of the 10-year period, the Developer is required to make a balloon payment for any remaining rental payments up to the \$10 million.

**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, 2005, the Agency paid \$260,676 as a result of the State directive.

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## **SUPPLEMENTAL INFORMATION**

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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***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 \$7,794,196 in fiscal 2006. 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	4,284,993
05/06	7.5	7.9	7,794,196	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 7.9. 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 \$4,284,993 for street preservation for fiscal 2005.

<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</b>
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**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 \$4,633,558 in fiscal 2006. The Ground Management Index (GMI) for the City's parks and landscaping maintenance for the last two years is as follows:

<b>Fiscal Year</b>	<b>GMI (Level) Parks and Landscaping</b>	<b>Maintenance Budget</b>	<b>Actual Maintenance</b>
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	4,349,147	3,879,242
05/06	2	4,633,558	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 \$3,879,242 for maintenance for fiscal 2005.

**NON-MAJOR  
GOVERNMENTAL FUNDS**

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**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.

**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.

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**Air Quality Mitigation Fund.** To account for mitigation fees to fund future emission reduction projects for air quality.

**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 and for Olympus Pointe Sculpture Park maintenance.

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

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

**Traffic Signal Fund.** To account for traffic signal coordination and maintenance funded by developers and the Electric Fund.

#### **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, 2005

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	\$2,633,973	\$11,600,531	\$681,176	\$330,411	
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts	92,860				\$20,281
Accrued interest	14,220	312,058	23,526	2,590	
Due from other government agencies		1,563,791		19,902	156,121
Due from other funds					
Advances to other funds		3,900,000			
Deferred receivables					
Notes receivables			65,380		
	<u>\$2,741,053</u>	<u>\$17,376,380</u>	<u>\$770,082</u>	<u>\$352,903</u>	<u>\$176,402</u>
LIABILITIES					
Accounts payable	\$226,705	\$676,024		\$276	
Accrued liabilities					\$100
Due to other funds					176,302
Due to other government agencies					
Advances from other funds					
Deposits					
Deferred revenue			\$33,978		
Deferred liabilities					
	<u>226,705</u>	<u>676,024</u>	<u>33,978</u>	<u>276</u>	<u>176,402</u>
FUND BALANCES					
Reserved for:					
Advances		3,900,000			
Encumbrances	706,615	5,450,296			
Deferred receivables and notes receivable			31,402		
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	1,807,733	7,350,060	704,702	352,627	
	<u>2,514,348</u>	<u>16,700,356</u>	<u>736,104</u>	<u>352,627</u>	
TOTAL FUND BALANCES	<u>2,514,348</u>	<u>16,700,356</u>	<u>736,104</u>	<u>352,627</u>	
Total Liabilities and Fund Balances	<u>\$2,741,053</u>	<u>\$17,376,380</u>	<u>\$770,082</u>	<u>\$352,903</u>	<u>\$176,402</u>

SPECIAL REVENUE FUNDS

Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Public Facilities	Park Development
\$56,607	\$156,642	\$8,923,612	\$11,715,573	\$25,026,754
400	2,089	65,485 49,152	76,241	176,849
		308,112 22,592	368,258	113,814
<u>\$57,007</u>	<u>\$158,731</u>	<u>\$9,368,953</u>	<u>\$12,160,072</u>	<u>\$25,317,417</u>
		\$83		\$667,216
				120,000
				4,120,000
	\$161,395	329,601	\$367,177	113,814 118,988
	<u>161,395</u>	<u>329,684</u>	<u>367,177</u>	<u>5,140,018</u>
		252,062		64,251
<u>\$57,007</u>	<u>(2,664)</u>	<u>8,787,207</u>	<u>11,792,895</u>	<u>20,113,148</u>
<u>57,007</u>	<u>(2,664)</u>	<u>9,039,269</u>	<u>11,792,895</u>	<u>20,177,399</u>
<u>\$57,007</u>	<u>\$158,731</u>	<u>\$9,368,953</u>	<u>\$12,160,072</u>	<u>\$25,317,417</u>

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2005

	SPECIAL REVENUE FUNDS				
	Pleasant Grove Drain Basin	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME	Housing Authority Section 8
ASSETS					
Cash and investments in City Treasury	\$3,519,515	\$4,225,230	\$56,000	\$134,844	\$468,772
Restricted cash and investments with fiscal agents					109,656
Receivables:					
Accounts				113,762	19,544
Accrued interest	41,436	28,988			
Due from other government agencies				230,299	
Due from other funds					
Advances to other funds					
Deferred receivables	247,273				
Notes receivables				6,750,235	
	<u>3,808,224</u>	<u>4,254,218</u>	<u>56,000</u>	<u>7,229,140</u>	<u>597,972</u>
LIABILITIES					
Accounts payable	\$381	\$86		\$162,612	\$143,282
Accrued liabilities				5,578	157,282
Due to other funds				209,479	
Due to other government agencies				6,750,235	
Advances from other funds					
Deposits					
Deferred revenue	247,273				5,293
Deferred liabilities					
	<u>247,654</u>	<u>86</u>		<u>7,127,904</u>	<u>305,857</u>
FUND BALANCES					
Reserved for:					
Advances					
Encumbrances	13,687				
Deferred receivables and notes receivable					
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	3,546,883	4,254,132	56,000	101,236	292,115
	<u>3,560,570</u>	<u>4,254,132</u>	<u>56,000</u>	<u>101,236</u>	<u>292,115</u>
TOTAL FUND BALANCES	<u>3,560,570</u>	<u>4,254,132</u>	<u>56,000</u>	<u>101,236</u>	<u>292,115</u>
Total Liabilities and Fund Balances	<u>\$3,808,224</u>	<u>\$4,254,218</u>	<u>\$56,000</u>	<u>\$7,229,140</u>	<u>\$597,972</u>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	
Affordable Housing	Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	Roseville Finance Authority	Building	General Capital Improvement Projects Rehabilitation
\$2,207,323	\$281,748	\$21,344	\$264,639	\$1,712,889	\$1,341,607	\$4,434,176	\$14,417,376
53,397	875 1,792	147	1,648	3,063	28,221	29,797	107,512
50,000 250,000							
340,633							
<u>\$2,901,353</u>	<u>\$284,415</u>	<u>\$21,491</u>	<u>\$266,287</u>	<u>\$1,715,952</u>	<u>\$1,369,828</u>	<u>\$4,463,973</u>	<u>\$14,524,888</u>
\$180,000			\$2,592 10,488			\$183,353	
340,633							
<u>520,633</u>			<u>13,080</u>			<u>183,353</u>	
250,000			176,977	\$1,421		243,424	
					\$1,369,828		
2,130,720	\$284,415	\$21,491	76,230	1,714,531		4,037,196	\$14,524,888
2,380,720	284,415	21,491	253,207	1,715,952	1,369,828	4,280,620	14,524,888
<u>\$2,901,353</u>	<u>\$284,415</u>	<u>\$21,491</u>	<u>\$266,287</u>	<u>\$1,715,952</u>	<u>\$1,369,828</u>	<u>\$4,463,973</u>	<u>\$14,524,888</u>

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2005

	PERMANENT FUND		Total Nonmajor Governmental Funds
	Roseville Aquatics Complex Maintenance	Citizens Benefit	
ASSETS			
Cash and investments in City Treasury	\$587,668	\$16,220,573	\$109,677,376
Restricted cash and investments with fiscal agents			1,451,263
Receivables:			
Accounts			247,322
Accrued interest	11,328	99,103	1,079,890
Due from other government agencies			2,019,265
Due from other funds			50,000
Advances to other funds			4,150,000
Deferred receivables			1,037,457
Notes receivables			7,178,840
Total Assets	\$598,996	\$16,319,676	\$126,891,413
LIABILITIES			
Accounts payable			\$2,242,610
Accrued liabilities			173,448
Due to other funds			505,781
Due to other government agencies			6,750,235
Advances from other funds			4,120,000
Deposits	\$600,000		600,000
Deferred revenue			1,599,164
Deferred liabilities			118,988
Total Liabilities	600,000		16,110,226
FUND EQUITY			
Reserved for:			
Advances			4,150,000
Encumbrances			6,908,733
Deferred receivables and notes receivable			31,402
Debt service			1,369,828
Unreserved:			
Designated for carryover of capital improvement projects			18,562,084
Undesignated	(1,004)	\$16,319,676	79,759,140
TOTAL FUND BALANCES	(1,004)	16,319,676	110,781,187
Total Liabilities and Fund Balances	\$598,996	\$16,319,676	\$126,891,413

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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, 2005

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
REVENUES					
Taxes	\$2,431,805				
Charges for services				\$66,692	
Subventions and grants		\$4,269,126		38,983	
Use of money and property	39,668	322,647	\$13,940	21,130	
Fines, forfeitures and penalties					\$1,084,583
Contributions from developers	24,424	37,879			
Miscellaneous revenues	45,978	2,779		18,670	
<b>Total Revenues</b>	<b>2,541,875</b>	<b>4,632,431</b>	<b>13,940</b>	<b>145,475</b>	<b>1,084,583</b>
EXPENDITURES					
Current:					
General government					
Community development and planning					
Public Works					
Public Safety					
Fire					
Parks and recreation	2,033,070				
Housing assistance payments					
Capital outlay		3,727,645			
Debt service					
Principal retirement					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>2,033,070</b>	<b>3,727,645</b>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	508,805	904,786	13,940	145,475	1,084,583
OTHER FINANCING SOURCES (USES)					
Transfers in		2,850,000			
Transfers (out)		(584,847)	(420)	(149,081)	(1,084,583)
<b>Total Other Financing Sources (Uses)</b>		<b>2,265,153</b>	<b>(420)</b>	<b>(149,081)</b>	<b>(1,084,583)</b>
Net change in fund balances	508,805	3,169,939	13,520	(3,606)	
Fund balances at the beginning of the period	2,005,543	13,530,417	722,584	356,233	
Fund balances at the end of period	\$2,514,348	\$16,700,356	\$736,104	\$352,627	

SPECIAL REVENUE FUNDS

Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Public Facilities	Park Development
		\$1,756,960		\$2,517,370
\$1,176	\$98,100 5,668	\$61,699 193,635	\$2,654,341 211,734	557,545
		62,818		250,000 33,271
<u>1,176</u>	<u>103,768</u>	<u>2,075,112</u>	<u>2,866,075</u>	<u>3,358,186</u>
		774,532		3,304,767
		<u>774,532</u>		<u>3,304,767</u>
<u>1,176</u>	<u>103,768</u>	<u>1,300,580</u>	<u>2,866,075</u>	<u>53,419</u>
	(216,782)	(882,789)	(428,237)	(21,781)
	<u>(216,782)</u>	<u>(882,789)</u>	<u>(428,237)</u>	<u>(21,781)</u>
1,176	(113,014)	417,791	2,437,838	31,638
<u>55,831</u>	<u>110,350</u>	<u>8,621,478</u>	<u>9,355,057</u>	<u>20,145,761</u>
<u>\$57,007</u>	<u>(\$2,664)</u>	<u>\$9,039,269</u>	<u>\$11,792,895</u>	<u>\$20,177,399</u>

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE FUNDS				
	Pleasant Grove Drain Basin	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME	Housing Authority Section 8
<b>REVENUES</b>					
Taxes					
Charges for services	\$793,293	\$547,880	\$56,000		
Subventions and grants				\$1,008,516	\$3,464,328
Use of money and property	195,185	83,419		23,368	11,337
Fines, forfeitures and penalties					
Contributions from developers					
Miscellaneous revenues				1,953,935	7,914
<b>Total Revenues</b>	<b>988,478</b>	<b>631,299</b>	<b>56,000</b>	<b>2,985,819</b>	<b>3,483,579</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Community development and planning				3,468,280	378,150
Public Works					
Public Safety					
Fire					
Parks and recreation					
Housing assistance payments					3,050,762
Capital outlay	9,342,875	25,088		34,794	
Debt service					
Principal retirement					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>9,342,875</b>	<b>25,088</b>		<b>3,503,074</b>	<b>3,428,912</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,354,397)</b>	<b>606,211</b>	<b>56,000</b>	<b>(517,255)</b>	<b>54,667</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in				180,095	
Transfers (out)	(20,680)	(3,260)			(51,490)
<b>Total Other Financing Sources (Uses)</b>	<b>(20,680)</b>	<b>(3,260)</b>		<b>180,095</b>	<b>(51,490)</b>
Net change in fund balances	(8,375,077)	602,951	56,000	(337,160)	3,177
Fund balances at the beginning of the period	11,935,647	3,651,181		438,396	288,938
Fund balances at the end of period	<u>\$3,560,570</u>	<u>\$4,254,132</u>	<u>\$56,000</u>	<u>\$101,236</u>	<u>\$292,115</u>

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	
Affordable Housing	Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	Roseville Finance Authority	Building	General Capital Improvement Projects Rehabilitation
\$175,000							
66,661	\$4,998	\$539 805	\$4,891	\$1,658	\$66,941	\$88,749	\$317,852
1,035,921	40,050	12,394		1,714,294		16,225	
1,277,582	45,048	13,738	4,891	1,715,952	66,941	104,974	317,852
307,400		59	247,948				
	2,867						
			10,973			1,182,010	
					565,000 716,004		
307,400	2,867	59	258,921		1,281,004	1,182,010	
970,182	42,181	13,679	(254,030)	1,715,952	(1,214,063)	(1,077,036)	317,852
(2,250)	11,000	(19,000)	286,601 (18,548)		1,214,204	1,127,176 (19,790)	(1,090,461)
(2,250)	11,000	(19,000)	268,053		1,214,204	1,107,386	(1,090,461)
967,932	53,181	(5,321)	14,023	1,715,952	141	30,350	(772,609)
1,412,788	231,234	26,812	239,184		1,369,687	4,250,270	15,297,497
\$2,380,720	\$284,415	\$21,491	\$253,207	\$1,715,952	\$1,369,828	\$4,280,620	\$14,524,888

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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, 2005

	PERMANENT FUND		Total Nonmajor Governmental Funds
	Roseville Aquatics Complex Maintenance	Citizens Benefit	
<b>REVENUES</b>			
Taxes			\$4,188,765
Charges for services			6,810,576
Subventions and grants			8,940,752
Use of money and property	(\$735)	\$314,497	2,546,503
Fines, forfeitures and penalties			1,085,388
Contributions from developers		600,000	3,662,518
Miscellaneous revenues		37,000	2,231,034
	<u>(735)</u>	<u>951,497</u>	<u>29,465,536</u>
<b>EXPENDITURES</b>			
Current:			
General government		357,471	357,471
Community development and planning			4,153,830
Public Works			248,007
Public Safety			
Fire			
Parks and recreation			2,035,937
Housing assistance payments			3,050,762
Capital outlay			18,402,684
Debt service			
Principal retirement			565,000
Interest and fiscal charges			716,004
		<u>357,471</u>	<u>29,529,695</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>(735)</u>	<u>594,026</u>	<u>(64,159)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			5,669,076
Transfers (out)			(4,593,999)
			<u>1,075,077</u>
Net change in fund balances	(735)	594,026	1,010,918
Fund balances at the beginning of the period	<u>(269)</u>	<u>15,725,650</u>	<u>109,770,269</u>
Fund balances at the end of period	<u>(\$1,004)</u>	<u>\$16,319,676</u>	<u>\$110,781,187</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, 2005

	LIGHTING AND LANDSCAPE SERVICE DISTRICTS			HOME IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$2,038,060	\$2,431,805	\$393,745			
Charges for services						
Subventions and grants						
Use of money and property	45,510	39,668	(5,842)	\$15,550	\$13,940	(\$1,610)
Fines, forfeitures and penalties						
Contributions from developers		24,424	24,424			
Miscellaneous revenues		45,978	45,978			
<b>Total Revenues</b>	<u>2,083,570</u>	<u>2,541,875</u>	<u>458,305</u>	<u>15,550</u>	<u>13,940</u>	<u>(1,610)</u>
EXPENDITURES						
Current:						
General government						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies						
Housing						
Salaries and benefits						
Operating services and supplies						
Community Development						
Operating services and supplies						
Public works						
Salaries and benefits						
Operating services and supplies						
Public Safety						
Fire						
Operating services and supplies						
Parks and recreation						
Operating services and supplies	2,853,748	2,033,070	820,678			
Housing assistance payments						
Capital outlay	13,000		13,000			
Debt service						
Principal retirement						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>2,866,748</u>	<u>2,033,070</u>	<u>833,678</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(783,178)</u>	<u>508,805</u>	<u>1,291,983</u>	<u>15,550</u>	<u>13,940</u>	<u>(1,610)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(121,435)</u>		121,435	<u>(420)</u>	<u>(420)</u>	
<b>Total Other Financing Sources (Uses)</b>	<u>(121,435)</u>		<u>121,435</u>	<u>(420)</u>	<u>(420)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u><u>(\$904,613)</u></u>	<u>508,805</u>	<u><u>\$1,413,418</u></u>	<u><u>\$15,130</u></u>	<u>13,520</u>	<u><u>(\$1,610)</u></u>
Fund balances at beginning of year		<u>2,005,543</u>			<u>722,584</u>	
Fund balances at end of year		<u><u>\$2,514,348</u></u>			<u><u>\$736,104</u></u>	

CALIFORNIA LIBRARY SERVICES			TRAFFIC SAFETY			TRENCH CUT RECOVERY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$51,000	\$66,692	\$15,692						
76,000	38,983	(37,017)						
12,630	21,130	8,500				770	1,176	406
			\$460,000	\$1,084,583	\$624,583			
20,450	18,670	(1,780)				5,000		(5,000)
160,080	145,475	(14,605)	460,000	1,084,583	624,583	5,770	1,176	(4,594)

160,080	145,475	(14,605)	460,000	1,084,583	624,583	5,770	1,176	(4,594)
(149,080)	(149,081)	(1)	(460,000)	(1,084,583)	(624,583)			
(149,080)	(149,081)	(1)	(460,000)	(1,084,583)	(624,583)			
\$11,000	(3,606)	(\$14,606)				\$5,770	1,176	(\$4,594)
	356,233						55,831	
	\$352,627						\$57,007	

(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, 2005

	LAW ENFORCEMENT BLOCK GRANTS			FIRE FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$2,600,000	\$1,756,960	(\$843,040)
Charges for services						
Subventions and grants	\$40,000	\$98,100	\$58,100		61,699	61,699
Use of money and property	3,500	5,668	2,168	222,090	193,635	(28,455)
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues					62,818	62,818
<b>Total Revenues</b>	<b>43,500</b>	<b>103,768</b>	<b>60,268</b>	<b>2,822,090</b>	<b>2,075,112</b>	<b>(746,978)</b>
EXPENDITURES						
Current:						
General government						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies						
Housing						
Salaries and benefits						
Operating services and supplies						
Community Development						
Operating services and supplies						
Public works						
Salaries and benefits						
Operating services and supplies						
Public Safety						
Fire						
Operating services and supplies						
Parks and recreation						
Operating services and supplies						
Housing assistance payments						
Capital outlay				1,605,111	774,532	830,579
Debt service						
Principal retirement						
Interest and fiscal charges						
<b>Total Expenditures</b>				<b>1,605,111</b>	<b>774,532</b>	<b>830,579</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43,500	103,768	60,268	1,216,979	1,300,580	83,601
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(157,967)	(216,782)	(58,815)	(6,708,232)	(882,789)	5,825,443
<b>Total Other Financing Sources (Uses)</b>	<b>(157,967)</b>	<b>(216,782)</b>	<b>(58,815)</b>	<b>(6,708,232)</b>	<b>(882,789)</b>	<b>5,825,443</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$114,467)</u>	<u>(113,014)</u>	<u>\$1,453</u>	<u>(\$5,491,253)</u>	<u>417,791</u>	<u>\$5,909,044</u>
Fund balances at beginning of year		110,350			8,621,478	
Fund balances at end of year		<u>(\$2,664)</u>			<u>\$9,039,269</u>	

PUBLIC FACILITIES			COMMUNITY DEVELOPMENT BLOCK GRANT/ HOME			HOUSING AUTHORITY SECTION 8		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,000,000	\$2,654,341	(\$2,345,659)						
204,890	211,734	6,844	\$1,589,215	\$1,008,516	(\$580,699)	\$3,367,949	\$3,464,328	\$96,379
				23,368	23,368	11,150	11,337	187
			1,392,400	1,953,935	561,535	1,900	7,914	6,014
5,204,890	2,866,075	(2,338,815)	2,981,615	2,985,819	4,204	3,380,999	3,483,579	102,580
			45,000	15,007	29,993	423,577	329,408	94,169
			3,275,815	3,453,273	(177,458)	66,255	48,742	17,513
						2,953,872	3,050,762	(96,890)
			34,461	34,794	(333)			
			3,355,276	3,503,074	(147,798)	3,443,704	3,428,912	14,792
5,204,890	2,866,075	(2,338,815)	(373,661)	(517,255)	(143,594)	(62,705)	54,667	117,372
(6,688,360)	(428,237)	6,260,123	29,461	180,095	150,634	(56,000)	(51,490)	4,510
			(120,000)	120,000	120,000			
(6,688,360)	(428,237)	6,260,123	(90,539)	180,095	270,634	(56,000)	(51,490)	4,510
(\$1,483,470)	2,437,838	\$3,921,308	(\$464,200)	(337,160)	\$127,040	(\$118,705)	3,177	\$121,882
	9,355,057			438,396			288,938	
	\$11,792,895			\$101,236			\$292,115	

(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, 2005

	AFFORDABLE HOUSING			STORM WATER MANAGEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Charges for services		\$175,000	\$175,000			
Subventions and grants						
Use of money and property	\$13,980	66,661	\$52,681	\$5,210	\$4,891	(\$319)
Fines, forfeitures and penalties						
Contributions from developers		1,035,921				
Miscellaneous revenues						
<b>Total Revenues</b>	<b>13,980</b>	<b>1,277,582</b>	<b>227,681</b>	<b>5,210</b>	<b>4,891</b>	<b>(319)</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies		307,400	(307,400)			
Housing						
Salaries and benefits						
Operating services and supplies						
Community Development						
Operating services and supplies						
Public works						
Salaries and benefits				204,320	139,604	64,716
Operating services and supplies				406,180	108,344	297,836
Public Safety						
Fire						
Operating services and supplies						
Parks and recreation						
Operating services and supplies						
Housing assistance payments						
Capital outlay				14,000	10,973	3,027
Debt service						
Principal retirement						
Interest and fiscal charges						
<b>Total Expenditures</b>		<b>307,400</b>	<b>(307,400)</b>	<b>624,500</b>	<b>258,921</b>	<b>365,579</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,980</b>	<b>970,182</b>	<b>956,202</b>	<b>(619,290)</b>	<b>(254,030)</b>	<b>365,260</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				516,620	286,601	(230,019)
Transfers (out)	(2,250)	(2,250)		(18,870)	(18,548)	322
<b>Total Other Financing Sources (Uses)</b>	<b>(2,250)</b>	<b>(2,250)</b>		<b>497,750</b>	<b>268,053</b>	<b>(229,697)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$11,730</b>	<b>967,932</b>	<b>\$956,202</b>	<b>(\$121,540)</b>	<b>14,023</b>	<b>\$135,563</b>
Fund balances at beginning of year		1,412,788			239,184	
Fund balances at end of year		<u>\$2,380,720</u>			<u>\$253,207</u>	

ROSEVILLE FINANCE AUTHORITY			GENERAL CAPITAL IMPROVEMENT PROJECTS REHABILITATION			CITIZENS BENEFIT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$66,941	\$66,941	\$320,000	\$317,852	(\$2,148)	\$385,140	\$314,497	(\$70,643)
							600,000	600,000
							37,000	37,000
	66,941	66,941	320,000	317,852	(2,148)	385,140	951,497	566,357
						364,000	357,471	6,529
\$565,000	565,000							
718,200	716,004	2,196						
1,283,200	1,281,004	2,196				364,000	357,471	6,529
(1,283,200)	(1,214,063)	69,137	320,000	317,852	(2,148)	21,140	594,026	572,886
1,280,700	1,214,204	(66,496)	(2,832,172)	(1,090,461)	1,741,711			
1,280,700	1,214,204	(66,496)	(2,832,172)	(1,090,461)	1,741,711			
(\$2,500)	141	\$2,641	(\$2,512,172)	(772,609)	\$1,739,563	\$21,140	594,026	\$572,886
	1,369,687			15,297,497			15,725,650	
	\$1,369,828			\$14,524,888			\$16,319,676	

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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, 2005

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
ASSETS				
Current Assets				
Cash and investments in City Treasury		\$12,059,903	\$8,191,042	\$6,559,181
Restricted cash and investments with fiscal agents				40,000
Receivables:				
Accounts	\$18,562	7,840	34,031	100
Accrued interest		990,683	50,607	44,928
Due from other government agencies	12,636			
Due from other funds		212,500		
Inventories	727,913			
<b>Total Current Assets</b>	<b>759,111</b>	<b>13,270,926</b>	<b>8,275,680</b>	<b>6,644,209</b>
Non Current Assets				
Advances to other funds		5,447,201		
Capital assets, net of accumulated depreciation	14,818	11,485,120	144	
<b>Total Assets</b>	<b>773,929</b>	<b>30,203,247</b>	<b>8,275,824</b>	<b>6,644,209</b>
LIABILITIES				
Current Liabilities				
Accounts payable	113,582	85,947	112,574	32,900
Accrued liabilities	103,884			
Due to other funds	713,500			
Compensated absences	130,635			
Self-insurance claims payable			5,432,000	2,043,000
<b>Total Current Liabilities</b>	<b>1,061,601</b>	<b>85,947</b>	<b>5,544,574</b>	<b>2,075,900</b>
Long-term Liabilities				
Compensated absences	194,168			
<b>Total Liabilities</b>	<b>1,255,769</b>	<b>85,947</b>	<b>5,544,574</b>	<b>2,075,900</b>
NET ASSETS				
Invested in capital assets	14,818	11,485,120	144	
Unrestricted	(496,658)	18,632,180	2,731,106	4,568,309
<b>Total Net Assets</b>	<b>(\$481,840)</b>	<b>\$30,117,300</b>	<b>\$2,731,250</b>	<b>\$4,568,309</b>

Unemployment Reserve	Self Insurance Funds					Total
	Vision	Dental	Section 125	Post Retirement	Central Stores	
\$88,160	\$270,896	\$487,225	\$23,826	\$19,379,575	\$195,865	\$47,255,673
						40,000
						60,533
684	1,820	3,080	154	129,849		1,221,805
						12,636
						212,500
					3,578	731,491
<u>88,844</u>	<u>272,716</u>	<u>490,305</u>	<u>23,980</u>	<u>19,509,424</u>	<u>199,443</u>	<u>49,534,638</u>
						5,447,201
						11,500,082
<u>88,844</u>	<u>272,716</u>	<u>490,305</u>	<u>23,980</u>	<u>19,509,424</u>	<u>199,443</u>	<u>66,481,921</u>
						564,144
	1,001	37,705	13,081		167,354	118,949
				15,065		713,500
						130,635
						7,475,000
	<u>1,001</u>	<u>37,705</u>	<u>13,081</u>	<u>15,065</u>	<u>167,354</u>	<u>9,002,228</u>
						194,168
	<u>1,001</u>	<u>37,705</u>	<u>13,081</u>	<u>15,065</u>	<u>167,354</u>	<u>9,196,396</u>
						11,500,082
<u>88,844</u>	<u>271,715</u>	<u>452,600</u>	<u>10,899</u>	<u>19,494,359</u>	<u>32,089</u>	<u>45,785,443</u>
<u>\$88,844</u>	<u>\$271,715</u>	<u>\$452,600</u>	<u>\$10,899</u>	<u>\$19,494,359</u>	<u>\$32,089</u>	<u>\$57,285,525</u>

CITY OF ROSEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
JUNE 30, 2005

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
<b>OPERATING REVENUES</b>				
Charges for services	\$5,158,485	\$4,216,514	\$2,373,960	\$1,930,260
Other	120,874		585,952	213,796
<b>Total Operating Revenues</b>	<b>5,279,359</b>	<b>4,216,514</b>	<b>2,959,912</b>	<b>2,144,056</b>
<b>OPERATING EXPENSES</b>				
Operations	4,955,812	11,453	1,963,159	867,583
Depreciation and amortization	5,559	3,403,058	1,730	
Claims expense			953,550	1,019,099
<b>Total Operating Expenses</b>	<b>4,961,371</b>	<b>3,414,511</b>	<b>2,918,439</b>	<b>1,886,682</b>
<b>Operating Income (Loss)</b>	<b>317,988</b>	<b>802,003</b>	<b>41,473</b>	<b>257,374</b>
<b>NONOPERATING (EXPENSES)</b>				
Interest revenue	97,051	240,168	139,933	136,010
Other		83,909		
<b>Net Nonoperating Revenues (Expenses)</b>	<b>97,051</b>	<b>324,077</b>	<b>139,933</b>	<b>136,010</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>415,039</b>	<b>1,126,080</b>	<b>181,406</b>	<b>393,384</b>
Contributions		24,182		
Transfers in	355,000	632,624	1,300,000	
Transfers (out)	(797,786)	(446,041)	(6,810)	(1,313,620)
<b>Change in Net Assets</b>	<b>(27,747)</b>	<b>1,336,845</b>	<b>1,474,596</b>	<b>(920,236)</b>
<b>Net assets (deficit)-beginning</b>	<b>(454,093)</b>	<b>28,780,455</b>	<b>1,256,654</b>	<b>5,488,545</b>
<b>Net assets (deficit)-ending</b>	<b>(\$481,840)</b>	<b>\$30,117,300</b>	<b>\$2,731,250</b>	<b>\$4,568,309</b>

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$84,916	\$124,335	\$1,123,582	\$298,993	\$1,907,756		\$17,218,801 920,622
84,916	124,335	1,123,582	298,993	1,907,756		18,139,423
68,102	102,233	1,024,189	295,378	512,530		9,800,439 3,410,347 1,972,649
68,102	102,233	1,024,189	295,378	512,530		15,183,435
16,814	22,102	99,393	3,615	1,395,226		2,955,988
2,063	5,306	8,954	546	369,589		999,620 83,909
2,063	5,306	8,954	546	369,589		1,083,529
18,877	27,408	108,347	4,161	1,764,815		4,039,517
(6,810)	(6,810)	(6,810)	(6,810)	486,752 (6,810)		24,182 2,774,376 (2,598,307)
12,067	20,598	101,537	(2,649)	2,244,757		4,239,768
76,777	251,117	351,063	13,548	17,249,602	\$32,089	53,045,757
\$88,844	\$271,715	\$452,600	\$10,899	\$19,494,359	\$32,089	\$57,285,525

CITY OF ROSEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$5,139,024	\$4,221,149	\$2,380,873	\$1,930,160
Payments to suppliers	(3,322,845)	(156,021)	(1,871,589)	(858,814)
Payments to employees	(1,837,455)			
Claims paid			(639,550)	(811,099)
Other receipts (payments)	120,874		585,952	213,796
Net cash provided by operating activities	99,598	4,065,128	455,686	474,043
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
(Increase) decrease in due from other funds		429,828		
Increase (decrease) in due to other funds	260,105			
(Increase) decrease in advances to other funds		212,500		
Transfers in	355,000	632,624	1,300,000	
Transfers (out)	(797,786)	(446,041)	(6,810)	(1,313,620)
Cash Flows from Noncapital Financing Activities	(182,681)	828,911	1,293,190	(1,313,620)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets, net	(14,429)	(1,605,097)		
Other		83,909		
Cash Flows from Capital and Related Financing Activities	(14,429)	(1,521,188)		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	97,051	223,867	126,348	132,913
Cash Flows from Investing Activities	97,051	223,867	126,348	132,913
Net increase (decrease) in cash and cash equivalents	(461)	3,596,718	1,875,224	(706,664)
Cash and investments at beginning of period	461	8,463,185	6,315,818	7,305,845
Cash and investments at end of period		\$12,059,903	\$8,191,042	\$6,599,181
<b>NONCASH TRANSACTIONS:</b>				
Contributions		\$24,182		
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$317,988	\$802,003	\$41,473	\$257,374
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,559	3,403,058	1,730	
Change in assets and liabilities:				
Receivables, net	(268,431)	4,635	6,913	(100)
Accounts and other payables	44,482	(144,568)	405,570	216,769
Net cash provided by operating activities	\$99,598	\$4,065,128	\$455,686	\$474,043

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$84,916	\$124,335	\$1,123,582	\$298,993	\$1,907,756	\$12,359	\$17,223,147
(85,699)	(101,232)	(1,042,484)	(295,074)	6,810	27,889	(7,699,059)
				(504,275)		(2,341,730)
						(1,450,649)
						920,622
<u>(783)</u>	<u>23,103</u>	<u>81,098</u>	<u>3,919</u>	<u>1,410,291</u>	<u>40,248</u>	<u>6,652,331</u>
						429,828
						260,105
						212,500
				486,752		2,774,376
(6,810)	(6,810)	(6,810)	(6,810)	(6,810)		(2,598,307)
<u>(6,810)</u>	<u>(6,810)</u>	<u>(6,810)</u>	<u>(6,810)</u>	<u>479,942</u>		<u>1,078,502</u>
						(1,619,526)
						83,909
						(1,535,617)
<u>1,917</u>	<u>4,975</u>	<u>8,233</u>	<u>542</u>	<u>322,888</u>		<u>918,734</u>
<u>1,917</u>	<u>4,975</u>	<u>8,233</u>	<u>542</u>	<u>322,888</u>		<u>918,734</u>
(5,676)	21,268	82,521	(2,349)	2,213,121	40,248	7,113,950
<u>93,836</u>	<u>249,628</u>	<u>404,704</u>	<u>26,175</u>	<u>17,166,454</u>	<u>155,617</u>	<u>40,181,723</u>
<u>\$88,160</u>	<u>\$270,896</u>	<u>\$487,225</u>	<u>\$23,826</u>	<u>\$19,379,575</u>	<u>\$195,865</u>	<u>\$47,295,673</u>
						<u>\$24,182</u>
\$16,814	\$22,102	\$99,393	\$3,615	\$1,395,226		\$2,955,988
						3,410,347
					\$8,781	(248,202)
(17,597)	1,001	(18,295)	304	15,065	31,467	534,198
<u>(783)</u>	<u>\$23,103</u>	<u>\$81,098</u>	<u>\$3,919</u>	<u>\$1,410,291</u>	<u>\$40,248</u>	<u>\$6,652,331</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.

<b>AGENCY FUNDS (Continued)</b>
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**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 #3**

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

**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.

**City/County Traffic Mitigation Fund**

The fee is collected via building permits and submitted quarterly to Placer County to fund regional traffic mitigation due to new development.

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CITY OF ROSEVILLE  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<hr/> <b>Foothills Boulevard</b> <hr/>				
Cash and investments in City Treasury	\$15,839	\$36		\$15,875
Due to bondholders	\$15,839	\$36		\$15,875
<hr/> <b>Hilltop</b> <hr/>				
Cash and investments in City Treasury	\$1,015			\$1,015
Accrued interest receivable				
Total Assets	\$1,015			\$1,015
Due to bondholders	\$1,015			\$1,015
<hr/> <b>North Roseville/Rocklin Sewer</b> <hr/>				
Cash and investments in City Treasury	\$490,788	\$338,959	\$251,755	\$577,992
Accrued interest receivable	1,497	1,839	1,497	1,839
Total Assets	\$492,285	\$340,798	\$253,252	\$579,831
Accounts payable	\$56	\$41	\$56	\$41
Due to bondholders	492,229	340,757	253,196	579,790
Total Liabilities	\$492,285	\$340,798	\$253,252	\$579,831
<hr/> <b>Rocky Ridge/Harding</b> <hr/>				
Cash and investments in City Treasury	\$561,062	\$119,027	\$326,603	\$353,486
Accrued interest receivable	1,291	1,586	1,291	1,586
Total Assets	\$562,353	\$120,613	\$327,894	\$355,072
Accounts payable	\$71	\$74	\$71	\$74
Due to bondholders	562,282	120,539	327,823	354,998
Total Liabilities	\$562,353	\$120,613	\$327,894	\$355,072
<hr/> <b>Champion Oaks</b> <hr/>				
Cash and investments in City Treasury	\$19,287			\$19,287
Due to bondholders	\$19,287			\$19,287

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>Foothills Boulevard Extension</u>				
Cash and investments in City Treasury	\$1,197,486	\$668,612	\$601,877	\$1,264,221
Accrued interest receivable	3,953	4,855	3,953	4,855
<b>Total Assets</b>	<b>\$1,201,439</b>	<b>\$673,467</b>	<b>\$605,830</b>	<b>\$1,269,076</b>
Accounts payable	\$36	\$409	\$36	\$409
Due to bondholders	1,201,403	673,058	605,794	1,268,667
<b>Total Liabilities</b>	<b>\$1,201,439</b>	<b>\$673,467</b>	<b>\$605,830</b>	<b>\$1,269,076</b>
<u>Northeast Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,319,776	\$2,408,674	\$2,137,529	\$2,590,921
Restricted cash and investments with fiscal agents	1,110,662	30,145	299,391	841,416
Accrued interest receivable	18,957	18,874	18,957	18,874
<b>Total Assets</b>	<b>\$3,449,395</b>	<b>\$2,457,693</b>	<b>\$2,455,877</b>	<b>\$3,451,211</b>
Accounts payable	\$1,466	\$1,446	\$1,466	\$1,446
Due to bondholders	3,447,929	2,456,247	2,454,411	3,449,765
<b>Total Liabilities</b>	<b>\$3,449,395</b>	<b>\$2,457,693</b>	<b>\$2,455,877</b>	<b>\$3,451,211</b>
<u>Northwest Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,994,262	\$2,504,113	\$2,363,796	\$2,134,579
Restricted cash and investments with fiscal agents	2,378,660	112,667	65,643	2,425,684
Accrued interest receivable	10,683	48,087	10,683	48,087
<b>Total Assets</b>	<b>\$4,383,605</b>	<b>\$2,664,867</b>	<b>\$2,440,122</b>	<b>\$4,608,350</b>
Accounts payable	\$4,678	\$4,079	\$4,678	\$4,079
Due to bondholders	4,378,927	2,660,788	2,435,444	4,604,271
<b>Total Liabilities</b>	<b>\$4,383,605</b>	<b>\$2,664,867</b>	<b>\$2,440,122</b>	<b>\$4,608,350</b>
<u>Stoneridge East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$629,630	\$1,383,524	\$1,295,338	\$717,816
Restricted cash and investments with fiscal agents	1,188,442	59,090	58,892	1,188,640
Accrued interest receivable	23,985	20,915	23,985	20,915
<b>Total Assets</b>	<b>\$1,842,057</b>	<b>\$1,463,529</b>	<b>\$1,378,215</b>	<b>\$1,927,371</b>
Accounts payable	\$4,210	\$1,738	\$4,210	\$1,738
Due to bondholders	1,837,847	1,461,791	1,374,005	1,925,633
<b>Total Liabilities</b>	<b>\$1,842,057</b>	<b>\$1,463,529</b>	<b>\$1,378,215</b>	<b>\$1,927,371</b>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>Northeast Roseville Community Facilities District #2</u>				
Cash and investments in City Treasury	\$807,622	\$1,581,338	\$1,013,900	\$1,375,060
Restricted cash and investments with fiscal agents	1,101,673	51,374	34,431	1,118,616
Accrued interest receivable	9,796	21,870	9,796	21,870
<b>Total Assets</b>	<b>\$1,919,091</b>	<b>\$1,654,582</b>	<b>\$1,058,127</b>	<b>\$2,515,546</b>
Accounts payable	\$3,514	\$1,446	\$3,514	\$1,446
Due to bondholders	1,915,577	1,653,136	1,054,613	2,514,100
<b>Total Liabilities</b>	<b>\$1,919,091</b>	<b>\$1,654,582</b>	<b>\$1,058,127</b>	<b>\$2,515,546</b>
<u>North Central Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$7,403,830	\$6,644,746	\$7,958,421	\$6,090,155
Restricted cash and investments with fiscal agents	5,303,518	77,118	193,277	5,187,359
Accrued interest receivable	52,588	49,079	52,588	49,079
<b>Total Assets</b>	<b>\$12,759,936</b>	<b>\$6,770,943</b>	<b>\$8,204,286</b>	<b>\$11,326,593</b>
Accounts payable	\$6,534	\$4,465	\$6,534	\$4,465
Due to bondholders	12,753,402	6,766,478	8,197,752	11,322,128
<b>Total Liabilities</b>	<b>\$12,759,936</b>	<b>\$6,770,943</b>	<b>\$8,204,286</b>	<b>\$11,326,593</b>
<u>North Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$996,349	\$1,674,566	\$1,691,490	\$979,425
Restricted cash and investments with fiscal agents	1,537,685	33,698	28,288	1,543,095
Accrued interest receivable	16,269	10,869	16,269	10,869
<b>Total Assets</b>	<b>\$2,550,303</b>	<b>\$1,719,133</b>	<b>\$1,736,047</b>	<b>\$2,533,389</b>
Accounts payable	\$5,061	\$4,635	\$5,061	\$4,635
Due to bondholders	2,545,242	1,714,498	1,730,986	2,528,754
<b>Total Liabilities</b>	<b>\$2,550,303</b>	<b>\$1,719,133</b>	<b>\$1,736,047</b>	<b>\$2,533,389</b>
<u>Woodcreek West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$858,658	\$1,343,247	\$2,066,068	\$135,837
Restricted cash and investments with fiscal agents	1,410,927	276,287		1,687,214
Accrued interest receivable	12,509	2,896	12,509	2,896
<b>Total Assets</b>	<b>\$2,282,094</b>	<b>\$1,622,430</b>	<b>\$2,078,577</b>	<b>\$1,825,947</b>
Accounts payable	\$5,042	\$4,534	\$5,042	\$4,534
Due to bondholders	2,277,052	1,617,896	2,073,535	1,821,413
<b>Total Liabilities</b>	<b>\$2,282,094</b>	<b>\$1,622,430</b>	<b>\$2,078,577</b>	<b>\$1,825,947</b>

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>Highland Reserve North Community Facilities District #1</u>				
Cash and investments in City Treasury	\$3,084,274	\$2,614,852	\$3,848,122	\$1,851,004
Restricted cash and investments with fiscal agents	2,691,667	52,061	50,359	2,693,369
Accrued interest receivable	24,573	18,704	24,573	18,704
Total Assets	<u>\$5,800,514</u>	<u>\$2,685,617</u>	<u>\$3,923,054</u>	<u>\$4,563,077</u>
Accounts payable	\$4,688	\$2,331	\$4,688	\$2,331
Due to bondholders	5,795,826	2,683,286	3,918,366	4,560,746
Total Liabilities	<u>\$5,800,514</u>	<u>\$2,685,617</u>	<u>\$3,923,054</u>	<u>\$4,563,077</u>
<u>Stoneridge Parcel 1 Community Facilities District #1</u>				
Cash and investments in City Treasury	\$98,668	\$145,508	\$172,194	\$71,982
Restricted cash and investments with fiscal agents	162,126	2,045	1,562	162,609
Accrued interest receivable	597	247	597	247
Total Assets	<u>\$261,391</u>	<u>\$147,800</u>	<u>\$174,353</u>	<u>\$234,838</u>
Accounts payable	\$2,955	\$902	\$2,955	\$902
Due to bondholders	258,436	146,898	171,398	233,936
Total Liabilities	<u>\$261,391</u>	<u>\$147,800</u>	<u>\$174,353</u>	<u>\$234,838</u>
<u>Woodcreek East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$468,935	\$570,784	\$687,010	\$352,709
Restricted cash and investments with fiscal agents	438,526	8,414	6,953	439,987
Accrued interest receivable	4,739	4,335	4,739	4,335
Total Assets	<u>\$912,200</u>	<u>\$583,533</u>	<u>\$698,702</u>	<u>\$797,031</u>
Accounts payable	\$3,328	\$3,535	\$3,328	\$3,535
Due to bondholders	908,872	579,998	695,374	793,496
Total Liabilities	<u>\$912,200</u>	<u>\$583,533</u>	<u>\$698,702</u>	<u>\$797,031</u>
<u>Stoneridge West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$546,764	\$984,819	\$928,813	\$602,770
Restricted cash and investments with fiscal agents	924,967	45,988	45,838	925,117
Accrued interest receivable	18,990	17,232	18,990	17,232
Total Assets	<u>\$1,490,721</u>	<u>\$1,048,039</u>	<u>\$993,641</u>	<u>\$1,545,119</u>
Accounts payable	\$3,972	\$1,864	\$3,972	\$1,864
Due to bondholders	1,486,749	1,046,175	989,669	1,543,255
Total Liabilities	<u>\$1,490,721</u>	<u>\$1,048,039</u>	<u>\$993,641</u>	<u>\$1,545,119</u>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>Crocker Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,221,725	\$1,693,921	\$1,510,035	\$1,405,611
Restricted cash and investments with fiscal agents	1,422,461	858	9,334	1,413,985
Accrued Interest receivable	8,554	6,791	8,554	6,791
<b>Total Assets</b>	<b>\$2,652,740</b>	<b>\$1,701,570</b>	<b>\$1,527,923</b>	<b>\$2,826,387</b>
Accounts payable	\$6,513	\$6,126	\$6,513	\$6,126
Due to bondholders	2,646,227	1,695,444	1,521,410	2,820,261
<b>Total Liabilities</b>	<b>\$2,652,740</b>	<b>\$1,701,570</b>	<b>\$1,527,923</b>	<b>\$2,826,387</b>
<u>Stone Point Community Facilities District #1</u>				
Cash and investments in City Treasury	\$930,209	\$519,186	\$713,067	\$736,328
Restricted cash and investments with fiscal agents	340,312	575,599	3,305	912,606
Accrued interest receivable	4,360	5,379	4,360	5,379
<b>Total Assets</b>	<b>\$1,274,881</b>	<b>\$1,100,164</b>	<b>\$720,732</b>	<b>\$1,654,313</b>
Accounts payable	\$3,552	\$1,268	\$3,552	\$1,268
Due to bondholders	1,271,329	1,098,896	717,180	1,653,045
<b>Total Liabilities</b>	<b>\$1,274,881</b>	<b>\$1,100,164</b>	<b>\$720,732</b>	<b>\$1,654,313</b>
<u>Westpark Community Facilities District #1</u>				
Cash and investments in City Treasury		\$24,072	\$1,398	\$22,674
Accrued interest receivable		123		123
<b>Total Assets</b>		<b>\$24,195</b>	<b>\$1,398</b>	<b>\$22,797</b>
Accounts payable		\$10,396		\$10,396
Due to bondholders		13,799	1,398	12,401
<b>Total Liabilities</b>		<b>\$24,195</b>	<b>\$1,398</b>	<b>\$22,797</b>
<u>Fiddymment Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury		\$25,653	\$1,259	\$24,394
Accrued interest receivable		121		121
<b>Total Assets</b>		<b>\$25,774</b>	<b>\$1,259</b>	<b>\$24,515</b>
Accounts payable		\$11,629		\$11,629
Due to bondholders		14,145	1,259	12,886
<b>Total Liabilities</b>		<b>\$25,774</b>	<b>\$1,259</b>	<b>\$24,515</b>

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>Longmeadow Community Facilities District #1</u>				
Cash and investments in City Treasury		\$1,997	\$1,997	
Total Assets		<u>\$1,997</u>	<u>\$1,997</u>	
Accounts payable		\$2,669		\$2,669
Due to bondholders		(672)	\$1,997	(2,669)
Total Liabilities		<u>\$1,997</u>	<u>\$1,997</u>	
<u>Payroll Revolving</u>				
Cash and investments in City Treasury	\$1,017,206		\$373,245	\$643,961
Accounts payable	\$1,017,206		\$373,245	\$643,961
<u>Highway 65 JPA</u>				
Cash and investments in City Treasury	\$5,687,488	\$1,680,867	\$214,735	\$7,153,620
Accrued interest receivable	33,116	46,618	33,116	46,618
Due from other government agencies	82,048	269,915	82,048	269,915
Total Assets	<u>\$5,802,652</u>	<u>\$1,997,400</u>	<u>\$329,899</u>	<u>\$7,470,153</u>
Accounts payable		\$1,087		\$1,087
Due to member agencies	\$5,802,652	1,996,313	\$329,899	7,469,066
Total Liabilities	<u>\$5,802,652</u>	<u>\$1,997,400</u>	<u>\$329,899</u>	<u>\$7,470,153</u>
<u>Dry Creek Drainage Basin</u>				
Cash and investments in City Treasury	\$99,124	\$145,070	\$109,535	\$134,659
Accounts receivable	5		5	
Accrued interest receivable	519	709	519	709
Deferred receivable	900	583	900	583
Total Assets	<u>\$100,548</u>	<u>\$146,362</u>	<u>\$110,959</u>	<u>\$135,951</u>
Accounts Payable	\$56,423	\$84,757	\$56,422	\$84,758
Due to others	44,125	61,605	54,537	51,193
Total Liabilities	<u>\$100,548</u>	<u>\$146,362</u>	<u>\$110,959</u>	<u>\$135,951</u>
<u>Disaster Recovery JPA</u>				
Cash and investments in City Treasury	\$46,503	\$19,945	\$26,490	\$39,958
Accrued interest receivable	277	327	277	327
Due from other government agencies		887		887
Total Assets	<u>\$46,780</u>	<u>\$21,159</u>	<u>\$26,767</u>	<u>\$41,172</u>
Accounts payable	\$500		\$500	
Due to member agencies	46,280	\$21,159	26,267	\$41,172
Total Liabilities	<u>\$46,780</u>	<u>\$21,159</u>	<u>\$26,767</u>	<u>\$41,172</u>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<u>County Capital Facilities Fee</u>				
Cash and investments in City Treasury	\$630,644	\$521,019	\$580,272	\$571,391
Accrued interest receivable	3,119	3,565	3,119	3,565
<b>Total Assets</b>	<b>\$633,763</b>	<b>\$524,584</b>	<b>\$583,391</b>	<b>\$574,956</b>
Accounts payable	\$580,272	\$515,679	\$580,272	\$515,679
Due to others	53,491	8,905	3,119	59,277
<b>Total Liabilities</b>	<b>\$633,763</b>	<b>\$524,584</b>	<b>\$583,391</b>	<b>\$574,956</b>
<u>South Placer Wastewater Authority</u>				
Cash and investments in City Treasury	\$135,127,423	\$12,925,293	\$8,046,793	\$140,005,923
Restricted cash and investments with fiscal agents	40,101,166	9,300,539	18,815,223	30,586,482
Accounts receivable	6,969	6,015	6,969	6,015
Accrued interest receivable	649,499	1,126,392	690,037	1,085,854
Due from other government agencies	1,023,994	1,104,318	1,023,994	1,104,318
Deferred receivable		(367)	(376)	9
<b>Total Assets</b>	<b>\$176,909,051</b>	<b>\$24,462,190</b>	<b>\$28,582,640</b>	<b>\$172,788,601</b>
Accounts payable	\$2,653,931	\$739,965	\$2,653,931	\$739,965
Accrued liabilities	133,676	253,602	133,676	253,602
Due to member agencies	174,121,444	23,468,623	25,795,033	171,795,034
<b>Total Liabilities</b>	<b>\$176,909,051</b>	<b>\$24,462,190</b>	<b>\$28,582,640</b>	<b>\$172,788,601</b>
<u>North Central Roseville Community Facilities District School Fees</u>				
Cash and investments in City Treasury	\$21,313	(\$3,255)	\$18,058	
Accrued interest receivable	125	432	125	\$432
<b>Total Assets</b>	<b>\$21,438</b>	<b>(\$2,823)</b>	<b>\$18,183</b>	<b>\$432</b>
Accounts payable		\$1,033		\$1,033
Due to others	\$21,438	(3,856)	18,183	(601)
<b>Total Liabilities</b>	<b>\$21,438</b>	<b>(\$2,823)</b>	<b>\$18,183</b>	<b>\$432</b>

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<hr/> <b>Special Sewer Benefit Area #3</b> <hr/>				
Cash and investments in City Treasury		\$42	\$42	
Accrued interest receivable		42		\$42
<b>Total Assets</b>		<b>\$84</b>	<b>\$42</b>	<b>\$42</b>
Due to others		\$84	\$42	\$42
<b>Total Liabilities</b>		<b>\$84</b>	<b>\$42</b>	<b>\$42</b>
<hr/> <b>Special Sewer Benefit Area #4</b> <hr/>				
Cash and investments in City Treasury	\$111,590	\$114,034	\$111,719	\$113,905
Accrued interest receivable	395	804	395	804
<b>Total Assets</b>	<b>\$111,985</b>	<b>\$114,838</b>	<b>\$112,114</b>	<b>\$114,709</b>
Accounts payable	\$111,720	\$112,119	\$111,720	\$112,119
Due to others	265	2,719	394	2,590
<b>Total Liabilities</b>	<b>\$111,985</b>	<b>\$114,838</b>	<b>\$112,114</b>	<b>\$114,709</b>
<hr/> <b>South Placer County Tourism Business Improvement District (SPCTBID)</b> <hr/>				
Cash and investments in City Treasury	\$1,425	\$136,358	\$132,741	\$5,042
Accounts receivable	132,739	141,876	132,739	141,876
Accrued interest receivable	8	247	8	247
<b>Total Assets</b>	<b>\$134,172</b>	<b>\$278,481</b>	<b>\$265,488</b>	<b>\$147,165</b>
Accounts payable	\$132,741	\$145,009	\$132,741	\$145,009
Due to others	1,431	133,472	132,747	2,156
<b>Total Liabilities</b>	<b>\$134,172</b>	<b>\$278,481</b>	<b>\$265,488</b>	<b>\$147,165</b>
<hr/> <b>South Placer County Safe Kids Coalition</b> <hr/>				
Cash and investments in City Treasury	\$2,647	\$25,046	\$12,843	\$14,850
Accrued interest receivable	13	49	13	49
<b>Total Assets</b>	<b>\$2,660</b>	<b>\$25,095</b>	<b>\$12,856</b>	<b>\$14,899</b>
Accounts payable	\$1,078	\$1,312	\$1,078	\$1,312
Due to others	1,582	23,783	11,778	13,587
<b>Total Liabilities</b>	<b>\$2,660</b>	<b>\$25,095</b>	<b>\$12,856</b>	<b>\$14,899</b>
<hr/> <b>South Placer Regional Traffic Fee</b> <hr/>				
Cash and investments in City Treasury	\$302,125	\$267,442	\$304,147	\$265,420
Accrued interest receivable	1,331	1,271	1,331	1,271
<b>Total Assets</b>	<b>\$303,456</b>	<b>\$268,713</b>	<b>\$305,478</b>	<b>\$266,691</b>
Accounts payable	\$304,148	\$259,092	\$304,148	\$259,092
Due to others	(692)	9,621	1,330	7,599
<b>Total Liabilities</b>	<b>\$303,456</b>	<b>\$268,713</b>	<b>\$305,478</b>	<b>\$266,691</b>

(Continued)

CITY OF ROSEVILLE  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005
<hr/> <u>City/County TMF Fund</u> <hr/>				
Cash and investments in City Treasury		\$137,563		\$137,563
Accrued interest receivable		197		197
<b>Total Assets</b>		<b>\$137,760</b>		<b>\$137,760</b>
Accounts payable		\$137,749		\$137,749
Due to others		11		11
<b>Total Liabilities</b>		<b>\$137,760</b>		<b>\$137,760</b>
<hr/> <u>Other</u> <hr/>				
Cash and investments in City Treasury	\$13,014			\$13,014
<b>Total Assets</b>	<b>\$13,014</b>			<b>\$13,014</b>
Due to other government agencies	\$13,014			\$13,014
<b>Total Liabilities</b>	<b>\$13,014</b>			<b>\$13,014</b>
<hr/> <u>Total Agency Funds</u> <hr/>				
Cash and investments in City Treasury	\$166,706,681	\$41,217,058	\$37,501,292	\$170,422,447
Restricted cash and investments with fiscal agents	60,112,792	10,625,883	19,612,496	51,126,179
Accounts receivable	139,713	147,891	139,713	147,891
Accrued interest receivable	901,743	1,414,455	942,281	1,373,917
Due from other government agencies	1,106,042	1,375,120	1,106,042	1,375,120
Deferred receivable	900	216	524	592
<b>Total Assets</b>	<b>\$228,967,871</b>	<b>\$54,780,623</b>	<b>\$59,302,348</b>	<b>\$224,446,146</b>
Accounts payable	\$4,913,695	\$2,061,389	\$4,269,733	\$2,705,351
Accrued liabilities	133,676	253,602	133,676	253,602
Due to other government agencies	13,014			13,014
Due to member agencies	179,970,376	25,486,095	26,151,199	179,305,272
Due to bondholders	43,815,470	26,743,193	28,525,610	42,033,053
Due to others	121,640	236,344	222,130	135,854
<b>Total Liabilities</b>	<b>\$228,967,871</b>	<b>\$54,780,623</b>	<b>\$59,302,348</b>	<b>\$224,446,146</b>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

The statistical section 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.

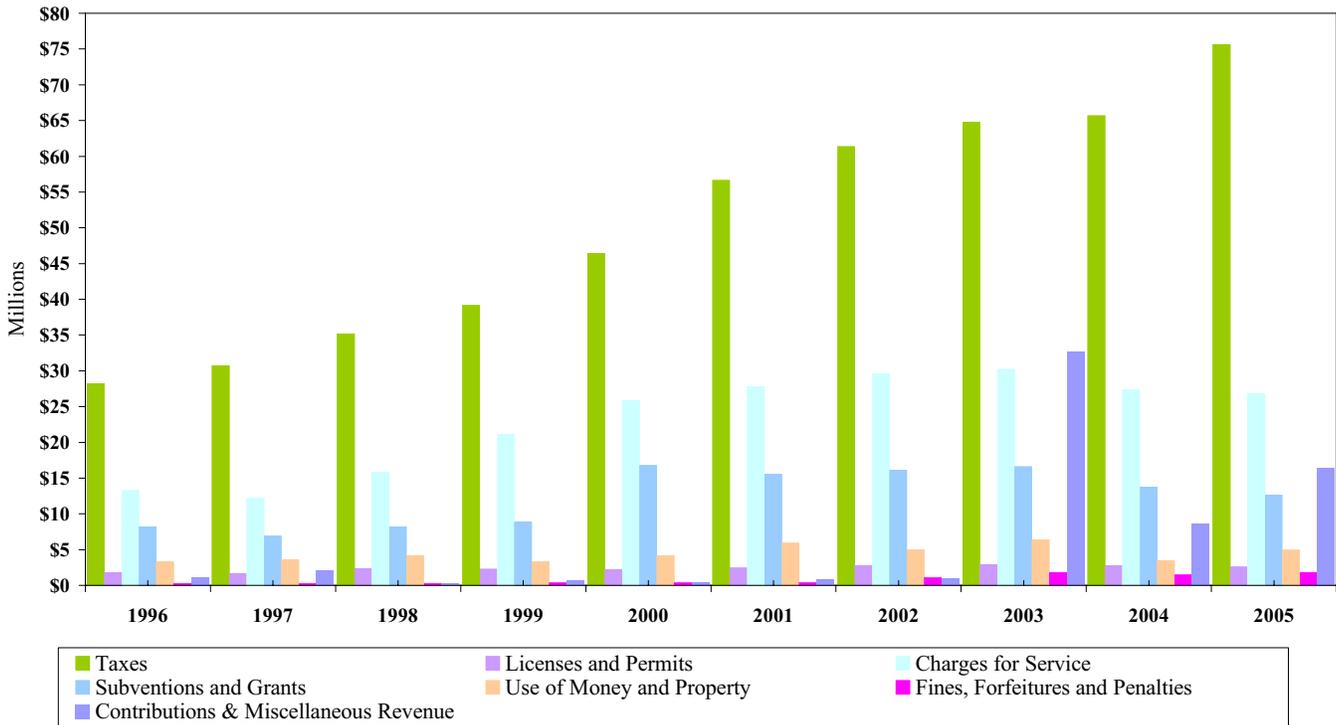
In this section, readers will find comparative information related to the City's revenue sources, expenditures, property tax valuations, levies and collections, general obligation bonded debt, sewer revenue debt service, demographics and pension plan funding. Where available, the comparative information 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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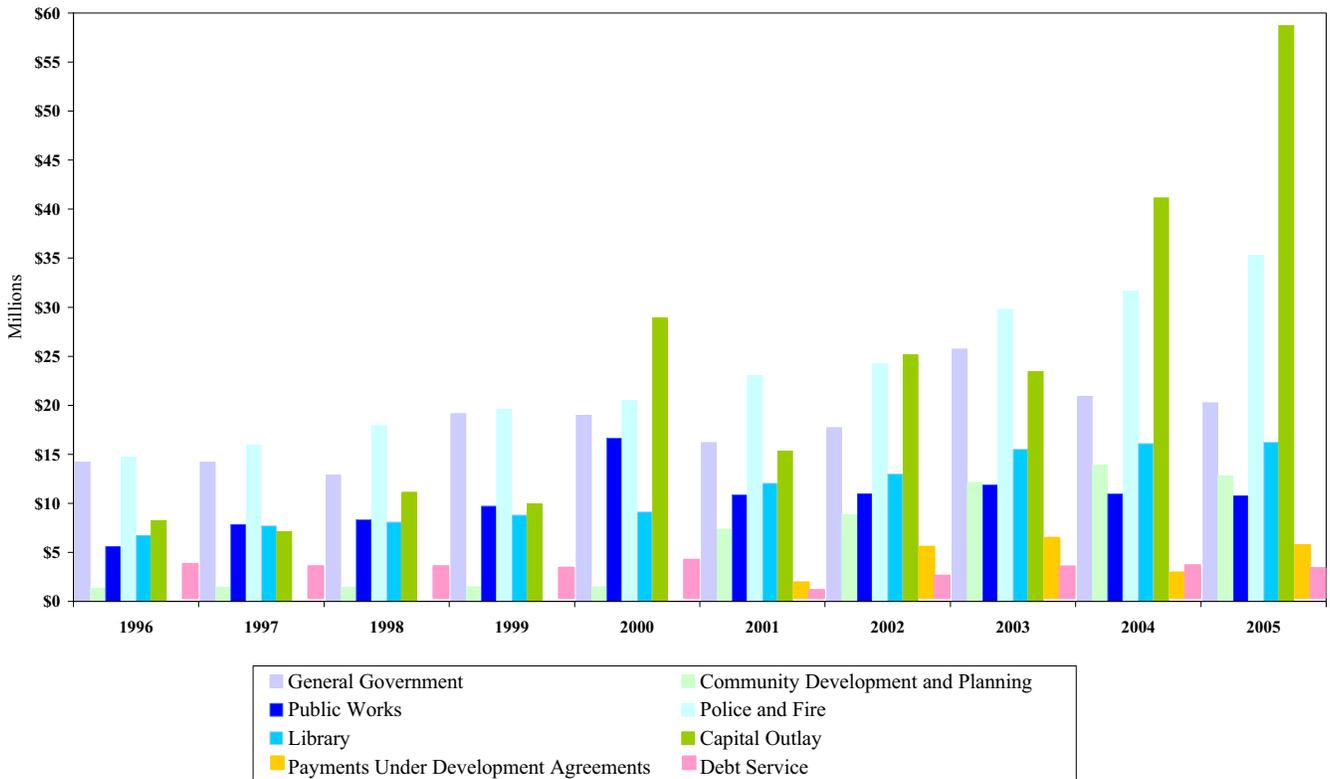
**CITY OF ROSEVILLE  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**



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
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
2005	75,639,727	2,591,354	26,814,640	12,630,086	4,922,685	1,803,562	16,429,090	140,831,144

Source: The City's Comprehensive Annual Financial Reports

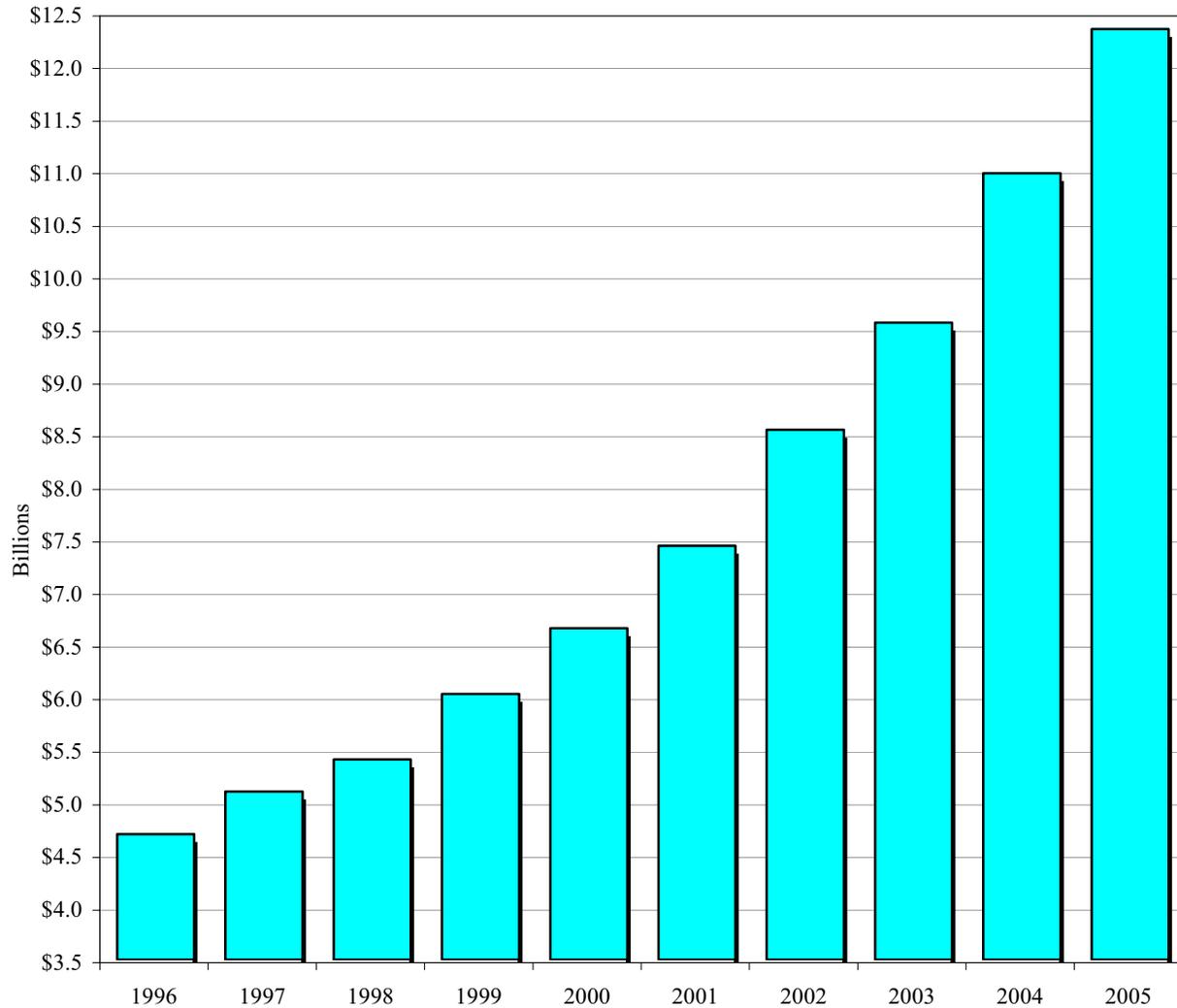
**CITY OF ROSEVILLE  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS**



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
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
2005	20,248,180	12,802,484	10,817,148	35,301,727	16,269,633	58,729,356	5,389,110	3,053,800	162,611,438

Source: The City's Comprehensive Annual Financial Report

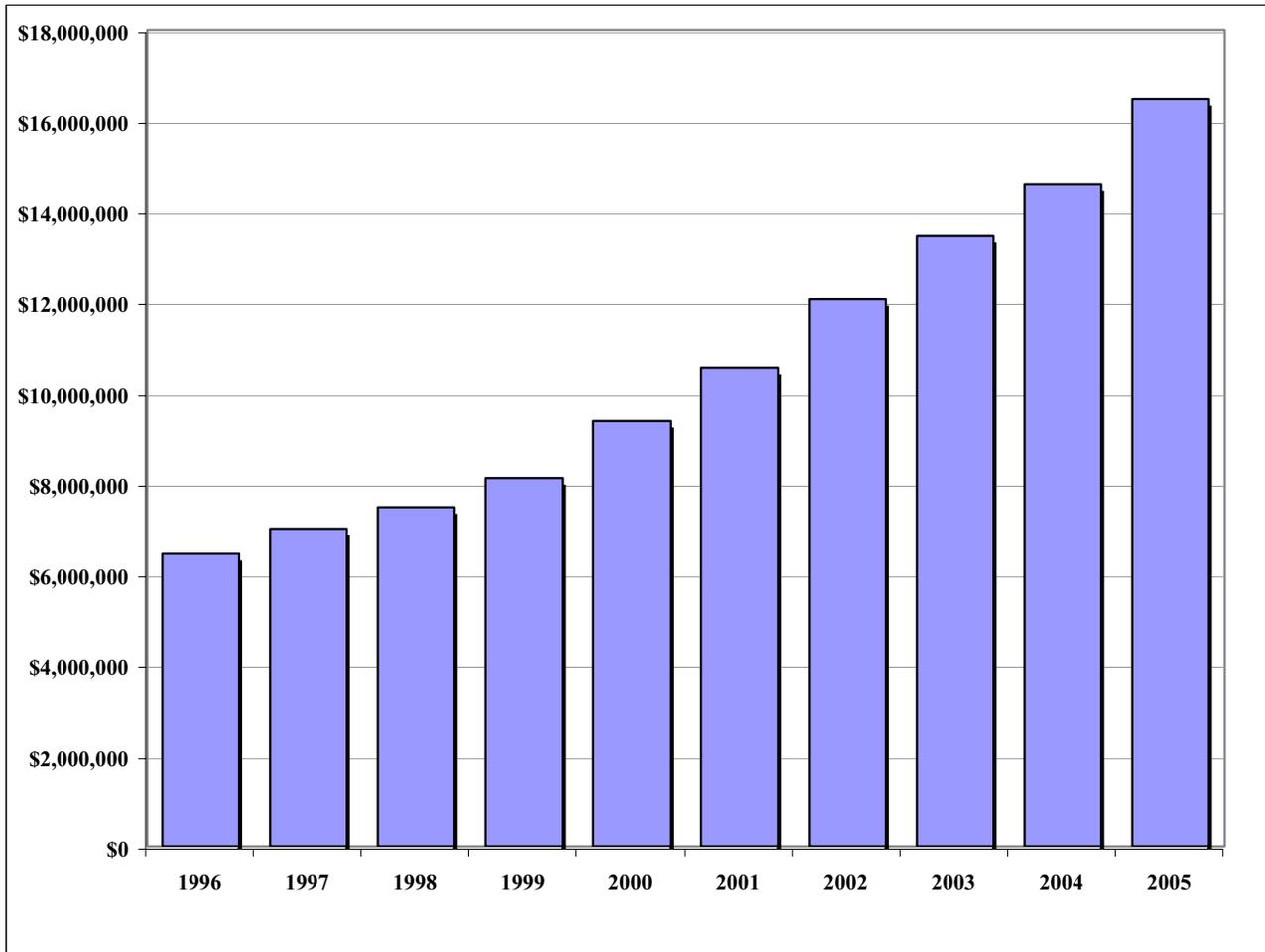
**CITY OF ROSEVILLE  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Valuation Increase (Decrease)</u>	
		<u>Amount</u>	<u>Percent</u>
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%
2005	12,346,888,919	1,369,571,695	12.5%

Source: Placer County Tax Rates and Information

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

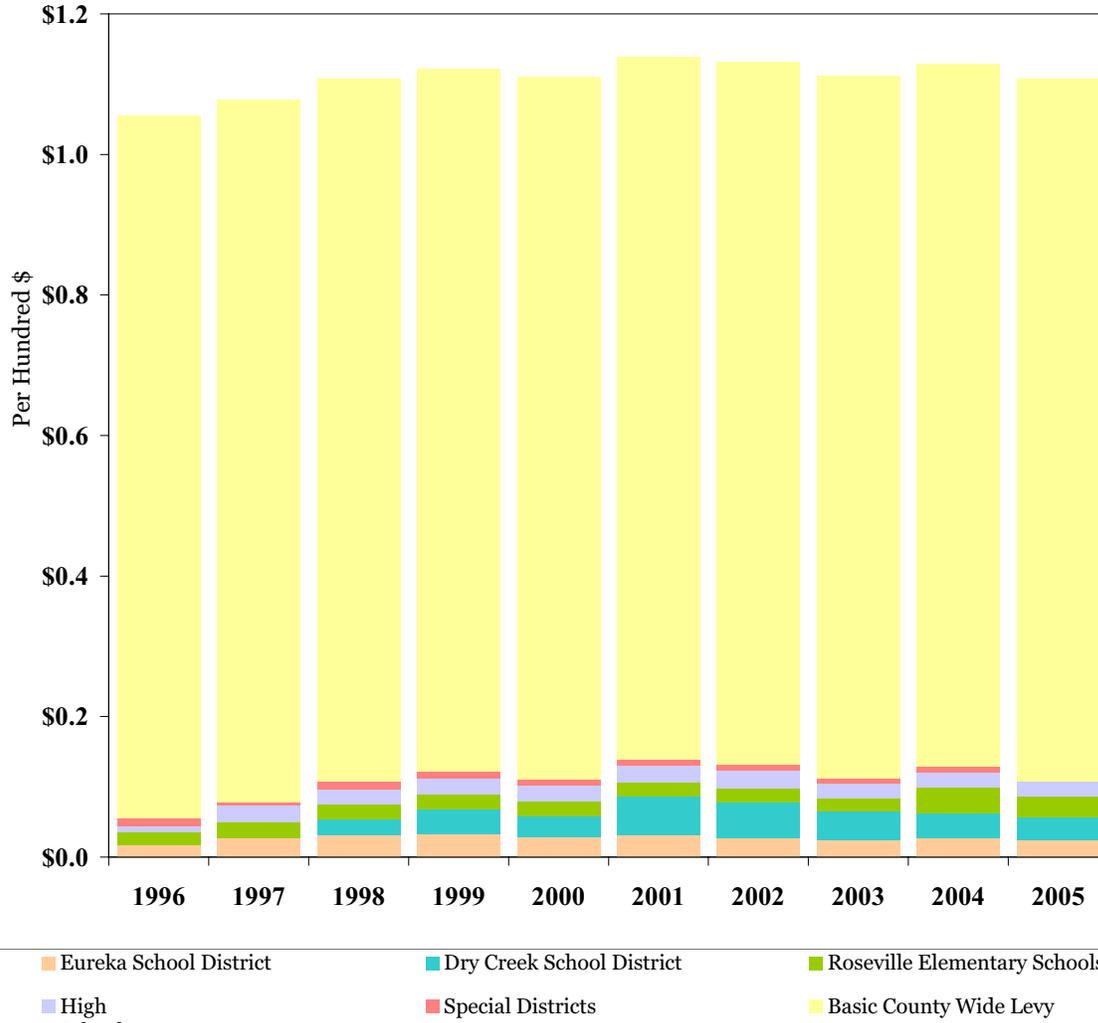


<u>Fiscal Year</u>	<u>Taxes Levied (a)</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected</u>	<u>Percent of Levy</u>
1996	\$6,601,393	\$6,448,353	97.68%		\$6,448,353	97.68%
1997	7,186,779	7,002,999	97.44%		7,002,999	97.44%
1998	7,579,293	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%
2005	16,653,884	16,469,026	98.89%		16,469,026	98.89%

(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

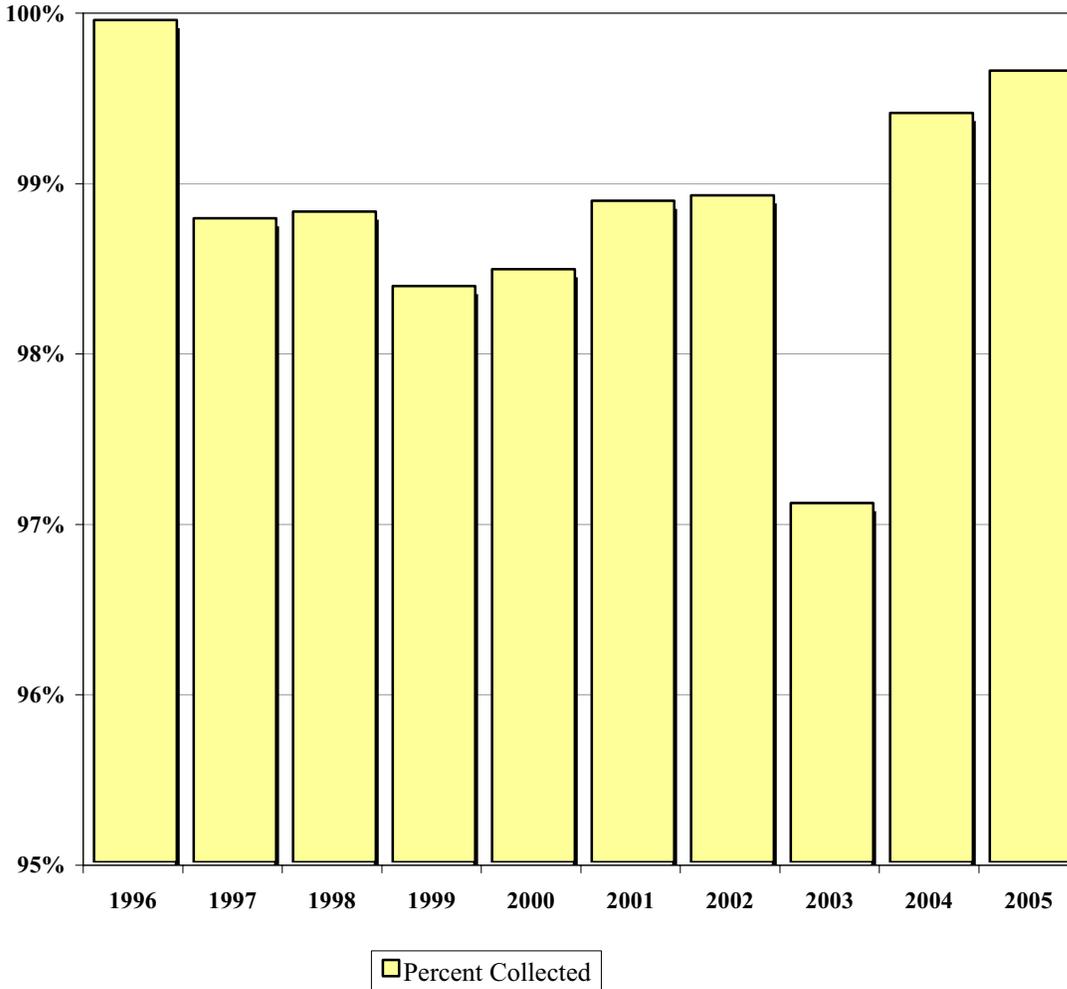


Fiscal Year	Basic County Wide Levy	Eureka School District	Dry Creek School District	Roseville Elementary Schools	High Schools	Special Districts	Total
1996	\$1.0000	0.0169	0.0000	0.0188	0.0082	0.0115	\$1.0554
1997	1.0000	0.0279	0.0000	0.0216	0.0238	0.0041	1.0774
1998	1.0000	0.0304	0.0227	0.0224	0.0208	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
2005	1.0000	0.0240	0.0324	0.0306	0.0201	N/A*	1.1071

\*San Juan Water bond matured and paid in 2004/05.

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>
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%
2005	28,043,028	27,943,576	99.65%

Source: Placer County Bond Assessment Maintenance Schedule and Muni Financial

**CITY OF ROSEVILLE**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**JUNE 30, 2005**

2004-05 Assessed Valuation:	\$12,346,904,709
Redevelopment Incremental Valuation:	464,340,573
Adjusted Assessed Valuation:	<u>\$11,882,564,136</u>

	PERCENTAGE APPLICABLE TO CITY OF ROSEVILLE	AMOUNT APPLICABLE TO CITY OF ROSEVILLE
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Roseville Joint Union High School District	73.333%	\$46,027,325
Rocklin Unified School District	0.015%	13,805
Dry Creek Joint School District	62.531%	11,632,668
Eureka Union School District	38.568%	3,986,621
Roseville City School District	97.321%	39,249,927
City of Roseville Community Facilities Districts	100.000%	227,645,000
City of Roseville 1915 Act Bonds	100.000%	2,805,000
California Statewide Communities Development Assessment District No. 04-01	59.371%	938,258
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<u>\$332,298,604</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Placer County Certificates of Participation	31.233%	\$7,514,660
Placer County Office of Education Certificates of Participation	31.233%	935,428
Sierra Joint Community College District Certificates of Participation	22.661%	2,565,225
Roseville Joint Union High School District Certificates of Participation	73.333%	4,982,977
Eureka Union School District Certificates of Participation	38.568%	2,850,175
Roseville City School District Certificates of Participation	97.321%	19,094,380
<b>City of Roseville Certificates of Participation</b>	<b>100.000%</b>	<b><u>25,655,000</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<u>\$63,597,845</u>
<b>COMBINED TOTAL DEBT</b>		<u><u>\$395,896,449</u></u> (1)

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

<u>Ratios to 2004-05 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	2.69%

<u>Ratios to Adjusted Assessed Valuation:</u>	
<b>Combined Direct Debt (\$25,655,000)</b>	<b>0.22%</b>
Combined Total Debt	3.33%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: \$0

Source: California Municipal Statistics, Inc.

**CITY OF ROSEVILLE  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2005**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$11,874,044,091</u>
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$445,276,653</u>
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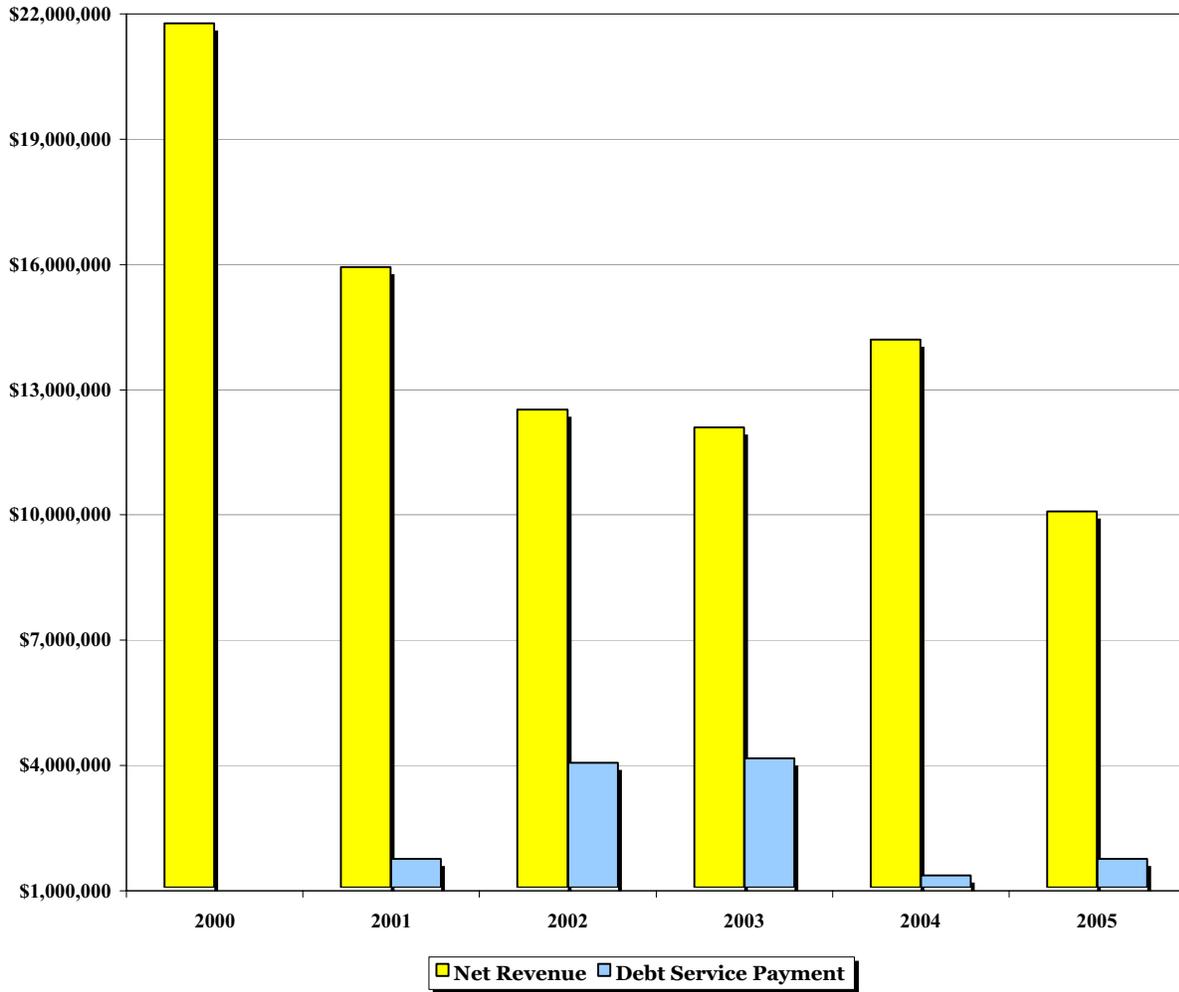
AMOUNT OF DEBT SUBJECT TO LIMIT:

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>\$445,276,653</u>
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- (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 SIX FISCAL YEARS**

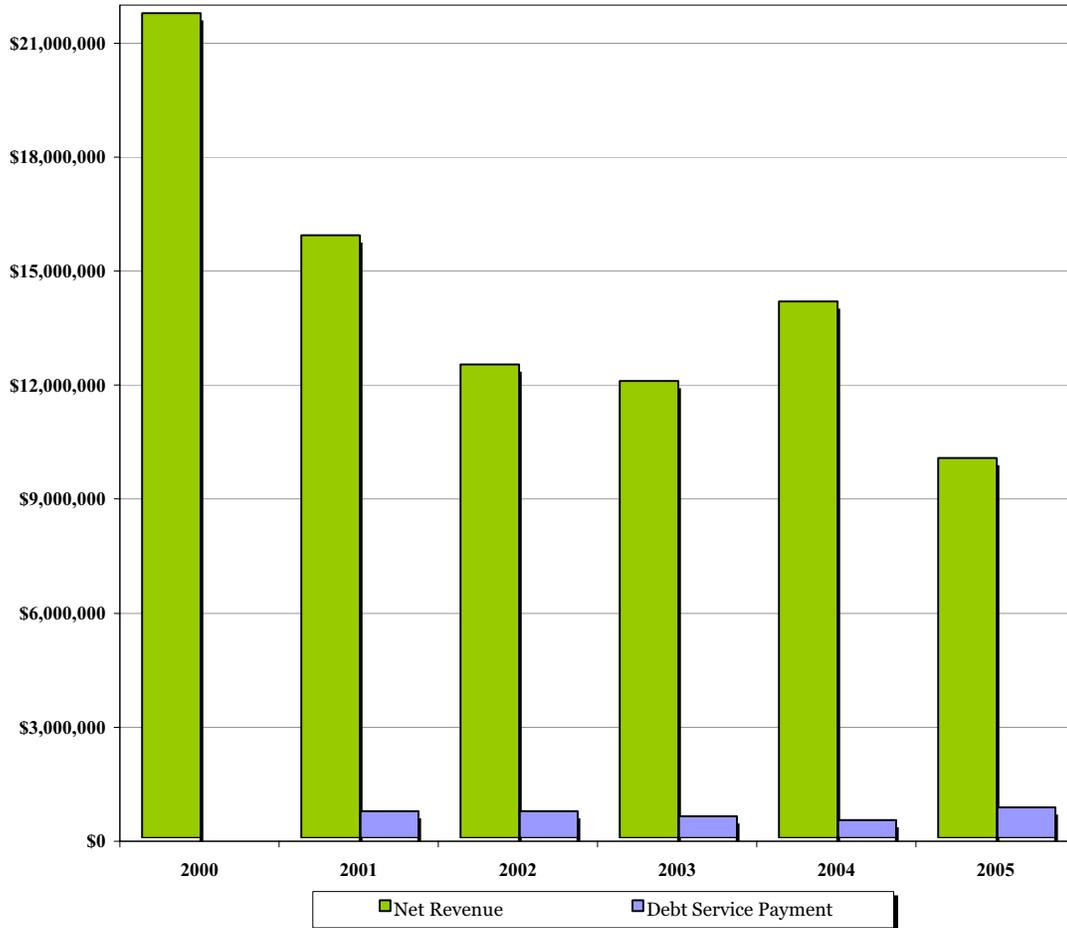


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 28,429,548	\$ 6,733,043	\$ 21,696,505	\$ -	\$ -	\$ -	
2001	25,428,386	9,573,817	15,854,569	-	1,687,679	1,687,679	9.39
2002	24,695,978	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
2005	23,385,997	13,383,537	10,002,460	1,286,546	401,434	1,687,980	5.93

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 SIX FISCAL YEARS**



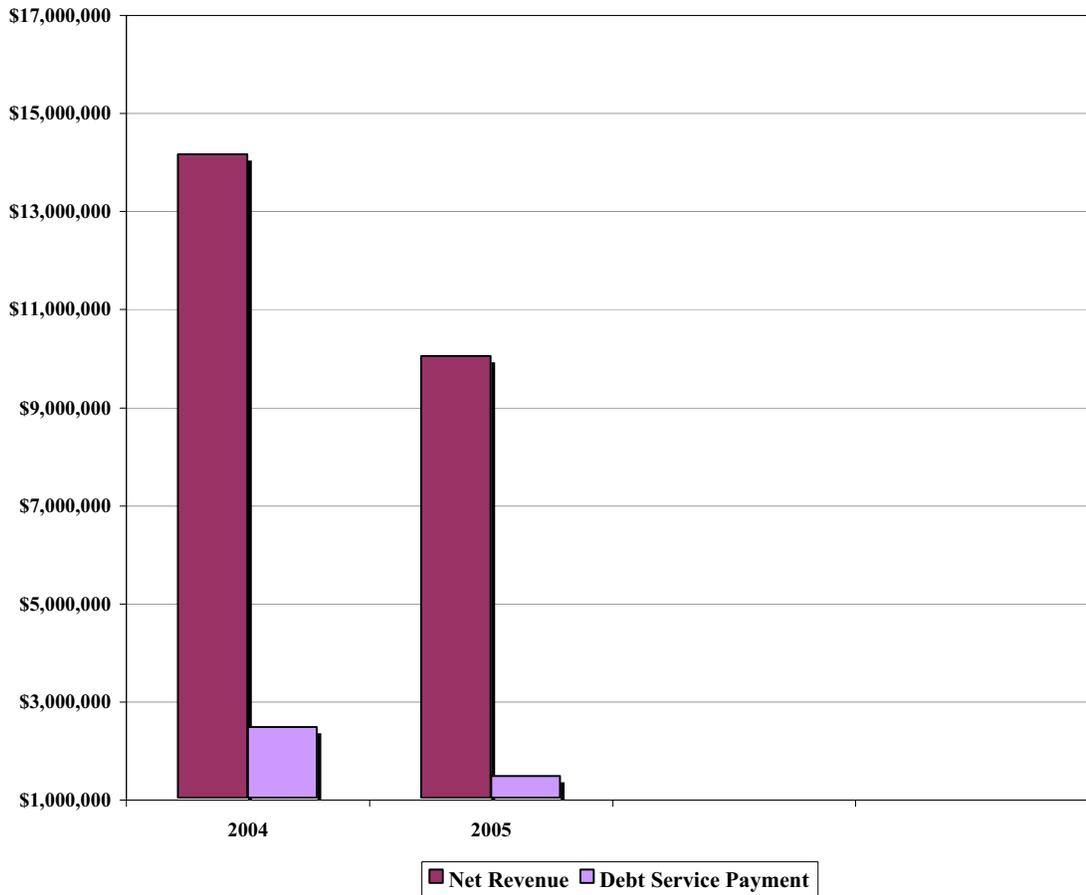
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$28,429,548	\$6,733,043	\$21,696,505	\$0	\$0	\$0	
2001	25,428,386	9,573,817	15,854,569	0	709,607	709,607	22.34
2002	24,695,978	12,245,420	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
2005	23,385,997	13,383,537	10,002,460	0	805,182	805,182	12.42

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**

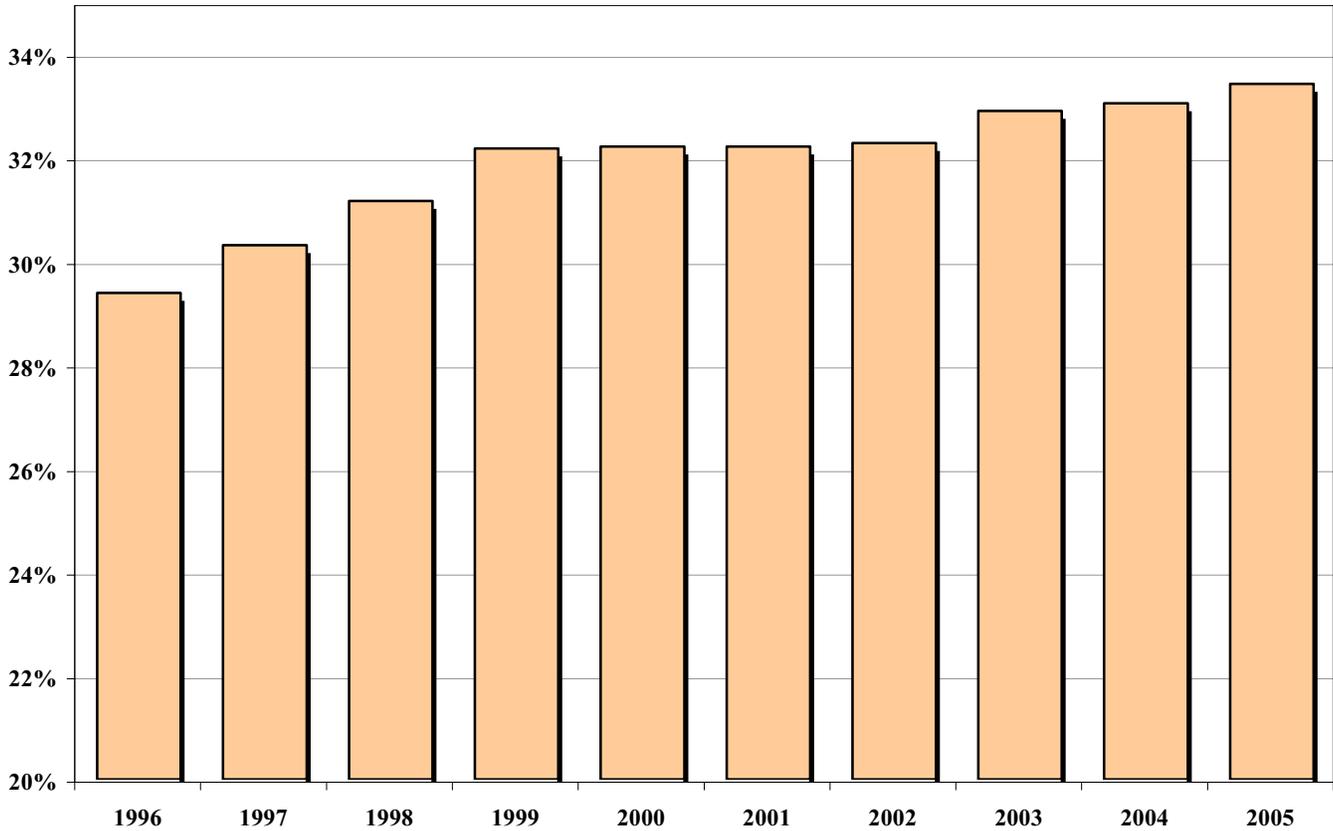


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$24,313,564	\$10,199,806	\$14,113,758	\$866,720	\$1,579,805	\$2,446,525	5.77
2005	23,385,997	13,383,537	10,002,460	325,020	1,120,561	1,445,581	7

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**

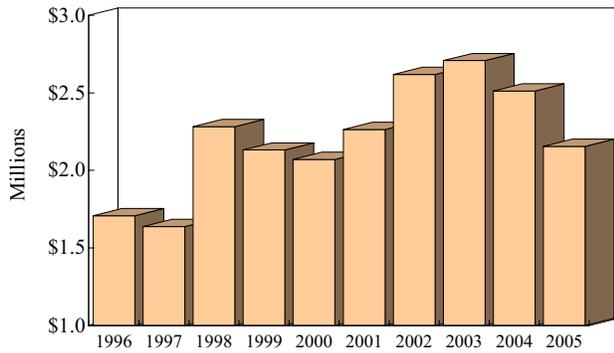


■ City Population as a % of County Population

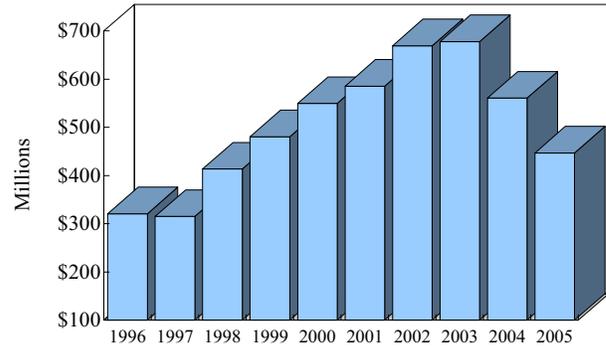
<u>Fiscal Year</u>	<u>City Population</u>	<u>Placer County Population</u>	<u>City Population % of County</u>
1996	63,200	215,000	29.40%
1997	67,400	222,300	30.32%
1998	71,600	229,700	31.17%
1999	76,700	238,300	32.19%
2000	79,300	246,100	32.22%
2001	82,200	255,100	32.22%
2002	85,800	265,700	32.29%
2003	90,700	275,600	32.91%
2004	96,600	292,235	33.06%
2005	102,191	305,675	33.43%

Source: California State Department of Finance

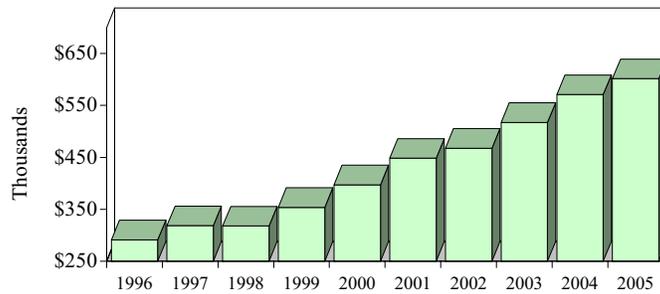
# CITY OF ROSEVILLE CONSTRUCTION AND BUSINESS ACTIVITY LAST TEN FISCAL YEARS



■ Building Permit Revenue



■ Estimated Construction Value



■ Business License Revenue

<b>Fiscal Year</b>	<b>Building Permit Revenue</b>	<b>Estimated Construction Value</b>	<b>Business License Revenue</b>
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
2005	2,154,473	446,952,945	601,506

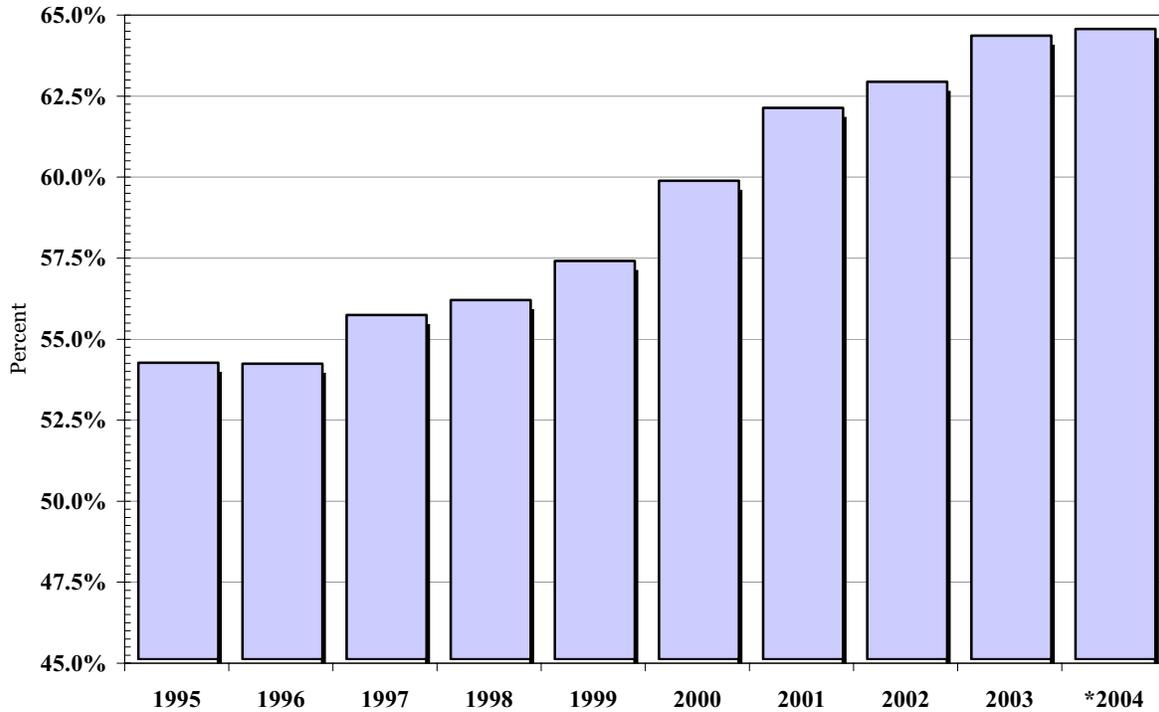
Source: City of Roseville Comprehensive Annual Financial Reports and Building Department

**CITY OF ROSEVILLE  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2005**

Assessed Name	Assessed Value	Percent of Total Assessed Value
NEC Electronics USA Inc.	\$378,552,214	3.19%
Hewlett Packard Co.	359,106,677	3.02%
Roseville Shoppingtown LLC	218,446,753	1.84%
NNN Parkway Corporate Plaza LLC	63,650,000	0.54%
SI VII LLC	61,255,770	0.52%
Creekside Center LLC	60,931,031	0.51%
Rosemead LLC	48,109,975	0.41%
Demmon Haverhill Partners LP	44,908,108	0.38%
Walmart Stores Inc.	43,925,835	0.37%
John Mourier Construction Inc.	42,268,587	0.36%
Olympic Preserve Partners LP	37,321,943	0.31%
Nordstrom Inc.	35,773,262	0.30%
Homarose LP	34,000,000	0.29%
Property Reserve Inc.	32,916,894	0.28%
Safeway Inc.	32,084,843	0.27%
GIC Olympus Corporate Center LLC	31,645,788	0.27%
Laguna Antelope Properties	31,484,187	0.27%
SMII Highland Reserve LLC	30,918,388	0.26%
Roseville Plaza LLC	30,750,000	0.26%
JB Management LP	30,515,028	0.26%
	<u>\$1,648,565,283</u>	<u>13.88%</u>
Total Secured Assessed Valuation	<u>\$11,874,044,091</u>	<u>100.00%</u>

*Source: California Munciple Statistics, Inc.*

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

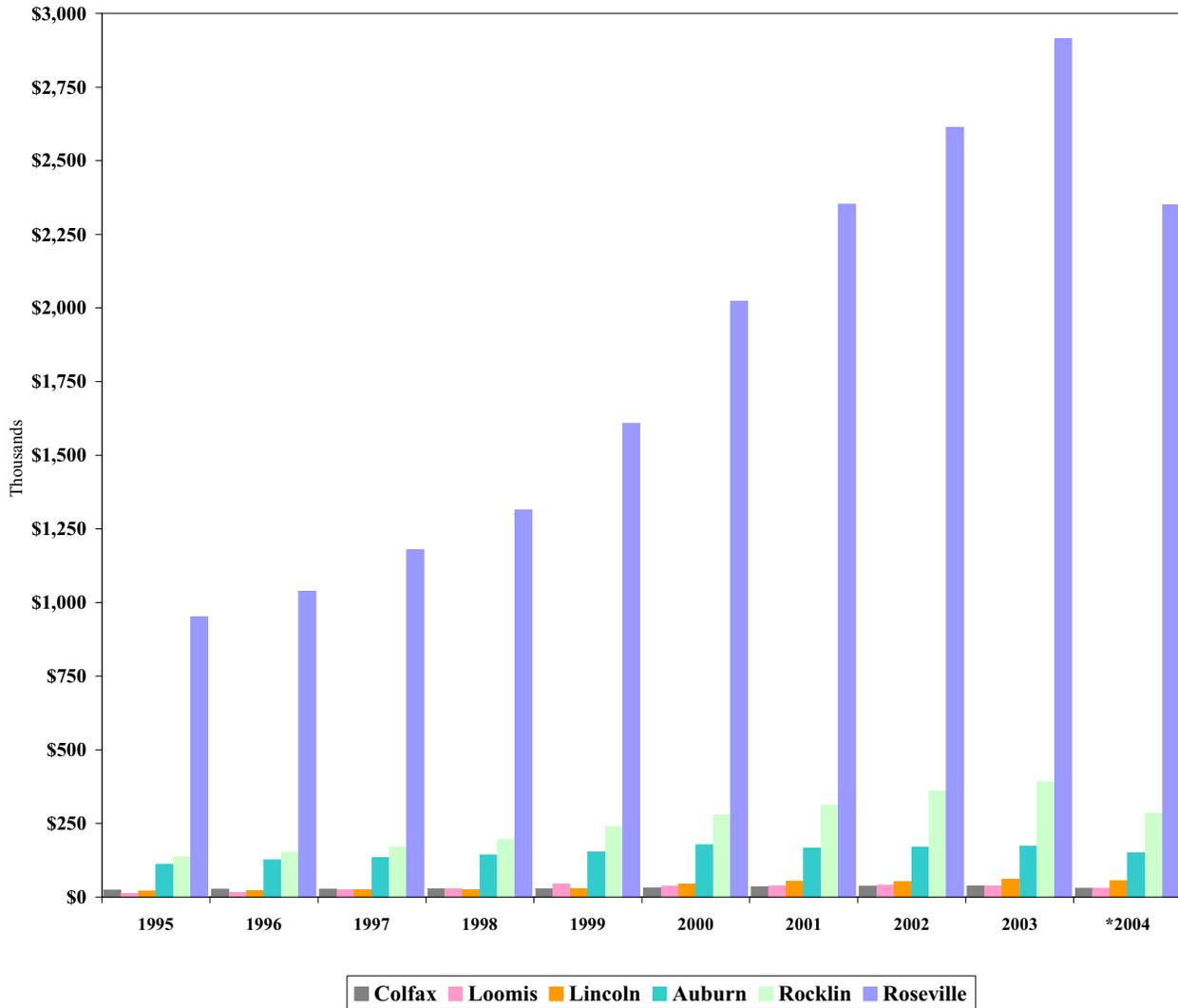


□ City Retail Sales as % of County

Calendar Year	Retail Sales (000)		City Retail Sales as a Percent of County
	County	City	
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%
*2004	3,646,264	2,349,997	64.45%

\* Most recent year available, first three quarters only.

**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>
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
*2004	150,509	30,085	55,408	29,354	285,399	2,349,997

\* Most recent year available, first 3 quarters only.

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>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>	<u>*2004</u>
<b>Auburn</b>	\$110,804	\$125,967	\$134,694	\$143,146	\$154,302	\$177,297	\$166,013	\$170,696	\$173,776	150,509
<b>Colfax</b>	23,952	26,766	26,729	27,992	28,157	30,897	34,408	36,931	38,130	30,085
<b>ROSEVILLE</b>	<b>951,741</b>	<b>1,039,945</b>	<b>1,180,536</b>	<b>1,315,488</b>	<b>1,608,513</b>	<b>2,022,864</b>	<b>2,352,220</b>	<b>2,614,068</b>	<b>2,916,345</b>	<b>2,349,997</b>
<b>Lincoln</b>	20,031	22,610	24,359	24,552	28,361	45,219	53,549	52,363	61,386	55,408
<b>Loomis</b>	13,746	15,955	24,761	27,430	44,891	37,352	39,256	40,229	39,428	29,354
<b>Rocklin</b>	136,665	152,407	169,341	196,103	238,880	278,159	312,130	360,732	389,985	285,399
<b>Total Six Cities</b>	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	2,900,752
<b>Other Cities, Areas</b>	<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>	<u>745,512</u>
<b>Placer County</b>	<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>	<u>\$ 3,646,264</u>
<b>California</b>	<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>	<u>\$ 254,983,717</u>

\* Most recent year available, first three quarters only.

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

**CITY OF ROSEVILLE  
LARGEST EMPLOYERS  
JUNE 30, 2005**

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Hewlett Packard	Technology	3,706
Kaiser Permanente	Health Care	3,000
Sutter Roseville Medical Center	Health Care	1,682
Union Pacific	Railroad	1,294
City of Roseville	Government	1,034
Roseville Joint Union High School District	Education	946
Roseville City School	Education	805
NEC Electronics	Technology	715
Wal-Mart	Retail	635
Surewest Communications	Phone Service	575

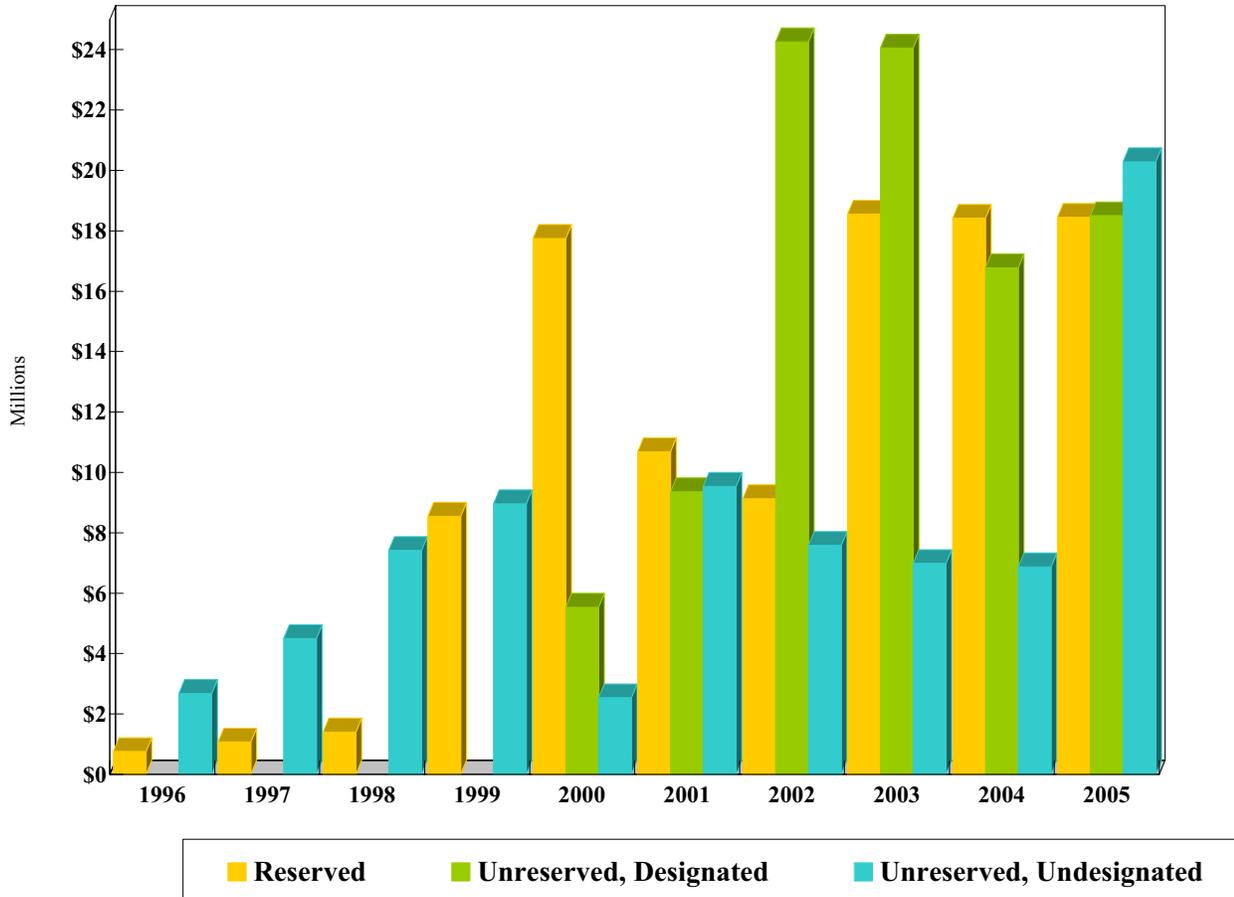
*Source: City of Roseville Economic & Community Services*

**CITY OF ROSEVILLE  
TOP 25 SALES TAX GENERATORS  
IN ALPHABETICAL ORDER  
JUNE 30, 2005**

Agilent Technologies  
Autowest Chrysler/Plymth/Jeep  
Autowest Honda  
Best Buy Stores  
Carmax Auto Superstores  
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  
Sam's Club  
Sears Roebuck & Company  
Target Stores  
Village RV  
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>
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
2005	18,449,612	18,500,251	20,287,930	57,237,793

Source: The City's Comprehensive Annual Financial Reports

**CITY OF ROSEVILLE  
MISCELLANEOUS STATISTICS  
JUNE 30, 2005**

Date of Incorporation	April 10, 1909	Water Utility:	
Form of Government	Municipal	Number of Customers:	
Employees	1,377.0	Residential	32,641
		Commercial	3,142
Population	102,191	Average Daily Consumption	26.82M
Land Area (Square Miles)	36.24	(in gallons)	
Miles of Streets	432 center line miles	Miles of Water Mains	494
Number of Traffic Lights	135		
		Sewer Utility:	
Fire Protection:		Miles of Sanitary Sewers	460
Number of Stations	7	Miles of Storm Drain	352
Number of Firefighters	81		
Fire Apparatus	39	Public Schools Serving the Community:	
Number of Fire Hydrants	3,881	Elementary Schools	25
		Middle Schools	7
Police Protection:		High Schools	4
Number of Stations	1	Continuation High Schools	2
Number of Officers	124	Adult School	1
Number of Crossing Guard Posts	20		
Number of Patrol Vehicles	89	Parks Recreation and Libraries:	
motorcycles	8	Acres of Developed Parkland	306
Employees:		Number of Parks	48
Full-time Permanent	1,004	Acres of Open Space	3,296
Part-time/Temporary	373	Miles of Creek	57
		Number of Tennis Courts	12
Electric Utility:		Number of Swimming Pools	4
Residential customers	42,539	Number of Golf Courses	2
Commercial customers	5,543	Number of Libraries	3
Energy sales to customers (kWh)	1,126,466,093		
Peak demand (kW)	282	Community Services	
		Households helped by Section 8 program	607
		Families helped in buying first home	16
		Families helped with housing rehabilitation	20

*Source: City of Roseville Finance Department*

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