

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2006



**CITY OF ROSEVILLE, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2006**

**Prepared by  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

**CITY OF ROSEVILLE, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2006**

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December 21, 2006

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, 2006. 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 utilities 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 still exhibits strong economic growth even with the recent slowdown in the housing market. Roseville's diverse land use has helped to continue a growth pattern that has resulted in improved economic strength for the City. While the housing market has slowed in the last year, home builders are aggressively pricing and marketing their homes for sale. New home building permits are up in the early part of the 2007 fiscal year over the same point in 2006.

Roseville enjoys the convenience of being a regional shopping destination for both general retail goods as well as automobiles, with nearly 354,000 square feet of commercial space being added in FY 2006. The City's office market continues to be one of the strongest sub-markets in the region, with over 1.3 million square feet of office space being added in FY 2006.

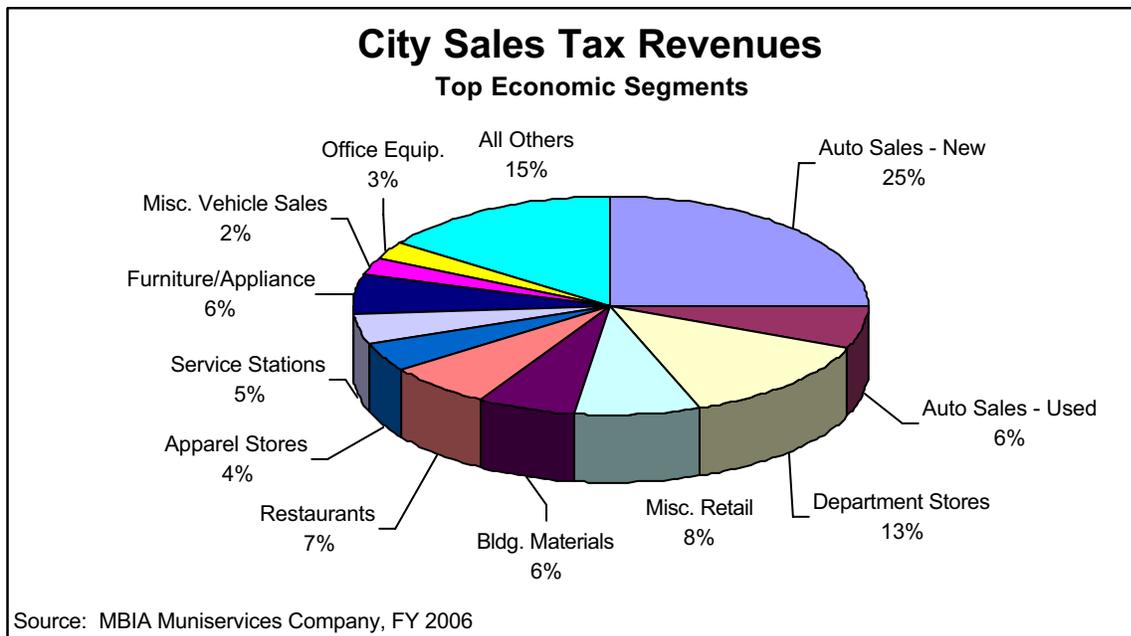
The industrial development segment of the City grew slightly in FY 2006 with 297,000 square feet of new space added during the year. This growth is consistent with that of the last few years. Of the City's two main industrial companies, Hewlett Packard has reduced jobs over the last several years, while NEC has stabilized its employment in large part by expanding its 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 3,237 jobs to bring the total to 77,847. This increase is consistent with that of the two prior years. 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 nearly complete. 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 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 \$1.7 million in fiscal year 2006. An important note is that while automobile sales represent a significant portion of the City's tax base, this segment is less dominant in total sales as the City continues to diversify its sales tax base. Additionally, used auto sales have become a larger part of total auto sales and is included for the first time as a separate element in the chart below.



**Major Activity in the City**

Many of the major activities initiated and completed in fiscal year 2006 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—completion 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—construction of the electric generation power plant
- Downtown Revitalization—construction of a multi-story parking garage

Private development has continued at a growing pace in business professional development—double from last year—and industrial development—slightly increased, 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 2006 fiscal year.

<b>Development Type</b>	<b>Number of Permits</b>	<b>New Square Feet Occupied</b>
Single-Family Residential	755	
Multi-Family Development	149	
Industrial Development		296,593
Commercial Development		353,987
Business Professional		1,291,159

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 processed a number of requests to rezone industrial, commercial, and business professional uses to residential land use.

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 3.89% on the City's month-end average investment balances. This compared with a return of 2.53% in the prior year. As of June 30, 2006, the yield to market of outstanding investments was 3.32%. 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, 2005. 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.

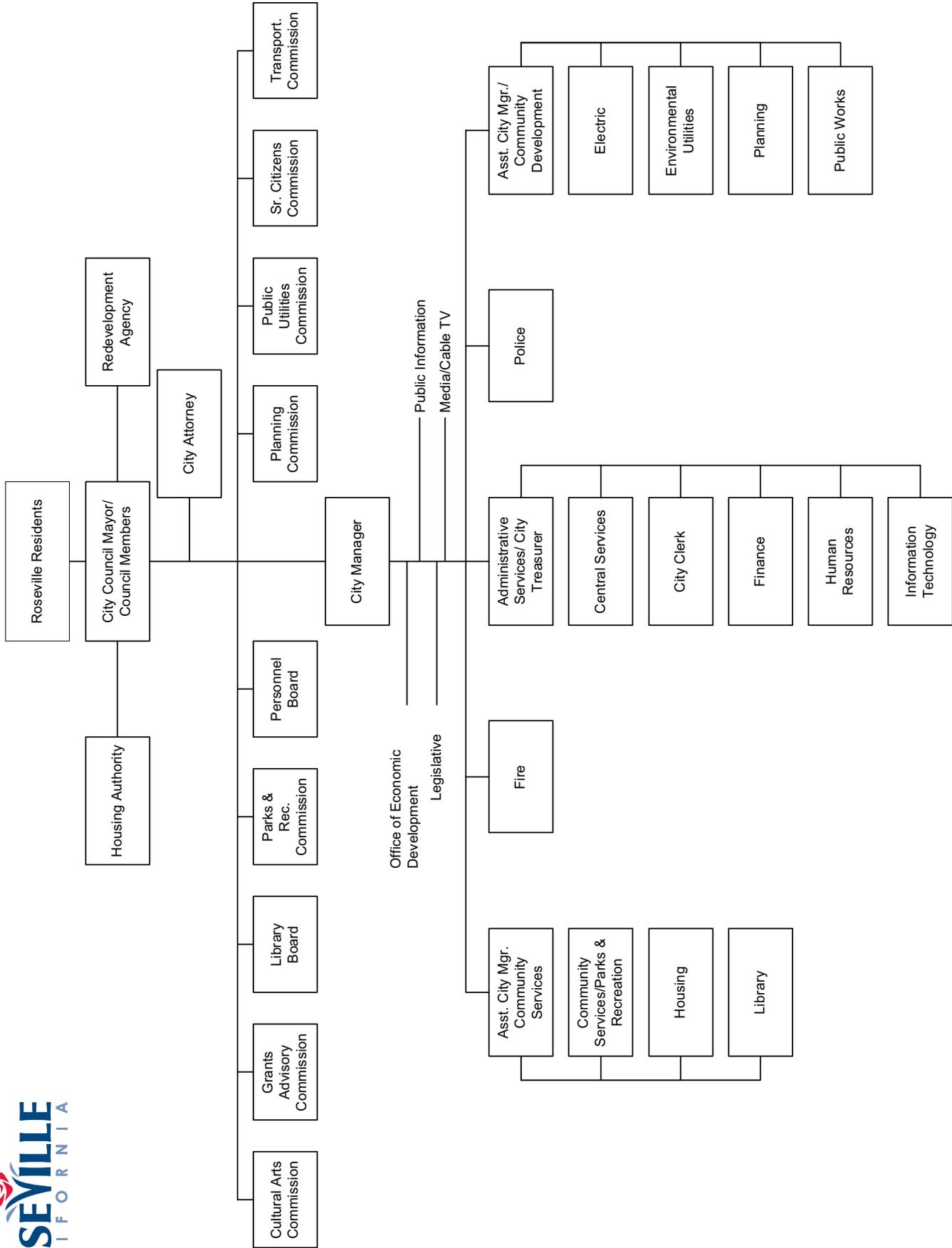
ACKNOWLEDGMENTS

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 below the text "Respectfully submitted,".

Russ Branson  
Administrative Services Director/City Treasurer



**CITY OF ROSEVILLE**

**ELECTED OFFICIALS**

**JUNE 30, 2006**

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, 2005

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.



President

Executive Director

*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 2004-05*

Presented to the

*City of Roseville*

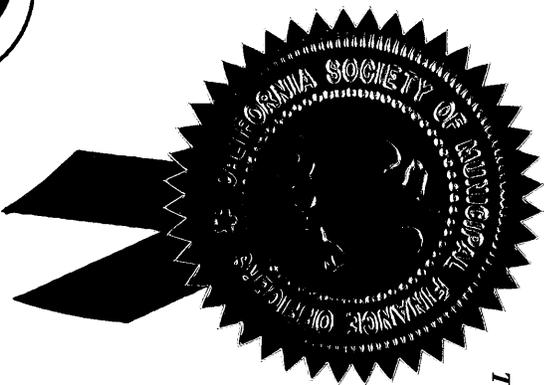
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

*February 24, 2006*

*William A. Starnop*

Bill Thomas, Chair  
Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



## **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, 2006, 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, 2006 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 November 22, 2006 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.



November 22, 2006

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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, 2006. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

Even with the recent slowdown in the housing market, the City remained strong economically, as 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 2006 FINANCIAL HIGHLIGHTS**

Financial highlights of fiscal year 2006 include the following:

#### *Entity-wide:*

- The City's total net assets were \$2.1 billion as of June 30, 2006. Of this total, \$923.3 million were Governmental assets and \$1.1 billion were Business-type assets.
- Governmental revenues include program revenues of \$147.5 million and general revenues and transfers of \$118.3 million for a total of \$265.8 million.
- Governmental expenses were \$135.9 million.
- Business-type program revenues, interest revenue and miscellaneous revenues were \$244.6 million while Business-type expenses and transfers were \$191.9 million.

#### *Fund Level:*

- Governmental Fund balances increased to \$218.2 million in fiscal year 2006, up \$33.5 million from the prior year.
- Governmental Fund revenues increased to \$239.7 million in 2006, up \$98.9 million from the prior year. This was primarily due to an increase of tax revenues of \$6.9 million, \$84.8 million in contributions of bond proceeds for Community Facility Districts and other developer contributions, \$4.5 million in charges for services, and use of money and property of \$2.9 million. Governmental Fund expenditures increased to \$229.6 million in fiscal year 2006, up \$67 million from the prior year. This increase was primarily due to increases of capital outlay of \$49.6 million, public safety of \$7.2 million, \$4.6 million in public works, and \$4.7 million in general government.
- Other Financing Sources provided a net of \$23.4 million in fiscal year 2006, up \$6.1 million from 2005 due to \$3.5 million in proceeds from property sales in 2006 and an increase of proceeds from capital leases of \$2.1 million.

#### *General Fund:*

- General Fund revenues of \$100.8 million were \$12.4 million higher than the prior year, with the largest increases in taxes and charges for services.
- General Fund expenditures of \$109.9 million represented an increase of \$19.9 million over the prior year. The largest increases were in general government, public safety, and capital outlay.
- Other Financing Sources showed \$16.1 million, which was slightly decreased from 2005.
- The General Fund balance of \$64.3 million as of June 30, 2006 is up from fiscal year 2005's fund balance of \$57.2 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 section),
- 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, and their balances are excluded, from the City's basic financial statements.

#### *The Entity-wide Financial Statements*

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

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

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

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

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

### *Fund Financial Statements*

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

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

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

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

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

Enterprise and Internal Service Fund Financial Statements are prepared on the full-accrual basis, and include all of their assets and liabilities, current and long-term.

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

Comparisons of Budget and Actual financial information are presented only for the General Fund and the Redevelopment Agency of the City of Roseville Fund, as required by GASB 34.

### *Fiduciary Statements*

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

## FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the City as a whole. Tables 1, 2, and 3 focus on the City's Governmental Statement of Net Assets and Statement of Activities, while Tables 4, 5, and 6 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

### *Governmental Activities*

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

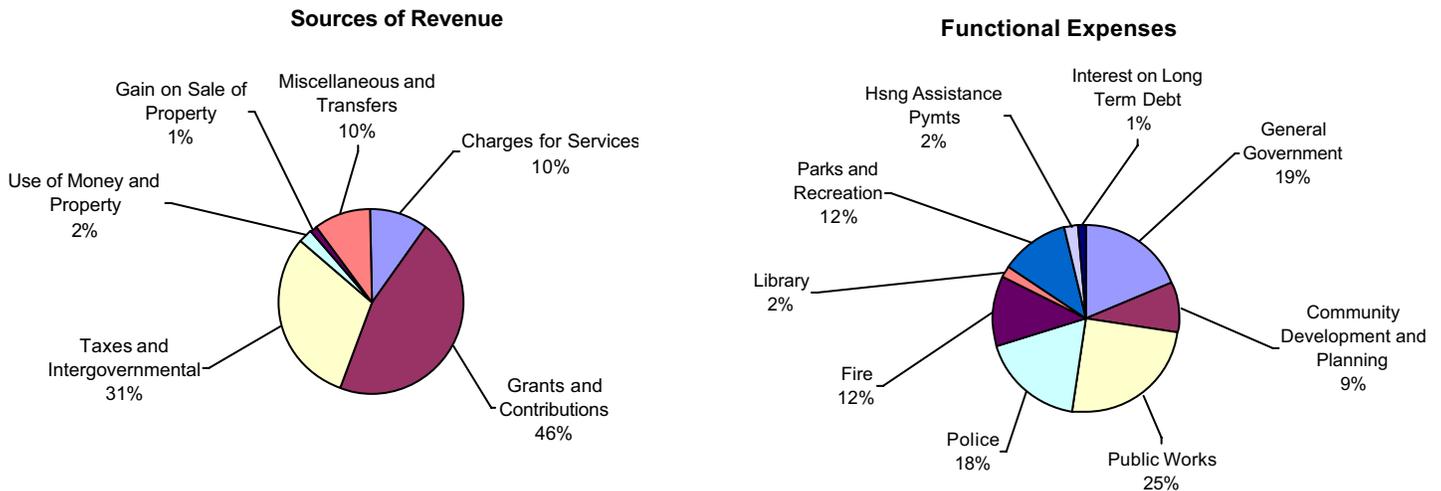
	2006	2005
Cash and Investments	\$298.5	\$255.2
Other Assets	36.7	31.9
Capital Assets	688.4	600.4
	<hr/>	<hr/>
<b>Total Assets</b>	<b>1,023.6</b>	<b>887.5</b>
	<hr/>	<hr/>
Long-Term Debt Outstanding	33.3	32.0
Other Liabilities	67.0	62.2
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>100.3</b>	<b>94.2</b>
	<hr/>	<hr/>
Net Assets:		
Invested in Capital Assets, Net of Debt	664.1	579.8
Restricted	149.8	124.5
Unrestricted	109.4	89.0
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>\$923.3</b>	<b>\$793.3</b>

The City's governmental net assets amounted to \$923.3 million as of June 30, 2006, an increase of \$130 million over 2005. 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, 2006 comprised the following:

- Cash and investments comprised \$246.8 million in the city treasury and \$51.7 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 \$16.9 million of which are current, along with deferred receivables of \$2.1 million and notes receivable of \$10.3 million that are due over longer periods of time, as explained in Notes 5 and 6 to the financial statements.
- Capital assets of \$688.4 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 \$51.0 million.
- Accrued compensated absence liabilities payable to employees of \$7.6 million, as explained in Note 1G to the financial statements.

- Long-term debt of \$33.3 million, of which \$32.1 million is due in future years and \$1.2 million is due currently, as detailed in Note 9.
- Net assets invested in capital assets net of related debt of \$664.1 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 \$149.8 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 \$109.4 million of unrestricted net assets as of June 30, 2006. While these assets are technically unrestricted, most of these assets are designated for a specific use.

### Fiscal Year 2006 Government Activities



As the Sources of Revenue Chart above shows, \$82.2 million, or 31% of the City's fiscal year 2006 governmental activities revenue, came from taxes and unrestricted intergovernmental revenues (motor vehicle-in-lieu), while \$121.2 million or 46% came from grants and contributions, \$26.3 million, or 10%, 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 \$25.4 million, or 19% of total government expenses, community development and planning is \$11.9 million, or 9%, public works is \$33.5 million, or 25%, police is \$24.5 million, or 18%, fire is \$16.4 million, or 12%, parks and recreation is \$16.1 million, or 12%, and other governmental programs and functions are the remaining 5%.

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>2006</u>	<u>2005</u>
<b>Expenses</b>		
General Government	\$25.4	\$22.4
Community Development and Planning	11.9	10.1
Public Works	33.5	39.4
Police	24.5	22.8
Fire	16.4	15.2
Library	3.2	3.0
Parks and Recreation	16.1	14.0
Payments Under Developer Agreements	0.0	3.1
Housing Assistance Payments	3.0	3.0
Interest on Long Term Debt	1.9	1.8
<b>Total Expenses</b>	<b>135.9</b>	<b>134.8</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	26.3	21.5
Operating Grants and Contributions	7.7	9.5
Capital Grants and Contributions	113.5	41.1
<b>Total Program Revenues</b>	<b>147.5</b>	<b>72.1</b>
General Revenues:		
Taxes/Intergovernmental	82.2	76.0
Use of Money and Property	8.1	5.6
Miscellaneous	1.7	0.7
Gain on Sale of Property	2.7	
<b>Total General Revenues</b>	<b>94.7</b>	<b>82.3</b>
<b>Total Revenues</b>	<b>242.2</b>	<b>154.4</b>
<b>Changes in Net Assets before Transfers</b>	<b>106.3</b>	<b>19.6</b>
Transfers	23.6	17.3
<b>Change in Net Assets</b>	<b>\$129.9</b>	<b>\$36.9</b>

As the Sources of Revenue Chart and **Table 2** above show, \$147.5 million, or 60.9% of the City's fiscal year 2006 governmental revenue, came from program revenues and \$94.7 million, or 39.1%, came from general revenues such as taxes and interest.

Program revenues were composed of charges for services of \$26.3 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; \$7.7 million of operating grants and contributions which include gas tax revenues, housing, and police grants; and capital grants and contributions of \$113.5 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 \$6.2 million. The majority of this increase was due to property and sales taxes. General revenues are not allocable to programs and are used to pay the net cost of governmental programs.

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

**Table 3**  
**Governmental Activities**  
**June 30**  
**(in Millions)**

	<u>Net (Expense)/Revenues from Services</u>	
	<u>2006</u>	<u>2005</u>
General Government	(\$19.9)	(\$18.7)
Community Development and Planning	(6.1)	(4.6)
Public Works	(14.7)	(6.8)
Police	(21.3)	(19.7)
Fire	(13.6)	(11.7)
Library	(2.9)	(2.7)
Parks and Recreation	(4.6)	(2.2)
Community Facilities Districts	96.3	8.2
Payments Under Developer Agreements	0.0	(3.1)
Housing Assistance Payments	0.4	0.4
Interest on Long Term Debt	(1.9)	(1.8)
<b>Totals</b>	<b>\$11.7</b>	<b>(\$62.7)</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>2006</u>	<u>2005</u>
Cash and Investments	\$308.5	\$383.5
Other Assets	158.2	156.5
Capital Assets	1,156.4	1,008.5
<b>Total Assets</b>	<b>1,623.1</b>	<b>1,548.5</b>
Long-Term Debt Outstanding	390.8	399.9
Other Liabilities	85.3	54.4
<b>Total Liabilities</b>	<b>476.1</b>	<b>454.3</b>
Net Assets:		
Invested in Capital Assets, Net of Debt	838.4	767.6
Restricted	28.2	31.0
Unrestricted	280.4	295.6
<b>Total Net Assets</b>	<b>\$1,147.0</b>	<b>\$1,094.2</b>

The net assets of business-type activities increased to \$1.147 billion in fiscal year 2006, an increase of \$53 million. Cash and investments decreased \$75 million, due to increased expenditures for capital projects; and correspondingly, capital assets have increased \$147.9 million. Other liabilities increased \$30.9 million, which includes increases of \$14.8 million for deposits, \$10.1 million in unearned revenue, and \$6.2 million in accounts payable.

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

	Business-Type Activities	
	<u>2006</u>	<u>2005</u>
<b>Expenses</b>		
Electric Fund	\$97.1	\$93.1
Water Fund	18.5	16.7
Wastewater Fund	27.2	23.9
Solid Waste Fund	14.2	12.7
Golf Course Fund	2.5	2.5
Local Transportation Fund	4.4	4.1
School-Age Child Care Fund	4.5	4.2
<b>Total Expenses</b>	<b>168.4</b>	<b>157.2</b>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	161.0	151.0
Operating Grants and Contributions	2.3	7.0
Capital Grants and Contributions	68.9	49.8
<b>Total Program Revenues</b>	<b>232.2</b>	<b>207.8</b>
<b>General Revenues</b>		
Use of Property and Money	10.6	4.5
<b>Total Revenues</b>	<b>242.8</b>	<b>212.3</b>
<b>Change in Net Assets before Special Items and Transfers</b>	<b>74.4</b>	<b>55.1</b>
Provision for Disputed SCS Charges	0.0	0.4
Miscellaneous revenues	1.8	
Transfers	(23.6)	(17.3)
<b>Changes in Net Assets</b>	<b>\$52.6</b>	<b>\$38.2</b>

Business-type program revenues, interest revenue, and miscellaneous revenues were \$244.6 million while Business-type expenses and transfers were \$192 million 2006. 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.

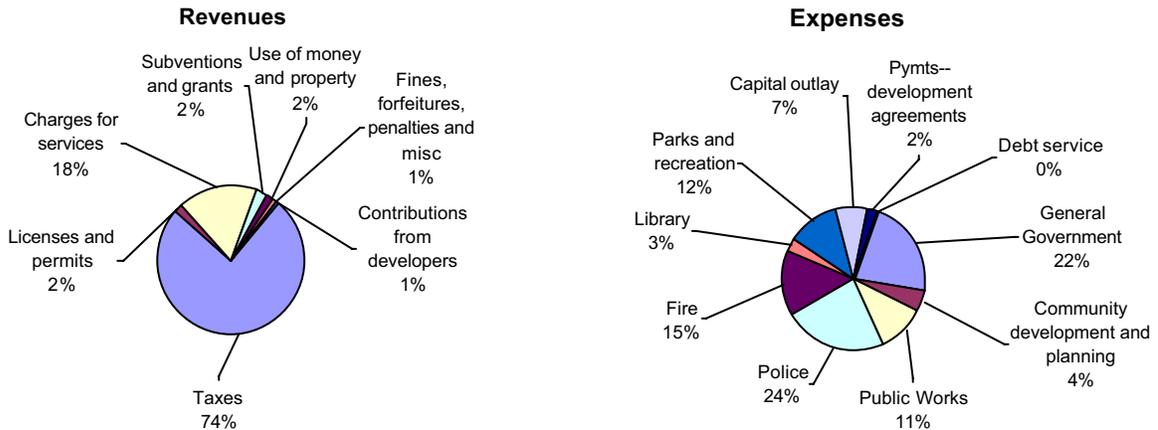
**Table 6**  
**Changes in Business-Type Net Assets**  
**(in Millions)**

	<u>Net (Expense)/Revenues From Services</u>	
	<u>2006</u>	<u>2005</u>
Electric Fund	\$22.1	\$13.3
Water Fund	27.0	18.6
Wastewater Fund	13.6	13.3
Solid Waste Fund	3.3	2.7
Golf Course Fund	0.3	0.1
Local Transportation Fund	(3.1)	2.4
School-Age Child Care Fund	0.6	0.2
<b>Totals</b>	<b>\$63.8</b>	<b>\$50.6</b>

***Analyses of Major Governmental Funds***

**General Fund**

**Fiscal Year 2006 General Fund Activity**



General Fund revenues increased \$12.4 million this fiscal year due primarily to increases in taxes, charges for services, and proceeds from the sale of property. Actual revenues were less than budgeted amounts by \$2.2 million, with licenses and permits and charges for services coming in under budget, as new home construction slowed down, but taxes came in greater than targeted. Taxes increased in both property and sales taxes (\$4.3 million and \$1.7 million, respectively). Property taxes' assessed valuations rose 16.9%, driven by prior years' construction, which are now on the tax rolls. 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 \$109.9 million, an increase of \$19.9 million from the prior year. Expenditures were \$31 million less than budget however, as most departments expended less than budgeted. The original budget was increased by \$5.2 million from encumbrances carried over from fiscal year 2005. The sources of these budget savings included planning, public works, and central services which had delays in professional services; police, public works, and parks and recreation which had savings in salaries with salaries being budgeted at the top step; vacancies; and projects anticipated for 2006 that have been carried over to fiscal year 2007.

Other financing sources and uses reported net inflows of \$16.1 million in fiscal year 2006, which is comparable to the prior year

As of June 30, 2006, the General Fund's fund balance totaled \$64.3 million, including \$16.7 million reserved almost entirely for encumbrances and advances to other funds, \$12.1 million designated for economic reserve and capital improvements and \$35.5 million in unreserved, undesignated balances. Only the unreserved portion of fund balance represents available liquid resources, since the reserved portion is represented by non-cash assets or by open purchase orders. The designated portion of fund balance has been set aside by City Council, which may alter or reverse its decisions with respect to designated fund balances at any time.

### **Redevelopment Agency of the City of Roseville**

This Fund accounts for the Redevelopment (RDA) activity including capital projects in the downtown redevelopment area funded by tax allocation bonds. The majority of the bond proceeds from the 2003 tax allocation bonds remain unspent. In addition the RDA owes other City funds \$13.5 million, which will be repaid from future tax increment revenues.

### **Community Facilities District Projects**

This Fund accounts for capital expenditures on community facilities districts in the City. The purpose of these districts is to finance the construction of capital improvements within the boundaries of each district, through the contribution of Mello-Roos bond proceeds. The improvements are contributed to the City, which in turn acquires and pays for these facilities from the developers who actually construct the improvements. In fiscal year 2006, the Fund received \$92.6 million in such contributions from property-owners and developers, and expended \$66.3 million in capital outlay on facilities in community facilities districts. The largest projects underway in fiscal year 2006 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 \$20.1 million in fiscal year 2006 to a total of \$275.2 million. Operating income for fiscal year 2006 is \$12.2 million, an increase of \$3.4 million from 2005. Electric retail sales increased by \$9.5 million in 2006, however, sale of wholesale power decreased by \$5.7 million, due to the termination of a swap agreement from 2005. Rates are anticipated to be increased in fiscal years 2007 and 2008.

Of the fund's Net Assets of \$275.2 million, \$156.5 million was invested in capital assets, \$17.3 million was restricted and \$101.4 million was unrestricted.

### **Water Fund**

Net assets of the Water Fund increased \$25.8 million in fiscal year 2006. There continued to be an operating loss; this year the loss was \$3.7 million. Operating revenues increased only slightly to a total of \$13.5 million in fiscal year 2006, while expenses increased \$1.5 million to a total of \$17.1 million. The increased operating expenses were primarily due to fully implementing new programs such as water conservation. Rates are anticipated to be increased in fiscal years 2007 and 2008. However, capital connection fees were \$9.4 million (a decrease of \$0.9 million, as growth has stabilized), and contributions from developers were \$20.7 million in fiscal year 2006, an increase of \$9.6 million, while net transfers out were \$3.1 million.

As of June 30, 2006, the Fund's Net Assets were \$371.3 million, of which \$316.1 million was invested in capital assets, \$2.6 million was restricted for debt service and \$52.5 million was unrestricted as to use.

### **Wastewater Fund**

Operating revenues increased in fiscal year 2006 \$2.7 million to a total of \$19 million. Operating expenses increased to \$23.7 million, up \$3 million. The net result was an operating loss of \$4.7 million, of which \$9.3 million was depreciation. Rates are anticipated to be increased in fiscal years 2007 and 2008. Other items that affected net assets were: connection fees of \$5.7 million (down \$1.1 million as growth has stabilized); capital contributions of \$11.8 million and \$1.5 million, respectively, from developers and South Placer Wastewater Authority; and net transfers out of \$4.1 million. The total increase to net assets was \$9.7 million for fiscal year 2006 to a total of \$475.7 million. As of June 30, 2006, of the Fund's Net Assets, \$345 million was invested in capital assets, and \$130.7 million was unrestricted.

### **Solid Waste Fund**

Revenues increased \$2.4 million to \$17.6 million and expenses increased \$1.5 million to \$14.2 million in fiscal year 2006. As a result, net operating income increased by \$0.8 million to \$3.3 million. Rates are anticipated to be increased in fiscal years 2007 and 2008. Net transfers out were \$3.9 million. The total net assets from 2005 were \$2.4 and with a slight decrease of \$0.3 million; the ending balance for 2006 was \$2.1 million.

### **Golf Course Fund**

Revenues and expenses remained relatively flat in fiscal year 2006 at \$2.7 million and \$2.2 million, respectively. As a result, the Fund's net assets were stable at \$8.3 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 \$10.0 million it has invested in capital assets, net of the related debt.

### Local Transportation Fund

Net assets of the Fund decreased \$3.1 million in fiscal year 2006 to a total of \$13.5 million. There was a \$3.8 million operating loss in fiscal year 2006, and most of the subsidies were deferred for future projects. As of June 30, 2006, the Fund's Net Assets were \$13.5 million, of which \$5.9 million was invested in capital assets and \$7.6 million was restricted for use in local transportation.

### School-Age Child Care Fund

Net assets of the Fund remained relatively flat with a slight increase of \$0.3 million in fiscal year 2006 to a total of \$0.88 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, 2006, the Fund's Net Assets were \$0.88 million. \$0.96 million were invested in capital assets, which leaves a negative \$0.08 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)**

	<u>Balance at June 30, 2006</u>	<u>Balance at June 30, 2005</u>
<b>Governmental Activities</b>		
Land	\$ 22.6	\$ 22.1
Streets (modified)	166.9	159.3
Parks (modified)	60.3	54.4
Landscaping (modified)	29.1	24.6
Construction in Progress	126.8	63.4
Buildings	79.9	79.9
Improvements	4.7	4.2
Equipment	52.6	43.9
Bike Paths	7.2	7.2
Bridges	46.6	45.6
Culverts	18.9	18.9
Curb, Gutter, Sidewalk, & Median Curbs	120.7	118.2
Drain Inlets	18.9	18.2
Flood Control Improvements	17.3	15.5
Soundwall	21.4	18.3
Stormdrains	51.3	49.4
Traffic Signals	18.9	18.6
Less: Accumulated Depreciation	<u>(175.7)</u>	<u>(161.3)</u>
<b>Governmental Activity Capital Assets, Net</b>	<b><u><u>\$688.4</u></u></b>	<b><u><u>\$600.4</u></u></b>

	Balance at June 30, 2006	Balance at June 30, 2005
<b>Business-Type Activities</b>		
Land	\$ 16.1	\$ 16.1
Landscaping (modified)	0.6	0.6
Construction in Progress	163.4	70.1
Buildings	12.0	11.8
Improvements	11.0	10.7
Machinery and Equipment	16.2	15.2
Bike Paths	1.1	1.1
Plant and Substations	283.3	270.9
Distribution	846.5	785.2
Less: Accumulated Depreciation	(193.8)	(173.2)
<b>Business-Type Activity Capital Assets, Net</b>	<b>\$1,156.4</b>	<b>\$1,008.5</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, 2006, the City's streets averaged 7.5 PQI for arterial and collector roadways and 7.9 PQI for residential roadways. The City expended \$7.2 million on preservation of its streets in fiscal year 2006, compared to the budgeted amount of \$7.8, and plans to spend \$5.5 million in fiscal year 2007.

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, 2006, the City's parks and landscaping averaged 2 GMI. The City expended \$4.3 million on preservation of its parks and landscaping in fiscal year 2006, compared to the \$4.6 budgeted, and plans to spend \$5.1 million in fiscal year 2007.

## DEBT ADMINISTRATION

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, 2006	Balance at June 30, 2005
<b>Governmental Activity Debt:</b>		
<b>Certificates of Participation:</b>		
2003 Public Facilities Bond, 2.0%-5.0%, due 8/1/25	\$17.11	\$17.71
<b>Tax Allocation Bonds</b>		
2002 Roseville Redevelopment Project 3%-5.14% due 9/1/33	13.74	13.96
<b>Installment Purchase Obligations</b>		
Equipment	2.4	0.31
<b>Other Long Term Obligations:</b>		
Foothill Blvd. Extension, due 4/1/07	nil	nil
<b>Total Governmental Activity Debt:</b>	<b>\$33.3</b>	<b>\$31.98</b>

	Balance at June 30, 2006	Balance at June 30, 2005
<b>Business-type Activity Debt:</b>		
<b>Certificates of Participation:</b>		
1997 Electric System Revenue, 3,6%-5.25%, due 2/1/17	\$ 0.33	\$ 0.63
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	1.63	2.14
2002 Electric System Revenue, Variable Rate, due 2/1/24	25.62	30.98
Less deferred amount on refunding	(3.09)	(3.26)
2004 Electric System Revenue, 3.0-5.25%, due 2/1/34	39.94	39.94
2005 Electric System Revenue, Series A, 3.0-5.0%, due 2/1/23	52.90	52.90
2005 Electric System Revenue, Series B, Variable Rate, due 2/1/35	90.00	90.00
2005 Electric System Revenue, Series C, Variable Rate, due 2/1/35	60.00	60.00
2003 Golf Course Project, 2.0-5.0%, due 8/1/23	7.63	7.94
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	24.74	26.08
	<hr/>	<hr/>
Total Certificates of Participation	<b>299.70</b>	<b>307.35</b>
	<hr/>	<hr/>
<b>Revenue Bonds:</b>		
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	7.59	8.92
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	51.01	51.35
Less deferred amount on refunding	(5.54)	(5.80)
	<hr/>	<hr/>
Total Revenue Bonds	<b>90.98</b>	<b>92.39</b>
	<hr/>	<hr/>
<b>Other Long Term Obligations:</b>		
Notes, 5%, due 10/1/17	0.17	0.18
	<hr/>	<hr/>
<b>Total Business-type Activity Debt:</b>	<b>\$390.85</b>	<b>\$399.92</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, 2006, a total of \$331.4 million in community facilities district and assessment district debt was outstanding, representing fifteen issues by community facilities districts and two issues by assessment districts. This debt is secured only by special tax liens and assessments on the real property in the district issuing the debt and is not the City's responsibility; however, the City does act as the agent in the collection and remittance of special taxes and assessments for these Districts. Further detail on this debt may be found in Note 10 to the financial statements.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**CITY OF ROSEVILLE**

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

The 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, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	\$246,807,027	\$159,287,269	\$406,094,296
Restricted cash and investments with fiscal agents (Note 3)	51,692,894	149,186,807	200,879,701
Receivables:			
Taxes	1,381,329	32,934	1,414,263
Accounts	4,610,641	21,165,317	25,775,958
Accrued interest	2,114,757	1,500,419	3,615,176
Due from other government agencies	8,787,876	1,754,764	10,542,640
Internal balances (Note 4D)	4,215,249	(4,215,249)	
Prepays	757,932		757,932
Deferred receivables (Note 6)	2,124,839	684,266	2,809,105
Notes receivable (Note 5)	10,319,915		10,319,915
Notes receivable from NCPA (Note 15B)		192,879	192,879
Inventories (Note 11)	1,375,688	7,873,983	9,249,671
Land held for redevelopment (Note 7D)	1,002,290		1,002,290
Prepaid purchased electricity (Note 14)		4,584,532	4,584,532
Unamortized bond origination costs		1,416,235	1,416,235
Investment in NCPA reserves (Note 15)		12,008,493	12,008,493
Investment in SPWA reserves (Note 16)		111,170,459	111,170,459
Capital assets (Note 8):			
Land and construction in progress	405,667,898	180,087,255	585,755,153
Capital assets being depreciated, net	282,726,110	976,333,504	1,259,059,614
Total assets	<u>1,023,584,445</u>	<u>1,623,063,867</u>	<u>2,646,648,312</u>
LIABILITIES			
Accounts payable	33,128,264	20,825,023	53,953,287
Accrued liabilities	2,632,887	3,470,115	6,103,002
Due to other governments	6,919,772	1,026,740	7,946,512
Deposits	6,665,778	37,990,156	44,655,934
Unearned revenues	1,627,451	13,035,472	14,662,923
Deferred liabilities		125,242	125,242
Landfill closure and post closure liability (Note 17)		3,678,093	3,678,093
Compensated absences (Note 1G):			
Due within one year	274,852	2,609,247	2,884,099
Due in more than one year	7,320,098	2,504,737	9,824,835
Self-insurance claims payable and litigation settlement (Note 13)	8,470,000		8,470,000
Long term liabilities (Note 9):			
Due within one year	1,149,638	4,872,793	6,022,431
Due in more than one year	32,130,571	385,974,107	418,104,678
Total liabilities	<u>100,319,311</u>	<u>476,111,725</u>	<u>576,431,036</u>
NET ASSETS (Note 11)			
Invested in capital assets, net of related debt	<u>664,131,414</u>	<u>838,373,690</u>	<u>1,502,505,104</u>
Restricted for:			
Capital projects:			
Expendable	127,280,639		127,280,639
Nonexpendable	16,425,999		16,425,999
Debt service	1,345,398	20,555,663	21,901,061
Community development projects	4,686,005		4,686,005
Local transportation		7,623,283	7,623,283
Total restricted net assets	<u>149,738,041</u>	<u>28,178,946</u>	<u>177,916,987</u>
Unrestricted net assets	<u>109,395,679</u>	<u>280,399,506</u>	<u>389,795,185</u>
Total net assets	<u>\$923,265,134</u>	<u>\$1,146,952,142</u>	<u>\$2,070,217,276</u>

See accompanying notes to financial statements

CITY OF ROSEVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

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	\$25,437,535	\$3,364,921	\$120,778	\$2,032,357	(\$19,919,479)		(\$19,919,479)
Community development and planning	11,893,312	4,312,464	1,077,687	397,946	(6,105,215)		(6,105,215)
Public works	33,498,385	7,959,770	103,747	10,728,483	(14,706,385)		(14,706,385)
Police	24,500,396	1,900,144	1,251,680		(21,348,572)		(21,348,572)
Fire	16,435,774	1,253,881	499,198	1,100,053	(13,582,642)		(13,582,642)
Library	3,156,087	188,738	110,374		(2,856,975)		(2,856,975)
Parks and recreation	16,052,655	7,315,217	1,127,288	2,989,114	(4,621,036)		(4,621,036)
Community facilities districts				96,283,453	96,283,453		96,283,453
Housing assistance payments	2,974,236		3,426,751		452,515		452,515
Interest on long term debt	1,933,654				(1,933,654)		(1,933,654)
<b>Total Governmental Activities</b>	<b>135,882,034</b>	<b>26,295,135</b>	<b>7,717,503</b>	<b>113,531,406</b>	<b>11,662,010</b>		<b>11,662,010</b>
<b>Business-type Activities:</b>							
Electric	97,101,941	102,772,594		16,419,999		\$22,090,652	22,090,652
Water	18,510,040	13,450,264	2,019,853	30,055,261		27,015,338	27,015,338
Wastewater	27,207,717	19,025,742		21,786,854		13,604,879	13,604,879
Solid Waste	14,220,731	17,558,492	26,489			3,364,250	3,364,250
Golf Course	2,479,378	2,747,851				268,473	268,473
Local Transportation	4,415,411	601,087	32,003	652,854		(3,129,467)	(3,129,467)
School-age Child Care	4,430,801	4,833,884	220,844			623,927	623,927
<b>Total Business-type Activities</b>	<b>168,366,019</b>	<b>160,989,914</b>	<b>2,299,189</b>	<b>68,914,968</b>		<b>63,838,052</b>	<b>63,838,052</b>
<b>Total</b>	<b>\$304,248,053</b>	<b>\$187,285,049</b>	<b>\$10,016,692</b>	<b>\$182,446,374</b>	<b>11,662,010</b>	<b>63,838,052</b>	<b>75,500,062</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					30,867,256		30,867,256
Sales taxes					42,642,034		42,642,034
Franchise taxes					1,267,707		1,267,707
Motor fuel taxes					3,116,638		3,116,638
Other taxes					3,630,534		3,630,534
<b>Intergovernmental, unrestricted:</b>							
Motor vehicle in lieu					710,510		710,510
Use of money and property					8,077,599	10,559,581	18,637,180
Miscellaneous revenues					1,680,851	1,825,199	3,506,050
Gain on sales of property					2,703,738		2,703,738
Transfers (Note 4)					23,582,576	(23,582,576)	
<b>Total general revenues and transfers</b>					<b>118,279,443</b>	<b>(11,197,796)</b>	<b>107,081,647</b>
<b>Change in Net Assets</b>					<b>129,941,453</b>	<b>52,640,256</b>	<b>182,581,709</b>
<b>Net Assets-Beginning</b>					<b>793,323,681</b>	<b>1,094,311,886</b>	<b>1,887,635,567</b>
<b>Net assets-Ending</b>					<b>\$923,265,134</b>	<b>\$1,146,952,142</b>	<b>\$2,070,217,276</b>

See accompanying notes to financial statements

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## **MAJOR GOVERNMENTAL FUNDS**

<b>FUND FINANCIAL STATEMENTS</b>
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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 2006. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

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

**REDEVELOPMENT AGENCY**

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

**COMMUNITY FACILITIES DISTRICT PROJECTS FUND**

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

CITY OF ROSEVILLE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2006

	General	Redevelopment Agency of the City of Roseville	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments in City Treasury (Note 3)	\$52,082,481	\$7,046,498	\$13,509,577	\$120,624,401	\$193,262,957
Restricted cash and investments with fiscal agents (Note 3)		9,993,292	38,067,255	3,592,347	51,652,894
Receivables:					
Taxes	1,381,329				1,381,329
Accounts	3,961,654			640,679	4,602,333
Accrued interest	1,689,090	79,295	215,694	1,430,544	3,414,623
Due from other government agencies	6,729,965	25,256		2,011,171	8,766,392
Due from other funds (Note 4B)	1,297,351			50,000	1,347,351
Advances to other funds (Note 4C)	8,595,536			4,100,000	12,695,536
Prepays	137,408				137,408
Deferred receivables (Note 6)				2,124,839	2,124,839
Notes receivable (Note 5)	104,846	1,923,079		8,291,990	10,319,915
Inventories (Note 1I)	498,894				498,894
Land held for redevelopment		1,002,290			1,002,290
	<u>\$76,478,554</u>	<u>\$20,069,710</u>	<u>\$51,792,526</u>	<u>\$142,865,971</u>	<u>\$291,206,761</u>
<b>LIABILITIES</b>					
Accounts payable	\$3,210,488	\$831,375	\$23,423,446	\$5,004,477	\$32,469,786
Accrued liabilities	1,415,420	520,270		147,865	2,083,555
Due to other funds (Note 4B)		800,000		336,740	1,136,740
Due to other government agencies	19,035			6,900,737	6,919,772
Compensated absences (Note 1G)	126,909				126,909
Advances from other funds (Note 4C)		13,524,737		212,500	13,737,237
Deposits	6,065,778			600,000	6,665,778
Deferred revenue	1,328,486	1,923,079		3,986,105	7,237,670
Deferred liabilities		2,368,988		272,255	2,641,243
	<u>12,166,116</u>	<u>19,968,449</u>	<u>23,423,446</u>	<u>17,460,679</u>	<u>73,018,690</u>
<b>FUND BALANCES (Note 11)</b>					
Reserved for:					
Advances	8,595,536			4,100,000	12,695,536
Inventories	498,894				498,894
Encumbrances	7,333,064			6,869,617	14,202,681
Capital projects			28,369,080		28,369,080
Deferred receivables and notes receivable	104,846			26,992	131,838
Prepays	137,408				137,408
Low and moderate income housing		2,443,917			2,443,917
Debt service		10,039,564		1,345,398	11,384,962
Unreserved:					
Designated for economic reserve	11,025,100				11,025,100
Reported in Capital Projects Funds:					
Designated for carryover of capital improvement projects	1,085,289			19,807,821	20,893,110
Unreserved, undesignated, reported in:					
General Fund	35,532,301				35,532,301
Special Revenue Funds		(12,382,220)		76,829,465	64,447,245
Permanent Funds				16,425,999	16,425,999
	<u>64,312,438</u>	<u>101,261</u>	<u>28,369,080</u>	<u>125,405,292</u>	<u>218,188,071</u>
<b>TOTAL FUND BALANCES</b>	<u>\$76,478,554</u>	<u>\$20,069,710</u>	<u>\$51,792,526</u>	<u>\$142,865,971</u>	<u>\$291,206,761</u>
Total Liabilities and Fund Balances	<u>\$76,478,554</u>	<u>\$20,069,710</u>	<u>\$51,792,526</u>	<u>\$142,865,971</u>	<u>\$291,206,761</u>

See accompanying notes to financial statements

CITY OF ROSEVILLE  
 Reconciliation of  
 GOVERNMENTAL FUNDS -- FUND BALANCE  
 with the Governmental Activities  
 NET ASSETS  
 JUNE 30, 2006

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS \$218,188,071

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. 688,394,008

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	53,584,070
Accounts receivable	8,308
Interest receivable	1,341,377
Due from other government agencies	21,484
Prepaid	620,524
Inventories	876,794
Accounts payable	(658,478)
Accrued liabilities	(39,523)
Self-insurance claims payable	(8,470,000)
Compensated absences	(312,616)
Internal balances	5,046,339

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. 5,610,219

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(33,280,209)
Interest payable and other accrued liabilities, included in accrued liabilities	(509,809)
Non-current portion of compensated absences	(7,155,425)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$923,265,134

See accompanying notes to financial statements

CITY OF ROSEVILLE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	General	Redevelopment Agency of the City of Roseville	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$72,871,777	\$5,506,123		\$4,392,791	\$82,770,691
Less Educational Revenue					
Augmentation Fund payment (Note 19)		(323,743)			(323,743)
Licenses and permits	2,020,467				2,020,467
Charges for services	17,353,831			13,941,436	31,295,267
Subventions and grants	2,004,706	56,761		8,289,814	10,351,281
Use of money and property	1,580,294	571,749	\$2,320,216	3,312,716	7,784,975
Fines, forfeitures and penalties	768,638			1,184,767	1,953,405
Contributions from property owners			92,645,369		92,645,369
Contributions from developers	638,802	395,042	11,288	2,292,513	3,337,645
Miscellaneous revenues	3,607,125	48,316	1,306,580	2,937,547	7,899,568
<b>Total Revenues</b>	<b>100,845,640</b>	<b>6,254,248</b>	<b>96,283,453</b>	<b>36,351,584</b>	<b>239,734,925</b>
<b>EXPENDITURES</b>					
Current:					
General government	24,480,432			458,424	24,938,856
Community development and planning	4,784,483	2,980,943		3,122,636	10,888,062
Public works	12,035,250			3,361,446	15,396,696
Public safety:					
Police	25,567,869				25,567,869
Fire	16,297,463			617,930	16,915,393
Library	3,129,784			3,583	3,133,367
Parks and recreation	13,220,014			2,787,363	16,007,377
Housing assistance payments				2,974,236	2,974,236
Capital outlay	7,627,571	3,290,860	66,327,795	31,068,558	108,314,784
Payments under development agreements (Note 7)	2,592,039				2,592,039
Debt service					
Principal retirement	111,946	225,000		605,000	941,946
Interest and fiscal charges	23,472	1,205,253		712,277	1,941,002
<b>Total Expenditures</b>	<b>109,870,323</b>	<b>7,702,056</b>	<b>66,327,795</b>	<b>45,711,453</b>	<b>229,611,627</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(9,024,683)</b>	<b>(1,447,808)</b>	<b>29,955,658</b>	<b>(9,359,869)</b>	<b>10,123,298</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of property	3,357,188	146,279			3,503,467
Proceeds from capital lease (Note 9)				2,239,765	2,239,765
Transfers in (Note 4A)	21,206,973	940,000	200,000	16,092,185	38,439,158
Transfers (out) (Note 4A)	(8,464,833)	(253,440)	(958,422)	(11,130,142)	(20,806,837)
<b>Total Other Financing Sources (Uses)</b>	<b>16,099,328</b>	<b>832,839</b>	<b>(758,422)</b>	<b>7,201,808</b>	<b>23,375,553</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,074,645</b>	<b>(614,969)</b>	<b>29,197,236</b>	<b>(2,158,061)</b>	<b>33,498,851</b>
Fund balances at beginning of period	57,237,793	716,230	(828,156)	127,563,353	184,689,220
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$64,312,438</b>	<b>\$101,261</b>	<b>\$28,369,080</b>	<b>\$125,405,292</b>	<b>\$218,188,071</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, 2006

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	\$33,498,851
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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	103,685,200
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$3,598,624 which has already been allocated to serviced funds.)	(11,556,350)
Loss on retirement of capital assets (Internal service fund retirement of \$8,747 has already been deducted from capital assets)	(6,205,451)
Transfer of assets to Business-Type Activities	(276,329)

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	(2,239,765)
Repayment of debt principal is added back to fund balance	941,946

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	3,393,971
Interest payable and accrued liabilities, included in accrued liabilities	7,348
Deferred revenues	90,248

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	8,601,784

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$129,941,453
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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, 2006

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$68,894,665	\$71,170,200	\$72,871,777	\$1,701,577
Licenses and permits	4,943,460	4,943,460	2,020,467	(2,922,993)
Charges for services	11,867,159	19,195,545	17,353,831	(1,841,714)
Subventions and grants	994,875	1,671,518	2,004,706	333,188
Use of money and property	1,121,165	1,131,165	1,580,294	449,129
Fines, forfeitures and penalties	511,000	511,000	768,638	257,638
Contributions from developers	1,188,000	1,513,000	638,802	(874,198)
Miscellaneous revenues	1,330,000	2,905,245	3,607,125	701,880
<b>TOTAL REVENUES</b>	<b>90,850,324</b>	<b>103,041,133</b>	<b>100,845,640</b>	<b>(2,195,493)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General government</b>				
<b>Council</b>				
Salaries and benefits	38,630	38,630	35,990	2,640
Operating services and supplies	392,671	450,954	275,570	175,384
<b>City attorney</b>				
Salaries and benefits	1,177,460	1,145,090	1,144,731	359
Operating services and supplies	220,559	220,559	218,900	1,659
<b>City manager</b>				
Salaries and benefits	1,525,700	1,502,900	1,452,226	50,674
Operating services and supplies	406,246	438,723	366,501	72,222
<b>Finance</b>				
Salaries and benefits	5,147,441	5,137,151	4,810,554	326,597
Operating services and supplies	2,172,545	3,252,545	2,307,851	944,694
<b>Human resources</b>				
Salaries and benefits	1,535,070	1,501,920	1,453,679	48,241
Operating services and supplies	619,686	655,436	584,922	70,514
<b>Information technology</b>				
Salaries and benefits	3,192,010	3,192,010	3,166,791	25,219
Operating services and supplies	2,028,288	2,099,388	1,528,058	571,330
<b>City clerk</b>				
Salaries and benefits	586,150	586,150	536,120	50,030
Operating services and supplies	185,590	185,590	79,574	106,016
<b>Economic Development</b>				
Salaries and benefits	205,550	246,550	239,029	7,521
Operating services and supplies	153,238	201,688	161,893	39,795
<b>Central services</b>				
Salaries and benefits	3,089,320	3,089,320	2,900,948	188,372
Operating services and supplies	3,862,235	4,222,703	3,217,095	1,005,608
<b>Community development and planning</b>				
<b>Housing</b>				
Salaries and benefits	167,370	167,370	188,642	(21,272)
Operating services and supplies	117,809	117,809	103,814	13,995
<b>Community development</b>				
Salaries and benefits	1,158,080	1,199,766	1,047,502	152,264
Operating services and supplies	411,596	411,596	150,140	261,456
<b>Planning</b>				
Salaries and benefits	2,300,190	1,837,236	2,177,833	(340,597)
Operating services and supplies	1,689,828	5,499,339	1,116,552	4,382,787

(Continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Salaries and benefits	10,117,892	9,983,642	8,676,220	1,307,422
Operating services and supplies	4,791,216	4,910,066	3,359,030	1,551,036
Public safety:				
Police				
Salaries and benefits	21,083,340	22,288,212	21,076,281	1,211,931
Operating services and supplies	4,597,865	4,948,319	4,491,588	456,731
Fire				
Salaries and benefits	13,902,470	14,427,658	14,365,306	62,352
Operating services and supplies	2,303,578	2,428,758	1,932,157	496,601
Library				
Salaries and benefits	2,948,440	2,948,440	2,386,485	561,955
Operating services and supplies	736,219	736,219	743,299	(7,080)
Parks and recreation				
Salaries and benefits	9,836,052	9,893,311	8,640,239	1,253,072
Operating services and supplies	4,751,144	4,778,539	4,579,775	198,764
Capital outlay	7,788,543	23,317,852	7,627,571	15,690,281
Payments under development agreements	2,558,350	2,557,600	2,592,039	(34,439)
Debt Service:				
Principal	1,550,120	241,870	111,946	129,924
Interest and fiscal charges	44,950	44,950	23,472	21,478
<b>TOTAL EXPENDITURES</b>	<b>119,393,441</b>	<b>140,905,859</b>	<b>109,870,323</b>	<b>31,035,536</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property		2,610,000	3,357,188	747,188
Transfers in	21,564,327	23,827,327	21,206,973	(2,620,354)
Transfers (out)	(3,068,600)	(6,120,941)	(8,464,833)	(2,343,892)
<b>Total Other Financing Sources (Uses)</b>	<b>18,495,727</b>	<b>20,316,386</b>	<b>16,099,328</b>	<b>(4,217,058)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$10,047,390)</b>	<b>(\$17,548,340)</b>	<b>7,074,645</b>	
Fund balance at beginning of year			<u>57,237,793</u>	
Fund balance at end of year			<u><u>\$64,312,438</u></u>	

See accompanying notes to financial statements

CITY OF ROSEVILLE  
REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Final</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$4,513,200	\$5,597,890	\$5,506,123	(\$91,767)
Less Educational Revenue				
Augmentation Fund payment (Note 19)			(323,743)	(323,743)
Subventions and grants	954,730	455,900	56,761	(399,139)
Use of money and property	99,974	99,974	571,749	471,775
Contributions from developers	360,000	(33,815)	395,042	428,857
Miscellaneous revenues	16,658	45,358	48,316	2,958
	<u>5,944,562</u>	<u>6,165,307</u>	<u>6,254,248</u>	<u>88,941</u>
<b>EXPENDITURES</b>				
Community development and planning				
Community services				
Salaries and benefits	388,450	395,610	378,798	16,812
Operating services and supplies	2,018,069	2,060,249	1,065,722	994,527
Pass-through payments	1,331,090	1,537,460	1,536,423	1,037
Capital outlay	11,310,903	13,703,714	3,290,860	10,412,854
Debt service:				
Principal		225,000	225,000	
Interest and fiscal charges		756,475	1,205,253	(448,778)
	<u>15,048,512</u>	<u>18,678,508</u>	<u>7,702,056</u>	<u>10,976,452</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property	75,000	456,280	146,279	(310,001)
Transfers in	2,000,360		940,000	940,000
Transfers out	(1,024,800)		(253,440)	(253,440)
	<u>1,050,560</u>	<u>456,280</u>	<u>832,839</u>	<u>376,559</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(\$8,053,390)</u>	<u>(\$12,056,921)</u>	(614,969)	<u>\$11,441,952</u>
Fund balance at beginning of year			<u>716,230</u>	
Fund balance at end of year			<u>\$101,261</u>	

See accompanying notes to financial statements

## **MAJOR PROPRIETARY FUNDS**

## **MAJOR PROPRIETARY FUNDS**

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2006.

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, 2006

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
ASSETS					
Current Assets:					
Cash and investments in City Treasury (Note 3)	\$78,755,760	\$50,322,005	\$11,627,998	\$2,781,190	\$1,471,357
Restricted cash and investments with fiscal agents (Note 3)	145,950,098	2,612,496			624,213
Receivables:					
Taxes	32,934				
Accounts	13,142,903	3,431,103	1,893,938	2,036,859	79,379
Accrued Interest	878,779	415,728	85,780	22,092	35,363
Due from other government agencies		68,422	1,238,460	108,393	
Due from other funds (Note 4B)			197,610		
Inventories (Note 11)	5,691,039	1,988,800	66,992	127,152	
Prepays					
<b>Total Current Assets</b>	<b>244,451,513</b>	<b>58,838,554</b>	<b>15,110,778</b>	<b>5,075,686</b>	<b>2,210,312</b>
Noncurrent Assets:					
Deferred receivables (Note 6)	606,079	70,955	7,232		
Notes receivable from NCPA (Note 15B)	192,879				
Prepaid purchased electricity (Note 14)	4,584,532				
Unamortized bond origination costs	597,196	550,186			268,853
Investment in NCPA reserves (Note 15)	12,008,493				
Investment in SPWA reserves (Note 16)			111,170,459		
Advances to other funds (Note 4C)			1,545,390		
Capital assets (Note 8):					
Land and construction in progress	148,684,569	15,653,841	7,966,242	409,632	6,007,666
Capital assets being depreciated, net	196,961,979	325,216,082	433,597,588	3,436,132	11,640,654
<b>Total Noncurrent Assets</b>	<b>363,635,727</b>	<b>341,491,064</b>	<b>554,286,911</b>	<b>3,845,764</b>	<b>17,917,173</b>
<b>Total Assets</b>	<b>608,087,240</b>	<b>400,329,618</b>	<b>569,397,689</b>	<b>8,921,450</b>	<b>20,127,485</b>
LIABILITIES					
Current Liabilities					
Accounts payable	16,457,123	2,680,509	410,069	699,490	149,148
Accrued liabilities	2,557,436	358,747	210,994	123,884	125,902
Due to other government agencies	79,554		947,186		
Due to other funds (Note 4B)				197,610	127,000
Current portion of compensated absences (Note 1G)	1,047,855	507,286	578,009	245,481	
Current portion of long-term debt (Note 9)	1,400,000	1,405,810	1,746,983		320,000
Deposits	37,919,147	48,000			10,322
Unearned revenue	6,455,973				
Self-insurance claims payable (Note 13)					
<b>Total Current Liabilities</b>	<b>65,917,088</b>	<b>5,000,352</b>	<b>3,893,241</b>	<b>1,266,465</b>	<b>732,372</b>
Long-Term Liabilities					
Deferred liabilities				108,192	
Advances from other funds (Note 4C)				1,545,390	3,766,000
Notes (Note 9)		161,246			
Certificates of participation (Note 9)	269,020,000	23,345,000			7,310,000
Unamortized loss on refunding (Note 9)	(3,093,118)		(5,542,144)		
Revenue bonds (Note 9)			94,773,123		
Landfill closure and post closure liability (Note 17)				3,678,093	
Compensated absences (Note 1G)	1,054,130	548,111	545,767	266,450	
<b>Total Long-Term Liabilities</b>	<b>266,981,012</b>	<b>24,054,357</b>	<b>89,776,746</b>	<b>5,598,125</b>	<b>11,076,000</b>
<b>Total Liabilities</b>	<b>332,898,100</b>	<b>29,054,709</b>	<b>93,669,987</b>	<b>6,864,590</b>	<b>11,808,372</b>
NET ASSETS					
Invested in capital assets, net of related debt	156,500,395	316,119,113	345,043,724	3,845,764	10,018,320
Restricted for debt service	17,319,323	2,612,320			624,020
Restricted for local transportation					
Unrestricted	101,369,422	52,543,476	130,683,978	(1,788,904)	(2,323,227)
<b>Total Net Assets</b>	<b>\$275,189,140</b>	<b>\$371,274,909</b>	<b>\$475,727,702</b>	<b>\$2,056,860</b>	<b>\$8,319,113</b>

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$13,990,183	\$338,776	\$159,287,269	\$53,544,070
		149,186,807	40,000
		32,934	
12,687	568,448	21,165,317	8,308
60,056	2,621	1,500,419	1,341,377
313,900	25,589	1,754,764	21,484
		197,610	339,500
		7,873,983	876,794
			620,524
<u>14,376,826</u>	<u>935,434</u>	<u>340,999,103</u>	<u>56,792,057</u>
		684,266	
		192,879	
		4,584,532	
		1,416,235	
		12,008,493	
		111,170,459	
		1,545,390	5,107,701
921,979	443,326	180,087,255	
<u>4,961,721</u>	<u>519,348</u>	<u>976,333,504</u>	<u>13,869,030</u>
<u>5,883,700</u>	<u>962,674</u>	<u>1,288,023,013</u>	<u>18,976,731</u>
<u>20,260,526</u>	<u>1,898,108</u>	<u>1,629,022,116</u>	<u>75,768,788</u>
378,528	50,156	20,825,023	658,478
14,920	78,232	3,470,115	39,523
		1,026,740	
	22,249	346,859	400,862
49,055	181,561	2,609,247	147,943
		4,872,793	
90	12,597	37,990,156	
6,227,486	352,013	13,035,472	
			8,470,000
<u>6,670,079</u>	<u>696,808</u>	<u>84,176,405</u>	<u>9,716,806</u>
	17,050	125,242	
	300,000	5,611,390	
		161,246	
		299,675,000	
		(8,635,262)	
		94,773,123	
		3,678,093	
83,464	6,815	2,504,737	164,673
<u>83,464</u>	<u>323,865</u>	<u>397,893,569</u>	<u>164,673</u>
<u>6,753,543</u>	<u>1,020,673</u>	<u>482,069,974</u>	<u>9,881,479</u>
5,883,700	962,674	838,373,690	13,869,030
		20,555,663	
7,623,283		7,623,283	
	(85,239)	280,399,506	52,018,279
<u>\$13,506,983</u>	<u>\$877,435</u>	<u>\$1,146,952,142</u>	<u>\$65,887,309</u>

CITY OF ROSEVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
<b>OPERATING REVENUES</b>					
Charges for services	\$101,342,497	\$12,382,530	\$19,010,612	\$17,108,946	\$2,728,198
Sale of wholesale power	1,065,466				
Other	364,631	1,067,734	15,130	449,546	19,653
<b>Total Operating Revenues</b>	<b>102,772,594</b>	<b>13,450,264</b>	<b>19,025,742</b>	<b>17,558,492</b>	<b>2,747,851</b>
<b>OPERATING EXPENSES</b>					
Purchased power	68,658,451				
Operations	14,258,264	8,259,428	13,944,737	13,465,549	1,766,682
Administration	2,164,378	3,413,000	492,126	651,821	
Depreciation and amortization	5,456,109	5,455,952	9,275,909	103,361	407,236
Claims expense					
<b>Total Operating Expenses</b>	<b>90,537,202</b>	<b>17,128,380</b>	<b>23,712,772</b>	<b>14,220,731</b>	<b>2,173,918</b>
<b>Operating Income (Loss)</b>	<b>12,235,392</b>	<b>(3,678,116)</b>	<b>(4,687,030)</b>	<b>3,337,761</b>	<b>573,933</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and rents revenue/expense	8,167,037	1,799,802	260,510	72,283	100,468
Interest and fiscal charges (expense)	(6,564,739)	(1,381,660)	(3,494,945)		(305,460)
Subventions and grants		2,019,853		26,489	
Increase (decrease) in NCPA reserves	8,923,097				
Increase (decrease) in SPWA reserves			2,762,591		
Nonoperating revenues	1,825,199				
<b>Net Nonoperating Revenues (Expenses)</b>	<b>12,350,594</b>	<b>2,437,995</b>	<b>(471,844)</b>	<b>98,772</b>	<b>(204,992)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>24,585,986</b>	<b>(1,240,121)</b>	<b>(5,158,874)</b>	<b>3,436,533</b>	<b>368,941</b>
Capital contributions - connection fees		9,371,034	5,714,315		
Contribution in aid of construction	3,742,557				
Capital contributions from developers	3,754,345	20,684,227	11,831,371		
Capital contributions from SPWA member agencies			1,478,577		
Transfers in (Note 4A)	9,000	1,234,522		82,676	
Transfers (out) (Note 4A)	(11,952,657)	(4,286,755)	(4,134,568)	(3,865,296)	(159,533)
<b>Change in net assets</b>	<b>20,139,231</b>	<b>25,762,907</b>	<b>9,730,821</b>	<b>(346,087)</b>	<b>209,408</b>
<b>Total net assets-beginning</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>
<b>Total net assets-ending</b>	<b>\$275,189,140</b>	<b>\$371,274,909</b>	<b>\$475,727,702</b>	<b>\$2,056,860</b>	<b>\$8,319,113</b>

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$583,613	\$4,831,838	\$157,988,234	\$19,943,861
17,474	2,046	1,065,466	447,899
601,087	4,833,884	1,936,214	20,391,760
		68,658,451	
3,143,834	4,404,620	59,243,114	12,753,371
483,094		7,204,419	
788,483	14,523	21,501,573	3,598,624
			2,717,792
4,415,411	4,419,143	156,607,557	19,069,787
(3,814,324)	414,741	4,382,357	1,321,973
161,569	(2,088)	10,559,581	1,289,649
	(11,658)	(11,758,462)	
32,003	220,844	2,299,189	14,000
		8,923,097	
		2,762,591	
		1,825,199	25,907
193,572	207,098	14,611,195	1,329,556
(3,620,752)	621,839	18,993,552	2,651,529
		15,085,349	
		3,742,557	
652,854		36,922,797	
		1,478,577	
184,157	4,240	1,514,595	6,896,645
(365,082)	(333,280)	(25,097,171)	(946,390)
(3,148,823)	292,799	52,640,256	8,601,784
16,655,806	584,636	1,094,311,886	57,285,525
<u>\$13,506,983</u>	<u>\$877,435</u>	<u>\$1,146,952,142</u>	<u>\$65,887,309</u>

CITY OF ROSEVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Golf Course
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$120,766,055	\$10,587,114	\$18,486,764	\$16,845,597	\$2,723,711
Payments to suppliers	(71,055,252)	(6,101,799)	(10,026,720)	(10,364,609)	(1,668,850)
Payments to employees	(9,041,112)	(5,749,107)	(4,475,934)	(3,913,919)	
Claims paid					
Other receipts	364,631	1,067,734	15,130	449,546	19,653
Net cash provided by operating activities	<u>41,034,322</u>	<u>(196,058)</u>	<u>3,999,240</u>	<u>3,016,615</u>	<u>1,074,514</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
(Increase) decrease in due from other funds			(197,610)		
Increase (decrease) in due to other funds				197,610	127,000
(Increase) decrease in advance to other funds			(1,545,390)		
Increase (decrease) in advances from other funds				1,545,390	(127,000)
Transfers in	9,000	1,234,522		82,676	
Transfers (out)	(11,952,657)	(4,286,755)	(4,134,568)	(3,865,296)	(159,533)
Cash Flows from Noncapital Financing Activities	<u>(11,943,657)</u>	<u>(3,052,233)</u>	<u>(5,877,568)</u>	<u>(2,039,620)</u>	<u>(159,533)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	7,496,902	20,684,227			
Acquisition and construction of capital assets, net	(119,388,967)	(32,828,863)	60,836	(1,177,162)	
Transfer of connection fees to SPWA			(5,028,159)		
Change in restricted assets	92,188,659	(53)			(119)
Principal payments on capital debt	(6,170,000)	(1,345,295)			(315,000)
Interest paid on capital debt	(6,564,739)	(1,381,659)			(305,460)
Subventions and grants	894,057	2,023,755	3,025,430	94,263	
Connection fees		9,371,034	5,714,315		
Other	1,825,199				
Cash Flows from Capital and Related Financing Activities	<u>(29,718,889)</u>	<u>(3,476,854)</u>	<u>3,772,422</u>	<u>(1,082,899)</u>	<u>(620,579)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends	7,946,932	1,767,773	251,624	74,247	95,335
Net increase (decrease) in cash and cash equivalents	7,318,708	(4,957,372)	2,145,718	(31,657)	389,737
Cash and investments at beginning of period	71,437,052	55,279,377	9,482,280	2,812,847	1,081,620
Cash and investments at end of period	<u>\$78,755,760</u>	<u>\$50,322,005</u>	<u>\$11,627,998</u>	<u>\$2,781,190</u>	<u>\$1,471,357</u>
<b>NONCASH TRANSACTIONS:</b>					
Contribution of SPWA capital assets to City			\$4,256,591		
Principal retirement of SPWA Revenue Bonds			(1,676,562)		
Interest on SPWA Revenue Bonds			(3,504,143)		
Contribution of capital assets from developers			11,831,371		
Retirement of capital assets	(\$138,762)	(\$1,448,248)	(180,392)	(\$30,648)	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$12,235,392	(\$3,678,116)	(\$4,687,030)	3,337,761	\$573,933
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	5,456,109	5,455,952	9,275,909	103,361	407,236
Change in assets and liabilities:					
Receivables, net	(722,903)	(1,788,416)	(519,020)	(263,349)	(3,865)
Inventories	(40,066)	(1,328,267)	4,171	(33,789)	
Prepays					
Accounts and other payables	19,748,062	1,142,789	(74,790)	(127,369)	97,210
Deferred revenue	4,357,728				
Net cash provided by operating activities	<u>\$41,034,322</u>	<u>(\$196,058)</u>	<u>\$3,999,240</u>	<u>\$3,016,615</u>	<u>\$1,074,514</u>

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$6,325,419	\$4,798,888	\$180,533,548	\$19,987,238
(2,991,570)	(620,843)	(102,829,643)	(11,451,611)
(578,518)	(3,909,162)	(27,667,752)	(2,064,866)
			(1,722,792)
17,474	2,046	1,936,214	447,899
2,772,805	270,929	51,972,367	5,195,868
		(197,610)	(127,000)
	(127,578)	197,032	(312,638)
		(1,545,390)	339,500
		1,418,390	
184,157	4,240	1,514,595	6,896,645
(365,082)	(333,280)	(25,097,171)	(946,390)
(180,925)	(456,618)	(23,710,154)	5,850,117
652,854		28,833,983	
(543,053)		(153,877,209)	(5,953,572)
		(5,028,159)	
		92,188,487	
		(7,830,295)	
9,483,277	195,886	(8,251,858)	
		15,716,668	
		15,085,349	
		1,825,199	25,907
9,593,078	195,886	(21,337,835)	(5,927,665)
129,577	(2,451)	10,263,037	1,170,077
12,314,535	7,746	17,187,415	6,288,397
1,675,648	331,030	142,099,854	47,295,673
\$13,990,183	\$338,776	\$159,287,269	\$53,584,070
		\$4,256,591	
		(1,676,562)	
		(3,504,143)	
		11,831,371	
		(1,798,050)	
(\$3,814,324)	414,741	4,382,357	\$1,321,973
788,483	14,523	21,501,573	3,598,624
(11,454)	(57,166)	(3,366,173)	(101,926)
		(1,397,951)	
			(620,524)
56,930	(122,158)	20,720,674	997,721
5,753,170	20,989	10,131,887	
\$2,772,805	\$270,929	\$51,972,367	\$5,195,868

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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, 2006

	Endowment Private-purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments in Treasury (Note 3)	\$2,018,964	\$178,754,986
Restricted cash and investments with fiscal agents (Note 3)		58,802,360
Accounts receivable		160,893
Accrued interest receivable	15,947	1,237,559
Due from other government agencies		2,700,026
	<u>2,034,911</u>	<u>2,700,026</u>
Total Assets	<u>2,034,911</u>	<u>\$241,655,824</u>
<b>LIABILITIES</b>		
Accounts payable	6,316	\$3,294,096
Accrued liabilities		326,561
Due to other government agencies		13,014
Due to member agencies		183,135,487
Due to bondholders		54,790,488
Due to others		96,178
	<u>6,316</u>	<u>96,178</u>
Total Liabilities	<u>6,316</u>	<u>\$241,655,824</u>
<b>NET ASSETS</b>		
Held in trust for private purpose	<u>\$2,028,595</u>	

See accompanying notes to financial statements

CITY OF ROSEVILLE  
ENDOWMENT PRIVATE-PURPOSE TRUST FUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

ADDITIONS	
Contributions from developers	\$65,936
Investment income	<u>49,050</u>
Total additions	<u>114,986</u>
DEDUCTIONS	
Payments in accordance with trust agreements	<u>32,774</u>
Change in net assets	82,212
Net assets - beginning	<u>1,946,383</u>
Net assets - end	<u><u>\$2,028,595</u></u>

See accompanying notes to financial statements

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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. *Reporting Entity***

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

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

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

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

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

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

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

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

**B. Basis of Presentation**

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

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

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

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

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

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

**C. Major Funds**

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

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

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

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

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

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

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

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

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

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

**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.

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

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

**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.

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.

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

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

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.

**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.

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

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

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$11,133,428	\$5,206,618	\$16,340,046
Additions	(3,411,566)	(25,719)	(3,437,285)
Payments	<u>(126,912)</u>	<u>(66,915)</u>	<u>(193,827)</u>
Ending Balance	<u>\$7,594,950</u>	<u>\$5,113,984</u>	<u>\$12,708,934</u>
Current Portion	<u>\$274,852</u>	<u>\$2,609,247</u>	<u>\$2,884,099</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 327 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, 2006, those costs totaled \$1,953,035.

**I. *Inventories***

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

**J. *New Funds***

The South Placer Animal Central Shelter Special Revenue Fund, and the Stone Point CFD #5, NC SP PAR 44 CFD, Placer County Air Quality Pollution Control, and the Sierra College Boulevard Fee Agency Funds were established in fiscal year 2006.

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

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budgeting Procedures**

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a minute order and ordinance.
4. The City Manager or designee is authorized to apply prudent monitoring procedures to assure that actual expenditures/expenses of the City do not exceed the appropriations by department of the major summary categories (salaries and benefits, operating services and supplies, capital outlay, and capital improvement projects) in conformance with the adopted policies set by the City Council. Additional appropriations or interfund transfers not included in the original budget ordinance require approval by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the department level by major summary category 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

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

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

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

**B. Encumbrances**

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

**C. Excess of Expenditures or Expenses over Appropriations**

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

Fund	Department	Amount
General Fund:		
	Housing	
	Salaries and benefits	\$21,272
	Planning	
	Salaries and benefits	340,597
	Library	
	Operating services & supplies	7,080
	Payments under developer agreement	34,439
Redevelopment Agency Special Revenue Fund:		
	Debt service:	
	Interest and fiscal charges	448,778
Fire Facilities Special Revenue Fund:		
	Debt service:	
	Interest and fiscal charges	8,100
Community Block Grant/HOME Special Revenue Fund:		
	Parks and recreation	
	Operating services & supplies	286
Affordable Housing Special Revenue Fund:		
	Community services	
	Operating services & supplies	994,741
Storm Water Management Special Revenue Fund:		
	Capital outlay	37

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

**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.

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	\$406,094,296
Restricted cash and investments with fiscal agent	200,879,701
Total City cash and investments	606,973,997
Cash and investments in Fiduciary Funds (Separate statement)	239,576,310
Total Cash and Investments	\$846,550,307

Cash and investments as of June 30, 2006 consist of the following:

Cash in bank and on hand	\$30,350,546
Investments	816,199,761
Total Cash and Investments	\$846,550,307

Cash and investments with original maturities of three months or less are treated as cash and equivalents for purpose of preparing Proprietary Fund statements of cash flows. Also, each Proprietary Funds' portion of the City's overall cash and investment pool is treated as cash and equivalents since these amounts are in substance demand deposits.

**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 Forward Delivery Agreements. Pursuant to its function as custodian and investment manager of the South Placer Wastewater Authority, the City invested certain Authority funds in Forward Delivery Agreements which are investments with fixed maturities and which bear interest at a variable rate. To hedge against changes in short term interest rates, the Authority entered into a swap agreement to create a synthetic fixed interest rate on one of the Forward Delivery Agreements. Risks associated with the Forward Delivery Agreement and associated swap agreement are those of the Authority and not those of the City. Details of the swap agreement and associated risks may be found in the Basic Financial Statements of the Authority.

**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 Gov't 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.

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

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

**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.

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	\$14,137,746	\$58,300,853	\$11,288,684		\$83,727,283
Federal Agency Securities	204,781,653	75,034,630	51,624,554		331,440,837
Corporate Notes	11,382,750		11,316,608		22,699,358
Forward Delivery Agreement			56,450,906	\$8,857,396	65,308,302
Commercial Paper	33,179,395				33,179,395
Guaranteed Investment Contracts	37,429,463	76,087,213	3,865,506	25,388,630	142,770,812
Repurchase Agreement				4,905,395	4,905,395
Mutual Funds and Money					
Market Funds (U.S. Securities)	78,065,785				78,065,785
Local Agency Investment Fund	40,868,373				40,868,373
California Asset Management Pool	11,211,658				11,211,658
Collateralized Time Deposits	2,022,563				2,022,563
<b>Total Investments</b>	<u>\$433,079,386</u>	<u>\$209,422,696</u>	<u>\$134,546,258</u>	<u>\$39,151,421</u>	<u>\$816,199,761</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, 2006 the fair value was \$74,277 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, 2006 for each investment type as provided by Standard and Poor's investment rating system:

	AAA	AA	AA-	A+	A-1+	A-1	Total
<i>Investments:</i>							
Federal Agency Securities	\$331,440,837						\$331,440,837
Corporate Notes	2,699,580	\$2,071,112	\$6,545,916	\$11,382,750			22,699,358
Forward Delivery Agreement			56,450,906	8,857,396			65,308,302
Commercial Paper					\$30,678,465	\$2,500,930	33,179,395
Guaranteed Investment Contracts	129,116,962	11,540,578	2,113,272				142,770,812
Repurchase Agreements			4,905,395				4,905,395
Mutual Funds and Money							
Market Funds (U.S. Securities)	<u>78,065,785</u>						<u>78,065,785</u>
Totals	<u>\$541,323,164</u>	<u>\$13,611,690</u>	<u>\$70,015,489</u>	<u>\$20,240,146</u>	<u>\$30,678,465</u>	<u>\$2,500,930</u>	678,369,884
<i>Exempt from Credit Rate Disclosure:</i>							
U.S. Government Securities							83,727,283
<i>Not Rated:</i>							
Local Agency Investment Fund							40,868,373
California Asset Management Pool							11,211,658
Collateralized Time Deposits							<u>2,022,563</u>
Total Investments							<u>\$816,199,761</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, 2006:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$114,350,511
Federal National Mortgage Association	Federal Agency Securities	108,582,471
Federal Home Loan Bank	Federal Agency Securities	103,875,842
Trinity Plus Funding	Investment Contract	61,143,914

**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, 2006:

Fund	Issuer	Investment Type	Amount
<i>Major Enterprise</i>			
Electric	Trinity Plus Funding	Investment Agreement	\$61,143,914
	FSA Capital Management	Investment Agreement	17,094,035
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	15,269,287
	Federal National Mortgage Association	Federal Agency Securities	15,126,418
	Federal Home Loan Bank	Federal Agency Securities	14,092,395
Water	Federal Home Loan Mortgage Corporation	Federal Agency Securities	7,730,061
	Federal Home Loan Bank	Federal Agency Securities	3,968,750
	UBS Finance Corporation	Commercial Paper	3,467,127
Golf Course	AIG	Investment Contract	624,020
<i>Fiduciary Funds</i>			
Endowment Private			
Purpose Trust Fund	Federal Home Loan Bank	Federal Agency Securities	678,119
North Roseville Community			
Facilities District #1	Lehman Brothers	Forward Delivery Agreement	1,747,234
Northeast Roseville Community			
Facilities District #1	MBIA	Investment Contract	840,847
Northeast Roseville Community			
Facilities District #2	MBIA	Investment Contract	1,105,291
Northwest Roseville Community			
Facilities District #1	MBIA	Investment Contract	2,367,738
Highland Reserve North Community			
Facilities District #2	MBIA	Investment Contract	2,540,146
Woodcreek West Community			
Facilities District #1	MBIA	Investment Contract	1,402,063
Woodcreek East Community			
Facilities District #2	MBIA	Investment Contract	484,513
Stoneridge East Community			
Facilities District #1	Societe Generale	Investment Contract	1,188,365
Stoneridge West Community			
Facilities District #1	Societe Generale	Investment Contract	924,907
Fiddymont Ranch Community			
Facilities District #1	Rabobank Contract Agreement	Investment Contract	980,769
South Placer Wastewater			
Authority Agency Fund	J.P. Morgan	Forward Delivery Agreement	56,450,906
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	15,150,609
	Federal Home Loan Bank	Federal Agency Securities	13,328,167
	Federal National Mortgage Association	Federal Agency Securities	11,597,322

**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, 2006 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
<b>General Fund</b>	Redevelopment Agency of the City of Roseville	\$228,440 (A)
	Non-Major Governmental Funds	3,320,520 (B)
	Non-Major Governmental Funds	290,280 (C)
	Electric Enterprise Fund	9,604,312 (D)
	Water Enterprise Fund	2,822,534 (E)
	Wastewater Enterprise Fund	2,013,352 (E)
	Solid Waste Enterprise Fund	1,431,991 (E)
	Golf Course Enterprise Fund	151,920 (C)
	Local Transportation Enterprise Fund	171,060 (C)
	School-Age Child Care Enterprise Fund	332,500 (C)
	Internal Service Funds	840,064 (C)
<b>Redevelopment Agency</b>	General Fund	600,000 (F)
	Non-Major Governmental Funds	340,000 (F)
<b>Community Facilities District Projects</b>	Non-Major Governmental Funds	200,000 (F)
<b>Non-Major Governmental Funds</b>	General Fund	4,970,976 (A)
	Redevelopment Agency of the City of Roseville	25,000 (A)
	Community Facilities District Capital Projects Fund	774,265 (F)
	Non-Major Governmental Funds	6,501,780 (F)
	Electric Enterprise Fund	1,776,202 (B)
	Water Enterprise Fund	945,880 (D)
	Wastewater Enterprise Fund	705,750 (D)
	Solid Waste Enterprise Fund	310,150 (D)
Local Transportation Enterprise Fund	82,182 (E)	
<b>Electric Enterprise Fund</b>	Non-Major Governmental Funds	9,000 (B)
<b>Water Enterprise Fund</b>	Wastewater Enterprise Fund	837,811 (C)
	Solid Waste Enterprise Fund	396,711 (C)
<b>Solid Waste Enterprise Fund</b>	Water Enterprise Fund	41,338 (F)
	Wastewater Enterprise Fund	41,338 (F)
<b>Local Transportation Enterprise Fund</b>	Community Facilities District Capital Projects Fund	184,157 (F)
<b>School-Age Child Care Enterprise Fund</b>	Non-Major Governmental Funds	4,240 (F)
<b>Internal Service Funds</b>	General Fund	2,893,857 (E)
	Non-Major Governmental Funds	464,322 (E)
	Electric Enterprise Fund	572,143 (E)
	Water Enterprise Fund	477,003 (E)
	Wastewater Enterprise Fund	536,317 (E)
	Solid Waste Enterprise Fund	1,726,444 (E)
	Golf Course Enterprise Fund	7,613 (E)
	Local Transportation Enterprise Fund	111,840 (E)
	School-Age Child Care Enterprise Fund	780 (E)
	Internal Service Funds	<u>106,326 (E)</u>
Total Interfund Transfers		<u>\$46,850,398</u>

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

**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, 2006 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	\$750,000 (A)
	Park Development Capital Projects Fund	120,000 (A)
	Roseville Aquatic Complex Maintenance Permanent Fund	4,240 (B)
	School-Age Child Care Enterprise Fund	22,249 (B)
	Automotive Service Internal Service Fund	400,862 (B)
<b>Special Revenue Fund:</b>		
Affordable Housing	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	50,000 (A)
<b>Enterprise Funds:</b>		
Solid Waste	Wastewater Enterprise Fund	197,610 (A)
<b>Internal Service Fund:</b>		
Automotive Replacement	Traffic Mitigation Special Revenue Fund	212,500 (A)
Automotive Replacement	Golf Enterprise Fund	127,000 (A)
		\$1,884,461

(A) Current portion of the advances mentioned in C below.

(B) To temporarily fund short-term cash flow needs.

**C. Long-Term Interfund Advances**

At June 30, 2006 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	\$8,595,536
	Gas Tax Special Revenue Fund	3,900,000
	Affordable Housing Special Revenue Fund	200,000
	Automotive Replacement Internal Service Fund	829,201
Traffic Mitigation	Automotive Replacement Internal Service Fund	212,500
<b>Enterprise Funds:</b>		
Solid Waste	Wastewater	1,545,390
Golf Course	Automotive Replacement Internal Service Fund	3,766,000
School-Age Child Care	Automotive Replacement Internal Service Fund	300,000
		\$19,348,627

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

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

**Redevelopment Agency** advance consists of four advances: (1) Advances in the amount of \$876,789 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) Advance in the amount of \$1,000,000 bears interest at 3.15% and will be repaid in fiscal year 2023. (4) Advances in the amount of \$3,900,000 bear no interest and will be repaid in fiscal year 2029.

**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 was paid in fiscal year 2006.

**Solid Waste** advance bears interest at 3.94%. It will be repaid over a period of 10 years and will be repaid in 2016.

**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 2007. These notes receivable comprised the following at June 30, 2006:

Notes	\$285,591
Employee Notes	90,494
Housing Rehabilitation and Affordable Housing Notes	4,929,514
First Time Home-Buyer Notes	4,985,338
Housing Elevation Notes	<u>28,978</u>
Total	<u><u>\$10,319,915</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, 2006 was \$6,632.

In fiscal year 2000, the City sold an air compressor to Western Placer County JPA. The loan balance of \$22,592 was repaid during fiscal year 2006.

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, 2006, \$271,240 in notes had been issued to thirteen 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, 2006, 97 employees had \$90,494 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 2007 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, 2006 was \$4,929,514.

**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 2007 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, 2006 was \$4,985,338.

**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, 2006, eleven loans funded through the FEMA Hazard Mitigation Grant Program were outstanding with a total balance of \$28,978.

**NOTE 6 - DEFERRED RECEIVABLES**

The City has entered into a number of agreements with developers to defer permit fees for various projects within the City. The terms of these agreements call for various interest rates and payment dates. Although these fees are expected to be repaid in full, their balance has been offset by deferred revenue in governmental funds, as they are not expected to be repaid early enough to be treated as a current asset. The long-term portion of these receivables at June 30, 2006 was \$2,809,105, which has been classified as deferred receivables, and the short-term portion of these receivables, which totaled \$38,991 at June 30, 2006 is included in accounts receivable.

**NOTE 7 – DEVELOPMENT AGREEMENTS AND LAND HELD FOR REDEVELOPMENT**

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.

**A. *Galleria at Roseville***

In fiscal 2001, the City entered into a lease agreement with the Galleria at Roseville regional mall. The purpose of this agreement was to share revenue with the mall developers based on the generation of certain levels of sales tax. 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 revenue sharing agreement commenced on that date. The remaining portion of sales tax revenues to be returned approximated \$17 million at June 30, 2006. 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 2006 payments made to the developer under the agreement totaled \$2,592,039.

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

**NOTE 7 – DEVELOPMENT AGREEMENTS AND LAND HELD FOR REDEVELOPMENT**  
**(Continued)**

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

In fiscal year 2003, the City entered into a Wal-Mart Sales Tax Revenue Sharing Agreement with the 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. The City of Rocklin completed a final audit of the sales tax generated by the new tenant, and the final payment of approximately \$450 thousand will be made in fiscal year 2007.

**C. *Civic Plaza Project***

In fiscal 2004, the Agency agreed to sell four parcels of land to Vernon Street Associates, LLC for \$150,000, for the purpose of the construction of an office complex and public parking garage. Two of the parcels were owned by the Agency and two by the City. The City parcels were conveyed to the Agency in fiscal 2006 and subsequently all four parcels were sold to the Developer. The office complex is being built on the land sold to the Developer and is funded by the Developer. The developer has agreed to construct the parking garage for the Agency funded by \$5,817,000 of bond proceeds from the Agency's 2002 Tax Allocation Bonds, a \$360,000 contribution from the Developer, and a \$900,000 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. The Agency anticipates increasing the project contract amount in fiscal 2007 by \$2.2 million, funded by an additional \$111,415 from the 2002 Tax Allocation Bonds and \$2.1 million from the City's General Fund. Construction is expected to be completed in fiscal 2007.

**D. *Land held for redevelopment***

In fiscal year 2006, the Agency purchased 238 Vernon Street in the amount of \$1,002,290, which is being held for future development projects. This parcel is accounted for the lower of cost or net realizable value.

**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.

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

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

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

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

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

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, 2005	Additions	Retirements	Transfers	Balance at June 30, 2006
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$22,062,494	\$1,320,766	(\$799,729)		\$22,583,531
Streets (modified)	159,271,316	1,801,626		\$5,777,045	166,849,987
Parks (modified)	54,382,618	3,857,806		2,011,928	60,252,352
Landscaping (modified)	24,609,465	1,280,052		3,249,144	29,138,661
Construction in progress	63,420,753	89,090,501	(5,404,243)	(20,263,644)	126,843,367
Total capital assets not being depreciated	<u>323,746,646</u>	<u>97,350,751</u>	<u>(6,203,972)</u>	<u>(9,225,527)</u>	<u>405,667,898</u>
Capital assets being depreciated:					
Buildings	79,895,972				79,895,972
Improvements	4,259,672	487,706			4,747,378
Equipment	43,866,622	8,469,652	(655,386)	897,500	52,578,388
Bike paths	7,173,994	60,000			7,233,994
Bridges	45,570,000			1,020,903	46,590,903
Culverts	18,872,843	30,597		24,115	18,927,555
Curb, gutter, sidewalk, & median curbs	118,184,698	750,337		1,782,931	120,717,966
Drain inlets	18,175,850	11,591		705,864	18,893,305
Flood control improvements	15,567,227	811,593		914,126	17,292,946
Soundwall	18,302,112	737,487		2,323,877	21,363,476
Stormdrains	49,362,029	951,805		996,476	51,310,310
Traffic signals	18,655,503			264,966	18,920,469
Total capital assets being depreciated	<u>437,886,522</u>	<u>12,310,768</u>	<u>(655,386)</u>	<u>8,930,758</u>	<u>458,472,662</u>
Less accumulated depreciation for:					
Buildings	(27,641,123)	(1,964,768)			(29,605,891)
Improvements	(805,173)	(153,286)		31,793	(926,666)
Equipment	(29,739,457)	(4,399,463)	645,160	(13,353)	(33,507,113)
Bike paths	(3,259,863)	(358,921)			(3,618,784)
Bridges	(4,837,833)	(512,005)			(5,349,838)
Culverts	(3,153,509)	(252,003)			(3,405,512)
Curb, gutter, sidewalk, & median curbs	(65,474,801)	(4,878,772)			(70,353,573)
Drain inlets	(4,973,269)	(370,692)			(5,343,961)
Flood control improvements	(1,071,585)	(219,068)			(1,290,653)
Soundwall	(3,341,686)	(566,651)			(3,908,337)
Stormdrains	(7,361,622)	(671,149)			(8,032,771)
Traffic signals	(9,595,257)	(808,196)			(10,403,453)
Total accumulated depreciation	<u>(161,255,178)</u>	<u>(15,154,974)</u>	<u>645,160</u>	<u>18,440</u>	<u>(175,746,552)</u>
Net capital assets being depreciated	<u>276,631,344</u>	<u>(2,844,206)</u>	<u>(10,226)</u>	<u>8,949,198</u>	<u>282,726,110</u>
Governmental activity capital assets, net	<u>\$600,377,990</u>	<u>\$94,506,545</u>	<u>(\$6,214,198)</u>	<u>(\$276,329)</u>	<u>\$688,394,008</u>

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

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

	Balance at June 30, 2005	Additions	Retirements	Transfers	Balance at June 30, 2006
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$16,060,224	\$65,522			\$16,125,746
Landscaping	550,000				550,000
Construction in progress	70,102,472	124,556,748	(\$26,028)	(\$31,221,683)	163,411,509
Total capital assets not being depreciated	<u>86,712,696</u>	<u>124,622,270</u>	<u>(26,028)</u>	<u>(31,221,683)</u>	<u>180,087,255</u>
Capital assets, being depreciated:					
Buildings	11,826,851	176,179			12,003,030
Improvements	10,760,868	35,182		239,049	11,035,099
Machinery and Equipment	15,166,665	1,275,459	(202,660)	(14,553)	16,224,909
Bike Paths	1,064,167				1,064,167
Drain Inlets	18,500				18,500
Storm Drains	30,863				30,863
Plant and Substations	270,887,289	2,521,151		9,915,763	283,324,200
Distribution	785,173,691	40,599,642	(686,344)	21,376,192	846,463,181
Total capital assets being depreciated	<u>1,094,928,894</u>	<u>44,607,613</u>	<u>(889,004)</u>	<u>31,516,451</u>	<u>1,170,163,949</u>
Less accumulated depreciation for:					
Buildings	(3,310,767)	(304,908)			(3,615,679)
Improvements	(2,710,064)	(259,713)		(3,428)	(2,973,205)
Machinery and Equipment	(6,367,627)	(1,867,914)	172,024	13,354	(8,050,163)
Bike Paths	(79,812)	(53,208)			(133,020)
Drain Inlets	(555)	(370)			(925)
Storm Drains	(618)	(412)			(1,030)
Plant and Substations	(42,798,874)	(6,643,086)			(49,441,960)
Distribution	(117,913,470)	(11,774,704)	102,076	(28,365)	(129,614,463)
Total accumulated depreciation	<u>(173,181,787)</u>	<u>(20,904,315)</u>	<u>274,100</u>	<u>(18,439)</u>	<u>(193,830,445)</u>
Net capital assets being depreciated	<u>921,747,107</u>	<u>23,703,298</u>	<u>(614,904)</u>	<u>31,498,012</u>	<u>976,333,504</u>
Business-type activity capital assets, net	<u>\$1,008,459,803</u>	<u>\$148,325,568</u>	<u>(\$640,932)</u>	<u>\$276,329</u>	<u>\$1,156,420,759</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:

***Governmental Activities***

General government	\$1,079,238
Community development and planning	159,624
Public works	8,889,175
Police	472,351
Fire	439,714
Library	123,320
Parks and recreation	392,928
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,598,624</u>
<b>Total Governmental Activities</b>	<b><u>\$15,154,974</u></b>

***Business-Type Activities***

Electric	\$5,016,959
Water	5,413,630
Wastewater	9,011,997
Solid Waste	268,015
Golf Course	395,336
Local Transportation	783,855
School-age Child Care	<u>14,523</u>
<b>Total Business-Type Activities</b>	<b><u>\$20,904,315</u></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 2006 the City expended \$7,213,261 to preserve its roads. The City estimates that it will be required to expend approximately \$5,521,428 in fiscal 2007 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 2006 the City expended \$4,309,606 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$5,111,124 in fiscal 2007 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, 2005	Additions	Retirements	Balance June 30, 2006	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	\$17,710,000		\$605,000	\$17,105,000	\$615,000
<b>Tax Allocation Bonds</b>						
2002 Roseville Redevelopment Project 3%-5.14%, due 9/1/33	14,500,000	13,960,000		225,000	13,735,000	275,000
<b>Installment Purchase Obligations:</b>						
Equipment	3,351,714	306,140	\$2,239,765	108,919	2,436,986	256,415
<b>Other Long Term Obligations:</b>						
Foothill Blvd. Extension, due 4/1/07	114,423	6,250		3,027	3,223	3,223
<b>Total Governmental Activity Debt:</b>	<b>\$36,241,137</b>	<b>\$31,982,390</b>	<b>\$2,239,765</b>	<b>\$941,946</b>	<b>\$33,280,209</b>	<b>\$1,149,638</b>
<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	\$635,000		\$310,000	\$325,000	\$325,000
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	21,630,000	2,135,000		500,000	1,635,000	520,000
2002 Electric System Revenue, variable rate, due 2/1/24	40,385,000	30,980,000		5,360,000	25,620,000	225,000
Less deferred amount on refunding	(3,780,476)	(3,264,957)		(171,839)	(3,093,118)	
2004 Electric System Revenue, 3.00%-5.25%, due 2/1/34	39,940,000	39,940,000			39,940,000	330,000
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	7,945,000		315,000	7,630,000	320,000
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	33,000,000	26,075,000		1,335,000	24,740,000	1,395,000
<b>Total Certificates of Participation</b>	<b>354,194,524</b>	<b>307,345,043</b>		<b>7,648,161</b>	<b>299,696,882</b>	<b>3,115,000</b>
<b>Revenue Bonds:</b>						
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	59,465,118	8,924,501		1,337,999	7,586,502	1,394,878
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 rate, due 11/1/27	52,544,900	51,353,167		338,563	51,014,604	352,105
Less deferred amount on refunding	(6,333,890)	(5,806,065)		(263,921)	(5,542,144)	
<b>Total Revenue Bonds</b>	<b>143,595,128</b>	<b>92,390,603</b>		<b>1,412,641</b>	<b>90,977,962</b>	<b>1,746,983</b>
<b>Other Long Term Obligations:</b>						
Notes, 5%, due 10/1/17	333,108	182,351		10,295	172,056	10,810
<b>Total Business-type Activity Debt:</b>	<b>\$498,122,760</b>	<b>\$399,917,997</b>		<b>\$9,071,097</b>	<b>\$390,846,900</b>	<b>\$4,872,793</b>

**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, 2006 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, 2006 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 as discussed in P. below. The combination of the variable rate COPs and a floating rate swap creates synthetic fixed-rate debt for the City. The synthetic fixed rate for the COPs was 2.99% at June 30, 2006.

**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 as discussed in P. below. The combination of the variable rate Series B COPs and a floating rate swap creates synthetic fixed-rate debt for the City. The synthetic fixed rate for the Series B COPs was 3.19% at June 30, 2006. Principal payments are due annually on February 1 beginning February 1, 2008 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, 2006 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 2006 was \$172,905. 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 as discussed in P. below. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Authority. The synthetic fixed rate for the Bonds was 3.55% at June 30, 2006.

***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.

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

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

**P. Interest Rate Swap Agreements**

The City entered into interest swap agreements in connection with the 2002 Electric System Revenue Certificates of Participation and the 2005 Electric Revenue Certificates of Participation, Series B. The City has a 54.17% interest in the Authority which entered into an interest swap agreement in connection with the 2003 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds.

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

*Terms.* The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2006, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the associated bond issues.

Related Bond Issue	Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Termination Date
2002 Electric System Revenue COP	\$25,620,000	12/18/2002	Morgan Stanley Capital Services Inc.	A+	2.980%	62% of 30-day LIBOR	2/1/2024
2005 Electric System Revenue COP, Series B	36,000,000	6/30/2005	Bear Stearns Financial Products Inc.	AAA	3.613%	70.5% of 30-day LIBOR	2/1/2035
2005 Electric System Revenue COP, Series B	54,000,000	6/30/2005	Morgan Stanley Capital Services Inc.	A+	3.613%	70.5% of 30-day LIBOR	2/1/2035
2003 Wastewater Refunding Revenue Bonds (City portion)	<u>51,014,604</u> (A)	9/17/2003	Morgan Stanley Capital Services Inc.	A+	3.433%	62% of 30-day LIBOR	11/1/2027
	<u>\$166,634,604</u>						

(A) The Authority's swap agreement is based on the notional amount of \$94,175,000 equivalent to the outstanding balance on the 2000B Bonds. The City's share of these underlying Bonds is 54.17%, or \$51,014,604. Only the City's portion of the swap agreement is shown above, since the City is only obligated for that portion of the Authority's bonds.

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

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

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

*Fair value.* Fair value of the swaps takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by each swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. As of June 30, 2006, the fair value of the swaps were in favor of the City as follows:

Related Bond Issue	Fair Value
2002 Electric System Revenue COP	\$1,003,562
2005 Electric System Revenue COP, Series	
Bear Stearns Financial Products Inc.	1,961,741
Morgan Stanley Capital Services Inc.	3,045,127
2003B Wastewater System Refunding Revenue Bonds	511,220 (A)
	\$6,521,650

(A) The fair value of the Authority's swap agreement was \$946,704.  
The City's share is 54.17% or \$511,220.

*Credit risk.* As of June 30, 2006, the City was exposed to credit risk on the outstanding swaps because the swaps had positive fair values. These amounts may increase if interest rates increase in the future. However, if interest rates decline and fair values of the swaps were to become negative, the City would no longer be exposed to credit risk. The City will be exposed to interest rate risk only if a counterparty to a swap defaults or if the swap is terminated.

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

A portion of this basis risk is tax risk. The City is exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the City is exposed to this basis risk.

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

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

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

*Swap payments and associated debt.* Using rates as of June 30, 2006, debt service requirements of the City's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements at Q:

For the Year Ending June 30	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest	Interest	
2007	\$577,105	\$5,538,881	(\$102,625)	\$6,013,361
2008	940,648	5,514,366	(102,101)	6,352,913
2009	974,190	5,482,377	(100,858)	6,355,709
2010	1,612,733	5,440,949	(98,954)	6,954,728
2011	1,666,275	5,386,478	(95,748)	6,957,005
2012-2016	18,454,041	25,234,450	(461,662)	43,226,829
2017-2021	21,975,638	21,835,534	(437,944)	43,373,228
2022-2026	45,635,596	17,084,701	(395,396)	62,324,901
2027-2031	41,998,375	12,117,404	(403,377)	53,712,402
2032-2036	32,800,000	7,628,156	(279,954)	40,148,202
	<u>\$166,634,601</u>	<u>\$111,263,296</u>	<u>(\$2,478,619)</u>	<u>\$275,419,278</u>

**Q. 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
2007	\$1,149,638	\$1,436,135	\$4,872,793	\$15,324,484
2008	1,126,997	1,421,673	6,068,755	15,120,543
2009	1,118,157	1,387,311	7,275,160	14,900,219
2010	1,126,019	1,349,838	8,499,303	14,641,478
2011	1,155,813	1,310,437	10,436,183	14,369,851
2012-2016	6,470,133	5,858,137	58,880,278	66,086,933
2017-2021	7,163,452	4,372,673	66,706,723	54,386,392
2022-2026	8,515,000	2,468,625	71,170,596	43,127,820
2027-2031	3,605,000	931,125	83,972,083	34,057,185
2032-2036	1,850,000	104,000	81,600,288	19,126,221
Total	<u>\$33,280,209</u>	<u>\$20,639,954</u>	399,482,162	<u>\$291,141,126</u>

**Reconciliation of long-term debt**

Less deferred amount on refunding	(8,635,262)
Net long-term debt	<u>\$390,846,900</u>

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

**NOTE 10 – DEBT WITHOUT CITY COMMITMENT**

**A. Special Assessment Districts**

Special Assessment Districts, including Mello Roos 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, 2006 is as follows:

North Roseville-Rocklin Sewer Refunding District	\$555,000
Foothills Boulevard Extension Assessment District	850,000
Northeast Roseville Community Facilities District #1 & #2	16,900,000
North Roseville Community Facilities District #1	21,720,000
North Central Roseville Community Facilities District #1	41,575,000
Northwest Roseville Community Facilities District #1	25,010,000
Woodcreek West Community Facilities District #1, Series 2005	20,440,000
Stoneridge Parcel 1 Community Facilities District #1	1,865,000
Stoneridge East Community Facilities District # 1	15,080,000
Stoneridge West Community Facilities District # 1	12,085,000
Crocker Ranch Community Facilities District # 1, Series 2002	4,325,000
Crocker Ranch Community Facilities District # 1, Series 2003	14,980,000
Stone Point Community Facilities District # 1	11,030,000
Fiddymment Ranch Community Facilities District # 1	37,350,000
Longmeadow Parkside Community Facilities District # 1	9,165,000
Westpark Community Facilities District # 1	57,905,000
Roseville Finance Authority Revenue Bonds, Series 2006 A and B	40,515,000
Total	<u>\$331,350,000</u>

In March 2006, the City issued the Highland Reserve North Community Facilities District Bonds (HRN Bonds) in the principal amount of \$33,120,000 and the Woodcreek East Community Facilities District Bonds (WEC Bonds) in the principal amount of \$6,245,000, to refinance the Highland Reserve North Community Facilities District #1, Series 1999, and the Woodcreek East Community Facilities District #1, Series 2000, Bonds, respectively. Also in March 2006, the Roseville Finance Authority (RFA) issued \$40,515,000 principal amount of Revenue Bonds. Proceeds from the Revenue Bonds were used by a Trustee to purchase the HRN Bonds and the WEC Bonds which are held as investments (\$36,365,000 as of June 30, 2006) and collateral for the repayment of the Revenue Bonds. District property owners pay assessments on their property under the respective HRN and WEC Bond indentures to the Trustee as owner of the HRN and WEC Bonds. The Trustee then uses these assessments to pay debt service on the Revenue Bonds. Neither the faith and credit nor the general taxing power of the City of Roseville have been pledged to the payment of the Bonds. Therefore, the investment and the Bonds have not been included in the accompanying financial statements.

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

**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 (expended) or contributions received in permanent funds (unexpended), debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

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

**B. Fund Balances, Reserves and Designations**

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

**C. Reserves**

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity, which provided the funds. The City cannot modify or remove these restrictions or reserves. At June 30, 2006, reservations included:

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

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

Reserve for **capital projects** is the portion of fund balance to be used for projects approved by the Council.

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.

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

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

**D. Designations**

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

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

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

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

The Roseville Aquatics Complex Maintenance Permanent and Automotive Services Internal Service Funds had deficit fund balances at June 30, 2006 in the amounts of \$1,786 and \$108,532, respectively. 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, 2006, 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	27.929%	17.057%
Actuarially required contributions	\$4,360,965	\$9,840,595

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

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

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

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 uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2006, 2005 and 2004 amounted to \$14,201,560, \$16,350,444 and \$12,344,738 respectively. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. 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
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%
2005	97,938,304	75,260,002	22,678,302	76.8%	15,457,592	146.700%

*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
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%
2005	194,259,046	145,741,567	48,517,479	75.0%	52,630,299	92.200%

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

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

**NOTE 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 agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

**A. Risk Coverage**

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000, 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, 2006, the City contributed \$1,221,987 for coverage during the current year and received a refund of \$166,290 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 \$146,000,000. The City has a self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2006, the City contributed \$590,075 for current year coverage.

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

Financial statements for the risk pools may be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, CA 94583 and LAWCX, c/o James P. Marta, CPA, 5921 Landis Avenue, Suite 1, Carmichael, CA 95608.

**B. Insurance Internal Service Funds**

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

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

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

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

	<u>2006</u>	<u>2005</u>
Claims liability, beginning of year	\$5,432,000	\$5,118,000
Current year claims	2,000,000	1,600,000
Change in prior year claims	(477,000)	(543,000)
Claims paid, current year claims	(330,000)	(206,000)
Claims paid, prior year claims	<u>(81,000)</u>	<u>(537,000)</u>
Claims liability, end of year	<u>\$6,544,000</u>	<u>\$5,432,000</u>
Due in one year	<u>\$577,000</u>	<u>\$411,000</u>

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:

	<u>2006</u>	<u>2005</u>
Claims liability, beginning of year	\$2,043,000	\$1,835,000
Current year claims	1,200,000	750,000
Change in prior year claims	(1,199,000)	1,329,000
Claims paid, current year claims	(85,000)	(106,000)
Claims paid, prior year claims	<u>(33,000)</u>	<u>(1,765,000)</u>
Claims liability, end of year	<u>\$1,926,000</u>	<u>\$2,043,000</u>
Due in one year	<u>\$994,500</u>	<u>\$118,000</u>

The Unemployment Reserve and Vision Internal Service Funds had no outstanding claims liability at June 30, 2006.

**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 2006 was \$210,350.

**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, 2006, the City incurred expenses totaling \$17,079,776 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, 2006</u>
General Operating Reserve (including advances)	\$9,749,631
Associated Member Services (including advances)	722,580
Undivided equity interest, at cost, in certain NCPA Power Projects:	
Geothermal Projects	406,675
Calaveras Hydroelectric Project	511,224
Combustion Turbine Project No. 1	63,903
Geothermal Public Power Line	Nil
Combustion Turbine Project No. 2	554,480
Graeagle Hydroelectric Project	Nil
	<u>\$12,008,493</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, 2006, the book value of this Project's plant, equipment and other assets was \$164,647,974, while its long-term debt totaled \$125,259,152 and other liabilities totaled \$39,388,822. The City's share of the Project's long-term debt amounted to \$9,870,421 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, 2006 the City was owed \$192,879.

***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, 2006, the book value of this Project's plant, equipment and other assets was \$511,981,096 while its long-term debt totaled \$487,145,361 and other liabilities totaled \$24,835,735. The City's share of the Project's long-term debt amounted to \$58,457,443 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, 2006, the book value of this Project's plant, equipment and other assets was \$21,066,765, while its long-term debt totaled \$18,661,892 and other liabilities totaled \$2,404,870. The City's share of the Project's long-term debt amounted to \$2,534,285 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, 2006, the book value of this Project's plant, equipment and other assets was \$4,107,495, while its long-term debt totaled \$4,047,104 and other liabilities totaled \$60,391. The City's share of the Project's long-term debt amounted to \$573,879 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, 2006, the book value of this Project's plant, equipment and other assets was \$68,829,566, while its long-term debt totaled \$65,885,524 and other liabilities totaled \$2,944,042. The City's share of the Project's long-term debt amounted to \$24,048,216 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 2006, the dispute was settled. PG&E returned funds paid by NCPA in excess of the settlement agreement and Roseville's share was \$7,933,292 which was 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, 2006, the City paid \$5,156,127 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, 2006 was \$111,170,459.

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, 2006, landfill closure liability was \$3,678,093.

**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, 2006 was \$95,484,244. 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 participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2006 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, 2006, the project is complete, but the City has not yet been billed by CalTrans. The City estimates that its share of the project will be \$500 thousand 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.

***Construction and Other Commitments***

The City has the following outstanding construction commitments at June 30, 2006:

Projects	Amounts
Roseville Energy Park	\$42,404,175
WTP Expansion Phase III	26,772,889
Mahany Library	9,524,682
Antelope/PFE Pipeline	4,828,966
Reserve Drive Extension	4,490,530
Re Operation Center	3,879,085
Fire Station #7	3,087,681
William Hughes Park	1,421,270
Blue Oaks Substation	1,248,739
Antelope Creek Bike Trail	1,059,407
Downtown Vernon Specific Plan	732,523
WestPlan Substation	535,178
12KV OH/UG Conversion	514,481

**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, 2006, the Agency paid \$323,743 as a result of the State directive.

**NOTE 20-SUBSEQUENT EVENTS**

Effective July 1, 2006, the City contracted with ACES Power Marketing (APM) to provide scheduling services for the City's power transmission and supply needs. The City informed NCPA it will withdraw and discontinued its participation in the NCPA Power Pool. NCPA will continue to provide power to the City to meet the needs as scheduled by APM. Withdrawal from NCPA will not relieve the City of its obligations discussed in Note 15.

On November 14, 2006 the Redevelopment Agency issued Project Tax Exempt Allocation Bonds, Project Taxable Tax Allocation Bonds, and Taxable Tax Allocation Housing Bonds in the original principal amounts of \$13,155,000, \$3,285,000, and \$6,505,000, respectively, to fund certain redevelopment and housing 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.

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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 \$5,521,428 in fiscal 2007. 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	N/A	N/A	\$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	7,213,261
06/07	7.7	8.0	5,521,428	N/A

The City's policy based on current funding is to maintain arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.5 and residential roadways at an average PQI of 6.5. This rating allows for minor cracking and revealing of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$7,213,261 for street preservation for fiscal 2006.

<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 \$5,111,124 in fiscal 2007. 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	4,309,606
06/07	2	5,111,124	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 \$4,309,606 for maintenance for fiscal 2006.

**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 Drain 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.

**South Placer Animal Central Shelter.** To account for the collection of fees for the construction of an animal shelter.

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

#### **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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2006

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	\$3,760,128	\$9,268,842	\$706,106	\$499,493	\$100
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts	132,174				22,801
Accrued interest	20,340	460,978	24,042	3,027	
Due from other government agencies	318	836,758			101,052
Due from other funds					
Advances to other funds		3,900,000			
Deferred receivables					
Notes receivables			55,970		
Total Assets	\$3,912,960	\$14,466,578	\$786,118	\$502,520	\$123,953
LIABILITIES					
Accounts payable	\$458,425	\$843,702		\$1,689	
Accrued liabilities					\$100
Due to other funds					
Due to other government agencies					
Advances from other funds					
Deposits					
Deferred revenue		151,515	\$28,978		
Deferred liabilities					
Total Liabilities	458,425	995,217	28,978	1,689	100
FUND BALANCES					
Reserved for:					
Advances		3,900,000			
Encumbrances	980,980	4,284,867			
Deferred receivables and notes receivable			26,992		
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	2,473,555	5,286,494	730,148	500,831	123,853
TOTAL FUND BALANCES	3,454,535	13,471,361	757,140	500,831	123,853
Total Liabilities and Fund Balances	\$3,912,960	\$14,466,578	\$786,118	\$502,520	\$123,953

<u>Trench Cut Recovery Fund</u>	<u>Law Enforcement Block Grants</u>	<u>Fire Facilities</u>	<u>Public Facilities</u>	<u>Park Development</u>	<u>Pleasant Grove Drain Basin</u>
\$57,937	\$146,038	\$8,351,867 2,217,346	\$8,944,104	\$20,905,785	\$5,162,572
436	1,869	81,269 7,976	89,361	169,910	19,622 35,674
		303,228	367,178	85,286	247,273
<u>\$58,373</u>	<u>\$147,907</u>	<u>\$10,961,686</u>	<u>\$9,400,643</u>	<u>\$21,160,981</u>	<u>\$5,465,141</u>
		\$5,828	\$276,589	\$437,816 120,000	\$2,703
	\$147,450	303,228	\$367,178	85,286 196,356	247,273
	<u>147,450</u>	<u>309,056</u>	<u>643,767</u>	<u>839,458</u>	<u>249,976</u>
		645,372		106,867	159
<u>\$58,373</u>	<u>457</u>	<u>10,007,258</u>	<u>8,756,876</u>	<u>20,214,656</u>	<u>5,215,006</u>
<u>58,373</u>	<u>457</u>	<u>10,652,630</u>	<u>8,756,876</u>	<u>20,321,523</u>	<u>5,215,165</u>
<u>\$58,373</u>	<u>\$147,907</u>	<u>\$10,961,686</u>	<u>\$9,400,643</u>	<u>\$21,160,981</u>	<u>\$5,465,141</u>

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2006

	SPECIAL REVENUE FUNDS				
	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME	Housing Authority Section 8	Affordable Housing
ASSETS					
Cash and investments in City Treasury	\$4,684,809	\$63,410	\$357,756	\$715,187	\$2,763,279
Restricted cash and investments with fiscal agents				57,823	
Receivables:					
Accounts			76,658	2,485	
Accrued interest	33,403	438			70,747
Due from other government agencies			69,693	18,900	
Due from other funds					50,000
Advances to other funds					200,000
Deferred receivables					
Notes receivables			6,900,737		1,335,283
	\$4,718,212	\$63,848	\$7,404,844	\$794,395	\$4,419,309
LIABILITIES					
Accounts payable	\$2,379		\$15,950	\$400,951	
Accrued liabilities			2,094	125,537	
Due to other funds					
Due to other government agencies			6,900,737		
Advances from other funds					
Deposits					
Deferred revenue					\$1,345,675
Deferred liabilities					
	2,379		6,918,781	526,488	1,345,675
FUND BALANCES					
Reserved for:					
Advances					200,000
Encumbrances					
Deferred receivables and notes receivable					
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	4,715,833	\$63,848	486,063	267,907	2,873,634
	4,715,833	63,848	486,063	267,907	3,073,634
TOTAL FUND BALANCES	4,715,833	63,848	486,063	267,907	3,073,634
Total Liabilities and Fund Balances	\$4,718,212	\$63,848	\$7,404,844	\$794,395	\$4,419,309

SPECIAL REVENUE FUNDS						DEBT SERVICE FUND
Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	South Placer Animal Control Shelter	Traffic Mitigation	Roseville Finance Authority
\$309,400	\$43,485	\$265,989	\$2,289,837	\$3,899	\$13,136,894	\$1,317,178
15,516			25,221		346,202	
2,275	265	1,819	16,774	2	108,344	28,220
					976,474	
					1,121,874	
<u>\$327,191</u>	<u>\$43,750</u>	<u>\$267,808</u>	<u>\$2,331,832</u>	<u>\$3,901</u>	<u>\$15,689,788</u>	<u>\$1,345,398</u>
		\$7,622	\$45,192		\$1,358,277	
		4,282	13,174		212,500	
					212,500	
					1,309,522	
					75,899	
		11,904	58,366		3,168,698	
		139,155	\$97,999		133,475	\$1,345,398
<u>\$327,191</u>	<u>\$43,750</u>	<u>116,749</u>	<u>2,175,467</u>	<u>\$3,901</u>	<u>\$12,387,615</u>	
<u>327,191</u>	<u>43,750</u>	<u>255,904</u>	<u>2,273,466</u>	<u>3,901</u>	<u>12,521,090</u>	<u>1,345,398</u>
<u>\$327,191</u>	<u>\$43,750</u>	<u>\$267,808</u>	<u>\$2,331,832</u>	<u>\$3,901</u>	<u>\$15,689,788</u>	<u>\$1,345,398</u>

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2006

	CAPITAL PROJECTS FUND		PERMANENT FUND		Total Nonmajor Governmental Funds
	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens Benefit	
<b>ASSETS</b>					
Cash and investments in City Treasury	\$5,444,962	\$15,860,031	\$592,125	\$16,290,366	\$120,624,401
Restricted cash and investments with fiscal agents					3,592,347
Receivables:					
Accounts					640,679
Accrued interest	28,954	104,649	10,329	137,419	1,430,544
Due from other government agencies					2,011,171
Due from other funds					50,000
Advances to other funds					4,100,000
Deferred receivables					2,124,839
Notes receivables					8,291,990
<b>Total Assets</b>	<u>\$5,473,916</u>	<u>\$15,964,680</u>	<u>\$602,454</u>	<u>\$16,427,785</u>	<u>\$142,865,971</u>
<b>LIABILITIES</b>					
Accounts payable	\$1,147,354				\$5,004,477
Accrued liabilities	2,678				147,865
Due to other funds			\$4,240		336,740
Due to other government agencies					6,900,737
Advances from other funds					212,500
Deposits			600,000		600,000
Deferred revenue					3,986,105
Deferred liabilities					272,255
<b>Total Liabilities</b>	<u>1,150,032</u>		<u>604,240</u>		<u>17,460,679</u>
<b>FUND EQUITY</b>					
Reserved for:					
Advances					4,100,000
Encumbrances	480,743				6,869,617
Deferred receivables and notes receivable					26,992
Debt service					1,345,398
Unreserved:					
Designated for carryover of capital improvement projects	3,843,141	\$15,964,680			19,807,821
Undesignated			(1,786)	\$16,427,785	93,255,464
<b>TOTAL FUND BALANCES</b>	<u>4,323,884</u>	<u>15,964,680</u>	<u>(1,786)</u>	<u>16,427,785</u>	<u>125,405,292</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$5,473,916</u>	<u>\$15,964,680</u>	<u>\$602,454</u>	<u>\$16,427,785</u>	<u>\$142,865,971</u>

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CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
REVENUES					
Taxes	\$3,294,300				
Charges for services				\$42,552	
Subventions and grants		\$2,351,344		41,130	
Use of money and property	58,132	250,142	\$12,125	33,376	
Fines, forfeitures and penalties					\$1,184,767
Contributions from developers		30,000			
Miscellaneous revenues	46,683	1,976	9,411	35,059	
<b>Total Revenues</b>	<b>3,399,115</b>	<b>2,633,462</b>	<b>21,536</b>	<b>152,117</b>	<b>1,184,767</b>
EXPENDITURES					
Current:					
General government					
Community development and planning					
Public Works		921,936			
Public Safety					
Fire					
Library				3,583	
Parks and recreation	2,508,928				
Housing assistance payments					
Capital outlay		6,438,896			
Debt service					
Principal retirement					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>2,508,928</b>	<b>7,360,832</b>		<b>3,583</b>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	890,187	(4,727,370)	21,536	148,534	1,184,767
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease					
Transfers in	50,000	1,791,700			
Transfers (out)		(293,325)	(500)	(330)	(1,060,914)
<b>Total Other Financing Sources (Uses)</b>	<b>50,000</b>	<b>1,498,375</b>	<b>(500)</b>	<b>(330)</b>	<b>(1,060,914)</b>
Net change in fund balances	940,187	(3,228,995)	21,036	148,204	123,853
Fund balances at the beginning of the period	2,514,348	16,700,356	736,104	352,627	
Fund balances at the end of period	<u>\$3,454,535</u>	<u>\$13,471,361</u>	<u>\$757,140</u>	<u>\$500,831</u>	<u>\$123,853</u>

SPECIAL REVENUE FUNDS

Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Public Facilities	Park Development	Pleasant Grove Drain Basin
		\$1,098,491			
	\$161,396	61,634	\$1,660,655	\$2,817,179	\$643,580
\$1,366	4,911	211,931	288,890	581,903	115,388
				550	1,046,705
		21,306		161,589	
1,366	166,307	1,393,362	1,949,545	3,561,221	1,805,673
			35,553		
					75,537
		617,930			
				278,149	
		92,312		3,639,873	66,321
		8,100			
		718,342	35,553	3,918,022	141,858
1,366	166,307	675,020	1,913,992	(356,801)	1,663,815
		2,239,765			
		345,000		774,265	
	(163,186)	(1,646,424)	(4,950,011)	(273,340)	(9,220)
	(163,186)	938,341	(4,950,011)	500,925	(9,220)
1,366	3,121	1,613,361	(3,036,019)	144,124	1,654,595
57,007	(2,664)	9,039,269	11,792,895	20,177,399	3,560,570
\$58,373	\$457	\$10,652,630	\$8,756,876	\$20,321,523	\$5,215,165

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME	Housing Authority Section 8	Affordable Housing
<b>REVENUES</b>					
Taxes					
Charges for services	\$370,052	\$13,631			\$396,200
Subventions and grants			\$739,639	\$3,395,370	
Use of money and property	103,322	1,217	19,462	24,393	84,477
Fines, forfeitures and penalties					
Contributions from developers					1,207,458
Miscellaneous revenues			1,212,181	6,988	
<b>Total Revenues</b>	<u>473,374</u>	<u>14,848</u>	<u>1,971,282</u>	<u>3,426,751</u>	<u>1,688,135</u>
<b>EXPENDITURES</b>					
Current:					
General government		7,000			
Community development and planning			1,611,455	440,903	994,741
Public Works					
Public Safety					
Fire					
Library					
Parks and recreation			286		
Housing assistance payments				2,974,236	
Capital outlay	10,093				
Debt service					
Principal retirement					
Interest and fiscal charges					
<b>Total Expenditures</b>	<u>10,093</u>	<u>7,000</u>	<u>1,611,741</u>	<u>3,415,139</u>	<u>994,741</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>463,281</u>	<u>7,848</u>	<u>359,541</u>	<u>11,612</u>	<u>693,394</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital lease					
Transfers in			25,286		
Transfers (out)	(1,580)			(35,820)	(480)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,580)</u>		<u>25,286</u>	<u>(35,820)</u>	<u>(480)</u>
<b>Net change in fund balances</b>	461,701	7,848	384,827	(24,208)	692,914
<b>Fund balances at the beginning of the period</b>	<u>4,254,132</u>	<u>56,000</u>	<u>101,236</u>	<u>292,115</u>	<u>2,380,720</u>
<b>Fund balances at the end of period</b>	<u>\$4,715,833</u>	<u>\$63,848</u>	<u>\$486,063</u>	<u>\$267,907</u>	<u>\$3,073,634</u>

SPECIAL REVENUE FUNDS						DEBT SERVICE FUND
Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	South Placer Animal Control Shelter	Traffic Mitigation	Roseville Finance Authority
			\$18,806	\$3,901	\$7,974,880	
\$7,010	\$730	\$5,677	49,219		1,405,168	\$67,428
			7,800		541,229	
35,766	25,019		32,015		1,238,979	
42,776	25,749	5,677	107,840	3,901	11,160,256	67,428
		352,720	1,071,142		1,015,648	
	3,490	8,437	184,733		14,157,434	
						605,000
						704,177
	3,490	361,157	1,255,875		15,173,082	1,309,177
42,776	22,259	(355,480)	(1,148,035)	3,901	(4,012,826)	(1,241,749)
		361,157	1,728,049		70,000	1,217,319
		(2,980)	(22,500)		(318,250)	
		358,177	1,705,549		(248,250)	1,217,319
42,776	22,259	2,697	557,514	3,901	(4,261,076)	(24,430)
284,415	21,491	253,207	1,715,952		16,782,166	1,369,828
\$327,191	\$43,750	\$255,904	\$2,273,466	\$3,901	\$12,521,090	\$1,345,398

(Continued)

CITY OF ROSEVILLE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	CAPITAL PROJECTS FUND		PERMANENT FUND		Total Nonmajor Governmental Funds
	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens Benefit	
<b>REVENUES</b>					
Taxes					\$4,392,791
Charges for services					13,941,436
Subventions and grants		\$134,133			8,289,814
Use of money and property	\$93,170	339,621	(\$782)	\$418,379	3,312,716
Fines, forfeitures and penalties					1,184,767
Contributions from developers					2,292,513
Miscellaneous revenues	4,974			105,601	2,937,547
<b>Total Revenues</b>	<b>98,144</b>	<b>473,754</b>	<b>(782)</b>	<b>523,980</b>	<b>36,351,584</b>
<b>EXPENDITURES</b>					
Current:					
General government				415,871	458,424
Community development and planning					3,122,636
Public Works					3,361,446
Public Safety					
Fire					617,930
Library					3,583
Parks and recreation					2,787,363
Housing assistance payments					2,974,236
Capital outlay	6,466,969				31,068,558
Debt service					
Principal retirement					605,000
Interest and fiscal charges					712,277
<b>Total Expenditures</b>	<b>6,466,969</b>			<b>415,871</b>	<b>45,711,453</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,368,825)</b>	<b>473,754</b>	<b>(782)</b>	<b>108,109</b>	<b>(9,359,869)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital lease					2,239,765
Transfers in	6,421,909	3,307,500			16,092,185
Transfers (out)	(9,820)	(2,341,462)			(11,130,142)
<b>Total Other Financing Sources (Uses)</b>	<b>6,412,089</b>	<b>966,038</b>			<b>7,201,808</b>
Net change in fund balances	43,264	1,439,792	(782)	108,109	(2,158,061)
Fund balances at the beginning of the period	4,280,620	14,524,888	(1,004)	16,319,676	127,563,353
Fund balances at the end of period	<u>\$4,323,884</u>	<u>\$15,964,680</u>	<u>(\$1,786)</u>	<u>\$16,427,785</u>	<u>\$125,405,292</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, 2006

	LIGHTING AND LANDSCAPE SERVICE DISTRICTS			HOME IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes	\$3,002,237	\$3,294,300	\$292,063			
Charges for services						
Subventions and grants						
Use of money and property	51,450	58,132	6,682	\$21,220	\$12,125	(\$9,095)
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues		46,683	46,683		9,411	9,411
<b>Total Revenues</b>	<u>3,053,687</u>	<u>3,399,115</u>	<u>345,428</u>	<u>21,220</u>	<u>21,536</u>	<u>316</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Council						
Operating services and supplies						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies						
Housing						
Salaries and benefits						
Operating services and supplies				2,500		2,500
Public works						
Salaries and benefits						
Operating services and supplies						
Public Safety						
Fire						
Operating services and supplies						
Library						
Operating services and supplies						
Parks and recreation						
Operating services and supplies	3,335,482	2,508,928	826,554			
Housing assistance payments						
Capital outlay						
Debt service						
Principal retirement						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>3,335,482</u>	<u>2,508,928</u>	<u>826,554</u>	<u>2,500</u>		<u>2,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(281,795)</u>	<u>890,187</u>	<u>1,171,982</u>	<u>18,720</u>	<u>21,536</u>	<u>2,816</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease						
Transfers in	50,000	50,000				
Transfers (out)				(500)	(500)	
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,000</u>		<u>(500)</u>	<u>(500)</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(231,795)</u>	<u>940,187</u>	<u>\$1,171,982</u>	<u>\$18,220</u>	<u>21,036</u>	<u>\$2,816</u>
Fund balances at beginning of year		2,514,348			736,104	
Fund balances at end of year		<u>\$3,454,535</u>			<u>\$757,140</u>	

CALIFORNIA LIBRARY SERVICES			TRAFFIC SAFETY			TRENCH CUT RECOVERY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$25,000	\$42,552	\$17,552						
38,000	41,130	3,130						
21,130	33,376	12,246				\$1,780	\$1,366	(\$414)
			\$835,000	\$1,184,767	\$349,767			
18,000	35,059	17,059				1,000		(1,000)
102,130	152,117	49,987	835,000	1,184,767	349,767	2,780	1,366	(1,414)
6,000	3,583	2,417						
6,000	3,583	2,417						
96,130	148,534	52,404	835,000	1,184,767	349,767	2,780	1,366	(1,414)
(330)	(330)		(835,000)	(1,060,914)	(225,914)			
(330)	(330)		(835,000)	(1,060,914)	(225,914)			
\$95,800	148,204	\$52,404		123,853	\$123,853	\$2,780	1,366	(\$1,414)
	352,627						57,007	
	\$500,831			\$123,853			\$58,373	

(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, 2006

	LAW ENFORCEMENT BLOCK GRANTS			FIRE FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$3,000,000	\$1,098,491	(\$1,901,509)
Charges for services						
Subventions and grants		\$161,396	\$161,396	407,400	61,634	(345,766)
Use of money and property	\$4,370	4,911	541	289,910	211,931	(77,979)
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues					21,306	21,306
Total Revenues	<u>4,370</u>	<u>166,307</u>	<u>161,937</u>	<u>3,697,310</u>	<u>1,393,362</u>	<u>(2,303,948)</u>
EXPENDITURES						
Current:						
General government						
Council						
Operating services and supplies						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies						
Housing						
Salaries and benefits						
Operating services and supplies						
Public works						
Salaries and benefits						
Operating services and supplies						
Public Safety						
Fire						
Operating services and supplies				878,271	617,930	260,341
Library						
Operating services and supplies						
Parks and recreation						
Operating services and supplies						
Housing assistance payments						
Capital outlay				1,256,764	92,312	1,164,452
Debt service						
Principal retirement						
Interest and fiscal charges					8,100	(8,100)
Total Expenditures				<u>2,135,035</u>	<u>718,342</u>	<u>1,416,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,370</u>	<u>166,307</u>	<u>161,937</u>	<u>1,562,275</u>	<u>675,020</u>	<u>(887,255)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease					2,239,765	2,239,765
Transfers in				345,000	345,000	
Transfers (out)		(163,186)	(163,186)	(11,245,551)	(1,646,424)	9,599,127
Total Other Financing Sources (Uses)		<u>(163,186)</u>	<u>(163,186)</u>	<u>(10,900,551)</u>	<u>938,341</u>	<u>11,838,892</u>
NET CHANGE IN FUND BALANCES	<u>\$4,370</u>	<u>3,121</u>	<u>(\$1,249)</u>	<u>(\$9,338,276)</u>	<u>1,613,361</u>	<u>\$10,951,637</u>
Fund balances at beginning of year		(2,664)			9,039,269	
Fund balances at end of year		<u>\$457</u>			<u>\$10,652,630</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	\$1,660,655	(\$3,339,345)	\$1,364,505	\$739,639	(\$624,866)	\$3,588,290	\$3,395,370	(\$192,920)
262,580	288,890	26,310	5,000	19,462	14,462	9,325	24,393	15,068
			500,000	1,212,181	712,181	8,713	6,988	(1,725)
5,262,580	1,949,545	(3,313,035)	1,869,505	1,971,282	101,777	3,606,328	3,426,751	(179,577)
	35,553							
			500,000	286,495	213,505			
			72,163	35,295	36,868	434,620	396,697	37,923
			2,053,342	1,289,665	763,677	50,893	44,206	6,687
				286	(286)			
1,500,000		1,500,000				3,158,727	2,974,236	184,491
1,500,000	35,553	1,500,000	2,625,505	1,611,741	1,013,764	3,644,240	3,415,139	229,101
3,762,580	1,913,992	(1,848,588)	(756,000)	359,541	1,115,541	(37,912)	11,612	49,524
(10,163,226)	(4,950,011)	5,213,215	180,000 (324,000)	25,286	(154,714) 324,000	(51,490)	(35,820)	15,670
(10,163,226)	(4,950,011)	5,213,215	(144,000)	25,286	169,286	(51,490)	(35,820)	15,670
(\$6,400,646)	(3,036,019)	\$3,364,627	(\$900,000)	384,827	\$1,284,827	(\$89,402)	(24,208)	\$65,194
	11,792,895			101,236			292,115	
	\$8,756,876			\$486,063			\$267,907	

(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, 2006

	AFFORDABLE HOUSING			STORM WATER MANAGEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Charges for services	\$680,000	\$396,200	(\$283,800)			
Subventions and grants						
Use of money and property	47,790	84,477	36,687	\$7,420	\$5,677	(\$1,743)
Fines, forfeitures and penalties						
Contributions from developers		1,207,458	1,207,458			
Miscellaneous revenues						
<b>Total Revenues</b>	<u>727,790</u>	<u>1,688,135</u>	<u>960,345</u>	<u>7,420</u>	<u>5,677</u>	<u>(1,743)</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Council						
Operating services and supplies						
Central services						
Operating services and supplies						
Community development and planning						
Community Services						
Operating services and supplies		994,741	(994,741)			
Housing						
Salaries and benefits						
Operating services and supplies						
Public works						
Salaries and benefits				332,540	177,441	155,099
Operating services and supplies				489,227	175,279	313,948
Public Safety						
Fire						
Operating services and supplies						
Library						
Operating services and supplies						
Parks and recreation						
Operating services and supplies						
Housing assistance payments						
Capital outlay				8,400	8,437	(37)
Debt service						
Principal retirement						
Interest and fiscal charges						
<b>Total Expenditures</b>		<u>994,741</u>	<u>(994,741)</u>	<u>830,167</u>	<u>361,157</u>	<u>469,010</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>727,790</u>	<u>693,394</u>	<u>(34,396)</u>	<u>(822,747)</u>	<u>(355,480)</u>	<u>467,267</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease						
Transfers in				637,067	361,157	(275,910)
Transfers (out)	(480)	(480)		(2,980)	(2,980)	
<b>Total Other Financing Sources (Uses)</b>	<u>(480)</u>	<u>(480)</u>		<u>634,087</u>	<u>358,177</u>	<u>(275,910)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$727,310</u>	<u>692,914</u>	<u>(\$34,396)</u>	<u>(\$188,660)</u>	<u>2,697</u>	<u>\$191,357</u>
Fund balances at beginning of year		<u>2,380,720</u>			<u>253,207</u>	
Fund balances at end of year		<u>\$3,073,634</u>			<u>\$255,904</u>	

TRAFFIC SIGNAL			ROSEVILLE FINANCE AUTHORITY			GENERAL CAPITAL IMPROVEMENT PROJECTS REHABILITATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$18,806	\$18,806						
	49,219	49,219		\$67,428	\$67,428	\$484,350	\$134,133 339,621	\$134,133 (144,729)
	7,800							
	32,015	32,015						
	107,840	100,040		67,428	67,428	484,350	473,754	(10,596)
\$635,460	626,323	9,137						
542,137	444,819	97,318						
519,857	184,733	335,124						
			\$605,000	605,000				
			708,500	704,177	4,323			
1,697,454	1,255,875	441,579	1,313,500	1,309,177	4,323			
(1,697,454)	(1,148,035)	549,419	(1,313,500)	(1,241,749)	71,751	484,350	473,754	(10,596)
1,728,049	1,728,049		1,309,000	1,217,319	(91,681)		3,307,500	3,307,500
(30,930)	(22,500)	8,430				(5,813,049)	(2,341,462)	3,471,587
1,697,119	1,705,549	8,430	1,309,000	1,217,319	(91,681)	(5,813,049)	966,038	6,779,087
(\$335)	557,514	\$557,849	(\$4,500)	(24,430)	(\$19,930)	(\$5,328,699)	1,439,792	\$6,768,491
	1,715,952			1,369,828			14,524,888	
	\$2,273,466			\$1,345,398			\$15,964,680	

(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, 2006

	CITIZENS BENEFIT		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Charges for services			
Subventions and grants			
Use of money and property	\$537,380	\$418,379	(\$119,001)
Fines, forfeitures and penalties			
Contributions from developers			
Miscellaneous revenues		105,601	105,601
Total Revenues	537,380	523,980	(13,400)
EXPENDITURES			
Current:			
General government			
Council			
Operating services and supplies	429,165	415,871	13,294
Central services			
Operating services and supplies			
Community development and planning			
Community Services			
Operating services and supplies			
Housing			
Salaries and benefits			
Operating services and supplies			
Public works			
Salaries and benefits			
Operating services and supplies			
Public Safety			
Fire			
Operating services and supplies			
Library			
Operating services and supplies			
Parks and recreation			
Operating services and supplies			
Housing assistance payments			
Capital outlay			
Debt service			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	429,165	415,871	13,294
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	108,215	108,109	(106)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease			
Transfers in			
Transfers (out)			
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	\$108,215	108,109	(\$106)
Fund balances at beginning of year		16,319,676	
Fund balances at end of year		\$16,427,785	

## **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, 2006

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
ASSETS				
Current Assets				
Cash and investments in City Treasury		\$13,970,077	\$9,415,000	\$7,004,810
Restricted cash and investments with fiscal agents				40,000
Receivables:				
Accounts	\$7,703		605	
Accrued interest		1,064,830	64,950	48,454
Due from other government agencies	21,484			
Due from other funds		339,500		
Inventories	875,918			
Prepaid		620,524		
<b>Total Current Assets</b>	<b>905,105</b>	<b>15,994,931</b>	<b>9,480,555</b>	<b>7,093,264</b>
Non Current Assets				
Advances to other funds		5,107,701		
Capital assets, net of accumulated depreciation	11,846	13,857,184		
<b>Total Assets</b>	<b>916,951</b>	<b>34,959,816</b>	<b>9,480,555</b>	<b>7,093,264</b>
LIABILITIES				
Current Liabilities				
Accounts payable	272,482	120,763	27,025	24,704
Accrued liabilities	39,523			
Due to other funds	400,862			
Compensated absences	147,943			
Self-insurance claims payable			6,544,000	1,926,000
<b>Total Current Liabilities</b>	<b>860,810</b>	<b>120,763</b>	<b>6,571,025</b>	<b>1,950,704</b>
Long-term Liabilities				
Compensated absences	164,673			
<b>Total Liabilities</b>	<b>1,025,483</b>	<b>120,763</b>	<b>6,571,025</b>	<b>1,950,704</b>
NET ASSETS				
Invested in capital assets	11,846	13,857,184		
Unrestricted	(120,378)	20,981,869	2,909,530	5,142,560
<b>Total Net Assets</b>	<b>(\$108,532)</b>	<b>\$34,839,053</b>	<b>\$2,909,530</b>	<b>\$5,142,560</b>

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$125,181	\$269,865	\$534,124	\$26,575	\$22,014,312	\$184,126	\$53,544,070 40,000
738	2,059	3,590	43	156,713		8,308 1,341,377 21,484 339,500
					876	876,794 620,524
<u>125,919</u>	<u>271,924</u>	<u>537,714</u>	<u>26,618</u>	<u>22,171,025</u>	<u>185,002</u>	<u>56,792,057</u>
						5,107,701 13,869,030
<u>125,919</u>	<u>271,924</u>	<u>537,714</u>	<u>26,618</u>	<u>22,171,025</u>	<u>185,002</u>	<u>75,768,788</u>
25,343		17,314	17,934		152,913	658,478 39,523 400,862 147,943 8,470,000
<u>25,343</u>		<u>17,314</u>	<u>17,934</u>		<u>152,913</u>	<u>9,716,806</u>
						164,673
<u>25,343</u>		<u>17,314</u>	<u>17,934</u>		<u>152,913</u>	<u>9,881,479</u>
100,576	271,924	520,400	8,684	22,171,025	32,089	13,869,030 52,018,279
<u>\$100,576</u>	<u>\$271,924</u>	<u>\$520,400</u>	<u>\$8,684</u>	<u>\$22,171,025</u>	<u>\$32,089</u>	<u>\$65,887,309</u>

CITY OF ROSEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Worker's Compensation	General Liability
<b>OPERATING REVENUES</b>				
Charges for services	\$6,025,650	\$4,561,641	\$3,362,030	\$1,990,430
Other	129,598		150,937	167,364
Total Operating Revenues	6,155,248	4,561,641	3,512,967	2,157,794
<b>OPERATING EXPENSES</b>				
Operations	6,026,157	2,931	1,570,496	935,452
Depreciation and amortization	2,972	3,595,508	144	
Claims expense			1,937,880	779,912
Total Operating Expenses	6,029,129	3,598,439	3,508,520	1,715,364
Operating Income (Loss)	126,119	963,202	4,447	442,430
<b>NONOPERATING (EXPENSES)</b>				
Interest revenue	100,559	343,004	197,433	149,231
Subventions and grants		14,000		
Other	3,200	22,707		
Net Nonoperating Revenues (Expenses)	103,759	379,711	197,433	149,231
Income (Loss) Before Transfers	229,878	1,342,913	201,880	591,661
Transfers in	1,000,000	3,396,210		
Transfers (out)	(856,570)	(17,370)	(23,600)	(17,410)
Change in Net Assets	373,308	4,721,753	178,280	574,251
Net assets (deficit)-beginning	(481,840)	30,117,300	2,731,250	4,568,309
Net assets (deficit)-ending	(\$108,532)	\$34,839,053	\$2,909,530	\$5,142,560

Self Insurance Funds

Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$99,245	\$145,518	\$1,232,356	\$318,556	\$2,208,435		\$19,943,861 447,899
99,245	145,518	1,232,356	318,556	2,208,435		20,391,760
89,183	150,994	1,166,360	303,379	2,508,419		12,753,371 3,598,624 2,717,792
89,183	150,994	1,166,360	303,379	2,508,419		19,069,787
10,062	(5,476)	65,996	15,177	(299,984)		1,321,973
2,260	6,525	11,024	168	479,445		1,289,649 14,000 25,907
2,260	6,525	11,024	168	479,445		1,329,556
12,322	1,049	77,020	15,345	179,461		2,651,529
(590)	(840)	(9,220)	(17,560)	2,500,435 (3,230)		6,896,645 (946,390)
11,732	209	67,800	(2,215)	2,676,666		8,601,784
88,844	271,715	452,600	10,899	19,494,359	\$32,089	57,285,525
\$100,576	\$271,924	\$520,400	\$8,684	\$22,171,025	\$32,089	\$65,887,309

CITY OF ROSEVILLE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

	Automotive Services	Automotive Replacement	Self Insurance Funds		Unemployment Reserve
			Worker's Compensation	General Liability	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$6,027,661	\$4,569,481	\$3,395,456	\$1,990,530	\$99,245
Payments to suppliers	(4,042,009)	(588,639)	(1,656,045)	(943,648)	(63,840)
Payments to employees	(2,049,801)				
Claims paid			(825,880)	(896,912)	
Other receipts (payments)	129,598		150,937	167,364	
Net cash provided by operating activities	<u>65,449</u>	<u>3,980,842</u>	<u>1,064,468</u>	<u>317,334</u>	<u>35,405</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
(Increase) decrease in due from other funds		(127,000)			
Increase (decrease) in due to other funds	(312,638)				
(Increase) decrease in advances to other funds		339,500			
Transfers in	1,000,000	3,396,210			
Transfers (out)	(856,570)	(17,370)	(23,600)	(17,410)	(590)
Cash Flows from Noncapital Financing Activities	<u>(169,208)</u>	<u>3,591,340</u>	<u>(23,600)</u>	<u>(17,410)</u>	<u>(590)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets, net		(5,953,572)			
Other	3,200	22,707			
Cash Flows from Capital and Related Financing Activities	<u>3,200</u>	<u>(5,930,865)</u>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends	100,559	268,857	183,090	145,705	2,206
Cash Flows from Investing Activities	<u>100,559</u>	<u>268,857</u>	<u>183,090</u>	<u>145,705</u>	<u>2,206</u>
Net increase (decrease) in cash and cash equivalents		1,910,174	1,223,958	445,629	37,021
Cash and investments at beginning of period		12,059,903	8,191,042	6,599,181	88,160
Cash and investments at end of period		<u>\$13,970,077</u>	<u>\$9,415,000</u>	<u>\$7,044,810</u>	<u>\$125,181</u>
<b>NONCASH TRANSACTIONS:</b>					
Contributions		<u>\$14,000</u>			
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$126,119	\$963,202	\$4,447	\$442,430	\$10,062
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,972	3,595,508	144		
Change in assets and liabilities:					
Receivables, net	(145,994)	7,840	33,426	100	
Prepaid		(620,524)			
Accounts and other payables	82,352	34,816	1,026,451	(125,196)	25,343
Net cash provided by operating activities	<u>\$65,449</u>	<u>\$3,980,842</u>	<u>\$1,064,468</u>	<u>\$317,334</u>	<u>\$35,405</u>

Self Insurance Funds					
Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$145,518	\$1,232,356	\$318,556	\$2,208,435		\$19,987,238
(151,995)	(1,186,751)	(298,526)	(2,508,419)	(\$11,739)	(11,451,611)
			(15,065)		(2,064,866)
					(1,722,792)
					447,899
<u>(6,477)</u>	<u>45,605</u>	<u>20,030</u>	<u>(315,049)</u>	<u>(11,739)</u>	<u>5,195,868</u>
					(127,000)
					(312,638)
					339,500
			2,500,435		6,896,645
(840)	(9,220)	(17,560)	(3,230)		(946,390)
<u>(840)</u>	<u>(9,220)</u>	<u>(17,560)</u>	<u>2,497,205</u>		<u>5,850,117</u>
					(5,953,572)
					25,907
					(5,927,665)
<u>6,286</u>	<u>10,514</u>	<u>279</u>	<u>452,581</u>		<u>1,170,077</u>
<u>6,286</u>	<u>10,514</u>	<u>279</u>	<u>452,581</u>		<u>1,170,077</u>
(1,031)	46,899	2,749	2,634,737	(11,739)	6,288,397
<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>\$269,865</u>	<u>\$534,124</u>	<u>\$26,575</u>	<u>\$22,014,312</u>	<u>\$184,126</u>	<u>\$53,584,070</u>
					<u>\$14,000</u>
(5,476)	\$65,996	\$15,177	(\$299,984)		\$1,321,973
					3,598,624
				\$2,702	(101,926)
					(620,524)
(1,001)	(20,391)	4,853	(15,065)	(14,441)	997,721
<u>(56,477)</u>	<u>\$45,605</u>	<u>\$20,030</u>	<u>(\$315,049)</u>	<u>(\$11,739)</u>	<u>\$5,195,868</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.

**Placer County Air Pollution Control Fund**

The fee is collected to contribute towards construction of a future animal shelter in South Placer County.

**Sierra College Boulevard Fund**

To account for contributions to provide maintenance of bike trails and open space.

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CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<hr/> <u>Foothills Boulevard</u> <hr/>				
Cash and investments in City Treasury	\$15,875			\$15,875
Due to bondholders	\$15,875			\$15,875
<hr/> <u>Hilltop</u> <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/> <u>North Roseville/Rocklin Sewer</u> <hr/>				
Cash and investments in City Treasury	\$577,992	\$392,482	\$577,992	\$392,482
Accrued interest receivable	1,839	2,004	1,839	2,004
Total Assets	\$579,831	\$394,486	\$579,831	\$394,486
Accounts payable	\$41	\$289	\$41	\$289
Due to bondholders	579,790	394,197	579,790	394,197
Total Liabilities	\$579,831	\$394,486	\$579,831	\$394,486
<hr/> <u>Rocky Ridge/Harding</u> <hr/>				
Cash and investments in City Treasury	\$353,486	\$45,559	\$353,486	\$45,559
Accrued interest receivable	1,586	1,730	1,586	1,730
Total Assets	\$355,072	\$47,289	\$355,072	\$47,289
Accounts payable	\$74		\$74	
Due to bondholders	354,998	47,289	354,998	47,289
Total Liabilities	\$355,072	\$47,289	\$355,072	\$47,289
<hr/> <u>Champion Oaks</u> <hr/>				
Cash and investments in City Treasury	\$19,287			\$19,287
Due to bondholders	\$19,287			\$19,287

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Foothills Boulevard Extension</u>				
Cash and investments in City Treasury	\$1,264,221	\$1,051,755	\$1,264,221	\$1,051,755
Accrued interest receivable	4,855	5,297	4,855	5,297
<b>Total Assets</b>	<b>\$1,269,076</b>	<b>\$1,057,052</b>	<b>\$1,269,076</b>	<b>\$1,057,052</b>
Accounts payable	\$409	\$462	\$409	\$462
Due to bondholders	1,268,667	1,056,590	1,268,667	1,056,590
<b>Total Liabilities</b>	<b>\$1,269,076</b>	<b>\$1,057,052</b>	<b>\$1,269,076</b>	<b>\$1,057,052</b>
<u>Northeast Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,590,921	\$2,702,702	\$2,590,921	\$2,702,702
Restricted cash and investments with fiscal agents	841,416	841,118	841,416	841,118
Accrued interest receivable	18,874	20,613	18,874	20,613
<b>Total Assets</b>	<b>\$3,451,211</b>	<b>\$3,564,433</b>	<b>\$3,451,211</b>	<b>\$3,564,433</b>
Accounts payable	\$1,446	\$1,466	\$1,446	\$1,466
Due to bondholders	3,449,765	3,562,967	3,449,765	3,562,967
<b>Total Liabilities</b>	<b>\$3,451,211</b>	<b>\$3,564,433</b>	<b>\$3,451,211</b>	<b>\$3,564,433</b>
<u>Northwest Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,134,579	\$1,755,278	\$2,134,579	\$1,755,278
Restricted cash and investments with fiscal agents	2,425,684	2,426,475	2,425,684	2,426,475
Accrued interest receivable	48,087	47,222	48,087	47,222
<b>Total Assets</b>	<b>\$4,608,350</b>	<b>\$4,228,975</b>	<b>\$4,608,350</b>	<b>\$4,228,975</b>
Accounts payable	\$4,079	\$2,288	\$4,079	\$2,288
Due to bondholders	4,604,271	4,226,687	4,604,271	4,226,687
<b>Total Liabilities</b>	<b>\$4,608,350</b>	<b>\$4,228,975</b>	<b>\$4,608,350</b>	<b>\$4,228,975</b>
<u>Stoneridge East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$717,816	\$831,915	\$717,816	\$831,915
Restricted cash and investments with fiscal agents	1,188,640	1,188,956	1,188,640	1,188,956
Accrued interest receivable	20,915	22,313	20,915	22,313
<b>Total Assets</b>	<b>\$1,927,371</b>	<b>\$2,043,184</b>	<b>\$1,927,371</b>	<b>\$2,043,184</b>
Accounts payable	\$1,738	\$1,987	\$1,738	\$1,987
Due to bondholders	1,925,633	2,041,197	1,925,633	2,041,197
<b>Total Liabilities</b>	<b>\$1,927,371</b>	<b>\$2,043,184</b>	<b>\$1,927,371</b>	<b>\$2,043,184</b>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Northeast Roseville Community Facilities District #2</u>				
Cash and investments in City Treasury	\$1,375,060	\$832,640	\$1,375,060	\$832,640
Restricted cash and investments with fiscal agents	1,118,616	1,118,553	1,118,616	1,118,553
Accrued interest receivable	21,870	22,455	21,870	22,455
<b>Total Assets</b>	<b>\$2,515,546</b>	<b>\$1,973,648</b>	<b>\$2,515,546</b>	<b>\$1,973,648</b>
Accounts payable	\$1,446	\$1,465	\$1,446	\$1,465
Due to bondholders	2,514,100	1,972,183	2,514,100	1,972,183
<b>Total Liabilities</b>	<b>\$2,515,546</b>	<b>\$1,973,648</b>	<b>\$2,515,546</b>	<b>\$1,973,648</b>
<u>North Central Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$6,090,155	\$6,955,199	\$6,090,155	\$6,955,199
Restricted cash and investments with fiscal agents	5,187,359	4,968,636	5,187,359	4,968,636
Accrued interest receivable	49,079	72,495	49,079	72,495
<b>Total Assets</b>	<b>\$11,326,593</b>	<b>\$11,996,330</b>	<b>\$11,326,593</b>	<b>\$11,996,330</b>
Accounts payable	\$4,465	\$2,913	\$4,465	\$2,913
Due to bondholders	11,322,128	11,993,417	11,322,128	11,993,417
<b>Total Liabilities</b>	<b>\$11,326,593</b>	<b>\$11,996,330</b>	<b>\$11,326,593</b>	<b>\$11,996,330</b>
<u>North Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$979,425	\$1,884,234	\$979,425	\$1,884,234
Restricted cash and investments with fiscal agents	1,543,095	1,787,945	1,543,095	1,787,945
Accrued interest receivable	10,869	5,163	10,869	5,163
<b>Total Assets</b>	<b>\$2,533,389</b>	<b>\$3,677,342</b>	<b>\$2,533,389</b>	<b>\$3,677,342</b>
Accounts payable	\$4,635	\$2,376	\$4,635	\$2,376
Due to bondholders	2,528,754	3,674,966	2,528,754	3,674,966
<b>Total Liabilities</b>	<b>\$2,533,389</b>	<b>\$3,677,342</b>	<b>\$2,533,389</b>	<b>\$3,677,342</b>
<u>Woodcreek West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$135,837	\$626,172	\$135,837	\$626,172
Restricted cash and investments with fiscal agents	1,687,214	1,446,142	1,687,214	1,446,142
Accrued interest receivable	2,896	24,311	2,896	24,311
<b>Total Assets</b>	<b>\$1,825,947</b>	<b>\$2,096,625</b>	<b>\$1,825,947</b>	<b>\$2,096,625</b>
Accounts payable	\$4,534	\$2,077	\$4,534	\$2,077
Due to bondholders	1,821,413	2,094,548	1,821,413	2,094,548
<b>Total Liabilities</b>	<b>\$1,825,947</b>	<b>\$2,096,625</b>	<b>\$1,825,947</b>	<b>\$2,096,625</b>

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Highland Reserve North Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,851,004	\$2,158,790	\$1,851,004	\$2,158,790
Restricted cash and investments with fiscal agents	2,693,369	2,989,551	2,693,369	2,989,551
Accrued interest receivable	18,704	32,591	18,704	32,591
Total Assets	<u>\$4,563,077</u>	<u>\$5,180,932</u>	<u>\$4,563,077</u>	<u>\$5,180,932</u>
Accounts payable	\$2,331	\$2,780	\$2,331	\$2,780
Due to bondholders	4,560,746	5,178,152	4,560,746	5,178,152
Total Liabilities	<u>\$4,563,077</u>	<u>\$5,180,932</u>	<u>\$4,563,077</u>	<u>\$5,180,932</u>
<u>Stoneridge Parcel 1 Community Facilities District #1</u>				
Cash and investments in City Treasury	\$71,982	\$98,006	\$71,982	\$98,006
Restricted cash and investments with fiscal agents	162,609	166,838	162,609	166,838
Accrued interest receivable	247	100	247	100
Total Assets	<u>\$234,838</u>	<u>\$264,944</u>	<u>\$234,838</u>	<u>\$264,944</u>
Accounts payable	\$902	\$917	\$902	\$917
Due to bondholders	233,936	264,027	233,936	264,027
Total Liabilities	<u>\$234,838</u>	<u>\$264,944</u>	<u>\$234,838</u>	<u>\$264,944</u>
<u>Woodcreek East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$352,709	\$229,254	\$352,709	\$229,254
Restricted cash and investments with fiscal agents	439,987	598,403	439,987	598,403
Accrued interest receivable	4,335	6,291	4,335	6,291
Total Assets	<u>\$797,031</u>	<u>\$833,948</u>	<u>\$797,031</u>	<u>\$833,948</u>
Accounts payable	\$3,535	\$1,721	\$3,535	\$1,721
Due to bondholders	793,496	832,227	793,496	832,227
Total Liabilities	<u>\$797,031</u>	<u>\$833,948</u>	<u>\$797,031</u>	<u>\$833,948</u>
<u>Stoneridge West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$602,770	\$636,915	\$602,770	\$636,915
Restricted cash and investments with fiscal agents	925,117	925,357	925,117	925,357
Accrued interest receivable	17,232	17,836	17,232	17,836
Total Assets	<u>\$1,545,119</u>	<u>\$1,580,108</u>	<u>\$1,545,119</u>	<u>\$1,580,108</u>
Accounts payable	\$1,864	\$1,977	\$1,864	\$1,977
Due to bondholders	1,543,255	1,578,131	1,543,255	1,578,131
Total Liabilities	<u>\$1,545,119</u>	<u>\$1,580,108</u>	<u>\$1,545,119</u>	<u>\$1,580,108</u>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Crocker Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,405,611	\$877,963	\$1,405,611	\$877,963
Restricted cash and investments with fiscal agents	1,413,985	1,439,986	1,413,985	1,439,986
Accrued Interest receivable	6,791	21,651	6,791	21,651
<b>Total Assets</b>	<b>\$2,826,387</b>	<b>\$2,339,600</b>	<b>\$2,826,387</b>	<b>\$2,339,600</b>
Accounts payable	\$6,126	\$4,638	\$6,126	\$4,638
Due to bondholders	2,820,261	2,334,962	2,820,261	2,334,962
<b>Total Liabilities</b>	<b>\$2,826,387</b>	<b>\$2,339,600</b>	<b>\$2,826,387</b>	<b>\$2,339,600</b>
<u>Stone Point Community Facilities District #1</u>				
Cash and investments in City Treasury	\$736,328	\$709,796	\$736,328	\$709,796
Restricted cash and investments with fiscal agents	912,606	913,225	912,606	913,225
Accrued interest receivable	5,379	11,501	5,379	11,501
<b>Total Assets</b>	<b>\$1,654,313</b>	<b>\$1,634,522</b>	<b>\$1,654,313</b>	<b>\$1,634,522</b>
Accounts payable	\$1,268	\$3,282	\$1,268	\$3,282
Due to bondholders	1,653,045	1,631,240	1,653,045	1,631,240
<b>Total Liabilities</b>	<b>\$1,654,313</b>	<b>\$1,634,522</b>	<b>\$1,654,313</b>	<b>\$1,634,522</b>
<u>Stone Point Community Facilities District #5</u>				
Cash and investments in City Treasury		\$12,904	\$12,904	
<b>Total Assets</b>		<b>\$12,904</b>	<b>\$12,904</b>	
Accounts payable		\$5,142		\$5,142
Due to bondholders		7,762	12,904	(5,142)
<b>Total Liabilities</b>		<b>\$12,904</b>	<b>\$12,904</b>	
<u>Westpark Community Facilities District #1</u>				
Cash and investments in City Treasury	\$22,674	\$39,021	\$61,695	
Restricted cash and investments with fiscal agents		6,619,854		6,619,854
Accrued interest receivable	123	96,513	123	96,513
<b>Total Assets</b>	<b>\$22,797</b>	<b>\$6,755,388</b>	<b>\$61,818</b>	<b>\$6,716,367</b>
Accounts payable	\$10,396	\$1,571	\$10,396	\$1,571
Due to bondholders	12,401	6,753,817	51,422	6,714,796
<b>Total Liabilities</b>	<b>\$22,797</b>	<b>\$6,755,388</b>	<b>\$61,818</b>	<b>\$6,716,367</b>

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Fiddymt Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury	\$24,394	\$2,201	\$24,394	\$2,201
Restricted cash and investments with fiscal agents		4,245,965		4,245,965
Accrued interest receivable	121	65,479	121	65,479
<b>Total Assets</b>	<b>\$24,515</b>	<b>\$4,313,645</b>	<b>\$24,515</b>	<b>\$4,313,645</b>
Accounts payable	\$11,629	\$2,299	\$11,629	\$2,299
Due to bondholders	12,886	4,311,346	12,886	4,311,346
<b>Total Liabilities</b>	<b>\$24,515</b>	<b>\$4,313,645</b>	<b>\$24,515</b>	<b>\$4,313,645</b>
<u>Longmeadow Community Facilities District #1</u>				
Cash and investments in City Treasury		\$26,406	\$26,406	
Restricted cash and investments with fiscal agents		843,715		\$843,715
Accrued interest receivable		6,816		6,816
<b>Total Assets</b>		<b>\$876,937</b>	<b>\$26,406</b>	<b>\$850,531</b>
Accounts payable	\$2,669		\$2,669	
Due to bondholders	(2,669)	\$876,937	23,737	\$850,531
<b>Total Liabilities</b>		<b>\$876,937</b>	<b>\$26,406</b>	<b>\$850,531</b>
<u>NC SP PAR 44 CFD</u>				
Cash and investments in City Treasury		\$5,780		\$5,780
<b>Total Assets</b>		<b>\$5,780</b>		<b>\$5,780</b>
Accounts payable		\$5,780		\$5,780
<b>Total Liabilities</b>		<b>\$5,780</b>		<b>\$5,780</b>
<u>Payroll Revolving</u>				
Cash and investments in City Treasury	\$643,961	\$1,659,823	\$643,961	\$1,659,823
Accounts payable	\$643,961	\$1,659,823	\$643,961	\$1,659,823
<u>Highway 65 JPA</u>				
Cash and investments in City Treasury	\$7,153,620	\$9,812,800	\$7,153,620	\$9,812,800
Accrued interest receivable	46,618	63,809	46,618	63,809
Due from other government agencies	269,915	948,162	269,915	948,162
<b>Total Assets</b>	<b>\$7,470,153</b>	<b>\$10,824,771</b>	<b>\$7,470,153</b>	<b>\$10,824,771</b>
Accounts payable	\$1,087		\$1,087	
Due to member agencies	7,469,066	\$10,824,771	7,469,066	\$10,824,771
<b>Total Liabilities</b>	<b>\$7,470,153</b>	<b>\$10,824,771</b>	<b>\$7,470,153</b>	<b>\$10,824,771</b>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<hr/> <u>Dry Creek Drainage Basin</u> <hr/>				
Cash and investments in City Treasury	\$134,659	\$12,591	\$134,659	\$12,591
Accrued interest receivable	709	412	709	412
Deferred receivable	583		583	
Total Assets	<u>\$135,951</u>	<u>\$13,003</u>	<u>\$135,951</u>	<u>\$13,003</u>
Accounts Payable	\$84,758	\$13,287	\$84,758	\$13,287
Due to others	51,193	(284)	51,193	(284)
Total Liabilities	<u>\$135,951</u>	<u>\$13,003</u>	<u>\$135,951</u>	<u>\$13,003</u>
<hr/> <u>Disaster Recovery JPA</u> <hr/>				
Cash and investments in City Treasury	\$39,958	\$39,365	\$39,958	\$39,365
Accounts receivable		887		887
Accrued interest receivable	327	294	327	294
Due from other government agencies	887		887	
Total Assets	<u>\$41,172</u>	<u>\$40,546</u>	<u>\$41,172</u>	<u>\$40,546</u>
Due to member agencies	41,172	\$40,546	\$41,172	\$40,546
Total Liabilities	<u>\$41,172</u>	<u>\$40,546</u>	<u>\$41,172</u>	<u>\$40,546</u>
<hr/> <u>County Capital Facilities Fee</u> <hr/>				
Cash and investments in City Treasury	\$571,391	\$505,694	\$571,391	\$505,694
Accrued interest receivable	3,565	3,118	3,565	3,118
Total Assets	<u>\$574,956</u>	<u>\$508,812</u>	<u>\$574,956</u>	<u>\$508,812</u>
Accounts payable	\$515,679	\$452,066	\$515,679	\$452,066
Due to others	59,277	56,746	59,277	56,746
Total Liabilities	<u>\$574,956</u>	<u>\$508,812</u>	<u>\$574,956</u>	<u>\$508,812</u>
<hr/> <u>South Placer Wastewater Authority</u> <hr/>				
Cash and investments in City Treasury	\$140,005,923	\$144,183,054	\$140,005,923	\$144,183,054
Restricted cash and investments with fiscal agents	30,586,482	\$26,281,641	30,586,482	26,281,641
Accounts receivable	6,015		6,015	
Accrued interest receivable	1,085,854	684,162	1,085,854	684,162
Due from other government agencies	1,104,318	1,751,864	1,104,318	1,751,864
Deferred receivable	9		9	
Total Assets	<u>\$172,788,601</u>	<u>\$172,900,721</u>	<u>\$172,788,601</u>	<u>\$172,900,721</u>
Accounts payable	\$739,965	\$303,990	\$739,965	\$303,990
Accrued liabilities	253,602	326,561	253,602	326,561
Due to member agencies	171,795,034	172,270,170	171,795,034	172,270,170
Total Liabilities	<u>\$172,788,601</u>	<u>\$172,900,721</u>	<u>\$172,788,601</u>	<u>\$172,900,721</u>

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>North Central Roseville Community Facilities District School Fees</u>				
Cash and investments in City Treasury		\$972	\$972	
Accrued interest receivable	\$432		432	
<b>Total Assets</b>	<b>\$432</b>	<b>\$972</b>	<b>\$1,404</b>	
Accounts payable	\$1,033		\$1,033	
Due to others	(601)	972	371	
<b>Total Liabilities</b>	<b>\$432</b>	<b>\$972</b>	<b>\$1,404</b>	
<u>Special Sewer Benefit Area #3</u>				
Cash and investments in City Treasury		\$895		\$895
Accrued interest receivable	\$42	1	\$42	\$1
<b>Total Assets</b>	<b>\$42</b>	<b>\$896</b>	<b>\$42</b>	<b>\$896</b>
Due to others	42	\$896	\$42	\$896
<b>Total Liabilities</b>	<b>\$42</b>	<b>\$896</b>	<b>\$42</b>	<b>\$896</b>
<u>Special Sewer Benefit Area #4</u>				
Cash and investments in City Treasury	\$113,905	\$122,828	\$113,905	\$122,828
Accrued interest receivable	804	892	804	892
<b>Total Assets</b>	<b>\$114,709</b>	<b>\$123,720</b>	<b>\$114,709</b>	<b>\$123,720</b>
Accounts payable	\$112,119	\$117,971	\$112,119	\$117,971
Due to others	2,590	5,749	2,590	5,749
<b>Total Liabilities</b>	<b>\$114,709</b>	<b>\$123,720</b>	<b>\$114,709</b>	<b>\$123,720</b>
<u>South Placer County Tourism Business Improvement District (SPCTBID)</u>				
Cash and investments in City Treasury	\$5,042	\$2,770	\$5,042	\$2,770
Accounts receivable	141,876	159,604	141,876	159,604
Accrued interest receivable	247	252	247	252
<b>Total Assets</b>	<b>\$147,165</b>	<b>\$162,626</b>	<b>\$147,165</b>	<b>\$162,626</b>
Accounts payable	\$145,009	\$158,704	\$145,009	\$158,704
Due to others	2,156	3,922	2,156	3,922
<b>Total Liabilities</b>	<b>\$147,165</b>	<b>\$162,626</b>	<b>\$147,165</b>	<b>\$162,626</b>
<u>South Placer County Safe Kids Coalition</u>				
Cash and investments in City Treasury	\$14,850	\$13,824	\$14,850	\$13,824
Accrued interest receivable	49	120	49	120
<b>Total Assets</b>	<b>\$14,899</b>	<b>\$13,944</b>	<b>\$14,899</b>	<b>\$13,944</b>
Accounts payable	\$1,312	\$326	\$1,312	\$326
Due to others	13,587	13,618	13,587	13,618
<b>Total Liabilities</b>	<b>\$14,899</b>	<b>\$13,944</b>	<b>\$14,899</b>	<b>\$13,944</b>

(Continued)

CITY OF ROSEVILLE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<hr/> <u>South Placer Regional Traffic Fee</u> <hr/>				
Cash and investments in City Treasury	\$265,420	\$427,896	\$265,420	\$427,896
Accrued interest receivable	1,271	1,563	1,271	1,563
<b>Total Assets</b>	<b>\$266,691</b>	<b>\$429,459</b>	<b>\$266,691</b>	<b>\$429,459</b>
Accounts payable	\$259,092	\$423,100	\$259,092	\$423,100
Due to others	7,599	6,359	7,599	6,359
<b>Total Liabilities</b>	<b>\$266,691</b>	<b>\$429,459</b>	<b>\$266,691</b>	<b>\$429,459</b>
<hr/> <u>City/County TMF Fund</u> <hr/>				
Cash and investments in City Treasury	\$137,563	\$112,917	\$137,563	\$112,917
Accrued interest receivable	197	552	197	552
<b>Total Assets</b>	<b>\$137,760</b>	<b>\$113,469</b>	<b>\$137,760</b>	<b>\$113,469</b>
Accounts payable	\$137,749	\$119,399	\$137,749	\$119,399
Due to others	11	(5,930)	11	(5,930)
<b>Total Liabilities</b>	<b>\$137,760</b>	<b>\$113,469</b>	<b>\$137,760</b>	<b>\$113,469</b>
<hr/> <u>Placer County Air Pollution Control</u> <hr/>				
Cash and investments in City Treasury		\$8,849		\$8,849
Accounts receivable		402		402
Accrued interest receivable		1		1
<b>Total Assets</b>		<b>\$9,252</b>		<b>\$9,252</b>
Due to others		\$9,252		\$9,252
<b>Total Liabilities</b>		<b>\$9,252</b>		<b>\$9,252</b>
<hr/> <u>Sierra College Boulevard</u> <hr/>				
Cash and investments in City Treasury		\$5,848		\$5,848
Accrued interest receivable		2		2
<b>Total Assets</b>		<b>\$5,850</b>		<b>\$5,850</b>
Due to others		\$5,850		\$5,850
<b>Total Liabilities</b>		<b>\$5,850</b>		<b>\$5,850</b>

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<u>Other</u>				
Cash and investments in City Treasury	\$13,014			\$13,014
Total Assets	<u>\$13,014</u>			<u>\$13,014</u>
Due to other government agencies	\$13,014			\$13,014
Total Liabilities	<u>\$13,014</u>			<u>\$13,014</u>
<u>Total Agency Funds</u>				
Cash and investments in City Treasury	\$170,422,447	\$178,785,098	\$170,452,559	\$178,754,986
Restricted cash and investments with fiscal agents	51,126,179	58,802,360	51,126,179	58,802,360
Accounts receivable	147,891	160,893	147,891	160,893
Accrued interest receivable	1,373,917	1,237,559	1,373,917	1,237,559
Due from other government agencies	1,375,120	2,700,026	1,375,120	2,700,026
Deferred receivable	592		592	
Total Assets	<u>\$224,446,146</u>	<u>\$241,685,936</u>	<u>\$224,476,258</u>	<u>\$241,655,824</u>
Accounts payable	\$2,705,351	\$3,294,096	\$2,705,351	\$3,294,096
Accrued liabilities	253,602	326,561	253,602	326,561
Due to other government agencies	13,014			13,014
Due to member agencies	179,305,272	183,135,487	179,305,272	183,135,487
Due to bondholders	42,033,053	54,832,642	42,075,207	54,790,488
Due to others	135,854	97,150	136,826	96,178
Total Liabilities	<u>\$224,446,146</u>	<u>\$241,685,936</u>	<u>\$224,476,258</u>	<u>\$241,655,824</u>

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## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value and Estimated Value of Taxable Property
2. Property Tax Rates, All Direct Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 2000 Wastewater Revenue Bonds – Series A
3. Revenue Bond Coverage – 2000 Variable Rate Demand Wastewater Revenue Bonds – Series B
4. Revenue Bond Coverage – 2003 Refunding Auction Rate-Synthetic Fixed Wastewater Revenue Bonds
5. Bonded Debt Pledged Revenue Coverage – 2002 Redevelopment Tax Allocation Bonds
6. Computation of Direct and Overlapping Debt
7. Computation of Legal Bonded Debt Margin

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

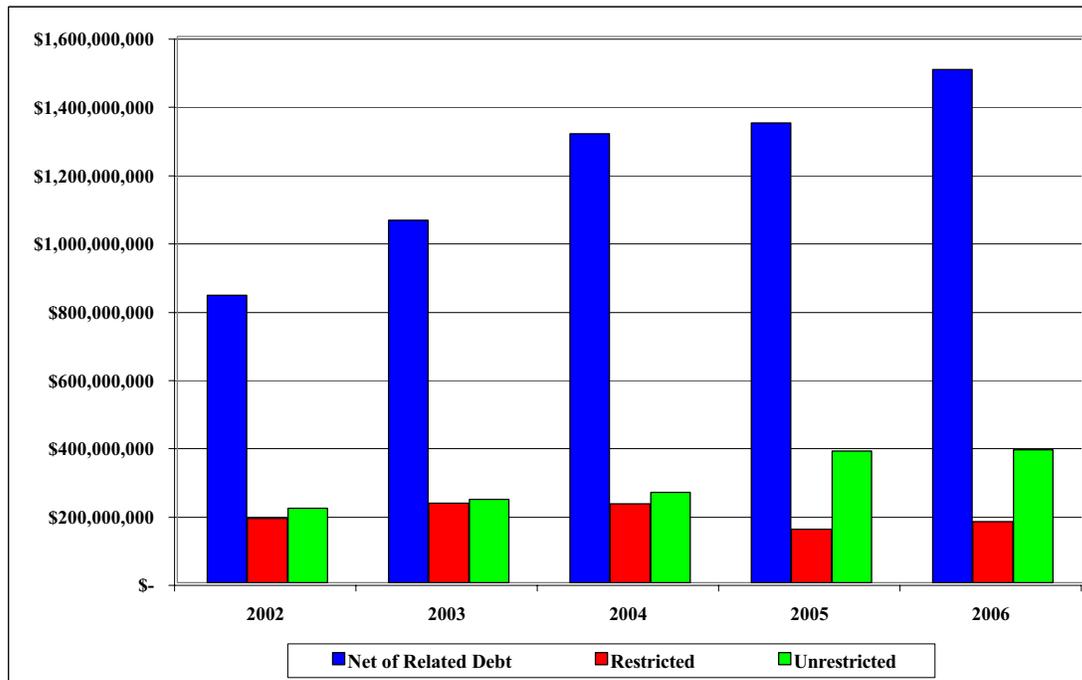
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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**CITY OF ROSEVILLE  
NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS  
(accrual basis of accounting)**



	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>Governmental activities</b>					
Invested in capital assets, net of related debt					
Restricted	\$487,758,224	\$501,785,076	\$540,714,647	\$579,757,919	\$664,131,414
Unrestricted	108,421,222	148,067,075	142,404,742	124,527,445	149,738,041
Unrestricted	50,482,829	63,933,275	73,230,549	89,038,317	109,395,679
Total governmental activities net assets	<u>\$646,662,275</u>	<u>\$713,785,426</u>	<u>\$756,349,938</u>	<u>\$793,323,681</u>	<u>\$923,265,134</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt					
Restricted	\$353,316,278	\$560,136,358	\$774,624,921	\$767,628,987	\$838,373,690
Unrestricted	79,252,497	85,285,040	89,408,729	31,082,339	28,178,946
Unrestricted	168,232,413	180,828,388	191,964,333	295,600,560	280,399,506
Total business-type activities net assets	<u>\$600,801,188</u>	<u>\$826,249,786</u>	<u>\$1,055,997,983</u>	<u>\$1,094,311,886</u>	<u>\$1,146,952,142</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt					
Restricted	\$841,074,502	\$1,061,921,434	\$1,315,339,568	\$1,347,386,906	\$1,502,505,104
Unrestricted	187,673,719	233,352,115	231,813,471	155,609,784	177,916,987
Unrestricted	218,715,242	244,761,663	265,194,882	384,638,877	389,795,185
Total primary government net assets	<u>\$1,247,463,463</u>	<u>\$1,540,035,212</u>	<u>\$1,812,347,921</u>	<u>\$1,887,635,567</u>	<u>\$2,070,217,276</u>

The City of Roseville implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Source: The City's Comprehensive Annual Financial Reports

**CITY OF ROSEVILLE  
CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
Governmental Activities:					
General Government	\$17,964,866	\$19,464,175	\$19,299,495	\$22,350,454	\$25,437,535
Community Development and Planning	6,289,024	9,250,195	10,370,401	10,131,568	11,893,312
Public Works	22,234,851	31,259,219	21,567,351	39,391,505	33,498,385
Police	15,521,608	17,630,323	19,351,991	22,761,768	24,500,396
Fire	9,888,898	11,601,885	12,768,918	15,226,498	16,435,774
Library	2,600,828	2,792,317	2,839,127	2,996,195	3,156,087
Parks and recreation	10,410,021	12,742,186	13,257,771	14,001,045	16,052,655
Community facilities districts	997,338	23,792,411			
Payments under developer agreements	2,270,481	2,406,806	2,607,608	3,093,615	
Housing assistance payments	2,027,930	2,541,178	3,127,150	3,050,762	2,974,236
Interest on long term debt	1,231,940	2,278,540	1,813,647	1,760,833	1,933,654
Total Governmental Activities Expenses	<u>91,437,785</u>	<u>135,759,235</u>	<u>107,003,459</u>	<u>134,764,243</u>	<u>135,882,034</u>
Business-Type Activities:					
Electric	91,181,747	71,539,423	69,630,286	93,061,537	97,101,941
Water	10,763,651	12,822,705	15,748,289	16,719,257	18,510,040
Wastewater	15,224,345	18,632,682	18,050,409	23,885,474	27,207,717
Solid Waste	13,253,807	10,927,735	11,614,060	12,749,998	14,220,731
Golf Course	2,529,029	2,545,069	2,365,048	2,473,835	2,479,378
Local Transportation	2,928,898	3,374,680	3,768,970	4,106,631	4,415,411
School-age Child Care	3,292,081	3,761,228	3,824,316	4,211,285	4,430,801
Total Business-Type Activities Expenses	<u>139,173,558</u>	<u>123,603,522</u>	<u>125,001,378</u>	<u>157,208,017</u>	<u>168,366,019</u>
Total Primary Government Expenses	<u>\$230,611,343</u>	<u>\$259,362,757</u>	<u>\$232,004,837</u>	<u>\$291,972,260</u>	<u>\$304,248,053</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$46,441	\$1,337,514	\$1,318,112	\$1,570,571	\$3,364,921
Community development and planning	1,021,175	1,753,229	2,988,881	3,652,829	4,312,464
Public Works	7,435,683	6,362,355	6,612,890	6,814,277	7,959,770
Police	1,003,793	1,698,465	1,581,324	2,009,281	1,900,144
Fire	406,127	554,019	945,366	1,082,211	1,253,881
Library	67	75,753	136,710	162,479	188,738
Parks and recreation	3,746,008	4,402,180	5,508,574	6,224,464	7,315,217
Community facilities districts		47,335			
Operating Grants and Contributions	7,413,016	7,007,583	8,476,255	9,449,752	7,717,503
Capital Grants and Contributions	78,415,634	72,499,797	35,094,840	41,143,945	113,531,406
Total Governmental Activities Program Revenues	<u>99,487,944</u>	<u>95,738,230</u>	<u>62,662,952</u>	<u>72,109,809</u>	<u>147,544,044</u>
Business-Type Activities:					
Charges for Services:					
Electric	72,397,572	79,906,500	94,387,590	98,949,341	102,772,594
Water	8,225,840	8,869,111	11,804,088	13,163,434	13,450,264
Wastewater	11,632,233	13,103,088	14,739,888	16,355,694	19,025,742
Solid Waste	12,175,022	13,859,409	14,678,394	15,244,048	17,558,492
Golf Course	2,583,468	2,468,170	2,436,735	2,564,469	2,747,851
Local Transportation	566,366	936,121	526,204	530,516	601,087
School-age Child Care	3,341,780	3,615,963	3,810,089	4,193,923	4,833,884
Operating Grants and Contributions	7,172,360	4,359,680	6,717,432	7,104,895	2,299,189
Capital Grants and Contributions	85,642,953	88,803,680	52,603,696	49,828,229	68,914,968
Total Business-Type Activities Program Revenue	<u>203,737,594</u>	<u>215,921,722</u>	<u>201,704,116</u>	<u>207,934,549</u>	<u>232,204,071</u>
Total Primary Government Program Revenues	<u>\$303,225,538</u>	<u>\$311,659,952</u>	<u>\$264,367,068</u>	<u>\$280,044,358</u>	<u>\$379,748,115</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$8,050,159	(\$40,021,005)	(\$44,340,507)	(\$62,654,434)	\$11,662,010
Business-Type Activities	64,564,036	92,318,200	76,702,738	50,726,532	63,838,052
Total Primary Government Net Expense	<u>\$72,614,195</u>	<u>\$52,297,195</u>	<u>\$32,362,231</u>	<u>(\$11,927,902)</u>	<u>\$75,500,062</u>

**CITY OF ROSEVILLE  
CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)  
(Continued)**

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:	\$60,265,780 (a)				
Licenses and permits	4,562,788				
Property taxes		\$16,812,259	\$20,101,838	\$26,548,498	\$30,867,256
Less Education Revenue Augmentation Fund Payment		(55,417)	(143,182)	(260,676)	
Sales taxes		34,678,592	38,031,918	40,973,365	42,642,034
Franchise taxes		657,865	954,396	1,060,903	1,267,707
Motor fuel taxes		1,880,505	1,775,122	1,897,211	3,116,638
Motor vehicle in lieu (Intergovernmental- unrestricted)		5,360,094	4,152,209	2,123,202	710,510
Utility Users Taxes		6,006,269 (b)			
Other Taxes		2,692,573	2,978,450	3,671,924	3,630,534
Use of money and property	6,509,896	6,856,853	2,992,312	5,631,061	8,077,599
Miscellaneous revenues	1,807,075	1,356,471	12,975	664,191	1,680,851
Transfers	12,245,181	12,024,203	15,605,538	17,318,498	23,582,576
Gain/(Loss) from sales of capital assets			92,324		2,703,738
Bond issuance premium			351,119		
Extraordinary Item:					
Litigation Settlement	(8,500,000)				
Total Governmental Activities	<u>76,890,720</u>	<u>88,270,267</u>	<u>86,905,019</u>	<u>99,628,177</u>	<u>118,279,443</u>
Business-Type Activities:					
Use of money and property	5,764,373	5,539,231	1,096,493	4,487,348	10,559,581
Miscellaneous revenue					1,825,199
Provision for disputed SCS charges				418,521	
Transfers	(12,245,181)	(12,024,203)	(15,605,538)	(17,318,498)	(23,582,576)
Gain/(Loss) from sales of capital assets			(227,334)		
Special Item		(13,300,000)	(7,394,906)		
Total Business-Type Activities	<u>(6,480,808)</u>	<u>(19,784,972)</u>	<u>(22,131,285)</u>	<u>(12,412,629)</u>	<u>(11,197,796)</u>
Total Primary Government	<u>\$70,409,912</u>	<u>\$68,485,295</u>	<u>\$64,773,734</u>	<u>\$87,215,548</u>	<u>\$107,081,647</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$84,940,879	\$48,249,262	\$42,564,512	\$36,973,743	\$129,941,453
Business-Type Activities	58,083,228	72,533,228	54,571,453	38,313,903	52,640,256
Total Primary Government	<u>\$143,024,107</u>	<u>\$120,782,490</u>	<u>\$97,135,965</u>	<u>\$75,287,646</u>	<u>\$182,581,709</u>

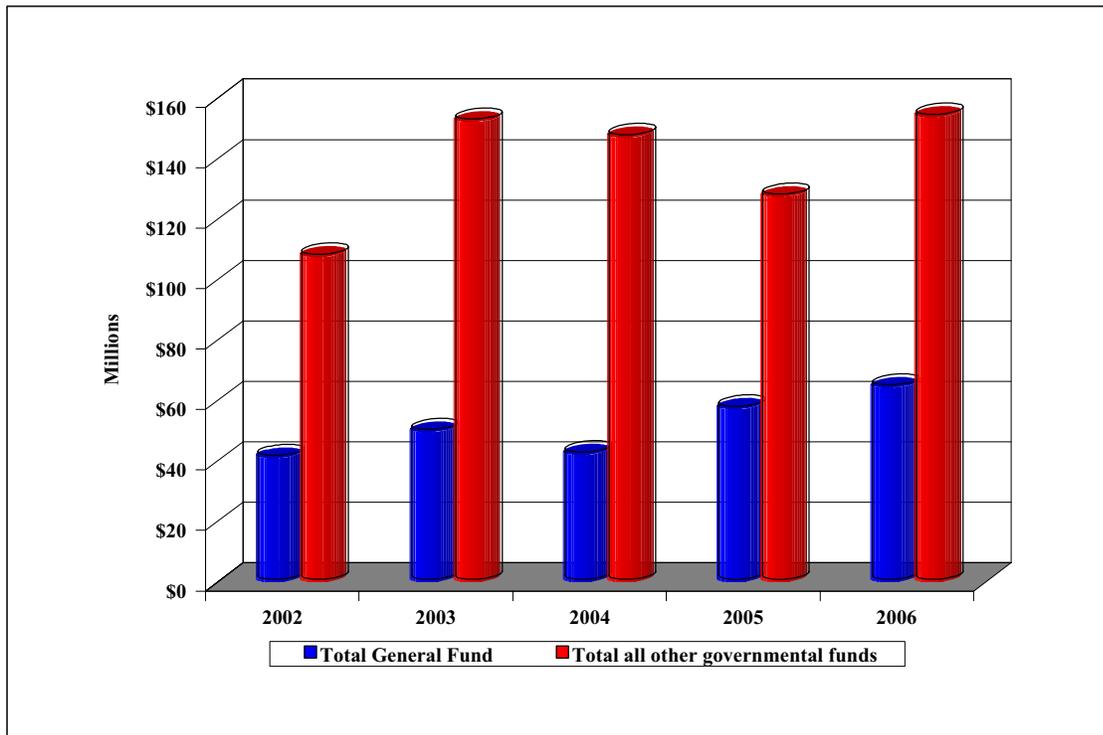
The City of Roseville implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

(a) In 2002 the taxes were combined as one total on the Statement of Activities.

(b) 2003 was the last year the City of Roseville collected a Utility Users Tax.

Source: The City's Comprehensive Annual Financial Reports

**CITY OF ROSEVILLE**  
**FUND BALANCES OF GOVERNMENT FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
General Fund					
Reserved	\$1,073,522	\$1,403,098	\$8,548,817	\$17,748,596	\$10,686,999
Unreserved	4,495,782	7,412,609	8,961,165	8,068,863	18,902,395
Total General Fund	<u>\$5,569,304</u>	<u>\$8,815,707</u>	<u>\$17,509,982</u>	<u>\$25,817,459</u>	<u>\$29,589,394</u>
All Other Governmental Funds					
Reserved	\$2,028,343	\$2,838,584	\$3,091,753	\$3,690,269	\$4,844,613
Unreserved, reported in:					
Special Revenue Funds	43,372,280	43,784,006	45,776,454	35,810,147	61,189,946
Capital Projects	7,143,919	8,548,642	23,119,340	46,830,294	28,561,048
Permanent Funds					
Total all other governmental funds	<u>\$52,544,542</u>	<u>\$55,171,232</u>	<u>\$71,987,547</u>	<u>\$86,330,710</u>	<u>\$94,595,607</u>

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$9,127,227	\$18,553,213	\$18,414,069	\$18,449,612	\$16,669,748
Unreserved	31,843,500	31,034,445	23,647,906	38,788,181	47,642,690
Total General Fund	<u>\$40,970,727</u>	<u>\$49,587,658</u>	<u>\$42,061,975</u>	<u>\$57,237,793</u>	<u>\$64,312,438</u>
All Other Governmental Funds					
Reserved	\$22,018,851	\$47,532,457	\$23,989,841	\$27,132,041	\$53,194,568
Unreserved, reported in:					
Special Revenue Funds	57,998,370	73,713,153	87,880,374	66,266,786	64,447,245
Capital Projects	11,448,839	14,958,485	19,522,248	17,733,928	19,807,821
Permanent Funds	16,014,323	16,061,477	15,725,381	16,318,672	16,425,999
Total all other governmental funds	<u>\$107,480,383</u>	<u>\$152,265,572</u>	<u>\$147,117,844</u>	<u>\$127,451,427</u>	<u>\$153,875,633</u>

The City of Roseville has elected to show only five years of data in the graph for this schedule.

Source: The City's Comprehensive Annual Financial Reports

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**CITY OF ROSEVILLE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
<b>Revenues</b>					
Taxes	\$30,729,846	\$35,431,655	\$39,152,089	\$46,414,028	\$56,621,766
Less Educational Revenue Augmentation					
Licenses, permits and fees	1,711,635	2,365,373	2,274,709	2,210,596	2,431,091
Charges for services	12,197,372	15,860,923	21,211,092	25,878,364	27,841,157
Subventions and grants	6,895,174	8,230,879	8,911,568	16,785,739	15,518,284
Use of money and property	3,873,805	4,618,397	4,267,319	6,779,306	9,064,978
Fine, forfeitures and penalties	256,322	250,569	345,121	354,984	465,239
Contributions from property owners					
Contributions from developers					
Miscellaneous revenues	2,523,383	317,954	727,239	434,172	1,302,877
<b>Total Revenues</b>	<u>58,187,537</u>	<u>67,075,750</u>	<u>76,889,137</u>	<u>98,857,189</u>	<u>113,245,392</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	14,225,324	12,879,952	19,144,670	19,020,015	16,185,257
Community development and planning					5,623,597
Public works	7,837,361	8,330,762	9,691,170	16,652,261	10,873,585
Public safety:	15,917,315	17,908,183	19,579,783	20,551,250	
Police					13,868,406
Fire					9,197,433
Library	1,748,321	1,787,070	1,971,818	2,014,063	2,345,854
Parks and recreation	5,953,813	6,300,621	6,810,633	7,095,673	9,679,890
Housing assistance payments	1,431,319	1,460,151	1,495,145	1,496,176	1,737,541
Capital outlay	14,596,616	20,443,080	31,175,155	62,874,445	52,834,535
Payments under development agreements					1,603,838
<b>Debt service:</b>					
Principal repayment	1,748,594	1,854,205	1,759,209	2,642,740	1,081,040
Interest and fiscal charges	1,486,852	1,374,491	1,334,312	1,262,038	1,295,452
<b>Total Expenditures</b>	<u>64,945,515</u>	<u>72,338,515</u>	<u>92,961,895</u>	<u>133,608,661</u>	<u>126,326,428</u>
Excess (deficiency) of revenues over (under) expenditures	(6,757,978)	(5,262,765)	(16,072,758)	(34,751,472)	(13,081,036)
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital lease		153,520	2,273,169	78,368	271,598
Proceeds from sale of property			69,456		1,200,000
Proceeds from debt issuance					
Transfers in	21,459,190	22,129,322	28,270,229	29,356,569	39,124,451
Transfers (out)	(10,994,253)	(13,323,930)	(19,086,499)	(20,521,671)	(29,175,395)
Payment to refunded bond escrow					
Contributions from property owners		1,622,414	25,669,689	45,162,789	8,224,249
Contributions from developers	1,058,692	554,532	4,387,304	3,326,057	2,186,771
Bond issuance premium					
<b>Total other financing sources (uses)</b>	<u>11,523,629</u>	<u>11,135,858</u>	<u>41,583,348</u>	<u>57,402,112</u>	<u>21,831,674</u>
<b>Net Change in fund balances</b>	<u>\$4,765,651</u>	<u>\$5,873,093</u>	<u>\$25,510,590</u>	<u>\$22,650,640</u>	<u>\$8,750,638</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

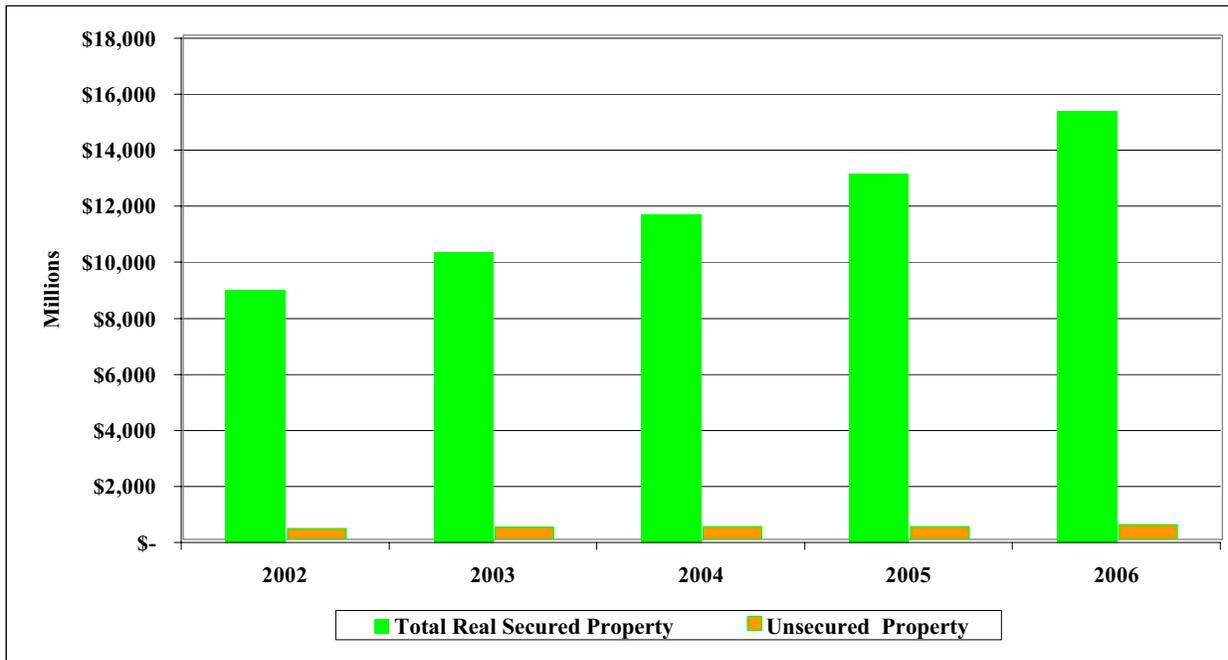
(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

Source: The City's Comprehensive Annual Financial Reports

**Fiscal Year Ended June 30,**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$61,361,572	\$64,866,117	\$65,815,061	\$75,900,403	\$82,770,691
	(55,417)	(143,182)	(260,676)	(323,743)
2,787,695	2,913,664	2,784,570	2,591,354	2,020,467
29,589,733	30,198,984	27,343,649	26,814,640	31,295,267
16,109,594	16,583,320	13,758,850	12,630,086	10,351,281
5,946,919	6,361,032	3,455,309	4,922,685	7,784,975
1,093,381	1,842,340	1,471,716	1,803,562	1,953,405
		2,574,635	7,841,639	92,645,369
		2,662,371	4,373,481	3,337,645
1,557,781	6,500,778	3,331,708	4,213,970	7,899,568
<u>118,446,675</u>	<u>129,210,818</u>	<u>123,054,687</u>	<u>140,831,144</u>	<u>239,734,925</u>
17,714,229	25,734,538	20,919,559	20,248,180	24,938,856
6,812,834	9,605,904	10,807,567	9,751,722	10,888,062
10,991,887	11,880,167	10,956,006	10,817,148	15,396,696
14,647,683	18,003,412	19,051,384	21,547,825	25,567,869
9,631,469	11,772,858	12,602,614	13,753,902	16,915,393
2,504,890	2,792,063	2,842,537	2,762,274	3,133,367
10,481,015	12,731,251	13,249,576	13,507,359	16,007,377
2,027,930	2,541,178	3,127,150	3,050,762	2,974,236
60,046,961	23,432,869	41,149,143	58,729,356	108,314,784
5,214,902	6,131,086	2,607,608	5,389,110	2,592,039
1,077,202	1,152,517	1,439,690	1,264,702	941,946
1,195,978	2,071,634	1,912,196	1,789,098	1,941,002
<u>142,346,980</u>	<u>127,849,477</u>	<u>140,665,030</u>	<u>162,611,438</u>	<u>229,611,627</u>
(23,900,305)	1,361,341	(17,610,343)	(21,780,294)	10,123,298
142,889			147,266	2,239,765
				3,503,467
	14,745,063	18,275,000		
27,126,928	38,559,850	27,934,748	26,116,934	38,439,158
(14,588,595)	(27,405,095)	(23,543,935)	(8,974,505)	(20,806,837)
		(18,080,000)		
34,173,448	3,568,579			
4,699,675	22,572,382			
		351,119		
<u>51,554,345</u>	<u>52,040,779</u>	<u>4,936,932</u>	<u>17,289,695</u>	<u>23,375,553</u>
<u>\$27,654,040</u>	<u>\$53,402,120</u>	<u>(\$12,673,411)</u>	<u>(\$4,490,599)</u>	<u>\$33,498,851</u>
2.8%	3.2%	3.5%	3.0%	2.4%

**CITY OF ROSEVILLE  
 ASSESSED VALUE AND ESTIMATED VALUE  
 OF TAXABLE PROPERTY  
 Last Five Fiscal Years**



Fiscal Year	Real Property				Total Real Secured Property
	Residential Property	Commercial Property	Industrial Property	Other	
2002	\$ 5,442,062,133	\$ 1,871,423,871	\$ 1,181,007,519	\$ 519,567,984	\$ 9,014,061,507
2003	6,466,979,581	2,219,573,719	1,101,028,754	583,119,381	10,370,701,435
2004	8,100,569,492	2,525,160,445	1,084,291,005	3,495,616	11,713,516,558
2005	9,317,201,508	2,820,484,542	997,687,641	38,320,792	13,173,694,483
2006	11,085,891,082	3,201,617,042	1,096,921,025	29,783,011	15,414,212,160

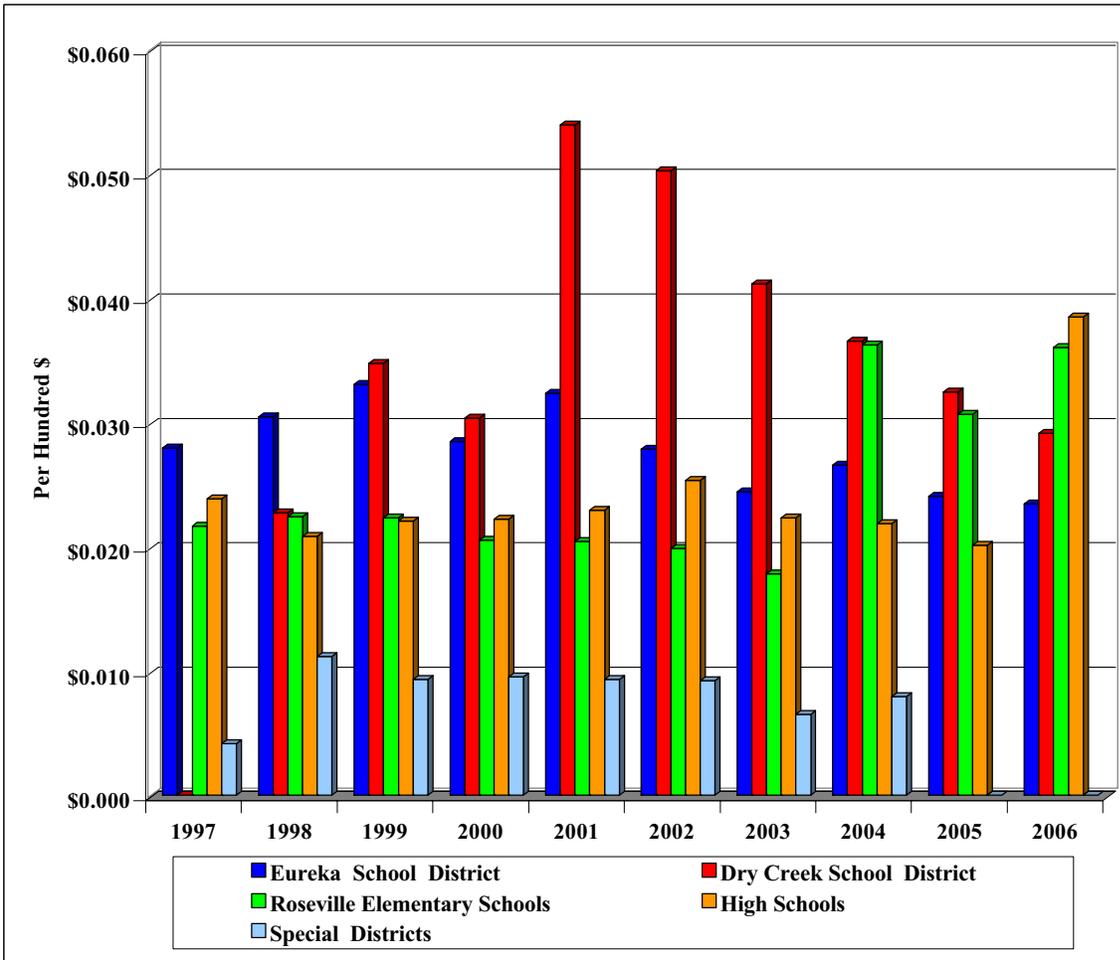
Fiscal Year	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2002	\$ 388,509,068	\$ 9,402,570,575	\$ 9,402,570,575	1%
2003	440,976,929	10,811,678,364	10,811,678,364	1%
2004	458,621,280	12,172,137,838	12,172,137,838	1%
2005	463,111,057	13,636,805,540	13,636,805,540	1%
2006	529,989,522	15,944,201,682	15,944,201,682	1%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Source: Placer County Assessor Office

**CITY OF ROSEVILLE  
PROPERTY TAX RATES  
ALL 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
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	1.1074
1999	1.0000	0.0330	0.0347	0.0223	0.0220	0.0093	1.1213
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	1.1323
2003	1.0000	0.0244	0.0411	0.0178	0.0223	0.0065	1.1121
2004	1.0000	0.0265	0.0365	0.0362	0.0218	0.0079	1.1289
2005	1.0000	0.0240	0.0324	0.0306	0.0201	N/A*	1.1071
2006	1.0000	0.0234	0.0291	0.0360	0.0384	N/A*	1.1269

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

Source: Placer County Tax Rates and Information

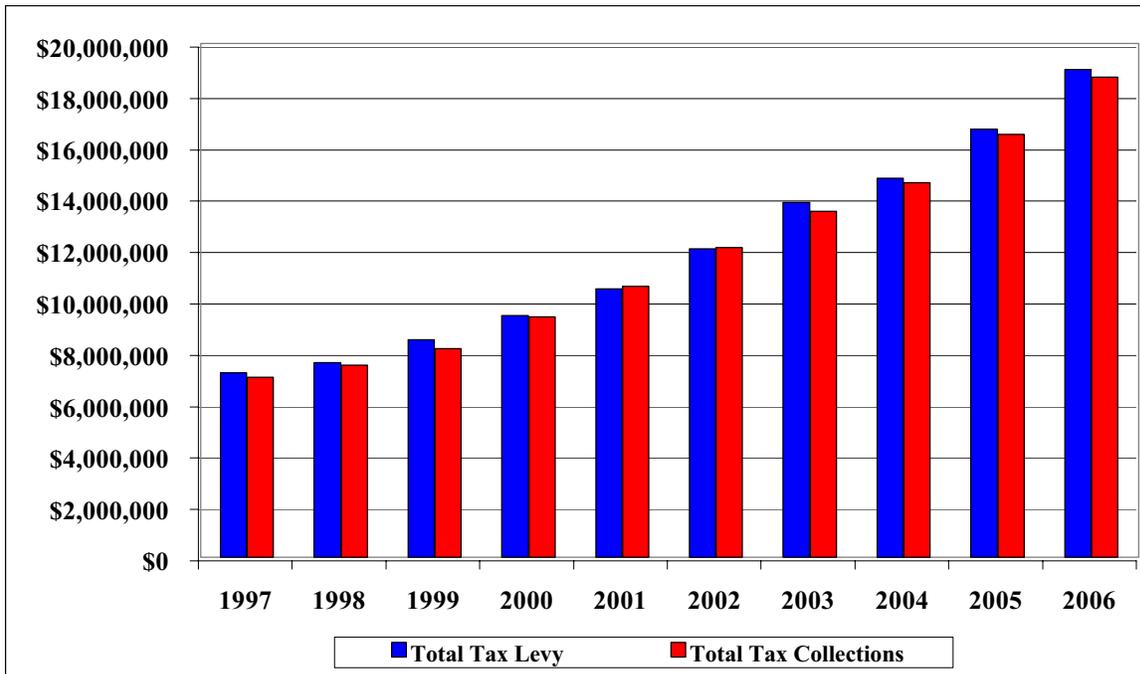
**CITY OF ROSEVILLE**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2006</u>		<u>1997</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Hewlett Packard Co.	\$345,594,132	2.59%	\$267,194,570	5.44%
NEC Electronics USA Inc.	261,564,162	1.96%	645,461,558	13.13%
Roseville Shoppingtown LLC	222,775,877	1.67%	-	0.00%
Kobra Properties	92,352,856	0.69%	-	0.00%
Walmart Stores	70,874,295	0.53%	-	0.00%
NNN Parkway Corporate Plaza LLC	62,923,000	0.47%	-	0.00%
SI VII LLC	56,348,950	0.42%	-	0.00%
Rosemead LLC	52,060,430	0.39%	-	0.00%
Haverhill Communities LLC	49,361,480	0.37%	-	0.00%
EOP Johnson Ranch Corp. Center II LLC	43,929,707	0.33%	-	0.00%
Del Webb California Corp.	-	0.00%	174,523,984	3.55%
Albertsons, Inc.	-	0.00%	40,440,202	0.82%
Johnson Ranch LP	-	0.00%	29,995,360	0.61%
Lincoln National Life	-	0.00%	26,822,134	0.55%
Spieker Properties	-	0.00%	21,105,447	0.43%
H.C. Elliott Inc.	-	0.0%	17,759,963	0.36%
Minnesota Mining & Mfg Co.	-	0.0%	16,750,675	0.34%
Olympus Corporate Center Assoc.	-	0.0%	16,350,952	0.33%
	<b><u>\$1,257,784,889</u></b>	<b><u>9.4%</u></b>	<b><u>\$1,256,404,845</u></b>	<b><u>25.57%</u></b>

2005-2006 Local Secured Assessed Valuation: \$13,337,959,442  
1996-1997 Local Secured Assessed Valuation: \$4,914,483,294

Source: California Municipal Statistics, Inc.

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



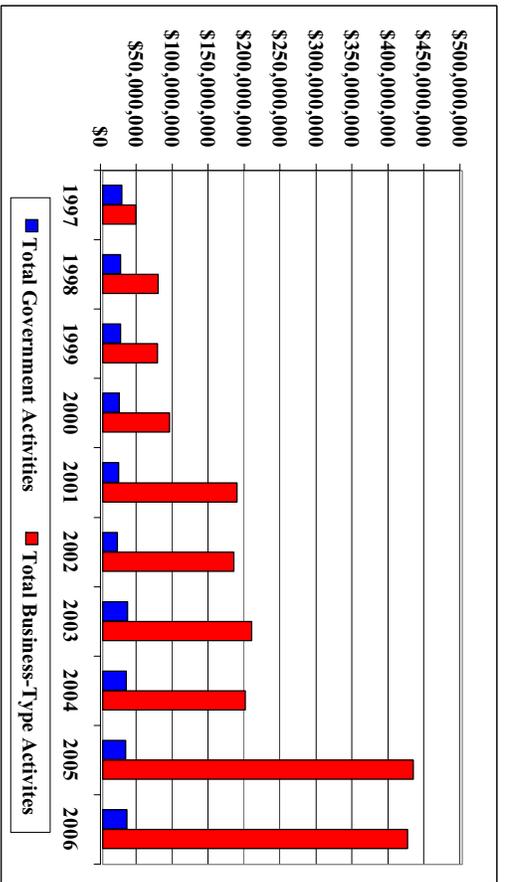
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (b)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1997	\$ 7,186,779	\$ 7,002,999	97.44%		\$ 7,002,999	97.44%
1998	7,579,293	7,480,287	98.69%		7,480,287	98.69%
1999	8,464,546	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%
2006	18,987,819	18,695,407	98.46%		18,695,407	98.46%

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.

- (a) Levies include real and personal property.
- (b) During fiscal year 1995 the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

Source: Placer County Department of Finance

**CITY OF ROSEVILLE**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**



Business-Type Activities

Fiscal Year	Business-Type Activities					Governmental Activities				
	Electric System Revenue	Golf Course Refunding Bonds	Water Utility Revenue	Wastewater Revenue Bonds	Sewer Serial Bond	Tax Allocation Bonds	Certificates of Participation	Installment Purchase Obligations	Other Long Term Obligations	Total
1997	\$5,455,000	\$9,250,000	\$33,000,000			\$14,500,000	\$22,290,000	\$3,996,276	\$114,423	\$26,400,699
1998	10,395,000	9,095,000	33,000,000			14,180,000	21,755,000	2,838,564	106,451	24,700,015
1999	8,995,000	8,930,000	33,000,000			13,960,000	21,200,000	3,915,965	98,010	25,213,975
2000	29,175,000	8,755,000	31,960,000			13,735,000	20,625,000	1,935,971	88,632	22,649,603
2001	27,665,000	8,575,000	30,875,000			13,735,000	20,025,000	1,582,504	78,779	21,686,283
2002	26,980,000	8,385,000	29,750,000	\$97,384,118		13,735,000	19,405,000	1,278,976	67,994	20,751,970
2003	40,774,524	8,185,000	28,575,000	96,346,762		13,735,000	18,755,000	1,077,800	11,716	34,344,516
2004	35,808,204	8,240,000	27,350,000	93,155,022		13,735,000	18,275,000	635,743	9,083	33,099,826
2005	273,325,043	7,945,000	26,075,000	92,390,603		13,735,000	17,710,000	306,140	6,250	31,982,390
2006	267,326,882	7,630,000	24,740,000	90,977,962		13,735,000	17,105,000	2,436,986	3,223	33,280,209
					\$5,085,000 [c]					
							Other Long Term Obligations			
							Total			
								Percentage of Placer County Personal Income [a]		
								Debt Per Capita [a]		

Note: Debt amounts exclude any premiums, discounts, or other amortization amounts.

[a] These ratios are calculated using personal income and population as shown on the Demographics Statistics page.

[b] Total personal income information not available.

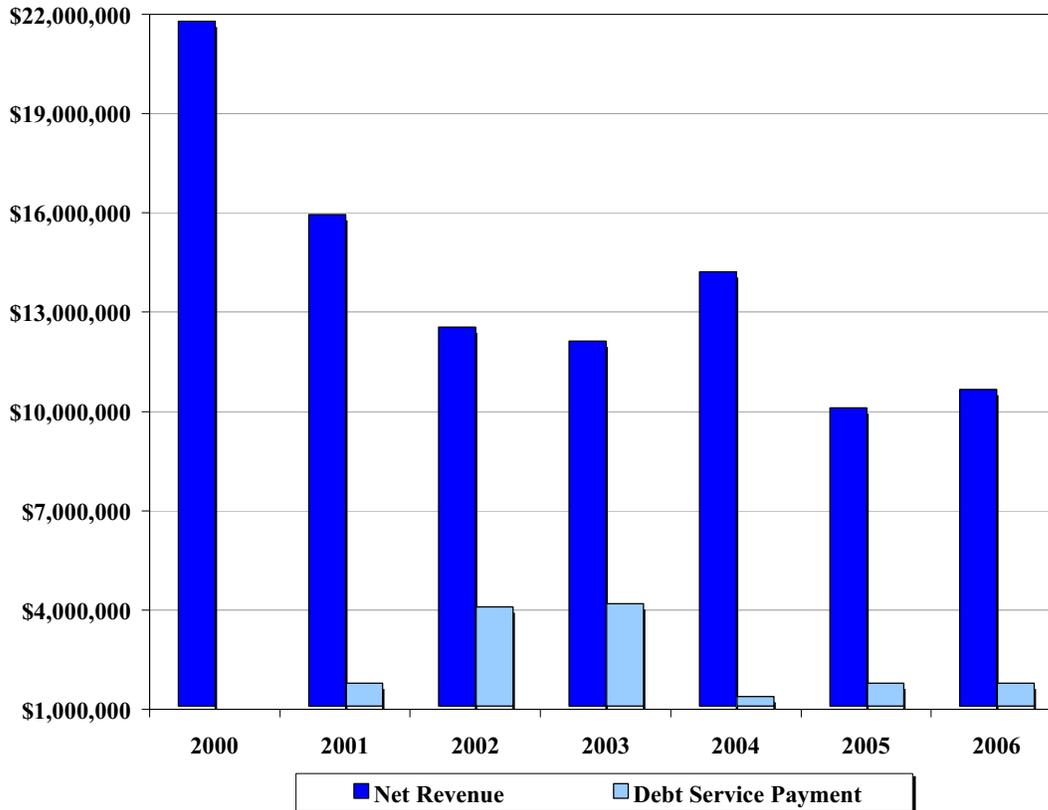
[c] Sewer Serial Bond obligation ended 12/1/2002.

Sources: The City's Comprehensive Annual Financial Reports

State of California, Department of Finance (population)

U.S. Department of Commerce, Bureau of the Census (income)

**CITY OF ROSEVILLE  
REVENUE BOND COVERAGE  
2000 WASTEWATER REVENUE BONDS - SERIES A  
LAST SEVEN 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	-	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
2006	25,000,567	14,436,863	10,563,704	1,337,999	347,589	1,685,588	6.27

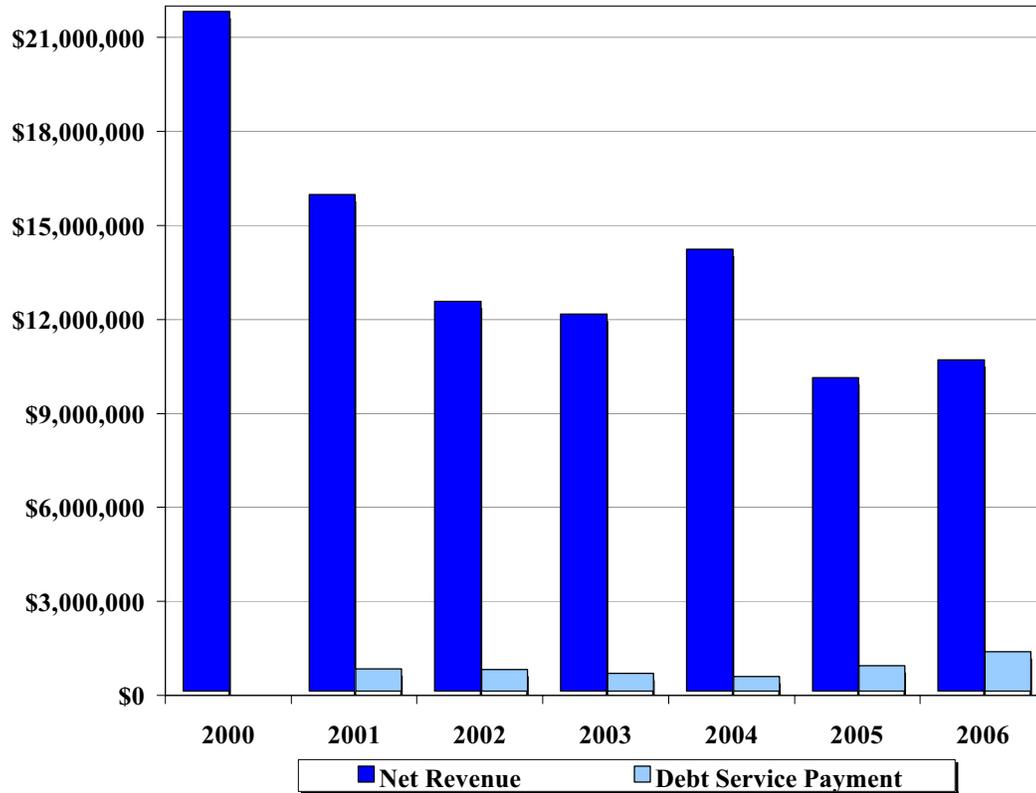
Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue

(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 - SERIES B**  
**LAST SEVEN FISCAL YEARS**



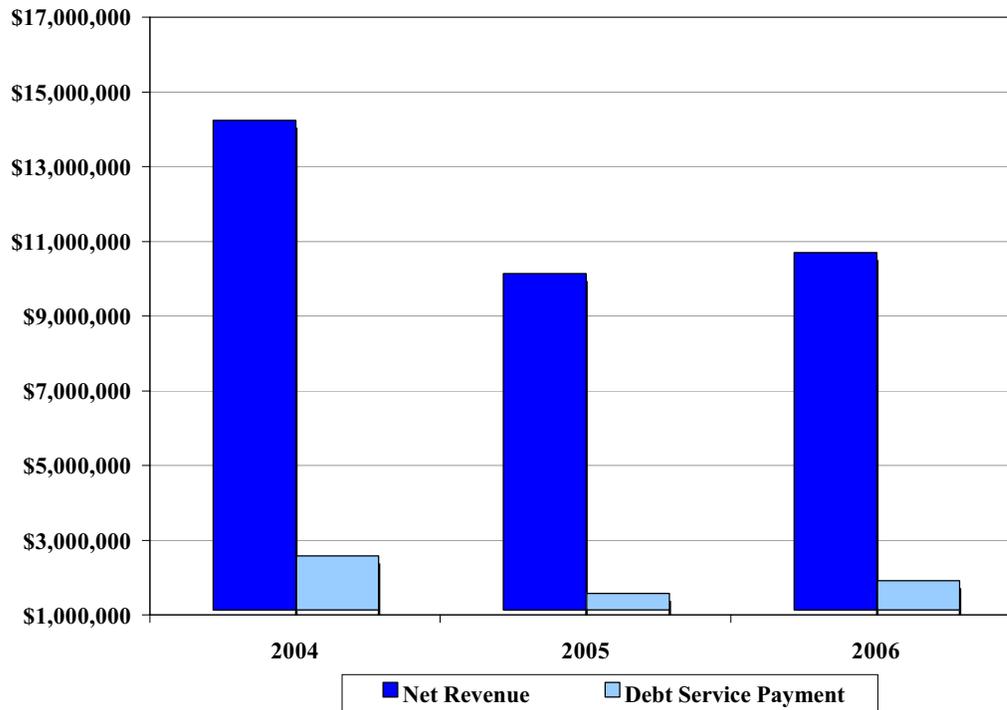
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$28,429,548	\$6,733,043	\$21,696,505	\$0	\$0	\$0	
2001	25,428,386	9,573,817	15,854,569	0	709,607	709,607	22.34
2002	24,695,978	12,245,420	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
2006	25,000,567	14,436,863	10,563,704	0	1,252,978	1,252,978	8.43

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 BOND  
LAST THREE FISCAL YEARS**

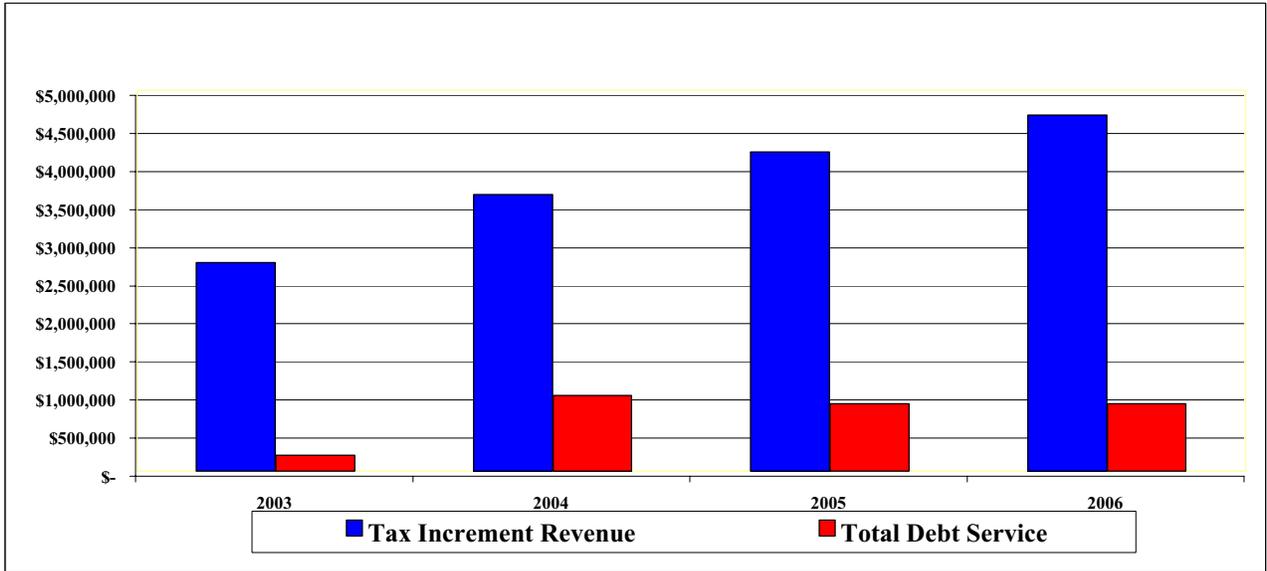


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$24,313,564	\$10,199,806	\$14,113,758	\$866,720	\$1,579,805	\$2,446,525	5.77
2005	23,385,997	13,383,537	10,002,460	325,020	1,120,561	1,445,581	6.92
2006	25,000,567	14,436,863	10,563,704	338,563	1,441,948	1,780,511	5.93

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

Source: City of Roseville Annual Financial Statements

**CITY OF ROSEVILLE  
2002 REDEVELOPMENT TAX ALLOCATION BONDS  
Last Three Fiscal Years**



Fiscal Year	Debt Service Requirements					Coverage
	Tax Increment Revenue	Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	
2003	\$ 2,740,656.14	\$ -	\$ 205,692.08	\$ 205,692.08	\$ 14,500,000.00	13.32%
2004	3,630,050.00	320,000.00	674,550.00	994,550.00	14,180,000.00	3.65%
2005	4,190,987.00	220,000.00	666,450.00	886,450.00	13,960,000.00	4.73%
2006	4,673,904.00	225,000.00	659,775.00	884,775.00	13,735,000.00	5.28%

Source: City of Roseville Redevelopment Department

**CITY OF ROSEVILLE**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2006**

2005-06 Assessed Valuation:	\$13,814,355,842
Redevelopment Incremental Valuation:	<u>539,232,807</u>
Adjusted Assessed Valuation:	\$13,275,123,035

	Total Debt 6/30/2006	Percentage Applicable To City of Roseville (1)	Amount Applicable To City of Roseville
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Roseville Joint Union High School District	\$60,249,260	72.838%	\$43,884,356
Center Joint Unified School District	19,120,550	0.07200%	13,767
Rocklin Unified School District	89,220,692	0.013%	11,599
Dry Creek Joint School District	17,763,042	59.463%	10,562,438
Eureka Union School District	9,418,163	37.941%	3,573,345
Roseville City School District	39,203,085	97.636%	38,276,324
City of Roseville Community Facilities Districts	295,475,000	100.000%	295,475,000
City of Roseville 1915 Act Bonds	1,785,000	100.000%	1,785,000
California Statewide Communities Development Authority Assessment District No. 04-01	3,590,000	55.216%	1,982,254
California Statewide Communities Development Authority Assessment District No. 05-01	10,645,000	6.701%	713,321
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>\$ 396,277,404</u></b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>			
Placer County Certificates of Participation	\$22,855,000	30.466%	\$6,963,004
Placer County Office of Education Certificates of Participation	2,885,000	30.466%	878,944
Sierra Joint Community College District Certificates of Participation	10,700,000	22.764%	2,435,748
Roseville Joint Union High School District Certificates of Participation	5,995,000	72.838%	4,366,638
Center Joint Unified School District	9,110,779	0.072%	6,560
Eureka Union School District Certificates of Participation	7,105,000	37.941%	2,695,708
Roseville City School District Certificates of Participation	18,825,000	97.636%	18,379,977
<b>City of Roseville Certificates of Participation</b>	<b>24,735,000</b>	<b>100.000%</b>	<b><u>24,735,000</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b><u>\$ 60,461,579</u></b>
<b>COMBINED TOTAL DEBT</b>			<b><u>\$ 456,738,983</u></b> (2)

(1) Percentage of each overlapping agency's assessed valuation located within the boundaries of the city.

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

Ratios to 2005-06 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.87%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$24,735,000) 0.19%**

Combined Total Debt 3.44%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics, Inc.

**CITY OF EXAMPLE  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2006**

ASSESSED VALUATION:

Secured property assessed value, net of  
exempt real property \$13,337,959,442

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$500,173,479

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 0

Amount of debt subject to limit 0

LEGAL BONDED DEBT MARGIN \$500,173,479

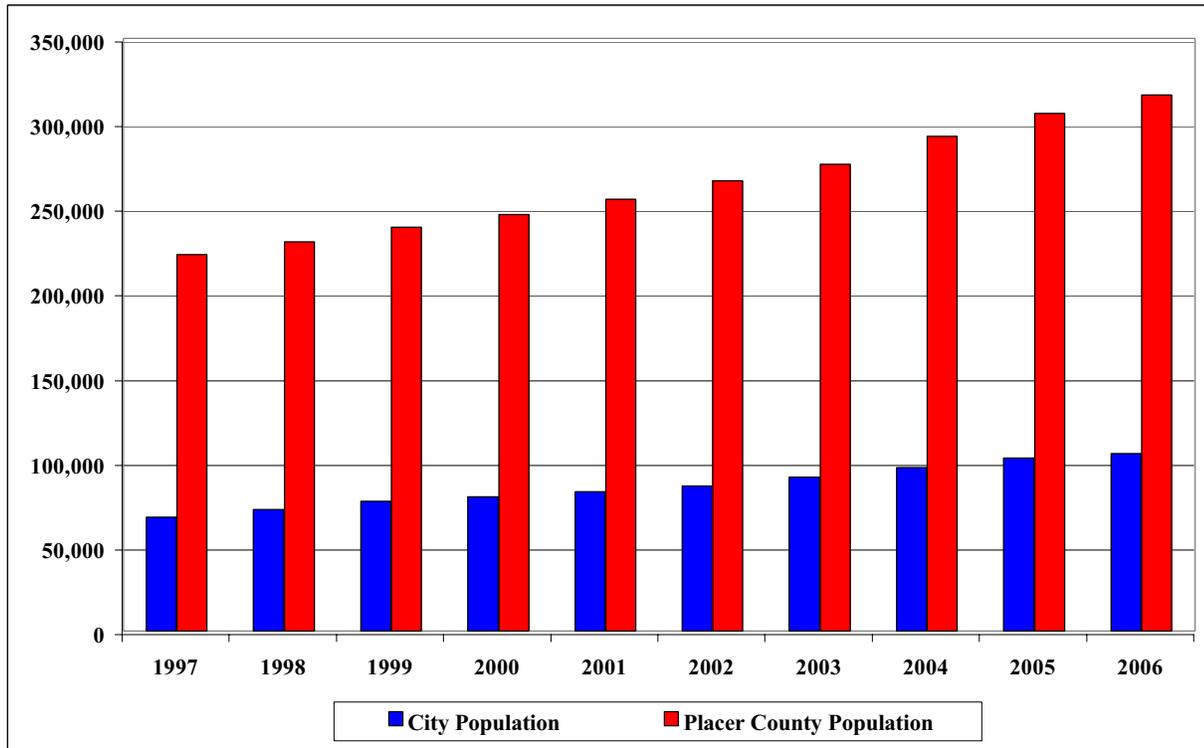
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2003	\$358,392,538	0	\$358,392,538	0.00%
2004	394,584,662	0	394,584,662	0.00%
2005	445,276,653	0	445,276,653	0.00%
2006	500,173,479	0	500,173,479	0.00%

NOTE: The City of Roseville began preparing a CAFR in fiscal year 2003.

- (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.

Source: City of Roseville Finance Department

**CITY OF ROSEVILLE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**



Fiscal Year	City of Roseville Population	Placer County Total Personal Income (a)	Placer County Per Capita Personal Income	Unemployment Rate (%)	Placer County Population	City Population % of County
1997	67,400	\$ 6,797,591	\$ 30,597	4.9%	222,300	30.32%
1998	71,600	7,551,358	32,665	4.3%	229,700	31.17%
1999	76,700	8,346,248	34,642	3.4%	238,300	32.19%
2000	79,300	9,153,080	36,419	3.6%	246,100	32.22%
2001	82,200	9,815,673	37,066	3.9%	255,100	32.22%
2002	85,800	10,209,270	36,604	4.8%	265,700	32.29%
2003	90,700	10,946,842	37,303	4.9%	275,600	32.91%
2004	96,600	11,933,069	38,958	4.5%	292,235	33.06%
2005	102,191	(b)	(b)	4.0%	305,675	33.43%
2006	104,655	(b)	(b)	(b)	316,508	33.07%

(a) In thousands of dollars  
(b) Information not available.

Source: Bureau of Economic Analysis and  
State of California Department of Finance  
State of California Employment Development Department

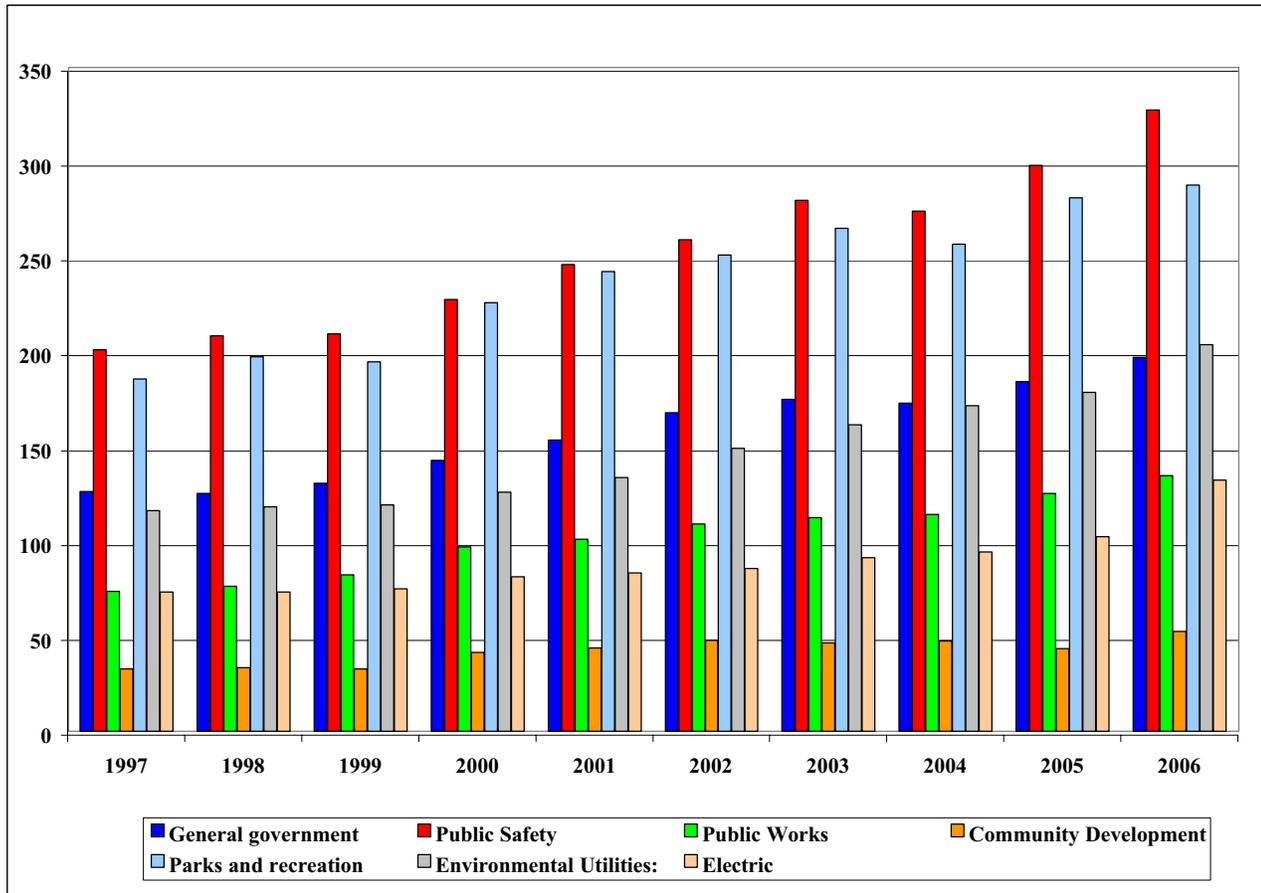
**CITY OF ROSEVILLE  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2006</b>			<b>1997</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employees</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employees</b>
Hewlett-Packard	3,857	1	4.9%	4,200	1	10.0%
Kaiser Permanente	3,062	2	3.9%	661	7	1.6%
Sutter Roseville Medical Center	1,922	3	2.5%	1,300	3	3.1%
Union Pacific Railroad	1,328	4	1.7%	1,038	4	2.5%
City of Roseville	1,233	5	1.6%	749	5	1.8%
Roseville Joint Union High School District	975	6	1.3%	515	8	1.2%
Roseville Elementary School District	840	7	1.1%	520	9	1.2%
NEC Electronics	800	8	1.0%	2,200	2	5.2%
PRIDE Industries	800	9	1.0%	-	-	-
Wal-Mart	690	10	0.9%	-	-	-
Roseville Communications	-	-	-	520	6	1.2%
Subtotal	<u>15,507</u>		<u>19.9%</u>	<u>11,703</u>		<u>27.9%</u>
Total Employment*	<u>78,000</u>			<u>42,000</u>		

\*Total Employment as used above represents the total employment of all employees located within the City limits.

Source: City of Roseville Economic and Community Services Department

**CITY OF ROSEVILLE**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**



Adopted for Fiscal Year Ended June 30,

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Function</b>										
General government	126.48	125.44	130.69	142.92	153.42	167.81	175.06	172.95	184.23	197.23
Public Safety	201.16	208.64	209.64	227.59	246.07	259.07	280.07	274.24	298.43	327.46
Public Works	73.70	76.50	82.50	97.31	101.29	109.29	112.54	114.29	125.29	134.77
Community Development	32.98	33.50	33.00	41.50	44.00	48.00	46.74	47.63	43.63	52.63
Parks and recreation	185.70	197.39	194.84	225.81	242.50	251.09	265.33	256.83	281.12	287.86
Environmental Utilities:	116.42	118.42	119.42	125.92	133.84	149.09	161.47	171.57	178.82	203.74
Electric	73.50	73.50	75.00	81.46	83.46	85.80	91.46	94.46	102.46	132.46
<b>Total</b>	<b>809.94</b>	<b>833.39</b>	<b>845.09</b>	<b>942.51</b>	<b>1,004.58</b>	<b>1,070.15</b>	<b>1,132.67</b>	<b>1,131.97</b>	<b>1,213.98</b>	<b>1,336.15</b>

Source: City of Roseville Annual Budget

**CITY OF ROSEVILLE**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Five Fiscal Years**

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Public safety:</b>					
Fire:					
Number of medical emergencies answered	5,016	5,063	5,234	5,228	6,458
Number of Haz-Mat alarms answered	132	151	126	134	413
Total Number of alarms answered	7,675	7,730	8,390	8,023	9,784
Police:					
Law violations:					
Physical arrests (adult and juvenile)	4,460	4,652	4,120	5,578	7,602
Traffic citations	10,607	19,432	11,382	15,260	18,587
Public works:					
Total building permits issued	5,263	5,663	5,718	4,434	5,703
Total square feet of street maintenance performed	4,478,876	5,202,440	3,174,672	9,529,760	3,763,328
Park and recreation:					
Community Services:					
Number of participants in Cultural Art classes	5,029	4,767	6,582	3,029	3,447
Total attendance to aquatic facilities	309,995	331,561	361,104	271,377	234,542
Library:					
Number of materials checked out	490,676	508,809	510,421	554,174	627,317
Water:					
Average Daily Consumption (in gallons)	N/A	26.6M	28.77M	26.82M	27.26M
Number of meters sold	2,543	1,720	1,870	1,987	1,800
Number of backflow devices tested	2,905	3,644	3,817	4,122	3,836
Wastewater:					
Number of miles of sewer mains flushed	373	401	419	448	427
Total preventative work orders completed	2,667	2,599	2,192	3,107	7,065
Solid Waste:					
Number of incoming phone calls	22,621	37,954	37,943	22,684	23,672
Tons of solid waste collected	83,463	95,151	99,082	98,910	102,370
Electric:					
Number of customers participating in energy efficiency programs	2,682	1,231	2,124	2,793	3,123
Number of trees planted (Shade Tree Program)	1,175	1,065	836	625	621

Note: The Library totals include Main Library, Maidu Library and Bookmobile  
In 2002 & 2003 the wastewater treatment plant was still under construction

Source: City of Roseville Quarterly Performance Report

**CITY OF ROSEVILLE**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Four Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Function/Program</b>				
Public safety:				
Fire stations	6	6	7	7
Police stations	1	1	1	1
Police patrol units	63	75	97	110
Public works:				
Miles of streets	400	428	432	455
Number of Traffic Lights	134	133	135	141
Park and recreation:				
Community services:				
City parks	40	40	48	53
Miles of creek	n/a	57	57	60
Golf courses (18 holes)	2	2	2	2
Swimming pools	4	4	4	4
Tennis courts	12	12	12	12
Library:				
City Libraries	2	2	3	3
Water				
Miles of water mains	450	480	494	506
Fire hydrants	3,653	4,499	3,881	3,978
Wastewater				
Miles of sanitary sewers	600	600	460	447
Miles of storm drain	410	420	352	435
Solid Waste:				
Number of new residential refuse customers	2,137	1,490	1,062	705
Electric:				
Number of residential customers	38,054	40,312	41,883	43,001
Number of commercial customers	4,720	5,101	5,410	5,523

*Source: City of Roseville Department Staff*

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