

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007



**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

**Prepared by
FINANCE DEPARTMENT**

This Page Left Intentionally Blank

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For The Year Ended June 30, 2007

INTRODUCTORY SECTION:

Table of Contents i

Letter of Transmittal v

Organization Chart..... xii

Elected Officials..... xiii

GFOA Certificate..... xiv

FINANCIAL SECTION:

Independent Auditor’s Report on Basic Financial Statements 1

Management’s Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 22

Statement of Activities 23

Fund Financial Statements:

Governmental Funds:

Balance Sheet..... 26

Reconciliation of Governmental Funds – Fund Balance with
Governmental Activities Net Assets 27

Statement of Revenues, Expenditures, and Changes in Fund Balances..... 28

Reconciliation of the Net Change in Fund Balances Total Governmental
Funds with the Changes in Net Assets of Governmental Activities 29

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual: 30

Redevelopment Agency Fund Statement of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual: 32

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For The Year Ended June 30, 2007

FINANCIAL SECTION (Continued):

Major Proprietary Funds:

Statement of Net Assets.....	34
Statement of Revenues, Expenses and Changes in Fund Net Assets	36
Statement of Cash Flows	38

Fiduciary Funds:

Statement of Fiduciary Net Assets	42
Statement of Changes in Net Assets.....	43

Notes to Financial Statements.....	45
------------------------------------	----

1. Summary of Significant Accounting Policies	45
2. Budgets and Budgetary Accounting.....	51
3. Cash and Investments	53
4. Interfund Transactions.....	59
5. Notes Receivable.....	61
6. Deferred Receivables	63
7. Development Agreements and Land Held for Redevelopment.....	63
8. Capital Assets.....	65
9. Long Term Debt	69
10. Debt Without City Commitment	77
11. Net Assets and Fund Balances	78
12. Pension Plan	79
13. Risk Management.....	81
14. Prepaid Purchased Electricity.....	82
15. Northern California Power Agency (NCPA)	83
16. South Placer Wastewater Authority (SPWA)	87
17. Municipal Solid Waste Landfill Closure and Postclosure Care Costs	88
18. Commitments and Contingent Liabilities.....	88
19. Gas Supply Acquisition and Resale	89

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For The Year Ended June 30, 2007

SUPPLEMENTAL INFORMATION SECTION:

Required Supplementary Information:

Modified Approach to Reporting Street Pavement, Costs and Parks and Landscaping Costs 91

Supplemental Information:

Non-major Governmental Funds:

Combining Balance Sheet 96

Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances 102

Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances-Budget and Actual 108

Internal Service Funds:

Combining Statement of Net Assets 118

Combining Statement of Revenues, Expenses and Changes in Net Assets 120

Combining Statement of Cash Flows 122

Agency Funds:

Statement of Changes in Assets and Liabilities 128

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For The Year Ended June 30, 2007

STATISTICAL SECTION:

Net Assets by Components– Last Five Fiscal Years	141
Changes in Net Assets – Last Five Fiscal Years	142
Fund Balances of Governmental Funds – Last Ten Fiscal Years	144
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	146
Assessed Value and Estimated Value of Taxable Property – Last Five Fiscal Years	148
Property Tax Rates – All Overlapping Governments Last Ten Fiscal Years	149
Principal Property Tax Payers – Current Year and Nine Years Ago	150
Property Tax Levies and Collections – Last Ten Fiscal Years	151
Electric Customers, Rates and Revenues	152
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	153
Revenue Bond Coverage	
2000 Wastewater Revenue Bonds – Series A– Last Eight Fiscal Years	154
2000 Variable Rate Demand Wastewater Revenue Bonds – Series B – Last Eight Fiscal Years	155
2003 Refunding Auction Rate-Synthetic Fixed Wastewater Revenue Bonds – Last Four Fiscal Years	156
2002 Redevelopment Tax Allocation Bonds – Last Five Fiscal Years	157
2006A Redevelopment Tax Allocation Bonds	158
2006AT Redevelopment Tax Allocation Bonds	159
2006HT Redevelopment Tax Allocation Bonds	160
Computation of Direct and Overlapping Debt	161
Computation of Legal Bonded Debt Margin Information	162
Demographic and Economic Statistics – Last Ten Fiscal Years	163
Principal Employers – Current Year and Nine Years Ago	164
Full-Time Equivalent City Employees by Function – Last Ten Fiscal Years	165
Operating Indicators by Function/Program – Last Five Fiscal Years	166
Capital Asset Statistics by Function/Program – Last Four Fiscal Years	167



Finance

311 Vernon Street
Roseville, California 95678-2649

December 21, 2007

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, 2007. 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 economic growth has been mixed this past year. While the housing slowdown continued to impact development-related departments in terms of permit and impact fee revenues, development in the commercial sector remained strong. Roseville's overall general fund revenues were at budgeted levels in total; however, there was a slowdown in sales tax revenues that may impact the City in the coming years. This slowdown was driven primarily by weaknesses in new car and retail hardware sales (see discussion below). Property-tax growth remained strong in FY 2007, bolstering the City's overall budget.

Even with the difficulty in the housing market and sales tax revenue, the City continues to provide a high quality of service. Efforts to diversify revenues sources are starting to have an impact and should strengthen the City's economic position in coming years. While the City's general fund primarily relies on sales taxes, property-related taxes, and user charges for a majority of its revenue, the hotel sector has grown and should provide revenue growth in the next several years. Additionally, the City has instituted a Mello-Roos Community Facilities District (CFD) special tax in new specific plans and for lands that have been rezoned from non-residential to residential land uses. These revenues are growing, and will be a major revenue source as the newer areas of the City develop.

Job growth remains a vital part of the City's economy. The City's well-diversified employer base helps keep the local economy strong. Employment growth increased by over 1,000 in 2007, to a total employment base of 78,900. The City remains strong in medical, manufacturing, regional office, and retail sectors.

The City-owned utilities continued to perform well throughout the year. The electric department neared completion of a gas-fired electric plant. This will serve to diversify resources needs and strengthen the reliability for delivery of electricity. In conjunction with this, the City pre-paid for 20 years of natural gas for the plant. This will provide index-priced gas at a fixed discount to the City and help control the plant's operating costs. The water utility is also nearing completion of an expansion of its water treatment plant to 100 million gallons per day (MGPD).

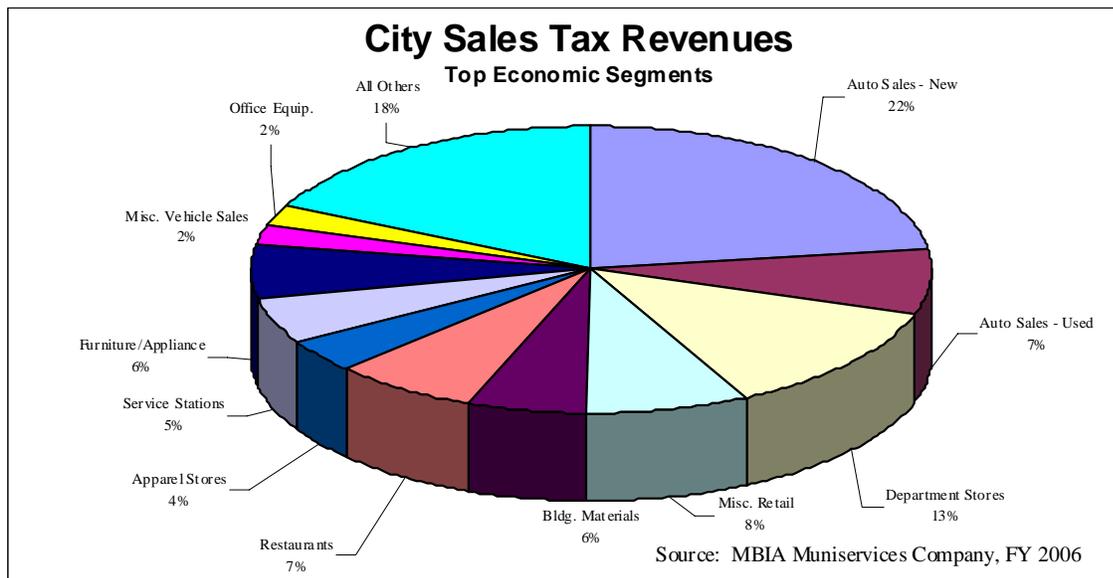
The long-term outlook for the City's economy is good. The housing market, while slow, continues to produce new housing, the non-residential sector remains strong, and the existing businesses continue to perform well overall.

The economic issues that are likely to affect City services include the length of time to recover sales tax growth and the impact of increased regional competition in the sales tax arena. Expansion of the regional mall and development of the Fountains shopping center should help to stabilize this sector.

Property taxes should continue to grow; however, at a lower pace than experienced in the last ten years. This is likely to require adjustments in the City's expenditures to match lowered growth in revenues. The City is responding to this challenge, and is unlikely to experience unplanned cutbacks in service.

Top Sales Tax Generators by Economic Segment

The chart below provides an overview of the City's sales tax revenue by economic segment. There were sectors that experienced increases as well as sectors that experienced decreases in fiscal year 2007. 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. Combined, new and used auto sales comprise 29.1 percent of total sales tax revenues.



Major Activity in the City

Many of the major activities initiated and completed in fiscal year 2007 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, or neared completion, 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 commercial development—up over 25 percent—and industrial development—slightly increased, but at a much slower pace in business professional development. This is due in part to the large amount of growth in the business professional area in 2006; absorption of that additional space is required before a significant amount of new space is added. On the residential side, single-family development permits are up over 2006. This reflects that commitment to the area by developers, and the continuing attractiveness of the area to home buyers. On the multi-family side, only 10 permits were pulled, reflecting a slowdown based on the current economy and reflective of the great number of multi-family units over the last several years. The table below provides a summary of the City's major development activity in the 2007 fiscal year.

Development Type	Number of Permits	New Square Feet Occupied
Single-Family Residential	942	
Multi-Family Development	10	
Industrial Development		340,523
Commercial Development		452,785
Business Professional		197,215

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. Permitted investments, 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 4.77% on the City's month-end average investment balances. This compared with a return of 3.89% in the prior year. As of June 30, 2007, the yield to market of outstanding investments was 4.95%. This increase was the result of an overall rising interest rate environment. Investment income includes changes in the fair value of investments. Decreases in fair market value during the current year do not necessarily represent trends that will continue. The City's policy is to hold investments to maturity, and to limit sales of securities to those that show gains in market value.

LONG-TERM FINANCIAL PLANNING

The City of Roseville has consistently planned its budgets with an eye to the long-term needs of the City. This is accomplished through the establishment of several funds that serve to direct City revenues to long-term financial needs. This ensures that funding is available for needs as they arise. These funds include:

Operating Reserves: The City maintains an operating reserve in its General Fund of 10 percent of operating expenses. Additionally, the City attempts to maintain a similar operating reserve in all of the City-owned utilities. This guards against impacts from sudden changes in revenues.

Rate Stabilization Funds: The Electric Department maintains a rate stabilization fund targeted at a minimum of 60 percent of operating expenses. This allows the City time to react with major changes to the cost of electricity without having to impose an emergency rate increase. Rate stabilization funds are also used in the Environmental Utilities to help ease the impacts of rate increases over a period of years.

CIP Rehabilitation Fund: The City has set aside approximately \$11 million in a CIP Rehabilitation Fund for the purpose of maintaining the City's investments in buildings and park facilities. These funds are used to provide necessary maintenance and improvements to City-owned facilities. The Council's goal is to increase this balance of this fund to at least \$25 million, with the long-term purpose of creating an endowment that will not require annual budget contributions.

Automotive Replacement Fund: The City funds the cost of replacement vehicles over the useful life of the vehicle. This ensures that monies are available to keep the City's vehicle fleet properly and safely operating.

Strategic Improvement Fund: The City developed a fund several years ago that provides Council with funds that can be used for periodic, strategic investments on behalf of the City. This fund has been used to acquire land and has been targeted to fund a portion of a conference center in the City.

Post-Retirement Insurance/Accrual Fund: This fund was set up in 2002 to begin setting aside monies to address the City's long-term liability for post-retirement health benefits. In addition to one time money that was transferred into this fund, the City has transferred 3 percent of the total cost of salaries for the last several years.

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, 2006. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

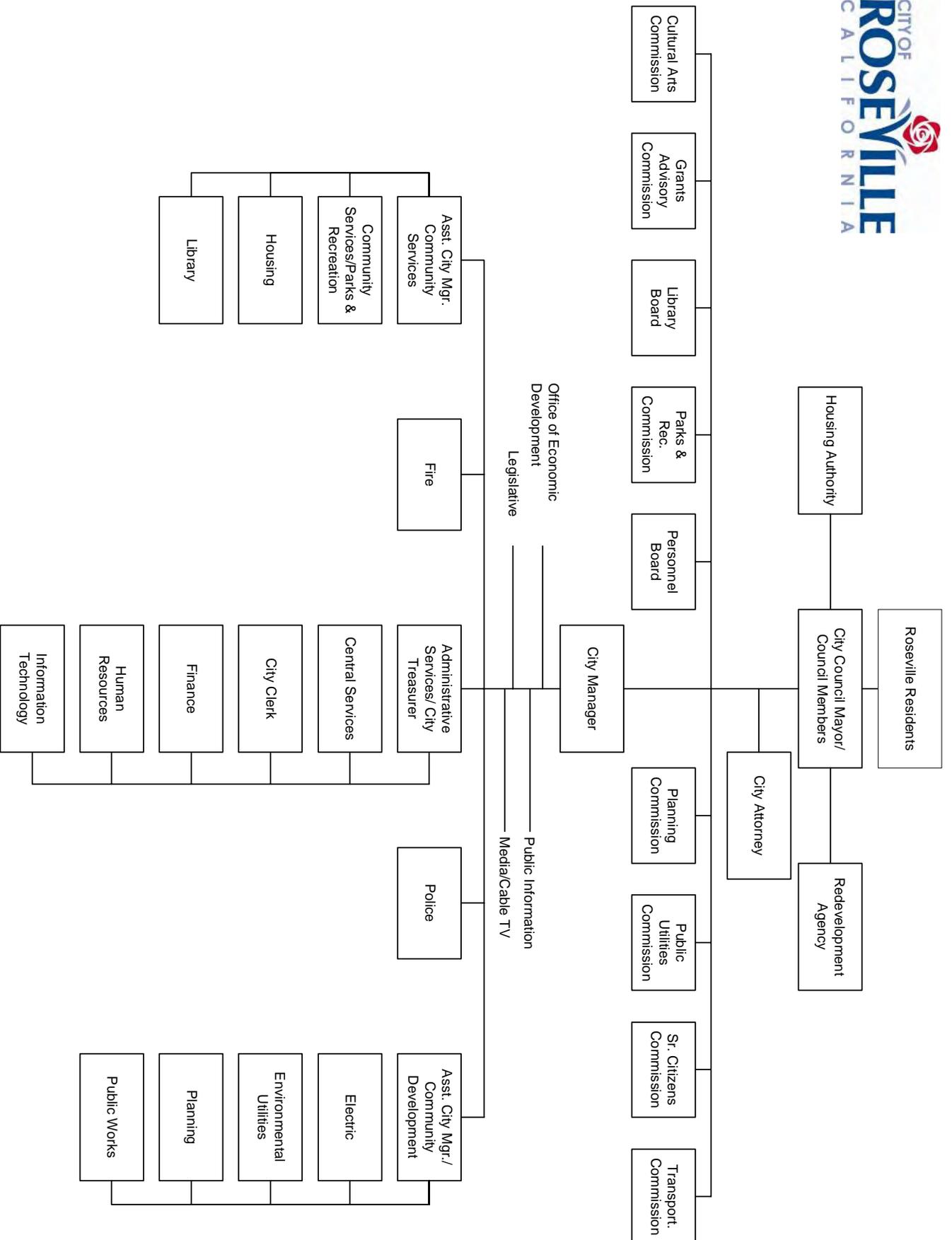
ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in black ink that reads "Russ Branson". The signature is written in a cursive, flowing style.

Russ Branson
Administrative Services Director/City Treasurer



CITY OF ROSEVILLE

ELECTED OFFICIALS

JUNE 30, 2007

Mayor
Mayor Pro-tem
Council Member
Council Member
Council Member

Jim Gray
Gina Garbolino
John Allard
Carol Garcia
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, 2006

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

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

Honorable Mayor and City Council
City of Roseville, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, California (City) as of and for the year ended June 30, 2007, 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, 2007 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 9, 2007 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 9, 2007

This Page Left Intentionally Blank

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, 2007. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

Even with the slowdown of the housing market, the City has sustained growth in tax revenues. Charges for services and commercial development continues to remain strong. The City's financial highlights are presented below:

FISCAL YEAR 2007 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2007 include the following:

Entity-wide:

- The City's total net assets were \$2.3 billion as of June 30, 2007. Of this total, \$1.0 billion were Governmental assets and \$1.3 billion were Business-type assets.
- Governmental revenues include program revenues of \$134.0 million and general revenues and transfers of \$133.4 million for a total of \$267.4 million.
- Governmental expenses were \$163.6 million.
- Business-type program revenues, interest revenue and miscellaneous revenues were \$329.1 million while Business-type expenses and transfers were \$234.2 million.

Fund Level:

- Governmental Fund balances increased to \$248.3 million in fiscal year 2007, up \$30.1 million from the prior year.
- Governmental Fund revenues increased to \$251.0 million in 2007, up \$11.3 million from the prior year. This was primarily due to increases of tax revenues of \$10.7 million, \$9.0 million in charges for services, \$9.2 million in use of money and property, \$2.4 million in subventions and grants, and \$1.4 million in miscellaneous revenues; while there was a decrease of \$21.2 million in contributions of bond proceeds for Community Facility Districts and other developer contributions as there were fewer districts formed in 2007. Governmental Fund expenditures increased to \$266.7 million in fiscal year 2007, up \$37.1 million from the prior year. This increase was primarily due to increases of capital outlay of \$18.1 million, public safety of \$7.2 million, \$2.9 in debt service, \$1.6 million in public works, \$1.1 million in community development and planning, \$1.9 million in parks and recreation, and \$4.8 million in general government.
- Other Financing Sources provided a net of \$45.8 million in fiscal year 2007, up \$22.4 million from 2006 due to Redevelopment bonds issued.

General Fund:

- General Fund revenues of \$113.2 million were \$12.4 million higher than the prior year, with the largest increases in taxes and use of money and property.
- General Fund expenditures of \$125.6 million represented an increase of \$15.7 million over the prior year. The largest increases were in general government, public safety, and parks and recreation.
- Other Financing Sources showed \$13.8 million, a decrease of \$2.3 million from 2006, which had included sale of property of \$3.4 million.
- The General Fund balance of \$65.8 million as of June 30, 2007 is up from fiscal year 2006's fund balance of \$64.3 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, natural gas, 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 eight of the City’s Enterprise Funds are reported as Major Funds.

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

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

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

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

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

Fiduciary Statements

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

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

Governmental Activities

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

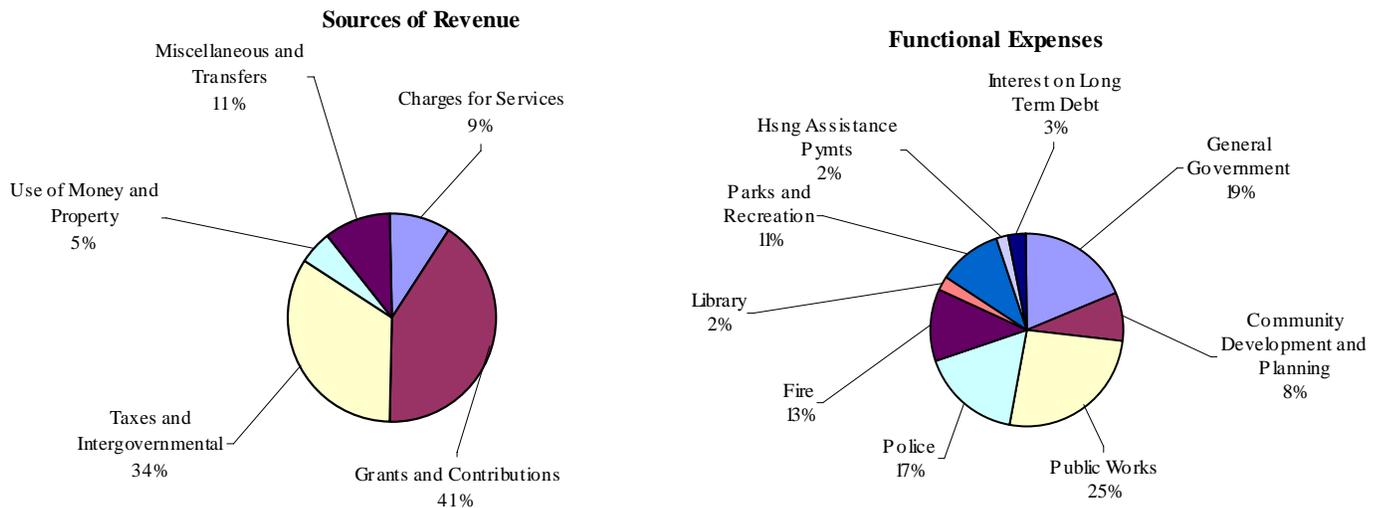
	<u>2007</u>	<u>2006</u>
Cash and Investments	\$329.2	\$298.5
Other Assets	41.6	36.7
Capital Assets	775.1	688.4
Total Assets	<u>1,145.9</u>	<u>1,023.6</u>
Long-Term Debt Outstanding	55.3	33.3
Other Liabilities	63.5	67.0
Total Liabilities	<u>118.8</u>	<u>100.3</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	742.8	664.1
Restricted	177.2	149.8
Unrestricted	107.1	109.4
Total Net Assets	<u>\$1,027.1</u>	<u>\$923.3</u>

The City's governmental net assets amounted to \$1.0 billion as of June 30, 2007, an increase of \$103.8 million over 2006. 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, 2007 comprised the following:

- Cash and investments comprised \$263.0 million in the city treasury and \$66.3 million of restricted cash and investments. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.
- Receivables comprised \$16.1 million of which are current, along with deferred receivables of \$2.5 million and notes receivable of \$12.5 million that are due over longer periods of time, as explained in Notes 5 and 6 to the financial statements.

- Capital assets of \$775.1 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 \$48.1 million.
- Accrued compensated absence liabilities payable to employees of \$9.0 million, as explained in Note 1G to the financial statements.
- Long-term debt of \$55.3 million, of which \$53.7 million is due in future years and \$1.6 million is due currently, as detailed in Note 9.
- Net assets invested in capital assets net of related debt of \$742.8 million, representing the City’s investment in infrastructure and other capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$177.2 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 \$107.1 million of unrestricted net assets as of June 30, 2007. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Fiscal Year 2007 Government Activities



As the Sources of Revenue Chart above shows, \$91.0 million, or 34% of the City’s fiscal year 2007 governmental activities revenue, came from taxes and unrestricted intergovernmental revenues (motor vehicle-in-lieu), while \$109.0 million or 41% came from grants and contributions, \$25.0 million, or 9%, 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 \$30.9 million, or 19% of total government expenses, community development and planning is \$13.2 million, or 8%, public works is \$42.1 million, or 25%, police is \$27.4 million, or 17%, fire is \$20.6 million, or 13%, parks and recreation is \$17.6 million, or 11%, and other governmental programs and functions are the remaining 7%.

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

Table 2
Changes in Governmental Net Assets
June 30
(in Millions)

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Expenses		
General Government	\$30.9	\$25.4
Community Development and Planning	13.2	11.9
Public Works	42.1	33.5
Police	27.4	24.5
Fire	20.6	16.4
Library	3.6	3.2
Parks and Recreation	17.6	16.1
Housing Assistance Payments	3.3	3.0
Interest on Long-Term Debt	4.9	1.9
Total Expenses	163.6	135.9
Revenues		
Program Revenues:		
Charges for Services	25.0	26.3
Operating Grants and Contributions	7.2	7.7
Capital Grants and Contributions	101.8	113.5
Total Program Revenues	134.0	147.5
General Revenues:		
Taxes/Intergovernmental	91.0	82.2
Use of Money and Property	14.2	8.1
Miscellaneous	3.0	1.7
Gain on Sale of Property	0	2.7
Total General Revenues	108.2	94.7
Total Revenues	242.2	242.2
Changes in Net Assets before Transfers	78.6	106.3
Transfers	25.2	23.6
Change in Net Assets	\$103.8	\$129.9

As the Sources of Revenue Chart and **Table 2** above show, \$134.0 million, or 55.3% of the City's fiscal year 2007 governmental revenue, came from program revenues and \$108.2 million, or 44.7%, came from general revenues such as taxes and interest.

Program revenues were composed of charges for services of \$25.0 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; \$7.2 million of operating grants and contributions which include gas tax revenues, housing, and police grants; and capital grants and contributions of \$101.8 million that consist mainly of street project grants, developer impact fees restricted to capital outlay and contributions from community facilities districts to be used to build infrastructure in those districts.

General Revenues-Taxes/Intergovernmental showed an increase of \$8.8 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>2007</u>	<u>2006</u>
General Government	(\$23.4)	(\$19.9)
Community Development and Planning	(7.9)	(6.1)
Public Works	(16.6)	(14.7)
Police	(23.1)	(21.3)
Fire	(15.8)	(13.6)
Library	(3.1)	(2.9)
Parks and Recreation	(8.2)	(4.6)
Community Facilities Districts	73.0	96.3
Housing Assistance Payments	0.4	0.4
Interest on Long Term Debt	(4.9)	(1.9)
Totals	\$(29.6)	\$11.7

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>2007</u>	<u>2006</u>
Cash and Investments	\$185.4	\$308.5
Other Assets	381.6	158.2
Capital Assets	1,333.4	1,156.4
Total Assets	1,900.4	1,623.1
Long-Term Debt Outstanding	610.5	390.8
Other Liabilities	48.0	85.3
Total Liabilities	658.5	476.1
Net Assets:		
Invested in Capital Assets, Net of Debt	938.9	838.4
Restricted	34.6	28.2
Unrestricted	268.4	280.4
Total Net Assets	\$1,241.9	\$1,147.0

The net assets of business-type activities increased to \$1.242 billion in fiscal year 2007, an increase of \$94.9 million. Cash and investments decreased \$123.1 million, due to increased expenditures for capital projects; and correspondingly, capital assets have increased \$177.0 million. Other assets increased by \$223.4 million due to most part from entering into a prepaid gas contract. Correspondingly, long-term liabilities increased by \$219.7 million, as bonds were sold for the prepaid gas. Other liabilities decreased \$37.3 million, which includes decreases of \$35.0 million for deposits, \$4.4 million in unearned revenue, and \$5.5 million in accounts payable; while increases to accrued liabilities of \$4.1 million, due to other government agencies of \$2.0 million, and current portion of compensated absences of \$1.4 million offset the decreases.

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

	Business-Type Activities	
	<u>2007</u>	<u>2006</u>
Expenses		
Electric Fund	\$131.2	\$97.1
Water Fund	15.9	18.5
Wastewater Fund	28.9	27.2
Solid Waste Fund	15.2	14.2
Natural Gas	5.2	0
Golf Course Fund	2.4	2.5
Local Transportation Fund	5.4	4.4
School-Age Child Care Fund	4.8	4.5
Total Expenses	<u>209.0</u>	<u>168.4</u>
Revenues		
Program Revenues		
Charges for Services	195.0	161.0
Operating Grants and Contributions	14.3	2.3
Capital Grants and Contributions	108.4	68.9
Total Program Revenues	<u>317.7</u>	<u>232.2</u>
General Revenues		
Use of Property and Money	11.4	10.6
Total Revenues	<u>329.1</u>	<u>242.8</u>
Change in Net Assets before Special Items and Transfers	<u>120.1</u>	<u>74.4</u>
Provision for Disputed SCS Charges	0.0	0.0
Non-operating Expense (??)	0.0	1.8
Transfers	(25.2)	(23.6)
Changes in Net Assets	<u><u>\$94.9</u></u>	<u><u>\$52.6</u></u>

Business-type program revenues, interest revenue, and miscellaneous revenues were \$329.1 million while Business-type expenses and transfers were \$234.2 million 2007. 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.

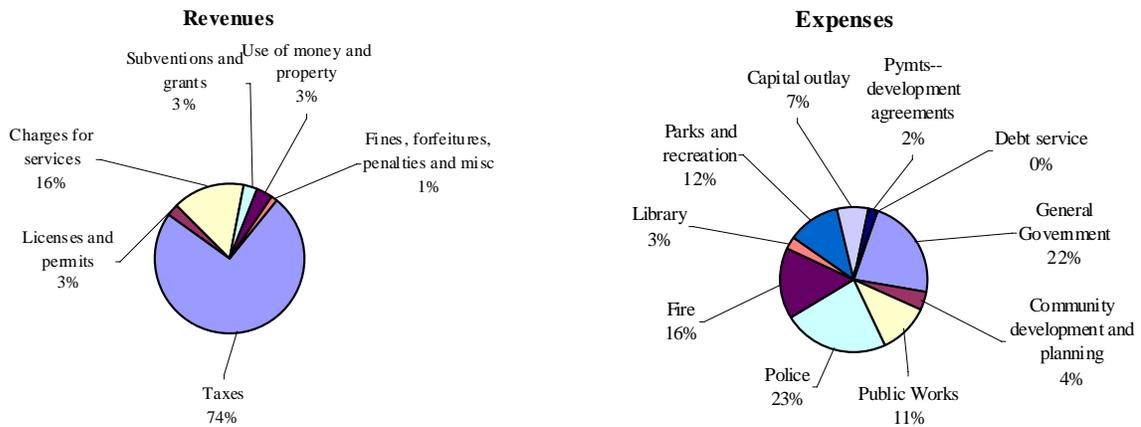
Table 6
Changes in Business-Type Net Assets
(in Millions)

	<u>Net (Expense)/Revenues From Services</u>	
	<u>2007</u>	<u>2006</u>
Electric Fund	\$13.8	\$22.1
Water Fund	43.4	27.0
Wastewater Fund	43.5	13.6
Solid Waste Fund	4.7	3.3
Natural Gas	(5.1)	0
Golf Course Fund	0.8	0.3
Local Transportation Fund	7.4	(3.1)
School-Age Child Care Fund	0.3	0.6
Totals	\$108.8	\$63.8

Analyses of Major Governmental Funds

General Fund

Fiscal Year 2007 General Fund Activity



General Fund revenues increased \$12.4 million this fiscal year due primarily to increases in taxes, use of money and property, and subventions and grants. Actual revenues were more than budgeted amounts by \$3.3 million, with charges for services and use of money and property coming in over budget, but taxes came in less than targeted. Taxes increased in both property and sales taxes (\$7.9 million and \$2.1 million, respectively). Property taxes' assessed valuations rose 6.7%, driven by prior years' construction, which are now on the tax rolls. Sales tax revenues increased, in part from continued addition of new retail stores surrounding the Galleria regional mall and the Highway 65 corridor.

General Fund expenditures were \$125.6 million, an increase of \$15.8 million from the prior year. Expenditures were \$29.2 million less than budget however, as most departments expended less than budgeted. The original budget was increased by \$7.5 million, \$5 million from encumbrances carried over from fiscal year 2006 and \$2.5 million from budget adjustments. The sources of these budget savings included finance, information technology, planning, public works, police, fire, 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 capital projects anticipated for 2007 that have been carried over to fiscal year 2008.

Other financing sources and uses reported net inflows of \$13.8 million in fiscal year 2007, which is slightly less than the prior year due to a \$3.4 million sale of property in 2006.

As of June 30, 2007, the General Fund's fund balance totaled \$65.8 million, including \$13.4 million reserved almost entirely for encumbrances and advances to other funds, \$14.7 million designated for economic reserve and capital improvements and \$37.7 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 RDA issued \$22.945 million in tax allocation bonds in 2006. 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 2007, the Fund received \$71.5 million in such contributions from property-owners and developers, and expended \$68.6 million in capital outlay on facilities in community facilities districts. The largest projects underway in fiscal year 2007 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 \$7.2 million in fiscal year 2007 to a total of \$282.4 million. Operating income for fiscal year 2007 is \$4.6 million, a decrease of \$7.7 million from 2006, due for the most part from higher purchased power costs. Electric retail sales increased by \$10.4 million in 2007. However, purchased power expenses increased \$33.8 million with a corresponding increase of \$16.2 million of sale of wholesale power. Rates are anticipated to be increased in fiscal years 2008 and 2009.

Of the fund's Net Assets of \$282.4 million, \$156.0 million was invested in capital assets, \$17.1 million was restricted and \$109.3 million was unrestricted.

Water Fund

Net assets of the Water Fund increased \$42.1 million in fiscal year 2007. Operating income is \$0.3 million, an increase of \$4.0 million from the \$3.7 million loss in 2006, as a 10.5% rate increase was implemented in April 2007. Operating revenues increased \$1.5 million in fiscal year 2007, while expenses decreased \$2.4 million to a total of \$14.6 million. Rates are anticipated to be increased in fiscal year 2008. Capital connection fees were \$8.8 million (a decrease of \$0.6 million, as growth has stabilized), and contributions from developers were \$33.6 million in fiscal year 2007, an increase of \$13.0 million, while net transfers out were \$3.7 million.

As of June 30, 2007, the Fund's Net Assets were \$413.3 million, of which \$383.2 million was invested in capital assets, \$2.6 million was restricted for debt service and \$27.5 million was unrestricted as to use.

Wastewater Fund

Operating revenues increased in fiscal year 2007 \$3.4 million to a total of \$22.5 million. Operating expenses increased to \$25.3 million, up \$1.6 million. The net result was an operating loss of \$2.8 million, of which \$9.9 million was depreciation. Rates are anticipated to be increased in fiscal year 2008. Other items that affected net assets were: connection fees of \$10.4 million (up \$4.7 million as non-residential growth increased); capital contributions of \$23.4 million and \$7.4 million, respectively, from developers and South Placer Wastewater Authority; and net transfers out of \$4.3 million. The total increase to net assets was \$39.9 million for fiscal year 2007 to a total of \$515.6 million. As of June 30, 2007, of the Fund's Net Assets, \$377.1 million was invested in capital assets, and \$138.5 million was unrestricted.

Solid Waste Fund

Revenues increased \$1.0 million to \$18.6 million and expenses increased \$0.9 million to \$15.1 million in fiscal year 2007. As a result, net operating income increased minimally to \$3.5 million. In addition, a new capital impact fee was established in fiscal year 2007. The fees collected totaled \$1.2 million. Rates are anticipated to be increased in fiscal year 2008. Net transfers out were \$2.6 million. As of June 30, 2007, total net assets were \$4.3, an increase of \$2.2 million.

Roseville Natural Gas Financing Authority

This fund was created as the financing mechanism to purchase pre-paid natural gas for the recently constructed Roseville Energy Park (REP), an electric power plant, through the issuance of revenue bonds. \$224.1 million in bonds were issued, which includes \$14.7 million in deferred premium, for the purchase of pre-paid natural gas of \$212.7 million. \$4.9 million in debt service were expensed as of 2007. The REP is expected to start receiving natural gas in early 2008.

Golf Course Fund

Revenues and expenses remained relatively flat in fiscal year 2007 at \$3.2 million and \$2.1 million, respectively. As a result, the Fund's net assets were stable at \$9.2 million. The Fund is financed in part by advances from other City funds; as a result, it has a deficit in its unrestricted net assets, partially offsetting the \$10.2 million it has invested in capital assets, net of the related debt.

Local Transportation Fund

Net assets of the Fund increased \$7.6 million in fiscal year 2007 to a total of \$21.1 million. Most of the increase was due to the increase of subventions and grants of \$12.1 million. There was a \$4.7 million operating loss in fiscal year 2007, but most of the loss was offset by the above mentioned subventions and grants. As of June 30, 2007, the Fund's Net Assets were \$21.1 million, of which \$6.9 million was invested in capital assets and \$14.2 million was restricted for use in local transportation.

School-Age Child Care Fund

Net assets of the Fund remained relatively flat with a slight decrease of \$0.04 million in fiscal year 2007 to a total of \$0.84 million. Revenues stayed relatively flat and expenses were up \$0.4 million. As of June 30, 2007, the Fund's Net Assets were \$0.84 million. \$0.95 million were invested in capital assets, which leaves a negative \$0.11 million in unrestricted net assets.

CAPITAL ASSETS

In fiscal year 2002, the City started recording the cost of its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 7 below:

Table 7
Capital Assets at Year End
(in Millions)

	Balance at June 30, 2007	Balance at June 30, 2006
Governmental Activities		
Land	\$ 23.3	\$ 22.6
Streets (modified)	209.7	166.9
Parks (modified)	68.9	60.3
Landscaping (modified)	35.6	29.1
Construction in Progress	131.7	126.8
Buildings	80.0	79.9
Improvements	4.7	4.7
Equipment	57.1	52.6
Bike Paths	7.7	7.2
Bridges	49.4	46.6
Culverts	19.7	18.9
Curb, Gutter, Sidewalk, & Median Curbs	129.8	120.7
Drain Inlets	20.0	18.9
Flood Control Improvements	17.3	17.3
Soundwall	24.2	21.4
Stormdrains	62.3	51.3
Traffic Signals	20.7	18.9
Less: Accumulated Depreciation	(187.0)	(175.7)
Governmental Activity Capital Assets, Net	\$775.1	\$688.4

	Balance at June 30, 2007	Balance at June 30, 2006
Business-Type Activities		
Land	\$ 16.1	\$ 16.1
Landscaping (modified)	0.6	0.6
Construction in Progress	269.8	163.4
Buildings	17.6	12.0
Improvements	11.2	11.0
Machinery and Equipment	17.1	16.2
Bike Paths	1.1	1.1
Plant and Substations	286.2	283.3
Distribution	929.1	846.5
Less: Accumulated Depreciation	(215.4)	(193.8)
Business-Type Activity Capital Assets, Net	\$1,333.4	\$1,156.4

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, 2007, the City's streets averaged 7.7 PQI for arterial and collector roadways and 8.0 PQI for residential roadways. The City expended \$9.2 million on preservation of its streets in fiscal year 2007, compared to the budgeted amount of \$5.5, and plans to spend \$5.9 million in fiscal year 2008.

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, 2007, the City's parks and landscaping averaged 2 GMI. The City expended \$5.0 million on preservation of its parks and landscaping in fiscal year 2007, compared to the \$5.1 budgeted, and plans to spend \$5.3 million in fiscal year 2008.

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, 2007	Balance at June 30, 2006
Governmental Activity Debt:		
Certificates of Participation:		
2003 Public Facilities Bond, 2.0%-5.0%, due 8/1/25	\$16.49	\$17.11
Tax Allocation Bonds		
2002 Roseville Redevelopment Project 3%-5.14% due 9/1/33	13.46	13.74
2006 Roseville Redevelopment Project, Series A 4.5%-5.00% due 9/1/40	13.15	0.0
2006 Roseville Redevelopment Project, Series A-T 5.31%-5.90% due 9/1/28	3.29	0.0
2006 Roseville Redevelopment Project, Series H-T 5.31%-6.07% due 9/1/40	6.51	0.0
Installment Purchase Obligations		
Equipment	2.39	2.40
Other Long Term Obligations:		
Foothill Blvd. Extension, due 4/1/07	0.0	0.0
Total Governmental Activity Debt:	\$55.29	\$33.3

	Balance at June 30, 2007	Balance at June 30, 2006
Business-type Activity Debt:		
Certificates of Participation:		
1997 Electric System Revenue, 3,6%-5.25%, due 2/1/17	\$ 0.0	\$ 0.33
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	1.11	1.63
2002 Electric System Revenue, Variable Rate, due 2/1/24	25.39	25.62
Less deferred amount on refunding	(2.92)	(3.09)
2004 Electric System Revenue, 3.0-5.25%, due 2/1/34	39.61	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	7.31	7.63
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	23.35	24.74
	296.75	299.70
Revenue Bonds:		
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	6.19	7.59
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	50.66	51.01
Less deferred amount on refunding	(5.28)	(5.54)
2007 Gas Revenue Bonds variable rate, due 2/15/28	209.35	0.0
Add deferred bond premium cost	14.72	
Total Revenue Bonds	313.56	90.98
Other Long Term Obligations:		
Notes, 5%, due 10/1/17	0.16	0.17
Total Business-type Activity Debt:	\$610.47	\$390.85

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, 2007, a total of \$404.4 million in community facilities district and assessment district debt was outstanding, representing fourteen issues by community facilities districts and one issue 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.

This Page Left Intentionally Blank

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, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	\$262,962,965	\$134,186,501	\$397,149,466
Restricted cash and investments with fiscal agents (Note 3)	66,257,080	51,180,494	117,437,574
Receivables:			
Taxes	1,906,989	34,608	1,941,597
Accounts	1,996,162	24,108,682	26,104,844
Accrued interest	2,919,787	1,718,859	4,638,646
Due from other government agencies	9,327,978	13,091,806	22,419,784
Internal balances (Note 4D)	4,058,676	(4,058,676)	
Prepays	86,355		86,355
Deferred receivables (Note 6)	2,518,298	639,064	3,157,362
Notes receivable (Note 5)	12,518,139		12,518,139
Notes receivable from NCPA (Note 15B)		176,054	176,054
Inventories (Note 1I)	1,520,803	8,891,446	10,412,249
Land held for redevelopment (Note 7D)	4,749,958		4,749,958
Prepaid purchased electricity (Note 14)		3,800,909	3,800,909
Prepaid purchased gas (Note 19)		212,661,363	212,661,363
Unamortized bond origination costs		1,316,330	1,316,330
Investment in NCPA reserves (Note 15)		3,786,593	3,786,593
Investment in SPWA reserves (Note 16)		115,434,780	115,434,780
Capital assets (Note 8):			
Land and construction in progress	469,163,009	286,508,252	755,671,261
Capital assets being depreciated, net	305,921,360	1,046,885,157	1,352,806,517
Total assets	1,145,907,559	1,900,362,222	3,046,269,781
LIABILITIES			
Accounts payable	29,274,881	15,363,004	44,637,885
Accrued liabilities	3,212,494	7,592,920	10,805,414
Developer agreement payable	51,346		51,346
Due to other governments	7,942,330	3,017,133	10,959,463
Deposits	5,566,109	3,010,959	8,577,068
Unearned revenues	2,098,760	8,613,466	10,712,226
Deferred liabilities		156,377	156,377
Landfill closure and post closure liability (Note 17)		3,546,209	3,546,209
Compensated absences (Note 1G):			
Due within one year	402,421	3,983,974	4,386,395
Due in more than one year	8,586,271	2,699,430	11,285,701
Self-insurance claims payable and litigation settlement (Note 13)			
Due within one year	621,500		621,500
Due in more than one year	5,789,500		5,789,500
Long-term liabilities (Note 9):			
Due within one year	1,590,991	6,068,755	7,659,746
Due in more than one year	53,694,716	604,409,303	658,104,019
Total liabilities	118,831,319	658,461,530	777,292,849
NET ASSETS (Note 11)			
Invested in capital assets, net of related debt	742,822,158	938,933,934	1,681,756,092
Restricted for:			
Capital projects:			
Expendable	134,436,899		134,436,899
Nonexpendable	16,833,979		16,833,979
Debt service	1,477,535	20,356,973	21,834,508
Community development projects	24,441,584		24,441,584
Local transportation		14,196,638	14,196,638
Total restricted net assets	177,189,997	34,553,611	211,743,608
Unrestricted net assets	107,064,085	268,413,147	375,477,232
Total net assets	\$1,027,076,240	\$1,241,900,692	\$2,268,976,932

See accompanying notes to financial statements

CITY OF ROSEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$30,929,747	\$3,980,445	\$125,952	\$3,463,172	(\$23,360,178)		(\$23,360,178)
Community development and planning	13,171,347	3,543,270	1,401,618	348,811	(7,877,648)		(7,877,648)
Public works	42,070,119	9,246,666	96,482	16,108,160	(16,618,811)		(16,618,811)
Police	27,440,631	2,346,493	689,444	1,266,689	(23,138,005)		(23,138,005)
Fire	20,572,207	1,505,547	910,790	2,314,147	(15,841,723)		(15,841,723)
Library	3,552,614	235,231	191,090	16,043	(3,110,250)		(3,110,250)
Parks and recreation	17,634,887	4,167,719	40,059	5,230,512	(8,196,597)		(8,196,597)
Community facilities districts				73,020,933	73,020,933		73,020,933
Housing assistance payments	3,328,656		3,790,886		462,230		462,230
Interest on long-term debt	4,920,776				(4,920,776)		(4,920,776)
Total Governmental Activities	163,620,984	25,025,371	7,246,321	101,768,467	(29,580,825)		(29,580,825)
Business-type Activities:							
Electric	131,224,885	130,264,098		14,792,387		\$13,831,600	13,831,600
Water	15,855,579	14,938,665	1,868,419	42,457,157		43,408,662	43,408,662
Wastewater	28,948,611	22,455,645		50,023,669		43,530,703	43,530,703
Solid Waste	15,182,395	18,575,194	102,421	1,153,426		4,648,646	4,648,646
Natural Gas	5,152,447					(5,152,447)	(5,152,447)
Golf Course	2,351,603	3,162,637				811,034	811,034
Local Transportation	5,410,630	739,826	12,075,393	27,199		7,431,788	7,431,788
School-age Child Care	4,825,366	4,845,460	281,984			302,078	302,078
Total Business-type Activities	208,951,516	194,981,525	14,328,217	108,453,838		108,812,064	108,812,064
Total	\$372,572,500	\$220,006,896	\$21,574,538	\$210,222,305	(29,580,825)	108,812,064	79,231,239
General revenues:							
Taxes:							
Property taxes					38,737,491		38,737,491
Sales taxes					44,772,743		44,772,743
Franchise taxes					1,429,155		1,429,155
Motor fuel taxes					1,999,542		1,999,542
Other taxes					3,529,485		3,529,485
Intergovernmental, unrestricted:							
Motor vehicle in lieu					565,719		565,719
Use of money and property					14,208,032	11,359,783	25,567,815
Miscellaneous revenues					2,926,467		2,926,467
Transfers (Note 4)					25,223,297	(25,223,297)	
Total general revenues and transfers					133,391,931	(13,863,514)	119,528,417
Change in Net Assets					103,811,106	94,948,550	198,759,656
Net Assets-Beginning					923,265,134	1,146,952,142	2,070,217,276
Net assets-Ending					\$1,027,076,240	\$1,241,900,692	\$2,268,976,932

See accompanying notes to financial statements

This Page Left Intentionally Blank

FUND FINANCIAL STATEMENTS

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 2007. 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 OF THE CITY OF ROSEVILLE FUND

The Redevelopment Agency of the City of Roseville 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, 2007

	General	Redevelopment Agency	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments in City Treasury (Note 3)	\$56,250,561	\$8,547,664	\$9,848,403	\$127,589,411	\$202,236,039
Restricted cash and investments with fiscal agents (Note 3)		23,676,458	39,713,778	2,826,844	66,217,080
Receivables:					
Taxes	1,558,162	348,827			1,906,989
Accounts	1,777,379			207,648	1,985,027
Accrued interest	2,296,653	160,293	242,063	1,956,930	4,655,939
Due from other government agencies	6,608,756			2,704,267	9,313,023
Due from other funds (Note 4B)	2,183,406			250,000	2,433,406
Advances to other funds (Note 4C)	7,655,536			4,250,000	11,905,536
Prepays	86,355				86,355
Deferred receivables (Note 6)	1,615			2,516,683	2,518,298
Notes receivable (Note 5)	126,123	2,252,949		10,139,067	12,518,139
Inventories (Note 11)	570,390				570,390
Land held for redevelopment (Note 7D)		4,749,958			4,749,958
Total Assets	\$79,114,936	\$39,736,149	\$49,804,244	\$152,440,850	\$321,096,179
LIABILITIES					
Accounts payable	\$4,507,003	\$1,492,353	\$16,255,426	\$6,663,691	\$28,918,473
Accrued liabilities	2,068,349	10,433		184,071	2,262,853
Due to other funds (Note 4B)		990,000		1,303,230	2,293,230
Due to other government agencies	20,286			7,922,044	7,942,330
Developer agreement payable		51,346			51,346
Advances from other funds (Note 4C)		12,534,737		500,000	13,034,737
Deposits	4,959,503	6,606		600,000	5,566,109
Deferred revenue	1,761,312	2,252,949		5,379,618	9,393,879
Deferred liabilities		3,011,620		359,467	3,371,087
Total Liabilities	13,316,453	20,350,044	16,255,426	22,912,121	72,834,044
FUND BALANCES (Note 11)					
Reserved for:					
Advances	7,655,536			4,250,000	11,905,536
Inventories	570,390				570,390
Encumbrances	4,983,242	326,819		4,990,369	10,300,430
Capital projects			33,548,818		33,548,818
Deferred receivables and notes receivable	126,123			26,992	153,115
Prepays	86,355				86,355
Low and moderate income housing		3,385,277			3,385,277
Debt service		23,769,447		1,477,535	25,246,982
Unreserved:					
Designated for economic reserve	12,498,500				12,498,500
Reported in Capital Projects Funds:					
Designated for carryover of capital improvement projects	2,184,196			20,128,123	22,312,319
Unreserved, undesignated, reported in:					
General Fund	37,694,141				37,694,141
Special Revenue Funds		(8,095,438)		81,821,731	73,726,293
Permanent Funds				16,833,979	16,833,979
TOTAL FUND BALANCES	65,798,483	19,386,105	33,548,818	129,528,729	248,262,135
Total Liabilities and Fund Balances	\$79,114,936	\$39,736,149	\$49,804,244	\$152,440,850	\$321,096,179

See accompanying notes to financial statements

CITY OF ROSEVILLE
 Reconciliation of
 GOVERNMENTAL FUNDS -- FUND BALANCE
 with the Governmental Activities
 NET ASSETS
 JUNE 30, 2007

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUND \$248,262,135

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. 775,084,369

ALLOCATION OF INTERNAL SERVICE FUND NET ASSET

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	60,766,926
Accounts receivable	11,135
Accrued interest	1,634,935
Due from other government agencies	14,955
Inventories	950,413
Accounts payable	(588,865)
Accrued liabilities	(42,781)
Self-insurance claims payable	(6,411,000)
Compensated absences	(339,565)
Internal balances	5,047,701

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSE:

Revenues which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities. 7,295,119

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	(55,285,707)
Interest payable and other accrued liabilities, included in accrued liabilities	(906,860)
Non-current portion of compensated absences	(8,416,670)
	(14,609,237)

NET ASSETS OF GOVERNMENTAL ACTIVITIES: \$1,027,076,240

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, 2007

	General	Redevelopment Agency of the City of Roseville	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$80,837,720	\$6,737,370		\$5,925,137	\$93,500,227
Licenses and permits	2,762,883				2,762,883
Charges for services	17,817,204			22,484,621	40,301,825
Subventions and grants	2,983,171	106,623		9,655,126	12,744,920
Use of money and property	3,549,717	1,353,209	\$3,607,885	8,432,385	16,943,196
Fines, forfeitures and penalties	918,024			1,440,718	2,358,742
Contributions from property owners			71,488,795		71,488,795
Contributions from developers	605,891	845	3,984	980,339	1,591,059
Miscellaneous revenues	3,748,628	62,083	1,398,154	4,077,258	9,286,123
Total Revenues	113,223,238	8,260,130	76,498,818	52,995,584	250,977,770
EXPENDITURES					
Current:					
General government	28,021,122			1,699,757	29,720,879
Community development and planning	5,029,833	3,242,564		3,689,082	11,961,479
Public works	13,563,220			3,384,664	16,947,884
Public safety:					
Police	28,988,754				28,988,754
Fire	19,977,075			742,643	20,719,718
Library	3,508,834			12,000	3,520,834
Parks and recreation	14,885,622			3,069,460	17,955,082
Housing assistance payments				3,328,656	3,328,656
Capital outlay	9,035,596	11,614,800	68,606,144	36,169,534	125,426,074
Payments under development agreements (Note 7A)	2,396,314				2,396,314
Debt service:					
Principal retirement	154,893	275,000		776,910	1,206,803
Interest and fiscal charges	16,713	2,154,657		2,352,355	4,523,725
Total Expenditures	125,577,976	17,287,021	68,606,144	55,225,061	266,696,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,354,738)	(9,026,891)	7,892,674	(2,229,477)	(15,718,432)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds (Note 9)	270,524	22,945,000			23,215,524
Transfers in (Note 4A)	23,944,594	5,597,668	400,000	24,284,966	54,227,228
Transfers (out) (Note 4A)	(10,374,335)	(230,933)	(3,112,936)	(17,932,052)	(31,650,256)
Total Other Financing Sources (Uses)	13,840,783	28,311,735	(2,712,936)	6,352,914	45,792,496
NET CHANGE IN FUND BALANCES	1,486,045	19,284,844	5,179,738	4,123,437	30,074,064
Fund balances at beginning of period	64,312,438	101,261	28,369,080	125,405,292	218,188,071
FUND BALANCES AT END OF PERIOD	\$65,798,483	\$19,386,105	\$33,548,818	\$129,528,729	\$248,262,135

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, 2007

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 \$30,074,064

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 99,875,126

Depreciation expense is deducted from the fund balance
 (Depreciation expense is net of internal service fund depreciation of 3,798,375 which has already been allocated to serviced funds.) (12,590,000)

Loss on retirement of capital assets (Internal service fund retirement of \$32,037 has already been deducted from capital assets) (2,906,319)

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 (23,215,524)

Repayment of debt principal is added back to fund balance 1,210,026

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 (1,261,245)

Interest payable and accrued liabilities, included in accrued liabilities (397,051)

Deferred revenues 1,684,900

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 11,337,129

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$103,811,106

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, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$80,480,790	\$82,504,670	\$80,837,720	(\$1,666,950)
Licenses and permits	4,917,810	2,917,810	2,762,883	(154,927)
Charges for services	14,664,817	16,250,317	17,817,204	1,566,887
Subventions and grants	1,805,917	3,385,183	2,983,171	(402,012)
Use of money and property	1,763,780	2,093,750	3,549,717	1,455,967
Fines, forfeitures and penalties	711,500	711,500	918,024	206,524
Contributions from developers	2,000	2,000	605,891	603,891
Miscellaneous revenues	1,647,170	2,090,244	3,748,628	1,658,384
TOTAL REVENUES	105,993,784	109,955,474	113,223,238	3,267,764
EXPENDITURES				
Current:				
General government				
Council				
Salaries and benefits	38,340	44,220	41,860	2,360
Operating services and supplies	424,110	415,110	358,626	56,484
City attorney				
Salaries and benefits	1,280,944	1,180,944	988,399	192,545
Operating services and supplies	196,715	192,077	218,706	(26,629)
City manager				
Salaries and benefits	1,700,186	1,700,186	1,594,734	105,452
Operating services and supplies	415,640	400,795	287,510	113,285
Finance				
Salaries and benefits	5,633,381	5,627,381	5,387,013	240,368
Operating services and supplies	2,068,160	2,042,690	1,541,601	501,089
Human resources				
Salaries and benefits	1,715,249	1,692,799	1,643,234	49,565
Operating services and supplies	772,190	771,915	657,137	114,778
Information technology				
Salaries and benefits	4,288,146	4,288,146	4,030,581	257,565
Operating services and supplies	2,992,742	2,920,627	2,072,149	848,478
City clerk				
Salaries and benefits	692,929	692,929	649,530	43,399
Operating services and supplies	273,586	272,186	174,626	97,560
Economic development				
Salaries and benefits	305,001	295,001	314,460	(19,459)
Operating services and supplies	177,524	184,999	187,143	(2,144)
Central services				
Salaries and benefits	3,518,679	3,509,339	3,297,506	211,833
Operating services and supplies	3,966,508	6,482,519	4,576,307	1,906,212
Community development and planning				
Housing				
Salaries and benefits	197,858	197,858	253,376	(55,518)
Operating services and supplies	152,430	150,080	108,247	41,833
Community development				
Salaries and benefits	1,337,722	1,337,722	1,162,739	174,983
Operating services and supplies	372,473	365,403	320,729	44,674
Planning				
Salaries and benefits	2,586,616	2,586,616	2,304,013	282,603
Operating services and supplies	1,184,182	1,437,737	880,729	557,008

(Continued)

CITY OF ROSEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Salaries and benefits	\$11,215,198	\$11,202,448	\$9,404,100	\$1,798,348
Operating services and supplies	5,219,785	5,193,732	4,159,120	1,034,612
Public safety				
Police				
Salaries and benefits	23,904,172	24,381,859	23,854,743	527,116
Operating services and supplies	5,426,895	5,990,667	5,134,011	856,656
Fire				
Salaries and benefits	16,951,844	17,522,449	17,762,980	(240,531)
Operating services and supplies	2,915,718	2,972,622	2,214,095	758,527
Library				
Salaries and benefits	3,122,703	3,122,703	2,715,536	407,167
Operating services and supplies	1,040,245	1,107,985	793,298	314,687
Parks and recreation				
Salaries and benefits	10,760,445	10,715,865	9,835,805	880,060
Operating services and supplies	5,119,220	5,265,371	5,049,817	215,554
Capital outlay	21,446,518	25,302,800	9,035,596	16,267,204
Payments under development agreements	2,311,230	2,396,314	2,396,314	
Debt service:				
Principal	913,735	154,893	154,893	
Interest and fiscal charges	670,606	670,606	16,713	653,893
TOTAL EXPENDITURES	147,309,625	154,789,593	125,577,976	29,211,617
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	270,524	270,524	270,524	
Transfers in	22,865,470	26,398,931	23,944,594	(2,454,337)
Transfers (out)	(5,295,819)	(11,815,160)	(10,374,335)	1,440,825
Total Other Financing Sources (Uses)	17,840,175	14,854,295	13,840,783	(1,013,512)
NET CHANGE IN FUND BALANCE	(\$23,475,666)	(\$29,979,824)	1,486,045	\$31,465,869
Fund balance at beginning of year			64,312,438	
Fund balance at end of year			\$65,798,483	

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, 2007

	Budgeted Amounts		Final	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$6,118,890	\$6,522,720	\$6,737,370	\$214,650
Subventions and grants	1,604,316	2,508,466	106,623	(2,401,843)
Use of money and property	158,310	158,310	1,353,209	1,194,899
Contributions from developers		850	845	(5)
Miscellaneous revenues		1,610	62,083	60,473
Total revenues	7,881,516	9,191,956	8,260,130	(931,826)
EXPENDITURES				
Community development and planning				
Community services				
Salaries and benefits	879,399	840,369	422,118	418,251
Operating services and supplies	1,587,109	553,990	972,242	(418,252)
Pass-through payments	1,806,940	1,620,540	1,848,204	(227,664)
Capital outlay		14,116,584	11,614,800	2,501,784
Debt service:				
Principal			275,000	(275,000)
Interest and fiscal charges	521,000	1,100,910	2,154,657	(1,053,747)
Total expenditures	4,794,448	18,232,393	17,287,021	945,372
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds		22,945,000	22,945,000	
Transfers in	1,223,780	1,850,000	5,597,668	3,747,668
Transfers out	(2,467,075)	(555,159)	(230,933)	324,226
Total Other Financing Sources (Uses)	(1,243,295)	24,239,841	28,311,735	4,071,894
NET CHANGE IN FUND BALANCE	\$1,843,773	\$15,199,404	19,284,844	\$4,085,440
Fund balance at beginning of year			101,261	
Fund balance at end of year			\$19,386,105	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2007.

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.

ROSEVILLE NATURAL GAS FINANCING AUTHORITY

This fund accounts for financing and purchasing pre-paid natural gas for the generation of power for the Roseville Energy Park.

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, 2007

	Business-type Activities-Enterprise Funds					
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority	Golf Course
ASSETS						
Current Assets:						
Cash and investments in City Treasury (Note 3)	\$79,276,615	\$27,211,635	\$13,251,406	\$3,716,962		\$1,812,246
Restricted cash and investments with fiscal agents (Note 3)	37,298,468	2,612,417			\$10,645,177	624,432
Receivables:						
Taxes	34,608					
Accounts	15,705,683	3,032,021	2,265,898	2,291,058		162,234
Accrued interest	1,117,920	245,838	129,926	36,888		51,098
Due from other government agencies	6,535	73,002	5,614,484			
Due from other funds (Note 4B)	1,504		205,500			
Advance to other funds (Note 4C)						
Inventories (Note 11)	7,404,805	1,318,152	71,084	97,405		
Total Current Assets	140,846,138	34,493,065	21,538,298	6,142,313	10,645,177	2,650,010
Noncurrent Assets:						
Deferred receivables (Note 6)	598,669	37,227	3,168			
Notes receivable from NCPA (Note 15B)	176,054					
Prepaid purchased electricity (Note 14)	3,800,909					
Prepaid purchased gas (Note 19)					212,661,363	
Unamortized bond origination costs	554,841	507,864				253,625
Investment in NCPA reserves (Note 15)	3,786,593					
Investment in SPWA reserves (Note 16)			115,434,780			
Advances to other funds (Note 4C)			1,339,890			
Capital assets (Note 8):						
Land and construction in progress	207,310,403	46,869,130	22,152,540	1,344,274		6,007,666
Capital assets being depreciated, net	217,665,548	359,654,738	449,744,589	3,269,359		11,491,015
Total Noncurrent Assets	433,893,017	407,068,959	588,674,967	4,613,633	212,661,363	17,752,306
Total Assets	574,739,155	441,562,024	610,213,265	10,755,946	223,306,540	20,402,316
LIABILITIES						
Current Liabilities:						
Accounts payable	10,571,031	3,110,835	604,496	604,033		23,882
Accrued liabilities	2,498,356	382,660	228,405	115,068	4,133,820	123,235
Due to other government agencies	16,464		3,000,669			
Due to other funds (Note 4B)	200,000			205,500	1,504	127,000
Current portion of compensated absences (Note 1G)	2,181,926	615,597	624,920	289,695		
Current portion of long-term debt (Note 9)	2,455,000	1,471,351	1,817,404			325,000
Deposits	2,943,887	52,000				1,437
Unearned revenue	6,436,195					
Self-insurance claims payable (Note 13)						
Total Current Liabilities	27,302,859	5,632,443	6,275,894	1,214,296	4,135,324	600,554
Long-Term Liabilities:						
Deferred liabilities	17,574			108,192		
Advances from other funds (Note 4C)	200,000			1,339,890		3,639,000
Notes payable (Note 9)		149,895				
Certificates of participation (Note 9)	266,565,000	21,885,000				6,985,000
Unamortized loss on refunding (Note 9)	(2,921,277)		(5,278,241)			
Revenue bonds (Note 9)			92,955,720		224,068,206	
Landfill closure and post closure liability (Note 17)				3,546,209		
Compensated absences (Note 1G)	1,188,589	556,036	622,861	259,217		
Self-insurance claims payable (Note 13)						
Total Long-Term Liabilities	265,049,886	22,590,931	88,300,340	5,253,508	224,068,206	10,624,000
Total Liabilities	292,352,745	28,223,374	94,576,234	6,467,804	228,203,530	11,224,554
NET ASSETS (Note 11)						
Invested in capital assets, net of related debt	155,955,951	383,167,517	377,124,005	4,613,633		10,188,681
Restricted for debt service	17,120,633	2,612,320				624,020
Restricted for local transportation						
Unrestricted	109,309,826	27,558,813	138,513,026	(325,491)	(4,896,990)	(1,634,939)
Total Net Assets (Deficit)	\$282,386,410	\$413,338,650	\$515,637,031	\$4,288,142	(\$4,896,990)	\$9,177,762

See accompanying notes to financial statements

Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$8,525,867	\$391,770	\$134,186,501	\$60,726,926
		51,180,494	40,000
		34,608	
2,485	649,303	24,108,682	11,135
133,473	3,716	1,718,859	1,634,935
7,333,578	64,207	13,091,806	14,955
28,806		235,810	934,099
500,000		500,000	
		8,891,446	950,413
<u>16,524,209</u>	<u>1,108,996</u>	<u>233,948,206</u>	<u>64,312,463</u>
		639,064	
		176,054	
		3,800,909	
		212,661,363	
		1,316,330	
		3,786,593	
		115,434,780	
		1,339,890	4,648,201
2,380,913	443,326	286,508,252	
<u>4,555,083</u>	<u>504,825</u>	<u>1,046,885,157</u>	<u>16,180,584</u>
<u>6,935,996</u>	<u>948,151</u>	<u>1,672,548,392</u>	<u>20,828,785</u>
<u>23,460,205</u>	<u>2,057,147</u>	<u>1,906,496,598</u>	<u>85,141,248</u>
411,228	37,499	15,363,004	588,865
29,557	81,819	7,592,920	42,781
		3,017,133	
	241,482	775,486	534,599
80,855	190,981	3,983,974	169,964
		6,068,755	
135	13,500	3,010,959	
1,772,569	404,702	8,613,466	
			621,500
<u>2,294,344</u>	<u>969,983</u>	<u>48,425,697</u>	<u>1,957,709</u>
	30,611	156,377	
	180,000	5,358,890	
		149,895	
		295,435,000	
		(8,199,518)	
		317,023,926	
		3,546,209	
33,227	39,500	2,699,430	169,601
			5,789,500
<u>33,227</u>	<u>250,111</u>	<u>616,170,209</u>	<u>5,959,101</u>
<u>2,327,571</u>	<u>1,220,094</u>	<u>664,595,906</u>	<u>7,916,810</u>
6,935,996	948,151	938,933,934	16,180,584
14,196,638		20,356,973	
		14,196,638	
	(111,098)	268,413,147	61,043,854
<u>\$21,132,634</u>	<u>\$837,053</u>	<u>\$1,241,900,692</u>	<u>\$77,224,438</u>

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority
OPERATING REVENUES					
Charges for services	\$111,715,490	\$13,623,055	\$22,312,214	\$18,144,018	
Sale of wholesale power	17,247,459				
Other	1,301,149	1,315,610	143,431	431,176	
Total Operating Revenues	130,264,098	14,938,665	22,455,645	18,575,194	
OPERATING EXPENSES					
Purchased power	102,413,597				
Operations	14,330,023	4,531,198	14,790,805	14,317,013	
Administration	2,461,590	4,045,133	626,647	606,492	
Depreciation and amortization	6,496,179	6,054,317	9,870,725	193,112	
Claims expense					
Total Operating Expenses	125,701,389	14,630,648	25,288,177	15,116,617	
Operating Income (Loss)	4,562,709	308,017	(2,832,532)	3,458,577	
NONOPERATING REVENUES (EXPENSES)					
Interest and rents revenue	7,007,226	2,334,244	720,053	169,933	\$255,457
Interest and fiscal charges (expense)	(2,800,756)	(1,224,931)	(3,660,434)	(65,778)	(4,135,505)
Cost of issuance					(1,752,852)
Amortization of bond premium					735,910
Subventions and grants		1,868,419		102,421	
Increase (decrease) in NCPA reserves	1,777,634				
Increase (decrease) in SPWA reserves			8,866,468		
Other	(2,722,740)				
Net Nonoperating Revenues (Expenses)	3,261,364	2,977,732	5,926,087	206,576	(4,896,990)
Income (Loss) Before Contributions and Transfers	7,824,073	3,285,749	3,093,555	3,665,153	(4,896,990)
Capital contributions - connection/impact fees		8,820,363	10,408,763	1,153,426	
Contribution in aid of construction	7,409,833				
Capital contributions from developers	5,604,920	33,636,794	23,398,144		
Capital contributions from SPWA member agencies			7,350,294		
Transfers in (Note 4A)	30,000	1,284,676		623,743	
Transfers (out) (Note 4A)	(13,671,556)	(4,963,841)	(4,341,427)	(3,211,040)	
Change in net assets	7,197,270	42,063,741	39,909,329	2,231,282	(4,896,990)
Total net assets-beginning	275,189,140	371,274,909	475,727,702	2,056,860	
Total net assets-ending	\$282,386,410	\$413,338,650	\$515,637,031	\$4,288,142	(\$4,896,990)

See accompanying notes to financial statements

Golf Course	Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$3,148,566	\$631,633	\$4,845,460	\$174,420,436	\$21,919,180
14,071	108,193		17,247,459	2,587,208
3,162,637	739,826	4,845,460	3,313,630	24,506,388
			102,413,597	
1,604,474	4,191,390	4,797,282	58,562,185	13,748,421
	494,953		8,234,815	
447,990	724,287	14,523	23,801,133	3,789,375
				1,516,411
2,052,464	5,410,630	4,811,805	193,011,730	19,054,207
1,110,173	(4,670,804)	33,655	1,969,795	5,452,181
216,658 (299,139)	652,110	4,102 (13,561)	11,359,783 (12,200,104) (1,752,852) 735,910	2,985,944
	12,075,393	281,984	14,328,217 1,777,634 8,866,468 (2,722,740)	252,679
(82,481)	12,727,503	272,525	20,392,316	3,238,623
1,027,692	8,056,699	306,180	22,362,111	8,690,804
			20,382,552 7,409,833	
	27,199		62,667,057 7,350,294	
	1,112,300	28,528	3,079,247	5,359,712
(169,043)	(1,570,547)	(375,090)	(28,302,544)	(2,713,387)
858,649	7,625,651	(40,382)	94,948,550	11,337,129
8,319,113	13,506,983	877,435	1,146,952,142	65,887,309
\$9,177,762	\$21,132,634	\$837,053	\$1,241,900,692	\$77,224,438

CITY OF ROSEVILLE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$91,410,867	\$14,059,865	\$21,944,318	\$17,889,819	
Payments to suppliers	(116,129,714)	(939,335)	(10,127,982)	(10,774,831)	(\$208,527,543)
Payments to employees	(9,448,330)	(6,395,873)	(4,967,483)	(4,318,103)	
Claims paid					
Other receipts	1,301,149	1,315,610	143,431	431,176	
Net cash provided by operating activities	<u>(32,866,028)</u>	<u>8,040,267</u>	<u>6,992,284</u>	<u>3,228,061</u>	<u>(208,527,543)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
(Increase) decrease in due from other funds	(1,504)		(7,890)		
Increase (decrease) in due to other funds	200,000			7,890	1,504
(Increase) decrease in advance to other funds			205,500		
Increase (decrease) in advances from other funds	200,000			(205,500)	
Transfers in	30,000	1,284,676		623,743	
Transfers (out)	(13,671,556)	(4,963,841)	(4,341,427)	(3,211,040)	
Cash Flows from Noncapital Financing Activities	<u>(13,243,060)</u>	<u>(3,679,165)</u>	<u>(4,143,817)</u>	<u>(2,784,907)</u>	<u>1,504</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	13,014,753	33,636,794			
Acquisition and construction of capital assets, net	(84,999,604)	(71,665,940)	(309,384)	(960,981)	
Transfer of connection fees to SPWA			(7,624,321)		
Change in restricted assets	118,667,989	79			(10,645,177)
Principal payments on capital debt	(1,400,000)	(1,405,811)			
Interest paid on capital debt	(2,628,915)	(1,224,930)		(65,778)	
Subventions and grants	(69,625)	1,863,839	(4,376,024)	210,814	
Connection fees		8,820,363	10,408,763	1,153,426	
Other	(2,722,740)				
Cash Flows from Capital and Related Financing Activities	<u>39,861,858</u>	<u>(29,975,606)</u>	<u>(1,900,966)</u>	<u>337,481</u>	<u>(10,645,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from non-capital debt					224,804,116
Interest paid on non-capital debt					(5,888,357)
Interest and dividends	6,768,085	2,504,134	675,907	155,137	255,457
Cash Flows from Investing Activities	<u>6,768,085</u>	<u>2,504,134</u>	<u>675,907</u>	<u>155,137</u>	<u>219,171,216</u>
Net increase (decrease) in cash and cash equivalents	520,855	(23,110,370)	1,623,408	935,772	
Cash and investments at beginning of period	78,755,760	50,322,005	11,627,998	2,781,190	
Cash and investments at end of period	<u>\$79,276,615</u>	<u>\$27,211,635</u>	<u>\$13,251,406</u>	<u>\$3,716,962</u>	
NONCASH TRANSACTIONS:					
Contribution of SPWA capital assets to City			\$15,698,823		
Principal retirement of SPWA Revenue Bonds			(1,746,982)		
Interest on SPWA Revenue Bonds			(3,670,198)		
Contribution of capital assets from developers			23,398,144		
Retirement of capital assets	(\$138,762)	(\$1,448,248)	(22,508)	(\$30,648)	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$4,562,709	\$308,017	(\$2,832,532)	3,458,577	
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	6,496,179	6,054,317	9,870,725	193,112	
Change in assets and liabilities:					
Receivables, net	(2,557,044)	432,810	(367,896)	(254,199)	
Inventories	(1,713,766)	670,648	(4,092)	29,747	
Prepays purchased gas					(\$212,661,363)
Accounts and other payables	(39,634,328)	574,475	326,079	(199,176)	4,133,820
Deferred revenue	(19,778)				
Net cash provided by operating activities:	<u>(\$32,866,028)</u>	<u>\$8,040,267</u>	<u>\$6,992,284</u>	<u>\$3,228,061</u>	<u>(208,527,543)</u>

See accompanying notes to financial statements

Golf Course	Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
\$3,056,826 (1,732,407)	(\$3,813,037) (3,930,948) (726,495)	\$4,818,197 (759,902) (4,004,345)	\$149,366,855 (352,922,662) (29,860,629)	\$21,922,882 (11,297,876) (1,943,046) (3,575,411)
<u>14,071</u>	<u>108,193</u>		<u>3,313,630</u>	<u>2,587,208</u>
<u>1,338,490</u>	<u>(8,362,287)</u>	<u>53,950</u>	<u>(230,102,806)</u>	<u>7,693,757</u>
	(28,806)		(38,200)	(594,599)
	(500,000)	219,233	428,627	133,737
(127,000)		(120,000)	(252,500)	459,500
(169,043)	1,112,300 (1,570,547)	28,528 (375,090)	3,079,247 (28,302,544)	5,359,712 (2,713,387)
<u>(296,043)</u>	<u>(987,053)</u>	<u>(247,329)</u>	<u>(25,379,870)</u>	<u>2,644,963</u>
	27,199 (1,776,583)		46,678,746 (159,995,615) (7,624,321)	(6,100,929)
(219) (320,000) (299,139)			108,022,672 (3,125,811) (4,218,762)	
	5,055,715	243,366	2,928,085 20,382,552 (2,722,740)	252,679
<u>(902,481)</u>	<u>3,306,331</u>	<u>243,366</u>	<u>324,806</u>	<u>(5,848,250)</u>
			224,804,116 (5,888,357)	
200,923	578,693	3,007	11,141,343	2,692,386
<u>200,923</u>	<u>578,693</u>	<u>3,007</u>	<u>230,057,102</u>	<u>2,692,386</u>
340,889	(5,464,316)	52,994	(25,100,768)	7,182,856
<u>1,471,357</u>	<u>13,990,183</u>	<u>338,776</u>	<u>159,287,269</u>	<u>53,584,070</u>
<u>\$1,812,246</u>	<u>\$8,525,867</u>	<u>\$391,770</u>	<u>\$134,186,501</u>	<u>\$60,766,926</u>
			\$15,698,823 (1,746,982) (3,670,198) 23,398,144 (1,640,166)	
\$1,110,173	(\$4,670,804)	\$33,655	1,969,795	\$5,452,181
447,990	724,287	14,523	23,801,133	3,789,375
(82,855)	10,202	(80,855)	(2,899,837) (1,017,463)	(69,917)
(136,818)	28,945 (4,454,917)	33,938 52,689	(212,661,363) (34,873,065) (4,422,006)	620,524 (2,098,406)
<u>\$1,338,490</u>	<u>(\$8,362,287)</u>	<u>\$53,950</u>	<u>(\$230,102,806)</u>	<u>\$7,693,757</u>

This Page Left Intentionally Blank

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in Fiscal 2007:

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, 2007

	Endowment Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments in Treasury (Note 3)	\$2,251,422	\$196,546,701
Restricted cash and investments with fiscal agents (Note 3)		51,685,766
Accounts receivable		160,654
Accrued interest receivable	27,021	2,090,470
Due from other government agencies		4,624,110
Deferred receivable		62,966
Total Assets	2,278,443	\$255,170,667
LIABILITIES		
Accounts payable		\$5,133,092
Accrued liabilities		306,288
Due to other government agencies		13,014
Due to member agencies		185,290,250
Due to bondholders		62,337,426
Due to others		2,090,597
Total Liabilities		\$255,170,667
NET ASSETS		
Held in trust for private purpose	\$2,278,443	

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, 2007

ADDITIONS	
Contributions from developers	\$108,653
Contributions from the City	36,940
Investment income	<u>106,498</u>
Total additions	<u>252,091</u>
DEDUCTIONS	
Payments in accordance with trust agreements	<u>2,243</u>
Change in net assets	249,848
Net assets - beginning	<u>2,028,595</u>
Net assets - end	<u><u>\$2,278,443</u></u>

See accompanying notes to financial statements

This Page Left Intentionally Blank

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.

Roseville Natural Gas Financing Authority - This fund accounts for financing and purchasing pre-paid natural gas for the generation of power for the Roseville Energy Park.

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, Wastewater, and Solid Waste 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, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Assets. Proprietary funds’ liability for compensated absences is recorded in each proprietary fund.

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	\$7,594,950	\$5,113,984	\$12,708,934
Additions	1,626,199	1,632,525	3,258,724
Payments	(232,457)	(63,105)	(295,562)
Ending Balance	<u>\$8,988,692</u>	<u>\$6,683,404</u>	<u>\$15,672,096</u>
Current Portion	<u>\$402,421</u>	<u>\$3,983,974</u>	<u>\$4,386,395</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 347 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, 2007, those costs totaled \$2,512,642.

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 FEMA Special Revenue Fund, the Bike Trail/Open Space Maintenance Fund, the Roseville Natural Gas Authority Enterprise Fund, the Diamond Creek Community Facilities District #1 Agency Fund, and the Fountains Community Facilities District #1 Agency Fund were established in fiscal year 2007.

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.

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	\$55,518
	Economic development	
	Salaries and benefits	19,459
	Operating services & supplies	2,144
	Fire	
	Salaries and benefits	240,531
	City attorney	
	Operating services & supplies	26,629
Redevelopment Agency		
Special Revenue Fund:		
	Community development and planning	
	Pass-through payments	227,664
	Debt service:	
	Principal	275,000
	Interest and fiscal charges	1,549,547
Community Block Grant/HOME		
Special Revenue Fund:		
	Community services	
	Operating services & supplies	433,994
	Housing	
	Salaries and benefits	13,527
Housing Authority Section 8		
Special Revenue Fund:		
	Housing	
	Salaries and benefits	390,863
	Operating services & supplies	44,241
	Housing assistance payments	3,328,656
Affordable Housing		
Special Revenue Fund:		
	Housing	
	Operating services & supplies	53,386
Roseville Financing Authority		
Special Revenue Fund:		
	Debt service:	
	Interest and fiscal charges	1,537,912
	General government	936,494

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	\$397,147,962
Restricted cash and investments with fiscal agents	117,439,078
Total City cash and investments with primary government	514,587,040
Cash and investments in Fiduciary Funds (Separate statement)	250,483,890
Total Cash and Investments	\$765,070,930

Cash and investments as of June 30, 2007 consist of the following:

Cash in bank and on hand	\$35,236,082
Investments	729,834,848
Total Cash and Investments	\$765,070,930

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
Bankers' 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 Tru	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 to A-1
Time Deposits	N/A - 30 days	None to A-1
Repurchase Agreements	N/A	None to A
Bankers' Acceptances	N/A - 270 days	None to A-1
Money Market Funds	N/A	None to Aam-G
Taxable Governmental Money Market Portfolio	N/A	None
Commercial Paper (A)	180-270 days	A-1 to AA
Special Revenue Bonds	N/A	AA
Pre-refunded Municipal Obligations	N/A	AAA
Municipal Obligations	N/A	AAA
Common Law Trust	N/A	None
California Asset Management Pool (CAMP)	N/A	None
Lawful Investment	N/A	None
Investment Agreements	N/A	A+ to AA
Local Agency Investment Fund (LAIF)	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	\$10,426,299	\$42,925,445	\$12,360,760		\$65,712,504
Federal Agency Securities	85,462,187	172,858,675	113,060,629	\$11,099,152	382,480,643
Corporate Notes	9,309,945	19,677,169	4,923,010		33,910,124
Forward Delivery Agreement			56,013,059	8,908,460	64,921,519
Forward Purchase Agreement				10,644,515	10,644,515
Commercial Paper	15,843,305				15,843,305
Guaranteed Investment Contracts	54,151,583	14,086,690	3,024,659	26,163,922	97,426,854
Repurchase Agreement				4,905,395	4,905,395
Money Market Mutual					
Funds (U.S. Securities)	23,707,335				23,707,335
Local Agency Investment Fund	16,355,741				16,355,741
California Asset Management Pool	11,852,902				11,852,902
Collateralized Time Deposits	2,074,011				2,074,011
Total Investments	<u>\$229,183,308</u>	<u>\$249,547,979</u>	<u>\$189,382,117</u>	<u>\$61,721,444</u>	<u>\$729,834,848</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, 2007 the fair value was \$7,444 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, 2007 for each investment type as provided by Standard and Poor's investment rating system:

	AAA	AA	AA-	A+	A-1+	Total
Investments:						
Federal Agency Securities	\$382,480,643					\$382,480,643
Corporate Notes	2,758,062	\$13,537,427	\$17,614,635			33,910,124
Forward Delivery Agreement		56,013,059	7,169,494	\$1,738,966		64,921,519
Forward Purchase Agreement		10,644,515				10,644,515
Commercial Paper					\$15,843,305	15,843,305
Guaranteed Investment Contracts	68,396,189	11,540,578		17,490,087		97,426,854
Repurchase Agreements		4,905,395				4,905,395
Money Market Mutual Funds (U.S. Securities)	23,707,335					23,707,335
Totals	<u>\$477,342,229</u>	<u>\$96,640,974</u>	<u>\$24,784,129</u>	<u>\$19,229,053</u>	<u>\$15,843,305</u>	633,839,690
Exempt from Credit Rate Disclosure:						
U.S. Government Securities						65,712,504
Not Rated:						
Local Agency Investment Fund						16,355,741
California Asset Management Pool						11,852,902
Collateralized Time Deposits						2,074,011
Total Investments						<u>\$729,834,848</u>

F. Concentration of Credit Risk

Investments in any one issuer, other than U. S. Treasury securities, money market 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, 2007:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$137,220,680
Federal National Mortgage Association	Federal Agency Securities	121,713,275
Federal Home Loan Mortgage Corporation	Federal Agency Securities	96,990,702

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, 2007:

Fund	Issuer	Investment Type	Amount
Major Governmental Funds:			
Redevelopment Agency of City of Roseville	Wells Fargo	Investment Agreement	\$23,023,496
Major Enterprise Funds:			
Electric	AIG	Investment Agreement	10,916,558
	FSA Capital Management	Investment Agreement	17,523,225
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	10,786,643
	Federal Home Loan Bank	Federal Agency Securities	20,285,559
	Federal National Mortgage Association	Federal Agency Securities	14,055,063
Roseville Natural Gas Financing Authority	Wachovia Bank	Investment Agreement	10,644,515
Water	Trinity Plus Finding	Investment Agreement	2,612,320
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	2,309,691
	UBS Finance Corporation	Commercial Paper	2,421,078
	Bank of America	Commercial Paper	2,338,111
	Dexia	Commercial Paper	2,686,538
Golf Course	AIG	Investment Contract	624,020
Fiduciary Funds:			
	Morgan Stanley	Investment Contract	17,490,087
	J.P. Morgan	Forward Delivery Agreement	56,013,059
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	14,194,670
	Federal Home Loan Bank	Federal Agency Securities	19,256,748

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Among Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2007 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Redevelopment Agency of the City of Roseville	\$111,320 (A)
	Community Facilities District Projects	531,111 (F)
	Non-Major Governmental Funds	4,546,190 (B),(C)
	Electric Enterprise Fund	10,427,244 (D)
	Water Enterprise Fund	3,183,558 (E)
	Wastewater Enterprise Fund	1,946,675 (E)
	Solid Waste Enterprise Fund	1,561,108 (E)
	Golf Course Enterprise Fund	162,917 (C)
	Local Transportation Enterprise Fund	178,111 (C)
	School-Age Child Care Enterprise Fund	375,090 (C)
	Internal Service Funds	921,270 (C)
Redevelopment Agency of the City of Roseville Fund	General Fund	4,847,668 (F)
	Non-Major Governmental Funds	750,000 (F)
Community Facilities District Projects Fund	Non-Major Governmental Funds	400,000 (F)
Non-Major Governmental Funds	General Fund	3,248,186 (A)
	Redevelopment Agency of the City of Roseville	119,613 (A)
	Community Facilities District Capital Projects Fund	1,498,331 (F)
	Non-Major Governmental Funds	10,819,371 (F)
	Electric Enterprise Fund	2,706,593 (B)
	Water Enterprise Fund	1,137,545 (D)
	Wastewater Enterprise Fund	1,063,996 (D)
	Solid Waste Enterprise Fund	617,327 (D)
	Local Transportation Enterprise Fund	1,377,550 (E)
	Internal Service Funds	1,696,454 (F)
Electric Enterprise Fund	Water Enterprise Fund	30,000 (B)
Water Enterprise Fund	Wastewater Enterprise Fund	860,838 (C)
	Solid Waste Enterprise Fund	423,838 (C)
Solid Waste Enterprise Fund	Non-Major Governmental Funds	7,595 (B)
	Water Enterprise Fund	308,074 (F)
	Wastewater Enterprise Fund	308,074 (F)
Local Transportation Enterprise Fund	Community Facilities District Capital Projects Fund	1,083,494 (F)
	Non-Major Governmental Funds	28,806 (F)
School-Age Child Care Enterprise Fund	Non-Major Governmental Funds	28,528 (F)
Internal Service Funds	General Fund	2,278,481 (E)
	Non-Major Governmental Funds	1,351,562 (E)
	Electric Enterprise Fund	537,719 (E)
	Water Enterprise Fund	304,664 (E)
	Wastewater Enterprise Fund	161,844 (E)
	Solid Waste Enterprise Fund	608,767 (E)
	Golf Course Enterprise Fund	6,126 (E)
	Local Transportation Enterprise Fund	14,886 (E)
	Internal Service Funds	95,663 (E)
Total Interfund Transfers		<u>\$62,666,187</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, 2007 interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	\$940,000 (A)
	School-Age Child Care Enterprise Fund	181,482 (B)
	Traffic Safety Special Revenue Fund	192,641 (B)
	FEMA Special Revenue Fund	588,781 (B)
	Community Development Block Grant/HOME Special Revenue Fund	274,044 (B)
	Roseville Aquatics Complex Maintenance Permanent Fund	6,458 (B)
Special Revenue Fund:		
Affordable Housing	Redevelopment Agency of the City of Roseville	
	Special Revenue Fund	50,000 (A)
Traffic Mitigation	Electric Enterprise Fund	200,000 (A)
Enterprise Funds:		
Electric Fund	Roseville Natural Gas Financing Authority Enterprise Fund	1,504 (B)
Wastewater Fund	Solid Waste Enterprise Fund	205,500 (A)
Local Transportation Fund	FEMA Special Revenue Fund	28,806 (B)
Internal Service Fund:		
Automotive Replacement	Traffic Mitigation Special Revenue Fund	212,500 (A)
	Golf Course Enterprise Fund	127,000 (A)
	School-Aged Child Care Enterprise Fund	60,000 (A)
	Automotive Services Internal Service Fund	534,599 (A)
		<u>\$3,603,315</u>

C. Long-Term Interfund Advances

At June 30, 2007 the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Special Revenue Funds:		
Redevelopment Agency of the City of Roseville	General Fund	\$7,655,536
	State Gasoline Tax Special Revenue Fund	3,900,000
	Affordable Housing Special Revenue Fund	150,000
	Automotive Replacement Internal Service Fund	829,201
State Gasoline Tax	Local Transportation Enterprise Fund	500,000
Enterprise Funds:		
Electric	Traffic Mitigation Fund	200,000
Solid Waste	Wastewater Enterprise Fund	1,339,890
Golf Course	Automotive Replacement Internal Service Fund	3,639,000
School-Age Child Care	Automotive Replacement Internal Service Fund	180,000
		<u>\$18,393,627</u>

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Redevelopment Agency advance consists of three advances: (1) Advances in the amount of \$7,634,737 will be repaid in fiscal year 2029. This advance bears interest at the average interest rate of the City's pooled investments. (2) Advance in the amount of \$1,000,000 bears interest at 3.15% and will be repaid in fiscal year 2023. (3) Advances in the amount of \$3,900,000 bear no interest and will be repaid in fiscal year 2029.

State Gasoline Tax advance bears interest at the average interest rate of the City's pooled investments. It will be repaid in fiscal year 2008.

Electric advance bears interest at the average interest rate of the City's pooled investments. It will be repaid over a period of two years and will be repaid in fiscal year 2009.

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, 2007:

Notes	\$468,777
Employee Notes	111,771
Housing Rehabilitation and Affordable Housing Notes	5,110,681
First Time Home-Buyer Notes	6,797,932
Housing Elevation Notes	<u>28,978</u>
Total	<u><u>\$12,518,139</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, 2007 was \$6,633.

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 did not bear interest and payment was deferred. 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, 2007, \$454,425 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, 2007, 93 employees had \$111,771 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, 2007 was \$5,110,681.

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, 2007 was \$6,797,932.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 5 - NOTES RECEIVABLE (Continued)

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 Note 4A above). As of June 30, 2007, 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, 2007 was \$3,157,362, which has been classified as deferred receivables, and the short-term portion of these receivables, which totaled \$526,749 at June 30, 2007, 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 \$15 million at June 30, 2007. 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 2007 payments made to the developer under the agreement totaled \$2,396,314.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

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

B. *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 2007 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 increased 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 October 2007.

C. *Loan for 112 Pacific Street*

In fiscal 2007, the Agency entered into an Owner Participation Agreement with MSR Properties, LLC. The Agency agreed to loan MSR Properties, LLC, \$200,000 for the redeveloped residential property located at 112 Pacific Street in Historic Old Town. The loan bears 5.25% interest and payment is deferrable for 15 years, subject to certain conditions. The loan will be repaid inclusive of the principal amount, plus the greater of the deferred accumulated interest or proportionate share of the appreciation if the property. The loan is secured by a deed of trust. The Developer has agreed to maintain the second story residential units as efficiency units through the duration of the loan.

D. *Land held for resale*

In April 2007, the Agency purchased a parcel located at 8051 Washington Boulevard. On June 30, 2007, the Agency also owned the parcel located at 238 Vernon Street. Both parcels are held by the Agency for resale in the future. They are accounted for the lower of cost or net realizable value. On June 30, 2007, total value of these parcels amounted to \$4,749,958.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 – CAPITAL ASSETS

A. Policies

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

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

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

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, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$22,583,531	\$744,228			\$23,327,759
Streets (modified)	166,849,987	7,065,421	(\$828,282)	\$36,601,723	209,688,849
Parks (modified)	60,252,352	5,112,589		3,512,496	68,877,437
Landscaping (modified)	29,138,661	2,557,694		3,905,727	35,602,082
Construction in progress	126,843,367	65,590,235	(1,990,179)	(58,776,541)	131,666,882
Total capital assets not being depreciated	405,667,898	81,070,167	(2,818,461)	(14,756,595)	469,163,009
Capital assets being depreciated:					
Buildings	79,895,972	117,322			80,013,294
Improvements	4,747,378				4,747,378
Equipment	52,578,388	9,232,838	(5,217,131)	543,978	57,138,073
Bike paths	7,233,994			467,910	7,701,904
Bridges	46,590,903	109,802		2,697,565	49,398,270
Culverts	18,927,555	49,740		681,815	19,659,110
Curb, gutter, sidewalk, & median curbs	120,717,966	4,097,622		4,981,184	129,796,772
Drain inlets	18,893,305	490,190		586,547	19,970,042
Flood control improvements	17,292,946				17,292,946
Soundwall	21,363,476	1,406,039		1,384,543	24,154,058
Stormdrains	51,310,310	9,434,370		1,578,564	62,323,244
Traffic signals	18,920,469			1,834,489	20,754,958
Total capital assets being depreciated	458,472,662	24,937,923	(5,217,131)	14,756,595	492,950,049
Less accumulated depreciation for:					
Buildings	(29,605,891)	(1,966,234)			(31,572,125)
Improvements	(926,666)	(129,449)	10,332		(1,045,783)
Equipment	(33,507,113)	(5,194,912)	5,086,904	13,192	(33,601,929)
Bike paths	(3,618,784)	(371,130)			(3,989,914)
Bridges	(5,349,838)	(533,273)			(5,883,111)
Culverts	(3,405,512)	(257,245)			(3,662,757)
Curb, gutter, sidewalk, & median curbs	(70,353,573)	(5,030,236)			(75,383,809)
Drain inlets	(5,343,961)	(388,632)			(5,732,593)
Flood control improvements	(1,290,653)	(230,573)			(1,521,226)
Soundwall	(3,908,337)	(650,251)			(4,558,588)
Stormdrains	(8,032,771)	(757,556)			(8,790,327)
Traffic signals	(10,403,453)	(869,882)		(13,192)	(11,286,527)
Total accumulated depreciation	(175,746,552)	(16,379,373)	5,097,236		(187,028,689)
Net capital assets being depreciated	282,726,110	8,558,550	(119,895)	14,756,595	305,921,360
Governmental activity capital assets, net	\$688,394,008	\$89,628,717	(\$2,938,356)		\$775,084,369

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$16,125,746		(\$63)		\$16,125,683
Landscaping	550,000				550,000
Construction in progress	163,411,509	118,345,983	(1,665,076)	(\$10,259,847)	269,832,569
Total capital assets not being depreciated	180,087,255	118,345,983	(1,665,139)	(10,259,847)	286,508,252
Capital assets, being depreciated:					
Buildings	12,003,030	4,056,997		1,525,114	17,585,141
Improvements	11,035,099	72,646		112,053	11,219,798
Machinery and equipment	16,224,909	987,467	(118,688)	(3)	17,093,685
Bike paths	1,064,167				1,064,167
Drain inlets	18,500				18,500
Storm drains	30,863				30,863
Plant and substations	283,324,200	1,648,060	(3,197,890)	4,385,920	286,160,290
Distribution	846,463,181	78,641,809	(256,405)	4,236,763	929,085,348
Total capital assets being depreciated	1,170,163,949	85,406,979	(3,572,983)	10,259,847	1,262,257,792
Less accumulated depreciation for:					
Buildings	(3,615,679)	(321,047)			(3,936,726)
Improvements	(2,973,205)	(329,181)			(3,302,386)
Machinery and equipment	(8,050,163)	(1,908,744)	118,683		(9,840,224)
Bike paths	(133,020)	(53,209)			(186,229)
Drain inlets	(925)	(370)			(1,295)
Storm drains	(1,030)	(410)			(1,440)
Plant and substations	(49,441,960)	(6,745,811)	475,142		(55,712,629)
Distribution	(129,614,463)	(12,886,099)	108,856		(142,391,706)
Total accumulated depreciation	(193,830,445)	(22,244,871)	702,681		(215,372,635)
Net capital assets being depreciated	976,333,504	63,162,108	(2,870,302)	10,259,847	1,046,885,157
Business-type activity capital assets, net	\$1,156,420,759	\$181,508,091	(\$4,535,441)		\$1,333,393,409

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	\$1,526,739
Community development and planning	153,234
Public works	9,355,674
Police	660,399
Fire	377,757
Library	138,746
Parks and recreation	377,449
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,789,375</u>
Total Governmental Activities	<u><u>\$16,379,373</u></u>

Business-Type Activities

Electric	\$5,393,407
Water	6,011,995
Wastewater	9,342,901
Solid Waste	324,996
Golf Course	432,762
Local Transportation	724,287
School-age Child Care	<u>14,523</u>
Total Business-Type Activities	<u><u>\$22,244,871</u></u>

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 2007 the City expended \$9,206,007 to preserve its roads. The City estimates that it will be required to expend approximately \$ 5,929,683 in fiscal 2008 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 2007 the City expended \$5,028,402 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$5,309,367 in fiscal 2008 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, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
Governmental Activity Debt:						
Certificates of Participation:						
2003A Public Facilities Refunding Bond, 2.0%-5.0%, due 8/1/25	\$18,275,000	\$17,105,000		\$615,000	\$16,490,000	\$630,000
Tax Allocation Bonds						
2002 Roseville Redevelopment Project 3%-5.14%, due 9/1/33	14,500,000	13,735,000		275,000	13,460,000	280,000
2006 Roseville Redevelopment Project, Series A 4.5%-5.00%, due 9/1/40	13,155,000		\$13,155,000		13,155,000	
2006 Roseville Redevelopment Project, Series A-T 5.31%-5.90%, due 9/1/28	3,285,000		3,285,000		3,285,000	240,000
2006 Roseville Redevelopment Project, Series H-T 5.31%-6.07%, due 9/1/40	6,505,000		6,505,000		6,505,000	140,000
Installment Purchase Obligations:						
Equipment	3,351,714	2,436,986	270,524	316,803	2,390,707	300,991
Other Long-Term Obligations:						
Foothill Blvd. Extension, due 4/1/07	114,423	3,223		3,223		
Total Governmental Activity Debt:	\$59,186,137	\$33,280,209	\$23,215,524	\$1,210,026	\$55,285,707	\$1,590,991
Business-type Activity Debt:						
Certificates of Participation:						
1997 Electric System Revenue, 3.6%-5.25%, due 2/1/17	\$11,880,000	\$325,000		\$325,000		
1999 Electric System Revenue, 4.0%-5.5%, due 2/1/24	21,630,000	1,635,000		520,000	\$1,115,000	\$545,000
2002 Electric System Revenue, variable rate, due 2/1/24	40,385,000	25,620,000		225,000	25,395,000	575,000
Less: deferred amount on refunding	(3,780,476)	(3,093,118)		(171,841)	(2,921,277)	
2004 Electric System Revenue, 3.00%-5.25%, due 2/1/34	39,940,000	39,940,000		330,000	39,610,000	335,000
2005 Electric System Revenue, Series A 3.00%-5.00%, due 2/1/23	52,900,000	52,900,000			52,900,000	450,000
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	550,000
2003B Golf Course Refunding Bond, 2.0%-5.0%, due 8/1/23	8,240,000	7,630,000		320,000	7,310,000	325,000
1997 Water Utility Revenue, 3.9%-5.2%, due 12/1/18	33,000,000	24,740,000		1,395,000	23,345,000	1,460,000
Total Certificates of Participation	354,194,524	299,696,882		2,943,159	296,753,723	4,240,000
Revenue Bonds:						
2000 Wastewater Revenue Bonds, Series A, 3.8%-5.5%, due 11/1/27	59,465,118	7,586,502		1,394,877	6,191,625	1,451,756
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	51,014,604		352,105	50,662,499	365,648
Less deferred amount on refunding	(6,333,890)	(5,542,144)		(263,903)	(5,278,241)	
2007 Gas Revenue Bonds variable rate, due 2/15/28	209,350,000		\$209,350,000		209,350,000	
Add deferred bond premium cost	15,454,116		15,454,116	735,910	14,718,206	
Total Revenue Bonds	368,399,244	90,977,962	224,804,116	2,218,989	313,563,089	1,817,404
Other Long-Term Obligations:						
Notes, 5%, due 10/1/17	333,108	172,056		10,810	161,246	11,351
Total Business-type Activity Debt:	\$722,926,876	\$390,846,900	\$224,804,116	\$5,172,958	\$610,478,058	\$6,068,755

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. 2006 Roseville Redevelopment Project Tax Allocation Bonds

On October 26, 2006, the Redevelopment Agency issued Tax Allocation Bonds Series 2006 A, Taxable Tax Allocation Bonds Series 2006 A-T, and Taxable Tax Allocation Bonds, Series 2006 H-T in the amounts of \$13,155,000, \$3,285,000, and \$6,505,000, respectively, for a total principal amount of \$22,945,000. The Series A bonds bear interest at 4.50%-5.00%, the Series A-T at 5.31%-5.90%, and the Series H-T at 5.31%-6.07%. The proceeds for the Series A and Series A-T bonds will be used to fund redevelopment activities of benefit to property within the Agency's Redevelopment Project Area. The proceeds for the Series H-T bonds will be used to pay the costs of low- and moderate-income housing projects of the Agency's Redevelopment Project Area. The Series A and Series A-T bonds are secured by tax revenues, which are allocated to the Agency from the Project Area. The Series H-T bonds are secured by the tax increment revenue deposited in the Agency's Low and Moderate Income Housing Fund. Interest on the bonds is payable semiannually on March 1 and September 1. Principal for the Series A and Series H-T bonds is payable annually on September 1 through 2040. Principal for the Series A-T is payable annually on September 1 through 2028.

E. Installment Purchase Obligations

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

F. Foothill Boulevard 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. This debt was repaid in fiscal 2006-07.

G. 1997 Electric System Revenue Certificates of Participation

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

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

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, 2007 the 1997 Electric System Revenue Certificates of Participation outstanding in the amount of \$4,290,000 are considered defeased.

H. 1999 Electric System Revenue Certificates of Participation

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

In December of 2002 the City defeased a portion of the 1999 COP's by placing proceeds from the 2002 Electric System Revenue Certificates of Participation in an irrevocable trust to provide amounts sufficient to pay on August 1, 2009 the prepayment price of 101% of the principal amount and accrued interest. Accordingly, the trust account assets and the liability for the defeased COP's are not included in the financial statements. At June 30, 2007 the 1999 Electric System Revenue Certificates of Participation outstanding in the amount of \$17,685,000 are considered defeased.

I. 2002 Electric System Revenue Certificates of Participation

On December 17, 2002 the City issued \$40,385,000 of Certificates of Participation to defease portions of the 1997 and 1999 Electric System Revenue Certificates of Participation above and financed 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 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 R. 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 3.18% at June 30, 2007.

J. 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 through February 2034, commencing February 1, 2007.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

K. 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. Principal payments are due annually 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 R. 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 3.38% at June 30, 2007. Principal payments are due annually on February 1 beginning February 1, 2023 through 2035.

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

L. 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. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually on August 1 through 2024.

M. 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)

N. 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, 2007 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 2007 was \$211,024. Beginning in fiscal year 2029, principal payments will be made in addition to the variable interest payments.

O. 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 R. 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 3.51% at June 30, 2007.

P. 2007 Roseville Natural Gas Financing Authority Gas Revenue Bonds

On January 24, 2007, the Authority issued \$209,350,000 of Gas Revenue Bonds, Series 2007, to finance a lump sum prepayment to a Gas Supplier (See Note 19A) in order to acquire a supply of natural gas to be delivered over a period of twenty-years. The gas purchased by the Authority will be sold to the City pursuant to a Natural Gas Supply Agreement (See Note 19B) to produce revenues to be used for debt service on the Bonds.

Principal payments are due annually commencing on February 15, 2009 through 2028 and interest is payable semiannually on February 15 and August 15, commencing August 15, 2007.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 9 - LONG-TERM DEBT (Continued)

Q. 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.

R. 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, 2007, 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)	51,014,604 (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.

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, 2007, the fair value of the swaps were in favor of the City as follows:

Related Bond Issue	Fair Value
2002 Electric System Revenue COP	\$832,731
2005 Electric System Revenue COP, Series B	
Bear Stearns Financial Products Inc.	1,907,330
Morgan Stanley Capital Services Inc.	2,860,995
2003B Wastewater System Refunding Revenue Bonds	578,405
	\$6,179,461

Credit risk. As of June 30, 2007, 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, 2007, 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	
2008	\$927,105	\$6,082,028	(\$135,737)	\$6,873,396
2009	960,648	6,047,374	(134,372)	6,873,650
2010	1,599,190	6,002,289	(132,319)	7,469,160
2011	1,652,733	5,942,786	(128,914)	7,466,605
2012	1,711,275	5,881,246	(125,395)	7,467,126
2013-2017	18,684,041	27,522,143	(602,180)	45,604,004
2018-2022	22,260,638	23,754,257	(563,243)	45,451,652
2023-2027	50,215,596	17,678,196	(474,251)	67,419,541
2028-2032	39,531,475	12,287,427	(475,370)	51,343,532
2033-2037	25,075,000	5,828,213	(246,052)	30,657,161
	<u>\$162,617,701</u>	<u>\$117,025,959</u>	<u>(\$3,017,833)</u>	<u>\$276,625,827</u>

S. 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
2008	\$1,590,991	\$2,636,062	\$6,068,755	\$26,438,189
2009	1,356,302	2,583,475	13,920,160	25,956,102
2010	1,324,016	2,534,072	15,149,303	25,427,060
2011	1,325,813	2,485,449	17,351,176	24,883,406
2012	1,378,714	2,433,837	18,158,512	24,169,541
2013-2017	7,780,464	11,264,406	103,585,365	108,728,163
2018-2022	8,649,407	9,330,991	120,963,730	84,656,570
2023-2027	9,475,000	6,899,256	142,576,466	52,527,723
2028-2032	6,255,000	4,960,356	103,494,438	27,911,770
2033-2037	8,060,000	3,109,530	62,691,465	10,129,724
2038-2042	8,090,000	816,535		
Total	<u>\$55,285,707</u>	<u>\$49,053,969</u>	603,959,370	<u>\$410,828,248</u>

Reconciliation of long-term debt

Add deferred bond premium costs	14,718,206
Less deferred amount on refunding	<u>(8,199,518)</u>
Net long-term debt	<u>\$610,478,058</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, 2007 is as follows:

North Roseville-Rocklin Sewer Refunding District	\$395,000
Northeast Roseville Community Facilities District #1 & #2	14,355,000
North Roseville Community Facilities District #1	20,825,000
North Central Roseville Community Facilities District #1	38,840,000
Northwest Roseville Community Facilities District #1	23,815,000
Woodcreek West Community Facilities District #1, Series 2005	20,185,000
Stone Point Community Facilities District # 1	10,770,000
Fiddymont Ranch Community Facilities District # 1	80,000,000
Longmeadow Parkside Community Facilities District # 1	9,165,000
Westpark Community Facilities District # 1	80,000,000
Roseville Finance Authority Revenue Bonds, Series 2006 A and B	39,240,000
Stone Point Community Facilities District #5, Series 2006	5,310,000
Diamond Creek Community Facilities District #1, Series 2007	7,075,000
Special Tax Revenue Refunding Bonds, Series 2007 A Senior Lien Bonds	44,075,000
Special Tax Revenue Refunding Bonds, Series 2007 B Junior Lien Bonds	10,350,000
Total	\$404,400,000

In May 2007, the Roseville Finance Authority issued Special Tax Revenue Refunding Bonds, Series 2007 A Senior Lien Bond in the principal amount of \$44,0075,000 and Series B Junior Lien Bonds in the principal amount of \$10,350,000, to refund the Stoneridge Parcel 1 Community Facilities District #1 Series 2000 Special Tax Bonds, the Stoneridge West Community Facilities District #1 Series 2001 Special Tax Bonds, the Stoneridge East Community Facilities District #1 Series 2001 Special Tax Bonds, the Crocker Ranch Community Facilities District #1 Series 2002 Special Tax Bonds, and the Crocker Ranch Community Facilities District #1 Series 2003 Special Tax Bonds. District property owners pay assessments on their property under the respective Stoneridge Parcel 1, Stoneridge West, Stoneridge East, and Crocker Ranch Bond indentures to the Trustee as owner of these 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, 2007, 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 Natural Gas Financing Authority Enterprise Fund and Automotive Services Internal Service Fund had deficit fund balances at June 30, 2007 in the amounts of \$4,895,486 and \$57,270, 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, 2007, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	2.7%
Required employee contribution rates	9%	8%
Required employer contribution rates	27.393%	14.790%
Actuarially required contributions	\$7,157,144	\$14,625,385

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, 2007, 2006 and 2005 amounted to \$21,782,529, \$14,201,560 and \$16,350,444 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
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	146.713%
2006	110,611,333	89,817,398	20,793,935	81.2%	17,469,043	119.033%

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
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	92.185%
2006	223,055,880	177,980,691	45,075,189	79.8%	58,688,647	76.804%

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, 2007, the City contributed \$795,295 for liability, \$297,790 for property and \$37,294 for boiler and machinery for coverage during the current year and received a refund of \$165,925 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 \$4,750,000 and provides additional coverage up to \$195,000,000. The City has a self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2007, the City contributed \$566,175 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 Workers' 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>2007</u>	<u>2006</u>
Claims liability, beginning of year	\$6,544,000	\$5,432,000
Current year claims	1,000,000	2,000,000
Change in prior year claims	(2,282,000)	(477,000)
Claims paid, current year claims	(109,000)	(330,000)
Claims paid, prior year claims	<u>(406,000)</u>	<u>(81,000)</u>
Claims liability, end of year	<u>\$4,747,000</u>	<u>\$6,544,000</u>
Current Claims Liabilities	<u>\$463,000</u>	<u>\$577,000</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>2007</u>	<u>2006</u>
Claims liability, beginning of year	\$1,926,000	\$2,043,000
Current year claims	800,000	1,200,000
Change in prior year claims	(863,000)	(1,199,000)
Claims paid, current year claims	(82,000)	(85,000)
Claims paid, prior year claims	<u>(117,000)</u>	<u>(33,000)</u>
Claims liability, end of year	<u>\$1,664,000</u>	<u>\$1,926,000</u>
Current claims liabilities	<u>\$158,500</u>	<u>\$994,500</u>

The Unemployment Reserve and Vision Internal Service Funds had no outstanding claims liability at June 30, 2007.

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 2007 was \$888,577.

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 member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

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, 2007, the City incurred expenses totaling \$17,259,759 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, 2007</u>
General Operating Reserve (including advances)	\$1,547,923
Associated Member Services (including advances)	722,580
Undivided equity interest, at cost, in certain NCPA Power Projects:	
Geothermal Projects	441,082
Calaveras Hydroelectric Project	933,179
Combustion Turbine Project No. 1	7,694
Geothermal Public Power Line	Nil
Combustion Turbine Project No. 2	134,135
Graeagle Hydroelectric Project	Nil
	<u>\$3,786,593</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, 2007, the book value of this Project's plant, equipment and other assets was \$144,795,307, while its long-term debt totaled \$101,055,554 and other liabilities totaled \$43,739,753. The City's share of the Project's long-term debt amounted to \$7,963,178 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, 2007 the City was owed \$176,054.

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, 2007, the book value of this Project's plant, equipment and other assets was \$508,146,517 while its long-term debt totaled \$480,611,061 and other liabilities totaled \$27,535,456. The City's share of the Project's long-term debt amounted to \$57,673,327 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, 2007, the book value of this Project's plant, equipment and other assets was \$18,212,266, while its long-term debt totaled \$15,210,893 and other liabilities totaled \$3,001,373. The City's share of the Project's long-term debt amounted to \$2,065,639 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, 2007, the book value of this Project's plant, equipment and other assets was \$3,346,061, while its long-term debt totaled \$3,298,170 and other liabilities totaled \$47,891. The City's share of the Project's long-term debt amounted to \$467,680 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, 2007, the book value of this Project's plant, equipment and other assets was \$67,749,862, while its long-term debt totaled \$65,067,009 and other liabilities totaled \$2,682,853. The City's share of the Project's long-term debt amounted to \$23,749,458 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. 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, 2007, the City paid \$9,677,804 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, 2007 was \$115,434,780.

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, 2007, landfill closure liability was \$3,546,209.

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, 2007 was \$91,919,282. 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 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 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.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Construction and Other Commitments

The City has the following outstanding construction commitments at June 30, 2007:

Projects	Amounts
Roseville Energy Park	\$9,862,077
WTP Expansion Phase III	3,000,000

NOTE 19 – GAS SUPPLY ACQUISITION AND RESALE

The City operates certain electrical generating plants which provide power for sale to the public and needs reliable, economic supplies of natural gas to generate the needed electricity. In pursuit of that objective the City and its component unit, the City of Roseville Redevelopment Agency formed the Authority for the purpose of acquiring, financing and supplying natural gas to the City. Summarized below are various agreements entered into by the Authority to achieve its purpose.

A. *Prepaid Gas Agreement*

Pursuant to an Agreement for the Purchase and Sale of Natural Gas dated January 24, 2007, the Authority used a portion of the proceeds of its \$209,350,000 of Gas Revenue Bonds, Series 2007 (the Bonds) to prepay Merrill Lynch Commodities, Inc. (Gas Supplier) for a twenty year supply of natural gas. Commencing January 1, 2008 and continuing through December 31, 2027, the Gas Supplier is obligated to deliver daily contract quantities of natural gas on a firm basis to the designated delivery point. Daily contract quantities vary from month to month but not from year to year. This commitment totals 2,352,000 MMBtus (millions of British thermal units) per year or 47,040,000 MMBtus for the twenty year contract period. The Authority has recorded a Prepaid Natural Gas asset which is to be amortized as daily contract quantities are delivered. During the period ended June 30, 2007, the Seller had not commenced delivery of gas and amortization of the prepaid had not commenced.

The agreement provides for payments to be made by the Gas Supplier if it fails to deliver the daily contract quantities and may be terminated by the Authority in the event of non-performance by the Supplier. The Agreement will automatically terminate if there is a termination of the Commodity Swap (See note 3 C below) which is not due to default by the Authority or if there is an event of default under the swap agreement entered into by the Gas Supplier and a third party. Upon early termination, whether due to the above or due to any other optional termination event as defined in the agreement, the Gas Supplier is required to make a termination payment to the Authority that is expected to be sufficient, together with other available funds, to redeem the Bonds. The Gas Supplier's commitments under this agreement are guaranteed by its parent company, Merrill Lynch & Co. Inc. under a guarantee agreement with the Authority.

CITY OF ROSEVILLE
Notes to Basic Financial Statements

NOTE 19 – GAS SUPPLY ACQUISITION AND RESALE (Continued)

B. *Funding Agreement*

Under certain conditions specified in a Funding and Assignment Agreement dated January 24, 2007 between the Authority and Gas Supplier, the Gas Supplier has agreed to advance funds to the Trustee to pay debt service when due or to redeem bonds in the event of early termination. Advances are required under covered swap deficiencies and covered termination deficiencies and optional advances may also be made. Advances are repayable from by the responsible party causing the deficiency requiring an advance under this agreement. This agreement is coterminous with the Bonds. The Gas Supplier's commitment under this agreement is guaranteed by its parent company, Merrill Lynch & Co. Inc. under a guarantee agreement with the Authority.

There were no advances outstanding as of June 30, 2007.

C. *Supply Agreement*

Pursuant to a Natural Gas Supply Agreement dated February 1, 2007, the Authority has agreed to sell to the City a twenty year supply of natural gas. This Supply Agreement is coterminous with and provides for the delivery of natural gas in quantities which are matched to the Prepaid Gas Agreement, discussed above. For each MMBtu delivered (sold) to the City, the Authority will receive a variable revenue stream based on a first of the month index for the delivery location.

The Agreement terminates upon termination of the Prepaid Gas Agreement or upon the City's failure to make any required payment within two business days of the due date.

D. *Commodity Swap Agreement*

In order to have its gas price exposure consistent with prevailing market rates, the Authority entered into a natural gas Commodity Swap Agreement with JPMorgan Chase Bank (Counterparty). For the term of deliveries under the Prepaid Gas Agreement and the Supply Agreement, the Authority will pay an index price per MMBtu to the Counterparty, and the Counterparty will pay a fixed price to the Authority. The index price paid by the Authority is expected to approximate the price paid by the City under the Supply Agreement. .

The monthly quantity and term of the Commodity Swap Agreement are matched to those of the Supply Agreement

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

Street Pavement

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

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

The City’s maintenance costs are budgeted to be \$5,929,683 in fiscal 2008. The Pavement Quality Index (PQI) for the City’s street pavement for the last nine 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	9,206,007
07/08	7.9	8.0	5,929,683	N/A

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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 \$9,206,007 for street preservation in fiscal 2007.

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 six 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 \$5,309,367 in fiscal 2008. The Ground Management Index (GMI) for the City's parks and landscaping maintenance for the last ten years is as follows:

Fiscal Year	GMI (Level) Parks and Landscaping	Maintenance Budget	Actual Maintenance
98/99	N/A	N/A	N/A
99/00	N/A	N/A	N/A
00/01	N/A	N/A	N/A
01/02	2	\$3,213,790	\$3,078,263
02/03	2	3,796,952	3,439,081
03/04	2	3,946,547	3,648,683
04/05	2	4,349,147	3,879,242
05/06	2	4,633,558	4,309,606
06/07	2	5,111,124	5,028,402
07/08	2	5,309,367	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 \$5,028,402 for maintenance for fiscal 2007.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

FEMA Fund. To record revenues received from FEMA and OES for federal and/or state recognized disaster claims.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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, and 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 Control Shelter. To account for the collection of fees for the construction of an animal shelter.

Bike Trail/Open Space Maintenance. To account for the accumulation of funding for the maintenance of the City's bike trails and open spaces.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 SHEET
JUNE 30, 2007

	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	\$4,538,577	\$6,114,564	\$741,454	\$684,227	
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts	166,249	4,213			
Accrued interest	35,624	653,740	26,440	6,213	
Due from other government agencies		907,385		24,556	\$192,742
Due from other funds					
Advances to other funds		3,900,000			
Deferred receivables					
Notes receivables			55,970		
Total Assets	<u>\$4,740,450</u>	<u>\$11,579,902</u>	<u>\$823,864</u>	<u>\$714,996</u>	<u>\$192,742</u>
LIABILITIES					
Accounts payable	\$338,642	\$2,674,966		\$303	
Accrued liabilities					\$100
Due to other funds					192,641
Due to other government agencies					
Advances from other funds		500,000			
Deposits					
Deferred revenue		337,448	\$28,978		
Deferred liabilities		21,968			
Total Liabilities	<u>338,642</u>	<u>3,534,382</u>	<u>28,978</u>	<u>303</u>	<u>192,741</u>
FUND BALANCES					
Reserved for:					
Advances		3,900,000			
Encumbrances	524,433	1,967,783		400,000	
Deferred receivables and notes receivable			26,992		
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	3,877,375	2,177,737	767,894	314,693	1
TOTAL FUND BALANCES	<u>4,401,808</u>	<u>8,045,520</u>	<u>794,886</u>	<u>714,693</u>	<u>1</u>
Total Liabilities and Fund Balances:	<u>\$4,740,450</u>	<u>\$11,579,902</u>	<u>\$823,864</u>	<u>\$714,996</u>	<u>\$192,742</u>

SPECIAL REVENUE FUNDS

FEMA	Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Public Facilities	Park Development	Pleasant Grove Drain Basin
	\$64,037	\$213,880	\$7,710,571 1,389,610	\$8,594,125	\$22,078,176	\$5,915,539
\$617,587	652	2,917	87,774	90,266	250 271,044	58,607
			357,685	367,178	55,467	198,875
<u>\$617,587</u>	<u>\$64,689</u>	<u>\$216,797</u>	<u>\$9,545,640</u>	<u>\$9,051,569</u>	<u>\$22,404,937</u>	<u>\$6,173,021</u>
\$617,587			\$29,132	\$277,436	\$442,317	\$103,170
		\$203,697	357,594	\$367,178	55,467 243,164	198,875
<u>617,587</u>		<u>203,697</u>	<u>386,726</u>	<u>644,614</u>	<u>740,948</u>	<u>302,045</u>
			684,685		164,142	8,112
	\$64,689	13,100	8,474,229	8,406,955	21,499,847	5,862,864
	64,689	13,100	9,158,914	8,406,955	21,663,989	5,870,976
<u>\$617,587</u>	<u>\$64,689</u>	<u>\$216,797</u>	<u>\$9,545,640</u>	<u>\$9,051,569</u>	<u>\$22,404,937</u>	<u>\$6,173,021</u>

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

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	\$5,151,659	\$115,241	\$24,232	\$657,256	\$3,518,510
Restricted cash and investments with fiscal agents				41,553	
Receivables:					
Accounts				4,884	
Accrued interest	53,267	935			98,471
Due from other government agencies			508,651	25,403	
Due from other funds					50,000
Advances to other funds					150,000
Deferred receivables					
Notes receivables			7,922,044		2,161,053
	<u>5,204,926</u>	<u>\$116,176</u>	<u>\$8,454,927</u>	<u>\$729,096</u>	<u>\$5,978,034</u>
LIABILITIES					
Accounts payable	\$708		\$49,974	\$294,289	
Accrued liabilities			2,184	154,984	\$1,589
Due to other funds			274,044		
Due to other government agencies			7,922,044		
Advances from other funds					
Deposits					
Deferred revenue				20,500	2,181,856
Deferred liabilities					
	<u>708</u>		<u>8,248,246</u>	<u>469,773</u>	<u>2,183,445</u>
FUND BALANCES					
Reserved for:					
Advances					150,000
Encumbrances	\$1,041		1,900		51,675
Deferred receivables and notes receivable					
Debt service					
Unreserved:					
Designated for carryover of capital improvement projects					
Undesignated	5,203,177	\$116,176	204,781	259,323	3,592,914
	<u>5,204,218</u>	<u>116,176</u>	<u>206,681</u>	<u>259,323</u>	<u>3,794,589</u>
TOTAL FUND BALANCES	<u>5,204,218</u>	<u>116,176</u>	<u>206,681</u>	<u>259,323</u>	<u>3,794,589</u>
Total Liabilities and Fund Balances:	<u>\$5,204,926</u>	<u>\$116,176</u>	<u>\$8,454,927</u>	<u>\$729,096</u>	<u>\$5,978,034</u>

SPECIAL REVENUE FUNDS

Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	South Placer Animal Control Shelter	Bike Trail/ Open Space Maintenance	Traffic Mitigation
\$355,257	\$102,207	\$267,426	\$2,777,050	\$30,864	\$104,509	\$19,223,546
3,598	914	2,515	29,446 30,254	176	2,051 1,374	555 177,080 427,087 200,000 200,000 1,537,478
<u>\$358,855</u>	<u>\$103,121</u>	<u>\$269,941</u>	<u>\$2,836,750</u>	<u>\$31,040</u>	<u>\$107,934</u>	<u>\$21,765,746</u>
\$57		\$6,806 4,888	\$12,490 17,648		\$15,470	\$1,300,379 212,500 1,628,025 94,335
<u>57</u>		<u>11,694</u>	<u>30,138</u>		<u>15,470</u>	<u>3,235,239</u>
\$358,798	\$103,121	142,009	2,791,198	\$31,040	\$92,464	\$17,467,346
358,798	103,121	258,247	2,806,612	31,040	92,464	18,530,507
<u>\$358,855</u>	<u>\$103,121</u>	<u>\$269,941</u>	<u>\$2,836,750</u>	<u>\$31,040</u>	<u>\$107,934</u>	<u>\$21,765,746</u>

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		PERMANENT FUNDS		
	Roseville Finance Authority	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens Benefit	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments in City Treasury	\$53,649	\$5,420,078	\$15,802,820	\$597,375	\$16,732,582	\$127,589,411
Restricted cash and investments with fiscal agent	1,395,681					2,826,844
Receivables:						
Accounts						207,648
Accrued interest	28,205	42,062	174,322	10,946	99,534	1,956,930
Due from other government agencies		856				2,704,267
Due from other funds						250,000
Advances to other funds						4,250,000
Deferred receivables						2,516,683
Notes receivables						10,139,067
Total Assets	<u>\$1,477,535</u>	<u>\$5,462,996</u>	<u>\$15,977,142</u>	<u>\$608,321</u>	<u>\$16,832,116</u>	<u>\$152,440,850</u>
LIABILITIES						
Accounts payable		\$1,117,552				\$6,663,691
Accrued liabilities		2,678				184,071
Due to other funds				\$6,458		1,303,230
Due to other government agencies						7,922,044
Advances from other funds						500,000
Deposits				600,000		600,000
Deferred revenue						5,379,618
Deferred liabilities						359,467
Total Liabilities		<u>1,120,230</u>		<u>606,458</u>		<u>22,912,121</u>
FUND EQUITY						
Reserved for:						
Advances						4,250,000
Encumbrances		191,785				4,990,369
Deferred receivables and notes receivable						26,992
Debt service	\$1,477,535					1,477,535
Unreserved:						
Designated for carryover of capital improvement projects		4,150,981	\$15,977,142			20,128,123
Undesignated				1,863	\$16,832,116	98,655,710
TOTAL FUND BALANCES	<u>1,477,535</u>	<u>4,342,766</u>	<u>15,977,142</u>	<u>1,863</u>	<u>16,832,116</u>	<u>129,528,729</u>
Total Liabilities and Fund Balances	<u>\$1,477,535</u>	<u>\$5,462,996</u>	<u>\$15,977,142</u>	<u>\$608,321</u>	<u>\$16,832,116</u>	<u>\$152,440,850</u>

This Page Left Intentionally Blank

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
REVENUES					
Taxes	\$3,907,828				
Charges for services				\$99,735	
Subventions and grants		\$1,999,542		60,417	
Use of money and property	165,899	470,803	\$37,746	56,456	
Fines, forfeitures and penalties					\$1,440,468
Contributions from developers					
Miscellaneous revenues	34,078	1,071,282		20,819	
Total Revenues	4,107,805	3,541,627	37,746	237,427	1,440,468
EXPENDITURES					
Current:					
General government					
Community development and planning					
Public works		965,958			
Public safety:					
Fire					
Library				12,000	
Parks and recreation	2,819,533				
Housing assistance payments					
Capital outlay		11,189,319		11,225	
Debt service:					
Principal retirement					
Interest and fiscal charges		21,968			
Total Expenditures	2,819,533	12,177,245		23,225	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,288,272	(8,635,618)	37,746	214,202	1,440,468
OTHER FINANCING SOURCES (USES)					
Transfers in		3,655,715			
Transfers (out)	(340,999)	(445,938)		(340)	(1,564,320)
Total Other Financing Sources (Uses)	(340,999)	3,209,777		(340)	(1,564,320)
Net change in fund balances	947,273	(5,425,841)	37,746	213,862	(123,852)
Fund balances at the beginning of the period	3,454,535	13,471,361	757,140	500,831	123,853
Fund balances at the end of period	<u>\$4,401,808</u>	<u>\$8,045,520</u>	<u>\$794,886</u>	<u>\$714,693</u>	<u>\$1</u>

SPECIAL REVENUE FUNDS

FEMA	Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Public Facilities	Park Development	Pleasant Grove Drain Basin
			\$2,017,309			
\$628,206		\$147,450	60,814	\$3,337,905	\$4,854,512	\$865,738
	\$3,146	11,948	542,950	490,250	376,000	381,788
					1,130,070	
	3,580		256,932		2,836	471
628,206	6,726	159,398	2,878,005	3,828,155	6,363,418	1,247,997
				6,876		1,172
						132,281
			742,643			
					248,405	
			445,153		3,335,885	218,240
			161,910			
			97,175			
			1,446,881	6,876	3,584,290	351,693
628,206	6,726	159,398	1,431,124	3,821,279	2,779,128	896,304
(628,206)	(410)	(146,755)	1,696,454		696,224	
			(4,621,294)	(4,171,200)	(2,132,886)	(240,493)
(628,206)	(410)	(146,755)	(2,924,840)	(4,171,200)	(1,436,662)	(240,493)
	6,316	12,643	(1,493,716)	(349,921)	1,342,466	655,811
	58,373	457	10,652,630	8,756,876	20,321,523	5,215,165
	\$64,689	\$13,100	\$9,158,914	\$8,406,955	\$21,663,989	\$5,870,976

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS					
	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME	Housing Authority Section 8	Affordable Housing
REVENUES					
Taxes					
Charges for services	\$254,086	\$48,231			\$561,401
Subventions and grants			\$1,119,705	\$3,730,019	
Use of money and property	257,932	4,097	11,664	38,123	183,830
Fines, forfeitures and penalties					
Contributions from developers					899,645
Miscellaneous revenues			668,672	22,744	
Total Revenues	512,018	52,328	1,800,041	3,790,886	1,644,876
EXPENDITURES					
Current:					
General government	2,564				
Community development and planning			2,199,036	435,104	922,661
Public works					
Public safety:					
Fire					
Library					
Parks and recreation					
Housing assistance payments				3,328,656	
Capital outlay	15,169				
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	17,733		2,199,036	3,763,760	922,661
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	494,285	52,328	(398,995)	27,126	722,215
OTHER FINANCING SOURCES (USES)					
Transfers in			119,613		
Transfers (out)	(5,900)			(35,710)	(1,260)
Total Other Financing Sources (Uses)	(5,900)		119,613	(35,710)	(1,260)
Net change in fund balances	488,385	52,328	(279,382)	(8,584)	720,955
Fund balances at the beginning of the period	4,715,833	63,848	486,063	267,907	3,073,634
Fund balances at the end of period	<u>\$5,204,218</u>	<u>\$116,176</u>	<u>\$206,681</u>	<u>\$259,323</u>	<u>\$3,794,589</u>

SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
Park and Recreation Donation	Forfeited Property	Storm Water Management	Traffic Signal	South Placer Animal Control Shelter	Bike Trail/Open Space Maintenance	Traffic Mitigation	Roseville Finance Authority
			\$58,692	\$26,550		\$12,377,771	
\$17,289	\$3,702	\$12,070	144,870	589	\$4,720	1,515,612	\$1,652,522
		250				866,630	
15,375	56,134	1,276	52,002		28,692		
			45,800		2,051	856,576	906,807
32,664	59,836	13,596	301,364	27,139	35,463	15,616,589	2,559,329
					150,697		936,494
		498,305	1,183,821			736,580	
1,057	465						
			143,121			8,559,172	
							615,000
							2,233,212
1,057	465	498,305	1,326,942		150,697	9,295,752	3,784,706
31,607	59,371	(484,709)	(1,025,578)	27,139	(115,234)	6,320,837	(1,225,377)
		506,792	1,689,770		207,698	800,000	1,357,514
		(19,740)	(131,046)			(1,111,420)	
		487,052	1,558,724		207,698	(311,420)	1,357,514
31,607	59,371	2,343	533,146	27,139	92,464	6,009,417	132,137
327,191	43,750	255,904	2,273,466	3,901		12,521,090	1,345,398
\$358,798	\$103,121	\$258,247	\$2,806,612	\$31,040	\$92,464	\$18,530,507	\$1,477,535

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	CAPITAL PROJECTS FUNDS		PERMANENT FUNDS		Total Nonmajor Governmental Funds
	Building	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens Benefit	
REVENUES					
Taxes					\$5,925,137
Charges for services					22,484,621
Subventions and grants	\$17,361				9,655,126
Use of money and property	211,117	\$833,347	\$3,649	\$895,178	8,432,385
Fines, forfeitures and penalties					1,440,718
Contributions from developers					980,339
Miscellaneous revenues	718			111,107	4,077,258
Total Revenues	229,196	833,347	3,649	1,006,285	52,995,584
EXPENDITURES					
Current:					
General government				601,954	1,699,757
Community development and planning					3,689,082
Public works					3,384,664
Public safety:					
Fire					742,643
Library					12,000
Parks and recreation					3,069,460
Housing assistance payments					3,328,656
Capital outlay	12,252,250				36,169,534
Debt service:					
Principal retirement					776,910
Interest and fiscal charges					2,352,355
Total Expenditures	12,252,250			601,954	55,225,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,023,054)	833,347	3,649	404,331	(2,229,477)
OTHER FINANCING SOURCES (USES)					
Transfers in	12,055,186	1,500,000			24,284,966
Transfers (out)	(13,250)	(2,320,885)			(17,932,052)
Total Other Financing Sources (Uses)	12,041,936	(820,885)			6,352,914
Net change in fund balances	18,882	12,462	3,649	404,331	4,123,437
Fund balances at the beginning of the period	4,323,884	15,964,680	(1,786)	16,427,785	125,405,292
Fund balances at the end of period	<u>\$4,342,766</u>	<u>\$15,977,142</u>	<u>\$1,863</u>	<u>\$16,832,116</u>	<u>\$129,528,729</u>

This Page Left Intentionally Blank

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	LIGHTING AND LANDSCAPE SERVICE DISTRICTS			HOME IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$3,793,084	\$3,907,828	\$114,744			
Charges for services						
Subventions and grants						
Use of money and property	93,820	165,899	72,079	\$27,740	\$37,746	\$10,006
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues		34,078	34,078			
Total Revenues	3,886,904	4,107,805	220,901	27,740	37,746	10,006
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						
Library						
Operating services and supplies						
Parks and recreation						
Operating services and supplies	3,526,796	2,819,533	707,263			
Housing assistance payments						
Capital outlay						
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,526,796	2,819,533	707,263			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	360,108	1,288,272	928,164	27,740	37,746	10,006
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(346,860)	(340,999)	5,861			
Total Other Financing Sources (Uses)	(346,860)	(340,999)	5,861			
NET CHANGE IN FUND BALANCE:	\$13,248	947,273	\$934,025	\$27,740	37,746	\$10,006
Fund balances at beginning of year		3,454,535			757,140	
Fund balances at end of year		<u>\$4,401,808</u>			<u>\$794,886</u>	

CALIFORNIA LIBRARY SERVICES			TRAFFIC SAFETY			FEMA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$35,000	\$99,735	\$64,735						
40,100	60,417	20,317				\$628,206		\$628,206
41,200	56,456	15,256						
			\$900,000	\$1,440,468	\$540,468			
26,800	20,819	(5,981)				\$600,000		(600,000)
143,100	237,427	94,327	900,000	1,440,468	540,468	600,000	628,206	28,206
412,000	12,000	400,000						
11,405	11,225	180						
423,405	23,225	400,180						
(280,305)	214,202	494,507	900,000	1,440,468	540,468	600,000	628,206	28,206
(340)	(340)		(900,000)	(1,564,320)	(664,320)	(600,000)	(628,206)	(28,206)
(340)	(340)		(900,000)	(1,564,320)	(664,320)	(600,000)	(628,206)	(28,206)
(\$280,645)	213,862	\$494,507		(123,852)	(\$123,852)			
	500,831			123,853				
	\$714,693			\$1				

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURE,
 AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	TRENCH CUT RECOVERY			LAW ENFORCEMENT BLOCK GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services						
Subventions and grants				\$147,450	\$147,450	
Use of money and property	\$2,290	\$3,146	\$856	8,620	11,948	\$3,328
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues	1,000	3,580	2,580			
Total Revenues	3,290	6,726	3,436	156,070	159,398	3,328
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						
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						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,290	6,726	3,436	156,070	159,398	3,328
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(410)	(410)			(146,755)	(146,755)
Total Other Financing Sources (Uses)	(410)	(410)			(146,755)	(146,755)
NET CHANGE IN FUND BALANCE:	\$2,880	6,316	\$3,436	\$156,070	12,643	(\$143,427)
Fund balances at beginning of year		58,373			457	
Fund balances at end of year		<u>\$64,689</u>			<u>\$13,100</u>	

FIRE FACILITIES			PUBLIC FACILITIES			COMMUNITY DEVELOPMENT BLOCK GRANT/ HOME		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,500,000	\$2,017,309	(\$482,691)	\$2,800,000	\$3,337,905	\$537,905			
	60,814	60,814				\$1,114,247	\$1,119,705	\$5,458
352,420	542,950	190,530	487,800	490,250	2,450		11,664	11,664
3,000,000		(3,000,000)						
	256,932	256,932				910,930	668,672	(242,258)
5,852,420	2,878,005	(2,974,415)	3,287,800	3,828,155	540,355	2,025,177	1,800,041	(225,136)
				6,876	6,876			
							433,994	(433,994)
						73,888	87,415	(13,527)
						2,188,888	1,677,627	511,261
991,183	742,643	248,540						
1,262,524	445,153	817,371	1,464,447		1,464,447			
161,910	161,910							
103,710	97,175	6,535						
2,519,327	1,446,881	1,072,446	1,464,447	6,876	1,471,323	2,262,776	2,199,036	63,740
3,333,093	1,431,124	(1,901,969)	1,823,353	3,821,279	1,997,926	(237,599)	(398,995)	(161,396)
(8,604,510)	1,696,454	1,696,454	(9,974,542)	(4,171,200)	5,803,342	200,000	119,613	(80,387)
(8,604,510)	(4,621,294)	3,983,216	(9,974,542)	(4,171,200)	5,803,342	200,000	119,613	(80,387)
(\$5,271,417)	(1,493,716)	\$3,777,701	(\$8,151,189)	(349,921)	\$7,801,268	(\$37,599)	(279,382)	(\$241,783)
	10,652,630			8,756,876			486,063	
	\$9,158,914			\$8,406,955			\$206,681	

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURE,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

I

	HOUSING AUTHORITY SECTION 8			AFFORDABLE HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services				\$1,316,000	\$561,401	(\$754,599)
Subventions and grants	\$3,655,270	\$3,730,019	\$74,749			
Use of money and property		38,123	38,123	90,710	183,830	93,120
Fines, forfeitures and penalties						
Contributions from developers					899,645	899,645
Miscellaneous revenues	9,388	22,744	13,356			
Total Revenues	3,664,658	3,790,886	126,228	1,406,710	1,644,876	238,166
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	450,997	390,863	60,134	40,445	30,495	9,950
Operating services and supplies	86,119	44,241	41,878	838,780	892,166	(53,386)
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	3,218,870	3,328,656	(109,786)			
Capital outlay						
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	3,755,986	3,763,760	(7,774)	879,225	922,661	(43,436)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(91,328)	27,126	118,454	527,485	722,215	194,730
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(35,710)	(35,710)		(1,260)	(1,260)	
Total Other Financing Sources (Uses)	(35,710)	(35,710)		(1,260)	(1,260)	
NET CHANGE IN FUND BALANCE	(\$127,038)	(8,584)	\$118,454	\$526,225	720,955	\$194,730
Fund balances at beginning of year		267,907			3,073,634	
Fund balances at end of year		<u>\$259,323</u>			<u>\$3,794,589</u>	

STORM WATER MANAGEMENT			TRAFFIC SIGNAL			BIKE TRAIL/OPEN SPACE MAINTENANCE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				\$58,692	\$58,692			
\$9,730	\$12,070	\$2,340	\$84,950	144,870	59,920		4,720	4,720
	250	250						
			75,000	52,002		85,300	28,692	(56,608)
	1,276	1,276	1,000	45,800	44,800		2,051	2,051
9,730	13,596	3,866	160,950	301,364	163,412	85,300	35,463	(49,837)
						251,440	150,697	100,743
351,860	289,736	62,124	824,522	665,008	159,514			
395,142	208,569	186,573	660,543	518,813	141,730			
			527,949	143,121	384,828			
747,002	498,305	248,697	2,013,014	1,326,942	686,072	251,440	150,697	100,743
(737,272)	(484,709)	252,563	(1,852,064)	(1,025,578)	826,486	(166,140)	(115,234)	50,906
759,654	506,792	(252,862)	1,689,770	1,689,770		297,160	207,698	(89,462)
(19,740)	(19,740)		(126,605)	(131,046)	(4,441)			
739,914	487,052	(252,862)	1,563,165	1,558,724	(4,441)	297,160	207,698	(89,462)
\$2,642	2,343	(\$299)	(\$288,899)	533,146	\$822,045	\$131,020	92,464	(\$38,556)
	255,904			2,273,466				
	\$258,247			\$2,806,612			\$92,464	

(Continued)

CITY OF ROSEVILLE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURE
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	ROSEVILLE FINANCE AUTHORITY			GENERAL CAPITAL IMPROVEMENT PROJECTS REHABILITATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services						
Subventions and grants						
Use of money and property		\$1,652,522	\$1,652,522	\$568,310	\$833,347	\$265,037
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues		906,807	906,807			
Total Revenues		2,559,329	2,559,329	568,310	833,347	265,037
EXPENDITURES						
Current:						
General government		936,494	(936,494)			
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						
Library						
Operating services and supplies						
Parks and recreation						
Operating services and supplies						
Housing assistance payments						
Capital outlay						
Debt service:						
Principal retirement	615,000	615,000				
Interest and fiscal charges	695,300	2,233,212	(1,537,912)			
Total Expenditures	1,310,300	3,784,706	(2,474,406)			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,310,300)	(1,225,377)	84,923	568,310	833,347	265,037
OTHER FINANCING SOURCES (USES)						
Transfers in	1,246,300	1,357,514	111,214	1,500,000	1,500,000	
Transfers (out)				(7,068,526)	(2,320,885)	4,747,641
Total Other Financing Sources (Uses)	1,246,300	1,357,514	111,214	(5,568,526)	(820,885)	4,747,641
NET CHANGE IN FUND BALANCE	(\$64,000)	132,137	\$196,137	(\$5,000,216)	12,462	\$5,012,678
Fund balances at beginning of year		1,345,398			15,964,680	
Fund balances at end of year		<u>\$1,477,535</u>			<u>\$15,977,142</u>	

CITIZENS BENEFIT

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$711,670	\$895,178	\$183,508
<u>90,750</u>	<u>111,107</u>	<u>20,357</u>
<u>802,420</u>	<u>1,006,285</u>	<u>203,865</u>

617,750	601,954	15,796
---------	---------	--------

<u>617,750</u>	<u>601,954</u>	<u>15,796</u>
<u>184,670</u>	<u>404,331</u>	<u>219,661</u>

<u>\$184,670</u>	404,331	<u>\$219,661</u>
	<u>16,427,785</u>	
	<u>\$16,832,116</u>	

This Page Left Intentionally Blank

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 STATEMENT OF NET ASSETS
JUNE 30, 2007

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Workers' Compensation	General Liability
ASSETS				
Current Assets				
Cash and investments in City Treasury		\$15,114,064	\$11,303,176	\$7,573,073
Restricted cash and investments with fiscal agents				40,000
Receivables:				
Accounts	\$8,467	2,668		
Accrued interest		1,198,497	105,887	71,630
Due from other government agencies	14,955			
Due from other funds		934,099		
Inventories	904,777			
Total Current Assets	928,199	17,249,328	11,409,063	7,684,703
Non Current Assets				
Advances to other funds		4,648,201		
Capital assets, net of accumulated depreciation	67,513	16,113,071		
Total Assets	995,712	38,010,600	11,409,063	7,684,703
LIABILITIES				
Current Liabilities				
Accounts payable	136,037	50,663	98,053	30,542
Accrued liabilities	42,781			
Due to other funds	534,599			
Compensated absences	169,964			
Self-insurance claims payable			463,000	158,500
Total Current Liabilities	883,381	50,663	561,053	189,042
Long-term Liabilities				
Compensated absences	169,601			
Self-insurance claims payable			4,284,000	1,505,500
Total Liabilities	1,052,982	50,663	4,845,053	1,694,542
NET ASSETS				
Invested in capital assets	67,513	16,113,071		
Unrestricted	(124,783)	21,846,866	6,564,010	5,990,161
Total Net Assets	(\$57,270)	\$37,959,937	\$6,564,010	\$5,990,161

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$81,165	\$263,094	\$600,724	\$15,922	\$25,561,091	\$214,617	\$60,726,926 40,000
1,007	2,707	5,773	66	249,368		11,135 1,634,935 14,955 934,099 950,413
<u>82,172</u>	<u>265,801</u>	<u>606,497</u>	<u>15,988</u>	<u>25,810,459</u>	<u>260,253</u>	<u>64,312,463</u>
						4,648,201 16,180,584
<u>82,172</u>	<u>265,801</u>	<u>606,497</u>	<u>15,988</u>	<u>25,810,459</u>	<u>260,253</u>	<u>85,141,248</u>
23,844		21,562			228,164	588,865 42,781 534,599 169,964 621,500
<u>23,844</u>		<u>21,562</u>			<u>228,164</u>	<u>1,957,709</u>
						169,601 5,789,500
<u>23,844</u>		<u>21,562</u>			<u>228,164</u>	<u>7,916,810</u>
58,328	265,801	584,935	15,988	25,810,459	32,089	16,180,584 61,043,854
<u>\$58,328</u>	<u>\$265,801</u>	<u>\$584,935</u>	<u>\$15,988</u>	<u>\$25,810,459</u>	<u>\$32,089</u>	<u>\$77,224,438</u>

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Workers' Compensation	General Liability
OPERATING REVENUES				
Charges for services	\$7,274,194	\$5,101,651	\$3,090,000	\$2,011,792
Other	139,241	5,909	2,301,754	140,128
Total Operating Revenues	7,413,435	5,107,560	5,391,754	2,151,920
OPERATING EXPENSES				
Operations	6,546,671	66,911	1,585,827	730,729
Depreciation and amortization	6,596	3,782,779		
Claims expense			616,436	899,975
Total Operating Expenses	6,553,267	3,849,690	2,202,263	1,630,704
Operating Income (Loss)	860,168	1,257,870	3,189,491	521,216
NONOPERATING (EXPENSES)				
Interest revenue	97,887	802,621	496,819	346,345
Other		252,679		
Net Nonoperating Revenues (Expenses)	97,887	1,055,300	496,819	346,345
Income (Loss) Before Transfers	958,055	2,313,170	3,686,310	867,561
Transfers in		2,519,588		
Transfers (out)	(906,793)	(1,711,874)	(31,830)	(19,960)
Change in Net Assets	51,262	3,120,884	3,654,480	847,601
Net assets (deficit)-beginning	(108,532)	34,839,053	2,909,530	5,142,560
Net assets (deficit)-ending	(\$57,270)	\$37,959,937	\$6,564,010	\$5,990,161

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
\$111,434	\$161,587 176	\$1,360,583	\$309,552	\$2,498,387		\$21,919,180 2,587,208
111,434	161,763	1,360,583	309,552	2,498,387		24,506,388
158,100	179,903	1,311,034	299,190	2,870,056		13,748,421 3,789,375 1,516,411
158,100	179,903	1,311,034	299,190	2,870,056		19,054,207
(46,666)	(18,140)	49,549	10,362	(371,669)		5,452,181
5,378	13,567	27,346	442	1,195,539		2,985,944 252,679
5,378	13,567	27,346	442	1,195,539		3,238,623
(41,288)	(4,573)	76,895	10,804	823,870		8,690,804
(960)	(1,550)	(12,360)	(3,500)	2,840,124 (24,560)		5,359,712 (2,713,387)
(42,248)	(6,123)	64,535	7,304	3,639,434		11,337,129
100,576	271,924	520,400	8,684	22,171,025	\$32,089	65,887,309
\$58,328	\$265,801	\$584,935	\$15,988	\$25,810,459	\$32,089	\$77,224,438

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Automotive Services	Automotive Replacement	Self Insurance Funds	
			Workers' Compensation	General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$7,279,959	\$5,098,983	\$3,090,605	\$2,011,792
Payments to suppliers	(4,738,722)	483,513	(1,514,799)	(724,891)
Payments to employees	(1,943,046)			
Claims paid			(2,413,436)	(1,161,975)
Other receipts (payments)	139,241	5,909	2,301,754	140,128
Net cash provided by operating activities	<u>737,432</u>	<u>5,588,405</u>	<u>1,464,124</u>	<u>265,054</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in due from other funds		(594,599)		
Increase (decrease) in due to other funds	133,737			
(Increase) decrease in advances to other funds		459,500		
Transfers in		2,519,588		
Transfers (out)	(906,793)	(1,711,874)	(31,830)	(19,960)
Cash Flows from Noncapital Financing Activities	<u>(773,056)</u>	<u>672,615</u>	<u>(31,830)</u>	<u>(19,960)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets, net	(62,263)	(6,038,666)		
Other		252,679		
Cash Flows from Capital and Related Financing Activities	<u>(62,263)</u>	<u>(5,785,987)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	97,887	668,954	455,882	323,169
Cash Flows from Investing Activities	<u>97,887</u>	<u>668,954</u>	<u>455,882</u>	<u>323,169</u>
Net increase (decrease) in cash and cash equivalents		1,143,987	1,888,176	568,263
Cash and investments at beginning of period		13,970,077	9,415,000	7,044,810
Cash and investments at end of period		<u>\$15,114,064</u>	<u>\$11,303,176</u>	<u>\$7,613,073</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$860,168	\$1,257,870	\$3,189,491	\$521,216
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,596	3,782,779		
Change in assets and liabilities:				
Receivables, net	(23,094)	(2,668)	605	
Prepaid		620,524		
Accounts and other payables	(106,238)	(70,100)	(1,725,972)	(256,162)
Net cash provided by operating activities	<u>\$737,432</u>	<u>\$5,588,405</u>	<u>\$1,464,124</u>	<u>\$265,054</u>

This Page Left Intentionally Blank

AGENCY FUNDS

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

Special Assessments/Community Facility Districts (CFDs)

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

Payroll Revolving Fund

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

Highway 65 JPA (Bizz Johnson JPA)

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

Dry Creek Drainage Basin

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

Disaster Recovery JPA (DRJPA)

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

County Capital Facilities Fee

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

South Placer Wastewater Authority (SPWA)

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

AGENCY FUNDS (Continued)

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 (TMF)

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.

Other

To account for fees collected for Placer County's administration of the City's Special Assessments.

This Page Left Intentionally Blank

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>Foothills Boulevard Special Assessment District</u>				
Cash and investments in City Treasury	\$15,875			\$15,875
Due to bondholders	\$15,875			\$15,875
<u>Hilltop Special Assessment District</u>				
Cash and investments in City Treasury	\$1,015	\$1	\$12	\$1,004
Total Assets	\$1,015	\$1	\$12	\$1,004
Due to bondholders	\$1,015	\$1	\$12	\$1,004
<u>North Roseville/Rocklin Sewer Special Assessment District</u>				
Cash and investments in City Treasury	\$392,482	\$39,924	\$73,162	\$359,244
Accrued interest receivable	2,004	1,507	2,004	1,507
Total Assets	\$394,486	\$41,431	\$75,166	\$360,751
Accounts payable	\$289	\$5,264	\$289	\$5,264
Due to bondholders	394,197	36,167	74,877	355,487
Total Liabilities	\$394,486	\$41,431	\$75,166	\$360,751
<u>Rocky Ridge/Harding Special Assessment District</u>				
Cash and investments in City Treasury	\$45,559	\$2,675	\$8,027	\$40,207
Accrued interest receivable	1,730	13	1,730	13
Total Assets	\$47,289	\$2,688	\$9,757	\$40,220
Due to bondholders	\$47,289	\$2,688	\$9,757	\$40,220
Total Liabilities	\$47,289	\$2,688	\$9,757	\$40,220
<u>Champion Oaks Special Assessment District</u>				
Cash and investments in City Treasury	\$19,287			\$19,287
Due to bondholders	\$19,287			\$19,287

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>Foothills Boulevard Extension Special Assessment District</u>				
Cash and investments in City Treasury	\$1,051,755	\$25,243	\$872,446	\$204,552
Accrued interest receivable	5,297	7,662	5,297	7,662
Total Assets	<u>\$1,057,052</u>	<u>\$32,905</u>	<u>\$877,743</u>	<u>\$212,214</u>
Accounts payable	\$462		\$462	
Due to bondholders	1,056,590	\$32,905	877,281	\$212,214
Total Liabilities	<u>\$1,057,052</u>	<u>\$32,905</u>	<u>\$877,743</u>	<u>\$212,214</u>
<u>Northeast Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$2,702,702	\$2,435,929	\$2,450,306	\$2,688,325
Restricted cash and investments with fiscal agents	841,118	30,603	113,116	758,605
Accrued interest receivable	20,613	24,319	20,613	24,319
Total Assets	<u>\$3,564,433</u>	<u>\$2,490,851</u>	<u>\$2,584,035</u>	<u>\$3,471,249</u>
Accounts payable	\$1,466	\$1,529	\$1,466	\$1,529
Due to bondholders	3,562,967	2,489,322	2,582,569	3,469,720
Total Liabilities	<u>\$3,564,433</u>	<u>\$2,490,851</u>	<u>\$2,584,035</u>	<u>\$3,471,249</u>
<u>Northwest Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,755,278	\$2,679,917	\$2,470,585	\$1,964,610
Restricted cash and investments with fiscal agents	2,426,475		44	2,426,431
Accrued interest receivable	47,222	48,880	47,222	48,880
Total Assets	<u>\$4,228,975</u>	<u>\$2,728,797</u>	<u>\$2,517,851</u>	<u>\$4,439,921</u>
Accounts payable	\$2,288	\$2,265	\$2,288	\$2,265
Due to bondholders	4,226,687	2,726,532	2,515,563	4,437,656
Total Liabilities	<u>\$4,228,975</u>	<u>\$2,728,797</u>	<u>\$2,517,851</u>	<u>\$4,439,921</u>
<u>Stoneridge East Community Facilities District #1</u>				
Cash and investments in City Treasury	\$831,915	\$3,253,499	\$3,189,841	\$895,573
Restricted cash and investments with fiscal agents	1,188,956		15,616	1,173,340
Accrued interest receivable	22,313	8,824	22,313	8,824
Total Assets	<u>\$2,043,184</u>	<u>\$3,262,323</u>	<u>\$3,227,770</u>	<u>\$2,077,737</u>
Accounts payable	\$1,987	\$4,023	\$1,987	\$4,023
Due to bondholders	2,041,197	3,258,300	3,225,783	2,073,714
Total Liabilities	<u>\$2,043,184</u>	<u>\$3,262,323</u>	<u>\$3,227,770</u>	<u>\$2,077,737</u>

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>Northeast Roseville Community Facilities District #2</u>				
Cash and investments in City Treasury	\$832,640	\$953,425	\$992,035	\$794,030
Restricted cash and investments with fiscal agents	1,118,553	55,512	81,703	1,092,362
Accrued interest receivable	22,455	23,047	22,455	23,047
Total Assets	\$1,973,648	\$1,031,984	\$1,096,193	\$1,909,439
Accounts payable	\$1,465	\$1,528	\$1,465	\$1,528
Due to bondholders	1,972,183	1,030,456	1,094,728	1,907,911
Total Liabilities	\$1,973,648	\$1,031,984	\$1,096,193	\$1,909,439
<u>North Central Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$6,955,199	\$5,422,051	\$5,191,328	\$7,185,922
Restricted cash and investments with fiscal agents	4,968,636	66,433		5,035,069
Accrued interest receivable	72,495	135,338	72,495	135,338
Total Assets	\$11,996,330	\$5,623,822	\$5,263,823	\$12,356,329
Accounts payable	\$2,913	\$5,677	\$2,913	\$5,677
Due to bondholders	11,993,417	5,618,145	5,260,910	12,350,652
Total Liabilities	\$11,996,330	\$5,623,822	\$5,263,823	\$12,356,329
<u>North Roseville Community Facilities District #1</u>				
Cash and investments in City Treasury	\$1,884,234	\$1,932,423	\$2,040,989	\$1,775,668
Restricted cash and investments with fiscal agents	1,787,945	56,091	104,456	1,739,580
Accrued interest receivable	5,163	12,637	5,163	12,637
Total Assets	\$3,677,342	\$2,001,151	\$2,150,608	\$3,527,885
Accounts payable	\$2,376	\$2,210	\$2,376	\$2,210
Due to bondholders	3,674,966	1,998,941	2,148,232	3,525,675
Total Liabilities	\$3,677,342	\$2,001,151	\$2,150,608	\$3,527,885
<u>Woodcreek West Community Facilities District #1</u>				
Cash and investments in City Treasury	\$626,172	\$1,507,133	\$1,169,873	\$963,432
Restricted cash and investments with fiscal agents	1,446,142	68,225	111,802	1,402,565
Accrued interest receivable	24,311	25,844	24,311	25,844
Total Assets	\$2,096,625	\$1,601,202	\$1,305,986	\$2,391,841
Accounts payable	\$2,077	\$2,068	\$2,077	\$2,068
Due to bondholders	2,094,548	1,599,134	1,303,909	2,389,773
Total Liabilities	\$2,096,625	\$1,601,202	\$1,305,986	\$2,391,841

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
Highland Reserve North Community Facilities District #1				
Cash and investments in City Treasury	\$2,158,790	\$933,492	\$710,815	\$2,381,467
Restricted cash and investments with fiscal agents	2,989,551	1,251,855	1,577,523	2,663,883
Accrued interest receivable	32,591	57,864	32,591	57,864
Total Assets	\$5,180,932	\$2,243,211	\$2,320,929	\$5,103,214
Accounts payable	\$2,780	\$4,965	\$2,780	\$4,965
Due to bondholders	5,178,152	2,238,246	2,318,149	5,098,249
Total Liabilities	\$5,180,932	\$2,243,211	\$2,320,929	\$5,103,214
Stoneridge Parcel 1 Community Facilities District #1				
Cash and investments in City Treasury	\$98,006		\$19,156	\$78,850
Restricted cash and investments with fiscal agents	166,838	\$310,309	339,603	137,544
Accrued interest receivable	100	432	100	432
Total Assets	\$264,944	\$310,741	\$358,859	\$216,826
Accounts payable	\$917	\$2,899	\$917	\$2,899
Due to bondholders	264,027	307,842	357,942	213,927
Total Liabilities	\$264,944	\$310,741	\$358,859	\$216,826
Woodcreek East Community Facilities District #1				
Cash and investments in City Treasury	\$229,254	\$596,073	\$458,317	\$367,010
Restricted cash and investments with fiscal agents	598,403		103,978	494,425
Accrued interest receivable	6,291	8,924	6,291	8,924
Total Assets	\$833,948	\$604,997	\$568,586	\$870,359
Accounts payable	\$1,721	\$2,797	\$1,721	\$2,797
Due to bondholders	832,227	602,200	566,865	867,562
Total Liabilities	\$833,948	\$604,997	\$568,586	\$870,359
Stoneridge West Community Facilities District #1				
Cash and investments in City Treasury	\$636,915	\$178,669	\$68,301	\$747,283
Restricted cash and investments with fiscal agents	925,357	2,415,677	2,422,602	918,432
Accrued interest receivable	17,836	7,926	17,836	7,926
Total Assets	\$1,580,108	\$2,602,272	\$2,508,739	\$1,673,641
Accounts payable	\$1,977	\$4,056	\$1,977	\$4,056
Due to bondholders	1,578,131	2,598,216	2,506,762	1,669,585
Total Liabilities	\$1,580,108	\$2,602,272	\$2,508,739	\$1,673,641

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>Crocker Ranch Community Facilities District #1</u>				
Cash and investments in City Treasury	\$877,963	\$39,698	\$77,206	\$840,455
Restricted cash and investments with fiscal agents	1,439,986	3,995,485	4,048,478	1,386,993
Accrued Interest receivable	21,651	11,334	21,651	11,334
Total Assets	\$2,339,600	\$4,046,517	\$4,147,335	\$2,238,782
Accounts payable	\$4,638	\$3,785	\$4,638	\$3,785
Due to bondholders	2,334,962	4,042,732	4,142,697	2,234,997
Total Liabilities	\$2,339,600	\$4,046,517	\$4,147,335	\$2,238,782
<u>Stone Point Community Facilities District #1</u>				
Cash and investments in City Treasury	\$709,796	\$220,100	\$132,336	\$797,560
Restricted cash and investments with fiscal agents	913,225	625,742	601,696	937,271
Accrued interest receivable	11,501	11,325	11,501	11,325
Total Assets	\$1,634,522	\$857,167	\$745,533	\$1,746,156
Accounts payable	\$3,282	\$1,367	\$3,282	\$1,367
Due to bondholders	1,631,240	855,800	742,251	1,744,789
Total Liabilities	\$1,634,522	\$857,167	\$745,533	\$1,746,156
<u>Stone Point Community Facilities District #5</u>				
Cash and investments in City Treasury		\$15,547	\$48,315	(\$32,768)
Restricted cash and investments with fiscal agents		1,090,344	457,609	632,735
Total Assets		\$1,105,891	\$505,924	\$599,967
Accounts payable	\$5,142	\$2,500	\$5,142	\$2,500
Due to bondholders	(5,142)	1,103,391	500,782	597,467
Total Liabilities		\$1,105,891	\$505,924	\$599,967
<u>Westpark Community Facilities District #1</u>				
Cash and investments in City Treasury		\$3,056,168	\$625,814	\$2,430,354
Restricted cash and investments with fiscal agents	\$6,619,854	3,145,332	4,246,116	5,519,070
Accrued interest receivable	96,513	108,744	96,513	108,744
Total Assets	\$6,716,367	\$6,310,244	\$4,968,443	\$8,058,168
Accounts payable	\$1,571		\$1,571	
Due to bondholders	6,714,796	\$6,310,244	4,966,872	\$8,058,168
Total Liabilities	\$6,716,367	\$6,310,244	\$4,968,443	\$8,058,168

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
Fiddymt Ranch Community Facilities District #1				
Cash and investments in City Treasury	\$2,201	\$3,374,420	\$730,757	\$2,645,864
Restricted cash and investments with fiscal agents	4,245,965	5,813,975	3,868,389	6,191,551
Accrued interest receivable	65,479	142,640	65,479	142,640
Total Assets	\$4,313,645	\$9,331,035	\$4,664,625	\$8,980,055
Accounts payable	\$2,299	\$363	\$2,299	\$363
Due to bondholders	4,311,346	9,330,672	4,662,326	8,979,692
Total Liabilities	\$4,313,645	\$9,331,035	\$4,664,625	\$8,980,055
Longmeadow Community Facilities District #1				
Cash and investments in City Treasury		\$467,721	\$111,807	\$355,914
Restricted cash and investments with fiscal agents	\$843,715	200,322	439,960	604,077
Accrued interest receivable	6,816	8,172	6,816	8,172
Total Assets	\$850,531	\$676,215	\$558,583	\$968,163
Accounts payable				
Due to bondholders	\$850,531	\$676,215	\$558,583	\$968,163
Total Liabilities	\$850,531	\$676,215	\$558,583	\$968,163
NC SP PAR 44 CFD				
Cash and investments in City Treasury	\$5,780	\$78	\$5,263	\$595
Accrued interest receivable		12		12
Total Assets	\$5,780	\$90	\$5,263	\$607
Accounts payable	\$5,780		\$5,780	
Due to others		\$90	(517)	\$607
Total Liabilities	\$5,780	\$90	\$5,263	\$607
Diamond Creek Community Facilities District #1				
Cash and investments in City Treasury		\$20,758	\$12,853	\$7,905
Restricted cash and investments with fiscal agents		1,464,732	380,900	1,083,832
Accrued interest receivable		4,575		4,575
Total Assets		\$1,490,065	\$393,753	\$1,096,312
Due to bondholders		\$1,490,065	\$393,753	\$1,096,312
Total Liabilities		\$1,490,065	\$393,753	\$1,096,312
Fountains Community Facilities District #1				
Cash and investments in City Treasury		\$10,000		\$10,000
Accrued interest receivable		2		2
Total Assets		\$10,002		\$10,002
Accounts payable		\$675		\$675
Due to bondholders		9,327		9,327
Total Liabilities		\$10,002		\$10,002

(Continued)

CITY OF ROSEVILLE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<hr/> Payroll Revolving <hr/>				
Cash and investments in City Treasury	\$1,659,823	\$2,033,213	\$1,846,518	\$1,846,518
Accounts payable	\$1,659,823	\$1,576	\$1,659,823	\$1,576
Due to others	2,031,637	186,695	1,844,942	1,844,942
Total Liabilities	\$1,659,823	\$2,033,213	\$1,846,518	\$1,846,518
<hr/> Highway 65 JPA <hr/>				
Cash and investments in City Treasury	\$9,812,800	\$3,329,081	\$26,634	\$13,115,247
Accrued interest receivable	63,809	568,253	501,245	130,817
Due from other government agencies	948,162	855,580	948,162	855,580
Total Assets	\$10,824,771	\$4,752,914	\$1,476,041	\$14,101,644
 Due to member agencies	 \$10,824,771	 \$4,752,914	 \$1,476,041	 \$14,101,644
Total Liabilities	\$10,824,771	\$4,752,914	\$1,476,041	\$14,101,644
<hr/> Dry Creek Drainage Basin <hr/>				
Cash and investments in City Treasury	\$12,591	\$30,059	\$13,287	\$29,363
Accrued interest receivable	412	121	412	121
Total Assets	\$13,003	\$30,180	\$13,699	\$29,484
 Accounts Payable	 \$13,287	 \$29,390	 \$13,287	 \$29,390
Due to others	(284)	790	412	94
Total Liabilities	\$13,003	\$30,180	\$13,699	\$29,484
<hr/> Disaster Recovery JPA <hr/>				
Cash and investments in City Treasury	\$39,365	\$22,115	\$6,882	\$54,598
Accounts receivable	887	887	887	887
Accrued interest receivable	294	540	294	540
Total Assets	\$40,546	\$22,655	\$8,063	\$55,138
 Accounts payable	 \$495	 \$495	 \$495	 \$495
Due to member agencies	\$40,546	22,160	\$8,063	54,643
Total Liabilities	\$40,546	\$22,655	\$8,063	\$55,138

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
County Capital Facilities Fee				
Cash and investments in City Treasury	\$505,694	\$826,058	\$469,900	\$861,852
Accrued interest receivable	3,118	4,721	3,118	4,721
Deferred receivables		62,966		62,966
Total Assets	\$508,812	\$893,745	\$473,018	\$929,539
Accounts payable	\$452,066	\$809,702	\$452,066	\$809,702
Due to others	56,746	84,043	20,952	119,837
Total Liabilities	\$508,812	\$893,745	\$473,018	\$929,539
South Placer Wastewater Authority				
Cash and investments in City Treasury	\$144,183,054	\$151,837,280	\$144,183,054	\$151,837,280
Restricted cash and investments with fiscal agents	26,281,641	17,488,001	26,281,641	17,488,001
Accrued interest receivable	684,162	1,297,774	684,162	1,297,774
Due from other government agencies	1,751,864	3,768,530	1,751,864	3,768,530
Total Assets	\$172,900,721	\$174,391,585	\$172,900,721	\$174,391,585
Accounts payable	\$303,990	\$2,951,334	\$303,990	\$2,951,334
Accrued liabilities	326,561	306,288	326,561	306,288
Due to member agencies	172,270,170	171,133,963	172,270,170	171,133,963
Total Liabilities	\$172,900,721	\$174,391,585	\$172,900,721	\$174,391,585
Special Sewer Benefit Area #3				
Cash and investments in City Treasury	\$895	\$15,795	\$897	\$15,793
Accrued interest receivable	1	11	1	11
Total Assets	\$896	\$15,806	\$898	\$15,804
Accounts payable		\$15,774		\$15,774
Due to others	\$896	32	\$898	\$30
Total Liabilities	\$896	\$15,806	\$898	\$15,804
Special Sewer Benefit Area #4				
Cash and investments in City Treasury	\$122,828	\$124,512	\$118,415	\$128,925
Accrued interest receivable	892	1,337	892	1,337
Total Assets	\$123,720	\$125,849	\$119,307	\$130,262
Accounts payable	\$117,971	\$117,971	\$117,971	\$117,971
Due to others	5,749	7,878	1,336	12,291
Total Liabilities	\$123,720	\$125,849	\$119,307	\$130,262

(continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>South Placer County Tourism Business Improvement District (SPCTBID)</u>				
Cash and investments in City Treasury	\$2,770	\$616,585	\$614,008	\$5,347
Accounts receivable	159,604	160,654	159,604	160,654
Accrued interest receivable	252	363	252	363
Total Assets	\$162,626	\$777,602	\$773,864	\$166,364
Accounts payable	\$158,704	\$160,654	\$158,704	\$160,654
Due to others	3,922	616,948	615,160	5,710
Total Liabilities	\$162,626	\$777,602	\$773,864	\$166,364
<u>South Placer County Safe Kids Coalition</u>				
Cash and investments in City Treasury	\$13,824	\$19,354	\$18,302	\$14,876
Accrued interest receivable	120	144	120	144
Total Assets	\$13,944	\$19,498	\$18,422	\$15,020
Accounts payable	\$326	\$1,275	\$326	\$1,275
Due to others	13,618	18,223	18,096	13,745
Total Liabilities	\$13,944	\$19,498	\$18,422	\$15,020
<u>South Placer Regional Traffic Fee</u>				
Cash and investments in City Treasury	\$427,896	\$798,735	\$425,130	\$801,501
Accrued interest receivable	1,563	3,295	1,563	3,295
Total Assets	\$429,459	\$802,030	\$426,693	\$804,796
Accounts payable	\$423,100	\$797,172	\$423,100	\$797,172
Due to others	6,359	4,858	3,593	7,624
Total Liabilities	\$429,459	\$802,030	\$426,693	\$804,796
<u>City/County TMF</u>				
Cash and investments in City Treasury	\$112,917	\$206,139	\$119,605	\$199,451
Accrued interest receivable	552	759	552	759
Total Assets	\$113,469	\$206,898	\$120,157	\$200,210
Accounts payable	\$119,399	\$199,778	\$119,399	\$199,778
Due to others	(5,930)	7,120	758	432
Total Liabilities	\$113,469	\$206,898	\$120,157	\$200,210

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>Placer County Air Pollution Control</u>				
Cash and investments in City Treasury	\$8,849	\$30,889		\$39,738
Accounts receivable	402		\$402	
Accrued interest receivable	1	305	1	305
Total Assets	\$9,252	\$31,194	\$403	\$40,043
Due to others	9,252	\$31,194	\$403	\$40,043
Total Liabilities	\$9,252	\$31,194	\$403	\$40,043
<u>Sierra College Boulevard</u>				
Cash and investments in City Treasury	\$5,848	\$39,132		\$44,980
Accrued interest receivable	2	262	\$2	262
Total Assets	\$5,850	\$39,394	\$2	\$45,242
Due to others	\$5,850	\$39,394	\$2	\$45,242
Total Liabilities	\$5,850	\$39,394	\$2	\$45,242
<u>Other</u>				
Cash and investments in City Treasury	\$13,014			\$13,014
Total Assets	\$13,014			\$13,014
Due to other government agencies	\$13,014			\$13,014
Total Liabilities	\$13,014			\$13,014
<u>Total Agency Funds</u>				
Cash and investments in City Treasury	\$178,754,986	\$187,093,891	\$169,302,176	\$196,546,701
Restricted cash and investments with fiscal agents	58,802,360	38,078,638	45,195,232	51,685,766
Accounts receivable	160,893	160,654	160,893	160,654
Accrued interest receivable	1,237,559	2,527,906	1,674,995	2,090,470
Due from other government agencies	2,700,026	4,624,110	2,700,026	4,624,110
Deferred receivable		62,966		62,966
Total Assets	\$241,655,824	\$232,548,165	\$219,033,322	\$255,170,667
Accounts payable	\$3,294,096	\$5,133,092	\$3,294,096	\$5,133,092
Accrued liabilities	326,561	306,288	326,561	306,288
Due to other government agencies	13,014			13,014
Due to member agencies	183,135,487	175,909,037	173,754,274	185,290,250
Due to bondholders	54,790,488	48,357,541	40,810,603	62,337,426
Due to others	96,178	2,842,207	847,788	2,090,597
Total Liabilities	\$241,655,824	\$232,548,165	\$219,033,322	\$255,170,667

This Page Left Intentionally Blank

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 sources, the property tax and electric revenue:

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
5. Electric Customers, Rates and Revenues

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. Bonded Debt Pledged Revenue Coverage – 2006A Redevelopment Tax Allocation Bonds
7. Bonded Debt Pledged Revenue Coverage – 2006AT Redevelopment Tax Allocation Bonds
8. Bonded Debt Pledged Revenue Coverage – 2006HT Redevelopment Tax Allocation Bonds
9. Computation of Direct and Overlapping Debt
10. 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

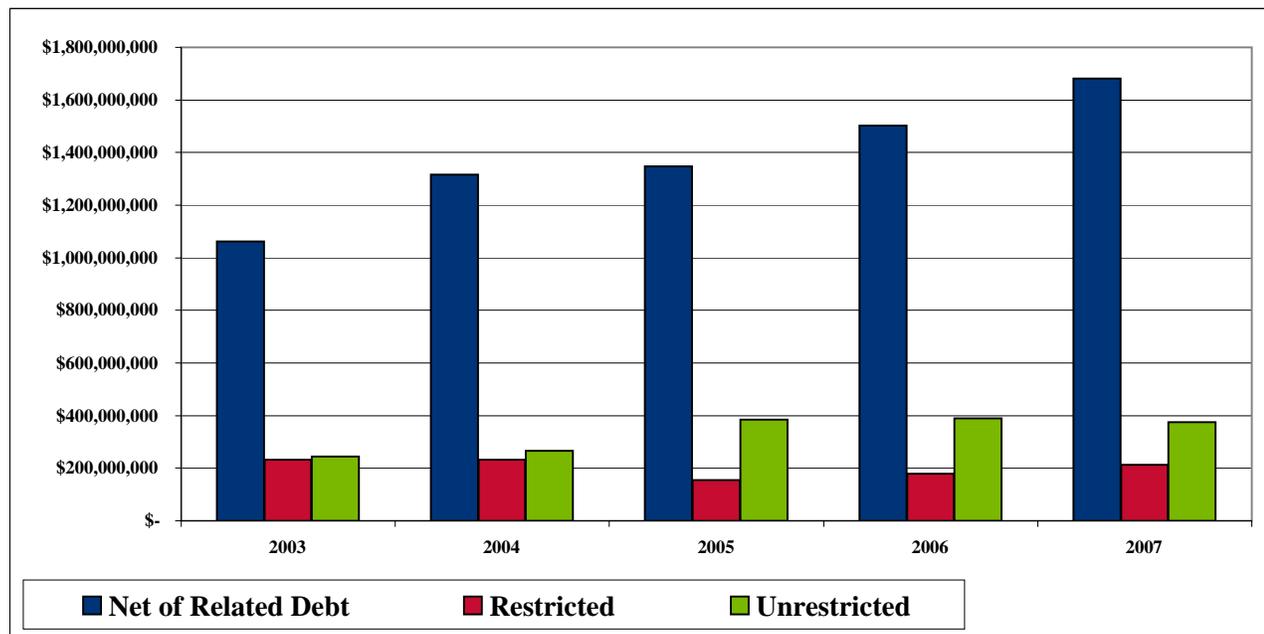
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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.

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



	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$501,785,076	\$540,714,647	\$579,757,919	\$664,131,414	\$742,822,158
Restricted	148,067,075	142,404,742	124,527,445	149,738,041	177,189,997
Unrestricted	63,933,275	73,230,549	89,038,317	109,395,679	107,064,085
Total governmental activities net assets	<u>\$713,785,426</u>	<u>\$756,349,938</u>	<u>\$793,323,681</u>	<u>\$923,265,134</u>	<u>\$1,027,076,240</u>
Business-type activities					
Invested in capital assets, net of related debt	\$560,136,358	\$774,624,921	\$767,628,987	\$838,373,690	\$938,933,934
Restricted	85,285,040	89,408,729	31,082,339	28,178,946	34,553,611
Unrestricted	180,828,388	191,964,333	295,600,560	280,399,506	268,413,147
Total business-type activities net assets	<u>\$826,249,786</u>	<u>\$1,055,997,983</u>	<u>\$1,094,311,886</u>	<u>\$1,146,952,142</u>	<u>\$1,241,900,692</u>
Primary government					
Invested in capital assets, net of related debt	\$1,061,921,434	\$1,315,339,568	\$1,347,386,906	\$1,502,505,104	\$1,681,756,092
Restricted	233,352,115	231,813,471	155,609,784	177,916,987	211,743,608
Unrestricted	244,761,663	265,194,882	384,638,877	389,795,185	375,477,232
Total primary government net assets	<u>\$1,540,035,212</u>	<u>\$1,812,347,921</u>	<u>\$1,887,635,567</u>	<u>\$2,070,217,276</u>	<u>\$2,268,976,932</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.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental Activities:					
General Government	\$19,464,175	\$19,299,495	\$22,350,454	\$25,437,535	\$30,929,747
Community Development and Planning	9,250,195	10,370,401	10,131,568	11,893,312	13,171,347
Public Works	31,259,219	21,567,351	39,391,505	33,498,385	42,070,119
Police	17,630,323	19,351,991	22,761,768	24,500,396	27,440,631
Fire	11,601,885	12,768,918	15,226,498	16,435,774	20,572,207
Library	2,792,317	2,839,127	2,996,195	3,156,087	3,552,614
Parks and recreation	12,742,186	13,257,771	14,001,045	16,052,655	17,634,887
Community facilities districts	23,792,411				
Payments under developer agreements	2,406,806	2,607,608	3,093,615		
Housing assistance payments	2,541,178	3,127,150	3,050,762	2,974,236	3,328,656
Interest on long term debt	2,278,540	1,813,647	1,760,833	1,933,654	4,920,776
Total Governmental Activities Expenses	<u>135,759,235</u>	<u>107,003,459</u>	<u>134,764,243</u>	<u>135,882,034</u>	<u>163,620,984</u>
Business-Type Activities:					
Electric	71,539,423	69,630,286	93,061,537	97,101,941	\$131,224,885
Water	12,822,705	15,748,289	16,719,257	18,510,040	15,855,579
Wastewater	18,632,682	18,050,409	23,885,474	27,207,717	28,948,611
Solid Waste	10,927,735	11,614,060	12,749,998	14,220,731	15,182,395
Natural Gas					5,152,447
Golf Course	2,545,069	2,365,048	2,473,835	2,479,378	2,351,603
Local Transportation	3,374,680	3,768,970	4,106,631	4,415,411	5,410,630
School-age Child Care	3,761,228	3,824,316	4,211,285	4,430,801	4,825,366
Total Business-Type Activities Expenses	<u>123,603,522</u>	<u>125,001,378</u>	<u>157,208,017</u>	<u>168,366,019</u>	<u>208,951,516</u>
Total Primary Government Expenses	<u>\$259,362,757</u>	<u>\$232,004,837</u>	<u>\$291,972,260</u>	<u>\$304,248,053</u>	<u>\$372,572,500</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$1,337,514	\$1,318,112	\$1,570,571	\$3,364,921	\$3,980,445
Community development and planning	1,753,229	2,988,881	3,652,829	4,312,464	3,543,270
Public Works	6,362,355	6,612,890	6,814,277	7,959,770	9,246,666
Police	1,698,465	1,581,324	2,009,281	1,900,144	2,346,493
Fire	554,019	945,366	1,082,211	1,253,881	1,505,547
Library	75,753	136,710	162,479	188,738	235,231
Parks and recreation	4,402,180	5,508,574	6,224,464	7,315,217	4,167,719
Community facilities districts	47,335				
Operating Grants and Contributions	7,007,583	8,476,255	9,449,752	7,717,503	7,246,321
Capital Grants and Contributions	72,499,797	35,094,840	41,143,945	113,531,406	101,768,467
Total Government Activities Program Revenues	<u>95,738,230</u>	<u>62,662,952</u>	<u>72,109,809</u>	<u>147,544,044</u>	<u>134,040,159</u>
Business-Type Activities:					
Charges for Services:					
Electric	79,906,500	94,387,590	98,949,341	102,772,594	130,264,098
Water	8,869,111	11,804,088	13,163,434	13,450,264	14,938,665
Wastewater	13,103,088	14,739,888	16,355,694	19,025,742	22,455,645
Solid Waste	13,859,409	14,678,394	15,244,048	17,558,492	18,575,194
Natural Gas					
Golf Course	2,468,170	2,436,735	2,564,469	2,747,851	3,162,637
Local Transportation	936,121	526,204	530,516	601,087	739,826
School-age Child Care	3,615,963	3,810,089	4,193,923	4,833,884	4,845,460
Operating Grants and Contributions	4,359,680	6,717,432	7,104,895	2,299,189	14,328,217
Capital Grants and Contributions	88,803,680	52,603,696	49,828,229	68,914,968	108,453,838
Total Business-Type Activities Program Revenue	<u>215,921,722</u>	<u>201,704,116</u>	<u>207,934,549</u>	<u>232,204,071</u>	<u>317,763,580</u>
Total Primary Government Program Revenues	<u>\$311,659,952</u>	<u>\$264,367,068</u>	<u>\$280,044,358</u>	<u>\$379,748,115</u>	<u>\$451,803,739</u>
Net (Expense)/Revenue					
Governmental Activities	(\$40,021,005)	(\$44,340,507)	(\$62,654,434)	\$11,662,010	(\$29,580,825)
Business-Type Activities	<u>92,318,200</u>	<u>76,702,738</u>	<u>50,726,532</u>	<u>63,838,052</u>	<u>108,812,064</u>
Total Primary Government Net Expense	<u>\$52,297,195</u>	<u>\$32,362,231</u>	<u>(\$11,927,902)</u>	<u>\$75,500,062</u>	<u>\$79,231,239</u>

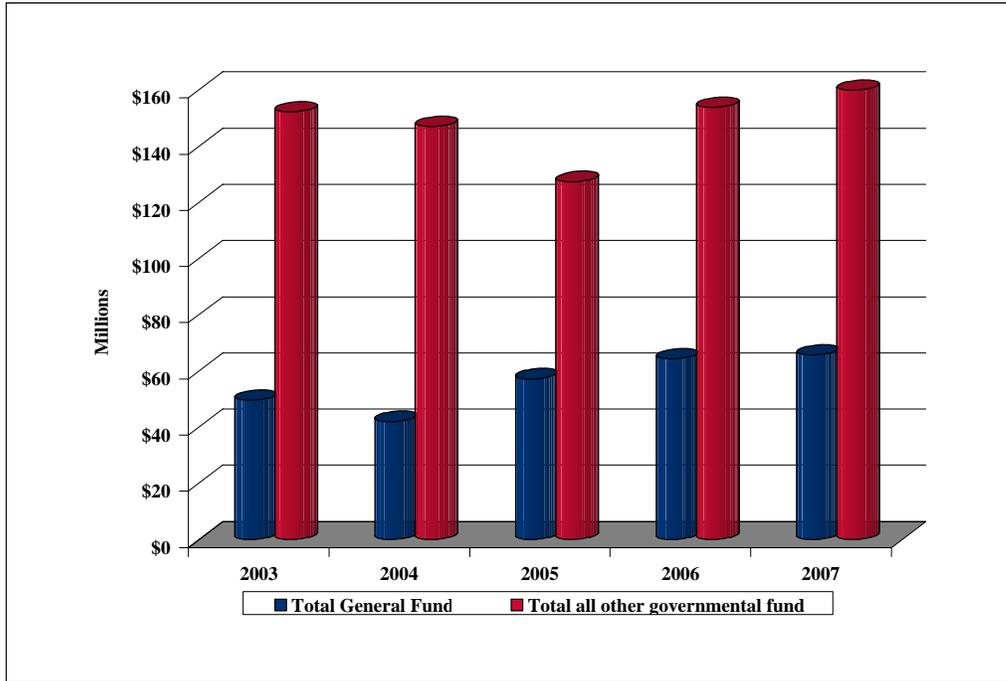
**CITY OF ROSEVILLE
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:	(a)				
Licenses and permits					
Property taxes	\$16,812,259	\$20,101,838	\$26,548,498	\$30,867,256	\$38,737,491
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	44,772,743
Franchise taxes	657,865	954,396	1,060,903	1,267,707	1,429,155
Motor fuel taxes	1,880,505	1,775,122	1,897,211	3,116,638	1,999,542
Motor vehicle in lieu (Intergovernmental- unrestricted)	5,360,094	4,152,209	2,123,202	710,510	565,719
Utility Users Taxes	6,006,269	(b)			
Other Taxes	2,692,573	2,978,450	3,671,924	3,630,534	3,529,485
Use of money and property	6,856,853	2,992,312	5,631,061	8,077,599	14,208,032
Miscellaneous revenues	1,356,471	12,975	664,191	1,680,851	2,926,467
Transfers	12,024,203	15,605,538	17,318,498	23,582,576	25,223,297
Gain/(Loss) from sales of capital assets		92,324		2,703,738	
Bond issuance premium		351,119			
Total Government Activities	<u>88,270,267</u>	<u>86,905,019</u>	<u>99,628,177</u>	<u>118,279,443</u>	<u>133,391,931</u>
Business-Type Activities:					
Use of money and property	5,539,231	1,096,493	4,487,348	10,559,581	11,359,783
Miscellaneous revenues				1,825,199	
Provision for disputed SCS charges			418,521		
Transfers	(12,024,203)	(15,605,538)	(17,318,498)	(23,582,576)	(25,223,297)
Gain/(Loss) from sales of capital assets		(227,334)			
Special Item	(13,300,000)	(7,394,906)			
Total Business-Type Activities	<u>(19,784,972)</u>	<u>(22,131,285)</u>	<u>(12,412,629)</u>	<u>(11,197,796)</u>	<u>(13,863,514)</u>
Total Primary Government	<u>\$68,485,295</u>	<u>\$64,773,734</u>	<u>\$87,215,548</u>	<u>\$107,081,647</u>	<u>\$119,528,417</u>
Change in Net Assets					
Governmental Activities	\$48,249,262	\$42,564,512	\$36,973,743	\$129,941,453	\$103,811,106
Business-Type Activities	<u>72,533,228</u>	<u>54,571,453</u>	<u>38,313,903</u>	<u>52,640,256</u>	<u>94,948,550</u>
Total Primary Government	<u>\$120,782,490</u>	<u>\$97,135,965</u>	<u>\$75,287,646</u>	<u>\$182,581,709</u>	<u>\$198,759,656</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.

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



	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
General Fund					
Reserved	\$1,403,098	\$8,548,817	\$17,748,596	\$10,686,999	\$9,127,227
Unreserved	7,412,609	8,961,165	8,068,863	18,902,395	31,843,500
Total General Fund	<u>\$8,815,707</u>	<u>\$17,509,982</u>	<u>\$25,817,459</u>	<u>\$29,589,394</u>	<u>\$40,970,727</u>
All Other Governmental Funds					
Reserved	\$2,838,584	\$3,091,753	\$3,690,269	\$4,844,613	\$22,018,851
Unreserved, reported in:					
Special Revenue Funds	43,784,006	45,776,454	35,810,147	61,189,946	57,998,370
Capital Projects	8,548,642	23,119,340	46,830,294	28,561,048	11,448,839
Permanent Funds					16,014,323
Total all other governmental funds	<u>\$55,171,232</u>	<u>\$71,987,547</u>	<u>\$86,330,710</u>	<u>\$94,595,607</u>	<u>\$107,480,383</u>

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$18,553,213	\$18,414,069	\$18,449,612	\$16,669,748	\$13,421,646
Unreserved	31,034,445	23,647,906	38,788,181	47,642,690	52,376,837
Total General Fund	<u>\$49,587,658</u>	<u>\$42,061,975</u>	<u>\$57,237,793</u>	<u>\$64,312,438</u>	<u>\$65,798,483</u>
All Other Governmental Funds					
Reserved	\$47,532,457	\$23,989,841	\$27,132,041	\$53,194,568	\$71,775,257
Unreserved, reported in:					
Special Revenue Funds	73,713,153	87,880,374	66,266,786	64,447,245	73,726,293
Capital Projects	14,958,485	19,522,248	17,733,928	19,807,821	20,128,123
Permanent Funds	16,061,477	15,725,381	16,318,672	16,425,999	16,833,979
Total all other governmental funds	<u>\$152,265,572</u>	<u>\$147,117,844</u>	<u>\$127,451,427</u>	<u>\$153,875,633</u>	<u>\$182,463,652</u>

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

This Page Left Intentionally Blank

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

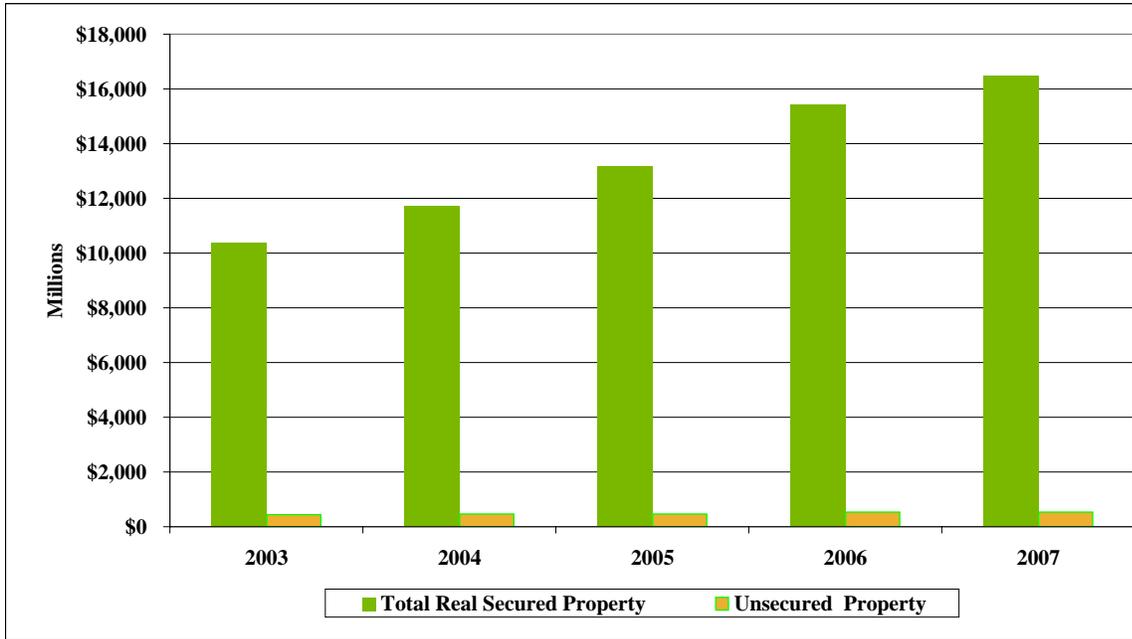
	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
Revenues					
Taxes	\$35,431,655	\$39,152,089	\$46,414,028	\$56,621,766	\$61,361,572
Less Educational Revenue Augmentation					
Licenses, permits and fees	2,365,373	2,274,709	2,210,596	2,431,091	2,787,695
Charges for services	15,860,923	21,211,092	25,878,364	27,841,157	29,589,733
Subventions and grants	8,230,879	8,911,568	16,785,739	15,518,284	16,109,594
Use of money and property	4,618,397	4,267,319	6,779,306	9,064,978	5,946,919
Fine, forfeitures and penalties	250,569	345,121	354,984	465,239	1,093,381
Contributions from property owners					
Contributions from developers					
Miscellaneous revenues	317,954	727,239	434,172	1,302,877	1,557,781
Total Revenues	<u>67,075,750</u>	<u>76,889,137</u>	<u>98,857,189</u>	<u>113,245,392</u>	<u>118,446,675</u>
Expenditures					
Current:					
General government	12,879,952	19,144,670	19,020,015	16,185,257	17,714,229
Community development and planning				5,623,597	6,812,834
Public works	8,330,762	9,691,170	16,652,261	10,873,585	10,991,887
Public safety:	17,908,183	19,579,783	20,551,250		
Police				13,868,406	14,647,683
Fire				9,197,433	9,631,469
Library	1,787,070	1,971,818	2,014,063	2,345,854	2,504,890
Parks and recreation	6,300,621	6,810,633	7,095,673	9,679,890	10,481,015
Housing assistance payments	1,460,151	1,495,145	1,496,176	1,737,541	2,027,930
Capital outlay	20,443,080	31,175,155	62,874,445	52,834,535	60,046,961
Payments under development agreements				1,603,838	5,214,902
Debt service:					
Principal repayment	1,854,205	1,759,209	2,642,740	1,081,040	1,077,202
Interest and fiscal charges	1,374,491	1,334,312	1,262,038	1,295,452	1,195,978
Total Expenditures	<u>72,338,515</u>	<u>92,961,895</u>	<u>133,608,661</u>	<u>126,326,428</u>	<u>142,346,980</u>
Excess (deficiency) of revenues over (under) expenditures	(5,262,765)	(16,072,758)	(34,751,472)	(13,081,036)	(23,900,305)
Other Financing Sources (Uses)					
Proceeds from capital lease	153,520	2,273,169	78,368	271,598	142,889
Proceeds from issuance of bonds					
Proceeds from sale of property		69,456		1,200,000	
Proceeds from debt issuance					
Transfers in	22,129,322	28,270,229	29,356,569	39,124,451	27,126,928
Transfers (out)	(13,323,930)	(19,086,499)	(20,521,671)	(29,175,395)	(14,588,595)
Payment to refunded bond escrow					
Contributions from property owners	1,622,414	25,669,689	45,162,789	8,224,249	34,173,448
Contributions from developers	554,532	4,387,304	3,326,057	2,186,771	4,699,675
Bond issuance premium					
Total other financing sources (uses)	<u>11,135,858</u>	<u>41,583,348</u>	<u>57,402,112</u>	<u>21,831,674</u>	<u>51,554,345</u>
Net Change in fund balances	<u>\$5,873,093</u>	<u>\$25,510,590</u>	<u>\$22,650,640</u>	<u>\$8,750,638</u>	<u>\$27,654,040</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	2.8%

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

Fiscal Year Ended June 30,

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$64,866,117	\$65,815,061	\$75,900,403	\$82,770,691	\$93,500,227
(55,417)	(143,182)	(260,676)	(323,743)	
2,913,664	2,784,570	2,591,354	2,020,467	2,762,883
30,198,984	27,343,649	26,814,640	31,295,267	40,301,825
16,583,320	13,758,850	12,630,086	10,351,281	12,744,920
6,361,032	3,455,309	4,922,685	7,784,975	16,943,196
1,842,340	1,471,716	1,803,562	1,953,405	2,358,742
	2,574,635	7,841,639	92,645,369	71,488,795
	2,662,371	4,373,481	3,337,645	1,591,059
6,500,778	3,331,708	4,213,970	7,899,568	9,286,123
<u>129,210,818</u>	<u>123,054,687</u>	<u>140,831,144</u>	<u>239,734,925</u>	<u>250,977,770</u>
25,734,538	20,919,559	20,248,180	24,938,856	29,720,879
9,605,904	10,807,567	9,751,722	10,888,062	11,961,479
11,880,167	10,956,006	10,817,148	15,396,696	16,947,884
18,003,412	19,051,384	21,547,825	25,567,869	28,988,754
11,772,858	12,602,614	13,753,902	16,915,393	20,719,718
2,792,063	2,842,537	2,762,274	3,133,367	3,520,834
12,731,251	13,249,576	13,507,359	16,007,377	17,955,082
2,541,178	3,127,150	3,050,762	2,974,236	3,328,656
23,432,869	41,149,143	58,729,356	108,314,784	125,426,074
6,131,086	2,607,608	5,389,110	2,592,039	2,396,314
1,152,517	1,439,690	1,264,702	941,946	1,206,803
2,071,634	1,912,196	1,789,098	1,941,002	4,523,725
<u>127,849,477</u>	<u>140,665,030</u>	<u>162,611,438</u>	<u>229,611,627</u>	<u>266,696,202</u>
1,361,341	(17,610,343)	(21,780,294)	10,123,298	(15,718,432)
0	0	147,266	2,239,765	23,215,524
			3,503,467	
14,745,063	18,275,000			
38,559,850	27,934,748	26,116,934	38,439,158	54,227,228
(27,405,095)	(23,543,935)	(8,974,505)	(20,806,837)	(31,650,256)
	(18,080,000)			
3,568,579				
22,572,382				
	351,119			
<u>52,040,779</u>	<u>4,936,932</u>	<u>17,289,695</u>	<u>23,375,553</u>	<u>45,792,496</u>
<u>\$53,402,120</u>	<u>(\$12,673,411)</u>	<u>(\$4,490,599)</u>	<u>\$33,498,851</u>	<u>\$30,074,064</u>
3.2%	3.5%	3.0%	2.4%	4.2%

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



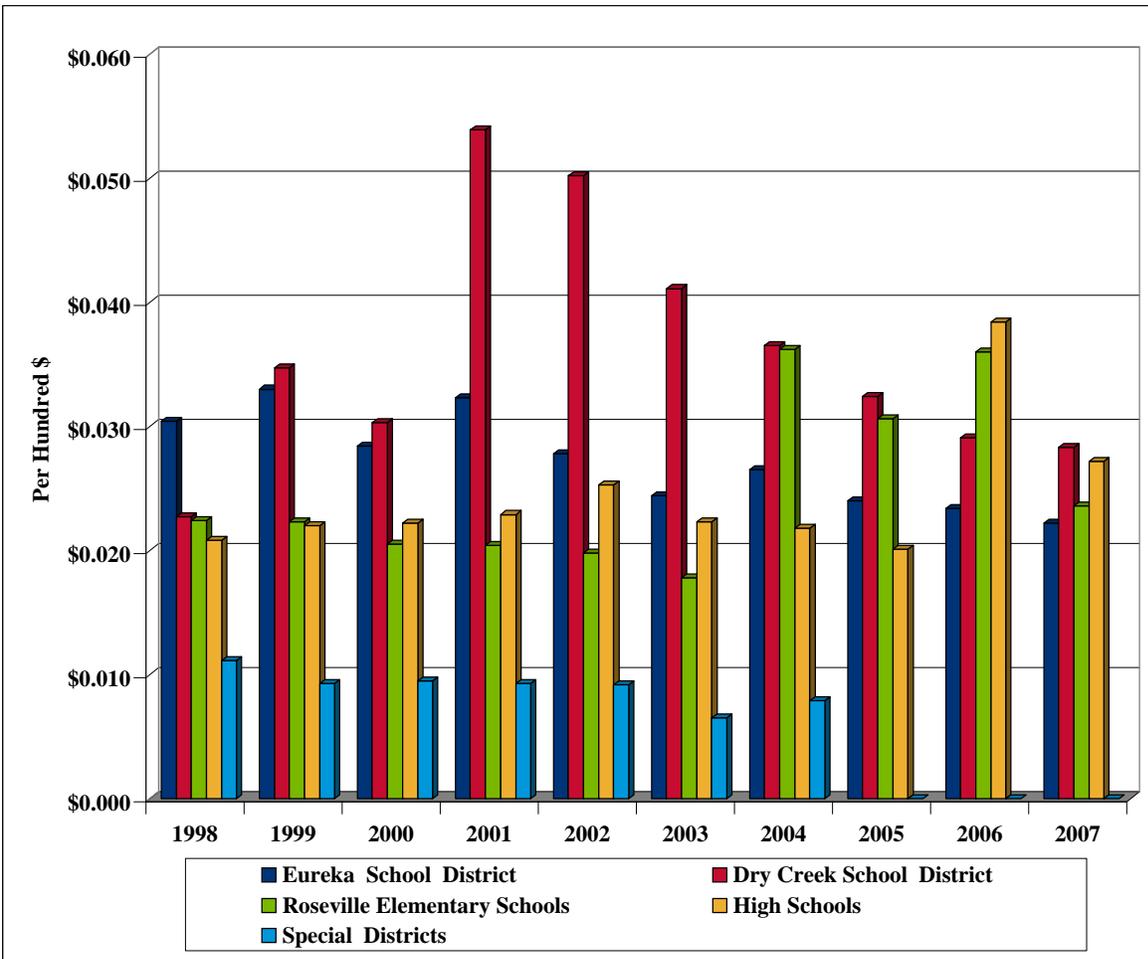
Fiscal Year	Real Property				Total Real Secured Property
	Residential Property	Commercial Property	Industrial Property	Other	
2003	\$6,466,979,581	\$2,219,573,719	\$1,101,028,754	\$583,119,381	\$10,370,701,435
2004	8,100,569,492	2,525,160,445	1,084,291,005	3,495,616	11,713,516,558
2005	9,317,201,508	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
2007	11,747,275,826	3,564,607,500	1,157,610,812	6,059,860	16,475,553,998

Fiscal Year	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
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%
2007	538,066,948	17,013,620,946	17,013,620,946	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.

**CITY OF ROSEVILLE
PROPERTY TAX RATES
ALL DIRECT OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Eureka School District</u>	<u>Dry Creek School District</u>	<u>Roseville Elementary Schools</u>	<u>High Schools</u>	<u>Special Districts</u>	<u>Total</u>
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
2007	1.0000	0.0222	0.0283	0.0236	0.0272	N/A*	1.1013

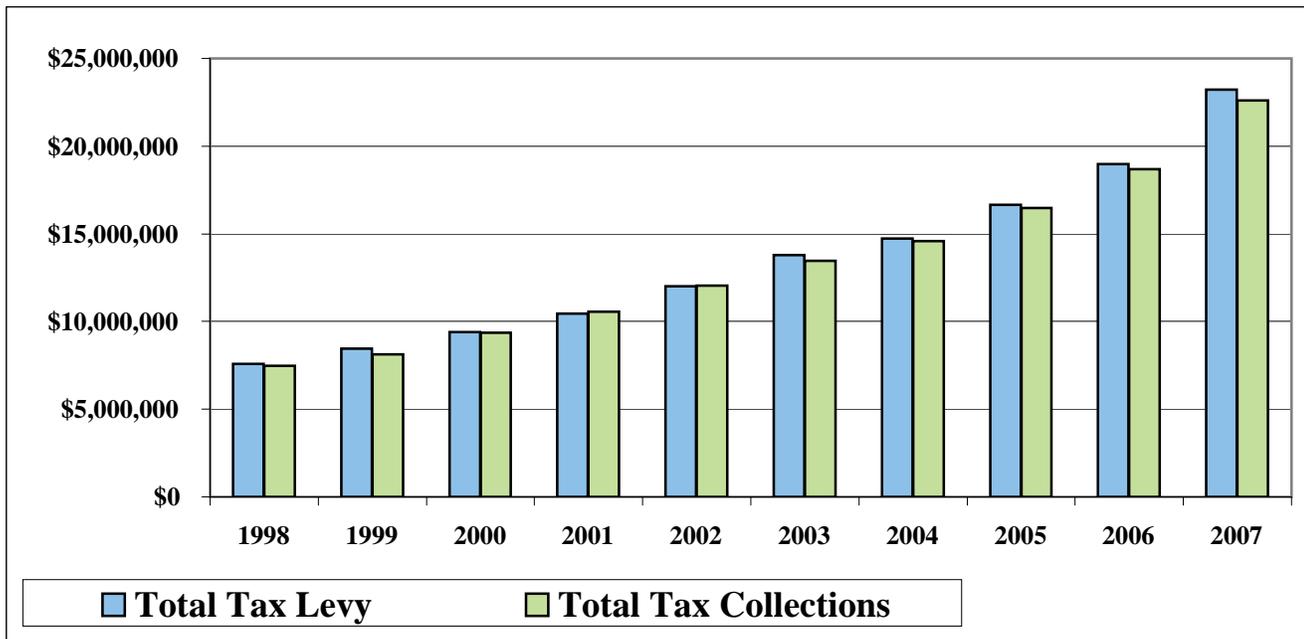
* San Juan Water bond matured and paid in 2004/05

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

Taxpayer	2007		1998	
	Taxable Assessed	Percent of Total City Taxable Assessed	Taxable Assessed	Percent of Total City Taxable Assessed
	Value	Value	Value	Value
PL Roseville LLC	\$357,509,644.00	2.29%		0.00%
Hewlett Packard Co.	328,036,807.00	2.11%	\$267,194,570.00	5.14%
NEC Electronics USA Inc.	309,105,242.00	1.98%	645,461,558.00	12.42%
Roseville Shoppingtown LLC	198,422,197.00	1.27%		0.00%
Kobra Properties	137,451,533.00	0.88%		0.00%
Donahue Schriber Realty Group LP	94,434,929.00	0.61%		0.00%
John Mourier Construction Inc.	88,406,401.00	0.57%		0.00%
NNN Parkway Corporate Plaza LLC	66,221,460.00	0.42%		0.00%
SI VII LLC	57,508,490.00	0.37%		0.00%
Walmart Stores Inc.	55,317,403.00	0.36%		0.00%
Del Webb California Corporation		0.00%	54,241,384.00	1.04%
Albertsons, Inc.		0.00%	40,440,202.00	0.78%
Johnson Ranch Limited		0.00%	29,995,360.00	0.58%
Lincoln National Life Insurance		0.00%	26,822,134.00	0.52%
Spieker Properties LP		0.00%	21,105,447.00	0.41%
H.C. Elliott, Inc.		0.00%	17,759,963.00	0.34%
Minnesota Mining & Manufacturing Company		0.00%	16,750,675.00	0.32%
Olympus Corporate Center Associates		0.00%	16,350,952.00	0.31%
	\$1,334,904,462	8.6%	\$1,136,122,245	21.86%

2006-2007 Local Secured Assessed Valuation: \$15,581,643,348
1997-1998 Local Secured Assessed Valuation: \$5,197,710,017

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
1998	7,579,293	7,480,287	98.69%	\$0	7,480,287	98.69%
1999	8,464,546	8,114,689	95.87%	0	8,114,689	95.87%
2000	9,411,328	9,367,744	99.54%	0	9,367,744	99.54%
2001	10,457,636	10,552,003	100.90%	0	10,552,003	100.90%
2002	11,995,194	12,056,708	100.51%	0	12,056,708	100.51%
2003	13,800,915	13,460,448	97.53%	0	13,460,448	97.53%
2004	14,747,241	14,582,072	98.88%	0	14,582,072	98.88%
2005	16,653,884	16,469,026	98.89%	0	16,469,026	98.89%
2006	18,987,819	18,695,407	98.46%	0	18,695,407	98.46%
2007	22,231,927	22,616,281	97.35%	0	22,616,281	97.35%

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.

CITY OF ROSEVILLE
ELECTRIC CUSTOMERS, REVENUES AND RATES
June 30, 2007

Ten Largest Electric Customers as of 6/30/2007

Customer	Type of Business	% Total kWh
NEC Electronics	Manufacturing	11.55%
Hewlett-Packard	Office/Manufacturing	4.91%
City of Roseville	Government	2.84%
Kaiser Hospital	Medical	1.85%
Sutter Roseville Medical Center	Medical	1.44%
Cassie Hill Center	Data Processing	1.24%
Roseville Telephone Co.	Communications	1.13%
Hines	Property Management	1.07%
Wal-Mart	Grocery/Super Store	0.99%
Safeway, Inc.	Grocery	0.86%

Electric Sales Revenue as of 6/30/2007

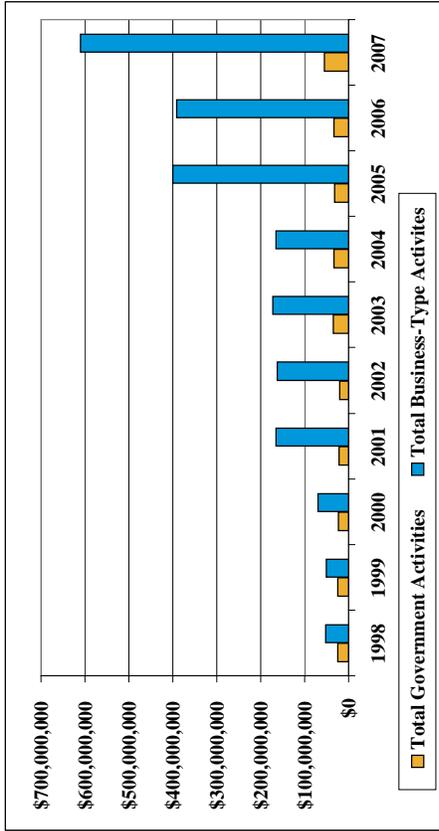
Residential	\$44,302,447.00
Commercial	<u>65,565,709.00</u>
Total Electric Revenue	<u>\$109,868,156.00</u>

Current Electric Rates as of 6/30/2007

Rate Description	RATE per kWh	RATE per kW	Comm Base Rate	Subrate per kWh 0.01000	Subrate per kWh 0.01500	Subrate (Flat) \$15
Commercial Small School Rate	0.07806		n/a			
Commercial Medium School Rate	0.07095	2.59	n/a			
Commercial School Rate PV	0.07095		n/a			
Commercial Metered GS1	0.08690		6.50			
Commercial GS1 w/Green Fund	0.08690		6.50	X		
Commercial GS1 w/Green Rsvl	0.08690		6.50		X	
Commercial GS2 w/100% Green	0.07920		6.50	X		
Commercial GS2 Energy	0.07030	2.59	n/a			
Commercial Metered GS2	0.08240	2.59	36.00			
Commercial GS2 w/Green Fund	0.08240	2.59	36.00	X		
Commercial GS2 w/Green Rsvl	0.08240	2.59	36.00		X	
Commercial GS2 w/Green Rsvl Block	0.08240	2.59	36.00			X
Commercial GS2 w/Net Metering	0.08240	2.59	36.00			
Commercial GS2 w/Co-Energy	(0.05859)		n/a			
Commercial GS3 Energy	0.06570	3.79	150.00			
Commercial GS3 Energy w/Primary Discount	0.06439	3.714	150.00			
Commercial GS3 w/Prim Disc + Green Rsvl Blk	0.06439	3.714	150.00			X

Rate Description	RATE per kWh	Res. Base Rate	Subrate per kWh 0.01000	Subrate per kWh 0.01500	Discount Medical	Discount ERAP	Discount Senior
Residential Metered	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50					
Residential Medical	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50			X		
Residential Medical + Green Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X		X		
Residential Medical + Green Rsvl	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50		X	X		
Residential ERAP	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50				X	
Residential ERAP + Green Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X			X	
Residential ERAP + Green Rsvl	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50		X		X	
Residential ERAP + Green Rsvl + Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X	X		X	
Residential Senior	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50					X
Residential Senior Green Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X				X
Residential Senior + Green Rsvl	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50					X
Residential Senior + Green Rsvl + Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X	X			X
Residential Green Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X				
Residential Green Rsvl	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50		X			
Residential Green Rsvl + Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X	X			
Residential PV	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50					
Residential PV + Green Rsvl	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50		X			
Residential PV + Green Rsvl + Fund	0-500kWh = 0.0809; 501-99999kWh = 0.108	6.50	X	X			
Medical Discount	0-500kWh = -0.04045; 501-99999kWh = -0.0162						
ERAP Discount	0-500kWh = -0.01214; 501-99999kWh = -0.0162						
Senior Discount	0-500kWh = -0.0971; 501-99999kWh = -0.01296						

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



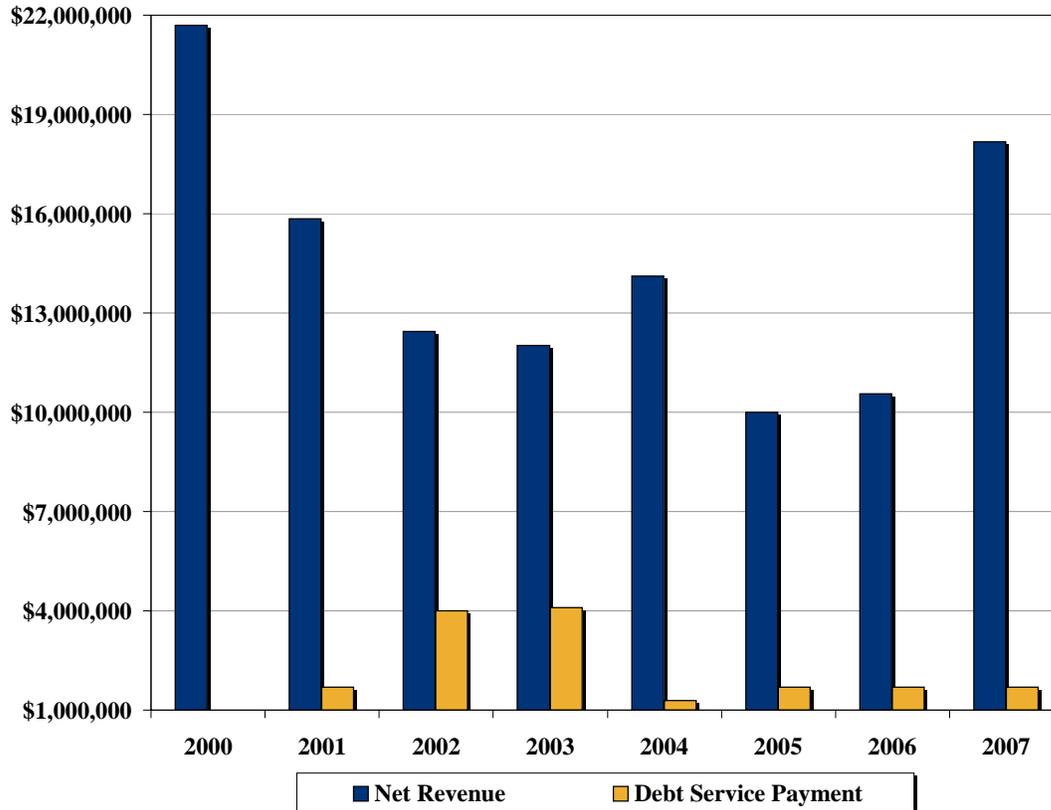
Fiscal Year	Governmental Activities		
	Tax Allocation Bonds	Certificates of Participation	Installment Purchase Obligations
1998	\$21,755,000	\$2,838,564	\$106,451
1999	21,200,000	3,915,965	98,010
2000	20,625,000	1,935,971	88,632
2001	20,025,000	1,582,504	78,779
2002	19,405,000	1,278,976	67,994
2003	18,755,000	1,077,800	11,716
2004	14,180,000	635,743	9,083
2005	13,960,000	306,140	6,250
2006	13,735,000	2,436,986	3,223
2007	16,490,000	2,390,707	0

Fiscal Year	Business-Type Activities		Other Long Term Obligations	Percentage of Placer County Personal Income [a]	Debt Per Capita [a]
	Total Government	Primary Government			
1998	\$52,731,925	\$77,431,940	\$241,925	10.25%	1.081
1999	51,159,607	76,373,582	234,607	9.15%	996
2000	70,116,924	92,766,527	226,924	10.14%	1,170
2001	164,717,975	186,404,258	218,857	18.99%	2,268
2002	161,672,149	182,424,119	210,387	17.87%	2,126
2003	172,891,039	207,235,555	201,493	18.93%	2,285
2004	165,328,607	198,428,433	192,155	16.63%	2,054
2005	399,917,997	431,900,387	182,351	33.04%	4,226
2006	390,846,900	424,127,109	172,056	[b]	4,053
2007	610,478,058	665,763,765	161,246	[b]	6,265

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.

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)

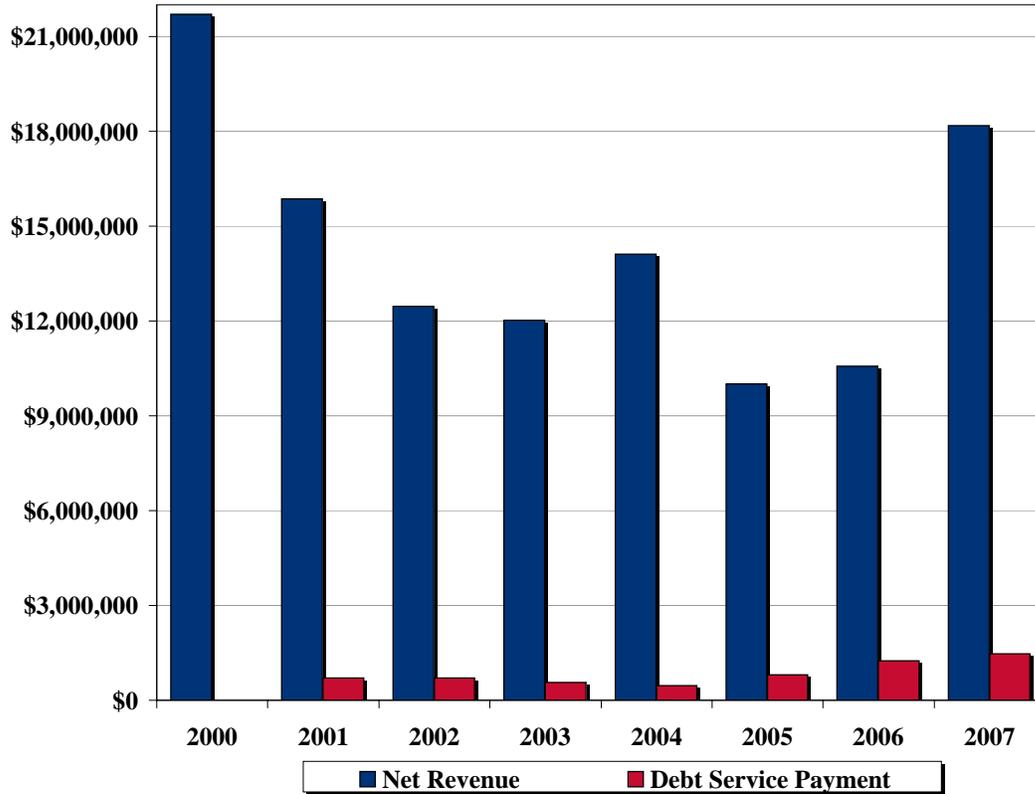
**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2000 WASTEWATER REVENUE BONDS - SERIES A
LAST EIGHT FISCAL YEARS**



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
2007	33,584,461	15,417,452	18,167,009	1,394,878	290,123	1,685,000	10.78

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

**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2000 VARIABLE RATE DEMAND WASTEWATER REVENUE BONDS - SERIES B
LAST EIGHT FISCAL YEARS**

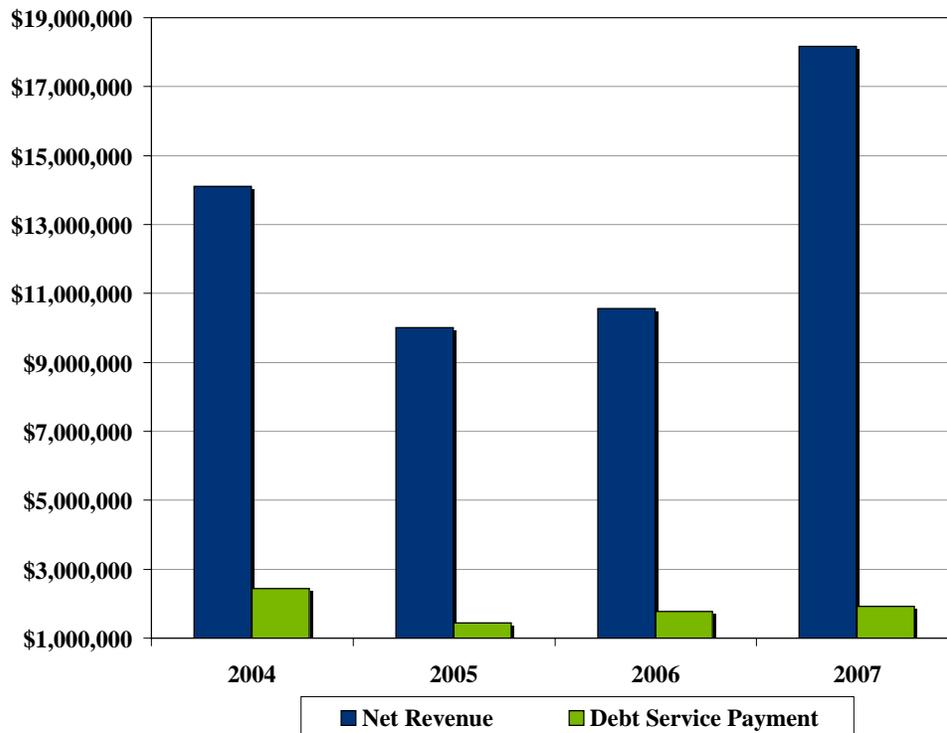


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$28,429,548	\$6,733,043	\$21,696,505	\$0	\$0	\$0	
2001	25,428,386	9,573,817	15,854,569	0	709,607	709,607	22.34
2002	24,695,978	12,245,420	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
2007	33,584,461	15,417,452	18,167,009	0	1,465,264	1,465,264	12.40

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

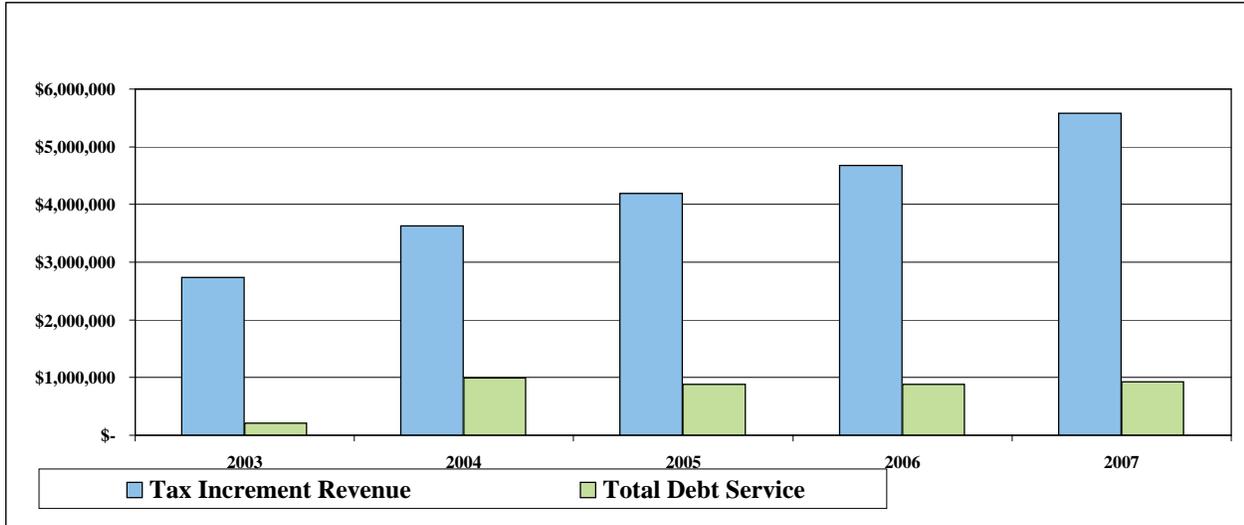
**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2003 REFUNDING AUCTION RATE-SYNTHETIC FIXED WASTEWATER REVENUE BONDS
LAST FOUR FISCAL YEARS**



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
2007	33,584,461	15,417,452	18,167,009	352,105	1,575,651	1,927,756	9.42

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

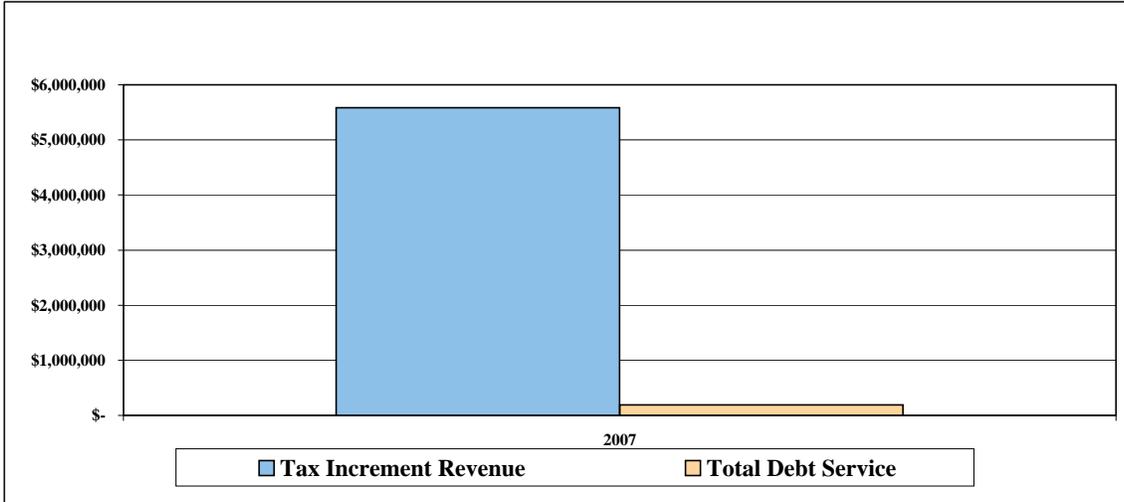
**CITY OF ROSEVILLE
2002 REDEVELOPMENT TAX ALLOCATION BONDS
Last Five Fiscal Years**



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	0.13
2004	3,630,050.00	\$320,000.00	674,550.00	994,550.00	14,180,000.00	0.04
2005	4,190,987.00	220,000.00	666,450.00	886,450.00	13,960,000.00	0.05
2006	4,673,904.00	225,000.00	659,775.00	884,775.00	13,735,000.00	0.05
2007	5,581,407.00 (a)	275,000.00	651,875.00	926,875.00	13,460,000.00	0.06

(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.

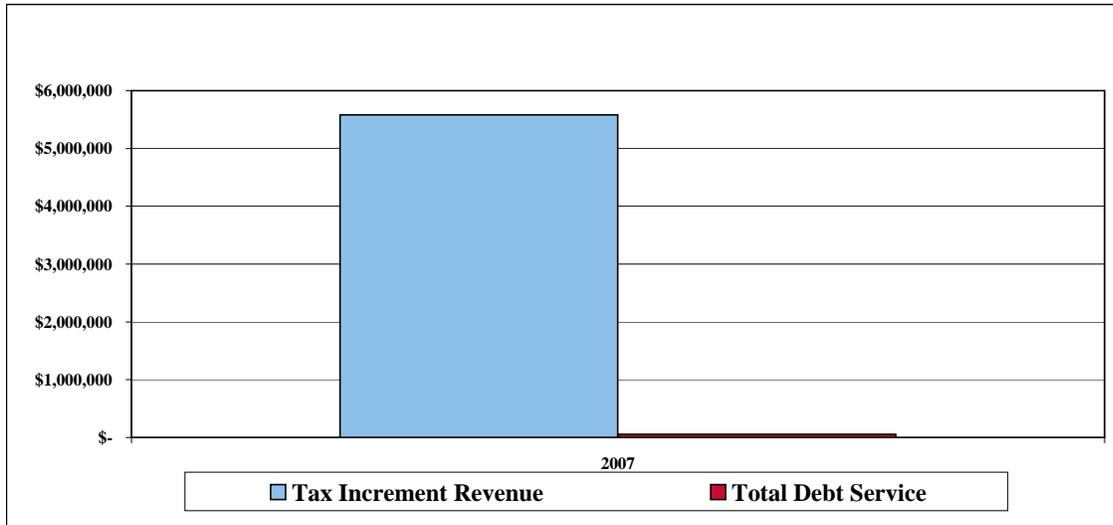
**CITY OF ROSEVILLE
2006A REDEVELOPMENT TAX ALLOCATION BONDS**



Fiscal Year	Debt Service Requirements				Total Debt Service	Principal Outstanding	Coverage
	Tax Increment Revenue	Principal Payment	Interest Due				
2007	\$5,581,407.00 (a)	-	\$190,407.99		\$190,407.99	\$13,155,000.00	0.29

(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.

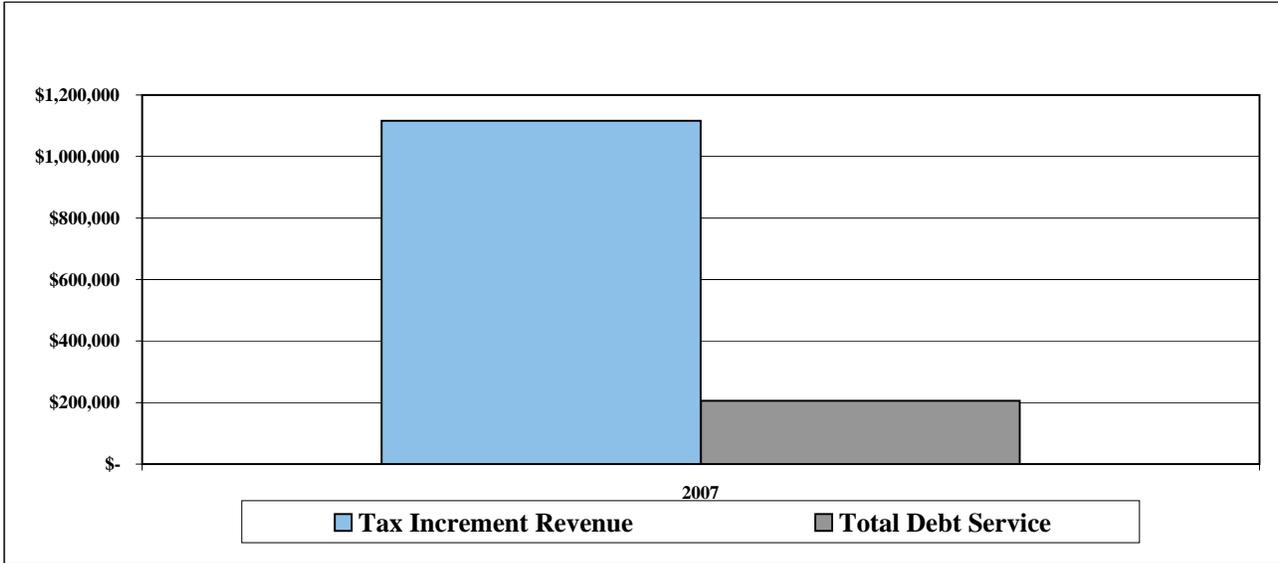
**CITY OF ROSEVILLE
2006AT REDEVELOPMENT TAX ALLOCATION BONDS**



Fiscal Year	Debt Service Requirements					Coverage
	Tax Increment Revenue	Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	
2007 (a)	\$5,581,407.00	-	\$56,168.16	\$56,168.16	\$3,285,000.00	0.99

(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.

**CITY OF ROSEVILLE
2006HT REDEVELOPMENT TAX ALLOCATION BONDS**



Fiscal Year	Debt Service Requirements					Coverage
	20% Set Aside	Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	
2007	\$1,116,281.00	-	\$114,894.97	\$114,894.97	\$6,505,000.00	0.10

CITY OF ROSEVILLE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2007

2006-07 Assessed Valuation:	\$16,123,028,725
Redevelopment Incremental Valuation:	653,294,954
Adjusted Assessed Valuation:	<u>\$15,469,733,771</u>

	Total Debt 6/30/2007	Percentage Applicable To City of Roseville (1)	Amount Applicable To City of Roseville
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Roseville Joint Union High School District	\$109,170,343	73.562%	\$80,307,888
Rocklin Unified School District	86,622,312	0.012%	10,395
Dry Creek Joint School District	16,823	56.835%	9,561,376
Eureka Union School District	8,686,931	37.936%	3,295,474
Roseville City School District	37,917,378	98.088%	37,192,398
City of Roseville Community Facilities Districts	406,010,000	100.000%	406,010,000
City of Roseville 1915 Act Bonds	935,000	100.000%	935,000
California Statewide Communities Development Authority Assessment District No. 04-01	1,553,906	55.216%	858,005
California Statewide Communities Development Authority Assessment District No. 05-01	3,168,624	6.701%	212,329
California Statewide Communities Development Authority Roseville Granite Bay Assessment District	319,312	100.000%	319,312
California Statewide Communities Development Authority Roseville Woodlake Village	1,915,875	100.000%	1,915,875
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>\$540,618,052</u></u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Placer County Certificates of Participation	\$22,000,000	30.549%	\$6,720,780
Placer County Office of Education Certificates of Participation	2,770,000	30.549%	846,207
Sierra Joint Community College District Certificates of Participati	10,050,000	22.472%	2,258,436
Roseville Joint Union High School District Certificates of Particip	5,165,000	73.562%	3,799,477
Rocklin Unified School District Certificates of Participation	19,890,000	0.012%	2,387
Eureka Union School District Certificates of Participation	6,795,000	37.936%	2,577,751
Roseville City School District Certificates of Participation	18,000,000	98.088%	17,655,840
City of Roseville Certificates of Participation	23,800,000	100.000%	<u>23,800,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u><u>\$ 57,660,878</u></u>

COMBINED TOTAL DEBT **\$ 598,278,930** (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 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 3.35%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$24,735,000) **0.15%**

Combined Total Debt 3.87%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

KD: (\$425)

**CITY OF EXAMPLE
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$15,581,643,348
---	------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$584,311,626
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$663,211,812
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	663,211,812

Amount of debt subject to limit	0
---------------------------------	---

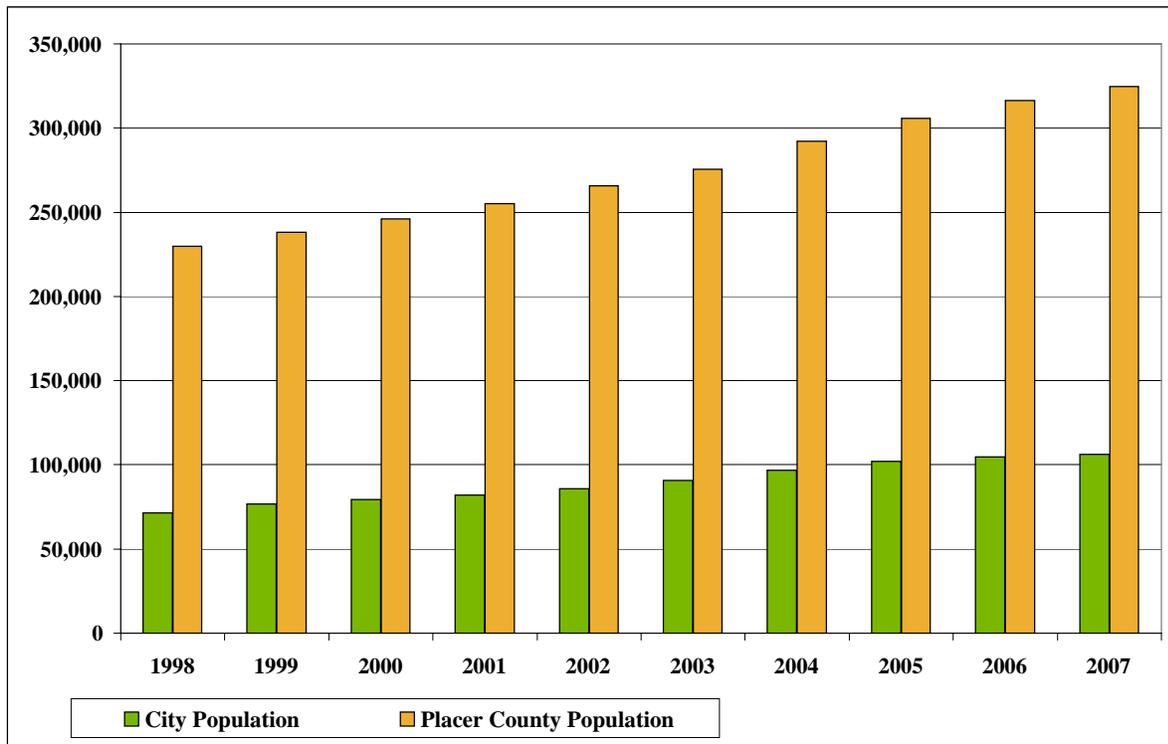
LEGAL BONDED DEBT MARGIN	\$584,311,626
--------------------------	---------------

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%
2007	584,311,626	0	584,311,626	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.

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



Fiscal Year	City of Roseville Population	County Total Personal Income (a)	County Per Capita Personal Income	Unemployment Rate (%)	Placer County Population	City Population % of County
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	13,070,082	41,248	4.0%	305,675	33.43%
2006	104,655	(b)	(b)	4.2%	316,508	33.07%
2007	106,266	(b)	(b)	(b)	324,495	32.75%

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

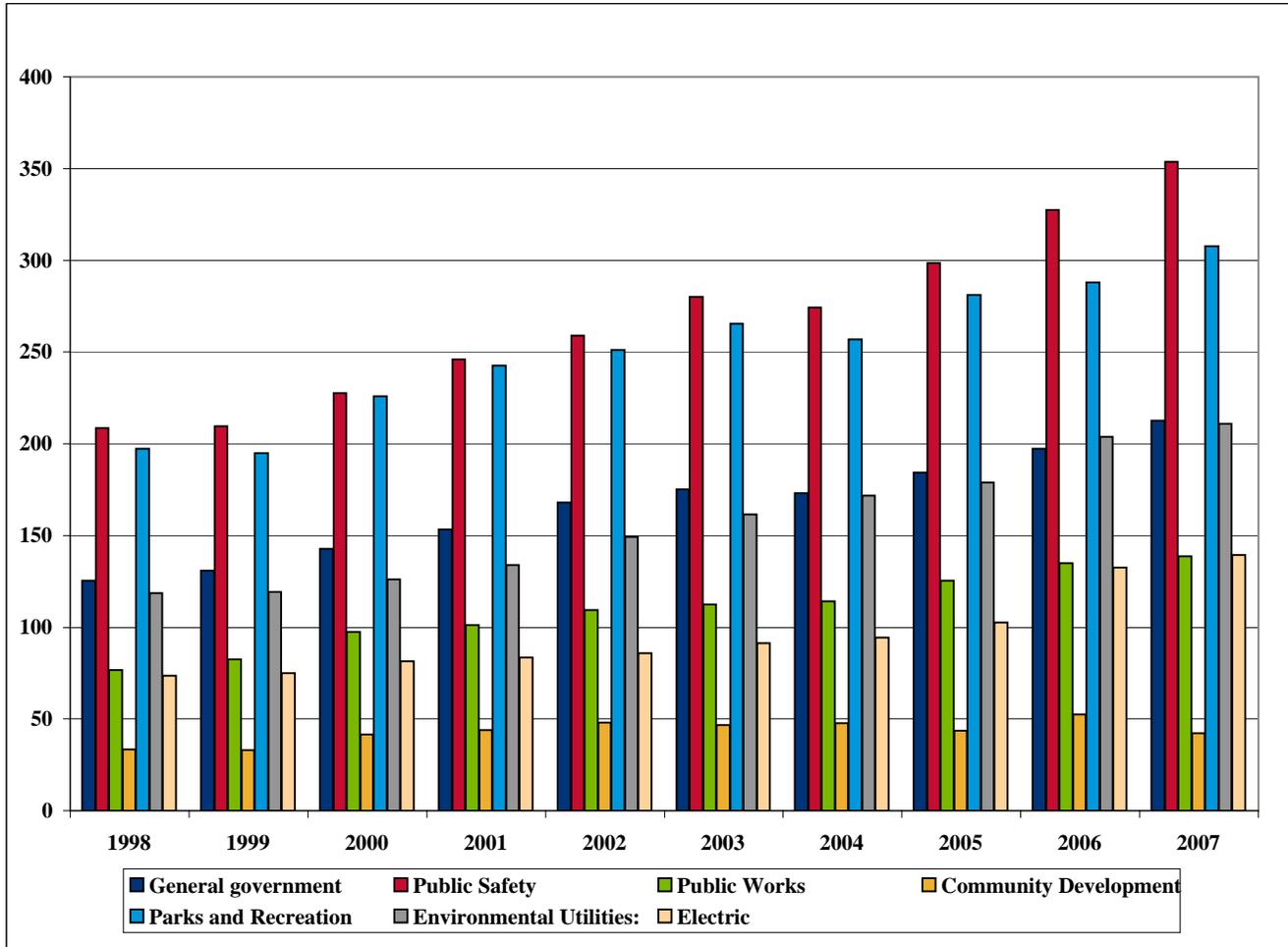
Source: Bureau of Economic Analysis and
State of California Department of Finance
State of California Employment Development Department

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

Employer	2007			1998		
	Number of Employees	Rank	Percentage of Total City Employees	Number of Employees	Rank	Percentage of Total City Employees
Hewlett-Packard	3,600	1	4.6%	4,200	1	9.3%
Kaiser Permanente	3,289	2	4.2%	844	7	1.9%
Sutter Roseville Medical Center	1,922	3	2.4%	1,300	3	2.9%
Union Pacific Railroad	1,500	4	1.9%	1,300	4	2.9%
City of Roseville	1,248	5	1.6%	751	5	1.7%
Roseville Joint Union High School District	975	6	1.2%	555	8	1.2%
Roseville Elementary School District	840	7	1.1%	531	9	1.2%
NEC Electronics	800	8	1.0%	2,200	2	4.9%
PRIDE Industries	800	9	1.0%	413	-	-
Wal-Mart	796	10	1.0%	-	-	-
Subtotal	<u>15,770</u>		<u>20.0%</u>	<u>12,094</u>		<u>26.9%</u>
Total Employment*	<u>79,000</u>			<u>45,000</u>		

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

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



Adopted for Fiscal Year Ended June 30,

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function										
General government	125.44	130.69	142.92	153.42	167.81	175.06	172.95	184.23	197.23	212.71
Public Safety	208.64	209.64	227.59	246.07	259.07	280.07	274.24	298.43	327.46	353.69
Public Works	76.50	82.50	97.31	101.29	109.29	112.54	114.29	125.29	134.77	138.77
Community Development	33.50	33.00	41.50	44.00	48.00	46.74	47.63	43.63	52.63	42.25
Parks and Recreation	197.39	194.84	225.81	242.50	251.09	265.33	256.83	281.12	287.86	307.65
Environmental Utilities:	118.42	119.42	125.92	133.84	149.09	161.47	171.57	178.82	203.74	211.03
Electric	73.50	75.00	81.46	83.46	85.80	91.46	94.46	102.46	132.46	139.46
Total	833.39	845.09	942.51	1,004.58	1,070.15	1,132.67	1,131.97	1,213.98	1,336.15	1,405.56

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

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety:					
Fire:					
Number of medical emergencies answered	5,063	5,234	5,228	6,458	6,622
Number of Haz-Mat alarms answered	151	126	134	413	330
Total Number of alarms answered	7,730	8,390	8,023	9,784	10,065
Police:					
Law violations:					
Physical arrests (adult and juvenile)	4,652	4,120	5,578	7,602	7,360
Traffic citations	19,432	11,382	15,260	18,587	19,893
Public works:					
Total building permits issued	5,663	5,718	4,434	5,703	4,272
Total square feet of street maintenance performed	5,202,440	3,174,672	9,529,760	3,763,328	7,707,910
Park and recreation:					
Community Services:					
Number of participants in Cultural Art classes	4,767	6,582	3,029	3,447	1,926
Total attendance to aquatic facilities	331,561	361,104	271,377	234,542	243,429
Library:					
Number of materials checked out	508,809	510,421	554,174	627,317	685,097
Water:					
Average Daily Consumption (in gallons)	26.6M	28.77M	26.82M	27.26M	30.43M
Number of meters sold	1,720	1,870	1,987	1,800	1,031
Number of backflow devices tested	3,644	3,817	4,122	3,836	4,348
Wastewater:					
Number of miles of sewer mains flushed	401	419	448	427	218
Total preventative work orders completed	2,599	2,192	3,107	7,065	9,247
Solid Waste:					
Number of incoming phone calls	37,954	37,943	22,684	23,672	26,870
Tons of solid waste collected	95,151	99,082	98,910	102,370	100,148
Electric:					
Number of customers participating in energy efficiency programs	1,231	2,124	2,793	3,123	3,663
Number of trees planted (Shade Tree Program)	1,065	836	625	621	628

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function/Program				
Public safety:				
Fire stations	6	7	7	8
Police stations	1	1	1	1
Police patrol units	75	97	110	107
Public works:				
Miles of streets	428	432	455	475
Number of Traffic Lights	133	135	141	150
Park and recreation:				
Community services:				
City parks	40	48	53	56
Miles of creek	57	57	60	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	3	3	3
Water				
Miles of water mains	480	494	506	540
Fire hydrants	4,499	3,881	3,978	4,278
Wastewater				
Miles of sanitary sewers	600	460	447	472
Miles of storm drain	420	352	435	474
Solid Waste:				
Number of new residential refuse customers	1,490	1,062	705	809
Electric:				
Number of residential customers	40,312	41,883	43,001	43,793
Number of commercial customers	5,101	5,410	5,523	5,788

This Page Left Intentionally Blank