

City of



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2003

Prepared by the Department of Finance

**City of Roseville, Minnesota
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2003**

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INTRODUCTORY SECTION

City of



May 24, 2004

To the City Council and Citizens of the City of Roseville:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Roseville for the fiscal year ended December 31, 2003.

This report consists of management's representations concerning the finances of the City of Roseville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Roseville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile **sufficient** reliable information for the preparation of the City of Roseville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Roseville's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Roseville's financial statements have been audited by Kern, **DeWenter, Viere** Ltd. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Roseville for the fiscal year ended December 31, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Roseville's financial statements for the fiscal year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (**MD&A**). This letter of transmittal is designed to complement the **MD&A** and should be read in conjunction with it. The City of Roseville's **MD&A** can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Roseville, incorporated in 1948, is a suburban community bordering both Minneapolis and St Paul Minnesota in the eastern part of the state. This area is considered to be the major population and economic growth area in the state, and among one of the highly ranked economic growth areas in the country. The City of Roseville currently occupies a land area of 13.7 square miles and serves a population of **33,690**. The City of Roseville is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, Roseville is a completely developed community and is bordered on all sides by other incorporated communities.

The City of Roseville has operated under the council-manager form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the **day-to-day** operations of the city government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every four years and the mayor and one council member elected in staggered four-year terms. The council and mayor are elected at large.

The City of Roseville provides a **full** range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water and sewer services and recreational activities and cultural events.

The annual budget serves as the foundation for the City of Roseville's financial planning and control. All departments and agencies of the City of Roseville submit requests for appropriation to the city manager in May of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the council for review prior to August 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Roseville's fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 33 as part of the basic financial statements for the governmental funds. For governmental **funds**, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, are shown on pages 34-35, and 76-79.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Roseville operates.

Local economy. The City of Roseville currently enjoys a favorable economic environment and local indicators point to continued stability and improvement, in conjunction with an improving national economy. The region while noted for a strong retail sector, enjoyed considerable re-development in recent years. The re-development consisted of varied manufacturing, medical and high-tech base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include computer hardware and software manufacturers, electrical controls and medical services, and several divisions of state government departments which administer the state highway system and the states' educational administration of K-12 operations.

The City of Roseville area has an employed labor force of approximately 45,000 which is anticipated to grow at a rate of 3 percent each year for the next several years.

Because of the fully developed nature of the community, the opportunity for new and expanded housing is limited. The city's emphasis has been, in recent years, on assisting homeowners to redevelop and remodel the current available housing so that as the change-over from older residents occurs, younger families will continue to be attracted to Roseville.

Long-term financial planning. The city council is in the planning stages of improving both governmental service facilities for public safety and general governmental use, and a community center with facilities needed for attracting and retaining a strong resident population.

In November, 2002, voters approved a \$9.7 million referendum to construct and equip a public safety addition to City Hall, and an expanded Public Works Facility. Construction is expected to be completed in the fall of 2004.

The city is also working closely with state, federal and neighboring communities to improve the area's state and county transportation network, which includes commuter rail, upgraded highways and well-placed pathways. Funding for most of the transportation improvements will need to come **from** state, county and federal sources, with some minor portion supported by the local taxpayers.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the US Treasury, and government agencies. The maturities of the investments range from 7 days to 10 years, with an average maturity of 36 months. The investment income return for 2003 on all investments was 5.0 percent.

Risk management. The City has actively worked to limit both its liability risk and insurance costs since 1980. The City has self-insured its workers' compensation risk by maintaining a fund of approximately \$2 million and securing stop loss coverage through the state's reinsurance fund. The general liability of the City has been placed with the League of Minnesota Cities Insurance Trust. However, to limit its cost, the City has maintained a deductible of \$50,000 with the appropriate limits. These deductibles are **funded** from the Risk Management Fund, which maintains a balance of approximately \$1 million. The funding for the insurance programs is from a combination of property taxes, insurance rebates, and departmental charges. In 2000 the City added an umbrella policy which will protect the City in the event the state's statutory liability limit would not apply to a claim.

Awards and Acknowledgements

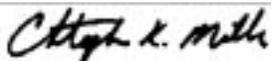
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roseville for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the 24th consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of the Finance Department Staff. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Roseville's finances.

Respectfully submitted



Christopher K. Miller
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Roseville,
Minnesota**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002**

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.



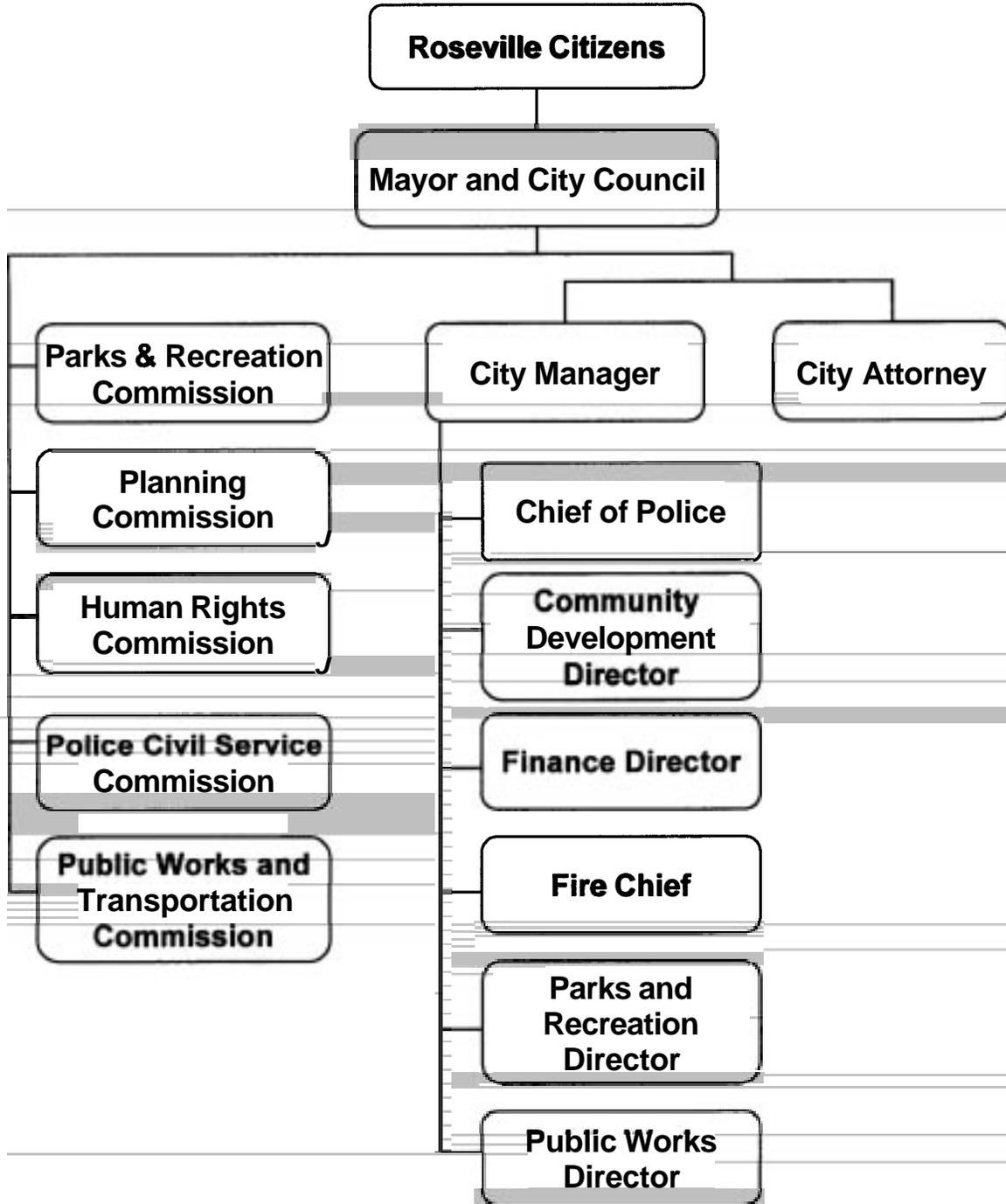
Edward Haney

President

Jeffrey R. Egan

Executive Director

Organizational Chart



City of



Elected and Appointed Officials December 31, 2003

Elected Officials

Mayor	John Kysylyczyn	Term expires 12/31/2003
Council	Tom Kough	Term expires 12/31/2005
Council	Greg Schroeder	Term expires 12/31/2005
Council	Dean Maschka	Term expires 12/31/2003
Council	Craig Klausing	Term expires 12/31/2005

Appointed Officials

City Manager	Neal Beets
Finance Director	Chris Miller
Police Chief	Carol Sletner
Fire Chief	Rich Gasaway
Public Works Director	Duane Schwartz
Parks & Recreation Director	Lonnie Brokke
Community Development Director	Dennis Welsch

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Financial Section

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KERN · DEWENTER · VIERE

INDEPENDENT AUDITORS' REPORT

April 21, 2004

Honorable Mayor and Members
of the City Council
City of Roseville
Roseville, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining **fund** information of the City of Roseville, Minnesota, as of and for the year ended December 31, 2003, 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 auditing standards generally accepted in the United States of America and *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 opinions.

In our opinion, the 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, Minnesota, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund, Recreation Special Revenue Fund and Community Development Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



KERN. DEWENTER. VIERE

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2004, on our consideration of the City of Roseville, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 13 through **23** is not a required part of the basic financial statements but is supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information identified in the table of contents as combining and individual **fund** financial statements, schedules and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules and supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Roseville, Minnesota. The Introductory and Statistical Sections have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kern, Dewenter, Viere, Ltd.

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota

Management's Discussion and Analysis

As management of the City of Roseville, we offer readers of the City of Roseville's financial statements this narrative overview and analysis of the financial activities of the City of Roseville for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the City of Roseville exceeded its liabilities at the close of the most recent fiscal year by \$156,800,657 (Net assets). Of this amount, \$21,414,867 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets from operations decreased by \$804,653.
- As of the close of the current fiscal year, the City of Roseville's governmental funds reported combined ending fund balances of \$31,692,878. Forty-three (43) percent of this total amount, \$13,498,491, is available for use within the City's designations and policies.
- At the end of the current fiscal year, unreserved **fund** balance for the general fund was \$5,636,721, or 61% percent of total general fund expenditures.
- The City of Roseville total bonded debt increased by \$7,935,000 during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Roseville's basic financial statements. The City of Roseville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Roseville's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Roseville's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Roseville is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will only result in cash flows in future fiscal periods (**e.g.** uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Roseville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Roseville include general government, public safety, public works, economic development, and recreation. The business-type activities of the City of Roseville include water, sanitary sewer, golf, recycling and storm drainage.

The government-wide financial statements can be found on pages 26-27 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Roseville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Roseville can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the **government-wide** financial statement. By doing so, readers may better understand the long-term impact of the City's near **term** financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Roseville maintains ten individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two special revenue funds, two debt service funds, three capital funds, and two permanent funds, all of which are considered to be major funds. Data **from** the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Roseville adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-35 of this report.

Proprietary funds. The City of Roseville maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City of Roseville uses enterprise funds to account for its sanitary sewer, water, golf, recycling and storm drainage operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City of Roseville's various functions. The City of Roseville uses internal service funds to account for its workers' compensation and general risk management. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer, water, golf, recycling and storm drainage operations. All of which are considered to be major funds of the City of Roseville. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 36-41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the **government-wide** financial statements because the resources of those funds **are** not available to support the City of Roseville's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to the financial statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-72 of this report.

Other information. The combining statements referred to earlier in connection with **non-major** governmental funds and internal service funds are presented immediately

following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74-91 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Roseville, assets exceeded liabilities by \$156,800,657 at the close of the most recent fiscal year.

By far the largest portion of the City of Roseville's net assets (74% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Roseville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roseville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ROSEVILLE'S NET ASSETS

	Governmental Activities 2003	Governmental Activities 2002	Business- Type 2003	Business- Type 2002	Total 2003	Total 2002
Current and other						
Assets	\$41,449,289	\$35,624,801	\$9,346,017	\$8,978,680	\$50,795,306	\$44,603,481
Capital assets	109,166,564	104,729,805	18,191,864	26,972,178	127,358,428	131,701,983
Total assets	150,615,853	140,354,606	27,537,881	35,950,858	178,153,734	176,305,464
Long-term liabilities outstanding	14,726,162	8,116,048	-	-	14,726,162	8,116,048
Other liabilities	5,427,372	1,745,474	1,199,543	1,609,353	6,626,915	3,354,827
Total liabilities	20,153,534	9,861,522	1,199,543	1,609,353	21,353,077	11,470,875
Net assets:						
Invested in fixed Assets net of related debt	98,124,347	96,613,757	18,191,864	26,972,178	116,316,211	123,585,935
Restricted	19,069,579	15,925,108			19,069,579	15,925,108
Unrestricted	13,268,393	17,954,219	8,146,474	7,369,326	21,414,867	25,323,455
Total net assets	\$130,462,319	\$130,493,084	\$26,338,338	\$34,341,504	\$156,800,657	\$164,834,588

A portion of the of the City of Roseville's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$25,323,455) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Roseville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

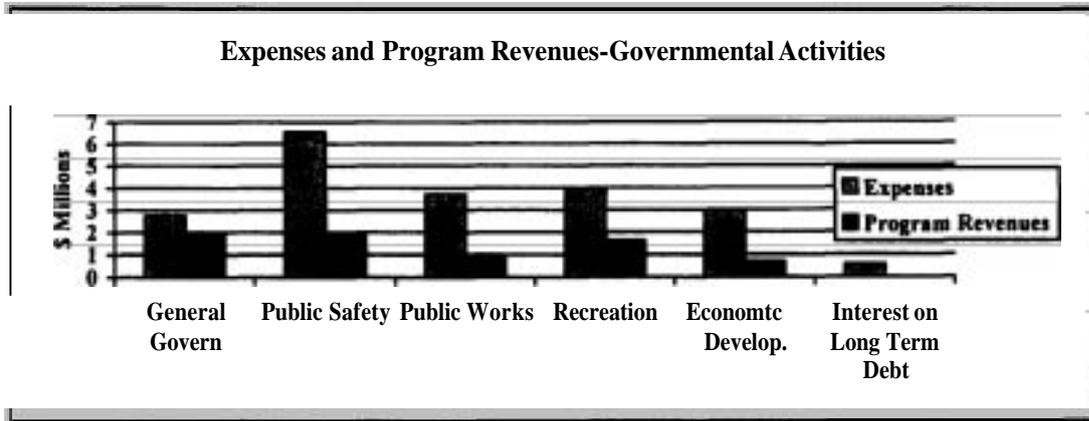
Governmental activities

Governmental activities decreased the City of Roseville's net assets by \$1,372,217. This was partially offset by an increase in **Business-type** net assets of \$567,564, for an overall decrease of **\$804,653**. Key elements of this increase are as follows:

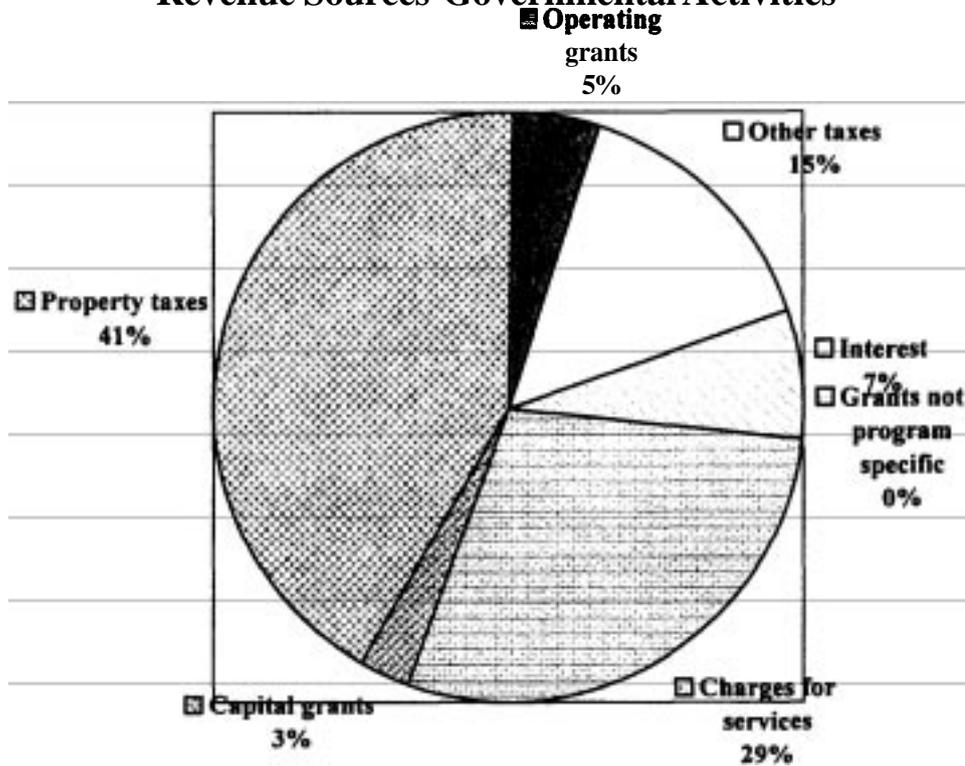
City of Roseville's Changes in Net Assets

	Governmental Activities 2003	Governmental Activities 2002	Business- Type 2003	Business- Type 2002	Total 2003	Total 2002
Revenues:						
Program revenues:						
Charges for services	\$5,515,530	\$5,906,832	\$7,704,607	\$7,164,692	\$13,220,137	\$13,071,524
Operating grants and Contributions	863,338	824,173	29,291	117,992	892,629	942,165
Capital grants and contributions	524,071	494,392	366,184	-	890,255	494,392
General revenues:						
Property taxes	803,1962	7,870,430	-	-	8,031,962	7,870,430
Other taxes	2,808,720	2,827,790	-	-	2,808,720	2,827,790
Grants & Contributions not Restricted to specific Programs	25,353	816,482			25,353	816,482
Investment earnings	1,322,877	3,015,307	317,371	523,927	1,640,248	3,539,234
Other		6,529		24,758		31,287
Total revenues	\$19,091,851	\$21,761,936	\$8,417,453	\$7,831,369	\$27,509,304	\$29,593,304
Expenses:						
General government	\$2,756,291	\$2,670,864	\$-	\$-	\$2,756,291	\$2,670,864
Public safety	6,542,900	5,139,220			6,542,900	5,139,220
Streets	3,709,870	4,438,832			3,709,870	4,438,832
Economic development	2,970,466	2,744,126	-	-	2,970,466	2,744,126
Culture & recreation	3,926,557	3,462,058	-	-	3,926,557	3,462,058
Interest on debt	557,984	1,509,635	-	-	557,984	1,509,635
Sanitary Sewer	-	-	2,489,956	2,984,055	2,489,956	2,984,055
Water	-	-	4,069,841	3,701,411	4,069,841	3,701,411
Golf	-	-	358,726	331,368	358,726	331,368
Recycling	-	-	235,179	292,617	235,179	292,617
Storm drainage	-	-	696,187	1,404,576	696,187	1,404,576
Total expenses	20,464,068	19,964,734	7,849,889	8,714,028	28,313,957	26,678,762
Increase (decrease) in net assets	(1,372,217)	1,797,202	567,564	(882,659)	(804,653)	914,542
Net assets on Jan 1 st	130,493,084	128,695,882	34,341,504	35,765,111	164,834,588	164,460,993
Prior Period Adjustment	1,341,452	-	(8,570,732)	(540,948)	(7,229,280)	(540,948)
Net assets on Dec 31st	\$130,462,319	\$130,493,084	\$26,338,336	\$34,341,504	\$156,800,656	\$164,834,588

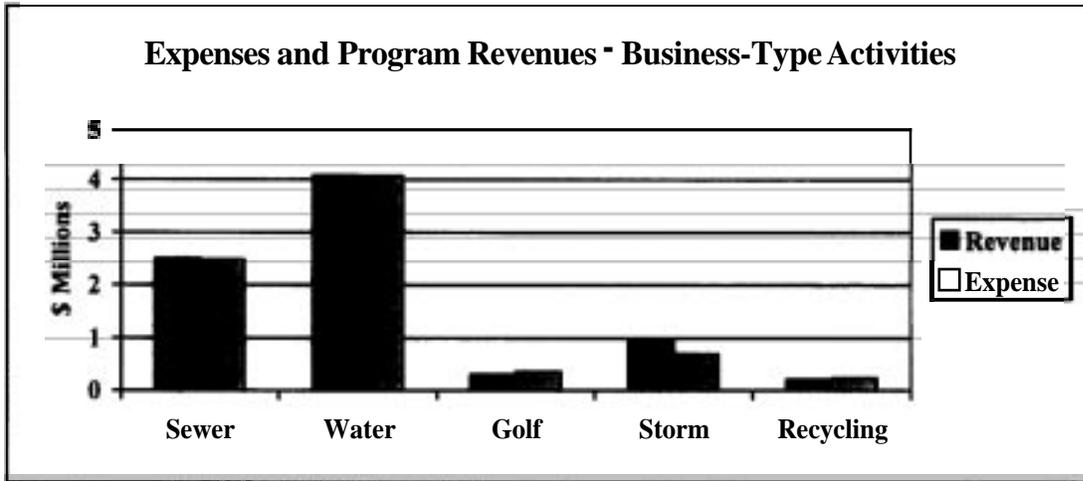
Below are specific graphs which provide comparisons of the governmental activities revenues and expenditures



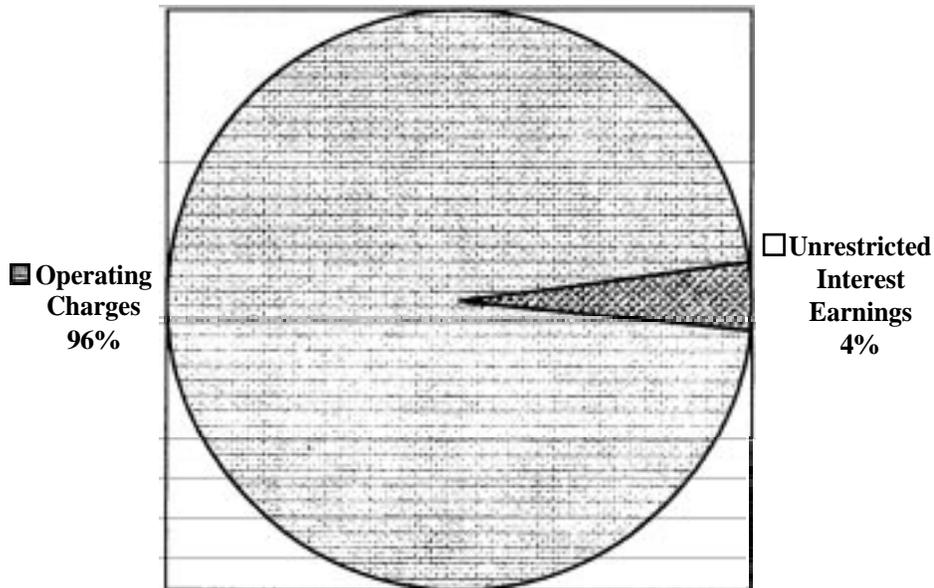
Revenue Sources-Governmental Activities



Business-type activities. Business-type activities net assets increased in 2003. Below are graphs showing the business-type activities revenue and expense comparisons.



Revenue Sources-Business-Type Activities



Financial Analysis of the Government's funds

Governmental funds. The focus of the City of Roseville's **governmental** funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Roseville's financing requirements. In particular, unreserved **fund** balance may serve as **useful** measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Roseville's governmental funds reported combined ending fund balances of \$31,692,878. Approximately 55% of this total amount (\$17,411,373) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed; 1) for tax reduction (**\$1,949,855**), 2) for future infrastructure replacement (**\$12,217,933**), and 3) for law enforcement activities (\$113,717).

The General Fund increased by \$843,352 in 2003, largely due to land sale proceeds. The proceeds helped offset the loss of \$700,000 in state aid that had been originally pledged by the State of Minnesota but was rescinded during mid-2003 in response to their own budget reduction plan. The Recreation Fund increased slightly by \$790. The Community Development fund decreased in 2003 by \$153,349 primarily due to less than expected building permit fees. Both the General Improvement Debt Service and Tax Increment Bond Funds decreased substantially in 2003. This resulted from the calling of several bond issues in prior years. The City's Revolving Improvements Fund increased \$3,468,971 in 2003. The increase was the result of a bond sale that was held in early 2003 to finance the construction of the expansion of City Hall and the Public Works Building. Approximately \$3.5 million of construction remained at the end of the fiscal year.

Proprietary funds. The City of Roseville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted **net** assets in the respective proprietary funds are Sewer - \$5,301,096, Water - **\$(149,465)**, Golf - \$389,905, Recycling - \$98,666 and Storm - \$2,506,272. All propriety funds had slight increases in net assets in 2003. Due to timing differences in the user fees and capital improvements, increases (or decreases) can occur.

Capital Asset and Debt Administration

Capital assets. The City of Roseville's investment in capital assets for its governmental and business type activities as of December 31, 2003, amounts to \$127,358,428 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Completion of a \$250 thousand in upgrades to parks facilities.
Construction of \$6.5 million for the expansion of City Hall and the Public Works Building

City of Roseville's Capital Assets (Net of Depreciation)

	Governmental Activities 2003	Governmental Activities 2002	Business- Type 2003	Business- Type 2002	Total 2003	Total 2002
Land	\$5,832,511	\$6,720,240	\$475,714	\$475,714	\$6,308,225	\$7,195,954
Buildings	17,471,010	11,746,800	608,133	648,814	18,079,143	12,395,614
Machinery & equipment	6,780,869	6,613,544	779,860	903,826	7,560,729	7,517,370
Infrastructure	59,624,687	79,649,221	15,911,023	24,943,824	75,535,710	104,593,045
Total capital assets	\$109,166,564	\$104,729,805	\$18,191,864	\$26,972,178	\$127,358,734	\$131,701,983

Additional information on the City of Roseville's capital assets can be found in Note 1-D on page 50 of this report, and Note 4-C on page 57.

Long-term debt. At the end of the current fiscal year, the City of Roseville had total long-term debt outstanding of \$15,495,000; of which \$5,795,000 was for general obligation improvement debt which has financed special assessment construction as part of the City's paving management program, as well as \$9,700,000 for the general obligation municipal building debt which financed the construction of the expansion of City Hall and the Public Works Building. In addition, the City also has long-term debt in the amount of \$45,378 for the improvement of energy **efficiency** in the governmental buildings, and **\$595,611** for compensated absences.

**City of Roseville's Outstanding Debt
General Obligation Improvement Bonds, General Obligation Tax Increment Bonds,
Long-Term Notes and Compensated Absences**

	Governmental Activities 2003	Governmental Activities 2002	Business- Type 2003	Business- Type 2002	Total 2003	Total 2002
General Obligation Improvement bonds	\$5,795,000	\$7,560,000	\$ -	\$ -	\$5,795,000	\$7,560,000
General Obligation Municipal bonds	9,700,000				9,700,000	
Long-term notes pay	45,378	60,376		7,251	45,378	67,627
Severance pay	-	-	-	-	-	-
Compensated absences	595,611	495,672			595,611	495,672
Total	\$16,135,989	\$8,116,048	\$ -	\$ 7,251	\$16,135,989	\$8,123,299

The City of Roseville maintains an Aa1 rating from Moody's and an AA from Standard and Poor's on all of its general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 2% of total Estimated Market Value. The current debt limitation for the City of Roseville is \$59,084,800. \$9,700,000 of the City's outstanding debt is counted against the statutory limitation as the debt is wholly financed by general tax levy.

Additional information on the City of Roseville's long-term debt can be found in Note I-D on page 51 of this report, and Note 4-G on page 61.

Economic Factors and next year's Budgets and Rates

Due to property tax reforms and continued projected budget deficits at the State Level, the City made efforts to provide for the reduction in State-aid and a **shift** in overall tax burden.

- Recreation program fees were increased to reflect the rising costs of individual programs. In addition, user charges for proprietary funds were also changed to reflect current and anticipated conditions

These factors were considered when the City of Roseville prepared its 2004 budget.

Requests for information. This financial report is designed to provide a general overview of the City of Roseville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2660 Civic Center Drive, Roseville, MN 55113.

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CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 37,376,275	\$ 7,030,565	\$ 44,406,840
Restricted investments			
Utility customer deposits	0	735,879	735,879
Receivables			
Accounts	675,065	1,178,345	1,853,410
Taxes	156,390	0	156,390
Special assessments	3,113,482	4,009	3,117,491
Due from other governments	128,077	397,219	525,296
Property and equipment, net of depreciation:			
Land	5,832,511	475,714	6,308,225
Buildings	11,333,899	608,133	11,942,032
Improvements other than buildings	19,457,487	417,134	19,874,621
Machinery and Equipment	6,780,869	779,860	7,560,729
Infrastructure	59,624,687	15,488,591	75,113,278
Construction in progress	6,137,111	422,432	6,559,543
Total Assets	<u>\$ 150,615,853</u>	<u>\$ 27,537,881</u>	<u>\$ 178,153,734</u>
LIABILITIES			
Accounts payable	1,158,059	370,608	1,528,667
Accrued payroll	254,965	69,677	324,642
contracts payable	1,952,138	5,811	1,957,949
Bond interest payable	315,577	0	315,577
Due to other governments	6,456	12,221	18,677
Insurance claim payable	195,547	0	195,547
Deposits payable	134,803	735,879	870,682
Notes Payable	0	5,347	5,347
Noncurrent liabilities:			
Due within one year	1,409,827	0	1,409,827
Due in more than one year	14,726,162	0	14,726,162
Total Liabilities	<u>20,153,534</u>	<u>1,199,543</u>	<u>21,353,077</u>
NET ASSETS			
Invested in fixed assets, net of related debt	<u>98,124,347</u>	<u>18,191,864</u>	<u>116,316,211</u>
Restricted for			
Tax increment	4,788,074	0	4,788,074
Infrastructure replacement			
Expendable	1,394,641	0	1,394,641
Nonexpendable	10,823,292	0	10,823,292
Tax reduction			
Nonexpendable	1,949,855	0	1,949,855
Law enforcement	113,717	0	113,717
Unrestricted	<u>13,268,393</u>	<u>8,146,474</u>	<u>21,414,867</u>
Total Net Assets	<u>\$ 130,462,319</u>	<u>\$ 26,338,338</u>	<u>\$ 156,800,657</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,756,291	\$ 1,788,963	\$ 0	\$ 77,583	\$ (889,745)	\$ 0	\$ (889,745)
Public safety	6,542,900	1,345,874	532,509	16,390	(4,648,127)	0	(4,648,127)
Public works	3,709,870	357,984	242,194	253,098	(2,856,594)	0	(2,856,594)
Recreation	3,926,557	1,596,571	0	0	(2,329,986)	0	(2,329,986)
Economic development	2,970,466	426,138	88,635	177,000	(2,278,693)	0	(2,278,693)
Interest on long-term debt	557,984	0	0	0	(557,984)	0	(557,984)
Total governmental activities	<u>20,464,068</u>	<u>5,515,530</u>	<u>863,338</u>	<u>524,071</u>	<u>(13,561,129)</u>	<u>0</u>	<u>(13,561,129)</u>
Business-type activities:							
Sewer	2,489,956	2,512,282	0	0	0	22,326	22,326
Water	4,069,841	4,084,416	0	0	0	14,575	14,575
Golf	358,726	303,708	0	0	0	(55,018)	(55,018)
Recycling	235,179	208,170	29,291	0	0	2,282	2,282
Storm Drainage	696,187	596,031	0	366,184	0	266,028	266,028
Total business-type activities	<u>7,849,889</u>	<u>7,704,607</u>	<u>29,291</u>	<u>366,184</u>	<u>0</u>	<u>250,193</u>	<u>250,193</u>
Total Government	<u>28,313,957</u>	<u>13,220,137</u>	<u>892,629</u>	<u>890,255</u>	<u>(13,561,129)</u>	<u>250,193</u>	<u>(13,310,936)</u>
General revenues:							
Property taxes					8,031,962	0	8,031,962
Tax increments					2,509,792	0	2,509,792
Franchise Fees					241,053	0	241,053
Gambling Taxes					57,875	0	57,875
Grants and contributions not restricted to specific programs					25,353	0	25,353
Unrestricted investment earnings					1,322,877	317,371	1,640,248
Total general revenues					<u>12,188,912</u>	<u>317,371</u>	<u>12,506,283</u>
Change in net assets					(1,372,217)	567,564	(804,653)
Net Assets - beginning as previously stated					130,493,084	34,341,504	164,834,588
Prior period adjustment					1,341,452	(8,570,732)	(7,229,280)
Net Assets - beginning as restated					<u>131,834,536</u>	<u>25,770,772</u>	<u>157,605,308</u>
Net Assets - ending					<u>\$ 130,462,319</u>	<u>\$ 26,338,336</u>	<u>\$ 156,800,656</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROSEVILLE, MINNESOTA
BALANCESHEET
GOVERNMENTAL FUNDS
December 31,2003**

	Special Revenue			Debt Service	
	General	Recreation	Community Development	General Obligation Improvement Bonds	General Obligation Tax Increment Bonds
ASSETS					
Cash and cash equivalents	\$ 6,032,095	\$ 4,464	\$ 293,344	\$ 140,753	\$ 689
Accounts receivable	26,528	62,280	657	11,103	0
Taxes receivable:					
Current	53,242	10,637	0	6,866	0
Delinquent	0	0	0	0	0
Tax increments-current	0	0	0	0	0
Special assessments receivable:					
Deferred	56	0	0	1,595,976	0
Due from other governments	8,892	0	15,508	0	0
Due from other funds	155,000	0	0	0	0
Total assets	\$ 6,275,813	\$ 77,381	\$ 309,509	\$ 1,754,698	\$ 689
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 283,964	\$ 75,982	\$ 36,537	\$ 0	\$ 0
Accrued payroll	170,922	44,120	19,253	0	0
Contracts payable	0	0	0	0	0
Due to other funds	0	1,075,000	0	2,309,000	2,215,000
Due to other governments	1,250	4,167	582	0	0
Deferred revenue	7,586	16,787	0	1,599,225	0
Deposits payable	61,653	0	64,550	0	0
Total liabilities	525,375	1,216,056	120,922	3,908,225	2,215,000
Fund Balance:					
Reserved for tax reduction endowment	0	0	0	0	0
Reserved for future infrastructure replacement endowment	0	0	0	0	0
Reserved for future infrastructure replacement	0	0	0	0	0
Reserved for law enforcement	113,717	0	0	0	0
Unreserved, designated for working capital	5,636,721	0	188,587	0	0
Unreserved, designated for subsequent expenditures	0	0	0	0	0
Unreserved reported in special revenue funds	0	0	0	0	0
Unreserved reported in capital projects funds	0	0	0	0	0
Undesignated	0	(1,138,675)	0	(2,153,527)	(2,214,311)
Total fund balances	5,750,438	(1,138,675)	188,587	(2,153,527)	(2,214,311)
Total liabilities and fund balances	\$ 6,275,813	\$ 77,381	\$ 309,509	\$ 1,754,698	\$ 689

Capital assets (net of depreciation) used in governmental activities and are not financial resources and therefore, are not reported in the funds.

Long term liabilities including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.

Internal service funds are used by management to charge the cost of insurance to individual funds.

Other long term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds.

The notes to the financial statements are an integral part of this statement.

Revolving Improvements	Capital Projects		Permanent		Other Governmental Funds	Total
	Economic Increments Construction	Street Construction	Tax Reduction	Infrastructure Replacement		
\$ 7,070,434	\$ 2,926,116	\$ 1,156,587	\$ 1,949,855	\$ 12,217,933	\$ 2,479,969	\$ 34,272,239
0	0	0	0	0	569,591	670,159
3,519	4,188	0	0	0	1,502	79,954
0	76,436	0	0	0	0	76,436
0	0	0	0	0	0	0
151,425		1,366,025	0	0	0	3,113,482
19,218		0	0	0	84,459	128,077
2,309,000	2,215,000	0	0	0	1,075,000	5,754,000
<u>\$ 9,553,596</u>	<u>\$ 5,221,740</u>	<u>\$ 2,522,612</u>	<u>\$ 1,949,855</u>	<u>\$ 12,217,933</u>	<u>\$ 4,210,521</u>	<u>\$ 44,094,347</u>

\$ 37,034	\$ 287,988	\$ 5,009	\$ 0	\$ 0	\$ 431,345	\$ 1,158,059
0	0	0	0	0	20,670	254,965
1,629,661	145,678	176,799	0	0	0	1,952,138
0	0	0	0	0	155,000	5,754,000
(162)	0	0	0	0	619	6,456
151,425	0	1,366,025	0	0	0	3,141,048
0	0	0	0	0	8,600	134,803
<u>1,817,958</u>	<u>433,666</u>	<u>1,547,833</u>	<u>0</u>	<u>0</u>	<u>616,434</u>	<u>12,401,469</u>

0	0	0	1,949,855	0	0	1,949,855
0	0	0	0	10,823,292	0	10,823,292
0	0	0	0	1,394,641	0	1,394,641
0	0	0	0	0	0	113,717
0	0	0	0	0	0	5,825,308
7,735,638	4,788,074	974,779	0	0	0	13,498,491
0	0	0	0	0	47,663	47,663
0	0	0	0	0	3,546,424	3,546,424
0	0	0	0	0	0	(5,506,513)
<u>7,735,638</u>	<u>4,788,074</u>	<u>974,779</u>	<u>1,949,855</u>	<u>12,217,933</u>	<u>3,594,087</u>	<u>31,692,878</u>
<u>\$ 9,553,596</u>	<u>\$ 5,221,740</u>	<u>\$ 2,522,612</u>	<u>\$ 1,949,855</u>	<u>\$ 12,217,933</u>	<u>\$ 4,210,521</u>	

109,166,564

(16,451,566)

2,913,395

3,141,048

Net Assets of governmental activities \$ 130,462,319

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2003

	Special Revenue			Debt Service	
	General	Recreation	Community Development	General Obligation Improvement Bonds	General Obligation Tax Increment Bonds
REVENUES					
General property taxes	\$ 5,644,219	\$ 1,127,615	\$ 0	\$ 727,872	\$ 0
Tax increments	0	0	0	0	(32,877)
Intergovernmental revenue	816,446	0	0	0	0
Licenses & permits	244,091	0	957,793	0	0
Gambling taxes	0	0	0	0	0
Charges for services	1,119,439	1,455,991	171,470	0	0
Fines and forfeits	181,567	0	0	0	0
Franchise fees	0	0	0	0	0
Rentals	0	30,197	0	0	0
Donations	2,550	28,650	0	0	0
Special assessments	37,062	0	0	476,901	0
Investment income	297,407	7,599	(32,323)	42,589	(6,493)
Miscellaneous	55,857	80,658	20,219	0	0
Total revenues	<u>8,398,638</u>	<u>2,730,710</u>	<u>1,117,159</u>	<u>1,247,362</u>	<u>(39,370)</u>
EXPENDITURES					
Current:					
General government	1,597,790	0	0	0	0
Public safety	5,984,321	0	0	0	0
Public works	1,573,348	0	0	0	0
Economic development	0	0	0	0	0
Recreation	0	2,913,099	0	0	0
Community development	0	0	1,087,209	0	0
Debt service	0	0	0	2,120,237	0
Capital outlay	160,827	77,831	13,442	0	0
Total expenditures	<u>9,316,286</u>	<u>2,990,930</u>	<u>1,100,651</u>	<u>2,120,237</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(917,648)</u>	<u>(260,220)</u>	<u>16,508</u>	<u>(872,875)</u>	<u>(39,370)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,761,000	261,010	0	0	0
Transfers (out)	0	0	(1,455,000)	0	(45,046)
Sale of capital assets	0	0	1,285,143	0	0
Bond Proceeds	0	0	0	85,327	0
Total other financing sources (uses)	<u>1,761,000</u>	<u>261,010</u>	<u>(169,857)</u>	<u>85,327</u>	<u>(45,046)</u>
Net change in fund balances	843,352	790	(153,349)	(787,548)	(84,416)
Fund balances - beginning	4,907,086	(1,139,465)	341,936	(1,365,979)	(2,129,895)
Fund balances - ending	<u>\$ 5,750,438</u>	<u>\$ (1,138,675)</u>	<u>\$ 188,587</u>	<u>\$ (2,153,527)</u>	<u>\$ (2,214,311)</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects			Permanent		Other Governmental Funds	Total
Revolving Improvements	Economic Increments Construction	Street Construction	Tax Reduction	Infrastructure Replacement		
\$ 373,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 159,222	\$ 8,031,962
0	2,542,669	0	0	0	0	2,509,792
84,414	3,177	254,142	0	0	254,583	14,12,762
0	0	0	0	0	815,533	2,017,417
0	0	0	0	0	57,875	57,875
0	0	(3,847)	0	0	213,152	2,956,205
0	0	0	0	0	0	181,567
0	0	0	0	0	241,053	241,053
0	0	0	0	0	0	30,197
1,000	0	0	0	0	54,128	86,328
30,285	0	340,978	0	0	0	885,226
(45,177)	475,688	92,034	37,140	427,454	26,959	1,322,877
136,525	190,000	0	0	0	96,535	579,794
580,081	3,211,534	683,307	37,140	427,454	1,919,040	20,313,055

0	0	0	0	0	1,281,232	2,879,022
0	0	0	0	0	0	5,984,321
0	0	0	0	0	0	1,573,348
0	1,462,118	0	0	0	0	1,462,118
0	0	0	0	0	0	2,913,099
0	0	0	0	0	379,793	1,467,002
0	0	0	0	0	0	2,120,237
6,725,798	0	623,172	0	67,422	916,090	8,584,582
6,725,798	1,462,118	623,172	0	67,422	2,577,115	26,983,729

(6,145,717)	1,749,416	60,135	37,140	360,032	(658,075)	(6,670,674)
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0	45,046	450,000	0	0	154,000	2,671,056
0	0	0	(300,000)	(450,000)	(421,010)	(2,671,056)
15	0	0	0	0	23,750	1,308,908
9,614,673	0	0	0	0	0	9,700,000

9,614,688	45,046	450,000	(300,000)	(450,000)	(243,260)	11,008,908
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3,468,971	1,794,462	510,135	(262,860)	(89,968)	(901,335)	4,338,234
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4,266,667	2,993,612	464,644	2,212,715	12,307,901	4,495,422	27,354,644
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\$ 7,735,638	\$ 4,788,074	\$ 974,779	\$ 1,949,855	\$ 12,217,933	\$ 3,394,086	\$ 31,692,878
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**CITY OF ROSEVILLE, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31,2003**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 4,338,234
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,495,278
The net effect of various miscellaneous transactions involving capital assets including disposal , which decrease net assets.	(1,399,971)
Payments on general obligation debt	1,765,000
Payments on notes payable	14,998
Bonds Proceeds	(9,700,000)
Net change due to internal service funds incorporated into statement of activities	(43,996)
Changes in compensated absences	(99,939)
Changes in bond interest payable	(202,747)
Special assessments, property tax and tax increment collected for prior years	(539,074)
Change in net assets of governmental activities	\$ (1,372,217)

The notes to the financial statements are an integral part of this statement.

**CITY OF ROSEVILLE, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -BUDGET AND ACTUAL
For the Year Ended December 31,2003**

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
General property tax	\$ 6,203,529	\$ 6,203,529	\$ 5,644,219	\$ (559,310)
Intergovernmental revenue	740,000	740,000	816,446	76,446
License and permits	287,500	287,500	244,091	(43,409)
Charges for service	1,144,600	1,144,600	1,119,439	(25,161)
Fines and forfeits	222,400	222,400	181,567	(40,833)
Donations	0	0	2,550	2,550
Special Assessments	0	0	37,062	37,062
Investment Income	300,000	300,000	297,407	(2,593)
Miscellaneous	60,000	60,000	55,857	(4,143)
Total revenues	<u>8,958,029</u>	<u>8,958,029</u>	<u>8,398,638</u>	<u>(559,391)</u>
EXPENDITURES				
Current				
General government	1,754,660	1,754,660	1,597,790	156,870
Public safety	6,123,540	6,123,540	5,984,321	139,219
Public works	1,663,215	1,663,215	1,573,348	89,867
Capital outlay	151,515	151,515	160,827	(9,312)
Total expenditures	<u>9,692,930</u>	<u>9,692,930</u>	<u>9,316,286</u>	<u>376,644</u>
Excess of revenue over (under) expenditures	<u>(734,901)</u>	<u>(734,901)</u>	<u>(917,648)</u>	<u>(182,747)</u>
OTHER FINANCING SOURCES				
Transfers in	575,000	575,000	1,761,000	1,186,000
Total other financing sources	<u>575,000</u>	<u>575,000</u>	<u>1,761,000</u>	<u>1,186,000</u>
Net change in fund balances	<u>(159,901)</u>	<u>(159,901)</u>	<u>843,352</u>	<u>1,003,253</u>
Fund balances - beginning	<u>4,907,086</u>	<u>4,907,086</u>	<u>4,907,086</u>	<u>0</u>
Fund balances - ending	<u>\$ 4,747,185</u>	<u>\$ 4,747,185</u>	<u>\$ 5,750,438</u>	<u>\$ 1,003,253</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROSEVILLE, MINNESOTA
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2003**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 1,239,355	\$ 1,239,355	\$ 1,127,615	\$ (111,740)
Charges for services	1,467,835	1,467,835	1,455,991	(11,844)
Rentals	28,000	28,000	30,197	2,197
Donations	41,850	41,850	28,650	(13,200)
Investment income	0	0	7,599	7,599
Miscellaneous	49,200	49,200	80,658	31,458
Total revenues	<u>2,826,240</u>	<u>2,826,240</u>	<u>2,730,710</u>	<u>(95,530)</u>
EXPENDITURES				
Personal services	1,892,360	1,892,360	1,884,926	7,434
Supplies & materials	239,386	239,386	211,250	28,136
Other services & charges	869,904	874,404	816,923	57,481
Capital outlay	85,600	85,600	77,831	7,769
Total expenditures	<u>3,087,250</u>	<u>3,091,750</u>	<u>2,990,930</u>	<u>100,820</u>
Excess of revenues over (under) expenditures	<u>(261,010)</u>	<u>(265,510)</u>	<u>(260,220)</u>	<u>5,290</u>
OTHER FINANCING SOURCES				
Transfers in	261,010	261,010	261,010	0
Total other financing sources	<u>261,010</u>	<u>261,010</u>	<u>261,010</u>	<u>0</u>
Net change in fund balances	<u>0</u>	<u>(4,500)</u>	<u>790</u>	<u>5,290</u>
Fund balances - beginning	<u>(1,139,465)</u>	<u>(1,139,465)</u>	<u>(1,139,465)</u>	<u>0</u>
Fund balances - ending	<u>\$ (1,139,465)</u>	<u>\$ (1,143,965)</u>	<u>\$ (1,138,675)</u>	<u>\$ 5,290</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROSEVILLE, MINNESOTA
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2003**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses and permits	\$ 925,000	\$ 925,000	\$ 957,793	\$ 32,793
Charges for services	0	0	171,470	171,470
Investment income	45,000	45,000	(32,323)	(77,323)
Miscellaneous	15,000	15,000	20,219	5,219
Total revenues	985,000	985,000	1,117,159	132,159
EXPENDITURES				
Personal services	682,150	742,150	745,574	(3,424)
Supplies and materials	13,010	13,010	8,689	4,321
Other services and charges	283,170	333,170	332,946	224
Capital outlay	13,150	13,150	13,442	(292)
Total expenditures	991,480	1,101,480	1,100,651	829
Excess of revenues over (under) expenditures	(6,480)	(116,480)	16,508	132,988
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	0	0	1,285,143	1,285,143
Transfer out	(175,000)	(175,000)	(1,455,000)	(1,280,000)
Total other financing sources sources (uses)	(175,000)	(175,000)	(169,857)	5,143
Net change in fund balances	(181,480)	(291,480)	(153,349)	138,131
Fund balances - beginning	341,936	341,936	341,936	0
Fund balances - ending	\$ 160,456	\$ 50,456	\$ 188,587	\$ 138,131

The notes to the financial statements are an integral part of this statement.

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2003

With Comparative Totals for Year Ended December 31, 2002

	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Water Current Year	Water Prior Year	Business-Type Golf Course Current Year
ASSETS					
Current assets					
Cash and cash equivalents	\$ 4,147,307	\$ 4,070,838	\$ 18,111	\$ 40,422	\$ 410,033
Accounts receivable	473,632	719,249	539,569	557,003	41
Special Assessments	4,009	1,188	0	0	0
Due from other funds	849,481	831,481	0	0	0
Due from other governments	0	0	397,219	0	0
Total current assets	<u>5,474,429</u>	<u>5,622,756</u>	<u>954,899</u>	<u>597,425</u>	<u>410,074</u>
Restricted cash and cash equivalents					
Customer deposits	0	0	735,879	731,481	0
Total restricted assets	<u>0</u>	<u>0</u>	<u>735,879</u>	<u>731,481</u>	<u>0</u>
Property and equipment					
Property and equipment	9,132,492	9,127,110	12,321,489	12,327,147	1,142,900
Less accumulated depreciation	(4,406,400)	(3,326,012)	(6,345,445)	(3,617,680)	(494,470)
Net property and equipment	<u>4,726,092</u>	<u>5,801,097</u>	<u>5,976,044</u>	<u>8,709,467</u>	<u>648,430</u>
Total assets	<u>10,200,521</u>	<u>11,423,853</u>	<u>7,666,822</u>	<u>10,038,373</u>	<u>1,058,504</u>
LIABILITIES AND FUND EQUITY					
Current liabilities					
Accounts payable	135,722	470,029	225,959	241,323	1,746
Accrued payroll	33,610	25,579	15,410	12,499	13,029
Due to other funds	0	0	849,481	831,481	0
Due to other governments	19	0	12,148	0	47
Contracts payable	3,982	0	1,366	0	0
Insurance claims payable	0	0	0	0	0
Notes payable	0	0	0	0	5,347
Total current liabilities	<u>173,333</u>	<u>495,608</u>	<u>1,104,364</u>	<u>1,085,303</u>	<u>20,169</u>
Noncurrent liabilities					
Meter deposits	0	0	735,879	731,481	0
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>735,879</u>	<u>731,481</u>	<u>0</u>
Total liabilities	<u>173,333</u>	<u>495,608</u>	<u>1,840,243</u>	<u>1,816,784</u>	<u>20,169</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,726,092	5,801,097	5,976,044	8,709,467	648,430
Unrestricted	<u>5,301,096</u>	<u>5,127,148</u>	<u>(149,465)</u>	<u>(487,878)</u>	<u>389,905</u>
Total Net Assets	<u>\$ 10,027,188</u>	<u>\$ 10,928,245</u>	<u>\$ 5,826,579</u>	<u>\$ 8,221,589</u>	<u>\$ 1,038,335</u>

The notes to the financial statements are an integral part of this statement.

Activities--Enterprise Funds

Golf Course Prior Year	Solid Waste Recycling Current Year	Solid Waste Recycling Prior Year	Storm Drainage Current Year	Storm Drainage Prior Year	Totals Current Year	Governmental Activities-Internal Service Funds
\$ 411,249	\$ 53,631	\$ 56,491	\$ 2,401,483	\$ 2,176,845	\$ 7,030,565	\$ 3,104,036
160	45,040	54,805	120,063	142,465	1,178,345	4,906
0	0	0	0	0	4,009	0
0	0	0	0	0	849,481	0
0	0	16,485	0	0	397,219	0
<u>411,408</u>	<u>98,671</u>	<u>127,781</u>	<u>2,521,546</u>	<u>2,319,309</u>	<u>9,459,619</u>	<u>3,108,942</u>
0	0	0	0	0	735,879	0
0	0	0	0	0	735,879	0
1,206,178	0	71,882	14,873,372	14,503,105	37,470,253	0
(515,803)	0	(67,174)	(8,032,076)	(2,736,575)	(19,278,391)	0
<u>690,375</u>	<u>0</u>	<u>4,709</u>	<u>6,841,296</u>	<u>11,766,530</u>	<u>18,191,862</u>	<u>0</u>
<u>1,101,784</u>	<u>98,671</u>	<u>132,490</u>	<u>9,362,842</u>	<u>14,085,839</u>	<u>28,387,360</u>	<u>3,108,942</u>
8,687	5	38,007	7,176	56,014	370,608	17,965
11,116	0	0	7,628	7,368	69,677	0
0	0	0	0	0	849,481	0
0	0	0	7	0	12,221	0
0	0	0	463	0	5,811	0
0	0	0	0	0	0	177,582
7,251	0	0	0	0	5,347	0
<u>27,054</u>	<u>5</u>	<u>38,007</u>	<u>15,274</u>	<u>63,382</u>	<u>1,313,145</u>	<u>195,547</u>
0	0	0	0	0	735,879	0
0	0	0	0	0	735,879	0
<u>27,054</u>	<u>5</u>	<u>38,007</u>	<u>15,274</u>	<u>63,382</u>	<u>2,049,024</u>	<u>195,547</u>
690,375	0	4,709	6,841,296	11,766,530	18,191,862	0
<u>384,355</u>	<u>98,666</u>	<u>89,774</u>	<u>2,506,272</u>	<u>2,255,928</u>	<u>8,146,474</u>	<u>2,913,395</u>
<u>\$ 1,074,730</u>	<u>\$ 98,666</u>	<u>\$ 94,483</u>	<u>\$ 9,347,568</u>	<u>\$ 14,022,457</u>	<u>\$ 26,338,336</u>	<u>\$ 2,913,395</u>

CITY OF ROSEMILLE, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003
With Comparative Totals for Year Ended December 31, 2002

	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Water Current Year	Water Prior Year
Sales and cost of sales				
Sales	\$ 0	\$ 0	\$ 0	\$ 0
Cost of sales	0	0	0	0
Gross profit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating revenues				
User charges	2,449,171	2,725,537	4,082,006	3,367,016
Delinquency collections	60,816	17,190	0	0
Other	2,295	1,152	2,410	1,855
Total operating revenues	<u>2,512,282</u>	<u>2,743,879</u>	<u>4,084,416</u>	<u>3,368,871</u>
Operating expense				
Personal service	360,651	324,341	309,885	277,638
Supplies	26,257	25,992	28,416	26,694
Other services and charges	1,974,842	2,468,083	3,503,511	3,095,327
Depreciation	121,535	165,640	222,878	301,753
Total operating expenses	<u>2,483,285</u>	<u>2,984,055</u>	<u>4,064,690</u>	<u>3,701,412</u>
Operating income (loss)	<u>28,997</u>	<u>(240,177)</u>	<u>19,726</u>	<u>(332,541)</u>
Nonoperating revenues (expenses)				
Investment income	60,638	414,332	118,438	15,032
Capital Contributions	0	0	0	558
Intergovernmental operating grants	0	0	0	0
Loss on disposal of assets	(6,671)	0	(5,151)	0
Total nonoperating revenues	<u>53,967</u>	<u>414,332</u>	<u>113,287</u>	<u>15,590</u>
Transfer In	<u>0</u>	<u>8,800</u>	<u>0</u>	<u>7,000</u>
Changes in Net Assets	<u>82,964</u>	<u>182,955</u>	<u>133,013</u>	<u>(309,951)</u>
Total Net Assets - beginning - as previously stated	<u>10,928,245</u>	<u>10,940,563</u>	<u>8,221,589</u>	<u>8,877,215</u>
Adjustment for prior year's activity	<u>(984,021)</u>	<u>(195,273)</u>	<u>(2,528,023)</u>	<u>(345,675)</u>
Total Net Assets Beginning - restated	<u>9,944,224</u>	<u>10,745,290</u>	<u>5,693,566</u>	<u>8,531,540</u>
Total Net Assets * ending	<u>\$ 10,027,188</u>	<u>\$ 10,928,245</u>	<u>\$ 5,826,579</u>	<u>\$ 8,221,589</u>

The notes to the financial statements are an integral part of this statement.

Golf Course Current Year	Golf Course Prior Year	Solid Waste Recycling Current Year	Solid Waste Recycling Prior Year	Storm Drainage Current Year	Storm Drainage Prior Year	Totals Current Year	Governmental Activities- Internal Service Funds
\$ 33,828	\$ 24,457	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,828	\$ 0
14,713	10,804	0	0	0	0	14,713	0
19,115	13,653	0	0	0	0	19,115	0
282,347	252,060	208,170	199,008	592,556	580,388	7,614,250	314,525
0	0	0	0	0	0	60,816	0
2,246	2,208	0	0	3,475	4,625	10,426	870
284,593	254,269	208,170	199,008	596,031	585,013	7,685,492	315,395
209,554	185,705	0	0	173,710	163,732	1,053,800	0
24,942	33,010	546	0	47,304	31,439	127,465	0
73,803	62,289	229,413	290,152	218,463	740,661	6,000,032	477,264
36,699	50,363	0	2,465	247,232	468,745	628,344	0
344,998	331,368	229,959	292,617	686,709	1,404,576	7,809,641	477,264
(41,290)	(63,446)	(21,789)	(93,609)	(90,678)	(819,563)	(105,034)	(161,869)
14,896	26,119	1,901	8,353	121,498	60,091	317,371	117,873
0	0	0	0	366,184	0	366,184	0
0	0	29,291	117,992	0	0	29,291	0
(13,728)	0	(5,220)	0	(9,478)	0	(40,248)	0
1,168	26,119	25,972	126,345	478,204	60,091	672,598	117,873
0	3,800	0	0	0	4,600	-	0
(40,122)	(33,527)	4,183	32,736	387,526	(754,872)	567,564	(43,996)
1,074,730	1,108,257	94,483	61,747	14,022,457	14,777,329	34,341,504	2,957,391
3,727	0	0	0	(5,062,415)	0	(8,570,732)	0
1,078,457	1,108,257	94,483	61,747	8,960,042	14,777,329	25,770,772	2,957,391
\$ 1,038,335	\$ 1,074,730	\$ 98,666	\$ 94,483	\$ 9,347,568	\$ 14,022,457	\$ 26,338,336	\$ 2,913,395

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Water Current Year	Water Prior Year	Business-Type Golf Course Current Year
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users, including deposits	\$ 2,694,788	\$ 2,601,200	\$ 4,103,838	\$ 3,531,698	\$ 316,294
Cash received from delinquent charges collected	57,995	48,835	0	0	0
Cash received from other governments	0	0	(397,219)	0	0
Cash payments to suppliers for goods and services	(2,331,406)	(2,211,455)	(3,533,777)	(3,380,290)	(120,352)
Cash payments to employees	(352,620)	(321,175)	(306,974)	(276,494)	(207,641)
Other operating revenues (expenses)	2,295	1,152	2,410	1,855	2,246
Net cash provided (used) by operating activities	<u>71,052</u>	<u>118,557</u>	<u>(131,722)</u>	<u>(123,231)</u>	<u>(9,453)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on notes payable	0	0	0	0	(1,904)
Purchase of fixed assets	(37,221)	(20,756)	(22,071)	(148,998)	(4,756)
Net Cash used for capital and related financing activities	<u>(37,221)</u>	<u>(20,756)</u>	<u>(22,071)</u>	<u>(148,998)</u>	<u>(6,660)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash borrowed from (repaid to) other funds	(18,000)	(79,717)	18,000	95,517	0
Net Cash provided (used) by non-capital financing activities	<u>(18,000)</u>	<u>(79,717)</u>	<u>18,000</u>	<u>95,517</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	60,638	414,332	118,438	15,032	14,896
Net cash provided by investing activities	<u>60,638</u>	<u>414,332</u>	<u>118,438</u>	<u>15,032</u>	<u>14,896</u>
Net increase in cash and cash equivalents	76,469	432,415	(17,355)	(161,680)	(1,217)
Cash and cash equivalents, January 1	4,070,838	3,638,423	771,345	933,025	411,249
Cash and cash equivalents, December 31	<u>\$ 4,147,307</u>	<u>\$ 4,070,838</u>	<u>\$ 753,990</u>	<u>\$ 771,345</u>	<u>\$ 410,033</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 28,997	\$ (240,177)	\$ 19,726	\$ (332,541)	\$ (41,290)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	121,535	165,640	222,878	301,753	36,699
Changes in elements affecting cash:					
Accounts receivable	245,617	70,936	17,434	521,841	119
Special assessments	(2,821)	31,645	0	0	0
Due from other governments	0	0	(397,219)	0	0
Accounts payable	(334,308)	282,620	(15,364)	(258,269)	(6,941)
Accrued payroll	8,031	3,166	2,911	1,144	1,913
Due to other governments	19	0	12,148	0	47
Contracts payable	3,982	0	1,366	0	0
Other non-operating revenue	0	0	0	0	0
Prior period adjustment	0	(195,273)	0	(345,675)	0
Customer deposits	0	0	4,398	(11,483)	0
Total adjustments	<u>42,055</u>	<u>358,734</u>	<u>(151,448)</u>	<u>209,311</u>	<u>31,837</u>
Net cash provided (used) by operating activities	<u>\$ 71,052</u>	<u>\$ 118,557</u>	<u>\$ (131,722)</u>	<u>\$ (123,230)</u>	<u>\$ (9,453)</u>

The notes to the financial statements are an integral part of this statement.

Activities-Enterprise Funds						Governmental
Golf Course Prior Year	Solid Waste Recycling Current Year	Solid Waste Recycling Prior Year	Stom Drainage Current Year	Storm Drainage Prior Year	Totals Current Year	Activities- Internal Service Funds
\$ 276,357	\$ 217,935	\$ 194,156	\$ 614,958	\$ 574,440	\$ 7,947,812	\$ 314,525
0	0	0	0	0	57,995	0
0	45,776	101,507	0	0	(351,444)	0
(98,396)	(267,961)	(267,877)	(314,135)	(723,767)	(6,567,631)	(275,204)
(187,082)	0	0	(173,450)	(165,361)	(1,040,685)	(79,816)
2,208	0	0	3,475	4,625	10,426	870
(6,913)	(4,251)	27,786	130,848	(310,063)	56,474	(39,625)
(1,846)	0	0	0	0	(1,904)	0
(20,604)	(511)	0	(27,708)	(148,174)	(92,267)	0
(22,450)	(511)	0	(27,708)	(148,174)	(94,171)	0
3,800	0	0	0	4,600	0	0
3,800	0	0	0	4,600	0	0
26,119	1,901	8,353	121,498	60,091	317,371	117,873
26,119	1,901	8,353	121,498	60,091	317,371	117,873
556	(2,860)	36,139	224,638	(393,546)	279,675	78,248
410,693	56,491	20,352	2,176,845	2,570,391	7,486,768	3,025,788
\$ 411,249	\$ 53,631	\$ 56,491	\$ 2,401,483	\$ 2,176,845	\$ 7,766,444	\$ 3,104,016
\$ (63,446)	\$ (21,789)	\$ (93,609)	\$ (90,678)	\$ (819,563)	\$ (105,034)	\$ (161,869)
50,363	-	2,465	247,232	468,745	628,344	0
(160)	9,765	(4,852)	22,402	(5,949)	295,336	(3,242)
0	0	0	0	0	(2,821)	0
0	16,485	(16,485)	0	0	(380,735)	4,390
7,707	(38,002)	22,275	(48,838)	48,333	(443,453)	13,514
(1,377)	0	0	260	(1,629)	13,115	0
0	0	0	7	0	12,221	0
0	0	0	463	0	5,811	0
0	29,291	117,992	0	0	29,291	0
0	0	0	0	0	0	0
0	0	0	0	0	4,398	0
56,533	17,538	121,395	221,526	509,500	161,508	14,662
\$ (6,913)	\$ (4,251)	\$ 27,786	\$ 130,848	\$ (310,064)	\$ 56,474	\$ (147,207)

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2003

	Investment Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,586,994	\$ 1,059,779
Accounts receivable	0	29,521
Due from other governments	0	31,000
Notes receivable	0	288,009
Net fixed assets	0	39,222
Net Assets held in trust	1,586,994	1,447,531
LIABILITIES		
Accounts payable	0	6,910
Accrued Payroll	0	2,940
Due to other governments	0	1,437,681
Total Liabilities	0	1,447,531
NET ASSETS		
Held in trust for pool participants	\$ 1,586,994	\$ 0

The notes to the financial statements are an integral part of this statement.

CITY OF ROSEMILLE, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31,2003

	<u>Investment Trust</u>
ADDITIONS:	
Operations	
Net Investment gain	\$ 70,286
Purchase of units from participant	175,000
Total increase from operations	<u>245,286</u>
DEDUCTIONS:	
Capital share transactions (dollar amounts and number of shares are the same)	
Redemption of shares by participant	<u>(339,992)</u>
Change in Net Assets	<u>(94,706)</u>
Total net assets - beginning	<u>1,681,700</u>
Total net assets - ending	<u>\$ 1,586,994</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Roseville is a municipal corporation formed under Section **412** of *Minnesota State Statutes* and operates under a Council-Manager form of government. The five-member Council and Mayor are elected on rotating terms in each odd-numbered year. The accompanying financial statements present the government entities for which the City is considered to be financially accountable. The City does not have any blended component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are not reported using the economic resources measurement focus; they are reported using the accrual basis. With the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF ROSEVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditure-related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue

The recreation fund accounts for resources and payments related to the parks and recreation functions and the community development fund accounts for resources and payments related to the City's building codes enforcement, development and redevelopment activities

Debt Service

The general improvement and tax increment debt service funds accounts for resources accumulated and payments for principal and interest on long term general obligation tax increment debt and general obligation special assessment debt.

Capital

The revolving improvements fund accounts for revenues and expenditures from replacement funds set aside for equipment and buildings replacement and from tax increments, respectively. The economic increments construction fund accounts for tax increment payments to various developers as part of Pay-as-you-go TIF agreements. The street construction fund accounts for revenues and expenditures related to street construction and improvements.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The City reports the following major governmental funds: (Continued)

Permanent

The funds for tax reduction provide resources for maintaining a reduced property tax levy.

The infrastructure replacement fund provides for the street paving management program of the City.

The City reports the following major proprietary funds:

The sanitary sewer fund and the water fund account for the activities related to the operation of a sanitary collection system and a water distribution system, respectively.

The golf course fund, accounts for resources and payments related to the operation and maintenance of a municipal golf course.

The recycling fund accounts for the resources and expenditures related to the operation of a waste recycling collection systems.

The storm drainage fund accounts for activities related to the operation of a surface water collection system.

Additionally, the City reports the following fund types:

Internal service funds account for the worker's compensation and general insurance services provided to other departments or agencies of the City.

The trust fund accounts for the investment activities for a not-for profit organization devoted to providing cable television oversight for a group of communities of which the City is a member.

Agency funds account for resources held by the City in a purely custodial capacity for the Grass Lake Water Management Organization, Community Development Block Grant, Local Development Corporation, Roseville Lutheran Cemetery, and the Roseville Visitors Association.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The enterprise and internal service funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. As a result, the cash and investments of the enterprise and internal service funds are considered to be cash and cash equivalents for statement of cash flow purposes.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

1. Deposits and investments (Continued)

State statutes authorize investments in the following: direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 which receive the highest credit rating are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; municipal general obligations rated "A" or better; municipal revenue obligations rated "AA" or better, general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers; acceptances of United States' banks eligible for purchase of by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories, repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualifies as a "depository" by the City entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Investments for the City are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of **lending/borrowing** arrangements outstanding at the end of the fiscal year are referred to as either "due **to/from** other funds" (i.e. the current portion of **interfund** loan) or "advances **to/from** other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due **to/from** other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon sale of the assessed property.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

2. Receivables and payables (Continued)

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Restricted Assets

Certain assets in the water fund are restricted to the extent of the customer deposits, which are carried as liabilities.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or **business-type** activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

4. Capital Assets (Continued)

Assets	Years
Buildings	40
Building Improvements	25
Furniture and Equipment	5
Light Vehicles	5
Heavy Vehicles	10
Fire Trucks	20
Streets and public infrastructure	50
Utility distribution systems	80

5. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. There is an estimate for a liability for unpaid accumulated sick leave, as employees may receive 320 hours upon retirement only. Other categories of employee separation qualify for no severance. All vacation and compensatory time, and estimated retirement severance are accrued when incurred in government-wide, proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental **fund** types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

7. Fund equity

In the fund financial statements, governmental funds reported reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative Council plans that are subject to change.

8. Comparative data/reclassifications

Comparative total data for the prior year have presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-
WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. Elements of that reconciliation are detailed as follows:

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2 - RECONCILIATION OF GOVERNMENT-
WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (Continued)

Long-term debt:		
Bonds payable	\$ (15,495,000)	
Bond interest payable	(315,577)	
Notes payable	(45,378)	
Compensated absences	(595,611)	
		\$ (16,451,566)
Change to Net Assets		
Internal service funds		2,913,395
Capital assets (net of depreciation)		109,166,564
Addition of deferred revenues		3,141,048
Net change to net assets - governmental activities		\$ <u>98,769,441</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the governmental-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 7,837,964
Depreciation expense	(3,342,686)
	\$ <u>4,495,278</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds classified as the general fund and special revenue funds. No budgets are prepared for other governmental funds which include the debt service and capital projects. All annual appropriations lapse at fiscal year-end.

On or before mid-May of each year, all departments and agencies of the City submit requests for appropriations to the City's manager so that a budget may be prepared. Before September 15, the proposed budget is presented to the city council for review and approval. By September 15, the proposed budget and **tax** levy must be submitted to the county auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted and submitted to the county auditor, no later than December 28.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department with approval of the City's manager. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control (**i.e.** the level at which expenditures may not legally exceed appropriations) is at the fund level. The Council made several supplementary budgetary appropriations for the general fund and various special revenue funds in 2003. Those supplementary budgetary appropriations were not material.

Encumbrance accounting is employed in governmental funds. There were no encumbrances (**e.g.**, purchase orders, contracts) outstanding at year-end.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Deficit fund equity

The recreation, general obligation improvement bonds, general obligation tax increment bonds, license center, and ~~lawful~~ gambling funds had deficit balances of \$ 1,138,675, \$ 2,153,527, \$ 2,214,311, \$ 9,810 and \$ 134,196, respectively. These fund deficits are expected to be covered **from future** fund revenues or transfers **from other funds**

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year end, the City's carrying amount of deposits was \$19,924,047 of which, \$18,954,032 is certificates of deposits, and the bank balances were \$20,417,877. All balances were covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the City's name.

At year-end, the City's investment balances were as follows:

	Category			Reported Amount Fair Value
	1	2	3	
U.S. Government securities	<u>\$ 27,865,445</u>	<u>\$ 0</u>	<u>0</u>	\$ 27,865,445
Deposits				<u>19,924,047</u>
Total Cash and Investments				<u>\$ 47,789,492</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of year-end for the City's individual major funds, **nonmajor** funds, internal service funds and fiduciary funds in the aggregate. See footnote number 1 regarding the collectibility of accounts receivable.

Receivable	General Obligation						Nonmajor and Other Funds	Proprietary Funds	Total
	General	Recreation	Community Development	Improvement Bonds	Revolving Improvements	Street Construction			
Accounts	\$ 26,528	\$ 62,280	\$ 657	\$ 11,103	\$ 0	\$ 0	\$ 646,027	\$ 1,178,345	\$ 1,924,940
Taxes	53,242	10,637	0	6,866	3,519	0	5,690	0	79,954
Tax increment	0	0	0	0	0	0	0	0	0
Special assessments gross/net	56	0	0	1,595,976	151,425	1,366,025	0	4,009	3,117,491
Due from other governments	8,892	0	15,508	0	19,218	0	84,459	397,219	525,296
Total receivables	\$ 88,718	\$ 72,917	\$ 16,165	\$ 1,613,945	\$ 174,162	\$ 1,366,025	\$ 736,176	\$ 1,579,573	\$ 5,647,681

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. **Governmental** funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>
Special assessments and unearned COPS grant revenue (General)	7,586
Unearned rental fees and Metropolitan Arts Grant revenue (Recreation)	16,787
Special assessments (Revolving improvements)	151,425
Special assessments (G.O. improvement bonds)	1,599,225
Special assessments (Street construction)	<u>1,366,025</u>
Total deferred unearned revenue for governmental funds	\$ 3,141,048

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 • DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,720,240	\$ 0	\$ 887,729	\$ 5,832,511
Land improvements	16,015,786	0	0	16,015,786
Construction in progress	0	6,137,111	0	6,137,111
Total capital assets not being depreciated	22,736,026	6,137,111	887,729	27,985,408
Capital assets being depreciated:				
Buildings	16,432,895	124,572	37,066	16,520,401
Improvements other than buildings	4,585,147	119,300	181,465	4,522,982
Machinery and equipment	12,795,080	1,295,118	1,272,785	12,817,413
Infrastructure	80,133,304	161,865	22,038	80,273,131
Total capital assets being depreciated	113,946,426	1,700,855	1,513,354	114,133,927
Less accumulated depreciation for:				
Buildings	4,749,841	451,936	15,275	5,186,502
Improvements other than buildings	956,378	168,079	43,176	1,081,281
Machinery and equipment	6,131,002	845,600	940,058	6,036,544
Infrastructure	18,773,978	1,877,073	2,607	20,648,444
Total accumulated depreciation	30,611,199	3,342,688	1,001,116	32,952,771
Total capital assets, being depreciated, net	83,335,227	(1,641,833)	512,238	81,181,156
Governmental activities capital assets, net	<u>\$ 106,071,253</u>	<u>\$ 4,495,278</u>	<u>\$ 1,399,967</u>	<u>\$ 109,166,564</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 475,714	\$ 0	\$ 0	\$ 475,714
Land improvements	121,017	0	0	121,017
Construction in progress	0	422,432	0	422,432
Total capital assets not being depreciated	<u>596,731</u>	422,432	0	1,019,163
Capital assets being depreciated:				
Buildings	1,712,513	<u>2,200</u>	<u>7,044</u>	<u>1,707,669</u>
Improvements other than buildings	518,447	<u>13,577</u>	<u>14,533</u>	<u>517,491</u>
Machinery and equipment	3,118,043	<u>8,523</u>	<u>197,378</u>	<u>2,929,188</u>
Infrastructure	<u>31,289,689</u>	<u>9,935</u>	<u>2,881</u>	<u>31,296,743</u>
Total capital assets being depreciated	36,638,692	<u>34,235</u>	<u>221,836</u>	<u>36,451,091</u>
Less accumulated depreciation for:				
Buildings	1,049,208	<u>56,057</u>	<u>5,729</u>	<u>1,099,536</u>
Improvements other than buildings	199,675	<u>28,240</u>	<u>6,541</u>	<u>221,374</u>
Machinery and equipment	2,176,924	<u>138,841</u>	<u>166,437</u>	<u>2,149,328</u>
Infrastructure	<u>15,405,827</u>	<u>405,206</u>	<u>2,881</u>	<u>15,808,152</u>
Total accumulated depreciation	18,831,634	<u>628,344</u>	<u>181,588</u>	<u>19,278,390</u>
Total capital assets being depreciated, net	<u>17,807,058</u>	<u>(594,109)</u>	<u>40,248</u>	<u>17,172,701</u>
Business-type activities capital assets, net	<u>\$ 18,403,789</u>	<u>\$ (171,677)</u>	<u>\$ 40,248</u>	<u>\$ 18,191,864</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

Depreciation expense was charged to **functions/programs** of the City is follows:

Governmental activities:

General government	\$ 151,630
Public safety	399,620
Streets and highways including depreciation of infrastructure	2,042,601
Culture and recreation	722,344
Community Development	<u>26,491</u>
 Total depreciation expense - governmental activities	 <u>\$ 3,342,686</u>

Business-type activities:

Sanitary sewer	\$ 121,535
Water	222,878
Golf	36,699
Storm drainage	<u>247,232</u>
 Total depreciation expense - business-type activities	 <u>\$ 628,344</u>

D. Construction commitments

The City has active construction projects as of December 31, 2003. The projects include the improvement of existing streets, water, sewer, and storm systems, rehabilitation of the **Arona** pond for new construction, a public safety addition to city hall, and the renovation of the public works building and grounds. At year end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Residential street, water, storm construction - public purpose port	\$715,717	\$20,953
Arona pond rehabilitaion	368,398	20,199
Public safety addition and public works renovation	<u>5,475,427</u>	<u>5,013,651</u>
Total	<u>\$6,559,542</u>	<u>\$5,054,803</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. **Interfund** receivables, payables, and transfers

The composition of **interfund** balances as of December 31, 2003, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Non-major Governmental funds	\$ 155,000
Sanitary Sewer Fund	Water Fund	849,481
Economic Increments Construction	General Obligation Tax Increment Bond	2,215,000
Revolving Improvement Fund	General Obligation Improvement Bonds	2,309,000
Parks and Recreation Infrastructure	Recreation Fund	
Replacement Fund		<u>1,075,000</u>
Total		<u>\$ 6,603,481</u>

In the financial statements, due to/from other funds are used to cover temporary cash deficits.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>					<u>Total</u>
	<u>Community Development</u>	<u>General Obligation Bonds</u>	<u>Tax Increment Tax Reduction</u>	<u>Infra-structure Replacement</u>	<u>Non-major Govern-mental funds</u>	
General	\$ 1,361,000	\$ 0	\$ 300,000	\$ 0	\$ 100,000	\$ 1,761,000
Recreation	0	0	0	0	261,010	261,010
Street Construction	0	0	0	450,000	0	450,000
Nonmajor Governmental Funds	<u>94,000</u>	<u>45,046</u>	<u>0</u>	<u>0</u>	<u>60,000</u>	<u>199,046</u>
Total	<u>\$ 1,455,000</u>	<u>\$ 45,046</u>	<u>\$ 300,000</u>	<u>\$ 450,000</u>	<u>\$ 421,010</u>	<u>\$ 2,671,056</u>

Total transfers **in/out** are created to assist in financing various activities **and/or** projects.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - **DETAILED** NOTES ON ALL FUNDS (Continued)

F. Leases

The City leases office facilities under noncancelable operating leases. Total costs for such leases were \$68,959 for the year ended December 31, 2003. The **future** minimum lease payments for these leases are as follows:

<u>Year Ending Dec. 31</u>	<u>Amount</u>
2004	\$47,382
2005	24,996
2006	24,996
2007-2009	<u>90,000</u>
Total	<u><u>\$187,374</u></u>

G. Long-term debt

The City issues general obligation bonds to provide for financing construction of major capital facilities, tax increment projects, and street improvements. Debt service for tax increment projects and street improvements are covered respectively by tax increments and special assessments against benefited properties with any shortfalls being paid from general taxes.

General obligation bonds are direct obligations and pledge the **full** faith and credit of the government. These bonds generally are issued as 15 year serial bonds with equal debt service payments each year. The original amount of general obligation bonds for the issues listed below is \$28,790,000.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Net Interest Rates</u>	<u>Amount</u>
Governmental activities	3.78% - 5.94%	15,495,000

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

Annual debt service requirements to maturity for general obligation--improvement bonds are as follows:

Year Ending December 31	Government Activities			
	General Obligation Bonds		Special Assessment Debt with Government Commitment	
	Principal	Interest	Principal	Interest
2004	\$ 0	\$ 513,557	\$1,330,000	\$ 232,405
2005	165,000	340,310	865,000	183,791
2006	535,000	331,559	690,000	149,369
2007	545,000	317,378	360,000	126,033
2008	565,000	302,115	375,000	109,562
2009-2013	3,140,000	1,220,612	1,945,000	263,360
2014-2018	3,865,000	573,470	230,000	5,175
2019	885,000	18,253	0	0
Total	\$9,700,000	\$3,617,254	\$5,795,000	\$ 1,069,695

Changes in long-term liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 0	\$ 9,700,000	\$ 0	\$ 9,700,000	\$ 0
Special assessment debt with gov't commitment	7,560,000	0	1,765,000	5,795,000	1,330,000
Total bonds payable	7,560,000	9,700,000	1,765,000	15,495,000	1,330,000
Long-term notes payable	60,376	0	14,998	45,378	16,247
Compensated absences	495,672	473,936	373,997	595,611	63,580
Governmental activities - Long-term liabilities	\$ 8,116,048	\$10,173,936	\$ 2,153,995	\$ 16,135,989	\$ 1,409,827

Compensated absences are liquidated by the fund in which an employee is assigned, but roughly half the employees are assigned to the general fund.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely **from** payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying **financial** statements. As of December 31, 2003 there were nine series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$67.4 million.

H. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Customer deposits - Water fund	\$735,879
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I. Prior period adjustment

In 2003, the City made a prior period adjustment to more accurately reflect the useful lives of its' fixed assets. This resulted in:

<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Sanitary Sewer	(\$984,021)	General	(\$1,112,931)
Water	(2,528,023)	Recreation	(213,657)
Golf Course	3,727	Community Development	(7,994)
Storm Drainage	(5,062,415)	Nonmajor Funds	(6,870)
Total Business-type Activities	<u>(\$8,570,732)</u>	Total Governmental Activities	<u>(\$1,341,452)</u>

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of damage to, and the destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal years of 1980 and 1987, the City established a Workers' Compensation Fund and a Risk Management Fund, respectively (internal service funds) to account for and finance its uninsured risks of loss. Under this program, for the year 2003, the Worker's Compensation Fund provided coverage up to a maximum of \$360,000 for each occurrence. The City purchases excess loss coverage **from** the Workers' Compensation Reinsurance Association, a nonprofit organization established by Minnesota State Statutes.

The Risk Management Fund provides comprehensive general liability and comprehensive automotive liability up to the statutory maximum of \$1,000,000. The City retains the risk of the first \$50,000 of each occurrence with an annual maximum exposure of \$150,000. Liabilities of the fund are reported when it is probable that a loss has occurred and amount of the loss can be reasonable estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The City purchased commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years. There were no significant reductions in the City's insurance coverage in 2003.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

A. Risk management (Continued)

Enterprise fund charges and the property tax levy are based on a management estimate of claims history and the amount necessary to maintain catastrophic reserves. The reserves as of December 31, 2003, were \$2,072,332 and \$841,063 for the Workers' Compensation Fund and Risk Management Fund, respectively. The claims liability of \$82,386 and \$95,196, respectively, reported in both funds at December 31, 2003 are based on the requirements of Governmental Accounting Standards Board Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated (IBNR). Changes in the funds' claims liability amount in fiscal 2002 and 2003 were:

		Workers' Compensation Fund			
		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending of Fiscal Year Liability
2002	\$	54,657	\$ 41,589	\$ 40,246	\$ 56,000
2003		56,000	104,413	78,027	82,386

		Risk Management Fund			
		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending of Fiscal Year Liability
2002	\$	14,000	\$ 20,525	\$ 20,525	\$ 14,000
2003		14,000	97,647	16,451	95,196

B. Contingent liabilities

The City had the usual and customary types of miscellaneous claims pending at year end mostly of a minor nature, and usually all covered by insurance carried for that purpose or the City has reserved **funds** for settlement. The City also carries personal injury insurance against suits for false arrest, libel, slander, violation of privacy, wrongful entry, etc. which can arise **from** enforcement of the city code and general laws.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans

1. Defined benefit pension plans - statewide employees plan

a. Plan Description

All full-time and certain part-time employees of the City of Roseville are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Funds, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans - statewide employees plan (Continued)

a. Plan Description (Continued)

Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees, who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF, PEPFF, and PECF. That report may be obtained on the web at mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088, or by calling (651) 296-7460 or (800) 652-9026.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans - statewide employees plan (Continued)

b. Funding policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by State Statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 5.1%, respectively, of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. PECF members are required to contribute 5.83% of their annual covered salary. The City of Roseville is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members, 9.30% for PEPFF members, and 8.75% for PECF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2003, 2002, and 2001 were \$276,606, \$256,407, and \$234,844, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2003, 2002 and 2001 were \$275,818, \$268,469, and \$259,526, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Single employer defined benefit pension plan - volunteer fire relief association

a. Plan description

The City of Roseville (employer) firefighters are covered by a non-employee contributory defined benefit retirement plan administered by the Roseville Firefighter Relief Association (Association), a single employer public employee retirement system. The Association is organized under the Minnesota State Statutes **424A**, as amended and provides benefits in accordance with those statutes.

The Association provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by the Association with approval by the Roseville City Council under the applicable state statutes. The defined retirement benefits are based on a members' years of service. Vesting begins after the 10th year of service with a 40% benefit increasing to 100% after the 20th year of service.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

2. Single employer defined benefit pension plan - volunteer fire relief association (Continued)

a. Plan description (Continued)

Full benefits are available after 20 years of service by the member and having attained the age of 50. The current benefit is calculated at \$27 per year of service per month up to a maximum of 30 years. The retiree may also select a one-time lump-sum payment upon retirement of \$2,700 per year of service.

There are various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives.

The benefit provisions stated in the previous paragraphs of this section are current provisions which apply to active plan participants. Vested, terminated firefighters, who are entitled to benefits and are not receiving them yet, are bound by the provisions in effect at the time they choose to start their benefit.

The Association issues a publicly available financial report that includes financial statements and required supplementary information for the Roseville Firefighters' Relief Association. That report may be obtained by writing to the Roseville Firefighters' Relief Association, 2700 N. Lexington Ave., Roseville, MN 55113.

b. Funding; policy

Minnesota Statutes Chapter 424A sets out the employer requirements for contributions. The annual employer contribution level for any given year is a combination of the normal cost for that year and an amount to reduce the unfunded actuarial liability. The minimum obligation is the normal cost plus the amount needed to amortize fully the unfunded liability. The City funding requirements equal the minimum obligation less the Minnesota State fire aid. Under state statutes, if the City fails to provide the required funding, the Association may submit a levy to the county auditor in an amount equal to the city requirement, to be levied on all property within the city. A six year schedule of contributions follows:

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - OTHER INFORMATION (Continued)

C. Employee retirement systems and pension plans (Continued)

2. Single employer defined benefit pension plan - volunteer fire relief association (Continued)

b. Funding policy (Continued)

<u>Year</u>	Schedule of Contributions Six Year Period			
	<u>Minnesota State Aid Contributions</u>	<u>City of Roseville Contributions</u>	<u>Total Contributions</u>	<u>Percent Contributed</u>
1998	\$125,126	\$165,690	\$290,816	100%
1999	127,393	125,000	252,393	100%
2000	132,626	100,000	232,626	100%
2001	134,220	100,000	234,220	100%
2002	152,658	179,295	331,953	100%
2003	186,223	298,670	484,893	100%

The Roseville Firefighters' Relief Association is comprised of volunteers, therefore, there are no payroll expenditures, nor covered payroll expenditure calculations.

D. Annual pension cost

For 2003, the City's' annual pension cost of \$484,893 is equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2003 actuarial valuation. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses); (b) a mortality table of the 1983 Group Annuity Mortality Table for Males and Females; (c) termination of 3 percent rate from age 20-30, grading to no terminations **after** age 45; (d) disability rates based upon 75 percent of the Railroad Retirement Board Disability Rates; (e) entry age based upon age on employment date; (f) retirement age based upon the later of age 55 or 20 years of service; (g) 85 percent of members are assumed to be married; (h) normal form of payment based upon joint and 100 percent to survivor annuity; (i) asset basis based upon market value; and (j) level dollar amortization which is sufficient to amortize the unfunded actuarial accrued liability by a closed period ending December 31, 2010 and a closed period of 20 years for Plan amendments.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 – OTHER INFORMATION (Continued)

D. Annual pension cost (Continued)

The latest actuarial value of plan liability on January 1, 2004 was \$7,760,796. The value of the plan assets, valued at market, totaled \$6,195,089 on January 1, 2004. A six-year summary of Assets, Liabilities and funding ratios are listed below:

Schedule of Funding Progress December 31, 2003				
Year	Actuarial Value of Assets	Actuarial Accrued Liability (Entry Age)	Unfunded (Overfunded) Accrued Liability	Funded Ratio
1998	5,956,146	6,029,019	72,873	98.8%
1999	6,741,180	6,200,077	(541,103)	108.7%
2000	6,263,506	6,787,517	524,011	92.3%
2001	5,743,650	7,372,974	1,629,324	77.9%
2002	5,127,888	7,489,194	2,361,306	68.5%
2003	6,195,089	7,760,496	1,565,407	79.8%

Covered payroll is not an actuarial factor in determining benefits or funding obligations under applicable Minnesota statutes.

NOTE 6 - INVESTMENT TRUST

The North Suburban Cable Commission, a separate joint-powers agency, which includes Roseville and nine other cities, voluntarily maintains its excess funds with the City to invest and earn interest. The City provides for an investment trust and accounts for the funds accordingly. There is no direct regulatory oversight of the fund by any other agency, except the investments are in accordance with Minnesota State Statutes, which provides for public funds treatment, and thus are restricted within the statutes. The Trust's cash is pooled with the City's funds and is classified in Category I.

The fair value is determined on a monthly basis but is only booked to the investment trust at the end of the calendar fiscal year of the City. The method of determining the values and shares of the Commission in the investment trust is the same pro-rata monthly average cash method employed with all other city funds. The City provides no other guarantees other than the underlying securities, which are restricted as per state statutes.

As of December 31, 2003, the fair value (carrying value) of the commission investment trust is \$1,586,994. No separate report is issued.

CITY OF ROSEVILLE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 7 - SUBSEQUENT EVENT

On April 6, 2004, the City refunded \$1,725,000 of General Obligation Improvement Bonds. The refunding resulted in a net present value savings of \$163,275.

In October 2003, the City created a Housing and Redevelopment Authority (HRA). For fiscal year 2004, the city council established an HRA levy of \$200,000. There were no **HRA** financial activities recognized in 2003.

For 2004 the City adjusted its' per occurrence and aggregate deductible **from** \$50,000 to \$100,000 and \$150,000 to \$300,000 respectively

NonMajor Funds

Special Revenue

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes

Tele-Communications - accounts for the revenue and expenditures in the administration, maintenance, and participant activities divisions for the culture and recreation functions.

License Center Fund - accounts for the revenue and expenditures used to provide state hunting, fishing and motor vehicle licenses

Charitable Gambling - accounts for the revenue and expenditures used to promote economic development

Information Technology - accounts for the revenue and expenditures used to promote economic development

Capital Projects

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary finds.

Equipment Fund - used for the purchase of heavy machinery and motorized equipment

Housing **Loan/Replacement** - accounts for money received **from** taxes and fees for improving the housing stock in the community

Parks and Recreation Infrastructure Replacement - accounts for the cost of maintaining specific facilities funded by the Series 1995 bond **tax** increment bond issue

**CITY OF ROSEVILLE, MINNESOTA
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2003**

SPECIAL REVENUE

	Tele- Communications	License Center	Charitable Gambling	Information Technology	Total
ASSETS					
Cash and cash equivalents	\$ 127,742	\$ 12,111	\$ 365	\$ 1,759	\$ 141,977
Taxes receivable					
Unremitted	0	0	0	0	0
Accounts receivable	62,215	0	8,435	8,941	79,591
Due from other governments	0	0	0	33,202	33,202
Due from other funds	0	0	0	0	0
Total assets	<u>\$ 189,957</u>	<u>\$ 12,111</u>	<u>\$ 8,800</u>	<u>\$ 43,902</u>	<u>\$ 254,770</u>
LIABILITIES					
Accounts payable	\$ 1,807	\$ 9,427	\$ 12,037	\$ 2,547	\$ 25,818
Accrued payroll	2,922	12,196	959	4,593	20,670
Contracts payable	0	0	0	0	0
Due to other funds	0	0	130,000	25,000	155,000
Due to other Governments	68	298	0	253	619
Deposits	0	0	0	5,000	5,000
Total liabilities	<u>4,797</u>	<u>21,921</u>	<u>142,996</u>	<u>37,393</u>	<u>207,107</u>
FUND BALANCE					
Unreserved					
Designated for subsequent years expenditures	185,160	0	0	0	185,160
Undesignated	0	(9,810)	(134,196)	6,509	(137,497)
Total fund balances	<u>185,160</u>	<u>(9,810)</u>	<u>(134,196)</u>	<u>6,509</u>	<u>47,663</u>
Total liabilities and fund balances	<u>\$ 189,957</u>	<u>\$ 12,111</u>	<u>\$ 8,800</u>	<u>\$ 43,902</u>	<u>\$ 254,770</u>

CAPITAL PROJECT FUNDS

<u>Equipment</u>	<u>Parks and Recreation Infrastructure Replacement</u>	<u>Housing Loan/ Replacement</u>	<u>Total</u>	<u>Total Nonmajor Funds</u>
\$ 1,780,125	\$ 391,257	\$ 166,610	\$ 2,337,992	\$ 2,479,969
1,502	0	0	1,502	1,502
0	0	490,000	490,000	569,591
0	0	51,257	51,257	84,459
0	1,075,000	0	1,075,000	1,075,000
<u>\$ 1,781,627</u>	<u>\$ 1,466,257</u>	<u>\$ 707,867</u>	<u>\$ 3,955,751</u>	<u>\$ 4,210,521</u>
\$ 405,727	\$ 0	\$ 0	\$ 405,727	\$ 431,545
0	0	0	0	20,670
0	0	0	0	-
0	0	0	0	155,000
0	0	0	0	619
0	0	3,600	3,600	8,600
<u>405,727</u>	<u>0</u>	<u>3,600</u>	<u>409,327</u>	<u>616,434</u>
1,375,900	1,466,257	704,267	3,546,424	3,731,584
0	0	0	0	(137,497)
<u>1,375,900</u>	<u>1,466,257</u>	<u>704,267</u>	<u>3,546,424</u>	<u>3,594,087</u>
<u>\$ 1,781,627</u>	<u>\$ 1,466,257</u>	<u>\$ 707,867</u>	<u>\$ 3,955,751</u>	<u>\$ 4,210,521</u>

CITY OF ROSEVILLE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Year Ended December 31,2003

	SPECIAL REVENUE FUNDS				
	Tele- Communications	License Center	Charitable Gambling	Information Technology	Total
REVENUES					
Property taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental revenue	0	0	0	77,583	77,583
Licenses & permits	0	815,333	200	0	815,533
Gambling taxes	0	0	57,875	0	57,875
Franchise fees	241,053	0	0	0	241,053
Charges for services	0	0	0	161,869	161,869
Donations	0	0	54,128	0	54,128
Investment income	(7,816)	2,511	1,017	(4,761)	(9,049)
Miscellaneous	0	0	0	0	0
Total revenues	233,237	817,844	113,220	234,691	1,398,992
EXPENDITURES					
Current					
General government	257,621	672,096	143,262	208,253	1,281,232
Community development	0	0	0	0	0
Capital outlay	22,458	34,983	0	109,526	166,967
Total expenditures	280,079	707,079	143,262	317,779	1,448,199
Excess of revenues over (under) expenditures	(46,842)	110,765	(30,042)	(83,088)	(49,207)
OTHER FINANCING SOURCES (USES)					
Transfer in	0	0	0	60,000	60,000
Transfer (out)	0	(160,000)	0	0	(160,000)
Sale of capital assets	0	0	0	0	0
Total other financing sources (uses)	0	(160,000)	0	60,000	(100,000)
Net change in fund balances	(46,842)	(49,235)	(30,042)	(23,088)	(149,207)
Fund balances - beginning	232,002	39,425	(104,154)	29,597	196,870
Fund balances - ending	\$ 185,160	\$ (9,810)	\$ (134,196)	\$ 6,509	\$ 47,663

CAPITAL PROJECT FUNDS

Equipment	Parks and Recreation Infrastructure Replacement	Housing Loan/ Replacement	Total	Total NonMajor Funds
\$ 159,222	\$ 0	\$ 0	\$ 159,222	\$ 159,222
0	0	177,000	177,000	254,583
0	0	0	0	815,533
0	0	0	0	57,875
0	0	0	0	241,053
0	0	51,283	51,283	213,152
0	0	0	0	54,128
57,859	(20,447)	(1,404)	36,008	26,959
86,400	0	10,135	96,535	96,535
<u>303,481</u>	<u>(20,447)</u>	<u>237,014</u>	<u>520,048</u>	<u>1,919,040</u>
0	0	0	0	1,281,232
0	0	379,793	379,793	379,793
749,123	0	0	749,123	916,090
<u>749,123</u>	<u>0</u>	<u>379,793</u>	<u>1,128,916</u>	<u>2,577,115</u>
<u>(445,642)</u>	<u>(20,447)</u>	<u>(142,779)</u>	<u>(608,868)</u>	<u>(658,075)</u>
0	0	94,000	94,000	154,000
0	(261,010)	0	(261,010)	(421,010)
<u>23,750</u>	<u>0</u>	<u>0</u>	<u>23,750</u>	<u>23,750</u>
23,750	(261,010)	94,000	(143,260)	(243,260)
(421,892)	(281,457)	(48,779)	(752,128)	(901,335)
<u>1,797,792</u>	<u>1,747,714</u>	<u>753,046</u>	<u>4,298,552</u>	<u>4,495,422</u>
<u>\$ 1,375,900</u>	<u>\$ 1,466,257</u>	<u>\$ 704,267</u>	<u>\$ 3,546,424</u>	<u>\$ 3,594,087</u>

CITY OF ROSEVILLE, MINNESOTA
TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2003

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Franchise fees	\$ 282,600	\$ 282,600	\$ 241,053	\$ (41,547)
Investment Income	15,000	15,000	(7,816)	(22,816)
Total revenues	<u>297,600</u>	<u>297,600</u>	<u>233,237</u>	<u>(64,363)</u>
EXPENDITURES				
Current				
General government				
Personal services	137,000	137,000	134,149	2,851
Supplies & materials	8,180	8,180	4,806	3,374
Other services & charges	200,020	200,020	118,666	81,354
Capital outlay	66,000	66,000	22,458	43,542
Total expenditures	<u>411,200</u>	<u>411,200</u>	<u>280,079</u>	<u>131,121</u>
Excess of revenues over (under) expenditures	<u>(113,600)</u>	<u>(113,600)</u>	<u>(46,842)</u>	<u>66,758</u>
Fund balances - beginning	<u>232,002</u>	<u>232,002</u>	<u>232,002</u>	<u>0</u>
Fund balances - ending	<u>\$ 118,402</u>	<u>\$ 118,402</u>	<u>\$ 185,160</u>	<u>\$ 66,758</u>

CITY OF ROSEVILLE, MINNESOTA
LICENSE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31,2003

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
License and permits	\$ 715,000	\$ 715,000	\$ 815,333	\$ 100,333
Investment Income	2,500	2,500	2,511	11
Total revenues	<u>717,500</u>	<u>717,500</u>	<u>817,844</u>	<u>100,344</u>
EXPENDITURES				
Current				
General government				
Personal services	493,000	578,000	577,532	468
Supplies & materials	5,000	5,000	9,150	(4,150)
Other services & charges	59,775	85,775	85,414	361
Capital outlay	38,500	38,500	34,983	3,517
Total expenditures	<u>596,275</u>	<u>707,275</u>	<u>707,079</u>	<u>196</u>
Excess of revenues over (under) expenditures	<u>121,225</u>	<u>10,225</u>	<u>110,765</u>	<u>(100,540)</u>
Other Financing Uses				
Transfer (out)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>0</u>
Net change in fund balances	<u>(38,775)</u>	<u>(149,775)</u>	<u>(49,235)</u>	<u>(100,540)</u>
Fund balances - beginning	<u>39,425</u>	<u>39,425</u>	<u>39,425</u>	<u>0</u>
Fund deficit - ending	<u>\$ 650</u>	<u>\$ (110,350)</u>	<u>\$ (9,810)</u>	<u>\$ (100,540)</u>

**CITY OF ROSEVILLE, MINNESOTA
 CHARITABLE GAMBLING FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31,2003**

	<u>Budget</u>		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Licenses & permits	\$ 100	\$ 100	\$ 200	\$ 100
Gambling taxes	72,750	72,750	57,875	(14,875)
Donations	50,000	50,000	54,128	4,128
Investment income	0	0	1,017	1,017
Total revenues	<u>122,850</u>	<u>122,850</u>	<u>113,220</u>	<u>(9,630)</u>
EXPENDITURES				
Current				
General government				
Personal services	43,350	43,350	41,835	1,515
Other services & charges	75,500	100,500	101,427	(927)
Total expenditures	<u>118,850</u>	<u>143,850</u>	<u>143,262</u>	<u>588</u>
Excess of revenues over (under) expenditures	4,000	(21,000)	(30,042)	(9,042)
Fund deficit - beginning	<u>(104,154)</u>	<u>(104,154)</u>	<u>(104,154)</u>	<u>0</u>
Fund deficit - ending	<u>\$ (100,154)</u>	<u>\$ (125,154)</u>	<u>\$ (134,196)</u>	<u>\$ (9,042)</u>

**CITY OF ROSEVILLE, MINNESOTA
 INFORMATION TECHNOLOGY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31,2003**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 72,110	\$ 72,110	\$ 77,583	\$ 5,473
Charges for services	119,660	119,660	161,869	42,209
Investment income	0	0	(4,761)	(4,761)
Total revenues	<u>191,770</u>	<u>191,770</u>	<u>234,691</u>	<u>42,921</u>
EXPENDITURES				
Personal services	136,000	191,000	187,811	3,189
Supplies	2,700	2,700	3,659	(959)
Other services & charges	22,500	22,500	16,783	5,717
Capital outlay	75,000	105,000	109,526	(4,526)
Total expenditures	<u>236,200</u>	<u>321,200</u>	<u>317,779</u>	<u>3,421</u>
Excess of revenues over (under) expenditures	<u>(44,430)</u>	<u>(129,430)</u>	<u>(83,088)</u>	<u>46,342</u>
OTHER FINANCING SOURCES				
Transfer in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Net change in fund balances	<u>15,570</u>	<u>(69,430)</u>	<u>(23,088)</u>	<u>46,342</u>
Fund balances - beginning	<u>29,597</u>	<u>29,597</u>	<u>29,597</u>	<u>0</u>
Fund balances - ending	<u>\$ 45,167</u>	<u>\$ (39,833)</u>	<u>\$ 6,509</u>	<u>\$ 46,342</u>

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis.

Workers' Compensation Self Insurance Fund - accounts for the revenue and expenditures in the administration and servicing of workers' compensation claims.

Risk Management Fund - accounts for the revenue and expenditures in the administration and servicing of general liability claims

**CITY OF ROSEVILLE, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2003**

	Workers' Compensation Self-Insurance	Risk Management	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,171,632	\$ 932,404	\$ 3,104,036
Accounts Receivable	<u>0</u>	<u>4,906</u>	<u>4,906</u>
Total assets	<u>\$ 2,171,632</u>	<u>\$ 937,310</u>	<u>\$ 3,108,942</u>
LIABILITIES			
Current liabilities			
Accounts payable	16,914	1,051	17,965
Insurance claims payable	<u>82,386</u>	<u>95,196</u>	<u>177,582</u>
Total liabilities	<u>99,300</u>	<u>96,247</u>	<u>195,547</u>
NET ASSETS			
Unrestricted	<u>\$ 2,072,332</u>	<u>\$ 841,063</u>	<u>\$ 2,913,395</u>

CITY OF ROSEVILLE, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Year Ended December 31, 2003

	Workers' Compensation Self-Insurance Fund	Risk Management	Total
Operating revenues:			
Departmental charges	\$ 100,000	\$ 214,525	\$ 314,525
Other	0	870	870
Total operating revenues	<u>100,000</u>	<u>215,395</u>	<u>315,395</u>
Operating expenses:			
Professional Services	12,504	6,056	18,560
Insurance	32,477	222,366	254,843
Training	0	339	339
Administrative charges	263	1,199	1,462
Payment of claims	104,413	97,647	202,060
Total operating expense	<u>149,657</u>	<u>327,607</u>	<u>477,264</u>
Operating income (loss)	(49,657)	(112,212)	(161,869)
Nonoperating revenues			
Investment income	90,145	27,728	117,873
Net income (loss)	40,488	(84,484)	(43,996)
Total net assets - beginning	<u>2,031,844</u>	<u>925,547</u>	<u>2,957,391</u>
Total net assets - ending	<u>\$ 2,072,332</u>	<u>\$ 841,063</u>	<u>\$ 2,913,395</u>

**CITY OF ROSEVILLE, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003**

	Workers' Compensation Self-Insurance Fund	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 100,000	\$ 214,525	\$ 314,525
Cash payments to suppliers for goods and services	(45,244)	(229,960)	(275,204)
Cash payments to employees and others for resolved claims	(58,540)	(21,276)	(79,816)
Other operating revenues	0	870	870
Net cash (used) by operating activities	(3,784)	(35,841)	(39,625)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	90,145	27,728	117,873
Net cash provided from investing activities	90,145	27,728	117,873
Net increase (decrease) in cash and cash equivalents	86,361	(8,113)	78,248
Cash and cash equivalents, January 1	2,085,271	940,517	3,025,788
Cash and cash equivalents, December 31	\$ 2,171,632	\$ 932,404	\$ 3,104,036
Reconciliation of operating income (loss) to net cash (used) by operating income:			
Operating (loss)	\$ (49,657)	\$ (112,212)	\$ (161,869)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Changes in elements affecting cash			
(Increase) Decrease in Accounts Receivable	0	(3,242)	\$ (3,242)
(Increase) Decrease in Due from Other Governments	4,390	0	4,390
Increase (Decrease) in accounts payable	15,097	(1,583)	13,514
Increase (Decrease) in insurance claim payable	26,386	81,196	107,582
Net cash provided (used) by operating activities	\$ (3,784)	\$ (35,841)	\$ (39,625)

Agency Funds

Agency funds are used to report resources held by the city in a purely custodial capacity (assets equal liabilities).

Grass Lake Water Management Organization - This fund accounts for the fiscal activities of **an** agency which is a separate nonprofit entity.

Community Development Block Grant - accounts for funds awarded to the City through Ramsey County for qualified projects that benefit low and moderate income residents.

Local Development Corporation - accounts for fund received **from** block grants and other sources for the special housing needs related to low and moderate income resident's

Roseville Lutheran Cemetery - accounts for the fiscal activities of a cemetery under the ownership of the Islamic Cemetery Association

Roseville Visitors Association - accounts for revenues and expense of the Roseville Visitors Association, formed as an independent nonprofit agency to enhance tourist and visitor **traffic** to the City.

CITY OF ROSEVILLE, MINNESOTA
COMBINING BALANCE SHEET - ALL AGENCY FUNDS
Year Ended December 31,2003

	Grass Lake Water Management Fund	Community Development Block Grant Fund	Local Development Corporation Fund	Roseville Lutheran Cemetery Fund	Roseville Visitors Association	Total
ASSETS						
Cash and cash equivalents	\$ 65,055	\$ 253,589	\$ 219,313	\$ 106,828	\$ 414,994	\$ 1,059,779
Accounts receivable	0	0	0	0	29,521	29,521
Due from other governments	31,000	0	0	0	0	31,000
Notes receivable	0	218,000	70,009	0	0	288,009
Net fixed assets	0	0	0	0	39,222	39,222
Total Assets	\$ 96,055	\$ 471,589	\$ 289,322	\$ 106,828	\$ 483,737	\$ 1,447,531
LIABILITIES						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,910	\$ 6,910
Accrued Payroll	0	0	0	0	2,940	2,940
Due to other organizations	96,055	471,589	289,322	106,828	473,887	1,437,681
Total Liabilities	\$ 96,055	\$ 471,589	\$ 289,322	\$ 106,828	\$ 483,737	\$ 1,447,531

**CITY OF ROSEVILLE, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash and cash equivalents	\$ 831,972	\$ 1,197,110	\$ 969,303	\$ 1,059,779
Accounts receivable	37,971	31,744	40,194	29,521
Due from other governments	33,250	31,000	33,250	31,000
Notes receivable	308,000	0	19,991	288,009
Net fixed assets	48,844	50,420	60,042	39,222
Total assets	\$ 1,260,037	\$ 1,310,274	\$ 1,122,780	\$ 1,447,531
LIABILITIES				
Accounts payable	\$ 3,471	\$ 293,977	\$ 290,538	\$ 6,910
Accrued Payroll	0	2,940	0	2,940
Due to other organizations	1,256,566	1,013,357	832,242	1,437,681
Total liabilities	\$ 1,260,037	\$ 1,310,274	\$ 1,122,780	\$ 1,447,531

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - GRASS LAKE WATER MANAGEMENT ORGANIZATION
Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash and cash equivalents	\$ 7,996	\$ 104,760	\$ 47,701	\$ 65,055
Due from other governments	33,250	31,000	33,250	31,000
Total assets	\$ 41,246	\$ 135,760	\$ 80,951	\$ 96,055
LIABILITIES				
Due to Grass Lake Water Management Organization	\$ 41,246	\$ 135,760	\$ 80,951	\$ 96,055
Total liabilities	\$ 41,246	\$ 135,760	\$ 80,951	\$ 96,055

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash and cash equivalents	\$ 239,092	\$ 48,538	\$ 34,041	\$ 253,589
Notes receivable	218,000	0	0	218,000
Total assets	\$ 457,092	\$ 48,538	\$ 34,041	\$ 471,589
LIABILITIES				
Due to other organizations	\$ 457,092	\$ 48,538	\$ 34,041	\$ 471,589
Total liabilities	\$ 457,092	\$ 48,538	\$ 34,041	\$ 471,589

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - LOCAL DEVELOPMENT CORPORATION
Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash and cash equivalents	\$ 182,331	\$ 62,952	\$ 25,970	\$ 219,313
Notes receivable	90,000	0	19,991	70,009
Total assets	\$ 272,331	\$ 62,952	\$ 45,961	\$ 289,322
LIABILITIES				
Due to other organizations	\$ 272,331	\$ 62,952	\$ 45,961	\$ 289,322
Total liabilities	\$ 272,331	\$ 62,952	\$ 45,961	\$ 289,322

CITY OF ROSEVILLE, MINNESOTA
STATEMENT OF CHANCES IN ASSETS AND LIABILITIES
AGENCY FUND - ROSEVILLE LUTHERAN CEMETERY
Year Ended December 31, 2003

	Balance January 1,2003	Additions	Deductions	Balance December 31,2003
ASSETS				
Cash and cash equivalents	\$ 104,383	\$ 20,498	\$ 18,053	\$ 106,828
Total assets	<u>\$ 104,383</u>	<u>\$ 20,498</u>	<u>\$ 18,053</u>	<u>\$ 106,828</u>
LIABILITIES				
Accounts Payable	\$ 1,544	\$ 3,194	\$ 4,738	\$ 0
Due to other organizations	102,839	17,304	13,315	106,828
Total liabilities	<u>\$ 104,383</u>	<u>\$ 20,498</u>	<u>\$ 18,053</u>	<u>\$ 106,828</u>

STATEMENT OF CHANCES IN ASSETS AND LIABILITIES
AGENCY FUND - ROSEVILLE VISITORS ASSOCIATION
Year Ended December 31,2003

	Balance January 1,2003	Additions	Deductions	Balance December 31,2003
ASSETS				
Cash and cash equivalents	\$ 298,170	\$ 960,362	\$ 843,538	\$ 414,994
Accounts receivable	37,971	31,744	40,194	29,521
Net fixed assets	48,844	50,420	60,042	39,222
Total assets	<u>\$ 384,985</u>	<u>\$ 1,042,526</u>	<u>\$ 943,774</u>	<u>\$ 483,737</u>
LIABILITIES				
Accounts payable	\$ 1,927	\$ 290,783	\$ 285,800	\$ 6,910
Accrued Payroll	0	2,940	0	2,940
Due to other organizations	383,058	748,803	657,974	473,887
Total liabilities	<u>\$ 384,985</u>	<u>\$ 1,042,526</u>	<u>\$ 943,774</u>	<u>\$ 483,737</u>

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Statistical Section

City of Roseville, Minnesota

Table 1

General and Recreation Fund Expenditures
Analysis by Function

Year	General Government	Public Safety	Public Works	Other	Parks and Recreation (1)	Total
1994	1,126,815 12.48%	3,927,137 43.49%	1,251,540 13.86%	341,330 3.78%	2,383,527 26.39%	9,030,349
1995	1,191,792 13.04%	4,013,809 43.92%	1,294,337 14.16%	225,632 2.47%	2,413,740 26.41%	9,139,310
1996	1,220,597 12.84%	4,089,010 43.01%	1,359,370 14.30%	371,069 3.90%	2,466,728 25.95%	9,506,774
1997	1,248,837 12.88%	4,120,790 42.50%	1,357,997 14.00%	314,659 3.24%	2,654,690 27.38%	9,696,973
1998	1,386,152 13.49%	4,539,416 44.19%	1,439,318 14.01%	207,989 2.02%	2,699,854 26.28%	10,272,729
1999	1,347,778 13.01%	4,530,375 43.73%	1,457,823 14.07%	244,996 2.36%	2,779,933 26.83%	10,360,905
2000	1,379,400 12.19%	4,853,978 42.91%	1,560,077 13.79%	242,852 2.15%	3,276,247 28.96%	11,312,554
2001	1,807,845 15.31%	5,245,869 44.43%	1,628,674 13.80%	95,245 0.81%	3,028,251 25.65%	11,805,884
2002	1,712,671 14.25% #	5,570,040 46.35% #	1,562,330 13.00% #	70,932 0.59% #	3,101,188 25.81%	12,017,161
2003	1,597,790 12.98%	5,984,321 48.62%	1,573,348 12.78%	160,827 1.31%	2,990,930 24.30%	12,307,216

(1) A change in policy in 1994 resulted in the combining of the Ice Arena and John Rose Minnesota Oval Funds with the Recreation Fund

City of Roseville

Table 2

General and Recreation Fund Revenues and Other Financing Sources

Year	General Property Tax	Licenses and Permits	Charges for Current Services (1)	Inter governmental Revenues	Inter-Fund Transfers	Other Revenues	Total
1994	3,773,765 40.85%	198,681 2.15%	2,470,848 26.75%	2,212,877 23.96%	17,400 0.19%	563,758 6.10%	9,237,329
1995	4,256,988 45.26%	208,402 2.22%	2,162,160 22.99%	2,128,091 22.63%	44,973 0.48%	604,462 6.43%	9,405,076
1996	4,569,183 47.00%	202,005 2.08%	2,125,768 21.86%	2,131,579 21.92%	47,027 0.48%	646,852 6.65%	9,722,414
1997	4,057,217 37.32%	220,614 2.03%	2,327,848 21.41%	2,583,987 23.77%	937,020 8.62%	745,723 6.86%	10,872,409
1998	4,335,347 40.36%	215,788 2.01%	2,648,592 24.66%	2,783,462 25.91%	42,754 0.40%	715,961 6.67%	10,741,904
1999	4,486,227 43.56%	219,972 2.14%	2,213,681 21.50%	2,748,737 26.69%	23,355 0.23%	606,226 5.89%	10,298,198
2000	4,669,098 38.86%	208,253 1.73%	2,611,852 21.74%	2,733,823 22.75%	1,523,484 12.68%	269,199 2.24%	12,015,709
2001	5,185,386 44.59%	227,902 1.96%	2,553,955 21.96%	2,932,666 25.22%	41,687 0.36%	687,892 5.92%	11,629,488
2002	6,284,486 51.86%	244,550 2.02%	2,699,022 22.27%	1,439,879 11.88%	458,863 3.79%	990,327 8.17%	12,117,127
2003	6,771,834 51.49%	244,091 1.86%	2,575,430 19.58%	816,446 6.21%	2,022,010 15.37%	721,547 5.49%	13,151,358

(1) A change in policy in 1994 resulted in the Ice Arena and John Rose Minnesota Oval Funds being combined with the Recreation Fund

City of Roseville, Minnesota

Table 3

**Property Tax Levies and Collections
Current Collections**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Amount Collected</u>	<u>Percent of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Levy</u>
1994	11,574,787 (1)	10,873,505 (1)	93.94	128,658	11,002,163	95.05
1995	11,651,657 (1)	10,980,996 (1)	94.24	219,501	11,200,497	96.13
1996	12,685,493 (1)	12,378,067 (1)	97.58	91,221	12,469,288	98.30
1997	13,085,665 (1)	12,623,041 (1)	96.46	446,829	13,069,870	99.88
1998	11,883,474 (1)	11,881,218 (1)	99.98	133,787	12,015,005	101.11
1999	12,732,207 (1)	12,701,252 (1)	99.76	40,560	12,741,812	100.08
2000	14,199,751 (1)	14,034,114 (1)	98.83	12,545	14,046,659	98.92
2001	16,679,271 (1)	15,541,984 (1)	93.19	53,337	15,595,321	93.51
2002	8,922,884	7,870,430	88.21	0	7,870,430	88.21
2003	8,827,884	8,031,962	90.98	0	8,031,962	90.98

(1) Includes tax increments levied and received

City of Roseville, Minnesota

Table 4

Assessed Value and Estimated Market Value of all Taxable Property
(Shown by Year of Collectibility)

	1994 (2)	1995 (2)	1996 (2)	1997	1998	1999	2000	2001	2002	2003
Population (*Census)	33,487	33,674	33,942	34,014	34,194	34,306	33,690	33,949	33,949	34,100
Real Property										
Assessed Value - City	\$ 42,223,857	\$ 41,983,467	\$ 42,751,395	\$ 43,994,585	\$ 41,896,429	\$ 40,336,258	\$ 43,925,050	\$ 49,390,419	\$ 36,468,990	\$ 40,159,220
Tax Incremental- Net Tax Capacity	(4,836,220)	(4,793,233)	(5,631,442)	(5,564,907)	(5,082,474)	(5,485,225)	(7,008,689)	(8,049,037)	(5,504,684)	(2,506,066)
Area-wide - Allocation	(5,070,556)	(5,129,523)	(3,700,203)	(4,970,897)	(4,388,133)	(3,867,726)	(4,278,864)	(4,969,197)	(3,613,089)	(4,191,383)
Estimated Market Value (1)	\$ 32,317,081	\$ 32,060,711	\$ 33,419,750	\$ 33,458,781	\$ 32,425,822	\$ 30,983,307	\$ 32,637,497	\$ 36,372,165	\$ 27,351,217	\$ 33,461,771
Personal Property Assessed Value	\$ 1,501,395,079	\$ 1,499,532,279	\$ 1,696,232,750	\$ 1,770,008,500	\$ 1,846,985,650	\$ 1,981,520,280	\$ 2,164,237,052	\$ 2,388,210,200	\$ 2,634,407,200	\$ 2,937,137,905
Estimated Market Value (1)	\$ 787,869	\$ 820,459	\$ 879,238	\$ 945,300	\$ 842,133	\$ 751,838	\$ 756,878	\$ 771,592	\$ 479,641	\$ 509,640
Total Real Personal Property Assessed Value	\$ 17,127,500	\$ 17,836,000	\$ 19,113,800	\$ 20,549,900	\$ 21,128,400	\$ 21,553,800	\$ 23,500,000	\$ 24,123,300	\$ 15,338,700	\$ 17,102,095
Estimated Market Value (1)	\$ 33,104,950	\$ 32,881,170	\$ 34,298,988	\$ 34,404,081	\$ 33,267,955	\$ 31,735,145	\$ 33,394,375	\$ 37,143,757	\$ 27,830,858	\$ 33,971,411
Percent of Assessed Value To Estimated Market Value	2.18	2.17	2.00	1.92	1.78	1.58	1.53	1.54	1.05	1.15
Per Capita Valuations Assessed Value	\$ 989	\$ 976	\$ 1,011	\$ 1,011	\$ 973	\$ 925	\$ 991	\$ 1,094	\$ 820	\$ 996
Estimated Market Value (1)	\$ 05,370	\$ 05,061	\$ 50,555	\$ 52,642	\$ 54,013	\$ 50,008	\$ 64,957	\$ 71,055	\$ 78,051	\$ 86,655

(1) Determined by applying State sales ratio to County Auditor's estimated market value for real and personal property

(2) Assessed values replaced by Gross Tax Capacity (GTC) by State Statutes

Note: Population figures, other than census year, are estimated and furnished to the City by the Metropolitan Council.

City of Roseville, Minnesota

Table 5

Property Tax Rates and Tax Levies
Direct and Overlapping Governments

Year	City	TAX RATES (Expressed as Net Tax Capacity)				TOTALS (millions of dollars)	
		School District No. 623	School District No. 621	County	Districts	School District No. 623	School District No. 621
1994	17.399	73.655	65.442	44.461	5.245	140.760	132.547
1995	18.000	73.798	64.664	44.692	5.547	142.037	132.903
1996	17.306	75.612	62.436	43.785	5.421	142.124	128.948
1997	17.751	74.650	60.471	44.226	6.024	142.651	128.472
1998	19.254	45.028	50.164	46.618	6.604	117.504	122.640
1999	19.997	57.347	48.574	47.021	6.743	131.108	122.335
2000	19.028	51.942	46.682	45.100	6.687	122.757	117.497
2001	18.522	41.129	49.585	42.480	7.069	109.200	117.656
2002	32.108	10.447	25.338	56.016	4.964	103.535	118.426
2003	25.734	12.486	21.984	54.603	6.559	99.382	108.880

Year	TAX LEVIES					TOTAL TAX LEVIES	
	City	School District No. 623	School District No. 621	County	Districts	School District No. 623	School District No. 621
1994	7,524,361	19,951,761	3,937,530	14,718,792	1,736,355	43,931,269	27,917,037
1995	7,686,782	19,844,390	3,874,036	14,695,252	1,823,918	44,050,343	28,079,989
1996	7,687,617	20,028,755	4,865,186	14,163,129	1,699,320	43,578,821	28,415,252
1997	6,092,958	22,745,785	4,951,598	15,180,393	2,067,713	46,086,849	28,292,662
1998	6,276,316	14,411,728	2,833,984	14,995,646	2,141,401	37,825,091	26,247,347
1999	6,400,887	17,758,592	4,518,514	14,921,865	2,139,901	41,221,245	27,981,167
2000	6,400,887	14,512,221	2,546,547	15,060,863	2,233,082	38,207,053	26,241,379
2001	8,679,271	7,775,695	1,752,159	15,778,668	2,625,692	34,859,326	28,835,790
2002	8,922,884	710,567	376,527	15,589,733	1,381,524	26,604,708	26,270,668
2003	8,827,884	1,081,066	310,655	18,549,410	2,228,185	30,686,544	29,916,133

City of Roseville, Minnesota

Table 6

Special Assessment Levies and Collections
Current Collection

<u>Collected</u>	<u>Total levy</u>	<u>Amount Collected</u>	<u>Percent of levy</u>	<u>Collection of prior years</u>	<u>Total Collection</u>	<u>Percent total collections to current levy</u>
1994	937,938	847,519	90.36	49,916	897,435	95.68
1995	1,213,351	1,098,081	90.50	37,150	1,135,231	93.56
1996	1,189,896	1,137,971	95.64	48,235	1,186,206	99.69
1997	1,056,427	1,047,921	99.19	31,464	1,079,385	100.02
1998	1,107,375	1,088,551	98.30	12,532	1,101,083	99.43
1999	914,907	1,037,376	113.39	12,533	1,049,909	114.76
2000	584,313	996,754	170.59	16,705	1,013,459	173.45
2001	900,000	920,485	102.28	13,799	934,284	103.81
2002	900,000	840,393	93.38	37,644	878,037	97.56
2003	900,000	917,731	101.97	0	917,731	101.97

City of Roseville, Minnesota

Table 7

Ratio of Net Bonded Debt
To Property Values and Net Bonded Debt Per Capita

Fiscal Year	Population	Assessed Value	(Gross) Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To		
						Assessed Values	Estimated Market Values	Net Bonded Debt Per Capita
1994	33,487	33,104,950	37,595,000	5,705,923	31,889,077	96.33	2.10	952.28
1995	33,674	32,881,170	44,405,000	6,048,925	38,356,075	116.65	2.53	1,139.04
1996	33,942	31,346,988	43,670,000	7,215,626	36,454,374	116.29	2.13	1,074.02
1997	34,014	34,404,081	43,225,000	7,801,838	35,423,162	102.96	1.98	1,041.43
1998	34,194	33,267,955	37,360,000	5,614,470	31,745,530	95.42	1.70	928.39
1999	34,306	31,735,145	36,825,000	5,993,095	30,831,905	97.15	1.54	898.73
2000	33,690	33,394,375	31,905,000	5,427,156	26,477,844	79.29	1.21	785.93
2001	33,949	37,143,757	12,870,000	0	12,870,000	34.65	0.53	379.10
2002	33,949	27,830,858	7,560,000	0	7,560,000	27.16	0.29	222.69
2003	34,100	33,971,411	15,495,000	0	15,495,000	45.61	0.52	454.40

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(1) Gross Bonded Debt includes General Obligation Improvement (special assessment) bonds because property taxes will pay approximately seventy-five percent and special assessments will pay twenty-five percent. Gross bonded debt also includes General Obligation ~~Tax~~ Increment Bonds

Note: Population figures, other than census years, are estimates furnished to the City by the Metropolitan Council

City of Roseville, Minnesota

Table 8

Computation of Legal Debt Margin
December 31, 2003

Estimated Market Value	<u>\$ 2,954,240,000</u>	
(A) Debt limit 2 percent of Market Value		\$ 59,084,800
Amount of debt applicable to debt limit		
Total bonded debt	<u>\$ 15,495,000</u>	
(B) Deductions		
General Obligation	<u>9,700,000</u>	
Special Assessment Bonds	<u>\$ 5,795,000</u>	
Total amount of debt within Statute		<u>\$ 0</u>
Legal Debt Margin		<u>\$ 59,084,800</u>

Note (A) M.S.A. Section 475.53

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City of Roseville, Minnesota

Table 9

Computation of Direct and Overlapping Bonded Debt and Comparative Debt Ratios

Governmental Unit	Gross Debt Net of Refunding	Sinking Funds	Net Debt	Applicable to City	Applicable to City
Direct Debt:					
City of Roseville	\$ 15,495,000	\$ 0	\$ 15,495,000	100%	\$ 15,495,000
Overlapping Debt*					
School District #621	\$ 118,183,341	\$ 10,342,151	\$ 107,841,190	8%	\$ 8,627,295
School District #623	41,750,000	1,533,821	40,216,179	61%	24,531,869
Special School District #916	16,120,000	396,836	15,723,164	8%	1,257,853
Metro Council	858,440,429	96,119,118	762,321,311	1%	7,623,213
Metro Airports Commission	344,130,000	247,816,000	96,314,000	1%	963,140
Ramsey County Library	1,580,000	1,724,321	(144,321)	17%	(24,535)
Ramsey County	180,192,000	14,692,114	165,499,886	9%	14,894,990
Total Overlapping Debt	\$ 1,560,395,770	\$ 372,624,361	\$ 1,187,771,409		\$ 57,873,826
Total Direct and Overlapping Debt	\$ 1,575,890,770	\$ 372,624,361	\$ 1,203,266,409		\$ 73,368,826

Comparative Net Debt Ratios Applicable to City

	Total	Direct Debt	Overlapping Debt
Debt to gross tax capacity (\$33,971,411)	215.97%	45.61%	170.36%
Debt to market value (\$2,954,240,000)	2.48%	0.52%	1.96%
Per capita debt (Population 34,100)	\$2,151.58	\$454.40	\$1,697.18

*Source: Ramsey County

**Ratio of Annual Debt Service Expenditures For
General Bonded Debt to Total General and Recreation Fund Expenditures**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total (1) Debt Service</u>	<u>Total (2) General and Recreation Expenditures</u>	<u>Ratio of Debt Service to General and Recreation Expenditures</u>
1994	50,000	5,175	55,175	9,030,349	0.61
1995	50,000	1,725	51,725	9,139,310	0.56
1996	0	0	0	9,506,774	N/A
1997	0	0	0	9,696,973	N/A
1998	0	0	0	10,272,729	N/A
1999	0	0	0	10,360,905	N/A
2000	0	0	0	11,312,554	N/A
2001	0	0	0	11,805,884	N/A
2002	0	0	0	12,017,161	N/A
2003	0	0	0	12,307,216	N/A

(1) Debt Service is for General Obligation Bonds from Schedule of Bonds Payable.

(2) See Table 1.

City of Roseville, Minnesota

Table 11

Demographic Statistics

<u>Year</u>	<u>Population Census (5)</u>	<u>School Enrollment (1) District #623</u>	<u>Unemployment Rate (2) (Percent)</u>
1994	33,487	6,763	2.50
1995	33,674	6,791	1.90
1996	33,942	6,780	1.90
1997	34,014	6,738	1.60
1998	34,194	6,680	1.20
1999	34,306	6,553	1.20
2000	33,690	6,560	2.50
2001	33,949	6,598	2.50
2002	33,949	6,485	3.10
2003	34,100	6,369	3.20

2003 Population By Age Groups (3)

<u>Age</u>	<u>Population</u>	<u>Percent</u>	
0-15 Years	5,062	14.84%	Housing Units (4)
16-64 Years	22,151	64.96%	
Over 64 Years	6,887	20.20%	
Total	<u>34,100</u>		Single-Family 8,550.00
			Multiple-Family 7,082.00
			Mobile Home 107.00
			<u>15,739.00</u>

- (1) The City is served by two Independent School Districts.
 - A. District #623 covers approximately 67% of the City.
 - B. District #621 covers approximately 33% of the City.
- (2) Annual average unemployment, Suburban Ramsey County.
- (3) 2000 Census - US Department of Commerce.
- (4) City of Roseville as of December 31, 2002
- (5) Population and per capita income figures, other than census year, are estimates furnished to the City by the Metropolitan Council.

City of Roseville, Minnesota

Table 12

Building Permit Values and Real Property Values

Year	Number of Permits	Residential Value	Multiple Dwelling Value	Commercial Industrial Value	Other Value	Estimated Market Value	
						Total Value (1)	Real Property (2)
						Taxable	Nontaxable
1994	1,114	7,745,209	4,170,606	26,972,069	12,632,200	51,520,084	205,038,700
1995	1,172	16,865,128	250,000	41,116,475	4,054,971	62,286,574	205,038,700
1996	1,203	19,465,965	250,000	25,480,176	5,407,345	50,603,486	191,118,000
1997	1,414	12,050,754	0	37,270,901	6,404,581	55,726,236	200,703,900
1998	1,475	10,452,682	0	27,220,482	8,977,446	46,650,610	200,542,000
1999	2,019	10,218,432	0	31,682,148	11,209,899	53,110,479	211,671,900
2000	1,605	10,515,869	4,182,028	59,224,107	12,024,260	85,946,264	211,671,900
2001	1,599	7,805,027	0	28,473,414	10,410,256	46,688,697	224,627,500
2002	1,578	14,770,608	0	28,061,935	1,406,867	44,239,410	227,627,100
2003	1,584	39,664,802	0	25,542,089	2,826,705	68,033,596	284,648,100

(1) Based on building permits issued by the City's Department of Code Enforcement.

(2) Estimated market values provided by Ramsey County.

City of Roseville

Table 13

Principal Taxpayers
December 31, 2003

Taxpayer	Type	2002 Payable 2003 Net Tax Capacity (NTC)	Percentage of Total (NTC)
1) Compass Retail, Inc. (2)	Shopping Centers	\$ 2,139,250	6.30%
2) Bradley Real Estate Trust (2)	Shopping Centers	691,300	2.03%
3) Rosedale Properties (4)	Shopping Centers	531,954	1.57%
4) M & J Crossroads Limited Partnership (2)	Shopping Centers	529,250	1.56%
5) First Security Bank Trustee (2)	Commercial	469,250	1.38%
6) North Prior LLC	Shopping Center	439,250	1.29%
7) Meritex Enterprises Inc. (2)	Shopping Center	415,800	1.22%
8) Metlife	Apartments 50 or More Units	388,830	1.14%
9) Dayton-Hudson Corp	Discount Stores & Jr Dept Stores	358,998	1.06%
10) MN Industrial Properties (3)	Flex Industrial Center	352,160	1.04%
		\$ 6,316,042	18.59%

Items in parentheses represent the number of locations in Roseville

City of Roseville, Minnesota

Table 14

Assessed Valuation **by** Classes of Real Property

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total real property valuation (1)	\$ 42,223,857	\$ 41,983,467	\$ 42,751,395	\$ 43,994,585	\$ 41,896,429	\$ 40,336,258	\$ 43,925,050	\$ 49,390,419	\$ 36,428,140	\$ 40,159,220
Percent of valuation										
Residential	31.61	31.61	32.36	33.21	36.83	38.17	37.19	36.73	41.93	41.95
Commercial	51.21	51.21	50.09	48.44	46.86	45.28	46.38	47.23	42.42	42.20
Apartment	7.93	7.93	8.41	8.17	7.64	7.04	6.97	6.92	8.21	8.57
Industrial	8.02	8.02	7.83	8.40	7.36	8.04	7.99	8.10	6.58	6.65
Utility and other	<u>1.23</u>	<u>1.23</u>	<u>1.31</u>	<u>1.78</u>	<u>1.31</u>	<u>1.47</u>	<u>1.47</u>	<u>1.02</u>	<u>0.86</u>	<u>0.63</u>
	<u>100.00</u>									

(1) Source: Ramsey County Annual Report on Property Values

History of Tax Levies and Mill Rates
(Shown by Year of Tax Collectibility)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Tax Levies										
Bonded Debt Funds	\$ 1,686,611	\$ 1,231,187	\$ 1,078,428	\$ 1,278,361	\$ 1,317,567	\$ 1,260,675	\$ 1,114,000	\$ 1,078,821	\$ 1,078,821	\$ 800,000
General Fund	4,225,607	4,581,247	5,262,180	4,921,148	3,399,168	3,466,745	3,500,000	4,018,531	5,983,472	6,203,529
All Other Funds	1,612,143	1,873,646	1,347,009	1,644,464	1,559,581	1,673,467	1,786,887	3,581,919	1,860,591	1,824,355
Total	\$ 7,524,361	\$ 7,686,080	\$ 7,687,617	\$ 7,843,973	\$ 6,276,316	\$ 6,400,887	\$ 6,400,887	\$ 8,679,271	\$ 8,922,884	\$ 8,827,884
Tax Capacity Rate										
Bonded Debt Funds	3.82	3.78	3.20	3.81	4.04	3.94	3.31	3.21%	3.84%	2.51%
General Fund	9.56	14.05	10.10	9.05	10.43	10.82	10.40	11.94%	21.31%	19.47%
All Other Funds	3.65	5.75	4.01	4.89	4.78	5.23	5.32	10.65%	6.63%	5.72%
Total	17.40	18.00	17.31	17.75	19.25	19.99	19.028	25.80%	31.78%	27.70%

City of Roseville, Minnesota

Table 16

Schedule of Insurance and Surety Bond Coverage
December 31, 2004

<u>PROPERTY COVERAGES</u>	<u>COVERAGE LIMIT</u>
Building and contents All risk coverage, \$100,000 Deductible	\$ 37,366,932
Boiler and machinery \$100,000 Deductible	\$ 5,000,000
Contractors' equipment All risk coverage, \$50,000 Deductible	\$ 1,244,541
 <u>LIABILITY COVERAGE</u>	
Comprehensive General Liability \$100,000 Deductible	\$ 1,000,000
Comprehensive Automobile Liability (Combined Single Limit \$100,000 deductible)	\$ 1,000,000
Workers' Compensation - For losses in excess of \$360,000 S.I.R.	Statutory
 <u>SURETY BONDS</u>	
Neal Beets - City Clerk	\$ 2,000

Miscellaneous Statistical Data

Date of Incorporation	May 28, 1948
Became a statutory city	January 1, 1974
Form of Government	Council/Manager with 5 member Council
Fiscal Year begins	January 1
Area of City	13.7 square miles

Miles of streets

City maintained	123 miles
County maintained	36 miles
State maintained	33 miles (Lineal Centerline)
Total	192 miles

Recreation

Number of:	
Parks and playgrounds	28 (680 acres)
Tennis courts	33
Lighted park shelters	8
Outdoor ice skating rinks	7 Hockey/10 Open/1 Bandy, Speedskating
Ballfields	41
Soccer/football fields	5
Volleyball courts	9
Basketball courts	8
Miles of trails	50
Joint ownership with School District #623	
Gymnastics center	1
Gymnasiums	2
Ice Arena	
Ice surface	200' x 85'
Seating capacity	1,950
John Rose Minnesota Oval	
Ice surface	110,000 square feet
Seating capacity	2,000
Golf Course	
9-hole, par 3	Open April thru October
Clubhouse	Capacity up to 65 people

Fire Protection

Number of stations	3
Number of active paid-on-call firemen	66

Police Protection

Number of stations	1
Number of police officers	38

Municipal water system

Source	City of St. Paul
Number of connections	10,060
Miles of water mains	165 miles
Number of fire hydrants	1,692
Gallons of water purchased from St. Paul	2,136,019,996

City of Roseville, Minnesota

Table 17 (continued)

Miscellaneous Statistical Data

Municipal sewer system

Miles of:	
Storm	139 miles
Sanitary	153 miles
Disposal - through Metropolitan Council Environmental Services	
Number of sanitary sewer connections	9,931
Number of street lights	1,195

Number of permanent Employees

1994	139
1995	141
1996	141
1997	146
1998	146
1999	147
2000	150
2001	143
2002	142
2003	143

General Elections

Municipal	November, 2003	November, 2001
Number of registered voters	22,941	23,004
Number of votes cast	8,062	6,950
Percent voting	35.14%	30.21%
Statewide	November, 2002	
Number of registered voters	22,811	
Number of votes cast	18,861	
Percent voting	82.68%	

Population

1948 (at incorporation)	4,589
1950 Federal Census	6,437
1960 Federal Census	23,997
1970 Federal Census	34,438
1980 Federal Census	35,820
1990 Federal Census	33,485
2000 Federal Census	34,690

Major Employers

Products/Service

No. Employees

State of Minnesota	Transportaion	1,500
Beltman Group	Trucking	956
Unisys	Computer Related Services	900
Health Span Home Care	Home Health Care	800
McGough Construction	Nonresidential Costruction	800
Target/Marshal Fields	Retail Sales	700
Sara Lee Baking Company	Baking Products	500
State of Minnesota	Education	500
J.C. Penney	Retail Sales	400
Veritas Corporation	Prepackaged Software	400

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