



**CONTINUING DISCLOSURE ANNUAL REPORT**  
**Fiscal Year Ended June 30, 2006**

**\$ 33,000,000**

**WATER UTILITY REVENUE CERTIFICATES OF PARTICIPATION**  
**Series 1997**

**Evidencing and Representing the Proportionate Interests of the Owners Thereof**  
**in 1997 Payments to be made by the**  
**CITY OF ROSEVILLE**

This Continuing Disclosure Annual Report (the "Annual Report") is provided by the City of Roseville (the "City") through U.S. Trust Company, National Association, as dissemination agent (the "Dissemination Agent") pursuant to a Continuing Disclosure Certificate dated October 7, 1997 (the "Disclosure Certificate") executed and delivered by the City in connection with the execution and delivery by the Roseville Finance Authority (the "Authority") of the Water Utility Revenue Certificates of Participation, Series 1997 (the "Certificates") evidencing and representing the proportionate interests of the owners thereof in 1997 payments to be made by the City of Roseville. The Certificates were executed and delivered pursuant to a Trust Agreement dated as of September 1, 1997 between the City and First Trust of California, National Association, predecessor to U.S. Trust Company, National Association (the "Trustee").

This Annual Report is made pursuant to the requirements of Section 3(a) of the Disclosure Certificate with respect to the fiscal year of the City, which ended on June 30, 2006

The City hereby reports the following:

1. The City reports the following information as of June 30, 2006 (with updated December 31, 2006 information where appropriate):
  - (a) The principal amount of the Certificates outstanding as of June 30, 2006 is \$24,740,000. As of December 31, 2006, the principal amount outstanding is \$23,345,000.
  - (b) The balance in the Parity Reserve Fund as of June 30, 2006 is \$2,612,362.78. The balance as of December 31, 2006 is \$2,612,348.76
  - (c) The Reserve Fund Requirement as of June 30, 2006 is \$2,612,320.

- (d) The Balance in the Rate Stabilization Fund as of the date of the Annual Report is not applicable as the Water Fund does not have a Rate Stabilization Fund.

2. The table appearing as Table 1 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

<b>TABLE 1</b>			
<b>CITY OF ROSEVILLE</b>			
<b>WATER UTILITY SYSTEM</b>			
<b>GENERAL STATISTICS</b>			
<b>Fiscal Years 2003-04 through 2005-06</b>			
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
No. of Service Connections	34,691	35,783	36,218
Annual Water Production (1)	10,504	9,789	10,822
Total Water Treatment Capacity (2)	60.00	60.00	60.00
Production from System Wells	-	-	-
Peak Daily Distribution (2)	50.8	48.8	53.1
Average Daily Distribution (2)	28.8	26.8	29.7

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(1) In million of gallons

(2) In million of gallons per day

Source: City of Roseville

3. The table appearing as Table 2 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

<b>TABLE 2</b>	
<b>WATER UTILITY SYSTEM MASTER PLAN PROJECTS</b>	
Project Component	Net Cost (in millions)
Years 2006 - 2020 and thereafter	
Pipeline Transmission and Distribution	\$ 2.28
Storage	20.28
Water Treatment Plant Expansion	63.90
Booster Pump Station and Interties	-
Wells	14.99
New Water Supplies	30.00
Total Water Utility System Master Plan	\$ 131.45
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Source: City of Roseville	
Note 1: This schedule includes all costs estimated to be incurred, net of available revenues or reimbursements.	
Note 2: Projects and cost estimates have changed based on specific plan updates and additional demands on the water utility system.	
Note 3: Additional costs expected to complete all projects will be funded through connection fees and increases thereto.	
Note 4: This schedule has been changed to better reflect the classification of projects within the water utility master plan.	

4. The table appearing as Table 3 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

<b>TABLE 3</b>			
<b>CITY OF ROSEVILLE</b>			
<b>WATER UTILITY SYSTEM</b>			
<b>WATER PRODUCTION</b>			
<b>Fiscal Years 2003-04 through 2005-06</b>			
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Volume (1)</b>			
Residential and Commercial			
Residential	6,110	5,940	6,654
Non-Residential	2,073	1,871	2,005
Industrial and Municipal			
Irrigation and Misc.			
Irrigation	2,321	1,978	2,163
<b>Total</b>	<b>10,504</b>	<b>9,789</b>	<b>10,822</b>
<b>Revenues</b>			
Residential and Commercial			
Residential	\$ 6,023,346	\$ 6,256,765	\$ 6,946,946
Non-Residential	2,138,910	2,098,819	2,316,717
Industrial and Municipal			
Irrigation and Misc.			
Irrigation	1,762,835	1,716,603	1,955,045
<b>Total</b>	<b>\$ 9,925,091</b>	<b>\$ 10,072,187</b>	<b>\$ 11,218,708</b>
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(1) In million of gallons			
Source: City of Roseville			

5. The table appearing as Table 4 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

**TABLE 4**  
**CITY OF ROSEVILLE**  
**WATER UTILITY SYSTEM**  
**FIVE LARGEST CUSTOMERS**  
**Fiscal Year Ended June 30, 2006**

<u>Customer</u>	<u>Business Type</u>	<u>Usage (1)</u>	<u>% of Total Water Sales</u>	<u>Total Charges</u>	<u>% of Total System Revenues</u>
City of Roseville	City Government	765,969	5.29%	\$ 605,331	5.40%
NEC Electronics, Inc.	Semiconductor devices	334,150	2.31%	\$ 179,126	1.60%
Hewlett-Packard	Computer Manufacturer	123,033	0.85%	\$ 75,850	0.68%
Roseville Joint Union High School District	Education	109,375	0.76%	\$ 151,390	1.35%
Roseville City School District	Education	95,951	0.66%	\$ 73,828	0.66%
			9.87%		9.68%

(1) In hundreds of cubic feet

Source: City of Roseville

6. The table appearing as Table 5 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

**TABLE 5  
CITY OF ROSEVILLE  
WATER UTILITY SYSTEM  
SCHEDULE OF RESIDENTIAL RATE INCREASES  
April 1986 to Present**

<u>Effective Date</u>	<u>Standard Monthly Residential Rate</u>	<u>Approximate Percentage Increase from Prior Rate</u>
April 1986	\$ 9.50	0.0%
July 1993	10.80	13.7%
August 1997	11.65	7.9%
August 2001	12.80	9.9%
August 2003	15.60	21.9%
October 2005	17.05	9.3%

Source: City of Roseville

7. The table appearing as Table 7 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

**TABLE 7**  
**CITY OF ROSEVILLE**  
**WATER UTILITY SYSTEM**  
**HISTORICAL CONNECTION FEE REVENUES**  
**Fiscal Years 1991-92 through 2005-06**

<u>Fiscal Year</u>	<u>Connection Fee Revenues</u>
1991-92	\$1,971,303
1992-93	1,608,241
1993-94	2,520,833
1994-95	3,798,544
1995-96	4,547,901
1996-97	4,960,719
1997-98	8,572,463
1998-99	8,862,152
1999-00	10,355,870
2000-01	9,048,415
2001-02	12,620,880
2002-03	10,360,821
2003-04	8,585,315
2004-05	8,123,474
2005-06	7,282,164

Source: City of Roseville.



8. The table appearing as Table 8 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

**TABLE 8**  
**CITY OF ROSEVILLE**  
**WATER UTILITY SYSTEM**  
**HISTORICAL PER UNIT CONNECTION FEES**  
**January 1992 to 2006**

Effective Date	Connection Fee (per unit)	% Increase
January 1992	\$ 1,918	0.00%
January 1993	1,948	1.56%
January 1994	2,034	4.41%
January 1995	2,070	1.77%
January 1996	2,090	0.97%
February 1996	2,825	35.17%
January 1997	2,875	1.77%
January 1998	2,950	2.61%
January 1999	3,010	2.03%
March 1999	3,495	16.11%
January 2000	3,525	0.86%
January 2001	3,740	6.10%
January 2002	3,755	0.40%
January 2003	3,870	3.06%
July 2003	3,940	1.81%
July 2004	4,150	5.33%
July 2005	4,285	3.25%
July 2006	4,420	3.15%

Source: City of Roseville

9. The table appearing as Table 9 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

<b>TABLE 9</b>			
<b>CITY OF ROSEVILLE</b>			
<b>WATER UTILITY SYSTEM</b>			
<b>OPERATING REVENUES</b>			
<b>Fiscal Years 2003-04 through 2005-06</b>			
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Charges for Services</b>			
Utility Sales	9,941,824	10,106,652	11,218,707
Connection Fees	8,585,315	8,123,474	7,282,164
Water Meter Installation	1,752,473	1,434,044	251,491
Inspection Fees	566,073	192,092	158,015
Other Fees & Charges	262,715	802,317	1,004,867
Installation Tap/Repairs	192,950	220,297	404,054
Backflow Device Repair & Test	12,527	14,154	18,577
Licenses & Permits	12,260	16,340	16,265
Water Const Reimbursement	449,476	558,187	339,948
Total Charges for Services	<u>\$21,775,612</u>	<u>\$21,467,557</u>	<u>\$20,694,088</u>
<b>Other</b>			
From Other Agencies	85,953	355,722	196,691
Sale of Surplus Property	830.15	946	1,219
Other & Miscellaneous	944,410	1,669,094	841,534
Total Other	<u>1,031,194</u>	<u>2,025,762</u>	<u>1,039,444</u>
<b>Total Operating Revenues</b>	<u>\$22,806,806</u>	<u>\$23,493,319</u>	<u>\$21,733,531</u>

Source: City of Roseville.

10. The table appearing as Table 10 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

**TABLE 10  
CITY OF ROSEVILLE  
WATER UTILITY SYSTEM  
BUDGETED REVENUES AND EXPENSES  
Fiscal Year 2006-07**

	<b>Water Operations Fund</b>	<b>Water Construction Fund</b>	<b>Water Rehabilitation Fund</b>	<b>Total Water Utility System Fund</b>
Estimated available resources carry-over	\$3,156,897	\$8,595,771	\$1,025,969	\$12,778,637
Total estimated operating revenues	15,304,820	11,214,900	1,238,040	\$27,757,760
Total estimated capital revenues	620,000			\$620,000
Estimated transfers in			1,095,000	\$1,095,000
Proceeds from borrowing	-	191,020	-	\$191,020
Total estimated available for appropriation	<u>\$19,081,717</u>	<u>\$20,001,691</u>	<u>\$3,359,009</u>	<u>\$42,442,417</u>
Estimated operating expenses	16,253,176		230,533	\$16,483,709
Estimated capital expenditures	1,590,095	11,545,310	2,470,800	\$15,606,205
Estimated transfers out		860,556	159,190	\$1,019,746
Interfund Loan			191,020	\$191,020
Economic Reserve	1,238,446			\$1,238,446
Rate Stabilization Reserve	0			\$0
Estimated year-end available resources	<u>\$0</u>	<u>\$7,595,825</u>	<u>\$307,466</u>	<u>\$7,903,291</u>

Source: City of Roseville.

11. The table appearing as Table 11 in the Official Statement dated September 17, 1997 is updated as of June 30, 2006 as follows:

<b>TABLE 11</b>			
<b>CITY OF ROSEVILLE</b>			
<b>WATER UTILITY SYSTEM</b>			
<b>STATEMENT OF REVENUES &amp; EXPENSES</b>			
<b>Fiscal Years 2003-04 through 2005-06</b>			
	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$10,770,611	\$11,101,062	\$12,382,530
Other	\$1,033,477	\$2,062,372	\$1,067,734
<b>Total Operating Revenues</b>	<b>\$11,804,088</b>	<b>\$13,163,434</b>	<b>\$13,450,264</b>
<b>OPERATING EXPENSES</b>			
Operations	\$6,632,675	\$7,343,862	\$8,259,428
Administration	\$2,804,170	\$3,208,580	\$3,413,000
Depreciation and amortization	\$4,967,401	\$5,042,009	\$5,455,952
<b>Total Operating Expenses</b>	<b>\$14,404,246</b>	<b>\$15,594,451</b>	<b>\$17,128,380</b>
<b>Operating Income (Loss)</b>	<b>(\$2,600,158)</b>	<b>(\$2,431,017)</b>	<b>(\$3,678,116)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and rents revenue/expense	\$604,571	\$1,417,514	\$1,799,802
Interest and fiscal charges (expense)	(\$1,344,043)	(\$1,124,806)	(\$1,381,660)
Subventions and grants	\$15,000	\$721,250	\$2,019,853
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(\$724,472)</b>	<b>\$1,013,958</b>	<b>\$2,437,995</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(\$3,324,630)</b>	<b>(\$1,417,059)</b>	<b>(\$1,240,121)</b>
<b>Contributions</b>			
Capital contributions - connection fees	\$10,992,741	\$10,350,420	\$9,371,034
Capital contributions from developers	\$3,247,510	\$11,104,265	\$20,684,227
Transfers in	\$718,442	\$1,052,080	\$1,234,522
Transfers out	(\$3,090,864)	(\$3,564,660)	(\$4,286,755)
<b>Change in net assets</b>	<b>\$8,543,199</b>	<b>\$17,525,046</b>	<b>\$25,762,907</b>
<b>Total net assets-beginning</b>	<b>\$144,267,013</b>	<b>\$327,986,956</b>	<b>\$345,512,002</b>
<b>GASB 34 Implementation Adjustment</b>	<b>\$175,176,744</b>		
<b>Total net assets-ending</b>	<b>\$327,986,956</b>	<b>\$345,512,002</b>	<b>\$371,274,909</b>
Source: City of Roseville.			

During the time period beginning on January 31, 2006 (the date of the last Annual Report) and ending on

the date of this Annual Report, the City has not given or caused to be given notice of the occurrence of any of the following events, if material, with respect to the Certificates:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to the rights of the holders of the Certificates;
4. optional, contingent or unscheduled Certificate calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events affecting the tax-exempt status of the Certificates;
8. unscheduled draws on debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers, or their failure to perform; and
11. release, substitution or sale of property securing repayment of the Certificates.

The City hereby confirms the appointment of the Dissemination Agent and requests the Dissemination Agent to provide each Repository this Annual Report not later than thirty (30) days of its receipt from the City, in accordance with the terms of the Disclosure Certificate.

This Annual Report is dated January 31, 2006.

**CITY OF ROSEVILLE**

By:



Russ Cochran Branson  
Finance Director