

NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Standard & Poor's: "AA"  
 Fitch: "AA"  
 See "RATINGS"

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes. See "TAX MATTERS."*

**\$9,590,000\***

**ROCKLIN PUBLIC FINANCING AUTHORITY  
 2016 Lease Revenue Bonds**

**Dated: Date of Delivery**

**Due: November 1, as shown on inside cover**

**Authority for Issuance.** The bonds captioned above (the "2016 Bonds") are being issued by the Rocklin Public Financing Authority (the "Authority") under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, and an Indenture of Trust dated as of October 1, 2016, by and between the Authority and MUFJ Union Bank, N.A., as trustee (the "Trustee"). See "THE 2016 BONDS – Authority for Issuance."

**Use of Proceeds.** The 2016 Bonds are being issued to (i) refinance the remaining obligations of the Authority's Certificates of Participation (Police Facilities and Refunding), issued on December 4, 2003 in the principal amount of \$6,650,000 (the "2003 Certificates"), and may be prepaid without premium on any date, (ii) to borrow additional funds to help to finance the acquisition and construction of capital improvement projects (collectively, the "Project"), expected to include a new fire station for the City, the remodel of an existing fire station for the City, police radio consoles and ancillary equipment, the remodel of the City's Administrative Building, and phase II of the City's Quarry Park and (iii) pay the costs of issuing the 2016 Bonds. See "FINANCING PLAN."

**Security for the 2016 Bonds.** Under the Indenture, the 2016 Bonds are payable from and secured by a first pledge of and lien on "Revenues" (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2016, by and between the Authority, as lessor, and the City, as lessee (the "Lease"), consisting primarily of payments (the "Lease Payments") made by the City under the Lease with respect to the lease of certain real property, as further described in this Official Statement. The 2016 Bonds are also secured by certain funds on deposit under the Indenture. See "SECURITY FOR THE 2016 BONDS."

**Bond Terms; Book-Entry Only.** The 2016 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on May 1 and November 1 of each year, commencing on May 1, 2017, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 2016 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2016 Bonds will not receive certificates representing their interests in the 2016 Bonds. Payments of the principal of, premium, if any, and interest on the 2016 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2016 Bonds. See "THE 2016 BONDS – General Provisions."

**Redemption.** The 2016 Bonds are subject to optional redemption prior to maturity. See "THE 2016 BONDS – Redemption."

Neither the 2016 BONDS, nor the obligation OF THE authorlTY to pay principal of or interest thereon, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, constitute a debt or a liability of the AUTHORITY, THE CITY, the State of California or any of its political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the CITY. THE 2016 BONDS are secured solely by the pledge of Revenues and certain funds held under the INDENTURE. The 2016 BONDS are not secured by a pledge of the taxing power of the City.

**MATURITY SCHEDULE  
 (see inside cover)**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2016 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2016 BONDS.

The 2016 Bonds were sold and awarded to \_\_\_\_\_ (the "Purchaser") pursuant to a competitive bidding process held on October 4, 2016, as set forth in the Official Notice of Sale. The 2016 Bonds will be offered when, as and if issued, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the Authority, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the Authority. It is anticipated that the 2016 Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 20, 2016.

The date of this Official Statement is: October \_\_\_\_, 2016

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**ROCKLIN PUBLIC FINANCING AUTHORITY  
2016 Lease Revenue Bonds**

**MATURITY SCHEDULE**

**\$\_\_\_\_\_ Serial Bonds**

**(Base CUSIP†: \_\_\_\_\_)**

<u>Maturity</u> ( <u>November 1</u> )	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
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C: Priced to the first optional par redemption date of \_\_\_\_\_, 20\_\_.

† Copyright 2016, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the City, the Authority nor the Purchaser assumes any responsibility for the accuracy of these CUSIP data.

**ROCKLIN PUBLIC FINANCING AUTHORITY**  
(PLACER COUNTY, CALIFORNIA)

**BOARD OF DIRECTORS OF THE AUTHORITY AND  
MEMBERS OF THE CITY COUNCIL OF THE CITY OF ROCKLIN**

Greg Janda, *Chair and Mayor*  
Dave Butler, *Vice Chair and Vice Mayor*  
George Magnuson, *Member and Council Member*  
Ken Broadway, *Member and Council Member*  
Scott Yuill, *Member and Council Member*

**CITY OFFICERS**

Ricky A. Horst, *City Manager*  
Kim Sarkovich, *Assistant City Manager/Chief Financial Officer*  
DeeAnne Gillick, *City Attorney*  
Barbara Ivanusich, *City Clerk*

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**FINANCING SERVICES**

**Bond Counsel**

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*San Francisco, California*

**Municipal Advisor**

Fieldman, Rolapp & Associates  
*Irvine, California*

**Trustee**

MUFG Union Bank, N.A.  
*San Francisco, California*

**Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the 2016 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2016 Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the Authority, City or Purchaser to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2016 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Limited Scope of Information.** The Authority has obtained certain information set forth herein from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the Authority. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, have the meanings given in the Indenture.

**Involvement of Purchaser.** The following statement is included on behalf of the Purchaser: The Purchaser has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Purchaser does not guarantee the accuracy or completeness of such information.

**Stabilization of Prices.** In connection with this offering, the Purchaser may overallocate or effect transactions which stabilize or maintain the market price of the 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Purchaser may offer and sell the 2016 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Purchaser.

THE 2016 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2016 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

## TABLE OF CONTENTS

<p>INTRODUCTION..... 1</p> <p>FINANCING PLAN .....4</p> <p style="padding-left: 20px;">General .....4</p> <p style="padding-left: 20px;">The Refunded Certificates .....4</p> <p style="padding-left: 20px;">Irrevocable Deposit of 2016 Bond Proceeds.....4</p> <p style="padding-left: 20px;">The Project .....5</p> <p style="padding-left: 20px;">Estimated Sources and Uses of Funds.....5</p> <p>THE LEASED PROPERTY .....6</p> <p>THE 2016 BONDS .....7</p> <p style="padding-left: 20px;">Authority for Issuance .....7</p> <p style="padding-left: 20px;">General Provisions .....7</p> <p style="padding-left: 20px;">Transfer, Registration and Exchange .....8</p> <p style="padding-left: 20px;">Redemption .....9</p> <p style="padding-left: 20px;">Book-Entry Only System.....10</p> <p>DEBT SERVICE SCHEDULE .....11</p> <p>SECURITY FOR THE 2016 BONDS.....12</p> <p style="padding-left: 20px;">Revenues; Pledge of Revenues .....12</p> <p style="padding-left: 20px;">Assignment to Trustee .....12</p> <p style="padding-left: 20px;">Allocation of Revenues by Trustee; Application of Funds .....13</p> <p style="padding-left: 20px;">Lease Payments .....13</p> <p style="padding-left: 20px;">Limited Obligation .....14</p> <p style="padding-left: 20px;">Source of Payments; Covenant to Budget and Appropriate Funds for Lease Payments .....14</p> <p style="padding-left: 20px;">Abatement .....14</p> <p style="padding-left: 20px;">Property Insurance .....15</p> <p>CITY FINANCIAL INFORMATION .....17</p> <p style="padding-left: 20px;">General .....17</p> <p style="padding-left: 20px;">City Budgets .....17</p> <p style="padding-left: 20px;">City's Financial Policies .....19</p> <p style="padding-left: 20px;">Investment Policy.....21</p> <p style="padding-left: 20px;">Financial Statements .....21</p> <p style="padding-left: 20px;">General Fund Financial Data .....23</p> <p style="padding-left: 20px;">General Fund Revenues by Source.....25</p> <p style="padding-left: 20px;">Taxes and Other Revenues .....25</p> <p style="padding-left: 20px;">Property Taxes .....25</p> <p style="padding-left: 20px;">Sales and Use Taxes.....28</p> <p>APPENDIX A: SUMMARY OF PRINCIPAL LEGAL DOCUMENTS</p> <p>APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015</p> <p>APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE</p> <p>APPENDIX D: GENERAL INFORMATION ABOUT THE CITY OF ROCKLIN AND PLACER COUNTY</p> <p>APPENDIX E: FORM OF OPINION OF BOND COUNSEL</p> <p>APPENDIX F: DTC AND THE BOOK-ENTRY ONLY SYSTEM</p>	<p>Other Taxes and Revenues ..... 30</p> <p>State Budget .....30</p> <p>No Outstanding General Fund Debt .....30</p> <p>Direct and Overlapping Bonded Debt .....31</p> <p>Employee Relations .....33</p> <p>Risk Management and Self-Insurance .....33</p> <p>Employee Retirement System .....34</p> <p>Other Post Employment Benefits.....39</p> <p>CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS .....42</p> <p style="padding-left: 20px;">Article XIII A of the State Constitution .....42</p> <p style="padding-left: 20px;">Legislation Implementing Article XIII A .....42</p> <p style="padding-left: 20px;">Article XIII B of the State Constitution .....43</p> <p style="padding-left: 20px;">Articles XIII C and XIII D of the State Constitution .43</p> <p style="padding-left: 20px;">Proposition 1A; Proposition 22.....45</p> <p style="padding-left: 20px;">Possible Future Initiatives .....45</p> <p>BOND OWNERS' RISKS .....46</p> <p style="padding-left: 20px;">No Pledge of Taxes .....46</p> <p style="padding-left: 20px;">Additional Obligations of the City .....47</p> <p style="padding-left: 20px;">No Reserve Fund.....47</p> <p style="padding-left: 20px;">Default .....47</p> <p style="padding-left: 20px;">Abatement .....47</p> <p style="padding-left: 20px;">Property Taxes .....48</p> <p style="padding-left: 20px;">Limitations on Remedies Available to Bond Owners .....49</p> <p style="padding-left: 20px;">Loss of Tax-Exemption .....50</p> <p style="padding-left: 20px;">Secondary Market for Bonds .....50</p> <p>TAX MATTERS .....51</p> <p>CERTAIN LEGAL MATTERS.....52</p> <p>LITIGATION .....52</p> <p>RATINGS .....53</p> <p>CONTINUING DISCLOSURE .....53</p> <p>MUNICIPAL ADVISOR .....54</p> <p>COMPETITIVE SALE OF BONDS .....54</p> <p>PROFESSIONAL SERVICES .....55</p>
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## OFFICIAL STATEMENT

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**\$9,590,000\***  
**ROCKLIN PUBLIC FINANCING AUTHORITY**  
**2016 Lease Revenue Bonds**

### INTRODUCTION

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2016 Bonds to potential investors is made only by means of the entire Official Statement.*

*Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."*

**Authority for Issuance.** The Rocklin Public Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**2016 Bonds**") under the following:

- (a) the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "**Law**"),
- (b) resolutions adopted by the Board of Directors (the "**Board**") of the Authority on September 13, 2016 (the "**Authority Resolution**"), and by the City Council (the "**City Council**") of the City of Rocklin (the "**City**") on September 13, 2016 (the "**City Resolution**"), and
- (c) an Indenture of Trust (the "**Indenture**") dated as of October 1, 2016, by and between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**").

**The Authority.** The Authority is a joint powers authority formed pursuant to a Joint Exercise of Powers Agreement dated as of December 13, 1994, by and between the City and the Redevelopment Agency of the City of Rocklin under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, for the purpose, among others, of having the Authority provide financial assistance to the City by entering into, among other arrangements, lease/leasebacks with the City.

**The City.** The City of Rocklin is located in Placer County (the "**County**"), approximately 21 miles from Sacramento, and approximately 100 miles from Lake Tahoe, San Francisco, or

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\* Preliminary; subject to change.

Napa Valley. The City is intersected by Interstate 80 (a heavily travelled freeway for both commerce and travelers) and Highway 65 (largely serving commuter and regional traffic). A major east-west rail line operated by Union Pacific runs through the City, and the Rocklin train depot is served by Amtrak for regional, statewide, and interstate service. The City, incorporated in 1893, had an estimated population of 60,351 as of January 1, 2016, and covers approximately 19.87 square miles. The City has a general law form of government. See “APPENDIX D – GENERAL INFORMATION ABOUT THE CITY OF ROCKLIN AND PLACER COUNTY.”

**Form of Bonds; Book-Entry Only.** The 2016 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York (“**DTC**”), or its nominee, which will act as securities depository for the 2016 Bonds. Purchasers of the 2016 Bonds will not receive certificates representing the 2016 Bonds that are purchased. See “THE 2016 BONDS - Book-Entry Only System” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

**Purpose of the 2016 Bonds.** The 2016 Bonds are being issued to:

- refinance, on a current basis, the remaining obligations of all of the Certificates of Participation (Police Facilities and Refunding) issued on December 4, 2003 in the principal amount of \$6,650,000 (the “**2003 Certificates**”), which are outstanding in the aggregate principal amount of \$1,030,000, and may be prepaid without premium on any date,
- to borrow additional funds to help to finance the acquisition and construction of capital improvement projects (collectively, the “**Project**”), expected to include a new fire station for the City, the remodel of an existing fire station for the City, police radio consoles and ancillary equipment, the remodel of the City’s Administrative Building, and phase II of the City’s Quarry Park, and
- to pay the costs of issuing the 2016 Bonds.

See “FINANCING PLAN.”

**Security for the 2016 Bonds and Pledge of Revenues.** Under the Indenture, the 2016 Bonds are payable from and secured by a first pledge of and lien on “**Revenues**” (as defined in this Official Statement) received by the Authority under the Lease Agreement dated as of October 1, 2016, between the Authority, as lessor, and the City, as lessee (the “**Lease**”), consisting primarily of payments (the “**Lease Payments**”) made by the City under the Lease. The 2016 Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE 2016 BONDS.”

The City and the Authority will enter into a Site Lease dated as of October 1, 2016 (the “**Site Lease**”), under which the City will lease certain real property to the Authority, generally consisting of the land and improvements constituting the City’s police station, as described in more detail herein under “THE LEASED PROPERTY,” in return for an upfront Site Lease Payment. Concurrently, the City and the Authority will enter into the Lease, under which the Authority will lease the Leased Property (as defined in the Lease and described herein) back to the City in return for the annual Lease Payments. See “SECURITY FOR THE 2016 BONDS.”

**Redemption.** The 2016 Bonds are subject to optional redemption prior to their stated maturity dates. See “THE 2016 BONDS – Redemption.”



**Abatement.** The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease, the 2016 Bond Owners would receive less than the full amount of principal of and interest on the 2016 Bonds. To the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See "SECURITY FOR THE 2016 BONDS – Abatement" and "BOND OWNERS' RISKS."

**Risks of Investment.** Debt service on the 2016 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease. For a discussion of some of the risks associated with the purchase of the 2016 Bonds, see "BOND OWNERS' RISKS."

NEITHER THE 2016 BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, NOR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2016 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2016 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

## FINANCING PLAN

### General

The 2016 Bonds are being issued to refinance, on a current basis, all of the outstanding 2003 Certificates, to help finance the acquisition of and construction of the Project, and pay the costs of issuing the 2016 Bonds.

### The Refunded Certificates

In August 2006, in order to finance the construction and equipping of a police building and related facilities on a site owned by the City, the City entered into a Lease Agreement dated as of December 1, 2003 (the “**2003 Lease Agreement**”) between the City and the Authority, and caused the execution and delivery of \$6,650,000 original principal amount of 2003 Certificates, which are secured primarily by lease payments (the “**2003 Lease Payments**”) to be made by the City pursuant to the 2003 Lease Agreement. The 2003 Lease Payments, and the 2003 Certificates relating thereto, are subject to prepayment in whole or in part commencing on any interest payment date, being September 1 or August 31. The 2003 Certificates to be prepaid with the proceeds of the 2016 Bonds (referred to herein as the “**Refunded Certificates**”) and the prepayment price relating thereto, are identified in the following table.

#### ROCKLIN PUBLIC FINANCING AUTHORITY Identification of Refunded Certificates

Maturities to be Prepaid (September 1)	CUSIP†	Principal Amount Prepaid	Prepayment Date*	Prepayment Price (% of Par Amount Prepaid)
2017	773737 BD2	\$505,000	Nov. 3, 2016	100%
2018	773737 BE0	525,000	Nov. 3, 2016	100

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the City nor the Purchaser is responsible for the accuracy of such data.

\* Preliminary; subject to change.

### Irrevocable Deposit of 2016 Bond Proceeds

A portion of the proceeds of the 2016 Bonds will be deposited with MUFG Union Bank, N.A., in its capacity as trustee for the 2003 Certificates (the “**2003 Trustee**”) for deposit, together with other funds available for such purpose, in an escrow fund (the “**Escrow Fund**”) to be established by the 2003 Trustee pursuant to Irrevocable Refunding Instructions (the “**Refunding Instructions**”) given to the 2003 Trustee by the City. Moneys in the Escrow Fund will be held in cash, uninvested, and will be used to prepay Refunded Certificates as set forth on the preceding table. As a result of the deposit of funds under the Refunding Instructions, the 2003 Certificates will be fully defeased and discharged upon the issuance of the 2016 Bonds.

The Escrow Agent is irrevocably committed to make payments required under the 2003 Trust Agreement for the 2003 Certificates and to cause payment and prepayment of the outstanding 2003 Certificates when due, but only out of moneys available in the Escrow Fund.

*Under no circumstances will moneys from the Escrow Fund be available to pay debt service on the 2016 Bonds.*

## The Project

A portion of the proceeds of the 2016 Bonds will be deposited under the Indenture into the Construction Fund. Amounts in the Construction Fund will be available to the City for the acquisition and construction of capital improvement projects (which are referred to herein and in the Indenture as the Project). The Project is expected to include a new fire station for the City, the remodel of an existing fire station for the City, police radio consoles and ancillary equipment, the remodel of the City's Administrative Building, and phase II of the City's Quarry Park.

## Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2016 Bonds are as follows:

### **Sources:**

Principal Amount of 2016 Bonds

Plus/Less: Net Original Issue Premium/Discount

2003 Certificates Reserve Fund

*TOTAL SOURCES*

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### **Uses:**

Escrow Fund

Construction Fund

Costs of Issuance Fund<sup>(1)</sup>

Purchaser's Discount

*TOTAL USES*

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(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, Bond insurance premium, reserve insurance policy premium, printing costs, rating agency fees and other costs of issuing the 2016 Bonds.

## **THE LEASED PROPERTY**

### **Description and Location**

The "**Leased Property**" consists of the land and improvements which comprise the City's police headquarters located at 4080 Rocklin Road in the City. The City owns fee title to the land on which the police station is located, which consists of approximately 5.1 acres. The police headquarters consists of a main building of approximately 39,000 square feet, an out-building of approximately 3,600 square feet and vehicle storage shelters of approximately 12,000 square feet, and includes a parking and vehicle maintenance areas, a radio communications center, emergency operating center and public use room, facilities for processing and storage of evidence and property, prisoner processing and short-term holding facility, and police records processing and storage facilities. Construction of the police station was completed in May 2005 and the total cost of the construction project was approximately \$15 million. Based on the current insured value for the Leased Property, the City estimates that the value of the police station is approximately \$13.2 million, not including the personal property located within.

### **Fair Rental Value**

The Lease Agreement provides that the Lease Payments payable in a Fiscal Year will constitute the total rental for the Leased Property for that Fiscal Year, and will be paid by the City in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Fiscal Year.

The Authority and the City have agreed and determined in the Lease Agreement that the total Lease Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, other obligations of the parties under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

### **Substitution**

The Lease Agreement provides that, upon compliance with certain conditions specified therein, the City may substitute alternate real property for all or any portion of the Leased Property or to release a portion of the Leased Property from the Lease Agreement. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

## THE 2016 BONDS

*This section provides summaries of the 2016 Bonds and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.*

### Authority for Issuance

The 2016 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on September 13, 2016), the City Resolution (which was adopted by the City Council on September 13, 2016), and the Indenture. Under the Authority Resolution and the City Resolution, the 2016 Bonds may be issued in a principal amount not to exceed \$12,000,000.

### General Provisions

**Bond Terms.** The 2016 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The 2016 Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

**Payments of Principal and Interest.** Interest on the 2016 Bonds will be payable on May 1 and November 1 in each year (each an “**Interest Payment Date**”), beginning May 1, 2017. Principal is due on November 1 of each year, beginning November 1, 2017.

*While the 2016 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2016 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2016 Bonds. See “– Book-Entry Only System” below.*

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2016 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2016 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2016 Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2016 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2016 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2016 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2016 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2016 Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

**Calculation of Interest.** Interest on the 2016 Bonds is payable from the Interest Payment Date next preceding the date of its authentication unless:

(a) a 2016 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a 2016 Bond is authenticated on or before April 15, 2017, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the 2016 Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

**Record Date.** Under the Indenture, “Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

### **Transfer, Registration and Exchange**

*The following provisions regarding the exchange and transfer of the 2016 Bonds apply only during any period in which the 2016 Bonds are not subject to DTC’s book-entry system. While the 2016 Bonds are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”*

**Bond Register.** The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2016 Bonds, which will upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2016 Bonds as provided in the Indenture.

**Transfer.** Any 2016 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2016 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any 2016 Bond is or 2016 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2016 Bond or 2016 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2016 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2016 Bonds.

**Exchange.** The 2016 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2016 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing 2016 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2016 Bonds.

**Limitations.** The Trustee may refuse to transfer or exchange, under the provisions of the Indenture described above, any 2016 Bonds selected by the Trustee for redemption under the Indenture, or any 2016 Bonds during the period established by the Trustee for the selection of 2016 Bonds for redemption.

## **Redemption**

**Optional Redemption.** The 2016 Bonds maturing on or before November 1, 2026, are not subject to redemption prior to their respective stated maturities.

The 2016 Bonds maturing on or after November 1, 2027, are subject to redemption in whole, or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after November 1, 2026, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

**Selection of Bonds for Redemption.** Whenever provision is made in the Indenture for the redemption of less than all of the 2016 Bonds of a single maturity, the Trustee will select the 2016 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2016 Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2016 Bond.

**Notice of Redemption.** The Trustee will mail notice of redemption of the 2016 Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to the respective Owners of any 2016 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2016 Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

*However, while the 2016 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2016 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.*

**Rescission of Redemption Notice.** The Authority has the right to rescind any notice of the redemption of 2016 Bonds under the Indenture by written notice to the Trustee on or prior to the date fixed for redemption.

Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2016 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee have no liability to the 2016 Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

**Effect of Redemption.** When notice of redemption has been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2016 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2016 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2016 Bonds so called for redemption will cease to accrue, those Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of those Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

### **Book-Entry Only System**

The 2016 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the 2016 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2016 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2016 Bonds. Purchasers of the 2016 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.



## DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the 2016 Bonds.

Year Ending November 1	Principal	Interest	Total Debt Service
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
Total:			

## SECURITY FOR THE 2016 BONDS

*The principal of and interest on the 2016 Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.*

*This section provides summaries of the security for the 2016 Bonds and certain provisions of the Indenture, the Lease and the Site Lease. See "APPENDIX A – Summary of Principal Legal Documents" for a more complete summary of the Indenture, the Lease and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.*

### **Revenues; Pledge of Revenues**

***Pledge of Revenues and Other Amounts.*** Under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts (including proceeds of the sale of the 2016 Bonds) held in any fund or account established under the Indenture are pledged to secure the payment of the principal of and interest and premium (if any) on the 2016 Bonds in accordance with their terms and the provisions of the Indenture. This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

***Definition of Revenues.*** "Revenues" are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts the City is obligated to pay under the Lease as additional amounts of rental for the use and occupancy of the Leased Property, and (ii) any Additional Rental Payments; and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

### **Assignment to Trustee**

Under the Assignment Agreement, the Authority will transfer to the Trustee all of the rights of the Authority in the Lease (other than the rights of the Authority under the provisions of the Lease regarding Additional Rental Payments, repayment of advances, indemnification, and the payment of attorneys' fees). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will immediately be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of the Indenture regarding duties of the Trustee, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease.

## **Allocation of Revenues by Trustee; Application of Funds**

***Transfers from the Revenue Fund.*** Under the Indenture, on or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) ***Deposit to Interest Account.*** The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2016 Bonds then Outstanding.

(b) ***Deposit to Principal Account.*** The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2016 Bonds coming due and payable on such Interest Payment Date.

### ***Application of Accounts.***

***Application of Interest Account.*** All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2016 Bonds as it comes due and payable (including accrued interest on any 2016 Bonds purchased or redeemed prior to maturity).

***Application of Principal Account.*** All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2016 Bonds at their respective maturity dates.

## **Lease Payments**

***Requirement to Make Lease Payments.*** Under the Lease, subject to the provisions of the Lease concerning rental abatement and prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the respective amounts specified in the Lease, to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in the Lease (defined as the 5th Business Day immediately preceding each Interest Payment Date).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease, and amounts required for payment of past due principal or interest on any 2016 Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder.

The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

**Rate on Overdue Payments.** If the City fails to make any of the payments of Lease Payments required in the Lease, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding 2016 Bond.

**Fair Rental Value.** The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The Authority and the City have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

### **Limited Obligation**

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

### **Source of Payments; Covenant to Budget and Appropriate Funds for Lease Payments**

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease regarding abatement.

Under the Lease, the City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

### **Abatement**

**Termination or Abatement Due to Eminent Domain.** Under the Lease, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

- (a) the Lease will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

**Abatement Due to Damage or Destruction.** The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

If any such damage or destruction occurs, the Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction.

## **Property Insurance**

**Liability and Property Damage Insurance.** Under the Lease, the City is required to maintain or cause to be maintained throughout the Term of the Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns.

Such policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease regarding self-insurance, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

**Casualty Insurance.** Under the Lease, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding 2016 Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease.

***Rental Interruption Insurance.*** Under the Lease, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the casualty insurance requirements described above, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as they become due and payable.

***Insurance Net Proceeds; Form of Policies.*** Each policy of casualty insurance, rental interruption insurance and title insurance maintained under the Lease must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby.

The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required under the Lease are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any liability and property damage insurance maintained under the Lease is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

## CITY FINANCIAL INFORMATION

### General

**The City.** The City, incorporated in 1893, had an estimated population of 60,351 as of January 1, 2016, and covers approximately 19.87 square miles. The City has a general law form of government. See “APPENDIX D – GENERAL INFORMATION ABOUT THE CITY OF ROCKLIN AND PLACER COUNTY.”

### City Budgets

**Annual Budget Process.** The City views the annual budget as a continuous process, monitoring and comparing actual expenditures and revenues to budgeted amounts throughout the year. The City reviews and updates its Strategic Plan annually and uses it as a guide for all budget decisions. Department Heads prepare estimates of revenues and departmental expenditures for submission to the Assistant City Manager/Chief Financial Officer. The City Manager and Assistant City Manager/Chief Financial Officer meet with each department to review the estimates and discuss requests. From these meetings, the proposed budget is developed.

The City Manager is required in accordance with Chapter 3.28 of the Rocklin Municipal Code to submit a proposed budget to the City Council on or before May 15th of each year. One or more public hearings are held in May and/or June to review the budget and receive public input. One formal public hearing is held in June, prior to budget adoption. The City Council must adopt an annual budget, by resolution, on or before June 30 for the coming fiscal year (July 1 – June 30).

The budget may be amended by City Council during the year as necessary. A midyear budget review is completed in February, at which time the City Council is updated on the year-to-date performance while highlighting any significant or potential changes to originally budgeted revenue estimates and appropriations. Expenditures may not exceed appropriations at the fund level.

Budgets are adopted for all governmental and proprietary funds on a basis consistent with generally accepted accounting principles.

**Adopted Fiscal Year 2016-17 Budget.** The fiscal year 2016-2017 Budget anticipates \$41.599 million in revenue, an 11.39% increase over the 2015-2016 Budget. The largest percentage increase in revenue is in the tax category, due to an assumed increase of 8.1% on property taxes, and an estimated increase of 17.5% in sales tax.

The General Fund operating expenditure plan presented in the fiscal year 2016-17 Budget is \$45.070 million and represents an 8.26% increase over the 2015-16 Budget.

Total fund balance is projected at \$31.97 million, with an operating reserve estimated at \$10.1 million, unreserved fund balance estimated at \$9.5 million, self-insured losses at \$1 million and a disaster contingency at \$1 million. Significant additional estimated General Fund balance reserves are estimated for the end of Fiscal Year 2016-17, as follows: GF–Street Maintenance Reserve (\$733,900), GF–Code Enforcement Reserve (\$309,300), GF–Economic Development Reserve (\$304,400), and Retiree’s Health Reserve Fund (\$8,607,300).

**City’s Budgeted and Actual Figures.** The following table sets forth (i) a comparison of the City’s general fund budget to the actual figures for Fiscal Year 2014-15, (ii) a comparison of

the City's general fund budget to the projected actual figures for Fiscal Year 2015-16, and (iii) the City's adopted general fund budget for Fiscal Year 2016-17.

**TABLE 1**  
**CITY OF ROCKLIN**  
**General Fund Budgeted and Actual Figures for Fiscal Years 2014-15 and 2015-16,**  
**and General Fund Budget for Fiscal Year 2016-17**

	2014 - 2015		2015 - 2016		2016 - 2017
	Final	Actual	Final	Projection	Budget
<b>Revenues:</b>					
Taxes and assessments	\$20,899,500	\$22,378,046	\$23,085,000	\$25,994,000	\$25,947,100
Licenses and permits	1,502,800	2,300,095	1,994,400	2,476,400	2,246,100
Fines and forfeitures	172,900	563,489	164,400	167,200	145,900
Intergovernmental *	4,078,900	4,479,286	4,460,900	4,971,400	4,697,700
Use of money and property	1,494,900	1,608,754	1,516,500	2,063,700	1,579,200
Charges for services	3,953,100	4,307,392	2,588,700	2,863,000	2,789,700
Other revenues	3,336,900	3,587,978	3,533,800	4,266,400	4,193,200
<b>Total revenues</b>	<b>35,439,000</b>	<b>39,225,040</b>	<b>37,343,700</b>	<b>42,802,100</b>	<b>41,598,900</b>
<b>Expenditures</b>					
Current:					
General government	13,351,499	12,947,670	11,393,600	16,990,000	12,839,000
Public safety	20,094,200	19,332,543	20,470,600	20,172,300	21,348,300
General services	7,693,100	7,704,559	5,501,400	5,787,600	5,242,900
Community development	2,135,100	2,033,572	2,708,900	2,745,700	3,824,900
Cultural and recreation			1,246,300	1,546,500	1,655,100
Capital outlay	7,000	12,633	309,900	373,600	160,000
Debt service:					
Principal	-	-	-	-	-
Interest	112,500	113,151	-	3,400	-
<b>Total expenditures</b>	<b>43,393,399</b>	<b>42,144,128</b>	<b>41,630,700</b>	<b>47,619,100</b>	<b>45,070,200</b>
<b>Revenues Over (UNDER)</b>					
<b>Expenditures</b>	<b>(7,954,399)</b>	<b>(2,919,088)</b>	<b>(4,287,000)</b>	<b>(4,817,000)</b>	<b>(3,471,300)</b>
<b>Other Financing Sources (USES):</b>					
Transfers in	4,623,400	5,760,112	3,507,600	4,956,500	2,856,400
Transfers out	(965,900)	(2,097,563)	(187,900)	(1,660,300)	(67,300)
<b>Total other financing sources (uses)</b>	<b>3,657,500</b>	<b>3,662,549</b>	<b>3,319,700</b>	<b>3,296,200</b>	<b>2,789,100</b>
<b>Net change in fund balances</b>	<b>(4,296,899)</b>	<b>743,461</b>	<b>(967,300)</b>	<b>(1,520,800)</b>	<b>(682,200)</b>
<b>Fund Balances:</b>					
Beginning of year	33,426,814	33,426,814	34,170,275	34,170,275	32,649,475
End of year	<u>29,129,915</u>	<u>34,170,275</u>	<u>33,202,975</u>	<u>32,649,475</u>	<u>31,967,275</u>

\* A portion of motor vehicle fees is now property taxes, however, for historical consistency, is reported separate from property taxes.  
Source: City of Rocklin and City of Rocklin audited financial statements for Fiscal Years 2014-15.



## City's Financial Policies

**Fiscal Procedure.** The City's budget process and related financial procedures are in compliance with the recommended standards as outlined by the Government Finance Officers Association. They meet all Generally Accepted Accounting Principles (GAAP), the recommended best practices of the Governmental Accounting Standards Board (GASB) and the City's internal financial policies.

The City will maintain an accounting system to provide all of the data needed to allow for the timely preparation of financial statements for the entire City in conformity with GAAP. The City will contract for an independent audit of the City's finances and for compliance with GASB and state laws. The audit will be published annually as a Comprehensive Annual Financial Report (CAFR).

**Capital Investment Plan.** The City will develop and implement a five-year capital investment plan, which will require the City to anticipate long-term needs. The five-year capital investment plan will determine the capital investment priorities, provide for the budget of current year projects, and provide for the forecasting and anticipation of future year expenditures.

**Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are defined by the City as assets with an initial, individual cost of \$10,000 or more, \$100,000 for infrastructure and an estimated life in excess of one year.

**Fleet Equipment.** The City's budget will provide for the adequate maintenance and repair of fleet equipment and for their orderly replacement.

**Risk Management.** The City operates a risk management and loss prevention program to minimize losses.

**One-Time Revenues.** A local government that becomes dependent on one-time revenue, or on a source of revenue that will soon disappear, can, in essence, create deficits for itself. The City of Rocklin will utilize General Fund one time or temporary funds to obtain capital assets, fund capital projects, replenish the General Fund Operating Reserve and/or make other nonrecurring purchases. Otherwise, strategic planning to earmark replacement revenue must be identified at the onset.

**Debt Policy.** Sound budget management requires that the City determine the availability of revenue to support future capital improvements (infrastructure). In addition to the policies and procedures for land secured financing as enacted by Resolution No. 2005-112, the City utilizes "Capital Needs Financing" as noted below and conducts ongoing analysis of refunding opportunities.

**Capital Needs Financing.** The City of Rocklin will, where possible, and in accordance with the adopted Capital Investment Plan, employ pay-as-you-go financing to save interest expenditures, preserve debt capacity for future borrowing, and not encumber future budgets with mandatory debt service expenditures. Exceptions to this practice will be for capital expenditures, which are determined to be time sensitive for purposes of public health, safety, welfare, or for economic gain.

**Capital Expenditures.** All capital projects planned and budgeted for in any given fiscal year will have funding identified and proven to be available. This means that all projects are

subject to funding already received in prior fiscal years. Funds that are earmarked for receipt in current fiscal years will not be utilized for current year expenditures.

**Operating Funds – Operating Expenditures.** All Non-General Fund Operating Funds will maintain sufficient cash balances to cover a minimum of six months of operating expenditures planned and budgeted at the end of every fiscal year. This means that operations within these Funds are subject to funding already received. This policy will ensure the City maintains sufficient cash on hand to cover its normal operations and enable it to identify and avoid potential cash flow issues.

**De-obligation.** In the event that an unplanned capital project is identified as a higher priority than a budget initially appropriated, the funded project list may be altered to take into account the new project. In this event, all projects will be reviewed and a new priority list established. Any project(s) that are removed from the current funded project list will have the attached funding source de-obligated and that funding source will be attached to the new project(s) and/or returned to the reserve.

**General Fund Operating Reserve.** The City of Rocklin will maintain an operating reserve equal to 25% of the planned budgeted expenditures in the General Fund (less any capital equipment and/or project costs). These reserved dollars will be used to support unforeseen emergencies, operating insufficiencies and short-term internal loans. Management will exercise every mechanism available, e.g. budget cuts, hiring freezes, etc., to avoid use of the reserve. Should the reserve level exceed 25%, excess funds may be transferred to support the City's Capital Investment Plan. To the extent the reserve level falls below 25%, a plan will be executed to replenish the reserve at the targeted funding level within three years.

**General Fund Disaster Contingency Reserve.** The City of Rocklin will maintain an emergency reserve equal to \$1 million as set by Resolution No. 2012-136. These reserved dollars will be used in the event of a "declared" emergency providing financial support for recovery efforts as directed by the City Council.

**Self-Insured Losses Reserve.** The City of Rocklin will maintain a self-insured losses reserve equal to \$1 million. These reserved dollars will be used for losses not covered under existing insurance programs.

**Retiree's Health Reserve.** The City of Rocklin will maintain a Retiree's Health Reserve. These reserved dollars will be used to fund a Retiree's Health Trust to offset the retiree's health accrued liability. Interest earned on these funds will be used to offset current retiree's health insurance premium payments. Additionally, the Retiree's Health Fund will be partially funded by annual transfers-in of 45% of the General Fund's current fiscal year's fund balance surplus as limited by the transfer to the GF – Special Reserve Funds and the total amount transferred into the General Fund through the annual Indirect Cost Allocation.

**Fleet Capital Reserve.** The City of Rocklin will maintain Fleet Capital Reserves in the Fleet Fund for the purchase of new and replacement vehicles and other capital assets. Reserve amounts will be expensed to each Operating Fund based upon the vehicles assigned. These amounts will be calculated utilizing the annual asset depreciation expense, and allocated through a modified Fleet Allocation process. In the case where funds reserved in the Fleet Fund for a particular asset to be replaced, or an additional new asset to be purchased, are insufficient to cover the entire cost of the asset, additional amounts will be expensed to the appropriate Operating Fund in that year.

**General Fund – Special Reserve Funds.** At the end of each fiscal year, after calculating the 25% General Fund Operating Reserve, any General Fund surplus (net amount by which the fund balance is increased in that fiscal year) will be transferred to the GF–Special Reserve Funds and to the Retiree’s Health Fund as limited by the total amount transferred into the General Fund through the annual Indirect Cost Allocation. The surplus will be split between the funds with 45% transferred to the GF–Streets Maintenance Reserve Fund, 5% transferred to the GF- Economic Development Reserve Fund, 5% transferred to the GF-Code Enforcement Reserve Fund, and 45% transferred to the Retiree’s Health Fund.

**Unfunded Pension Liability Reduction.** In the event that at the end of the prior fiscal year there was an increase in the General Fund unassigned (unreserved) Fund Balance, 50% of this increase will be used to pay down the City’s unfunded pension liability. This transfer of funds will occur during the budget process following each year in which an increase occurs.

**“75:25” Operating Expenditure Rule.** To support fiscal stability, the City will work to maintain a personnel to operations/maintenance expenditure ratio no greater than 75:25. Pension and health care costs can be extremely volatile, and can lead to significant year-over-year expenditure increases. Maintaining a healthy balance between personnel and operations/maintenance expenditures allows for greater control over total expenditures and allows the City to more easily respond to unforeseen costs. The City will analyze its personnel to operations/maintenance expenditure ratio during the budget process each year, and make prudent adjustments to bring the ratio back to appropriate levels within three years.

## **Investment Policy**

The City Council annually confirms the City Investment Policy. The City Council adopted its most recent Investment Policy on June 28, 2016. The Investment Policy is intended to provide guidelines for the prudent investment of City funds and to outline the policies for maximizing the efficiency of the City’s cash management. A complete list of the investments that are authorized under the City’s Investment Policy, in accordance with the California Government Code, is set forth in Note 2 to the City’s audited financial statements. See APPENDIX B.

## **Financial Statements**

**Accounting Policies.** The basic financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015” for a full presentation of the City’s accounting policies.

***Audited Financial Statements.*** The City's most recent audited financial statements for the Fiscal Year ending June 30, 2015, are attached as "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015" to this Official Statement, which were prepared by the City and audited by Chavan and Associates, LLP (the "**Auditor**"). *The Financial Statements should be read in their entirety. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or the General Fund. In addition, the Auditor has not reviewed this Official Statement.*

## General Fund Financial Data

The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund. The following tables provide (i) the City's General Fund Balance Sheet for Fiscal Years 2011-12 through 2014-15 (Audited), and (ii) the City's General Fund revenues, expenditures, transfers, and ending fund balances for Fiscal Years 2011-12 through 2014-15 (Audited) and Fiscal Year 2015-16 (Estimated Actual).

**TABLE 2**  
**CITY OF ROCKLIN**  
**General Fund Balance Sheet**  
**Fiscal Years 2011-12 through 2014-15 (Audited)**

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15
<b>ASSETS</b>				
Cash and investments	\$22,080,374	\$23,888,675	\$27,326,302	\$32,179,005
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	1,764,751	1,889,563	2,040,381	2,414,393
Interest	31,636	19,558	138,408	29,106
Intergovernmental	158,890	3,672	14,952	12,869
Loans/Notes receivable	-	-	-	-
Other receivable	479,243	550,689	366,654	394,283
Due from other funds	5,383,540	5,750,810	5,981,970	3,283,146
Due from fiduciary activities	-	182,500	-	-
Prepaid items	-	300,296	-	-
Other assets	1,402,290	979,293	980,983	-
Advance to Private Purpose Trust Fund	948,708	1,408,708	-	-
Advances to other funds	-	-	-	-
Advances to fiduciary activities	-	-	1,408,708	1,408,708
<b>Total assets</b>	<b>32,249,432</b>	<b>34,973,764</b>	<b>38,258,358</b>	<b>39,721,510</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,725,825	2,006,913	2,720,637	3,330,111
Deposits payable	203,457	245,240	741,366	672,836
Due to other funds	-	-	-	-
Deferred / Unearned revenue	150,901	-	88,832	137,508
Other liabilities	-	-	-	39,840
Compensated absences	1,219,190	1,221,319	1,280,709	1,370,940
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>3,299,373</b>	<b>3,473,472</b>	<b>4,831,544</b>	<b>5,551,235</b>
Deferred inflow: Unavailable revenue		101,254		
<b>Total liabilities and deferred inflows</b>		<b>3,574,726</b>		
<b>Fund balances:</b>				
Nonspendable				
Advances to other funds	948,708	1,408,708	1,408,708	1,408,708
Loans/Notes receivable	-	-	-	-
Endowments	-	-	-	-
Restricted	-	-	-	-
Committed	12,982,200	11,482,196	24,933,009	26,094,211
Assigned	-	-	-	-
Unassigned (Deficit)	15,019,151	18,508,134	7,085,097	6,667,356
<b>Total fund balances</b>	<b>28,950,059</b>	<b>31,399,038</b>	<b>33,426,814</b>	<b>34,170,275</b>
<b>Total liabilities and fund balances</b>	<b>32,249,432</b>	<b>34,973,764</b>	<b>38,258,358</b>	<b>39,721,510</b>
<b>Total liabilities, deferred inflows and fund balances</b>		<b>34,973,764</b>		

Source: City of Rocklin, audited financial statements for Fiscal Years 2011-12 through 2014-15.

**TABLE 3**  
**CITY OF ROCKLIN**  
**General Fund Revenues, Expenditures and Fund Balances**  
**Fiscal Years 2011-12 through 2014-15 (Audited) and 2015-16 (Estimated Actual)**

<b>REVENUES:</b>	<b>Audited 2011-12</b>	<b>Audited 2012-13</b>	<b>Audited 2013-14</b>	<b>Audited 2014-15</b>	<b>Estimated Actual 2015-16</b>
Taxes and assessments	\$18,778,525	\$19,943,367	\$20,599,710	\$22,378,046	\$25,994,000
Licenses and permits	978,892	1,234,248	2,078,971	2,300,095	2,476,400
Fines and forfeitures	199,697	155,846	160,065	563,489	167,200
Intergovernmental	4,019,470	4,222,807	4,384,511	4,479,286	4,971,400
Use of money and property	3,930,271	4,692,262	5,225,161	1,608,754	2,863,000
Charges for services	1,019,373	1,561,560	1,755,965	4,307,492	2,063,700
Contributions from developers and homeowners	-	-	-	-	-
Other revenues	1,797,509	2,566,582	2,422,566	3,587,978	4,266,400
<b>Total revenues</b>	<b>30,723,737</b>	<b>34,376,672</b>	<b>36,626,949</b>	<b>39,225,040</b>	<b>42,802,100</b>
<b>EXPENDITURES:</b>					
Current:					
General government	7,153,554	6,352,757	10,047,197	12,947,670	16,990,000
Public Safety	18,110,966	18,199,915	18,578,599	19,332,543	20,172,300
General services	6,023,048	7,720,647	6,881,586	7,704,559	5,787,600
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	1,546,500
Community development	1,832,913	2,111,159	1,958,442	2,033,572	-
Capital outlay	82,805	16,780	15,963	12,633	373,600
Debt service:					
Principal	-	-	-	-	-
Interest	56	92	-	113,151	3,400
<b>Total expenditures</b>	<b>33,203,342</b>	<b>34,401,350</b>	<b>37,481,787</b>	<b>42,144,128</b>	<b>47,619,100</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,479,605)</b>	<b>(24,678)</b>	<b>(854,838)</b>	<b>(2,919,088)</b>	<b>(4,817,000)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
PERS side fund payoff	(4,517,258)	-	-	-	-
Proceeds from sale of assets	-	5,000	-	-	-
Transfers in	2,554,294	4,785,352	4,586,796	5,760,112	4,956,500
Transfers out	(351,169)	(2,316,695)	(1,704,182)	(2,097,563)	(1,660,300)
<b>Total other financing sources (uses)</b>	<b>(2,314,133)</b>	<b>2,473,657</b>	<b>2,882,614</b>	<b>3,662,549</b>	<b>3,296,200</b>
<b>Net change in fund balances</b>	<b>(4,793,738)</b>	<b>2,448,979</b>	<b>2,027,776</b>	<b>743,461</b>	<b>(1,520,800)</b>
<b>FUND BALANCES:</b>					
Beginning of year	33,743,797	28,950,059	31,399,038	33,426,814	34,170,275
End of year	\$28,950,059	\$31,399,038	\$33,426,814	\$34,170,275	\$32,649,475

Source: City of Rocklin audited financial statements for Fiscal Years 2011-12 through 2014-15, and City of Rocklin.

## General Fund Revenues by Source

The City's three largest sources of revenue for fiscal year 2016-17 are shown in the following table:

	<b>Budgeted Dollar Amount</b>	<b>Percentage of Total Revenues</b>
Taxes	\$25,947,100	62.4%
Intergovernmental*	4,697,700	11.3
Other Revenue	4,193,200	10.0

\* A portion of motor vehicle fees is now property taxes, however for historical consistency is reported separate from property taxes.

Source: City of Rocklin

## Taxes and Other Revenues

Taxes and other sources of revenue received by the City are listed in the table below. Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Articles XIIC and XIID of the State Constitution."

The following table presents the major tax and fee revenues of the City's General Fund as audited for fiscal years 2013-14 and 2014-15 and the 2015-16 budget and projection and the adopted budget for 2016-17:

**TABLE 4  
CITY OF ROCKLIN  
General Fund Tax Revenues By Source - General Governmental Activities**

General revenues:	<b>Audited 2013-14</b>	<b>Audited 2014-15</b>	<b>Budget 2015-16</b>	<b>Projection 2015-16</b>	<b>Budget 2016-17</b>
Taxes:					
Property taxes	\$8,140,925	\$8,965,227	\$9,070,000	\$9,477,000	\$9,805,100
Sales and use tax <sup>(1)</sup>	8,535,963	9,532,736	10,330,000	12,570,000	12,135,000
Transient occupancy tax	474,424	539,796	495,000	580,000	615,000
Other taxes	1,491,014	1,281,091	1,150,000	1,267,000	1,257,000
Motor vehicle fees <sup>(2)</sup>	3,610,829	3,891,452	4,084,000	4,219,000	4,376,000
Franchise fees	1,957,384	2,059,195	2,040,000	2,100,000	2,135,000
<b>Total major tax and fee revenues</b>	<b>\$24,210,539</b>	<b>\$26,269,497</b>	<b>\$27,169,000</b>	<b>\$30,213,000</b>	<b>\$30,323,100</b>

(1) The Projection for Fiscal Year 2015-16 includes a one-time payment of \$800,000 for misallocated sales taxes and Triple Flip reimbursements.

(2) A portion of motor vehicle fees is now property taxes, however for historical consistency is reported separate from property taxes.

Source: City of Rocklin and City of Rocklin audited financial statements for Fiscal Years 2013-14 and 2014-15.

## Property Taxes

**General.** Property taxes represent the largest source of tax revenue to the City. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the City. For additional information on property taxes see Article XIII through XIID of the California State Constitution under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

**Levy and Collection.** Property taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "**secured**" or "**unsecured**" and is listed accordingly on separate parts of the assessment roll. The "**secured roll**" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient,

in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “**unsecured roll.**”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county. Proposition 13 also limited property tax revenues to 2% annual increases or the consumer price index, whichever is less. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the State Constitution” for further description of Proposition 13.

**Teeter Plan.** Placer County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), which apply to secured property taxes levied for the City. Under the Teeter Plan, the County guarantees that the City will receive 100% of the secured property taxes levied for it. Any delinquencies are borne by the County, which in return collects and retains all penalties and interest which accrue on the delinquent taxes.

**Assessed Valuation.** All property is assessed using full cash value as defined by Article XIII A of the California State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

**Assessed Valuation History.** The table below presents a 5-year history of the assessed value of property within the City. The 10-year average annual percentage growth rate in assessed value of property within the City is 1.52%, with 8.0% and 5.8% growth in Fiscal Years 2015-16 and 2016-17, respectively.



**TABLE 5  
CITY OF ROCKLIN  
Assessed Valuation  
Fiscal Years 2012-13 through 2016-17**

<b>Year</b>	<b>Local Secured</b>	<b>Public Utility</b>	<b>Unsecured</b>	<b>Total</b>
2012-13	\$6,143,416,610	\$8,476,688	\$126,809,138	\$6,278,702,436
2013-14	6,603,652,182	9,515,170	131,883,324	6,745,050,676
2014-15	7,140,101,337	9,515,170	123,940,235	7,273,556,742
2015-16	7,732,821,234	9,209,410	147,869,066	7,889,899,710
2016-17	8,176,019,796	9,209,410	160,184,776	8,345,413,982

*Source: Placer County Assessor's Office.*

**Major Property Taxpayers.** The following table shows the top 25 local secured property taxpayers for Fiscal Year 2015-16.

**TABLE 6  
CITY OF ROCKLIN  
Top Twenty-Five Local Secured Property Taxpayers  
Fiscal Year 2015-16**

<b>Owner</b>	<b>Assessed Value</b>
Meridian Apartments LP	\$72,243,621
MGP X Properties LLC	61,922,320
ARHC Carocca01 LLC	53,260,962
Demmon Rocklin Ranch Partners LP	35,394,482
KBSIII Rocklin Corporate Center LLC	33,750,000
Williams Portfolio 8	33,718,534
Sunset Court At Stanford Ranch-344 LLC	32,748,870
Wal-Mart Real Estate Business Trust	30,126,650
United Natural Foods Inc.	27,739,510
Montessa Management LP	27,457,729
Sunset Ranchos Investors LLC	26,952,896
Winsted Apartments LP	26,737,203
RC Willey Home Furnishings, Inc.	24,774,680
Oracle Systems Corporation	23,353,500
Shaliko LP	22,593,836
Woodstream Sacramento LLC	21,392,991
Target Corporation	21,105,338
101 Gold Rocklin LLC	19,758,310
Evergreen SR 1011 LP	18,700,000
Stanford Heights-170 LLC	18,329,356
TMT Stanford Ranch Village Inc.	18,201,771
Stanford Terraces Inc.	16,813,004
MFT - Sutter LLC	16,532,070
Boardwalk Apartments 193 LLC The	16,259,933
BBC Blue Oaks LLC	14,620,988
<b>TOTAL</b>	<b>\$714,488,554</b>

*Source: Placer County Auditor-Controller's Office - Property Tax Division*

## Sales and Use Taxes

Sales and use taxes represent the second largest source of tax revenue to the City. The sales tax is an excise tax imposed on retailers for the privilege of selling or leasing tangible personal property. The use tax is an excise tax imposed for the storage, use, or other consumption of tangible personal property purchased from any retailer. The total sales tax rate within the City is 7.5%, as of July 1, 2015. The proceeds of sales and uses taxes imposed within the City are distributed by the State to various agencies, with the City receiving 1.0% of the amount collected less 0.25% shifted to the State pursuant to a mechanism commonly known as "Triple Flip." The 0.25% reduction in local sales tax is used to pay State economic recovery bonds, but cities and counties are then provided with ad valorem property tax revenues in lieu of these revenues.

Collection of the sales and use tax is administered by the California State Board of Equalization. Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter. The State Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

**Sales Tax Rates.** Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**TABLE 7  
CITY OF ROCKLIN  
Sales Tax Rates  
As of July 1, 2015**

State	(General Fund)	3.6875%
State	(General Fund)	0.2500%
State	(Fiscal Recovery Fund)	0.2500%
State	(Local Revenue Fund - Health and Social Services)	0.5000%
State	(Local Public Safety Fund)	0.5000%
State	(Local Revenue Fund 2011 Public Safety)	1.0625%
State	(Education Protection Account - 2012 Prop 30)	0.2500%
Local	(City and County Operations)	0.7500%
Local	(County Transportation Funds)	0.2500%
<b>Total City of Rocklin Tax Rate</b>		<b>7.5000%</b>

*Source: California State Board of Equalization.*

**Application of Sales Tax.** Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer

outside the State where the use will occur within the State. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's July, 2014, Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at <http://www.boe.ca.gov/>.

**Sales Tax Collection Procedures.** Collection of the sales and use tax is administered by the State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the Board first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The State Board of Equalization disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

Under the Sales and Use Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any city, city and county, or county are required to be transmitted by the State Board of Equalization to such city, city and county, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

**History of Taxable Transactions.** Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following table. Annual figures are not yet available for calendar year 2016.

Total taxable sales during calendar year 2015 in the City were reported to be \$995,573,000, a 20.98% increase over the total taxable sales of \$822,939,000 reported during calendar year 2014.

**TABLE 8**  
**CITY OF ROCKLIN**  
**Taxable Transactions**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

Calendar Year <sup>(1)</sup>	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	807	\$495,671	1,233	\$634,414
2012	817	530,150	1,223	699,656
2013	840	556,077	1,219	710,901
2014	905	663,297	1,311	822,939
2015	960	816,960	1,707	995,573

(1) The source of the data for calendar years 2011-14 is the California State Board of Equalization's annual published reports (*Taxable Sales in California*). Data for 2015 is based on quarterly distribution reports from the California State Board of Equalization.

Source: HDL as of August 4, 2016.

### Other Taxes and Revenues

**Franchises.** Several State statutes provide cities with the authority to impose fees on privately-owned utility companies and other businesses for the privilege of using city right-of-way. The City collects franchise fees from gas and electric utilities, cable television and garbage franchises.

**Transient Occupancy Tax.** The transient occupancy tax, sometimes referred to as a hotel tax, is imposed on occupants for the privilege of occupying rooms in hotels, motels, inns and other taxed properties. The City's current transient occupancy tax is 8%.

### State Budget

Although the City does not receive an significant portion of its annual revenues directly from the State, the State's financial condition and budget policies affect communities and local public agencies throughout the State. At various times, the State has experienced significant financial and budgetary stress.

Recent State budgets have been balanced and balanced budgets are projected for the foreseeable future, but there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future should the State budget again experience stresses. To the extent that the State budget process results in reduced revenues to the City in the future, the City could be required to make adjustments to its budget.

### No Outstanding General Fund Debt

Although the City has a number of outstanding assessment district bonds, which are payable solely from assessments levied within the respective assessment district, and other than the lease payments payable in connection with the 2003 Certificates, which are payable from any source of legally available funds, the City has no General Fund outstanding long-term debt.

## Direct and Overlapping Bonded Debt

On the following page is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and effective August 1, 2016. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The Debt report on the following table includes the following information:

- In the information listed under the heading “OVERLAPPING TAX AND ASSESSMENT DEBT,” (1) the first column indicates the districts whose boundaries overlap with the City’s; (2) the second column shows the portion of each district’s tax and assessment debt that is applicable to property within the City; and (3) the third column lists each district’s total debt.
- In the information listed under the heading “DIRECT AND OVERLAPPING GENERAL FUND DEBT,” (1) the first column includes all direct and overlapping long-term debt obligations of the City’s General Fund; (2) the second column shows the portion of each obligation’s debt that is payable by the City’s General Fund; and (3) the third column lists each obligation’s outstanding debt.

**TABLE 9**  
**CITY OF ROCKLIN**  
**Statement of Direct and Overlapping Debt**  
**As of August 1, 2016**

2015-16 Assessed Valuation: \$7,889,899,710

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/16</u>
Rocklin Unified School District	98.514%	\$ 59,099,448
Placer Union High School District	1.695	431,046
Roseville Joint Union High School District	0.054	36,719
Loomis Union School District	6.546	287,697
Roseville City School District	0.096	17,555
Rocklin Unified School District Community Facilities District Nos. 1, 2 and 3	99.053-100.000	41,711,033
City of Rocklin Community Facilities District No. 3	100.000	3,448,150
City of Rocklin Community Facilities District No. 6	100.000	1,260,000
City of Rocklin Community Facilities District No. 7	100.000	1,521,481
City of Rocklin Community Facilities District No. 8	100.000	3,260,000
City of Rocklin Community Facilities District No. 9	100.000	3,885,000
City of Rocklin Community Facilities District No. 10	100.000	27,090,000
City of Rocklin Community Facilities District No. 11	100.000	7,447,199
California Statewide Community Development Authority 1915 Act Bonds	100.000	<u>11,529,955</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$161,025,283</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County Certificates of Participation	12.323%	\$ 4,142,376
Placer County Office of Education Certificates of Participation	12.323	182,380
Sierra Joint Community College District Certificates of Participation	9.318	675,928
Rocklin Unified School District Certificates of Participation	98.514	13,673,743
Placer Union High School District Certificates of Participation	1.695	63,817
Roseville Joint Union High School District Certificates of Participation	0.054	594
Loomis Union School District Certificates of Participation	5.363	150,432
Roseville City School District Certificates of Participation	0.096	8,405
<b>City of Rocklin Certificates of Participation</b>	<b>100.000</b>	<b>1,515,000<sup>(1)</sup></b>
South Placer Fire Protection District Certificates of Participation	1.191	63,183
Placer Mosquito & Vector Control District Certificates of Participation	12.323	<u>456,567</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$20,932,425</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$24,660,000
<b>COMBINED TOTAL DEBT</b>		<b>\$206,617,708<sup>(2)</sup></b>

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.04%
<b>Total Direct Debt (\$1,515,000) .....</b>	<b>0.02%</b>
Combined Total Debt .....	2.62%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$532,455,191):

Total Overlapping Tax Increment Debt .....	4.63%
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(1) Excludes Lease Revenue Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

## Employee Relations

The City has 232 authorized full-time positions for Fiscal Year 2016-17, of which 40% are sworn public safety personnel. There have been no work stoppages by City employees.

All regular full-time City employees except those classifications designated as either Management or Confidential are covered under negotiated agreements and are represented by the labor groups set forth below. Management and Confidential employees are unrepresented and covered by the City of Rocklin and Rocklin Management and Confidential Employees Rules, Regulations, Benefits, and Policies, which are approved on an annual basis. Each contract and expiration date is listed below.

- AFSCME Council 57, Local 146 AFL-CIO Representing City of Rocklin Public Service Employees-June 30, 2018.
- Rocklin Police Officers' Association-December 31, 2017.
- Public Safety Managers' Bargaining Unit-December 31, 2017.
- Rocklin Firefighter's Union Local 3847-December 31, 2017.

## Risk Management and Self-Insurance

*This section is derived from the most recent audited financial statements of the City. See APPENDIX B.*

The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
Liability Claim:		
\$0 - \$50,000	Self-insured	Banking layer
\$50,001 - \$500,000	NCCSIF	Shared risk
\$500,001 - \$40,000,000	Excess coverage	CJPRMA
Workers' Compensation:		
\$0 - \$100,000	Self-insured	Banking
\$100,001 - \$500,000	NCCSIF	Shared risk
\$500,001 - Statutory	Excess coverage	CSAC EIA

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty- two other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing administrative services, risk management services, and actuarial studies.

A member from each city governs the NCCSIF. City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimated claims that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City participates in excess California joint powers authorities. These JPAs self-fund to \$5,000,000 and then purchase reinsurance over that amount to their various limits. The City is self-insured for employee dental and vision claims. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Settlements have not exceeded the insurance coverage for the past three fiscal years.

The City's equity investment in the NCCSIF as of June 30, 2015, is \$931,192 is recorded in the general fund. The audited financial statements of the JPA are available at the NCCSIF's office. The following is a summary of the claims liabilities for the last three fiscal years:

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>
Claims payable, beginning of year	\$1,162,959	\$988,108	\$699,525
Claims and changes in estimates	418,596	494,813	795,318
Claims payments	(333,979)	(319,962)	(506,735)
Claims payable, end of year	\$1,246,576	\$1,162,959	\$988,108

*Source: City of Rocklin*

## **Employee Retirement System**

*This section is derived mostly from the most recent audited financial statements of the City. See APPENDIX B.*

**Plan Description.** All qualified employees are eligible to participate in the City's Miscellaneous agent multiple employer defined benefit pension plan or the Safety (Fire and Police) cost-sharing multiple employer defined benefit pension plans (the Plans) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on age at retirement, highest salary for either a one or three year period and years of credited service. The cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.



The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>		<u>Safety</u>		
	<u>Tier 1</u>	<u>PEPRA</u>	<u>Fire</u>	<u>Police</u>	<u>Police/PEPRA</u>
Hire Date	N/A	On or after Jan. 1, 2013	N/A	N/A	On or after Jan. 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50	52	50	50	50
Monthly benefits as a % of eligible compensation	1% to 2.5%	1% to 2.5%	3.00%	3.00%	2% to 2.7%
Required employee contribution rates	7.00%	6.25%	9.00%	9.00%	11.50%
Required employer contribution rates	17.06%	17.06%	27.85%	27.85%	11.50%

**Employees Covered.** At June 30, 2015, the following employees were covered by the benefit terms for the Plans:

	<u>Miscellaneous</u>	<u>Fire</u>	<u>Police</u>
Active	165	35	52
Transferred	94	36	22
Separated	129	7	11
Retired	83	16	31
Total	<u>471</u>	<u>94</u>	<u>116</u>

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plans were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Miscellaneous	\$1,521,604	\$714,896
Fire	707,697	510,219
Police	950,227	524,179

In addition to the annually required contributions, during fiscal years 2014-15 and 2015-16 the City paid an additional \$952,000 and \$409,500, respectively, toward the City's pension liability. The City is projecting an additional \$409,500 excess payment will be made in fiscal year 2016-17.

**Pension Liability.** As of June 30, 2015, the City reported net pension liabilities for each plan as follows:

	<u>Net Pension Liability</u>
Miscellaneous	\$1,521,604
Fire	707,697
Police	<u>950,227</u>
Total Net Pension Liability	<u>\$30,078,590</u>

The City's net pension liability for the Fire and Police Plans are measured as the proportionate share of the net pension liability while the Miscellaneous plan's net pension liability is a direct calculation based on its actuarial study and is not proportionate. The net pension liability of all the Plans are measured as of June 30, 2014, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability for the Fire and Police Plans was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Fire and Police Plans as of June 30, 2013 and 2014 was as follows:

	<u>Fire</u>	<u>Police</u>
Proportion - June 30, 2013	0.1579%	0.2120%
Proportion - June 30, 2014	<u>0.1521</u>	<u>0.2042</u>
Change	<u>(0.0058%)</u>	<u>(0.0078%)</u>

As of 2014, plan funding levels were 73.8% for Miscellaneous, 82.3% for Fire and 82.8% for Police. The following table shows the City's annual pension cost status for the five previous fiscal years.

<u>FY Ended</u>	<u>Annual Pension Cost</u>	<u>% of Annual Cost Contributed</u>	<u>Net Pension Obligation</u>
2011	\$3,345,733	100%	\$0
2012	3,617,734	100	0
2013	3,442,212	100	0
2014	3,720,725	100	0
2015	3,179,528	100	30,078,590

**Pension Expenses and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2015, the City recognized pension expense of \$3,650,753. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Fire</u>		<u>Police</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,539,038	\$ --	\$1,191,493	\$ --	\$2,032,540	\$ --
Adjustment due to differences in proportions	--	--	--	18,046	--	220,112
Net differences between projected and actual earnings on plan investments	<u>--</u>	<u>3,256,226</u>	<u>--</u>	<u>1,722,478</u>	<u>--</u>	<u>2,312,777</u>
Totals	<u>\$2,539,038</u>	<u>\$3,256,226</u>	<u>\$1,191,493</u>	<u>\$1,740,524</u>	<u>\$2,032,540</u>	<u>\$2,532,889</u>

The City reported \$5,763,071 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	<u>Recognized to Pension Expense</u>		
	<u>Miscellaneous</u>	<u>Fire</u>	<u>Police</u>
2016	(\$814,057)	(\$437,065)	(\$656,805)
2017	(814,057)	(437,065)	(656,805)
2018	(814,057)	(435,776)	(641,084)
2019	<u>(814,055)</u>	<u>(430,618)</u>	<u>(578,195)</u>
Totals	<u>(\$3,256,226)</u>	<u>(\$1,740,524)</u>	<u>(\$2,532,889)</u>

**Actuarial Assumptions.** The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% <sup>(1)</sup>
Investment Rate of Return	7.5% <sup>(2)</sup>
Mortality	<sup>(3)</sup>

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) Derived using CalPERS' membership data for all funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience

study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year.

CalPERS will continue to check the materiality of the difference in calculation until such time as they changes their methodology. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1-10<sup>(a)</sup></b>	<b>Real Return Years 11+<sup>(b)</sup></b>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the City's net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Miscellaneous</b>	<b>Fire</b>	<b>Police</b>
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$25,828,220	\$9,817,287	\$13,181,694
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$16,713,853	\$5,704,838	\$7,659,899
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$9,181,921	\$2,316,357	\$3,110,178

**Pension Plan Fiduciary Net Position.** Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### Other Post Employment Benefits

*This section is derived mostly from the most recent audited financial statements of the City. See APPENDIX B.*

**Plan Description.** The City provides certain health care benefits for eligible retired employees through the California Public Employees' Retirement System (CalPERS) under the Public Employees' Medical and Hospital Care Act (PEHMCA). This is a cost-sharing multiple-employer defined benefit plan. Eligible retirees may enroll in any of the available CalPERS medical plans. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the report may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Commencing with fiscal year 2014, the City participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established

to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 43, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans, disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Funding Policy.** By Council resolution and through agreements with its labor units, the City contributes a fixed amount towards the CalPERS medical plan premium for all eligible retirees with retirees contributing any premium amounts in excess of the City Contribution. The City funds the OPEB on a prefunded phase in basis. The City recognizes its cost by budgeting for and expensing the premiums, which amounted to \$1,121,343 for the year ended June 30, 2015. The City continues toward its goal of fully funding the OPEB obligation by making contributions to the California Employers' Retiree Benefit Trust (CERBT). During fiscal year 2014-15, the City contributed \$2.3 million to the CERBT. During fiscal year 2015-16, the City contributed an additional \$4.2 million to CERBT.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City plans to have the ARC fully funded by the end of fiscal year 2022.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the change in the City's net OPEB obligation:

Annual required contribution	\$3,938,000
Interest on net OPEB obligation	1,081,000
Other adjustments and expenses	3,789
Adjustment to annual required contribution	<u>(1,541,000)</u>
Annual OPEB cost (expense)	3,481,789
Contributions made	<u>(3,398,343)</u>
Increase in net OPEB obligation	83,446
Beginning balance adjustments	(1,548,000)
Net OPEB obligation - beginning of year	<u>21,830,121</u>
Net OPEB obligation - end of year	\$20,365,567

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year 2015 and the four preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$5,205,000	13%	\$10,651,188
2012	5,727,000	14	15,571,736
2013	5,652,000	16	20,305,368
2014	4,310,000	64	21,830,121
2015	3,481,789	98	20,365,567

**Funded Status and Funding Progress.** The funded status of the Plan as of June 30, 2015 was as follows:

Actuarial accrued liability (AAL)	\$30,473,000
Value plan of assets	<u>4,044,727</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$26,428,273</u>
Funded ratio (actuarial value of plan assets/AAL)	13%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution (ARC) was determined as part of a June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.5% return on the unfunded portion and 7.25% on the funded portion, (b) 3.25% projected annual salary increase, (c) 3.00% of general inflation increase, and (d) a healthcare trend of declining annual increases ranging from 8.0% to 8.3% in 2015 to 5% in 2020.

The unfunded actuarial accrued liability (UAAL) representing the difference between the actuarial accrued liability and the value of plan assets, amounted to \$26,428,273. As of June 30, 2015, the City additionally had total assets of \$11,197,211 in a City Retirees Health Fund. These funds are currently invested. As investments mature, available funds will be transferred to CERBT. The City's previous actions have reduced the City's Unfunded Liability from \$44,572,000 in Fiscal Year 2012 down to a projected \$28,007,000 in Fiscal Year 2015.

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS**

*The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.*

### **Article XIII A of the State Constitution**

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.



## **Article XIII B of the State Constitution**

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on Bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years.

If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit.

## **Articles XIII C and XIII D of the State Constitution**

**General.** On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to

Article XIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

**Taxes.** Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

**Property-Related Fees and Charges.** Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

**Reduction or Repeal of Taxes, Assessments, Fees and Charges.** Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the 2016 Bonds could be adversely affected.

**Burden of Proof.** Article XIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

**Judicial Interpretation of Proposition 218.** The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

**Impact on City’s General Fund.** The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

## **Proposition 1A; Proposition 22**

**Proposition 1A.** Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

**Proposition 22.** Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

### **Possible Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

## BOND OWNERS' RISKS

*The following describes certain special considerations and risk factors affecting the payment of and security for the 2016 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2016 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2016 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2016 Bonds. There can be no assurance that other considerations will not materialize in the future.*

### **No Pledge of Taxes**

**General.** The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the City, the Authority, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

**Limitations on Taxes and Fees.** Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIII C and Article XIII D of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIII C and Article XIII D of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIII C and Article XIII D of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIII C and Article XIII D of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIII C and Article XIII D of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

## **Additional Obligations of the City**

Other than the lease payments payable in connection with the 2003 Certificates, which are payable from any source of legally available funds, the City has no existing obligations payable from its General Fund. See "CITY FINANCIAL INFORMATION – No Outstanding General Fund Debt." However, the City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the 2016 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

## **No Reserve Fund**

No reserve fund will be established and maintained with respect to the 2016 Bonds. As a result, in the event on non-appropriation or non-payment of the Lease Payments in full when due, no other source of funds will be available to make payments of debt service Bonds while remedial actions are taken with respect to such non-appropriation or non-payment.

## **Default**

Whenever any event of default referred to in the Lease happens and continues, the City is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a detailed description of available remedies in the case of a default under the Lease.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2016 Bonds or pay debt service on the 2016 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

## **Abatement**

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial

abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2016 Bonds as and when due. See “SECURITY FOR THE 2016 BONDS – Abatement” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Although the City is required under the Lease to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See “SECURITY FOR THE 2016 BONDS – Property Insurance.”

In addition, the City is required to use the proceeds of rental interruption insurance maintained under the Lease to make debt service payments on the 2016 Bonds during any period of abatement. See “SECURITY FOR THE 2016 BONDS – Property Insurance.” However, there is no assurance that the City will receive proceeds of rental interruption insurance in time to make debt service payments on the 2016 Bonds when due.

## **Property Taxes**

***Levy and Collection.*** The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City’s property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City’s ability to pay principal of and interest on the 2016 Bonds when due.

***Reduction in Inflationary Rate.*** Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.” Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

***Appeals of Assessed Values.*** There are two types of appeals of assessed values that could adversely impact property tax revenues:

***Proposition 8 Appeals.*** Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals

board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

**Base Year Appeals.** A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City’s property tax revenues.

#### **Limitations on Remedies Available to Bond Owners**

The ability of the City to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” above. Furthermore, any remedies available to the owners of the 2016 Bonds upon the occurrence of an event of default under the Lease or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease and the Indenture, the rights and obligations under the 2016 Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2016 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel, concurrently with the issuance of the 2016 Bonds, will include a qualification that the rights of the owners of the 2016 Bonds and the enforceability of the 2016 Bonds and the Indenture, the Lease and the Site Lease may be

subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See "APPENDIX E — FORM OF OPINION OF BOND COUNSEL."

### **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," interest on the 2016 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2016 Bonds were issued, as a result of future acts or omissions of the City or the City in violation of their respective covenants in the Lease and the Indenture. Should such an event of taxability occur, the 2016 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the 2016 Bonds or, if a secondary market exists, that any 2016 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.



## TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2016 Bonds. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2016 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2016 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2016 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2016 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2016 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2016 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2016 Bonds who purchase the 2016 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2016 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2016 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2016 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2016 Bond (said term being the shorter of the 2016 Bond’s maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2016 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2016 Bond is amortized each year over the term to maturity of the 2016 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2016 Bond premium is not deductible for federal income tax purposes. Owners of

premium 2016 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2016 Bonds.

In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2016 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2016 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2016 Bonds other than as expressly described above.

### **CERTAIN LEGAL MATTERS**

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2016 Bonds, the form of which is set forth in “APPENDIX E — FORM OF OPINION OF BOND COUNSEL.” Certain legal matters will also be passed upon for the City and the Authority by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney.

### **LITIGATION**

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City’s obligations under the Lease.

## RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**"), and Fitch Ratings ("**Fitch**") have assigned the ratings of "AA" and "AA," respectively, to the 2016 Bonds.

On September 13, 2016, Fitch lowered its underlying rating on the 2003 Certificates to "AA" from "AA+" as a result of Fitch's analysis of the City related to the 2016 Bonds. In addition, Fitch lowered its issuer default rating on the City to "AA+" from "AAA". In a related press release, Fitch noted that "the downgrade reflects implementation of Fitch's revised criteria for U.S. State and local governments, which was released on April 18, 2016. Underlying credit factors since the time of Fitch's last review of the city are stable; however, the revised criteria place increased focus on Fitch's expectations on the independent legal ability to increase revenues relative to potential revenue declines in a moderate economic downturn, which Fitch assesses as consistent with the 'bb' category. The 'AA+' Issuer Default Rating reflects the city's solid expenditure control, low long-term liabilities, exceptional reserves and financial resilience and budget management practices." The entire press release is available from Fitch.

Such ratings reflect only the views of S&P and Fitch, and an explanation of the significance of such ratings, and any outlook assigned to or associated with such ratings, should be obtained from S&P and Fitch.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2016 Bonds may have an adverse effect on the market price or marketability of the 2016 Bonds.

## CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2016 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Purchaser in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in "APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City believes it currently is in material compliance with all of its continuing disclosure undertakings. Notwithstanding the foregoing, in the last five years:

- (1) The audited financial statements of the City and/or the Authority for certain fiscal years were filed after the dates required for such filings, in some cases more than 3 years late.

(2) The annual reports for fiscal year 2011-12 filed for certain undertakings were filed approximately one month late, and certain other annual reports did not contain all required information at the time of filing.

(3) The City failed to timely file certain significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying ratings for such obligations.

The City has taken steps intended to ensure compliance with its continuing disclosure undertakings going forward. To assist in future compliance with its continuing disclosure obligations, the City has engaged Willdan Financial Services as its dissemination agent.

### **MUNICIPAL ADVISOR**

The City and the Authority have retained Fieldman, Rolapp & Associates of Irvine, California, as municipal advisor (the "**Municipal Advisor**") in connection with the offering of the 2016 Bonds and the preparation of this Official Statement. The Municipal Advisor assisted in the preparation and review of this Official Statement. All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fee of the Municipal Advisor is contingent upon the successful closing of the 2016 Bonds.

### **COMPETITIVE SALE OF BONDS**

*The 2016 Bonds were sold pursuant to a competitive bidding process held on October 4, 2016\* pursuant to the terms set forth in the Official Notice of Sale with respect to the 2016 Bonds.*

The 2016 Bonds were awarded to \_\_\_\_\_ (the "**Purchaser**"), whose proposal represented the lowest true interest cost for the 2016 Bonds as determined in accordance with the 2016 Bonds Official Notice of Sale. The Purchaser has agreed to purchase the 2016 Bonds at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the 2016 Bonds of \$\_\_\_\_\_ plus/less an original issue premium/discount of \$\_\_\_\_\_ less a Purchaser's discount of \$\_\_\_\_\_. The Purchaser intends to offer the 2016 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Purchaser may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Purchaser.

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\* Preliminary; subject to change.

**PROFESSIONAL SERVICES**

In connection with the issuance of the 2016 Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the 2016 Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; Fieldman, Rolapp & Associates, Irvine, California, as Municipal Advisor; and MUFG Union Bank, N.A., as Trustee.

**EXECUTION**

The execution of this Official Statement and its delivery have been authorized by the Board of the Authority and the City Council of the City.

ROCKLIN PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair

CITY OF ROCKLIN

By: \_\_\_\_\_  
Assistant City Manager/ Chief Financial Officer

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## APPENDIX A

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease Agreement and the Indenture of Trust relating to the Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

### DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Additional Rental Payments” means the amounts of additional rental which are payable by the City under the Lease Agreement.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Bond Year” means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including November 1, 2016.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the City in which the trust office of the Trustee is located.

“Closing Date” means the date of original issuance of the Bonds.

“Construction Costs” means, all costs of the acquisition and construction of the Project which are paid from moneys on deposit in the Construction Fund, including but not limited to: (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of the Project; (b) obligations incurred for labor and materials in connection with the acquisition and construction of the Project; (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of the Project; (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of the Project; (e) any sums required to reimburse the Authority or the City for advances made for any of the above items or for any other costs incurred and for work done,

including but not limited to administrative costs of the Authority or the City, which are properly chargeable to the acquisition and construction of the Project; (f) all financing costs incurred in connection with the acquisition and construction of the Projects, including but not limited to Costs of Issuance and other costs incurred in connection with this Trust Agreement and the financing of the Project; and (g) the interest components of the Lease Payments during the period of acquisition and construction of the Project.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Lease Payment Date” means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

“Lease Payments” means the amounts payable by the City under the Lease Agreement as rental for the Leased Property, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof, but excluding Additional Rental Payments.

“Leased Property” means the real property described in Appendix A to the Lease Agreement, together with all improvements and facilities at any time situated thereon, consisting generally of the land and improvements which constitute the City’s police station.

“Net Proceeds” means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

“Office” means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Bond registration books of the Trustee.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under the Lease Agreement; (b) the Site Lease, the Lease and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Chicago Title



Company; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Permitted Investments" means any of the following:

- (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.
- (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P at the time of purchase.
- (d) Interest-bearing deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P at the time of purchase; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation.
- (e) Commercial paper rated "A-1+" or better by S&P at the time of purchase.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P at the time of purchase.
- (g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm at the time of purchase, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services.
- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P at the time of purchase, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).

- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P at the time of purchase.
- (j) Bonds or notes issued by any state or municipality which are rated A or better by S&P at the time of purchase.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A.
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Revenues” means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts payable by the City under the Lease Agreement in respect of additional debt, and (ii) any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

“Site Lease Payment” means the amount of \$\_\_\_\_\_ which is payable by the Authority to the City on the Closing Date under Section 3 of the Site Lease.

“S&P” means S&P Global Ratings, its successors and assigns.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

## **SITE LEASE**

Under the Site Lease, the City agrees to lease the Leased Property to the Authority in consideration of the payment by the Authority of the Site Lease Payment on the Closing Date. The Authority agrees to cause the full amount of the Site Lease Payment to be raised from the proceeds of the Bonds, and to cause the Site Lease Payment to be deposited with the Trustee in accordance with the terms of the Indenture. No further rent payment is due by the Authority for the lease of the Leased Property under the Site Lease. The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

## **LEASE AGREEMENT**

### **Lease of Leased Property; Term**

Under the Lease Agreement, the Authority leases the Leased Property back to the City. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture.

### **Lease Payments**

The City agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date, the City is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the City under the Lease Agreement. Any amount held in the Bond Fund, the Interest Account or the Principal Account on any Lease Payment Date (other than amounts specifically required to be credited to the prepayment of Lease Payments), will be credited towards the Lease Payment then coming due and payable.

### **Source of Payments**

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement relating to abatement.

### **Budget and Appropriation**

The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. Such covenant constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

### **Abatement of Lease Payments**

The Lease Payments will be abated under the Lease Agreement during any period in which there is substantial interference with the City's use and occupancy of all or any portion of the Leased Property, including interference due to: (a) damage or destruction of the Leased Property in whole or in part or (b) eminent domain proceedings with respect to the Leased Property or any portion thereof.

The amount of such abatement is required to be an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. In the event of such abatement, the City will have no obligation to pay abated Lease Payments and there is no remedy available to the Trustee or the Bond Owners arising from such abatement.

## **Option to Prepay**

The City has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$5,000, from any source of legally available funds, on any date on which the Bonds are subject to optional redemption, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such date, and together with a prepayment premium equal to the premium (if any) required to be paid on the corresponding redemption of Bonds under the Indenture.

## **Substitution of Property**

The City has the option at any time and from time to time during the term of the Lease Agreement to substitute other land, facilities or improvements (the "Substitute Property") for the Leased Property or portion thereof (the "Former Property") provided that the City must satisfy all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Placer County Recorder sufficient memorialization of, an amendment to the Lease Agreement which adds the legal description of the Substitute Property to the Lease Agreement and deletes therefrom the legal description of the Former Property.
- (c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the fair rental value of the remaining principal amount due under the Lease.
- (d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.
- (e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.
- (f) The City has filed with the Authority and the Trustee a written certification of the City stating that the estimated value of the Substitute Property is at least equal to the fair rental value of the remaining principal amount due under this Lease, and that the useful life of the Substitute Property at least extends to one year after the scheduled termination date of the Lease.
- (g) The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and

all references in the Site Lease and the Lease Agreement to the Former Property will apply with full force and effect to the Substitute Property. The City will not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

### **Release of Property**

The City has the option at any time and from time to time during the term of the Lease Agreement to release any portion of the Leased Property from the Lease Agreement (the "Released Property") provided that the City has satisfied all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Placer County Recorder sufficient memorialization of, an amendment which removes the Released Property from the Site Lease and the Lease Agreement.
- (c) The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to this Lease following such release is at least equal to the aggregate original principal amount of the Bonds, and the fair rental value of the property which remains subject to this Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder.
- (d) The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the term of the Site Lease and the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, the Lease Agreement and the Assignment Agreement of record against the Released Property.

### **Maintenance, Utilities, Taxes and Modifications**

The City, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Authority has no responsibility for such maintenance. The City is also obligated to pay all taxes and assessments charged to the Leased Property.

The City has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, provided that such additions, modifications and improvements do not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of such additions, modifications and improvements, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The City will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the City has the right in good faith to contest any such lien.

## **Insurance**

The Lease Agreement requires the City to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Bond Owners, the Authority and the Trustee:

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

If any insurance required pursuant to this provision is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

Casualty Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake insurance only if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance shall be applied as provided in the Lease Agreement.

Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or

use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the casualty insurance described above in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Recordation and Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and the Lease Agreement, or a memorandum thereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Placer County Recorder, and (b) obtain a CLTA title insurance policy from Chicago Title Company insuring the City's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease Agreement.

### **Assignment; Subleases**

The Authority has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The City may not assign any of its rights in the Lease Agreement. The City may sublease all or a portion of the Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause interest on the Bonds to become subject to federal or State of California personal income taxes.

### **Amendment of Lease Agreement**

The Authority and the City may at any time amend or modify any of the provisions of the Lease Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the outstanding Bonds; or (b) without the consent of any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

- to add to the covenants and agreements of the City contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City;
- to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform to the original intention of the City and the Authority;
- to modify, amend or supplement the Lease Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

- to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein;
- to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, (B) the City has filed with the Trustee a Written Certificate of the City stating that the estimated value of the Leased Property is, or following the completion of the acquisition and construction of any improvements to be financed from the proceeds of such bonds, notes or other obligations will be, at least equal to the aggregate original principal amount of the Bonds and all such other bonds, notes or other obligations, and (C) the City has filed with the Trustee written evidence that the amendments made under this clause (v) will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds; or
- in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

### **Events of Default**

Each of the following constitutes an Event of Default under and as defined in the Lease Agreement:

- Failure by the City to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.
- Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement, other than as referred to in the preceding paragraph, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the City commences to cure such failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.
- Certain events relating to the insolvency or bankruptcy of the City.

### **Remedies on Default**

Upon the occurrence and continuance of any Event of Default, the Authority has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Authority does not elect to terminate the Lease Agreement, the City remains liable to pay all Lease Payments as they come due and



liable for damages resulting from such Event of Default. Any amounts collected by the Authority from the reletting of the Leased Property will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be applied as set forth in the Indenture. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and by the Bond Owners as provided in the Indenture.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

## INDENTURE OF TRUST

### Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. A portion of the proceeds of the Bonds will be deposited by the Trustee in the Costs of Issuance Fund on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the Bonds and other related financing costs from time to time upon receipt of written requests of the Authority. On \_\_\_\_\_, 2016, or upon the earlier written request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Interest Account and shall thereupon close the Costs of Issuance Fund.

Site Lease Payment. Proceeds representing the Site Lease Payment will be transferred to the City.

Bond Fund; Deposit and Transfer of Amounts Therein. All Revenues will be deposited by the Trustee in the Bond Fund promptly upon receipt. On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

- (a) *Interest Account.* The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on all outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable, including accrued interest on any Bonds redeemed prior to maturity.
- (b) *Principal Account.* The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, including the principal amount of any term Bonds coming due and payable by operation of mandatory sinking fund redemption. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds at the maturity thereof or upon the mandatory sinking fund redemption thereof.

Redemption Fund. The Trustee will establish and maintain a Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of on the Bonds to be redeemed, other than the mandatory sinking fund redemption of term Bonds which will be paid from amounts in the Principal Account as described above. At any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority directs, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Insurance and Condemnation Fund; Application of Net Proceeds. Any Net Proceeds of insurance or condemnation awards with respect to the Leased Property will be deposited in the Insurance and Condemnation Fund. In the event of an insurance or eminent domain award, the Net Proceeds on deposit in the Insurance and Condemnation Fund will be used, as directed by the City, either:

- to replace, repair, restore, modify or improve the Leased Property if the City determines that such is economically feasible or in the best interests of the City, or
- to the extent not so used, to prepay the Lease Payments and thereby redeem outstanding Bonds.

If the City fails to determine and notify the Trustee in writing of its determination, within 45 days following the date of such deposit, to replace, repair, restore, modify or improve the Leased Property which has been damaged or destroyed, then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of Bonds on the next available redemption date.

Notwithstanding the foregoing, however, in the event of damage or destruction of the Leased Property in full, the Net Proceeds of such insurance are required to be used by the City to rebuild or replace the Leased Property if such proceeds are not sufficient to redeem outstanding Bonds equal in aggregate principal amount to the unpaid Lease Payments.

### **Investment of Funds; Determination of Value of Investments**

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the Authority in advance of the making of such investments. In the absence of any such direction of the Authority, the Trustee will invest any such moneys in Permitted Investments consisting of money market funds. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Bond Fund. For the purpose of determining the amount in any fund or account established under the Indenture, the value of investments credited to such fund will be calculated at the market value thereof, in accordance with the procedures specified in the Indenture.

## **Covenants of the Authority**

Payment of Bonds. The Authority will punctually pay or cause to be paid the principal of and interest and premium (if any) on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but only out of the Revenues and other assets pledged for such payment as provided in the Indenture. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries will be made of all transactions relating to the proceeds of the Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority and the City during regular business hours and upon reasonable prior notice.

No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Tax Covenants. The Authority will not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the Bonds which would cause any of the Bonds to be “arbitrage bonds” or “private activity bonds” within the meaning of the Tax Code. The Authority will cause to be calculated annually all excess investment earnings which are required to be rebated to the United States of America under the Tax Code, and will cause all required amounts to be rebated from payments made by the City for such purpose under the Lease Agreement.

Lease Agreement. The Trustee will promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of the Indenture governing the enforcement of remedies upon the occurrence of an Event of Default, the Trustee is required to enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease Agreement.

## **Amendment of Indenture**

The Indenture may be modified or amended at any time by a supplemental indenture with the prior written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- To add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority.
- To cure any ambiguity, inconsistency or omission in the Indenture, or correct any defective provision in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, so long as such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Trustee.
- To modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute at any time in effect.
- To modify, amend or supplement the Indenture so as to cause interest on the Bonds to remain excludable from gross income under the Tax Code.
- to facilitate the issuance of additional obligations of the City under the Lease Agreement. See “LEASE AGREEMENT – Amendment of Lease Agreement” above.

## **Events of Default**

Events of Default Defined. The following events constitute events of default under the Indenture:

- Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- Failure to pay any installment of interest on the Bonds when due.
- Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; *provided, however*, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

- The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- The occurrence and continuation of any Event of Default under and as defined in the Lease Agreement. See “LEASE AGREEMENT - Events of Default” above.

Remedies. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, including but not limited to enforcement of any and all rights granted to the Authority or the Trustee under the Lease Agreement.

No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Application of Revenues and Other Funds After Default. If an Event of Default has occurred and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

- (1) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;
- (2) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, as follows:

*First:* To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

*Second:* To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

- such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;
- said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee; and
- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then outstanding.

### **Discharge of Indenture**

The Authority may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways:

- by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;
- by irrevocably depositing with the Trustee, in trust, at or before maturity, cash and/or non-callable Federal Securities which, together with the investment earnings to be received thereon, have been verified by an independent accountant to be sufficient to pay or redeem such Bonds when and as the same become due and payable; or
- by delivering to the Trustee, for cancellation by it, all of such Bonds.

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other obligations of the Authority under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDING JUNE 30, 2015**

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# City of Rocklin, California

**Comprehensive Annual Financial Report**

**June 30, 2015**

**Prepared by:**

**Administrative Services Department  
Kim Sarkovich, City Treasurer/Assistant City Manager/Chief Financial Officer  
Mary Rister, Finance Officer**

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**CITY OF ROCKLIN  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2015**

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**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Transmittal Letter ..... 2  
 Organizational Chart ..... 5  
 List of Officials..... 6

**FINANCIAL SECTION**

Independent Auditor’s Report..... 9  
 Management’s Discussion and Analysis (Required Supplementary Information) ..... 11

Basic Financial Statements:

*Government-Wide Financial Statements:*

Statement of Net Position ..... 24  
 Statement of Activities ..... 25

*Fund Financial Statements*

*Governmental Funds:*

Balance Sheet ..... 28  
 Reconciliation of the Government Funds Balance Sheet  
 to the Government-Wide Financial Statement of Net Position ..... 30  
 Statement of Revenues, Expenditures and Changes in Fund Balances ..... 31  
 Reconciliation of the Governmental Funds Statement of Revenues,  
 Expenditures and Changes in Fund Balances to the Government-Wide  
 Statement of Activities ..... 33

*Proprietary Funds (Fleet Management Internal Service Fund):*

Statement of Net Position ..... 34  
 Statement of Revenues, Expenses, and Changes in Fund Net Position ..... 35  
 Statement of Cash Flows..... 36

*Fiduciary Funds:*

Statement of Fiduciary Net Position ..... 37  
 Statement of Changes in Fiduciary Net Position ..... 38

Notes to the Basic Financial Statements ..... 39  
 Note 1 – Significant Accounting Policies ..... 40  
 Note 2 – Cash and Investments ..... 52  
 Note 3 – Interfund Transactions..... 55  
 Note 4 – Loans Receivable ..... 57  
 Note 5 – Capital Assets ..... 59  
 Note 6 – Noncurrent Liabilities ..... 60  
 Note 7 – Net Position/Fund Balance ..... 62  
 Note 8 – Risk Management..... 64  
 Note 9 – Retirement Plans ..... 65  
 Note 10 – Other Postemployment Benefit Plan..... 70  
 Note 11 – Commitments and Contingencies ..... 73  
 Note 12 – Special Tax Assessment Districts..... 74  
 Note 13 – Successor Agency Trust (Former RDA) ..... 77

**CITY OF ROCKLIN  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2015**

---

**TABLE OF CONTENTS CONTINUED**

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – General Fund .....	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Rocklin Public Financing Authority Debt Service Fund.....	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Low and Moderate Income Housing Fund .....	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Traffic Circulation Impact Fee Fund .....	85
Schedule of Pension Contributions (GASB 68).....	86
Schedule of Net Pension Liabilities and Proportionate Shares (GASB 68).....	87
Retiree Healthcare Plan – Schedule of Funding Progress .....	88

**SUPPLEMENTARY INFORMATION**

*Combining Nonmajor Governmental Funds:*

Combining Balance Sheet .....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	91

*Combining Special Revenue Nonmajor Governmental Funds:*

Combining Balance Sheet .....	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	98
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Budget and Actual (GAAP Basis) .....	102

*Combining Capital Projects Nonmajor Governmental Funds:*

Combining Balance Sheet .....	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	122

*Combining Permanent Nonmajor Governmental Funds:*

Combining Balance Sheet .....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	127

*Combining Agency Funds:*

Combining Statement Balance Sheet .....	130
Combining Statement of Changes in Assets and Liabilities .....	133

**STATISTICAL SECTION**

Net position by Component .....	140
Changes in Net position.....	142
Fund Balances of Governmental Funds .....	146
Changes in Fund Balances of Governmental Funds.....	148
Assessed Value and Actual Value of Taxable Property .....	150
Direct and Overlapping Property Tax Rates .....	151
Principal Property Tax Payers.....	152
Property Tax Levies and Collections.....	153
Ratios of Outstanding Debt by Type .....	154
Direct and Overlapping Debt .....	155
Legal Debt Margin Information .....	156
Demographic and Economic Statistics .....	158



**ROCKLIN**  
CALIFORNIA

**INRODUCTORY SECTION**



**CITY OF ROCKLIN**

3970 Rocklin Road  
Rocklin, California 95677  
Telephone (916) 625-5000  
Fax (916) 625-5095

April 26, 2016

To the Honorable Mayor, Members of the City Council, and Citizens of Rocklin, California:

This Comprehensive Annual Financial Report (CAFR) for the City of Rocklin, California (the City), for the Fiscal Year ended June 30, 2015 is hereby submitted for your review. We are pleased to inform you our auditors, Chavan & Associates, LLP, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2015. The independent auditor’s report is presented as the first item in the financial section of the report.

Management assumes all responsibility for the completeness and reliability of the information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the respective financial position and changes of the City, as of June 30, 2015.

The CAFR is published to provide information about the City to its citizens, the investment community, the general public, and others who may have an interest in the financial information regarding the City. This letter of transmittal is designed to be read with and complement the Management’s Discussion and Analysis (MD&A) which reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A can be found immediately following the report of the independent auditors.

**PROFILE OF THE CITY**

The City, incorporated in 1893, is located on Interstate 80 and Highway 65, 20 miles northeast of Sacramento at the base of the Sierra foothills in Placer County, California. The City encompasses 20 square miles and as of 2015 had a population of 60,252. The City has been historically known as a safe community with low crime rates, excellent schools, and beautiful parks. It is home to the accredited Sierra College and an accredited private institution of higher education; William Jessup University. The City continues to be a leader in providing excellent services, a safe community, and a high quality of life.

The City provides the following public services: public safety (police, fire), planning and zoning, construction and maintenance of streets, parks, storm drains and other infrastructure, culture and recreation, economic development and general administrative services. The City maintains a website located at: <https://www.rocklin.ca.us> that provides online services and extensive information about the City.

The City operates according to the Council-City Manager form of government which vests authority in an elected City Council. The City Council is the City's legislative and policymaking body and appoints the City Manager who is responsible for the overall administration of the City. In addition to the appointment of the City Manager, the City Council also appoints the City Attorney, City Treasurer, City Clerk and members of the Planning Commission, Parks & Recreation Commission and a Building Appeals Board.

The City Council also acts as the Board of Directors for the Rocklin Public Financing Authority. The Rocklin Public Financing Authority was formed as a joint powers authority between the City and the former Rocklin Redevelopment Agency to serve as a financing mechanism for various capital projects. For financial reporting purposes the Rocklin Public Financing Authority is considered a component unit of the City of Rocklin and is incorporated within this document. Additional information on this legally separate entity can be found in Note 1 of the notes to the financial statements.

The City has established a Redevelopment Successor Agency which replaced the former Rocklin Redevelopment Agency that was dissolved in 2012. The Successor Agency is not a component unit of the City and is instead a separate legal entity overseen by an oversight board and the California State Department of Finance. The City's role as the Successor Agency is fiduciary in nature. The Successor Agency is reported as a private-purpose trust fund, a fiduciary fund type. Additional information can be found in Note 13 of the notes to the financial statements.

The City prepares an annual budget which is submitted to Council for review and approval. This budget serves as the foundation of the City's financial planning and control. Through the annual budget process City Council appropriates funds to provide public services. Activities of General, Special Revenue, Debt Service, Capital Project, and Internal Service Funds are included in the annual budget appropriation. The annual budget process begins with a strategic planning meeting between management and City Council. Managers then incorporate the meeting results into detailed requests from each department submitted for evaluation to the City Manager. The City Manager may revise these budget requests and then a draft budget is prepared and submitted to City Council by May 15th. City Council reviews and may revise the draft budget in a workshop open to the public. Per Chapter 3.28 of the Rocklin Municipal Code, the final budget must be presented to and adopted by City Council by June 30th of each year. A copy of the final budget is available for download on the City's website.

The City has established a comprehensive framework of internal controls designed so assets of the government are protected from loss, theft or misuse. This framework is designed so accurate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls provide reasonable, but not absolute, assurance these objectives are met. Reasonable assurance provides that the cost of internal controls should not exceed the benefits and that decisions often require the use of estimates and judgments by management.

**ECONOMIC FACTORS AND OUTLOOK**

The City of Rocklin continued to show economic improvements during the 2014/2015 fiscal year. New residential and commercial development activity brought an increase in population and job growth. The unemployment rate for the City dropped to 4.9% in 2015. Sales Tax revenue increased 20.4%. Increases in property values resulted in an increase in Property Tax revenues of 11.5% over the previous year. The

City is expected to show continued economic improvements in the next fiscal year which will result in additional property and sales tax growth. The City is projecting a 4.7% increase in property taxes and 12.9% increase in sales tax for fiscal year 2015/2016.

**ACKNOWLEDGMENTS**

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of staff from the Administrative Services Department, the auditing firm of Chavan & Associates, LLP, and the cooperation and assistance of all City departments. We commend the Council for its interest, support, and exemplary leadership in planning and conducting the financial operations of the City in a responsive and progressive manner.

Respectfully submitted,



Kim Sarkovich  
Assistant City Manager/Chief Financial Officer

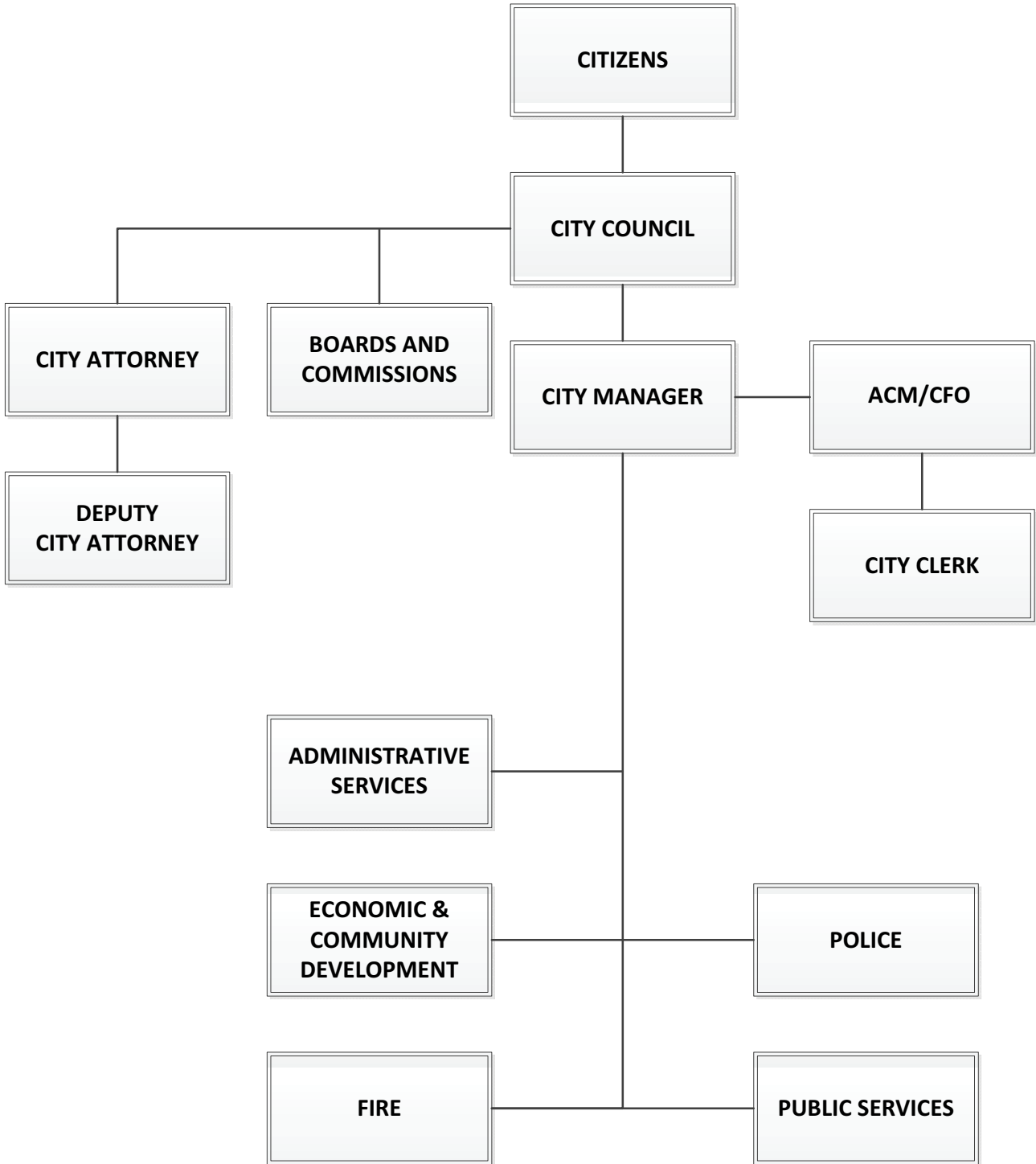


Mary Rister  
Finance Officer



# City of Rocklin

## Organizational Chart



**City of Rocklin**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2015**

**List of Officials - Current**

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<b>City Council</b>
---------------------

	<b><u>Term Expires</u></b>
Greg Janda, Mayor	November 2016
Dave Butler, Vice Mayor	November 2016
George Magnuson, Councilmember	November 2016
Diana Ruslin, Councilmember	November 2018
Scott Yuill, Councilmember	November 2018

<b>City Officials</b>
-----------------------

	<b><u>Position</u></b>
Ricky A. Horst	City Manager
Ron Lawrence	Chief of Police
Kurt Snyder	Interim Fire Chief
Kim Sarkovich	Assistant City Manager/Chief Financial Officer
Russell E. Hildebrand	City Attorney
Barbara Ivanusich	City Clerk



**ROCKLIN**  
**CALIFORNIA**

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the  
City Council of the City of Rocklin  
Rocklin, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rocklin (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rocklin, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Comparative Information*

The financial statements of the City for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on February 2, 2015.



*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The transmittal letter, combining individual non-major fund schedules and statistical data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining individual non-major fund schedules 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.

*New Accounting Principles*

As discussed in Notes 1 and 9 to the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective June 30, 2015 and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

October 22, 2015  
San Jose, California



**ROCKLIN**  
CALIFORNIA

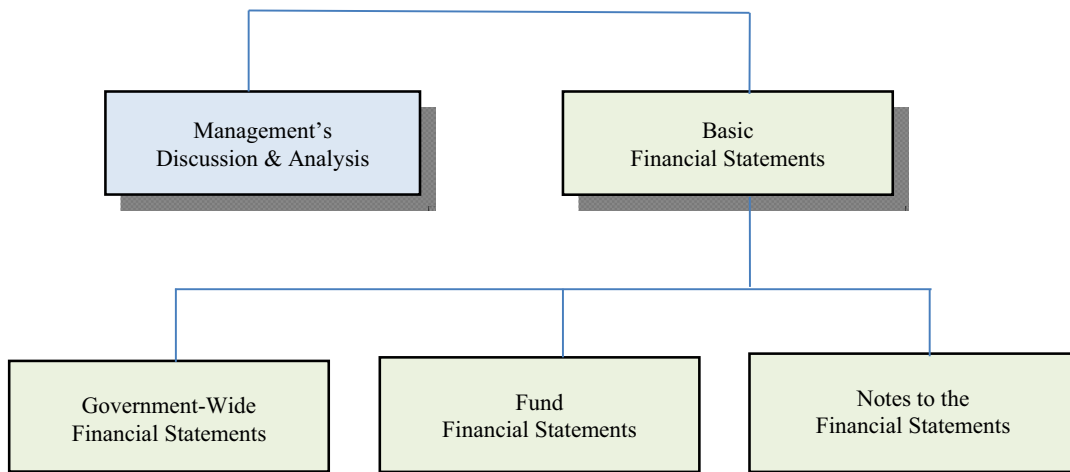
**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**INTRODUCTION**

The Management’s Discussion and Analysis (MD&A) is a required section of the City’s Comprehensive Annual Financial Report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the City’s financial performance during the fiscal year that ended on June 30, 2015. This report will (1) provide an overview of the City’s financial activity, (2) identify changes in the City’s financial position, (3) focus on significant financial issues, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the Basic Financial Statements is intended to provide a comprehensive understanding of the City’s operations and financial standing.

**Required Components of the Comprehensive Annual Financial Report**



**FISCAL YEAR 2014/2015 FINANCIAL HIGHLIGHTS**

- As of the close of the fiscal year 2014/2015, the assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$317.7 million (government-wide net position).
- In December 2015, Fitch Ratings affirmed the City’s ratings of “AAA” for general obligation bonds and “AA+” for Certificates of Participation with a stable outlook. In addition, the City has maintained its Standard and Poor’s ratings of “AA+” for general obligation bonds and “AA” for Certificates of Participation.
- The unassigned fund balance in the General Fund decreased 6% from the prior year amount of \$7.1 million to \$6.7 million, primarily due to increases in committed balances for Operating Reserve and Retiree’s Health Insurance Reserve.
- General Fund revenues were \$39.23 million, while General Fund expenditures were \$42.14 million. Transfers in to the General Fund from other funds were \$5.76 million and transfers out totaled \$2.10 million, resulting in a Net Change in General Fund Balance of \$743,461.
- The City’s Government-Wide General Revenues increased 14% from \$38.5 million to \$43.9 million from the prior year. General revenues include items such as property tax, sales tax, gas tax, motor vehicle fees, franchise fees, impact fees, investment earnings, and other revenues.



- The City's Government-Wide expenses increased 2% from \$62.3 million to 63.7 million from the prior year, due mainly to increases in General Services Expenses.
- The City continued toward its goal of fully funding the City's Other Post Employment Benefit (OPEB) obligation by making contributions during the fiscal year to the California Employers' Retiree Benefit Trust (CERBT). The CERBT is a tax-qualified irrevocable trust established to prefund retiree health benefits. During the fiscal year, the City contributed \$2.3 million to the CERBT.
- Beginning in fiscal year 2014/2015, the City implemented the provisions of GASB 68, which required the City's net pension obligation to be reported in the Government-Wide Financial Statements. Significant impacts of this implementation are summarized below:
  - As reported on the Statement of Activities, a prior period reduction of \$33.9 million was necessary to restate the beginning of the year net position of \$354.9 million to \$321.0 million as a result of recording the City's net pension obligation.
  - The City's net pension obligation of \$30.078 million was added to the Statement of Net Position as a noncurrent liability resulting in a total Net Position of \$317.7 million as of June 30, 2015.
  - Unrestricted net position decreased from \$26.6 million as of June 30, 2014 to negative \$7.4 million as of June 30, 2015 (reduction of \$34.0 million).
- In addition to proactively addressing the OPEB obligation, the city has been proactively addressing the Pension obligation. One new effort, which the City instituted is a new key management practice, "Unfunded Pension Liability Reduction", which utilizes 50% of any increase in General fund unassigned (unreserved) fund balance as of the Fiscal Year-end to pay down the City's unfunded pension liability.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The Basic Financial Statements are comprised of 1) Government-wide (City-wide) Financial Statements, 2) Fund Financial Statements, and; (3) Notes to the Financial Statements. The Government-wide and Fund Financial statements provide the reader two different perspectives of the City's financial activities and financial position.

#### The Government-Wide Financial Statements

*Government-Wide Financial Statements* provide a longer-term view of the City's activities as a whole, and comprise the *Statement of Net Position* and the *Statement of Activities*. The *Statement of Net Position* provides information about the financial position of the City, including all its capital assets and long-term liabilities on a full accrual basis, similar to that used by corporations. The *Statement of Activities* provides information about all the City's revenues and all its expenses, also on a full accrual basis, with the emphasis on measuring net revenues and/or expenses for each of the City's programs. The *Statement of Activities* explains in detail the change in Net Position for the fiscal year.

All of the City's activities are required to be grouped into government activities and business-type activities. The entire amount in the *Statement of Net Position* and the *Statement of Activities* are also required to be separated into governmental activities or business-type activities in order to distinguish between these two types of activities of the City.

Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. The *Statement of Net Position* and the *Statement of Activities* present information about the following:

*Governmental Activities* – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, general services, and interest and fiscal charges. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and recreation program fees.

### **Fund Financial Statements**

*Fund Financial Statements* report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities. Each major fund is presented individually, and all non-major funds are summarized and presented in a single column. Subordinate schedules present the detail of non-major funds. The City's funds are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available at year-end. Financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Carrying amounts for capital assets and other long-lived assets, along with long-term liabilities are not presented on the balance sheet in the governmental fund financial statements. 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 the City's near-term financing requirements. For fiscal year 2014/2015, the City had 4 major funds, 16 non-major special revenue funds, 6 non-major capital projects funds, and 2 permanent funds.

*Proprietary Funds* – The City has and maintains one type of proprietary fund, an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its fleet operations. Because this service predominately benefits only governmental functions, it has been included within governmental activities in the government-wide financial statements.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide financial statements because the resources of these funds are not available to support the City of Rocklin's own programs. The accounting for fiduciary funds is much like that used for business type activities. For fiscal year 2014/2015, the City had one private purpose trust fund and 8 agency funds.

**NOTES TO THE FINANCIAL STATEMENTS**

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information other than the MD&A follows the Notes and includes a budgetary comparison for the General Fund and other major funds as presented in the governmental fund financial statements.

**SUPPLEMENTARY INFORMATION**

Combining and individual fund statements and schedules are included to provide additional information on non-major governmental funds including special revenue, debt service, capital project funds, proprietary internal service fund information and agency funds. An unaudited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as an indicator of the City's financial position. The City's Total Net Position decreased \$37.2 million, from \$354.9 million in fiscal year 2013/2014 to \$317.7 million in fiscal year 2014/2015. A significant portion of the City's net position (\$302.6 million) was net investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, and vehicles) net of accumulated depreciation and reduced by any related debt used to acquire or construct those assets. The City uses capital assets to provide services to its citizens and therefore these assets are not available for future spending.

As mentioned previously, the City implemented GASB 68 as of June 30, 2015, which resulted in a decrease to beginning net position of \$33.9 million. The City's Net Pension obligation as of June 30, 2015 is \$30.078 million which is included in the \$62.65 million Noncurrent Liabilities total below. Total Net Position decreased \$37.2 million to \$317.7 million primarily as a result of the recordation of the Net Pension obligation. See note 9 for detailed information related to the Plans and GASB 68.

The following table summarized the City's ending net position:

**Table 1 - Net Position**

	<b>Governmental Activities</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2015</b>	<b>2014</b>		
<b>Assets</b>				
Current and other assets	\$ 78,293,509	\$ 82,278,701	\$ (3,985,192)	-4.8%
Capital assets - net	312,913,713	314,833,919	(1,920,206)	-0.6%
<b>Total Assets</b>	<b>\$ 391,207,222</b>	<b>\$ 397,112,620</b>	<b>\$ (5,905,398)</b>	<b>-1.5%</b>
<b>Deferred Outflows of Resources</b>				
	\$ 5,763,071	-	\$ 5,763,071	100.0%
<b>Liabilities</b>				
Current and other liabilities	\$ 9,090,340	\$ 7,187,968	\$ 1,902,372	26.5%
Noncurrent liabilities	62,652,013	34,977,260	27,674,753	79.1%
<b>Total Liabilities</b>	<b>\$ 71,742,353</b>	<b>\$ 42,165,228</b>	<b>\$ 29,577,125</b>	<b>70.1%</b>
<b>Deferred Inflows of Resources</b>				
	\$ 7,529,639	-	\$ 7,529,639	100.0%
<b>Net Position</b>				
Net investment in capital assets	\$ 302,623,713	\$ 303,473,919	\$ (850,206)	-0.3%
Restricted	22,509,945	24,905,118	(2,395,173)	-9.6%
Unrestricted	(7,435,357)	26,568,355	(34,003,712)	-128.0%
<b>Total Net Position</b>	<b>\$ 317,698,301</b>	<b>\$ 354,947,392</b>	<b>\$ (37,249,091)</b>	<b>-10.5%</b>

**Governmental Activities**

As shown in the *Statement of Activities* schedule below, the net change in program revenues from the prior fiscal year for governmental activities is a decrease of \$2.7 million. The net change in general revenues from the prior year is an increase of \$5.4 million, for a total increase in revenues (excluding special items) of \$2.7 million. The net change in expenses from the prior year was an increase of \$1.4 million. As shown below, there was a one-time transfer, in 2013/2014, of \$11.5 million from the Successor Agency to the City related to the housing program.

With total program, general revenues and special item for fiscal year 2014/2015 at \$60.4 million and total expenses at \$63.7 million, the change in net position for current activity was a decrease of \$3.3 million, excluding the prior period adjustments totaling \$33.9 million from GASB 68.

An analysis of the changes in revenues and expenses by type of significant events follows:

<b>Table 2 - Statement of Activities</b>
--

Functions/Programs	Governmental Activities		Dollar Change	Percent Change
	2015	2014		
<b>Program Revenues</b>				
Charges for services	\$ 11,215,081	\$ 11,318,711	\$ (103,630)	-0.92%
Operating grants and contributions	5,280,395	5,027,116	253,279	5.04%
Capital grants and contributions	185,434	3,031,936	(2,846,502)	-93.88%
<b>Total Program Revenues</b>	<b>16,680,910</b>	<b>19,377,763</b>	<b>(2,696,853)</b>	<b>-13.92%</b>
<b>General Revenues</b>				
Taxes and assessments	41,224,189	36,792,420	4,431,769	12.05%
Investment earnings	1,789,996	1,531,756	258,240	16.86%
Other revenues	868,893	156,152	712,741	456.44%
<b>Total General Revenues</b>	<b>43,883,078</b>	<b>38,480,328</b>	<b>5,402,750</b>	<b>14.04%</b>
<b>Special Item Loss on Disposal of Capital Assets</b>	<b>(189,630)</b>	<b>-</b>	<b>(189,630)</b>	<b>-100.00%</b>
<b>Special Item Transfer from Successor Agency</b>	<b>-</b>	<b>11,481,353</b>	<b>(11,481,353)</b>	<b>-100.00%</b>
<b>Total General Revenues and Special Item</b>	<b>43,693,448</b>	<b>49,961,681</b>	<b>(6,268,233)</b>	<b>-12.55%</b>
<b>Expenses</b>				
General government	12,774,913	12,616,551	158,362	1.26%
Public safety	18,646,375	20,157,508	(1,511,133)	-7.50%
General services	29,624,287	26,870,694	2,753,593	10.25%
Community development	2,070,085	2,111,334	(41,249)	-1.95%
Interest on fiscal charges	570,731	521,835	48,896	9.37%
<b>Total Expenses</b>	<b>63,686,391</b>	<b>62,277,922</b>	<b>1,408,469</b>	<b>2.26%</b>
Increase / (Decrease) in Net Position	(3,312,033)	7,061,522	(10,373,555)	-146.90%
Prior Period Adjustments	(33,937,058)	-	(33,937,058)	-100.00%
<b>Net Position, Beginning of Year</b>	<b>354,947,392</b>	<b>347,885,870</b>	<b>7,061,522</b>	<b>2.03%</b>
<b>Net Position, End of Year</b>	<b>\$ 317,698,301</b>	<b>\$ 354,947,392</b>	<b>\$ (37,249,091)</b>	<b>-10.49%</b>

**Governmental Revenues**

Significant changes in governmental revenues consisted of the following:

- Capital grants and contributions decreased by \$2.8 million (94%) as a result of completion of grant funded Infrastructure projects completed in 2013/2014.
- Taxes, including assessments and related fees, increased by \$4.4 million (12%) from increases in property taxes, special assessments, transient tax, sales tax and impact fees.
- Investment earnings increased by \$258,240 (12%) from interest received on housing loans, partially offset by market fluctuations.
- Other Revenues increased \$712,741 (456%) primarily due to the City receiving Mandated Payments from the State of California.
- In 2013/2014, the City of Rocklin became the housing successor for the former Rocklin Redevelopment Agency. As a result, there was a onetime transfer of \$11.5 million from the Successor Agency to the City for the housing program.

**Governmental Expenses**

Significant changes in governmental expenses consisted of the following:

- General Service expenses increased by \$2.8 million (10%) due to an increase in depreciation expense on capital assets of \$3.3 million, net of the GASB 68 expense decrease of \$371,867. The increased depreciation was a result of recently completed infrastructure projects being depreciated in 2014/2015.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

A summary of the changes in fund balance of the Major Funds and Other Governmental Funds is presented below:

**Table 3 - Summary of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**

	Major Funds					Total
	General Fund	Rocklin Public Financing Authority Debt Service Fund	Low and Moderate Income Housing Asset Fund	Traffic Circulation Impact Fee Fund	Nonmajor Governmental Funds	
Total Revenues	\$ 39,225,040	\$ 565,028	\$ 425,153	\$ 4,519,453	\$ 15,568,411	\$ 60,303,085
Total Expenditures	(42,144,128)	(1,021,251)	(125,000)	(7,320,060)	(15,018,740)	(65,629,179)
Revenues Over (Under) Expenditures	(2,919,088)	(456,223)	300,153	(2,800,607)	549,671	(5,326,094)
Transfers In	5,760,112	-	-	-	848,639	6,608,751
Transfers Out	(2,097,563)	-	-	(1,157,965)	(2,990,391)	(6,245,919)
Net Change in Fund Balances	743,461	(456,223)	300,153	(3,958,572)	(1,592,081)	(4,963,262)
Beginning of Year	33,426,814	11,450,418	11,488,399	6,600,980	12,046,987	75,013,598
End of Year	\$ 34,170,275	\$ 10,994,195	\$ 11,788,552	\$ 2,642,408	\$ 10,454,906	\$ 70,050,336

The total change in fund balance during the year, including Major Funds and Other Governmental Funds, was a decrease of \$5.0 million. Total ending fund balance was \$70.1 million.

**CAPITAL ASSETS**

The capital assets of the City are those assets which are used in the performance of the City’s functions including infrastructure assets. At June 30, 2015, net capital assets of the governmental activities totaled \$312.9 million. Depreciation on capital assets is recognized in the Government-Wide Financial Statements and totaled \$11.7 million. The following table summarizes the City’s capital assets at the end of the year:

**Table 4 - Capital Assets at Year End - Net**

	<b>Governmental Activities</b>		<b>Dollar</b>	
	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>% Change</b>
Land	\$ 5,230,395	\$ 5,230,395	\$ -	0.00%
Land improvements	108,402	108,402	-	0.00%
Park Land	53,693,948	53,693,948	-	0.00%
Construction in Progress	15,464,618	12,705,867	2,758,751	21.71%
Buildings	17,905,587	19,154,598	(1,249,011)	-6.52%
Facilities & other improvements	1,536,525	1,633,795	(97,270)	-5.95%
Machinery & equipment	136,400	62,440	73,960	118.45%
Fleet machinery & equipment	2,784,380	3,020,734	(236,354)	-7.82%
Park Buildings	578,642	610,454	(31,812)	-5.21%
Park Equipment	-	16,128	(16,128)	-100.00%
Park Improvements	4,582,154	5,412,752	(830,598)	-15.35%
Infrastructures	210,892,662	213,184,406	(2,291,744)	-1.08%
Total Capital Assets, Net	<u>\$ 312,913,713</u>	<u>\$ 314,833,919</u>	<u>\$ (1,920,206)</u>	-0.61%

Additional detail and information on capital asset activity is described in Note 5 of this report.



**DEBT ADMINISTRATION**

During the year, Long-Term Debt from governmental activities increased by \$27.8 million primarily due to the implementation of GASB 68.

The following table summarizes the City’s debt at the end of the year:

<b>Table 5 - Long-Term Debt</b>				
	<b>Governmental Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>Dollar Change</b>	<b>% Change</b>
2003 Certificates of Participation	\$ 1,980,000	\$ 2,430,000	\$ (450,000)	-18.52%
2003 PFA Refunding Revenue				
Bonds-Senior	7,575,000	8,110,000	(535,000)	-6.60%
2003 PFA Refunding Revenue				
Bonds - Subordinate	735,000	820,000	(85,000)	-10.37%
Claims Payable	1,247,576	1,162,959	84,617	7.28%
Net Pension Obligation	30,078,590	-	30,078,590	100.00%
Net OPEB Obligation	20,365,567	21,830,121	(1,464,554)	-6.71%
Compensated Absences	3,169,496	3,021,108	148,388	4.91%
Total Long-Term Debt	<u>\$ 65,151,229</u>	<u>\$ 37,374,188</u>	<u>\$ 27,777,041</u>	74.32%

Additional detail and information on long-term debt activity is described in Note 6 of this report.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Changes from the City's General Fund 2014/2015 original budget to the final budget are detailed in the Required Supplementary Information Section along with a comparison to actual activity for the year ended. Changes to the City's budget that increase or decrease appropriations in a fund must be approved by a resolution of the City Council. The Final Budget for General Fund general government expenditures was increased by \$2.6 million during the year in order to make an additional payment of \$1,500,000 to the California Employers’ Retiree Benefit Trust Fund (CERBT) to reduce the City’s retiree health liability and a \$952,000 additional payment to CALPERS to reduce the City’s pension liability.

**REQUEST FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of the City of Rocklin's finances for all of Rocklin's residents, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 3970 Rocklin Road, Rocklin, California, 95677.

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**ROCKLIN**  
CALIFORNIA

**BASIC FINANCIAL STATEMENTS**

**City of Rocklin**  
**Statement of Net Position**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Governmental Activities	
	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 45,959,147	\$ 49,691,443
Restricted cash and investments	11,628,071	11,488,875
Receivables - net	6,708,701	5,504,294
Other assets	-	980,983
Inventory and prepaid items	37,251	48,024
Total Current Assets	<u>64,333,170</u>	<u>67,713,619</u>
Noncurrent Assets:		
Loans receivable	11,651,631	12,256,374
Advances to fiduciary activities	2,308,708	2,308,708
Capital assets - net	312,913,713	314,833,919
Total Noncurrent Assets	<u>326,874,052</u>	<u>329,399,001</u>
<b>Total Assets</b>	<u><u>\$ 391,207,222</u></u>	<u><u>\$ 397,112,620</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Contributions	<u>\$ 5,763,071</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 5,548,447	\$ 3,885,724
Deposits	852,837	741,366
Interest payable	150,000	163,950
Other liabilities	39,840	-
Compensated absences - current portion	1,389,216	1,326,928
Long-term debt - due within one year	1,110,000	1,070,000
Total Current Liabilities	<u>9,090,340</u>	<u>7,187,968</u>
Noncurrent Liabilities:		
Long-term debt - due after one year	9,180,000	10,290,000
Claims payable	1,247,576	1,162,959
Compensated absences	1,780,280	1,694,180
Net pension obligation	30,078,590	-
Net OPEB obligation	20,365,567	21,830,121
Total Noncurrent Liabilities	<u>62,652,013</u>	<u>34,977,260</u>
<b>Total Liabilities</b>	<u><u>\$ 71,742,353</u></u>	<u><u>\$ 42,165,228</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Differences Between Projected and Actual Earning from Pensions	<u>\$ 7,529,639</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 302,623,713	\$ 303,473,919
Restricted	22,509,945	24,905,118
Unrestricted	(7,435,357)	26,568,355
<b>Total Net Position</b>	<u><u>\$ 317,698,301</u></u>	<u><u>\$ 354,947,392</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Activities**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		2015	2014
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 12,774,913	\$ 1,530,256	\$ 2,202,360	\$ -	\$ 3,732,616	\$ (9,042,297)	\$ (9,381,106)
Public safety	18,646,375	1,057,928	781,696	-	1,839,624	(16,806,751)	(17,021,818)
General services	29,624,287	4,805,284	2,231,689	146,446	7,183,419	(22,440,868)	(17,677,417)
Community development	2,070,085	3,821,613	64,650	38,988	3,925,251	1,855,166	1,702,017
Interest and fiscal charges	570,731	-	-	-	-	(570,731)	(521,835)
<b>Total Governmental Activities</b>	<b>\$ 63,686,391</b>	<b>\$ 11,215,081</b>	<b>\$ 5,280,395</b>	<b>\$ 185,434</b>	<b>\$ 16,680,910</b>	<b>(47,005,481)</b>	<b>(42,900,159)</b>
<b>General Revenues and Special Items:</b>							
Taxes:							
Property taxes						10,921,437	10,347,611
Sales and use taxes						7,576,526	6,329,277
Gas tax						4,709,456	4,645,010
Transient occupancy taxes						539,796	474,424
Other taxes						8,402,248	6,791,713
Total taxes						32,149,463	28,588,035
Motor vehicle fees						3,891,452	3,610,829
Franchise fees						2,059,195	1,957,384
Impact fees						3,124,079	2,636,172
Investment earnings						1,789,996	1,531,756
Other revenues						868,893	156,152
Total General Revenues						43,883,078	38,480,328
Special item - loss on disposal of capital assets						(189,630)	-
Special item - transfer from Successor Agency						-	11,481,353
Total General Revenues and Special Items						43,693,448	49,961,681
Change in Net Position						(3,312,033)	7,061,522
Net Position - Beginning of Year						354,947,392	347,885,870
Prior Period Adjustments GASB 68						(33,937,058)	-
Net Position - Beginning of Year, As Adjusted						321,010,334	347,885,870
Net Position - End of Year						\$ 317,698,301	\$ 354,947,392

The accompanying notes are an integral part of these financial statements.

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## MAJOR GOVERNMENTAL FUNDS

<b>Fund Title</b>	<b>Fund Description</b>
General Fund	Primary operating fund of the City: accounts for all activities except those legally or administratively required to be accounted for in other funds.
Rocklin Public Financing Authority Debt Service	Accounts for the debt service for the Rocklin Public Financing Authority.
Low and Moderate Income Housing Asset Special Revenue	Accounts for the housing assets of the former Rocklin Redevelopment Agency transferred to the City of Rocklin as Housing Successor.
Traffic Circulation Impact Fee Capital Projects	Accounts for activities related to traffic congestion management.

# City of Rocklin

## Balance Sheet Governmental Funds June 30, 2015 (With comparative totals for June 30, 2014)

	Major Funds			
	General Fund	Rocklin Public Financing Authority Debt Service Fund	Low and Moderate Income Housing Asset Fund	Traffic Circulation Impact Fee Fund
<b>ASSETS</b>				
Cash and investments	\$ 32,179,005	\$ 1,724	\$ 987,018	\$ 2,619,212
Restricted cash and investments	-	10,992,471	-	-
Receivables:				
Taxes	2,414,393	-	-	-
Interest receivable	29,106	-	-	-
Intergovernmental	12,869	-	-	-
Deposits receivable	-	-	-	-
Other receivables	394,283	-	-	-
Due from other funds	3,283,146	-	-	-
Loans receivable	-	-	9,901,534	1,330,782
Other assets	-	-	-	-
Advances to fiduciary activities	1,408,708	-	900,000	-
<b>Total assets</b>	<b>\$ 39,721,510</b>	<b>\$ 10,994,195</b>	<b>\$ 11,788,552</b>	<b>\$ 3,949,994</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,330,111	\$ -	\$ -	\$ 1,127,585
Deposits	672,836	-	-	180,001
Due to other funds	-	-	-	-
Unearned revenues	137,508	-	-	-
Other liabilities	39,840	-	-	-
Compensated absences	1,370,940	-	-	-
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>5,551,235</b>	<b>-</b>	<b>-</b>	<b>1,307,586</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
State Transit Assistance - unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Endowments	-	-	-	-
Advances to fiduciary activities	1,408,708	-	900,000	-
Long-term receivables	-	-	9,901,534	1,330,782
Restricted	-	10,994,195	987,018	-
Committed	26,094,211	-	-	1,311,626
Assigned	-	-	-	-
Unassigned (Deficit)	6,667,356	-	-	-
<b>Total fund balances</b>	<b>34,170,275</b>	<b>10,994,195</b>	<b>11,788,552</b>	<b>2,642,408</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,721,510</b>	<b>\$ 10,994,195</b>	<b>\$ 11,788,552</b>	<b>\$ 3,949,994</b>

The accompanying notes are an integral part of these financial statements.

Continued



# City of Rocklin

## Balance Sheet

### Governmental Funds

June 30, 2015

(With comparative totals for June 30, 2014)

	Nonmajor	Total Governmental Funds	
	Governmental Funds	2015	2014
<b>ASSETS</b>			
Cash and investments	\$ 9,975,002	\$ 45,761,961	\$ 48,716,249
Restricted cash and investments	635,600	11,628,071	11,488,875
Receivables:			
Taxes	3,274,974	5,689,367	2,363,315
Interest receivable	-	29,106	138,408
Intergovernmental	292,369	305,238	2,544,377
Deposits receivable	35,000	35,000	-
Other receivables	255,708	649,991	366,654
Due from other funds	-	3,283,146	5,981,970
Loans receivable	419,315	11,651,631	12,256,374
Other assets	-	-	980,983
Advances to fiduciary activities	-	2,308,708	2,308,708
<b>Total assets</b>	<b>\$ 14,887,968</b>	<b>\$ 81,342,219</b>	<b>\$ 87,145,913</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 936,203	\$ 5,393,899	\$ 3,827,883
Deposits	-	852,837	741,366
Due to other funds	3,283,146	3,283,146	5,981,970
Unearned revenues	-	137,508	88,832
Other liabilities	-	39,840	-
Compensated absences	-	1,370,940	1,280,709
Advances from other funds	-	-	211,555
<b>Total liabilities</b>	<b>4,219,349</b>	<b>11,078,170</b>	<b>12,132,315</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
State Transit Assistance - unavailable revenue	213,713	213,713	-
<b>Fund Balances:</b>			
Nonspendable:			
Endowments	491,455	491,455	492,619
Advances to fiduciary activities	-	2,308,708	2,308,708
Long-term receivables	419,315	11,651,631	12,256,374
Restricted	9,823,564	21,804,777	24,412,499
Committed	2,333,732	29,739,569	27,259,206
Assigned	-	-	5,162,428
Unassigned (Deficit)	(2,613,160)	4,054,196	3,121,764
<b>Total fund balances</b>	<b>10,454,906</b>	<b>70,050,336</b>	<b>75,013,598</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,887,968</b>	<b>\$ 81,342,219</b>	<b>\$ 87,145,913</b>

The accompanying notes are an integral part of these financial statements.

Concluded

**City of Rocklin**  
**Reconciliation of the Government Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2015**

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**Total Fund Balances - Total Governmental Funds** \$ 70,050,336

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	482,447,554
Less: accumulated depreciation	<u>(172,318,222)</u>
Total Capital Assets	<u>310,129,332</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (150,000)

Internal service funds are used by management to charge the costs of vehicle maintenance and various insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. 2,821,994

Contributions made to pension plans will not be included in the calculation of the City's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources. 5,763,071

The difference between projected and actual earnings from pension plan assets is not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position. (7,529,639)

Certain revenues were recorded as deferred inflows of resources in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis 213,713

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 137,508

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(10,290,000)
Compensated absences	(1,756,281)
Claims payable	(1,247,576)
Net pension obligation	(30,078,590)
Net OPEB obligation	<u>(20,365,567)</u>
Total Long-Term Obligations	<u>(63,738,014)</u>

**Net Position of Governmental Activities** \$ 317,698,301

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Major Funds			
	General Fund	Rocklin Public Financing Authority Debt Service Fund	Low and Moderate Income Housing Asset Fund	Traffic Circulation Impact Fee Fund
<b>REVENUES</b>				
Taxes and assessments	\$ 22,378,046	\$ -	\$ -	2,741,175
License and permits	2,300,095	-	-	-
Fines and forfeitures	563,489	-	-	-
Intergovernmental	4,479,286	-	-	-
Charges for services	4,307,392	-	-	31,724
Use of money and property	1,608,754	565,028	425,153	19,298
Contributions from developers and homeowners	-	-	-	1,500,000
Other revenues	3,587,978	-	-	227,256
<b>Total Revenues</b>	<b>39,225,040</b>	<b>565,028</b>	<b>425,153</b>	<b>4,519,453</b>
<b>EXPENDITURES</b>				
Current:				
General government	12,947,670	19,026	101	1,641
Public safety	19,332,543	-	-	-
General services	7,704,559	-	-	149,652
Community development	2,033,572	-	124,899	-
Capital outlay	12,633	-	-	7,168,767
Debt service:				
Principal	-	620,000	-	-
Interest and fiscal charges	113,151	382,225	-	-
<b>Total Expenditures</b>	<b>42,144,128</b>	<b>1,021,251</b>	<b>125,000</b>	<b>7,320,060</b>
Excess (Deficiency) of Revenues over Expenditures	(2,919,088)	(456,223)	300,153	(2,800,607)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to) from Successor Agency	-	-	-	-
Transfers in	5,760,112	-	-	-
Transfers out	(2,097,563)	-	-	(1,157,965)
<b>Total Other Financing Sources (Uses)</b>	<b>3,662,549</b>	<b>-</b>	<b>-</b>	<b>(1,157,965)</b>
Net Change in Fund Balances	743,461	(456,223)	300,153	(3,958,572)
Fund Balances Beginning	33,426,814	11,450,418	11,488,399	6,600,980
Fund Balances Ending	\$ 34,170,275	\$ 10,994,195	\$ 11,788,552	\$ 2,642,408

The accompanying notes are an integral part of these financial statements.

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Nonmajor Governmental Funds	Total Governmental Funds	
		2015	2014
<b>REVENUES</b>			
Taxes and assessments	\$ 12,777,088	\$ 37,896,309	\$ 35,251,049
License and permits	9,914	2,310,009	2,078,971
Fines and forfeitures	1,424	564,913	160,913
Intergovernmental	932,856	5,412,142	8,599,289
Charges for services	6,720	4,345,836	5,233,861
Use of money and property	66,985	2,685,218	2,428,172
Contributions from developers and homeowners	1,350,688	2,850,688	1,695,692
Other revenues	422,736	4,237,970	2,422,566
<b>Total Revenues</b>	<b>15,568,411</b>	<b>60,303,085</b>	<b>57,870,513</b>
<b>EXPENDITURES</b>			
Current:			
General government	737,499	13,705,937	10,437,917
Public safety	156,633	19,489,176	18,746,706
General services	11,383,021	19,237,232	16,707,672
Community development	69,923	2,228,394	2,111,334
Capital outlay	2,132,359	9,313,759	8,239,277
Debt service:			
Principal	450,000	1,070,000	1,030,000
Interest and fiscal charges	89,305	584,681	534,222
<b>Total Expenditures</b>	<b>15,018,740</b>	<b>65,629,179</b>	<b>57,807,128</b>
Excess (Deficiency) of Revenues over Expenditures	549,671	(5,326,094)	63,385
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (to) from Successor Agency	-	-	11,481,353
Transfers in	849,667	6,609,779	5,122,603
Transfers out	(2,991,419)	(6,246,947)	(5,082,903)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,141,752)</b>	<b>362,832</b>	<b>11,521,053</b>
Net Change in Fund Balances	(1,592,081)	(4,963,262)	11,584,438
Fund Balances Beginning	12,046,987	75,013,598	63,429,160
Fund Balances Ending	\$ 10,454,906	\$ 70,050,336	\$ 75,013,598

The accompanying notes are an integral part of these financial statements.

Concluded

**City of Rocklin**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Government-Wide**  
**Statement of Activities**  
**For the year ended June 30, 2015**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (4,963,262)
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital outlay	9,675,585
Depreciation expense	(11,169,617)
The gains and losses from the disposal of long-lived assets such as capital assets is not a current economic resource and therefore is not reported in the fund statements but is reported in the Government-Wide Statement of Activities as a special item.	(189,823)
Internal service funds are used by management to charge the costs of vehicle maintenance, and various insurance costs to individual funds. The net revenue or (excess expenses) of the internal service funds is reported with government activities.	(1,420,993)
Certain revenues were not recorded or recorded as unearned revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.	48,676
Certain revenues were recorded as deferred inflows of resources in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.	213,713
Long-term compensated absences and claims payables were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources and were not reported as expenditures in governmental funds.	
Compensated absences	(82,519)
Claims liabilities	(84,616)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	2,112,319
Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	1,070,000
Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:	
Other postemployment benefits	1,464,554
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from prior year.	13,950
	<u>13,950</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (3,312,033)</b>

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Net Position**  
**Fleet Management Internal Service Fund**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Totals	
	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 197,186	\$ 975,194
Accounts receivable	-	78,040
Intergovernmental	-	13,500
Inventory	37,251	48,024
Total current assets	<u>234,437</u>	<u>1,114,758</u>
Non-current assets:		
Advances to other funds	-	211,555
Capital assets - net	2,784,380	3,020,734
Total non-current assets	<u>2,784,380</u>	<u>3,232,289</u>
<b>Total assets</b>	<u><u>\$ 3,018,817</u></u>	<u><u>\$ 4,347,047</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 154,548	\$ 57,841
Compensated absences	18,276	20,417
Total current liabilities	<u>172,824</u>	<u>78,258</u>
Non-current liabilities:		
Compensated absences	23,999	25,802
Total non-current liabilities	<u>23,999</u>	<u>25,802</u>
<b>Total liabilities</b>	<u><u>\$ 196,823</u></u>	<u><u>\$ 104,060</u></u>
<b>NET POSITION</b>		
Net Investment in capital assets	\$ 2,784,380	\$ 3,020,734
Unrestricted	37,614	1,222,253
<b>Total net position</b>	<u><u>\$ 2,821,994</u></u>	<u><u>\$ 4,242,987</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Fleet Management Internal Service Fund**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Totals	
	2015	2014
<b>OPERATING REVENUES</b>		
Fleet management cost allocation	\$ 1,023,410	\$ 1,045,728
Intergovernmental	34,430	-
Other revenue	3,660	-
<b>Total operating revenues</b>	<u>1,061,500</u>	<u>1,045,728</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	510,217	457,794
Services and supplies	994,893	920,080
Depreciation	575,167	634,040
<b>Total operating expenses</b>	<u>2,080,277</u>	<u>2,011,914</u>
Operating income (loss)	<u>(1,018,777)</u>	<u>(966,186)</u>
<b>NONOPERATING REVENUES(EXPENSES)</b>		
Gain (loss) on sale of assets	(46,325)	3,791
Interest on fiscal charges	-	-
Investment earnings	6,941	15,125
<b>Total nonoperating revenues(expenses)</b>	<u>(39,384)</u>	<u>18,916</u>
Income (loss) before operating transfers	(1,058,161)	(947,270)
Transfers in	-	-
Transfers out	<u>(362,832)</u>	<u>(39,700)</u>
Change in net position	(1,420,993)	(986,970)
Total net position - beginning	<u>4,242,987</u>	<u>5,229,957</u>
Total net position - ending	<u>\$ 2,821,994</u>	<u>\$ 4,242,987</u>

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Totals	
	2015	2014
<b>Cash flows from operating activities:</b>		
Receipts from interfund services provided	\$ 1,101,450	\$ 954,188
Other receipts	51,590	-
Payments to suppliers for goods and services	(896,658)	(855,892)
Payments to employees for services	(504,916)	(455,822)
Net cash provided (used) by operating activities	<u>(248,534)</u>	<u>(357,526)</u>
<b>Cash flows from noncapital financing activities:</b>		
Interfund transactions	(151,277)	171,855
Net cash provided (used) by noncapital financing activities	<u>(151,277)</u>	<u>171,855</u>
<b>Cash flows from capital financing activities:</b>		
Purchases (sales) of capital assets - net	(385,138)	73,309
Interest paid on long-term debt	-	(255,233)
Net cash provided (used) by capital financing activities	<u>(385,138)</u>	<u>(181,924)</u>
<b>Cash flows from investing activities:</b>		
Investment income received	6,941	15,125
Net cash provided (used) by investing activities	<u>6,941</u>	<u>15,125</u>
Net increase (decrease) in cash and cash equivalents	(778,008)	(352,470)
Cash and cash equivalents - beginning	975,194	1,327,664
Cash and cash equivalents - ending	<u>\$ 197,186</u>	<u>\$ 975,194</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (1,018,777)	\$ (966,186)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	575,167	634,040
Change in operating assets and liabilities:		
Accounts receivable	78,040	(78,040)
Due from other governments	13,500	(13,500)
Inventory	10,773	52,147
Prepaid items	-	3,933
Accounts payable and accrued liabilities	96,707	8,108
Compensated absences	(3,944)	1,972
Net cash provided (used) by operating activities	<u>\$ (248,534)</u>	<u>\$ (357,526)</u>

The accompanying notes are an integral part of these financial statements.



**City of Rocklin**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Successor Agency		
	Private-Purpose		
	Trust	Agency	
	Funds	Funds	Totals
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,577,814	\$ 2,444,216	\$ 6,022,030
Cash and investment with trustee/fiscal agent	1,811,330	7,882,659	9,693,989
Accounts receivable	27,000	50,679	77,679
<b>Total current assets</b>	<b>5,416,144</b>	<b>10,377,554</b>	<b>15,793,698</b>
Non-current assets:			
Property, plant and equipment - net	5,303,252	-	5,303,252
<b>Total assets</b>	<b>\$ 10,719,396</b>	<b>\$ 10,377,554</b>	<b>\$ 21,096,950</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 204,618	\$ -	\$ 204,618
Due to other agencies	-	10,377,554	10,377,554
Interest payable	422,550	-	422,550
Due within one year	1,121,152	-	1,121,152
<b>Total current liabilities</b>	<b>1,748,320</b>	<b>10,377,554</b>	<b>12,125,874</b>
Noncurrent liabilities:			
Advances from City of Rocklin	2,308,708	-	2,308,708
Loans payable	877,048	-	877,048
Bonds payable - net	24,279,707	-	24,279,707
<b>Total liabilities</b>	<b>\$ 29,213,783</b>	<b>\$ 10,377,554</b>	<b>\$ 39,591,337</b>
<b>NET POSITION</b>			
Held in trust for Redevelopment Dissolution	<b>\$ (18,494,387)</b>		<b>\$ (18,494,387)</b>

The accompanying notes are an integral part of these financial statements.

**City of Rocklin**  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2015**

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	Successor Agency <u>Private-Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Property taxes	\$ 2,788,617
Investment earnings	122,299
Other revenue	476,145
<b>Total additions</b>	<u>3,387,061</u>
<b>DEDUCTIONS</b>	
General government	279,117
General services	14,768
Interest expense	1,934,477
Depreciation	112,215
Capital outlay	306,543
<b>Total deductions</b>	<u>2,647,120</u>
Change in net position	739,941
Total net position - beginning	<u>(19,234,328)</u>
Total net position - ending	<u>\$ (18,494,387)</u>

The accompanying notes are an integral part of these financial statements.



**ROCKLIN**  
CALIFORNIA

**NOTES TO FINANCIAL STATEMENTS**

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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

The City of Rocklin (City) was incorporated in 1893 under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police and Fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***A. Financial Reporting Entity***

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include property taxes, sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. The financial statement of the individual component unit, if applicable as indicated below, may be obtained from the City of Rocklin website.

The City's reporting entity includes the following blended component unit:

**Rocklin Public Financing Authority**

The Rocklin Public Financing Authority (Authority) was formed on December 13, 1994, as a joint powers authority between the City and the former Redevelopment Agency to serve as a financing mechanism for various capital projects. Upon the dissolution of the Rocklin Redevelopment Agency on January 31, 2013, the City appointed itself successor agency governed by an oversight board consisting of members from all taxing authorities in the redevelopment area to wind up all redevelopment activities, which consisted primarily of debt. Because of the limited authority of the successor, their membership in the Authority is also limited as the successor cannot obligate the Authority or issue new debt on its own. The City Council acts as the governing board in a concurrent session. The Authority provides services solely for the benefit of the City and is presented in the governmental activities in the fund financial statements as a blended component unit.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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***B. Basis of Presentation, Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities*. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in 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 City did not have any business-type activities during the year.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (including capital assets, as well as infrastructure assets, and long-term liabilities), are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Transfers in/Transfers out
- Internal Service Fund charges

**Governmental Fund Financial Statements**

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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balances as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The following funds are major funds:

**General Fund**

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

**Rocklin Public Financing Authority Debt Service Fund**

This debt service fund was established to account for the debt service activity of the Rocklin Public Financing Authority.

**Low and Moderate Income Housing Asset Fund**

This special revenue fund accounts for the administration and operation of the City's low and moderate income housing program of the former Rocklin Redevelopment Agency transferred to the City of Rocklin as the Housing Successor.

**Traffic Construction Impact Fee Capital Projects Fund**

This capital projects fund accounts for activities related to congestion management and traffic relief.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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Additionally, the City reports the following nonmajor fund types of governmental funds:

**Special Revenue Funds**

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

**Capital Project Funds**

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

**Debt Service Funds**

Debt service funds account for the accumulation of resources for, and payment on, long-term obligation debt principal and interest.

**Permanent Funds**

Permanent funds account for and report financial resources for the principal corpus of endowments where only the investment earnings can be spent on specified purposes.

**Proprietary Funds**

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the internal service funds financial statements.

The City’s internal service funds are proprietary funds. Internal service funds account for charges to City departments for services provided, on a cost reimbursement basis, in relation to fleet services in the following fund:

**Fleet Internal Service Fund**

The Fleet Internal Service Fund is used to account for the financing of the City’s fleet services provided by one City department to other departments on a cost-reimbursement basis. The Fleet Internal Service Fund balances and activities have been combined with governmental activities in the government-wide financial statements.

**Fiduciary Funds**

**Private Purpose Trust Funds**

Private Purpose Trust Funds account for resources held for other individuals and entities in a manner similar to private enterprise.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Agency Funds**

Agency Funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not presented in the government-wide financial statements.

***C. Cash Deposits and Investments***

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

***D. Interfund Receivables and Payables***

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

***E. Receivables***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, transient taxes, franchise taxes, intergovernmental subventions, interest earnings, and expense reimbursements.



**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, transient tax, franchise tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

***F. Loans Receivable***

Under the City's housing assistance program, loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition, housing rehabilitation and/or economic development. The majority of these loans are on a deferred payback program. Repayments of the outstanding loans are applied to the principal balance of the loan receivable. The long-term portion of loans receivable has been offset by *Unearned Revenues* in the accompanying financial statements, as applicable.

***G. Inventories***

The City maintains an inventory for fuel that is recorded at cost in the Fleet Internal Service Fund and expensed when consumed. The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the City has therefore chosen to report these items as expenditures/expenses at the time of purchase.

***H. Capital Assets***

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$10,000 for non-infrastructure capital assets and \$100,000 for infrastructure capital assets.

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems. The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Equipment, machinery and vehicles	3 – 10 Years
Facilities and improvements	15 Years
Infrastructure	25 – 50 Years
Buildings and building improvements	30 Years

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same way as in the government-wide statements.

***I. Deferred Outflows/Deferred Inflows***

Deferred outflows of resources is a consumption of net position by the City that is applicable to a future reporting period; for example, prepaid items and deferred charges. Deferred inflows of resources is an acquisition of net position by the City that is applicable to a future reporting period; for example, unearned revenue and advance collections. The City has deferred outflows and deferred inflows of resources related to the implementation of GASB 68. See note 9 for additional information.

***J. Interest Payable***

In the government-wide financial statements, interest payable on long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

***K. Claims Payable***

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for general liability claims. The estimated liability for these claims include "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

***L. Compensated Absences***

The City's policies regarding vacation time and compensatory time permit employees to accumulate earned but unused leave, up to limits established by individual employee bargaining units. This debt is estimated based on historical trend analysis, the current portion of which is reported in the General Fund, the remaining balance is shown in the government-wide financial statements.

***M. Long-Term Debt***

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of the 2003 Certificates of Participation (COP), the revenue refunding bonds of the Rocklin Public Financing Authority, the OPEB obligation, the pension obligations, compensated absences and a liability for claims.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. Long-term debt for proprietary funds is reported in the fund statements similar to as it is reported in the

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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government-wide statements. Debt proceeds are reported as liabilities and payments are reported as reductions to the liability and as interest expense.

***N. Pension Expense***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***O. Fund Balances***

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

**Nonspendable**

- Assets that will never to convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

**Restricted**

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the City (Creditors, Grantors, Contributors, other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or legislation (Gas Tax).

**Committed**

- Self-imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies, and uncertainties)
- Limitation at the highest level of decision-making (Council) and requires formal action at the same level to remove.
- Council resolution is required to establish, modify, or rescind a fund balance commitment.

**Assigned**

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund are reported as assigned fund balance.

**Unassigned**

- Residual net resources
- Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Flow Assumption / Spending Order Policy**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

***P. Net Position***

In the government-wide financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets**

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

**Restricted Net Position**

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. Certain proceeds from debt and loans are reported as restricted net position because their use is limited by applicable debt or other covenants.

**Unrestricted Net Position**

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

**Use of Restricted/Unrestricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

***Q. Interfund Transactions***

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers.

***R. Property Taxes and Special Assessments***

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities in accordance with statutory regulations.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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Property taxes attach annually as an enforceable lien on January 1. Taxes are levied on January 1, are payable in two installments, and are delinquent at December 10 and April 10. The County of Placer (the County) is responsible for the collection and allocation of property taxes. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected.

***S. Stewardship, Compliance, and Accountability***

It is the City's policy to adopt annual budgets. The City Council may amend the budget by motion during the fiscal year.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year.

Budget information is presented for governmental fund types on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget and all approved budget amendments.

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

1. Public meetings are conducted to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary Fund Types.
3. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
4. Budgeted appropriations for the various governmental funds become effective each July 1st.

***T. Unearned Revenue***

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned revenue.

***U. Use of Estimates***

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***V. Subsequent Events***

Management has considered subsequent events through April 26, 2016, the date which the financial

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

***W. Comparative Data***

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

***X. Implemented New GASB Pronouncements***

**GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (Issued 06/12)*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement has been implemented as of June 30, 2015 resulting in a prior period adjustment of \$33.9 million. See Note 9 for information related to the financial statement impact of this statement.

**GASB Statement No. 69** – In January, 2013, GASB issued Statement No. 69, *Government Combinations and Disposal of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposal of government operations. As used in this Statement, combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no financial statement effect related to this Statement.

**GASB Statement No. 70** – In April, 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The City does not participate in nonexchange financial guarantees. Therefore, this Statement had no financial statement effect.

**GASB Statement No. 71** – In November, 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement were required to be applied simultaneously with the provisions of Statement 68 and have been implemented as of June 30, 2015. See Note 9 for information related to the financial statement impact of this statement.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Y. Upcoming New Accounting Pronouncements**

**GASB Statement No. 72** – In February, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015 (fiscal year ending June 30, 2016).

**GASB Statement No. 73** – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Effective date: the provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement also clarifies the application of certain provisions of Statements 67 and 68.

**GASB Statement No. 74** – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective date: the provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

**GASB Statement No. 75** – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective date: the provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

**GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*** Effective date: the provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

**GASB Statement No. 77 – *Tax Abatement Disclosures.*** Effective date: the requirements of this Statement are effective for reporting periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

**NOTE 2 - CASH AND INVESTMENTS**

As of June 30, 2015, cash and investments were reported in the financial statements as follows:

	Fair Value		Total Cash and Investments
	Governmental Activities	Fiduciary Activities	
Cash and investments	\$45,959,147	\$ 6,022,030	\$ 51,981,177
Restricted cash and investments	11,628,071	9,693,989	21,322,060
Total cash and investments	<u>\$ 57,587,218</u>	<u>\$ 15,716,019</u>	<u>\$ 73,303,237</u>

**A. Cash Deposits**

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in



**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The bank balances before reconciling items totaled \$3,768,186 at June 30, 2015 and could be different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$3,399,146 which was collateralized by securities held by pledging financial institutions.

**B. Investment Policies**

**City Investment Policy**

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity <sup>(1)</sup>	Maximum Total of Portfolio	Maximum Investment in Any One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	90 days	15%	5%
Medium-Term Notes	5 years	30%	5%
Mutual Funds (Including Money Markets)	N/A	15%	5%
Mortgage Pass-Through Securities	5 years	20%	5%
County Pooled Investment Funds	1 year	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Placer County Investment Pool	N/A	25%	N/A
Collateralized Obligations	None	10%	5%

<sup>(1)</sup> However, if in the judgement of the Investment Committee it is to the advantage of the City, investments may be made with maturities longer than five years, as long as the weighted average maturity of the City's Fund is five years or less.

The City is in compliance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools* which requires the City's investments be recorded at fair value instead of cost. Under GASB 31, the carrying value of investments are adjusted to reflect their fair value at each fiscal year-end, with the effects of these adjustments included in the carrying value of the investments.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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***D. Local Agency Investment Fund***

The City's investments with LAIF at June 30, 2015, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

**Structured Notes**

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

**Asset-Backed Securities**

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board (LAIB), which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIB website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

***E. Risk Disclosures***

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations. The City's policy is to limit the weighted average maturity of its investment portfolio to less than five years. As of June 30, 2015, the weighted average maturity was 1.67 years.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2015, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

**Concentrations of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2015, the City had no investments in any one issuer exceeding that allowed by City policy.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security. With respect to investments, custodial

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2015, the City's investments had the following maturities and ratings:

Cash or Investment Type	Fair Value	Investment Maturities in		Year End Rating		
		<1	>2	Exempt	AAAm/Aaa-mf	Not Rated
Local Agency Investment Fund (LAIF)	\$ 30,676,541	\$ 30,676,541	\$ -	\$ 30,676,541	\$ -	\$ -
Money Market/Mutual Funds	11,949,758	11,949,758	-	-	11,949,758	-
Special Assessment Bonds	16,671,869	819,669	15,852,200	-	-	16,671,869
County Treasurer's Investment Portfolio	10,209,807	10,209,807	-	10,209,807	-	-
Corporate Notes	25,276	-	25,276	-	-	25,276
Cash on Hand	1,800	1,800	-	1,800	-	-
Cash Deposits	3,768,186	3,768,186	-	3,768,186	-	-
Total Cash and Investments	<u>\$ 73,303,237</u>	<u>\$ 57,425,761</u>	<u>\$ 15,877,476</u>	<u>\$ 44,656,334</u>	<u>\$ 11,949,758</u>	<u>\$ 16,697,145</u>

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Interfund Receivables and Payables**

**Due to/from Other Funds**

The timing of when cash is received and paid can result in a negative cash balance in a fund as of fiscal year end. At year-end, a liability, "Due To Other Funds" is created to eliminate any negative cash balances along with a corresponding asset, "Due From Other Funds". In the following fiscal year, the liabilities are settled and the assets are liquidated. As of June 30, 2015, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 3,283,146	\$ -
SB325 Sales Tax	-	392,362
Bicycle and Pedestrian Facilities	-	39,636
Prop 1B	-	69,834
Lighting Maintenance District #1	-	8,512
Traffic Safety/PD Grants	-	122,073
CDBG HUD Entitlement	-	37,569
Park Development Fees	-	1,587,420
Community Park Fees	-	1,025,740
Total	<u>\$ 3,283,146</u>	<u>\$ 3,283,146</u>

**Advances to/from other funds**

The City advanced funds to the former Redevelopment Agency to assist with the purchase of land and building for the new Rocklin library. As of June 30, 2015, the remaining balance owed is \$1,408,708. This amount is reported in the fund financial statements as an advance to private purpose trust fund and as an advance to fiduciary activities in the government-wide financial statements.

During fiscal year 2013-14, the City of Rocklin became the Housing Successor for the former Rocklin Redevelopment Agency low and moderate income housing functions. This included a \$900,000 receivable (advance) for a loan that the low and moderate housing fund provided the redevelopment

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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agency debt service fund for the payment of 2010-11 Supplemental Educational Revenue Augmentation Fund shift. As of June 30, 2015, the remaining balance owed is \$900,000. This amount is reported in the fund financial statements as an advance to private purpose trust fund and as an advance to fiduciary activities in the governmental-wide financial statements.

**B. Transfers In/Out**

Interfund transfers result from the movement of resources from one fund to another within the governmental unit. At June 30, 2015, interfund transfers consisted of the following:

Fund	Fund Type	Transfer in	Transfer out
<b>Major Funds:</b>			
General Fund	General	\$ 5,760,112	\$ 2,097,563
Traffic Circulation Impact Fee	Capital Projects	-	1,157,965
<b>Nonmajor Funds:</b>			
Capital Construction Debt Service	Debt Service	539,302	-
Gas Tax	Special Revenue	-	310,211
SB 325 Sales Tax	Special Revenue	-	512,120
Recreation Facilities Contribution	Special Revenue	-	99,719
Lighting Maintenance District #1	Special Revenue	-	474
Landscaping and Lighting Maintenance District #2	Special Revenue	240,859	6,998
Community Facilities District #1	Special Revenue	-	1,338,930
Community Facilities District #5	Special Revenue	50,390	28,665
Community Facilities District #6	Special Revenue	19,116	997
CDBG HUD Entitlement	Special Revenue	-	28,631
Supplemental Law Enforcement Grant	Special Revenue	-	106,230
Capital Construction Impact Fees	Capital Projects	-	539,620
Oak Tree Mitigation	Capital Projects	-	14,209
Wetlands Maintenance	Permanent	-	1,907
Conservation Easement Endowment Fund	Permanent	-	2,708
Total Nonmajor Funds		849,667	2,991,419
<b>Internal Service Funds:</b>			
Fleet Management	Internal Service	-	362,832
Total Transfers		\$ 6,609,779	\$ 6,609,779

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**NOTE 4 - LOANS RECEIVABLE**

Through the City’s various housing rehabilitation funds and first-time home buyer’s funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. Loans receivable consisted of the following as of June 30, 2015:

Loans Receivable	Beginning July 01, 2014	Additions	Deletions	Ending June 30, 2015
Highway 65 Sunset Blvd. Interchange	1,529,858	-	199,076	\$ 1,330,782
Community Development Block Grant	446,044	-	35,000	411,044
First time home buyers	1,551,572	-	268,667	1,282,905
Down payment assistance	1,762,430	-	102,000	1,660,430
Villa Serena II	1,100,000	-	-	1,100,000
College Manor	650,000	-	-	650,000
Sunset Blvd	575,000	-	-	575,000
Whitney Rocklin, LP	1,730,000	-	-	1,730,000
HPD Shannon Bay	500,000	-	-	500,000
Whitney Rocklin, LP	2,100,000	-	-	2,100,000
Placer West Housing Partners	311,470	-	-	311,470
Total Loans Receivable	<u>\$ 12,256,374</u>	<u>\$ -</u>	<u>\$ 604,743</u>	<u>\$ 11,651,631</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2015:

**Highway 65 Sunset Interchange Loan**

As members of the “Bizz Johnson Joint Powers Authority (JPA)”; Placer County, City of Roseville, and the City of Rocklin made loans to the JPA for the construction of the Sunset Blvd. Highway 65 interchange. The original loan amount from the City of Rocklin was \$2,033,684. The loan does not bear interest. The JPA makes annual payments on the loan. At June 30, 2015, a balance of \$1,330,782 is outstanding.

**Community Development Block Grant (CDBG) Revolving Loans**

The City participates in a CDBG Revolving loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to the property changes. The balance of these loans at June 30, 2015, was \$411,044.

**First Time Home Buyers**

The City has made various loans to qualifying participants within the City as part of the Federal First Time Home Buyers Program (HOME). Interest rates vary depending on the terms of the loan and interest is deferred until the loan is refinanced or title to the property changes and may be waived under certain conditions if the loan is carried to full term. For the City, the HOME notes receivable balance at June 30, 2015, was \$1,282,905.

**Down Payment Assistance Loans**

The former Rocklin Redevelopment Agency began a down payment assistance program in 2007 to help low and moderate income individuals with purchases of a home. Qualifying individuals receive down payment assistance with the loan deferred as long as it is an owner-occupied dwelling. Interest and/or

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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principal may be waived if certain terms are met by the borrower. The Down Payment Assistance loans receivable at June 30, 2015 were \$1,660,430.

**Villa Serena II Loan**

On July 24, 2001, the former Rocklin Redevelopment Agency entered into an agreement with Stanford Arms, a California Limited Partnership, for a loan in the amount of \$1,100,000. The loan has been used to assist with the construction of the Villa Serena affordable senior project known as Stanford Arms. The loan is at 3% simple interest and is to be repaid from residual receipts over a thirty-year period. The loan is secured by a deed of trust covering the property, improvements, and fixtures and by all deposits of the borrower. At June 30, 2015, a balance of \$1,100,000 is outstanding.

**College Manor**

On November 1, 2007, the former Rocklin Redevelopment Agency entered into an agreement with CAHA College Manor LP, a California Limited Partnership, for a loan in the amount of \$650,000. The loan has been used to finance the acquisition and renovation of low income apartments located at 4201 Racetrack Road. The loan is at 3% simple interest and is to be repaid from residual receipts over a fifty-five year period. At June 30, 2015, a balance of \$650,000 is outstanding.

**Sunset Blvd**

On June 24, 2008, the former Rocklin Redevelopment Agency authorized a loan in the amount of \$575,000 to Sunset Street Housing Partners for an existing apartment complex located at 3655 Sunset Blvd. The loan provides for 3% simple interest for 30 years with payments to begin after the second anniversary of the loan document execution date. Associated with this project, the former Rocklin Redevelopment Agency also approved Conduit Debt issuance in the maximum amount of \$10,000,000 in multifamily revenue bonds by the California Statewide Communities Development Authority. At June 30, 2015, a balance of \$575,000 is outstanding.

**Whitney Rocklin, LP**

On June 24, 2008, the former Rocklin Redevelopment Agency authorized a loan in the amount of \$1,595,000, which was later amended to \$1,730,000 on December 9, 2008, to Whitney Rocklin LP to assist with construction of a 156 unit multifamily housing project referred to as the Whitney Ranch Apartments. The loan provides for 3% simple interest for 30 years. Associated with this project, the former Rocklin Redevelopment Agency also approved Conduit Debt issuance in the maximum amount of \$18,000,000 in multifamily revenue bonds by the California Statewide Communities Development Authority. At June 30, 2015, a balance of \$1,730,000 is outstanding.

**HPD Shannon Bay, LP**

On September 9, 2008, the former Rocklin Redevelopment Agency authorized a housing rehabilitation loan in the amount of \$500,000 with HPD Shannon Bay LP for a 50 unit multi-family housing project referred to as the Shannon Bay Apartments. The loan provides for 3% simple interest for 30 years with a 5 year period of interest only payments. The loan then converts to an amortizing loan during which time an annual payment of \$25,296 will be paid and at the end of the loan term a balloon payment for the remaining balance becomes due and payable. Associated with this project, the former Rocklin Redevelopment Agency also approved Conduit Debt issuance in the maximum amount of \$6,000,000 in multifamily revenue bonds by the California Statewide Communities Development Authority. At June 30, 2015, a balance of \$500,000 is outstanding.

**Whitney Rocklin, LP**

On December 9, 2008, the former Rocklin Redevelopment Agency authorized a loan in the amount of \$2,100,000 to subsidize 70 low income rental units into very low income units referred to as the Whitney

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

Ranch Apartments. The loan provides for 3% simple interest for 30 years. At June 30, 2015, a balance of \$2,100,000 remains outstanding.

**Placer West Housing Partners, LP**

On December 8, 2009 the former Rocklin Redevelopment Agency authorized a housing rehabilitation loan in the amount of \$500,000 with Placer West Housing Partners LP for a 44-unit affordable housing project located a 6055 Placer West Drive in Rocklin. The loan provides for 3% simple interest for 30 years with partial interest only payments in the amount of \$2,000 to begin on the second anniversary of the loan document execution date of December 22, 2009. A balloon payment of the remaining unpaid balance of principal and interest shall be due at the conclusion of the loan term. At June 30, 2015 a balance of \$311,470 is outstanding.

**NOTE 5 - CAPITAL ASSETS**

Capital assets consisted of the following as of June 30, 2015:

<b>Governmental activities:</b>	Balance July 01, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
<b>Nondepreciable Capital Assets:</b>					
Land	\$ 5,230,395	\$ -	\$ -	\$ -	\$ 5,230,395
Land improvements	108,402	-	-	-	108,402
Park Land	53,693,948	-	-	-	53,693,948
Construction in progress	12,705,867	9,507,991	-	(6,749,240)	15,464,618
Total nondepreciable capital assets	71,738,612	9,507,991	-	(6,749,240)	74,497,363
<b>Depreciable capital assets:</b>					
Buildings	33,851,346	-	(1,041,497)	-	32,809,849
Facilities & other improvements	3,611,716	20,750	-	121,550	3,754,016
Machinery & equipment	2,279,240	146,847	(342,545)	-	2,083,542
Fleet machinery & equipment	8,865,488	397,294	(342,936)	-	8,919,846
Park Buildings	954,373	-	-	-	954,373
Park Equipment	1,623,319	-	-	-	1,623,319
Park Improvements	14,678,208	-	-	-	14,678,208
Infrastructure	345,756,490	-	(337,296)	6,627,690	352,046,884
Total depreciable capital assets	411,620,180	564,891	(2,064,274)	6,749,240	416,870,037
Total capital assets	483,358,792	10,072,882	(2,064,274)	-	491,367,400
<b>Accumulated depreciation:</b>					
Buildings	14,696,748	1,059,187	(851,673)	-	14,904,262
Facilities & other improvements	1,977,921	239,570	-	-	2,217,491
Machinery & equipment	2,216,800	72,888	(342,546)	-	1,947,142
Fleet Machinery & equipment	5,844,754	575,167	(284,455)	-	6,135,466
Park Buildings	343,919	31,812	-	-	375,731
Park Equipment	1,607,191	16,128	-	-	1,623,319
Park Improvements	9,265,456	830,598	-	-	10,096,054
Infrastructure	132,572,084	8,919,434	(337,296)	-	141,154,222
Total accumulated depreciation	168,524,873	11,744,784	(1,815,970)	-	178,453,687
Total capital assets - net	\$ 314,833,919	\$ (1,671,902)	\$ (248,304)	\$ -	\$ 312,913,713

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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Depreciation expense was charged to the following functions in the statement of activities:

General Government	\$ 80,007
Public Safety	803,604
General Services	10,861,173
Total Depreciation Expense	<u>\$ 11,744,784</u>

**NOTE 6 - NONCURRENT LIABILITIES**

The City's noncurrent liabilities consisted of the following as of June 30, 2015:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2003 Certificates of Participation	\$ 2,430,000	\$ -	\$ 450,000	\$ 1,980,000	\$ 465,000
2003 Rocklin Public Financing Authority (RPFA) Refunding Revenue Bonds-Senior	8,110,000	-	535,000	7,575,000	555,000
2003 RPFA Refunding Revenue Bonds - Subordinate	820,000	-	85,000	735,000	90,000
Subtotal General Long-Term Debt	11,360,000	-	1,070,000	10,290,000	1,110,000
Claims Payable	1,162,959	418,596	333,979	1,247,576	-
Net Pension Obligations	-	33,957,476	3,878,886	30,078,590	-
Net OPEB Obligation	21,830,121	6,181,789	7,646,343	20,365,567	-
Compensated Absences	3,021,108	154,538	6,150	3,169,496	1,389,216
Total Noncurrent Liabilities	<u>\$ 37,374,188</u>	<u>\$ 40,712,399</u>	<u>\$ 12,935,358</u>	<u>\$ 65,151,229</u>	<u>\$ 2,499,216</u>

**2003 Certificates of Participation (COPS)**

In December 2003, the City issued certificates of participation in the amount of \$6,650,000. The proceeds from this issuance were used to finance a portion of the police station construction costs and related facilities and defease outstanding 1995 certificates of participation. The required reserve balances provide the security for this issuance. Interest rates range from 2% to 4.20%. Principal payments ranging from \$465,000 to \$525,000 are payable annually on September 1 and interest payments ranging from \$11,025 to \$40,378 are payable semi-annually on March 1 and September 1, through September 1, 2018.

**2003 Senior and Subordinate Refunding Revenue Bonds**

In January 2004, the Rocklin Public Financing Authority issued \$12,575,000 of Senior Refunding Revenue Bonds and \$1,455,000 of Subordinate Refunding Revenue Bonds. Proceeds from these bonds were used to refund the outstanding 1999 Rocklin Public Financing Authority Revenue Bonds. The Bonds are secured by revenues from specific assessment districts. Interest rates range from 2% to 4.6% for the Senior issue and 3.125% to 5.625% for the Subordinate issue. Principal payments ranging from \$555,000 to \$850,000 are payable annually on September 1 and interest payments ranging from \$19,550 to \$165,338 are payable semi-annually on March 1 and September 1 through September 1, 2025, for the Senior issue. Principal payments ranging from \$90,000 to \$120,000 are payable annually on September 1 and interest payments ranging from \$19,561 to \$21,633 are payable on March 1 and September 1 through September 1, 2021, for the Subordinate issuance.



**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

**Claims Payable**

The City has recorded a liability for potential claims in excess of amounts covered by the insurance pool. At June 30, 2015, the City had a claims payable liability of \$1,247,576. See Note 8 for further discussion on the City’s risk management activities.

**Net Pension Obligation**

As a result of the implementation of GASB 68, the City has recorded a net pension liability for its CalPERS Miscellaneous, Fire and Police pension plans. At June 30, 2015, the City had a net pension liability of \$30,078,590. See Note 9 for further discussion on the pension liability.

**Net OPEB Obligation**

A net Other Post Employment Benefit (OPEB) obligation is the cumulative difference between annual OPEB cost and an employer’s contributions to a plan. At June 30, 2015, the City had a net OPEB obligation of \$20,365,567. See Note 10 for further discussion on OPEB.

**Compensated Absences**

The City records compensated absences for all employee absences that are expected to be paid such as vacation, illness, and holidays. Compensated absences had a balance of \$3,169,496 at June 30, 2015, of that amount; \$1,389,216 is expected to be paid within a year.

**Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2015, there were no arbitrage liabilities.

The annual debt service requirements on long-term debt (Bonds and COPS) is as follows:

Year Ending	Principal	Interest	Total
June 30,	Principal	Interest	Total
2016	\$ 1,110,000	\$ 428,561	\$ 1,538,561
2017	1,160,000	382,177	1,542,177
2018	1,205,000	333,490	1,538,490
2019	1,255,000	282,230	1,537,230
2020	760,000	239,154	999,154
2021-2025	3,950,000	637,324	4,587,324
2026-2030	850,000	19,550	869,550
Total	<u>\$ 10,290,000</u>	<u>\$ 2,322,486</u>	<u>\$ 12,612,486</u>

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

**NOTE 7 - NET POSITION/FUND BALANCE**

**A. Net Position**

Net position consisted of the following at June 30, 2015:

	Net Investment in			Total
	Capital Assets	Restricted	Unrestricted	Governmental
				Activities
Net Investment in Capital Assets	\$ 302,623,713	\$ -	\$ -	\$ 302,623,713
Fund Balance Restrictions	-	21,779,671	-	21,779,671
State Transit Assistance Grant	-	213,713	-	213,713
Wetlands Maintenance	-	63,106	-	63,106
Conservation Easement Endowment	-	453,455	-	453,455
Unrestricted	-	-	(7,435,357)	(7,435,357)
<b>Total</b>	<b>\$ 302,623,713</b>	<b>\$ 22,509,945</b>	<b>\$ (7,435,357)</b>	<b>\$ 317,698,301</b>

**Wetlands Maintenance** includes the endowment to be used for maintenance of the wetlands.

**Conservation Easement Endowment** includes the endowment to be used to Preserve Area maintenance and operations.

**B. Fund Balances**

Fund Balances consisted of the following at June 30, 2015:

	Nonspendable	Restricted	Committed	Unassigned	Total
					Governmental
					Funds
Endowments	\$ 491,455	\$ -	\$ -	\$ -	\$ 491,455
Advances to Fiduciary Activities	2,308,708	-	-	-	2,308,708
Long-term receivables	11,651,631	-	-	-	11,651,631
Debt Service	-	10,994,195	-	-	10,994,195
Low and Moderate Income Housing	-	987,018	-	-	987,018
Wetlands Maintenance	-	25,106	-	-	25,106
Gas Tax	-	2,095,024	-	-	2,095,024
Sales Tax	-	3,409,978	-	-	3,409,978
Prop 1B	-	2,782	-	-	2,782
Lighting Districts	-	1,456,970	-	-	1,456,970
Community Facilities District	-	2,390,047	-	-	2,390,047
Housing Rehabilitation	-	350,954	-	-	350,954
Asset Forfeiture	-	92,703	-	-	92,703
Recreation Facilities Contributions	-	-	33,099	-	33,099
Capital Construction Impact Fee	-	-	668,246	-	668,246
Oak Tree Mitigation Fees	-	-	1,615,737	-	1,615,737
Whitney Ranch Trunk Sewer Project	-	-	16,650	-	16,650
Traffic Circulation Impact Fees	-	-	1,311,626	-	1,311,626
General Fund	-	-	-	6,667,356	6,667,356
Operating Reserve	-	-	9,357,875	-	9,357,875
Disaster Contingency	-	-	1,000,000	-	1,000,000
Self-Insured Losses	-	-	1,000,000	-	1,000,000
Streets Maintenance	-	-	1,363,060	-	1,363,060
Code Enforcement	-	-	268,785	-	268,785
Economic Development	-	-	268,785	-	268,785
Technology Fee	-	-	382,273	-	382,273
Retiree's Health	-	-	10,420,211	-	10,420,211
Fleet Capital	-	-	1,439,459	-	1,439,459
Parks Repair and Maintenance	-	-	45,273	-	45,273
ADA Improvements	-	-	48,352	-	48,352
Building Repair Reserve	-	-	500,138	-	500,138
Park Development Capital Projects	-	-	-	(1,587,420)	(1,587,420)
Community Parks Fund	-	-	-	(1,025,740)	(1,025,740)
<b>Total</b>	<b>\$ 14,451,794</b>	<b>\$ 21,804,777</b>	<b>\$ 29,739,569</b>	<b>\$ 4,054,196</b>	<b>\$ 70,050,336</b>

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

Nonspendable fund balances included the following as of June 30, 2015:

1. **Endowments** include principal corpus from which income will fund maintenance of Wetlands and Preserve Area maintenance and operations.
2. **Advances to fiduciary activities** include noncurrent portions of a long-term loan from governmental funds to fiduciary funds.
3. **Long-term loans/notes receivable** includes noncurrent portions of loans and notes receivables.

Restricted fund balances included the following as of June 30, 2015:

1. **Debt service** includes amounts used for the debt service for the Rocklin Public Financing Authority and the capital construction debt service fund.
2. **Low and moderate income housing fund** includes amounts used to increase the City's supply of low and moderate income housing.
3. **Wetlands maintenance** includes amounts other than the non-spendable endowment to be used on the maintenance of the wetlands on a parcel in Stanford Ranch Phase III.
4. **Gas tax** includes amounts received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
5. **Sales tax** includes amounts to be used for repair and maintenance of City streets in accordance with Senate Bill 325.
6. **Prop 1B** includes amounts to be used for the City's street programs as required by Proposition 1B.
7. **Lighting districts** includes amounts to be used to maintain and operate the City's lighting districts.
8. **Community facilities districts** include amounts to be used to maintain and operate the City's community facilities districts.
9. **Housing rehabilitation** includes amounts to be used for the City's housing rehabilitation programs.

Committed fund balances included the following as of June 30, 2015:

1. **Recreation facilities contributions** includes amounts set aside for recreation facilities construction and improvements.
2. **General Fund:**
  - a. **Operating Reserve** includes amounts set aside for operating expense contingencies.
  - b. **Disaster contingency** includes amounts set aside in the event a major disaster emergency occurs.
  - c. **Self-insured losses** includes amounts set aside for losses not covered under existing insurance programs.
  - d. **Streets maintenance** includes amounts set aside for the repair and maintenance of City streets.
  - e. **Code enforcement** includes amounts set aside for City code enforcement.
  - f. **Economic development** includes amounts set aside to promote economic development within the City.
  - g. **Technology fee** includes a 6% fee assessed on certain program revenues to fund the cost of technology systems.
  - h. **Retiree's health insurance premiums** represent amounts set aside to fund future retiree health premiums.
3. **Fleet Capital Reserve** includes amounts set aside for future capital purchases.
4. **Park repair and maintenance** includes amounts set aside for park repair and maintenance.
5. **ADA improvements** includes amounts set aside for ADA compliance.
6. **Capital construction impact fee** includes amounts set aside for city construction projects.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

7. **Oak tree mitigation** includes amounts set aside for oak tree preservation.
8. **Whitney Ranch trunk sewer project** includes amounts to be used for the sewer trunk line upgrade.

Assigned fund balances included the following as of June 30, 2015:

1. **Asset forfeiture** are funds received on forfeited assets to be used for Police services.
2. **Traffic circulation impact fees** are for activities related to congestion management.

**C. Deficit Net Position and Deficit Fund Balances**

**Deficit Net Position**

The City’s unrestricted net position was a deficit \$7,435,357 as of June 30, 2015. This was a result of the implementation of GASB 68 which required the City to record a noncurrent net pension liability of \$30.1 million.

**Deficit Fund Balances**

The Park Development Capital Projects Fund had a deficit fund balance of \$1,587,420 as of June 30, 2015 that is to be funded through future development fees.

The Community Park Fees Capital Projects Fund had a deficit fund balance of \$1,025,740 as of June 30, 2015 that is to be funded through future community park fees and reimbursable grants.

**NOTE 8 - RISK MANAGEMENT**

The City’s insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
Liability Claim:		
\$0 - \$50,000	Self-insured	Banking layer
\$50,001 - \$450,000	NCCSIF	Shared risk
\$450,001 - \$40,000,000	Excess coverage	CJPRMA
Workers' Compensation:		
\$0 - \$100,000	Self-insured	Banking layer
\$100,001 - \$400,000	NCCSIF	Shared risk
\$400,001 - Statutory	Excess coverage	CSAC EIA

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty-two other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers’ compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing administrative services, risk management services, and actuarial studies.

A member from each city governs the NCCSIF. City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimated claims that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City participates in excess California joint powers authorities. These JPAs self-fund to \$5,000,000 and then purchase reinsurance over that amount to their various limits. The City is self-insured for employee dental and vision claims. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Settlements have not exceeded the insurance coverage for the past three fiscal years.

The City's equity investment in the NCCSIF of \$931,192 is recorded in the general fund. The audited financial statements of the JPA are available at the NCCSIF's office. The following is a summary of the claims liabilities for the last three fiscal years:

	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2013
Claims payable, beginning of year	\$ 1,162,959	\$ 988,108	\$ 699,525
Fiscal year claims and changes in estimates	418,596	494,813	795,318
Claims payments	(333,979)	(319,962)	(506,735)
Claims payable, end of year	<u>\$ 1,247,576</u>	<u>\$ 1,162,959</u>	<u>\$ 988,108</u>

**NOTE 9 - RETIREMENT PLANS**

**A. General Information about the Pension Plans**

**Plan Description**

All qualified employees are eligible to participate in the City's Miscellaneous agent multiple employer defined benefit pension plan or the Safety (Fire and Police) cost-sharing multiple employer defined benefit pension plans (the Plans) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on age at retirement, highest salary for either a one or three year period and years of credited service. The cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		Fire	Safety	
	Tier 1	PEPRA		Police	Police/PEPRA
Hire date	N/A	On or after January 1, 2013	N/A	N/A	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50	52	50	50	50
Monthly benefits as a % of eligible compensation	1% to 2.5%	1% to 2.5%	3.00%	3.00%	2% to 2.7%
Required employee contribution rates	7.00%	6.25%	9.00%	9.00%	11.50%
Required employer contribution rates	17.06%	17.06%	27.85%	27.85%	11.50%

**Employees Covered**

At June 30, 2015, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Fire	Police
Active	165	35	52
Transferred	94	36	22
Separated	129	7	11
Retired	83	16	31
Total	471	94	116

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plans were as follows:

	Employer Contributions	Employee Contributions
Miscellaneous	\$ 1,521,604	\$ 714,896
Fire	\$ 707,697	\$ 510,219
Police	\$ 950,227	\$ 524,179

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

***B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

**Pension Liability**

As of June 30, 2015, the City reported net pension liabilities for each plan as follows:

	Net Pension Liability
Miscellaneous	\$ 16,713,853
Fire	5,704,838
Police	7,659,899
Total Net Pension Liability	<u>\$ 30,078,590</u>

The City's net pension liability for the Fire and Police Plans are measured as the proportionate share of the net pension liability while the Miscellaneous plan's net pension liability is a direct calculation based on its actuarial study and is not proportionate. The net pension liability of all the Plans are measured as of June 30, 2014, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability for the Fire and Police Plans was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Fire and Police Plans as of June 30, 2013 and 2014 was as follows:

	Fire	Police
Proportion - June 30, 2013	0.1579%	0.2120%
Proportion - June 30, 2014	0.1521%	0.2042%
Change	<u>-0.0058%</u>	<u>-0.0078%</u>

For the year ended June 30, 2015, the City recognized pension expense of \$3,650,753. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Fire		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,539,038	\$ -	\$ 1,191,493	\$ -	\$ 2,032,540	\$ -
Adjustment due to differences in proportions	-	-	-	18,046	-	220,112
Net differences between projected and actual earnings on plan investments	-	3,256,226	-	1,722,478	-	2,312,777
Totals	<u>\$ 2,539,038</u>	<u>\$ 3,256,226</u>	<u>\$ 1,191,493</u>	<u>\$ 1,740,524</u>	<u>\$ 2,032,540</u>	<u>\$ 2,532,889</u>

The City reported \$5,763,071 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Recognized to Pension Expense		
	Miscellaneous	Fire	Police
2016	\$ (814,057)	\$ (437,065)	\$ (656,805)
2017	(814,057)	(437,065)	(656,805)
2018	(814,057)	(435,776)	(641,084)
2019	(814,055)	(430,618)	(578,195)
Totals	<u>\$ (3,256,226)</u>	<u>\$ (1,740,524)</u>	<u>\$ (2,532,889)</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a



**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year.

CalPERS will continue to check the materiality of the difference in calculation until such time as they changes their methodology. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

**C. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Fire	Police
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 25,828,220	\$ 9,817,287	\$ 13,181,694
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 16,713,853	\$ 5,704,838	\$ 7,659,899
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 9,181,921	\$ 2,316,357	\$ 3,110,178

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN**

**Plan Description**

The City provides certain health care benefits for eligible retired employees through the California Public Employees’ Retirement System (CalPERS) under the Public Employees’ Medical and Hospital Care Act (PEHMCA). This is a cost-sharing multiple-employer defined benefit plan. Eligible retirees may enroll in any of the available CalPERS medical plans. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the report may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Commencing with fiscal year 2014, the City participates in the California Employers’ Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 43, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans, disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

The following is a summary of the plan benefits from the most recent actuarial study dated June 30, 2013:

Eligibility	Full-time employees retiring directly from City under CalPERS (age 50 and 5 years, or disability)																											
Medical	Hired < 5/1/2003 <b>City cap:</b> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Single</th> <th>2-Party</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>\$ 1,093</td> <td>\$ 1,093</td> <td>\$ 1,093</td> </tr> <tr> <td>2013</td> <td>\$ 1,093</td> <td>\$ 1,093</td> <td>\$ 1,093</td> </tr> </tbody> </table>			Single	2-Party	Family	2012	\$ 1,093	\$ 1,093	\$ 1,093	2013	\$ 1,093	\$ 1,093	\$ 1,093	Hired > 5/1/2003 <b>Cap greater of City cap and State 100/90 premium:</b> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Single</th> <th>2-Party</th> <th>Family</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$ 622</td> <td>\$ 1,183</td> <td>\$ 1,515</td> </tr> <tr> <td>2014</td> <td>\$ 642</td> <td>\$ 1,218</td> <td>\$ 1,559</td> </tr> </tbody> </table>			Single	2-Party	Family	2013	\$ 622	\$ 1,183	\$ 1,515	2014	\$ 642	\$ 1,218	\$ 1,559
	Single	2-Party	Family																									
2012	\$ 1,093	\$ 1,093	\$ 1,093																									
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	Single	2-Party	Family																									
2013	\$ 622	\$ 1,183	\$ 1,515																									
2014	\$ 642	\$ 1,218	\$ 1,559																									
	<b>Vesting schedule applied:</b> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>CalPERS Service</th> <th>Vested Percent</th> </tr> </thead> <tbody> <tr> <td>&lt; 10</td> <td>0%</td> </tr> <tr> <td>10</td> <td>50%</td> </tr> <tr> <td>↓</td> <td>↓</td> </tr> <tr> <td>&gt; 20</td> <td>100%</td> </tr> </tbody> </table> <p>1) Minimum 5 years City service            2) 100% vest at disability retirement            3) Vested termination benefit with                20 years of City service</p>				CalPERS Service	Vested Percent	< 10	0%	10	50%	↓	↓	> 20	100%														
CalPERS Service	Vested Percent																											
< 10	0%																											
10	50%																											
↓	↓																											
> 20	100%																											
Surviving	Surviving spouse coverage based on retirement plan election Same benefit continues to surviving spouse																											
Dental, Vision, Life	None																											
Other	Implicit rate subsidy not included Exposure Draft Actuarial Standard of Practice No. 6																											
Pay As You Go (\$000s)	Fiscal Year	Payments																										
	2013/14	\$ 1,016																										
	2012/13	918																										
	2011/12	806																										
	2010/11	697																										
	2009/10	578																										
	2008/09	483																										

**Funding Policy**

By Council resolution and through agreements with its labor units, the City contributes a fixed amount towards the CalPERS medical plan premium for all eligible retirees with retirees contributing any premium amounts in excess of the City Contribution. The City funds the OPEB on a prefunded phase in basis. The City recognizes its cost by budgeting for and expensing the premiums, which amounted to \$1,121,343 for the year ended June 30, 2015. The City continues toward its goal of fully funding the OPEB obligation by making contributions to the California Employers' Retiree Benefit Trust (CERBT). During fiscal year 2014/2015, the City contributed \$2.3 million to the CERBT.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents the level of funding that, if paid on an ongoing

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City plans to have the ARC fully funded by the end of fiscal year 2022.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City’s net OPEB obligation:

Annual required contribution	\$ 3,938,000
Interest on net OPEB obligation	1,081,000
Other adjustments and expenses	3,789
Adjustment to annual required contribution	<u>(1,541,000)</u>
Annual OPEB cost (expense)	3,481,789
Contributions made	<u>(3,398,343)</u>
Increase in net OPEB obligation	83,446
Beginning balance adjustments	(1,548,000)
Net OPEB obligation - beginning of year	<u>21,830,121</u>
Net OPEB obligation - end of year	<u>\$ 20,365,567</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 5,652,000	16%	\$20,305,368
2014	4,310,000	64%	21,830,121
2015	3,481,789	98%	20,365,567

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2015 was as follows:

Actuarial accrued liability (AAL)	\$ 30,473,000
Value of plan assets	<u>4,044,727</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 26,428,273</u>
Funded ratio (actuarial value of plan assets/AAL)	13%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

---

understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution (ARC) was determined as part of a June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.5% return on the unfunded portion and 7.25% on the funded portion, (b) 3.25% projected annual salary increase, (c) 3.00% of general inflation increase, and (d) a healthcare trend of declining annual increases ranging from 8.0% to 8.3% in 2015 to 5% in 2020.

The unfunded actuarial accrued liability (UAAL) representing the difference between the actuarial accrued liability and the value of plan assets, amounted to \$26,428,273 million. As of June 30, 2015, the City had total assets of \$11,197,211 in a City Retirees Health Fund. These funds are currently invested. As investments mature, available funds will be transferred to CERBT.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**A. Commitments**

The City had the following significant unexpended contractual commitments as of June 30, 2015:

Project Name	Original Commitment	Commitment Remaining
Quinn Quarry Park	\$ 2,380,000	\$ 2,189,635
Springview Meadows Drainage	94,256	83,537
University Ave Extension	3,307,319	647,235
Sunset Bridge Repair	376,499	376,499
Roadway Resurfacing (High Density Mineral Bond)	598,007	598,007
Whitney Ranch Interchange	9,351,088	6,554,668
Winding Lost Ruhkala	86,500	59,914
Rocklin Road/I-80 Interchange	714,099	324,072
	\$ 16,907,768	\$ 10,833,567

**B. Lawsuits**

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**C. Federal, State and County Grant Programs (Contingencies)**

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2015, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

**NOTE 12 - SPECIAL TAX ASSESSMENT DISTRICTS**

The Mello-Roos Community Facilities Act of 1982 (Mello-Roos Act) allows establishment of Community Facilities Districts (CFD). Under the Mello-Roos Act, special taxes are levied by CFD's to provide services such as police and fire protection, and to finance infrastructure improvements. The City of Rocklin has established CFD's that have issued bonds and levied taxes under the Mello-Roos Act. The City is not liable for repayment of these bonds and acts only as an agent for the property owners/bond holders in collecting and forwarding the special taxes. The assets held by the City on behalf of these districts and related liabilities are recorded in Agency funds. Special taxes have also been levied under the Mello-Roos Act to pay for services provided by CFD's #1, #5, and #6. The activities of these CFD's are accounted for in Special Revenue funds, which are presented in the City's Basic Financial Statements.

The Landscaping and Lighting Act of 1972 (Lighting Act) allows local government agencies to form Landscape and Lighting Districts for the purpose of financing the costs and expenses of landscaping and lighting public areas. The City has formed two districts which levy special assessments under the Lighting Act; Lighting Maintenance District No.1 and Landscaping and Lighting Maintenance District No.2. The activities of these districts are accounted for in Special Revenue funds and are included in the City's Basic Financial Statements. The disclosures in Note 12 include those required by California Government Code section 50075.1.

The following table presents the balances of the various district bonds as of June 30, 2015.

<u>Community Facilities District Bonds</u>	Balance June 30, 2015
CFD No. 3 2004 - Stanford Ranch Refunding	\$ 650,000
CFD No. 3 2005 - Stanford Ranch Refunding	1,625,000
CFD No. 3 2014 - Stanford Ranch Refunding	3,620,476
CFD No. 6 - Sunset West Drainage	1,350,000
CFD No. 7 - Sunset West Interchange/Major St	1,714,974
CFD No. 8 - Sunset West Park Drive	3,495,000
CFD No. 9 - Sunset West/Blue Oaks	4,160,000
CFD No. 10 - Whitney Ranch	21,460,000
CFD No. 11 - Sierra College Interchange	<u>7,666,868</u>
Total CFD Bonds	<u>\$ 45,742,318</u>

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Community Facilities District No. 1 Special Tax**

Community Facilities District No. 1 was formed in 1986 to provide fire protection and suppression services and ambulance and paramedic services to various developments within the City of Rocklin. These services are provided by the City of Rocklin Fire Department. The cost for these services is born by the City and partially offset by the special tax levied on parcels within the district. As such, district expenditures are primarily a reimbursement to the City. For fiscal year 2015, revenues were \$1,352,389 and reimbursement expenditures were \$1,338,930. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand. There were no active projects during the fiscal year.

**Community Facilities District No. 3 Bonds**

Community Facilities District No. 3 was formed in 1990 to issue bonds for street related improvements and projects, such as the construction of roadways, storm drainage facilities, sanitary sewer facilities, water lines, and gas lines. The district's improvements and projects have been completed. For fiscal year 2015, revenues were \$2,782,368 and expenditures were \$2,731,212. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Community Facilities District No. 5 Special Tax**

Community Facilities District No. 5 was formed in 1996 to fund the operation and maintenance of street and parkway lights, streetscapes, open space, and parks in various developments within the City of Rocklin. For fiscal year 2015, revenues were \$3,604,755 and expenditures were \$4,206,830. The primary source of revenues is special taxes and expenditures are for operating costs such as payroll, maintenance, professional services, and utilities. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand. There were no active projects during the fiscal year.

**Community Facilities District No. 6 Bonds**

Community Facilities District No. 6 was formed in 1998 to issue bonds for installation, construction, and acquisition of drainage facilities and open space. The district's improvements and projects have been completed. For fiscal year 2015, revenues were \$174,630 and expenditures were \$169,669. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Community Facilities District No. 6 Special Tax**

A special tax has been levied to fund the operation and maintenance of the open space and storm drainage facilities of Community Facilities District No. 6. For fiscal year 2015, revenues were \$252,222 and expenditures were \$225,840. The primary source of revenue is special taxes and expenditures are for operating costs such as payroll, maintenance and professional services. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand. There were no active projects during the fiscal year.

**Community Facilities District No. 7 Bonds**

Community Facilities District No. 7 was formed in 1997 to issue bonds for the construction and acquisition of a highway interchange and connectors to provide access between Blue Oaks Blvd. and Highway 65. The district's improvements and projects have been completed. For fiscal year 2015, revenues were \$274,519 and expenditures were \$263,165. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Community Facilities District No. 8 Bonds**

Community Facilities District No. 8 was formed in 1998 to issue bonds for the construction, acquisition, and widening of portions of Park Dr. and Blue Oaks Blvd. and the installation of backbone utility infrastructure within the same area. The district's improvements and projects have been completed. For fiscal year 2015, revenues were \$481,649 and expenditures were \$460,860. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Community Facilities District No. 9 Bonds**

Community Facilities District No. 9 was formed in 1998 to issue bonds for the construction, acquisition, and widening of portions of Lone Tree, Blue Oaks, and West Oaks Boulevards and installation of traffic control lights. The district's improvements and projects have been completed. For fiscal year 2015, revenues were \$562,071 and expenditures were \$543,193. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Community Facilities District No. 10 Bonds**

Community Facilities District No. 10 was formed in 2005 to issue bonds for the construction of transportation, wastewater system, drainage, and landscaping facilities and other public improvements for development within the Whitney Ranch District. For fiscal year 2015, revenues were \$1,608,447 and expenditures were \$1,545,938. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Community Facilities District No. 11 Bonds**

Community Facilities District No. 11 was formed in 2006 to issue bonds for the construction of a new interchange on Interstate 80 at Sierra College Blvd. This project has been completed. For fiscal year 2015, revenues were \$876,868 and expenditures were \$849,239. The primary source of revenues is special taxes and expenditures are for activities related to debt service. If expenditures exceed revenues in a fiscal year, the excess expenditures are paid with cash on hand.

**Lighting Maintenance District No. 1**

Lighting Maintenance District No. 1 was formed in 1979 to provide maintenance of streetlights and safety lighting throughout various portions of the City of Rocklin. During the fiscal year, 1,526 streetlights, 20 traffic signals, 2 flashing lights, and safety lighting was maintained. For fiscal year 2015, revenues were \$250,711 and expenditures were \$250,237. The primary source of revenues is special assessments and expenditures are primarily for payroll, maintenance, professional services, and utilities. There were no active projects during the fiscal year.

**Landscaping and Lighting Maintenance District No. 2**

Landscaping and Lighting Maintenance District No. 2 was formed in 1996 to provide maintenance of streetlights, safety lighting, and roadway landscaping throughout various portions of the City of Rocklin. During the fiscal year, 2,668 streetlights, 51 traffic signals, 55 irrigation timers for roadway landscaping and safety lighting was maintained. For fiscal year 2015, revenues were \$1,689,740 and expenditures were \$2,106,235. The primary source of revenues is special assessments and expenditures are primarily for payroll, maintenance, professional services, and utilities. There were no active projects during the fiscal year.



**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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**Park Development and Maintenance Tax**

The Park Development and Maintenance Tax was enacted in 1998 and reenacted in 2009, to provide development, installation, servicing, maintenance, repair and operation of parks in the City of Rocklin. From fiscal year 2010 through 2015, there have been no projects funded by the tax. The tax revenue has been primarily used for payroll, professional services and utilities in connection with park maintenance and operation. The table below presents historical park tax revenues and related expenditures for the last five fiscal years. Expenditures in excess of park tax revenues are paid from general fund.

Year Ended June 30,	Park Tax		Revenue
	Revenue	Expenditures	Over (Under) Expenditures
2011	\$ 510,083	\$ 1,279,103	\$ (769,020)
2012	516,046	1,068,575	(552,529)
2013	524,645	1,054,337	(529,692)
2014	525,660	1,048,601	(522,941)
2015	526,905	1,079,407	(552,502)
Total	<u>\$ 2,603,339</u>	<u>\$ 5,530,023</u>	<u>\$ (2,926,684)</u>

**NOTE 13 - SUCCESSOR AGENCY TRUST (FORMER ROCKLIN REDEVELOPMENT AGENCY)**

Pursuant to Assembly Bills 1X26 and 1484 (“the Bills”), all redevelopment agencies in the State of California were dissolved on February 1, 2012. The Bills authorized certain local agencies, such as a city or county, to become the Successor Agency. On January 1, 2012, the City Council elected to become the Successor Agency for the former Rocklin Redevelopment Agency. The Successor Agency is responsible for winding down the affairs of the former redevelopment agency, which includes making payments due for enforceable obligations and disposition of the assets of the former redevelopment agency. Examples of enforceable obligations include payments to contractors, bond debt service payments, and loan payments. The Successor Agency has an oversight board that supervises its work. The Oversight Board is comprised of representatives of the local agencies that serve the redevelopment project area.

Successor agencies are only allocated revenue in the amount necessary to pay the enforceable obligations of the former redevelopment agency. The agency will only receive this revenue until all enforceable obligations have been paid in full and all assets have been liquidated. The assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

On December 10, 2013, by resolution, the City Council elected to assume responsibility for performing the housing functions of the former Rocklin Redevelopment Agency. All housing assets were transferred from the Successor Agency Housing Fund to the City of Rocklin. The housing assets previously accounted for as a private' purpose trust fund are now accounted for as a special revenue fund in the City's financial statements.

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

**Successor Agency Noncurrent Liabilities**

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2015:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>General Long-Term Debt:</b>					
2002 Refunding Tax Allocation Bonds	\$ 2,080,000	\$ -	\$ 50,000	\$ 2,030,000	\$ 60,000
2005 Refunding Tax Allocation Bonds	9,815,000	-	300,000	9,515,000	275,000
2007 Refunding Tax Allocation Bonds	14,135,000	-	325,000	13,810,000	365,000
Subtotal General Long-Term Debt	26,030,000	-	675,000	25,355,000	700,000
<b>Unamortized Discounts:</b>					
2002 Refunding Tax Allocation Bonds	(103,184)	-	(16,906)	(86,278)	-
2005 Refunding Tax Allocation Bonds	(82,128)	-	(3,911)	(78,217)	-
2007 Refunding Tax Allocation Bonds	(220,836)	-	(10,038)	(210,798)	-
Subtotal Unamortized Discounts	(406,148)	-	(30,855)	(375,293)	-
Subtotal General Long-Term Debt - Net	25,623,852	-	644,145	24,979,707	700,000
<b>Other Noncurrent Liabilities:</b>					
Quarry Loan Payable	253,045	-	124,243	128,802	128,802
Placer County Loan Payable	1,461,748	-	292,350	1,169,398	292,350
Subtotal Other Noncurrent Liabilities	1,714,793	-	416,593	1,298,200	421,152
Total Noncurrent Liabilities	\$ 27,338,645	\$ -	\$ 1,060,738	\$ 26,277,907	\$ 1,121,152

**2002 Refunding Tax Allocation Bonds**

On February 1, 2002, tax allocation bonds were issued, in the amount of \$13,730,000, to defease the 1994 tax allocation bonds of the Redevelopment Agency. The proceeds of the tax allocation bonds are being used to finance certain capital improvements within the Redevelopment Agency's project area. On February 23, 2007, \$10,535,000 of principal was defeased from the issuance of the 2002 Tax Allocation Bonds. The remaining bonds are payable from and secured by tax increment revenues payable to the Redevelopment Agency. Interest rates range from 4.60% to 5.50%. Principal payments ranging from \$60,000 to \$190,000 are payable annually on September 1 and interest payments ranging from \$5,225 to \$54,709 are payable semi-annually on March 1 and September 1 through September 1, 2032.

**2005 Tax Allocation Bonds**

On July 15, 2005, tax allocation bonds were issued, in the amount of \$11,900,000. A portion of the proceeds of the tax allocation bonds were used to defease the 1997 refunding tax allocation bonds of the Redevelopment Agency's project area and the remaining \$8 million was used for redevelopment projects. The bonds are payable from and secured by tax increment revenues payable to the Redevelopment Agency. Interest rates range from 3% to 4.5%. Principal payments ranging from \$180,000 to \$1,530,000 are payable annually on September 1 and interest payments ranging from \$34,425 to \$206,773 are payable semi-annually on March 1 and September 1, through September 1, 2035.

**2007 Tax Allocation Bonds**

On February 23, 2007, tax allocation bonds were issued in the amount of \$15,815,000 to partially defease the 2002 Tax Allocation Bond of the Agency and to fund the costs of capital improvements and facilities

**City of Rocklin**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

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within the Agency. The bonds are payable from and secured by tax increment revenues payable to the Agency. Interest rates range from 4% to 4.375%. Principal payments ranging from \$90,000 to \$1,700,000 are payable annually on September 1 and interest payments ranging from \$15,969 to \$292,816 are payable semi-annually on March 1 and September 1, through September 1, 2037.

**Quarry Loan Payable**

On August 12, 2011, the Redevelopment Agency entered into an agreement for the purchase of the Big Gun Mining Quarry for \$1,000,000, with a \$400,000 down payment followed by five annual payments of \$133,529. Terms are 3.67% interest for five years.

**Placer County Loan Payable**

On May 1, 2014 the Successor Agency entered into a loan agreement with the Placer County Treasurer to retire the Bank of America line of credit. The loan proceeds of \$1,461,748 were used to pay off the remaining balance owed on the Bank of America line of credit. Terms are 1.75% for five years.

The following summarizes the Successor Agency's future bond debt service obligations:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 700,000	\$ 1,094,858	\$ 1,794,858
2017	725,000	1,066,436	1,791,436
2018	755,000	1,036,351	1,791,351
2019	785,000	1,004,706	1,789,706
2020	820,000	971,490	1,791,490
2021-2025	4,645,000	4,300,402	8,945,402
2026-2030	5,725,000	3,177,739	8,902,739
2031-2035	7,140,000	1,731,794	8,871,794
2036-2040	4,060,000	228,019	4,288,019
Total	<u>\$ 25,355,000</u>	<u>\$ 14,611,795</u>	<u>\$ 39,966,795</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Rocklin**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**General Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 20,899,500	\$ 20,899,500	\$ 22,378,046	\$ 1,478,546
License and permits	1,502,800	1,502,800	2,300,095	797,295
Fines and forfeitures	172,900	172,900	563,489	390,589
Intergovernmental	4,078,900	4,078,900	4,479,286	400,386
Charges for services	3,953,100	3,953,100	4,307,392	354,292
Use of money and property	1,494,900	1,494,900	1,608,754	113,854
Other revenues	3,336,900	3,336,900	3,587,978	251,078
<b>Total Revenues</b>	<b>35,439,000</b>	<b>35,439,000</b>	<b>39,225,040</b>	<b>3,786,040</b>
<b>EXPENDITURES</b>				
Current:				
General government	10,753,299	13,351,499	12,947,670	403,829
Public safety	19,879,600	20,094,200	19,332,543	761,657
General services	7,693,100	7,693,100	7,704,559	(11,459)
Community development	2,024,900	2,135,100	2,033,572	101,528
Capital outlay	7,000	7,000	12,633	(5,633)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	112,500	113,151	(651)
<b>Total Expenditures</b>	<b>40,357,899</b>	<b>43,393,399</b>	<b>42,144,128</b>	<b>1,249,271</b>
Excess (Deficiency) of Revenues over Expenditures	<b>(4,918,899)</b>	<b>(7,954,399)</b>	<b>(2,919,088)</b>	<b>5,035,311</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,623,400	4,623,400	5,760,112	1,136,712
Transfers out	(440,600)	(965,900)	(2,097,563)	(1,131,663)
<b>Total Other Financing Sources (Uses)</b>	<b>4,182,800</b>	<b>3,657,500</b>	<b>3,662,549</b>	<b>5,049</b>
Net Change in Fund Balances	(736,099)	(4,296,899)	743,461	5,040,360
Fund Balances Beginning	33,426,814	33,426,814	33,426,814	-
Fund Balances Ending	<b>\$ 32,690,715</b>	<b>\$ 29,129,915</b>	<b>\$ 34,170,275</b>	<b>\$ 5,040,360</b>

**City of Rocklin**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Rocklin Public Financing Authority Debt Service Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 564,709	\$ 564,709	\$ 565,028	\$ 319
<b>Total Revenues</b>	<u>564,709</u>	<u>564,709</u>	<u>565,028</u>	<u>319</u>
<b>EXPENDITURES</b>				
Current:				
General government	19,900	19,900	19,026	874
Debt service:				
Principal retirement	620,000	620,000	620,000	-
Interest and fiscal charges	382,250	382,250	382,225	25
<b>Total Expenditures</b>	<u>1,022,150</u>	<u>1,022,150</u>	<u>1,021,251</u>	<u>899</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(457,441)</u>	<u>(457,441)</u>	<u>(456,223)</u>	<u>1,218</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(457,441)	(457,441)	(456,223)	1,218
Fund Balances Beginning	<u>11,450,418</u>	<u>11,450,418</u>	<u>11,450,418</u>	<u>-</u>
Fund Balances Ending	<u>\$ 10,992,977</u>	<u>\$ 10,992,977</u>	<u>\$ 10,994,195</u>	<u>\$ 1,218</u>

**City of Rocklin**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Low and Moderate Income Housing Asset Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 425,153	\$ 425,153
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>425,153</u>	<u>425,153</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	101	(101)
Community development	-	124,900	124,899	1
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>124,900</u>	<u>125,000</u>	<u>(100)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(124,900)</u>	<u>300,153</u>	<u>425,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(124,900)	300,153	425,053
Fund Balances Beginning	<u>11,488,399</u>	<u>11,488,399</u>	<u>11,488,399</u>	<u>-</u>
Fund Balances Ending	<u>\$ 11,488,399</u>	<u>\$ 11,363,499</u>	<u>\$ 11,788,552</u>	<u>\$ 425,053</u>



**City of Rocklin**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Traffic Circulation Impact Fee Fund**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 3,731,400	\$ 3,731,400	\$ 2,741,175	\$ (990,225)
Charges for services	148,400	148,400	31,724	(116,676)
Use of money and property	5,300	5,300	19,298	13,998
Contributions from developers and homeowners	4,100,000	4,100,000	1,500,000	(2,600,000)
Other revenues	581,300	581,300	227,256	(354,044)
<b>Total Revenues</b>	<b>8,566,400</b>	<b>8,566,400</b>	<b>4,519,453</b>	<b>(4,046,947)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	1,641	(1,641)
General services	144,100	144,100	149,652	(5,552)
Capital outlay	11,252,000	11,252,000	7,168,767	4,083,233
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>11,396,100</b>	<b>11,396,100</b>	<b>7,320,060</b>	<b>4,076,040</b>
Excess (Deficiency) of Revenues over Expenditures	(2,829,700)	(2,829,700)	(2,800,607)	29,093
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,493,600)	(1,493,600)	(1,157,965)	335,635
<b>Total Other Financing Sources (Uses)</b>	<b>(1,493,600)</b>	<b>(1,493,600)</b>	<b>(1,157,965)</b>	<b>335,635</b>
Net Change in Fund Balances	(4,323,300)	(4,323,300)	(3,958,572)	364,728
Fund Balances Beginning	6,600,980	6,600,980	6,600,980	-
Fund Balances Ending	\$ 2,277,680	\$ 2,277,680	\$ 2,642,408	\$ 364,728

# City of Rocklin

## Schedule of Pension Contributions (GASB 68)

June 30, 2015

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Miscellaneous Plan	2015
Contractually Required Contributions (Actuarially Determined)	\$ 1,521,604
Contributions in Relation to Actuarially Determined Contributions	1,521,604
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>

**Covered Employee Payroll** \$ **9,826,020**

**Contributions as a Percentage of Covered Payroll** **15.49%**

Fire Safety Plan	2015
Contractually Required Contributions (Actuarially Determined)	\$ 936,853
Contributions in Relation to Actuarially Determined Contributions	936,853
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>

**Covered Employee Payroll** \$ **3,476,699**

**Contributions as a Percentage of Covered Payroll** **26.95%**

Police Safety Plan	2015
Contractually Required Contributions (Actuarially Determined)	\$ 1,291,347
Contributions in Relation to Actuarially Determined Contributions	1,291,347
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>

**Covered Employee Payroll** \$ **5,037,770**

**Contributions as a Percentage of Covered Payroll** **25.63%**

### Notes to Schedule:

Valuation Date: June 30, 2013  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll (Closed) Used Amortization Method  
3.8 Years Remaining Amortization Period  
Inflation Assumed at 2.75%  
Investment Rate of Returns set at 7.5%  
CalPERS mortality table using 20 years of membership data for all funds

Note: Fiscal year 2015 was the first year of implementation of GASB 68, therefore only one year is shown.

# City of Rocklin

## Schedule of Net Pension Liabilities and Proportionate Shares (GASB 68) June 30, 2015

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<b>Miscellaneous Plan</b>	2015
Net Pension Liability	\$ 16,713,853
Covered Employee Payroll	\$ 9,826,020
<b>Net Pension Liability as a % of Covered Employee Payroll</b>	<b>170.10%</b>
<b>Plan Fiduciary's Net Position as a % of the Total Pension Liability</b>	<b>74.18%</b>
<b>Fire Safety Plan</b>	2015
Proportion of Net Pension Liability	0.09168%
Proportionate Share of Net Pension Liability	\$ 5,704,838
Covered Employee Payroll	\$ 3,476,699
<b>Proportionate Share of Net Pension Liability as a % of Covered Employee Payroll</b>	<b>164.09%</b>
<b>Plan Fiduciary's Net Position as a % of the Total Pension Liability</b>	<b>81.42%</b>
<b>Police Safety Plan</b>	2015
Proportion of Net Pension Liability	0.12310%
Proportionate Share of Net Pension Liability	\$ 7,659,899
Covered Employee Payroll	\$ 5,037,770
<b>Proportionate Share of Net Pension Liability as a % of Covered Employee Payroll</b>	<b>152.05%</b>
<b>Plan Fiduciary's Net Position as a % of the Total Pension Liability</b>	<b>81.42%</b>

Note: Fiscal year 2015 was the first year of implementation of GASB 68, therefore only one year is shown.

**City of Rocklin**  
**Retiree Healthcare Plan**  
**Schedule of Funding Progress**  
**June 30, 2015**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
6/30/2010	\$ -	\$ 41,873,000	\$ 41,873,000	0.00%	\$ 18,853,000	222.10%
6/30/2012	-	31,396,000	31,396,000	0.00%	16,956,000	185.16%
6/30/2013	-	30,473,000	30,473,000	0.00%	17,732,000	171.85%

Source: Most recent actuarial study dated June 30, 2013.



**ROCKLIN**  
CALIFORNIA

**SUPPLEMENTARY INFORMATION**

**City of Rocklin**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Total Special Revenue Funds	Total Capital Projects Funds	Capital Construction Debt Service Fund <sup>(1)</sup>	Total Permanent Funds	Total Nonmajor Governmental Funds	
					2015	2014
<b>ASSETS</b>						
Cash and investments	\$ 7,706,554	\$ 2,268,448	\$ -	\$ -	\$ 9,975,002	\$ 15,579,440
Restricted cash and investments	119,039	-	-	516,561	635,600	38,001
Receivables:						
Taxes	3,274,974	-	-	-	3,274,974	322,934
Intergovernmental	292,369	-	-	-	292,369	722,186
Deposits receivable	-	35,000	-	-	35,000	-
Other receivables	255,708	-	-	-	255,708	-
Loans receivable	419,315	-	-	-	419,315	474,315
<b>Total assets</b>	<b>\$ 12,067,959</b>	<b>\$ 2,303,448</b>	<b>\$ -</b>	<b>\$ 516,561</b>	<b>\$ 14,887,968</b>	<b>\$ 17,136,876</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 933,388	\$ 2,815	\$ -	\$ -	\$ 936,203	\$ 581,972
Due to other funds	669,986	2,613,160	-	-	3,283,146	860,156
Advances from other funds	-	-	-	-	-	211,555
<b>Total liabilities</b>	<b>1,603,374</b>	<b>2,615,975</b>	<b>-</b>	<b>-</b>	<b>4,219,349</b>	<b>1,653,683</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
State Transit Assistance - unavailable revenue	213,713	-	-	-	213,713	-
<b>Fund Balances:</b>						
Nonspendable:						
Endowments	-	-	-	491,455	491,455	492,619
Long-term receivables	419,315	-	-	-	419,315	474,315
Restricted	9,798,458	-	-	25,106	9,823,564	12,625,883
Committed	33,099	2,300,633	-	-	2,333,732	2,326,197
Assigned	-	-	-	-	-	91,306
Unassigned (Deficit)	-	(2,613,160)	-	-	(2,613,160)	(527,127)
<b>Total fund balances</b>	<b>10,250,872</b>	<b>(312,527)</b>	<b>-</b>	<b>516,561</b>	<b>10,454,906</b>	<b>15,483,193</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,067,959</b>	<b>\$ 2,303,448</b>	<b>\$ -</b>	<b>\$ 516,561</b>	<b>\$ 14,887,968</b>	<b>\$ 17,136,876</b>

<sup>(1)</sup> The Capital Construction Debt Service Fund Accounts for the City's issuance and administration of the 2003 Certificates of Participation.

**City of Rocklin**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Total Special Revenue Funds	Total Capital Projects Funds	Capital Construction Debt Service Fund	Total Permanent Funds	Total Nonmajor Governmental Funds	
					2015	2014
<b>REVENUES</b>						
Taxes and assessments	\$ 11,830,612	\$ 946,476	\$ -	\$ -	\$ 12,777,088	\$ 11,800,427
License and permits	-	9,914	-	-	9,914	-
Fines and forfeitures	1,424	-	-	-	1,424	848
Intergovernmental	932,856	-	-	-	932,856	1,224,878
Charges for services	1,281	5,439	-	-	6,720	8,700
Use of money and property	52,730	5,841	2	8,412	66,985	54,561
Contributions from developers and homeowners	-	1,350,688	-	-	1,350,688	1,695,692
Other revenues	15,000	407,736	-	-	422,736	-
<b>Total Revenues</b>	<b>12,833,903</b>	<b>2,726,094</b>	<b>2</b>	<b>8,412</b>	<b>15,568,411</b>	<b>14,785,106</b>
<b>EXPENDITURES</b>						
Current:						
General government	712,368	19,456	-	5,675	737,499	361,045
Public safety	156,633	-	-	-	156,633	168,107
General services	10,821,176	561,845	-	-	11,383,021	9,749,877
Community development	69,923	-	-	-	69,923	67,081
Capital outlay	2,112,709	19,650	-	-	2,132,359	825,538
Debt service:						
Principal	-	-	450,000	-	450,000	430,000
Interest and fiscal charges	-	-	89,305	-	89,305	120,403
<b>Total Expenditures</b>	<b>13,872,809</b>	<b>600,951</b>	<b>539,305</b>	<b>5,675</b>	<b>15,018,740</b>	<b>11,722,051</b>
Excess (Deficiency) of Revenues over Expenditures	(1,038,906)	2,125,143	(539,303)	2,737	549,671	3,063,055
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	310,365	-	539,302	-	849,667	535,807
Transfers out	(2,432,975)	(553,829)	-	(4,615)	(2,991,419)	(2,479,430)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,122,610)</b>	<b>(553,829)</b>	<b>539,302</b>	<b>(4,615)</b>	<b>(2,141,752)</b>	<b>(1,943,623)</b>
Net Change in Fund Balances	(3,161,516)	1,571,314	(1)	(1,878)	(1,592,081)	1,119,432
Fund Balances Beginning	13,412,388	(1,883,841)	1	518,439	12,046,987	14,363,761
Fund Balances Ending	\$ 10,250,872	\$ (312,527)	\$ -	\$ 516,561	\$ 10,454,906	\$ 15,483,193

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## NONMAJOR SPECIAL REVENUE FUNDS

<b>Fund Title</b>	<b>Fund Description</b>
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
SB325 Sales Tax	Accounts for sales tax revenue collected in accordance with Senate Bill 325 to be used for repair and maintenance of streets.
Bicycle and Pedestrian Facilities	Accounts for grants received for bicycle and pedestrian facility purposes.
Prop 1B	Accounts for revenues received through Proposition 1B for street programs.
Recreation Facilities Contributions	Accounts for revenues received for recreation facilities construction and improvements.
Lighting Maintenance District #1	Accounts for funds received to maintain and operate the respective lighting district.
Landscaping and Lighting Maintenance District #2	Accounts for funds received to maintain and operate the respective landscaping and lighting district.
Community Facilities District #1	Accounts for revenues to be used on the respective community facilities district's operations and maintenance.
Community Facilities District #5	Accounts for revenues to be used on the respective community facilities district's operations and maintenance.
Community Facilities District #6	Accounts for revenues to be used on the respective community facilities district's operations and maintenance.
Housing Rehabilitation	Accounts for funds received for the City's housing rehabilitation programs.
Streets Grants	Accounts for funds received as reimbursement or grants related to street capital projects.
Asset Forfeiture	Accounts for funds received on forfeited assets to be used for Police services
Traffic Safety/PD Grants	Accounts for funds received for traffic safety programs and police grants.
CDBG HUD Entitlement	Accounts for entitlement grants and expenditures from CDBG federal awards.
Supplemental Law Enforcement Grant	Accounts for funds received to be used for public safety purposes.

**City of Rocklin**  
**Combining Balance Sheet**  
**Special Revenue Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Gas Tax	SB325 Sales Tax	Bicycle and Pedestrian Facilities	Prop 1B
<b>ASSETS</b>				
Cash and investments	\$ 2,082,817	\$ 1,238,218	\$ -	\$ 2,782
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	159,937	2,960,161	-	-
Intergovernmental	-	7,752	40,228	80,543
Other receivables	-	255,196	-	-
Loans receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 2,242,754</b>	<b>\$ 4,461,327</b>	<b>\$ 40,228</b>	<b>\$ 83,325</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 147,730	\$ 445,274	\$ 592	\$ 10,709
Due to other funds	-	392,362	39,636	69,834
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>147,730</b>	<b>837,636</b>	<b>40,228</b>	<b>80,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
State Transit Assistance - unavailable revenue	-	213,713	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Long-term receivables	-	-	-	-
Restricted	2,095,024	3,409,978	-	2,782
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (Deficit)	-	-	-	-
<b>Total fund balances</b>	<b>2,095,024</b>	<b>3,409,978</b>	<b>-</b>	<b>2,782</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,242,754</b>	<b>\$ 4,461,327</b>	<b>\$ 40,228</b>	<b>\$ 83,325</b>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Special Revenue Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Recreation Facilities Contributions	Lighting Maintenance District #1	Landscaping and Lighting Maintenance District #2	Community Facilities District #1
<b>ASSETS</b>				
Cash and investments	\$ 73,320	\$ -	\$ 1,441,490	\$ -
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	-	12,574	86,548	16,604
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Loans receivable	-	-	-	-
<b>Total assets</b>	<u>\$ 73,320</u>	<u>\$ 12,574</u>	<u>\$ 1,528,038</u>	<u>\$ 16,604</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 40,221	\$ 4,062	\$ 71,068	\$ 16,604
Due to other funds	-	8,512	-	-
<b>Total liabilities</b>	<u>40,221</u>	<u>12,574</u>	<u>71,068</u>	<u>16,604</u>
<b>Fund Balances:</b>				
Nonspendable:				
Long-term receivables	-	-	-	-
Restricted	-	-	1,456,970	-
Committed	33,099	-	-	-
Assigned	-	-	-	-
Unassigned (Deficit)	-	-	-	-
<b>Total fund balances</b>	<u>33,099</u>	<u>-</u>	<u>1,456,970</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 73,320</u>	<u>\$ 12,574</u>	<u>\$ 1,528,038</u>	<u>\$ 16,604</u>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Special Revenue Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Community Facilities District #5	Community Facilities District #6	Housing Rehabilitation	Streets Grants	Asset Forfeiture
<b>ASSETS</b>					
Cash and investments	\$ 2,334,833	\$ 184,550	\$ 231,915	\$ 23,172	\$ 92,703
Restricted cash and investments	-	-	119,039	-	-
Receivables:					
Taxes	36,879	2,271	-	-	-
Intergovernmental	-	-	-	-	-
Other receivables	512	-	-	-	-
Loans receivable	-	-	419,315	-	-
<b>Total assets</b>	<b>\$ 2,372,224</b>	<b>\$ 186,821</b>	<b>\$ 770,269</b>	<b>\$ 23,172</b>	<b>\$ 92,703</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 162,777	\$ 6,221	\$ -	\$ 23,172	\$ -
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>162,777</b>	<b>6,221</b>	<b>-</b>	<b>23,172</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable:					
Long-term receivables	-	-	419,315	-	-
Restricted	2,209,447	180,600	350,954	-	92,703
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
<b>Total fund balances</b>	<b>2,209,447</b>	<b>180,600</b>	<b>770,269</b>	<b>-</b>	<b>92,703</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,372,224</b>	<b>\$ 186,821</b>	<b>\$ 770,269</b>	<b>\$ 23,172</b>	<b>\$ 92,703</b>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Special Revenue Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Traffic Safety/PD Grants	CDBG HUD Entitlement	Supplemental Law Enforcement Grant	Total Special Revenue Nonmajor Governmental Funds	
				2015	2014
<b>ASSETS</b>					
Cash and investments	\$ -	\$ -	\$ 754	\$ 7,706,554	\$ 13,011,960
Restricted cash and investments	-	-	-	119,039	-
Receivables:					
Taxes	-	-	-	3,274,974	322,934
Intergovernmental	122,073	41,773	-	292,369	722,186
Other receivables	-	-	-	255,708	-
Loans receivable	-	-	-	419,315	474,315
<b>Total assets</b>	<b>\$ 122,073</b>	<b>\$ 41,773</b>	<b>\$ 754</b>	<b>\$ 12,067,959</b>	<b>\$ 14,531,395</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 4,204	\$ 754	\$ 933,388	\$ 573,894
Due to other funds	122,073	37,569	-	669,986	545,113
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>122,073</b>	<b>41,773</b>	<b>754</b>	<b>1,603,374</b>	<b>1,119,007</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
State Transit Assistance - unavailable revenue	-	-	-	213,713	-
<b>Fund Balances:</b>					
Nonspendable:					
Long-term receivables	-	-	-	419,315	474,315
Restricted	-	-	-	9,798,458	12,112,421
Committed	-	-	-	33,099	734,346
Assigned	-	-	-	-	91,306
Unassigned (Deficit)	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,250,872</b>	<b>13,412,388</b>
<b>Total liabilities and fund balances</b>	<b>\$ 122,073</b>	<b>\$ 41,773</b>	<b>\$ 754</b>	<b>\$ 12,067,959</b>	<b>\$ 14,531,395</b>

Concluded

**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and**  
**Changes in Fund Balances**  
**Special Revenue Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Gas Tax	SB325 Sales Tax	Bicycle and Pedestrian Facilities	Prop 1B
<b>REVENUES</b>				
Taxes and assessments	\$ 1,686,043	\$ 2,960,161	\$ -	\$ 63,252
Fines and forfeitures	-	-	-	-
Intergovernmental	-	41,041	5,403	307,568
Charges for services	-	-	-	-
Use of money and property	6,970	12,398	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>1,693,013</b>	<b>3,013,600</b>	<b>5,403</b>	<b>370,820</b>
<b>EXPENDITURES</b>				
Current:				
General government	110,247	23,993	-	-
Public safety	-	-	-	-
General services	1,984,108	2,020,037	5,403	-
Community development	-	-	-	-
Capital outlay	-	1,473,893	-	370,820
<b>Total Expenditures</b>	<b>2,094,355</b>	<b>3,517,923</b>	<b>5,403</b>	<b>370,820</b>
Excess (Deficiency) of Revenues over Expenditures	(401,342)	(504,323)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(310,211)	(512,120)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(310,211)</b>	<b>(512,120)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(711,553)	(1,016,443)	-	-
Fund Balances Beginning	2,806,577	4,426,421	-	2,782
Fund Balances Ending	\$ 2,095,024	\$ 3,409,978	\$ -	\$ 2,782

Continued

**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and**  
**Changes in Fund Balances**  
**Special Revenue Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Recreation Facilities Contributions	Lighting Maintenance District #1	Landscaping and Lighting Maintenance District #2	Community Facilities District #1
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ 250,711	\$ 1,684,924	\$ 1,352,108
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,000	-	-	281
Use of money and property	1,963	-	4,816	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>2,963</b>	<b>250,711</b>	<b>1,689,740</b>	<b>1,352,389</b>
<b>EXPENDITURES</b>				
Current:				
General government	230	28,507	179,381	-
Public safety	-	-	-	13,459
General services	604,261	221,730	1,926,854	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>604,491</b>	<b>250,237</b>	<b>2,106,235</b>	<b>13,459</b>
Excess (Deficiency) of Revenues over Expenditures	(601,528)	474	(416,495)	1,338,930
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	240,859	-
Transfers out	(99,719)	(474)	(6,998)	(1,338,930)
<b>Total Other Financing Sources (Uses)</b>	<b>(99,719)</b>	<b>(474)</b>	<b>233,861</b>	<b>(1,338,930)</b>
Net Change in Fund Balances	(701,247)	-	(182,634)	-
Fund Balances Beginning	734,346	-	1,639,604	-
Fund Balances Ending	\$ 33,099	\$ -	\$ 1,456,970	\$ -

Continued

**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and**  
**Changes in Fund Balances**  
**Special Revenue Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Community Facilities District #5	Community Facilities District #6	Housing Rehabilitation	Streets Grants	Asset Forfeiture
<b>REVENUES</b>					
Taxes and assessments	\$ 3,581,660	\$ 251,753	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	1,424
Intergovernmental	-	-	-	146,446	-
Charges for services	-	-	-	-	-
Use of money and property	8,095	469	18,019	-	-
Other revenues	15,000	-	-	-	-
<b>Total Revenues</b>	<b>3,604,755</b>	<b>252,222</b>	<b>18,019</b>	<b>146,446</b>	<b>1,424</b>
<b>EXPENDITURES</b>					
Current:					
General government	336,973	29,364	2,271	-	27
Public safety	-	-	-	-	-
General services	3,748,307	196,476	-	-	-
Community development	-	-	30,935	-	-
Capital outlay	121,550	-	-	146,446	-
<b>Total Expenditures</b>	<b>4,206,830</b>	<b>225,840</b>	<b>33,206</b>	<b>146,446</b>	<b>27</b>
Excess (Deficiency) of Revenues over Expenditures	(602,075)	26,382	(15,187)	-	1,397
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	50,390	19,116	-	-	-
Transfers out	(28,665)	(997)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>21,725</b>	<b>18,119</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(580,350)	44,501	(15,187)	-	1,397
Fund Balances Beginning	2,789,797	136,099	785,456	-	91,306
Fund Balances Ending	\$ 2,209,447	\$ 180,600	\$ 770,269	\$ -	\$ 92,703

Continued



**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and**  
**Changes in Fund Balances**  
**Special Revenue Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Traffic	CDBG	Supplemental	Total Special Revenue	
	Safety/PD	HUD	Law	Nonmajor Governmental Funds	
	Grants	Entitlement	Enforcement	2015	2014
<b>REVENUES</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 11,830,612	\$ 11,399,717
Fines and forfeitures	-	-	-	1,424	848
Intergovernmental	143,174	182,994	106,230	932,856	1,224,878
Charges for services	-	-	-	1,281	2,000
Use of money and property	-	-	-	52,730	44,583
Other revenues	-	-	-	15,000	-
<b>Total Revenues</b>	<b>143,174</b>	<b>182,994</b>	<b>106,230</b>	<b>12,833,903</b>	<b>12,672,026</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	1,375	-	712,368	358,855
Public safety	143,174	-	-	156,633	168,107
General services	-	114,000	-	10,821,176	9,554,695
Community development	-	38,988	-	69,923	64,860
Capital outlay	-	-	-	2,112,709	790,452
<b>Total Expenditures</b>	<b>143,174</b>	<b>154,363</b>	<b>-</b>	<b>13,872,809</b>	<b>10,936,969</b>
Excess (Deficiency) of Revenues over Expenditures	-	28,631	106,230	(1,038,906)	1,735,057
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	310,365	-
Transfers out	-	(28,631)	(106,230)	(2,432,975)	(1,896,789)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(28,631)</b>	<b>(106,230)</b>	<b>(2,122,610)</b>	<b>(1,896,789)</b>
Net Change in Fund Balances	-	-	-	(3,161,516)	(161,732)
Fund Balances Beginning	-	-	-	13,412,388	13,574,120
Fund Balances Ending	\$ -	\$ -	\$ -	\$ 10,250,872	\$ 13,412,388

Concluded

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Gas Tax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 1,488,600	\$ 1,488,600	\$ 1,686,043	\$ 197,443
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	1,500	1,500	6,970	5,470
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>1,490,100</u>	<u>1,490,100</u>	<u>1,693,013</u>	<u>202,913</u>
<b>EXPENDITURES</b>				
Current:				
General government	104,000	104,000	110,247	(6,247)
Public safety	-	-	-	-
General services	2,661,600	2,661,600	1,984,108	677,492
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>2,765,600</u>	<u>2,765,600</u>	<u>2,094,355</u>	<u>671,245</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,275,500)</u>	<u>(1,275,500)</u>	<u>(401,342)</u>	<u>874,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(447,600)	(447,600)	(310,211)	137,389
<b>Total Other Financing Sources (Uses)</b>	<u>(447,600)</u>	<u>(447,600)</u>	<u>(310,211)</u>	<u>137,389</u>
Net Change in Fund Balances	(1,723,100)	(1,723,100)	(711,553)	1,011,547
Fund Balances Beginning	<u>2,806,577</u>	<u>2,806,577</u>	<u>2,806,577</u>	-
Fund Balances Ending	<u>\$ 1,083,477</u>	<u>\$ 1,083,477</u>	<u>\$ 2,095,024</u>	<u>\$ 1,011,547</u>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	SB 325 Sales Tax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 2,733,000	\$ 2,733,000	\$ 2,960,161	\$ 227,161
Fines and forfeitures	-	-	-	-
Intergovernmental	220,800	220,800	41,041	(179,759)
Use of money and property	3,100	3,100	12,398	9,298
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>2,956,900</u>	<u>2,956,900</u>	<u>3,013,600</u>	<u>56,700</u>
<b>EXPENDITURES</b>				
Current:				
General government	21,500	21,500	23,993	(2,493)
Public safety	-	-	-	-
General services	2,052,300	2,052,300	2,020,037	32,263
Community development	-	-	-	-
Capital outlay	1,671,100	1,671,100	1,473,893	197,207
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>3,744,900</u>	<u>3,744,900</u>	<u>3,517,923</u>	<u>226,977</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(788,000)</u>	<u>(788,000)</u>	<u>(504,323)</u>	<u>283,677</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(617,500)	(617,500)	(512,120)	105,380
<b>Total Other Financing Sources (Uses)</b>	<u>(617,500)</u>	<u>(617,500)</u>	<u>(512,120)</u>	<u>105,380</u>
Net Change in Fund Balances	(1,405,500)	(1,405,500)	(1,016,443)	389,057
Fund Balances Beginning	4,426,421	4,426,421	4,426,421	-
Fund Balances Ending	<u>\$ 3,020,921</u>	<u>\$ 3,020,921</u>	<u>\$ 3,409,978</u>	<u>\$ 389,057</u>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Bicycle and Pedestrian Facilities			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	83,800	83,800	5,403	(78,397)
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>83,800</b>	<b>83,800</b>	<b>5,403</b>	<b>(78,397)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
General services	6,800	6,800	5,403	1,397
Community development	-	-	-	-
Capital outlay	77,000	77,000	-	77,000
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>83,800</b>	<b>83,800</b>	<b>5,403</b>	<b>78,397</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Prop 1B			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 51,000	\$ 51,000	\$ 63,252	\$ 12,252
Fines and forfeitures	-	-	-	-
Intergovernmental	137,000	137,000	307,568	170,568
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>188,000</b>	<b>188,000</b>	<b>370,820</b>	<b>182,820</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	188,000	349,700	370,820	(21,120)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>188,000</b>	<b>349,700</b>	<b>370,820</b>	<b>(21,120)</b>
Excess (Deficiency) of Revenues over Expenditures	-	(161,700)	-	161,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	(161,700)	-	161,700
Fund Balances Beginning	2,782	2,782	2,782	-
Fund Balances Ending	\$ 2,782	\$(158,918)	\$ 2,782	\$ 161,700

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	<u>Recreation Facilities Contributions</u>			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	1,000	1,000	1,963	963
Charges for services	-	-	1,000	1,000
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>2,963</u>	<u>1,963</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	230	(230)
Public safety	-	-	-	-
General services	500,000	500,000	604,261	(104,261)
Community development	-	-	-	-
Capital outlay	75,000	75,000	-	75,000
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>575,000</u>	<u>575,000</u>	<u>604,491</u>	<u>(29,491)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(574,000)</u>	<u>(574,000)</u>	<u>(601,528)</u>	<u>(27,528)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(97,700)	(97,700)	(99,719)	(2,019)
<b>Total Other Financing Sources (Uses)</b>	<u>(97,700)</u>	<u>(97,700)</u>	<u>(99,719)</u>	<u>(2,019)</u>
Net Change in Fund Balances	<u>(671,700)</u>	<u>(671,700)</u>	<u>(701,247)</u>	<u>(29,547)</u>
Fund Balances Beginning	<u>734,346</u>	<u>734,346</u>	<u>734,346</u>	<u>-</u>
Fund Balances Ending	<u>\$ 62,646</u>	<u>\$ 62,646</u>	<u>\$ 33,099</u>	<u>\$ (29,547)</u>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Lighting Maintenance District #1			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 250,600	\$ 250,600	\$ 250,711	\$ 111
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>250,600</b>	<b>250,600</b>	<b>250,711</b>	<b>111</b>
<b>EXPENDITURES</b>				
Current:				
General government	25,800	25,800	28,507	(2,707)
Public safety	-	-	-	-
General services	224,300	224,300	221,730	2,570
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>250,100</b>	<b>250,100</b>	<b>250,237</b>	<b>(137)</b>
Excess (Deficiency) of Revenues over Expenditures	500	500	474	(26)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(500)	(500)	(474)	26
<b>Total Other Financing Sources (Uses)</b>	<b>(500)</b>	<b>(500)</b>	<b>(474)</b>	<b>26</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	<u>Landscaping and Lighting Maintenance District #2</u>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes and assessments	\$ 1,700,700	\$ 1,700,700	\$ 1,684,924	\$ (15,776)
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	3,800	3,800	4,816	1,016
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>1,704,500</u>	<u>1,704,500</u>	<u>1,689,740</u>	<u>(14,760)</u>
<b>EXPENDITURES</b>				
Current:				
General government	116,900	116,900	179,381	(62,481)
Public safety	-	-	-	-
General services	1,989,200	1,989,200	1,926,854	62,346
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>2,106,100</u>	<u>2,106,100</u>	<u>2,106,235</u>	<u>(135)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(401,600)</u>	<u>(401,600)</u>	<u>(416,495)</u>	<u>(14,895)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	240,859	240,859
Transfers out	(7,000)	(7,000)	(6,998)	2
<b>Total Other Financing Sources (Uses)</b>	<u>(7,000)</u>	<u>(7,000)</u>	<u>233,861</u>	<u>240,861</u>
Net Change in Fund Balances	(408,600)	(408,600)	(182,634)	225,966
Fund Balances Beginning	<u>1,639,604</u>	<u>1,639,604</u>	<u>1,639,604</u>	<u>-</u>
Fund Balances Ending	<u>\$ 1,231,004</u>	<u>\$ 1,231,004</u>	<u>\$ 1,456,970</u>	<u>\$ 225,966</u>

Continued



**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Community Facilities District #1			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 1,289,000	\$ 1,289,000	\$ 1,352,108	\$ 63,108
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	-	-
Charges for services	-	-	281	281
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>1,289,000</b>	<b>1,289,000</b>	<b>1,352,389</b>	<b>63,389</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	13,100	13,100	13,459	(359)
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>13,100</b>	<b>13,100</b>	<b>13,459</b>	<b>(359)</b>
Excess (Deficiency) of Revenues over Expenditures	1,275,900	1,275,900	1,338,930	63,030
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,275,900)	(1,275,900)	(1,338,930)	(63,030)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,275,900)</b>	<b>(1,275,900)</b>	<b>(1,338,930)</b>	<b>(63,030)</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

Community Facilities District #5				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes and assessments	\$ 3,600,000	\$ 3,600,000	\$ 3,581,660	\$ (18,340)
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	7,200	7,200	8,095	895
Charges for services	-	-	-	-
Other revenues	15,000	15,000	15,000	-
<b>Total Revenues</b>	<u>3,622,200</u>	<u>3,622,200</u>	<u>3,604,755</u>	<u>(17,445)</u>
<b>EXPENDITURES</b>				
Current:				
General government	279,400	279,400	336,973	(57,573)
Public safety	-	-	-	-
General services	4,015,000	4,015,000	3,748,307	266,693
Community development	-	-	-	-
Capital outlay	-	6,800	121,550	(114,750)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>4,294,400</u>	<u>4,301,200</u>	<u>4,206,830</u>	<u>94,370</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(672,200)</u>	<u>(679,000)</u>	<u>(602,075)</u>	<u>76,925</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	50,390	50,390
Transfers out	(27,900)	(27,900)	(28,665)	(765)
<b>Total Other Financing Sources (Uses)</b>	<u>(27,900)</u>	<u>(27,900)</u>	<u>21,725</u>	<u>49,625</u>
Net Change in Fund Balances	(700,100)	(706,900)	(580,350)	126,550
Fund Balances Beginning	<u>2,789,797</u>	<u>2,789,797</u>	<u>2,789,797</u>	<u>-</u>
Fund Balances Ending	<u>\$ 2,089,697</u>	<u>\$ 2,082,897</u>	<u>\$ 2,209,447</u>	<u>\$ 126,550</u>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Community Facilities District #6			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ 250,800	\$ 250,800	\$ 251,753	\$ 953
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	400	400	469	69
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>251,200</u>	<u>251,200</u>	<u>252,222</u>	<u>1,022</u>
<b>EXPENDITURES</b>				
Current:				
General government	25,100	25,100	29,364	(4,264)
Public safety	-	-	-	-
General services	211,000	211,000	196,476	14,524
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>236,100</u>	<u>236,100</u>	<u>225,840</u>	<u>10,260</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,100</u>	<u>15,100</u>	<u>26,382</u>	<u>11,282</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	19,116	19,116
Transfers out	(900)	(900)	(997)	(97)
<b>Total Other Financing Sources (Uses)</b>	<u>(900)</u>	<u>(900)</u>	<u>18,119</u>	<u>19,019</u>
Net Change in Fund Balances	14,200	14,200	44,501	30,301
Fund Balances Beginning	<u>136,099</u>	<u>136,099</u>	<u>136,099</u>	<u>-</u>
Fund Balances Ending	<u>\$ 150,299</u>	<u>\$ 150,299</u>	<u>\$ 180,600</u>	<u>\$ 30,301</u>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Housing Rehabilitation			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	18,019	18,019
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>18,019</b>	<b>18,019</b>
<b>EXPENDITURES</b>				
Current:				
General government	900	900	2,271	(1,371)
Public safety	-	-	-	-
General services	-	-	-	-
Community development	2,000	19,000	30,935	(11,935)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,900</b>	<b>19,900</b>	<b>33,206</b>	<b>(13,306)</b>
Excess (Deficiency) of Revenues over Expenditures	(2,900)	(19,900)	(15,187)	4,713
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(2,900)	(19,900)	(15,187)	4,713
Fund Balances Beginning	785,456	785,456	785,456	-
Fund Balances Ending	<b>\$ 782,556</b>	<b>\$ 765,556</b>	<b>\$ 770,269</b>	<b>\$ 4,713</b>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Streets Grants			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	4,729,300	4,729,300	146,446	(4,582,854)
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>4,729,300</b>	<b>4,729,300</b>	<b>146,446</b>	<b>(4,582,854)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	4,729,300	4,729,300	146,446	4,582,854
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>4,729,300</b>	<b>4,729,300</b>	<b>146,446</b>	<b>4,582,854</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Asset Forfeiture			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	1,424	1,424
Intergovernmental	-	-	-	-
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>1,424</b>	<b>1,424</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	27	(27)
Public safety	10,000	10,000	-	10,000
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>27</b>	<b>9,973</b>
Excess (Deficiency) of Revenues over Expenditures	(10,000)	(10,000)	1,397	11,397
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(10,000)	(10,000)	1,397	11,397
Fund Balances Beginning	91,306	91,306	91,306	-
Fund Balances Ending	<b>\$ 81,306</b>	<b>\$ 81,306</b>	<b>\$ 92,703</b>	<b>\$ 11,397</b>

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Traffic Safety/PD Grants			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	17,800	17,800	143,174	125,374
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>17,800</b>	<b>17,800</b>	<b>143,174</b>	<b>125,374</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	17,800	17,800	143,174	(125,374)
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>17,800</b>	<b>17,800</b>	<b>143,174</b>	<b>(125,374)</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

Continued

**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	CDBG HUD Entitlement			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	189,300	189,300	182,994	(6,306)
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>189,300</b>	<b>189,300</b>	<b>182,994</b>	<b>(6,306)</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,800	2,800	1,375	1,425
Public safety	-	-	-	-
General services	114,000	114,000	114,000	-
Community development	38,800	38,800	38,988	(188)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>155,600</b>	<b>155,600</b>	<b>154,363</b>	<b>1,237</b>
Excess (Deficiency) of Revenues over Expenditures	33,700	33,700	28,631	(5,069)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(33,700)	(33,700)	(28,631)	5,069
<b>Total Other Financing Sources (Uses)</b>	<b>(33,700)</b>	<b>(33,700)</b>	<b>(28,631)</b>	<b>5,069</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

Continued



**City of Rocklin**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Revenue Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Supplemental Law Enforcement Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	100,000	100,000	106,230	6,230
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>106,230</b>	<b>6,230</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
General services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues over Expenditures	100,000	100,000	106,230	6,230
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(100,000)	(100,000)	(106,230)	(6,230)
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(106,230)</b>	<b>(6,230)</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

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## NONMAJOR CAPITAL PROJECTS FUNDS

<b>Fund Title</b>	<b>Fund Description</b>
Park Development Fees	Accounts for funds expended on City park projects and improvements.
Community Park Fees	Accounts for funds collected and expended for City park land and improvements.
Capital Construction Impact Fees	Accounts for the capital construction impact fee that is used for the expansion of facilities to serve new developments within the City.
Oak Tree Mitigation Fees	Accounts for funds collected for Oak Tree preservation activities including land acquisition and oak tree planting, acquisition, and maintenance.
Public Improvement Agreement	Accounts for funds expended for public improvement.
Whitney Ranch Trunk Sewer Project	Accounts for impact fees to fund the sewer trunk line upgrade.

**City of Rocklin**  
**Combining Balance Sheet**  
**Capital Projects Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Park Development Fees	Community Park Fees	Capital Construction Impact Fees	Oak Tree Mitigation Fees
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 633,561	\$ 1,618,237
Deposits receivable	-	-	35,000	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 668,561</b>	<b>\$ 1,618,237</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 315	\$ 2,500
Due to other funds	1,587,420	1,025,740	-	-
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>1,587,420</b>	<b>1,025,740</b>	<b>315</b>	<b>2,500</b>
<b>Fund Balances:</b>				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	-	-	668,246	1,615,737
Unassigned (Deficit)	(1,587,420)	(1,025,740)	-	-
<b>Total fund balances</b>	<b>(1,587,420)</b>	<b>(1,025,740)</b>	<b>668,246</b>	<b>1,615,737</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 668,561</b>	<b>\$ 1,618,237</b>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Capital Projects Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Whitney Ranch Trunk Sewer Project	Public Improvement Agreement	Total Capital Projects Nonmajor Governmental Funds	
			2015	2014
<b>ASSETS</b>				
Cash and investments	\$ 16,650	\$ -	\$ 2,268,448	\$ 2,087,041
Deposits receivable	-	-	35,000	-
<b>Total assets</b>	<b>\$ 16,650</b>	<b>\$ -</b>	<b>\$ 2,303,448</b>	<b>\$ 2,087,041</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,815	\$ 8,078
Due to other funds	-	-	2,613,160	315,043
Advances from other funds	-	-	-	211,555
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,615,975</b>	<b>534,676</b>
<b>Fund Balances:</b>				
Restricted	\$ -	\$ -	\$ -	\$ 487,641
Committed	16,650	-	2,300,633	1,591,851
Unassigned (Deficit)	-	-	(2,613,160)	(527,127)
<b>Total fund balances</b>	<b>16,650</b>	<b>-</b>	<b>(312,527)</b>	<b>1,552,365</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,650</b>	<b>\$ -</b>	<b>\$ 2,303,448</b>	<b>\$ 2,087,041</b>

Concluded

**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and Changes**  
**in Fund Balances**  
**Capital Projects Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Park Development Fees	Community Park Fees	Capital Construction Impact Fees	Oak Tree Mitigation Fees
<b>REVENUES</b>				
Taxes and assessments	\$ 593,591	\$ 234,647	\$ -	\$ 118,238
License and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	5,439	-	-
Use of money and property	-	-	-	5,807
Contributions from developers and homeowners	-	-	1,350,688	-
Other revenue	-	-	407,639	97
<b>Total Revenues</b>	<b>593,591</b>	<b>240,086</b>	<b>1,758,327</b>	<b>124,142</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,510	4,121	6,398	2,283
General services	-	-	1,936	83,764
Community development	-	-	-	-
Capital outlay	-	-	15,000	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>6,510</b>	<b>4,121</b>	<b>23,334</b>	<b>86,047</b>
Excess (Deficiency) of Revenues over Expenditures	587,081	235,965	1,734,993	38,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(539,620)	(14,209)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(539,620)</b>	<b>(14,209)</b>
Net Change in Fund Balances	587,081	235,965	1,195,373	23,886
Fund Balances Beginning	(2,174,501)	(1,261,705)	(527,127)	1,591,851
Fund Balances Ending	\$ (1,587,420)	\$ (1,025,740)	\$ 668,246	\$ 1,615,737

Continued

**City of Rocklin**  
**Combining Statement of Revenues,**  
**Expenditures and Changes**  
**in Fund Balances**  
**Capital Projects Nonmajor**  
**Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Whitney	Public	Total Capital Projects	
	Ranch Trunk		Improvement	Nonmajor Governmental Funds
	Sewer	Agreement	2015	2014
	Project			
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ 946,476	\$ 400,710
License and permits	9,914	-	9,914	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	5,439	6,700
Use of money and property	34	-	5,841	4,555
Contributions from developers and homeowners	-	-	1,350,688	1,695,692
Other revenue	-	-	407,736	-
<b>Total Revenues</b>	<b>9,948</b>	<b>-</b>	<b>2,726,094</b>	<b>2,107,657</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	144	19,456	2,190
General services	-	476,145	561,845	195,182
Community development	-	-	-	2,221
Capital outlay	-	4,650	19,650	35,086
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	14,593
<b>Total Expenditures</b>	<b>-</b>	<b>480,939</b>	<b>600,951</b>	<b>249,272</b>
Excess (Deficiency) of Revenues over Expenditures	9,948	(480,939)	2,125,143	1,858,385
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(553,829)	(580,798)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(553,829)</b>	<b>(580,798)</b>
Net Change in Fund Balances	9,948	(480,939)	1,571,314	1,277,587
Fund Balances Beginning	6,702	480,939	(1,883,841)	274,778
Fund Balances Ending	\$ 16,650	\$ -	\$ (312,527)	\$ 1,552,365
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## NONMAJOR PERMANENT FUNDS

<b>Fund Title</b>	<b>Fund Description</b>
Wetlands Maintenance	Accounts for a \$38,000 required endowment from which the income will fund ongoing maintenance of the wetlands on a single lot parcel in Stanford Ranch Phase III.
Conservation Easement Endowment	Accounts for a \$453,455 required endowment from which the income will fund initial Preserve Area maintenance and operations.

**City of Rocklin**  
**Combining Balance Sheet**  
**Permanent Nonmajor Governmental Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Wetlands Maintenance	Conservation Easement Endowment	Total Permanent Nonmajor Governmental Funds	
			2015	2014
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 480,439
Restricted cash and investments	63,106	453,455	516,561	38,000
<b>Total assets</b>	<b>\$ 63,106</b>	<b>\$ 453,455</b>	<b>\$ 516,561</b>	<b>\$ 518,439</b>
<b>FUND BALANCES</b>				
Nonspendable endowments	\$ 38,000	\$ 453,455	\$ 491,455	\$ 492,619
Restricted	25,106	-	25,106	25,820
<b>Total fund balances</b>	<b>\$ 63,106</b>	<b>\$ 453,455</b>	<b>\$ 516,561</b>	<b>\$ 518,439</b>

**City of Rocklin**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Permanent Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Wetlands Maintenance	Conservation Easement Endowment	Total Permanent Nonmajor Governmental Funds	
			2015	2014
<b>REVENUES</b>				
Use of money and property	\$ 6,731	\$ 1,681	\$ 8,412	\$ 5,422
<b>Total Revenues</b>	<u>6,731</u>	<u>1,681</u>	<u>8,412</u>	<u>5,422</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,538	137	5,675	-
<b>Total Expenditures</b>	<u>5,538</u>	<u>137</u>	<u>5,675</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,193</u>	<u>1,544</u>	<u>2,737</u>	<u>5,422</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,907)	(2,708)	(4,615)	(1,843)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,907)</u>	<u>(2,708)</u>	<u>(4,615)</u>	<u>(1,843)</u>
Net Change in Fund Balances	(714)	(1,164)	(1,878)	3,579
Fund Balances Beginning	<u>63,820</u>	<u>454,619</u>	<u>518,439</u>	<u>514,860</u>
Fund Balances Ending	<u>\$ 63,106</u>	<u>\$ 453,455</u>	<u>\$ 516,561</u>	<u>\$ 518,439</u>

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## AGENCY FUNDS

Fund Title	Fund Description
Community Facilities District #3	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #6	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #7	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #8	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #9	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #10	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Community Facilities District #11	Accounts for special taxes made on properties to pay for debt issued for infrastructure in the District.
Borowski Landfill Monitoring Trust	Accounts for amounts collected to monitor the Borowski Landfill.

**City of Rocklin**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Community Facilities District #3	Community Facilities District #6	Community Facilities District #7
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 660	\$ 50	\$ 72
Cash and investments held by trustee	3,427,432	144,326	391,864
Receivables	25,497	2,053	1,700
<b>Total assets</b>	<b>\$ 3,453,589</b>	<b>\$ 146,429</b>	<b>\$ 393,636</b>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other agencies	\$ 3,453,589	\$ 146,429	\$ 393,636
<b>Total liabilities</b>	<b>\$ 3,453,589</b>	<b>\$ 146,429</b>	<b>\$ 393,636</b>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

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	Community Facilities District #8	Community Facilities District #9	Community Facilities District #10
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 123	\$ 160	\$ 402
Cash and investments held by trustee	410,413	473,047	3,035,577
Receivables	4,825	7,125	9,479
<b>Total assets</b>	<u>\$ 415,361</u>	<u>\$ 480,332</u>	<u>\$ 3,045,458</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other agencies	\$ 415,361	\$ 480,332	\$ 3,045,458
<b>Total liabilities</b>	<u>\$ 415,361</u>	<u>\$ 480,332</u>	<u>\$ 3,045,458</u>

Continued

**City of Rocklin**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2015**  
**(With comparative totals for June 30, 2014)**

	Community Facilities District #11	Borowski Landfill Monitoring Trust	Totals	
			2015	2014
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 2,442,749	\$ -	\$ 2,444,216	\$ 2,367,449
Cash and investments held by trustee	-	-	7,882,659	7,671,368
Receivables	-	-	50,679	143,928
<b>Total assets</b>	<b>\$ 2,442,749</b>	<b>\$ -</b>	<b>\$ 10,377,554</b>	<b>\$ 10,182,745</b>
<b>LIABILITIES</b>				
Current liabilities:				
Due to other agencies	\$ 2,442,749	\$ -	\$ 10,377,554	\$ 10,182,745
<b>Total liabilities</b>	<b>\$ 2,442,749</b>	<b>\$ -</b>	<b>\$ 10,377,554</b>	<b>\$ 10,182,745</b>
				Concluded



**City of Rocklin**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<b>COMMUNITY FACILITIES DISTRICT #3</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 660	\$ -	\$ 660
Cash and investments held by trustee	3,361,853	3,427,432	3,361,853	3,427,432
Receivables	40,580	25,497	40,580	25,497
<b>Total assets</b>	<b>\$ 3,402,433</b>	<b>\$ 3,453,589</b>	<b>\$ 3,402,433</b>	<b>\$ 3,453,589</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 3,402,433	\$ 3,453,589	\$ 3,402,433	\$ 3,453,589
<b>Total liabilities</b>	<b>\$ 3,402,433</b>	<b>\$ 3,453,589</b>	<b>\$ 3,402,433</b>	<b>\$ 3,453,589</b>
<b>COMMUNITY FACILITIES DISTRICT #6</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 50	\$ -	\$ 50
Cash and investments held by trustee	137,019	144,326	137,019	144,326
Receivables	4,449	2,053	4,449	2,053
<b>Total assets</b>	<b>\$ 141,468</b>	<b>\$ 146,429</b>	<b>\$ 141,468</b>	<b>\$ 146,429</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 141,468	\$ 146,429	\$ 141,468	\$ 146,429
<b>Total liabilities</b>	<b>\$ 141,468</b>	<b>\$ 146,429</b>	<b>\$ 141,468</b>	<b>\$ 146,429</b>
<b>COMMUNITY FACILITIES DISTRICT #7</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 72	\$ -	\$ 72
Cash and investments held by trustee	377,850	391,864	377,850	391,864
Receivables	4,432	1,700	4,432	1,700
<b>Total assets</b>	<b>\$ 382,282</b>	<b>\$ 393,636</b>	<b>\$ 382,282</b>	<b>\$ 393,636</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 382,282	\$ 393,636	\$ 382,282	\$ 393,636
<b>Total liabilities</b>	<b>\$ 382,282</b>	<b>\$ 393,636</b>	<b>\$ 382,282</b>	<b>\$ 393,636</b>

**City of Rocklin**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<b>COMMUNITY FACILITIES DISTRICT #8</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 123	\$ -	\$ 123
Cash and investments held by trustee	387,923	410,413	387,923	410,413
Receivables	6,649	4,825	6,649	4,825
<b>Total assets</b>	<b>\$ 394,572</b>	<b>\$ 415,361</b>	<b>\$ 394,572</b>	<b>\$ 415,361</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 394,572	\$ 415,361	\$ 394,572	\$ 415,361
<b>Total liabilities</b>	<b>\$ 394,572</b>	<b>\$ 415,361</b>	<b>\$ 394,572</b>	<b>\$ 415,361</b>
<b>COMMUNITY FACILITIES DISTRICT #9</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 160	\$ -	\$ 160
Cash and investments held by trustee	446,013	473,047	446,013	473,047
Receivables	15,441	7,125	15,441	7,125
<b>Total assets</b>	<b>\$ 461,454</b>	<b>\$ 480,332</b>	<b>\$ 461,454</b>	<b>\$ 480,332</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 461,454	\$ 480,332	\$ 461,454	\$ 480,332
<b>Total liabilities</b>	<b>\$ 461,454</b>	<b>\$ 480,332</b>	<b>\$ 461,454</b>	<b>\$ 480,332</b>
<b>COMMUNITY FACILITIES DISTRICT #10</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 402	\$ -	\$ 402
Cash and investments held by trustee	2,960,710	3,035,577	2,960,710	3,035,577
Receivables	22,238	9,479	22,238	9,479
<b>Total assets</b>	<b>\$ 2,982,948</b>	<b>\$ 3,045,458</b>	<b>\$ 2,982,948</b>	<b>\$ 3,045,458</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 2,982,948	\$ 3,045,458	\$ 2,982,948	\$ 3,045,458
<b>Total liabilities</b>	<b>\$ 2,982,948</b>	<b>\$ 3,045,458</b>	<b>\$ 2,982,948</b>	<b>\$ 3,045,458</b>

**City of Rocklin**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<b>COMMUNITY FACILITIES DISTRICT #11</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,364,970	\$ 2,442,749	\$ 2,364,970	\$ 2,442,749
Cash and investments held by trustee	-	-	-	-
Receivables	50,139	-	50,139	-
<b>Total assets</b>	<b>\$ 2,415,109</b>	<b>\$ 2,442,749</b>	<b>\$ 2,415,109</b>	<b>\$ 2,442,749</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 2,415,109	\$ 2,442,749	\$ 2,415,109	\$ 2,442,749
<b>Total liabilities</b>	<b>\$ 2,415,109</b>	<b>\$ 2,442,749</b>	<b>\$ 2,415,109</b>	<b>\$ 2,442,749</b>
<b>BOROWSKI LANDFILL MONITORING TRUST</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,479	\$ 16,515	\$ 18,994	\$ -
Cash and investments held by trustee	-	-	-	-
Receivables	-	-	-	-
<b>Total assets</b>	<b>\$ 2,479</b>	<b>\$ 16,515</b>	<b>\$ 18,994</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 2,479	\$ 16,515	\$ 18,994	\$ -
<b>Total liabilities</b>	<b>\$ 2,479</b>	<b>\$ 16,515</b>	<b>\$ 18,994</b>	<b>\$ -</b>
<b>Totals</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,367,449	\$ 2,460,731	\$ 2,383,964	\$ 2,444,216
Cash and investments held by trustee	7,671,368	7,882,659	7,671,368	7,882,659
Receivables	143,928	50,679	143,928	50,679
<b>Total assets</b>	<b>\$ 10,182,745</b>	<b>\$ 10,394,069</b>	<b>\$ 10,199,260</b>	<b>\$ 10,377,554</b>
<b>LIABILITIES</b>				
Due to other agencies	\$ 10,182,745	\$ 10,394,069	\$ 10,199,260	\$ 10,377,554
<b>Total liabilities</b>	<b>\$ 10,182,745</b>	<b>\$ 10,394,069</b>	<b>\$ 10,199,260</b>	<b>\$ 10,377,554</b>

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# ROCKLIN

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## STASTICAL INFORMATION

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## STATISTICAL SECTION

This part of the City of Rocklin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	140-149
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's property tax.	150-153
<b>Debt Capacity</b>	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	154-157
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	158

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Rocklin**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Governmental activities:					
Net investment in capital assets	\$ 301,542,340	\$ 314,002,830	\$ 333,102,023	\$ 340,423,304	\$ 336,857,846
Restricted	55,165,034	60,900,601	23,677,671	17,858,485	16,013,886
Unrestricted	33,780,126	35,479,788	67,611,423	60,361,488	51,212,204
Total Governmental Activities Net Position	<u>\$ 390,487,500</u>	<u>\$ 410,383,219</u>	<u>\$ 424,391,117</u>	<u>\$ 418,643,277</u>	<u>\$ 404,083,936</u>

Page 1 of 2 (continued)



**City of Rocklin**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Governmental activities:					
Net investment in capital assets	\$ 299,354,604	\$ 311,848,181	\$ 305,672,758	\$ 303,473,919	\$ 302,623,713
Restricted	18,109,568	15,572,366	15,031,994	24,905,118	22,509,945
Unrestricted	43,464,022	30,663,690	27,181,118	26,568,355	(7,435,357)
Total Governmental Activities Net Position	<u>\$ 360,928,194</u>	<u>\$ 358,084,237</u>	<u>\$ 347,885,870</u>	<u>\$ 354,947,392</u>	<u>\$ 317,698,301</u>

Page 2 of 2 (concluded)

**City of Rocklin**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 8,752,178	\$ 9,741,574	\$ 9,384,763	\$ 12,168,677	\$ 11,502,017
Public Safety	15,388,277	19,083,423	19,270,091	21,767,874	20,187,996
Public Works	10,418,079	11,290,399	13,831,854	11,875,302	13,203,578
General Services	-	-	-	-	-
Culture and Recreation	11,070,914	11,054,035	11,359,949	11,199,237	8,630,297
Community Development	4,769,873	4,711,041	5,480,752	3,825,794	6,975,124
Depreciation Expense	-	-	-	-	-
Interest Expense	1,400,509	1,679,110	2,099,964	2,193,456	2,225,218
Total Governmental Activities Expenses	<u>51,799,830</u>	<u>57,559,582</u>	<u>61,427,373</u>	<u>63,030,340</u>	<u>62,724,230</u>
Total Primary Government Expenses	<u>51,799,830</u>	<u>57,559,582</u>	<u>61,427,373</u>	<u>63,030,340</u>	<u>62,724,230</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges For Services:					
General Government	501,652	482,992	2,196,509	5,409,343	878,576
Public Safety	1,122,727	1,316,682	967,850	598,746	698,784
Public Works	29,270	23,643	678,409	262,526	27,097
General Services	-	-	-	-	-
Culture and Recreation	3,342,358	3,863,001	4,179,414	211,128	2,974,885
Community Development	5,536,884	5,017,222	1,426,974	1,451,804	1,061,768
Operating Grants and Contributions	2,548,421	510,641	1,192,355	3,898,104	2,891,635
Capital Grants and Contributions	24,891,312	16,291,432	19,471,148	2,701,074	3,845,572
Total Governmental Activities Program Revenues	<u>37,972,624</u>	<u>27,505,613</u>	<u>30,112,659</u>	<u>14,532,725</u>	<u>12,378,317</u>
Total Primary Government Program Revenues	<u>37,972,624</u>	<u>27,505,613</u>	<u>30,112,659</u>	<u>14,532,725</u>	<u>12,378,317</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(13,827,206)</u>	<u>(30,053,969)</u>	<u>(31,314,714)</u>	<u>(48,497,615)</u>	<u>(50,345,913)</u>
Total Primary Government Net Expense	<u>(13,827,206)</u>	<u>(30,053,969)</u>	<u>(31,314,714)</u>	<u>(48,497,615)</u>	<u>(50,345,913)</u>

Page 1 of 4 (continued)

**City of Rocklin**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 12,368,561	\$ 19,941,499	\$ 11,213,621	\$ 12,616,551	\$ 12,774,913
Public Safety	19,676,954	19,500,808	19,848,065	20,157,508	18,646,375
Public Works	-	-	-	-	-
General Services	21,459,947	21,000,764	26,624,188	26,870,694	29,624,287
Culture and Recreation	-	-	-	-	-
Community Development	39,474,367	2,388,154	2,488,541	2,111,334	2,070,085
Depreciation Expense	-	-	-	-	-
Interest Expense	2,185,827	1,801,574	709,181	521,835	570,731
Total Governmental Activities Expenses	<u>95,165,656</u>	<u>64,632,799</u>	<u>60,883,596</u>	<u>62,277,922</u>	<u>63,686,391</u>
Total Primary Government Expenses	<u>95,165,656</u>	<u>64,632,799</u>	<u>60,883,596</u>	<u>62,277,922</u>	<u>63,686,391</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges For Services:					
General Government	1,975,872	1,936,755	717,177	1,488,847	1,530,256
Public Safety	929,151	918,751	986,980	1,002,360	1,057,928
Public Works	-	-	-	-	-
General Services	3,096,172	2,926,972	2,867,552	5,164,288	4,805,284
Culture and Recreation	-	-	-	-	-
Community Development	1,359,902	1,408,754	2,838,162	3,663,216	3,821,613
Operating Grants and Contributions	8,514,569	7,875,912	7,023,612	5,027,116	5,280,395
Capital Grants and Contributions	1,061,788	110,327	387,952	3,031,936	185,434
Total Governmental Activities Program Revenues	<u>16,937,454</u>	<u>15,177,471</u>	<u>14,821,435</u>	<u>19,377,763</u>	<u>16,680,910</u>
Total Primary Government Program Revenues	<u>16,937,454</u>	<u>15,177,471</u>	<u>14,821,435</u>	<u>19,377,763</u>	<u>16,680,910</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(78,228,202)</u>	<u>(49,455,328)</u>	<u>(46,062,161)</u>	<u>(42,900,159)</u>	<u>(47,005,481)</u>
Total Primary Government Net Expense	<u>(78,228,202)</u>	<u>(49,455,328)</u>	<u>(46,062,161)</u>	<u>(42,900,159)</u>	<u>(47,005,481)</u>

Page 2 of 4 (continued)

**City of Rocklin**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Revenues and Other</b>					
<b>Changes In Net Position</b>					
Governmental Activities:					
Taxes:					
Property Taxes	13,077,447	15,143,507	17,521,701	16,384,305	14,743,382
Sales and Use Taxes	5,032,904	6,505,180	8,813,096	8,071,160	6,378,150
Gas Tax	4,048,413	1,735,645	1,807,144	907,958	1,449,281
Transient Occupancy Tax	604,642	565,606	489,747	362,686	344,792
Other Taxes	1,592,552	4,876,889	4,054,247	4,972,089	4,201,280
Motor Vehicle Fees	3,755,883	3,841,341	3,855,901	3,953,712	3,935,363
Franchise Fees	1,457,402	1,514,343	1,547,104	1,588,179	1,594,426
Impact Fees	7,469,174	8,827,938	2,302,815	2,421,430	1,203,166
Investment Earnings	3,152,136	5,749,228	4,930,857	4,088,256	1,936,732
Other Revenues	1,687,041	1,155,580	-	-	-
Gain (Loss) on Sale of Assets	(14,102)	34,431	-	-	-
Extraordinary Gain on Dissolution of RDA	-	-	-	-	-
Total Governmental Activities	<u>41,863,492</u>	<u>49,949,688</u>	<u>45,322,612</u>	<u>42,749,775</u>	<u>35,786,572</u>
Total Primary Government	<u>41,863,492</u>	<u>49,949,688</u>	<u>45,322,612</u>	<u>42,749,775</u>	<u>35,786,572</u>
<b>Change In Net Position</b>					
Governmental activities	28,036,286	19,895,719	14,007,898	(5,747,840)	(14,559,341)
Total Primary Government	<u>\$ 28,036,286</u>	<u>\$ 19,895,719</u>	<u>\$ 14,007,898</u>	<u>\$ (5,747,840)</u>	<u>\$ (14,559,341)</u>

Page 3 of 4 (continued)

Note: In 2010-11 the City combined Culture and Recreation and Public Works into General Services.

**City of Rocklin**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Revenues and Other</b>					
<b>Changes In Net Position</b>					
Governmental Activities:					
Taxes:					
Property Taxes	13,935,181	11,146,605	9,551,975	10,347,611	10,921,437
Sales and Use Taxes	5,040,007	5,786,761	6,212,703	6,329,277	7,576,526
Gas Tax	4,292,227	3,210,518	3,506,863	4,645,010	4,709,456
Transient Occupancy Tax	383,641	395,656	403,176	474,424	539,796
Other Taxes	4,248,516	7,811,538	6,890,260	6,791,713	8,402,248
Motor Vehicle Fees	3,760,265	3,404,120	3,367,965	3,610,829	3,891,452
Franchise Fees	1,762,153	1,887,441	1,904,499	1,957,384	2,059,195
Impact Fees	445,885	541,592	2,011,105	2,636,172	3,124,079
Investment Earnings	1,543,512	1,263,775	1,588,595	1,531,756	1,789,996
Other Revenues	-	-	426,653	156,152	868,893
Gain (Loss) on Sale of Assets	-	-	-	-	(189,630)
Extraordinary Gain on Dissolution of RDA	-	10,471,411	-	11,481,353	-
Total Governmental Activities	<u>35,411,387</u>	<u>45,919,417</u>	<u>35,863,794</u>	<u>49,961,681</u>	<u>43,693,448</u>
Total Primary Government	<u>35,411,387</u>	<u>45,919,417</u>	<u>35,863,794</u>	<u>49,961,681</u>	<u>43,693,448</u>
<b>Change In Net Position</b>					
Governmental activities	<u>(42,816,815)</u>	<u>(3,535,911)</u>	<u>(10,198,367)</u>	<u>7,061,522</u>	<u>(3,312,033)</u>
Total Primary Government	<u>\$ (42,816,815)</u>	<u>\$ (3,535,911)</u>	<u>\$ (10,198,367)</u>	<u>\$ 7,061,522</u>	<u>\$ (3,312,033)</u>

Page 4 of 4 (concluded)

Note: In 2010-11 the City combined Culture and Recreation and Public Works into General Services.

**City of Rocklin**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund:					
Nonspendable	\$ 244,572	\$ 5,369,029	\$ 2,061,255	\$ 1,867,628	\$ 1,823,650
Restricted	-	-	-	-	-
Committed	11,300,720	13,814,541	14,000,822	18,576,558	18,063,861
Assigned	-	-	-	-	-
Unassigned	20,084,521	15,215,200	20,170,526	14,718,374	13,358,257
Total General Fund	<u>31,629,813</u>	<u>34,398,770</u>	<u>36,232,603</u>	<u>35,162,560</u>	<u>33,245,768</u>
All Other Governmental Funds:					
Nonspendable	2,960,864	3,132,866	491,000	10,141,531	11,752,089
Restricted	51,437,156	57,362,464	56,637,710	40,652,117	35,839,982
Committed	-	-	-	-	-
Assigned	5,757,378	4,055,406	3,610,834	3,674,164	3,658,407
Unassigned	(3,909,280)	(3,794,895)	(4,967,897)	(6,749,516)	(8,573,488)
Total All Other Governmental Funds	<u>56,246,118</u>	<u>60,755,841</u>	<u>55,771,647</u>	<u>47,718,296</u>	<u>42,676,990</u>
Total All Governmental Funds	<u>\$ 87,875,931</u>	<u>\$ 95,154,611</u>	<u>\$ 92,004,250</u>	<u>\$ 82,880,856</u>	<u>\$ 75,922,758</u>

Page 1 of 2 (continued)

**City of Rocklin**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General Fund:					
Nonspendable	\$ 6,048,708	\$ 948,708	\$ 1,408,708	\$ 1,408,708	\$ 1,408,708
Restricted	-	-	-	-	-
Committed	14,161,064	12,982,200	23,465,316	24,933,009	26,094,211
Assigned	-	-	-	-	-
Unassigned	13,534,025	15,019,151	6,525,014	7,085,097	6,667,356
Total General Fund	<u>33,743,797</u>	<u>28,950,059</u>	<u>31,399,038</u>	<u>33,426,814</u>	<u>34,170,275</u>
All Other Governmental Funds:					
Nonspendable	12,870,770	1,003,014	2,569,610	13,648,993	13,043,086
Restricted	17,618,113	15,080,911	14,539,426	24,412,499	21,804,777
Committed	-	-	-	2,326,197	3,645,358
Assigned	18,464,493	19,665,360	20,538,696	5,162,428	-
Unassigned	(8,674,542)	(5,865,220)	(5,617,610)	(3,963,333)	(2,613,160)
Total All Other Governmental Funds	<u>40,278,834</u>	<u>29,884,065</u>	<u>32,030,122</u>	<u>41,586,784</u>	<u>35,880,061</u>
Total All Governmental Funds	<u>\$ 74,022,631</u>	<u>\$ 58,834,124</u>	<u>\$ 63,429,160</u>	<u>\$ 75,013,598</u>	<u>\$ 70,050,336</u>

Page 2 of 2 (concluded)

**City of Rocklin**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenues</b>					
Taxes and Assessments	\$ 29,103,934	\$ 34,163,786	\$ 40,391,755	\$ 38,661,519	\$ 28,990,898
Licenses and Permits	3,907,127	3,011,762	1,594,170	1,988,941	1,877,390
Fines and Forfeitures	205,709	343,526	255,774	355,926	322,076
Intergovernmental	2,875,891	5,651,430	2,236,983	3,999,483	7,330,605
Use of Money and Property	9,498,950	12,460,523	4,930,857	4,088,256	1,937,512
Charges for Services	6,250,237	7,078,697	5,144,855	3,576,100	3,763,720
Contributions from Dev. And Homeowners	25,272,727	13,096,873	18,426,520	1,532,596	867,288
Other Revenues	1,803,980	2,029,872	2,454,357	3,079,679	3,073,887
<b>Total Revenues</b>	<b>78,918,555</b>	<b>77,836,469</b>	<b>75,435,271</b>	<b>57,282,500</b>	<b>48,163,376</b>
<b>Expenditures</b>					
General Government	8,255,800	9,342,700	8,623,207	9,038,183	7,250,768
Public Safety	15,366,655	17,862,380	19,463,346	20,193,534	18,833,510
Public Works	3,633,435	3,680,194	4,690,723	3,875,990	4,699,101
General Services	-	-	-	-	-
Culture and Recreation	10,545,557	10,169,630	10,393,591	9,855,464	7,557,599
Community Development	4,503,658	4,399,735	8,480,771	7,633,718	6,975,124
Capital Outlay	58,344,090	26,546,570	23,484,206	15,454,132	6,736,882
Debt Service:					
Principal	3,961,813	1,313,686	1,345,000	1,630,000	2,020,000
Interest and Fiscal Charges	1,914,971	2,451,779	2,104,788	2,207,710	2,292,870
<b>Total Expenditures</b>	<b>106,525,979</b>	<b>75,766,674</b>	<b>78,585,632</b>	<b>69,888,731</b>	<b>56,365,854</b>
Excess of Revenues Over(Under) Expenditures	<b>(27,607,424)</b>	<b>2,069,795</b>	<b>(3,150,361)</b>	<b>(12,606,231)</b>	<b>(8,202,478)</b>
<b>Other Financing Sources(Uses)</b>					
PERS Side-Fund Payoff	-	-	-	-	-
Extraordinary loss on dissolution of RDA	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	1,513
Transfer from Successor Agency	-	-	-	-	-
Transfers to Internal Service Funds	-	78,885	-	-	242,867
Long-Term Debt Proceeds	11,900,000	5,130,000	-	3,482,837	1,000,000
<b>Total Other Financing Sources(Uses)</b>	<b>11,900,000</b>	<b>5,208,885</b>	<b>-</b>	<b>3,482,837</b>	<b>1,244,380</b>
Net Change In Fund Balances	<b>\$ (15,707,424)</b>	<b>\$ 7,278,680</b>	<b>\$ (3,150,361)</b>	<b>\$ (9,123,394)</b>	<b>\$ (6,958,098)</b>
Debt Service as Percentage of Noncapital Expenditures	13.9%	8.3%	6.7%	7.6%	9.5%

Page 1 of 2 (continued)



# City of Rocklin

## Changes in Fund Balances of Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>Revenues</b>					
Taxes and Assessments	\$ 31,194,723	\$ 31,273,388	\$ 32,533,333	\$ 35,251,049	\$ 37,896,309
Licenses and Permits	2,051,659	978,892	1,234,248	2,078,971	2,310,009
Fines and Forfeitures	290,302	200,457	155,846	160,913	564,913
Intergovernmental	8,012,591	4,495,057	6,381,554	8,599,289	5,412,142
Use of Money and Property	1,939,533	1,726,567	2,245,163	2,428,172	2,685,218
Charges for Services	3,670,824	3,971,307	4,739,901	5,233,861	4,345,836
Contributions from Dev. And Homeowners	391,375	449,309	770,016	1,695,692	2,850,688
Other Revenues	5,300,613	4,595,282	2,568,058	2,422,566	4,237,970
<b>Total Revenues</b>	<b>52,851,620</b>	<b>47,690,259</b>	<b>50,628,119</b>	<b>57,870,513</b>	<b>60,303,085</b>
<b>Expenditures</b>					
General Government	7,407,257	7,882,485	6,816,545	10,437,917	13,705,937
Public Safety	18,322,468	18,158,522	18,326,323	18,746,706	19,489,176
Public Works	-	-	-	-	-
General Services	12,173,194	10,075,239	16,953,922	16,707,672	19,237,232
Culture and Recreation	-	-	-	-	-
Community Development	3,817,974	2,388,154	2,488,541	2,111,334	2,228,394
Capital Outlay	8,347,901	2,757,092	3,457,179	8,239,277	9,313,759
Debt Service:					
Principal	2,497,869	2,075,000	1,000,000	1,030,000	1,070,000
Interest and Fiscal Charges	2,185,827	1,458,496	720,659	534,222	584,681
<b>Total Expenditures</b>	<b>54,752,490</b>	<b>44,794,988</b>	<b>49,763,169</b>	<b>57,807,128</b>	<b>65,629,179</b>
Excess of Revenues Over(Under) Expenditures	(1,900,870)	2,895,271	864,950	63,385	(5,326,094)
<b>Other Financing Sources(Uses)</b>					
PERS Side-Fund Payoff	-	(4,517,258)	-	-	-
Extraordinary loss on dissolution of RDA	-	(13,566,520)	-	-	-
Gain (Loss) on Sale of Assets	750	-	5,000	-	-
Transfer from Successor Agency	-	-	-	11,481,353	-
Transfers to Internal Service Funds	(8)	-	-	39,700	362,832
Long-Term Debt Proceeds	-	-	-	-	-
<b>Total Other Financing Sources(Uses)</b>	<b>742</b>	<b>(18,083,778)</b>	<b>5,000</b>	<b>11,521,053</b>	<b>362,832</b>
Net Change In Fund Balances	\$ (1,900,128)	\$ (15,188,507)	\$ 869,950	\$ 11,584,438	\$ (4,963,262)
Debt Service as Percentage of Noncapital Expenditures	11.2%	9.2%	3.9%	3.3%	3.0%

Page 2 of 2 (concluded)

**City of Rocklin****Assessed Value and Actual Value of Taxable Property****Last Ten Fiscal Years****(in thousands of dollars)**

<b>Fiscal Year</b>	<b>City of Rocklin</b>			<b>Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
	<b>Secured</b>	<b>Public Utility</b>	<b>Unsecured</b>		
2006	\$ 5,881,267,000	\$ 6,994,849	\$ 135,840,714	\$ 6,024,102,563	1.000%
2007	6,518,268,942	6,880,459	147,020,654	6,672,170,055	1.000%
2008	7,086,920,204	6,351,556	153,871,342	7,247,143,102	1.000%
2009	7,262,312,429	6,351,556	167,996,712	7,436,660,697	1.000%
2010	6,937,855,555	8,476,688	151,986,395	7,098,318,638	1.000%
2011	6,437,055,124	8,476,688	149,331,796	6,594,863,608	1.000%
2012	6,213,199,580	8,476,688	124,161,157	6,345,837,425	1.000%
2013	6,143,416,610	8,476,688	124,062,108	6,275,955,406	1.000%
2014	6,603,652,182	9,515,170	130,907,829	6,744,075,181	1.000%
2015	7,140,101,337	9,515,170	123,619,076	7,273,235,583	1.000%

All above are Full Value (100%)

Source: Placer County Assessor's Office

**City of Rocklin**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate per \$100 of assessed valuation)**

Fiscal Year	Direct Rates			Overlapping Rates					Total Tax Rate
	Basic Rate	Total Direct	Loomis Elementary	Placer County Water Agency	Placer Union High	Rocklin Unified School District	Roseville Elementary	Roseville High	
2006	1.0000	1.0000	0.0264	0.0010	0.0142	0.0688	0.0359	0.0384	1.1847
2007	1.0000	1.0000	0.0211	0.0000	0.0223	0.0000	0.0236	0.0272	1.0942
2008	1.0000	1.0000	0.0189	0.0000	0.0200	0.0750	0.0285	0.0294	1.1718
2009	1.0000	1.0000	0.0209	0.0000	0.0201	0.0754	0.0290	0.0321	1.1775
2010	1.0000	1.0000	0.0209	0.0000	0.0218	0.0843	0.0325	0.0359	1.1954
2011	1.0000	1.0000	0.0273	0.0000	0.0265	0.1113	0.0418	0.0431	1.2500
2012	1.0000	1.0000	0.0184	0.0000	0.0263	0.1293	0.0467	0.0420	1.2627
2013	1.0000	1.0000	0.0236	0.0000	0.0285	0.1362	0.0535	0.0446	1.2864
2014	1.0000	1.0000	0.0217	0.0000	0.0280	0.1355	0.0441	0.0514	1.2807
2015	1.0000	1.0000	0.0200	0.0000	0.0194	0.1364	0.0457	0.0485	1.2699

Source: Placer County Assessor Tax Rate Table

**City of Rocklin**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
**(amounts expressed in thousands)**

Taxpayer	Primary Land Use	2015			2006		
		Taxable Assessed Valuation <sup>(1)</sup>	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Meridian Apartments LP	Residential	\$ 70,894,337	1	0.97%			
MGP X Properties LLC	Commercial	64,928,426	2	0.89%			
Walmart Real Estate Business Trust	Commercial	38,321,151	3	0.53%			
Demmon Rocklin Ranch Partners LP	Residential	34,495,434	4	0.47%			
Sunset Court at Stanford Ranch-344 LLC	Residential	32,110,306	5	0.44%	28,356,691	6	0.47%
ARHC CAROCCA01	Institutional	29,333,330	6	0.40%			
United Natural Foods Inc.	Industrial	28,722,010	7	0.39%			
Montessa Management LP	Residential	28,247,551	8	0.39%			
Winsted Apartments, LP	Residential	26,221,766	9	0.36%			
Williams Portfolio 8	Residential	24,723,560	10	0.34%			
Demmon Meridian Partners LP	Residential				83,361,329	1	1.38%
Sunset Rancho Investors LLC	Vacant				72,219,877	2	1.20%
Oracle Corporation	Commercial				51,224,940	3	0.85%
The GAP Inc.	Industrial				45,491,432	4	0.76%
Sierrapine	Industrial				43,649,210	5	0.72%
7545 Katella LLC	Residential				27,163,363	7	0.45%
Cal Stanford Oaks LLC	Recreational				26,135,096	8	0.43%
Winsted Partners LLC	Residential				23,921,783	9	0.40%
Douglas M. Hanzlick	Residential				22,119,286	10	0.37%
Totals		<u>\$ 377,997,871</u>		<u>5.18%</u>	<u>\$ 423,643,007</u>		<u>7.03%</u>

Source(s): HdL Coren and Cone and Placer County Assessor Combined Tax Rolls and the SBE Non Unitary Tax Roll and Placer County Assessor 2004/05 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

<sup>(1)</sup> Estimated calculations are performed on a parcel level, county/controllers' office neither calculates nor apports revenues at a parcel level.

**City of Rocklin**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	As Percent Of Tax Levy
2006	\$ 13,077,477	\$ 13,077,477	100.00%	\$ -	\$ 13,077,477	100.00%
2007	15,143,507	15,143,507	100.00%	-	15,143,507	100.00%
2008	17,521,701	17,521,701	100.00%	-	17,521,701	100.00%
2009	16,384,305	16,384,305	100.00%	-	16,384,305	100.00%
2010	14,743,382	14,743,382	100.00%	-	14,743,382	100.00%
2011	13,935,181	13,935,181	100.00%	-	13,935,181	100.00%
2012	11,146,605	11,146,605	100.00%	-	11,146,605	100.00%
2013	9,551,975	9,551,975	100.00%	-	9,551,975	100.00%
2014	10,347,611	10,347,611	100.00%	-	10,347,611	100.00%
2015	10,921,437	10,921,437	100.00%	-	10,921,437	100.00%

Source: City financial records

Note: Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County of Placer retaining any interest or penalties on uncollected balances.

**City of Rocklin**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Promissory Notes	Certificates of Participation	Refunding Revenue Bonds	Tax Allocation Bonds			
2006	\$ 550,000	\$ 5,985,000	\$ 13,300,000	\$ 24,985,000	\$ 44,820,000	2%	874
2007	450,000	5,545,000	12,795,000	29,610,000	48,400,000	2%	924
2008	350,000	5,095,000	11,760,000	29,065,000	46,270,000	2%	856
2009	250,000	4,635,000	11,760,000	29,065,000	45,710,000	2%	831
2010	-	4,165,000	11,225,000	28,500,000	43,890,000	3%	783
2011	-	3,680,000	10,680,000	27,915,000	42,275,000	2%	725
2012	-	3,275,000	10,115,000	-	13,390,000	2%	229
2013	-	2,860,000	9,530,000	-	12,390,000	1%	208
2014	-	2,430,000	8,930,000	-	11,360,000	1%	190
2015	-	1,980,000	8,310,000	-	10,290,000	Not Available	Not Available

Source: City financial records

**City of Rocklin**  
**Direct and Overlapping Debt**  
**June 30, 2015**

2014/2015 Assessed Valuation:	\$	7,273,556,742		
<b>Overlapping Tax and Assessment Debt:</b>		<b>Total Debt</b>	<b>% Applicable (1)</b>	<b>City's Share of Debt</b>
Rocklin Unified School District	\$	61,018,920	98.54%	\$ 60,126,213
Placer Union High School District		28,289,040	1.638%	463,374
Roseville Joint Union High School District		79,820,973	0.056%	44,700
Loomis Union School District		4,815,000	6.308%	303,730
Roseville City School District		23,191,221	0.101%	23,423
Rocklin Unified School District Community Facilities District Nos. 1 and 2		46,995,469	99.305-100%	46,928,436
City of Rocklin Community Facilities District No. 3		5,895,476	100%	5,895,476
City of Rocklin Community Facilities District No. 6		1,247,330	100%	1,247,330
City of Rocklin Community Facilities District No. 8		3,224,280	100%	3,224,280
City of Rocklin Community Facilities District No. 9		3,838,388	100%	3,838,388
City of Rocklin Community Facilities District No. 10		21,460,000	100%	21,460,000 (2)
City of Rocklin Community Facilities District No. 11		7,666,868	100%	7,666,868
California Statewide Community Development Authority 1915 Act Bonds		12,207,021	37.396-100%	10,577,695
<b>Total overlapping tax and assessment debt</b>				<b>\$ 161,799,913</b>
<b>Direct and Overlapping General Fund Debt:</b>				
Placer County Certificates of Participation	\$	38,085,000	12.361%	\$ 4,707,687
Placer County Office of Education Certificates of Participation		1,650,000	12.361%	203,957
Sierra Joint Community College District Certificates of Participation		8,457,000	9.265%	783,541
Rocklin Unified School District Certificates of Participation		13,880,000	98.537%	13,676,936
Placer Union High School District Certificates of Participation		4,670,000	1.638%	76,495
Roseville Joint Union High School District Certificates of Participation		1,625,000	0.056%	910
Loomis Union School District Certificates of Participation		3,215,000	5.106%	164,158
Roseville City School District Certificates of Participation		9,695,000	0.101%	9,792
City of Rocklin Certificates of Participation		1,980,000	100%	1,980,000
Placer Mosquito & Vector Control District Certificates of Participation		3,910,000	12.361%	483,315
<b>Total direct and overlapping general fund debt</b>				<b>\$ 22,086,791</b>
<b>Overlapping Tax Increment Debt (Successor Agency)</b>	\$	<u>25,360,000</u>	100%	<u>\$ 25,360,000</u>
<b>Total direct debt</b>				\$ 1,980,000
<b>Total overlapping debt</b>				\$ 207,266,704
<b>Combined Total Debt</b>				\$ 209,246,704 (3)
<b>Ratios to Assessed Valuation:</b>				
Total Overlapping Tax and Assessment Debt			2.22%	
Total Direct Debt			0.03%	
Combined Total Debt			2.88%	
Ratios to Redevelopment Successor Agency Incremental Valuation (\$459,609,356):				
Total Overlapping Tax Increment Debt			5.52%	

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes refunding bonds dated 7/15/15. Includes issue to be refunded.

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

Source: California Municipal Statistics, Inc.

**City of Rocklin**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Debt limit	\$ 882,190,050	\$ 977,740,341	\$ 1,063,038,031	\$ 1,089,346,864	\$ 1,040,678,333
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 882,190,050	\$ 977,740,341	\$ 1,063,038,031	\$ 1,089,346,864	\$ 1,040,678,333
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Page 1 of 2 (continued)



**City of Rocklin**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Debt limit	\$ 965,558,269	\$ 931,979,937	\$ 921,512,492	\$ 990,547,827	\$ 1,071,015,201
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 965,558,269	\$ 931,979,937	\$ 921,512,492	\$ 990,547,827	\$ 1,071,015,201
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

**Legal Debt Margin Calculation for Fiscal Year 2015:**

Assessed value - based on secured roll	\$ 7,140,101,337
Debt limit (15% of assessed value)	1,071,015,201
Debt applicable to limit:	
None	-
Legal Debt Margin	<u>\$ 1,071,015,201</u>

Page 2 of 2 (concluded)

**City of Rocklin**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

---

<b>Calendar Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Personal Income (in thousands)</b>	<b>Unemployment Rate</b>
2005	50,977	32,981	1,681,251	3.1%
2006	51,302	36,430	1,868,932	2.9%
2007	52,358	38,722	2,027,431	3.4%
2008	54,077	39,252	2,122,650	4.6%
2009	54,991	37,592	2,067,201	7.6%
2010	56,019	30,865	1,729,026	8.3%
2011	58,295	31,842	1,856,229	7.8%
2012	58,484	33,015	1,930,849	5.2%
2013	59,672	32,299	1,927,346	4.3%
2014	59,746	33,299	1,989,482	6.3%

Source: Population: California State Department of Finance. Unemployment Data: California Employment Development Department Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey



**Comprehensive Annual Financial Report  
June 30, 2015**

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

§ \_\_\_\_\_  
**ROCKLIN PUBLIC FINANCING AUTHORITY**  
**2016 Lease Revenue Bonds**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Rocklin (the “City”), for itself and on behalf of the Rocklin Public Financing Authority (the “Authority”), in connection with the issuance by the Authority of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of October 1, 2016 (the “Indenture”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means March 31 of each year.

“*Dissemination Agent*” means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated October \_\_\_\_\_, 2016, executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Purchaser*” means \_\_\_\_\_, the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2017, with the report for the 2015-16 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the City prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City for the Fiscal Year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for the prior Fiscal Year described in subsection (a) above:

- (i) The principal amount of Bonds outstanding, including principal amounts and years of maturity of Bonds, if any, called for redemption in advance of maturity; and
- (ii) The balances as of the end of such Fiscal Year in the Bond Fund established pursuant to the Indenture.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, the Authority or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.

- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the



City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Willdan Financial Services. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.



**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Rocklin Public Financing Authority

Name of Bond Issue: Rocklin Public Financing Authority  
2016 Lease Revenue Bonds

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the City, for itself and on behalf of the Authority, has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of October 1, 2016 related to the Bonds. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY OF ROCKLIN, for itself and on behalf  
of the ROCKLIN PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: Dissemination Agent

## APPENDIX D

### THE CITY OF ROCKLIN AND PLACER COUNTY

The City of Rocklin (the “City”) is located in Placer County (the “County”), California (the “State”), approximately 22 miles from Sacramento, and approximately 100 miles from either Lake Tahoe, San Francisco, or Napa Valley. Rocklin is intersected by Interstate 80 (a heavily travelled freeway for both commerce and travelers) and Highway 65 (largely serving commuter and regional traffic). A major east-west rail line operated by Union Pacific runs through Rocklin, and the Rocklin train depot is served by Amtrak for regional, statewide, and interstate service. Information about the City and the County are provided for informational purposes only. The 2016 Bonds are not a debt or obligation of the City, the County or the State or any political subdivision thereof (except for the Rocklin Public Financing Authority, to the limited extent set forth in this Official Statement). See “SECURITY FOR THE 2016 BONDS” herein.

#### Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near the City of Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climates. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 61 degrees Fahrenheit and 95 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

The City's climate closely tracks that of the Sacramento Metropolitan region. It is characterized by comfortable fall and spring temperatures in the 70's and warm summers. Annual rainfall is 21 inches per year. The City, with a population estimated to be approximately 60,351 at January 1, 2016 has experienced approximately 64% growth since 2000.

## Population

The following table sets forth population estimates for the City, County and State for 2011-2016.

### City of Rocklin Population - 2011 through 2016

<u>Year</u>	<u>City of Rocklin</u>	<u>Placer County</u>	<u>State of California</u>
2011	57,767	351,463	37,427,946
2012	58,315	355,455	37,668,804
2013	59,029	360,802	37,984,138
2014	59,746	366,678	38,357,121
2015	60,252	369,454	38,714,725
2016	60,351	373,796	39,255,883

*Source: California State Department of Finance.*

## Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2011 through 2015. Effective buying income data is not yet available for calendar year 2016.

**Effective Buying Income  
As of January 1, 2011 through 2015**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (000's Omitted)</b>	<b>Median Household Effective Buying Income</b>
2011	City of Rocklin	\$1,484,655	\$59,565
	Placer County	9,797,178	55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Rocklin	\$1,575,520	\$60,865
	Placer County	9,955,120	55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Rocklin	\$1,594,605	\$60,837
	Placer County	9,811,843	56,393
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Rocklin	\$1,629,243	\$61,668
	Placer County	10,287,888	58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Rocklin	\$1,915,750	\$69,059
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

*Source: The Nielsen Company (US), Inc.*

## Per Capita Personal Income

The City of Rocklin is included in the Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area (“**MSA**”), which is comprised of El Dorado, Placer, Sacramento and Yolo Counties. The table below provides information about per capita personal income for the MSA, the State and the United States for the period 2010 through 2014. Per capita personal income data is not yet available for calendar years 2015 and 2016.

	<b>Per Capita Income<sup>(1)</sup></b>				
	<b>Calendar Year 2010 through 2014<sup>(2)</sup></b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
MSA	\$40,643	\$42,562	\$44,646	\$45,518	\$46,852
California	42,453	44,852	47,614	48,125	49,985
United States	40,277	42,453	44,266	44,438	46,049

(1) Dollar estimates in current dollars (not adjusted for inflation).

(2) Most recent year for which data is available as of September 15, 2016.

Source: U.S. Department of Commerce, Bureau of Economic Analysis



## Employment and Industry

As noted above, the City of Rocklin is included in the MSA, which is comprised of El Dorado, Placer, Sacramento and Yolo Counties. The unemployment rate in the MSA was 5.8% in July 2016, up from a revised 5.6% in June 2016, and below the year-ago estimate of 6.1%. This compares with an unadjusted unemployment rate of 5.9% for California and 5.1% for the nation during the same period. The unemployment rate was 5.5% in El Dorado County, 5.0% in Placer County, 6.0% in Sacramento County and 6.0% in Yolo County.

The table below provides information about employment rates and employment by industry type for the MSA for calendar years 2011 through 2015.

**Sacramento Arden Arcade Roseville Metropolitan Statistical Area  
(El Dorado, Placer, Sacramento, and Yolo Counties)  
Civilian Labor Force, Employment and Unemployment  
March 2015 Benchmark  
(Annual Averages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Civilian Labor Force</b> <sup>(1)</sup>	1,044,400	1,049,500	1,046,800	1,049,200	1,060,200
Employment	920,900	941,100	956,100	974,100	998,100
Unemployment	123,600	108,300	90,800	75,100	62,100
Unemployment Rate	11.8%	10.3%	8.7%	7.2%	5.9%
<b>Wage and Salary Employment</b> <sup>(2)</sup>					
Agriculture	8,200	8,600	8,900	9,200	9,300
Mining and Logging	500	400	500	500	600
Construction	36,900	38,400	43,300	45,400	49,900
Manufacturing	33,200	33,900	34,100	35,400	36,300
Wholesale Trade	23,700	25,200	25,000	24,500	24,600
Retail Trade	89,400	91,800	93,800	95,300	97,500
Transportation, Warehousing and Utilities	21,100	22,000	22,900	23,600	24,600
Information	16,300	15,600	14,800	13,900	14,200
Finance and Insurance	34,700	35,700	36,300	35,500	37,100
Real Estate and Rental and Leasing	12,000	12,500	13,100	13,400	13,900
Professional and Business Services	104,400	111,100	114,600	118,200	119,700
Educational and Health Services	122,500	125,600	130,700	134,300	140,300
Leisure and Hospitality	81,700	84,500	88,700	91,800	94,900
Other Services	28,000	28,600	29,000	30,200	30,800
Federal Government	14,000	13,700	13,500	13,600	13,700
State Government	109,700	108,200	109,900	113,400	115,400
Local Government	100,900	99,600	99,200	100,800	102,900
<b>Total, All Industries</b> <sup>(3)</sup>	837,100	855,300	878,200	898,800	925,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

The table below provides information about employment rates for the City for calendar years 2011 through 2016.

<b>Employment Rates<sup>(1)</sup></b>						
<b>Calendar Year 2011 through 2016</b>						
<b>(Annual Averages)</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<u>City:</u>						
Labor Force	29,700	29,800	29,900	29,900,	30,200	30,300
Employed	26,400	27,000	27,600	28,000	28,700	28,800
Unemployment Rate	11.0%	9.5%	7.8%	6.3%	5.1%	4.7%
<u>County:</u>						
Unemployment Rate	10.8%	9.4%	7.7%	6.3%	5.0%	4.6%
<u>California:</u>						
Unemployment Rate	11.7%	10.4%	8.9%	7.5%	6.2%	5.6%

(1) Unemployment rates as of March 2016 and not seasonally adjusted.

Source: California Employment Development Department, Labor Market Information Division

## Largest Employers

The following table lists the largest manufacturing and non-manufacturing employers within the County as of March 2016.

**County of Placer  
Largest Employers  
March 2016  
(In Alphabetical Order)**

<b><u>Employer Name</u></b>	<b><u>Location</u></b>	<b><u>Industry</u></b>
Adventist Health	Roseville	Health Services
Alpine Meadows	Alpine Meadows	Resorts
Alpine Meadows of Tahoe Inc.	Alpine Meadows	Skiing Centers & Resorts
AT&T	Auburn	Telephone Companies
Consolidated Communications	Roseville	Communications
County Jail	Tahoe City	Government Offices-County
Flyers Energy	Auburn	Oil & Gas Producers
Hewlett-Packard	Roseville	Computer & Equipment Dealers
Kaiser Foundation Hospitals	Roseville	Hospitals
Kw Commercial	Roseville	Real Estate
Liberty Tax Svc	Rocklin	Tax Return Preparation & Filing
Northstar-At-Tahoe Resort	Truckee	Resorts
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Resort At Squaw Creek	Alpine Meadows	Resorts
Roseville Golfand-Sun Splash	Roseville	Water Parks
Roseville Toyota & Scion	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Government Offices-County
Sugar Bowl Ski Area Group SIs	Norden	Skiing Centers & Resorts
Sutter Roseville Medical Ctr	Roseville	Hospitals
TASQ Technology	Roseville	Importers (whls)
Thunder Valley Casino & Resort	Lincoln	Casinos
UNFI Western Region Div	Rocklin	Food Products (whls)
Village Lodge-Sugar Bowl	Norden	Hotels & Motels

*Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition*

The following table lists the largest employers within the City.

<b><u>Employer</u></b>	<b><u>No. of Employees</u></b>
Rocklin Unified School District	1,168
Oracle America, Inc.	800
United Natural Foods, Inc. (UNFI)	555
Esurance Insurance Services, Inc.	545
Sierra College	497
Purple Communications	428
Walmart (2 locations)	325
Ace Hardware Corporation	301
UPS	300
Rocklin Academy Charter Schools	299
K-LOVE Radio/Educational Media Foundation	275
R.C. Willey	273
City of Rocklin	239
Gap Inc. Direct	200
Target	200
Builders & Tradesmen's Insurance Services, Inc.	153
SMA America, LLC	150
William Jessup University	140
Trofholtz Technologies, Inc.	132
United Fire Group	127
Total:	<hr/> 7,107

*Source: City of Rocklin.*

## Construction

The County's 2015-2016 assessment roll totaled \$63.4 billion as compared to the prior year's assessment roll of \$58.2 billion, which reflected an 8.89% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

The following table shows residential and non-residential building permits issued within the City for calendar years 2011 through 2015. Annual figures are not yet available for 2016.

### City of Rocklin Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Permit Valuation</u>					
New Single-family	25,558.3	\$32,070.8	\$40,933.2	\$102,175.5	\$121,261.8
New Multi-family	6,549.5	6,458.5	446.5	14,849.1	18,231.1
Res. Alterations/Additions	<u>4,670.5</u>	<u>1,672.9</u>	<u>3,661.3</u>	<u>\$4,086.6</u>	<u>13,093.9</u>
Total Residential	36,778.3	40,202.2	\$45,041.1	121,111.2	\$152,586.8
New Commercial	0.0	\$8,967.6	\$23,026.9	\$15,914.8	\$19,375.7
New Industrial	0.0	164.0	0.0	0.0	0.0
New Other	11,000.0	0.0	560.6	3,917.3	6,561.7
Com. Alterations/Additions	<u>6,124.9</u>	<u>6,887.3</u>	<u>13,971.9</u>	<u>24,778.3</u>	<u>16,918.3</u>
Total Nonresidential	17,124.9	16,018.9	37,559.4	44,610.4	\$42,855.7
<u>New Dwelling Units</u>					
Single Family	77	104	125	306	386
Multiple Family	<u>28</u>	<u>47</u>	<u>3</u>	<u>111</u>	<u>226</u>
Total New Dwelling Units	105	151	128	417	612

Source: Construction Industry Research Board, Building Permit Summary.

The following table shows residential and non-residential building permits issued within the County for calendar years 2011 through 2015. Annual figures are not yet available for 2016.

**PLACER COUNTY**  
**Building Permit Valuation**  
**(Valuation in Thousands of Dollars)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<u>Permit Valuation</u>					
New Single-family	\$230,831.8	\$431,611.6	\$378,286.0	\$523,638.2	\$683,806.3
New Multi-family	6,549.5	11,368.0	7,078.5	48,645.5	21,702.2
Res. Alterations/Additions	<u>62,155.8</u>	<u>35,481.3</u>	<u>50,358.2</u>	<u>59,428.5</u>	<u>82,577.5</u>
Total Residential	\$299,537.1	\$478,460.9	\$435,722.7	\$631,712.2	\$788,086.0
New Commercial	\$ 7,014.3	\$ 44,303.0	\$70,876.0	\$38,343.5	\$88,675.3
New Industrial	860.0	164.0	1,092.0	199.8	1,339.6
New Other	12,112.3	414.5	25,673.5	44,159.8	56,433.7
Com. Alterations/Additions	<u>88,639.9</u>	<u>55,512.0</u>	<u>73,037.0</u>	<u>101,977.7</u>	<u>80,457.5</u>
Total Nonresidential	\$108,626.5	\$100,393.5	\$170,678.5	\$184,680.8	\$226,906.1
<u>New Dwelling Units</u>					
Single Family	802	1,209	1,249	1,620	1,994
Multiple Family	<u>28</u>	<u>111</u>	<u>227</u>	<u>376</u>	<u>240</u>
Total New Dwelling Units	830	1,320	1,476	1,996	2,234

Source: Construction Industry Research Board, Building Permit Summary.

## Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is set forth in the main body of the Official Statement.

A summary of historic sales within the County during the past five years in which data is available is shown in the following table. Annual figures for 2015 are not yet available. The total taxable sales during calendar year 2014 in the County were reported to be \$5.9 billion, a 4.9% increase over the total taxable sales of \$7.7 billion reported during calendar year 2013.

**PLACER COUNTY  
Taxable Transactions  
Calendar Years 2010 through 2014  
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	8,110	\$4,678,785	11,439	\$6,017,542
2011	7,803	5,112,781	11,120	6,568,195
2012	8,272	5,613,981	11,621	7,065,597
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	11,749	8,100,167

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

## Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles. In the City, the major highways in the area are Interstate 80 and Interstate 5, and State Highways 65, 50, and 99. Major highways connect Rocklin with several major and minor cities in the region.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well.

Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and maintenance services to private aircraft. Lincoln Municipal has an elevation of 119 feet and a 6,000 foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution. A \$46 million expansion project will accommodate the majority of the bulk cargo vessels, as well as general container cargo vessels.



## APPENDIX E

### FORM OF OPINION OF BOND COUNSEL

\_\_\_\_\_, 2016

Board of Directors  
Rocklin Public Financing Authority  
3970 Rocklin Road  
Rocklin, California 90254

*OPINION:*     \$\_\_\_\_\_ Rocklin Public Financing Authority 2016 Lease  
                  Revenue Bonds

Members of the Authority:

We have acted as bond counsel to the Rocklin Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its Rocklin Public Financing Authority 2016 Lease Revenue Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), under an Indenture of Trust dated as of October 1, 2016 (the "Indenture"), between the Authority and MUFG Union Bank, N.A., as trustee, and under the provisions of Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Bond Law"). The Bonds are secured by Revenues as defined in the Indenture, including certain lease payments made by the City of Rocklin (the "City") under a Lease Agreement dated as of October 1, 2016 (the "Lease") between the Authority as lessor and the City as lessee. We have examined the Indenture, the Lease, the Bond Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture, the Lease and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation. Based upon our examination, we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.

3. The Indenture and the Lease have been duly approved by the Authority and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as that term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to enter into the Lease and to perform the agreements on its part contained therein. The Lease has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted in the Indenture, the Lease and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority and the City have full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

7. Interest on the Bonds is exempt from California personal income taxation.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Lease may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2016 Bonds, payment of principal, interest and other payments on the 2016 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2016 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the 2016 Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the 2016 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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