

RESOLUTION NO. 2009- 49

RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ROCKLIN ACCEPTING THE AUDITED FINANCIAL
STATEMENTS FOR THE FISCAL YEAR 2007-2008

The City Council of the City of Rocklin does resolve as follows:

Section 1. The City Council of the City of Rocklin hereby accepts the audited financial statements for the fiscal year 2007-2008, Management Letter and Gann Appropriations Limit Schedule attached hereto as Exhibit A and by this reference incorporated herein.

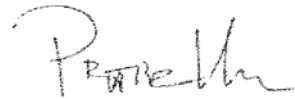
PASSED AND ADOPTED this 24th day of March, 2009, by the following roll call vote:

AYES: Councilmembers: Magnuson, Storey, Lund, Yuill, Hill

NOES: Councilmembers: None

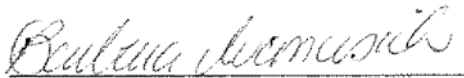
ABSENT: Councilmembers: None

ABSTAIN: Councilmembers: None



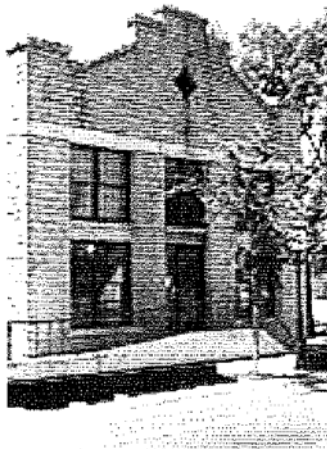
Peter Hill, Mayor

ATTEST:



Barbara Ivanusich, City Clerk

CITY OF ROCKLIN, CALIFORNIA
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2008



City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	15
Statement of Activities	16
<i>Fund Financial Statements:</i>	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	20
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Assets – Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Fund Based Statements to Government-wide Statement of Activities	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	26
Proprietary Funds:	
Statement of Net Assets	27
Statement of Revenues, Expenses, and Changes in Fund Net Assets	28
Statement of Cash Flows	29
Fiduciary Funds:	
Statement of Assets and Liabilities	30
Notes to Basic Financial Statements	31

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

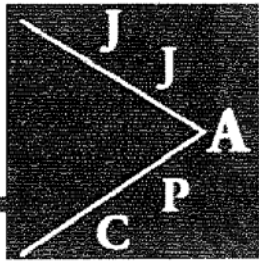
Table of Contents, Continued

Page

Other Supplemental Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	67
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	74
Combining Balance Sheet – Nonmajor Capital Project, Permanent, and Debt Service Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Capital Project, Permanent, and Debt Service Funds.....	82
Combining Statement of Assets and Liabilities – Agency Funds.....	84



Joseph J Arch

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rocklin, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management; my responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the City's June 30, 2007, financial statements, which were audited by other auditors who expressed an unqualified opinion on March 27, 2008, on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

To the Honorable Mayor and City Council
of the City of Rocklin
Rocklin, California
Page 2

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2008 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The accompanying required supplementary information, such as Management's Discussion and Analysis, budgetary comparison information, and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 19, 2008


JOSEPH J. ARCH, CPA

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis

As management for the City of Rocklin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of fiscal year 2007-08 by \$424,391,117 (*net assets*). Of this amount, \$67,611,423 in *unrestricted net assets* is available to meet ongoing obligations to citizens and creditors, \$23,677,671 in *restricted net assets* must be used only for specific purposes and \$333,102,023 is *invested in capital assets, net of related debt*.
- The City's total net assets increased by \$14,007,898.
- At the close of the fiscal year, fund balance for the general fund was \$36,232,603.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the City consist of general government, community development, public safety, public works, and culture and recreation.

The government-wide financial statements include the City (known as the primary government), and two component units; the Redevelopment Agency of the City of Rocklin (Agency) and the Rocklin Public Financing Authority (Authority). Although the Agency and Authority are legally separate entities, they are integrated with functions of the City and, therefore, are blended component units of the City.

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

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

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The City maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, public financing authority debt service, redevelopment agency capital projects and debt service, traffic circulation impact fee capital projects and community facilities district #11 capital projects fund, all of which are considered to be major funds. Data from the other 34 nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-26 of this report.

Proprietary funds. The City maintains one type of proprietary fund, an Internal service fund. Internal service funds are an accounting methodology 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is combined into a single, aggregated presentation in the proprietary financial statements, since there is only a single fund for the fleet operations.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Agency Funds are fiduciary funds that account for assets held by the City in a purely custodial capacity. The reporting entity includes sixteen agency funds. Since agency funds are custodial in nature, (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Fiduciary funds are not reflected in the government-wide financial statements for this reason.

The Statement of Assets and Liabilities for Agency Funds can be found on page 30 of this report.

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-63 of this report.

Other information.

The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 65-86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$424,391,117 at the close of the most recent fiscal year. Capital assets (e.g., land, infrastructure, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets, represent 78% of the City's net assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rocklin's Net Assets

	Governmental Activities	
	2008	2007
Current and other assets	\$ 106,004,533	\$ 111,669,937
Noncurrent assets	380,442,023	363,902,281
Total assets	486,446,556	475,572,218
Current and other liabilities	9,618,760	11,905,334
Long-term liabilities	52,436,679	53,283,665
Total liabilities	62,055,439	65,188,999
Net assets:		
Invested in capital assets, net of related debt	333,102,023	314,002,830
Restricted	23,677,671	21,070,005
Unrestricted	67,611,423	75,310,384
Total net assets	\$ 424,391,117	\$ 410,383,219

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The remaining amount in *unrestricted net assets* \$67,611,423 will be used to meet the City's ongoing obligations to citizens and creditors as funded through current revenues.

Governmental Activities

The cost of all governmental activities this year was \$61,427,373. However, as shown in the Statement of Activities on page 16, the amount that taxpayers ultimately financed for governmental activities was \$31,314,714. Those who directly benefited from city programs paid \$9,449,156. Other governments and organizations subsidized certain programs with grants and contributions in the amount of \$1,192,355 for operations and \$19,471,148 for capital. The City paid the remaining "public benefit" portion of government activities with \$17,521,701 in property taxes and \$27,800,911 in other general revenues.

Total resources available during the year to finance governmental operations were \$75,435,271. This consisted of \$30,112,659 in program revenues, \$45,322,612 in general revenues. Total governmental activities operating expenses during the year were \$61,427,373; thus net assets at July 1, 2007, of \$410,383,219 were increased by \$14,007,898 to \$424,391,117 primarily the result of capital asset additions reduced by the applicable debt and internal service fund eliminations.

A reconciliation of fund balance to net assets is as follows:

Fund Balance to Net Assets Reconciliation

	Fund Balance	Adjustments				Net Assets
		Capital Assets	Internal Service Fund	Internal Restrictions	Long-term Liabilities	
Governmental activities:						
Reserved:						
Encumbrances	\$ 3,938,840	\$ -	\$ -	\$ (3,938,840)	\$ -	\$ -
Low and moderate income housing	7,472,811	-	-	(7,472,811)	-	-
Advances to other funds	2,000,150	-	-	(2,000,150)	-	-
Loans/Notes receivable	61,105	-	-	(61,105)	-	-
Debt service	15,713,860	-	-	(15,713,860)	-	-
Capital projects	4,710,596	-	-	(4,710,596)	-	-
Endowments	491,000	-	-	(491,000)	-	-
Unreserved, designated	17,928,163	-	-	(17,928,163)	-	-
Invested in capital assets, net of related debt	-	374,333,006	4,512,803	-	(45,743,786)	333,102,023
Restricted	-	-	-	23,677,671	-	23,677,671
Unreserved, undesignated	39,687,725	-	5,027,464	28,638,854	(5,742,620)	67,611,423
Total governmental activities	\$ 92,004,250	\$ 374,333,006	\$ 9,540,267	\$ -	\$ (51,486,406)	\$ 424,391,117

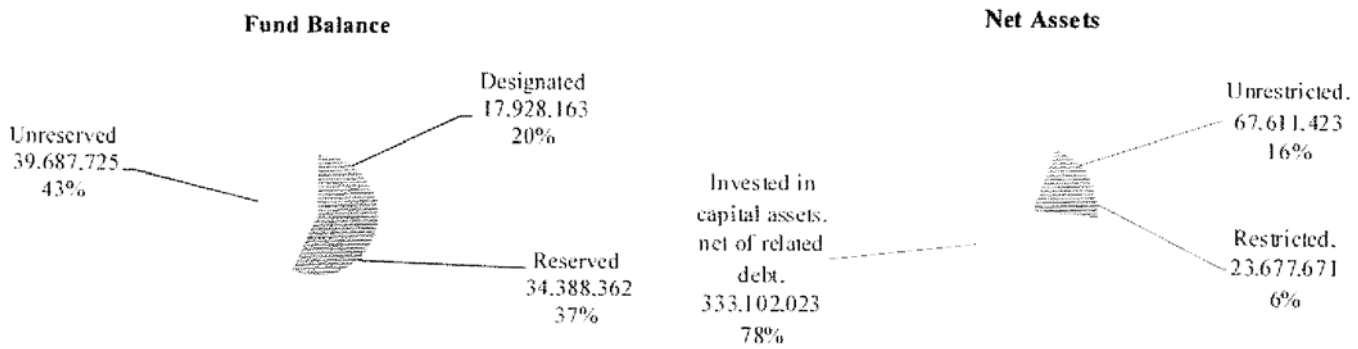
City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, continued

Available net assets are those amounts not subject to restriction in the current period, typically classified as designated or undesignated fund balance. These amounts are converted to net assets by adding long-term assets and subtracting long-term liabilities. A graphic illustration of this conversion is as follows:



The City's programs include: general government, public safety, public works, culture and recreation and community development. Each program's *net* cost (total cost less revenues generated by the activities) is presented below.

	Operating Revenue		Operating Expenses		Net (Expense) and Changes in Net Assets	
	2008	2007	2008	2007	2008	2007
Governmental activities:						
General government	\$ 2,590,269	\$ 496,326	\$ 9,384,763	\$ 9,741,574	\$ (6,794,494)	\$ (9,245,248)
Public safety	1,766,445	1,732,988	19,270,091	19,083,423	(17,503,646)	(17,350,435)
Public works	17,828,409	15,235,163	13,831,854	11,290,399	3,996,555	3,944,764
Culture and recreation	4,179,414	4,522,510	11,359,949	11,054,035	(7,180,535)	(6,531,525)
Community development	3,748,122	5,518,626	5,480,752	4,711,041	(1,732,630)	807,585
Total governmental activities	\$ 30,112,659	\$ 27,505,613	\$ 59,327,409	\$ 55,880,472	\$ (29,214,750)	\$ (28,374,859)

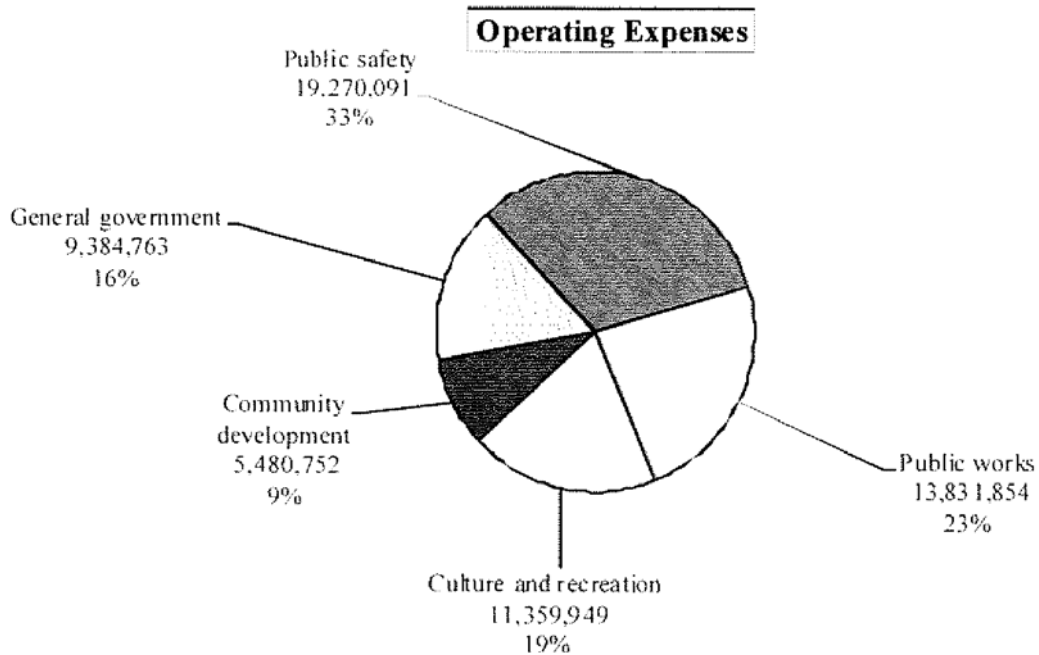
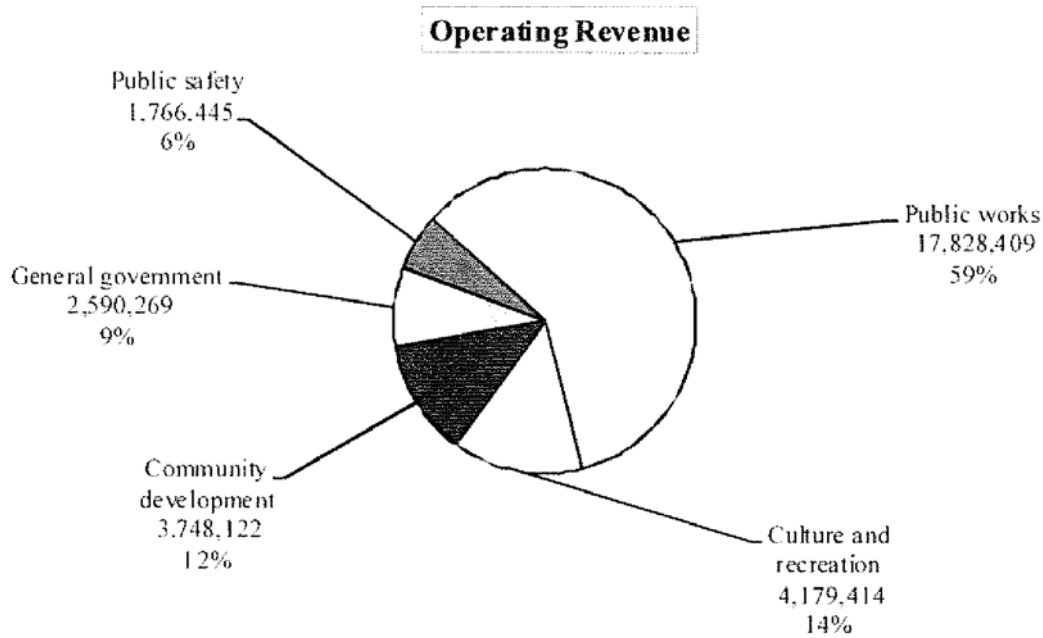
City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Operating resources (program revenues) and operating expenses can be depicted graphically as follows:



City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Cash Management

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity, and yield in that order.

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, 2008, net capital assets of the governmental activities totaled \$378,845,809. Depreciation on capital assets is recognized in the government-wide financial statements. The following table shows the City's Capital Assets net of depreciation:

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Nondepreciable assets:		
Land	\$ 6,506,730	\$ 5,773,056
Land improvements	67,461	67,461
Park Land	53,693,948	48,693,948
Construction in Progress	42,554,892	47,333,573
Total nondepreciable assets	<u>102,823,031</u>	<u>\$ 101,868,038</u>
Depreciable assets:		
Buildings	36,083,949	33,064,430
Facilities & other improvements	2,785,354	2,757,756
Machinery & equipment	2,677,807	2,572,892
Fleet machinery & equipment	9,628,120	8,809,033
Park Buildings	533,297	422,226
Park Equipment	1,476,849	1,445,916
Park Improvements	14,228,708	10,567,757
Infrastructure	314,479,061	295,785,465
Total depreciable assets	<u>381,893,145</u>	<u>355,425,475</u>
Accumulated depreciation	<u>(105,870,367)</u>	<u>(95,258,271)</u>
Total	<u>\$ 378,845,809</u>	<u>\$ 362,035,242</u>

Additional information on the City's capital assets can be found in Note 6 on Page 50 of this report.

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Debt Administration

Debt, considered a liability of governmental activities, decreased by \$859,261, see Note 9 on page 52. Compensated absences increased by \$413,713 to \$3,968,008 of which \$1,641,527 is presented in the General Fund as a current liability.

NEXT YEAR’S BUDGETED APPROPRIATIONS

The adopted budget for all City funds for the new fiscal year of 2008-2009 was \$62,890,061 and is summarized as follows:

	FY 2007-08	FY 2008-09	Amount Change	Percentage Change
General fund	\$44,357,719	\$45,330,201	\$ 972,482	2.2%
Special revenue funds	7,226,120	4,909,285	(2,316,835)	(32.1)%
Permanent funds	-	-	-	0.0%
Internal service funds	2,825,252	3,163,466	338,214	12.0%
Capital projects	4,085,966	8,853,409	4,767,443	116.7%
Total operations and projects	58,495,057	62,256,361	3,761,304	6.4%
Debt service	633,500	633,700	200	0.0%
Total budget	\$59,128,557	\$62,890,061	\$ 3,761,504	6.4%

1. General Fund - Shows an increase of \$972,482 or approximately 2.2%. The increase is primarily the result of personnel expenses.
2. Special Revenue Funds – Show a decrease of \$2,316,835 or approximately 32.1%. The decrease is primarily the result of reductions in expenditures for certain engineering projects.
3. Internal Service Funds - Shows an increase of \$338,214 or 12%, which is primarily a result of increases to fleet replacements and costs to maintain vehicles.
4. Capital Projects - Shows an increase of \$4,767,443 or 116.7%, as a result of engineering projects.
5. Debt Service - Provides for the maintenance of the 2003 Certificates of Participation.

More detailed information about the City’s current liabilities is presented in Note 7 to the financial statements.

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Management's Discussion and Analysis, Continued

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report, regarding either the City or any of its component units, or requests for additional information should be addressed to the Chief Financial Officer, 3970 Rocklin Road, Rocklin, California, 95677.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Rocklin, California

Statement of Net Assets

June 30, 2008

(With comparative totals for June 30, 2007)

	Governmental Activities	
	2008	2007
ASSETS		
Current assets:		
Cash and investments	\$ 75,523,330	\$ 69,474,000
Restricted cash and investments	15,133,358	27,567,309
Receivables, net	14,102,555	13,760,258
Inventory and prepaid items	182,977	140,865
Other assets	1,062,313	727,505
Total current assets	<u>106,004,533</u>	<u>111,669,937</u>
Noncurrent assets:		
Intangible assets, net	1,596,214	1,867,039
Capital assets, net	378,845,809	362,035,242
Total noncurrent assets	<u>380,442,023</u>	<u>363,902,281</u>
Total assets	<u>\$ 486,446,556</u>	<u>\$ 475,572,218</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,734,226	\$ 6,932,262
Deposits payable	2,494,962	2,499,062
Interest payable	645,941	650,765
Compensated absences - current portion	1,697,780	1,710,055
Unearned revenue	45,851	113,190
Total current liabilities	<u>9,618,760</u>	<u>11,905,334</u>
Noncurrent liabilities:		
Long-term debt:		
Claims liabilities	2,826,451	2,754,425
Compensated absences	2,270,228	1,844,240
Due within one year	1,630,000	1,345,000
Due after one year	45,710,000	47,340,000
Total noncurrent liabilities	<u>52,436,679</u>	<u>53,283,665</u>
Total liabilities	<u>62,055,439</u>	<u>65,188,999</u>
NET ASSETS		
Invested in capital assets, net of related debt	333,102,023	314,002,830
Restricted for:		
Debt service	15,713,860	19,003,083
Low and moderate income housing	7,472,811	1,575,922
Endowments	491,000	491,000
Unrestricted	67,611,423	75,310,384
Total net assets	<u>424,391,117</u>	<u>410,383,219</u>
Total liabilities and net assets	<u>\$ 486,446,556</u>	<u>\$ 475,572,218</u>

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

City of Rocklin, California

Statement of Activities

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2008	2007
Governmental activities:						
General government	\$ 9,384,763	\$ 2,196,509	\$ 393,760	\$ -	\$ (6,794,494)	\$ (9,245,248)
Public safety	19,270,091	967,850	798,595	-	(17,503,646)	(17,350,435)
Public works	13,831,854	678,409	-	17,150,000	3,996,555	3,944,764
Culture and recreation	11,359,949	4,179,414	-	-	(7,180,535)	(6,551,525)
Community development	5,480,752	1,426,974	-	2,321,148	(1,732,630)	807,585
Interest	2,099,964	-	-	-	(2,099,964)	(1,679,110)
Total governmental activities	\$ 61,427,373	\$ 9,449,156	\$ 1,192,355	\$ 19,471,148	(31,314,714)	(30,053,969)
General revenues:						
Taxes:						
Property taxes					17,521,701	15,143,507
Sales and use tax					8,813,096	6,505,180
Gas tax					1,807,144	1,735,645
Transient occupancy tax					489,747	565,606
Other taxes					4,054,247	4,876,889
Motor vehicle fees					3,855,901	3,841,341
Franchise fees					1,547,104	1,514,343
Impact fees					2,302,815	8,827,938
Interest and investment earnings					4,930,857	5,749,228
Miscellaneous					-	1,155,580
Gain on sale of assets					-	34,431
Total general revenues					<u>45,322,612</u>	<u>49,949,688</u>
Change in net assets					14,007,898	19,895,719
Net assets:						
Beginning - beginning					410,383,219	390,487,500
Net assets - ending					<u>\$ 424,391,117</u>	<u>\$ 410,383,219</u>

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

FUND FINANCIAL STATEMENTS

Fund	Description
General	Primary operating fund of the City: accounts for all activities except those legally or administratively required to be accounted for in other funds.
Public Financing Authority Debt Service	Accounts for the debt service for the Public Financing Authority.
Redevelopment Agency Capital Projects	Accounts for the administration and management of the Agency's capital projects.
Redevelopment Agency Debt Service	Accounts for operations and the Agency's issuance and administration of the 2002, 2005 and 2007 Refunding Tax Allocation Bonds.
Traffic Circulation Fee Capital Projects	Accounts for activities related to congestion management.
Community Facilities District #11 Capital	Accounts for improvements and projects within the District boundaries.

City of Rocklin, California

Balance Sheet

Governmental Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Major Funds			
	General Fund	Public Financing Authority Debt Service	Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service
ASSETS				
Cash and investments	\$ 26,711,984	\$ 68,786	\$ 8,932,581	\$ 2,207,866
Restricted cash and investments	-	13,351,630	-	1,781,159
Receivables:				
Taxes	1,494,288	-	-	325,395
Interest	275,020	-	76,191	-
Intergovernmental	61,105	-	-	-
Loans/Notes receivable	5,100,000	-	-	-
Other receivable	219,342	-	-	-
Due from other funds	5,723,944	-	-	-
Other assets	1,062,313	-	-	-
Advances to other funds	2,000,150	-	-	-
Total assets	\$ 42,648,146	\$ 13,420,416	\$ 9,008,772	\$ 4,314,420
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,257,203	\$ -	\$ 565,581	\$ 66,653
Deposits payable	2,470,962	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	45,851	-	-	-
Compensated absences	1,641,527	-	-	-
Advances from other funds	-	-	-	2,000,150
Total liabilities	6,415,543	-	565,581	2,066,803
Fund balances:				
Reserved for:				
Encumbrances	4,020	-	45,700	3,816
Low and moderate income housing	-	-	-	-
Advances to other funds	2,000,150	-	-	-
Loans/Notes receivable	61,105	-	-	-
Debt service	-	13,420,416	-	2,243,801
Capital projects	-	-	-	-
Endowments	-	-	-	-
Unreserved, designated	13,996,802	-	-	-
Unreserved (deficit), reported in:				
General fund	20,170,526	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	8,397,491	-
Total fund balances	36,232,603	13,420,416	8,443,191	2,247,617
Total liabilities and fund balances	\$ 42,648,146	\$ 13,420,416	\$ 9,008,772	\$ 4,314,420

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

Major Funds				
Traffic Circulation Impact Fee Capital Projects	Community Facilities District #11 Capital Projects	Nonmajor Governmental Funds	2008	2007
\$ 10,042,077	\$ 8,109,558	\$ 14,397,032	\$ 70,469,884	\$ 64,745,416
-	-	569	15,133,358	27,567,309
-	-	1,246,769	3,066,452	1,884,044
-	-	-	351,211	940,155
-	-	160,589	221,694	2,628,631
-	-	4,656,599	9,756,599	8,232,866
475,009	-	12,248	706,599	74,562
-	-	-	5,723,944	3,952,512
-	-	-	1,062,313	727,505
-	-	-	2,000,150	269,029
\$ 10,517,086	\$ 8,109,558	\$ 20,473,806	\$ 108,492,204	\$ 111,022,029
\$ 535,116	\$ 598,672	\$ 558,295	\$ 4,581,520	\$ 6,843,080
24,000	-	-	2,494,962	2,499,062
-	-	5,723,944	5,723,944	3,952,512
-	-	-	45,851	629,255
-	-	-	1,641,527	1,674,480
-	-	-	2,000,150	269,029
559,116	598,672	6,282,239	16,487,954	15,867,418
175,163	3,710,141	-	3,938,840	2,018,683
-	-	7,472,811	7,472,811	462,724
-	-	-	2,000,150	269,029
-	-	-	61,105	8,232,866
-	-	49,643	15,713,860	19,003,083
-	3,800,745	909,851	4,710,596	3,541,609
-	-	491,000	491,000	-
3,881,609	-	49,752	17,928,163	13,814,541
-	-	-	20,170,526	15,215,200
-	-	8,120,003	8,120,003	10,394,584
5,901,198	-	(2,901,493)	11,397,196	22,202,292
9,957,970	7,510,886	14,191,567	92,004,250	95,154,611
\$ 10,517,086	\$ 8,109,558	\$ 20,473,806	\$ 108,492,204	\$ 111,022,029

City of Rocklin, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balances - total governmental funds \$ 92,004,250

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 374,333,006

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. (52,436,679)

Governmental funds report discounts on long-term bonds and debt issuance costs (deferred charges) as expenditures, whereas these amounts are capitalized and amortized in the government-wide Statement of Net Assets. 1,596,214

Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds. (645,941)

Internal services funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	\$ 5,236,423	
Noncurrent assets	4,512,803	
Accounts payable and accrued liabilities	(152,706)	
Compensated absences	(56,253)	9,540,267
		<u>9,540,267</u>

Net assets of governmental activities \$ 424,391,117

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

City of Rocklin, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Assets

Governmental Activities

June 30, 2008

	Governmental Funds Balance Sheet	Internal Service Balances	Reclassifications	Changes in GAAP	Statement of Net Assets
ASSETS					
Current assets:					
Cash and investments	\$ 70,469,884	\$ 5,053,446	\$ -	\$ -	\$ 75,523,330
Restricted cash and investments	15,133,358	-	-	-	15,133,358
Receivables (net)	14,102,555	-	-	-	14,102,555
Inventory and prepaid items	-	182,977	-	-	182,977
Due from other funds	5,723,944	-	(5,723,944)	-	-
Internal balances	-	-	-	-	-
Other assets	1,062,313	-	-	-	1,062,313
Total current assets	106,492,054	5,236,423	(5,723,944)	-	106,004,533
Noncurrent assets:					
Advances to other funds	2,000,150	-	(2,000,150)	-	-
Intangible assets, net	-	-	-	1,596,214	1,596,214
Capital assets, net	-	4,512,803	-	374,333,006	378,845,809
Total noncurrent assets	2,000,150	4,512,803	(2,000,150)	375,929,220	380,442,023
Total assets	\$ 108,492,204	\$ 9,749,226	\$ (7,724,094)	\$ 375,929,220	\$ 486,446,556
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 4,581,520	\$ 182,706	\$ -	\$ -	\$ 4,734,226
Deposits payable	2,494,962	-	-	-	2,494,962
Due to other funds	5,723,944	-	(5,723,944)	-	-
Interest payable	-	-	-	645,941	645,941
Due to other agencies	-	-	-	-	-
Compensated absences	1,641,527	56,253	-	-	1,697,780
Deferred revenue	45,851	-	-	-	45,851
Total current liabilities	14,487,804	208,959	(5,723,944)	645,941	9,618,760
Noncurrent liabilities:					
Long-term debt					
Advances from other funds	2,000,150	-	(2,000,150)	-	-
Claims liabilities	-	-	-	2,826,451	2,826,451
Compensated absences	-	-	-	2,270,228	2,270,228
Due within one year	-	-	-	1,630,000	1,630,000
Due after one year	-	-	-	45,710,000	45,710,000
Total noncurrent liabilities	2,000,150	-	(2,000,150)	52,436,679	52,436,679
Total liabilities	16,487,954	208,959	(7,724,094)	53,082,620	62,055,439
FUND BALANCES/NET ASSETS					
Fund balances:					
Reserved for:					
Encumbrances	3,938,840	-	(3,938,840)	-	-
Low and moderate income housing	7,472,811	-	(7,472,811)	-	-
Advances to other funds	2,000,150	-	(2,000,150)	-	-
Loans/Notes receivable	61,105	-	(61,105)	-	-
Debt service	15,713,860	-	(15,713,860)	-	-
Capital projects	4,710,596	-	(4,710,596)	-	-
Endowments	491,000	-	(491,000)	-	-
Unreserved, designated	17,928,163	-	(17,928,163)	-	-
Unreserved, undesignated	39,687,725	-	(39,687,725)	-	-
Net assets:					
Invested in capital assets, net of related debt	-	4,512,803	-	328,589,220	333,102,023
Restricted for:					
Debt service	-	-	15,713,860	-	15,713,860
Low and moderate income housing	-	-	7,472,811	-	7,472,811
Endowments	-	-	491,000	-	491,000
Unrestricted	-	5,027,464	68,326,579	(5,742,620)	67,611,423
Total fund balances/ net assets	92,004,250	9,540,267	-	322,846,600	424,391,117
Total liabilities and net assets	\$ 108,492,204	\$ 9,749,226	\$ (7,724,094)	\$ 375,929,220	\$ 486,446,556

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

City of Rocklin, California

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Major Funds			
	General Fund	Public Financing Authority Debt Service	Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service
REVENUES:				
Taxes and assessments	\$ 25,689,997	\$ -	\$ -	\$ 3,964,043
Licenses and permits	1,585,482	-	-	-
Fines and forfeitures	222,408	-	-	-
Intergovernmental	393,760	-	35,617	-
Use of money and property	2,727,241	558,881	423,824	197,002
Charges for services	4,675,633	-	-	-
Contributions from developers and homeowners	-	-	-	-
Other revenues	1,713,124	-	17,702	35,003
Total revenues	37,007,645	558,881	477,143	4,196,048
EXPENDITURES:				
Current:				
General government	7,416,244	-	-	861,918
Public safety	19,275,536	-	-	-
Public works	370,967	-	16,350	57,947
Culture and recreation	9,719,308	-	-	86,849
Community development	3,476,828	-	1,778,153	93,255
Capital outlay	312,479	-	-	3,696,645
Debt service:				
Principal	-	610,000	-	285,000
Interest	6,498	508,628	-	1,281,590
Total expenditures	40,577,860	1,118,628	1,794,503	6,363,204
REVENUES OVER (UNDER) EXPENDITURES	(3,570,215)	(559,747)	(1,317,360)	(2,167,156)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-
Transfers in	5,494,214	110,000	-	-
Transfers out	(90,166)	-	(314,667)	(668,527)
Total other financing sources (uses)	5,404,048	110,000	(314,667)	(668,527)
Net change in fund balances	1,833,833	(449,747)	(1,632,027)	(2,835,683)
FUND BALANCES:				
Beginning of year	34,398,770	13,870,163	10,075,218	5,083,300
End of year	\$ 36,232,603	\$ 13,420,416	\$ 8,443,191	\$ 2,247,617

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

Major Funds			Totals	
Traffic Circulation Impact Fee Capital Projects	Community Facilities District #11 Capital Projects	Other Governmental Funds	2008	2007
\$ 2,302,815	\$ -	\$ 8,434,900	\$ 40,391,755	\$ 34,163,786
-	-	8,688	1,594,170	3,011,762
-	-	33,366	255,774	343,526
466,218	542,793	798,595	2,236,983	5,651,430
461,772	-	562,137	4,930,857	12,460,523
-	-	469,222	5,144,855	7,078,697
-	17,150,000	1,276,520	18,426,520	13,096,873
110,434	-	578,094	2,454,357	2,029,872
<u>3,341,239</u>	<u>17,692,793</u>	<u>12,161,522</u>	<u>75,435,271</u>	<u>77,836,469</u>
60,965	99,873	184,207	8,623,207	9,342,700
-	-	187,810	19,463,346	17,862,380
505,822	-	3,739,637	4,690,723	3,680,194
-	-	587,434	10,393,591	10,169,630
2,392,708	200,488	539,339	8,480,771	4,399,735
-	12,832,057	6,643,025	23,484,206	26,546,570
-	-	450,000	1,345,000	1,313,686
-	-	308,072	2,104,788	2,451,779
<u>2,959,495</u>	<u>13,132,418</u>	<u>12,639,524</u>	<u>78,585,632</u>	<u>75,766,674</u>
<u>381,744</u>	<u>4,560,375</u>	<u>(478,002)</u>	<u>(3,150,361)</u>	<u>2,069,795</u>
-	-	-	-	15,815,000
-	-	-	-	(10,685,000)
-	-	722,894	6,327,108	8,077,584
<u>(468,648)</u>	<u>(2,017,543)</u>	<u>(2,767,557)</u>	<u>(6,327,108)</u>	<u>(7,998,699)</u>
<u>(468,648)</u>	<u>(2,017,543)</u>	<u>(2,044,663)</u>	-	<u>5,208,885</u>
<u>(86,904)</u>	<u>2,542,832</u>	<u>(2,522,665)</u>	<u>(3,150,361)</u>	<u>7,278,680</u>
<u>10,044,874</u>	<u>4,968,054</u>	<u>16,714,232</u>	<u>95,154,611</u>	<u>87,875,931</u>
<u>\$ 9,957,970</u>	<u>\$ 7,510,886</u>	<u>\$ 14,191,567</u>	<u>\$ 92,004,250</u>	<u>\$ 95,154,611</u>

City of Rocklin, California

Reconciliation of Fund Based Statements to Government-wide Statement of Activities

For the year ended June 30, 2008

Functions/Programs	Fund Based Totals	Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Internal Service Fund	Government- wide Totals
Governmental activities:						
General government	\$ 8,623,207	\$1,501,886	\$ 628,946	\$ (869,522)	\$ (499,754)	\$ 9,384,763
Public safety	19,463,346	-	656,139	(849,394)	-	19,270,091
Public works	4,690,723	-	9,141,131	-	-	13,831,854
Culture and recreation	10,393,591	-	966,358	-	-	11,359,949
Community development	8,480,771	-	-	(3,000,019)	-	5,480,752
Capital outlay	23,484,206	-	-	(23,484,206)	-	-
Debt service/Interest	3,449,788	(1,349,824)	-	-	-	2,099,964
Total governmental activities	<u>\$ 78,585,632</u>	<u>\$ 152,062</u>	<u>\$ 11,392,574</u>	<u>\$ (28,203,141)</u>	<u>\$ (499,754)</u>	<u>\$ 61,427,373</u>

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

City of Rocklin, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2008

Net change in fund balances - total governmental funds	\$ (3,150,361)
---	-----------------------

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 49,357,422	
Capital asset retirements	(21,154,281)	
Depreciation expense	<u>(11,392,574)</u>	16,810,567

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Certificate of participation principal payments	450,000	
Public Financing Authority debt principal payments	610,000	
Redevelopment Agency debt principal payments	<u>285,000</u>	1,345,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in interest payable	4,824	
Change in claim liabilities	(72,026)	
Change in compensated absences	<u>(425,988)</u>	(493,190)

Governmental funds report debt issuance costs (deferred charges) as part of debt service expenditures, whereas these costs are deferred and amortized in the government-wide Statement of Activities.

(154,484)

Governmental funds report bond discounts as an other financing uses; however, these costs are capitalized and amortized in the government-wide Statement of Activities.

(116,341)

Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the Statement of Activities.

(733,047)

Internal services funds are used by management to charge the vehicle fleet maintenance to individual funds. The change in net assets of the Internal Service Funds is included in the governmental activities in the government-wide Statement of Net Assets.

499,754

Change in net assets of governmental activities

\$ 14,007,898

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

City of Rocklin, California

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - General Fund

For the year ended June 30, 2008

	General Fund			Variance w/Amended Positive (Negative)
	Original Budget	Amended Budget	Actual	
REVENUES:				
Taxes and assessments	\$ 26,259,900	\$ 26,259,900	\$ 25,689,997	\$ (569,903)
Licenses and permits	1,657,650	1,657,650	1,585,482	(72,168)
Fines and forfeitures	312,500	312,500	222,408	(90,092)
Intergovernmental	455,100	455,100	393,760	(61,340)
Use of money and property	1,576,700	1,576,700	2,727,241	1,150,541
Charges for services	5,754,505	5,754,505	4,675,633	(1,078,872)
Contributions from developers and homeowners	-	-	-	-
Other revenues	724,050	724,050	1,713,124	989,074
Total revenues	<u>36,740,405</u>	<u>36,740,405</u>	<u>37,007,645</u>	<u>267,240</u>
EXPENDITURES:				
Current:				
General government	8,107,754	8,273,435	7,416,244	857,191
Public safety	20,413,555	20,431,726	19,275,536	1,156,190
Public works	562,220	562,220	370,967	191,253
Culture and recreation	10,057,660	9,961,619	9,719,308	242,311
Community development	4,346,611	4,392,505	3,476,828	915,677
Capital outlay	918,119	550,574	312,479	238,095
Debt service:				
Principal	-	-	-	-
Interest	-	-	6,498	(6,498)
Total expenditures	<u>44,405,919</u>	<u>44,172,079</u>	<u>40,577,860</u>	<u>3,594,219</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,665,514)</u>	<u>(7,431,674)</u>	<u>(3,570,215)</u>	<u>3,861,459</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-
Transfers in	5,757,974	5,757,974	5,494,214	(263,760)
Transfers out	(48,200)	(48,200)	(90,166)	(41,966)
Total other financing sources (uses)	<u>5,709,774</u>	<u>5,709,774</u>	<u>5,404,048</u>	<u>(305,726)</u>
Net change in fund balances	<u>(1,955,740)</u>	<u>(1,721,900)</u>	<u>1,833,833</u>	<u>3,555,733</u>
FUND BALANCES:				
Beginning of year	34,398,770	34,398,770	34,398,770	-
Correction of prior period accounting error	-	-	-	-
Beginning of year, as restated	34,398,770	34,398,770	34,398,770	-
End of year	<u>\$ 32,443,030</u>	<u>\$ 32,676,870</u>	<u>\$ 36,232,603</u>	<u>\$ 3,555,733</u>

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

City of Rocklin, California

Statement of Net Assets

Fleet Management Internal Service Fund

June 30, 2008

(With comparative totals for June 30, 2007)

	Totals	
	2008	2007
ASSETS		
Current assets:		
Cash and investments	\$ 5,053,446	\$ 4,728,584
Inventory	182,977	140,865
Total current assets	5,236,423	4,869,449
Noncurrent assets:		
Capital assets, net	4,512,803	4,320,979
Total assets	\$ 9,749,226	\$ 9,190,428
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 152,706	\$ 89,182
Compensated absences	56,253	35,575
Total current liabilities	208,959	124,757
Noncurrent liabilities:		
Compensated absences	-	25,158
Total liabilities	208,959	149,915
Net Assets:		
Invested in capital assets, net of related debt	4,512,803	4,320,979
Unrestricted	5,027,464	4,719,534
Total net assets	9,540,267	9,040,513
Total liabilities and net assets	\$ 9,749,226	\$ 9,190,428

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

City of Rocklin, California**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

Fleet Management Internal Service Fund

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Totals	
	2008	2007
OPERATING REVENUES:		
Fleet management cost allocation	\$ 2,431,427	\$ 2,086,373
Other	653,102	700,663
Total operating revenues	3,084,529	2,787,036
OPERATING EXPENSES:		
Salaries and benefits	808,608	756,395
Services and supplies	1,122,399	1,010,481
Depreciation	656,139	557,983
Total operating expenses	2,587,146	2,324,859
OPERATING INCOME (LOSS)	497,383	462,177
NONOPERATING REVENUES (EXPENSES):		
Gain on sale of assets	-	34,431
Interest revenue	2,371	227,901
Total non-operating revenues (expenses), net	2,371	262,332
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	499,754	724,509
Transfers in (out)	-	(78,885)
CHANGE IN NET ASSETS	499,754	645,624
NET ASSETS:		
Beginning of year	9,040,513	8,394,889
End of year	<u>\$ 9,540,267</u>	<u>\$ 9,040,513</u>

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

City of Rocklin, California

Statement of Cash Flows

Fleet Management Internal Service Fund

For the year ended June 30, 2008

(With comparative amounts for the year ended June 30, 2007)

	Totals	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund services provided	\$ 3,084,529	\$ 2,787,095
Cash payments to suppliers for goods and services	(1,100,987)	(971,679)
Cash payments to employees for services	(813,088)	(760,794)
Net cash used by operating activities	<u>1,170,454</u>	<u>1,054,622</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	-	(78,885)
Net cash provided by noncapital financing activities	<u>-</u>	<u>(78,885)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	59,402
Acquisition and construction of capital assets	(847,963)	(892,884)
Net cash (used) by capital and related financing activities	<u>(847,963)</u>	<u>(833,482)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	2,371	227,901
Net cash provided by investing activities	<u>2,371</u>	<u>227,901</u>
Net increase (decrease) in cash and cash equivalents	324,862	370,156
CASH AND CASH EQUIVALENTS:		
Beginning of year	4,728,584	4,358,428
End of year	<u>\$ 5,053,446</u>	<u>\$ 4,728,584</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:		
Operating income (loss)	\$ 497,383	\$ 462,177
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	656,139	557,983
(Increase) decrease in current assets:		
Accounts receivable	-	59
Inventory	(42,112)	6,139
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	63,524	32,663
Compensated absences	(4,480)	(4,399)
Net cash used by operating activities	<u>\$ 1,170,454</u>	<u>\$ 1,054,622</u>

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

City of Rocklin, California
Statement of Assets and Liabilities

Agency Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Totals	
	2008	2007
ASSETS		
Cash and investments	\$ 9,351,806	\$ 1,221,964
Cash and investments held by trustees	4,624,798	12,701,168
Receivables:		
Accounts	-	276
Assessments	286,590	112,338
Other	3,787	17,606
Internal balances - due to other funds	-	-
Total assets	\$ 14,266,981	\$ 14,053,352
LIABILITIES		
Accounts payable and accrued liabilities	\$ 147,731	\$ 200,961
Due to others	14,119,150	13,852,391
Total liabilities	\$ 14,266,881	\$ 14,053,352

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

NOTES TO BASIC FINANCIAL STATEMENTS

City of Rocklin, California
Basic Financial Statements
For the year ended June 30, 2008

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	33
Financial Reporting Entity.....	33
Basis of Presentation	35
Measurement Focus.....	38
Basis of Accounting.....	38
Assets, Liabilities, and Equity	39
Revenues, Expenditures, and Expenses.....	42
Stewardship, Compliance, and Accountability.....	43
Note 2 – Cash and Investments	45
Note 3 – Accounts Receivable	46
Note 4 – Loans and Notes Receivable	47
Note 5 – Intangible Assets	49
Note 6 – Capital Assets	50
Note 7 – Accounts Payable and Accrued Liabilities	51
Note 8 – Special Assessment Districts	51
Note 9 – Long-term Debt	52
Note 10 – Fund Balances/Net Assets	57
Note 11 – Deficit Net Assets/Fund Balances	58
Note 12 – Interfund Transactions	58
Note 13 – Risk Management	60
Note 14 – Public Employee Retirement System	61
Plan Description	61
Funding Policy.....	61
Annual Pension Cost.....	62
Note 15 – Other Post-Employment Benefits	62
Note 16 – Contingencies	62
Note 17 – Commitments	63
Note 18 – Litigation	63
Note 19 – Subsequent Events	63

City of Rocklin, California
Notes to Basic Financial Statements
For the year ended June 30, 2008

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 financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below.

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 units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rocklin, Finance Division, 3970 Rocklin Road, Rocklin, California 95677.

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

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Financial Reporting Entity, Continued

Redevelopment Agency of the City of Rocklin

The Redevelopment Agency of the City of Rocklin (Agency) was formed on August 5, 1964, as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Agency in concurrent session. The City Manager acts as the Agency's Executive Director. The annual budget is approved by the Agency's Board of Directors. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is the "tax increment." Tax increment is the additional property taxes that are paid on the value increases of new development or refurbishments within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. City staff provides management assistance to the Agency. The Agency provides services entirely for the benefit of the City and the governing board consists solely of the members of the City Council. The Agency is treated as a blended component unit. All funds of the Agency have been included in the governmental activities section in the fund financial statements.

Public Financing Authority of the City of Rocklin

The Rocklin Public Financing Authority (Authority) was formed on June 21, 1989, as a joint powers authority between the City and the Redevelopment Agency to serve as a financing mechanism of various capital projects. 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.

The above component units are included in the City's basic financial statements using the blended method. There are no component units of the City that meet the criteria for discrete presentation.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and internal service funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City added the North West Rocklin Annexation Area (NWRAA) Trust during the year, which is reported in the combining statement of assets and liabilities. The funds of the financial reporting entity are described below:

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Governmental Activities

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.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Permanent Funds

The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's programs.

Debt Service Funds

The Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City or its component units.

Proprietary Funds

Fleet Internal Service Fund

The 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. Internal Service Fund balances and activities have been combined with governmental activities in the government-wide financial statements.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Fiduciary Funds

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. There are sixteen agency funds.

Reclassifications, Reorganization

Certain funds were consolidated to provide a more concise presentation. These funds were as follows:

Preschool Mothers Trust, Kid’s Junction Trust, Creative Performing Arts Trust, Teen Recreation Trust, Youth Sports Trust, Senior Programs Trust and Rocklin Fine Arts Trust (listed as Agency Funds in prior year audits) were consolidated into the Parks and Recreation Programs Special Revenue Fund for financial statement presentation purposes.

Housing Rehabilitation Program I Special Revenue, Housing Rehabilitation Program II Special Revenue, 2000 Housing Rehabilitation Special Revenue, First-time Homebuyer Special Revenue were consolidated into the Housing Rehabilitation Special Revenue Fund for financial statement presentation purposes.

Certain amounts and funds have been reclassified to allow for comparability between years and represent the funds purpose.

<u>Fund Name</u>	<u>Current Classification</u>	<u>Former Classification</u>
Rocklin Jubilee	Special Revenue	Agency
Park Improvement Trust	Special Revenue	Agency
DARE Program	Special Revenue	Agency
Explorer Post 150	Special Revenue	Agency
Wetlands Maintenance	Permanent	Agency
Conservation Easement Endowment	Permanent	Agency

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Assets, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The internal service funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Internal service fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

The internal service funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested none 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 changes in interest rates.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 12 for details of interfund transactions, including receivables and payables at year-end.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

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.

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.

Inventories

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. Other inventories recorded in the Fleet Internal Service Fund are recorded at cost when consumed and represent vehicle parts and fuel.

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 \$5,000 for non-infrastructure capital assets and \$100,000 for infrastructure capital assets.

Government-Wide Statements

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.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

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 Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment, machinery and vehicles	3 – 20 years
Facilities and improvements	15 years
Infrastructures	25 – 50 years
Buildings and building improvements	15 – 30 years

Fund Financial Statements

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 the same way as in the government-wide statements.

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), Revenue Bonds, Tax Allocation Bonds, a promissory note, compensated absences and a liability for claims. Bond issuance costs and discounts are presented as intangible assets and amortized on a straight-line basis over the life of the debt in the government-wide statements.

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. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

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.

Equity Classification

Government-Wide Statements

Equity is classified as net assets and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – consists of net assets with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved. Unreserved is further classified as designated or undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Revenues, Expenditures, and Expenses

Property Tax

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, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Expenditures, and Expenses, Continued

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.

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

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. The City Manager is authorized to transfer budgeted amounts within any single fund. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Encumbered balances are carried forward to the next 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.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Stewardship, Compliance, and Accountability, Continued

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, 2008, 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

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.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS

At June 30, 2008, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturities			Deposits	Fair Market Value
	<1	1 to 2	>2		
Cash equivalents and investments pooled					
Pooled cash, at fair value					
Cash in bank (overdraft)	\$ -	\$ -	\$ -	\$ (121,702)	\$ (121,702)
Petty cash	-	-	-	2,725	2,725
Cash held by Trustees	-	-	-	6,279,837	6,279,837
Money market accounts	-	-	-	13,111	13,111
Certificates of deposit	-	-	-	18,248	18,248
Total pooled items	-	-	-	6,192,219	6,192,219
Pooled investments, at fair value					
<u>Interest obligations</u>					
<u>Par</u>					
<u>Rate</u>					
\$ 5,110,000 3.8%-7.125%	5,289,129	-	-	-	5,289,129
7,132,000 3.375%-3.5%	7,243,066	-	-	-	7,243,066
4,070,000 2.25%-6.5%	-	4,175,695	-	-	4,175,695
3,700,000 4.125%-4.82%	-	3,837,737	-	-	3,837,737
3,600,000 3.625%-5.75%	3,685,311	-	-	-	3,685,311
4,800,000 3.25%-5.25%	4,911,671	-	-	-	4,911,671
9.50%	-	-	9,631	-	9,631
Investment in Special Assessment Bonds	-	-	12,370,000	-	12,370,000
Cash with fiscal agent - Union Bank money market	7,388,156	-	-	-	7,388,156
State of California Local Agency Investment Fund	49,530,677	-	-	-	49,530,677
Total pooled investments - interest obligations	78,048,010	8,013,432	12,379,631	-	98,441,073
Total cash equivalents and investments pooled	\$ 78,048,010	\$ 8,013,432	\$ 12,379,631	\$ 6,192,219	\$ 104,633,292
Amounts reported in:					
Governmental activities - Unrestricted					\$ 75,523,330
Governmental activities - Restricted					15,133,358
Fiduciary activities - Unrestricted					9,351,806
Fiduciary activities - Restricted					4,624,798
Total					<u>\$ 104,633,292</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
US Government Securities	\$ 23,863,111	0.83
Local Agency Investment Fund	49,530,677	N/A
Money Market Mutual Funds	7,388,156	N/A
City Special Assessment Bonds	12,370,000	17.20
Corporate Notes	5,289,129	0.81
Total fair value	<u>\$ 98,441,073</u>	

Portfolio weighted average maturity ** 0.40

**Does not include City Special Assessment Bonds

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS, Continued

Amounts shown as restricted for both governmental and fiduciary activities represent fiscal agent accounts used only for the claims and the repayment of short-term and long-term debt.

Interest rate risk – In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years. As of June 30, 2008, the weighted average maturity was .40 years.

Credit risk – As of June 30, 2008, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

Concentration of credit risk – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2008, the City had no balances in the pool exposed to custodial credit risk because they exceeded the \$100,000 Federal Deposit Insurance Corporation’s insurance limits.

Custodial credit risk – investments. For investments, this 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 counterparty. 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.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2008:

	Governmental Activities	Fiduciary Activities	Total
Taxes	\$ 3,066,452	\$ -	\$ 3,066,452
Assessments	-	286,590	286,590
Interest	351,211	-	351,211
Intergovernmental	221,694	-	221,694
Loans/Notes receivable	9,756,599	-	9,756,599
Other receivables	706,599	3,787	710,386
Total accounts receivable	<u>\$ 14,102,555</u>	<u>\$ 290,377</u>	<u>\$ 14,392,932</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

3. ACCOUNTS RECEIVABLE, Continued

These amounts resulted in the following concentrations in receivables:

Other Governments	23%	Financial	2%
Special Assessments	2%	Individuals/Businesses	68%
Other	5%		

Amounts do not indicate a significant concentration (greater than 25%) with any single customer or agency.

4. LOANS AND NOTES 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. In addition, the City loaned funds to the CFD #11 Debt Service Fund, which is an Agency fund.

Loans and notes receivable for the year ended June 30, 2008, consisted of the following:

	Beginning July 1, 2007	Additions	Deletions	Ending June 30, 2008
Private placement bonds and related issuance costs	\$ 5,100,000	\$ -	\$ -	\$ 5,100,000
Community Development Block Grant	698,106	-	(23,891)	674,215
First time home buyers	1,108,629	473,973	(282)	1,582,320
Down payment assistance	226,131	623,933	-	850,064
Villa Serena II	1,100,000	-	-	1,100,000
College Manor	-	450,000	-	450,000
Total loans/notes receivable	<u>\$ 8,232,866</u>	<u>\$ 1,547,906</u>	<u>\$ (24,173)</u>	<u>\$ 9,756,599</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2008:

Private Placement Bonds and Related Issuance Costs – The City loaned funds to the Community Facilities District #11 capital projects fund to be paid by the debt service fund (an Agency fund) for a major construction project within the City. This loan is anticipated to be paid off in the following years by the CFD #11 issuing special assessment bonds within the CFD #11 Agency fund. The City also loaned \$100,000 for costs incurred establishing CFD#11. The balance of this loan at June 30, 2008, was \$5,100,000.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. LOANS AND NOTES RECEIVABLE, Continued

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, 2008, was \$674,215.

First Time Home Buyers – The City and the RDA have 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. The HOME notes receivable balance at June 30, 2008, was \$1,582,320, \$1,569,404 for the City, while the RDA notes receivable at June 30, 2008, were \$12,916.

Down Payment Assistance Loans – The City has made various loans to qualifying participants within the City. 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. The Down Payment Assistance notes receivable at June 30, 2008, were, \$850,064.

Villa Serena II Loan- On July 24, 2001, the 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 finance the acquisition of real property located at Villa Serena Way and Park Drive. The loan rate is 3% simple interest and is to be repaid from residual receipts over a thirty year period with repayment deferred until the property is sold or the term expires. The loan is secured by a deed of trust covering the property, improvements, and fixtures and by all deposits of the borrower.

College Manor – On November 1, 2007, the 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 of real property 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. The loan proceeds were distributed as follows: 1) \$450,000 disbursed immediately and 2) \$200,000 to be disbursed upon completion of landscaping as agreed to in the Landscaping Plans submitted to the Agency. At June 30, 2008, only the initial disbursement of \$450,000 had been made and is outstanding in full.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

4. LOANS AND NOTES RECEIVABLE, Continued

Sunset Blvd. – On June 24, 2008, the Agency Board 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. No funds have been disbursed for fiscal year ended June 30, 2008. Associated with this project, the 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.

St Anton - On June 24, 2008, the Agency Board authorized a loan in the amount of \$1,595,000, which was later amended to \$1,730,000 on December 9, 2008, to St. Anton Partners for a 156 unit multi-family housing project referred to as the Whitney Ranch Apartments. The loan provides for 3% simple interest for 30 years with amounts disbursed over a 3 year period to coincide with project construction. No funds have been disbursed for fiscal year ended June 30, 2008. Associated with this project, the 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.

5. INTANGIBLE ASSETS

Intangible assets include bond issuance costs and discounts, which are bound to the debt that was issued. amounts by issuance are as follows:

	Original Amount	Accumulated Amortization	Amortization Expense	Balance June 30, 2008
Intangible assets:				
2005 Tax Allocation Bonds:				
Bond issuance costs	\$ 506,422	\$ (33,762)	\$ (16,881)	\$ 455,779
Bond discount	117,327	(7,822)	(3,911)	105,594
Totals	<u>623,749</u>	<u>(41,584)</u>	<u>(20,792)</u>	<u>561,373</u>
2007 Tax Allocation Bonds:				
Bond issuance costs	370,662	(8,306)	(12,495)	349,861
Bond discount	301,140	(10,038)	(10,038)	281,064
Totals	<u>671,802</u>	<u>(18,344)</u>	<u>(22,533)</u>	<u>630,925</u>
2003 Refunding Revenue Bonds:				
Bond issuance costs	282,336	(66,432)	(16,608)	199,296
Bond discount	289,152	(67,626)	(16,906)	204,620
Totals	<u>571,488</u>	<u>(134,058)</u>	<u>(33,514)</u>	<u>403,916</u>
Intangible assets totals				
Bond issuance costs	1,159,420	(108,500)	(45,984)	1,004,936
Bond discount	707,619	(85,486)	(30,855)	591,278
Intangible assets totals	<u>\$ 1,867,039</u>	<u>\$ (193,986)</u>	<u>\$ (76,839)</u>	<u>\$ 1,596,214</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deletions	Transfers	Balance June 30, 2008
Governmental activities:					
Nondepreciable assets:					
Land	\$ 5,773,056	\$ 733,674	\$ -	\$ -	\$ 6,506,730
Land improvements	67,461	-	-	-	67,461
Park Land	48,693,948	5,000,000	-	-	53,693,948
Construction in Progress	47,333,573	20,669,672	-	(25,448,353)	42,554,892
Total nondepreciable assets	101,868,038	26,403,346	-	(25,448,353)	102,823,031
Depreciable assets:					
Buildings	33,064,430	3,104,169	(84,650)	-	36,083,949
Facilities & other improvements	2,757,756	27,598	-	-	2,785,354
Machinery & equipment	2,572,892	104,915	-	-	2,677,807
Fleet machinery & equipment	8,809,033	849,394	(30,307)	-	9,628,120
Park Buildings	422,226	111,071	-	-	533,297
Park Equipment	1,445,916	30,933	-	-	1,476,849
Park Improvements	10,567,757	32,400	-	3,628,551	14,228,708
Infrastructure	295,785,465	18,693,596	-	-	314,479,061
Total depreciable assets	355,425,475	22,954,076	(114,957)	3,628,551	381,893,145
Total	457,293,513	49,357,422	(114,957)	(21,819,802)	484,716,176
Accumulated depreciation:					
Buildings	(8,012,596)	(1,170,552)	751,602	-	(8,431,546)
Facilities & other improvements	(516,725)	(179,259)	-	-	(695,984)
Machinery & equipment	(1,455,818)	(361,611)	-	-	(1,817,429)
Fleet machinery & equipment	(4,488,054)	(656,139)	28,876	-	(5,115,317)
Park Buildings	(170,342)	(17,777)	-	-	(188,119)
Park Equipment	(1,147,719)	(88,076)	-	-	(1,235,795)
Park Improvements	(2,978,105)	(948,581)	-	-	(3,926,686)
Infrastructure	(76,488,912)	(7,970,579)	-	-	(84,459,491)
Total accumulated depreciation	(95,258,271)	(11,392,574)	780,478	-	(105,870,367)
Total net capital assets	\$ 362,035,242	\$ 37,964,848	\$ 665,521	\$ (21,819,802)	\$ 378,845,809

Depreciation expense for capital assets was charged to functions as follows:

General government	\$ 628,946
Public safety	656,139
Public works	9,141,131
Culture and recreation	966,358
Total	\$ 11,392,574

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2008:

	Governmental Activities	Fiduciary Activities	Total
Accounts payable	\$ 3,665,287	\$ 147,731	\$ 3,813,018
Accrued payroll and related liabilities	1,068,939	-	1,068,939
Total	<u>\$ 4,734,226</u>	<u>\$ 147,731</u>	<u>\$ 4,881,957</u>

These amounts resulted in the following concentrations in payables:

Vendors	78%	Employees	22%
---------	-----	-----------	-----

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

8. SPECIAL ASSESSMENT DISTRICTS

Special Assessment bonds have been issued under the 1915 Bond Act and the Mello-Roos Community Facilities Act of 1982. The City is in no way liable for repayment of any bonds of the funds reflected in the Agency funds, according to bond counsel, but is acting only as an agent for the property owners/bond holders in collecting and forwarding the special assessments. Balances of the various assessment district bonds were as follows as of June 30, 2008:

Special Assessment District Bond	Balance June 30, 2008
Stanford Ranch CFD No. 2 Refunding Special Tax Bonds	\$ 4,090,000
Stanford Ranch CFD No. 3C (Stanford Ranch) Special Tax Bonds	4,535,000
Rocklin Southeast CFD No. 4 (Southeast Rocklin) Special Tax Bonds	1,250,000
Granite Drive Assessment District Refunding Special Tax Bonds	550,000
Rocklin CFD No. 7 (Sunset West Interchange/Major Street) Special Tax Bonds	2,880,000
Rocklin CFD No. 6 (Sunset West Drainage) Special Tax Bonds	1,855,000
Rocklin CFD No. 8 (Sunset West Park Drive) Special Tax Bonds	4,800,000
Rocklin CFD No. 9 (Sunset West/Blue Oaks) Special Tax Bonds	5,715,000
Rocklin CFD No. 10 (Whitney Ranch) Special Tax Bonds	24,680,000
Rocklin CFD No. 3 Refunding Special Tax Bonds	4,650,000
Rocklin CFD No. 3 2005 Refunding Bond	11,345,000
Rocklin CFD No. 11 Private Placement Bonds	25,000,000
Total	<u>\$ 91,350,000</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

8. SPECIAL ASSESSMENT DISTRICTS, Continued

The City has no direct or contingent liability or moral obligation for the payment of these bonds. Assets held by the City on behalf of these districts are recorded in Agency Funds. Accordingly, these assets and outstanding bond obligations are not presented in the City's accompanying Basic Financial Statements.

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
2003 Certificates of Participation	\$ 5,545,000	\$ -	\$ (450,000)	\$ 5,095,000	\$ 460,000
2003 Public Financing Authority (PFA)					
Refunding Revenue Bonds-Senior	11,465,000	-	(445,000)	11,020,000	455,000
2003 PFA Refunding Revenue					
Bonds - Subordinate	1,330,000	-	(65,000)	1,265,000	70,000
2002 Refunding Tax Allocation Bonds	2,400,000	-	(40,000)	2,360,000	40,000
2005 Refunding Tax Allocation Bonds	11,680,000	-	(245,000)	11,435,000	250,000
2007 Refunding Tax Allocation Bonds	15,815,000	-	-	15,815,000	255,000
Ganiats promissory note	450,000	-	(100,000)	350,000	100,000
Total debt issuances	<u>48,685,000</u>	<u>-</u>	<u>(1,345,000)</u>	<u>47,340,000</u>	<u>1,630,000</u>
Claims payable	2,754,425	1,727,506	(1,655,480)	2,826,451	-
Compensated absences	3,554,295	852,862	(439,149)	3,968,008	1,697,780
Total	<u>6,308,720</u>	<u>2,580,368</u>	<u>(2,094,629)</u>	<u>6,794,459</u>	<u>1,697,780</u>
	<u>\$54,993,720</u>	<u>\$2,580,368</u>	<u>\$ (3,439,629)</u>	<u>\$54,134,459</u>	<u>\$ 3,327,780</u>

2003 Certificates of Participation

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 defeased 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 \$405,000 to \$525,000 are payable annually on September 1 and interest payments ranging from \$11,025 to \$89,503 are payable semi-annually on March 1 and September 1, through September 1, 2018.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. LONG-TERM DEBT, Continued

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 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 \$455,000 to \$850,000 are payable annually on September 1 and interest payments ranging from \$19,550 to \$215,952 are payable semi-annually on March 1 and September 1 through September 1, 2025, for the Senior issue. Principal payments ranging from \$70,000 to \$120,000 are payable annually on September 1 and interest payments ranging from \$3,375 to \$30,629 are payable on March 1 and September 1 through September 1, 2021, for the Subordinate issuance.

Ganiats Promissory Note

On March 31, 1999, the Rocklin Public Financing Authority entered into an installment sale agreement with George C. Ganiats to purchase property. The original principal amount of \$1,250,000 will be paid in ten equal installments of \$100,000 and a final payment of \$250,000. The installments payments are due on April 1 of each year commencing in 2000 and ending with the final payment due April 1, 2010. Interest is accrued and due annually at 5% on the outstanding principal amount related to the installments and 1.84% on the final payment.

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 2007 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%. New principal payments ranging from \$40,000 to \$190,000 are payable annually on September 1 and interest payments ranging from \$5,225 to \$62,524 are payable semi-annually on March 1 and September 1 through September 1, 2032.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. LONG-TERM DEBT, Continued

2005 Refunding 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 will be 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 \$250,000 to \$1,530,000 are payable annually on September 1 and interest payments ranging from \$34,425 to \$237,388 are payable semi-annually on March 1 and September 1, through September 1, 2035.

2007 Refunding 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 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 \$255,000 to \$1,700,000 are payable annually on September 1 and interest payments ranging from \$15,969 to \$332,916 are payable semi-annually on March 1 and September 1, through September 1, 2037.

Bank Line of Credit

On June 24, 2008, the Agency Board authorized a line of credit in the amount of \$5,000,000 with Bank of America, N.A. (Bank) to assist rehabilitation of existing affordable housing projects and construction of new affordable housing projects in the Agency's Project Area. The line will be available for the period August 1, 2008 through July 31, 2011 at the Bank's prime rate minus 1.75%. There is no outstanding balance as of June 30, 2008 on this debt.

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, 2008, there were no arbitrage liabilities.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. LONG-TERM DEBT, Continued

Future debt service at June 30, 2008, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental activities					
	2003		2003		2003	
	Certificates of Participation		Refunding Revenue Bonds - Senior		Refunding Revenue Bonds - Subordinate	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 460,000	\$ 173,715	\$ 455,000	\$ 426,785	\$ 70,000	\$ 60,078
2010	470,000	162,315	465,000	415,854	70,000	57,628
2011	485,000	148,930	475,000	404,104	70,000	54,959
2012	405,000	134,973	490,000	391,429	75,000	52,012
2013	415,000	121,028	505,000	376,485	80,000	48,715
2014-2018	2,335,000	351,428	2,790,000	1,592,242	450,000	182,518
2019-2023	525,000	11,025	3,405,000	957,977	450,000	51,089
2024-2028	-	-	2,435,000	171,465	-	-
2029-2033	-	-	-	-	-	-
2034-2038	-	-	-	-	-	-
Total	<u>\$ 5,095,000</u>	<u>\$ 1,103,414</u>	<u>\$ 11,020,000</u>	<u>\$ 4,736,341</u>	<u>\$ 1,265,000</u>	<u>\$ 506,999</u>
Due within one year	\$ 460,000	\$ 173,715	\$ 455,000	\$ 426,785	\$ 70,000	\$ 60,078
Due after one year	4,635,000	929,699	10,565,000	4,309,556	1,195,000	446,921
Total	<u>\$ 5,095,000</u>	<u>\$ 1,103,414</u>	<u>\$ 11,020,000</u>	<u>\$ 4,736,341</u>	<u>\$ 1,265,000</u>	<u>\$ 506,999</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

9. LONG-TERM DEBT, Continued

		Governmental Activities					
		Gamats		2002		2005	
		Promissory Note		Tax Allocation		Tax Allocation	
				Bonds		Bonds	
		Principal	Interest	Principal	Interest	Principal	Interest
2009		\$ 100,000	\$ 5,000	\$ 40,000	\$ 124,105	\$ 250,000	\$ 471,026
2010		250,000	50,000	45,000	122,105	255,000	463,451
2011		-	-	45,000	119,990	265,000	455,651
2012		-	-	45,000	117,875	280,000	447,301
2013		-	-	50,000	115,645	285,000	438,295
2014-2018		-	-	325,000	537,638	1,230,000	2,049,799
2019-2023		-	-	480,000	430,614	1,090,000	1,842,397
2024-2028		-	-	460,000	296,500	2,210,000	1,535,413
2029-2033		-	-	870,000	124,575	1,175,000	1,126,366
2034-2038		-	-	-	-	4,395,000	302,513
Total		<u>\$ 350,000</u>	<u>\$ 55,000</u>	<u>\$ 2,360,000</u>	<u>\$ 1,989,047</u>	<u>\$ 11,435,000</u>	<u>\$ 9,132,212</u>
Due within one year		\$ 100,000	\$ 5,000	\$ 40,000	\$ 124,105	\$ 250,000	\$ 471,026
Due after one year		250,000	50,000	2,320,000	1,864,942	11,185,000	8,661,186
Total		<u>\$ 350,000</u>	<u>\$ 55,000</u>	<u>\$ 2,360,000</u>	<u>\$ 1,989,047</u>	<u>\$ 11,435,000</u>	<u>\$ 9,132,212</u>

		2007		Totals	
		Tax Allocation		Bonds	
		Principal	Interest	Principal	Interest
2009		\$ 255,000	\$ 660,731	\$ 1,630,000	\$ 1,921,440
2010		265,000	650,331	1,820,000	1,921,684
2011		275,000	639,531	1,615,000	1,823,165
2012		280,000	628,431	1,575,000	1,772,021
2013		290,000	617,031	1,625,000	1,717,199
2014-2018		1,950,000	2,879,956	9,080,000	7,593,581
2019-2023		2,705,000	2,404,091	8,655,000	5,697,193
2024-2028		2,585,000	1,831,144	7,690,000	3,834,522
2029-2033		4,495,000	1,101,078	6,540,000	2,352,019
2034-2038		2,715,000	423,172	7,110,000	725,685
Total		<u>\$ 15,815,000</u>	<u>\$ 11,835,496</u>	<u>\$ 47,340,000</u>	<u>\$ 29,358,509</u>
Due within one year		\$ 255,000	\$ 660,731	\$ 1,630,000	\$ 1,921,440
Due after one year		15,560,000	11,174,765	45,710,000	27,437,069
Total		<u>\$ 15,815,000</u>	<u>\$ 11,835,496</u>	<u>\$ 47,340,000</u>	<u>\$ 29,358,509</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. FUND BALANCES/NET ASSETS

Designated fund balance consisted of the following at June 30, 2008:

Retiree's health insurance premiums	\$ 10,037,190
Disaster contingency	2,000,000
Self-insured losses	1,000,000
Building repair	52,158
Sunset Blvd Interchange	3,073,232
Whitney Ranch Interchange	808,377
Wetlands Maintenance	15,233
Conservation Easement	34,519
ADA improvements	333,577
Parks repair and maintenance	546,482
Swimming pool capital improvements	27,395
Total	<u>\$ 17,928,163</u>

The following described the purpose of each designation:

- **Retiree's health insurance premiums** represents amounts set aside to fund future retiree health premiums.
- **Disaster contingency** includes amounts set aside in the event a major disaster emergency occurs.
- **Self-insured losses** includes amounts for self insured vision and dental payments.
- **Building repair** includes amounts set aside for public building repairs and maintenance.
- **Sunset Blvd Interchange** includes amounts set aside for the Sunset Blvd Interchange capital project.
- **Whitney Ranch Interchange** includes amounts set aside for the Whitney Ranch Interchange capital project.
- **Wetlands Maintenance** includes excess earnings on the endowment to be used for maintenance of the wetlands.
- **Conservation Easement** includes excess earnings on the endowment to be used for Preserve Area maintenance and operations.
- **ADA improvements** includes 2% of Culture and Recreation program revenue set aside for ADA compliance.
- **Park repair and maintenance** includes 3% of Culture and Recreation program revenue set aside for park repair and maintenance.
- **Swimming pool capital improvements** includes amounts set aside for the Rocklin High pool capital improvements.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

11. DEFICIT NET ASSETS/ FUND BALANCES

There were no deficit net asset balances at June 30, 2008.

Deficit fund balances consisted of the following:

Nonmajor Funds:

Lighting District #1 Special Revenue Fund (\$688,615) to be funded through future assessments within the District's boundaries.

Traffic Safety Special Revenue Fund (\$3,101) to be funded through future grants.

Park Development Capital Projects Fund (\$2,266,861) to be funded through future development fees.

Community Park Fees Capital Projects Fund (\$1,483,417) to be funded through future community park fees and grants.

Capital Construction Projects Capital Projects Fund (\$525,903) to be funded through developer contributions.

12. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2008:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Activities</u>		
<u>Major Funds:</u>		
General Fund	\$ 5,723,944	\$ -
<u>Nonmajor Funds:</u>		
Gas Tax Special Revenue	-	556,659
Lighting Maintenance District #1 Special Revenue	-	690,541
DOE 2005 Grant Special Revenue	-	30,830
Traffic Safety Special Revenue	-	12,332
Housing Rehabilitation Special Revenue	-	206,249
Park Development Capital Projects	-	2,265,165
Community Park Fees Capital Projects	-	1,482,775
Construction Impact Fees Capital Projects	-	479,393
Total	<u>\$ 5,723,944</u>	<u>\$ 5,723,944</u>

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

12. INTERFUND TRANSACTIONS, Continued

In order for the Agency to carry out certain redevelopment activities, the City agreed to make advances to the Agency. The advances beginning balance was \$269,029 with an addition of \$1,731,121 and no payments during the year leaving the remaining balance of \$2,000,150. The advances were for purchases of property for redevelopment purposes. It is the intention of the Agency to repay such amounts out of tax increment revenues or other available funding sources. Interest in the amount of \$22,414 has been charged related to these advances in 2007-08.

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.

Transfers consisted of the following at June 30, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
<u>Major Funds:</u>		
General Fund	\$ 5,494,214	\$ 90,166
Public Financing Authority Debt Service	110,000	-
Redevelopment Agency Capital Projects	-	314,667
Redevelopment Agency Debt Service	-	668,527
Traffic Circulation Impact Fee Capital Projects	-	468,648
Community Facilities District #11 Capital Projects	-	2,017,543
Total Major Funds	<u>5,604,214</u>	<u>3,559,551</u>
<u>Non-major Funds:</u>		
<u>Special Revenue Funds:</u>		
Gas Tax	-	125,762
SB 325 Sales Tax	-	417,432
Bicycle and Pedestrian Facilities	-	919
Lighting District #1	-	32,867
Lighting District #2	-	67,952
Community Facilities District #1	-	1,037,635
DOE 2005 Grant	-	40,955
Supplemental Law Enforcement Grant	-	100,196
Rocklin Jubilee	90,166	-
Total Non-major Special Revenue Funds	<u>90,166</u>	<u>1,823,718</u>
<u>Capital Projects Funds:</u>		
Park Development	-	145,349
Community Park Fees	-	4,139
Capital Construction Projects	-	791,048
Oak Tree Mitigation	-	1,804
Total Non-major Capital Projects Funds	<u>-</u>	<u>942,340</u>
<u>Permanent Funds:</u>		
Wetlands Maintenance	-	1,499
Conservation Easement Endowment	-	-
Total Non-major Permanent Funds	<u>-</u>	<u>1,499</u>
Capital Construction Debt Service	632,728	-
Total Non-major Funds	<u>722,894</u>	<u>2,767,557</u>
Total Transfers	<u>\$ 6,327,108</u>	<u>\$ 6,327,108</u>

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

13. RISK MANAGEMENT

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty 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's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
Liability Claim:		
\$0 - \$25,000	Self-insured	Banking layer
\$25,001 - \$475,000	NCCSIF	Shared risk
\$475,001 - \$40,000,000	California Joint Powers Risk Management	Shared risk
Workers' Compensation:		
\$0 - \$100,000	Self-insured	Banking layer
\$100,001 - \$400,000	NCCSIF	Shared risk
\$400,001 - Statutory	California Public Entities Insurance Authority	Shared risk

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

13. RISK MANAGEMENT, Continued

The City purchases commercial insurance for all other risks of loss. The City is self-insured for amounts in excess of these amounts. The City is also self-insured for employee dental and vision claims. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years.

The City's equity investment in the NCCSIF of \$1,062,313 is recorded in the general fund. The audited financial statements of the JPA are available at the NCCSIF's office.

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2006-2007	\$ 2,754,425	\$ -	\$ -	\$ 2,754,425
2007-2008	2,754,425	1,727,506	(1,655,480)	2,826,451

14. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City contributes to the California Public Employees' Retirement System (CALPERS), a cost-sharing multiple-employer defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CALPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City resolution. Copies of CALPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. For June 30, 2008, these contributions amounted to \$1,835,207. The City is required to contribute at an actuarially determined rate; the current rate is 10.782% for miscellaneous employees, 22.998% for fire safety employees and 26.991% for police safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CALPERS.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

14. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Annual Pension Cost

For 2008, the City's annual pension cost of \$3,645,974 for CALPERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% of investment rate of return (net of administrative expenses) and (b) 3.25% to 13.15% projected annual salary increases that vary by age, duration of service and type of employment. Both (a) and (b) included an inflation component of 3% and annual production growth of 0.25%.

The actuarial value of CALPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smooth market value). CALPERS has increased the future rate the City pays to reflect an unfunded condition in the plan.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	\$ 2,645,589	100%	-
June 30, 2007	3,175,652	100%	-
June 30, 2008	3,645,974	100%	-

15. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits, the City provides certain healthcare benefits for retired employees through PERS. The City's full-time employees may become eligible for those benefits if they reach normal retirement age while still working for the City. At June 30, 2008, 58 retired employees/survivor dependents meet those eligibility requirements. The City contributions are financed on a pay-as-you-go basis and thus the City recognizes the cost of providing those benefits by budgeting for and expensing the annual insurance premiums, which amounted to \$494,820 for the year ended June 30, 2008.

16. 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, 2008, 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.

City of Rocklin, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

17. COMMITMENTS

The City had the following significant unexpended contractual commitments as of June 30, 2008:

Sierra College Blvd. and I-80 interchange project	\$ 8,036,658
Lonetree Blvd widening project	1,161,933
Safe School Route	<u>2,868,363</u>
Total commitments	<u>\$12,066,954</u>

18. LITIGATION

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, do not appear to have a materially adverse effect on the financial condition of the City.

19. SUBSEQUENT EVENTS

On July 22, 2008, the City Council approved a \$30,000 contribution to Placer County for an Animal Shelter and to form a Joint Exercise of Powers Agreement (JPA) for all of the agencies in the County for Animal Control Services. Potential City obligation for these JPA services has been estimated at \$1.2 million.

On August 26, 2008, the Agency Board authorized the Executive Director to move forward with the necessary steps to initiate and execute the Rocklin Redevelopment Project, Amendment No. 6, including an increase of the tax increment limit to \$913 million.

On September 9, 2008, the Agency Board authorized a housing rehabilitation loan in the amount of \$500,000 with Highland Property Development, LLC 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 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.

On December 9, 2008, the Agency Board authorized a housing rehabilitation loan in the amount of \$2,100,000 with Pacific Housing, Inc. to subsidize very low income housing referred to as the Whitney Ranch Apartments.

This page intentionally left blank

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Rocklin, California

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Governmental Funds				Non-Major Funds Totals	
	Special Revenue	Capital Projects	Permanent	Debt Service	2008	2007
ASSETS						
Cash and investments	\$ 12,419,713	\$ 1,386,943	\$ 540,752	\$ 49,624	\$ 14,397,032	\$ 14,425,034
Restricted cash and investments	-	550	-	19	569	2,541,435
Receivables:						
Taxes	1,246,769	-	-	-	1,246,769	288,238
Interest	-	-	-	-	-	433,200
Intergovernmental	160,589	-	-	-	160,589	1,392,052
Loans/Notes receivable	4,656,599	-	-	-	4,656,599	3,132,866
Other receivable	9,711	2,537	-	-	12,248	72
Due from other funds	-	-	-	-	-	-
Other assets	-	-	-	-	-	96,500
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 18,493,381	\$ 1,390,030	\$ 540,752	\$ 49,643	\$ 20,473,806	\$ 22,309,397
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 494,105	\$ 64,190	\$ -	\$ -	558,295	\$ 986,652
Due to other funds	1,496,611	4,227,333	-	-	5,723,944	3,952,512
Deferred revenue	-	-	-	-	-	582,702
Compensated absences	-	-	-	-	-	73,299
Total liabilities	1,990,716	4,291,523	-	-	6,282,239	5,595,165
Fund Balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	2,018,683
Low and moderate income housing	7,472,811	-	-	-	7,472,811	462,724
Advances to other funds	-	-	-	-	-	-
Loans/Notes receivable	-	-	-	-	-	3,132,866
Debt service	-	-	-	49,643	49,643	49,620
Capital projects	909,851	-	-	-	909,851	-
Endowments	-	-	491,000	-	491,000	-
Unreserved, designated	-	-	49,752	-	49,752	-
Unreserved, reported in:						
Special revenue funds	8,120,003	-	-	-	8,120,003	10,394,584
Capital projects funds	-	(2,901,493)	-	-	(2,901,493)	655,755
Total fund balances	16,502,665	(2,901,493)	540,752	49,643	14,191,567	16,714,232
Total liabilities and fund balances	\$ 18,493,381	\$ 1,390,030	\$ 540,752	\$ 49,643	\$ 20,473,806	\$ 22,309,397

City of Rocklin, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2008

(with comparative totals for the year ended June 30, 2007)

	Governmental Funds				Non-Major Funds	
	Special	Capital	Permanent	Debt	Totals	
	Revenue	Projects		Service	2008	2007
REVENUES:						
Taxes and assessments	\$ 8,427,382	\$ 7,518	\$ -	\$ -	\$ 8,434,900	\$ 3,980,740
Licenses and permits	8,688	-	-	-	8,688	2,500
Fines and forfeitures	33,366	-	-	-	33,366	23,128
Intergovernmental	798,595	-	-	-	798,595	7,939,698
Use of money and property	440,019	117,192	4,126	800	562,137	919,043
Charges for services	397,492	71,730	-	-	469,222	2,630,644
Contributions from developers and homeowners	-	1,276,520	-	-	1,276,520	-
Other revenues	18,651	21,318	538,125	-	578,094	603,282
Total revenues	10,124,193	1,494,278	542,251	800	12,161,522	16,099,035
EXPENDITURES:						
Current:						
General government	184,207	-	-	-	184,207	681,280
Public safety	187,810	-	-	-	187,810	286,710
Public works	3,739,637	-	-	-	3,739,637	3,070,801
Culture and recreation	388,505	198,929	-	-	587,434	818,346
Community development	339,212	200,127	-	-	539,339	279,071
Capital outlay	2,592,962	4,050,063	-	-	6,643,025	12,806,921
Debt service:						
Principal	-	-	-	450,000	450,000	440,000
Interest and fiscal charges	18,617	105,950	-	183,505	308,072	316,385
Total expenditures	7,450,950	4,555,069	-	633,505	12,639,524	18,699,514
REVENUES OVER (UNDER)						
EXPENDITURES	2,673,243	(3,060,791)	542,251	(632,705)	(478,002)	(2,600,479)
OTHER FINANCING SOURCES (USES):						
Transfers in	90,166	-	-	632,728	722,894	3,132,190
Transfers out	(1,823,718)	(942,340)	(1,499)	-	(2,767,557)	(6,078,217)
Total other financing sources and uses	(1,733,552)	(942,340)	(1,499)	632,728	(2,044,663)	(2,946,027)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)						
EXPENDITURES AND OTHER FINANCING (USES)	939,691	(4,003,131)	540,752	23	(2,522,665)	(5,546,506)
FUND BALANCES:						
Beginning of year	15,562,974	1,101,638	-	49,620	16,714,232	22,260,738
End of year	\$ 16,502,665	\$ (2,901,493)	\$ 540,752	\$ 49,643	\$ 14,191,567	\$ 16,714,232

This page intentionally left blank.

NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
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.
RDA Low/Moderate Housing	Accounts for tax increment revenues received and expended for low/moderate income housing purposes.
RDA Down Payment Assistance	Accounts for loans to low/moderate income individuals for down payments on homes.
Affordable Housing	Accounts for revenue received for the City's programs to promote affordable housing.
Lighting District #1 & #2	Each fund accounts for funds received to maintain and operate the respective lighting district.
Community Facilities District #1 & #6	Accounts for revenues to be used on the respective community facilities district's operations and maintenance.
Atherton Technical Center	Accounts for funds to be used on property annexed from the County.
Housing Rehabilitation	Accounts for funds received for the City's housing rehabilitation programs.
Asset Forfeiture	Accounts for funds received on forfeited assets to be used for Police services.
Whitney Oaks Improvement	Accounts for revenues received for Whitney Oaks improvements.
Traffic Safety	Accounts for funds received for traffic safety programs.
Traffic Congestion AB 2928	Accounts for traffic congestion relief funds received for street purposes.
DOE Grants	Accounts for Department of Education grants received for culture and recreation purposes.
Vehicle Theft Task Force	Accounts for revenues received to sponsor specific public safety programs.
Supplemental Law Enforcement Grant	Accounts for funds received to be used for public safety purposes.
Parks & Recreation Programs	Accounts for funds collected for culture and recreation programs.
Rocklin Jubilee	Accounts for funds collected for the annual Jubilee celebration.
Park Improvement	Accounts for activities to improve and beautify City parks.
DARE Program	Accounts for funds collected for drug abuse resistance education.
Explorer Post 150	Accounts for funds collected for the explorer post 150 program.

City of Rocklin, California

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Special Revenue Funds				
	Gas Tax	SB325 Sales Tax	Bicycle and Pedestrian Facilities	RDA Low/Moderate Housing	RDA Down Payment Assistance
ASSETS					
Cash and investments	\$ 1,192,612	\$ 3,959,141	\$ 103,797	\$ 925,124	\$ 1,585,336
Restricted cash and investments	-	-	-	-	-
Receivables:					
Taxes	324,912	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	91,954	-	-	-
Loans/Notes receivable	-	-	-	1,562,916	850,064
Other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 1,517,524	\$ 4,051,095	\$ 103,797	\$ 2,488,040	\$ 2,435,400
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 51,014	\$ 202,102	\$ -	\$ 49,066	\$ -
Due to other funds	556,659	-	-	-	-
Deferred revenue	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	607,673	202,102	-	49,066	-
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Low and moderate income housing	-	-	-	2,438,974	2,435,400
Advances to other funds	-	-	-	-	-
Loans/Notes receivable	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	909,851	-	-	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	3,848,993	103,797	-	-
Capital projects funds	-	-	-	-	-
Total fund balances	909,851	3,848,993	103,797	2,438,974	2,435,400
Total liabilities and fund balances	\$ 1,517,524	\$ 4,051,095	\$ 103,797	\$ 2,488,040	\$ 2,435,400

Special Revenue Funds

Affordable Housing	Lighting District #1	Lighting District #2	Community Facilities District #1	Community Facilities District #6	Atherton Technical Center	Housing Rehabilitation	Asset Forfeiture
\$ 347,163	\$ -	\$ 1,237,729	\$ -	\$ 353,288	\$ 8,726	\$ 221,458	\$ 107,704
-	-	-	-	-	-	-	-
-	12,406	69,600	-	3,254	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,243,619	-
-	-	48	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 347,163</u>	<u>\$ 12,406</u>	<u>\$ 1,307,377</u>	<u>\$ -</u>	<u>\$ 356,542</u>	<u>\$ 8,726</u>	<u>\$ 2,465,077</u>	<u>\$ 107,704</u>
\$ -	\$ 10,480	\$ 74,937	\$ -	\$ 6,540	\$ -	\$ 7,554	\$ -
-	690,541	-	-	-	-	206,249	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	701,021	74,937	-	6,540	-	213,803	-
-	-	-	-	-	-	-	-
347,163	-	-	-	-	-	2,251,274	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(688,615)	1,232,440	-	350,002	8,726	-	107,704
-	-	-	-	-	-	-	-
<u>347,163</u>	<u>(688,615)</u>	<u>1,232,440</u>	<u>-</u>	<u>350,002</u>	<u>8,726</u>	<u>2,251,274</u>	<u>107,704</u>
<u>\$ 347,163</u>	<u>\$ 12,406</u>	<u>\$ 1,307,377</u>	<u>\$ -</u>	<u>\$ 356,542</u>	<u>\$ 8,726</u>	<u>\$ 2,465,077</u>	<u>\$ 107,704</u>

(continued)

City of Rocklin, California
Combining Balance Sheet, Continued

Nonmajor Special Revenue Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Special Revenue Funds				
	Whitney Oaks Park Improvement	Traffic Safety	Traffic Congestion AB 2928	DOE Grants	Vehicle Theft Task Force
ASSETS					
Cash and investments	\$ 2,001,342	\$ -	\$ 174,277	\$ -	\$ 2,694
Restricted cash and investments	-	-	-	-	-
Receivables:					
Taxes	-	-	836,597	-	-
Interest	-	-	-	-	-
Intergovernmental	-	14,492	-	54,143	-
Loans/Notes receivable	-	-	-	-	-
Other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	<u>\$ 2,001,342</u>	<u>\$ 14,492</u>	<u>\$ 1,010,874</u>	<u>\$ 54,143</u>	<u>\$ 2,694</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 5,261	\$ -	\$ 763	\$ 2,694
Due to other funds	-	12,332	-	30,830	-
Deferred revenue	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	<u>-</u>	<u>17,593</u>	<u>-</u>	<u>31,593</u>	<u>2,694</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Low and moderate income housing	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Loans/Notes receivable	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	2,001,342	(3,101)	1,010,874	22,550	-
Capital projects funds	-	-	-	-	-
Total fund balances	<u>2,001,342</u>	<u>(3,101)</u>	<u>1,010,874</u>	<u>22,550</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,001,342</u>	<u>\$ 14,492</u>	<u>\$ 1,010,874</u>	<u>\$ 54,143</u>	<u>\$ 2,694</u>

Special Revenue Funds						Non-Major Funds Totals	
Supplemental Law Enforcement Grant	Parks & Recreation Programs	Rocklin Jubilee	Park Improvement	DARE Program	Explorer Post 150	2008	2007
\$ 63	\$ 112,339	\$ 75,529	\$ 14	\$ 4,632	\$ 6,745	\$ 12,419,713	\$ 13,056,779
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,246,769	288,238
-	-	-	-	-	-	-	433,200
-	-	-	-	-	-	160,589	919,735
-	-	-	-	-	-	4,656,599	3,132,866
-	497	9,166	-	-	-	9,711	48
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	89,194
-	-	-	-	-	-	-	-
<u>\$ 63</u>	<u>\$ 112,836</u>	<u>\$ 84,695</u>	<u>\$ 14</u>	<u>\$ 4,632</u>	<u>\$ 6,745</u>	<u>\$ 18,493,381</u>	<u>\$ 17,920,060</u>
\$ -	\$ 8,151	\$ 75,529	\$ 14	\$ -	\$ -	494,105	\$ 787,936
-	-	-	-	-	-	1,496,611	974,586
-	-	-	-	-	-	-	533,020
-	-	-	-	-	-	-	61,544
-	8,151	75,529	14	-	-	1,990,716	2,357,086
-	-	-	-	-	-	-	1,572,800
-	-	-	-	-	-	7,472,811	462,724
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,132,866
-	-	-	-	-	-	-	-
-	-	-	-	-	-	909,851	-
-	-	-	-	-	-	-	-
63	104,685	9,166	-	4,632	6,745	8,120,003	10,394,584
-	-	-	-	-	-	-	-
63	104,685	9,166	-	4,632	6,745	16,502,665	15,562,974
<u>\$ 63</u>	<u>\$ 112,836</u>	<u>\$ 84,695</u>	<u>\$ 14</u>	<u>\$ 4,632</u>	<u>\$ 6,745</u>	<u>\$ 18,493,381</u>	<u>\$ 17,920,060</u>

(concluded)

City of Rocklin, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	Gas Tax	SB325 Sales Tax	Bicycle and Pedestrian Facilities	RDA Low/Moderate Housing	RDA Down Payment Assistance
REVENUES:					
Taxes and assessments	\$ 970,548	\$ 2,717,323	\$ -	\$ 991,011	\$ -
Licenses and permits	-	-	-	8,688	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	394,388	-	-	-
Use of money and property	30,499	190,423	5,140	119,218	-
Charges for services	-	-	-	-	-
Contributions from developers and homeowners	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>1,001,047</u>	<u>3,302,134</u>	<u>5,140</u>	<u>1,118,917</u>	<u>-</u>
EXPENDITURES:					
Current:					
General government	-	-	-	173,838	-
Public safety	-	-	-	-	-
Public works	890,144	1,029,153	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	82,027	57,800
Capital outlay	-	2,368,632	18,875	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>890,144</u>	<u>3,397,785</u>	<u>18,875</u>	<u>255,865</u>	<u>57,800</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>110,903</u>	<u>(95,651)</u>	<u>(13,735)</u>	<u>863,052</u>	<u>(57,800)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(125,762)	(417,432)	(919)	-	-
Total other financing sources and uses	<u>(125,762)</u>	<u>(417,432)</u>	<u>(919)</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(14,859)</u>	<u>(513,083)</u>	<u>(14,654)</u>	<u>863,052</u>	<u>(57,800)</u>
FUND BALANCES:					
Beginning of year	924,710	4,362,076	118,451	1,575,922	2,493,200
End of year	<u>\$ 909,851</u>	<u>\$ 3,848,993</u>	<u>\$ 103,797</u>	<u>\$ 2,438,974</u>	<u>\$ 2,435,400</u>

Special Revenue Funds

Affordable Housing	Lighting District #1	Lighting District #2	Community Facilities District #1	Community Facilities District #6	Atherton Technical Center	Housing Rehabilitation	Asset Forfeiture
\$ -	\$ 251,143	\$ 1,465,195	\$ 1,031,831	\$ 163,735	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	33,366
-	-	7,434	-	-	-	-	-
220	(4,776)	52,044	-	14,584	34	22,928	67
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,845	-	-	-	-	-
220	246,367	1,535,518	1,031,831	178,319	34	22,928	33,433
-	-	-	10,369	-	-	-	-
-	-	-	-	-	-	-	10,581
-	295,564	1,375,802	-	112,690	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	199,385	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	18,617	-	-	-	-	-	-
-	314,181	1,375,802	10,369	112,690	-	199,385	10,581
220	(67,814)	159,716	1,021,462	65,629	34	(176,457)	22,852
-	-	-	-	-	-	-	-
-	(32,867)	(67,952)	(1,037,635)	-	-	-	-
-	(32,867)	(67,952)	(1,037,635)	-	-	-	-
220	(100,681)	91,764	(16,173)	65,629	34	(176,457)	22,852
346,943	(587,934)	1,140,676	16,173	284,373	8,692	2,427,731	84,852
\$ 347,163	\$ (688,615)	\$ 1,232,440	\$ -	\$ 350,002	\$ 8,726	\$ 2,251,274	\$ 107,704

(continued)

City of Rocklin, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

Nonmajor Special Revenue Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Special Revenue Funds				
	Whitney Oaks Park Improvement	Traffic Safety	Traffic Congestion AB 2928	DOE Grants	Vehicle Theft Task Force
REVENUES:					
Taxes and assessments	\$ -	\$ -	\$ 836,596	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	76,618	-	120,335	99,820
Use of money and property	1,399	-	8,055	-	-
Charges for services	2,000	-	-	-	-
Contributions from developers and homeowners	-	-	-	-	-
Other revenues	-	-	-	7,806	-
Total revenues	3,399	76,618	844,651	128,141	99,820
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	77,409	-	-	99,820
Public works	-	-	-	-	-
Culture and recreation	-	-	-	64,237	-
Community development	-	-	-	-	-
Capital outlay	205,455	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	205,455	77,409	-	64,237	99,820
REVENUES OVER (UNDER) EXPENDITURES	(202,056)	(791)	844,651	63,904	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(40,955)	-
Total other financing sources and uses	-	-	-	(40,955)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(202,056)	(791)	844,651	22,949	-
FUND BALANCES:					
Beginning of year	2,203,398	(2,310)	166,223	(399)	-
End of year	\$ 2,001,342	\$ (3,101)	\$ 1,010,874	\$ 22,550	\$ -

Special Revenue Funds						Non-Major Funds Totals	
Supplemental Law Enforcement Grant	Parks & Recreation Programs	Rocklin Jubilee	Park Improvement	DARE Program	Explorer Post 150	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,427,382	\$ 857,671
-	-	-	-	-	-	8,688	2,500
-	-	-	-	-	-	33,366	23,128
100,000	-	-	-	-	-	798,595	7,390,028
62	108	-	7	3	4	440,019	714,401
-	229,838	118,007	36,277	4,629	6,741	397,492	2,630,644
-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,651	1,545
<u>100,062</u>	<u>229,946</u>	<u>118,007</u>	<u>36,284</u>	<u>4,632</u>	<u>6,745</u>	<u>10,124,193</u>	<u>11,619,917</u>
-	-	-	-	-	-	184,207	678,840
-	-	-	-	-	-	187,810	108,067
-	-	-	36,284	-	-	3,739,637	3,069,060
-	125,261	199,007	-	-	-	388,505	111,641
-	-	-	-	-	-	339,212	270,606
-	-	-	-	-	-	2,592,962	4,694,138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,617	24,496
<u>-</u>	<u>125,261</u>	<u>199,007</u>	<u>36,284</u>	<u>-</u>	<u>-</u>	<u>7,450,950</u>	<u>8,956,848</u>
<u>100,062</u>	<u>104,685</u>	<u>(81,000)</u>	<u>-</u>	<u>4,632</u>	<u>6,745</u>	<u>2,673,243</u>	<u>2,663,069</u>
-	-	90,166	-	-	-	90,166	2,500,000
<u>(100,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,823,718)</u>	<u>(4,580,607)</u>
(100,196)	-	90,166	-	-	-	(1,733,552)	(2,080,607)
(134)	104,685	9,166	-	4,632	6,745	939,691	582,462
197	-	-	-	-	-	15,562,974	14,980,512
<u>\$ 63</u>	<u>\$ 104,685</u>	<u>\$ 9,166</u>	<u>\$ -</u>	<u>\$ 4,632</u>	<u>\$ 6,745</u>	<u>\$ 16,502,665</u>	<u>\$ 15,562,974</u>

(concluded)

This page intentionally left blank.

NON-MAJOR CAPITAL PROJECTS, PERMANENT AND DEBT SERVICE FUNDS

Fund	Description
<u>Capital Projects Funds:</u>	
Park Development	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 Projects	Accounts for funds expended on general City projects.
Oak Tree Mitigation	Accounts for funds collected for Oak Tree preservation.
2003 Certificates of Participation	Accounts for projects related to the 2003 Certificates of Participation issuance.
Community Facilities District #8 & #10	Accounts for projects related to the respective community facilities district.
<u>Permanent Funds:</u>	
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 \$453,000 required endowment from which the income will fund initial Preserve Area maintenance and operations.
<u>Debt Service Funds:</u>	
Capital Construction	Accounts for the City's issuance and administration of the 2003 Certificates of Participation.

City of Rocklin, California

Combining Balance Sheet

Nonmajor Capital Project, Permanent, and Debt Service Funds

June 30, 2008

(With comparative totals for June 30, 2007)

	Capital Projects Funds				
	Park Development	Community Park Fees	Capital Construction Projects	Oak Tree Mitigation	2003 Certificate of Participation
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ 1,380,639	\$ 6,304
Restricted cash and investments	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans/Notes receivable	-	-	-	-	-
Other receivable	-	-	2,537	-	-
Due from other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,537</u>	<u>\$ 1,380,639</u>	<u>\$ 6,304</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,696	\$ 642	\$ 49,047	\$ 12,805	\$ -
Due to other funds	2,265,165	1,482,775	479,393	-	-
Deferred revenue	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	<u>2,266,861</u>	<u>1,483,417</u>	<u>528,440</u>	<u>12,805</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Low and moderate income housing	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Loans/Notes receivable	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Endowments	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	(2,266,861)	(1,483,417)	(525,903)	1,367,834	6,304
Total fund balances	<u>(2,266,861)</u>	<u>(1,483,417)</u>	<u>(525,903)</u>	<u>1,367,834</u>	<u>6,304</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,537</u>	<u>\$ 1,380,639</u>	<u>\$ 6,304</u>

Capital Projects Funds		Permanent Funds		Debt Service Fund	Non-Major Funds Totals	
Community Facilities District #8	Community Facilities District #10	Wetlands Maintenance	Conservation Easement Endowment	Capital Construction Debt Service	2008	2007
\$ -	\$ -	\$ 53,233	\$ 487,519	\$ 49,624	\$ 1,977,319	\$ 1,368,255
35	515	-	-	19	569	2,541,435
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	472,317
-	-	-	-	-	-	-
-	-	-	-	-	2,537	24
-	-	-	-	-	-	-
-	-	-	-	-	-	7,306
-	-	-	-	-	-	-
<u>\$ 35</u>	<u>\$ 515</u>	<u>\$ 53,233</u>	<u>\$ 487,519</u>	<u>\$ 49,643</u>	<u>\$ 1,980,425</u>	<u>\$ 4,389,337</u>
\$ -	\$ -	\$ -	\$ -	\$ -	64,190	\$ 198,716
-	-	-	-	-	4,227,333	2,977,926
-	-	-	-	-	-	49,682
-	-	-	-	-	-	11,755
-	-	-	-	-	4,291,523	3,238,079
-	-	-	-	-	-	445,883
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	49,643	49,643	49,620
-	-	-	-	-	-	-
-	-	38,000	453,000	-	491,000	-
-	-	15,233	34,519	-	49,752	-
-	-	-	-	-	-	-
35	515	-	-	-	(2,901,493)	655,755
35	515	53,233	487,519	49,643	(2,311,098)	1,151,258
<u>\$ 35</u>	<u>\$ 515</u>	<u>\$ 53,233</u>	<u>\$ 487,519</u>	<u>\$ 49,643</u>	<u>\$ 1,980,425</u>	<u>\$ 4,389,337</u>

City of Rocklin, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project, Permanent and Debt Service Funds

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	Capital Projects Funds				
	Park Development	Community Park Fees	Capital Construction Projects	Oak Tree Mitigation	2003 Certificate of Participation
REVENUES:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 7,518	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	(12,840)	(10,999)	(2,758)	62,640	286
Charges for services	25,256	46,474	-	-	-
Contributions from developers and homeowners	-	-	1,276,520	-	-
Other revenues	2,807	-	18,511	-	-
Total revenues	<u>15,223</u>	<u>35,475</u>	<u>1,292,273</u>	<u>70,158</u>	<u>286</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	169,496	29,433	-	-	-
Community development	-	-	187,026	13,101	-
Capital outlay	871,229	-	557,113	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	54,095	42,807	9,048	-	-
Total expenditures	<u>1,094,820</u>	<u>72,240</u>	<u>753,187</u>	<u>13,101</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,079,597)</u>	<u>(36,765)</u>	<u>539,086</u>	<u>57,057</u>	<u>286</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(145,349)	(4,139)	(791,048)	(1,804)	-
Total other financing sources and (uses)	<u>(145,349)</u>	<u>(4,139)</u>	<u>(791,048)</u>	<u>(1,804)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(1,224,946)</u>	<u>(40,904)</u>	<u>(251,962)</u>	<u>55,253</u>	<u>286</u>
FUND BALANCES:					
Beginning of year	(1,041,915)	(1,442,513)	(273,941)	1,312,581	6,018
End of year	<u>\$ (2,266,861)</u>	<u>\$ (1,483,417)</u>	<u>\$ (525,903)</u>	<u>\$ 1,367,834</u>	<u>\$ 6,304</u>

Capital Projects Funds		Permanent Funds		Debt Service Fund	Non-Major Funds Totals	
Community Facilities District #8	Community Facilities District #10	Wetlands Maintenance	Conservation Easement Endowment	Capital Construction Debt Service	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,518	\$ 3,123,069
-	-	-	-	-	-	549,670
-	80,863	360	3,766	800	122,118	204,642
-	-	-	-	-	71,730	-
-	-	-	-	-	1,276,520	-
-	-	54,372	483,753	-	559,443	601,737
-	80,863	54,732	487,519	800	2,037,329	4,479,118
-	-	-	-	-	-	2,440
-	-	-	-	-	-	178,643
-	-	-	-	-	-	1,741
-	-	-	-	-	198,929	706,705
-	-	-	-	-	200,127	8,465
-	2,621,721	-	-	-	4,050,063	8,112,783
-	-	-	-	450,000	450,000	440,000
-	-	-	-	183,505	289,455	291,889
-	2,621,721	-	-	633,505	5,188,574	9,742,666
-	(2,540,858)	54,732	487,519	(632,705)	(3,151,245)	(5,263,548)
-	-	-	-	632,728	632,728	632,190
-	-	(1,499)	-	-	(943,839)	(1,497,610)
-	-	(1,499)	-	632,728	(311,111)	(865,420)
-	(2,540,858)	53,233	487,519	23	(3,462,356)	(6,128,968)
35	2,541,373	-	-	49,620	1,151,258	7,280,226
\$ 35	\$ 515	\$ 53,233	\$ 487,519	\$ 49,643	\$ (2,311,098)	\$ 1,151,258

City of Rocklin, California
Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2008

(with comparative totals for June 30, 2007)

	Community Facilities District #2	Community Facilities District #3	Community Facilities District #4	Community Facilities District #5	Community Facilities District #6
ASSETS					
Cash and investments	\$ 873,117	\$ 2,441,318	\$ 335,313	\$ 1,649,916	\$ 147,154
Cash and investments held by trustees	918,277	676,907	362,160	-	11
Receivables:					
Accounts	-	-	-	-	-
Assessments	16,012	41,312	16,016	108,880	5,203
Other	-	-	3,587	200	-
Total assets	\$ 1,807,406	\$ 3,159,537	\$ 717,076	\$ 1,758,996	\$ 152,368
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 142,004	\$ -
Due to others	1,807,406	3,159,537	717,076	1,616,992	152,368
Total liabilities	\$ 1,807,406	\$ 3,159,537	\$ 717,076	\$ 1,758,996	\$ 152,368

<u>Community Facilities District #7</u>	<u>Community Facilities District #8</u>	<u>Community Facilities District #9</u>	<u>Community Facilities District #10</u>	<u>Community Facilities District #11</u>	<u>Monte Verde Assessment District</u>	<u>Granite Drive Assessment District</u>	<u>EIR Consultant's Trust</u>
\$ 441,975	\$ 314,841	\$ 438,200	\$ 1,040,132	\$ 591,814	\$ 5,185	\$ 242,602	\$ 348,270
300,452	28	229,105	1,790,788	149	-	346,921	-
-	-	-	-	-	-	-	-
3,403	7,807	9,682	76,903	-	-	1,372	-
-	-	-	-	-	-	-	-
<u>\$ 745,830</u>	<u>\$ 322,676</u>	<u>\$ 676,987</u>	<u>\$ 2,907,823</u>	<u>\$ 591,963</u>	<u>\$ 5,185</u>	<u>\$ 590,895</u>	<u>\$ 348,270</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
745,830	322,676	676,987	2,907,823	591,863	5,185	590,895	348,270
<u>\$ 745,830</u>	<u>\$ 322,676</u>	<u>\$ 676,987</u>	<u>\$ 2,907,823</u>	<u>\$ 591,863</u>	<u>\$ 5,185</u>	<u>\$ 590,895</u>	<u>\$ 348,270</u>

(continued)

City of Rocklin, California

Combining Statement of Assets and Liabilities, Continued

Agency Funds

June 30, 2008

(with comparative totals for June 30, 2007)

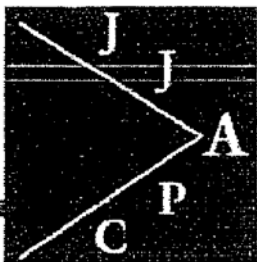
	Boroski			Totals	
	Landfill Monitoring Trust	Fire Comm/ Assoc Emergency	NWRAA Trust	2008	2007
ASSETS					
Cash and investments	\$ 5,727	\$ 57,779	\$ 418,463	\$ 9,351,806	\$ 1,221,964
Cash and investments held by trustees	-	-	-	4,624,798	12,701,168
Receivables:					
Accounts	-	-	-	-	276
Assessments	-	-	-	286,590	112,338
Other	-	-	-	3,787	17,606
Total assets	<u>\$ 5,727</u>	<u>\$ 57,779</u>	<u>\$ 418,463</u>	<u>\$ 14,266,981</u>	<u>\$ 14,053,352</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,727	\$ -	\$ -	\$ 147,731	\$ 200,961
Due to others	-	57,779	418,463	14,119,150	13,852,391
Total liabilities	<u>\$ 5,727</u>	<u>\$ 57,779</u>	<u>\$ 418,463</u>	<u>\$ 14,266,881</u>	<u>\$ 14,053,352</u>

(concluded)

CITY OF ROCKLIN

MANAGEMENT LETTER COMMENTS

JUNE 30, 2008



Joseph J Arch

Certified Public Accountant

December 19, 2008

City Council
City of Rocklin
Rocklin, California

My Responsibility under U.S. Generally Accepted Auditing Standards

In planning and performing my audit of the financial statements of the City of Rocklin (City) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered the City's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that are significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. There were no control deficiencies noted during the course of my audit.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. There were no significant deficiencies noted during the course of my audit.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. I did not identify any deficiencies in internal control that I consider to be material weaknesses as defined herein.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. I noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed, whether recorded or unrecorded by the City, either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or the determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditor

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit and received prompt attention to questions and schedule requests.

Management Letter Comments

In planning and performing my audit of the financial statements of the City for the year ended June 30, 2008, I noted certain other matters as shown in the attached Schedule of Findings that, in my judgment, I consider to be management comments. Management comments involve observations and suggestions about operational and administrative efficiencies, business strategies, and other items of perceived benefit to the organization that go beyond internal control related matters and (in the auditor's judgment) are not control deficiencies, significant deficiencies or material weaknesses as defined on the first page of this letter.

This communication is intended solely for the information and use of the City Council and management of the City of Rocklin and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

JOSEPH J. ARCH, CPA, CGFM

CITY OF ROCKLIN

Schedule of Observations and Recommendations

June 30, 2008

Fleet Operations

Observation: During the course of my audit, I noted that Fleet operating activities are managed and performed by one individual. Although there are adequate, effective mitigating controls in place to verify amounts reported in the G/L, there is a potential that these controls may not prevent errors in a timely manner.

Recommendation: I recommend the City Finance Department assign one individual to account for fleet assets and oversee fleet reporting, limit access to the Fleet program so changes can only be made by Finance personnel and reconcile reports provided on a monthly basis by performing reasonableness tests and verification of source documentation.

Management Response: Management concurs with the recommendation and has fully implemented the corrective action.

CITY OF ROCKLIN

GANN APPROPRIATIONS LIMIT SCHEDULE

FOR THE YEARS JUNE 30, 2008

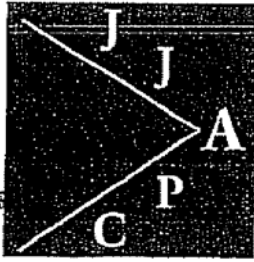
AND

JUNE 30, 2009

City of Rocklin
Gann Appropriations Limit Schedule
For the years June 30, 2008 and 2009

Table of Contents

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-upon Procedures	1-2
Gann Appropriations Limit Schedule 2008-09.....	3
Gann Appropriations Limit Schedule 2007-08.....	4



Joseph J Arch

Certified Public Accountant

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON
PROCEDURES

The Honorable City Council
City of Rocklin
Rocklin, California

I have applied the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Rocklin (the "City") for the fiscal years June 30, 2008 and 2009. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City's management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and my findings were as follows:

1. I obtained the completed worksheets used by the City to calculate its Appropriations Limits for the fiscal years June 30, 2008 and 2009 and compared the limits and annual adjustment factors included in those worksheets to the limits and annual adjustment factors that were adopted by Resolutions of the City Council. I also compared the population and inflation options in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of my procedures.

2. For the accompanying Appropriations Limit Schedules, I added line A, last year's limit as adjusted, to line E, total adjustments and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of my procedures.

3. I compared the current year information presented in the accompanying Appropriations Limit Schedules to the other worksheets described in No. 1 above.

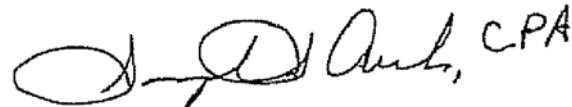
Finding: No exceptions were noted as a result of my procedures.

4. I compared the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule, to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of my procedures.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Schedules. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Joseph J. Arch, CPA". The signature is written in a cursive style with a large initial "J".

JOSEPH J. ARCH, CPA, CGFM

September 8, 2008

CITY OF ROCKLIN
Gann Appropriations Limit Schedule
For the year ended June 30, 2009

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2008, as adjusted	\$28,142,036	Prior year schedule
B. Calculation Factors:		
1. Population Increase %	1.0301	State Department of Finance
2. Inflation Increase %	1.0429	State Department of Finance
3. Total adjustment factor	<u>1.0743</u>	B1 * B2
C. Annual Adjustment Increase	2,090,953	[(B3-1)A]]
D. Other Adjustments		
Lost responsibility (-)	N/A	
Transfers to private (-)	N/A	
Transfers to fees (-)	N/A	
Assumed responsibility (+)	N/A	
E. Total Adjustments	<u>2,090,953</u>	(C+D)
F. Appropriations limit for the year ended June 30, 2009	<u>\$30,232,989</u>	(A+E)

Note: The beginning appropriations limit was adjusted for a change in prior year population estimates.
The effects of this change increased the prior year appropriations limit by \$168,563.

CITY OF ROCKLIN

Gann Appropriations Limit Schedule

For the year ended June 30, 2008

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2007	\$26,337,890	Prior year schedule
B. Calculation Factors:		
1. Population Increase %	1.0171	State Department of Finance
2. Inflation Increase %	<u>1.0442</u>	State Department of Finance
3. Total adjustment factor	1.0621	B1 * B2
C. Annual Adjustment Increase	1,635,583	[(B3-1)A]
D. Other Adjustments		
Lost responsibility (-)	N/A	
Transfers to private (-)	N/A	
Transfers to fees (-)	N/A	
Assumed responsibility (+)	N/A	
E. Total Adjustments	<u>1,635,583</u>	(C+D)
F. Appropriations limit for the year ended June 30, 2008, as originally adopted	\$27,973,473	(A+E)
Adjustment for change in population estimate from 1.0171 to 1.0232	<u>168,563</u>	
Appropriations limit for the year ended June 30, 2008, as adjusted	<u>\$ 28,142,036</u>	

CITY OF ROCKLIN

Gann Appropriations Limit Schedule

For the year ended June 30, 2008

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2007	\$26,337,890	Prior year schedule
B. Calculation Factors:		
1. Population Increase %	1.0171	State Department of Finance
2. Inflation Increase %	<u>1.0442</u>	State Department of Finance
3. Total adjustment factor	1.0621	B1 * B2
C. Annual Adjustment Increase	1,635,583	[(B3-1)A]
D. Other Adjustments		
Lost responsibility (-)	N/A	
Transfers to private (-)	N/A	
Transfers to fees (-)	N/A	
Assumed responsibility (+)	N/A	
E. Total Adjustments	<u>1,635,583</u>	(C+D)
F. Appropriations limit for the year ended June 30, 2008, as originally adopted	\$27,973,473	(A+E)
Adjustment for change in population estimate from 1.0171 to 1.0232	<u>168,563</u>	
Appropriations limit for the year ended June 30, 2008, as adjusted	<u>\$ 28,142,036</u>	