

RESOLUTION NO. 2009-29 PFA

RESOLUTION OF THE PUBLIC FINANCING AUTHORITY  
OF THE CITY OF ROCKLIN  
ACCEPTING THE AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR 2007-2008

The Public Financing Authority of the City of Rocklin does resolve as follows:

Section 1. The Rocklin Public Financing Authority hereby accepts the audited financial statements for the fiscal year 2007-2008 attached hereto as Exhibit A and by this reference incorporated herein.

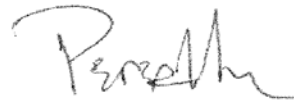
PASSED AND ADOPTED this 24<sup>th</sup> day of March, 2009, by the following roll call vote:

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

NOES: Members: None

ABSENT: Members: None

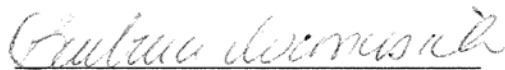
ABSTAIN: Members: None



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Peter Hill, Chairman

ATTEST:



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Barbara Ivanusich, Secretary

**ROCKLIN PUBLIC FINANCING AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2008**

**Rocklin Public Financing Authority**  
**Basic Financial Statements**  
**For the year ended June 30, 2008**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Rocklin Public Financing Authority  
Rocklin, California

I have audited the accompanying financial statements of the governmental activities of the Rocklin Public Financing Authority (Authority) as of and for the year ended June 30, 2008, which comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit. The prior year summarized comparative information has been derived from the Authority's June 30, 2007, financial statements, which were audited by other auditors, and in their report dated March 27, 2008, they expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 Authority'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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Authority as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 through 6 and the Budgetary Comparison Schedule on page 22 are not required parts of the basic financial statements, but are 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.

December 16, 2008

JOSEPH J. ARCH, CPA

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**Rocklin Public Financing Authority  
Management's Discussion and Analysis  
For the year ended June 30, 2008**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Rocklin Public Financing Authority's (Authority) basic financial statements presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2008. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with the Authority's basic financial statements (pages 8 and 9) and the footnotes (pages 11 - 19).

**FINANCIAL HIGHLIGHTS**

At June 30, 2008, the Authority's net assets increased to \$1,024,944 from \$892,062 in 2007 as a result of paying down the Authority's debt.

Operating expenses decreased \$17,111, principally from debt service interest expenses. General revenues decreased \$183,167, which was the result of a fair market value adjustment of \$240,423 for invested balances.

**USING THIS REPORT**

In June 1999, GASB released Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. The major reconciling items necessary were long-term debt and intangible assets, including the applicable interest and amortization expense. The Authority has selected the single governmental fund (Debt Service Fund) presentation since this reflects the most concise and easily readable presentation for the Authority's operations.

The annual financial statements include the Independent Auditor's Report, this management's discussion and analysis, the basic financial statements, notes to basic financial statements, and required supplementary information.

**Rocklin Public Financing Authority**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2008**

**FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**

<b>Net Assets</b>				
<b>As of June 30, 2008 and 2007</b>				
	<b>2008</b>	<b>2007</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Assets:</b>				
Current assets	\$ 13,420,416	\$ 13,870,163	\$ (449,747)	-3.2%
Non-current assets	403,916	437,430	(33,514)	-7.7%
<b>Total assets</b>	<b>\$ 13,824,332</b>	<b>\$ 14,307,593</b>	<b>\$ (483,261)</b>	<b>-3.4%</b>
<b>Liabilities</b>				
Current liabilities	\$ 789,388	\$ 780,531	\$ 8,857	1.1%
Non-current liabilities	12,010,000	12,635,000	(625,000)	-4.9%
<b>Total liabilities</b>	<b>12,799,388</b>	<b>13,415,531</b>	<b>(616,143)</b>	<b>-4.6%</b>
<b>Net assets:</b>				
Investment in capital assets	-	-	-	0.0%
Unrestricted	1,024,944	892,062	132,882	14.9%
<b>Total net assets</b>	<b>\$ 1,024,944</b>	<b>\$ 892,062</b>	<b>\$ 132,882</b>	<b>14.9%</b>

This schedule is prepared from the Authority's Statement of Net Assets (page 8), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Net assets at June 30, 2008, increased to \$1,024,944 from \$892,062 in 2007.

<b>Operating Results</b>				
<b>For the years ended June 30, 2008 and 2007</b>				
	<b>2008</b>	<b>2007</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Operating expenses</b>	\$ 535,999	\$ 553,110	\$ (17,111)	-3.1%
<b>General revenue:</b>				
Investment earnings	558,881	737,048	(178,167)	-24.2%
Contributions from City	110,000	115,000	(5,000)	-4.3%
<b>Total general revenue</b>	<b>668,881</b>	<b>852,048</b>	<b>(183,167)</b>	<b>-21.5%</b>
<b>Change in net assets</b>	<b>132,882</b>	<b>298,938</b>	<b>(166,056)</b>	<b>-55.5%</b>
<b>Net assets:</b>				
Beginning of year	892,062	593,124	298,938	50.4%
End of year	<b>\$ 1,024,944</b>	<b>\$ 892,062</b>	<b>\$ 132,882</b>	<b>14.9%</b>

**Rocklin Public Financing Authority**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2008**

**FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE, Continued**

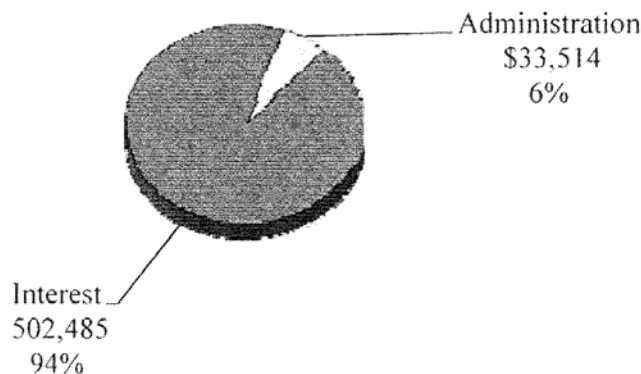
As indicated in the previous table, investment earnings and City contributions accounted for 100% of all revenue sources for the Authority. This indicates that significant changes in any of these revenue sources could result in reductions in amounts available to pay debt. Past experience has shown amounts to be relatively stable from year to year.

**Operating Expenses**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Operating expense:</b>				
Administration	\$ 33,514	\$ 33,514	\$ -	0.0%
Interest	502,485	519,596	(17,111)	-3.3%
<b>Total</b>	<u>\$ 535,999</u>	<u>\$ 553,110</u>	<u>\$ (17,111)</u>	<u>-3.1%</u>

Operating expenses for fiscal 2008 decreased \$17,111 or 3.1 % over 2007 principally from adjustments to the interest accrual for the 9/1/08 payment. As shown in the following graphic illustration of operating expenses 94% of the operating expenses were attributed to interest, the remaining 6% of Administrative service expenses were primarily for trustee fees for debt administration.

Operating Expenses \$535,999





**Rocklin Public Financing Authority**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2008**

**FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE, Continued**

**Analysis of Net Assets**  
**As of June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Net Assets:</b>				
Unrestricted	\$ 1,024,944	\$ 892,062	\$ 132,882	14.9%
<b>Total</b>	<u>\$ 1,024,944</u>	<u>\$ 892,062</u>	<u>\$ 132,882</u>	14.9%

The change in net assets of a \$132,882 increase is a result of paying down the Authority's debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the Authority's Budget for fiscal year 2008-2009, the Board of Directors and management used the following criteria:

The key assumptions in the revenue forecast were:

1. City contributions would equal the annual debt service requirement for the Ganiats property purchase.

The adopted budget for the new fiscal year of 2008-2009 was \$1,116,900 and is summarized as follows:

	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>Percentage change</u>
General government			
Principal	\$ 625,000	\$ 610,000	2.46%
Interest	491,900	508,700	-3.30%
<b>Total budget</b>	<u>\$ 1,116,900</u>	<u>\$ 1,118,700</u>	<u>-0.16%</u>

This reflects the decreasing debt service payments as indicated in the official statement.

**CONTACTING THE AUTHORITY**

This financial report is designed to provide our customers and creditors a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, contact the Rocklin Public Financing Authority, Chief Financial Officer, 3970 Rocklin Road, Rocklin, CA 95677.

## **BASIC FINANCIAL STATEMENTS**

**Rocklin Public Financing Authority**  
**Governmental Funds Balance Sheet/Statement of Net Assets**  
**June 30, 2008**

(With comparative totals for June 30, 2007)

	<u>Debt Service Fund</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Net Assets</u>	<u>2007</u>
<b>ASSETS</b>				
Cash and investments	\$ 68,786	\$ -	\$ 68,786	\$ 65,662
Cash and investments with fiscal agents	981,630	-	981,630	1,054,501
Investment in Special Assessment Bonds	12,370,000	-	12,370,000	12,750,000
Intangible assets, net of accumulated amortization	-	403,916	403,916	437,430
<b>Total assets</b>	<u>\$ 13,420,416</u>	<u>\$ 403,916</u>	<u>\$ 13,824,332</u>	<u>\$ 14,307,593</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interest payable	\$ -	\$ 164,388	\$ 164,388	\$ 170,531
<b>Long-term debt:</b>				
Due within one year	-	625,000	625,000	610,000
Due after one year	-	12,010,000	12,010,000	12,635,000
<b>Total liabilities</b>	<u>-</u>	<u>12,799,388</u>	<u>12,799,388</u>	<u>13,415,531</u>
<b>Fund balances/Net assets:</b>				
Reserved, reported in:				
Debt service fund	12,370,000	(12,370,000)	-	-
Unreserved, reported in:				
Debt service fund	1,050,416	(1,050,416)	-	-
<b>Total fund balances</b>	<u>13,420,416</u>	<u>(13,420,416)</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 13,420,416</u>			
<b>NET ASSETS</b>				
Unrestricted		1,024,944	1,024,944	892,062
<b>Total net assets</b>		<u>\$ 1,024,944</u>	<u>1,024,944</u>	<u>892,062</u>
<b>Total liabilities and net assets</b>			<u>\$ 13,824,332</u>	<u>\$ 14,307,593</u>

The accompanying notes are an integral part of these financial statements

**Rocklin Public Financing Authority**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities**  
**For the year ended June 30, 2008**

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

	<u>Debt Service Fund</u>	<u>Adjustments (Note 7)</u>	<u>Statement of Activities</u>	<u>2007</u>
<b>EXPENDITURES/EXPENSES:</b>				
Administration	\$ -	\$ 33,514	\$ 33,514	\$ 33,514
Debt service:				
Principal	610,000	(610,000)	-	-
Interest	508,628	(6,143)	502,485	519,596
<b>Total expenditures/expenses</b>	<u>1,118,628</u>	<u>(582,629)</u>	<u>535,999</u>	<u>553,110</u>
<b>REVENUES:</b>				
General revenues:				
Investment earnings	558,881	-	558,881	737,048
<b>Total general revenues</b>	<u>558,881</u>	<u>-</u>	<u>558,881</u>	<u>737,048</u>
<b>OTHER FINANCING SOURCES:</b>				
Contributions from the City of Rocklin	110,000	-	110,000	115,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(449,747)</u>			
<b>CHANGE IN NET ASSETS</b>		<u>582,629</u>	<u>132,882</u>	<u>298,938</u>
<b>FUND BALANCES/NET ASSETS:</b>				
Beginning of the year	13,870,163	(12,978,101)	892,062	593,124
End of the year	<u>\$ 13,420,416</u>	<u>\$ (12,395,472)</u>	<u>\$ 1,024,944</u>	<u>\$ 892,062</u>

The accompanying notes are an integral part of these financial statements

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**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2008**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On December 13, 1994, pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, the City of Rocklin (City) authorized the formation of a joint powers authority with the Rocklin Redevelopment Agency to be known as the Rocklin Public Financing Authority (Authority).

The Authority is governed by a Board consisting of members of the City Council. Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by the Authority's governing board. The Authority is a blended component unit of the City for financial reporting purposes and the accompanying basic financial statements reflect the assets, liabilities, fund balances/net assets, revenues, and expenditures/expenses of the Authority only.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Authority implemented these changes in the fiscal year ended June 30, 2004. The change in financial statement presentation provides a comprehensive one-line look at the total entity. The only significant change made in order to comply with the new requirements was recording long-term debt. The Authority has selected the single governmental fund (Debt Service Fund) presentation since this reflects the most concise and easily readable presentation for the Authority's operations.

**A. Reporting Entity**

As defined by GASB Statement No. 39, *The Financial Reporting Entity*, the Authority is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete.

**B. Basis of Accounting**

The fund-based financial statement columns (Debt Service Fund column) on Pages 8 and 9 are accounted for using the modified accrual basis of accounting and reflect balances for the Authority's Debt Service Fund. This fund's revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts, which could not be measured or were not available, were not accrued as revenue in the current fiscal year.

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**B. Basis of Accounting, Continued**

The Statements of Net Assets and Activities columns on Pages 8 and 9 have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**C. Budgets**

Budgets are prepared on the modified accrual basis of accounting, in which debt principal and interest, and capital assets acquired are recorded as expenditures and depreciation is not recorded.

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

- By June 30, the management recommends to the Board a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is legally enacted through passage of a motion during a Board meeting prior to the commencement of the new fiscal year.
- The Board approves all budget transfers and revisions.
- Formal budgeting is employed as a management control device during the year.
- Budgets for the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP).

Budgeted amounts are as originally adopted or as amended by the Board. There were no amendments recorded for the fiscal year.

**D. Cash and Investments**

For the purposes of the Statement of Net Assets, "cash and investments" includes all demand, savings accounts, and certificates of deposits, or short-term investments with an original maturity of three months or less.

The Authority, through the City of Rocklin, pools cash and investments 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

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**D. Cash and Investments, Continued**

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 Authority indirectly, through the City of Rocklin, participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates. As of June 30, 2008, LAIF had invested none of its funds in structured notes and asset-backed securities.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

The City Treasurer maintains the cash and investment pool, on behalf of the Authority, as their custodian, which includes cash balances and authorized investments for all Authority funds, which is invested to enhance interest earnings. The pooled interest earned is allocated annually to the Authority based on average monthly cash balance.

**Authorized Investments**

Under provisions of the Authority/City's Investment Policy and in accordance with California Government Code Section 53600 *et seq*, the Authority/City may invest or deposit in the following types of investments:

- Local Agency Bonds
- US Treasury Obligations
- US Agencies
- Time Deposits
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Funds (LAIF) of California State Treasurer's Office (State Pool)
- State of California Obligations



**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**D. Cash and Investments, Continued**

**Authorized Investments, continued**

- CA Local Agency Obligations
- Repurchase Agreements (Repos)
- Reverse Repurchase Agreements
- Medium-Term Notes (Corporate Debt Investment Grade)
- Mutual Funds
- Money Market Funds
- Collateralized Bank Deposits
- Mortgage Pass-Through Securities

**E. Long-term debt**

Bond discounts and issuance costs are being amortized over the life of the applicable bonds and are presented as intangible assets, net of related amortization in the Statement of Net Assets.

**F. 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.

**2. CASH AND INVESTMENTS**

**A. Cash Deposits**

The Authority pools cash from all sources. The Authority invests excess cash in the City of Rocklin, an unrated investment pool, which at June 30, 2008, adjusted to fair value of \$68,786. Cash and investments with fiscal agents, which consisted primarily of money market accounts in Union bank was adjusted to fair value of \$981,630. Investment income was adjusted accordingly as follows:

	<b>Fair Value</b>
Total investment income received	\$ 799,304
Adjustment to fair value	(240,423)
Total adjusted investment income	<u>\$ 558,881</u>

**B. Safekeeping**

Securities purchased from broker-dealers are held in third party safekeeping by the trust department of the broker-dealer or other designated third party trust in the Authority/City's name and control, whenever possible.

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**2. CASH AND INVESTMENTS, Continued**

**C. Investment in Special Assessment Bonds**

Proceeds from the issuance of the 2003 Refunding Revenue Bonds were used to purchase \$12,750,000 of special tax bonds issued by special assessment districts in the City. These bonds mature through September 1, 2025, and are authorized investments of the Authority. The balance at June 30, 2008 was \$12,370,000.

**3. INTANGIBLE ASSETS**

Intangible assets include bond issuance costs and discounts as follows:

	<u>Original Amount</u>	<u>Accumulated Amortization</u>	<u>Amortization Expense</u>	<u>Balance June 30, 2008</u>
<b>Intangible assets:</b>				
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
Intangible assets totals	<u>\$ 571,488</u>	<u>\$ (134,058)</u>	<u>\$ (33,514)</u>	<u>\$ 403,916</u>

**4. LONG-TERM DEBT**

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

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
<b>Governmental activities:</b>				
2003 Refunding Revenue Bonds - Senior	\$ 11,465,000	\$ -	\$ (445,000)	\$11,020,000
2003 Refunding Revenue Bonds - Subordinate	1,330,000	-	(65,000)	1,265,000
Ganiats promissory note	450,000	-	(100,000)	350,000
Total governmental activities	<u>\$ 13,245,000</u>	<u>\$ -</u>	<u>\$ (610,000)</u>	<u>\$12,635,000</u>
Due within one year	\$ 610,000	\$ 15,000	\$ -	\$ 625,000
Due after one year	12,635,000	-	(625,000)	12,010,000
Total	<u>\$ 13,245,000</u>	<u>\$ 15,000</u>	<u>\$ (625,000)</u>	<u>\$12,635,000</u>

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**4. 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 \$445,000 to \$850,000 are payable annually on September 1 and interest payments ranging from \$19,550 to \$220,402 are payable semi-annually on March 1 and September 1 through September 1, 2025, for the Senior issue. Principal payments ranging from \$65,000 to \$120,000 are payable annually on September 1 and interest payments ranging from \$3,375 to \$31,645 are payable semi-annually on March 1 and September 1 through September 1, 2021, for the Subordinate issuance.

**Promissory Note**

On March 31, 1999, the 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 installment 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.

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**4. LONG-TERM DEBT, Continued**

Future debt service at June 30, 2008, is as follows:

Year Ending June 30,	Governmental activities					
	2003		2003		Ganiats	
	Refunding Revenue Bonds - Senior		Refunding Revenue Bonds - Subordinate		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 455,000	\$ 426,785	\$ 70,000	\$ 60,078	\$ 100,000	\$ 5,000
2010	465,000	415,854	70,000	57,628	250,000	50,000
2011	475,000	404,104	70,000	54,959	-	-
2012	490,000	391,429	75,000	52,012	-	-
2013	505,000	376,485	80,000	48,715	-	-
2014-2018	2,790,000	1,592,242	450,000	182,518	-	-
2019-2023	3,405,000	957,977	450,000	51,089	-	-
2024-2026	2,435,000	171,465	-	-	-	-
Total	<u>\$ 11,020,000</u>	<u>\$ 4,736,341</u>	<u>\$ 1,265,000</u>	<u>\$ 506,999</u>	<u>\$ 350,000</u>	<u>\$ 55,000</u>
Due within one year	\$ 455,000	\$ 426,785	\$ 70,000	\$ 60,078	\$ 100,000	\$ 5,000
Due after one year	10,565,000	4,309,556	1,195,000	446,921	250,000	50,000
Total	<u>\$ 11,020,000</u>	<u>\$ 4,736,341</u>	<u>\$ 1,265,000</u>	<u>\$ 506,999</u>	<u>\$ 350,000</u>	<u>\$ 55,000</u>

	Total	
	Principal	Interest
2009	\$ 625,000	\$ 491,863
2010	785,000	523,482
2011	545,000	459,063
2012	565,000	443,441
2013	585,000	425,200
2014-2018	3,240,000	1,774,760
2019-2023	3,855,000	1,009,066
2024-2026	2,435,000	171,465
Total	<u>\$ 12,635,000</u>	<u>\$ 5,298,340</u>
Due within one year	\$ 625,000	\$ 491,863
Due after one year	12,010,000	4,806,477
Total	<u>\$ 12,635,000</u>	<u>\$ 5,298,340</u>

**5. FUND BALANCES/NET ASSETS**

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance that has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved and may be designated or undesignated.

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**6. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEETS AND THE STATEMENTS OF NET ASSETS**

“Total fund balances” of the Authority’s Governmental funds \$13,420,416, differs from “net assets” of governmental activities \$1,024,944, reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the Governmental funds balance sheets. The effect of the difference is illustrated below:

**Balance Sheet/Statement of Net Assets**

	<b>Debt Service Fund</b>	<b>Reclassifications and Eliminations <sup>1</sup></b>	<b>Statement of Net Assets</b>
<b>Assets:</b>			
Cash and investments	\$ 68,786	\$ -	\$ 68,786
Cash and investments with fiscal agents	981,630	-	981,630
Investment in Special Assessment Bonds	12,370,000	-	12,370,000
Intangible assets, net of accumulated amortization	-	403,916	403,916
<b>Total assets</b>	<b>\$ 13,420,416</b>	<b>\$ 403,916</b>	<b>\$ 13,824,332</b>
<b>Liabilities:</b>			
Interest payable	\$ -	\$ 164,388	\$ 164,388
<b>Long-term debt:</b>			
Due within one year	-	625,000	625,000
Due after one year	-	12,010,000	12,010,000
<b>Total liabilities</b>	<b>-</b>	<b>12,799,388</b>	<b>12,799,388</b>
<b>Fund Balances/Net Assets:</b>			
Total fund balances/net assets	13,420,416	(12,395,472)	1,024,944
<b>Total liabilities and fund balances/net assets</b>	<b>\$ 13,420,416</b>	<b>\$ 403,916</b>	<b>\$ 13,824,332</b>

<sup>1</sup> When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported in expenditures in governmental funds. However, the statement of net assets includes these capital assets among the assets of the Authority as a whole. Also, liabilities associated with these capital assets in the form of interest and principal payments are recorded to expenditures. However, the Statement of Net Assets includes these liabilities of the Authority as a whole.

**Rocklin Public Financing Authority**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**7. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The “net change in fund balances” for the Debt Service fund of (\$449,747) differs from the “change in net assets” for governmental activities of \$132,882 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the Debt Service fund. The effect of the difference is illustrated below:

**Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities**

	<u>Debt Service Fund</u>	<u>Reclassifications and Eliminations <sup>1</sup></u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES:</b>			
Administration	\$ -	\$ 33,514	\$ 33,514
Debt service:			
Principal	610,000	(610,000)	-
Interest	508,628	(6,143)	502,485
<b>Total expenditures/expenses</b>	<u>1,118,628</u>	<u>(582,629)</u>	<u>535,999</u>
<b>REVENUES:</b>			
General revenues:			
Investment earnings	558,881	-	558,881
City contributions	110,000	-	110,000
<b>Total general revenues</b>	<u>668,881</u>	<u>-</u>	<u>668,881</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(449,747)</u>		
<b>CHANGE IN NET ASSETS</b>		<u>582,629</u>	<u>132,882</u>
<b>FUND BALANCES/NET ASSETS:</b>			
Beginning of the year	13,870,163	(12,978,101)	892,062
End of the year	<u>\$ 13,420,416</u>	<u>\$ (12,395,472)</u>	<u>\$ 1,024,944</u>

<sup>1</sup> Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Governmental funds also report principal payments on debt as expenditures while governmental activities report reductions to the long-term liability.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**Rocklin Public Financing Authority**  
**Required Supplementary Information**  
**For the year ended June 30, 2008**

**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the year ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary fund balance, July 1, 2007</b>	\$ 13,870,163	\$ 13,870,163	\$ 13,870,163	\$ -
<b>Resources (inflows):</b>				
Interest income	753,500	753,500	558,881	(194,619)
City contributions	110,000	110,000	110,000	-
<b>Amounts available for appropriation</b>	<u>14,733,663</u>	<u>14,733,663</u>	<u>14,539,044</u>	<u>(194,619)</u>
<b>Charges to appropriations (outflows):</b>				
General government:				
Administration	-	-	-	-
Debt service:				
Principal	610,000	610,000	610,000	-
Interest	508,700	508,700	508,628	72
<b>Total charges to appropriations</b>	<u>1,118,700</u>	<u>1,118,700</u>	<u>1,118,628</u>	<u>72</u>
<b>Budgetary fund balance, June 30, 2008</b>	<u><u>\$ 13,614,963</u></u>	<u><u>\$ 13,614,963</u></u>	<u><u>\$ 13,420,416</u></u>	<u><u>\$ (194,547)</u></u>